

2016 HALF YEAR  
**CORPORATE  
SUSTAINABILITY  
UPDATE**



# CEO'S MESSAGE



**Shayne Elliott**  
Chief Executive Officer

This update is being released at a time when trust in our sector is under question. The conduct of the industry has at times led to unfair and unacceptable customer outcomes. I acknowledge, and am personally deeply disappointed that our own bank has not met the standards that our customers, shareholders and employees expect. We know that it is going to take a lot of hard work and meaningful action to regain trust, and we are committed to creating sustainable changes.

We have recently been formally discussing these issues with a broad range of stakeholders, including customers, investors, regulators, employees and community organisations. Resoundingly they have reminded us that ethical and fair conduct must be at the heart of everything we do. How we treat our customers, employees and the communities in which we operate speaks to the values we hold as an organisation. This is not a surprise. Banking has always been founded on trust, but the industry has lost its way in some areas and allowed poor practices, weak procedures and misaligned incentives to take us away from our core purpose: the service of customers and creating a future where local communities can thrive.

Together with other Australian banks, we recently announced a range of initiatives to achieve substantial improvements. These include a review of retail sales commissions, stronger whistle blower protection and complaints handling measures. As important as this is, we also need to play our role in responding to “mega trends” like our ageing society, continuing rapid technological change, climate change and the resulting structural social and economic shifts.

Our 2016 sustainability targets, performance against which is reported in this update, reflect the actions we are taking on, for example, social inclusion, financial hardship and cyber security. Case studies show how we are supporting our customers to transition to a low carbon economy. While we still have much to achieve, and acknowledging the rightfully high expectations of the community, I am proud of the achievements to date. They are a solid foundation from which we can build further and I hope they give all stakeholders confidence that we can, and will, make further improvements in the future.

The progress being made across the range of sustainability initiatives discussed in this update would not be possible without the dedication and commitment of our people. I would like to take this opportunity to thank them all for their efforts to date and ask them for their continued support to make ANZ a fairer and more sustainable organisation.

A handwritten signature in blue ink, appearing to read 'Shayne Elliott', with a stylized flourish at the end.

**Note:** The information provided in this half year update covers the period 1 October 2015 – 31 March 2016. KPMG has provided independent assurance in relation to Project Finance emissions reported on page 8. A copy of KPMG's assurance report is on page 11.

# 2016 SUSTAINABILITY TARGETS AND PERFORMANCE

Each year we set public sustainability targets and a corresponding Group-wide program of work to support the delivery of our business strategy. Progress against our targets<sup>1</sup> is reviewed by the Corporate Sustainability and Diversity Committee, chaired by our CEO, and twice a year by the Board Governance Committee, led by our Chairman. A number of these targets are directly aligned with the United Nations' Sustainable Development Goals.



## SUSTAINABLE DEVELOPMENT

**Commitment** - Integrate social and environmental considerations into our business decisions, products and services to help our customers achieve their sustainability objectives.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS COMMENTARY

<p>1. Engage with and support our customers to manage their environmental, social and governance (ESG) risks and opportunities</p> <ul style="list-style-type: none"> <li>Deliver social and environmental banking risk training to at least 250 bankers in our Institutional and Corporate and Commercial Divisions</li> </ul>		<ul style="list-style-type: none"> <li>We are on track to meet this target, with training scheduled to be undertaken by bankers in Singapore, Hong Kong, Australia and New Zealand before year end.</li> </ul>
<p>2. Integrate social and environmental considerations into our business decisions</p> <ul style="list-style-type: none"> <li>Review and update our Human Rights Standards</li> </ul>		<ul style="list-style-type: none"> <li>We are on track to meet this target. Feedback gathered through internal and external stakeholder workshops will inform the revision of ANZ's Human Rights Standards.</li> </ul>
<p>3. Support transition to a low carbon economy</p> <ul style="list-style-type: none"> <li>Facilitate at least \$10 billion in investment by 2020 in low carbon and sustainable solutions, including renewable energy generation, green buildings and less emissions intensive manufacturing and transport</li> </ul>		<ul style="list-style-type: none"> <li>ANZ has facilitated more than \$1.1 billion in low carbon investments and sustainable solutions, such as green buildings, renewable energy, energy efficiency, water, waste, and transportation, since 1 October 2015 (see case study examples on page 10 of this report).</li> </ul>

<sup>1</sup> Unless stated targets are at Group level.

