Australian Government

Climate Active Program

Public Disclosure Statement

Australia Post

An Australian Government Initiative

NAME OF CERTIFIED ENTITY: Australian Postal Corporation

REPORTING PERIOD: 1 July 2018 – 30 June 2019

Declaration

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

Signature	Date 13/3/20.
Name of Signatory SUSAN MIZRAHI.	
Position of Signatory CHIEF SUSTAINABILITY OFFICER	

The purpose of the document is to explain the approach to measuring and monitoring the carbon impact of different mail and parcel services at Australia Post.

For the 2018-19 Financial Year the carbon neutral approach relates specifically to the offset of all emissions associated with the Shipster product. Australia Post considered it prudent to perform a trial with small volumes before launching a larger project into the market.

Carbon neutral certification category	Products & Services (opt in)
Date of most recent external verification/audit	May 2019 for FY2018 data (first verification)
Auditor	Pangolin Associates
Auditor assurance statement link	

Australian Government

Department of Industry, Science, Energy and Resources

1a) Background

Product Description

In 2018 Australia Post tendered our first submission for our recently developed carbon calculator by calculating the emissions associated with each individual parcel and letter products using reporting data for volumes, expenses and total emissions. The carbon calculator was built in partnership with Ernst and Young and was completed using the Financial Year 2017 performance data.

In October 2017 Australia Post introduced a new product offering for our retail customers using their MyPost account which is known as Shipster. Using a subscription based model customers were able to access free shipping, through a range of merchants. The arrangement applied to purchases over a certain value and is matched to the MyPost email. It should be noted that the subscription service ended in June 2019. For this reporting period Australia Post has chosen to offset the emissions associated with this product and has communicated with the merchants that the service offering is Carbon Neutral.

In parallel Australia Post has been developing the capability to offer a Carbon Neutral Service for all card customers and this product was launched on the 1st October 2019. The launch relates to all parcels managed through the retail network covering both domestic and international parcels. The total emissions for these products has been estimated at 100,000 tonnes on an annual basis based on current volumes. In Financial Year 2020 we will be including the emissions from these products as part of our submission.

1B. Emission sources within certification boundary

System Boundary for Australia Post Letters and Parcels

The system boundary is based on recommendations made in the International Post Corporation's Product Category Rule (PCR) for Postal Services (UN CPC 6811). A PCR defines a standard by which particular product types or service areas may be consistently measured by LCA. This is consistent with the approach taken by other Postal organisations and developed to ensure consistency across the industry. The version used was published on 2nd November 2014.

For the purposes of our ongoing certification process we will use this standard as the base approach to reporting, unless changes are made to the standard in the future.

Source Boundary (figure 1)

Upstream Emissions

Upstream processes are those occurring before a postal or parcel item comes to be managed by Australia Post or Star Track. They relate specifically to the impact of the products used as part of the postal and parcel service, such as the envelopes, boxes and satchels using to deliver the product.

Examples of the emissions sources include:

► Extraction of raw materials and manufacture of postal products: paper, plastic, stamps, packaging and additional materials

► Transport of postal materials to Australia Post outlets for sale

Product Footprint Processing Mapping

Australia Post has used the concept of core process mapping those products within the business operations of Australia Post and Star Track. The Scope 1 and Scope 2 emissions for these activities are calculated as part of Australia Post's annual National Greenhouse and Energy Reporting (NGER) obligations and include emissions from the following activities:

► Post Office facilities including Retail and Business operations (primarily scope 2 emissions, we include scope 3 for the Licenced Post Offices)

► Collection of posted items by Australia Post, Star Track and contractor vehicles (mixture of scope 1 and scope 3 emissions)

► Mail sorting and processing facilities (mixture of scope 1 and scope 2 emissions)

► Intermediate transport between processing facilities (including road, rail, sea and air – usually scope 3 emissions)

► Mail delivery to recipients by Australia Post, Star Track and contractor vehicles (combination of scope 1 and scope 3 emissions)

Downstream Processes

Downstream processes are those occurring once Australia Post and Star Track have delivered the letter/parcel to the customer and include:

► Disposal of postal or parcel packaging items including landfill or recycling of paper based products

The system boundary of physical products considered in this analysis, is shown in Figure 1. It comes straight from the Product Category Rules – Product Group UN CPC 6811 for Postal Services.

