



FirstRand

FIRSTRAND CONSOLIDATED POSITION STATEMENTS

Position Statements

January 2019

UNBOUNDED ASBESTOS PRODUCTION AND MANUFACTURING

Due to the severe health implications caused by unbounded asbestos, FirstRand will not finance or invest in business activities where unbounded asbestos fibres are produced, manufactured or used. Asbestos that is bonded and maintained in existing structures is not included under this prohibition on financing, however, clients with existing asbestos structures are required to comply with national legislative requirements and the FirstRand environmental risk management framework.

PRODUCTION OF BIOFUELS

FirstRand recognises that the biofuels sector poses potential environmental and social challenges, some of which may include biodiversity degradation, potential effects on food security, impact on water supply demands, social impacts that include poor labour and working conditions and impacts on land, and customary rights of local and indigenous communities. Transactions in which the use of proceeds is identified to be for the cultivation, production and processing of biofuels are subject to an internal, enhanced environmental and social risk due diligence process to ensure all legislative and international best practice requirements are met as required by the FirstRand environmental risk management framework.

CROSS-BORDER TRADE IN WASTE AND WASTE PRODUCTS

In alignment with industry wide benchmarks, legislative requirements and international agreements regarding the limitation of the import and export of hazardous wastes, FirstRand will not finance activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as cross-border trade in waste and waste products, unless compliant with the Basel Convention and underlying regulations.

UNSUSTAINABLE FISHING METHODS

FirstRand will not finance clients making use of unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length), who fish or trade in species in Appendix 1 under the Convention of International Trade of Endangered Species (CITES) or significantly impact upon, or have operations located within, UNESCO14 World Heritage Sites and RAMSAR Wetlands, unless operations would result in 'no net loss' of biodiversity

FINANCING OF ACTIVITIES RELATED TO THE FORESTRY SECTOR

FirstRand will limit the extent to which finance is provided to clients involved in commercial logging operations in primarily tropical moist forest areas, and to clients where the production or trade in wood or other forestry products is conducted other than from sustainably managed forests¹ where these activities form a substantial part of the clients' primary financed business activities. In addition, FirstRand will not finance clients who are involved in the destruction² of High Conservation Value areas (HCV)³.

HUMAN RIGHTS IN FINANCING

FirstRand will not finance any activities that involves forced⁴ or child labour⁵. Transactions related to projects involving the resettlement of communities are assessed against the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and identified international best practice guidelines such as The Equator Principles and IFC Performance Standards. Any transactions related to projects where potential impacts on indigenous peoples are identified, are assessed against the United Nations Declaration on the Rights of Indigenous Peoples.

HYDRAULIC FRACTURING

Transactions in which the majority use of proceeds are identified for the development of hydraulic fracturing projects are subject to enhanced environmental and social due diligence through the FirstRand environmental risk management framework, which includes a requirement that customers adhere to regional, national, international and industry best practices in this sector.

ANTI-DEMOCRATIC MEDIA AND RACIST MEDIA

FirstRand will not finance clients who partake in activities that promote or display discriminatory, racist and/or anti-democratic media.

CONFLICT MINING AND MINERALS

The mining of conflict minerals, their trade and secondary resale of products/materials which contain conflict minerals, harbour extreme negative social injustice as well as facilitate war and organised crime.

¹ Forestry Stewardship Council (FSC) certification is required for these operations.

² Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

³High Conservation Value (HCV) areas are defined as natural habitats where these values are of **outstanding significance** or **critical importance** (See <http://www.hcvnetwork.org>).

² Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁴ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

⁵ Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

The term “conflict minerals” refers to minerals mined or extracted in zones declared as conflict zones with the aim to perpetuate political unrest, fighting and war. Minerals include blood diamonds, cassiterite, wolframite, coltan, gold ore and even petroleum. FirstRand will not finance clients who are involved in the mining, manufacture and trading of conflict minerals.

FirstRand will also look to the following industry best practices, guidelines and bodies to determine effective responses to risks faced by clients, as appropriate for the related minerals and metals:

- World Gold Council’s Conflict Free Gold Standard;
- Kimberly Process Certification Scheme;
- Extractive Industries Transparency Initiative (EITI);
- International Council on Mining and Metals (ICMM) Best Practices;
- Responsible Jewellery Council;
- LBMA’s Guidance for Responsible Gold; and
- Voluntary Principles for Security and Human Rights.

FINANCING OF PORNOGRAPHY

FirstRand will not finance clients where funds will be used for any purpose related to pornographic activity. For purposes of this position statement, pornography is understood to be sexually explicit material (verbal or pictorial) or erotic material that is *primarily designed to produce sexual arousal in viewers*.

It is important to distinguish here between sexually explicit material that is *wholly* or *primarily* designed to produce sexual arousal (i.e., whose only or overriding aim is to produce sexual arousal) and material whose aim is to do this to make some other artistic or political point. Pornographic activity may use a variety of media including books, magazines, postcards, photos, sculpture, drawing, painting, animation, sound recording, film, video and video games.

