ANZ'S 2017[1] CDP SUMMARY – CLIMATE CHANGE

1. GOVERNANCE

What oversight does the ANZ Board have over ANZ's climate related risks and opportunities?

- ANZ's **Board of Directors** has the highest level of responsibility for climate change.
- The Board **Environment, Sustainability and Governance Committee** is responsible for reviewing and approving climate change-related objectives.
- The Board **Risk Committee** has formal responsibility for the overview of ANZ's management of new and emerging risks, including climate change-related risks.

What is ANZ management's role in assessing and managing climate-related risks and opportunities?

- The **Responsible Business Committee** (RBC) (formed in 2017, through a merging of our Corporate Sustainability and Diversity Committee and Reputation Risk Committee) chaired by the CEO, provides strategic leadership on ANZ's corporate sustainability risks and opportunities, agenda, and monitoring progress against our targets on a quarterly basis. In addition, the RBC 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.

2. STRATEGY

How is climate change integrated into ANZ's business strategy?

- 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 publicly available Climate Change Statement.
- We achieve this through: setting targets; establishing low carbon financial products and services; policies to guide our decision making; staff training; and management of our direct operational impacts.

3. RISK MANAGEMENT

How does ANZ monitor climate-related risks and opportunities?

- Our Climate Change Statement sets out the actions we are taking to support the transition to a low carbon economy.
- Our most material climate change risks and opportunities result from our lending.
- We assess the climate risk of our customers, particularly those in emissions intensive industries (for example, fossil fuel extraction), through direct engagement.
- We want to support companies with the capacity to manage change successfully — including climate change – and encourage them to plan for the transition.

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[1] All emissions data presented under the Metrics and Targets section is for the year ending 30 June 2016.

What are the inherent climate change risks identified by ANZ that have the potential to generate a substantive change in ANZ's business operations, revenue or expenditure?

- **Uncertainty surrounding new regulation**: Climate change policy and regulation in ANZ's key market of Australia has been subject to much uncertainty over a number of years and this has adversely impacted investor confidence.
- **Changes in precipitation extremes and droughts:** ANZ has a large presence throughout rural and regional Australia and New Zealand. Many of these regions have been impacted in recent years by severe climatic events such as drought and high temperatures that can impact on their production levels.
- **Reputational risks:** The way in which ANZ responds to and manages the risks associated with climate change may impact on our reputation and brand.

What are the inherent climate change opportunities identified by ANZ that have the potential to generate a substantive change in ANZ's business operations, revenue or expenditure?

- **Clean Energy Regulations:** The introduction of renewable energy investment support mechanisms like the Australian Renewable Energy Target provides a more stable environment for investment and thus revenue opportunities for ANZ with both existing customers and in new markets.
- **Enhancing climate resilience:** We have the opportunity to provide specialised financial advice and banking services by working collaboratively with our customers to manage and reduce the risks that extreme weather events may have on their business.
- **Changing consumer behaviours:** ANZ's most significant opportunity in relation to climate change is the increased potential revenues achieved through the provision of funding and advisory services to customers involved in renewable energy generation, construction and retrofit of green buildings and less emissions intensive manufacturing and transport.
- **Enhanced reputation:** Effective management of climate change opportunities is a key part of our license to operate, enhancing our reputation with investors, customers and employees.

4. METRICS AND TARGETS

What are ANZ's Scope 1 and 2 emissions?

The table below shows ANZ's total global Scope 1 and 2 emissions declining from 2013-2016 (more detailed information can be found on ANZ's **website**).

Emissions Source	2016	2015	2014	2013
Scope 1 Emissions(t $CO_{2\text{-}e}$)	21,122	22,688	17,611	16,038
Scope 2 Emissions(t $CO_{2\text{-}e}$)	172,447	186,844	194,666	204,108
Total	**193,569**	**209,531**	**212,277**	**220,145**

We have also reduced our Scope 1 and 2 emissions per employee (full time equivalent) and per million dollars of revenue as shown in the table below.

Emissions Metric	2016	2015	2014	2013
Scope 1 and 2 Emissions per FTE (t $CO_{2\text{-}e}$)	3.92	4.12	4.41	4.60
Scope 1 and 2 Emissions per $m of Operating Income(t $CO_{2\text{-}e}$)	9.41	10.20	10.84	11.97

What targets does ANZ have for managing its climate-related risks and opportunities and what is the latest performance against those targets?

Target 1 –1-3% reduction in our Scope 1 and 2 emissions from premises energy by 2017 (against a 2013 baseline).

- Global Scope 1 and 2 emissions associated with the energy we use across our extensive network of branches, commercial facilities and data centres i.e. electricity, natural gas and diesel use.
- By 2016 we reduced these emissions by 15% from the 2013 baseline.

Target 2 – Fund and facilitate at least $10 billion by 2020 in low carbon and sustainable solutions for our customers

- This includes renewable energy generation, green buildings and less emissions-intensive manufacturing and transport.
- In the first 18 months of the target, we have funded and facilitated $5 billion.