

Specific instance under the 2011 OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (“the Guidelines”)

Submitted to the UK National Contact Point (UK NCP) for the OECD Guidelines by:

Philippine Movement for Climate Justice (PMCJ), Inclusive Development International (IDI), Recourse and BankTrack (“the Complainants”)

Against Standard Chartered Bank (“the Respondent”)

Concerning its contribution to adverse impacts in connection with its financing of the development of four coal-fired power plants in the Philippines.

26 February 2024

I. Introduction

This specific instance outlines failures of Standard Chartered plc, a multinational bank based in the UK, to meet its responsibilities under the 2011 OECD Guidelines for Multinational Enterprises (the “Guidelines”) in relation to its financing of four coal-fired power plants in the Philippines. It is submitted by The Philippine Movement for Climate Justice (PMCJ), Inclusive Development International (IDI), Recourse and BankTrack on behalf of local communities that have suffered economic and physical displacement, adverse health impacts, threats and intimidation of community activists and other harms resulting from four coal-fired power plants co-financed by Standard Chartered.

This is not the first complaint that these communities have filed to seek recourse for the harms they have suffered in relation to these coal plants. In 2017, they filed a complaint to the Compliance Advisor Ombudsman (CAO), the independent accountability mechanism of the International Finance Corporation (IFC). That complaint triggered a compliance investigation, which found that IFC violated its Policy on Environmental and Social Sustainability through its exposure to these and other coal plants in the Philippines that received project financing from its financial intermediary client Rizal Commercial Banking Corporation (RCBC). The CAO concluded that the coal plants, which Standard Chartered co-financed alongside RCBC, likely caused a range of harms that were “of a significant nature,” including adverse health impacts due to coal ash pollution of the air and contamination of water; impacts on livelihoods due to coal ash contamination; displacement and resettlement related impacts; threats against and intimidation of community activists and inadequate stakeholder engagement and consultation.

In this complaint, we submit that Standard Chartered breached the Guidelines by failing to identify, prevent and mitigate these abuses and adverse impacts through effective risk-based due diligence, and by failing to cooperate in the remediation of harms that arose as a result of that failed due diligence. We argue that Standard Chartered **contributed** to the harms caused by the coal power plants and therefore has a responsibility to contribute to remediation.

The IFC is currently in the process of implementing a “management action plan” to respond to the CAO’s findings and to assess and address the environmental and social compliance gaps of the coal plants. To be successful in remediating the harms, IFC’s plan requires the cooperation of the coal plant operators, RCBC **and other lenders** that share responsibility for contributing to the harms. This includes Standard Chartered Bank, the international private sector bank with the largest exposure to these coal plants.

However, despite our efforts to enlist Standard Chartered’s cooperation in this remediation process, it has ignored our entreaties and failed once again to live up to its human rights and environmental responsibilities.

The harms caused by the power plants have not ceased since the CAO published its investigation report in 2021. In many cases, the impacts have gotten worse. With each month

that passes, communities face increased risks of impoverishment and deterioration of their health and livelihoods as a result of the coal-fired power plants constructed near their homes. Many have reported to us the ongoing harassment and intimidation faced by community members who raise concerns about the coal plants in their vicinity. Others reported needing to take on excessive risks (e.g. fishing further and further afield) and costs (e.g. the cost of buying bottled water because the coal plant has poisoned their water supply) in attempts to cope with the impacts they are facing.

It is the hope of the Complainants and the affected communities that this specific instance will lead to Standard Chartered's effective cooperation in the remediation efforts being coordinated by the IFC.

This specific instance is directed to the UK NCP.

II. Identity and Interest of Complainants

The Philippine Movement for Climate Justice (PMCJ) is an alliance of over 100 national and grassroots organisations and networks that are leading the fight against climate change in the Philippines. PMCJ represents the communities affected by the four coal projects that are the subject of this specific instance. Moreover, the Philippines is one of the most vulnerable countries to climate change impacts, including extreme weather events, which affect Filipinos both as citizens and residents and as a movement fighting for climate justice.

Inclusive Development International (IDI) is a U.S.-based advocacy organisation that supports frontline communities to defend their land, environment and human rights in the face of harmful corporate investment projects and works to build a more just and equitable global economy. Through research, casework, capacity building and policy advocacy, IDI holds corporations and development finance institutions accountable to their human rights and environmental responsibilities. IDI has supported PMCJ and the affected communities to pursue justice for the harms caused by the four coal plants since 2017.

Recourse is an independent, non-profit, non-governmental organisation that campaigns for a world where people and planet are at the heart of development. Recourse holds international financial institutions to account, advocating for the protection of rights; participation and transparency; and public accountability in the operations of multilateral development banks.

BankTrack is the international tracking, campaigning and civil society-support organisation targeting private sector commercial banks and the activities they finance. BankTrack's mission is to challenge commercial banks globally to act urgently and decisively on the accelerating climate crisis, the ongoing destruction of nature, the risk of ever more pandemics, and the widespread violation of human rights.

Please direct all correspondence to:

- Natalie Bugalski, Legal and Policy Director, Inclusive Development International: natalie@inclusivedevelopment.net

- Attn. Jose Aaron Pedrosa Jr, Lead Counsel and Head of the Philippine Movement for Climate Justice (PMCJ) Legal Team: aaronpedrosa02@gmail.com
- Daniel Willis, Finance Campaign Manager, Recourse: dan@re-course.org; Kate Geary, Co-Director, Recourse: kate@re-course.org
- Will O’Sullivan, climate campaigner, Banktrack: will@banktrack.org

III. Identity of the Respondents

Standard Chartered is a multinational commercial bank based in the UK, listed on the London and Hong Kong Stock Exchanges. The bank operates globally, with ninety percent of its profits coming from Asia, Africa, and the Middle East. Standard Chartered offers banking products to consumers, private clients and business.

IV. Factual Allegations

A. Standard Chartered financed four coal-fired power plants in the Philippines, beginning in 2015.

The four projects in question that Standard Chartered financed were among 19 coal-fired power plants that were the subject of a complaint by project-affected people to the International Finance Corporation’s accountability mechanism, the Compliance Advisor Ombudsman (CAO), in October 2017.¹ The compliance report and the corrective action process that resulted from the CAO’s investigation of that complaint is central to this specific instance.

Standard Chartered provided finance to subsidiaries of the Filipino corporations San Miguel Corporation (SMC) and Aboitiz Power Corporation. SMC is one of the Philippines’ and southeast Asia’s largest coal and LNG infrastructure developers and was the developer of three of the four coal plants financed by Standard Chartered.² Aboitiz Power is another major publicly-traded Filipino power company whose acquisition of the Mariveles coal plant is the fourth financial transaction involving Standard Chartered to which this specific instance relates. Standard Chartered’s support to the plant developers included contributions to syndicated project loans and corporate term loans. A 2018 report by PMCJ, IDI and Recourse (formerly BIC Europe) identified Standard Chartered as the international private sector bank with the largest exposure to these coal plants of all of those involved.³

Project #1: Masinloc 600MW coal-fired power plant expansion in Barangay Bani, Masinloc, Zambales Philippines:

¹ BankTrack, IFC-linked coal-fired power plants profile. Source: https://www.banktrack.org/project/IFC-linked_coal_plants. Compliance Advisor Ombudsman complaint on RCBC financing. Source: <https://www.cao-ombudsman.org/cases/philippines-rizal-commercial-banking-corporation-rcbc-01>.

