

ANZ'S LAND ACQUISITION POSITION STATEMENT

November 2021

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ANZ's commitment

ANZ is committed to supporting customers, suppliers and other business partners that share our values.

We understand the important role we play in the lives of communities, customers, suppliers and employees. We respect and promote human rights as the universal foundation for dignity and equality.

Our strategy means we have a presence in countries with varied development needs, and diverse social, environmental and governance structures. Individual government policies may establish different economic, social and environmental objectives and we take these objectives into account when applying our human rights standards.

Our human rights standards

Our human rights standards apply to ANZ in all of our markets of operation. Our commitment to internationally-recognised standards aims to avoid involvement in adverse human rights impacts through our activities or through our business relationships.

We commit to evaluating the social, environmental and economic impacts of our decisions. Our decision makers and our customers must be aware of impacts on the environment, on communities and other stakeholders, and we also expect our customers to avoid and address involvement in adverse human rights impacts in line with international standards including the UN Guiding Principles on Business and Human Rights.

We expect our customers to ensure they comply with relevant social and environmental domestic country laws, regulations and permits, including those that apply to land acquisition. Where these do not go as far as international standards, customers will be expected to apply the higher standard. For example, customers in Equator Principles projects will be asked to make social and environmental assessment documents available to affected communities as part of consultation processes even if this is not required by local laws.

For project finance and project-related corporate loans¹, ANZ applies the Equator Principles. This includes Principle 5, which requires customers to demonstrate effective stakeholder engagement with affected communities in a structured and culturally appropriate manner. Projects with adverse impacts on indigenous people require their free, prior and informed consent (FPIC), consistent with the special circumstances described in the International Finance Corporation (IFC) Performance Standard 7².

Under the Equator Principles, there are some designated countries deemed to have robust social and environmental governance, legislation systems and institutional capacity designed to protect their people and the natural environment. Provided they are complied with, these countries' laws meet certain requirements of the Equator Principles, including stakeholder engagement (Principle 5) and grievance mechanisms (Principle 6).

We adopt a similar risk-based approach for assessing the operating contexts of non-Equator Principles customers.

¹ Project-Related Corporate Loans are corporate loans, made to business entities related to a single project, either a new development or expansion where the known use of proceeds is related to a single project, either: (a) where the lender looks primarily to the revenues generated by the project to repay the loan and where security exists in the form of a corporate or parent company guarantee; or (b) loan documents indicate the majority of the proceeds of the total loan are directed to the project. For more details see: http://www.equator-principles.com/resources/equator_principles_implementation_note_july_2014.pdf

² The full set of International Finance Corporation Performance Standards can be found at: http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbfd1a5d13d27/PS_English_2012_Full-Documents.pdf?MOD=AJPERES

Land acquisitions and due diligence

We recognise that land access and use supports social and economic development. We also acknowledge we provide financial services to some customers whose activities can be the subject of claims about improper land acquisition or involuntary resettlement. We understand that improper land acquisition and involuntary resettlement can adversely impact human rights.

We will support customers who seek to ensure their land use is managed in line with international standards for good land governance, including respecting the human rights of indigenous peoples, vulnerable or at risk groups and other affected stakeholders. This also 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, and implementing best practices to address grievances and disputes.

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

1. 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)
2. where our customers do not follow land acquisition or involuntary resettlement processes in line with international standards, such as the IFC Performance Standards
3. 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 expect our customers to identify, manage, monitor and redress any adverse impacts on human rights with which their business is involved, in line with international standards, including the UN Guiding Principles on Business and Human Rights.

We conduct social and environmental screenings as part of our customer due diligence and credit assessment, as outlined in the Appendix to this statement. This includes an assessment of our customers' human rights performance. We may prioritise for further screening those customers which are identified as being most at risk of involvement in adverse human rights impacts. We expect our customers to resolve any issues identified and to engage with us on their progress in doing so.

ANZ will not knowingly support customer activities that significantly impact on culturally or environmentally sensitive areas including World Heritage Areas, wetlands on the Ramsar list, designated national parks and conservation areas, activities that threaten species listed in CITES, the IUCN Red List or relevant national legislation, activities that result in the broad-scale conversion of intact native forests and High Conservation Value Areas, or activities which are in breach of agreed international treaties and agreements.

In some circumstances we may require the use of independent experts to assist in the identification of human rights impacts, and other relevant social and environmental risks.

