



December 17, 2018

David Pred
Inclusive Development International

Eang Vuthy
Equitable Cambodia

Via email: david@inclusivedevelopment.net
vuthy@equitablecambodia.org

Dear David and Vuthy

ANCP report regarding Phnom Penh Sugar Co.

I am writing to outline how the bank has fulfilled my public commitment to review the recent report on our involvement with Phnom Penh Sugar. As I undertook to the Australian Parliament, we reviewed the report to consider any new matters it identified concerning the events in 2010/11, and if so, to consider what if any action may be necessary.

The report portrays circumstances which do not reflect well on any of the key stakeholders involved, including us. The application of our due diligence was clearly lacking and there was insufficient follow up. At the same time, the report does not contain any new information. We note the report confirms:

- ANZ did not fund PPS' acquisition of land or plantation development, which is at the core of 'land grab' claims for compensation
- PPS was not a customer of the bank at the time it acquired land for the plantation development.

Notwithstanding the above, we acknowledge the failings of our due diligence on PPS' proposed factory. We deeply regret this and have made a number of significant changes to seek to improve our human rights due diligence and commitments, including:

- Committing to 'zero tolerance' of improper land acquisition
- 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
- Making it clear we expect our customers to establish effective, transparent grievance mechanisms, especially for large projects.

In line with these changes, we recognise there is a process underway led by the Cambodian Government, observed by the European Union's "Everything But Arms" preferential sugar tariff program (EU) to attempt to resolve the matter. We have noted its progress to date, which has resulted in settlements being reached with farmers in three of four affected Cambodian provinces.

While we understand there are differing views about the Cambodia Government's remediation process, we believe it remains the most timely and viable option available to the claimants. The involvement of the EU in the process is an important element we support.

Finally, in relation to the recommendations outlined in the report, we believe we have taken like steps to improve our processes. We will update all stakeholders through our public reporting.

If you would have any questions regarding the above or would like to discuss the matter further, please contact Ben Walker, Head of Sustainable Development on (03) 8654 4686.

Regards

A handwritten signature in black ink, appearing to read 'Shayne Elliott', written in a cursive style.

Shayne Elliott
Chief Executive Officer