

# ANZ GREENHOUSE GAS REPORTING AND CARBON OFFSET GUIDELINES

Reviewed 15/11/2023

## 1. PURPOSE OF DOCUMENT

The purpose of these guidelines is to outline ANZ's approach to greenhouse gas (GHG) 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 describes ANZ's approach to the:

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

It should be read with the Disclaimer & Important Notices set out at the end of the document.

## 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.

## 3. STANDARDS

ANZ uses the following standards in calculating its GHG emissions:

- World Resource Institute/World Business Council Sustainable Development (2004) *The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard* WRI/WBCSD, Geneva
- *National Greenhouse and Energy Reporting (Measurement) Determination 2008*, Commonwealth of Australia, Canberra

## 4. GASES

ANZ's annual GHG inventory includes all seven GHG 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>)
- Nitrogen Trifluoride (NF<sub>3</sub>)

To reflect the different warming potential of these GHG, ANZ's total GHG emissions will be expressed in terms of tonnes of carbon dioxide equivalence (tCO<sub>2</sub>-e). This is achieved by multiplying the tonnage of each of the GHG by their global warming potential listed in Regulation 2.02 of the *National Greenhouse and Energy Reporting Regulations 2008*.

## 5. BOUNDARIES

ANZ has adopted the 'operational control' approach to reporting our organisational GHG emissions as defined in the GHG Protocol Corporate Accounting and Reporting Standard and used in the *National Greenhouse and Energy Reporting Act 2007*.

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

- Corporate offices
- Retail branches and business centres
- Data centres
- ATMs

ANZ also includes in its organisational boundary emissions arising from certain activities that are ancillary to the principal activity performed at another facility and which come under the 'overall control' of ANZ Group Holdings Limited (ANZGHL). An example of this is 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 eg. a retail branch or corporate office.

ANZ also includes in its organisational boundary:

- a number of indirect (Scope 3) emissions that occur as a consequence of the activities undertaken by ANZ, but arise from facilities outside the operational control of ANZ.
- some emissions arising from facilities that come under the operational control of its subsidiaries and any unincorporated joint ventures where ANZ is a participant or where ANZ has been nominated (and accepted) as the responsible reporting entity.

	AU	NZ	APEA <sup>4</sup>
<b>SCOPE 1</b>			
<b>Natural Gas:</b> Natural gas is used by ANZ to fuel boilers in certain commercial buildings and for our trigeneration facility located in our Melbourne based head office. It is also used in a small number of sites for cooking in kitchens.	✓	✓	N/A
<b>Fuels (business transportation):</b> The GHG emissions that arise from the combustion of liquid fuels in ANZ's business vehicle 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 and also in the testing of emergency fire-fighting equipment.	✓	✓	x <sup>^</sup>
<b>Rental cars:</b> Emissions arising from the combustion of fuels when ANZ staff book hire vehicles for business purposes.	✓	✓	✓*
<b>Wastewater treatment:</b> ANZ recycles wastewater for use in toilet flushing and irrigation at our Australian Headquarters, 833 Collins Street, Melbourne only.	✓	N/A	N/A
<b>Hydrofluorcarbon refrigerants:</b> Leakage of hydrofluorcarbon refrigerants from commercial chillers.	✓	x <sup>^</sup>	N/A
<b>SCOPE 2</b>			
<b>Electricity (Energy Indirect Emissions)<sup>1</sup>:</b> 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 appliances) across its corporate offices, retail branches and business centres, data centres and ATM's.	✓	✓	✓
<b>SCOPE 3</b>			
<b>Energy Extraction, Transmission and Distribution Losses<sup>2</sup>:</b> Additional emissions associated with ANZ's energy use are released upstream. These arise from the extraction, processing and transporting 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.	✓	✓	✓
<b>Business travel in private vehicles and novated lease vehicles:</b> At times, ANZ staff are required to travel in private vehicles or novated leased vehicles for a business-related purpose.	✓	✓	x <sup>^</sup>
<b>Air travel:</b> Staff travel by air as part of executing their job responsibilities.	✓	✓	✓
<b>Taxi travel:</b> Taxi travel is sometimes used by employees for travel between ANZ corporate and client offices or when undertaking travel for business purposes.	✓	✓	x <sup>^</sup>
<b>Hotel Accommodation:</b> Staff may stay in hotel accommodation when travelling as part of executing their job responsibilities.	✓	✓	✓
<b>Waste to landfill:</b> A proportion of the waste generated by ANZ workplaces is discarded to landfill.	✓	✓	✓
<b>Paper use:</b> ANZ's use of paper for business purposes (office based and customer communications).	✓	✓	✓
<b>Base building emissions (tenancy):</b> Several of ANZ's commercial sites are 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 GHG emissions that arise from the base-building infrastructure.	✓	x <sup>^</sup>	x <sup>^</sup>
<b>Working from home:</b> Increased home energy use from heating/cooling, lighting, equipment electricity and fuel use as a result of the partial shift of Australian and New Zealand staff from working out of offices, to working from home.	✓	✓	x <sup>^</sup>
<b>Employee Commuting:</b> Travel to and from major commercial office locations in Australia and New Zealand by ANZ employees, visitors, and contractors (excludes travel to and from retail branches).	✓	✓	N/A
<b>Water:</b> Emissions resulting from energy consumed to pump water from mains to premises.	✓	✓	✓
<b>Cloud services:</b> ANZ's use of cloud services have associated GHG emissions that primarily come from the energy consumption of the data centres that power these services.	✓	✓	✓
<b>Freight and Postage:</b> GHG Emissions arising from the postage and courier services used by ANZ.	✓	✓	✓
<b>Capital Goods (Embodied Carbon – Fit-outs):</b> Only includes the estimated embodied carbon of fit out materials used in new Breathe retail branches in Australia (excluding GHG emissions of the construction phase) <sup>2</sup>	✓	x <sup>^</sup>	x <sup>^</sup>
<b>Capital Goods (Embodied Carbon – purchased IT Equipment):</b> Embodied carbon of newly purchased IT equipment in New Zealand <sup>3</sup> .	N/A	✓	N/A