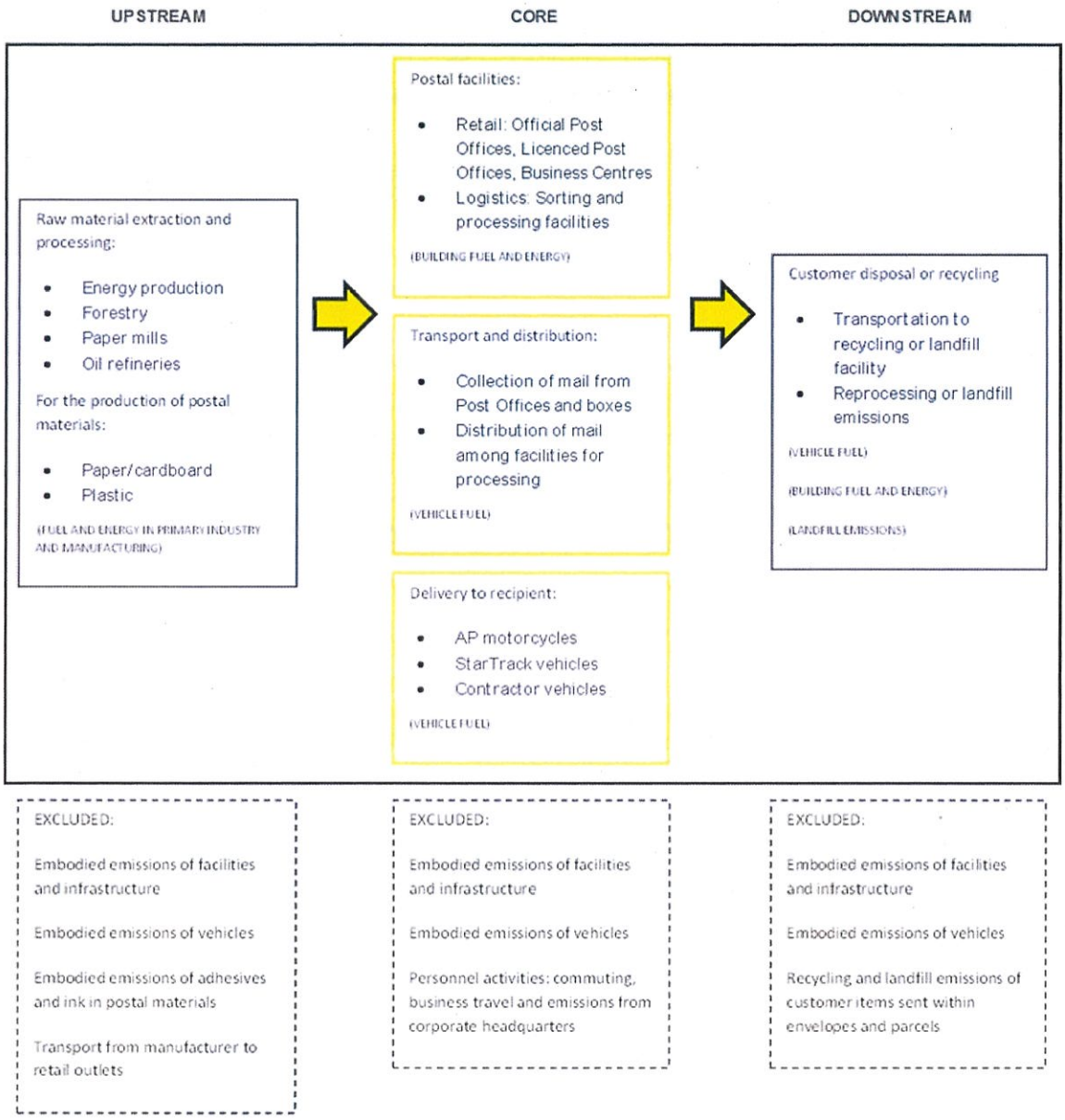


Figure 1 – LCA Inventory overview

Excluded Emissions

The operational boundary is unique to the parcel and letters services offered by postal organisations. The approach to carbon neutrality takes into account the most material impacts for the service provided to the customer. It is assumed that the excluded emissions will not be a material source for the purposes of the service boundary as determined in the original LCA and detailed in Figure 1.

