

15 January 2018

Business & Human Rights Resource Centre
2-8 Scrutton Street
2nd floor
London EC2A 4RT
United Kingdom

Dear Business & Human Rights Resources Centre

Thank you for giving ANZ the opportunity to respond to the matters raised by BankTrack in its recent report dated December 2017. Given there have been a number of developments since you last wrote to us in 2014 regarding this matter, we have included in this letter an update on our approach to human rights, including our recent review of our standards.

ANZ human rights standards review in 2016

In 2016 we conducted a comprehensive review of ANZ's human rights standards, including detailed consideration of the matters raised by NGOs Oxfam, Equitable Cambodia (EC) and Inclusive Development International (IDI), and other stakeholders in relation to our customer relationships, including our former customer, Phnom Penh Sugar Co (PPS).

In October 2016 we issued a revised set of [human rights standards](#), which were upgraded in several key areas, including:

- Confirming our 'zero tolerance' for improper land acquisition (incorporated in a public '[ANZ land acquisition position statement](#)')
- Committing to considering remediation processes if we identify we have caused or contributed to adverse impacts, or are linked to adverse human rights impacts via our products and services
- Confirming our expectation that our customers resolve issues identified where they are associated with adverse human rights impacts
- Supporting our business partners to align to these standards, eg clarifying our expectation that our business partners provide a fair and safe working environment, including following our approach to 'no tolerance' for child labour.

Land acquisition position statement

As a general principle, our upgraded stance on land acquisition means we will support customers who manage their land use in line with international standards for good governance, including respecting rights of indigenous peoples and vulnerable groups. This includes respecting land tenure rights through appropriate negotiation and the right to free, prior and informed consent of affected stakeholders where applicable under the Equator Principles. Implementing best practices to address grievances and disputes is also an important part of our approach.

We will not tolerate land acquisitions by our customers that we consider to be improper, including those:

- that are illegal under local laws (such as acquisitions obtained by inappropriate force, or that deny normal or customary access to landholders or land users)
- where our customers do not follow land acquisition or involuntary resettlement processes in line with international standards, such as the IFC Performance Standards

- that are subject to the Equator Principles, and where the land acquisition process followed is not consistent with the Equator Principles and IFC Performance Standards, including the right to free, prior and informed consent where it applies.

We have since applied our upgraded standards to situations that involve land acquisition and displacement. In one example, before providing financing, we sought and received appropriate assurances from the customer via an independent assessment that the customer's process for completing the land acquisition meets our standards. Here there was a clear and time-bound commitment to an appropriate process, including access to appropriate grievance mechanisms to help resolve matters raised by community members.

We believe the standards we have adopted are appropriate and help to provide important protections for communities that may be affected by potential land displacement. We will progressively implement our upgraded standards, so that customers whose operations include significant land acquisition can verify to ANZ that their operations avoid improper land acquisition, particularly in emerging economies.

Where customer practices are identified that may not be consistent with our standards, we engage with the customer to understand the circumstances and, where necessary, identify specific and time-bound improvement plans. We seek to use our leverage to influence change, and in some cases, this process will take time. If prospective customers do not meet our standards and following engagement are not willing to adapt their practices in an appropriate timeframe, we will decline financing.

Implementing our standards, including improved due diligence

We have established a three year program of work to guide implementation of our revised standards. Implementation of key priorities is well progressed:

- We have updated the social and environmental screening tool used by our bankers to include our 'zero tolerance for land grabs' commitment
- In 2017 we piloted a strengthened due diligence processes in Thailand, with the aim of extending this to further locations across the Group. The strengthened due diligence provides examples of human rights issues that can arise in specific sectors or activities, and suggested questions to aid discussions with our customers
- We are also reviewing and updating our training programs to reflect our revised standards. In 2015/16, over 390 Institutional and Corporate Bankers completed an in-depth, facilitator-led Social and Environmental Banking training course. The training was delivered in various locations in Asia (China, Vietnam, Cambodia, Singapore, Hong Kong) and Australia. Further, all ANZ holders of a 'credit approval discretion' (eg authority to ultimately approve any lending and customer on-boarding) must complete our online Social and Environmental Risk training course – including passing an assessment. Almost 2,500 employees have completed this foundation course since 2015.

ANZ is also working with the Global Compact Network Australia, as a member of its Human Rights Leadership Group, to consider opportunities to engage with civil society and other stakeholders to discuss the challenges when applying human rights due diligence to our customers, and the mismatch often existing between some stakeholder expectations around leverage and the reality in practice.

Phnom Penh Sugar Company

In relation to our former customer Phnom Penh Sugar, we understand and respect that NGOs will continue to campaign in relation to their grievances. We did seek to influence change in this case and regret that we were not able to make more progress.

Ultimately, the core of the dispute relates to land ownership, use and resettlement; these are matters which have been and are the subject of national political debate in Cambodia. These are issues that in regard to PPS can only be resolved by all parties working together and through the Cambodian Government-led process that is examining land displacement.

In this regard, we note media reports in [May](#) and [August](#) 2016 that the company has reached a settlement with a number of the families in Kampong Speu province regarding compensation – with reports indicating over 350 families were offered packages of between USD \$500 and \$10,000.

More recently, it was reported in the [Cambodia Daily](#) on 31 August 2017 that the Land Management Ministry was establishing a working group to find a solution for villagers in the provinces of Koh Kong, Kampong Speu and Preah Vihear. Officials from Land Management departments in these three provinces were responsible for collecting the identities of people and locations of the disputed land to help solve the conflict between communities and sugar companies.

Please contact me if you would like to discuss the above information.

Yours sincerely



Ben Walker
Head of Sustainable Development