

Product Disclosure Statement Update

REC Contracts (LREC and SREC)

16 February 2018

This statement (**Statement**) is dated 16 February 2018 and supplements the REC Contracts (LREC and SREC) Product Disclosure Statement dated 1 September 2011 (**PDS**). This Statement is to be read together with the PDS and any other SPDSs issued for the product the subject of the PDS.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of this Statement.

The purpose of this Statement is to update the Financial Ombudsman's Service telephone number, and privacy and disclosure related sections in the PDS.

A. New Financial Ombudsman's Service Telephone Number

Replace the Financial Ombudsman's Service Limited's telephone number in Section 11.2 (What if you have a complaint?) with: 1800 367 287.

B. Replace Section 11.3 (Privacy and confidentiality) of the PDS with the below:

11.3 PRIVACY AND DISCLOSURE OF INFORMATION

11.3.1 General

This clause 11.3 (Privacy and Disclosure of Information) applies to you if you are:

- > an individual customer of ANZ ("customer"); or
- > a representative of a *customer* or an incorporated customer (for example, a company director, officer, employee, authorised representative or signatory) or some other kind of third party individual relevant to that customer (for example, an agent, guarantor or advisor) (each a "third party").

Sub-clauses 11.3.3 (Disclosure of information) and 11.3.4 (Information about others) also apply to you if you are an incorporated customer of ANZ.

11.3.2 Privacy

When you deal with ANZ, ANZ is likely to collect, use and disclose some of your *personal information*. ANZ explains below when and how ANZ may collect, use and disclose your *personal information*.

Collection and use of your personal information by ANZ

If you are considering acquiring, or have acquired a product or service from ANZ, or you are a *third party*, ANZ may collect and use your *personal information*:

- > to provide you with information about a product or service;
- > to consider and process your request for a product or service;
- > to provide a product or service to you;
- > to tell you about other products or services;
- > to assist in arrangements with other organizations in relation to the promotion and provision of a product or service;
- > to manage products and services and

perform administrative and operational tasks;

- > to consider any concerns or complaints raised by you against ANZ and/or to manage any legal action involving ANZ;
- > to identify, prevent or investigate any actual or suspected fraud, unlawful activity or misconduct;
- > to identify you or establish your tax status under any Australian or foreign legislation, regulation or treaty or pursuant to an agreement with any tax authority; and
- > as required by relevant laws, regulations, codes of practice and external payment systems.

Absence of relevant personal information

If you do not provide some or all of the *personal information* requested, ANZ may be unable to provide you or a customer with a product or service.

ANZ's Privacy Policy

ANZ's Privacy Policy (available at anz.com/privacy) contains information about:

- > any laws that require or authorise ANZ to collect certain *personal information* and why those laws require ANZ to such *personal information*;
- > the circumstances in which ANZ may collect *personal information* from other sources (including from a third party); and
- > how an individual may:
 - access their *personal information* and seek correction of their *personal information*;
 - instruct ANZ that the individual does not want to receive information about other products and services; and
 - raise concerns that ANZ may have breached the *Privacy Act 1988 (Cth)* or related code, and how ANZ will deal with these matters.

11.3.3 Disclosure of information

By entering into a *flexible forward* or by acquiring or continuing to hold the product or service from ANZ, or if otherwise providing information to ANZ, you agree that ANZ may disclose your information (including *personal information* and information relating to a *flexible forward* or any associated transactions, products or services) to:

- > any related entity of ANZ which may use the information to: (a) carry out ANZ's functions and activities; (b) promote its own transactions, products and services, unless you advise otherwise; (c) assess your application for transactions, products or services; (d) manage your transaction, product or service; (e) perform administrative and operational tasks (including debt recovery); or (f) comply with laws, regulatory requirements and prudential standards;
- > an organisation that is in an arrangement with ANZ to jointly offer products or services and/or has an alliance with ANZ to share information for marketing purposes (and any of its outsourced service providers or agents);
- > any agent, contractor or service provider ANZ engages to carry out or assist its functions and activities;
- > an organisation that assists ANZ to identify, prevent or investigate fraud, unlawful activity or misconduct;
- > regulatory bodies, government agencies, law enforcement bodies and courts;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions;
- > other credit providers;
- > insurers (including mortgage insurers) and reinsurers;

- > any person who introduces you to ANZ;
- > your referees(s), employer or representative (including any authorised agent, executor, administrator or trustee in bankruptcy, legal representative or anyone else acting for you in connection with your product or service);
- > joint account holders;
- > any provider of a guarantee, security or other credit support for your obligations to ANZ;
- > other parties ANZ is authorised or required by law or court/tribunal order to disclose information to;
- > any professional advisors of ANZ who are under a duty of confidentiality to keep such information confidential; and
- > any credit reporting bodies (for more information about credit reporting in relation to personal information, including the name and contact details of credit reporting bodies and the circumstances in which ANZ may disclose *personal information* to them, refer to anz.com/privacy).

In making the disclosures described above, ANZ may disclose information to recipients (including service providers and related entities of ANZ) (a) located outside Australia and/or (b) not established in or not carrying on business in Australia.

Details regarding the location of such recipients may be found at anz.com/privacy.

11.3.4 Information about others

If you give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, you must show that person a copy of this clause 11.3 (Privacy and Disclosure of Information) so that they understand the manner in which their *personal information* may be used or disclosed.

Amend the definitions in Section 12 of the PDS as follows:

- > delete the definition of ***confidential information***
- > replace the definition of ***personal information*** with the following:

personal information means information or an opinion about an identified individual, or an individual who is reasonably identifiable.

REC CONTRACTS (LREC AND SREC)

PRODUCT DISCLOSURE STATEMENT

REC CONTRACTS (LREC AND SREC)

IMPORTANT INFORMATION

Issuer

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527, is the issuer of the *REC contracts* offered in this Product Disclosure Statement (PDS) dated 1 September 2011.

References to "ANZ", "us", "our" or "we" throughout this PDS are references to Australia and New Zealand Banking Group Limited. References to "you" or "your" throughout this PDS means the person entering into a *REC contract*.

Purpose of this PDS

This PDS is an important document. Its purpose is to provide you with key information about *REC contracts*.

ANZ is providing you with this PDS so that you receive key information about *REC contracts* to help you understand their risks, benefits and costs, and to assist you in making an informed decision about entering into *REC contracts*.

REC contracts are sophisticated financial products. These products may be unsuitable for you if you are unfamiliar with these products and the way they work.

Please read this PDS in full before deciding to enter into a *REC contract*. If you decide to enter into a *REC contract*, you should keep this PDS and any other documentation relating to the *REC contract* for future reference.

General information only

The information in this PDS is general information only and does not take into account your personal objectives, financial situation or needs. This PDS does not constitute advice and is not a recommendation or opinion that *REC contracts* are appropriate for you.

Before entering into a *REC contract*, you should give consideration to your objectives, financial situation and needs, and be satisfied that they will be met if you enter into a *REC contract*. We recommend that you consult your independent professional adviser about the suitability of *REC contracts* for you.

Australian distribution only

The *REC contracts* to which this PDS relates are available to persons receiving the PDS (electronically or otherwise) in Australia, who are Australian residents.

The distribution of this PDS in jurisdictions outside Australia may be restricted by law and therefore, persons into whose possession this document comes should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate these laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Updated information

The information in this PDS is subject to change. Where new information arises that is materially adverse to the information in this PDS, ANZ will issue a new PDS or issue a supplementary PDS setting out the new information.

Where new information arises that is not materially adverse to the information in this PDS, you will be able to find the updated information on our website www.anz.com or you can contact us using details in the directory in Section 13 or call your ANZ contact. A paper copy of the updated information is available free on request.

Examples in this PDS

The examples are for illustrative purposes only. You should note that the actual pricing will vary depending on the terms of the *REC contract* and the factors listed in Section 3.1 of this PDS.