## DIVERSITY AND INCLUSION

**Commitment** - Build the most diverse and inclusive workforce of any major bank in our region to help us innovate, identify new markets, connect with customers and make more informed decisions for our business.

OBJECTIVE AND FY16 TARGETS	PROGRESS	COMMENTARY
<p>4. Achieve gender balance in all aspects of our operations</p> <ul style="list-style-type: none"> <li>• Increase the representation of Women in Management by at least 3% from 2015 to 2018</li> <li>• 50:50 gender representation on recruitment of graduates and key Enterprise Talent programs (Building Enterprise Talent, Generalist Bankers) and no less than 40% women on Leadership Pathways</li> <li>• Increase women on ANZ's Board to 30% by calendar year end 2017</li> </ul>	<p>→</p> <p>→</p> <p>→</p>	<ul style="list-style-type: none"> <li>• Group-wide representation of Women in Management is at 40.8%, up from 40.4% at 30 September 2015.</li> <li>• Our 2016 Graduate, Building Enterprise Talent and Generalist Bankers programs are gender balanced, with 55%, 52% and 50% female participation respectively. Leadership Pathway program participation rates will be discussed in our full year Corporate Sustainability Review.</li> <li>• 25% of Board members are women.</li> </ul>
<p>5. Provide employment opportunities for disadvantaged and under-represented groups to support economic and social inclusion in our communities</p> <ul style="list-style-type: none"> <li>• Increase both the number of people with a self-disclosed disability and the number of people with a disability recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2015</li> <li>• Increase the number of Indigenous Australians recruited through traineeships, graduate programs and permanent employment opportunities by 15% from 2015</li> </ul>	<p>→</p> <p>→</p>	<ul style="list-style-type: none"> <li>• Results for self-disclosure of disability will be available after the next 'My Voice' employee survey, and will be discussed in our full year Corporate Sustainability Review.</li> <li>• 61 people with a disability have been employed across the region, against a target of 146.</li> <li>• We have recruited 65 Indigenous Australians (8 employees and 57 trainees), against a target of 124.</li> </ul>
<p>6. Mainstream flexibility across Australia and New Zealand, and extend flexibility to other geographies</p> <ul style="list-style-type: none"> <li>• Maintain 80% or more of staff using flexible working options</li> <li>• Flexible working policies in place for a minimum of 90% of ANZ geographies by 2018</li> </ul>	<p>→</p> <p>→</p>	<ul style="list-style-type: none"> <li>• Results for flexibility will be available after the next 'My Voice' employee survey, and will be discussed in our full year Corporate Sustainability Review.</li> <li>• ANZ's Flexibility Policy continues to be rolled-out across the countries in which we operate, with the policy recently launched in Laos.</li> </ul>

## FINANCIAL INCLUSION

**Commitment** - Build the financial capability of people across our region to promote financial inclusion and progression of individuals and communities.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 7. Build the money management skills of people across the Region

- Reach 60,000 lower income and low financial capability people through delivery of MoneyMinded across the Region
- Deliver MoneyMinded Business Basics to 600 participants across the Pacific
- Enrol 16,750 people in our Saver Plus matched savings program in Australia from 2015-2020



- We are on track to achieve this target. Detailed information will be available in our full year Corporate Sustainability Review.
- MoneyMinded Business Basics has been delivered to 370 participants across the Pacific.
- 2,813 people have been recruited to Saver Plus since July 2015.

#### 8. Promote access to banking services for customers in the Pacific

- Register 240,000 customers for goMoney™ Mobile Phone Banking in the Pacific by 2017



- 159,920 customers in the Pacific are registered for goMoney™, with more than 91,000 being new ANZ customers.

