

Standard Chartered Position Statement

Oil and Gas

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, oil and gas refers to exploration and production, transportation including pipelines and tankers, processing of oil and gas resources and storage of gas and petroleum products, and decommissioning.

Our concern

Oil and gas will continue to play an important role in meeting global energy demand and form an essential element of economic growth. As demand for energy grows and easily accessible resources are being

exhausted, the industry continues to develop new sources of supply. Such new reserves are frequently located in remote and challenging operating environments, and can overlap with areas of rich biodiversity and present complex social challenges.

Standard Chartered recognises the oil and gas sector faces potential safety, environmental and social challenges, some of which may include the impact of fossil fuels on climate change, hydrocarbon and chemical spills which can impact water and soil, habitat removal and degradation to biodiversity and ecosystem services, displacement or relocation of host communities and indigenous peoples, human rights abuses associated with security at operating sites, and issues regarding transparency of hydrocarbon revenues for host countries and communities.

Our commitment

Where oil and gas 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 Standards¹
- The IFC General Environmental, Health and Safety Guidelines²
- The IFC Industry Sector Guidelines on Offshore Oil and Gas Development, Onshore Oil and Gas Development, and Liquefied Natural Gas Facilities

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 Global Gas Flaring Reduction Initiative
- The International Petroleum Industry Environmental Conservation Association (IPIECA)³
- The International Convention on Oil Pollution Preparedness, Response and Cooperation⁴
- The Voluntary Principles on Security and Human Rights⁵
- The International Labour Organisation⁶
- The UN Global Compact⁷
- The Extractive Industries Transparency Initiative (EITI)⁸
- The International Convention for the Prevention of Pollution from Ships (MARPOL)⁹

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

- Demonstrate access to adequate oil spill response resources when drilling offshore
- Only transport heavy grades of oil in double-hulled vessels
- Do not significantly impact upon, or have operations located within:
 - UNESCO¹⁰ World Heritage Sites
 - RAMSAR¹¹ Wetlands, unless operations would result in 'no net loss' of biodiversity

¹ <http://www.ifc.org/performancestandards>

² <http://www.ifc.org/ehsguidelines>

³ <http://www.iecea.org/>

⁴ [http://www.imo.org/About/Conventions/ListOfConventions/Pages/International-Convention-on-Oil-Pollution-Preparedness,-Response-and-Co-operation-\(OPRC\).aspx](http://www.imo.org/About/Conventions/ListOfConventions/Pages/International-Convention-on-Oil-Pollution-Preparedness,-Response-and-Co-operation-(OPRC).aspx)

⁵ http://www.voluntaryprinciples.org/files/voluntary_principles_english.pdf

⁶ <http://www.ilo.org/>

⁷ <http://www.unglobalcompact.org/>

⁸ <http://eiti.org/>

⁹ [http://www.imo.org/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-\(MARPOL\).aspx](http://www.imo.org/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-(MARPOL).aspx)

¹⁰ <http://whc.unesco.org/en/list>

¹¹ http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__

- 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 Principles¹²

Feedback

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

¹² <http://www.equator-principles.com/>