

# ANZ GREENHOUSE GAS REPORTING AND CARBON OFFSET GUIDELINES

Reviewed 30/09/2019

## 1. PURPOSE OF DOCUMENT

The purpose of this guideline 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 covers:

- Calculation of global GHG 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.

## 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 (NGER) (Measurement) Determination 2008*, Commonwealth of Australia, Canberra

## 4. GASES

ANZ's annual greenhouse gas inventory includes 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>)
- Nitrogen Trifluoride (NF<sub>3</sub>)

To reflect the different warming potential of these greenhouse gases, ANZ's total 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 greenhouse gases by their global warming potential listed in Regulation 2.02 of the NGER 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 NGER Act 2007.

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

- Corporate offices
- Retail branches and business centres
- Data centres
- ATM's

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 eg. 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 the operational control of ANZBGL.

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

## 6. INCLUSIONS

	AUSTRALIA	NZ	APEA
<b>SCOPE 1</b>			
<b>Natural Gas:</b> Natural gas is used by ANZ to fuel boilers in 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 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 and also in the testing of emergency fire-fighting equipment.	✓	✓	✗^
<b>Rental cars:</b> Emissions arising from the combustion of fuels when ANZ staff book hire cars for business purposes.	✓	✓	✗^
<b>Wastewater treatment:</b> ANZ recycles waste water for use in toilet flushing and irrigation at our Australian Headquarters only, the wastewater treatment plant's greenhouse gas emissions are calculated per NGER regulation as part of our Scope 1.	✓	N/A	N/A
<b>SCOPE 2</b>			
<b>Electricity (Energy Indirect Emissions)#</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 ATM's, kitchen appliances) across its commercial, data centre and retail buildings.	✓	✓	✓
<b>SCOPE 3</b>			
<b>Energy Extraction, Transmission and Distribution Losses:</b> ANZ uses a variety of energy sources in conducting its operations that result 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.	✓	✓	✓
<b>Business travel in private vehicles and novated lease vehicles:</b> ANZ staff are occasionally required to travel in their own private vehicles or novated leased vehicles for a business related purpose.	✓	✓	✗^
<b>Air travel:</b> Staff travel in commercial and private airlines as part of executing their job responsibilities.	✓	✓	✓
<b>Taxi travel:</b> Taxi travel is used by employees for travel between ANZ corporate and client offices or when undertaking travel for business purposes.	✓	✓	✗^
<b>Hotel Accommodation:</b> Staff 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. The breakdown of organic wastes in landfill generates methane.	✓	✓	✓
<b>Paper use:</b> ANZ's use of paper for business purposes (office based and customer communications). Paper production is an energy and emissions intensive process.	✓	✓	✗^
<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.	✓	✗^	✗^
<b>Employee Commuting:</b> Travel to and from major commercial office locations in Australia and New Zealand by ANZ employees, visitors and contractors.	✓	✓	N/A
<b>Water: ANZ must report Australian scope three emissions</b> resulting from energy consumed to pump water from mains to premises in order to satisfy its Australian <b>Government National Carbon Offset Standard (NCOS) carbon neutral program obligations</b>	✓	✗^	✗^

N/A

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

In India only where a bus fleet is 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

ANZ's Scope 2 emissions have been calculated using the 'location-based' method outlined in the *GHG Protocol Scope 2 Guidance* that amends the GHG Protocol Corporate Standard. Under this method Scope 2 emissions are quantified using average energy generation emission factors that are applicable for defined locations, including local, subnational or national boundaries. ANZ's Scope 2 emissions using the 'market-based method' are published on anz.com and the Corporate Sustainability Review (from 2015 onwards).

## 7. 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. Excluded emission sources include the following sources outlined in the table below:

EMISSION SOURCE	SCOPE
Upstream Transportation and Distribution (delivery of physical inputs into the business)	1
Hydrofluorcarbon refrigerants (Leakage of hydrofluorcarbon refrigerants from commercial chillers)	1
Capital Goods (embodied emissions)	3
Business Travel (public transport for business related purposes)	3
Use of sold products (internet and mobile banking)	3

## 8. 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.

## 9. 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 120 days from 30 June of each year. ANZ's carbon offsets approach is in line with the Australian Government's National Carbon Offset Standard requirement 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.