² BankTrack, San Miguel Corporation profile. Source: https://www.banktrack.org/company/san_miguel_corporation.

³ Roasa, D. (2018) ‘Broken Promises’, online at: <https://www.inclusivedevelopment.net/campaigns/world-bank-and-international-investors-bankrolling-climate-disaster-in-philippines/>. See p.7.

Standard Chartered provided USD \$450 million out of the \$1.1 billion cost of developing the plant extension.⁴

SMC's power generation subsidiary, SMC Global Power (SMCGP), acquired Masin-AES Pte. Ltd, the owner of the Masinloc I Power Plant, in 2018. SMC acquired both AES' 51% stake and EGCO's 49% stake in the power plant. SMC was able to acquire Masin-AES by using money from three term loans, totalling USD \$1.9 billion. One loan expired in 2021 and two expired in March 2023. These loans were provided by Sumitomo Mitsui Banking Corporation, Mizuho Financial Group and Standard Chartered Bank. Standard Chartered's contribution to the loans was as follows:

Loan start date	Expiry date	SC contribution	Total finance
12 March 2018	12 March 2021	USD \$82 million	USD \$200 million
12 March 2018	12 March 2023	USD \$163.5 million	USD \$400 million
12 March 2018	12 March 2023	USD \$204.5 million	USD \$500 million
Total:		USD \$450 million (41%)	USD \$1.1 billion

Project #2: SMC Limay 300MW coal-fired power plant in Lamao, Limay, Bataan, Philippines:

Standard Chartered provided USD \$44.45 million out of the \$400 million cost of developing the plant.⁵

SMC Global Power used a combination of debt and equity investments to finance the development of the 300MW Limay coal-fired power plant on the Bataan peninsula, across Manila Bay from the capital of the Philippines. SMCGP provided USD \$248m in equity financing for the project. Standard Chartered participated in three term loans to SMCGP, totalling USD \$400m, that enabled the plant's construction.

Loan start date	Expiry date	SC contribution	Total finance
28 December 2015	22 December 2022	USD \$2.78 million	USD \$25 million
28 December 2015	22 December 2022	USD \$11.11 million	USD \$100 million
28 December 2015	22 December 2022	USD \$30.56 million	USD \$275 million
Total:		USD \$44.45 million (11%)	USD \$400 million

⁴ Data from IJGlobal's subscribed project finance data service. Source: <https://www.ijglobal.com/data/transaction/40537/acquisition-of-masinloc-coal-fired-power-plant-660mw>.

⁵ Data from IJGlobal's subscribed project finance data service. Source: <https://www.ijglobal.com/data/transaction/34434/limay-coal-fired-power-plant-phase-i-300mw>.

Project #3: SMC Malita (Davao Greenfield) 300MW coal-fired power plant in Malita, Davao Occidental, Philippines:

Standard Chartered underwrote 3.8 billion Philippine pesos ('PHP') in SMC Global Power bonds used to fund the company's equity investment in the SMC Davao Greenfield plant.⁶

In 2017, SMC Global Power issued bonds worth PHP 20 billion, in part to finance the 300MW SMC Malita power plant in Davao Occidental. Standard Chartered led on this issuance, along with two other banks as Joint Issue Managers, underwriting PHP 3.8 billion of the total issue. The bonds are due to mature in 2022, 2024 and 2027, so two thirds of them are still on the market. The prospectus includes a clause that says the underwriters are entitled to invest in the bonds with their own accounts. SMC Global Power used the bond proceeds to refinance two loans that, among other things, funded the company's PHP 8.1 billion equity investment in and capital expenditures for Davao Greenfield.

Bond issuance start date	Expiry date	SC underwriting	Total amount
2017	2022, 2024, 2027	PHP 3.8 billion	PHP 8.1 billion

Project #4: GN Power Dinginin Ltd 1.3GW expansion of the Mariveles coal power plant in Barangay Alas-asin, Mariveles, Bataan, Philippines:

Standard Chartered provided USD \$80.17 million out of a \$650 million loan used by AboitizPower to acquire stakes in the Mariveles plant and its Dinginin extension.⁷

In 2016, Aboitiz Power Corporation spent USD \$1.2 billion to acquire indirect stakes in two coal-fired power plants in Bataan in the Philippines: a 66.1% stake in the GNPower Mariveles Coal Plant (GMCP) and a 40% stake in GNPower Dinginin, a coal-fired power plant in the midst of expansion. Aboitiz's subsidiary Therma Power Inc. funded the acquisition with internally-generated cash and a USD \$650 million loan from international banks, including Standard Chartered.

Loan start date	Expiry date	SC contribution	Total amount
2015	2018	USD \$80.17 million (12.3%)	USD \$650 million

⁶ Data available in San Miguel Corporation Global Power bond prospectus. Source: <https://www.pds.com.ph/wp-content/uploads/2017/12/LRS-22-SMCGP-Offer-Supplement.pdf>.

⁷ Data from IJGlobal's subscribed project finance data service. Source: <https://www.ijglobal.com/data/transaction/36719/acquisition-of-stakes-in-gnpower-mariveles-plant-and-gnpower-dinginin-plant> and the subscription-based Refinitiv.

Since the earliest of these loans were provided in 2015, Standard Chartered has continued to support SMC. Namely, Standard Chartered continues to provide loans to and underwrite bond issuances of Top Frontier Investment Holdings Inc., the parent company of SMC. NGOs Urgewald and the Centre for Energy, Ecology and Development (CEED) identified over USD \$594 million provided to SMC by the bank in this way between October 2018 and October 2020.⁸

⁸ Urgewald and Centre for Energy, Ecology and Development (CEED) (2021) 'Standard Chartered Europe's biggest financier of coal plant developers, NGO research finds'. Source: <https://www.urgewald.org/en/medien/standard-chartered-europes-biggest-financier-coal-plant-developers-ngo-research-finds>.