Definitions

To assist you in understanding this PDS, we have included definitions in Section 12. The meaning of some italicised words used in this PDS are set out in that section.

Contact ANZ

If there is anything in this PDS that you do not understand or if you have any questions you can contact us using the details in the directory in Section 13 or call your ANZ contact. You can also go to our website at www.anz.com.

REC CONTRACTS (LREC AND SREC)

CONTENTS

Important Information	2
1. Key Features	4
2. What is a <i>REC contract</i>	5
2.1 What are <i>LRECs</i> and <i>SRECs</i> ?	5
2.2 What are <i>REC contracts</i> used for?	6
2.3 Types of <i>REC contracts</i>	6
2.4 Which type of <i>REC contract</i> would you choose?	6
3. How does a <i>REC contract</i> work?	7
3.1 Pricing a <i>REC contract</i>	7
3.2 <i>Term</i> of a <i>REC contract</i>	7
3.3 How is a <i>REC contract</i> settled?	7
3.4 Can a <i>REC contract</i> be extended?	7
3.5 Can a <i>REC contract</i> be terminated early?	7
4. What are the significant benefits and disadvantages of a <i>REC contract</i> ?	8
5. What are the significant risks of a <i>REC contract</i> ?	8
6. Cost of a <i>REC contract</i>	9
6.1 Payment or delivery on the <i>settlement date</i>	9
6.2 <i>ANZ</i> financial benefit	10
6.3 Fees and charges	10
6.4 <i>GST</i>	10
6.5 Taxes and other costs	10
7. Examples of how <i>REC contracts</i> work	10
8. Terms of <i>REC contracts</i>	12
8.1 How do you enter into a <i>REC contract</i> ?	12
8.2 Dealing Agreement	12
9. Information about <i>ANZ</i>	12
10. Taxation	13
11. Additional Information	13
11.1 Code of Banking Practice	13
11.2 What if you have a complaint?	13
11.3 Privacy and confidentiality	13
11.4 Telephone Recording	15
11.5 Anti-Money Laundering and Sanctions	15
11.6 Ethical Considerations	15
12. Definitions	16
13. Directory	17

REC CONTRACTS (LREC AND SREC)

1. KEY FEATURES

TOPIC	HIGHLIGHTS	MORE INFORMATION
WHO IS THE ISSUER?	Australia and New Zealand Banking Group Limited ABN 11 005 357 522, Australian Financial Services Licence 234 527.	Section 9
WHAT ARE WE OFFERING?	<p>A <i>REC contract</i> is an agreement between <i>you</i> and ANZ for one of <i>us</i> to sell to the other a specified <i>quantity</i> of <i>LRECs</i> or <i>SRECs</i> for a <i>fixed price</i> at an agreed date, or to pay a <i>cash settlement amount</i> in lieu of doing so. <i>You</i> elect physical or cash settlement when <i>you</i> enter into a transaction with <i>us</i>.</p> <p>Under this PDS, ANZ offers <i>spot REC contracts</i> and <i>forward REC contracts</i> for <i>LREC</i> and <i>SREC</i>.</p> <p><i>LRECs</i> are Large-scale Generation Certificates created on the <i>REC Registry</i> under the Commonwealth Renewable (Electricity) Energy Act 2000. <i>LRECs</i> are also referred to as <i>LGCs</i> on the Office of the Renewable Energy Regulator's website.</p> <p><i>SRECs</i> are Small-scale Technology Certificates created on the <i>REC Registry</i> under the Commonwealth Renewable (Electricity) Energy Act 2000. <i>SRECs</i> are also referred to as <i>STCs</i> on the Office of the Renewable Energy Regulator's website.</p>	Section 2
WHAT ARE THE SIGNIFICANT BENEFITS?	Entering into a <i>REC contract</i> allows <i>you</i> to manage market risks and achieve price certainty if <i>you</i> have exposure to, or an interest in, the renewable energy markets.	Section 4
WHAT ARE THE SIGNIFICANT DISADVANTAGES AND RISKS?	<p>Entering into a <i>REC contract</i> fixes the price of the <i>LREC</i> or <i>SREC</i> and <i>you</i> are unable to benefit from any favourable price movements.</p> <p>If the underlying reason for entering into the <i>REC contract</i> no longer exists, the <i>REC contract</i> may need to be cancelled at prevailing market prices which may result in a cost to <i>you</i>.</p> <p>Other risks are explained in Section 5, including market risk, regulatory risk and operational risk.</p>	Sections 4 and 5
WHAT IS THE TERM?	ANZ offers a number of different <i>terms</i> , generally up to five years. Longer <i>terms</i> may be available on request.	Section 3.2
WHAT IS THE MINIMUM QUANTITY?	There is no minimum <i>quantity</i> of <i>LRECs</i> or <i>SRECs</i> that can be purchased or sold under a <i>REC contract</i> offered under this PDS.	
WHAT DO YOU HAVE TO PAY?	The cost of a <i>REC contract</i> is determined by the price for <i>LRECs</i> or <i>SRECs</i> we agree with <i>you</i> . No fees and charges are payable on the establishment of a <i>REC contract</i> .	Section 6
HOW IS IT SETTLED?	<p><i>Spot REC contracts</i> are settled physically by delivery of <i>LRECs</i> or <i>SRECs</i> (as applicable) on the agreed <i>settlement date</i>. <i>Forward REC contracts</i> can be settled physically by delivery of <i>LRECs</i> or <i>SRECs</i> (as applicable), or by payment of the <i>cash settlement amount</i>, on the agreed <i>settlement date</i>.</p> <p>If <i>you</i> have an obligation to deliver <i>LRECs</i> or <i>SRECs</i> to ANZ under a <i>REC contract</i> <i>you</i> must ensure that <i>you</i> have sufficient <i>LRECs</i> or <i>SRECs</i> registered in <i>your</i> name with the <i>REC Registry</i> on the <i>settlement date</i>.</p> <p>If <i>you</i> have an obligation to pay an amount to ANZ under the <i>REC contract</i> <i>you</i> must ensure that <i>you</i> have sufficient cleared funds to make this payment on the <i>settlement date</i>.</p>	Section 3.3
CAN THE SETTLEMENT DATE BE EXTENDED?	The <i>settlement date</i> may be extended by agreement with ANZ.	Section 3.4

REC CONTRACTS (LREC AND SREC)

TOPIC	HIGHLIGHTS	MORE INFORMATION
CAN YOU TERMINATE EARLY?	<p>If we agree, you can terminate a <i>REC contract</i> early but an amount may be payable by or to you depending on the value of the <i>REC contract</i>, which itself depends on various factors including the prevailing market prices for <i>LRECs</i> or <i>SRECs</i> (as applicable).</p> <p>You may also be liable for any losses and costs ANZ incurs as a result of termination.</p>	Section 3.5
HOW DO YOU ENTER INTO A REC CONTRACT?	<p>Entry into a <i>REC contract</i> is subject to ANZ's credit approval.</p> <p>You will need to specify the <i>quantity</i> of <i>LRECs</i> or <i>SRECs</i> (as applicable), whether the <i>REC contract</i> will be cash or physically settled, and the <i>settlement date</i>.</p> <p>Please contact us if you would like to enter into a <i>REC contract</i>.</p>	Section 8.1
TAX	<p>The <i>fixed price</i> quoted in a <i>REC contract</i> does not include <i>GST</i>, however <i>GST</i> is payable by the <i>buyer</i> of the <i>LRECs</i> or <i>SRECs</i>. Other tax consequences of entering into a <i>REC contract</i> will depend upon your specific circumstances. You should seek your own independent legal, tax and financial advice before you enter into a <i>REC contract</i>.</p>	Sections 6.4 and 10
COMPLAINTS	Complaint resolution procedures are provided.	Section 11.2
NO COOLING OFF	There is no cooling off period once you enter into a <i>REC contract</i> .	Section 5

2. WHAT IS A REC CONTRACT

A *REC contract* is an agreement between you and ANZ for the purchase of a specified *quantity* of *LREC* or *SREC* for a *fixed price* on an agreed date (*settlement date*). On the *settlement date* there is either a physical delivery of the specified *quantity* of *LREC* or *SREC* in exchange for payment of the *fixed price*, if physical settlement applies, or the payment of the *cash settlement amount*, if cash settlement applies.

