

CARBON DISCLOSURE PROJECT

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Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

Responding corporation: Australia And New Zealand Banking Group Limited

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General Introduction

If you would like to give an introduction to your answers, please enter it here.

“While we are on the earth today, our primary responsibility is to leave the planet in a better state than when we inherited it”

– John McFarlane, ANZ Chief Executive Officer

This is ANZ’s third CDP submission and builds on the previous submissions. Since the 2006 submission there is now increasing attention being paid to the issue of climate change in our markets by more of our stakeholders, in particular our customers, clients and relevant governments. We are therefore pursuing our engagement model with clients to better understand the risks and opportunities that they face in their businesses and to assist them where possible in responding.

There is now increasing scientific consensus about the causes of global warming, its likely impacts and a general agreement on the urgency to act in reducing greenhouse gas emissions over the short to medium-term. We acknowledge these concerns and support market-based approaches and progressive regulatory and policy responses that enable society to move towards a low carbon economy.

During the last year, ANZ broadened its approach to climate change to include the following:

- Enhancing its knowledge and capacity to assess and respond to climate change risks and opportunities across its businesses;
- Engaging clients through ANZ’s “CEO Agenda” and strategy;
- Investing in developing new energy efficiency products and services;
- Participating in new industry initiatives and forums;
- Establishing a strategic partnership with WWF Australia;
- Committing to becoming carbon neutral by 2009 (Scope 1 & 2);

- Expanding our reporting to include New Zealand greenhouse gas emissions performance data; and
- Initiating a process to establish an Energy Management Policy that contains our evaluation criteria for high impact sectors, industries and technologies.

This report covers our progress during the 2006 financial year (Oct 05 to Sept 06) in relation to the following key areas:

- Our support to clients in Australia, New Zealand and in the Asia Pacific Region;
- Our programs to manage our own environmental risks and reduce our own direct environmental impacts, primarily for our Australian and New Zealand operations;
- Performance data in relation to mainly Scope 1 and 2 activities and associated greenhouse gas emissions; and
- New initiatives and commitments made during the period Oct 2006 to June 2007.

Section A – 1 Climate Change Risks, Opportunities and Strategy

Question 1(a)(i) – Regulatory risks

For this question, please state the time period and where possible the associated financial implications.

What commercial risks does climate change present to your company including regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards?

Whilst ANZ faces less direct risks from climate change than some other businesses, many of its clients operate in sectors that are already affected by and/or likely to be further impacted by climate change (i.e. the physical impacts of extreme weather and/or regulatory change). Consequently climate change presents both risks and opportunities for ANZ. The nature of these risks are highlighted in our CDP 4 submission and summarized below.

As a financial services organization ANZ has a relatively small greenhouse footprint (197,069 tonnes CO₂ eq, Scope 1&2 and some aspects of Scope 3 for our Australian and New Zealand operations) and consequently with respect to its own operations, is not likely to be materially impacted by future climate change regulation and policy.

The majority of ANZ's greenhouse gas emissions are from purchased electricity (Scope 2), which constitutes less than 0.4 % of annual operating costs. ANZ operations in Australia are however, categorized as a "high energy user" and ANZ has a mandatory obligation to identify energy efficiency opportunities and report progress towards implementation to the federal government under the Energy Efficiency Opportunity Act (2006). ANZ has embraced this as part of its existing continuous improvement process and as part of being well managed.

As a large participant in local and regional financial markets, the risks of evolving climate change regulation are beginning to emerge and become more certain. For example in Australia the Prime Minister's Emission's Trading Task Team has recommended the establishment of a "cap-and-trade" national emissions trading scheme. The New Zealand Government, which has a significant financial exposure in terms of its Kyoto Protocol commitments, is also considering a national emissions trading scheme.

Clearly these regulatory developments could have significant implications for several sectors in which ANZ clients participate in. ANZ's relationship with these clients in these sectors could materially impact on ANZ itself as an advisor, lender and investor. ANZ currently assesses climate change related regulatory risks as part of its client assessments and due diligence processes. ANZ's Institutional division has also developed a model to identify and assess climate change risks (regulatory and physical) at a portfolio level.