RADIOACTIVE MATERIALS

All transactions where radioactive materials form a substantial⁶ part of the clients’ primary financed business activities are subject to an enhanced environmental and social due diligence to ensure compliance with the ESRA risk management framework. This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

THERMAL COAL SECTOR

FirstRand will provide financial services to clients where the mining, processing or use of thermal coal for energy generation forms a substantial part of the clients’ primary financed business activities. All transactions are subject to an enhanced environmental and social due diligence processes, which include a requirement that customers adhere to regional, national, international and industry best practices in this sector.

⁶ Substantial means no more than 5% of their underlying portfolio volumes.

For the purposes of this position statement, FirstRand recognises two types of coal:

- thermal coal, used in energy generation; and
- metallurgical coal used for its properties as a reductant.

This position statement relates to any initial funding or new transactions in the thermal coal sector, and specifically, thermal coal-related projects, when project financed, or a coal mining company's thermal coal portfolio when corporate financed, and coal handling terminals.

Diversified or co-producing mining companies producing a range of commodities will be subject to the same criteria where the consolidated revenue derived from the company's thermal coal operations exceeds 30% at the time of the transaction.

FirstRand encourages clients to move towards industry best practices in addition to:

- Use of the cleanest fuel economically available if that is consistent with the overall energy and environmental policy of the country or the region where the plant is proposed.
- When burning coal, giving preference to high-heat-content, low-ash, and low-sulphur coal.
- Considering beneficiation to reduce ash content, especially for high ash coal.
- Selection of the best power generation technology for the fuel chosen to balance the environmental and economic benefits. The choice of technology and pollution control systems will be based on the site-specific environmental assessment.
- Make use of the latest technologies as far as financially feasible and reasonably practicable to limit and mitigate environmental impacts, meet sustainability criteria such as the IFC Performance Standards, and implement certification such as ISO 14001 or a similar standard.
- Have implemented, or are in the process of implementing, an environmental and social management system which controls their specific risk exposure.

FirstRand supports the recommendations of the IFC EHS Thermal Coal Power Plant Guideline that the clients should where feasible and practicable, make recommendations to avoid, minimise, and offset emissions of carbon dioxide from new and existing thermal power plants

In addition, and where applicable the environmental and social evaluation will include clients' adherence/performance regarding best industry practices/standards such as but not limited to:

- OECD Guidelines for Multinational Enterprises, if applicable;
- IFC Performance Standards;
- WB/IFC Environmental, Health, and Safety (EHS) Guidelines;
- International Council on Mining and Metals Sustainable Development Principles; and
- Voluntary Principles on Security and Human Rights.

TRADE IN ENDANGERED SPECIES

FirstRand will not finance or invest in clients or businesses where the primary business activity involves the trade in endangered flora and fauna, unless compliant with the wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).

WILDLIFE/TROPHY HUNTING

FirstRand will not finance hunting activities that are in contravention with protected species as listed in the trade or hunting of wildlife or products, regulated under the Convention on International Trade in Endangered Species (CITES) or listed as a protected species by the national government. As per South African-based regulations, FirstRand will not finance hunting of a specimen of a listed threatened or protected species which was caught or captured by any methods as defined in regulatory restrictions.

OZONE-DEPLETING SUBSTANCES, POLYCHLORINATED BIPHENYL (PCBS) AND HAZARDOUS CHEMICALS

FirstRand will assess every application for finance of activities that fall within the control and ambit of international treaties within the confinements of an environmental and social risk management framework.

FirstRand will not finance or invest in clients or businesses where the primary business activity involves, the manufacturing, use, procurement and distribution of ozone depleting substances, PCBs and specific listed restricted hazardous chemical substances unless compliant with the Montreal Protocol, Stockholm Convention, Rotterdam Convention, WHO Red list and/or REACH, where relevant to the activity.

WEAPONS AND AMMUNITION

FirstRand will not finance the manufacturing, maintenance, production of or trade in nuclear, chemical, biological or other weapons of mass destruction, landmines, cluster bombs (including cluster munitions in violation of the international convention on cluster munitions) or any equipment designed to be used as an instrument of torture. Controversial weapons trades, such as making arms available to UN, EU or US weapon embargoed countries will not be financed.

FirstRand will endeavour to not finance the trade of weapons to countries where there is a clear risk that the weapons could be used for internal repressions, violations of international humanitarian laws or for any other purpose which cannot reasonable be considered consistent with normal and legitimate security and defence. Nuclear weapon companies domiciled in countries that are not party to the Treaty of the Non-Proliferation of Nuclear Weapons will not be financed.

CANNABIS-BASED AND RELATED PRODUCTS FOR MEDICINAL AND SCIENTIFIC USE

Funding for operations and clients related to the production, manufacturing and distribution of cannabis based and related products for medicinal and/or scientific use is possible subject to an enhanced environmental and social due diligence process, which includes a requirement that customers adhere to regional, national, international and industry best practices in this sector.

ENGAGEMENT AND FEEDBACK

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