INFORMATION ABOUT ANZ’S EXTRACTIVES INDUSTRY POLICY

OVERVIEW

We recognise we have an important role to play in managing social and environmental risk of extractive industries across our diverse customer base and varied geographies. This includes risks and opportunities related to climate change.

We support the Paris Agreement’s goal of transitioning to net zero emissions by 2050 and are committed to playing our part. 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.

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. The policy is aimed at meeting our objectives of being a responsible business and to support and encourage our customers to improve their social and environmental performance.

ANZ’S APPROACH

In financing extractive industry 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.

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 effects on human rights, biodiversity, cultural heritage, Indigenous rights, health and safety, governance and environmental sustainability)**

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:
• engaging with existing customers who have more than 50% thermal coal exposure\(^1\) 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\(^2\).
• no new-to-bank lending to customers\(^3\) whose thermal coal activities exceed 10% of revenues.
• not directly financing any new thermal coal mines (ie mines with production or reserves greater than 35% thermal coal), expansions of existing mines or extensions to operating life. Existing lending will run off by 2030.

ANZ will also not support any new mining or mineral processing activities with riverine tailings/waste disposal.

Our extractives 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 extractives policy will enable ANZ to continue to support the mining and extractives 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 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.

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\(^1\) 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

\(^2\) 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

\(^3\) Entities or assets acquired from existing customers are not classified as new-to-bank customers. Applies to lending products only, ie 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.
CONCLUSION

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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