



# Environment

## Respecting each other

We have the highest regard for the dignity of all people. We respect each other and what Standard Bank stands for. We recognise that there are corresponding obligations associated with our individual rights.

## Stakeholder review – Environment

### Highlights

- The formalisation of an environmental policy.
- The compilation of an environmental legislation register.
- Standard Bank's new Energy Centre came online in 2005. The centre provides a full "no break" disaster recovery system for the entire Standard Bank Centre.
- The development of a new Occupational Health and Safety (OHS) learning programme.

### Challenges in 2005

- Investigating the potential benefits of subscribing to formal environmental risk frameworks, for example, the Equator Principles.
- Conducting research to define the complexity and varying degrees of applicable environmental risk across the bank.
- Identifying the need to increase environmental awareness amongst employees.

### Looking ahead we will:

- Create awareness around environmental issues.
- Investigate the feasibility of replacing the current lighting system in head office with an energy efficient lighting system.



We are committed to improving our environmental risk management.

## Overview

Sustainable development includes the effective protection of the environment and the prudent use of natural resources. We seek to progressively integrate environmental management policies and procedures into the core of our business activities.

As a financial institution, our environmental impacts are lower than those of other industries. We are, however, committed to continuously improving the management of our existing and potential environmental risks through our risk management structure. More information on our risk management structure is published on page 47 of our 2005 Annual Report.

Our environmental risks include direct impacts (water, waste, energy and emissions) and indirect impacts (through project financing activities). Indirect risks have the potential to cause financial losses and reputational damage.

In 2005, progress made in the environmental sphere included:

- The finalisation and adoption of a group environmental policy which provided a framework for covering the following exposures:
  - reputational impact;
  - non-compliance with legal and regulatory requirements; and
  - credit risk.
- The compilation of an environmental legislation register.

The aim of the environmental legislation register and risk matrix (the register) is to assist us in identifying environmental laws and

assessing the risks associated with these laws, including the potential for incurring environmental liability. The register is intended to be a tool for business units exposed to environmental liability risks, as well as corporate risk and compliance departments, to effectively and efficiently assess environmental liability risk exposures on a project-by-project basis, and to implement and monitor the controls required to manage such risks.

## Indirect impacts

### Upholding environmental legislation and guidelines

The bank does not participate in project financing transactions unless it is reasonably satisfied that material environmental requirements and guidelines have been considered by the participants. Major non-conformance to environmental management is reported to the group audit committee or the group risk management committee.

Our legal documentation has a minimum requirement that all applicable statutes, regulations and rules be upheld throughout the duration of a project. In the South African mining context, for example, applicable legislation includes the Mineral and Petroleum Resources Development Act and the National Environmental Management Act.

In mining-specific transactions in South Africa a mandatory environmental impact assessment (EIA) has to be performed and an environmental management plan (EMP) submitted to government. The EMP addresses the impacts covered in the relevant EIA and how any environmental impacts or risks will be mitigated. An EMP must also specify a mining company's site rehabilitation plans once commercial mining operations are terminated in a specific location.

## Nicaragua's San Jacinto geothermal power project

Standard Bank assisted with the establishment of the first 10MW phase of the San Jacinto geothermal power project in Nicaragua. Standard Bank has been closely involved with San Jacinto for three years. We acted as financial advisor, lender and – through a separate division of the bank – equity investor through our client, Polaris Geothermal Inc.

The power plant will supply clean, renewable, competitively priced electricity to help the Central American country reduce its dependence on expensive imported fuel oil. The bank's participation in this project is significant for the country of Nicaragua, which values the best practice standards

the bank has brought to the country and its willingness to invest in an emerging economy.

We are also developing carbon credits for the project with EcoSecurities, with whom we have a co-operation agreement.

San Jacinto has the potential to develop into one of the largest geothermal projects in the world. The plant has now been commissioned and is producing electricity for Nicaragua's national grid. Standard Bank will participate in raising finance for the second phase of the project, estimated at about USD150 million in total.

## Stakeholder review – Environment continued

The execution of an upfront EIA is a prerequisite when applying for project finance through Standard Bank. If an EIA indicates that a planned project's existing or potential environmental impacts will be too high or too risky, Standard Bank will not finance or support, in any manner, the envisaged transaction or project. In addition, we also stipulate that project custodians must undertake ongoing reviews of a project throughout its lifetime to ensure statutory requirements are upheld. In the event of non-compliance or non-performance, the project-finance beneficiary will be in breach of contract.

When dealing with projects outside of South Africa, and where local environmental laws are inadequate, we stipulate compliance with internationally acceptable environmental guidelines in addition to adhering to any local laws of a particular country.

In terms of infrastructural projects, we require a record of decision from the Department of Environmental Affairs and Tourism. In these projects, there is always an obligation on the concession company to ensure that environmental issues are dealt with adequately.

### Carbon trading

During 2005, Standard Bank renewed an exclusive co-operation agreement with EcoSecurities Group Limited. In terms of this agreement, we will continue providing carbon advisory, financing, trading and portfolio management services to our customer base in South Africa and Southern Africa. These carbon advisory as well as CIB services are in support of Clean Development Mechanism (CDM) projects in South Africa, in accordance with the Kyoto Protocol.

