OVERVIEW

We are committed to sustainable development and recognise the importance of playing a role in the management of extractive industries across our diverse customer base and varied geographies.

There is a well-developed understanding of social and environmental risk management within the extractive industries sector. We strongly support government and industry initiatives that seek to continuously improve performance in the sector.

We support customers who share our values and who demonstrate responsible business practices that improve resource management, deliver and contribute to environmentally sustainable economic development in local communities.

Our Extractive Industries policy guides decision-making relating to transactions that impact on natural resources and communities. Our policy settings have been developed in consultation with our customers, NGOs, governments, industry and sector experts. We have developed this policy to meet our objectives of being a responsible business and to support and encourage our customers to improve their social and environmental performance.

Today, coal provides around 40% of the world’s electricity needs. Credible global future energy scenarios, including those of the International Energy Agency, forecast that coal will continue to comprise a significant share of the energy mix in the short to medium term. We understand that the transformation of the energy sector must be managed responsibly and over time to maintain a reliable and affordable energy supply. With these realities in mind we will continue to support our natural resources customers during the transition, provided they meet our lending policies and standards.

ANZ’S APPROACH

Our commitment to sustainable development involves evaluating the economic, social and environmental impacts of decisions we make. Accordingly, ANZ requires its decision makers to actively assess environmental and social issues associated with customers and transactions they are considering. Decision makers and our customers must have awareness of all impacts of resource utilisation, including those of an environmental or culturally sensitive nature.

Our extractive industries policy adopts a principles-based risk framework which is applied to decision-making in resource transactions. The principles inform our approach to the extractive industries sector and drive our engagement with customers. These principles are:

- **ANZ supports extractive industries customers that demonstrate a balanced approach to social, environmental and developmental impacts**
- **ANZ supports and encourages customers to adopt management practices to continuously improve their social and environmental performance**
- **ANZ supports extractive industries customers that use internationally accepted industry management practices to manage social, environmental and economic impacts (including affects on human rights, biodiversity, cultural heritage, Indigenous rights, health and safety, governance and environmental sustainability)**

1. IEA [http://www.iea.org/topics/coal/](http://www.iea.org/topics/coal/)
ANZ expects customers to use, or migrate towards, internationally accepted and best practice management techniques and technologies.

Our super-regional strategy commits us to growth in countries where governments may pursue different socio-economic objectives in relation to natural resource development. We will take these objectives into account when applying the policy along with internationally accepted industry management practices.

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 WITH RESPONSIBLE RESOURCE MANAGEMENT

In the first instance we will work to ensure our customers are compliant with all relevant host country laws, regulations and permits that pertain to environmental and social issues. We will also work with our customers to ensure:

- An environmental and social impact assessment is undertaken to inform the operational, environmental and social management requirements
- A comprehensive analysis of the health and safety aspects of the operation on both employees and the surrounding community has been prepared and health and safety management plans have been developed
- Operation closure planning and funding mechanisms have been incorporated in project planning

The policy also applies more stringent requirements and demonstration of appropriate practices for particular high impact activities or where specific adverse issues have the potential to arise. This will include commissioning our own independent assessment of the operation. ANZ will not support any new mining or mineral processing activities with riverine tailings/waste disposal.

CONCLUSION

As a leading financial institution in Australia, New Zealand and Asia Pacific, we recognise the importance of sustainability. Through the application of our Extractive Industries policy, our aim is to work closely with our customers to ensure they meet or have a time bound plan to transition towards best practice recognising this will deliver environmental, economic and social benefits to their businesses and also to the communities in which they operate.

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