2.1 What are LRECs and SRECs?

The Commonwealth Government implemented a Mandatory Renewable Energy Target Scheme (*RET scheme*) which requires that 20 per cent of Australia's electricity be produced from renewable energy sources by 2020. To achieve this, the Commonwealth Government has set annual targets for each year of the scheme, and requires Australian electricity retailers and large wholesale purchasers of electricity to demonstrate that they meet these targets. Compliance is demonstrated by surrendering renewable energy certificates and the Commonwealth Renewable (Electricity) Energy Act 2000 (the *Act*) imposes mandatory obligations on certain entities to surrender a certain number of renewable energy certificates.

The *RET Scheme* aims to reduce greenhouse gas emissions and is a mechanism to encourage renewable energy generation. Electricity retailers and wholesale buyers (referred to as 'liable entities') can choose to either generate the electricity from renewable energy sources themselves, or purchase the renewable energy certificates from others that have done so. This creates a market for these certificates.

From 1 January 2011, the *RET scheme* has been split into two parts, the Large-scale Renewable Energy Target (*LRET*) and the Small-scale Renewable Energy Scheme (*SRES*). Accordingly, there are now obligations on certain entities with regards to both Large-scale Generation Certificates (*LRECs*) and Small-scale Technology Certificates (*SRECs*). Liable entities are required to purchase and periodically surrender both *LRECs* and *SRECs* equivalent to their total liability.

LRECs

LRECs are Large-scale Generation Certificates, an electronic form of currency created on the *REC Registry* by renewable energy power stations.

An *LREC* is equivalent to 1 MWh of eligible renewable electricity generated above the relevant power station's baseline. Properly created *LRECs* are validated by the Office of the Renewable Energy Regulator and are able to be transferred between particular parties for a negotiated price.

LRECs are also referred to as *LGCs* in the market and on the website of the Office of the Renewable Energy Regulator.

LRECs are surrendered:

- > annually to demonstrate liability compliance against the requirements of the *LRET*;
- > voluntarily for any reason throughout the year; or
- > for non-compliance (under the *Act*) throughout the year.

REC CONTRACTS (LREC AND SREC)

SRECs

SRECs are Small-scale Technology Certificates created by eligible installations of solar water heaters, air source heat pump water heaters and small generation units (small-scale solar photovoltaic panels, wind and hydro electricity systems). An SREC is generally equivalent to:

- > 1 MWh of renewable electricity taken to be generated by small generation units; or
- > 1 MWh of electricity taken to be displaced by the installation of solar water heaters.

SRECs are also referred to as STCs in the market and on the website of the Office of the Renewable Energy Regulator.

SRECs are surrendered:

- > quarterly to demonstrate liability compliance against the requirements of the SRES;
- > voluntarily for any reason throughout the year; or
- > for non-compliance (under the Act) throughout the year.

For more information about LRECs and SRECs, refer to <http://www.orer.gov.au>.

2.2 What are REC contracts used for?

REC contracts are offered to allow parties with exposure to, or interest in, the renewable energy markets to purchase or sell LRECs or SRECs to meet their obligations or fix the price they pay or receive at a particular future date for LRECs or SRECs.

REC contracts can be used:

- > to help you to meet voluntary and mandatory renewable energy surrender obligations;
- > to allow you to set a *fixed price* for purchasing or selling LRECs or SRECs;
- > to help you to manage your delivery obligation and reduce costs associated with purchasing LRECs or SRECs at various times of the year (e.g. around surrender periods);
- > as part of a market risk strategy; and
- > as part of a regulatory risk strategy.

2.3 Types of REC contracts

Under this PDS ANZ offers *spot REC contracts* and *forward REC contracts* for LRECs and SRECs.

What is a *spot REC contract*?

A *spot REC contract* is an agreement between you and ANZ under which ANZ agrees to sell to you, or you agree to sell to ANZ, a *quantity of LREC or SREC for a fixed price* and the *settlement date* is between the same day and 3 Business Days after the *trade date*.

What is a *forward REC contract*?

A *forward REC contract* is an agreement between you and ANZ under which ANZ agrees to sell to you, or you agree to sell to ANZ, a *quantity of LREC or SREC for a fixed price* on an agreed future date. *Forward REC contracts* can be settled physically by delivery of LRECs or SRECs (as applicable), or by payment of the *cash settlement amount*, on the agreed *settlement date*. You must elect the settlement method when you enter a *forward REC contract*.

2.4 Which type of REC contract would you choose?

You may choose to enter into a *REC contract* for the purchase or sale of LRECs if you have exposure to or interest in the large-scale renewable energy markets and wish to manage market risks.

You may choose to enter into a *REC contract* for the purchase or sale of SRECs if you have exposure to or interest in the small-scale renewable energy markets (such as by deciding to install a small generation unit in your home on a future date) and wish to either sell the SRECs or manage market risks.

The following are examples of the type of considerations you might take into account in making a decision about entering into a *REC contract*:

TYPE	BUYING OR SELLING LRECS OR SRECS	EXAMPLE CONSIDERATIONS
<i>Spot REC contract</i>	ANZ is selling LRECs or SRECs	You have an obligation to surrender LRECs or SRECs and want to buy them from ANZ
<i>Spot REC contract</i>	ANZ is buying LRECs or SRECs	You have excess LRECs and SRECs and you want to sell them to ANZ
<i>Forward REC contract</i>	ANZ is selling LRECs or SRECs	You expect prices for LRECs or SRECs to rise during the <i>term</i>
<i>Forward REC contract</i>	ANZ is buying LRECs or SRECs	You expect prices for LRECs or SRECs to fall during the <i>term</i>

The above are examples only and do not take into account all relevant considerations. Before deciding to enter into a *REC contract* you will need to consider whether a *REC contract* is appropriate for your individual circumstances. The considerations are likely to differ depending on whether you are a direct participant in the electricity market or have another exposure to the supply and/or price of LRECs or SRECs.

REC CONTRACTS (LREC AND SREC)

3. HOW DOES A REC CONTRACT WORK?

3.1 Pricing a REC contract

Upon application, ANZ will provide a quote for a REC contract. Once a quote has been accepted, this is the *fixed price* under the REC contract. Factors that ANZ may take into account when determining the *fixed price* include:

- > interest rates for the period of the REC contract
- > the underlying spot market for LREC and SREC
- > volatility factors
- > the quantity of LREC or SREC
- > ANZ's internal costs and profit margin.

The influence of each factor varies from time to time in accordance with ANZ's opinion of the renewable energy market and other relevant considerations. For instance, a smaller quantity of LREC or SREC in a volatile environment is likely to have a higher price.

3.2 Term of a REC contract

The term of the REC contract is the time between the trade date, which is the date you enter into a REC contract, and the settlement date which is the date the REC contract is settled.

The terminology for REC contracts varies depending on the type of REC contract, which is based on the term, as described in the table below.

TYPE OF REC CONTRACT

spot REC contract	Settlement date that is between same day and 3 business days after the trade date
forward REC contract	Settlement date that is more than 3 business days and up to 5 years after the trade date

3.3 How is a REC contract settled?

REC contracts are settled on the agreed settlement date.

Spot REC contracts must be settled by physical delivery of the LREC or SREC (as applicable) on the agreed settlement date.

Forward REC contracts can be settled by either physical delivery of the LRECs or SRECs (as applicable) or by cash on the agreed settlement date.