N/A

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

\*

In India only where buses are used to transport staff from home to work

^

Emissions source is considered immaterial for this region as well as source data not being readily available

1

ANZ's Scope 2 emissions have been calculated using both the 'location-based' and 'market-based' method outlined in the *GHG Protocol Scope 2 Guidance*. Under the location-based method, Scope 2 emissions are quantified using average energy generation emission factors that are applicable for defined locations, including local, subnational or national boundaries. Under the market-based method, Scope 2 emissions are based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. ANZ's Scope 2 emissions and associated energy extraction, transmission and distribution losses, using the 'market-based method' are published on anz.com and the Annual ESG Supplement.

2

Emissions have been extrapolated using an assessment of one Breathe branch. The stages of emissions calculated in this assessment are from the Raw Material Supply, Transport and Manufacturing (A1-A3) for one Breathe Design Branch. Construction Phase (A4-A5) has not been calculated due to unreliable data sources.

3

Currently New Zealand is the only country where ANZ purchase laptops for staff. In other countries, laptops and associated IT equipment are leased.

4

APEA stands for Asia, Pacific, Europe, Americas.

## 6. EXCLUSIONS

There are several sources of GHG emissions that have been excluded from ANZ's Emissions Inventory on the assumption that they are immaterial, or that their quantification is not currently technically feasible or cost effective. Excluded emission sources include, but are not limited to, the following:

EXCLUDED EMISSION SOURCE	SCOPE
Use of sold products (internet and mobile banking)	3
Business Travel (public transport for business related purposes)	3
Food and Catering	3
Cleaning Services	3
Marketing and Professional Services	3
Lending <sup>2</sup>	3

<sup>2</sup> Scope 3 emissions from our lending ('portfolio emissions') are not included in the boundary of the carbon neutral assessment as this assessment scope is limited to ANZ's operations. We are transitioning our lending in line with the goals of the Paris Agreement. For further information on our financed emissions, please refer to the metrics and targets section of our Climate-related Financial Disclosures, available here: <https://www.anz.com.au/about-us/esg/reporting/esg-reporting/>

## 7. ADJUSTMENTS

If ANZ acquires or divests an entity with GHG 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 year's GHG emissions of that entity in the emissions baseline.

ANZ will also apply a 1% significance threshold to determine whether the GHG 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 GHG emissions of baseline years due to organic growth or decline in GHG emissions.