Figure 1: Map of the Philippines with four plants financed by Standard Chartered

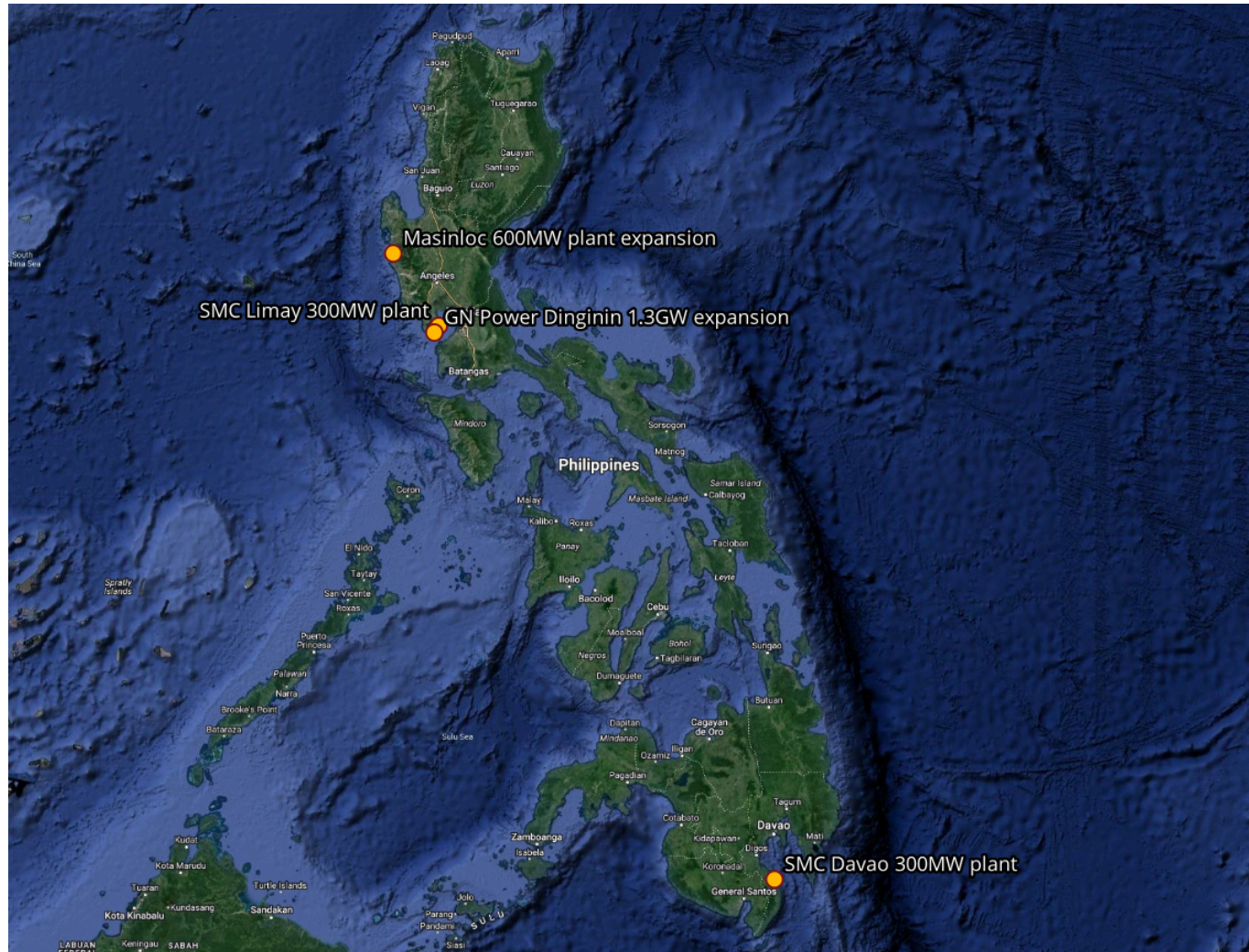
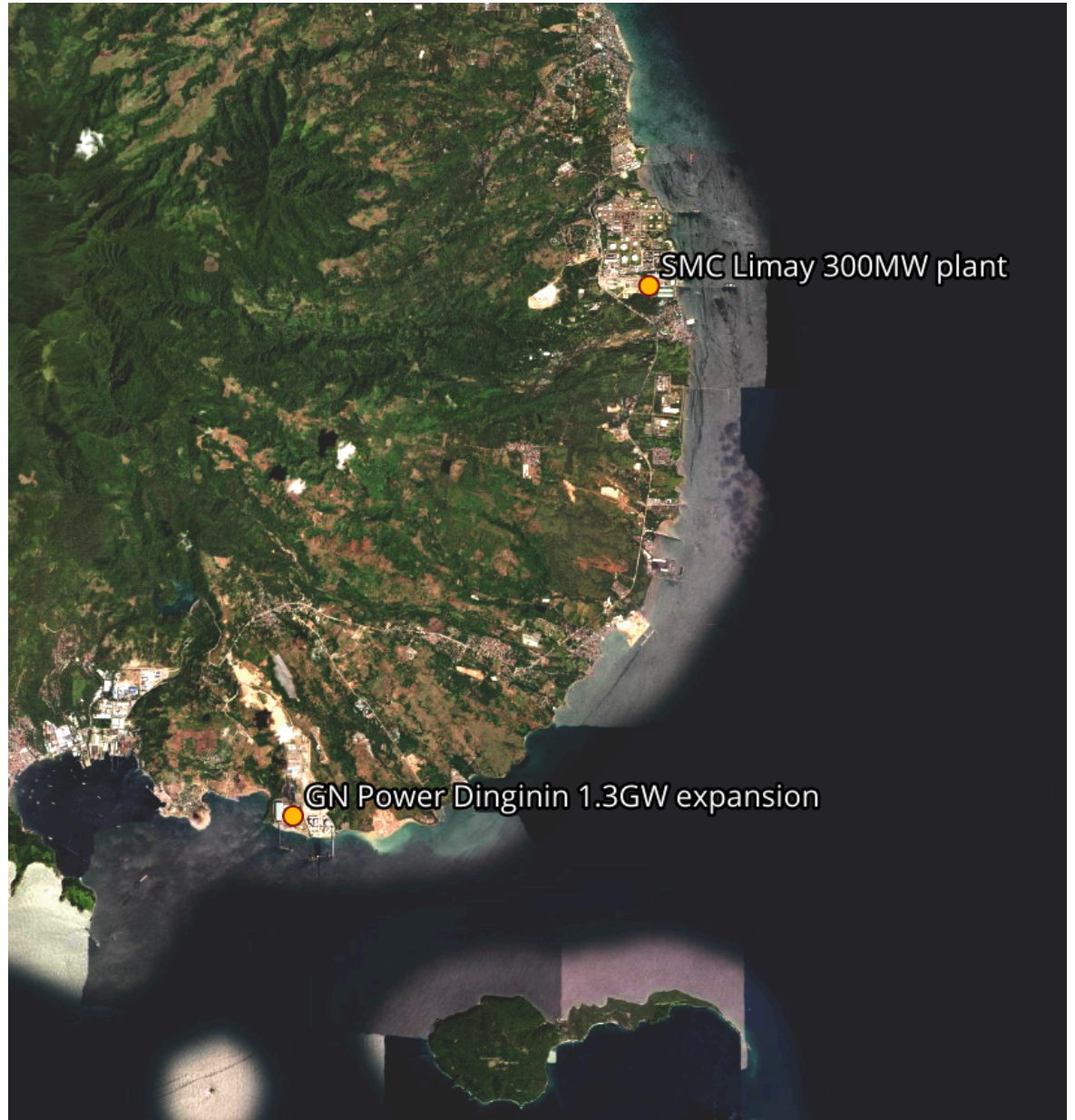


Figure 2: Clockwise from top left, Masinloc, Limay, Dinginin and Davao power plant



B. The harms to which Standard Chartered’s coal plant financing contributed are evident and severe.

In October 2017, the PMCJ and 19 affected communities, with support from IDI and Recourse, filed a complaint against the International Finance Corporation (IFC) for fueling climate change, environmental contamination, physical and economic displacement and other adverse impacts on communities’ health and livelihoods, through its indirect investments in the Philippines coal industry.

