

Standard Chartered Position Statement

Gambling

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 purpose of this Position Statement gambling is defined as per the UK Gambling Act of 2005¹:

Gambling is defined as gaming, betting or participating in a lottery. Gaming is defined as playing a game of chance for a prize. Games of chance include those games that involve both an element of chance and an element of skill, or an element of chance that can be eliminated by superlative skill, or a game that is

¹ <http://www.legislation.gov.uk/ukpga/2005/19/contents>

presented as involving an element of chance. Betting means making or accepting a bet on the outcome of a race, competition or other event or process, or the likelihood of anything occurring or not occurring, or whether anything is or is not true. A lottery is defined by persons paying in order to participate in an arrangement, in the course of which one or more prizes are allocated to one or more members, and the prizes are allocated by a process which relies wholly on chance. Remote gambling is gambling in which persons participate by the use of remote communication, that is to say the internet, telephone, television, radio or any other kind of electronic or other technology for facilitating communication.

Our concern

The legal gambling industry has experienced substantial growth over the last 10 years, particularly in Asia, which has been fuelled not only by the Internet, but also by the global tourism industry. Gambling activities generate economic benefits for the community, such as real estate development (i.e. hotels and restaurants), job creation and tax revenues.

Standard Chartered recognises the gambling sector faces potential challenges, some of which may include fostering organised crime, prostitution, facilitating money laundering, and problem gambling and personal bankruptcy.

Our commitment

We look to the following industry best practices, guidelines and bodies as reference standards and use them to determine the level of expected performance from our clients:

- The Financial Action Task Force (FATF)² Recommendations relating to the gambling sector
- The International Association of Gaming Regulators³ eGambling Guidelines

We also require clients in the gambling sector to have in place:

- Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) policies and procedures, which must:
 - Take a risk based approach to AML/CFT
 - Detail the requirements for client due diligence and ongoing monitoring
 - Specify record retention timeframes
 - State the approach to Politically Exposed Persons
- Policies and procedures to promote responsible gambling in alignment with local and national regulation, including staff training and the provision of information

Standard Chartered is aware that in some circumstances the risk of financial crime and money laundering cannot be successfully mitigated. In the gambling sector we will therefore restrict the provision of financial services to clients who have appropriate AML / CFT procedures, and will not provide finance to gambling-sector clients whose turnover is less than USD25m.

Feedback

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

² <http://www.fatf-gafi.org/topics/fatfrecommendations/>

³ <http://iaagr.org/wp-content/uploads/eGamblingguidelines-September-2008.pdf>