Australia Post has determined that each item identified as excluded in Figure 1 can be considered as non-attributable to the parcel product based on the guidelines from the approved LCR that was undertaken by the IPC, together with the explicit nature of the exclusions as per section 2.3.1 of the Climate Active Carbon Neutral standard. Australia Post will continue to work with the department in the event of any changes to the standard.

Scope of emissions reporting for Australia Post

Based on the approach described above and using the financial allocation method, the following are the sources reported for Australia Post:

- Utilities – Natural Gas, Stationary LPG, Electricity, Water, Diesel Generation (Generator usage for on-site electricity)
- Transport – Use of LPG , petrol and diesel mapped to our different vehicle modes and classifications : Motorcycles, Sedans, Vans, Trucks , Linehaul, Rail, Sea, Air
- Embodied emissions for packaging - Manufacturing and end of Life

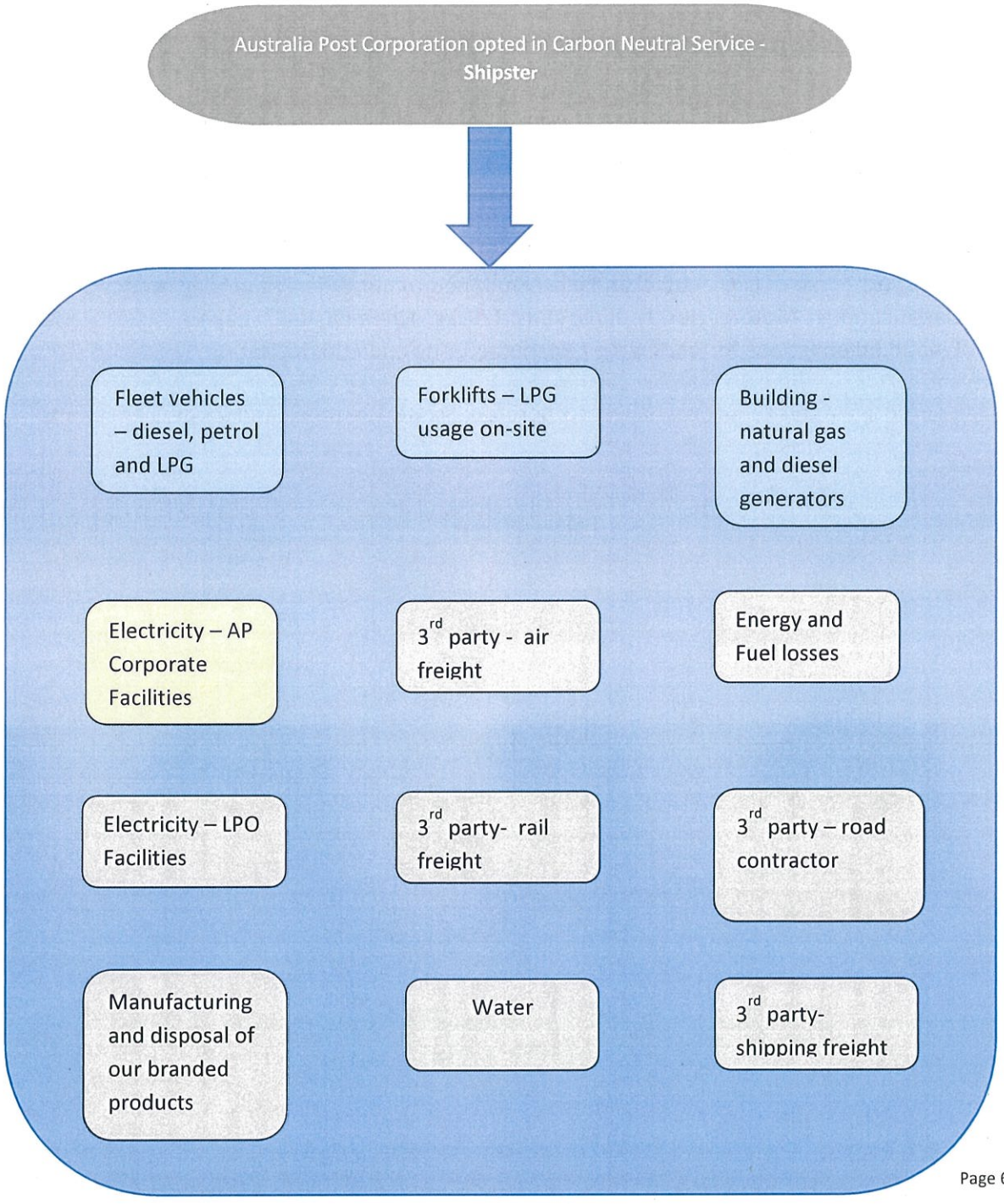
For the purposes of this report we have incorporated: Scope 1, scope 2 and scope 3 emissions

1C. Diagram of the certification boundary

Australia Post has developed the following emissions boundary for letters and parcels products including the eParcel product used as basis for calculation for the Shipster emissions.

