NAB Group first published its improper land acquisition policy statement (policy statement) in December 2014, following the publication of Oxfam’s Banking on Shaky Ground report, which raised the issue of improper land acquisition or ‘land grabbing’ and the role the four major Australian banks.

NAB’s policy statement was made public to help stakeholders understand NAB’s views on improper land acquisition and to provide more detail about how we manage environmental, social and governance (ESG) risk issues. As part of this policy statement, NAB publicly reaffirmed that we consider the practice of improper land acquisition to be unacceptable.

Our improper land acquisition policy statement contains eight commitments to demonstrate how NAB is managing the issue of improper land acquisition.

In addition to these commitments, the policy statement reaffirms NAB Group’s desire to engage with stakeholders to understand their concerns and take appropriate steps to respond to any issues raised, including issues related to other kinds of human rights and social risk issues.

The following pages contain progress updates on how we are working towards meeting the eight commitments.

What is improper land acquisition?

Improper land acquisition occurs largely in developing countries, where disputes arise over rights to land and natural resources. These disputes arise because:

(i) land rights are not clearly defined and large scale commercial land acquisition may have proceeded without free, prior and informed consent of local and indigenous communities or without due regard to legal processes; or

(ii) adverse impacts have occurred, or been alleged to have occurred, impacting local and indigenous communities, their livelihoods, human rights and food and water security.

Such disputes are exacerbated by the inadequate recognition of customary rights to land and resources, where rule of law has not yet codified customary ownership.
Progress update on NAB’s eight commitments

1. **NAB commits to respecting the land rights of communities that are, or may be, impacted by our customers and suppliers through the inclusion of land rights in our approach to ESG risk management, relevant policies and tools.**

   NAB includes the issue of land rights in our **ESG risk assessment processes** for lending and procurement. This issue is particularly relevant when we assess proposals for lending provided to companies in the soft commodities, forestry and mining sectors, where there is potential for land acquisition issues to impact on indigenous communities/landholders in developing countries.

   We worked on a draft NAB human rights policy that will set out NAB’s approach to respecting human rights in order to meet our obligations with respect to international conventions, legal and regulatory requirements and **voluntary commitments**. It is also simply the right thing to do. This policy will also:
   - require human rights to be expressly considered within NAB’s risk management framework
   - contain a detailed list of the policies and processes already in place that address various specific human rights aspects, including our improper land acquisition policy statement which sets out how NAB Group is managing the issue of improper land acquisition.

2. **NAB will not knowingly finance or provide advice to companies that have a prevailing conviction for improper land acquisition or against which NAB considers there is credible evidence of material violations of applicable laws and regulations.**

   In 2015, our ESG risk assessment processes did not identify any cases in which NAB considers there is credible evidence of material violations of applicable laws and regulations.

3. **NAB will review customer relationships where there is a risk of a customer operating outside the law or not meeting NAB requirements. If this risk is not addressed to NAB’s satisfaction, NAB may exit the banking relationship.**

   Through the ESG risk assessment and due diligence undertaken as part of our credit risk processes, we reviewed relevant large institutional and corporate customers in the soft commodities sector, so we understand where the potential for indigenous land rights issues could arise.

   We continued to monitor a small number of customers which have faced allegations of land grabbing and where appropriate, sought further information about these allegations. Bankers have shared NAB’s improper land acquisition policy statement with relevant clients. Where customers have made commitments to address the issue, we are monitoring the progress they are making.

4. **NAB will investigate and, if appropriate, join relevant multi-stakeholder and industry initiatives, which seek to address and prevent, the occurrence of improper land acquisition – this may include standards, certification or verification systems.**

   In addition to the Equator Principles*, we identified a range of other initiatives which give consideration to preventing the occurrence of improper land acquisition, including Food and Agriculture Organisation of the United Nations Voluntary Guidelines on the Responsible Governance of Tenure, Roundtable on Sustainable Palm Oil, Bonsucro, and Forest Stewardship Council.

   In 2016, we are giving consideration to the best way to engage with these initiatives.

   *NAB has been a signatory to the Equator Principles since 2007
### Progress update on NAB’s eight commitments

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<th>Commitment</th>
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<td>5</td>
<td>NAB will work towards implementing risk processes by 2020, so that major lending and advisory customers whose operations include significant land acquisition, can verify to NAB that their operations are giving appropriate consideration to land rights of local and indigenous communities, particularly in developing countries. Work completed to satisfy commitments 1 and 4 (above) and 6 (below) will help NAB deliver on commitment 5 by 2020.</td>
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| 6 | NAB is committed to building understanding and recognition of the issue of land rights and improper land acquisition and how it can be prevented through:  
  - engaging and educating our employees, particularly bankers  
  - engaging with our customers, suppliers and other stakeholders to encourage business best practice in respecting and protecting land rights of relevant communities. We have included information on improper land acquisition and Oxfam’s report Banking on Shaky Ground in our ESG risk training/presentations to credit managers and relevant bankers. Bankers have shared NAB’s improper land acquisition policy statement with relevant clients in the soft commodities, forestry and mining sectors. Since publishing our policy statement on improper land acquisition in December 2014, and as reported in our 2015 Dig Deeper report (pages 10 and 18), NAB has continued to have open dialogue with Oxfam on their campaign to raise awareness of improper land acquisition in the soft commodities sector and associated supply chains. |
| 7 | NAB will work within our sector and with our customers to encourage standardised disclosure on social and environmental risks. We are continuing to participate in industry initiatives which support standardisation of ESG risk information. These include the Equator Principles, the Portfolio Carbon Initiative, and CDP Water and Forestry Surveys. As an example of our engagement with relevant frameworks, we provided feedback to CDP suggesting that they incorporate coverage of social issues such as improper land acquisition in their annual surveys. † NAB is a signatory to CDP’s water, forest, climate change and carbon action surveys. |
| 8 | NAB will report publicly on an annual basis on the actions NAB has taken to meet the commitments in our improper land acquisition policy statement.  
  - We included an update on our actions in NAB’s 2015 Dig Deeper (see page 18 in the downloadable PDF [3.1MB]).  
  - See our case study – engaging with our customers on soft commodities customer, Wilmar.  
  - This progress report is available on our website, and we will continue to report annually on a calendar year basis. |