



THE ROYAL INSTITUTE OF
INTERNATIONAL AFFAIRS



Corporate Social Responsibility: From Words to Action

Can Bankers Provoke the “Action”?

Gerard Holden
Managing Director
Global Head of Mining & Metals
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The Key Issues

- Do Voluntary Initiatives Work?
- What Can us Bankers do to Ensure that these Initiatives can be Effectively Implemented?

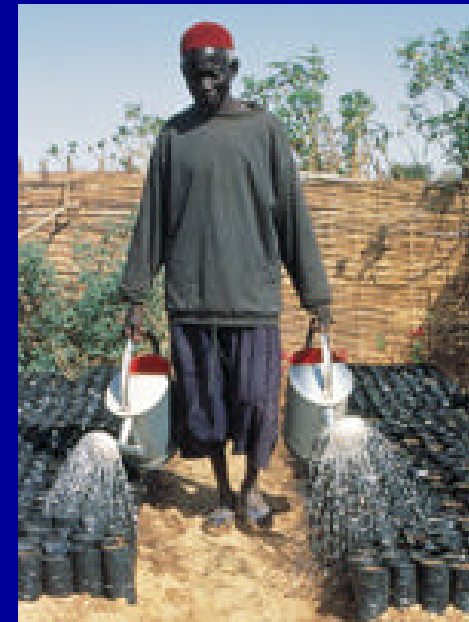
From Words to Action – The Barclays Approach

- 1991 restated its Environmental Policy
 - Sustainability of Environmental Resources
 - Environmental Impact Assessment
 - Environmental Risk is part of every Credit Appraisal
- 1992 Established Environmental Risk Management Unit
- 1999/2000 Appointment of Environmental and Equity and Diversity Directors and Publication of Full Environmental and Social Review
- Involvement in MMSD through the Assurance Group

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Voluntary Initiatives and Mining Finance

- Historically these Initiatives have not worked well
- Introduction and Adoption of the World Bank Environmental Guidelines a Success
- Most Lenders use the Guidelines in the Absence of more Rigorous Local Legislation
- Requires Ongoing Monitoring after Initial Strict Due Diligence (Effective Policing)



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Social Responsibility and Mining Finance

- Environmentally Responsible Production
- Good Socio-Environmental Practices lead to a reduced risk profile
- Credit ratings now take Socio-Environmental Record into account
- Reduced risk = Cheaper Funding



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The World Bank Guidelines and Mining

- The 4 Broad Principles Behind Voluntary Initiatives:

- Impact
- Detail
- Development Process
- Sponsoring Institution



- World Bank Guidelines are taking hold and are thus a Partial Success
- Need for Revision through Consultation

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Mining's Record So Far

- A Fragmented Industry, Poor Investment Discipline and Returns
- History of State Control
- Declining Metal Prices
- Little Incentive to Adopt Good Practice Voluntarily
- Consolidation will make Voluntary Initiatives Easier to Adopt

But:

- Who Bears the Cost?

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The Influence of Financiers

- Capital is the Industry's Lifeblood
- Encouragement by Financial Institutions to Adopt Voluntary Initiatives
- It's Happened Before: The World Bank Environmental Guidelines
- Banks can act as Common Link
- Adoption of Voluntary Initiatives CAN be Achieved



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