

31 January 2019

Golda S. Benjamin
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Business & Human Rights Resource Centre
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Dear Golda

Thank you for providing us with the opportunity to respond to claims raised by NGOs in December 2018 about Phnom Penh Sugar Co. (PPS) and the Australian National Contact Point's (ANCP) report released in October.

We acknowledge the ANCP 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.

As our CEO Shayne Elliott acknowledged at our Annual General Meeting in December, we have spent considerable time trying to understand the best way that we can actually be of assistance in this complex matter.

We accept we made mistakes. We have subsequently changed policies and processes to seek to ensure this does not happen again. Those changes include:

- 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.

Our advice from multiple perspectives is that, right now, the best step for the affected community is to seek to achieve compensation through the Cambodian Government process underway. This process is being observed by the European Union's "Everything But Arms" preferential sugar tariff program. We have noted the progress to date, which has resulted in settlements being reached with farmers in three of four affected provinces.



Our understanding of the process is due to be finalised in the coming months, and we are maintaining a watching brief.

Once the Government process has been completed - and we understand the impact and the scale of what that will achieve - we will then be in a better position to decide whether we need to take additional steps and what form that might take.

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

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Ben Walker', written in a cursive style.

Ben Walker
Head of Sustainable Development