

PUBLIC REPORT TEMPLATE

Controlling Corporation

Australia and New Zealand Banking Group Ltd

Period to which this report relates

Start 1 July 2006

End 30 June 2010

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

ANZ has continued to undertake assessments in accordance with the Assessment and Reporting Schedule dated December 2007. Assessments for two commercial sites, one critical (data centres and Transaction Processing Centres) and thirteen retail sites were completed as part of this report. ANZ is required to assess a representative sample of forty of our 830 retail bank branches in order to comply with the legislation. ANZ has now assessed eighteen of the forty retail branches, and in all eighteen, sub-metering has been installed enabling ongoing monitoring. Sixteen of these eighteen sites have improved their energy performance in 2010 against a baseline of 2008 when the meters were first installed. The majority of energy efficiency savings have been due to with relatively simple changes to existing equipment, such as revising hours of operation for heating and cooling systems and for heating of domestic hot water, for example to ensure they don't run over weekends and public holidays.

All of ANZ's commercial and critical properties will be assessed by the end of the reporting cycle in June 2011.

ANZ completed the acquisition of ING Australia (INGA) in the last year and took operational control of INGA's facilities on 1 December 2009. Therefore, this EEO report contains reporting data from INGA's sites from 1 December 2009 in accordance with the requirements of the National Greenhouse and Energy Reporting System. INGA's portfolio includes one major commercial property in Sydney and a new purpose built site in Wollongong that qualify for reporting purposes, both of which are planning for audit in 2011.

As a result of the assessments undertaken this year, ANZ has increased the percentage of portfolio energy assessed from 38% to 57%. ANZ remains on track to meet the requirements of the legislation to audit 80% of total energy by the end of June 2011. In 2010/11 we plan to complete the remaining twenty two representative retail branch assessments plus three new commercial sites, namely the ANZ Centre (ANZ's global Head Office at 833 Collins Street in Melbourne's Docklands), and the two INGA sites mentioned above.



Table 1.2 – Energy use assessed

Group member and/or business unit and/or key activity and/or site that has had an assessment completed by the end of this reporting period.	Period over which assessment was undertaken¹	Energy use per annum in GJ² in the current reporting year
Commercial	1/7/2007 to 30/06/2010	128,423
Critical	1/7/2007 to 30/06/2010	157,099
Retail	1/7/2007 to 30/06/2010	90,983
Total energy assessed		376,506
Total energy use of the group in the current reporting year		654,413
Total energy assessed expressed as a percentage of total current energy use		57%

Part 1 – Information on assessments completed to date (continued)

Table 1.3 – Accuracy of energy use data		
Entity	% achieved	Reasons for not achieving data accuracy to within $\pm 5\%$
Commercial	95%	
Critical	95%	
Retail	95%	

ANZ has not identified any classification of property within the assessed sites where data accuracy breaches the 5% tolerance. This is based on the majority of our energy use being tracked by a metered electricity bill and these bills being independently verified by a third party specialist.



Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New Assessments completed during the reporting period (July 2009 to June 2010)

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period

654,413	GJ
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Table 2.1 – Opportunities assessed to an accuracy of ±30% or better.

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Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	143	1137	2055	6135	9327
Business Response*	Under Investigation	107	1096	2043	5983	9122
	To be Implemented					
	Implementation Commenced	8	14	12		26
	Implemented					
	Not to be Implemented	28	27		152	179

The table above captures the results of the 16 assessments undertaken in 2010, 13 of which were undertaken in the retail portfolio. The assessments in 2010 established energy savings of almost 25% of total energy usage for the sites assessed.

The 8 'to be implemented' projects are all small energy efficiency opportunities being implemented at the retail sites. Most of the commercial projects have greater savings opportunities and require more detailed investigations.

All of the 'not to be implemented' opportunities were identified during the retail assessments. The reasons for not pursuing implementation include: ANZ will be exiting the site prior to completion of payback period; the proposal does not align with the operational requirements of ANZ and may cause discomfort to staff or customers, or increase OH&S and security risks.

Table 2.2 – Opportunities assessed to an accuracy of worse than $\pm 30\%$.

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period

654,413	GJ
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Table 2.2 - Opportunities assessed to an accuracy of worse than $\pm 30\%$

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – \leq 4 years	> 4 years	
Business Response*	Total Identified					
	Under Investigation					
	To be Implemented					
	Implemented					
	Not to be Implemented					

In 2010 all initiatives were assessed in a manner consistent with the AS3598 standard for level three audits which enables ANZ to provide accuracy of 30% or better.



Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2B - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period

654,413	GJ
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Table 2.3 - Opportunities assessed to an accuracy of ±30% or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	99	9,302	3,200	6,136	18,639
Business Response*	Under Investigation	45	3,901	2,523	2,444	8,867
	To be Implemented	16	309	58	0	367
	Implementation Commenced	4	497	540		1,037
	Implemented	13	3,367		3,432	6,799
	Not to be Implemented	21	1,229	79	261	1,568

The table above captures the results of the audits undertaken in 2008 and 2009 and how they have progressed over the past year. Further progress will be made on some of these opportunities in 2010-2011 through greater focus on energy efficiency in day-to-day facilities management as well as the allocation of capital specifically for energy efficiency projects.

The selection of the initiatives to be implemented will be based on a number of criteria including return on investment, the opportunity for complementary business value creation and the asset strategies of the individual commercial and retail sites.

It should also be noted that a significant number of the opportunities identified in ANZ's EEO reports are for base building works in buildings where ANZ is the tenant eg. ceiling insulation in retail bank branches. In these cases, ANZ will pursue the opportunities identified through negotiations with the landlord, especially as part of leasing negotiations. ANZ is currently in the process of preparing property guidelines that will set minimum NABERS Energy performance standards for new or renewed ANZ leases.



Note: Table 2.4 (Opportunities assessed to an accuracy of $\pm 30\%$ or worse) is not relevant to ANZ as all opportunities have been calculated to an accuracy of 30% or better.

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessments

Table 2.5 – Description of 3 significant opportunities

Opportunity 1

Retail Pilots – Queensland and Victoria

EEO Audits previously identified that many bank branches were using excessive energy beyond their opening hours. As a result, ANZ is investigating how to more effectively limit after-hours energy use in bank branches.

ANZ is currently running two pilots, trialing two different approaches to energy efficiency and to achieve alignment between the branch hours of operation and the running time of electrical equipment.

In Queensland, a comprehensive energy efficiency retrofit pilot involving significant capital expenditure has commenced at ten sites (including one of our representative assessment sites that was audited in 2010). This retrofit includes the following initiatives:

- Upgrade of existing lamps with new long life lamps and the replacement of halogen dichroic downlights with compact fluorescent lamps
- Installation of movement sensors in staff toilets and storage rooms to automate lighting
- Timers installed to control the Hot Water System and restrict to business hours use
- The air conditioning is being connected to the security system so that the air conditioning is only enabled when the security system is disarmed by the branch manager.

In Victoria, a lower cost technology-focused trial is being implemented at six retail sites (four of which have had EEO assessments) of a smart electronic thermostat and associated Smart Meter with the ability to allow web based control and monitoring of:

- Temperature set point adjustments
- Switching of the air conditioning system on and off
- Switching other electrical loads on and off e.g. lighting, hot water etc
- Transmission of data, including energy data from smart meter, via the internet

The results of these trials will be used by ANZ to help inform the development of future energy efficiency projects in the retail portfolio and future branch design guidelines.



Opportunity 2

Vulture Street – Queensland

Vulture Street in Queensland has an NLA (Net Lettable Area) of 4,139 square metres and is a Transaction Processing Centre for ANZ, operating with extended hours and using around 1,600,000 (kWh) of energy a year. The building itself is not exclusively used by ANZ and individual floors have their own operating requirements making it imperative to monitor closely the use of energy across the various parts of the building.

A best practice sub-metering system has been in place for the past two years at Vulture Street which has assisted building management to identify and implement energy efficiency initiatives. Energy savings of 11% have been achieved primarily through the replacement of the cooling tower with a New Generation Muller 3C Fluid Cooler. The new cooling towers reduce water temperature by running water over a surface exposed to atmosphere, assisted by direct mechanical force (fan), to assist in evaporation. The installation of the new chiller has reduced both the amount of energy and water that the building uses.

The 2010 energy assessment identified additional savings of 74,500 (kWh), well within the four-year payback target. They include the following:

- An air handling system capacity re-calculation and re-balance to realise further savings from existing variable speed fan drive equipment
- Installation of floor isolation dampers to realise savings through reduced cooling during unoccupied periods
- Lighting control through zone occupancy sensors to reduce consumption during low occupancy periods
- Temperature set point reduction of the domestic hot water system to save energy while providing suitably heated and safe water

ANZ is able to implement energy efficiency projects at Vulture Street as is responsible for maintaining building performance under the triple net lease. All of these initiatives can be implemented and measured by the sub metering system to verify performance.

Implementation of these initiatives, as part of the capital works plan, will enable ANZ to continue to make progress at this site, whilst delivering improved working conditions for employees.



