

Human rights policies & practices of banks financing transition minerals extraction in South Africa

Research questionnaire – February 2023

Many minerals are required in the energy transition. The Business & Human Rights Resource Centre (BHRRC) has been tracking allegations of human rights abuses in connection with six key minerals: cobalt, copper, lithium, manganese, nickel and zinc. We refer to those six minerals as ‘transition minerals’ in the questions below. Under the United Nations Guiding Principles on Business and Human Rights, banks have a specific responsibility to respect human rights in their core financing operations. BHRRC is currently undertaking research on the human rights policies and practices of banks financing transition minerals projects, with a particular focus on South Africa, in preparation for a short briefing to be published in the next coming months.

The following questions are specifically directed to banking institutions that could be involved in financing transition minerals extraction in South Africa.

A. Exposure to transition minerals mining

1. To your knowledge, are you currently, or have you been in recent years, directly or indirectly involved in financing (through loans, credit facility or underwriting bonds/share issuance, or else) any transition minerals mining project in South Africa, or elsewhere?

In its annual [Non-Financial Report](#), Deutsche Bank discloses the number of transactions and clients reviewed by sector, including metals and mining. According to the bank’s definition, this sector includes a variety of metals and mining activities, including transition minerals mining.

B. Human Rights Policy and Due Diligence

2. What policies and procedures do you have in place to undertake initial and ongoing human rights due diligence regarding the companies and projects that you finance in the mining sector?

Deutsche Bank’s [Statement on Human Rights](#) outlines the bank’s cross-sectoral and sector- and activity-specific human rights commitments. The core principle of the bank’s approach is to not engage in business activities where Deutsche Bank has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank’s internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated. Deutsche Bank assesses its sectoral and geographical risk exposure to human rights violations regularly and undertakes due diligence to identify and assess the nature of the actual and potential adverse human rights impacts with which it may be directly or indirectly linked. Special attention will be paid to cases involving resettlement; cases where the bank identifies potential negative impacts on indigenous peoples; and cases where clients use security forces for site protection.

Due to its potential for environmental and social impacts, any transaction involving financing of mining (the extraction of minerals and metals) requires enhanced environmental and social review. Next to the management of environmental impacts, we assess how clients address workplace and community health and safety (including certification to internationally recognized standards such as OHSAS 18001) as well as community consultation, especially where operations are close to tribal areas or places of worship and/or affect indigenous land rights. We also assess how clients address engagement with artisanal miners on the site of the project, if applicable. Further, we positively value the application of best practices such as the Sustainable Development Principles of the International Council of Mining and Metals, the IFC’s Environmental, Health and Safety Guidelines for Mining, and the Voluntary Principles on Security and Human Rights.

The summary of these and further environmental and social provisions is also disclosed in Deutsche Bank’s [Environmental and Social Policy Framework](#).

- a. Do you have additional procedures applicable to transition minerals only?

No.

- b. Which risks to human rights do you consider as most salient in the mining sector in your risk assessment process?

As reflected by the due diligence provisions above, the mining sector has an increased risk of adverse impacts on workplace and community health and safety as well as communities in general, especially where operations are close to tribal areas or places of worship and/or affect indigenous land rights. There are also

risks associated with the use of security forces for site protection and risks of conflicts with artisanal miners on the site of the project, if applicable.

- c. Does your due diligence processes involve consultation with the affected communities by any of the mining projects?

Deutsche Bank's internal due diligence is enhanced by the use of external tools/databases (which are available to support the risk evaluation process) and, where appropriate, by direct interaction with clients as well as consultation with potentially affected groups and other relevant stakeholders. In selected cases, Deutsche Bank may choose to engage independent subject matter experts to support the due diligence process and to assist with evaluating potential risks and possible mitigation actions.

- d. Do you have exclusion policies in place in relation to past track record of human rights abuses of potential new clients in the mining sector?