The organizational boundary has been prepared as below:

Scope 1 - **Scope 2 -** **Scope 3**

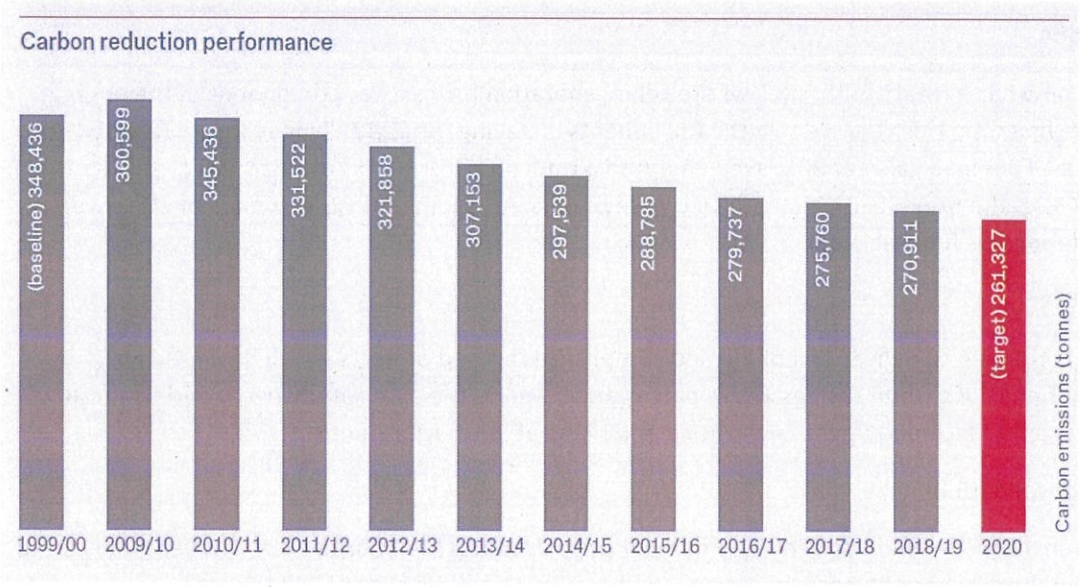


Emissions reduction measures

2A. Emissions over time

Australia Post has a track record of reducing its environmental impact which has evolved over a number of years.

In 2010 the organisation set a reduction target of a 25% reduction on a 2000 baseline by 2020 for all direct emissions (Scope 1 and 2). The progress achieved to date is captured below.



Australia Post has now achieved savings of 24.9% compared to the 2010 baseline, representing a total carbon reduction of 89,688 tonnes and we remain on-track to deliver the remaining carbon savings in Financial Year 2020. With the target period nearing the conclusion, Australia Post has set its sights on delivering new targets consistent with the science based methodology of the Science Based Target Initiative.

2B. Emissions reduction strategy

Australia Post has developed an integrated approach to emissions reduction over a number of years with the key priorities being:

- Best practice electricity and fuel management;
- Renewable or low carbon energy sources and processes;
- Integrating environmental considerations into business as usual; and
- Compliance with all applicable regulatory requirements.

The program has developed over time and has led to the delivery of both commercial and environmental outcomes.

2C. Emissions reduction actions

Australia Post has developed a comprehensive approach to energy management especially supporting the 1200 properties that we have operational control for. We have captured below a number of the key activities that took place in Financial Year 2019.

LED Lighting

In 2019 Australia Post completed the installation of LED lighting at 105 of its distribution and parcel processing facilities, with savings started to be seen in June 2019. The project took place in Victoria and New South Wales and is forecast to deliver: 9,576 tonnes of carbon savings, $1.7m in cost avoidance and 10,100 MWhs in electricity savings.

