

Agro-Industries

We remain committed to promoting sustainable practices in these sectors, while supporting economic growth and prosperity.

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](#).

Applicable to

This Position Statement reflects the sector-specific criteria we assess our clients against when considering providing financial services to Agro-Industries.

Agribusiness refers to the cultivation, processing and distributing of products from agriculture including livestock, meat and dairy products, growing biofuels, soy, cotton, rubber, cocoa; and tobacco producers, traders and manufacturers.

Fisheries refers to the catching, processing, or selling of fish, shellfish or other aquatic animals for direct consumption or leisure purposes; and aquaculture.

Forestry refers to the cultivation and felling of trees, and downstream users involved in the milling of timber for pulp, paper, sawn timber and veneer, and operations which process, distribute and use products from forests such as timber and paper.

Palm Oil refers to palm oil plantations and mills, scheme smallholders, independent small holders, and palm oil refiners and related traders.

Our commitment

As a key part of our mission to be Here for good, we only provide financial services to clients who manage their environmental and social impacts responsibly. The sector-specific criteria in this position statement, along with those in the [cross-sector requirements](#) set out the standards we assess our clients against.

We regularly engage with our clients to confirm that they're aligned with our environmental and social requirements, and consult with industry experts to ensure these stay relevant and effective.

Agribusiness

Where agribusiness 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 on Mammalian Livestock Production, Poultry Production, Plantation Crop Production, Annual Crop Production, Sugar Manufacturing, Vegetable Oil Processing, Dairy Processing, Meat Processing, Food and Beverage Processing and Breweries
- The IFC Good Practice Note on Animal Welfare in Livestock Operations

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

- Global Good Agricultural Practices (G.A.P.) Standards³
- The Fairtrade Labelling Organisation⁴
- Rainforest Alliance certification
- UTZ certification
- The Cartagena Protocol on Biosafety for GMOs⁵
- The World Organization for Animal Health's Animal Welfare Standards
- The FAO International Code of Conduct on the Distribution and Use of Pesticides
- The Roundtable on Sustainable Biomaterials (RSB)⁶ Principles and Criteria

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

- Do not trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Do not significantly impact upon, or have operations located within:
 - UNESCO⁷ World Heritage Sites
 - RAMSAR⁸ 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 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

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 Principles⁹ where applicable
- Demonstrate alignment with IFC standards where they are involved in the production of soy, cocoa and coffee beans, sugarcane, cotton or livestock commodities due to the heightened potential for child and forced labour, poor animal welfare conditions and the clearance of primary tropical forest for land development
- Demonstrate that biofuels production results in a net greenhouse gas emissions reduction over their lifecycle

Fisheries

Where fisheries 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 on Aquaculture and Fish Processing
- The IFC Good Practice Note on Animal Welfare in Livestock Operations, as applicable to aquaculture

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 Marine Aquarium Council¹⁰
- Global Good Agricultural Practices (G.A.P.) standards as applicable to aquaculture³
- The FAO Code of Conduct for Responsible Fisheries¹¹
- The Marine Stewardship Council¹²
- The Food and Agriculture Organisation (FAO)'s International Code of Conduct on the Distribution and Use of Pesticides¹³
- The World Organisation for Animal Health's Animal Welfare Standards, as applicable to aquatic animals¹⁴
- The FAO's Fisheries Management 2: The Ecosystem Approach to Fisheries, Technical Guidelines for Responsible Fisheries¹⁵
- The Aquaculture Stewardship Council¹⁶

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

- Do not practice shark-finning or trade shark fin
- Do not use driftnet fishing, deep sea bottom trawling, or fishing with the use of explosives or cyanide
- Do not trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Do not use vessels known to have conducted Illegal Unreported and Unregulated (IUU) fishing
- Follow strict catch documentation schemes
- Demonstrate effective efforts to reduce the amount of bycatch on an ongoing basis through the use of selective fishing gear¹⁸
- Do not significantly impact upon, or have operations located within:
 - UNESCO⁷ World Heritage Sites
 - RAMSAR⁸ 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 Principles⁹

Forestry

Where forestry 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 on Forest Harvesting Operations, Sawmilling and Wood Based Product, Board and Particle Based Product, and Pulp and Paper Mills

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 Forest Disclosure Project¹⁹
- The Forest Stewardship Council (FSC)²⁰ Principles and Criteria²¹

Standard Chartered is aware that in some circumstances environmental and or social risks and impacts cannot be successfully mitigated. In the forestry 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:
 - UNESCO⁷ World Heritage Sites
 - RAMSAR⁸ 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
- Do not use fire in their forestry or plantation operations, including in the clearance and preparation of land for planting
- Do not convert natural forests to wood plantations
- Do not adversely impact High Conservation Value Forests (HCVF) or primary tropical moist forest
- In the absence of FSC or equivalent certification, follow IFC Performance Standard 7 where operations impact on indigenous peoples, including customary rights
- Follow an appropriate scheme to provide reliable evidence of the legality of the origin of the timber they supply, trade or process