Settlement by physical delivery

If physical delivery applies to your REC contract, the quantity of LREC or SREC specified in the REC contract must be delivered on the agreed settlement date.

If ANZ has an obligation to deliver LREC or SREC to you under a REC contract, ANZ will make a physical delivery of the LREC or SREC to you and you will pay ANZ the fixed price multiplied by the quantity on the settlement date. You must ensure that you have sufficient cleared funds to settle the REC contract in this way.

If you have an obligation to ANZ to deliver LREC or SREC under a REC contract, you must make a physical delivery

of the LREC or SREC to ANZ and ANZ will pay you the fixed price multiplied by the quantity on the settlement date. You must ensure that you have sufficient available registered LRECs or SRECs with the REC Registry in your name to settle the REC contract in this way.

A delivery of LRECs or SRECs will be required to be effected in accordance with the rules and procedures applicable to transfers on the REC Registry. This generally means that the delivery of LRECs and SRECs is done through the REC Registry and you are required to have a REC Registry account to enable you to either deliver or accept delivery of available registered LRECs or SRECs.

Settlement by cash

This only applies to forward REC contracts.

If you have elected to settle your forward REC contract by cash, the cash settlement amount will be paid on the settlement date, and this is based on the difference between the fixed price and the cash settlement price for the LREC or SREC and the quantity. Whether you or ANZ need to pay the cash settlement amount depends on whether you are the buyer or the seller under the REC contract and whether or not the fixed price is above or below the cash settlement price. You must ensure that you have sufficient cleared funds to settle the cash settlement amount under the REC contract if an amount is due from you on the settlement date.

See Section 7 for examples of how your REC contract could be settled physically or by cash.

3.4 Can a REC contract be extended?

After entering into a REC contract you may wish to extend the agreed settlement date. ANZ may in its discretion approve an extension of the term of the REC contract in part or in full.

If ANZ approves the extension of the term, ANZ may adjust the fixed price of the LREC or SREC in the REC contract to take account of the extended period.

3.5 Can a REC contract be terminated early?

A REC contract may be terminated at any time before the settlement date, either:

- > by agreement between you and ANZ; or
- > in accordance with the terms of the dealing agreement.

Where the REC contract is terminated by agreement between you and ANZ, the amount payable on termination is as agreed.

Where a REC contract is terminated in accordance with the dealing agreement, the amount payable is determined in accordance with the terms of the dealing agreement.

Termination of a REC contract involves ANZ entering into an opposite transaction and any costs or benefits associated with doing so will be passed on to you.

REC CONTRACTS (LREC AND SREC)

Where ANZ agrees to terminate the *REC contract* ANZ will give you a quote for terminating the *REC contract*. Depending on the current conditions in the spot market for the *LREC* or *SREC*, the *REC contract* could be worth more or less than when you entered into it.

You may lose money by terminating a *REC contract*. If early termination results in you having to pay an amount to ANZ, you must ensure that you have sufficient cleared funds in your nominated bank account to meet the payment, or as otherwise agreed.

4. WHAT ARE THE SIGNIFICANT BENEFITS AND DISADVANTAGES OF A REC CONTRACT?

What are the benefits of a *REC contract*?

The benefits of a *REC contract* could include:

- > achieving price certainty for meeting voluntary and mandatory *LREC* or *SREC* surrender obligations;
- > ability to lock in a *fixed price* for an *LREC* or *SREC* at an agreed future date;
- > protection against unfavourable movements in the spot price or unavailability of the *LREC* or *SREC*.

What are the disadvantages of a *REC contract*?

The disadvantages of a *REC contract* could include:

- > entering into a *REC contract* may prevent you from benefiting from favourable movements in the spot price of *LREC* or *SREC*;
- > there may be a cost to you if a *REC contract* is terminated prior to the agreed *settlement date*.

5. WHAT ARE THE SIGNIFICANT RISKS OF A REC CONTRACT?

Risks arise out of factors that are beyond your control. From the time of entering a *REC contract* with ANZ, risk factors may lead to unfavourable changes in the financial outcomes of the *REC contract*.

Monitoring risks associated with a *REC contract* is your responsibility.

Prior to entering into a *REC contract*, you should carefully consider the following risk factors as well as the other information either contained in this PDS or of which you are otherwise aware and consider whether a *REC contract* is suitable for you, given your individual objectives and circumstances. We recommend that you obtain independent advice on the suitability of a *REC contract* for you.

Correlation risk

Correlation risk is the risk that the value of a *REC contract* does not move in line with the movements in the prices for *LRECs* and *SRECs* (as applicable) in the spot market for the *LREC* or *SREC*. The difference in prices can arise from a number of sources such as fluctuations in supply and demand factors, and regulatory changes.

Production/consumption risk

If you agree to sell *LRECs* or *SRECs* to ANZ under a *REC contract*, you bear the risk that you will not be able to produce or otherwise acquire the *quantity* of *LRECs* or *SRECs* that you are required to deliver to ANZ under that *REC contract*. If you are not able to deliver the agreed *quantity* of *LREC* or *SREC* you will be in breach of your obligations under the *REC contract* and ANZ may take further action under the *dealing agreement* including but not limited to terminating the *REC contract*.

If you agree to buy *LRECs* or *SRECs* from ANZ under a *REC contract*, you bear the risk if your underlying need for those *LRECs* or *SRECs* changes during the *term*. If you no longer need all of the *LRECs* or *SRECs* that you forecast and for which you have entered into a *REC contract*, you may not be able to dispose of the *LREC* or *SREC* that you buy from ANZ for at least the same price as the *fixed price*.

You should closely monitor your requirements for *LREC* or *SREC*. If your requirements change, you may wish to consider the options available to you which may include terminating your *REC contract*.

Market risk

Markets can be volatile and are subject to a host of factors, including economic conditions, government regulations, legislation, market sentiment, local and international political events, environmental issues and technological issues. This is particularly the case with respect to the renewable energy market as it is still evolving and continues to be the subject of governmental debate and regulatory change.

Market risk is the risk that the value of your *REC contract* will change as a result of a movement in the underlying prices for *LREC* or *SREC* (as applicable) in the spot market for *LRECs* or *SRECs*.

Entering into a *REC contract* fixes the price for *LRECs* or *SRECs* for an agreed *settlement date*. This effectively results in you being unable to participate in any favourable movements in the prices during the *term* of the *REC contract*. This precludes any future financial benefits and is sometimes known as 'opportunity cost'.

Also, as a result of market risk, early termination of a *REC contract* may result in you making a loss.

Credit risk

You are relying on ANZ meeting its obligations to you under the *REC contract*, such as making a payment or a delivery on a *settlement date*. This reliance is an exposure known as credit risk or counterparty risk.

ANZ's obligations under a *REC contract* are unsecured obligations and will rank equally with other unsecured obligations of ANZ. Unsecured obligations of ANZ rank behind obligations that are mandatorily preferred by law including the rights of deposit holders and are subject to insolvency, banking and similar laws affecting creditor's rights.

REC CONTRACTS (LREC AND SREC)

For further information on ANZ, see Section 9.

Likewise, ANZ assumes credit risk in transacting with you in respect of payment or delivery obligations you have under the *REC contract*.

If you have to make a payment to ANZ on the *settlement date*, you must ensure that you have sufficient cleared funds accessible to ANZ to meet your payment obligations. If you do not, you will be in breach of your obligations and ANZ may take further action under the *dealing agreement* to recover any payments owed and any costs involved with recovering those payments.

If you have to make a delivery of LRECs or SRECs to ANZ on the *settlement date*, you must ensure that you have sufficient LRECs or SRECs registered in your name to meet your delivery obligations. If you fail to meet your obligations to deliver LREC or SREC on the *settlement date*, you will be in breach of your obligations and ANZ may take further action under the *dealing agreement* including but not limited to terminating the *REC contract*.

Operational risk

Operational risk arises out of the failure or inadequacy of systems, internal processes and people. It can also arise out of external events such as acts of terrorism or natural disasters.

