

Standard Chartered Position Statement

Chemicals and Manufacturing

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, chemicals and manufacturing refers to the manufacture and processing of chemicals, including pharmaceuticals, petrochemicals, and agrochemical manufacture. Manufacturing covers the manufacture of products (not covered by other guidelines), including cement, metals, plastics, rubber products, glass products, textiles and high technology.

Our concern

Products from the chemical and manufacturing industries have become part of everyday life for the majority of the world's population and usage is most likely to increase. Given the nature of the resource

use, processes and materials used in this sector, there can be significant sustainability concerns related chemicals and manufacturing if these are not managed appropriately.

Standard Chartered recognises the chemicals and manufacturing sector faces potential environmental and social challenges, some of which may include resource use, including energy and water for production; occupational health and safety in production and processing; labour and working conditions; impact of products on the environment and human health; and management of chemical by-products and wastes so they are properly disposed of.

Our commitment

Where chemical and manufacturing 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 Corporate and Institutional Clients to manage these impacts:

- The most recent IFC Performance Standards¹
- The IFC General Environmental, Health and Safety Guidelines²
- The IFC Industry Chemicals Sector Guidelines as applicable
- The IFC Industry General Manufacturing Sector Guidelines as applicable

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

- The International Organisation for Standardisation (ISO)
- The Globally Harmonised System
- The Cartagena Protocol on Biosafety for GMOs³

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

- Do not significantly impact upon, or have operations located within:
 - UNESCO⁴ World Heritage Sites
 - RAMSAR⁵ 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
- If they are involved in the export of hazardous waste, have the necessary permissions under applicable international conventions⁶
- Adhere to host country regulations on the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer
- Adhere to host country regulations on the Rotterdam Convention⁷ and the Stockholm Convention⁸
- Do not produce or sell unbonded asbestos fibres, and follow the ILO Code of Practice on Safety in the use of bonded asbestos⁹

And to Corporate and Institutional Banking clients who:

¹ <http://www.ifc.org/performancestandards>

² <http://www.ifc.org/ehsguidelines>

³ <http://bch.cbd.int/protocol/>

⁴ <http://whc.unesco.org/en/list>

⁵ http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__

⁶ *The Basel Convention on the Control of Transboundary Movements of Hazardous Waste (which applies globally except for the US), and where appropriate the Bamako Convention (for African countries that are party to it) and the Waigani Convention (for South Pacific countries that are party to it).*

⁷ *The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade*

⁸ *The Stockholm Convention on Persistent Organic Pollutants*

⁹ http://www.ilo.org/wcmsp5/groups/public/@ed_protect/@protrav/@safework/documents/normativeinstrument/wcms_107843.pdf

- Have implemented, or are in the process of implementing, an environmental and social management system which controls their specific risk exposure
- Support the application of the Equator Principles¹⁰

Feedback

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

¹⁰ <http://www.equator-principles.com/>