Climate change regulation also creates new business opportunities for ANZ. New regulatory responses, particularly for our clients operating in jurisdictions that have ratified the Kyoto Protocol (e.g. Asia-Pacific Countries such as New Zealand, Papua New Guinea and China) or which have implemented new greenhouse focused legislation (e.g. in Australia, where the Federal Government has implemented a Mandatory Renewable Energy Target and the State Government of NSW has implemented Greenhouse Gas Abatement Scheme and the Victoria Government has embarked it own renewable energy target program) creates significant financial opportunities for ANZ. In these instances ANZ provides a range of financial products and services to assist our clients in greenhouse intensive sectors to mitigate their risks.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(a)(ii) - Physical risks

For this question, please state the time period and where possible the associated financial implications.

What commercial risks does climate change present to your company including physical risks to your business operations from scenarios identified by the Intergovernmental Panel on climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages?

ANZ's operations are largely urban based (i.e. commercial office space in major cities, and branch offices in regional centers and small rural towns). The physical risks from climate change (i.e. extreme weather such as flooding, wind, bushfires, drought etc.) are likely to be small and not material as an operating risk or expense. ANZ is currently reviewing the physical impacts of climate change on critical infrastructure.

The physical impacts of climate change are however more material in respect of ANZ's lending and investing activities in sectors particularly vulnerable to extreme weather and resource shortages (e.g. agriculture, forestry, stationary energy generation, mining, water utilities, tourism, coastal property developments etc). The IPCC, the Australian Government's Greenhouse Office and CSIRO have all indicated that Australia by virtue of its own climate, rich biodiversity, concentrated coastal population settlements and the importance of tourism, agriculture in the economy, is particularly vulnerable to the impacts of climate change. In the context of the likely future physical risks associated with climate change ANZ is developing a range of assessment and due diligence processes to evaluate the physical impacts of climate change at a portfolio level, sector and at an individual client level.

ANZ also supports a number of clients that are well positioned to benefit from physical climate change impacts (e.g. engineering

services, building contractors, environmental services, clean technology etc.)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(a)(iii) - Other risks

For this question, please state the time period and where possible the associated financial implications.

Apart from any regulatory and physical risks you have described in your answers to questions 1(a)(i) and 1(a)(ii) above, what other commercial risks does climate change present to your company including shifts in consumer attitude and demand?

Given the growing awareness amongst our stakeholders about climate change in Australia, ANZ is aware of a number of reputation-type climate related risks that could have both a positive and negative impact on its brand and market positioning.

Positive

- A number of stakeholders (staff, customers and some NGO'S like WWF-Australia) have encouraged and supported ANZ in developing its market-based approach to climate change, including endorsement of its commitment for becoming carbon neutral in Australia and New Zealand from primarily renewable energy by 2009 (see attached).
- ANZ has observed that financial institutions are beginning to differentiate their brand and services on climate-type offerings and believes that its own engagement approach in assisting clients with a range of climate change services differentiates us relative to other financial institutions in our markets.
- ANZ is currently working with its suppliers to explore opportunities to reduce the greenhouse gas emissions associated with its supply chain.
- ANZ is also monitoring retail customer demand and exploring the development of new climate-type products and services.

Negative

- There are a number of NGOs (e.g. Greenpeace, Australian Conservation Foundation and WWF) who have raised their concerns about ANZ's financial support to coal-fired power stations in Australia and the funding of coal exports in the region. ANZ is in discussion with these groups and is working with some of our customers to ensure that they are considering their greenhouse gas emissions and are developing management plans to address the business implications of a lower carbon economy

[attachedfiles/Responses/40875/1240/ANZ Embraces Renewable Energy \[media release\].pdf](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(b) - Opportunities

For this question, please state the time period and where possible the associated financial implications.

What commercial opportunities does climate change present to your company for both existing and new products and services?

ANZ is an active participant in providing advisory and financial services to the clients in sectors impacted both positively and negatively from climate change. ANZ also participates in several business forums focusing on climate change and business impacts, and contributes to public policy formulation processes.

During 2006 ANZ continued to strengthen its position as a market leader on climate change and provider of products and services designed to assist clients manage climate change risk, including constraints on carbon emissions and facilitating investment in renewable and clean energy alternatives. A recent Citigroup report (Climate Change and the ASX 100, November 2006) highlighted that ANZ was well positioned in managing risks associated with climate change and for providing risk management services to customers.