The complaint concerned the financing of 19 active or proposed coal-fired power plants across the Philippines by Rizal Commercial Banking Corporation (RCBC), a large commercial bank in the Philippines that served as a financial intermediary for the IFC.⁹ The CAO found the complaint eligible in relation to 11 of the 19 sub-projects, where it held that the IFC had an active, material financial exposure to the coal plants.

In each of the 11 projects, RCBC was joined by other financial institutions in providing loans. Standard Chartered was a co-financier in four projects, which are the four plants that are the subject of this complaint. Harms alleged by the communities affected by the four plants that Standard Chartered co-financed include, *inter alia*:¹⁰

Plant	Summarised harms
Masinloc expansion	<ul style="list-style-type: none"> ● Increased expenses for fisherfolk, whose catch dwindled in the wake of the plant’s construction and operation. ● Insufficient income for subsistence as a result of reduced harvest of rice, mangoes, camotes (sweet potatoes), coconuts and seaweed as a livelihood resource for farmers. ● Increased air pollution. ● Physical displacement. ● Contamination of water resources.
Limay power plant	<ul style="list-style-type: none"> ● Lack of proper information, consultation or consent in the construction of the plant. ● Refusal by SMC to employ local people despite promises to the contrary. ● Severe skin and lung disease from fly-ash, a by-product of coal-fired power. ● Pollution of plants, crops, and rivers by fly ash. Reduction in productivity of fruit trees. ● Summary eviction. ● Relocation to areas without livelihood opportunities. ● Some residents received compensation in exchange for promises not to return to Limay. ● Intimidation and reprisals against community members opposed to the development.

⁹ Full details of RCBC’s financial ties to each coal power plant are available in the original complaint. Source: <https://www.cao-ombudsman.org/sites/default/files/downloads/LetterofComplaint.pdf>.

¹⁰ See annex 2 in the original complaint for a detailed list of alleged harms as of 2017. The table shown here is updated to include additional harms that have arisen since that complaint was filed.

	<ul style="list-style-type: none"> ● Contamination of local water resources.
Dingin expansion of Mariveles	<ul style="list-style-type: none"> ● Lack of proper information, consultation or consent in the construction of the plant. Some groups were excluded altogether. ● Community incidence of respiratory disease and skin irritations increased, linked to the plant. ● Death of domesticated livestock. ● Loss of fish as a source of livelihood and contamination of waters. ● Loss of land by the community due to company exclusion and intimidation. ● Eviction with minimal compensation. ● Blocking of the community's access to local roads. Community members must now access and exit their community either via boat or with the permission of power plant operators. ● Killing of anti-coal community leader, intimidation and harassment of those opposed to coal project
Davao plant at Malita	<ul style="list-style-type: none"> ● Lack of proper information, consultation or consent in the construction of the plant. ● Loss of livelihoods due to reduced fishing harvest. ● Loss of livelihood for farmers due to reduced harvest of corn, bananas, coconuts, mangoes, camotes and more. ● Air and water pollution from coal dust and fly ash. ● Community incidence of respiratory disease and skin irritations increased, linked to the plant. ● Intimidation and reprisals against community members opposed to the development.

c. CAO investigation and IFC response

In response to the complaint, the CAO conducted a compliance investigation, completed in 2021, which found that “IFC did not correctly apply its [Environmental and Social] requirements to its four investments in RCBC,” which “contributed to a situation whereby RCBC financed the coal-fired power plants without requiring them to operate in accordance with the [IFC’s environmental and social] Performance Standards.” The CAO investigation found that, “based on the available evidence...the plants financed by RCBC are likely to have significant adverse impacts on local communities and the environment, as raised in the complaint.”¹¹ The four projects that Standard Chartered financed are all among the 11 projects that the CAO investigated. The investigation found that the following harms alleged in the original complaint were “very likely” or “rather likely”¹² to have resulted from the 11 projects investigated:

“(i) adverse health impacts due to air pollution or water contamination from coal ash at six power plants

¹¹ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf. See p.4.

¹² The CAO could not make a definitive determination of harms because it did not undertake field investigations, due to the Covid pandemic travel restrictions in place at the time.

- (ii) impacts on livelihoods due to coal ash contamination at five power plants and due to physical or economic displacement at two power plants*
- (iii) displacement and resettlement related impacts at two power plants*
- (iv) threats against, and intimidation of, community activists in relation to four power plants*
- (v) inadequate stakeholder engagement and consultation, including lack of grievance mechanisms, at all power plants”¹³*

The CAO could not make a definitive determination of harms because it did not undertake field investigations due to the Covid pandemic travel restrictions in place at the time, however it undertook a monitoring field visit in November 2023, where it was able to verify the harms (the CAO’s monitoring report with its finding is expected to be published in March 2024). In its investigation report, the CAO recommended that IFC take steps to ensure that instances of harm raised by affected communities are assessed and remediated in line with the IFC Performance Standards.

Notably, the CAO recommendations place an emphasis on remedy:

“Where gaps are identified, IFC should work with RCBC and its sub-clients to ensure that instances of harm raised by project-affected communities are assessed and remediated consistent with Performance Standards requirements. In doing this, IFC should consider ways to maximize its positive influence on the corporate owners and financiers of each power plant, as well as contributing to remedial solutions as appropriate.”¹⁴

The CAO also recommended that IFC evaluate and mitigate the climate impacts of the coal plants and institute systemic reforms to ensure it does not contribute to similar harms in the future.

In April 2022, the IFC board approved a Management Action Plan (MAP) meant to address the CAO recommendations. One component of the MAP, which was recommended by CAO, is an environmental and social assessment (“Gap Analysis”) of the 10 coal sub-projects¹⁵ to verify the existence and extent of harms, as well as compliance gaps with the IFC Performance Standards and national regulations.

The second purpose of the MAP is to “propose mitigation and monitoring plans as appropriate for complaint sub-project borrowers [i.e. coal power plant developers] *and their lenders*” [emphasis added].¹⁶ This assessment is ongoing and is being conducted by the external consultants ERM. It is expected to be completed by June 2024.

¹³ Ibid. See p.8.

¹⁴ Ibid. See p.11.

¹⁵ One of the 11 sub-projects that the CAO investigated, Atimonan, was excluded from the MAP because RCBC terminated its financing agreement prior to disbursement. Source: IFC (2022) Management Report And Management Action Plan in relation to the CAO Compliance Investigation Report on Rizal Commercial Banking Corporation.

https://www.cao-ombudsman.org/sites/default/files/downloads/IFC%20Mgt%20Response%20and%20MAP_RCB_C_%20Feb%202022.pdf. See p.20.

¹⁶ Ibid. See p.40.

Before this recourse to the National Contact Point, the complainants contacted Standard Chartered on April 26, 2023, and again on August 23, 2023, seeking a commitment from the bank to use its leverage to support remediation for these coal project investments' harms. The bank only replied to the first correspondence, stating it no longer has exposure to the projects.