South Africa is a signatory to this international convention on climate change and global warming and has established a Designated National Authority within the Department of Minerals and Energy to process and approve CDM project applications in South Africa.

### Direct impacts

Standard Bank utilises monitoring systems to establish energy consumption in buildings and has installed power quality metering systems in the Standard Bank Centre. These monitoring systems will give us an opportunity to identify and act upon potential risks.

### Water

We continue to install water efficient air-conditioning systems, and, where feasible, air cooled air-conditioning systems to reduce water consumption. To identify water leaks, water consumption on air-conditioning is monitored in various buildings by a water metering system.

### Energy

We maintain formal energy management systems at several major buildings (Johannesburg and regional head offices) with the

objective of providing a safe, comfortable and high-quality working environment, while also striving to promote energy efficiency.

The following activities are conducted to achieve optimal efficiency:

- Reviewing energy usage, including the investigation of new technologies, for example, the rollout of lighting guidelines has reduced the length of time that lights are left on unnecessarily.
- Reviewing the quality of energy supply.

### Waste and emissions

In 2004, Standard Bank upgraded its waste management efforts at its central-Johannesburg head office building. The following initiatives are in place:

- Recovering and selling recyclable or reusable waste, including clean office paper, bulk paper, plastics, metals and glass. In 2005, nearly 250 tonnes of clean white paper were recovered for recycling. This is more than three times the total volume processed in 2004.
- The responsible disposal of spent fluorescent lighting tubes.

### Occupational Health and Safety (OHS)

We fulfil our commitment to optimal OHS standards by maintaining a management system that co-ordinates all OHS matters throughout the bank's domestic operations. This management system is designed to identify and remedy causes of incidents.

#### Health and safety training and awareness

OHS awareness within Standard Bank is facilitated through the following channels:

- Regular specialised training for health and safety representatives, first aiders and fire/floor wardens.
- OHS posters and handouts.
- The Standard and Blue Wave publications.
- Regular evacuation drills.

Our emergency plans and procedures include procedures for employees on how to assist customers in an emergency situation.

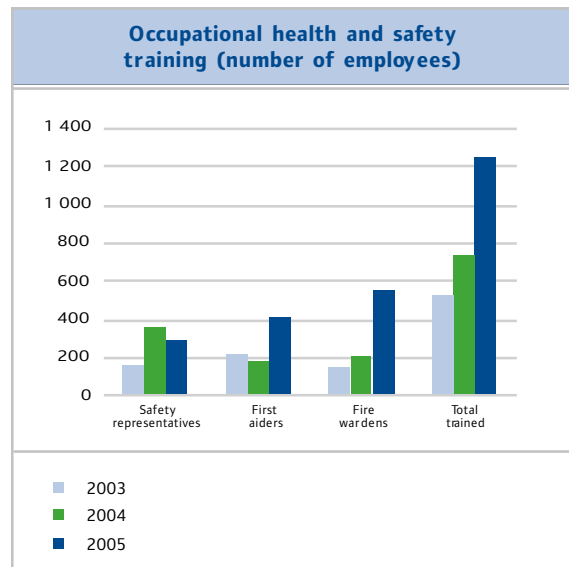
#### OHS management

Group compliance conducts a formal OHS review, or arranges a review, when it is specifically required by the circumstances or the nature of a project. Regular support visits are carried out at various operations of the bank and branches across South Africa. The compliance network in the bank has a monitoring function for OHS. Regular checks are performed in relation to OHS

requirements and group compliance OHS does onsite inspections, where identified problems are addressed.

#### OHS initiatives

- E-Learning: this newly developed, management focused programme has been developed around internal structures and procedures and will make OHS Standard Bank specific. The programme will be launched in the first half of 2006.
- A new poster campaign with relevant OHS awareness messages.



#### Work-related injuries or incidents

Year	Total injuries	Total fatalities	Number of injuries reported to the Department of Labour	
			Domestic banking employees	
2003	249	1 (cash-in-transit)	33	27 687
2004	307	0	10	28 108
2005	206	1 (cash-in-transit)	28	28 518

#### Major health and safety risks and controls

Risks	Controls
Emergency preparedness and response strategy	<ul style="list-style-type: none"> <li>• Trained fire wardens and first aid assistants.</li> <li>• First aid boxes and fire fighting equipment.</li> <li>• Regular evacuation drills.</li> </ul>
Contractor management	<ul style="list-style-type: none"> <li>• Contractor management guidelines.</li> </ul>
Crime-related incidents	<ul style="list-style-type: none"> <li>• Anti-crime systems, for example, enhanced surveillance systems in our branch network.</li> <li>• A crime prevention drive, including a joint approach to combating crime with the three other major South African banking groups.</li> <li>• Special safety measures and crime prevention initiatives.</li> </ul>
Accidental falls and slips	<ul style="list-style-type: none"> <li>• Appropriate hazard warning signs and internal communication.</li> </ul>
Ergonomic-related challenges	<ul style="list-style-type: none"> <li>• Proper seating.</li> <li>• Adequate lighting.</li> <li>• Proper stacking and storage.</li> </ul>