

National Carbon Offset Standard Carbon Neutral Program Public Disclosure Summary



An Australian Government Initiative

COMPANY NAME: Australia and New Zealand Banking Group

BASE YEAR: 1 October 2010 – 30 September 2011

FIRST CARBON NEUTRAL PERIOD: 1 October 2009 – 30 September 2010

Declaration

To the best of my knowledge, the information provided in this Public Disclosure Summary is true and correct and meets the requirements of the National Carbon Offset Standard Carbon Neutral Program.

31 October 2016

Mel Cutler

Head of Environmental Sustainability

Type of carbon neutral certification: Organisation

Verification

Date of most recent external verification/audit: 30 October 2015

Auditor: KPMG Australia

Auditor assurance statement link: ANZ's carbon neutral commitment is audited as part of a broader corporate sustainability review process: www.anz.com/about-us/corporate-sustainability/reporting-performance/sustainability-reporting/



Australian Government

Department of the Environment and Energy

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1. Carbon neutral information

1A. Introduction

ANZ provides a range of banking and financial products and services to around 10 million customers globally and employs over 50,000 people worldwide. Australia is the largest of our 34 markets, serving approximately six million retail and commercial customers through a network of ~ 800 branches, 115 business centres, 16 commercial facilities, 2,700 ATMs and leading online and mobile banking applications.

We use the operational control consolidation approach to establish our organisational boundary and identify our emissions sources. Our organisational boundary includes all Australian-based facilities we have operational control over including branches, commercial facilities, datacentres and non-branch ATMs. Emissions arising from these facilities include consumption of fuel from using our vehicle fleet and rental cars and gas used to power our facilities. We also capture and report data for purchased electricity from the grid and broader indirect emissions that occur either upstream or downstream of our facilities including: consumption of office and customer paper; upstream lifecycle emissions of purchased fuels (liquid and gaseous) and electricity; transmission and distribution losses associated with purchased electricity and gas; waste to landfill; domestic and international business travel of Australian-based employees (flights, taxis, hotel accommodation and business-related travel in private vehicles); employee commuting from 15 of ANZ's major commercial office locations and the operation of shared services and infrastructure in buildings in which ANZ is a tenant ('base-building' emissions).

ANZ's Greenhouse Gas Inventory has been prepared in accordance with *The Greenhouse Gas Protocol*¹ and the Australian Government's National Carbon Offset Standard. The reporting period for this inventory is 1 July 2015 to 30 June 2016. The inventory incorporates all of the greenhouse gases listed under the Kyoto Protocol:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Hydrofluroethers (HFEs)
- Perfluorocarbons (PFCs)
- Sulphur Hexafluoride (SF₆)

¹ *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* (World Resources Institute & World Business Council for Sustainable Development)

1B. Emission sources within certification boundary

Quantified sources

The following emissions sources have been included in ANZ's Greenhouse Gas Inventory for 2015/16:

Scope 1

- Natural Gas (for stationary energy and electricity generation purposes)
- Diesel (for stationary energy and electricity generation purposes)
- Liquid Fuel Use (tool-of-trade vehicles)
- Liquid Fuel Use (rental vehicles)
- Wastewater Treatment (Commercial Wastewater)

