

# ANZ GREENHOUSE GAS REPORTING AND CARBON OFFSET GUIDELINES

## 1. PURPOSE OF DOCUMENT

The purpose of this guideline is to outline ANZ's approach to Greenhouse Gas calculation and reporting as well as the associated purchase of carbon offsets. This is intended to ensure consistent application of the approach as well as providing transparency to our stakeholders.

Specifically, this document covers:

- Calculation of global Greenhouse Gas emissions including standards, boundaries and inclusions (including regional inclusions)
- Carbon emissions offsetting approach, including, calculation, purchase and retirement.

## 2. REPORTING CYCLE AND BASE YEAR

ANZ reports its annual GHG emissions using a reporting year of 1 July to 30 June. ANZ commenced using this reporting year definition in 2013 to align GHG reporting with Australian regulatory reporting timelines.

Prior to this (pre 2013) ANZ used a reporting year of 1 October – 30 September. As such, the baseline year used to track target performance (for the targets expiring in 2014) is 1 October 2010 to 30 September 2011.

## 3. STANDARDS

ANZ's uses the following standards in calculating its GHG emissions:

- ISO 14064-Part 1
- World Resource Institute/World Business Council Sustainable Development (2004) *The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard* WRI/WBCSD, Geneva.
- Department of Climate Change and Energy Efficiency (now the Department of Environment) (2008) *National Greenhouse and Energy Reporting (NGER) Measurement Determination* Federal Register of Legislative requirements, Commonwealth of Australia, Canberra

## 4. GASES

ANZ's annual greenhouse gas inventory will include all six greenhouse gases listed under the Kyoto Protocol:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur Hexafluoride (SF<sub>6</sub>)

To reflect the different warming potential of each of these greenhouse gases, ANZ's total emissions will be expressed in terms of tonnes of carbon dioxide equivalence (CO<sub>2</sub>-e). This is achieved by multiplying the tonnage of each of these six greenhouse gases by their global warming potential listed in Regulation 2.02 of the NGER Regulations 2008.

## 5. INCLUSIONS

	Australia	NZ	APEA
<b>Scope 1</b>			
<b>Natural gas</b> Natural gas is used by ANZ to fuel boilers in commercial buildings. It is also used in a small number of sites for cooking in kitchens.	✓	✓	NA
<b>Fuels (business transportation)</b> The GHG emissions that arise from the combustion of liquid fuels in ANZ's business car fleet.	✓	✓	✓
<b>Liquid (stationary building energy)</b> ANZ periodically operates back-up diesel generators at key commercial sites to ensure uninterrupted service provision in the event of planned or unforeseen disruptions to power supplies.	✓	✓	X <sup>^</sup>
<b>Rental cars</b> The emissions arising from the combustion of fuels when ANZ staff book hire cars for business purposes.	✓	✓	X <sup>^</sup>

## Scope 2

### Electricity (Energy Indirect Emissions)

Electricity is used by ANZ to operate facilities and services including lighting, IT, heating, ventilation and air conditioning (HVAC) equipment and appliances (such as ATMs, kitchen appliance) across its commercial, data centre and retail buildings.



## Scope 3

### Energy Extraction, Transmission and Distribution Losses

ANZ uses a variety of energy sources in conducting its operations that results in direct greenhouse gas emissions. There are further emissions released upstream associated with the extraction, processing and transport of liquid fossil fuels and natural gas and the losses of electricity that occur through transmission and distribution from site of generation to the final consumption point.



### Business Travel in Private Vehicles and Novated Lease Vehicles

ANZ staff are occasionally required to travel in their own private vehicles or novated leases vehicles for a business-related purpose.



### Air Travel

Staff travel in commercial and private airliners as part of executing their job responsibilities.



### Taxi Travel

Taxi travel is used by employees for travel between ANZ Corporate and client offices or when undertaking air travel for business trips.



