

Standard Chartered Position Statement

Ship Breaking

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, ship breaking refers to the dismantling of sea and inland waterway vessels.

Our concern

The ship breaking industry generates direct and indirect employment, and provides second-hand steel especially in the absence of domestic primary sources.

Standard Chartered recognises the ship breaking sector faces potential safety, environmental and social challenges, some of which may include hazardous environments for workers; environmental impacts such as noise, water and air pollution during the dismantling process; generation of significant amounts of waste including hazardous wastes requiring specialist handling and disposal; and poor employment conditions.

Our commitment

Where ship breaking 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 Standards¹
- The IFC General Environmental, Health and Safety Guidelines²
- The IFC Industry Sector Guidelines for Shipping and Ports, Harbours and Terminals

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 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships³
- The ILO Guidelines on safety and health in ship breaking⁴
- The UNEP and Secretariat of the Basel Convention, Technical Guidelines for the Environmentally Sound Management of the Full and Partial Dismantling of Ships⁵

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

- 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:

- Have, 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 Principles⁸

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

² <http://www.ifc.org/ehsguidelines>

³ <http://www.imo.org/about/conventions/listofconventions/pages/the-hong-kong-international-convention-for-the-safe-and-environmentally-sound-recycling-of-ships.aspx>

⁴ <http://www.ilo.org/public/english/standards/relm/gb/docs/gb289/pdf/meshs-1.pdf>

⁵ <http://www.basel.int/Portals/4/Basel%20Convention/docs/meetings/sbc/workdoc/techgships-e.pdf>

⁶ <http://whc.unesco.org/en/list>

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

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

Feedback

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