

Standard Chartered Position Statement

Biofuels

Our approach

Standard Chartered is a leading financial institution focused on banking the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. For us, sustainability is about creating long-term value for our shareholders, working in partnership with our clients to make a positive economic and social contribution in the markets where we operate. We recognise that our success as a bank is linked intrinsically to the health and prosperity of these markets.

The biggest impact we have is through the businesses we finance. By providing finance efficiently and responsibly, we can generate value for our shareholders while creating value more broadly for society.

Our approach is to engage proactively with clients, governments, non-governmental organisations and communities to manage the impact that stems from our financing decisions. Our Position Statements assist in this approach by outlining the standards we encourage or expect our clients to align to. The Position Statements are applied through our internal Policies and Procedures and reference appropriate industry wide benchmarks such as the IFC Performance Standards and Equator Principles.

We want to be a force for good by working with our clients to improve their sustainability performance. We believe this approach will further strengthen and develop our long-term relationships with our clients, contributing to their competitive advantage and promoting sustainable economic growth in our communities.

While the Group voluntarily adheres to these non-legally binding Position Statements, they reflect our aspiration to apply these principles consistently and to conduct our business with the highest standard of ethics and integrity. All staff are required to adhere to the Position Statements and endeavour to achieve these goals in line with our Group Code of Conduct and to live up to our brand promise of Here for good.

Scope

The Bank is organised to service the following four client segment groups:

- Corporate and Institutional Banking;
- Commercial Banking;
- Private Banking; and,
- Retail Banking.

This Position Statement applies to all debt, equity and advisory services provided by the Bank for new and existing Corporate and Institutional Banking clients.

This Position Statement also applies to all lending provided to Commercial Banking clients, and Business Banking clients in our Retail Banking segment. The capacity and capability of such clients to meet international standards may be limited, but as a minimum standard, we will apply our restrictions (see 'Our commitment' below), and promote sustainable practices where appropriate.

We recognise that our level of influence and assessment is dependent on the nature of the services we provide.

Application to the Sector

For the purposes of this Position Statement, biofuels refers to all businesses that cultivate and process products from growing biofuels.

Our concern

Biofuels¹ are often considered as a solution to help mitigate climate change, as a step towards energy security and as enhancing rural development. Developed appropriately, some biofuels can also offer substantial greenhouse gas savings on a sustainable basis.

Standard Chartered recognises the biofuels sector faces potential environmental and social challenges, some of which may include variable net benefits in reducing greenhouse gas emissions when substituting biofuels for fossil fuels, biodiversity degradation through conversion of natural habitats for growing biofuels, potential effects on food security from using land to grow biofuels rather than staple food crops, water supply demands for growing and processing biofuels, water and land pollution from unmanaged waste and excessive use of agricultural inputs e.g. fertilisers. Potential social impacts include poor labour and working conditions and impacts on land and customary rights of local and indigenous communities through expansion and conversion of land for biofuels production.

Our commitment

Where biofuels operations have potential adverse environmental and social impacts and are located in countries which are not High Income OECD members, we use the following standards to assess the capability of our clients to manage these impacts:

- The most recent IFC Performance Standards²
- The IFC General Environmental, Health and Safety Guidelines³
- The IFC Industry Sector Guidelines on Plantation Crop Production, Annual Crop Production, Vegetable Oil Processing

Where applicable, we will also look to the following industry best practices, guidelines and bodies to determine effective responses to risks faced by clients:

- The Roundtable on Sustainable Biomaterials (RSB)⁴ Principles and Criteria
- The Cartagena Protocol⁵ on Biosafety for biofuels containing GMOs

Standard Chartered is aware that in some circumstances environmental and or social risks and impacts cannot be successfully mitigated. In the biofuels sector we will therefore restrict the provision of financial services to Corporate and Institutional Banking, Commercial Banking, and Business Banking clients who:

- Do not adversely impact natural forest through clearance for conversion to grow biofuels or for the use of natural forest timber for biofuels
- Avoid contravention of, or disruption to the use of, crops for local food supply or consumption
- Do not significantly impact upon, or have operations located within:
 - UNESCO⁶ World Heritage Sites
 - RAMSAR⁷ Wetlands, unless operations would result in 'no net loss' of biodiversity
- Follow IFC Performance Standard 6 where operations impact upon Protected Areas or Critical Habitats

And to Corporate and Institutional Banking clients who:

- Demonstrate that biofuels production results in a net greenhouse gas emissions reduction over their lifecycle
- Have implemented, or are in the process of implementing, an environmental and social management system which controls their specific risk exposure

¹ Biofuels are considered for this scope to be solid, liquid or gaseous fuel derived from recently living biological/organic material.

² <http://www.ifc.org/performancestandards>

³ <http://www.ifc.org/ehsguidelines>

⁴ <http://rsb.epfl.ch/>

⁵ <http://bch.cbd.int/protocol/>

⁶ <http://whc.unesco.org/en/list>

⁷ http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__

- Support the application of the Equator Principles⁸

Feedback

We welcome feedback on our Position Statements. Please contact us at our.environment@sc.com

⁸ <http://www.equator-principles.com/>