A summary of ongoing and new initiatives relating to the engagement and support to our clients is indicated below.

Sustainable infrastructure investment - ANZ Infrastructure Services (ANZIS) is a specialist adviser and investment manager across all sectors of energy, infrastructure and utilities markets. ANZIS has established two special purpose investment trusts to encourage investment in more environmentally sustainable energy sources and infrastructure facilities.

Some ANZIS projects include:

-Bio-diesel: investment in the construction and operation of a bio-diesel production plant on the Victorian/NSW border in Australia.

-Esperence Energy Project: 50% shareholding in a project to construct a 336km gas transmission pipeline and 33MW gas-fired power station in Esperence, Western Australia.

-Waubra Wind Farm: 50% ownership of Waubra Wind Farm, a 192MW wind farm which when completed in 2008, will be the largest in Australia.

Solar Cities Initiative - ANZ is a member of two consortiums selected by the Federal Government's Solar Cities initiative. The initiative is designed to demonstrate how solar power, energy efficiency and improved information on energy use can achieve a sustainable energy future in urban locations around Australia.

Solar Cities will receive government funding to install solar panels and solar hot water systems on private and public housing and provide residential customers with real time information on energy use and access to energy efficiency advice and information.

ANZ's involvement in the program includes: offering a home loan at a competitive rate that is linked to the purchase of a solar power and hot water systems; offering finance to enable the installation of large solar power systems for business and corporate

customers; and offering business customers with finance to assist the take-up of energy efficient technology following an initial energy audit.

Funding of renewable energy projects – In 2006, ANZ's Project Finance team developed a global renewable energy strategy and approach to providing support and expertise internationally. The team has arranged financing for a number of renewable energy projects in Australia and offshore, including:

-Waste gas projects: Power generation plants utilising waste fuels (e.g. coal-bed methane and landfill gas) that would otherwise cause disposal and emission problems.

-Wind farms: Various wind energy projects in the US, UK and Australia, including the Challicum Hills project in Central Victoria, which, when completed in August 2003, became Australia's largest wind farm.

-Geothermal energy: Two major geothermal power projects in New Zealand

-Hydro power: Construction of hydroelectric plants in Laos and Chile.

Carbon Market Activities

ANZ Markets, a division within the Institutional Bank, is active in offering a range of climate change services and products to customers to assist them in assessing and mitigating their climate-related risks. ANZ was the first financial institution in Australia to provide this capability and has developed this capability further to provide credible offset options into the market (e.g. attached Fortnightly Renewable and Emissions Report)

-Carbon trading in Australia - ANZ is trading in NGACs and RECs in Australia and developing its product capability to include Greenhouse Friendly products and CERS.

-Risk management products – ANZ has developed a number of risk management products to assist companies in reducing their carbon exposures.

-Renewable Energy - ANZ is developing a new product that encourages clients to invest in renewable energy. ANZ is also providing expertise in hedging RECs and is financing renewable energy and carbon abatement projects. This is ANZ's unique one-stop-shop solution for financing projects and is providing significant benefit to customers developing new projects.

-Advisory services - ANZ has been engaging its clients on climate change and developing products to assist customers to manage risk in anticipation of an emissions trading scheme commencing in Australia. ANZ regularly receives and supports requests from companies seeking financing for new client solutions to help lower and offset household greenhouse gas emissions. While the market for such products is still in its infancy, ANZ is committed to meeting emerging customer needs by supporting innovative solutions in the retail sector.

Energy efficiency - ANZ, in conjunction with SMEC, one of Australia's leading engineering firms, has developed an energy performance financing solution to enable companies to achieve improvements in their energy efficiency and greenhouse performance. By signing up to the performance-based process companies are guaranteed an agreed level of energy savings and a linked reduction in the greenhouse gas intensity of their operations. Through its links with specialist engineering firms, ANZ supports clients who want to reduce their carbon emissions by providing financial solutions. The energy efficiency product is an integral part of ANZ's climate strategy and support to our clients.

