



15 July 2014

Business & Human Rights Resource Centre
1-3 Charlotte Street, Third Floor
London, W1T 1RD
United Kingdom

Dear Business & Human Rights Resources Centre

Phnom Penh Sugar Company

Thank you for giving ANZ the opportunity to respond to concerns raised by Equitable Cambodia regarding ANZ Royal and its former customer, the Phnom Penh Sugar Company.

Our approach to responsible business lending in Asia and the Pacific

We finance some socially and environmentally sensitive industries, and our increasing presence in Asia and the Pacific means doing business in some countries with developing legal and governance frameworks.

Our aim is to make balanced, informed and transparent decisions and work with our customers to help them improve their management of business, social and environment risks.

Our approach is supported by policies and guidelines, screening tools and resources, and employee training and education. Our approach, and the decisions that we make are wherever possible informed by stakeholder engagement. They are governed by our Reputation Risk Committee.

ANZ's approach to human rights

In 2010 ANZ published "Respecting people and communities: ANZ's approach to human rights", which is a set of standards that guide how we interact and promote a culture of respect with employees, customers and communities.

Our standards complement our support for the UN Global Compact, OECD Guidelines for Multinational Enterprises and our application of the Equator Principles to all project finance transactions. They also articulate our commitment to monitor and manage our customers' performance in protecting and promoting human rights, and for us to consider human rights impacts when evaluating prospective clients.

Our human rights standards are embedded in our client screening tools, our "sensitive sector" lending policies and training initiatives that support and guide our business lending decisions. Social and environmental risk training is mandatory for all relevant International and Institutional employees who have approval to make credit decisions. The training includes a module designed to improve understanding and application of our human rights standards in decision making.

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ANZ policies consider our customers' social and environmental impacts

ANZ's "sensitive sector" policies ensure social and environmental considerations are incorporated into our financing and lending decisions. We have six sensitive sector policies covering the energy, extractives, forests and forestry, hydropower, military equipment and water sectors. Through our sensitive sector policies, we support customers who:

- demonstrate a balanced approach to the social, environmental and developmental impacts of their business; and
- adopt 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, and governance).

In 2014, we are conducting a review of the energy and extractive industries policies. The remaining sensitive sector policies will be reviewed in 2015.

Oxfam report and Phnom Penh Sugar Company

In April 2014, the NGO Oxfam alleged ANZ had financed customers engaged in "land grabs" that caused human rights issues in some developing countries in Asia and the Pacific.

We can confirm that almost half the companies named as ANZ customers in the Oxfam report are not customers, including one exited several years ago for social and environmental reasons.

Of those that are customers, the claims - some of which are almost a decade old - have in several cases been previously publicly examined and resolved by our customers. However, we asked our customers for updates and were satisfied with their responses. Our social and environmental policies explicitly address issues raised by Oxfam regarding land acquisition and community resettlements, including supporting our customers seeking communities' "free, prior and informed consent" for land use.

In relation to the Phnom Penh Sugar Company, it recently paid out its loan to ANZ Royal and is no longer an ANZ customer. Prior to the company's decision to repay the loan, ANZ had demonstrated a willingness to remain engaged with the company and its stakeholders. For example, ANZ was involved in an extensive dialogue in Australia and in Cambodia to hear the concerns of NGOs including Equitable Cambodia, Inclusive Development and Oxfam, as well as supporting the company to meet with NGOs and members of the community directly. We had also been actively and closely monitoring the company's performance in addressing its social and environmental obligations, including allegations of human rights abuses. A detailed action plan was put in place by ANZ to help the company improve, including implementing time-bound performance measures; however the company ultimately chose to exit its relationship with ANZ.

We welcome input from, and discussion with, NGOs to ensure we appropriately identify emerging issues that can be dealt with by the sensitive sector policies. Accordingly, the issues raised by Oxfam will be considered in our review of the sensitive sector policies.

Yours sincerely



Ben Walker
Head of Sustainable Development