

Standard Chartered Position Statement

Palm Oil

Introduction

Palm oil is a major agricultural commodity and the most widely consumed vegetable oil on the planet. It is used extensively in edible and non-edible products, such as bread, cereals, chocolate, detergent and shampoo. The palm oil industry has played and continues to play a significant role in generating employment and export earnings in key producing countries.

Standard Chartered recognises the threat of unsustainable palm oil practices to people and the environment. Palm oil doesn't have to be destructive; at Standard Chartered we take our obligations to society and the environment seriously and are committed to supporting a more sustainable palm oil sector.

Applicable to

This Position Statement reflects the minimum standards we apply when considering financial arrangements in relation to palm oil.

For the purposes of this Position Statement, palm oil refers to palm oil plantations (growers) and mills, scheme smallholders, independent small holders, and primary palm oil refiners and related traders.

Our commitment

Standard Chartered will not provide financial services to clients who:

- Develop new plantations by converting or degrading:
 - High Conservation Value Forests (HCV)
 - High Carbon Stock Forests (HCS)
 - Primary forests;
 - Designated, national or international legally protected or preserved areas;
- Develop new plantations on fragile soils, including swamps and peat, regardless of depth;
- Use fire in their plantation operations, including in the clearance and preparation of land for planting;
- Exploit people or local communities. We expect consent to have been obtained through a credible Free Prior Informed Consent (FPIC) process.

Our approach

Standard Chartered applies a set of requirements which we expect our clients to comply with or commit to comply with in an agreed credible timeframe. Only a small proportion of palm oil available today is certified and we commit to work with the Roundtable on Sustainable Palm Oil (RSPO) to increase the availability of RSPO-certified palm oil and to encourage our clients to contribute to its usage.

A number of our clients including producers, refiners and traders are already members of RSPO evidenced through regular reporting on progress and participation in working groups. We expect all remaining clients to apply for RSPO membership by the end of 2018. This may be at either the parent or subsidiary level.

Our requirements are as follows:

- **Producers (growers and mills) - we require:**
 - A time bound plan to achieve 100% RSPO certification;
 - For new clients, we will only provide financial services to firms committing to No Deforestation, No Peat and No Exploitation (NDPE);
 - For existing clients, we require a public commitment by the end of 2018 on NDPE, verified by credible assessors when developing new plantations.

- **Refiners** - we require:
 - A time bound plan to achieve 100% RSPO certification of owned facilities;
 - Maximising the use of RSPO certified palm oil and we expect our clients to actively pursue 100% certified palm oil in line with industry best practices.
- **Traders** - we expect:
 - Our clients to maximise the trading of palm oil primarily from RSPO certified palm oil suppliers employing RSPO approved supply chain certification mechanisms.

In our experience in working with the palm oil sector, we have found the following guidelines and procedures to be the most effective:

- IFC Performance Standards and Industry Sector Guidelines on Plantation Crop Productions and Vegetable Oil Processing;
- The High Carbon Stock Approach Toolkit and ProForest Good Practice Guidelines, for integrating HCS-HCV assessments and FPIC into the Environmental and Social Impact Assessment (ESIA) process;
- RSPO New Plantings Procedure (NPP) for all new plantations;
- RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat.

Implementation

Our bankers, supported by internal environmental and social risk specialists, and independent consultants as required, will work closely with existing clients who do not currently meet the standards set out in this Palm Oil Position Statement, to develop a credible time-bound action plan for compliance and to monitor the client's progress against that plan.

In cases where clients are unable or unwilling to comply with our requirements or agree to an action plan to address gaps with our requirements, we will exit the relationship taking into account existing contractual agreements.

Transparency

There are many reasons why the relationship between banks and their clients is confidential, and we may not always be able to publicly acknowledge the relationship with an existing client.

We will work with our clients to improve practices and transparency in the palm oil industry. Where appropriate, we will also request clients to waive confidentiality.

The future

Standard Chartered remains committed to supporting RSPO towards RSPO NEXT and the implementation of NDPE commitments across the sector.

We will continue to work with independent advisory firms and individuals who are experts in the implementation of environmental and social standards in the forestry sector.

We will continue to provide training for our staff to better understand environmental and social issues.

Feedback

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