## COMMUNITY

**Commitment** - We actively engage with and invest in communities where we operate to help build opportunity and prosperity.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 9. Actively engage with and invest in communities in which we operate to help build opportunity and prosperity

- >100,000 hours (12,500 days) of paid volunteer leave recorded by our staff



- Over 51,000 hours contributed to date.

## CUSTOMERS

**Commitment** - We provide our customers with banking that is simple to understand, delivered in a responsible manner by our people, in accordance with the highest standards of integrity.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 10. Improve customer experiences

- Improve customer satisfaction ranking (relative to our peers) in our Retail and Commercial businesses (Aus and NZ)
- Maintain #1 ranking on the Relationship Strength Index (RSI) for large Corporate and Institutional Banking (Aus and NZ)



- In Australia, customer satisfaction in both our Commercial<sup>2</sup> and Retail<sup>3</sup> businesses has slipped from third at the end of 2015 to fourth.
- In New Zealand, customer satisfaction in our Retail business<sup>4</sup> has improved from fifth at the end of 2015 to fourth, while our Commercial business has slipped from third<sup>5</sup> at the end of 2015 to fourth.



- Our Institutional business in Australia and New Zealand are currently ranked number one on the RSI. 2016 results are not yet available and will be reported in our full year Corporate Sustainability Review.

#### 11. Support customers who are experiencing financial hardship

- Complete development of improved repayment options for customers in hardship holding secured loans (such as mortgages) (Aus)
- Enhance the support provided to vulnerable customers by improving staff capability through additional training of at least 80% of Customer Connect employees on empathy and identifying issues such as family violence and elder abuse (Aus)
- Conduct a review of referred hardship customers who have completed MoneyMinded training (online) to assess the contribution of financial literacy support on customer outcomes (Aus)



- We are reviewing the loan restructure process implemented at the end of 2015, which enables long-term extensions and repayment renegotiations, with the aim of developing further options for a wider group of customers.



- A training program, developed with our community partner Kildonan Uniting Care, has been delivered to all Customer Connect employees.



- A process has been established to track MoneyMinded registrations and an analysis of the results will be discussed in our full year Corporate Sustainability Review.

#### 12. Improve customer confidence in the security of their information

- Strengthen customer cyber security support across all customer channels to facilitate customer reporting of suspicious cyber events to ANZ (Aus)
- Extend customer cyber security awareness to at least five other countries in which ANZ operates



- We are continuing to improve awareness of cyber security for customers, including through partnerships with the Australian and New Zealand Government to support cyber safety programs.



- We are on track to meet this target, having delivered cyber education and improved support through our Institutional business channels for customers in Singapore, Hong Kong, New Zealand and the Pacific.

<sup>2</sup> DBM Business Financial Services Monitor. Base: MFI Commercial Banking Customers, <\$100M annual turnover, 6 months rolling average.

<sup>3</sup> Roy Morgan Research. Base: MFI Customers, aged 14+, 6 months rolling average.

<sup>4</sup> Camorra Research, Retail Market Monitor, March 2016.

<sup>5</sup> Business Finance Monitor, TNS Conversa, March 2016.

## PEOPLE

**Commitment** - We are building a values-led, vibrant, diverse and inclusive workforce where our people have the opportunity to learn and progress their careers with us.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 13. Build a values-led, vibrant and inclusive workforce

- Improve employee engagement to 78%
- Improve perceptions of 'values-led leadership' amongst ANZ employees to 73%



- Results for both targets will be available after the next 'My Voice' employee survey, and will be discussed in our full year Corporate Sustainability Review.

#### 14. Ensure the safety and wellbeing of our people

- A reduction of 1-5% in Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand (against 2015 performance)
- Stay equal to or under a LTIFR of 1.00 in India and Asia Pacific



- All countries are on track to deliver LTIFR reductions and results will be discussed in our full year Corporate Sustainability Review.