Where an issue requires senior executive consideration, our Ethics and Responsible Business Committee, chaired by our Chief Executive Officer, plays an important role in the identification and remediation of human rights issues in our business dealings including around land acquisition.

Tracking and communication

We understand there is a high standard expected of us and we are working to improve our monitoring and communication of human rights and land acquisition issues.

Currently, we commit to conducting social and environmental screening for corporate customers, which includes an assessment of their human rights performance. This screening may result in the need for remediation of affected stakeholders by the customer, which if required by us is documented and tracked in action plans as part of the customer file.

We will work towards implementing this statement for any new customers and annual reviews of existing customers, so that relevant major lending and advisory customers whose operations include significant land acquisition can verify to ANZ that their operations avoid improper land acquisition, particularly in emerging economies.

ANZ provides a breakdown of our exposures to various sectors that involve land acquisition (including mining, agriculture and forestry) on at least an annual basis. Our publicly available Social and Environmental Risk Policy Requirements further highlight our approach to sensitive sectors.

We are participating in voluntary initiatives that have already improved transparency in the financial sector. For example, if we provide finance to a project that triggers the Equator Principles requirements, unless our customers withhold consent, we will disclose details of that project, which may include projects involving land acquisition.

Consistent with our commitment to transparency, we have explored further opportunities to provide appropriate disclosure regarding our lending portfolio exposure on the topic of improper land acquisition.

Grievance Mechanism

ANZ expects business customers to

- undertake meaningful engagement³ with their affected and potentially affected stakeholders and provide any remedy as defined by the UNGPs.
- establish or participate in effective grievance mechanisms for affected individuals and communities;
- consent to the disclosure of a banking relationship to affected people who have submitted a human rights complaint through ANZ's grievance mechanism;

Communities who have been impacted by a business customer of ANZ can make a complaint to ANZ's human rights grievance mechanism on www.ANZ.com.

Where a business relationship's practices are inconsistent with our expectations, we will seek to use any appropriate leverage including dialogue, and where necessary encourage them to identify and disclose specific and time-bound improvement plans.

If a business relationship is unwilling to adapt its practices in an appropriate timeframe, we may decline further financing or exit the relationship.

Conclusion

This statement was developed in consultation with NGOs and other external and internal stakeholders and will be reviewed at least every two years. We commit to reporting on our progress in implementing our standards in our external reporting.

We will support customers who are implementing appropriate standards for land acquisition and resettlement, including engaging with the community and other key stakeholders, recognising this will deliver benefits to their businesses and the communities in which they operate.

Contact: Chief Risk Officer, Institutional
ANZ Centre, 833 Collins St
Docklands 3008 Australia

³ "Meaningful stakeholder engagement" is two-way, in good faith, responsive and ongoing.

Appendix: Our due diligence and credit assessments

Our credit risk assessment and due diligence processes assist us to identify issues relating to land acquisition and resettlement in our customer relationships.

Origination

At origination, our bankers are trained to identify potential material social and environmental including human rights factors associated with the customer or its projects, its country location, and sector.

Evaluation

Detailed credit risk assessment and due diligence is conducted using a risk based approach against our credit, social and environmental policies (including our Social and Environmental Risk Policy and the Equator Principles where they apply). This includes assessment and identification of material risk issues, incorporating social and environmental risk including around human rights.

Approval

Lending approval is only given where risk (including social and environmental risk where appropriate) has been effectively evaluated, appropriately mitigated and accepted and following a thorough assessment against our policies and standards.

Documentation and settlement

During documentation and settlement, customers may be subject to conditions and covenants to address their legal obligations, comply with the Equator Principles, or to monitor and manage specified social and environmental (including human rights) risks against agreed performance measures over specified time periods.

Annual review and ongoing monitoring

We review our key corporate customer relationships regularly, including review of the customer's compliance with any agreed conditions and covenants with social and environmental requirements. If a customer is not complying with any requirements under relevant laws, ANZ policies or additional agreed conditions with ANZ, then we may support the customer to develop time-bound action plans to address these issues. A customer's failure to comply may also result in ANZ exiting the relationship.

Training

Corporate lending employees who have approval to make credit decisions undertake mandatory online Social and Environmental Risk training. The training covers ANZ's Sustainability Framework, our Social and Environmental Risk Policy and our approach to human rights, including issues related to land acquisition and resettlement. It also provides guidance on identifying and escalating potential issues to the Ethics and Responsible Business Committee.