

Standard Chartered Position Statement

Mining and Metals

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 purpose of this Position Statement, mining and metals refers to mining companies and producers of metals which engage in the following activities: exploration, mine construction, minerals and construction materials extraction and mine operation, all metal and minerals processing activities and mine closure and rehabilitation. It also includes any party who trades in rough diamonds.

Our concern

The extraction and processing of coal, minerals and metals plays a fundamental role in global supply chains and the trading and usage of these commodities underpins global economic growth. As demand for commodities grows, the industry continues to develop new sources of supply, often in challenging and sensitive operating environments.

Standard Chartered recognises the mining sector faces potential environmental and social challenges, some of which may include the release of pollutants from tailings dams and acid mine drainage, the removal of habitat and degradation to biodiversity and ecosystem services, reduction in water availability from water intensive processing techniques and large-scale landscape impacts. Potential social concerns include the displacement of communities and indigenous peoples, poor labour and working conditions, occupational health and safety risks, human rights abuses associated with security at operating sites and a lack of accountability and transparency of mineral revenues in host countries and communities.

Our commitment

Where mining 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 Mining, Base Metal Smelting and Refining, Integrated Steel Mills and Foundries, and Construction Materials Extraction

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 United Nations Global Compact³
- The GHG Protocol⁴
- The International Labour Organisation⁵
- The International Seabed Authority Mining Code⁶
- The World Gold Council's Conflict Free Gold Standard⁷
- The Extractive Industries Transparency Initiative (EITI)⁸
- The International Council on Mining and Metals (ICMM)⁹
- The Responsible Jewellery Council¹⁰
- ICMM's "Working Together" Guidance¹¹
- The LBMA's Guidance for Responsible Gold¹²
- The Voluntary Principles for Security and Human Rights¹³
- World Nuclear Association Principles 2, 3, 5, 6 and 8

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

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

² <http://www.ifc.org/ehsguidelines>

³ <http://www.unglobalcompact.org/>

⁴ <http://www.ghgprotocol.org/>

⁵ www.ilo.org

⁶ <http://www.isa.org.jm/en/mcode>

⁷ http://www.gold.org/about_gold/sustainability/conflict_free_standard/

⁸ <http://eiti.org/>

⁹ <http://www.icmm.com/>

¹⁰ <http://www.responsiblejewellery.com/>

¹¹ <http://www.icmm.com/document/789>

¹² http://www.lbma.org.uk/pages/index.cfm?page_id=137

¹³ http://www.voluntaryprinciples.org/files/voluntary_principles_english.pdf

- Follow the Kimberley Certification Process for the mining and trading of rough diamonds
- Mine and process uranium only in countries which are signatories to the Non-Proliferation Treaty and/or which submit to International Atomic Energy Agency (IAEA) regulations and inspections
- Commit to put in place all reasonable controls to ensure that the end use of uranium, where mined, is for peaceful purposes
- Are not involved in mining asbestos
- 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:

- If their operations involve the processing of gold using cyanide, are, or are in the process of becoming, signatories to the International Cyanide Management Code
- 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

Feedback

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

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/>