## SUPPLIERS

**Commitment** - We manage the social and environmental impacts of our procurement decisions and work in partnership to influence the social, environmental and governance performance of our supply chain.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 15. Identify and manage the social, environmental and governance (ESG) risks of our procurement decisions

- Apply a strengthened third party ESG screening process to all suppliers in high-risk countries<sup>6</sup>, including ongoing monitoring of compliance with ANZ's Supplier Code of Practice (to be completed by 2017)



- We have determined our high risk supply chain segments in high risk countries and will now work with those suppliers to ensure their compliance with our Supplier Code of Practice.

#### 16. Increase our support of Indigenous businesses

- Significantly increase (by at least 50%) our spend with Indigenous suppliers (Aus)



- We are on track to meet this target and have become a member of Supply Nation, an organisation connecting Australian business and government with Indigenous businesses.

<sup>6</sup> High risk countries are those that score <70 on the Transparency International Corruption Perceptions Index.

## ENVIRONMENT<sup>7</sup>

**Commitment** - We have an impact on the environment through our operations and are committed to managing and reducing the consequences of our business activities.

### OBJECTIVE AND FY16 TARGETS

### PROGRESS

### COMMENTARY

#### 17. Reduce the direct impact of our business activities on the environment

- Absolute reduction in GHG emissions from premises energy by 1-3% by 2017 (against a 2013 baseline) and maintenance of carbon neutrality
- Reduce paper consumption by 15% by 2017 across material operations (against a 2013 baseline)
- Expand number of recycling programs across material commercial offices and establish a waste baseline by 2017
- Apply eco-efficient design standards to improve water efficiency in our material branches and offices
- As part of the development of a weather and natural disaster property resilience strategy,<sup>8</sup> produce guidance for higher impact locations to inform decision making on property fit-out
- Develop a baseline in 2016 to measure the impact of improved use of technology to reduce/mitigate the need to travel and reduce associated emission levels



• We are on track to meet this target, largely due to continued improvements in energy efficiency across our Australian commercial offices and branches.



• We are on track to meet this target, with paper consumption currently tracking at around a 19% reduction.



• We are on track to meet this target and are examining an expanded scope for recycling services across Australia.



• Water efficiency design standards for new buildings are being consistently applied to our commercial offices and branches.



• We are introducing resilience principles within our design guidelines, aimed at improving the resilience of sites identified in 2015 as most at risk to extreme weather events.



• We are developing processes to monitor the use of communication technologies across our most significant travel paths in order to determine the 2016 baseline.

<sup>7</sup> All Environment targets are 3 year targets (2015-2017) with the exception of the technology/travel reduction target. Environmental reporting year is 1 July – 30 June in line with Australian regulatory reporting year.

<sup>8</sup> In 2015, a weather and natural disaster property impact assessment was completed.

# SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY

[ANZ's Climate Change Statement](#) sets out the actions we are taking in support of the international agreement to limit the average global temperature rise to no more than 2°C above pre-industrial levels. Disclosure of carbon risks will assist investors and other stakeholders to determine the level of risk to which a company is exposed and its ability to manage those risks.

Carbon risk reporting is evolving, both in Australia and internationally, and we recognise it can be difficult for stakeholders to compare the information being reported. We are participating in initiatives to develop more effective and efficient carbon disclosures. We have recently made a [submission](#) to an Australian Parliamentary inquiry on carbon risk disclosure and are responding to the work of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures.

The disclosures in this update represent our 'next steps' to improve our reporting in response to feedback from our investors, shareholders, NGOs and other stakeholders. The following section includes information on:

- the emissions intensity of our direct funding of electricity generation<sup>1</sup>, the largest single source of carbon emissions;
- the share of lower-carbon (gas and renewables) power generation and coal-fired generation of our energy portfolio<sup>1</sup>; and

- our business lending exposure for major sectors in Australia, along with the total greenhouse gas emissions reported by these sectors.

## FINANCED EMISSIONS

We are continuing to report our progress towards reducing the emissions intensity of our direct funding of electricity generation. We consider this to be a key sector to focus on, given the high emissions intensity of electricity generation.

