



## **ANZ and the energy industry**

ANZ is the banker to a number of Australian companies in the energy sector and we recognise the importance of playing a role in supporting our customers in the transition to a lower carbon future.

This transition will take time and will require significant investment in new sources of energy.

### **Coal-fired power generation in Australia**

While the role of coal in Australia's energy mix will decline over time, Australia depends heavily on coal for its energy needs.

At present, electricity generated from coal provides around 75% of Australia's electric power needs. This energy runs households and businesses and tens of thousands of Australians across many metropolitan and regional communities work in the energy industry.

ANZ's decisions about lending to the energy sector are made within the Australian Government's legislative and policy framework for energy. This is supplemented by the bank's own lending policies.

The Australian Government recently enacted the *Clean Energy Future* legislation. This legislation sets out a new framework for Australia to reduce carbon emissions from the energy sector; to retire high carbon emitting generators; and for companies to publicly report on their emissions.

The Government has also released its Draft Energy White Paper. It provides an overview of Australia's future energy needs to 2030 and it defines a comprehensive strategic policy framework to guide the further development of Australia's energy sector.

It is within the context of Government setting Australia's current and future direction on energy that we make our decisions. In addition, we use our commercial and risk management frameworks including our sensitive sector policies.

For these reasons, we continue to support our coal industry clients and also our clients in the growing renewable energy sector. While renewable energy availability is developing, it will be some time before it may provide electricity to affordably support our economy.

### **Transitioning to a lower carbon future, supporting renewable energy**

ANZ is the largest financier of the energy sector and we are also the largest financier of renewable energy. Projects we support include wind power as well as gas, hydro and geothermal power stations.

Our lending portfolio for power generation is made up of 29% renewable energy; 39% coal; and 32% gas.

We have also set a new target to increase our lending for lower carbon emission power generation by 15 to 20% by the end of 2020. Moreover, our policy states that we will only support new coal-fired power plants that demonstrate the capacity for lower carbon emissions.

If you would like to know more, please go to the following webpage:

<http://www.anz.com/about-us/corporate-responsibility/customers/responsible-business-lending/policies-guidelines/sector-policies/>

## **Working with clients, governments and stakeholders**

We are working with our clients, with governments, and with stakeholders to support our economy while transitioning to a lower carbon future. The support of stakeholders is vital to ensure affordable electrical power is available to grow our economy, run our homes, and support critical community services like hospitals and public transport.

We value your feedback and appreciate your concerns regarding this issue.

Should you wish to discuss ANZ's approach further, please contact Toby Kent, Head of Corporate Sustainability, by email to [toby.kent@anz.com](mailto:toby.kent@anz.com) or phone +61 3 8655 3614.