Public policy – ANZ Markets division serves on the Australian Financial Markets Association Committee for Environmental Products and is also a member of the Australasian Emissions Trading Forum Business Roundtable which plays a proactive role in influencing the direction of emission trading schemes. ANZ also made a submission to the Australian Prime Minister’s Emissions Trading Task Force (see attached). ANZ’s Economics division monitors the economic impacts of emerging climate change regulation and has developed specific perspectives on market-based approaches to reducing greenhouse gas emissions (see attached). Key ANZ leaders have also expressed their views publicly on the imperative of leadership on climate change (see CEO article and open letter attached).

Personal banking – has embarked on a process of using life-cycle assessment to evaluate the greenhouse gas emissions associated with electronic transaction machines in conjunction with RMIT University in Melbourne. In another project, the division is assessing approaches to reducing its greenhouse gas emissions.

Solar-Powered ATM's - ANZ has launched the worlds first solar-powered ATM in the Solomon Islands which runs exclusively off solar power and provides banking services for customers in remote locations in the Solomon’s. Plans are to further roll out this service across 7 locations in the Solomon’s and suitable remote locations elsewhere. (see attached).

Industry collaboration – ANZ’s Institutional division has played a leading role in the “The Australian Business and Climate Group” (ABCG). The ABCG is a collaborative initiative of 10 leading Australian companies looking at how Australia can accelerate the development and deployment of low emissions technologies by 2025. The ABCG is currently preparing a report focusing on what market conditions, government policies and changes in consumer behaviour are needed to drive the large development and deployment of low and zero emission technologies in Australia, while maintaining Australia’s competitiveness in the global economy (see attached).

The final report will be targeted towards the business community and government. The ABCG expects this work will be a constructive contribution to the debate in Australia around climate change policy and energy and technology future options.

ANZ also participates in the UK-based Climate Group’s Financial Leaders group activities, including the development of low carbon principles for lending and investing and approaches to assessing the climate risks in loan portfolios.

As signatory to the UNEP Financial Initiative, ANZ also provided advice in the development of the on-line training tool, “Climate Change: Risks and Opportunities for the Finance Sector”.

WWF Partnership – ANZ has formed a three year strategic alliance with the conservation organization, WWF-Australia, through our Institutional division. The partnership (see attached) will help ANZ:

- integrate environmental and social knowledge in our business decisions;
- continuously improve our environmental performance (reduce our footprint);
- assist our people to learn more about climate change by building awareness and understanding (see attached); and
- inspiring our people to become more environmentally engaged.

Through our partnership we will engage with both staff and customers around environmental issues including climate change in order to build capacity and understanding of these issues. The partnership will also assist and encourage work across the

business to develop solutions for our customers and new business opportunities for ANZ.

Energy policy – in response to stakeholder requests to clarify our lending and investment decision-making criteria for supporting clients in high-impact sectors, ANZ has embarked on a process to develop a new energy policy as part of its Social and Environmental Management Policies and Guidelines. WWF, who has recently published its own report, namely “Climate Solutions- WWF’s Vision for 2050”, will provide technical assistance in this process.

[attachedfiles/Responses/40875/1241/ANZ Emissions Report 21 May 07.pdf](#)

[attachedfiles/Responses/40875/1242/ANZ Submission PM Taskforce Emission Trading.pdf](#)

[attachedfiles/Responses/40875/1243/JohnMcFarlane_ClimateChange_OpinionArticle251006.pdf](#)

[attachedfiles/Responses/40875/1244/Emissions trading Jun07.pdf](#)

[attachedfiles/Responses/40875/1245/ANZ IFS Fact Sheet v3.pdf](#)

[attachedfiles/Responses/40875/1248/EcoEducation_climate change.pdf](#)

[attachedfiles/Responses/40875/1297/ABCG - External Backgrounder Mar07.pdf](#)

[attachedfiles/Responses/40875/1299/WWF AFR Open Letter.pdf](#)

[attachedfiles/Responses/40875/1362/Solomans_Solar_Powered_Atm's.pdf](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(c) - Strategy

For this question, please state the time period and where possible the associated financial implications.

Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage the risks and opportunities you have detailed in questions 1(a) and 1(b) above. Please include adaptation to physical risks.

