HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ27QW: **Global emissions targets**
Does the bank consider it consistent with your commitment to the two degree target to finance:
(a) New fossil fuel projects; or
(b) Expansion of fossil fuel projects; or
(c) New coal fired power generation; or
(d) Existing coal fired power generation?

Answer: We understand some stakeholders view our financing of fossil fuel industries as a material risk and in conflict with our stated position on the need to reduce greenhouse gas emissions.

Today, around 40% of the world's electricity comes from coal-fired power stations and coal remains the cheapest source of fuel. We therefore consider that decarbonisation of the economy must be managed responsibly and over time.

To facilitate a gradual and orderly transition, ANZ has made the following commitments:

- We will fund and facilitate at least $10 billion by 2020 to support our customers to transition to a low carbon economy, including 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. We are on track to achieve this with $2.5 billion achieved in 2016, the first year of the target.
- We will consider financing new coal fired power plants if they use advanced technologies and higher quality thermal coal to significantly reduce emissions to at least 0.8 tC02/MWh.[1] We will not finance any new build of conventional[2] coal fired power plants.
- We are implementing strengthened due diligence processes which govern our lending to existing and new coal mining, transportation and power generation.

[1] For example, ultra-supercritical plants using advanced, commercially proven low emissions technologies to reduce emissions by up to ~50% compared to some existing subcritical plants.
[2] "Conventional" plants are those not utilising advanced, commercially proven technologies (such as supercritical or ultra-supercritical boilers, gasification or circulating fluidised boilers) to significantly reduce CO2 emissions