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 Principles⁹

Palm oil

We will not provide financial services to clients who:

- Develop new plantations by converting or degrading:
 - High Conservation Value Forests (HCV)
 - High Carbon Stock Forests (HCS)
 - Primary forests;
 - Designated, national or international legally protected or preserved areas;
- Develop new plantations on fragile soils, including swamps and peat, regardless of depth;
- Use fire in their plantation operations, including in the clearance and preparation of land for planting;
- Exploit people or local communities. We expect consent to have been obtained through a credible Free Prior Informed Consent (FPIC) process.

Standard Chartered applies a set of requirements which we expect our clients to comply with or commit to comply with in an agreed credible timeframe. Only a small proportion of palm oil available today is certified and we commit to work with the Roundtable on Sustainable Palm Oil (RSPO) to increase the availability of RSPO-certified palm oil and to encourage our clients to contribute to its usage.

A number of our clients including producers, refiners and traders are already members of RSPO evidenced through regular reporting on progress and participation in working groups. We expect all remaining clients to apply for RSPO membership by the end of 2018. This may be at either the parent or subsidiary level.

Our requirements are as follows:

- **Producers (growers and mills)** - we require:
 - A time bound plan to achieve 100% RSPO certification;
 - For new clients, we will only provide financial services to firms committing to No Deforestation, No Peat and No Exploitation (NDPE);
 - For existing clients, we require a public commitment by the end of 2018 on NDPE, verified by credible assessors when developing new plantations.
- **Refiners** - we require:
 - A time bound plan to achieve 100% RSPO certification of owned facilities;
 - Maximising the use of RSPO certified palm oil and we expect our clients to actively pursue 100% certified palm oil in line with industry best practices.
- **Traders** - we expect:
 - Our clients to maximise the trading of palm oil primarily from RSPO certified palm oil suppliers employing RSPO approved supply chain certification mechanisms.

In our experience in working with the palm oil sector, we have found the following guidelines and procedures to be the most effective:

- IFC Performance Standards and Industry Sector Guidelines on Plantation Crop Productions and Vegetable Oil Processing;

- The High Carbon Stock Approach Toolkit and ProForest Good Practice Guidelines, for integrating HCS-HCV assessments and FPIC into the Environmental and Social Impact Assessment (ESIA) process;
- RSPO New Plantings Procedure (NPP) for all new plantations;
- RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat.

Implementation

Our bankers, supported by internal environmental and social risk specialists, and independent consultants as required, will work closely with existing clients who do not currently meet the standards set out in this Palm Oil Position Statement, to develop a credible time-bound action plan for compliance and to monitor the client's progress against that plan.

In cases where clients are unable or unwilling to comply with our requirements or agree to an action plan to address gaps with our requirements, we will exit the relationship taking into account existing contractual agreements.

The Future

Standard Chartered remains committed to supporting RSPO towards RSPO NEXT and the implementation of NDPE commitments across the sector.

We will continue to work with independent advisory firms and individuals who are experts in the implementation of environmental and social standards in the forestry sector.

We will continue to provide training for our staff to better understand environmental and social issues.

Feedback

Your views are important to us. If you'd like to give your feedback on any of our Position Statements, please get in touch via email at sustainability.feedback@sc.com

References

1. <http://www.ifc.org/performancestandards>
2. <http://www.ifc.org/ehsguidelines>
3. www.globalgap.org
4. <http://www.fairtrade.net/>
5. <http://bch.cbd.int/protocol>
6. <http://rsb.epfl.ch/>
7. <http://whc.unesco.org/en/list>
8. <https://www.ramsar.org/sites/default/files/documents/library/sitelist.pdf>
9. <http://equator-principles.com>
10. <http://www.aquariumcouncil.org/>
11. <http://www.fao.org/docrep/005/v9878e/v9878e00.HTM>
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13. <http://www.fao.org/docrep/005/y4544e/y4544e00.htm>
14. <http://www.oie.int/standard-setting/aquatic-code/>
15. <http://www.fao.org/docrep/005/y4470e/y4470e00.HTM>
16. <http://www.asc-aqua.org/>
17. <http://www.cites.org/eng/disc/how.php>
18. Such as net mesh size and shape, hook size and shape adapted to target species, method and depth of net deployment, turtle excluder devices (TEDs), bycatch reduction device and bird scaring devices.
19. <https://www.cdproject.net/en-US/Programmes/Pages/forests.aspx>
20. <https://ic.fsc.org/>
21. <https://ic.fsc.org/principles-and-criteria.34.htm>