

Standard Chartered Position Statement

Climate Change and Energy

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.

We recognise that our level of influence and assessment is dependent on the nature of the services we provide.

Our concern

Standard Chartered considers climate change as one of the greatest environmental challenges facing the world today, given its widespread and proven impacts on the physical environment and human health and potential to adversely impact economic growth. The emerging markets need reliable and accessible energy to support economic growth and this needs to be balanced by mitigating the environmental impacts of power generation and consistent with the 'Paris Agreement' on climate change.

Our commitment

We have chosen to focus our efforts on the energy industry, recognising that it is the largest individual contributor to greenhouse gas emissions. In the medium term we will review how we play a role in helping achieve a balance between development and climate impacts in other industries including forestry, agriculture and transport.

The following commitments apply to all new and existing Corporate and Institutional Banking and Commercial Banking clients:

For All Clients in the Energy Industry

- We will introduce over time new assessment criteria relating to climate risks for our energy industry clients, in order to promote alignment with a 1.5 degrees climate scenario.

For Clients in the Coal Mining Sector

- We will not provide project finance or project finance advisory services to new standalone, non captive¹ thermal coal mining projects; for captive coal mining projects we will apply the fossil-fuelled power criteria below.
- We will not provide financing to new mining clients whose only business activity is to operate standalone, non captive thermal coal mines.

For Clients in the Fossil-Fuelled Power Sector

- We will not provide debt or equity to new coal fired power plants which do not achieve a long-run emissions intensity of below 830g / CO₂ / kWh.
 - In certain circumstances, in particular where the size of the plant is small, it may not be technologically feasible to meet this threshold. In such cases, we will carefully balance the need for power with the environmental impacts.
 - This decision will be informed by a Best Available Technology (BAT)² analysis, to the satisfaction of the bank, confirming that the choice of fuel type, technology and resulting emissions cannot be improved given the circumstances such as location, size and available fuel sources.
 - This BAT analysis will also assess the plant's contribution to alleviating national or localised energy deficiencies.
- We expect all clients to monitor and publicly report greenhouse gas emissions annually in accordance with internationally-recognised methodologies such as the GHG Protocol and where appropriate set clear targets for reducing greenhouse gas emissions.

For Clients in the Renewable Energy Sector

- We will fund and facilitate at least USD4bn toward clean technology by 2020.

Across All Sectors

Recognising the scale of the challenge represented by climate change, in addition to any requirements which apply to a specific sector we expect all our clients with annual (Scopes 1 and 2) emissions over 25,000 tonnes of CO₂-equivalent per annum to:

- Quantify annual emissions in accordance with an internationally recognised methodology
- Implement technically and financially feasible measures to improve energy consumption and resource efficiency
- Review and implement technically and financially feasible measures to reduce the release of greenhouse gases
- Meet applicable voluntary agreements with regulators on greenhouse gas emission reduction targets or energy efficiency
- Take part in voluntary initiatives for quantifying and disclosing greenhouse gases, such as the Carbon Disclosure Project³ or the application of the GHG Protocol⁴

¹ 'Standalone, Non Captive' refers to thermal coal mines not dedicated to a specific power plant. As such, the power plant(s) in which the coal production is used cannot be determined, nor an assessment made of these plants' emissions performance.

² The term 'Best Available Technology' is taken to mean the latest stage of development (state of the art) of processes, of facilities or of methods of operation which indicate the practical suitability of a particular measure for limiting discharges, emissions and waste

³ <http://www.cdproject.net/>

- Identify and address climate change impacts to business planning

Our initiatives

To play our part in tackling this global issue, we:

- Minimise the use of natural resources in our business operations, where we have set targets to improve energy and water efficiency, reduce paper consumption; and manage emissions from air travel
- Promote financing for climate change adaptation measures, including efforts to build climate-resilient infrastructure and business operations

Feedback

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

⁴ <http://www.ghgprotocol.org/>