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, UNESCO 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 forests 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 destruction of High Conservation Value areas (HCV).

HUMAN RIGHTS IN FINANCING
FirstRand will not finance any activities that involves forced or child labour. 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.

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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.

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

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 substantial 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

This policy is published separately.

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6 Substantial means no more than 5% of their underlying portfolio volumes.
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 BIPHENYLS (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 confines 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 has identified the arms/defence industry as high-risk with regards to credit risk, reputational risk, sanctions risk and anti-bribery and corruption, which requires specific policy positioning. Every application related to weapons, ammunition, defensive and protective clothing or any other equipment that can be linked to the arms industry, is subjected to an enhanced due diligence (ESRA) process.

FirstRand will not provide financial services or financial products to industries involved in the development, manufacturing, maintenance, stockpiling, transfer, use, testing and 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 and/or the delivery systems of such instruments.

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.
ACTIVITIES RELATING TO SEAL HUNTING AND HARVESTING

In 1973 the South African Sea Birds and Seals Protection Act, which identified the Cape fur seal as a protected species, was promulgated, followed by the banning of commercial seal harvests in 1990, making seal hunting and harvesting activities in South Africa an illegal activity. FirstRand does not finance or invest in any activities relating to seal hunting and harvesting in South Africa.

Although seal hunting is an illegal activity in South Africa, it is understood that this activity may be a legitimate and legal industry in other regions. However, in considering the various identified risks and the non-financing position taken by South Africa, FirstRand requires a case-by-case enhanced assessment and motivation for all proposed transactions and escalation to the segment social, ethics and conduct committee for approval.

ENGAGEMENT AND FEEDBACK

Contact:
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