

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ24QW: Fossil fuel reduction pathways

What does the bank consider to be the a) optimum and b) likely fossil fuel reduction pathways to meet the two degree limit?

Answer: We note there are numerous published scenarios that assess the possible pathways to a low carbon economy, based on different approaches to international cooperation and timing of action.

For example, the International Energy Agency (IEA) publishes its World Energy Outlook (WEO) each year. The WEO 2016 considers three scenarios and their impact on global energy demand and carbon emissions. These scenarios are used by many governments and industry to formulate long-term policy.

The optimum pathway is likely to require coordinated global action to achieve a smooth transition to a low carbon economy.

A 'delayed action' scenario will require steeper reductions in emissions over a shorter timeframe.

ANZ has welcomed the release of the Financial Stability Board Task Forces' draft recommendations for climate-related financial disclosures. The recommendations encourage financial institutions to undertake climate-based scenario testing. The FSB nominates some fossil fuel reduction pathways for scenario-testing, which we are currently reviewing.