Scope 2

- Electricity purchases from grid

Scope 3

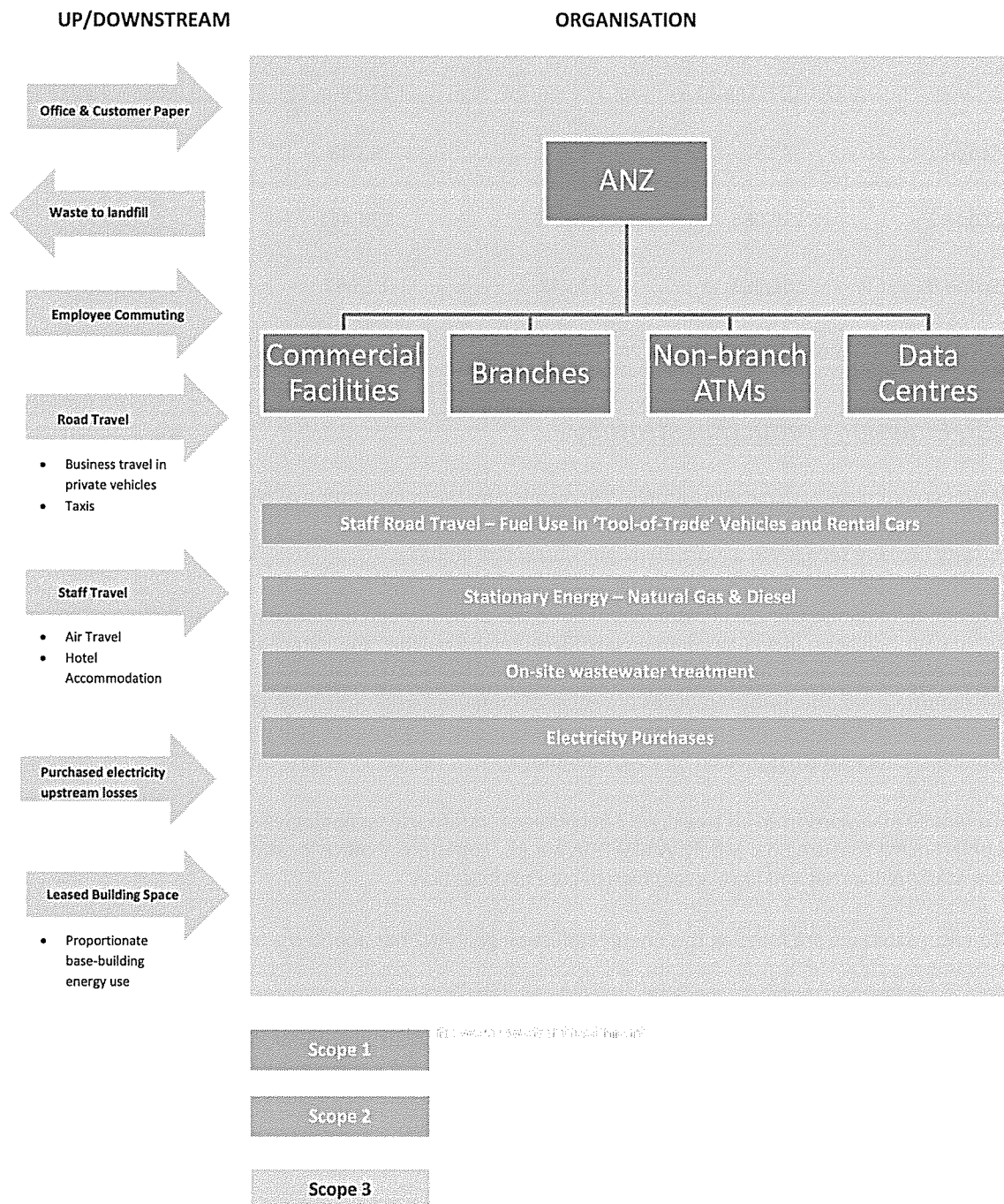
- Natural Gas (Stationary Energy and Electricity Generation) - Transmission and Distribution Losses
- Diesel (Stationary Energy and Electricity Generation) - Fuel Extraction, Production and Transport
- Liquid Fuel Use (tool-of-trade vehicles) - Fuel Extraction, Production and Transport
- Liquid Fuel Use (rental vehicles) - Fuel Extraction, Production and Transport
- Electricity Purchases - (Fuel extraction, transmission and distribution losses)
- Other business-related road travel (taxis and private vehicles)
- Employee Commuting (15 commercial office locations)
- Air Travel
- Hotel Accommodation
- Paper use (internal and customer end use)
- Waste to landfill
- Other building energy use (proportionate base building emissions)