You are reliant on ANZ being able to price and settle your *REC contract* accurately and on time. ANZ, in turn, is reliant on its internal operating processes, including communications and computer networks. During the term of a *REC contract*, it is ANZ's responsibility to manage these risks. Your *REC contract* may be adversely affected if ANZ's operating processes, systems or people for managing these procedures are disrupted, inadequate or fail.

For example, if on the *settlement date*, ANZ cannot obtain your settlement instructions because it cannot access its systems, payment or delivery may be delayed.

Legal, tax and regulatory risks

Legal, tax and regulatory changes could occur during the term of a *REC contract*, which may adversely affect the *REC contract*. As the Australian Government continues to develop its approach to fulfilling its commitment to reduce greenhouse gas emissions and encourage renewable energy generation, there may be regulatory and legal changes that affect the value of your *REC contract*.

You should seek independent legal, tax and financial advice before entering into a *REC contract*.

Termination

If you wish to terminate the *REC contract* before the *settlement date*, the *REC contract* will be terminated at a price determined by ANZ which will take into account prevailing market prices for LRECs or SRECs in the spot market, interest and other costs. This may result in a benefit or a cost to you. The price for LRECs and SRECs

can fluctuate rapidly and over wide ranges and may reflect unforeseen events or changes in conditions. These price fluctuations will affect the benefit or cost to you when you terminate a *REC contract*. For more information on termination of a *REC contract* please refer to Section 3.5. You should also refer to the *dealing agreement* as it provides for situations where a *REC contract* can be terminated including for default under the *REC contract*.

Conflicts of interest

ANZ is a large commercial bank which deals with many people and entities. ANZ and its related bodies corporate may enter into transactions and products with various counterparties that may be in conflict with or inconsistent with your interests under a *REC contract* and ANZ does not need to and will not consider the impact on your *REC contract*.

No cooling off

No cooling off period applies for a *REC contract*.

Other risks

The risks listed above are not exhaustive. There may be other risks that are relevant to you when entering into *REC contract*.

You should also be sure that a *REC contract* is suitable for you before entering into one. We recommend that you obtain independent professional advice on the suitability of a *REC contract* to you.

6. COST OF A REC CONTRACT

This section describes fees and other costs that may be charged in relation to a *REC contract*. You should read all the information about the fees, costs and charges, as it is important you understand their impact on a *REC contract*.

6.1 Payment or delivery on the settlement date

If you are purchasing LRECs or SRECs under a *REC contract* and you have selected physical settlement upon entering the *REC contract* with us, you agree to pay ANZ the *fixed price* multiplied by the *quantity* on the *settlement date* and ANZ will deliver to you the agreed *quantity* of LRECs or SRECs. You must ensure that you have sufficient cleared funds to settle the *REC contract* in this way.

If ANZ is purchasing LRECs or SRECs from you under a *REC contract* and you have selected physical settlement, upon entering the *REC contract*, you agree to make a physical delivery of the agreed *quantity* of LRECs or SRECs on the *settlement date* and ANZ will pay you the *fixed price* multiplied by the *quantity*. You must ensure that you have sufficient LRECs or SRECs (as relevant) registered with the *REC Registry* in your name to settle the *REC contract* in this way.

REC CONTRACTS (LREC AND SREC)

If you have elected to settle your forward REC contract by cash, the cash settlement amount will be paid on the settlement date. Whether you (or ANZ) need to pay the cash settlement amount depends on whether you are the buyer or the seller under the REC contract and whether or not the fixed price is above or below the cash settlement price. Where necessary, you must ensure that you have sufficient cleared funds to settle the REC contract.

Please see Section 7 for examples of how REC contracts work.

6.2 ANZ financial benefit

ANZ derives a financial benefit when entering into a REC contract. The fixed price quoted to you includes a profit margin added by ANZ. The size of the profit margin varies on a case by case basis and takes into account, among other things, the factors listed in Section 3.1 above. The "cost" of the REC contract is effectively embedded in the fixed price ANZ quotes as it is included in the profit margin.

6.3 Fees and charges

There are no fees payable to ANZ when you enter a REC contract, however ANZ may introduce fees from time to time at its discretion.

6.4 GST

The fixed price quoted in a REC contract does not include GST, however GST is payable on the sale of LRECs and SRECs. The buyer under a REC contract must pay to the seller an additional amount for the GST at the prevailing GST rate at the same time and in the same manner as the fixed price is paid.

6.5 Taxes and other costs

You should consult your independent advisers with respect to legal, tax, accounting and financial implications of entering into a REC contract. The costs you incur in doing so will be for your own account.

7. EXAMPLES OF HOW REC CONTRACTS WORK

The following are examples to demonstrate how REC contracts work and the outcomes that would be achieved on the settlement date.

The examples are for illustrative purposes only. You should note that the actual fixed price varies depending on the term of the REC contract and the factors listed in Section 3.1 of this PDS. The examples do not take into account any GST obligations that may apply.

Example 1: Purchase of LRECs from ANZ under a spot REC contract

An Australian company contacts ANZ and tells ANZ that it wants to enter into a spot REC contract to purchase LRECs today as it has an obligation to deliver LRECs to another person. ANZ quotes the company a fixed price of \$20 per LREC (excluding GST). The company accepts ANZ's quote and at this point the deal becomes binding on both parties.

The details of the deal are as follows:

Trade date:	today
Transaction type:	spot REC contract
Quantity:	100 LRECs
Buyer:	company
Seller:	ANZ
Unit price	\$20 (excluding GST)
Settlement date:	three business days after the trade date

Physical settlement

On the Settlement Date ANZ must make a physical delivery of the LRECs to the company and the company must pay ANZ \$2,000 (plus the applicable GST).

Example 2: Sale of SRECs to ANZ under a spot REC contract

An Australian householder contacts ANZ and tells ANZ that it has a number of SRECs it wants to sell and wants to enter into a spot REC contract. ANZ quotes the householder a fixed price of \$20 per SREC (excluding GST). The householder accepts ANZ's quote and at this point the deal becomes binding on both parties.

The details of the deal are as follows:

Trade date:	today
Transaction type:	spot REC contract
Quantity:	100 SRECs
Buyer:	ANZ
Seller:	householder
Unit price	\$20 (excluding GST)
Settlement date:	two business days after the trade date

Physical settlement

On the Settlement Date the householder must make a physical delivery of the 100 SRECs it owns to ANZ and ANZ will pay to the householder \$2,000 (plus any applicable GST).

Example 3: Purchase of LRECs from ANZ under a forward REC contract

An Australian company contacts ANZ and tells ANZ that it wants to enter into a forward REC contract to purchase LRECs as it has an obligation to deliver LRECs to another person in six months' time and the company wants to lock in a price for the purchase of those LRECs. Based on this information, ANZ quotes the company a fixed price of \$25 per LREC (excluding GST). The company accepts ANZ's quote and at this point the deal becomes binding on both parties.

REC CONTRACTS (LREC AND SREC)

The details of the deal are as follows:

<i>Trade date:</i>	today
<i>Transaction type:</i>	<i>forward REC contract</i>
<i>Quantity:</i>	100 LRECs
<i>Buyer:</i>	company
<i>Seller:</i>	ANZ
<i>Fixed price</i>	\$25 (excluding GST)
<i>Expiry date</i>	six months' from today
<i>Settlement date:</i>	physical settlement: <i>expiry date</i> cash settlement: three business days after the <i>expiry date</i>

Physical settlement

If, on the *trade date*, the company had elected to settle this *forward REC contract* physically, then on the *settlement date* ANZ must make a physical delivery of 100 LRECs to the company and the company must pay ANZ \$2,500 (plus the applicable GST).

