

## Standard Bank response to South African Banks Footprint in SADC Mining Projects report

24 April 2017

Business & Human Rights Resource Centre invited Standard Bank to respond to the following report:

- “South African Banks Footprint in SADC: Environmental, Social and Governance Principles” *Open Society Initiative for Southern Africa & Southern Africa Resource Watch*, December 2016.  
[http://sarwatch.org/sites/sarwatch.org/files/Publications\\_docs/sa\\_banks\\_report-final-lowres.pdf](http://sarwatch.org/sites/sarwatch.org/files/Publications_docs/sa_banks_report-final-lowres.pdf)

In response, Standard Bank sent the following statement:

In general, it is a well-balanced report, but we question some of the results and the conclusion.

The results based analysis is based on exceptions, rather than the norm. From this, conclusions are then drawn around implementation. This demonstrates a lack of understanding of the scope of Equator Principles (EP) and indeed the banks’ leverage over clients to implement certain ESG practices. For example: a currency hedge (as cited) would have no EP application. It would make more sense for the author to question if banks were aware of the ESG issues cited and what remedy/plan was in place. Calling immediate default on a client would have more adverse ESG consequences than working with them in remedy. This approach would then show banks have the correct early warning systems/expertise to identify and manage ESG issues.

For example: on the two transactions Standard Bank is involved in:

**KCM (water issue):** This is a legacy issue which KCM/Vedanta inherited as part of existing operations. KCM is working with the lenders on a clear plan of action to reduce the environmental impact. In 2016, an independent E&S engineering consultancy was engaged jointly between KCM and lenders to undertake a “source, pathway, receptor assessment”. The scope of which included:

A Mine Water Balance, including:

- All anticipated flows and volumes;
- Assessment of quantity and chemical quality of released mine effluents; and
- Mitigation measures to minimise impacts to the receiving environment

A Source Pathway Receptor Study, including:

- Assessment of land contamination
- Hydrogeological modelling (surface and groundwater)
- Sensitive receptor identification and mitigation measures
- Ongoing monitoring

A receiving environment E&S Impact Assessment, including:

- Detailed investigation into the E&S impacts resulting from the discharge of water from site;
- Remediation Plan: Mitigation measures for both the environment and surrounding communities;

**Lonmin (housing issue):** Lonmin has implemented a number of measures as part of its ongoing housing plan having completed the conversion of all hostels into 1908 single and 776 family units. The company’s revised housing plan was submitted to the Department of Mineral Resources in

October 2014 as part of the company's Social Labour Plans. Following engagement with and directions provided by the Department of Mineral Resources in September 2016 requiring certain revisions to Lonmin's housing plan, the company is currently reviewing its plan. Lonmin's revised employee housing strategy, which includes the construction of infill apartments, is the product of the continuing survey of employees' housing preferences. Lonmin is taking proactive steps to meet its obligations despite the unfavourable economic climate by including long term, sustainable housing solutions in capital expenditure budgets.