Non-quantified sources

Emission Source	Scope	Justification for exclusion and implications for footprint
Leakage of hydrofluorocarbon refrigerants from commercial chiller units	1	<ul style="list-style-type: none"> Data on refrigerant re-charging or the capacity of chiller units is not centrally collated to allow an estimation of emissions from this source. It is not currently technically feasible for ANZ to estimate emissions from this source. Likely low level of impact (<1%)
Upstream transportation and distribution	3	<ul style="list-style-type: none"> As a provider of banking and financial services, ANZ is not a significant purchaser or producer of physical products that require transportation and distribution. For those physical products that ANZ does purchase e.g. paper, these are accounted for under the paper emissions factor which uses a life cycle assessment accounting methodology Likely low level of impact (<1%)
Capital Goods	3	<ul style="list-style-type: none"> ANZ recognizes that there are embedded emissions in capital goods used by the organisation in providing banking and financial services to its customers. However it has been deemed not to represent a material source of scope three emissions as: <ul style="list-style-type: none"> ANZ has limited ability to influence emissions reductions activities of the producers of materials that make up the finished capital goods that we purchase each year. Emissions embedded in capital goods do not make a material contribution to ANZ's risk exposure and as such have not been deemed critical by our key stakeholders. Most of the computers and office machines in our branches and commercial offices are leased with our suppliers responsible for end-of-life processing and recycling. Notwithstanding, ANZ incorporates sustainability criteria in the competitive tender processes for goods such as computers, office furniture and office fittings and gives active consideration to these criteria when selecting winning tenders for the provision of these goods.
Business Travel (Public Transport)	3	<ul style="list-style-type: none"> ANZ does not account for emissions associated with business travel on public transport (e.g. buses, trams & trains). We estimate these make a small contribution to our overall business travel emissions. Likely low level of impact (<1%)
Use of sold products (internet and mobile banking)	3	<ul style="list-style-type: none"> ANZ offers its customers internet and mobile banking platforms. We recognise that the provision of these platforms results in indirect emissions associated with energy used to operate and recharge electronic devices that customers use to access these platforms. While there are millions of transactions performed by our customers on these platforms each year, this is deemed to be a minor source of Scope 3 emissions due to the small amounts of electricity required to charge modern-day smartphones and tablets and the fact that such devices are used for a multitude of purposes beyond banking. Likely low level of impact (<1%)

Emission Source	Scope	Justification for exclusion and implications for footprint
Water	3	<ul style="list-style-type: none"> ANZ considers this emissions source to be immaterial but will review and consider including for future years.

1C. Diagram of certification boundary



2. Emissions reduction measures

2A. Emissions over time

Table 1. Emissions since base year				
	Base Year			Current year
	Oct 10 – Sep 11	Jul 13 – Jun 14	Jul 14 – Jun 15	Jul 15 – Jun 16
Scope 1	7,652	8,382	8,048	8,295
Scope 2	159,065	146,549	139,451	128,456
Scope 3	101,883	87,748	81,097	69,910
Total	268,600 tCO ₂ -e	242,679 tCO ₂ -e	228,596 tCO ₂ -e	206,661 tCO ₂ -e

2B. Emissions reduction strategy

ANZ's greenhouse gas emissions profile is dominated by the consumption of electricity across our Australian property portfolio and the travel our staff need to undertake to ensure we deliver high quality banking services to almost 10 million customers globally.

We aim to minimise the use of resources in our operations through the efficient consumption of energy within our buildings, including commercial offices, retail branches and datacentres. We also seek to use lower-carbon sources of energy where possible including the use of a gas-fired trigeneration plant at our Melbourne head office which reduces our reliance on more carbon-intensive electricity sourced from the grid. We also utilise behind the meter solar electricity at two of our facilities including the rooftop of our Head Office which is utilised for ANZ operations.

To reduce emissions from air travel, ANZ encourages staff to use technologies such as video conferencing that are now widely available in our key commercial office locations where the majority of our staff are located and have a very high degree of utilisation.

To ensure that we are meeting this energy reduction goal ANZ has adopted a framework of:

- reviewing energy consumption within our operations;
- establishing emissions reduction targets for property-related energy use across our global operations;
- funding and implementing energy efficiency opportunities; and
- monitoring the outcomes of energy efficiency projects.

2C. Emissions reduction actions

In 2015-16, ANZ achieved a 4% reduction in electricity use from the previous year which translated into emissions savings of around 13,670 tonnes of CO₂-e (Scope 2 & 3). This significant reduction in electricity use has been achieved through a combination of energy efficiency initiatives and consolidation of our property portfolio into smaller, more efficient building space.

A chiller upgrade at one of key commercial office locations and lighting upgrades in over 60 of our branches were responsible for a large portion of electricity and emissions savings from the previous year which have continued to deliver energy savings benefits into this reporting period too. We have also managed to contain growth in electricity use at our data centres to 3.0% from the previous year which compares to almost 10% annualised growth in the three years between 2011-2014.