Cash settlement

If, on the *trade date*, the company had elected to settle this *forward REC contract* by cash, then, the following would apply:

- (a) If the *cash settlement price* for LREC (as determined by ANZ) on the *expiry date* is above the *fixed price*, then on the *settlement date*, ANZ must pay the company the *cash settlement amount* (plus any applicable GST). For example, if the *cash settlement price* is \$30, ANZ must pay \$500 (plus any applicable GST) to the company, as this is the difference between the *cash settlement price* for the quantity of LRECs at the *expiry date* ($\$30 \times 100 = \$3,000$) and the *fixed price* payment ($\$25 \times 100 = \$2,500$) under the *forward REC contract*; or
- (b) If the *cash settlement price* for LREC (as determined by ANZ) on the *expiry date* is below the *fixed price*, then on the *settlement date* the company must pay ANZ the *cash settlement amount* (plus the applicable GST). For example, if the *cash settlement price* is \$20, the company must pay \$500 (plus the applicable GST) to ANZ as this is the difference between the *cash settlement price* for the quantity of LRECs at the *expiry date* ($\$20 \times 100 = \$2,000$) and the *fixed price* payment ($\$25 \times 100 = \$2,500$) under the *REC forward contract*.

Example 4: Sale of SRECs to ANZ under a forward REC contract

An Australian householder contacts ANZ and tells ANZ that it wants to enter into a *forward REC contract* to sell SRECs to ANZ as the householder is proposing to install a small generation unit (equivalent to 100 SRECs) on their house in six months' time and wants to lock in a price for the sale of those SRECs once the unit is installed.

Based on this information, ANZ quotes the householder a *fixed price* of \$25 per SREC (excluding GST) at which it is willing to purchase the 100 SRECs in six months' time. The householder accepts ANZ's quote and at this point the deal becomes binding on both parties.

The details of the deal are as follows:

<i>Trade date:</i>	today
<i>Transaction type:</i>	<i>forward REC contract</i>
<i>Quantity:</i>	100 SRECs
<i>Buyer:</i>	ANZ
<i>Seller:</i>	householder
<i>Fixed price</i>	\$25 (excluding GST)
<i>Expiry date</i>	six months' from today
<i>Settlement date:</i>	physical settlement: <i>expiry date</i> cash settlement: three business days after the <i>expiry date</i>

Physical settlement

If, on the *trade date*, the householder had elected to settle this *forward REC contract* physically, then on the *settlement date*, the householder must make a physical delivery of the SRECs (obtained upon installation of the small generating unit) to ANZ and ANZ will pay the householder \$2,500 (plus any applicable GST).

Cash settlement

If, on the *trade date*, the householder had elected to settle this *forward REC contract* by cash, then the following would apply:

- (a) If the *cash settlement price* for SRECs (as determined by ANZ) on the *expiry date* is above the *fixed price*, then, on the *settlement date*, the householder must pay ANZ the *cash settlement amount* (plus the applicable GST). For example, if the *cash settlement price* is \$30, the householder must pay \$500 (plus the applicable GST) to ANZ, as this is the difference between the *cash settlement price* for the quantity of SRECs at the *expiry date* ($\$30 \times 100 = \$3,000$) and the *fixed price* payment ($\$25 \times 100 = \$2,500$) under the *forward REC contract*.
- (b) If the *cash settlement price* for SREC (as determined by ANZ) on the *expiry date* is below the *fixed price*, then, on the *settlement date*, ANZ must pay the householder the *cash settlement amount* (plus any applicable GST). For example, if the *cash settlement price* is \$18, ANZ must pay \$700 (plus any applicable GST) to the householder as this is the difference between the *cash settlement price* for SRECs at the *expiry date* ($\$18 \times 100 = \$1,800$) and the *fixed price* payment ($\$25 \times 100 = \$2,500$) under the *forward REC contract*.

REC CONTRACTS (LREC AND SREC)

8. TERMS OF REC CONTRACTS

8.1 How do you enter into a REC contract?

If you have made an assessment based on your own knowledge and independent professional advice and, as a result, are interested in entering into a *REC contract*, you should contact us using the details in the directory in Section 13 or call your ANZ contact. Before you can enter into a *REC contract*, ANZ will need to conduct a credit assessment to see if you satisfy ANZ's credit requirements. ANZ will only enter into a *REC contract* with you for genuine commercial reasons and not for speculative purposes.

The next steps are:

- > Contact us using the details in the directory in Section 13 or call your ANZ contact to ask for a *REC contract*.
- > ANZ will provide you with the *dealing agreement* that will apply to your *REC contract*.
- > You will need to advise the *quantity* required, whether the certificates to be purchased or sold are *LRECs* or *SRECs*, the *settlement date* and, with respect to a *forward REC contract* whether it is to be physically or cash settled.
- > ANZ will then quote you the applicable price.
- > If you accept ANZ's quote of the applicable price you will enter into a *REC contract* with ANZ.
- > ANZ will provide you a *confirmation* setting out the terms and details of the *REC contract* you entered into including the *settlement date*.
- > You need to carefully check the *confirmation* and contact your ANZ contact immediately if there is a discrepancy.
- > If requested by ANZ, you must sign and return the *confirmation* in a timely manner. However, failure to do so does not affect the validity of the *REC contract*.

If you have any queries about a *confirmation*, contact your ANZ contact.

8.2 Dealing Agreement

A *REC contract* is subject to a *dealing agreement*. There are three types of *dealing agreements* that we use:

- > *contract for spot purchase/sale of environmental products*;
- > *standard terms and conditions*; and
- > *ISDA master agreement*.

We will advise you which *dealing agreement* will apply to your *REC contract*. If we agree that an *ISDA master agreement* will apply, we will provide it to you and you will be required to sign it prior to transacting a *REC contract* with us. The *contract for spot purchase/sale of environmental products* or the *standard terms and conditions* (as applicable) will be sent to you before you

enter into a *REC contract*. The *ISDA master agreement* and the *standard terms and conditions* will incorporate the applicable *Australian environmental products addendum*.

The *dealing agreement* governs the dealing relationship between you and us and sets out the terms and conditions that apply to any *REC contract* you enter into with ANZ. If you do not have a copy of the *dealing agreement*, please contact us using the details in the directory in Section 13 or call your ANZ contact and a copy will be provided to you free of charge. The *standard terms and conditions* are also available at www.anz.com.

The *dealing agreement* is important, it covers a number of important terms, including obligations, payments, events of default, the right to terminate and the calculation of the amount payable on termination. The *dealing agreement* also covers *confirmations*, calculation periods and assignment, amongst other things.

We recommend that you read the *dealing agreement* carefully before entering into a *REC contract* with us and consult your own independent professional adviser regarding the legal consequences of entering into a *REC contract*.

8.3 Other documentation

In addition to the *dealing agreement* and the *confirmation*, ANZ may require you to provide other documentation as part of the process of agreeing to enter into a *REC contract* with you (for example, security, trust or partnership deed). For further information on this, contact your ANZ contact.

9. INFORMATION ABOUT ANZ

ANZ is a company incorporated in the Commonwealth of Australia. ANZ holds an Australian Financial Service licence (AFSL No. 234527). ANZ is a commercial bank offering a wide range of banking services to its customers both domestically and internationally.

ANZ world headquarters is located in Melbourne. It first opened as the Bank of Australasia in Sydney in 1835 and in Melbourne from 1838.

The ordinary shares of ANZ are listed on the Australian Securities Exchange. Full details of the share capital and net assets of ANZ are contained in the financial statements that are available on the ANZ website www.anz.com.

Financial statements for ANZ are also lodged with the Australian Securities and Investment Commission. Copies of ANZ's current financial statements are available upon request.

REC CONTRACTS (LREC AND SREC)

10. TAXATION

Depending on *your* particular circumstances, in general, gains from financial instruments such as this product may be assessable either as a revenue gain or a capital gain (under the capital gains tax regime). Conversely, losses may be deductible (or give rise to a capital loss) if the relevant eligibility and availability criteria are met. If the gains are subject to the capital gains tax regime, concessions or discounts may be available to the extent that *you* are eligible. *We* do not know how *you* will be required to treat this product or whether it can or will be held on capital account and thus subject to the capital gains tax regime.