Solar Generation

Australia Post now has a total of fifty sites where solar generation forms a key component of the energy mix and for the first time this year we saw the full benefits of having our 2MW Sydney Parcel Facility (SPF) fully operational. For Financial Year 2019 we generated a total of 4,709 MWHs of solar which compares to the 2,859 MWHs of the prior year - an overall increase of 65%. An additional 1,527 tonnes of CO2e were saved at SPF during this financial year.

Energy Efficiency

Australia Post continued to deliver end of life and compliance focused projects which delivered an additional 518 tonnes of carbon savings in this past year, as well as the associated energy and financial benefits. The projects included upgrading lighting and HVAC at Perth Mail Centre.

Head Office Consolidation

Australia has run a consolidation project for a number of years in the Melbourne CBD. This year saw us exit 80 Collins Street Property and the consolidation into our existing building saved 742 tonnes.

Electric Bikes and Electric Delivery Vehicles

Australia Post continues the move away from using motorcycles as part of last mile delivery bringing both improved employee safety and environmental benefits. As at the end of 2019, Australia Post had 1,712 Electric Bikes and 1,138 Electric Delivery Vehicles either in use or planned.

As part of the reduction in emissions from our last mile deliveries Australia Post purchased carbon offsets totalling 1,220 tonnes to make the delivery services carbon neutral.

Product Based Emissions Reduction Strategy

Australia Post determined that the most appropriate product based emissions factor is the one relating to our eParcel product which is our primary domestic parcels product.

For the eParcel product we attribute our emissions primarily to road and utilities, as in most circumstances the product is moved through the extensive road fleet as well as potentially by rail.

Emissions Reduction per item

The reduction in CO_2-e per item reflects the benefits Australia Post is receiving from the increase in parcel volumes and the improvements in both productivity and utilisation compared to the growth in overall emissions. All of the products have benefited from the overall reduction in our utility emissions including eParcel.

Product Performance

Product	Financial Year 2019 (Grammes of CO_2-e per item)	Financial Year 2018 (Grammes of CO_2-e per item)	% change
eParcel (used by Shipster merchants)	1,101.5	1,270.0	13% improvement

Emissions per item comparative performance – Detailed overview

Emissions Source for eParcel Product	Functional Unit data from Carbon Calculator Grammes CO_2-e per item delivered (FY2018) - input	Functional Unit data from Carbon Calulator Grammes CO_2-e per item delivered (FY2019) - input
Utilities	289.14	225.7
Road	887.6	789.36
Rail	34.1	30.95
Sea	2.8	4.25
Air	4	0.75
Materials	52.4	50.54
Total Emissions per item	**1,270**	**1101.5**

The table shows how in the past two reporting periods there have been a number of changes in the allocation of emissions to individual items. The most significant changes relate to the reduction in road and

utilities. This is as a result of the fact that the volume of parcels going through the Australia Post network has increased but the associated emisisons have not increased at the same rate and indeed the total emissions from utilities has actually declined. The overall impact is a reduction of 13% in the total grammes CO_2-e per item delivered.

3. Emissions summary

Detailed below are the total emissions as captured in the Australia Post carbon calculator for all parcel products and letters which forms the primary basis for this reporting.

Table 2. Emissions Summary – Product Based Emissions Summary		
Scope	Emission source	t CO_2-e
1	Natural Gas	5,355
1	Transport Diesel – AP Managed Vehicles	101,886
1	Transport Petrol – AP Managed Vehicles	7,251
1	Transport LPG	33
1	Transport (Forklifts)	5,994
1	Stationary Diesel	120
2	Purchased Electricity	150,977
3	Energy and Fuel Losses	25,123
3	Sub Contracted Road Transport	215,677
3	Sub-Contracted Air Transport	274,701
3	Sub-Contracted Rail	17,351
3	Sub-Contracted Ship	4,161
3	Water Supply	642
3	Electricity Usage at Our Licensed Post Offices (2880 sites)	21,880
3	Material Packaging – Manufacturing	32,165
3	Material Packaging – Disposal	14,812
Total Gross Emissions per annum		878,127
Total emissions of Shipster (opted in)		280
Total Net emissions after offset of Shipster		877,847

Carbon Inventory overview for the Shipster Product

Australia Post has built the Carbon Calculator to capture the data for individual products moved through the Australia Post Network. As part of this submission we show the individual components and how they have been applied to Shipster which is a service offered to merchants and utilised by Australia Post MyPost Customers. A similar approach can be followed for other parcel products and will be used in future years.