Reducing growth in energy consumption at our data centres has proved a significant challenge for ANZ and indeed many companies across the banking and financial services sector. This is due to the significant increase in demand for digital banking services from our customers that has required a corresponding large expansion in technology infrastructure to support this growth. The fact that we have contained growth in our data centre electricity use to 3% from the previous year means that the benefits of energy efficiency initiatives across our retail and commercial office network are having much more of an impact on our overall carbon emissions arising from our Australian-based operations.

ANZ also managed to reduce emissions from air travel by almost 7,000 tonnes of CO₂-e from the previous year. This reduction in air travel also achieved flow-on reductions in emissions of over 1,100 tonnes from accommodation and business-related road travel in taxis and rental cars. Large reductions in air travel by ANZ's Australian-based employees has been facilitated by widespread availability of technology such as video conferencing and desktop applications that is assisting our staff to avoid and/or minimise travel that can also help deliver improvements in staff productivity and work-life balance along with boosting shareholder returns.

ANZ also purchased 640 tonnes of NCOS certified office paper in our Australian operations during the reporting year (~28% of this total is Fuji Xerox paper and ~72% is Australian Paper sourced). ANZ's support of carbon neutral products has helped to reduce our carbon footprint by several hundred tonnes than if we'd purchased an alternative uncertified product.

3. Emissions summary

Table 2. Emissions Summary		
Scope	Emission source	t CO ₂ -e
1	Natural Gas (for stationary energy and electricity generation purposes)	2,748
1	Diesel (for stationary energy and electricity generation purposes)	491
1	Liquid Fuel Use (tool-of-trade vehicles)	4,858
1	Liquid Fuel Use (rental vehicles)	58
1	Wastewater Treatment (Commercial Wastewater)	144
2	Electricity purchases from grid	128,456
3	Natural Gas (Stationary Energy and Electricity Generation) - Transmission and Distribution Losses	210
3	Diesel (Stationary Energy and Electricity Generation) - Fuel Extraction, Production and Transport	25
3	Liquid Fuel Use (tool-of-trade vehicles) - Fuel Extraction, Production and Transport	255
3	Liquid Fuel Use (rental vehicles) - Fuel Extraction, Production and Transport	3
3	Electricity Purchases - (Fuel extraction, transmission and distribution losses)	15,865
3	Other business-related road travel (taxis and private vehicles)	1,682
3	Employee Commuting (15 commercial office locations)	19,387
3	Air Travel	19,059
3	Hotel Accommodation	2,456
3	Paper use (internal and customer end use)	3,310
3	Waste to landfill	1,032
3	Other building energy use (proportionate base building emissions)	6,625
3	NCOS certified carbon neutral product- Office Paper 640 tonnes	0
Total Gross Emissions		206,661 ²
GreenPower or retired LGCs		0
Total Net Emissions		206,661

² There is a discrepancy of 3 tCO₂-e between the total gross/net emissions reported above and what would otherwise be achieved through manually summing each emissions source. This is attributable to rounding to the nearest whole number which occurs, for example, with scope one and two emissions as calculated by the Australian Government's Emissions and Energy Reporting System (EERS) which ANZ must use to comply with its National Greenhouse and Energy Reporting Scheme obligations.

4. Carbon offsets

4A. Offsets summary

Table 3. Offsets Summary			
Offset type and registry	Year retired	Quantity	Serial numbers
Voluntary Carbon Standard Units (Markit Registry)	2016	833	4641-191893809-191894641-VCU-048-APX-IN-1-1353-01012012-31122012-0
Voluntary Carbon Standard Units (Markit Registry)	2016	150,000	4640-191573809-191723808-VCU-048-APX-IN-1-1353-01012011-31122011-0
Voluntary Carbon Standard Units (Markit Registry)	2016	52,891	4641-191723809-191893808-VCU-048-APX-IN-1-1353-01012012-31122012-0
Voluntary Carbon Standard Units (Markit Registry)	2016	16,261	4641-191723809-191893808-VCU-048-APX-IN-1-1353-01012012-31122012-0
Voluntary Carbon Standard Units (Markit Registry)	2016	25,858	4641-191723809-191893808-VCU-048-APX-IN-1-1353-01012012-31122012-0
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	3,911	GS1-1-LA-GS2095-16-2013-5049-37 to 3947
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	300	GS1-1-LA-GS2095-16-2012-5050-44 to 343
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	36	GS1-1-LA-GS2095-16-2013-5049-1 to 36
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	99	GS1-1-LA-GS2095-16-2014-5048-1 to 99
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	4,803	GS1-1-LA-GS2095-16-2014-5048-100 to 4902
The Gold Standard Voluntary Emissions Reductions (Gold Standard Registry)	2016	18	GS1-1-LA-GS2095-16-2014-5048-4903 to 4920
Voluntary Carbon Standard Units (Markit Registry)	2016	41,277	4641-191723809-191893808-VCU-048-APX-IN-1-1353-01012012-31122012-0
Total offsets retired			296,287
Net emissions			206,661

