

Standard Chartered Position Statement

Palm Oil

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 three client segment groups:

- Corporate and Institutional Clients, which includes Global Corporates, Local Corporates and Financial Institutions;
- Commercial and Private Banking Clients; and,
- Retail Clients, which includes Priority and International Clients, Personal and Preferred Clients, and Business Clients.

This Position Statement applies to all debt, equity and advisory services provided by the Bank for new and existing Corporate and Institutional Clients.

This Position Statement also applies to all lending provided to Commercial Clients, and Business Clients in our Retail 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, palm oil refers to palm oil plantations, crude palm oil mills, scheme smallholders, independent small holders, palm oil refiners and traders.

Our concern

Palm oil is a major agricultural commodity used extensively in edible and non-edible products. The palm oil industry has played a significant role in generating employment and export earnings in key producing countries.

Standard Chartered recognises the palm oil industry faces potential safety, environmental and social challenges, some of which may include clearing of primary tropical forest and critical natural habitat for endangered species such as tigers, elephants, orang-utans and rhino; land tenure conflicts and loss of livelihood of local communities; release of greenhouse gases during land clearance using fire, draining of peat land and other changes in land use; exposure of workers and local communities to agro-chemicals; soil loss and degradation; excessive water usage; and pollution.

Our commitment

Where palm oil 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 Roundtable on Sustainable Palm Oil (RSPO)¹ Principles and Criteria
- The most recent IFC Performance Standards²
- The IFC General Environmental, Health and Safety Guidelines³
- The IFC Industry Sector Guidelines on Plantation Crop Productions and Vegetable Oil Processing

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 ProForest Good Practice Guidelines for High Conservation Value assessments⁴

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

- Do not convert or adversely impact High Conservation Value Forests (HCVF) or primary tropical moist forest for palm oil plantations
- Do not use fire in their plantation operations, including in the clearance and preparation of land for planting
- Do not significantly impact upon, or have operations located within:
 - UNESCO⁵ World Heritage Sites
 - RAMSAR⁶ 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 Principles⁷

Feedback

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

¹ http://www.rspo.org/en/who_is_rspo

² <http://www.ifc.org/performancestandards>

³ <http://www.ifc.org/ehsguidelines>

⁴ <http://www.proforest.net/publication/bibliog.2008-07-18.8388100838>

⁵ <http://whc.unesco.org/en/list>

⁶ http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__

⁷ <http://www.equator-principles.com/>