

**TRANSPORTATION OF HAZARDOUS
MATERIALS**

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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

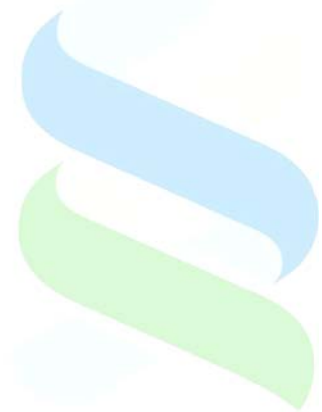
Training

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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TRANSPORTATION OF HAZARDOUS MATERIALS

Spills of hazardous materials, including oil, are the result of a combination of actions and circumstances, all of which contribute in varying degrees to the outcome. Most spills from tankers result from routine operations such as loading, discharging and bunkering, which normally occur in ports or at oil terminals, however, the majority of these spills are small. Accidental causes such as groundings and collisions generally give rise to much larger spills.

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 endeavour to 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 involved in the transportation of hazardous materials worldwide.

For the purposes of this statement, a hazardous material is defined as any solid, liquid, or gas that can harm people, other living organisms, property, or the environment ⁽¹⁾. This statement also covers land, air and water modes of transportation.

SCB adopted the Equator Principles in 2003, therefore all project finance and advisory transactions will be undertaken in accordance with both the Equator Principles⁽²⁾ and this position statement.

Sector standard

Standards for transportation of hazardous materials vary country by country and are continuously evolving. SCB clients in this 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 ⁽³⁾ and IFC General Environmental, Health and Safety (EHS) ⁽⁴⁾ guidelines, shall be used as a benchmark of internationally accepted standards.

In accordance with the revised phase-out schedule for single hull oil tankers, the bank will not provide financial assistance to the transportation of heavy grades of oil ⁽⁵⁾ in single-hull vessels starting in 2010.

In the interim period, SCB’s strong preference is not to provide finance to single-hulled vessels; however, in exceptional circumstances this might be unavoidable. In these cases, the bank prefers to work with clients that have procedures in place to prevent, minimize, and controls spills of hazardous materials or oil from vessels, including:

- Operational certification of the ship according to applicable requirements depending on the purpose and capacity of the vessel;

- For oil tankers, following applicable requirements, including those related to double-hull design, and a phase-out timetable for existing single-hull tankers;
- Preparing and implementing spill prevention procedures for bunkering activities in port and at sea.

Principal Guidelines

SCB prefers to work with clients that have procedures in place that ensure that their operations, where applicable, are in compliance with:

- United Nations Model Recommendations on the Transport of Dangerous Goods ⁽⁶⁾;
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal ⁽⁷⁾;
- Rotterdam Convention on the Prior Inform Consent (PIC) Procedure for Certain Hazardous Chemicals and Pesticides in International Trade ⁽⁸⁾;
- International Maritime Dangerous Goods (IMDG) code ⁽⁹⁾ for sea transport;
- International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 relating thereto (MARPOL 73/78) ⁽¹⁰⁾;
- International Air Transport Association (IATA) Dangerous Goods Regulations (DGR)⁽¹¹⁾;
- International Civil Aviation Organization Technical Instructions (ICAO TI) on the Safe Transport of Dangerous Goods by Air ⁽¹²⁾.

In addition, SCB encourages our clients to:

- Implement guidance for the prevention and consequence minimisation of catastrophic releases of hazardous materials, which may result in toxic, fire, explosion, or other hazards during transportation.
- Prepare a Hazardous Material Transportation Plan for operations and/or projects which transport hazardous materials at or above the threshold quantities established by the UN – Transport of Dangerous Goods – Model Recommendations cited above.

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 of our clients may not have met the guidelines 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 set within.

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.

In addition, should you be interested in the progress of the bank's implementation of its Sustainability strategy, please visit our Sustainability Website ⁽¹³⁾

NOTES AND GLOSSARY

¹ **Hazardous material** can be defined as any material that, because of its quantity, concentration, or physical or chemical characteristics, may pose a real hazard to human health or to the environment.

The **UN Model Regulations on the Transport of Dangerous Goods** classifies hazardous materials as follows:

Class 1: Explosives

Class 2: Gases

Class 3: Flammable Liquids

Class 4: Flammable Solids

Class 5: Oxidizing Substances and Organic Peroxides

Class 6: Toxic and Infectious Substances

Class 7: Radioactive Material

Class 8: Corrosive Substances

Class 9: Miscellaneous Dangerous Substances and Articles

(http://www.unece.org/trans/danger/publi/unrec/rev15/English/02E_Part2.pdf)

² **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>)

³ 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>)

⁴ 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>)

⁵ The categories of heavy grades of oil are heavy fuel oil, heavy crude, used oil and bitumen, and tar.

⁶ **UN Recommendations on the Transport of Dangerous Goods, Model Regulations** – is the principal international agreement, on which all other dangerous goods controls are based. The guidelines are derived from the recommendations of the UN Committee of Experts commonly referred to as the UN Orange Book and provide:

- Overarching provisions for the carriage of dangerous materials;
- General guidelines on the transportation of goods as well as specific guidelines depending on mode;
- Classification and definitions of all dangerous substances;
- Packaging, labelling, and relevant shipping documentation;

- Training of transport workers;
- An extensive list of dangerous goods and how to transport them safely to all parts of the world by air, rail, road, sea, and inland waterways.

(http://www.unece.org/trans/danger/publi/unrec/rev15/15files_e.html)

⁷ **Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal** is the most comprehensive global environmental treaty on hazardous and other wastes. It has 170 member countries (parties) and aims to protect human health and environment against the adverse effects resulting from the generation, management, transboundary movements and disposal of hazardous and other wastes.

(<http://www.basel.int/text/documents.html>)

⁸ **Rotterdam Convention on the Prior Inform Consent (PIC) Procedure for Certain Hazardous Chemicals and Pesticides in International Trade** covers pesticides and industrial chemicals that have been banned or severely restricted for health or environmental reasons.

(<http://www.pic.int/home.php?type=t&id=5&sid=16>)

⁹ **International Maritime Dangerous Goods (IMDG)** code contains internationally agreed guidance on the safe transport of dangerous goods by sea, and most commonly relates to carriage of dangerous goods in freight containers and tank containers.

(http://www.imo.org/Safety/mainframe.asp?topic_id=158)

¹⁰ **International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 relating thereto (MARPOL 73/78)** refers to the specific guidelines that prevent ships from polluting the sea and specifically focuses on oil, chemicals and other harmful pollutants.

(http://www.imo.org/Conventions/contents.asp?doc_id=678&topic_id=258)

¹¹ **International Air Transport Association (IATA) Dangerous Goods Regulations (DGR)** set out requirements to classify, mark, pack, label and document dangerous shipments, based on international and national air regulations as well as airline-specific requirements.

(<http://www.iata.org/ps/publications/9065.htm>)

¹² **International Civil Aviation Organization Technical Instructions (ICAO TI) on the Safe Transport of Dangerous Goods by Air** augment the broad principles governing the international transport of hazardous materials by air contained in Annex 18 to the Convention on International Civil Aviation. The ICAO TI supports the broad principles by establishing requirements necessary to ensure hazardous materials are safely transported in aircraft while providing a level of safety that protects the aircraft and its occupants from undue risk.

(<http://hazmat.dot.gov/regs/intl/icao.htm>)

¹³ Standard Chartered Sustainability Website

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