Taxation law is complex and changes over time, as does the way it is interpreted. The impact that taxation law may have on *you* will depend on *your* specific circumstances. This product may not provide a beneficial or appropriate tax outcome for *you*.

Accordingly, when determining whether a *REC contract* is suitable for *you*, *you* should consult *your* own independent adviser(s) regarding the tax and accounting consequences of entering into a *REC contract* in light of *your* particular circumstances.

11. ADDITIONAL INFORMATION

11.1 Code of Banking Practice

If the Australian Code of Banking Practice (**Code**) applies to *you* and if *you* are an individual or if *you* are using *our* products and services in connection with a small business, *we* are bound by the Code when *we* provide *our* products and services to *you*. A copy of the Code is available at www.anz.com.

11.2 What if *you* have a complaint?

If *you* have a complaint about any of *our* products or services, *ANZ* has established complaint resolution procedures that aim to deal with and resolve *your* complaint within 10 working days.

For the fastest possible resolution to *your* complaint:

- > call *ANZ* on 1800 805 154
- > talk to staff at *your* local *ANZ* branch or business centre
- > talk to *your* *ANZ* contact or send a letter to the *ANZ* Customer Response Centre via

Mail: Locked Bag 4050, South Melbourne VICTORIA 3205

Email: YourFeedback@anz.com

Fax: 1800 269 030

If *you* are not satisfied with the resolution offered by *our* Customer Response Centre, *you* can have *your* complaint reviewed by *ANZ's* Customer Advocate who provides a free, independent review of *your* complaint.

For more information about *ANZ's* complaint resolution procedures, please ask for the brochure entitled 'Resolving *your* complaint' at any *ANZ* branch or business centre or go to www.anz.com.

Financial Services Dispute Resolution Schemes

If *you* are not satisfied with the steps taken by *ANZ* to resolve the complaint, or with the result of *ANZ's* investigation, *you* may wish to contact the Financial Ombudsman's Service Limited (**FOS**), which is an amalgamation of the Banking and Financial Services Ombudsman, Financial Industry complaints Service Ltd and the Insurance Ombudsman Services Limited. The FOS is an external dispute resolution scheme that provides free advice and assistance to consumers to help resolve complaints relating to financial service providers.

Financial Ombudsman's Service Limited

GPO Box 3 Melbourne, Victoria 3000

Telephone: 1300 780 808

Facsimile: +61 3 9613 6399

Email: info@fos.org.au

Internet: www.fos.org.au

Australian Securities and Investments Commission

Alternatively, the Australian Securities and Investments Commission's (**ASIC**) website contains information relevant to complaining about companies and people and describes the types of complaints handled by ASIC.

To obtain further information contact the ASIC Info line:

Telephone: 1300 300 630

Fax: +61 3 5177 3999

Email: infoline@asic.gov.au

Internet: www.asic.gov.au

11.3 Privacy and confidentiality

ANZ's Privacy Notice and Consents – Individuals

When *you* deal with *ANZ*, *ANZ* is likely to collect and use some of *your* *personal information*. *ANZ's* disclosure of *non-personal information* is subject to *our* general duty of confidentiality towards *our* customers. *ANZ* explains below when and how *ANZ* may collect and use *your* *personal information*. This clause applies to *you* if *you* are:

- > A personal customer of *ANZ* or a non-incorporated customer of *ANZ* (for example, a sole trader or firm) (each a "*customer*"); or
- > A representative of a *customer* (for example, a company director or officer or an authorised signatory) or some other kind of third party relevant to a *customer* (for example, an employee or guarantor) (each a "*third party*").

Collection of *your* personal information by *ANZ*

If *you* are considering acquiring, or have acquired a product or service from *ANZ*, *we* may collect *your* *personal information*:

- > to assist in providing information about a product or service;
- > to consider *your* request for a product or service;
- > to enable *ANZ* to provide a product or service;

REC CONTRACTS (LREC AND SREC)

- > to tell *you* about other products and services that may be of interest to *you*;
- > to assist in arrangements with other organisations (such as loyalty partners) in relation to the promotion and provision of a product or service;
- > to perform other administrative and operational tasks (including risk management, systems development and testing, credit scoring, staff training, and market or customer satisfaction research);
- > to prevent or investigate any fraud or crime (or a suspected fraud or crime); and
- > as required by relevant laws, regulations, Codes and external payment systems.

If *you* are a representative of a *customer* or any other type of *third party*, ANZ is collecting your *personal information*:

- > to identify *you*;
- > to consider the *customer's* request for a product or service (including assessing their application);
- > to enable ANZ to provide the *customer* with the relevant product or service.

Absence of relevant personal information

If *you* do not provide some or all of the information requested, ANZ may be unable to:

- > provide *you* with a product or service; or
- > if *you* are a representative of a *customer* or any other type of *third party*, to verify *your* authority to act on the *customer's* behalf or to provide the *customer* with the relevant product or service.

Disclosures by ANZ

Subject to ANZ's general duties of confidentiality towards their customers, ANZ may need to disclose *your* information to:

- > *your* referee;
- > credit reporting or debt collection agencies;
- > an organisation that is in an arrangement or alliance with ANZ for the purpose of promoting or using their respective products or services (and any agents used by that organisation in administering such an arrangement or alliance);
- > any service provider ANZ engages to carry out or assist its functions and activities;
- > regulatory bodies, government agencies, law enforcement bodies or courts;
- > other parties ANZ is authorised or required by law to disclose information to;
- > participants in the payments system (including payment organisations and merchants) and other financial institutions (such as banks);

- > any person who introduces *you* to ANZ;
- > *your* authorised agents, or *your* executor, administrator or *your* legal representative.

Privacy consents

By entering into a *REC contract* or by acquiring or continuing to hold a product or service from ANZ, *you* agree that ANZ and each of its related companies (including subsidiaries) ("*ANZ companies*") may exchange with each other any information about *you* for the purposes of:

- > providing, managing or administering *your* product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research); and
- > complying with regulatory requirements and prudential standards.

You consent to ANZ disclosing any *personal information* collected by it in the course of *your* relationship with ANZ to:

- > any contractor or service provider ANZ engages to provide services connected with *your* relationship with ANZ; and
- > participants in the payments system (including financial institutions, merchants and payment organisations).

Any contractor, agent or service provider engaged by ANZ is contractually required to only use *personal information* for ANZ purposes and to keep the information confidential.

Promotion of other products or services

Until *you* tell ANZ otherwise, ANZ may use *your personal information* to promote its products or services or those of its related companies and alliance partners and disclose *your personal information* to its related companies and alliance partners to enable them or ANZ to market their products or services.

Where *you* do not want ANZ to tell *you* about its products or services or those of its related companies or alliance partners, *you* may withdraw *your* consent by calling 13 13 14 at any time or contacting *your* ANZ contact.

Accessing *your* personal information held by ANZ

Subject to the provisions of the Privacy Act, *you* may access *your personal information* at any time by asking to do so at any ANZ branch. ANZ may charge *you* a reasonable fee for access. If *you* can show that information about *you* is not accurate, complete and up to date, ANZ must take reasonable steps to ensure it is accurate, complete and up to date.

REC CONTRACTS (LREC AND SREC)

Collecting *your* sensitive information

ANZ will not collect sensitive information about *you*, such as health information, without *your* consent. If *you* give ANZ *personal information* about someone else or direct someone else to give their *personal information* to ANZ, please show them a copy of this clause so they may understand the manner in which their *personal information* may be used or disclosed by ANZ in connection with *your* dealings with ANZ.

