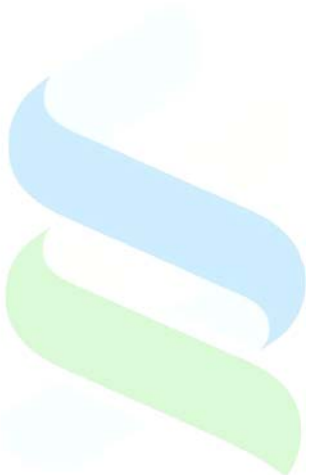


MINING AND METALS

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INTRODUCTION TO SECTOR AND ISSUE POSITION STATEMENTS

Standard Chartered Bank (SCB) is a leading financial institution across Asia, Africa and the Middle East. With a deep presence in many markets, our future is tied to the successful social and economic development of these countries over the long term. Sustainable development is essential; for our clients, our communities and our shareholders.

We recognise that as a financial institution, the biggest impact we have on society and the natural environment is through the business activities of our clients. Our aspiration is to be a “Force for Good” and to initiate and support real changes in the markets in which we operate through our commitment to sustainable development.

Our long experience in emerging markets has taught us that reform takes time, and that positive change is best fostered in an environment of economic growth. Achieving sustainable development requires finding the right balance between economic, social and environmental concerns and is the collective responsibility of businesses, individuals and governments.

Our objective is to serve our clients commercially, while actively engaging with them and other stakeholders to work towards the implementation of sustainable business practices over a reasonable period of time. In so doing, we believe this will create competitive advantage for our clients, contribute to the development of local communities and play a part towards securing a better environment for future generations.

Sector and Issue Position Statements

One of SCB’s guiding principles for sustainable development is to consider environmental and social issues in our business activities. In order for us to evaluate and, where necessary, mitigate the social and environmental risks associated with business decisions, we have developed the following position statements to provide guidance on our approach towards sectors with high potential for social or environmental impact.

These position statements set out standards and practices to be followed when we conduct our activities. They are key elements of our “Building a Sustainable Business” strategy and govern the financial services provided by SCB globally. As SCB is also a signatory to the Equator Principles, these position statements complement and reinforce our commitment to those principles.

- Child Labour
- Forestry and Palm Oil
- Mining and Metals
- Dams
- Biofuels
- Fossil-Fuelled Power Generation
- Climate Change
- Transportation of Hazardous Materials
- Ship Breaking
- Oil & Gas
- Tobacco
- Gaming and gambling
- Nuclear

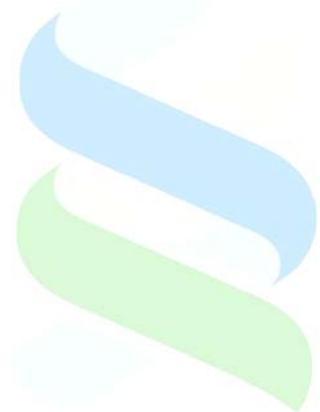
Training

Our banking professionals are required to make reasoned, common sense judgements on environmental and social issues. SCB is committed to provide appropriate training for personnel to better understand the environmental and social risks associated with financing the various sectors highlighted above.

Engagement and feedback

SCB welcomes all comments and feedback on our approach to Sector Position Statements. Should you wish to provide feedback please contact the Bank's Group Sustainability office at Our.environment@standardchartered.com.

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MINING AND METALS

Mining and Metals companies are involved in the production and beneficiation of steel, aluminium, precious and platinum group metals, base metals, industrial minerals and coal. The process of extraction and processing of minerals and metals has an impact on the environment and neighbouring communities; and the fungible nature of metals, as commodities, mean these businesses contribute to domestic and international economies directly through job creation, taxes and royalties and indirectly through community development and advancement.

Statement of Commitment

This position statement outlines our endeavours to encourage our clients in the sector towards responsible and sustainable development and forms an integral part of our good corporate citizenship.

As part of our aspiration to be a “Force for Good”, we conduct our business with responsible clients, encouraging our clients to deploy effective market based solutions that take into account the social and environmental concerns that their businesses may have, creating sustainable value for their shareholders, employees, contractors, suppliers, customers, business partners and host communities.

Scope of the statement

This position statement will apply to all lending, debt capital markets activities, project finance, principal finance, and advisory work provided by the bank to new and existing clients in the mining and metals sector worldwide.

For the purpose of this statement, the mining and metals sector includes mining companies and producers of metals which engage in the following activities: exploration, mine construction, minerals extraction and mine operation, processing of minerals and mine closure and rehabilitation.

SCB adopted the Equator Principles ⁽¹⁾ in 2003, therefore all project finance and advisory transactions will be undertaken in accordance with both the Equator Principles and this position statement.

Sector standard

SCB clients in the mining and metals sector are expected to operate in accordance with the relevant international, regional and national laws. In jurisdictions where appropriate standards do not exist and/or potential environmental and social impacts are high, the International Finance Corporation (IFC) Performance Standards ⁽²⁾ and IFC Environmental, Health and Safety (EHS) industry sector guidelines on Mining ⁽³⁾ shall be used as a benchmark of internationally accepted standards.

It is the bank’s policy not to provide financial assistance to mining and metals operations located in, or significantly impacting:

- UNESCO World Heritage Sites⁽⁴⁾, unless the activities pre-date the UNESCO designation;
- Wetlands on the Ramsar list⁽⁵⁾; and
- Critical Natural Habitats.

Since the determination of critical natural habitat requires professional expertise and judgement, clients should retain suitably qualified external expert to provide assistance.

Diamond: It is the bank's policy not to finance the mining or trading of rough diamonds not certified under the Kimberley Process Certification Scheme⁽⁶⁾.