<p><b>Hotel Accommodation</b> Staff stay in hotel accommodation when travelling as part of executing their job responsibilities.</p>	✓	✓	✓
<p><b>Waste to landfill</b> A proportion of the waste generated by ANZ workplaces is discarded to landfill. The breakdown of organic wastes in landfill generates methane.</p>	✓	✓	✓
<p><b>Paper Use</b> ANZ's uses paper for business purposes (office based and customer communications). Paper production is an energy and emissions intensive process.</p>	✓	✓	✓*
<p><b>Base Building Emissions (tenancy)</b> Several of ANZ's commercial sites are located in buildings where ANZ is a tenant but does not have operational control over the base building infrastructure and services such as lifts, lighting and centralised HVAC equipment. ANZ has a 'shared' responsibility with other tenants for the emissions that arise from the base-building infrastructure.</p>	✓	X <sup>^</sup>	X <sup>^</sup>
<p><b>Outsourced Data Centres</b> ANZ operates a small amount of IT infrastructure in outsourced data centres.</p>	✓	NA	NA

**NA** Not applicable. This emissions source does not occur within our organisational boundary for this region.

<sup>^</sup> Emission source is considered to be immaterial for this region as well as source data not being readily available and is therefore not included.

\* Office paper only (i.e. does not include customer paper)

## 6. EXCLUSIONS

There are several sources of GHG emissions that have been excluded from ANZ's Emissions Inventory on the basis that they are immaterial and that their quantification is not currently technically feasible or cost effective. This approach aligns with guidance provided in Section 4.3.1 of ISO 14064-Part 1. Excluded emission sources include the following sources outlined in the table below:

<b>EMISSION SOURCE</b>	<b>SCOPE</b>
Leakage of hydrofluorocarbon refrigerants from commercial chiller units	1
Fire extinguishers (CO2)	1
Energy Use in residential buildings	3
Energy Use for retailers in ANZ owned buildings	3
Air Travel (Upstream emissions associated with the extraction, processing and transport of fuel used in commercial aircraft)	3
Employee Commuting	3
Paper Printing	3
Couriers	3
Food and beverages	3
Embodied emissions in purchased items and materials and their transportation to ANZ premises eg IT equipment	3
Passenger Transport (Rail)	3
Nitrous Oxide Emissions from operation of blackwater treatment facility at ANZ Centre, Docklands, Melbourne	1
Rental Vehicles that could be used during international travel (scope 1)	1
ANZ consultants/subcontractors (travel, accommodation, etc)	3

## 7. ADJUSTMENTS

If ANZ acquires or divests any companies with emissions which, if counted (or discounted) would make a difference to the baseline of greater than 1% (in either direction), ANZ will include (or deduct) the full years emissions of that company in the emissions baseline. Where possible this change will be made for the emissions baseline year, otherwise the closest available year in which accurate and complete data exists will be used.

ANZ will also apply a 1% significance threshold to determine whether the emissions baseline will need to be retrospectively adjusted to take account of changes in calculation

methods or the release of revised emission factors. ANZ will not alter the emissions of baseline years due to organic growth or decline in emissions.

## 8. CARBON EMISSIONS OFFSETTING

Each year, ANZ offsets all measured Global Scope 1, 2 and 3 emissions on a retrospective basis. Carbon offsets are retired within 90 days from 30 June of each year. ANZ's carbon offsets approach is in line with the Australian Government's National Carbon Offset Standard requirements for eligible offsets. There is an annual retrospective reconciliation process of Global Scope 1, 2, and 3 emissions to carbon offsets retired for the reporting year.

## 9. BOUNDARIES

ANZ has adopted the 'operational control' approach to reporting our organisational greenhouse gas (GHG) emissions as defined in the GHG Protocol and used in the NGER Act 2007.

ANZ's corporate greenhouse gas inventory includes direct (Scope 1) and indirect (Scope 2) GHG emissions arising from all activities undertaken at facilities coming under our operational control for all or part of the reporting year. These facilities include:

- Corporate offices
- Retail branches
- Data centres
- ATMs

ANZ also includes in its organisational boundary the emissions arising from activities that are ancillary to the principal activity performed at another facility and which come under the 'overall control' of the ANZ Banking Group Limited (ANZBGL). An example of this are the emissions arising from 'tool-of-trade' vehicles driven by ANZ employees which is an activity that is ancillary to the activities performed by ANZ at a fixed location e.g. a retail or commercial site.

ANZ has also voluntarily undertaken to include in our organisational boundary a number of indirect (Scope 3) emissions that occur as a consequence of the activities undertaken by ANZBGL, but arise from facilities outside of the operational control of ANZBGL.

ANZ also includes in its organisational boundary the emissions arising from facilities that come under the operational control of its subsidiaries and any unincorporated joint ventures that ANZBGL is a participant in or where ANZBGL has been nominated (and accepted) as the responsible reporting entity.