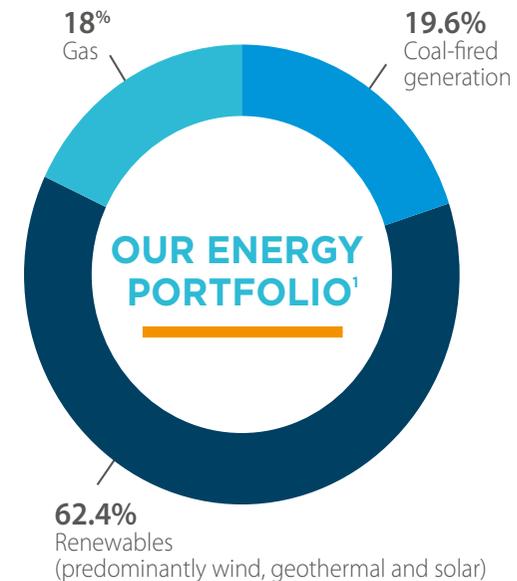
In Australia, the average emissions intensity of generation financed by ANZ is around 20 per cent lower than the Australian grid average of 0.83 tCO<sub>2</sub>-e/MWh<sup>2</sup>. Outside Australia, it is around 23 per cent below the average emissions intensity of generation<sup>3</sup> in those countries.

In Australia, there was a slight increase (less than four per cent) in the average emissions intensity during the first half of this financial year. This was caused primarily by a customer repayment of a loan used to refinance a gas power plant, the emissions of which were significantly lower than the portfolio average.

We remain on track to reduce the carbon intensity of our generation financed emissions over the longer-term, with the average emissions intensity in Australia reduced by 14 per cent against a 2014 baseline. Our total direct financing commitment to renewables and gas is 80.4 per cent<sup>4</sup>.

## AVERAGE EMISSIONS INTENSITY OF GENERATION FINANCED (TONNES CO<sub>2</sub>-e PER MEGAWATT HOUR OF ELECTRICITY GENERATED)

	1H 2016	2015	2014	MOVEMENT 2014-1H 2016
Australia	0.66 <sup>5</sup>	0.64	0.77	14% reduction
Outside Australia	0.17 <sup>6</sup>	0.20	0.25	32% reduction



1 Refers to our project finance commitments.

2 The Australian average emissions intensity of generation is the weighted average emissions intensity of the NEM, SWIS, North Western Interconnected System (NWIS) in WA and the Darwin Katherine Interconnected System (DKIS) in the Northern Territory averaged over the past three years. Source: National Greenhouse Accounts Factors, August 2015, Department of Environment.

3 Outside Australia, the average emissions intensity of generation has been calculated based on ANZ's weighted contribution to energy in that country taken from the International Energy Agency.

4 Refers to ANZ's lending commitments as at 31 March 2016 to renewable energy and gas projects made only on a non or limited recourse basis to the ultimate sponsors. This figure does not include ANZ lending made to renewable energy projects that may be funded under corporate debt facilities or through other lending products.

5 This figure was calculated using generation and emissions data from four sources: (1) Australian Energy Market Operator (AEMO) for generators connected to the National Electricity Market (NEM) grid, (2) AEMO for generators connected to the South West Interconnected System (SWIS) in Western Australia, (3) 2014-15 National Greenhouse and Energy Reporting (NGER) data for designated generation facilities (available from Australian Clean Energy Regulator website), (4) estimates by ANZ for remaining generators where there was no data available from the first three sources. Overall, AEMO and NGER data was available for over 99% of electricity generation from projects financed by ANZ in H1 2016. The proportion of generation attributable to ANZ finance was based on the ratio of ANZ Class 1 Debt Limits to Total Syndicate Debt. This figure is directly comparable against the Australian average emissions intensity of electricity.

6 This figure was calculated using generation and emissions data from three sources: (1) New Zealand Electricity Authority for New Zealand generation assets, (2) CARMA database maintained by the Centre for Global Development, (3) estimates by ANZ for remaining generators where there was no data available from the first two sources or where it was considered potentially inaccurate. The proportion of generation attributable to ANZ finance was based on the ratio of ANZ Class 1 Debt Limits to Total Syndicate Debt.