Uranium: SCB recognises the International Atomic Energy Agency (IAEA)⁽⁷⁾ as the global focal point for nuclear co-operation and regulation.

Gold: SCB strongly encourages our clients in the gold mining sector to observe the International Cyanide Management Code⁽⁸⁾, or its equivalent.

Best Practices

SCB encourages our clients to seek continual improvement in their environmental, health and safety and social performance by:

- Implementing an environmental policy and management system to review, prevent or ameliorate adverse environmental impacts. This should include a waste and tailings management strategy that takes into account the environmental and social impact of waste and tailings storage and disposal; and a credible mine rehabilitation and closure plan;
- Implementing a policy and management system to manage health and safety of employees, contractors and local communities. This should include employee and contractor training, regular health surveillance, effective emergency response procedures consistent with the recommendations in the UNEP Awareness and Preparedness for Emergencies at a Local Level (APELL) for Mining⁽⁹⁾ framework and workplace safety programs which look into physical, chemical, biological and radiological hazards;
- Maintaining the safety and security of their operations within an operating framework that respect human rights and fundamental freedoms, consistent with the Voluntary Principles on Security and Human Rights⁽¹⁰⁾;
- Aligning their operations and strategies with the principles on human rights, labour standards, the environment and anti-corruption as outlined in the United Nations Global Compact Framework⁽¹¹⁾. This should include recognition of the rights of small scale and artisanal miners, indigenous peoples and the risks to their livelihood.
- Achieving greater governance and transparency through support of the Extractive Industries Transparency Initiative⁽¹²⁾; and
- Operating in accordance with the sustainable development principles advocated by international industry associations i.e. International Council on Mining and Metals⁽¹³⁾.

Implementation and Compliance

As part of SCB's commitment to support our clients in the maintenance of high standards of sustainable development, we endeavour to integrate environmental and social considerations into our business decisions, in all our markets.

We understand that some clients may not have met the standards set out above due to a number of factors, including legacy assets. In such circumstances, we will expect our clients to have/develop a credible, documented time-bound action plan to achieve the standards.

Engagement and feedback

SCB welcomes all comments and feedback on our approach to Sector Position Statements. Should you wish to provide feedback please contact Bank's Group Sustainability office at Our.environment@standardchartered.com.

In addition, should you be interested in the progress of the bank's implementation of its Sustainability strategy, please visit our Sustainability Website ⁽¹⁴⁾.

NOTES AND GLOSSARY

¹ **Equator Principles** are a benchmark for the financial industry to manage environmental and social issues in project finance and advisory transactions.

(<http://equator-principles.com>)

² The IFC's **Performance Standards** define the roles and responsibilities of companies for managing the social and environmental risks and impacts of their projects.

(<http://www.ifc.org/ifcext/enviro.nsf/Content/PerformanceStandards>)

³ The IFC's **Environmental, Health, and Safety Guidelines (EHS)** are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP). They contain the performance levels and measures that are normally acceptable to IFC and are generally considered to be achievable in new facilities at reasonable costs by existing technology.

(<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>)

⁴ The **United Nations Educational, Scientific and Cultural Organization (UNESCO)** seeks to encourage the identification, protection and preservation of cultural and natural heritage around the world considered to be of outstanding value to humanity.

The **UNESCO World Heritage Site** is a specific site, such as a forest, mountain, lake, desert, monument, building, complex, or city that is considered to be of outstanding importance to the common heritage of humanity.

(<http://whc.unesco.org/en/list>)

⁵ The **Ramsar Convention** is an international treaty for the conservation and sustainable utilisation of wetlands.

(<http://www.ramsar.org/sitelist.doc>)

⁶ The **Kimberly Process** is a joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds – rough diamonds that are used by rebel movements to finance wars against legitimate governments. The **Certification Scheme** is a voluntary system that imposes extensive requirements on Participants to certify that shipments of rough diamonds are free from conflict diamonds.

(www.kimberleyprocess.com)

⁷ The **International Atomic Energy Agency (IAEA)** is the world's centre of cooperation in the nuclear field. It works with its Member States and multiple partners worldwide to promote safe, secure and peaceful nuclear technologies.

(<http://www.iaea.org/Publications/Documents/Treaties/index.html>)

⁸ The **International Cyanide Management Code** is a voluntary initiative for the gold mining industry and the producers and transporters of the cyanide used in gold mining. It focuses exclusively on the safe management of cyanide that is produced, transported and used for the recovery of gold, and on cyanidation mill tailings and leach solutions.

(http://www.cyanidecode.org/about_code.php)

⁹ The **Awareness and Preparedness for Emergencies at a Local Level (APELL)** is a programme developed by UNEP in conjunction with governments and industry with the purpose of minimizing the occurrence and harmful effects of technological accidents and environmental emergencies.

(http://www.uneptie.org/pc/apell/publications/related_pubs.html)

¹⁰ The **Voluntary Principles on Security and Human Rights** were developed to guide companies in balancing the needs for safety while respecting human rights and fundamental freedoms.

(<http://www.voluntaryprinciples.org>)

¹¹ The **United Nations Global Compact** is a framework for business that is committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

(<http://www.unglobalcompact.org/AboutTheGC/index.html>)

¹² The **Extractive Industries Transparency Initiative (EITI)** is a coalition of governments, companies, civil society groups, investors and international organisations that aims to strengthen governance by improving transparency and accountability in the extractive sector.

(<http://www.eitransparency.org>)

¹³ The **International Council on Mining and Metals (ICMM)** was formed to represent leading international mining and metals companies who are committed to environmental, economic and social responsibility practices.

(http://www.icmm.com/icmm_principles.php)

¹⁴ Standard Chartered Bank - Sustainability Website

(<http://www.standardchartered.com/sustainability/index.html>)