

INFORMATION ABOUT ANZ'S ENERGY POLICY

OVERVIEW

Reducing carbon emissions of the global economy is a shared challenge for governments, business and the community. As a responsible and sustainable business we are committed to meeting this challenge and supporting the transition to a low carbon economy. We are supportive of government efforts to reduce emissions while ensuring economic growth.

In financing the energy sector, we have an important role in supporting and encouraging our customers to build carbon risk into their business strategies.

We support customers who share our values and who are working to adopt and deliver a range of energy solutions that will assist the economic development of our region over time, at the same time as lowering emissions.

Our energy policy guides decision-making relating to energy transactions and encourages ANZ staff to proactively identify less emissions intensive opportunities in the energy sector. We have a new target to fund and facilitate \$10 billion by 2020 to support our customers to transition to a low carbon economy, including for increased energy efficiency in industry, low emissions transport, green buildings, reforestation, renewable energy and battery storage, emerging technologies (such as carbon capture and storage) and climate change adaptation measures.

Our policy settings have been developed in consultation with our customers, NGOs, governments, industry and sector experts.

We have developed this policy to meet our objectives of being a responsible business and to work with our customers to improve their social and environmental performance.

ANZ'S APPROACH

Our commitment to sustainable development involves evaluating the economic, social and environmental impacts of decisions we make. Decision makers and our customers must have awareness of all impacts of resource utilisation including those of an environmental or culturally sensitive nature.

Our energy policy adopts a principles-based risk framework which is applied to decision-making in the energy sector. These principles help to inform our approach to the energy sector, and drive our engagement with customers. These principles are:

- *ANZ supports customers that demonstrate a balanced approach to social, environmental and developmental impacts*
- *ANZ supports and encourages customers to adopt practices that continuously improve their social and environmental performance*
- *ANZ supports customers that use internationally accepted industry management practices to manage social, environmental and economic impacts*
- *ANZ's diverse energy portfolio should continue to reflect the range of energy sources and innovative technologies required to assist customers to transition to a low carbon economy*

In the first instance we will work to ensure our customers are compliant with relevant host country laws, regulations and permits that pertain to environmental and social issues. We will also work closely with our customers as they invest in new and improved technologies to reduce carbon emissions.

ANZ expects customers to use, or migrate towards, internationally accepted and best practice management techniques and technologies.

Our super-regional strategy commits us to growth in countries with varying carbon emission legacies, regulatory frameworks, and energy needs. Our energy policy applies in all markets in which we operate and covers all products and services that we provide to our business customers.

We recognise that in some jurisdictions, governments may prioritise economic development, energy demand and energy security objectives. We also recognise the need to progressively reduce the use of the least-efficient coal-fired power generation. Implementation of our energy policy will enable ANZ to continue to support the energy sector while balancing environmental, social and economic impacts in different jurisdictions.

ANZ expects customers to implement appropriate stakeholder engagement strategies and plans to deal with environmental and social issues associated with their activities.

HELPING OUR CUSTOMERS TRANSITION TO CLEANER ENERGY

We are encouraging our customers to move towards cleaner energy sources. Our energy policy specifically details:

Assessing best practice: Our policy refers to world's best practice to manage social and environmental impacts

Reducing carbon intensity: We will support our customers to improve existing business practices with regard to energy efficiency and research and development of low carbon technologies

Change in fuel mix: We will support our customers in making the transition to a low carbon intensity fuel mix through investment in energy efficiency and renewable generation

Disclosure of carbon emissions: We will work closely with customers that are actively engaged in understanding their carbon exposure

ANZ has a carbon emission threshold to ensure we only support new coal fired power plants that use advanced technologies and higher quality coal to significantly reduce emissions to at least 0.8 tCO₂/MWh. The threshold applies from the date of policy publication, 1 October 2015. Excluded are pre-existing activities in this sector, including commitments already made or business opportunities which are at an advanced stage of negotiation.

CONCLUSION

As a leading financial institution in Australia, New Zealand and Asia Pacific, we recognise the importance of sustainability. Through the application of our energy policy, our aim is to work closely with our customers to transition to a low carbon economy whilst also making secure and affordable sources of energy available in the markets in which we operate.

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