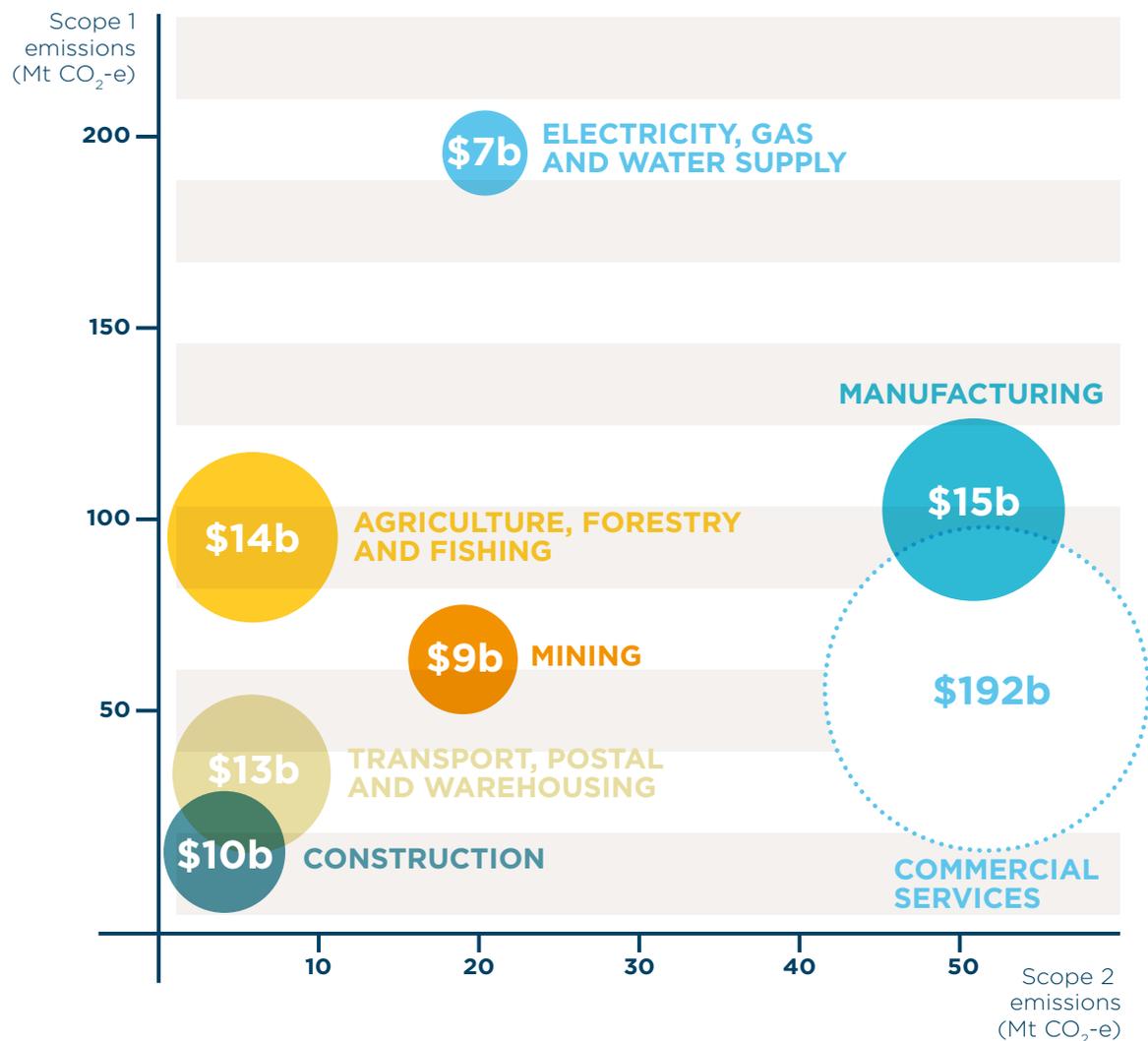
# BUSINESS LENDING AND TOTAL CARBON EMISSIONS OF KEY INDUSTRY SECTORS IN AUSTRALIA<sup>1,2,3</sup>

This graph (at right) shows our business lending exposure in Australia<sup>4</sup> and the total greenhouse gas emissions reported by major sectors. These sectors account for approximately 48 per cent of our total exposure in Australia, with consumer lending (including residential mortgages) accounting for the remaining 52 per cent. We have focused on our business customers<sup>5</sup>, given the impacts of their operations on overall carbon emissions. We have also limited our disclosure to Australia due to a lack of readily available and robust sector emissions data at a comparable regional level.