In the following sections, we will set out how Standard Chartered breached its due diligence responsibilities under the OECD Guidelines in its financing of the four coal plants, and it has subsequently failed to use its leverage with its ongoing clients like SMC to remediate the harms, including when presented with the rare opportunity to support remedial action through the process currently being undertaken by the IFC in response to the CAO investigation.

V. Breaches of the OECD Guidelines by Standard Chartered

Standard Chartered has breached the following provisions of the 2011 version of the OECD Guidelines for Multinational Enterprises:¹⁷

- Paragraphs A1, A2, A10, A11, A13, and A14 of Chapter II General Policies
- Paragraphs 1, 5 and 6 of Chapter IV Human Rights

A. Standard Chartered's failure to contribute to sustainable development and respect human rights

Breached:

General Policies II 1 & 2: Enterprises should: (1) Contribute to economic, environmental and social progress with a view to achieving sustainable development; (2) Respect the internationally recognised human rights of those affected by their activities.

Human Rights IV.1: Enterprises should, within the framework of internationally recognized human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

- 1. Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.**

The Commentary to the Guidelines explains that “[t]here should not be any contradiction between the activity of multinational enterprises (MNEs) and sustainable development.”

The Rio Declaration On Environment and Development sets forth the fundamental principles of sustainable development, including 1) that human beings are “at the centre of concerns for sustainable development (Principle 1); 2) that “the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future

¹⁷ OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>.

generations (Principle 3); that environmental protection is “integral” to the development process (Principle 4); and that the eradication of poverty is “an indispensable requirement” for sustainable development.¹⁸

The construction by San Miguel Corporation and AboitizPower of four highly polluting coal-fired power plants in the Philippines, enabled by the financing provided by Standard Chartered bank, directly contradicts the above principles.

The human rights and environmental impacts that resulted from the four plants financed by Standard Chartered have aligned with the well-known risks of coal-fired power to local environmental quality and human health.¹⁹ The CAO investigation found that, across the 11 plants included in its investigation, 40 million metric tonnes of carbon dioxide would be emitted annually, equivalent to a third of the Philippines total emissions in 2019.²⁰ The initial complaint to the CAO, the CAO's investigation, and the IFC's response to the investigation are all in agreement that the plants emit significant greenhouse gas emissions, and indeed in several cases operate using a substandard emissions-intensive technology.

According to the OECD, “Adverse environmental impacts are often closely interlinked with other matters covered by the Guidelines such as health and safety, impacts to workers and communities, access to livelihoods or land tenure rights”.²¹ In the case of these four projects, all of the above adverse impacts have also been felt. In some instances, the impacts have been particularly severe. At the Masinloc plant in 2005, for example, a Greenpeace protester was hit in the face with a crowbar by armed guards of the plant, activists were assaulted with stones, and warning shots were fired by guards. These stories have been widely publicised and are visible in even cursory research into San Miguel’s coal plant interests.²² Further examples of human rights abuse, militarisation of plant security and repression at Masinloc are alleged by the community.²³ Further south, the Bataan province in which the Limay plant is located, has been a major site of coal power development for decades, and has seen severe human rights abuses against coal protesters. Gloria Capitan, a prominent anti-coal and sustainable energy advocate, was murdered in 2016 for her opposition to the Limay power plant. Standard Chartered’s role in financing the facility opposed by Gloria Capitan is widely publicised.²⁴ Community leaders and environmental defenders vocally opposing coal projects in the Philippines have been red-tagged by authorities, to undermine the legitimacy of the issues they raise. These groups are vilified, stereotyped or caricatured by the military

¹⁸ Report of the United Nations Conference on Environment and Development, June 3-14, 1992, Rio Declaration on Environment and Development, Annex I princ. 4, U.N. Doc A/CONF.151/26 (Vol. I) (1992).

¹⁹ Union of Concerned Scientists (2019) Coal Power Impacts. Source: <https://www.ucsusa.org/resources/coal-power-impacts>.

²⁰ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf. See p.9.

²¹ OECD (2023), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Publishing, Paris, <https://doi.org/10.1787/81f92357-en>. See, Chapter VI, Commentary 70

²² Greenpeace (2005) ‘Greenpeace Activists Attacked in Philippine Coal Plant Protest Against Climate Change in Asia’. Source:

<http://www.greenpeace.org/eastasia/press/releases/climate-energy/2005/20051110-philippine-coal-plant-protest/>.

²³ NGO Forum (2008) MasinloCOAL: The Hazardous Masinloc Coal-fired Power Plant. Source: <http://notocoal.weebly.com/masinlocoal.html>.

²⁴ Global Witness (2019) ‘Defending the Philippines’. Source:

<https://www.globalwitness.org/en/campaigns/environmental-activists/defending-philippines/>.

as communist groups, making them easy targets of government military or paramilitary units.²⁵

Coal plants in the Philippines have also caused severe health impacts. A study published by Greenpeace focused on emissions produced by the Masinloc coal plant, which began operating in 1998.²⁶ It found that Masinloc “produce[s] fly ash contaminated with a range of toxic and potentially toxic elements”, “liberates millions of tonnes of these elements a year” and “have the ability to leach from [the coal plants’ fly ash] and, thus enter the environment where they can accumulate in sediments and soils”. A later study published in 2016 by Greenpeace on the public health impacts of coal in the Philippines estimated that toxic emissions associated with several coal plants in the study could cause up to 2,400 premature deaths annually.²⁷ In 2016 and 2017, the Philippine Department of Environment and Natural Resources (DENR), sent public violation notices to San Miguel Corporation, for dumping ash into local waterways around the Limay plant.²⁸ Also at issue were the health effects on local communities of ash pollution. No action was taken by the company to address these adverse impacts.

The initial complaint to the CAO explains how the coal plants, including the four financed by Standard Chartered, precipitated a range of impacts on the right to health and the right to an adequate standard of living.²⁹ These include contamination of crops by coal ash, loss of livelihoods as a result of crop contamination and impacts on fisheries, and disease associated with coal pollution, including respiratory illness and skin irritation. The CAO found that these impacts were, based on the available evidence, all “very likely” or “rather likely”. The CAO also found that it “very likely” or “rather likely” that there was a lack of meaningful community consultation and information disclosure regarding the projects and their impacts.³⁰

While these adverse impacts were caused by the project operators, Standard Chartered breached the the Guidelines by failing to conduct environmental, social and human rights due diligence to identify these risks and impacts and acting on the findings of that due diligence to prevent and address harm throughout the period of its exposure to the four coal plants, as we set out below. We contend in Section C below that the bank’s continued due diligence failures establish a relationship, not only of direct linkage, but of contribution to the adverse impacts.

B. Standard Chartered’s failure to properly consult communities

²⁵ Delina, L. (2021) ‘Topographies of coal mining dissent: Power, politics, and protests in southern Philippines’. *World Development*, 137. Source: <https://www.sciencedirect.com/science/article/pii/S0305750X20303211>.

²⁶ Greenpeace (2002) “Hazardous Emissions from Philippine Coal-fired Power Plants: Heavy metal and metalloid contents of fly ash collected from the Sual, Mauban and Masinloc coal-fired power plants in the Philippines.” Source: <https://www.greenpeace.to/publications/philflyash.pdf>.