ANZ's strategy on climate change is derived from ANZ's Environment Charter (see attached) which sets our aspirations for making a "sustainable contribution to society" through mitigating our environmental impacts and improving performance in both our direct operations, lending and investing activities.

More specifically, our climate strategy is premised on the following:

- Climate change is a serious threat to our economy and society;
- Whilst our own emissions are relatively small, as a responsible and well managed organization we need to reduce our own direct impacts; and
- As one of the largest financial institutions operating in the region, we are well positioned to assist our clients in mitigating climate risks and responding to new business opportunities.

In relation to reducing our own emissions ANZ has made a public commitment to becoming carbon neutral by 2009, through primarily investing in renewable energy (see attached). As part of this, we have specific energy efficiency targets and are in the process of implementing a program to reduce energy use in our operations (see www.anz.com/aus/values/default.asp for an overview of ANZ's Corporate Responsibility Program, including our environment program). We are also exploring opportunities to assist staff in reducing their own emissions away from work.

In respect of our frontline staff, we have embarked on a program of capacity building, in association with WWF our global partner (see 1 b above).

In regards to our customers and clients ANZ offers a range of advisory and financial products and services to assist them in responding to climate change risks and opportunities (see 1 b above).

[attachedfiles/Responses/40875/1249/ANZ&TheEnvironment.pdf](#)

[attachedfiles/Responses/40875/1298/ANZ Embraces Renewable Energy \[media release\].pdf](#)

[attachedfiles/Responses/40875/1360/270607 ANZ and Climate Change MV.pdf](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section A – 2 Greenhouse Gas Emissions Accounting

Question 2(a)(i) – Methodology – Accounting Year

Please state the accounting year used to report GHG emissions.

Other: Financial Year 2006 (Oct 05 – Sept 06)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a)(ii) – Methodology

Please state the methodology by which emissions are calculated.

[GHG Protocol](#)

Please provide additional information below

[ANZ is a member of the Australian Government's Greenhouse Challenge Plus Program and uses the Australian Greenhouse Office 'Greenhouse Challenge Factors and Methods Workbook' for calculating emissions. This is consistent with international greenhouse accounting standards and protocols.](#)

Please state the reporting boundaries for the data provided in this questionnaire

[Option 1 – per consolidated financial statements](#)

Please provide additional information below

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a)(iii) – Methodology – External verification

Please state whether the information provided has been externally verified or audited.

[Yes](#)

[ANZ's greenhouse gas baseline \(FY 05\) was externally verified by the Australian Greenhouse Office. The greenhouse performance data included in our annual Corporate Responsibility Reports is externally verified by KPMG.](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a)(iv) – Methodology – Variations in emissions

Please provide an explanation for any significant variations in emissions from year to year eg: due to major acquisitions, divestments, introduction of new technologies etc

The small increase in emissions during 2006 is attributable to increases in staff numbers, expansion of our retail branch portfolio (25 new branches) including extending opening hours in 125 branches, the addition of 330 new ATM's and an increase in the greenhouse gas intensity conversion factors used to calculate the emissions associated with energy purchased in the Australian state of Victoria (determined by the Australian Greenhouse Office).

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(b) – Scope 1 and Scope 2 GHG Protocol - Year 1 answers

Please state your direct and indirect GHG emissions in metric tonnes CO₂e for global and Annex B countries.

If you are having difficulty reporting your emissions figures in CO₂e metric tonnes please see the further guidance on answering the CDP5 questionnaire available [here](#).

Please enter the accounting year used to report GHG emissions details below.

30 September 2006

Total Global Emissions

197069 CO₂e metric tonnes

Total Emissions Annex B countries

197069 CO₂e metric tonnes

Scope 1 activity emissions globally

12746 CO2e metric tonnes

Scope 1 activity emissions Annex B

12746 CO2e metric tonnes

Scope 2 activity emissions globally

171729 CO2e metric tonnes

Scope 2 activity emissions Annex B

171729 CO2e metric tonnes

Please state the MWh of electricity purchased and consumed by your company globally.

185166 MWh

Please state the MWh of electricity purchased and consumed by your company in Annex B countries.

185166 MWh

Please state the **percentage** of purchased and consumed MWh of electricity from renewables globally.

19 %

Please state the **percentage** of purchased and consumed MWh of electricity from renewables in Annex B countries.

