

## Standard Chartered Position Statement

# Tobacco

### 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, tobacco refers to upstream tobacco growers and processors; and downstream tobacco leaf traders and product manufacturers. Tobacco products are products made entirely or partly from leaf tobacco as a raw material, which are intended to be smoked, sucked, chewed or snuffed.

## Our concern

Tobacco growers and processors are a significant contributor to economic growth in some of our markets, primarily as providers of employment. The industry faces significant sustainability and ethical challenges, principally in its marketing activities and communication of the health risks of tobacco - tobacco consumption remains a major contributor to premature death.

Standard Chartered recognises the tobacco sector faces potential safety, environmental and social challenges in addition to those stated above, some of which may include use of child labour in the supply chain, exposure of workers to agrochemicals, impacts on areas of high biodiversity, often through the clearance of natural habitats, soil loss and degradation, and water use and pollution, notably through the use of wood as a fuel for tobacco curing.

## Our commitment

Where tobacco 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 Standards<sup>1</sup>
- The IFC General Environmental, Health and Safety Guidelines<sup>2</sup>
- The IFC Industry Sector Guidelines on Annual Crop Production

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

- If manufacturing of finished tobacco products, disclose the contents, emissions and ingredients of their tobacco products and ensure that tobacco packaging includes a health warning and that deceptive labels are not used
- Do not significantly impact upon, or have operations located within:
  - UNESCO<sup>3</sup> World Heritage Sites
  - RAMSAR<sup>4</sup> 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 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 Principles<sup>5</sup>

## Feedback

We welcome feedback on our Position Statements. Please contact us at [our.environment@sc.com](mailto:our.environment@sc.com).

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

<sup>2</sup> <http://www.ifc.org/ehsguidelines>

<sup>3</sup> <http://whc.unesco.org/en/list>

<sup>4</sup> [http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218\\_4000\\_0\\_\\_](http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__)

<sup>5</sup> <http://www.equator-principles.com/>