



**Sustainability and Mining
Paradox or path to development?**



Karin Ireton:
Director Group Sustainability
Management
Standard Bank
Maputo, September 8, 2009

Karin Ireton profile

Journalist for The Star, South Africa's biggest daily newspaper.

Financial Mail, a weekly financial magazine

Environmental communication specialist

Sustainable energy adviser in the strategic planning unit, national electricity generator

Key business representative in the post-apartheid renegotiation of South Africa's environmental policy and legislation and an active participant in a number of UN negotiations.

In 2001 she joined Anglo American as its first senior manager in Sustainable Development – advising the company for the next 7,5 years on this emerging field. She served in a variety of national and international roles, including several of the committees of the International Council on Mining and Metals, the World Business Council for Sustainable Development and the work of the local Chamber of Mines.

Since January 2009 she has been Director of Group Sustainability Management for the Standard Bank Group – one of the leading emerging markets banks and the biggest bank in Africa.

Standard Bank

- Leading emerging markets financial services provider, head quartered in South Africa
- Operating in 17 African countries and 16 countries outside of Africa – including Argentina, Brazil, Turkey, China, Hong Kong, Malaysia, Singapore, Taiwan, Japan the Middle East and Europe as well as Russia (33% shareholding in Troika Dialog investment bank).

Shareholders:

>57% South Africa, 20% China, 12,9% ,USA, 2,3% UK

Market capitalisation 2008:

Rm 126,576 (\$m 18,082)

Employees: 50,321

Standard Bank

- Values, ethics, integrity
- Equator Principles signatory from 2009
- Long-term strategy of organic growth and acquisitions in 2008 (Argentina and Nigeria) and 2009 (Troika, Russia)
- It is committed to Sustainability -- reported since 2002
- African Bank of the Year in 2008
- Global CEO, Jacko Maree, most trusted CEO in South Africa (2009)
- % Group earnings: 34% personal and business banking, 55% corporate and investment banking
- Making connections – “taking Africa to the world and the world to Africa”
- Leading carbon trader about to launch initiative for small scale, community projects

Corporate banking focus

- Full range of corporate banking services
Project finance focus
- Natural resources
- Infrastructure funding
- Transport funding
- Trade finance
- Trusted player in distribution of Aid & (AIDS) funding

Sustainability Management

Companies (and sometimes stakeholders) define their material issues

Develop policies, commitments, action plans, etc

Develop strategic partnerships

Define measures of success

Monitor and Report

Mining and sustainability

- Mining sector – latecomer to the sustainability debate
- Global Mining Initiative defined material issues
- Resulted in the Toronto declaration and the formation by industry leaders of the ICMM
- ICMM: Sustainable Development framework\
- Ongoing programme of work , monitoring and reporting

Key developments

- Global Mining Initiative:
 - international process initiated by the World Business Council for Sustainable Development.
- Lead to significant consensus on sustainability issues for sector and signing of Toronto Declaration
- Exclusions – Artisanal mining and indigenous people’s issues identified as a government, not industry, priority.
 - Formally acknowledged as a “challenge” which needed to be addressed.
 - not universal to all sectors or all geographies
- Significant issues:
 - criminality/legality
 - Human rights abuse vs right to develop
 - Environmental liabilities

ICMM

- The ICMM established itself as a body representing the leaders in the industry with the intent of setting the good practice benchmark and pulling the industry into the 21st century
- Sustainability Framework
- Programme that culminated in tools, guidelines and a significant account of good practice – weaknesses in capacity to deliver and make that level of practice universal.

Key concerns 2

- Companies remain extremely concerned about:
 - Reputational damage
 - Risk management (country risk, financial risk – cyclical industry)
 - Closure funding and legal liabilities
 - Criminal and money laundering syndicates
 - Human rights abuses
 - Potential for further social-environmental refugees resulting from climate change
 - Health and safety issues – resulting from and related to “ASM”

Responses

- Withdrawal from sector (many funding institutions)
- Loading company risk – higher Return on Investments required
- More and more tools/codes –
 - ICMC Community Development Toolbox
 - Equator Principles
 - SEAT (Anglo American),
 - Mine Closure Toolbox
 - PDA (Canada)
 - EITI
 - Resource Endowment studies
 - Human Rights assessment tools
 - SA Mining Charter
 - IFC and World Bank standards
 - Relocation guidelines
 - Responsible jewellery Council

Personal view

- ASM has to be tackled at systemic level – it isn't a mining problem, it is a socio-economic problem
- Need to look at building human, social, economic, manmade capital as well as protecting natural capital
- Despite economic development opportunities mining remains cyclical and building dependence is a concern.
- Indigenous people's issues require significant skills to resolve
- Major management distraction
- Collaborative approaches and tools build confidence but need to be usable.
- Specialists often work in silos & are often unrealistic about the time and resources needed
- Some really good efforts being made – but plenty of laggards
- Consequences of failure are really high? But there are few choices
- Work from other sectors has resonance (WBCSD, etc)
- Mining faces full gamut of issues – up close and personal.
- Real opportunity but only if we do get real