19 %

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

ANZ measures and reports energy consumption and greenhouse gas emissions from its Australian and New Zealand (annexure B) operations which are the primary sources of energy use and greenhouse gas emissions for ANZ operations. ANZ also has a presence in the Asia Pacific region, though does not currently measure and report emissions from activity in this region. Whilst energy consumption and greenhouse gas emissions in this region are considerably smaller, we have committed to including our operations in Asia and the Pacific as part of our annual greenhouse gas emissions and energy consumption measurement and reporting. This is part of our public commitment towards becoming carbon neutral by 2009.

Question 2(c) – Scope 3 of GHG Protocol - Year 1 answers

Please enter the accounting year used to report GHG emissions details below.

30 September 2006

If possible, please provide estimates in metric tonnes CO₂e for the following categories of emissions:

Use/disposal of company's products and services

Your supply chain

External distribution/logistics

Employee business travel

Other

Please provide details of the sources of emissions if you have entered a figure in the "Other" box

Please provide further information about your measurement of scope 3 emissions.

In November 2006 ANZ carried out an assessment and published (see pg 35 of the 2006 Corporate Responsibility Report) an estimate of the greenhouse gas and water intensity of the Australian Institutional loan and investment portfolio.

A key finding of this assessment was that the greenhouse and energy intensity of ANZ's loan and investment portfolio is similar to the structure of the Australian economy. The results of this analysis were published in our 2006 Annual Corporate Responsibility Report (<http://www.anz.com/aus/corporateresponsibility2006/lending.asp?pageno=4>).

As part of ANZ's Sustainable Procurement Policy and processes, approaches to assessing the indirect greenhouse gas emissions are being investigated. The ANZ Supplier Sustainability Assessment Tools, which is a prerequisite for all tenders, includes specific questions relating to greenhouse gas emissions.

ANZ currently leases more than 600 tool-of-trade vehicles for staff. As of 6 June 2007 ANZ has adopted a new car fleet policy to reduce our impact on the environment and save costs. ANZ currently leases more than 600 tool-of-trade vehicles for staff (see attached).

Four-cylinder vehicles will become ANZ's preferred standard for tool-of-trade cars. By switching to these more fuel-efficient cars as current leases expire, ANZ will cut greenhouse emissions and demonstrate commitment to sustainable sourcing. The move to four-cylinder cars is also intended to create greater consistency in vehicle selection across business units.

Businesses can also choose a petrol-electric hybrid car for their fleet and in so doing make an even greater contribution to the environment. Corporate Banking has already decided to change its entire Australian fleet of pool cars to the Toyota Prius.

[attachedfiles/Responses/40875/1254/ANZ_Switches_to_Greener_Fleet.doc](#)

[attachedfiles/Responses/40875/1367/ANZ_Air_Travel_FY_06.pdf](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Section B – 3 Additional Greenhouse Gas Emissions Accounting

Question 3(a) – Scope 1 and Scope 2 GHG Protocol emissions per country

Using the methodology set out in 2(a), please state your emissions per country. NB : If it is not practical for you to list emissions on a full country by country basis, please list here countries with significant emissions in the context of your business and combine the remainder under “rest of world”. If you already have this information in another format (e.g Excel) please attach it.

Country	Scope 1 Emissions (Tonnes CO2e)	Scope 2 Emissions (Tonnes CO2e)
Australia	7487	168923
New Zealand	5269	2806

[attachedfiles/Responses/40875/1366/Total greenhouse emissions Aust NZ.pdf](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

The majority of our greenhouse gas emissions (95 %, primarily Scope 1 and 2) occur in Australia and New Zealand. ANZ does have commercial offices in other Annexure B countries such as the UK and the US, however the greenhouse gas emissions from these are non-material.

Question 3(b) – Facilities covered by the EU Emissions Trading Scheme

Please provide details of total emissions in metric tonnes CO2e for all facilities covered by the EU ETS and details of allowances issued under the applicable National Allocation Plans

Emissions from the total of all facilities covered by EU ETS figure in metric tonnes CO2e

Total number of allowances issued under all National Allocation Plans applicable to installations covered by the EU ETS

0 metric tonnes CO2e

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 3(c) – EU ETS impact

What has been the impact on your profitability of the EU Emissions Trading Scheme?