Table 3. Offsets Summary

Offset type and registry	Year retired	Quantity	Serial numbers
Total offsets held in surplus to offset ANZ's remaining global emissions and/or for future years:			89,626
4641-191723809-191893808-VCU-048-APX-IN-1-1353-01012012-31122012-0			

4B. Offsets purchasing and retirement strategy

In accordance with the Australian Government's National Carbon Offset Standard we offset our global scope 1, 2 and 3 emissions each year on a retrospective basis and retire carbon credits within 120 days of the end of our reporting period.

As offset purchases are made in tranches typically exceeding 10,000 tCO₂-e, ANZ banks any surplus offsets for use in future reporting periods or to offset our remaining emissions from our global operations.

Table 3 reports a surplus of 92,563 offsets from those purchased and retired in 2016 relative to our 2015/16 Australian emissions. The surplus has been used to offset our remaining global emissions footprint with excess banked for future use.

4C. Offset projects (Co-benefits)

ANZ's environmental agenda delivers environmental, social and economic impact at scale. Our approach to sustainability is broader than improving the energy performance of our buildings – it's about understanding the bigger picture and finding practical solutions to deliver positive outcomes for staff, customers and the community.

This year ANZ's Environmental Sustainability Team and Laos Office supported the Ceramic Water Purifier Project as part of the bank's ongoing carbon neutral commitment. So far ANZ is the sole buyer of carbon offsets generated by this project in Laos which uses locally manufactured ceramic filters to remove bacteria, parasites and suspended solids from drinking water.

The distribution of more than 8,000 water filters to Laotian communities has avoided more than 9,000 tonnes of greenhouse gas emissions by removing the need to boil unfiltered water with charcoal or wood. That's the equivalent of removing more than 2,000 cars from the road for one year!

The project has saved almost \$30³ per month per household by not purchasing bottled water, fuel to boil water, or medicine needed from drinking unfiltered water. Given the minimum monthly Laotian income is \$144AUD⁴, this is a saving of more than 20% of a household's budget.

The filters remove 99.99% of all water-borne bacteria resulting in reduced health issues associated with drinking raw-source water.

³ www.laowater.com/faqs/

⁴ www.business-in-asia.com/wages/laos_minimum_wage.html

Learn more about the project's co-benefits here: www.youtube.com/watch?v=ERVz9SW5rrQ

ANZ also supported a wind power project in India with an installed capacity of 236.050 megawatts. The project generates clean electrical energy through sustainable means using wind power resources which contributes to climate change mitigation.

Apart from generation of renewable electricity, the project also contributes towards sustainable development of the region including local employment opportunities, energy security in a region with an electricity deficit and development of public infrastructure such as roads where the wind turbines are located.

The India and Laos projects account for 287,070 and 9,162 offsets respectively which comprises 100% of the offsets ANZ purchased and retired for its global emissions for the 2015/16 reporting period.

5. Use of trade mark

ANZ did not use the NCOS trademark during the reporting period.

6. Have you done more?

ANZ's established environmental sustainability reporting capability is recognised globally for providing high quality, comprehensive and transparent information on the impacts of our business operations. This is evidenced in recognition we have received through the Dow Jones Sustainability Index (DJSI) and CDP reporting mechanisms.

For this reporting period, ANZ placed additional focus on several of our scope three sources, waste and flights, with the objective of identifying opportunities to reduce associated emissions. Our material waste streams have now been identified, creating a qualitative baseline, informing our efforts to work with our new Australian waste services provider to expand existing and identify new waste diversion and recycling programs. Similarly, a qualitative baseline was developed for identifying most commonly travelled flight paths by ANZ Australia employees so that we can start to target travel reduction programs accordingly through use of video conferencing and technology-based alternatives to travel. These efforts will continue to inform our emissions reduction strategy into the future.

