

Standard Chartered Position Statement

Fisheries

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 four client segment groups:

- Corporate and Institutional Banking;
- Commercial Banking;
- Private Banking; and,
- Retail Banking.

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

This Position Statement also applies to all lending provided to Commercial Banking clients, and Business Banking clients in our Retail Banking 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, fisheries refer to activities involving the catching, processing, or selling of fish, shellfish, or other aquatic animals for direct consumption or leisure purposes (e.g. ornamental fish for aquariums). Additionally, the scope includes aquaculture i.e. the cultivation of fish, shellfish and other aquatic animals under controlled conditions.

Our concern

The world's aquatic ecosystems, including rivers, lakes, estuaries and oceans cover 70 percent of the earth's surface and sustain the production of fisheries and aquaculture, yielding 120 million tonnes of fish and fishery products per year and providing livelihoods to as many as 140 million people¹. However, overfishing and use of destructive methods are affecting these ecosystems.

Standard Chartered recognises the fisheries sector faces potential environmental and social challenges, some of which may include biodiversity degradation through over-exploitation of stocks through excessive fishing or accidental release of farmed stock, water pollution from aquaculture and fishing operations, adverse impact on the livelihood and rights of small scale fishermen through large commercial fishing operations competing for resources and fishing grounds, and poor labour and working conditions of workers in commercial operations.

Our commitment

Where fisheries 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 most recent IFC Performance Standards²
- The IFC General Environmental, Health and Safety Guidelines³
- The IFC Industry Sector Guidelines on Aquaculture and Fish Processing
- The IFC Good Practice Note on Animal Welfare in Livestock Operations, as applicable to aquaculture

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 Marine Aquarium Council⁴
- Global Good Agricultural Practices (G.A.P.) standards as applicable to aquaculture⁵
- The FAO Code of Conduct for Responsible Fisheries⁶
- The Marine Stewardship Council⁷
- The Food and Agriculture Organisation (FAO)'s International Code of Conduct on the Distribution and Use of Pesticides⁸
- The World Organisation for Animal Health's Animal Welfare Standards, as applicable to aquatic animals⁹
- The FAO's Fisheries Management 2: The Ecosystem Approach to Fisheries, Technical Guidelines for Responsible Fisheries¹⁰
- The Aquaculture Stewardship Council¹¹

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

- Do not practice shark-finning or trade shark fin
- Do not use driftnet fishing, deep sea bottom trawling, or fishing with the use of explosives or cyanide

¹ According to the Fisheries and Aquaculture Department, Food and Agriculture Organization of the United Nations

² <http://www.fao.org/fishery/topic/13261/en>

³ <http://www.ifc.org/performancestandards>

⁴ <http://www.aquariumcouncil.org/>

⁵ http://www.globalgap.org/export/sites/default/_content/_galleries/documents/Aquaculture_Standard_documents_en.zip

⁶ <http://www.fao.org/docrep/005/v9878e/v9878e00.HTM>

⁷ <http://www.msc.org/>

⁸ <http://www.fao.org/docrep/005/y4544e/y4544e00.htm>

⁹ <http://www.oie.int/international-standard-setting/aquatic-code/>

¹⁰ <http://www.fao.org/docrep/005/y4470e/y4470e00.HTM>

¹¹ <http://www.asc-aqua.org/>

- Do not fish or trade species in CITES Appendix 1 under the Convention of International Trade of Endangered Species (CITES)¹²
- Do not use vessels known to have conducted Illegal Unreported and Unregulated (IUU) fishing
- Follow strict catch documentation schemes
- Demonstrate effective efforts to reduce the amount of bycatch on an ongoing basis through the use of selective fishing gear¹³
- Do not significantly impact upon, or have operations located within:
 - UNESCO¹⁴ World Heritage Sites
 - RAMSAR¹⁵ 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 implemented, 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 Principles¹⁶

Our initiatives

For the Bank's own activities, we ban the consumption of shark fin at:

- Corporate functions and banquets
- Client entertainment/business meals arranged by the Bank
- Staff functions held offsite e.g. Chinese New Year/ Christmas parties. These expenses will not be reimbursed by the Bank

We advise our contracted caterers of our position on shark fin, and request their acknowledgement not to include shark fin in their menus.

The Bank accepts that staff may find it difficult to avoid consuming shark fin at events hosted by clients. In these situations, staff will be expected to use their discretion.

Feedback

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

¹² <http://www.cites.org/eng/disc/how.php>

¹³ Such as net mesh size and shape, hook size and shape adapted to target species, method and depth of net deployment, turtle excluder devices (TEDs), bycatch reduction device and bird scaring devices.

¹⁴ <http://whc.unesco.org/en/list>

¹⁵ http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__

¹⁶ <http://www.equator-principles.com/>