²⁷ Greenpeace (2016) Coal: a public health crisis. Diseases and deaths attributed to coal use in the Philippines. Source: https://www.greenpeace.org/static/planet4-philippines-stateless/2019/05/f9425310-f9425310-coal_a_public_health_crisis.pdf.

²⁸ Mayuga, J. (2017) *BusinessMirror*. ‘Lopez asked to shut down Bataan coal plant’. Source: <https://businessmirror.com.ph/2017/02/19/lopez-asked-to-shut-down-bataan-coal-plant/>. February 19, 2017.

²⁹ PMCJ letter of complaint. Source: <https://www.cao-ombudsman.org/sites/default/files/downloads/LetterofComplaint.pdf>.

³⁰ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf. See pages 113-116.

Breached:

General Policies II A.14: Engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.

Standard Chartered failed to ensure that communities affected by the coal power plants were adequately consulted. As detailed above, the construction of the four coal-fired power plants was characterised throughout by inadequate consultation, including cursory and brusque treatment of communities that would be affected, in an atmosphere of repression. The CAO investigation found that there was “inadequate stakeholder engagement and consultation, including lack of grievance mechanisms, at all power plants”. In the case of Limay, public consultations were conducted *after* the plant’s construction and invitations to public scoping activities were only extended to some sections of the community.

The UN Guiding Principles and the commentary to the OECD Guidelines recommend that enterprises or participate in operational-level grievance mechanisms for impacted communities, which “meet the core criteria of: legitimacy, accessibility, predictability, equitability, compatibility with the Guidelines and transparency, and are based on dialogue and engagement with a view to seeking agreed solutions.” Standard Chartered has no such mechanism available to the people adversely impacted by its financial services, but it does now have an opportunity to cooperate in the grievance redress process of another financial institution that also contributed to the harms in question: the IFC. We submit that this is what Standard Chartered must do now to bring the financing activities described in this specific instance into compliance with the OECD Guidelines.

c. Standard Chartered’s failure to conduct due diligence

Breached:

General Policy II.10: Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.

General Policy II.11: Avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur.

General Policy II.13: In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and subcontractors, to apply principles of responsible business conduct compatible with the Guidelines.

Human Rights IV.5: Carry out human rights due diligence as appropriate to

their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.

The 2011 OECD Guidelines define due diligence as “the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of business decision-making and risk management systems.”³¹ In accordance with its responsibilities under the OECD Guidelines, Standard Chartered should have carried out due diligence prior to and during its investments in these coal plants, including assessing and addressing the human rights and environmental risks and impacts of the plants. As is clear from the section above, the risks associated with these power plants were severe, numerous, publicly-known and very likely to be exacerbated by financing the expansion of the projects.

In determining whether a bank has contributed to adverse environmental or human rights impacts – and therefore has a responsibility to contribute to their remediation – the OECD Due Diligence Guidance for Responsible Corporate Lending outlines three relevant factors:

1. *“The degree to which the bank’s activities increased the risk of the impact occurring by facilitating or incentivising a client to cause an adverse impact; [original emphasis]*
2. *The degree of foreseeability of the impact;*
3. *The degree to which actions taken by the bank actually mitigated or decreased the risk of that impact.”*³²

These three criteria are reiterated in other OECD publications, including the OECD’s guidance on due diligence in project and asset finance transactions³³ and in its original guidance on due diligence for responsible business conduct³⁴.

The OECD Due Diligence Guidance for Responsible Business Conduct considers due diligence to be risk-based, meaning:

*“The measures that an enterprise takes to conduct due diligence should be commensurate to the severity and likelihood of the adverse impact. When the likelihood and severity of an adverse impact is high, then due diligence should be more extensive. Due diligence should also be adapted to the nature of the adverse impact on RBC issues, such as human rights, the environment and corruption.”*³⁵

³¹ OECD (2011), *OECD Guidelines for Multinational Enterprises*, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>. Chapter II, Commentary 14.

³² OECD (2019) *Due Diligence for Responsible Corporate Lending and Securities Underwriting: Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises*. Source: <https://mneguidelines.oecd.org/due-diligence-for-responsible-corporate-lending-and-securities-underwriting.pdf>. See p.44.

³³ OECD (2022), *Responsible Business Conduct Due Diligence for Project and Asset Finance Transactions*, OECD Business and Finance Policy Papers, OECD Publishing, Paris, <https://doi.org/10.1787/952805e9-en>. See p.32.

³⁴ OECD (2018) *OECD Due Diligence Guidance for Responsible Business Conduct*. Source: <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>. See p.70.

³⁵ *Ibid.*, p.17.

This Guidance makes clear that financiers are not solely responsible for the harms caused nor should they rely solely on their co-financiers or the developers of the project to take on that entire burden: “each enterprise addresses its own responsibility with respect to adverse impacts”.³⁶ It also sets out several criteria for project- and asset-based financiers’ to consider when undertaking due diligence:

“Under RBC due diligence, severity is measured by scale, scope and irremediable character:

- *Scale refers to the gravity of the adverse impact.*
- *Scope concerns the reach of the impact, for example the number of individuals that are or will be affected or the extent of environmental damage.*
- *Irremediable character means any limits on the ability to restore the individuals or the environment affected to a situation equivalent to their situation before the adverse impact.”³⁷*

In the Due Diligence Guidance for Responsible Business Conduct, too, the OECD identifies many ways for a financial institution to mitigate the likelihood of harm. For example:

- *“At the client on-boarding/pre-financing stage, financial institutions should identify actual or potential adverse RBC impacts and use their findings to inform their decision on whether and under what conditions it will provide financing to that client.”*
- *“requesting reporting on RBC performance from clients/project sponsor’s or defining times for periodic reviews of existing clients’ activities (e.g. annual or semi-annual reviews, on the basis of significant changes etc.)”*
- *“establishing early warning mechanisms through which stakeholders including affected rights-holders and their representatives can raise concerns related to RBC issues”*
- *“for higher-risk projects, [use] environmental and social specialists to monitor and provide information on environmental and social compliance”³⁸*

Finally, the OECD Guidelines stipulate that omissions, or a *failure* to take certain actions, fall within its definition of activities that increase the risks associated with financing.³⁹

Despite these due diligence responsibilities under the OECD Guidelines, Standard Chartered failed to, inter alia:

- **Identify the known risks associated with the energy infrastructure it was financing;**
- **Take measures, including financing requirements, to ensure the mitigation of those risks;**
- **Address adverse impacts when they materialised, including through use of leverage; and**

³⁶ *Ibid.*

³⁷ *Ibid.*, p.42.

³⁸ *Ibid.*, see p.23-24.

³⁹ OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>. Chapter IV, Commentary 47.

- **Support or contribute to remediation, even when presented the opportunity to do so.**

Below we consider Standard Chartered's acts and omissions against the three relevant criteria in the OECD Due Diligence Guidance for Responsible Business Conduct for determining whether a bank has contributed to adverse environmental or human rights impacts:

1. **The degree to which the activity increased the risk of the impact occurring:**

The previous section details risks and impacts of the projects, including violence towards peaceful protesters, severe health impacts, significant carbon dioxide emissions, pollution to air and water, loss of livelihoods, and disenfranchisement of communities due to poor consultation, among other impacts. At a basic level, Standard Chartered increased the risks of these impacts occurring by financing and therefore enabling highly polluting power plants with an average lifespan of 30-40 years.⁴⁰ The OECD Guidelines distinguish between contributions that are substantial and not "minor or trivial". Standard Chartered contributed 12.3%, 41% and 11%, respectively, of the project loans for three of the projects and was one of three lead underwriters of bonds used to finance the fourth.