The total environmental impact relates to the number of Shipster items moved through the AP Network. These have all been classified as an eParcel, which is the most popular corporate product. The pilot approach for Shipster will be replaced in Financial Year 2020 with the launch of the Sending Made Easy project which will introduce a significant increase in the number of items that are offset.

Carbon Neutral Activity	Emissions Total FY2019
Shipster Product	280 Tonnes (CO_2-e)

The total tonnes for Shipster is represented by the following emission sources which are the key contributors to the eParcel product. The functional unit represents the allocation of CO_2-e per item of product delivered. For each item delivered through the network this equates to a carbon impact of 1,101.5 grammes of CO_2-e. The total impact is based on the total number of items for the product during the full reporting period of FY2019.

Emissions Source for eParcel Product	Shipster Total Tonnes (CO_2-e) based on total items for (FY2019)	Shipster Total Tonnes (CO_2-e) based on total items for (FY2018)
Utilities	57	32
Road	201	98
Rail	8	9
Sea	1	1
Air	0	1
Materials	13	14
Total Emissions	**280**	**140**

Performance Comparison

It should be noted that had Australia Post had the same grammes of CO_2-e per item delivered in FY2019, the total impact would have been 323 tonnes in comparison to the 280 tonnes .

Carbon offsets

4A. Offsets summary

Australia Post has included in this report the offsets associated with our current submission for FY19.

Table 3. Offsets Summary

Projects supported by offset purchase	Eligible offset units	Registry	Cancellation date	Serial numbers (including hyperlink to registry transaction record)	Vintage	Quantity offset in FY19
Protection of a Tasmanian Native Forest (carried over from prior year)	260 (original purchase 400 units)	APX VCS	14/06/2018	2657--116687553--116687952--VCU--016-MER--AU--14--587-01032011--29022012--0	2011	260
Colodan Greet Barrier Reef - Regeneration – (ERF Project 115336)	180	APX VCS	23/07/2019	3,777,304,713 – 3,777,304,892	2018-19	20
Total offsets cancelled for this reporting period:						280

Australia Post will be able to use the remaining 160 units in the FY20 submission.

4B. Offsets purchasing and retirement strategy

Australia Post will offset in arrears and has commenced the process of purchasing offsets to meet the requirements of the new program being launched in FY20.

With the initial volumes for Shipster being relatively low, it was decided that it would be more cost effective to retire a larger volume than was needed in both of our reporting periods.

As the program develops Australia Post will enter into a longer term supply arrangement which will reduce the market, supply and price risk of maintaining a portfolio of offsets.

4C. Offset projects (Co-benefits)

Australia Post has not sought to utilize any co-benefits whilst the volumes of offsets purchased to support the program remains low. Australia Post is looking to develop the potential options as part of our 2020 strategy.

Use of trade mark

Australia Post has not used the logo as part of any marketing material during the past twelve months.

Table 4. Trade mark register	
Where used	Logo type
Not applicable	

Have you done more?

In 2019 Australia Post launched a new Corporate Responsibility Plan Australia Post Group Corporate Responsibility Plan 2020-2022. One of the key priorities is a commitment to setting a new Carbon Reduction target which will be consistent with science based reductions. The inclusion of scope 3 emissions will be the first time that Australia Post has developed the plan in this manner.

Australia Post made a decision in FY19 to purchase and retire offsets in support of the development of an electric vehicle fleet to cover the emissions from the new delivery vehicles and electric bikes in the Australia Post fleet. The carbon Inventory overview for the electric vehicles at Australia Post including the total impact is captured below and was assured as part of Australia Post's integrated report for FY19.

Current Electric Fleet Profile	Number of bikes	Energy used (GJs)	Carbon Impact
Electric Bike	1,712	1,114,922.88	310
Electric Delivery Vehicle	1,138	3,277,440.00	910
Total	2,850	4,392,363	**1,220**

The table above captures the total emissions on an annual basis for the Electric Vehicle Fleet and the associated carbon impact. Offsets have been purchased and retired to cover this environmental impact. As the last mile delivery is transformed, the number of offsets may increase depending on the carbon intensity of the grid.