

Extractive Industries

Position Statement



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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 extractive industries.

Oil and Gas refers to clients engaged in the exploration and production, transportation (including pipelines and tankers), processing of oil and gas resources and storage of gas and petroleum products, and decommissioning.

Metals and Mining refers to clients engaged in exploration, mine construction, minerals and construction materials extraction and mine operation, all metal and minerals processing activities, and mine closure and rehabilitation.

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.

Oil and Gas

We will **not** provide financial services to new projects or developments which:

- Involve the exploration or production of oil and gas in the Arctic region
- Involve the exploration or production of oil and gas in the Amazon Basin
- Involve the exploration or production of oil from tar sands, including the construction of associated export facilities
- Involve the exploration or production of extra heavy oil (defined as API equal to or below 10°)

We will **only** provide financial services to clients who:

- Have implemented or are in the process of implementing an asset Health, Safety and Environmental (HSE) case, or equivalent, for all new and existing onshore and offshore production facilities, including arrangements for examination of well design, construction and well control safety critical equipment by a competent authority
- Target zero-routine production flaring for new assets and for existing assets to have a timebound plan to implement economically viable solutions to eliminate legacy flaring
- Have implemented or are in the process of implementing plans to monitor and reduce methane emissions in existing operated upstream assets and incorporate methane abatement practices and technologies in the design and construction of new projects



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- Implement and test oil spill preparedness and response plans, or have access to reputable oil spill response and well control resources
- Implement the requirements of the IEA Golden Rules on unconventional gas activities, applicable to hydraulic fracturing operations performed in the exploration and production phases from shale resources
- Operate offshore service vessels or tankers compliant with IMO requirements
- Where applicable, have established appropriate decommissioning plans for oil & gas activities (including rehabilitation of the natural environment)
- Have established, where required, processes to align with the UN Voluntary Principles on Security and Human Rights

Metals and Mining

We will **not** provide financial services directly towards:

- Asbestos mines;
- New thermal coal mining projects;
- Thermal coal mine expansions;
- Infrastructure dedicated to thermal coal mining projects;
- Acquisitions of standalone thermal coal mines;
- Mines that conduct direct marine or riverine tailings disposal;
- Mines that conduct Appalachian Mountain-top Removal;
- The exploration or production of Deep-sea Mining projects;

We will **not** provide financial services to clients* that are

- building new thermal coal infrastructure
- investing in new or additional thermal coal power-generating capacity
- acquiring standalone thermal coal power assets.

*This restriction will apply to the client entity pursuing expansion plans and we will exit the relationship subject to contractual arrangements. Ongoing provision of financial services to the client group will be subject to enhanced due diligence including the following:

- Review of the client group's transition strategy.
- Confirmation that any financial services provided to the client group will not and cannot be used for thermal coal.
- Support from our Group Responsibility and Reputational Risk Committee (or delegate).

We will **only** provide financial services to clients who:

- By 2024, are less than 80% dependent on thermal coal (based on % revenue)
- By 2025, are less than 60% dependent on thermal coal (based on % revenue)
- By 2027, are less than 40% dependent on thermal coal (based on % revenue)
- By 2030, are less than 5% dependent on thermal coal (based on % revenue)

*Standard Chartered remains committed to supporting the transition. Where a client triggers a threshold but approaches us to provide Transition Finance we will consider our involvement on a case by case basis.



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In addition, effective immediately, all coal companies in our portfolio will be subject to enhanced due diligence by our Environmental and Social Risk Management, Climate Risk and Reputational and Sustainability Risk teams.

We will **only** provide financial services to clients who:

- Have a mine closure plan;
- Have a tailings storage plan;
- Follow the Kimberley Process (applicable to clients that mine and/or trade diamonds);
- Are signatories to the International Cyanide Management Code, or have established a
- time bound plan to demonstrate alignment with this certification (applicable to clients that mine gold);
- Operate in countries that are signatories to the Non-Proliferation Treaty and/or which submit to International Atomic Energy Agency and World Nuclear Association's Principles regulations and inspections (applicable to clients that mine and/or process uranium);
- Have established controls to ensure end use is for peaceful purposes (applicable to clients that mine and/or process uranium).

We **expect** clients to:

- Demonstrate alignment with the principles of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas¹ (applicable to operations involved in the mining, trading and processing of Casserite (Tin), Wolframite (Tungsten), Coltan (Tantalum), or Gold).

We **encourage** clients to:

Support the implementation of the Extractive Industries Transparency Initiative (EITI).

- Align to the principles and guidance material of the International Council on Mining and Metals (ICMM).
- Align to the Responsible Jewellery Council (RJC) codes of practice and certification process.

In addition, all coal companies in our portfolio will be subject to enhanced due diligence by our Environmental and Social Risk Management, Climate Risk and Reputational and Sustainability Risk teams.

London Bullion Market Association (LBMA): Standard Chartered is a member of the LBMA. In line with this membership, the Bank operates under a responsible sourcing framework to identify, assess and manage risks associated with the trading of physical bullion. This is in compliance with LBMA's Global Precious Metals Code and Regulation (EU) 2017/821 for Conflict Minerals. The Bank seeks to ensure that it only sources bullion, in the course of its business, from legitimate and ethical sources.

Feedback

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

¹Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.