



100 Queen Street
Melbourne Vic 3000
www.anz.com

Information on ANZ's Defence Policy

ANZ acknowledges the concerns that some stakeholders have raised about our involvement with the defence industry. This document seeks to provide information on ANZ's role regarding our current and future involvement with this industry, and in particular with producers of cluster munitions and anti-personnel mines.

1. Cluster Munitions, Anti-Personnel Mines and the Finance Industry

There is growing international concern about the production and use of certain controversial weapons, including cluster munitions and anti-personnel mines, because of their potential to cause indiscriminate harm to civilians.

Cluster munitions are air dropped or ground launched shells that eject multiple smaller submunitions. The submunitions are designed to kill enemy personnel but can also be used for other purposes such as to destroy runways and electrical power lines. Anti-personnel mines are designed to be exploded by the presence, proximity or contact of a person and will incapacitate, injure or kill one or more enemy personnel.

While these weapons are designed with the purpose of defence, they have the potential to be indiscriminate in their impact and can have resulting civilian casualties. Further, because of their potential to become explosive remnants of war after a conflict has ended, their possible civilian impact is amplified.

There have been significant steps taken towards banning the production and use of these weapons in the international community, with the Ottawa Treaty and UN Convention on anti-personnel mines, and the Oslo Process seeking to ban cluster munitions that cause an unacceptable level of harm to civilians by end 2008.

However, because these processes are slow, or in some cases may not completely cease the production and use of these weapons worldwideⁱ, some stakeholders are approaching participants in the finance industry, including ANZ, requesting that we cease from entering into all financial arrangements with the companies that produce these weapons.

ANZ's defence policy explicitly prohibits the direct financing of controversial weapons including cluster munitions or anti-personnel mines.

2. ANZ's Policy on the Defence Industry

ANZ's defence industry policy requires that any financing of military equipmentⁱⁱ with a primary purpose of a lethal or destructive nature be given high-level internal consideration by a Committee of senior ANZ management.

Any decision by that Committee takes into account:

- A thorough understanding of the activities the client (or potential clients) undertakes and the purpose of any financing
- The place of manufacture and final destination of any military equipment financedⁱⁱⁱ
- Any international or domestic prohibition on specific types of weapons
- Any other relevant matter, including stakeholder concerns

This policy has worked effectively and ensured our direct involvement with the defence industry has remained ethical. Under this policy, we have never provided financing for the sale of either cluster munitions or anti-personnel mines.

3. Why Hasn't ANZ Excluded General Involvement with the Defence Industry?

Some stakeholders have called for the finance sector to exclude all financing of companies potentially involved in the production of controversial weapons, or even withdraw from offering finance to the entire defence industry.

While ANZ understands these concerns, it also supports a country's right to defend itself and to protect its national security. The defence industry plays a crucial role in supplying countries with the capacity to uphold this principle.

Companies that are often cited as being involved in the production of these controversial weapons, or materials used in the production of these weapons, are typically also involved in many different areas of manufacturing, including important defence equipment, and, in some cases, civilian equipment.

As such, while ANZ has committed to not directly finance the sale of either cluster munitions or anti-personnel mines, this does not exclude ANZ from providing general financial services to these defence companies more broadly, including the provision of general corporate facilities^{iv}.

4. Third Party Investments

In terms of third party investments, ANZ is not in the position to dictate to its customers what they should and should not invest in. ANZ does however, provide its customers with access to sustainable investment funds which place restrictions on their involvement in specific industries, including the armaments industry. This is done through our One Answer platform and customers should speak to their financial advisor or can contact ANZ directly on 13 13 14.

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ⁱ International treaties banning these weapons will only be binding on signatory countries.

ⁱⁱ Including spares, components and repairs destined to be part of such equipment.

ⁱⁱⁱ ANZ has a strict policy regarding the place of manufacture and final destination of all weapons of a lethal nature.

^{iv} A general corporate facility involves the provision of credit to a company not related to a specific purpose or project.