Prohibited Activities

SME Banking

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For Wealth & Retail Banking (WRB), Environmental and Social (E&S) restrictions are governed by the **Prohibited Activities List**, which is regularly updated to reflect changes to the Position Statements. How we apply our Position Statements and how we define Financial Services is explained in our **Environmental and Social Risk Management (ESRM) Framework**. **Financial Services** in Small and Medium Enterprise (SME) Banking are defined as credit facilities. The following covers the criteria applicable to **SME Banking clients.**

Cross-sector requirements

We will **not** provide financial services to clients who:

- Are involved in child or forced labour, or violations of human rights.
- Have operations that adversely impact upon the Outstanding Universal Value of UNESCO World Heritage Sites.
- Trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES).

We will **not** provide financial services directly towards projects or activities that:

- Adversely impact upon the ecological character of wetlands, designated under the Ramsar Convention on Wetlands of International Importance.
- Convert or degrade High Conservation Value (HCV), High Carbon Stock (HCS) forests, or peatlands.

Agribusiness

We will **not** provide financial services to clients who:

- Convert or degrade High Conservation Value (HCV) areas, including forests or High Carbon Stock (HCS) forests, peatlands, Key Biodiversity Areas (KBA) or International Union for Conservation of Nature (IUCN) Protected Area categories I-III for new plantations or farmland.
- Use fire, including for land clearance, and/or in the preparation of land for planting.
- Use pesticides categorized as 1A or 1B by the World Health Organisation (WHO); substances banned under the Stockholm Convention on Persistent Organic Pollutants (POP); or substances listed in Annex III of the Rotterdam Convention in their operations – applicable to producers.

Animal welfare

We will **not** provide financial services directly towards:

- The production, manufacture or trade of fur, angora wool or exotic leather.[1]
- Production systems using layer cages for poultry or caged rearing systems for livestock, including gestation and farrowing crates for sows – applicable to producers.

Aquaculture and wild fisheries

We will **not** provide financial services to clients who:

- Practice shark finning, commercial whaling or process or trade shark fin and/or whales – applicable to wild capture fisheries.
- Use driftnet fishing, deep sea bottom trawling or fishing with the use of explosives or cyanide – applicable to wild capture fisheries.
- Conduct Illegal Unreported and Unregulated (IUU) fishing, or use vessels known to have conducted IUU fishing – applicable to wild capture fisheries.
- Harvest, trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Biofuels

We will **not** provide financial services directly towards:

- Operations that grow, process or manufacture biofuels grown on HCV-HCS land or recently deforested land; where it directly competes with food sources; or in areas of high-water stress.

Forestry

We will **not** provide financial services to clients who:

- Use fire in forestry or plantation operations including in the clearance and preparation of land for planting.
- Are involved in illegal logging or trading activities.

We will **only** provide financial services to clients who:

- Have Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certification for their production sites; or have an agreed timebound plan to achieve certification – applicable to producers.
- Follow an appropriate chain of custody scheme (FSC, PEFC or equivalent scheme[2]) for timber, pulp or paper products originating from high-risk countries,[3] to demonstrate the legal origin of the timber, including certification for those species regulated under the Convention of International Trade of Endangered Species (CITES) – applicable to processors, manufacturers and traders.

1. Exotic leather includes leathers from alligators, crocodile, lizards, python and kangaroos.
2. Equivalent scheme: a recognised verification system for legality and sustainability, as defined by the GFTN Guide to Legal and Responsible Sourcing.
3. High-risk countries: High-risk countries are defined using the Transparency International's Corruption Perceptions Index (CPI).

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 (as applicable).

We will **only** provide financial services to clients who:

- Have Roundtable on Sustainable Palm Oil (RSPO) membership and initiated certification as per RSPO Principles and Criteria Certification System for owned or managed units of production, with a timebound plan to become fully certified – applicable to producers.
- Have RSPO membership and RSPO Supply Chain Certification of owned facilities and/or obtain a RSPO Traders License – applicable to refiners and traders with direct linkages to units of production (plantations).

Soy

We will **not** provide financial services to clients who:

- Grow, process or trade soy from the Brazilian Amazon in contravention of the Amazon Soybean Moratorium implemented in 2006.

Tobacco and vapes

We will **only** provide financial services to clients who:

- Disclose the emissions and ingredients of their tobacco products.
- Ensure that the packaging of tobacco products includes a graphic health warning about the addictive nature and mortal threat posed by tobacco consumption and do not use deceptive labels (e.g. ‘light’ or ‘mild’) or engage in advertising, promotion or sponsorship directed at minors.
- For vapes, ensure that the packaging includes a warning about the addictive nature of nicotine, and do not engage in advertising, promotion or sponsorship directed at minors.

Chemicals and manufacturing

Chemicals

We will **not** provide financial services to clients who:

- Manufacture or produce goods containing ozone depleting substances, persistent organic pollutants (POPs), pesticides, and industrial chemicals and compounds such as mercury, in contravention of international restrictions, phase-outs or prohibitions.
- Conduct testing on animals for personal care products and household care products, unless mandated by law.

We will **only** provide financial services to clients who:

- Have an adequate policy in place to ensure environmentally and socially responsible disposal/transport of hazardous waste, aligned to the Basel Convention.

Manufacturing

We will **not** provide financial services to clients who:

- Trade or manufacture asbestos-containing products.
- Produce products that contain plastic microbeads for personal care products such as cosmetics and cleaning agents.

We will **only** provide financial services to clients who:

- Have an adequate policy in place to ensure environmentally and socially responsible disposal/transport of hazardous waste, aligned to the Basel Convention.

Extractive industries

Oil and gas

We will **only** provide financial services to clients who:

- Have implemented or are in the process of implementing an asset Health, Safety and Environmental (HSE) case, or equivalent, for all new and existing onshore and offshore production facilities, including arrangements for examination of well design, construction and well control safety critical equipment by a competent authority.

Metals and mining

We will **not** provide financial services directly towards:

- Asbestos mines
- Mines that conduct direct marine and riverine tailings disposal.
- Greenfield mines in UNESCO World Heritage Sites or Ramsar Sites.

Thermal Coal

Client entity level criteria

We will **not** provide new financial services and will phase out existing financial services to client entities who:

i. Acquire or invest in Thermal Coal mines or Thermal Coal-fired power plants;

ii. Develop Thermal Coal Assets; or

iii. Are:

- More than 60 per cent dependent on Thermal Coal Activities (based on percentage of revenue);
- By 2027, more than 40 per cent dependent on Thermal Coal Activities (based on percentage of revenue); or
- By 2030, more than 5 per cent dependent on Thermal Coal Activities (based on percentage of revenue).

Client entity level criteria do not apply to client entities who:

i. Are 5 per cent or less dependent on Thermal Coal Activities (based on percentage of revenue).

ii. Use Thermal Coal for captive purposes to support the manufacturing process in industries such as aluminium, cement and steel where there is no economically viable alternative.

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