

**GAMING AND GAMBLING**

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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

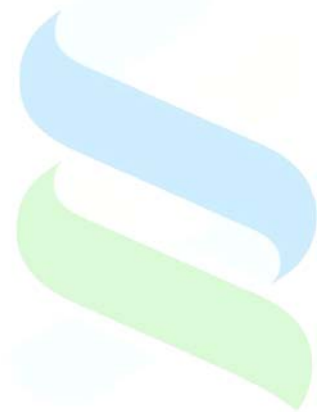
### **Training**

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](mailto:Our.environment@standardchartered.com).

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The legal gambling industry has experienced substantial growth over the last 10 years, particularly in Asia, fuelled not only by the Internet, but also by the global tourism industry. Casinos purportedly generate economic benefits for the community, such as real estate development (i.e. hotels and restaurants), job creation, and tax revenues. However, they can also foster organised crime, money laundering, and in the case of problem gambling, personal bankruptcy.

### **Statement of Commitment**

Gambling operations earn large amounts of cash and present particular opportunities for financial crime, including money laundering. As part of our aspiration to be a “Force for Good”, we endeavour to deter criminals from using our financial systems and intermediaries to disguise and hide from authorities the proceeds of crime. Thus, our commitment is to conduct business with responsible clients of long standing integrity, who have adopted Anti-Money Laundering (AML) standards.

### **Scope of the statement**

This position statement will apply to all financial services provided by the bank to new and existing clients involved directly and indirectly in the gaming and gambling sector worldwide. Directly means casino operators and indirectly means companies which derive a significant share of their turnover from gambling facilities, such as hotels or leisure resorts.

For the purposes of this statement, the gaming and gambling sector includes gaming, gambling and remote gambling <sup>(1)</sup> and covers commercial casinos, floating casinos, and equivalent gambling facilities <sup>(2)</sup>.

For the purposes of this statement, gaming and gambling clients with annual gaming revenue of more than US\$1 million will be considered Non-Bank Financial Institutions (NBFIs) <sup>(3)</sup>. *Note that the NBF definition used in this document is as per the Bank Secrecy Act (BSA) and is not indicative of SCB’s industry segmentation.*

*For information on the Bank’s approach to managing money laundering risks, please refer to the SCB policy on tackling financial crime <sup>(4)</sup>.*

SCB adopted the Equator Principles <sup>(5)</sup> 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**

There are no international standards or legislation governing the gaming and gambling sector, thus, SCB clients in this sector are expected to operate in accordance with the relevant national laws.

SCB expects its clients in this sector to develop an Anti-Money Laundering Program, to comply with the requirements of the highest Anti-Money Laundering Legislation (such as the BSA for U.S. entities or equivalent for entities incorporated elsewhere), and to report any suspicious activity to the relevant national authority.

### **Best Practices**

SCB encourages all our clients in the gaming and gambling sector to have, put into effect, and monitor, policies and procedures intended to:

- Protect children and other vulnerable persons from being harmed or exploited by gambling, including, but not limited to the:
  - Prevention of underage remote and non-remote gambling;
  - Prevention of employment of underage individuals to perform any function on gambling premises; and
  - Promotion of socially responsible gambling:
    - Train staff about problem gambling and how to interact with customers who may be affected; and
    - Make information readily available to customers on how to gamble responsibly and how to access information about and help in respect of problem gambling.
- Ensure that gambling is conducted in a fair and open way
  - Ensure there is sufficient information so players can understand the games and odds they face
- Prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime.

### **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 existing clients may not have met the best practices 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 best practices.

### **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](mailto: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 <sup>(6)</sup>

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## NOTES AND GLOSSARY

<sup>1</sup> For the purposes of this position statement **gaming, gambling and remote gambling** are defined as per the UK Gambling Act of 2005:

**Gaming** is defined as playing a game of chance for a prize. Games of chance include those games that involve both an element of chance and an element of skill, or an element of chance that can be eliminated by superlative skill, or a game that is presented as involving an element of chance. Gaming does not include a sport.

**Gambling** is defined as gaming, betting or participating in a lottery. Gaming is defined above. Betting means making or accepting a bet on the outcome of a race, competition or other event or process, or the likelihood of anything occurring or not occurring, or whether anything is or is not true. A lottery is defined by persons paying in order to participate in an arrangement, in the course of which one or more prizes are allocated to one or more members of a class, and the prizes are allocated by a process which relies wholly on chance or the prizes are allocated by a series of processes and the first of those processes relies wholly on chance.

**Remote gambling** is gambling in which persons participate by the use of remote communication, that is to say the internet, telephone, television, radio or any other kind of electronic or other technology for facilitating communication.

<http://www.opsi.gov.uk/ACTS/acts2005/20050019.htm>

<sup>2</sup> For the purposes of this position statement **gambling facilities** are defined as per the UK Gambling Act of 2005:

A person provides facilities for gambling if he invites others to gamble in accordance with arrangements made by him; provides, operates or administers arrangements for gambling by others, or; participates in the operation or administration of gambling by others.

<sup>3</sup> As defined in the Bank Secrecy Act (BSA) 31 USC 5312 (a) (2) the term “**financial institution**” includes the following:...”a casino, gambling casino, or gaming establishment with an annual gaming revenue of more than US\$1 million, which, is licensed as a casino, gambling casino, or gaming establishment under the laws of any state or any political subdivision of any state; or is an Indian gaming operation conducted under or pursuant to the Indian Gaming Regulatory Act other than an operation which is limited to class I gaming (social games solely for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals as a part of, or in connection with, tribal ceremonies or celebrations).”

<sup>4</sup> Standard Chartered Tackling Financial Crime Website  
<http://www.standardchartered.com/sustainability/tackling-financial-crime/our-policies/en/index.html>

<sup>5</sup> **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>

<sup>6</sup> Standard Chartered Sustainability Website

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