Future Financing for Energy
Climate change is a global challenge and individuals, governments and businesses, including banks, all have a role to play. ANZ is responding to climate change because it poses potentially significant risks, not only to the environment and our way of life, but also to the economy and more particularly, our clients. We believe our most valuable contribution to the issue of climate change is to support our customers’ efforts to understand and manage their impact on the environment, particularly the challenges and opportunities posed by a carbon-constrained economy.

Increasingly evidence shows that within business sectors, early engagement and action on environmental and social issues is a proxy for a well-managed business. Companies actively engaged in pursuing sustainability will be better prepared and potentially benefit from a carbon constrained economy. ANZ believes that companies that outperform environmentally and socially, as well as financially, will be more successful in the long term and deliver sustainable shareholder value.

ANZ’s Greenhouse and Energy Policy is one of a series of sector and issue specific Social and Environmental Management Policies and Guidelines developed to provide the basis for our engagement and decision making.

The challenge for business in a low carbon economy

The energy sector plays an essential role in the world economy: it is an indispensable driver of economic and social development. The power sector is currently responsible for 41% of global energy-related CO₂ emissions and projections suggest that by 2050, energy demand could double or triple as population increases and developing countries expand their economies and overcome poverty.

In order to transform to a sustainable energy path, it will be crucial to meet increased demand for energy at an affordable price, ensuring adequate return while contributing effectively to climate change mitigation. Energy consumption needs to be more efficient and its supply less carbon intensive. Business has a key role to play.

Beyond individual action, global political commitments to emissions reductions are likely to emerge over the next few years. These commitments will have wide ranging and significant impacts on energy intensive industries as well as those with large greenhouse gas profiles. At the same time they will provide business opportunities for emission reduction technologies and projects, and for emissions trading and other market-based mechanisms.

Greenhouse gas emissions are also increasingly the focus of domestic regulatory and civil attention. Large energy-intensive industries may be subject to further regulatory initiatives that will add cost and complexity to their business. Companies may also experience the potential for litigation if they make false claims about their environmental performance and product credentials.

ANZ Greenhouse and Energy Policy

ANZ is committed to working with customers to reduce risks and enhance the opportunities emerging from a carbon-constrained economy. A key part of our commitment includes articulating in policy our approach to decision making and value creation in the energy sector.

The Energy and Greenhouse Policy will apply to products and services ANZ provides to business clients and will:

• commit us to understanding the greenhouse gas and energy intensity of assets in our loan portfolio;

• define ANZ’s approach to decision-making in relation to greenhouse gas emissions and the energy intensity of our customer activities; and

• set out the basis on which ANZ will engage with customers to support them to reduce their greenhouse gas and energy intensity.

For clients whose business model strives for best practice and continuous improvement in performance, the policy will allow us to identify opportunities to collaborate for further advantage.

1 World Business Council Sustainable Development: Powering a Sustainable Future: Policies and measures to make it happen.
Tailored solutions for business in a carbon constrained economy

In this environment of increasing complexity, we are engaging with our clients to deliver better financial performance through understanding their risk exposure and implementing appropriate mitigation strategies. We are able to combine our deep sector and industry experience with our knowledge of the financial markets, to fulfil our role of driving more informed decisions and superior outcomes for our clients. Our multidisciplinary team provides a comprehensive understanding of the risks faced by individual clients through a range of methods including price sensitivity analysis, peer benchmarking exercises and value over impact tools.

We partner with our clients to investigate energy efficiency projects, cleaner energy solutions, renewable energy and credible carbon offset and trading schemes that may benefit their business and enhance their transition to a low carbon economy. By reducing emissions and improving efficiency, companies have the opportunity both to preserve and generate value.

At ANZ, we are at the forefront of the emerging carbon market, and have the expertise and credentials to help our clients benefit from unlocking the carbon value of their assets as well as mitigating any potential future liabilities. We are pleased to be able to support our clients as they embrace a complex and uncertain future with confidence. Our goal is to make a real difference to our clients – and the environment – by offering solutions that achieve enhanced commercial outcomes.

Maximising your opportunities

The move to a low carbon economy represents a transformational shift for business. The opportunities for innovators and leaders are expected to be unprecedented in all sectors of the economy. Sophisticated organisations are now using sustainability as a lever to competitive advantage, differentiating themselves from their competitors and maximising emerging opportunities, such as:

- Access to new markets: a number of new markets are developing as we adapt to new environmental pressures; including renewables, energy efficiency and new products that are environmentally benign.
- Differentiation in mature markets: smarter, more efficient and cleaner solutions are emerging to address the costs and risks of climate change.
- Access to new customers: opportunities exist to respond to changing consumer preferences and differentiate product and business offerings.
- Access to new investments: portfolio diversification opportunities exist to gain exposure to new asset classes.
- Establishing competitive advantage through resource efficiency: acting now can deliver real returns on investment.

By understanding the strategic opportunities and complex decisions facing our clients, and considering the most appropriate mix of new assets, technologies and markets, we can provide financial solutions and strategies that will assist our clients to achieve their long-term objectives.
Contact us
If you would like to know more about ANZ and our capabilities please contact:

Gavin Murray
Head of Sustainability
ANZ Institutional
21/20 Martin Place
Sydney NSW Australia 2000
Gavin.Murray@anz.com

Lloyd Fleming
Director Client Initiatives
ANZ Institutional
10/530 Collins Street
Melbourne VIC 3000
Lloyd.Fleming@anz.com

Paul Thomas
Head of Metals, Energy & Emissions
ANZ Markets
14/530 Collins Street
Melbourne 3000
Paul.Thomas@anz.com

Justin McNab
Executive Director
Utilities, Infrastructure and Government
10/530 Collins Street
Melbourne 3000
Justin.McNab@anz.com

Julie Toth
Senior Economist
ANZ Economics and Markets Research
10/100 Queen Street
Melbourne 3000
Julie.Toth@anz.com