We consider past track records of clients in conducting due diligence. The core principle of the bank's approach is to not engage in business activities where Deutsche Bank has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank's internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated. If Deutsche Bank has concerns about a client with regards to human rights, it consults with relevant stakeholders. This might include direct engagement with the client to better understand the issue and the mitigants in place, but also with civil society representatives that are familiar with the situation. Where appropriate, the bank obtains the advice of independent experts. Based on all available information and its assessment of the risks that have been identified, the bank decides on the further course of action, which may include termination of a business relationship.

- e. Who assesses human right risks associated with clients in the mining sector (departments, positions etc.)?

Deutsche Bank's Group Sustainability function is responsible for developing policy requirements and overseeing business adherence related to the identification and management of adverse impacts on human rights in Deutsche Bank's business with clients. Employees have access to detailed guidelines for all sectors requiring mandatory referral to Group Sustainability. In cases where financing activities are linked to an actual or perceived impact on human rights, Deutsche Bank initiates environmental and social due diligence, including potential referral to the reputational risk process, where escalation to a senior body is required. The process is further described in the [Non-Financial Report](#).

3. Do you require new clients in the mining sector to have undertaken human rights due diligence before financing them? Have you ever refused financing or withdrawn financing of a mining operation as a result of failure to conduct human rights due diligence?

Due to its potential for environmental and social impacts, any transaction involving financing of mining requires enhanced environmental and social review, the details of which are available under B.2. above. In line with the Equator Principles, we also require human rights due diligence for relevant projects. It is important to note that the scope of human rights due diligence also heavily depends on the phase of the project and is defined case by case. Deutsche Bank will not engage in business activities where Deutsche Bank has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank's internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated.

In its annual [Non-Financial Report](#), Deutsche Bank discloses not only the number of transactions and clients reviewed by sector (see also A.1. above) but also the number of transactions that have been declined or escalated. Details on the escalation process are also available under B.2.e.

C. Tracking effectiveness of Human Rights Due Diligence

4. Do you have a process to determine whether mining projects you finance cause or contribute to adverse impacts on human rights?

Deutsche Bank has processes and channels in place to evaluate the effectiveness of clients' management approach to human rights. The bank evaluates effectiveness with regard to clients using a range of sources including transaction reviews for clients, in-house research, media reports, dialog with individual clients, and exchange on general trends and developments with peers.

In addition, specific monitoring applies for projects in line with the Equator Principles. The due diligence process and post-transactional monitoring involves discussions of critical issues with clients and tracking of remediation



actions. If the risks are deemed to pose a material reputational risk, or meet one of the internal mandatory referral criteria, the transaction will be referred to one of the four Regional Reputational Risk Committees.

5. Do you undertake any form of on the ground assessment of conditions at major mining projects sites?

Deutsche Bank's internal due diligence is enhanced by the use of external tools/databases and, where appropriate, by direct interaction with clients as well as consultation with potentially affected groups and other relevant stakeholders. In selected cases, Deutsche Bank may choose to engage independent subject matter experts to support the due diligence process and to assist with evaluating potential risks and possible mitigation actions. This can include on the ground assessments of Deutsche Bank itself or, more frequently, independent experts.

D. Reporting

6. Do you include information on your human rights due diligence for mining projects in any public sustainability reporting?

Yes, we report on our human rights due diligence process in our [Statement on Human Rights, ES Policy Framework](#) as well as in our [Non-Financial Report](#).

E. Remediation

7. Do you require your clients in the mining sector to have grievance mechanisms in place for each project? How do you assess their effectiveness?

As per the Equator Principles we require projects to have a grievance mechanism in place. The effectiveness is reviewed during the monitoring process.

8. Have you ever taken any steps to require or support a client in the mining sector in remediating a human rights impact?

In such cases, we consider adding related conditions within facility agreements and requiring actions to be completed if issues have been identified during monitoring.

9. Have you ever withheld loans or other financial services as a result of a failure to remediate to human rights abuses in the mining sector?

The core principle of the bank's approach is to not engage in business activities where Deutsche Bank has substantiated evidence of material adverse human rights impacts and it is determined through Deutsche Bank's internal processes that such adverse human rights impacts cannot be avoided or appropriately mitigated. Based on all available information and its assessment of the risks that have been identified, the bank decides on the further course of action, which may include termination of a business relationship.