Not applicable

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B – 4 Greenhouse Gas Emissions Management

Question 4(a)(i) Reduction programmes

What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.

Does your company have an emissions reduction program?

Yes

What is the baseline year for the emissions reduction program? (YYYY format eg. 1990)

2005

If you do not use a baseline year for your reduction programme, please provide details of your reference point for the programme here.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(ii) Reduction programmes

What are the emissions reduction targets and over what period do those targets extend?

Emissions reductions target (%)

5 %

Time frame for reduction target

Setp 05 - Oct 07

Further information.

- 5 % / FTE reduction over the two year period - Sept 05 to Oct 07
- Carbon neutral – Sept 2009

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(iii) Reduction programmes

What investment has been/will be required to achieve the targets. (In US \$)

Over what time period? (In years)

2.5

More detail

Investments required to meet ANZ's energy efficiency and renewable energy targets:

- Energy efficiency (including water):

- 2007 investment - A\$ 3.8 mil

- 2008 investment (estimate) - A\$ 4.6 mil

-Renewable Energy - Approximately A\$5 million in 2009 to meet carbon neutral objectives by 2009 (based on a current market price of A\$30 a tonne).

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(iv) Reduction programmes

What emissions reductions and associated costs or savings have been achieved to date as a result of the program?

Over the last year ANZ has been able to reduce its electricity consumption by 2 % per FTE and greenhouse gas emissions by 5 % per FTE.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(v) Reduction programmes

What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

ANZ has committed to becoming carbon neutral by 2009 through the investment in and procurement of renewable energy. Where appropriate, ANZ will also consider procuring renewable offsets (e.g. to offset employee business travel) as a key component of this public commitment.

The following initiatives have been undertaken in regards to energy efficiency:

Information Technology

- Screensaver Changes – All ANZ PC's now have screensavers removed and restore to “sleep mode” after 15 minutes (total saving estimated at 6,300 tonnes of CO2 eq)
- Progressive replacing higher energy intensive CRT Monitors to more greenhouse friendly LCD screens for all PC's (12,000 approximately) - More than 1000 tonnes of CO2 saved.
- Internet Banking – A new platform was installed reducing the number of servers required by 8%.
- PC Snoozer Branches - All PC's automatically powered down overnight.

Property

- Our new dockland site planned for occupation in 2009 (5000 staff, costing \$900 mil) will be the largest six star rated green building in Australia. This will redefine energy efficiency standards for the current property portfolio in Melbourne.
- An Environmental Awareness training course has been developed focusing on the different ways in which staff can reduce their carbon footprint.
- ANZ participated in the inaugural WWF supported “Earth Hour” event in Sydney on the 31 March, where the majority of the CBD businesses switched off their lights as a sign of commitment to acting on climate change.
- Installation of new metering system for 28 sites to more accurately measure performance improvements and trends.
- Installation of new energy efficient chillers at data and processing sites.
- Lights out campaign run at head office with implementation of new lighting schedule.
- Move to new Adelaide Office to a five star building from existing less energy efficient properties.
- Adjusted air conditioning at our Mount Waverley data centre and installed automated sensors.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(b) Emissions trading

What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant? Explain your involvement for each of the following:

EU ETS

see below

CDM/JI

[see below](#)

CCX

[n/a](#)

RGGI

[n/a](#)

Others

[see below](#)

More detail

ANZ is extending its local trading capability to the international markets. Our focus will be the CDM market in Asia Pacific. This will enable us to provide hedging capability for Certified Emission Reduction (CERs) units for projects we are financing. We are also in discussion with companies to provide these services and have bid for the purchase of CERs on a number of tenders.

ANZ is identifying new project development opportunities in the market by providing information to corporations and governments in Asia Pacific that are not aware of the CDM guidelines and opportunities. ANZ recently hosted a high level Chinese delegation and organized a forum to present to the delegation opportunities in the CDM Market. ANZ has been invited to present on clean technology for carbon abatement to an exhibition in China. ANZ is inviting customers to present their technology at this forum.