Opportunity 3

ANZ Centre, Docklands, Melbourne

ANZ has now completed the consolidation of its Melbourne commercial property portfolio. The lynchpin of this strategy has been the completion of the ANZ Centre, the Bank's new global headquarters at 833 Collins Street which is designed to house 6,500 staff. The building has been rated as a six star Green Star (as designed) and won international recognition receiving the "Commercial Building of the year" at the ninth annual LEAF (Leading European Architects Forum) Awards in London.

Whilst a direct comparison of the old property portfolio to new arrangements is not possible, 100 Queen Street, ANZ's other major commercial owned site can be used as a proxy for the average performance of the previous commercial sites. The ANZ Centre was forecast to achieve a 30% saving when comparing kWh/m². From the data available for the past six months the ANZ Centre is currently running 35% more efficiently than 100 Queen Street on a kWh/m² basis. In addition, savings per workstation are currently 40% when comparing the use of energy per desk in the two buildings.

Other features of the ANZ Centre include the generation of renewable electricity from solar panels (1000m²). The building also has an on-site tri-generation plant for the base-building which is currently in the commissioning phase. Overall, the ANZ Centre is designed to reduce greenhouse gas emissions when compared to a standard commercial office building.

An energy assessment for this site will be completed in the final year of the EEO audit cycle. The energy performance of the building is being comprehensively monitored with more than six hundred data points feeding information into the smart metering platform.

The development and management of the ANZ Centre will help inform ANZ's approach to managing its global property portfolio in future.