## 8. CARBON EMISSIONS OFFSETTING

ANZ offsets all measured operational Global Scope 1, 2 and 3 emissions. ANZ forward purchases carbon offsets, based on forecast future GHG emissions. Carbon offsets are retired upon purchase. ANZ's carbon offsets approach is in line with the Australian Government's Climate Active Carbon Offset Standard and New Zealand's Toitu net carbonzero certification requirements for purchasing, retiring and allocating eligible offsets. Scope 2 Emissions and associated energy extraction, transmission and distribution losses, are calculated in line with the 'market-based' method. There is an annual retrospective reconciliation process of Global Scope 1, 2 and 3 market-based emissions to carbon offsets retired and allocated to the reporting year.

Our Offset Project Investment Criteria:

- Conformance with the Australian Government's Climate Active certification guidelines or New Zealand's Toitu net carbonzero certification guidelines, as applicable.
- Offset Projects are to be located in markets in which ANZ operates.
- Projects considered unsuitable (e.g. from an ethics, feasibility, reputation, community support, additionality and/or permanency perspective) are excluded.

Examples of such projects include, but are not limited to:

- Nuclear and Large Scale Hydro Electricity projects;
- Landfill gas, coal seam gas, coal mine gas or biogas, flaring and/or generation;
- Forest and related conservation projects (e.g. forestry, reforestation, afforestation, avoided deforestation) located outside of Australia and New Zealand.

## 9. DISCLAIMER & IMPORTANT NOTICES

The material in this document contains general background information about ANZ's activities current as at 31 October 2023. It is information given in summary form and does not purport to be complete. It has a sustainability focus and does not reflect the totality of ANZ's business activities. For a more complete overview of ANZ's business, see the ANZ Annual Report available at [anz.com/shareholder/centre/](http://anz.com/shareholder/centre/).

It is not intended to be and should not be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

## 10. FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to ANZ's business operations, market conditions, sustainability objectives or targets, specific provisions and risk management practices. When used in the document, the words 'forecast', 'estimate', 'intend', 'believe', 'expect', 'will', 'seek', 'would' and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements or opinions. Those statements are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. Forward-looking statements constitute 'forward-looking statements' for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

## 11. CLIMATE-RELATED INFORMATION

This document may contain climate-related statements, including in relation to climate-related risks and opportunities, climate-related goals and ambitions, climate scenarios, emissions reduction pathways and climate projections. While ANZ has prepared the statements in good faith, climate-related statements are subject to significant uncertainty, challenges and risks that may affect their usefulness, accuracy and completeness, including:

1. Availability and reliability of data – emissions and climate-related data may be incomplete, inconsistent, unreliable or unavailable (including information from ANZ's clients), and it may be necessary to rely on assumptions, estimates or proxies where that is the case.
2. Uncertain methodologies and modelling – methodologies, frameworks and standards used for calculations of climate-related metrics, modelling and climate data are not universally applied, are rapidly evolving and subject to change. This may impact the data modelling, approaches, and targets used in preparation of this document.
3. Complexity of calculations and estimates – Estimating financed emissions (including allocating emissions to financing activities) and emissions reduction is complex and relies on assumptions and judgments, often made in respect of long periods of time. For facilitated emissions, suitable standards to allow financial institutions to calculate facilitated emissions are still under development as at October 2023.
4. Changes to climate-related governing frameworks – changes to climate-related policy, laws, regulations and market practices, standards and developments, including those resulting from legal proceedings and regulatory investigations.
5. Lack of consistency in definitions and climate-science terminology subject to changes – definitions and standards for climate-related data and assessment frameworks used across industries and jurisdictions may vary, and terminology and concepts relating to climate science and decarbonisation pathways may evolve and change over time. These inconsistencies and changes can also make comparisons between different organisations' climate targets and achievements difficult or inappropriate.
6. Reliance on third parties for data or involvement – ANZ may need to rely on assistance, data or other information from external data and methodology providers or other third parties, which may also be subject to change and uncertainty. Additionally, action and continuing participation of third parties, such as stakeholders, may be required (including financial institutions and governmental and non-governmental organisations).

Due to these challenges, uncertainties and risks, statements, assumptions, judgments, calculations, estimates or proxies made or used by ANZ may turn out to be incorrect, inaccurate or incomplete. Readers should conduct their own independent analysis and not rely on the information for investment decision-making.

The information in this notice should be read with the qualifications, limitations and guidance included throughout this document.