Our largest exposure is to commercial services (including, for example, buildings, food and beverage services, media and telecommunication services), followed by manufacturing and agriculture. In some sectors, such as manufacturing, there is significant scope for our customers to reduce their emissions by using less electricity and more efficient processes. For commercial services, while there is scope to invest in energy efficiency measures, the significance of indirect (scope 2) emissions underlines the sector's reliance on the emissions intensive Australian electricity grid.

In agriculture, while the sector is a relatively small user of electricity, the direct (scope 1) emissions are high due to factors such as methane emissions from livestock and management of agricultural soils. We acknowledge the work underway in this sector to address climate change and environmental issues such as water scarcity. Until there is widespread increase in sustainable farming practices and more widely available emissions-reducing technologies, ANZ's exposures are, however, likely to remain relatively high in this sector.

As part of our strengthened due diligence processes governing lending for the coal mining, transportation and power generation sectors, we also expect our customers to have strategies in place to reduce the emissions intensity, and increase the energy efficiency, of their operations over time. In each of the sectors featured in the graph, we are supporting customers to reduce their emissions, as demonstrated by the following case studies.



1 Size of 'bubbles' equates to ANZ's exposure at default in Australia – note that due to exposure amount, the 'bubble' for commercial services is not proportional.  
 2 Scope 1 and 2 emissions of ANZSIC sectors (based on 2012/13 year) sourced from: [ageis.climatechange.gov.au](http://ageis.climatechange.gov.au)  
 3 EAD is provided as at 31 March 2016 on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.  
 4 Exposure at default (EAD) – the amount ANZ would be owed in the event of a customer defaulting on their loan. EAD in Australia represents 61 per cent of the total ANZ Group EAD.  
 5 Corporate and institutional customers.

# CASE STUDIES

We have committed to facilitate at least \$10 billion in investment by 2020 in low carbon and sustainable solutions including renewable energy generation, green buildings and less emissions intensive manufacturing and transport. The case studies below show our commitment in action and demonstrate the support we are providing to our customers to transition to a low carbon economy.

## **ANGLO GOLD ASHANTI (MINING)**

Energy efficiency, emissions reductions and cost savings were key drivers for our customer Anglo Gold Ashanti to switch power generation from diesel to gas at their Western Australian gold mines. Through a combination of reduced direct diesel consumption in the power stations and associated lower road transportation emissions, Anglo Gold Ashanti has significantly reduced their greenhouse gas emissions from power generation by 30 per cent. We provide a range of banking facilities to Anglo Gold Ashanti, including financial assistance in its underwriting of the new pipeline, which is owned and operated by APA.

## **IDBI BANK LIMITED (GREEN BOND)**

We supported the IDBI Bank (formerly known as Industrial Development Bank of India), as the joint lead manager for their first green bond, issued to the value of USD \$350m in November 2015. The offering is part of IDBI's efforts to finance new and existing eligible green projects in India in line with the Indian Government's support for clean energy. The proceeds of the Green Bond will be allocated exclusively for lending in support of greenhouse gas emission reduction, environmental resource management and protection, and sustainable transport. Solar and wind energy projects already underway will continue to be funded and new projects will include: renewable energy, energy efficiency, sustainable water management, waste management and transportation projects.

## **ALINTA ENERGY (ENERGY - CONSUMER LENDING)**

Alinta Energy was among the first energy retailers in Australia to launch a solar panel product, backed by funding from ANZ Consumer Finance, into the market this year. The product enables Alinta retail customers to buy and install solar panels on their rooftops, generating clean energy to power their homes, with any excess electricity being fed back into the grid. In future, batteries may also be included under the finance offering, providing for efficient storage and deployment of excess electricity.

