Infrastructure and Transport
Position Statement
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 infrastructure and transport.

Infrastructure
Infrastructure includes but not limited to the construction, operation and decommissioning of transportation facilities (including ports, harbours, terminals, airports, railways and toll roads), water and waste management facilities, energy and telecommunications infrastructure (including pipelines, towers, data centres, fibre optic, electrical cables, land and subsea electrical cables, power transmission and distribution), health care facilities and mixed-use and commercial developments.

Transport
Transport refers to aviation, shipping and the transportation of hazardous materials.

Shipping
Shipping specifically refers to the operation and maintenance of ships used for the transport of general goods and bulk cargo (including hazardous substances not covered by other position statements).

Ship Recycling¹ refers only to buyers of scrap vessels and those involved in the process of dismantling a vessel’s structure for scrapping.

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.

Infrastructure
We will not provide financial services directly towards:

- Infrastructure that is dedicated to thermal coal

We expect clients to:

- Follow the applicable IFC EHS Industry Sector Guidelines – specifically all guidelines applicable to Infrastructure developments and operations
- Follow internationally recognised guidelines for the design and construction of hospitals and healthcare facilities, such as the Facility Guidelines Institute (FGI) Guidelines for Design and Construction; the Green Guide for Health Care; or the UK Department of Health, Health Building Note 00-01

¹ Our Ship Recycling business is concentrated amongst a very limited number of clients in one country. We recognise that Ship Recycling can have substantial environmental and social risks and therefore strictly limit financial services to these clients.
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- Follow a recognised certification scheme such as the Joint Commission International (JCI), or other accreditations schemes certified by the International Society for Quality in Health Care (ISQ) or the United Kingdom Accreditation Forum (as applicable to clients operating hospitals and health care facilities)

We encourage clients to:

- Align with industry best practices such as:
  - the Building Research Establishment Environmental Assessment Method (BREEAM) and Leadership in Energy and Environmental Design (LEED) or equivalent
  - Sustainability in Buildings and Civil Works (ISO 21678)
  - Adopting measures to manage the physical and digital security of data centres (ISO/IEC 27001)

Transport: Aviation

We will only provide financing to clients:

- Who are acquiring or leasing modern fuel-efficient aircraft assets
- Who commit to monitor, report and verify their emissions in line with CORSIA and/or other existing emission schemes

We expect clients to:

- Commit to the IATA resolution (or equivalent) denouncing the illegal trade in wildlife and wildlife products and pledging to partner with government authorities and civil society to prevent and suppress human trafficking

We encourage clients to:

- Sign the Buckingham Palace Declaration supporting the United for Wildlife Transport Taskforce to fight the illegal wildlife trade
- Continue to transition aircraft fleets to new technology, fuel efficient aircraft types and set quantifiable and measurable sustainability targets
- Follow sustainable waste disposal methods and regulations on how International Catering Waste is handled and aim for a material reduction in food waste by 2030
- Apply sustainability certification standards in line with CORSIA for sustainable aviation fuels
- Use ICAO and IATA programs and support mechanisms which have been developed to address the environmental impacts of aviation, improve the environmental performance of airlines, and promote the adoption of industry best practices

Transport: Shipping

We will only provide financial services to clients who:

- Establish and maintain plans and procedures to monitor the necessary information to calculate the carbon intensity and climate alignment of their financed fleet
- Require vessels to be classed by a member of the International Association of Classification Societies (IACS) which conducts periodic technical surveys to verify compliance with its criteria and all applicable international conventions
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• Have full protection and indemnity insurance in accordance with the standard rules of the International Group of P&I Clubs. We also expect the insurer to be a known and reputable company

• Comply with IMO requirements for shipment of oil or other hazardous substances in tankers

• Have a policy to ensure that any ship it controls that’s intended to be scrapped will be recycled at a yard that conducts its recycling business in a socially and environmentally responsible manner, such as in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships

• Require all financed new build vessels to have an Inventory of Hazardous Materials (IHM)\(^2\) in accordance with the EU Ship Recycling Regulations requirements for IHMs and encourage clients to ensure that an IHM is prepared and maintained for each ship in their existing fleet

We encourage clients to:

• Aim for environmental class notations which the IACS provides to its members for improved environmental performance - for all new build vessels

• Track and improve their environmental performance, and where possible disclose performance data through a recognised industry initiative

• Commit to align their fleet portfolio to the IMO decarbonisation trajectory ambitions

• Assess and disclose scope 3 emissions arising from their chartering activities and over time bring these into alignment with the IMO decarbonisation trajectories

**Ship Recycling**

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

• Have an environmental and social management system (ESMS) certified to the International Organisation for Standardisation standard ISO14001, the occupational health and safety standard ISO45001, or ISO3000 for Ship Recycling Management Systems

• Have a time bound plan to comply with the requirements of The International Convention for the Safe and Environmentally Sound Recycling of Ships (the ‘Hong Kong Convention’) of the International Maritime Organization of the United Nations (2009) – applicable to ship recycling clients

• Implement environmentally responsible dismantling practices to ensure zero discharge when operating within the intertidal zone

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2 Modelled on the requirements of the EU Ship Recycling Regulation.

**Feedback**

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