Part 3 - Voluntary Contextual Information

Table 3.1 – Contextual Information

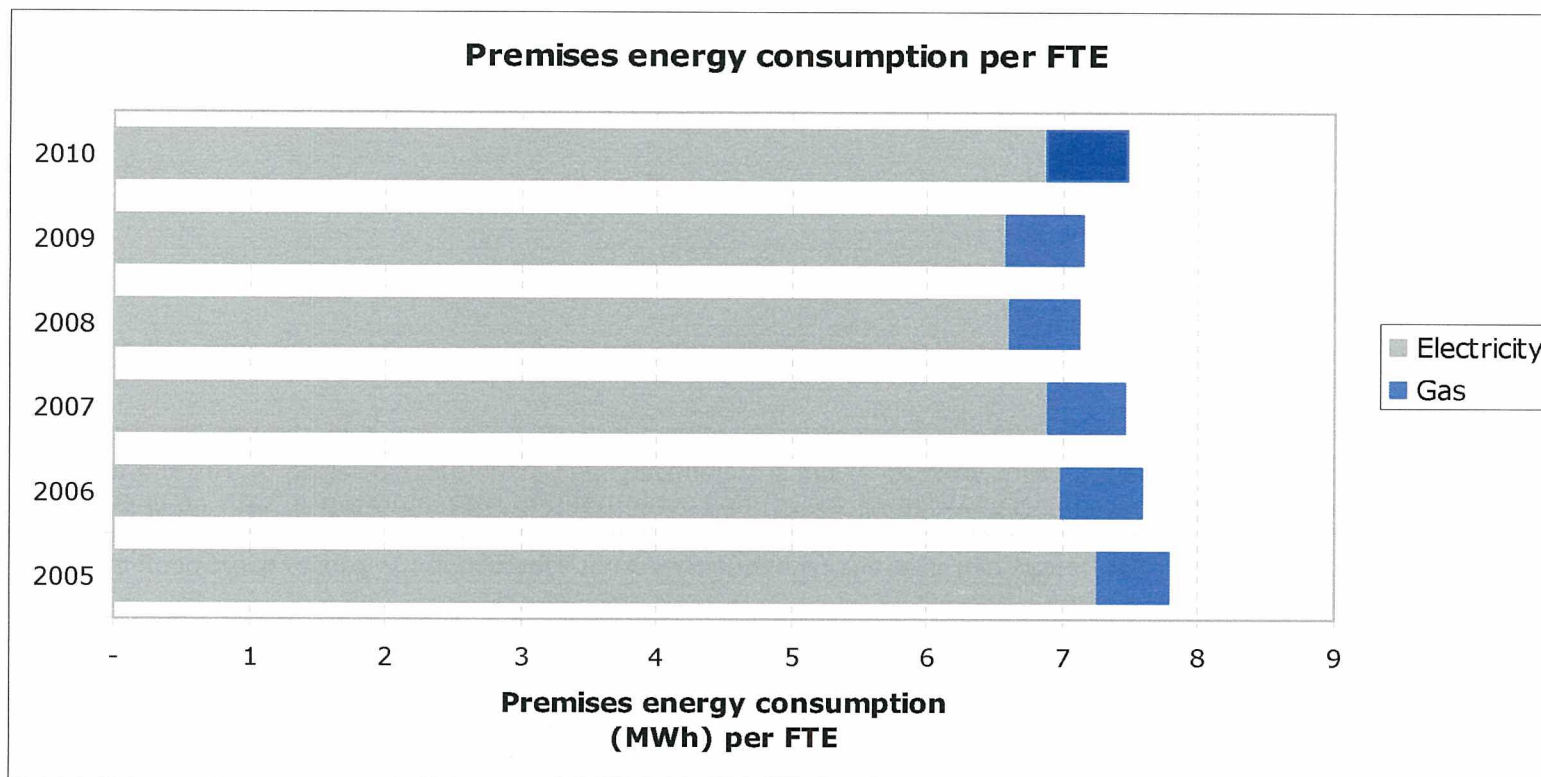
Data and reporting

ANZ has installed sub-meters at all of its high usage commercial sites, critical sites and representative retail sites to identify specific performance improvement opportunities and to enable the audit process for EEO to occur in an efficient and transparent way.

Monthly reporting occurs for each of the sub-metered sites and performance improvement opportunities are discussed with the local Facilities Manager and then, as necessary, progressed to decision stage through the ANZ Property Management Team. Implementation is via the capital works or operating expenses budgets.

Overall Performance

ANZ has a good track record of performance improvements over the past five years. 2010 has been a challenging year with the transition into the new global Head Office and the relocation from three commercial properties in Melbourne, resulting in energy being used in all sites at the same time during the overlap (primarily between October and December 2009). The past six months have seen a return to better performance. The chart below is yet to be externally verified by our external auditor SGS.



ANZ has achieved energy savings of 9% per FTE and 21,000 mWh of energy between 2005 and 2009. The 2010 energy data is currently being verified for our Corporate Responsibility report.

Decision Making

ANZ's Corporate Responsibility Committee (CRC), chaired by the Chief Executive, is the governing body that provides approval for ANZ's environmental initiatives and strategy. ANZ also reports progress against performance targets to the ANZ Management Board.

Communicating outcomes

External

Anz.com is the channel for external communication of ANZ's performance in energy management. Historic data information is

available on the website from 2005.

For 2009-2011, ANZ has set public targets for premises energy per FTE and an absolute reduction in Greenhouse Gas Emissions .

ANZ reports progress against targets, including the operational footprint targets, in the Bank's annual and interim Corporate Responsibility reports.

Internal

ANZ's Environmental Sustainability team measures ANZ's performance against footprint reduction targets monthly and reports to the Corporate Responsibility Committee on a regular basis. Detailed building performance is monitored on a monthly basis by ANZ's Property Management Group, Data Centre Managers and Facilities Management company Jones Lang LaSalle

Table 3.2 – Energy use expressed in Greenhouse Gas emissions and as an energy use indicator

Period of energy use 1 July 2009 to 30 June 2010

Name of group member/ business unit/ key activity/site	Energy use pa (GJ)	Energy use pa (GGE)	Energy use as an indicator*
ATM	14,218	3,734	8.52 (GJ/ATM)
Commercial	199,607	55,276	0.74 (GJ/m ²)
Critical	161,462	51,049	2.5 (GJ/m ²)
Retail	192,397	49,028	0.71 (GJ/m ²)
Road Transport	74,192	4,953	178 (CO ₂ -e g/km)
INGA	12,537	3,129	n/a – partial year only



Table 3.3 – New Opportunities assessed to an accuracy of ±30% or better (\$ value)

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (\$)			Total estimated energy savings per annum (\$)
			0 – < 2 years	2 – ≤ 4 years	> 4 years	
Outcomes of assessment*	Total Identified	143	27,130	99,618	241,716	368,463
Business Response*	Under Investigation	107	25,308	99,084	234,960	359,352
	To be Implemented					
	Implementation Commenced	8	622	533		1,156
	Implemented					
	Not to be Implemented	28	1,200		6,756	7,956

Table 3.4 – Changes in energy use as an indicator

Name of group member/ business unit/ key activity/site	Current energy use as an indicator	Previous energy use as an indicator	Reasons for change
INGA	12,526 GJ (7 months)		INGA came under the operational control of the ANZ Group from 1 December 2010.
Total	12,526 GJ (7 months)		

Part 4 - Declaration

Table 4.1 – Declaration of accuracy and compliance (mandatory information)

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*.

DAVID CARTWRIGHT - COO

Date 4/3/11