Authority to Disclose Confidential Information – Non Individuals

This clause applies to *you* if *you* are an incorporated customer of ANZ. By entering into a *REC contract* or by acquiring or continuing to hold the product or service from ANZ, *you* agree that ANZ *companies* may exchange with each other any information about *you* for the purposes of:

- > providing, managing or administering *your* product or service;
- > performing administrative and operational tasks (including risk management, debt recovery, exposure aggregation, systems development and testing, credit scoring, staff training and market or customer satisfaction research);
- > promotion of products or services; and
- > complying with regulatory requirements and prudential standards.

You authorise ANZ to disclose any *confidential information* collected by it in the course of *your* relationship with ANZ to:

- > any contractor or service provider ANZ engages to provide services connected with *your* relationship with ANZ;
- > participants in the payments system (including financial institutions, merchants and payment organisations); and
- > to its alliance partners to promote their products or services.

Any contractor, agent or service provider engaged by ANZ is contractually required to only use the information for ANZ purposes and to keep the information confidential.

11.4 Telephone Recording

Please note that telephone dealings with ANZ in respect of entering into *REC contracts* are normally recorded.

This is standard practice in the financial markets and accordingly a standard procedure for ANZ in entering into a *REC contract* with *you*. If it is not possible or practical that the conversation in respect of entering into a *REC contract* be recorded, ANZ will discuss an alternative method for recording it with *you* at the time.

Recorded telephone lines will be used to clarify any doubt over the content of a conversation. If a recorded telephone line is not used, alternative means will be used for clarification purposes. *Your ANZ contact* will advise *you* of the alternative means at the time of entering the transaction.

If *you* do not wish to be recorded, please advise *your ANZ contact* immediately, however *we* will be unable to enter into a *REC contract* with *you*.

11.5 Anti-Money Laundering and Sanctions

You agree that ANZ may delay, block or refuse to process any transaction without incurring any liability if ANZ suspects that:

- (a) the transaction may breach any law in Australia or any other country;
- (b) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned or is connected, directly or indirectly, to any person that is sanctioned under economic and trade sanctions imposed by the United States of America, the European Union or any country; or
- (c) the transaction may directly or indirectly involve the proceeds of, or be applied for the purposes of, conduct which is unlawful in Australia or any other country.

You must provide all information to ANZ which ANZ reasonably requires in order to manage money-laundering, terrorism-financing risk or economic and trade sanctions risk or to comply with any laws in Australia or any other country. *You* agree that ANZ may disclose any information concerning *you* to any law enforcement body, regulatory agency or court where required by any such law, in Australia or elsewhere.

Unless *you* have disclosed that *you* are acting in a trustee capacity or on behalf of another party, *you* warrant that *you* are acting on *your* own behalf in entering into the transaction.

You declare and undertake to ANZ that the processing of any transaction by ANZ in accordance with *your* instructions will not breach any laws or regulations in Australia or any other country.

11.6 Ethical Considerations

ANZ does not, and will not, take into account any particular labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments.

REC CONTRACTS (LREC AND SREC)

12. DEFINITIONS

Act is the Commonwealth Renewable (Electricity) Energy Act 2000

ANZ, us, our, we is Australia and New Zealand Banking Group Limited ABN 11 005 357 522, AFSL 234527

ANZ companies is ANZ and each of its related companies (including subsidiaries)

ANZ contact is your ANZ relationship manager or your ANZ markets advisor

ANZ markets advisor is an ANZ employee who is responsible for the structuring, pricing and distribution of financial products provided by ANZ's Global Markets division. REC contracts are transacted with an ANZ markets advisor*

ANZ relationship manager is an ANZ employee who acts as an ANZ customer's prime contact point (this could be an Institutional Banking Manager, a Corporate Banking Manager, a Business Banking Manager, an International Services Manager or another Manager so designated) and who is responsible for approving, or facilitating approval, of the provision of ANZ's products to customers*

Australian environmental products addendum means the Australian Financial Markets Association addendum for trading environmental products as modified by ANZ

business day means a day on which commercial banks are open for settlement of payments in Sydney

buyer means the party under a REC contract obliged to buy the LREC or SREC

cash settlement amount is the amount payable by one party to a REC contract to the other calculated by ANZ on the expiry date which is the difference between the fixed price and the cash settlement price multiplied by the quantity

cash settlement price is the price, determined by ANZ in good faith on the expiry date, for the purchase of LRECs or SRECs (whichever is relevant) in the spot market (and in the case of SRECs, whether this is over-the-counter or from the STC Clearinghouse)

confidential information is information acquired by ANZ from and concerning you in the course of the banker-customer relationship and does not include publicly available information

confirmation is a document that outlines the commercial parameters of the REC contract

contract for spot purchase/sale of environmental products means the contract published by the Australian Financial Markets Association for the spot purchase and sale of environmental products including LREC and SREC as modified by ANZ and provided to you, if applicable

customer has the meaning given in Section 11.3

expiry date is the date on which a forward REC contract expires

dealing agreement is either the standard terms and conditions, an ISDA master agreement or a contract for spot purchase/sale of environmental products as advised by ANZ

fixed price is the price agreed between the parties to the REC contract at which the LREC or SREC will be purchased

forward REC contract is a REC contract for the purchase of a specified quantity of LRECs or SRECs at a fixed price for delivery or cash settlement at a future date

GST is the goods and services tax as defined in the Commonwealth "A new Tax System (Goods and Services Tax) Act 1999"

ISDA master agreement means the International Swaps and Derivatives Association Inc. Master Agreement as modified by ANZ and provided to you, if applicable

LGC means Large-scale Generation Certificate created on the REC Registry under the Commonwealth Renewable (Electricity) Energy Act 2000, otherwise known as LREC

LREC is a Large-scale Generation Certificate created on the REC Registry under the Commonwealth Renewable (Electricity) Energy Act 2000, also referred to as LGC on the Office of the Renewable Energy Regulator's website.

LRET means Large-scale Renewable Energy Target for large-scale renewable energy projects

personal information is information about an individual

quantity means the quantity (expressed in units) of the LREC or SREC the subject of a REC contract

REC contract is a contract entered into with ANZ in accordance with this PDS for LRECs and SRECs and includes a spot REC contract and a forward REC contract. For more information please refer to Section 2

REC Registry is the public registry of information administered by the Office of the Renewable Energy Regulator, relating to the operation of the Australian Government's LRET and SRES

RET scheme is the Mandatory Renewable Energy Target Scheme implemented by the Commonwealth Government of Australia which aims to reduce greenhouse gas emissions and encourage renewable energy generation

seller means the party under the REC contract obliged to sell the LRECs or SRECs

settlement date is the date on which a REC contract is settled. For a forward REC contract that is physically settled the settlement date will be the expiry date.

REC CONTRACTS (LREC AND SREC)

spot REC contract is a *REC contract* for the purchase of a specified *quantity of RECs or SRECs* at a *fixed price* with a *settlement date* that is between same day and 3 business days after the *trade date*

SREC is a Small-scale Technology Certificate created on the *REC Registry* under the Commonwealth Renewable (Electricity) Energy Act 2000, also referred to as *STC* on the Office of the Renewable Energy Regulator's website

SRES means Small-scale Renewable Energy Scheme for small-scale or household installations

STC means Small-scale Technology Certificate created on the *REC Registry* under the Commonwealth Renewable (Electricity) Energy Act 2000 otherwise known as *SREC*

STC Clearinghouse is a function within the *REC Registry* that facilitates the exchange of *SRECs* between *buyers* and *sellers* at the fixed price of \$40 (excluding *GST*)

standard terms and conditions means the document issued by ANZ titled Terms and Conditions for Trading in Foreign Exchange and Derivative Transactions, available at www.anz.com

term is the period from and including the *trade date* to the *settlement date*

third party has the meaning given in Section 11.3

trade date is the date on which *you* enter into a *REC contract*

us, our, we is ANZ

you, your is the customer who is a party to a *REC contract*

13. DIRECTORY

ANZ

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