Despite this substantial financial contribution to extremely high risk projects, the bank failed to undertake commensurate environmental and human rights due diligence and to require San Miguel Corporation and Abolitz Corporation to institute effective mitigation measures to prevent harm.

The high financial contribution coupled with the due diligence failure significantly increased the risk of the adverse impacts, which unfortunately manifested.

2. **The degree of foreseeability:**

Standard Chartered should have been well aware of the climate, environmental, social and human rights risks of the coal plants it was financing. The status of coal-fired power as the foremost driver of climate change is established: it has been identified by various experts and authorities, including the United Nations, on numerous occasions.⁴¹ In addition to the significant carbon emissions of these projects, coal power has well-known and significant negative impacts on the health and livelihoods of communities living in the vicinity of plants.⁴² The Philippines is also an extremely climate-vulnerable country, identified as the world's most at-risk country by the annual World Risk Index 2023, according to factors such as exposure, susceptibility and lack of adaptability to environmental risks – all exacerbated by the health

⁴⁰ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf. See p.11

⁴¹ Curtin, J. (2022) *New York Times*. 'To Avoid Climate Disaster, One Task Is More Urgent Than Anything Else' Source: <https://www.nytimes.com/2022/10/06/opinion/climate-coal-renewable-energy.html>; Blitzer, H., et al. (2023) E3G 'Explained: what does "No New Coal" mean?' Source: <https://www.e3g.org/news/explained-what-does-no-new-coal-mean/>; United Nations (2023) No New Coal Compact. Source: <https://www.un.org/en/energycompacts/page/no-new-coal-compact>.

⁴² Union of Concerned Scientists (2019) Coal Power Impacts. Source: <https://www.ucsusa.org/resources/coal-power-impacts>.

and climate risks posed by these coal projects.⁴³ Moreover, these coal plants were particularly high risk, given the repression and even murder of environmental and human rights defenders challenging the coal industry. These impacts were ongoing and well publicised at the time Standard Chartered committed to financing the projects. The impacts also continued throughout the life of the loans and at the time the bank ended its investments.

3. The degree to which actions taken by the bank mitigated or decreased the risk:

We have seen no indication that Standard Chartered undertook any action to mitigate or decrease the risk either prior to approving the financing arrangements or during the period of the loans and bonds. The 2017 public complaint to the CAO and the aforementioned 2018 civil society report, *'Broken Promises'*, described the serious impacts of the projects and specifically named Standard Chartered bank as a key international financier of the coal plants in question. The harms were later confirmed by the CAO's investigation report, published in 2021.⁴⁴ At each of these points, the bank should have used the maximum leverage available to it to address the harms associated with its financing. Standard Chartered's financial relationship gave it significant leverage over its debtors. In the Masinloc expansion, for example, Standard Chartered was one of only three international lenders, and provided almost half of the financing for the project. The Guidelines repeatedly note the importance of the leverage that is available to multinational enterprises, especially to international lenders in developing countries, where a "demonstration effect" on domestic financiers or enterprises is apparent.⁴⁵

The Guidelines describe ways in which a financier can use its leverage over clients to mitigate risk, including:

"engagement to urge them to prevent and/or mitigate impacts; building expectations around responsible business conduct and due diligence specifically into commercial contracts ... linking business incentives with performance on responsible business conduct; engaging with regulators and policymakers on responsible business conduct issues; communicating the possibility of responsible disengagement if expectations around responsible business conduct are not respected, collaborating with other enterprises (at sectoral, risk or country level) to pool leverage and implementing common standards of responsible business conduct."

There is no evidence that Standard Chartered sought to exercise its leverage in any of these ways, or in any other way.

⁴³ Bündnis Entwicklung Hilft / IFHV (2023): WeltRisikoBericht 2023. Berlin: Bündnis Entwicklung Hilft. Source: <https://weltrisikobericht.de/en/>.

⁴⁴ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf.

⁴⁵ OECD (2011), OECD Guidelines for Multinational Enterprises, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>. Chapter VI, Commentary 22, 23, 24, 47, 78

In addition to the human rights and local environmental impacts, Standard Chartered has also not addressed the climate impacts arising from the projects to which it contributed to. In citing the total emissions associated with the plants, the CAO investigation makes the point that the IFC and its clients missed multiple opportunities to reduce the emissions intensity of the projects it indirectly financed.⁴⁶ The Masinloc acquisition, Limay plant construction and Davao plant construction financed by Standard Chartered all use either circulating fluidized bed (CFBs) combustion⁴⁷ or the outdated and even less efficient subcritical technology⁴⁸. As previously highlighted by PMCJ in a complaint to the Asian Development Bank, CFB technology produces four times more coal ash than conventional coal plants.⁴⁹ There is no evidence that Standard Chartered attempted to use its leverage to mitigate the emissions intensity of its investments. The bank could have contractually required mitigation measures, including regular reporting on how these measures have been implemented and standards met. Given the inevitable climate burden of coal, however, it is arguable that it should have simply declined to finance the construction of the projects at all.

In sum, Standard Chartered’s substantial contribution to project financing and its failure to conduct due diligence commensurate to the projects’ high risks and to take any actions to mitigate those risks amount to a clear contribution to the adverse impacts that ensued.

Given that Standard Chartered contributed to the harms, it should have provided for or cooperated in remediation as necessary to address those harms. Yet the bank has failed to recognize its contribution to the impacts arising from its finance of the Masinloc, Limay, Dinginin or Davao plants, and to cooperate in a remediation process even when presented with a rare opportunity to do so in concert with the World Bank Group. The next section addresses this issue.

d. Standard Chartered’s failure to provide remediation

Breached:

Human Rights IV.6: Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

In the previous section, we set out how Standard Chartered contributed to the harms resulting from the development of the four coal-fired power plants. When a bank contributes

⁴⁶ CAO Compliance Investigation of IFC Environmental and Social Performance in Relation to Rizal Commercial Banking Corporation in the Philippines, 19 November 2021. Source: https://www.cao-ombudsman.org/sites/default/files/downloads/CAO%20Compliance%20Investigation_RCBC-01_Philippines_Nov%202021.pdf. See p.9.

⁴⁷ It should be noted here, as the PMCJ complaint testifies, that even comparatively more emissions-efficient technology, such as circulating fluidized bed (CFBs) combustion, “emits four times more coal ash compared to ordinary coal plants. CFB technology does not arrest carbon dioxide emissions; does not absolutely prevent toxic metal compound pollution; and does not address risk[s] and hazards arising from coal ash” (p. 8-9).

⁴⁸ Caldecott, B., Dericks, G., & Mitchell, J. (2015) ‘Stranded Assets and Subcritical Coal: The Risk to Companies and Investors’. Source: <https://www.smithschool.ox.ac.uk/sites/default/files/2022-04/Stranded-Assets-and-Subcritical-Coal.pdf>.