Largely due to improving economics, the penetration of solar panels on rooftops in Australia is expected to increase from 20-30 per cent today to 50-60 per cent by 2018<sup>1</sup>, representing a shift towards renewable energy generation and consumption in Australia.



<sup>1</sup> SunWiz: Australian PV 2013-2018 Market Forecast, UBS.

**Conclusion** - Based on the procedures performed and evidence obtained, we are not aware of any material amendments to the disclosures of the average emissions intensity of generation financed by ANZ for the half-year ended 31 March 2016, which have been prepared in accordance with the basis set out on page 8 of the 2016 Half Year Corporate Sustainability Update.

## ABOUT KPMG'S ASSURANCE REPORT

### WHAT DID KPMG'S WORK INVOLVE?

ANZ Banking Group (ANZ) engaged KPMG to perform a limited assurance engagement in relation to the disclosures over the average emissions intensity of generation financed by ANZ for the half-year ended 31 March 2016. KPMG's scope of work comprised the following disclosures:

- Average emissions intensity of generation financed by ANZ of 0.66 t CO<sub>2</sub>-e / MWh for Australia
- Average emissions intensity of generation financed by ANZ of 0.17 t CO<sub>2</sub>-e / MWh for Outside Australia

### WHAT IS LIMITED ASSURANCE?

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with International Standards on Assurance Engagements.

The engagement is aimed at obtaining limited assurance to support KPMG's conclusion.

### WHAT DID KPMG DO TO SUPPORT THE LIMITED ASSURANCE CONCLUSION - OUR PROCEDURES

Key procedures performed included:

- enquiries of relevant ANZ management and staff to understand the process for calculating the average emissions intensity of generation financed by ANZ
- evaluation of the design and implementation of the key systems, processes and controls for collecting, managing and reporting the average emissions intensity of generation financed by ANZ

- review the 2016 Half Year Corporate Sustainability Update and other relevant documentation, including ANZ policies, management and reporting structures, documentation and systems used to collect and analyse average emissions intensity of generation financed by ANZ
- performing tests on a sample basis of evidence supporting specified average emissions intensity of generation financed by ANZ data across ANZ concerning completeness, accuracy and existence
- undertaking analytical procedures over the data associated with the average emissions intensity of generation financed by ANZ
- reconciliation of the 2016 Half Year Corporate Sustainability Update disclosures to the testing and procedures performed over the average emissions intensity of generation financed by ANZ.

## RESPONSIBILITIES

### ANZ

ANZ is responsible for establishing internal controls and processes to enable preparation and presentation of the average emissions intensity of generation financed by ANZ in accordance with the basis set out on page 8 of the 2016 Half Year Corporate Sustainability Update.

### KPMG

KPMG is responsible for conducting our assurance engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. This standard requires, among other things, that the assurance team possess the specific knowledge, skills and professional competencies needed to perform an assurance engagement on sustainability information.

## INDEPENDENCE AND QUALITY CONTROL

In conducting our assurance engagement, KPMG has complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. KPMG has also complied with ANZ's Stakeholder Engagement Model for Relationship with External Auditor (available on anz.com). The policy is aligned to the specific requirements set out in the Corporations Act 2001 (Cth).

KPMG applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## USE OF THIS REPORT

This independent assurance report has been prepared for the Directors of ANZ and is intended solely for the Directors and Management of ANZ. KPMG disclaims any assumption of responsibility for any reliance on this assurance report, or the average emissions intensity of generation financed by ANZ to which it relates, to any person other than the Directors of ANZ, or for any purpose other than that for which it was prepared.

KPMG  
Melbourne  
2 May 2016

View ANZ's Corporate Sustainability Framework at [anz.com/cs](http://anz.com/cs).

For 2016 Half Year Results visit [anz.com/results](http://anz.com/results).

## FEEDBACK

To provide feedback on ANZ's sustainability performance or for any queries about our sustainability reporting, please contact:

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