

Standard Chartered Position Statement

Water

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

This Position Statement applies across all sectors.

Our concern

Freshwater is a limited resource and access to it is exacerbated by population growth, pollution, urbanisation and climate change. Globally an estimated 1.8 billion people will be subject to absolute water scarcity by 2025¹.

Standard Chartered recognises that water supply is finite but demand from agriculture, industry, energy and domestic users continues to grow and in areas there is a shortfall between demand and supply. This may lead to impacts including desertification, depletion of aquifers and droughts.

Our commitment

Recognising the scale of the challenge represented by water scarcity and that water as a resource should be preserved, in addition to any requirements which apply to a specific sector we encourage our clients to:

- Reduce water usage where the operations or project is a potentially significant consumer of water so that the project's water consumption does not cause or contribute to unacceptable water stress on third parties (including local communities), in accordance with IFC Performance Standard 3 as appropriate
- Avoid the release of effluent, or when not possible minimise and manage the impact in accordance with the relevant IFC EHS Guidelines (including Water and Sanitation) and IFC Performance Standard 3 as appropriate
- Implement technically and financially feasible measures for improving water consumption, with a focus on areas that are considered core to the operation of the business, as outlined in IFC Performance Standard 3 as appropriate
- Encourage, or require as appropriate, similar measures from their suppliers to reduce the overall water consumption of the supply chain

We are committed to identifying commercial opportunities in the water, wastewater treatment and sanitation sectors.

We will only finance desalination plants, either as standalone projects or associated facilities, where there are appropriate measures to mitigate the adverse impact related to the disposal of brine and / or abstraction of seawater.

Our initiatives

To play our part in tackling this global issue, we are:

- Following a water reduction target for our own operations where we have control of water facilities, and report our performance annually
- Raising awareness on the issues of water pollution and water conservation locally to deliver benefits to the communities in which we operate

Feedback

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

¹ UNESCO Facts and figures about water scarcity <http://www.unesco.org/water/news/newsletter/180.shtml>