⁴⁹ Pedrosa, A. & Obando, V. (2010) Formal complaint to the ADB on behalf of communities affected by the Visayas Baseload Power project. Source: <https://aconsole-static.s3.amazonaws.com/media/public/cases/phi-complaint-letter-28feb2011.pdf>.

to adverse impacts, it has a responsibility under the OECD guidelines to contribute to remedying those harms. This obligation is reiterated throughout the totality of relevant OECD guidance – including the Guidelines themselves, the commentary on those guidelines, the Due Diligence Guidance on Responsible Business Conduct, and guidance specifically addressed at financial institutions.⁵⁰ Accordingly, we submit that Standard Chartered has a responsibility to engage in remediation for the harms it contributed to.

As the OECD guidance on responsible project and asset finance states:

“Broadly, in cases where a financial institution is contributing to actual adverse impacts it should take necessary steps to cease or prevent its own contribution, provide for or cooperate in remediation of the impact through legitimate processes, and use its leverage to seek to prevent and mitigate any remaining impacts.”⁵¹

Furthermore, Standard Chartered has explicitly committed to contributing to remedy when its financing clearly causes or contributes to harm.

“We use process, governance and due diligence to avoid infringements and complicity in the infringements of others, whether in our role as an employer, as a procurer of goods and services, or as a provider of financial services. Where Standard Chartered identifies that we have caused or contributed to adverse impacts, we endeavour to address these by providing remedy or cooperating in the remediation process.”⁵²

A letter from PMCJ, IDI and BankTrack on April 26, 2023 (Appendix D) to Standard Chartered pointed to a clear opportunity for the bank to support remediation, calling on the bank to “use the leverage it holds over the coal project developers it finances, to facilitate their cooperation in the E&S assessment and remedial process [being coordinated by the IFC]”.

The bank replied to the letter on July 13, 2023 that it “has no outstanding exposure to the four coal projects referenced.” It went on to discuss its climate commitments and coal exit policies in general terms, without taking up the request for a meeting included in the letter. The bank then failed to respond to a follow up email, sent on August 23, 2023, once again requesting a meeting to discuss how it could cooperate in the legitimate remediation process underway through the IFC's MAP and contribute appropriately to resulting remedial actions to help ensure their effectiveness.

⁵⁰ OECD (2011), *OECD Guidelines for Multinational Enterprises*, OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>; OECD (2018) *OECD Due Diligence Guidance for Responsible Business Conduct*. Source:

<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>; OECD (2019) *Due Diligence for Responsible Corporate Lending and Securities Underwriting: Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises*. Source:

<https://mneguidelines.oecd.org/due-diligence-for-responsible-corporate-lending-and-securities-underwriting.pdf>; OECD (2022), *Responsible Business Conduct Due Diligence for Project and Asset Finance Transactions*, OECD Business and Finance Policy Papers, OECD Publishing, Paris, <https://doi.org/10.1787/952805e9-en>.

⁵¹ OECD (2022), *Responsible Business Conduct Due Diligence for Project and Asset Finance Transactions*, OECD Business and Finance Policy Papers, OECD Publishing, Paris, <https://doi.org/10.1787/952805e9-en>. See p.36.

⁵² Standard Chartered (2024) *Position statements: Human Rights*. Source: <https://www.sc.com/en/sustainability/position-statements/human-rights/>.

Standard Chartered's argument that its exit from these financing arrangements means it has no more leverage over the developers is also questionable. Publicly available data, including a coal financing database provided by the German NGO Urgewald, shows Standard Chartered's ongoing relationship with both of the companies involved in this case: Standard Chartered supported San Miguel Corporation via underwriting of bond and share issuances by its parent company, Top Frontier Investment Holdings Inc.⁵³ This amounted to USD \$493.39 million between January 2019 and November 2021. Standard Chartered's well-known relationship to SMC has prompted opposition within the Philippines.⁵⁴ Standard Chartered also underwrites AboitizPower's parent company.⁵⁵

Even if Standard Chartered had no leverage over the coal plant operators (which we do not believe to be the case), it can contribute directly to remedy by co-funding the remediation measures recommended in the forthcoming environmental and social gap assessments currently being undertaken by the IFC. This is what we seek to discuss in a dialogue process facilitated through the good offices of the UK NCP.

VI. Request for UK NCP assistance

On behalf of the communities affected by the four coal plants financed by Standard Chartered, PMCJ, IDI, Recourse and BankTrack request the UK NCP to offer its good offices to resolve our dispute with the Respondent over its non-conformance with the OECD Guidelines.

Recent attempts by complainants to engage the Respondent over this matter have not yielded any outcomes, as described above.

We therefore:

- Ask the NCP to assist us in engaging the Respondent in a dialogue, together with a number of community members, aimed at redressing the harms that the communities have suffered. Standard Chartered has a unique and rare opportunity to fulfil its responsibilities under the Guidelines by engaging in the remedial process that IFC is coordinating in response to the CAO investigation and helping to make it a success.
- Seek a mediated agreement with Standard Chartered, facilitated by the UK NCP, through which Standard Chartered will contribute to mitigation measures and remedial actions that are recommended through this process.
- Seek action by Standard Chartered through that mediation that addresses shortcomings in the bank's ESG policies and procedures, as evidenced by this case. This includes clarifying Standard Chartered's commitment to remediating harms that arise from all forms of finance, including general corporate finance, and updating the bank's policies to stipulate that its responsibilities for impacts that occur during the period of financing do not end when the bank's financial exposure concludes. Finally,

⁵³ Urgewald (2021) Finance Research on the Global Coal Exit List 2021: Top Frontier Investment Holdings Inc. Source: <https://www.coalexit.org/company/top-frontier-investment-holdings-inc>.

⁵⁴ Youth Advocates for Climate Action (YACAP) Philippines (2021) Standard Chartered Bank, stop funding our destruction! Source: <https://yacap.org/2021/03/10/standard-chartered-stop-funding-our-destruction/>.

⁵⁵ Urgewald (2021) Finance Research on the Global Coal Exit List 2021: Aboitiz Equity Ventures Inc. Source: <https://www.coalexit.org/company/abotiz-equity-ventures-inc>.

mediation should address the lack of an effective grievance redress mechanism for communities impacted by Standard Chartered financing, on its own or in partnership with other OECD financial institutions and/or Equator Principles Financial Institutions.

Failing a resolution of this specific instance through dialogue with the Respondents, we request that the UK NCP examine the facts and make specific recommendations to bring Standard Chartered into compliance with the Guidelines.

VII. Appendices:

- A. [Original CAO complaint of 2017](#)
- B. [CAO Compliance Investigation Report](#): IFC Investments in Rizal Commercial Banking Corporation (RCBC)
- C. [IFC Management Report and Management Action Plan \(MAP\)](#) in relation to the CAO Compliance Investigation Report on Rizal Commercial Banking Corporation
- D. Letter from PMCJ, Recourse, IDI and BankTrack, 26 April 2023 (attached)
- E. Email from complainants to bank, 23 August 2023 (attached)