ANZ is also developing capability to trade in the international carbon markets. We are initially looking at trading in the EU Emissions Trading Scheme as well trading the credits created from CDMs and JI projects under the Kyoto Protocol. ANZ carbon offset services are being extended to Asia Pacific.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(c) Emissions intensity

Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

Best measurement of emissions intensity for you company

Tonnes CO2 e / FTE and tonnes CO2 e / m2

Historical intensity details

FY04 FY05 FY06

tonnes CO2 eq / FTE 10.02 9.98 9.46 (NZ 0.86)

tonnes CO2 eq / m2 0.31 0.33 0.34 (NZ 0.035)

Current intensity details

Current short-term target – 5 % reduction by Sept 2007, based on 2005 baseline

Current medium-term target – carbon neutral by 2009, primarily from renewables and energy efficiency.

Target details

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(d) Energy costs

What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?

Total costs of energy consumption (in US\$)

13.5 US\$

Percentage of total operating costs (%)

0.4 %

More Details.

FY 2006 energy costs - A\$16 million, which is less than 0.4 % of total operating costs

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(e) Planning

Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

Do you estimate your company's future emissions?

Yes

Please provide details of these estimates and summarize the methodology for this or provide details of why you do not estimate your company's future emissions.

As part of ANZ's energy efficiency program and carbon neutral assessment, it has estimated the future growth in emissions. A small overall absolute increase is projected, however overall intensity per FTE is expected to decrease. This is based on overall growth in operations. As a service organisation and in light of ANZ's carbon neutral commitment, this increase is considered as non-material.

How do you factor the cost of future emissions into capital expenditure planning?

See above

Have these considerations made an impact on your investment decisions?

[Yes](#)

Please provide details below.

[See above](#)

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B – 5 Climate Change Governance - Responsibility

Question 5(a)(i) Responsibility

Which Board Committee or other executive body has overall responsibility for climate change?

[The governance of climate change in ANZ is coordinated in the following manner:](#)

- [1. ANZ's Governance Committee \(a sub-committee of the Group Board\) has oversight of ANZ's corporate responsibility, including aspects of climate change and receives regular updates from the other decision-making forums indicated below. The ANZ Board also regularly reviews medium-term industry trends, including the impacts of climate change.](#)
- [2. The Credit and Trading Risk Committee \(Group-level senior executive management committee\) is responsible for considering transactions that are controversial or include environmentally sensitive impacts, including assessing the impact of extended drought conditions on the loan portfolio.](#)
- [3. The Operating Risk Executive Committee \(Group-level senior executive management committee\) has responsibility for assessing the physical impacts of climate change on critical infrastructure and other emerging risks. OREC reports to the Group Board Risk Committee.](#)
- [4. The Corporate Responsibility Council \(Group-level senior executive management committee\) provides advice and coordination on various aspects of ANZ's corporate responsibility programs, including climate change. The CRC provides regular updates to the Board and works across the Group and within businesses to help promote and achieve its objectives.](#)
- [5. Other Councils and Steering Committees guide specific programs and ANZ's response to important corporate responsibility issues. These include an Environmental Finance Committee that advises the Credit and Trading Risk Committee on issues of](#)

environmental risk. Other committees cover diversity, occupational health and safety, and new and emerging risks.

6. Operations, Technology and Shared Services has overall responsibility for developing and implementing ANZ's energy efficiency program, including aspects pertaining to meeting ANZ's carbon neutral commitments.

7. Institutional Banking Division – has responsibility for:

- a. assessing the risks and impacts (physical and regulatory) on ANZ's loan and investment portfolio; and
- b. building staff capacity and tools to assess climate risks and opportunities to support clients.

All transactions within Institutional division that include environmental risks must be referred to CTC if the transaction falls within the parameters specified in the Controversial Issues policy (part of the Wholesale Risk policy).

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 5(a)(ii) Responsibility

What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

In carrying out the responsibilities mandated to them, each of the above committees has a program for reviewing progress and outcomes on specific aspects of ANZ's operational response to climate change.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 5(b) Individual performance

Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets?

If so, please provide details.

ANZ has implemented a program for integrating environmental performance objectives at executive and senior management levels across the Bank. In certain instances and where relevant, climate change-type performance objectives have been established.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

General Information

Please add any general information and attachments that are not related to a specific question but that you would still like to include with your response here.

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