Chemicals and Manufacturing
Position Statement
Introduction
We remain committed to promoting sustainable practices in these sectors, while supporting economic growth and prosperity.

While the Group voluntarily adheres to these non-legally binding position statements, they reflect our aspiration to conduct our business with the highest standard of ethics and integrity and we strive to apply these principles consistently. 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.

Applicable to
This Position Statement reflects the sector-specific criteria we assess our clients against when considering providing financial services to chemicals and manufacturing.

Chemicals refers to the production and disposal of chemicals (including the synthesis, processing, refining, blending, formulation and packaging) for petrochemicals, agrochemicals, pharmaceuticals and biotechnology research and production.

Manufacturing refers to clients that manufacture goods (including the processing and/or packaging of raw materials that may be derived from other industries) and is further split between general manufacturing and carbon-intensive manufacturing.

General Manufacturing includes ready-made garments, textiles, leather goods, metal products, glass, electrical equipment, machinery, rubber products, and fast-moving consumer goods (FMCG) or consumer packaged goods (CPG).

Carbon Intensive Manufacturing includes aluminium, cement, iron and steel, plastics, heavy road transport vehicles, automobiles and aviation manufacturers.

Our commitment
As a key part of our mission to be Here for good, we provide financial services only to clients that manage their environmental and social impacts responsibly. The sector-specific criteria in this Position Statement, along with our Cross-Sector Criteria set out the standards against which we assess our clients.

We regularly engage with our clients to confirm that they’re aligned with our environmental and social criteria and consult with industry experts to ensure these stay relevant and effective.

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, which are subject to international restrictions, phase-outs or prohibitions
- Conduct testing on animals for non-health-care related purposes

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

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1 Aligned to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.
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- Ensure that any hazardous chemicals & pesticides are accompanied with material safety data sheets (MSDS), product labelling and consignment notes that clearly demonstrate the physical, health and environmental hazards
- Have processes and procedures for the cultivation and control of genetically modified organisms resulting from modern biotechnology, that may have adverse effects on biological diversity, taking also into account risks to human health

We expect clients to:

- Be active members of their respective national chemical industry organizations’ ‘Responsible Care program’, and where there is no national representation, operate in accordance with the principles of ‘Responsible Care’

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:

- Demonstrate alignment with the Montreal Protocol, including measures to reduce the consumption of Chlorofluorocarbons, Hydrochlorofluorocarbons and Hydrofluorocarbons

We will provide financial services to clients who:

- Trade or process Genetically Modified Organisms (GMOs) under appropriate permits as required by the Cartagena Protocol on Biosafety
- Have an adequate policy in place to ensure environmentally and socially responsible disposal / transport of Hazardous Waste

We expect clients:

- Who manufacture single-use plastic products (including packaging) to commit to establishing reduction targets (or have a time-bound plan), with an aim to:
  - Reduce the amount of plastic they produce in the first place
  - Increase the amount of plastic waste that’s recycled and recovered
  - Reduce the volume of plastic waste that goes to landfill
- Who manufacture carbon intensive products to have an emissions abatement strategy and to work towards adopting CO2 emissions reduction targets

We encourage clients to:

- Incorporate scrap (including scrap from their own manufacturing processes) in their production process (applicable to clients who manufacture aluminium, iron and steel)
- Develop and implement responsible sourcing policy for the procurement of raw materials


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- Adopt a Circular Economy approach to their manufacturing operations by:
  - Designing out waste and pollution
  - Keeping products and materials in use
  - Regenerating natural systems

Feedback

Your comments are important to us and we welcome your feedback on our Position Statement on Chemicals and Manufacturing. Please contact us at sustainability.feedback@sc.com