INFORMATION ABOUT ANZ’S ENERGY POLICY

OVERVIEW

ANZ understands the impact – positive and negative – our financing of the energy sector has on climate change.

We support the Paris Agreement’s goal of transitioning to net zero emissions by 2050 and are committed to playing our part. The global transition requires enormous investment and bank lending will be the most significant source of funding for this transition.

We are committed to act in support of customer, community and government efforts to facilitate an orderly and just transition to net zero emissions by 2050.

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.

ANZ’S APPROACH

In financing energy generation and supply activities, ANZ decision-makers must have awareness of the material impacts of proposed transactions, projects and customer relationships, and specific knowledge of the customers’ history and approach to dealing with these impacts.

We support the evolution of sectors and the development of new industries and innovative business models that underpin the transition. This will include supporting more diversified energy companies and increasing our lending to lower carbon energy. We will do this by:

- further reducing the carbon intensity of our electricity generation lending portfolio by only directly financing low carbon gas and renewable projects by 2030.
- continuing to support diversified customers, which means we will no longer bank any new business customers with material thermal coal exposures.
- engaging with existing customers who have more than 50% thermal coal exposure to support existing diversification plans. Where these are not already in place, we will expect specific, time bound and public diversification strategies by 2025. We will cap limits to customers which do not meet this expectation and reduce our exposure over time.
- not directly financing any new coal-fired power plants or thermal coal mines, including expansions. Existing direct lending will run off by 2030.

ANZ also has a public commitment to fund and facilitate $50 billion by 2025 in sustainable solutions for our customers, including initiatives that help improve environmental sustainability, which includes lower carbon power generation (renewables and gas).

Our energy policy applies in all markets in which we operate and covers all products and services that we provide to our business customers. Implementation of our energy policy

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1 Entities or assets acquired from existing customers are not classified as new-to-bank customers. Applies to lending products only, i.e. excludes transaction banking, credit cards, performance guarantees, meaning that only lending products that will help customers ‘fund’ their activities in a material way would be excluded.
2 We will progressively reduce the 50% threshold so that by 2030 we will seek a diversification strategy from mining, transport and power generating customers with more than 25% thermal coal exposures.
3 We will continue to provide rehabilitation bonds for those existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled. Transaction banking/markets 3-day settlement limits will be excluded from this cap.
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 that reduce the carbon intensity of electricity generation. We will support our customers in making the transition to a low carbon intensity fuel mix through investment in energy efficiency and renewable generation.

We also encourage customers to identify their climate-related risks and opportunities, establish transition plans and report publicly on its implementation. This reporting will assist ANZ to better understand the potential impacts and issues associated with the electricity generation sector and ensure we make better informed decisions.

CONCLUSION

Through the application of our energy policy, our aim is to work closely with our customers to transition to a net zero emissions economy whilst also making secure and affordable sources of energy available in the markets in which we operate.

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