

Thank you again for your letter of July 29th regarding the Principles for Responsible Banking. We appreciate your interest in the Principles, and your recognition of Standard Chartered's status as an early endorser of them.

We have provided responses to your questions below. As always, if anything is unclear or a follow-up conversation would be helpful, please let us know and we would be happy to arrange a call or in-person meeting depending on your preference:

1. Alignment

a. Can you explain briefly what concrete steps your bank will take to 'align your business strategy to be consistent with and contribute to society's goals, as expressed in the Paris Climate Agreement'?

We made a firm public commitment in September 2018 to “develop a methodology to measure, manage and ultimately reduce the emissions related to its activities and those related to the financing of its clients”. Since making this commitment, we have joined together with other banks under the Katowice Commitment, and issued in May 2019 an Emissions White Paper setting out our efforts in developing a methodology:

<https://www.sc.com/en/media/press-release/weve-announced-further-steps-to-support-the-paris-agreement-on-climate-change/>

<https://www.sc.com/en/sustainability/emissions-whitepaper/>

<https://businesstimes.com.sg/opinion/banks-need-to-step-up-in-the-move-to-a-low-carbon-future>

b. What concrete consequences will adopting this principle have for your current and future involvement in the fossil fuel industry (coal, oil and gas)?

We have already taken the decisions, in 2016 and 2018, to end financing for new coal mining projects and new coal power projects.

As explained to BankTrack representatives in response to a question at our May 2019 AGM, we are also conducting a review of energy generation clients who are heavily dependent on coal power as a generation source. The outcomes of this review will be communicated later this year. Our Emissions White Paper provided information on our experiences piloting the 2 Degrees Investing Initiative 'PACTA' tool in our oil and gas portfolio.

2. Impact & Target Setting

a. Which positive and negative impacts of your business operations has your bank already identified?

b. Which concrete targets have you already formulated to reduce your negative impact, and where possible increase your positive impact?

Since 2017, we have publicly communicated targets and timelines for our most material impacts via our Sustainability Aspirations. We routinely review these targets:

<https://av.sc.com/corp-en/content/docs/2018-sustainability-summary-2019-aspirations2.pdf>

<https://av.sc.com/corp-en/others/2018-sustainability-summary2.pdf>

3. Clients & Customers

a. Which specific clients or business sectors have you already identified as priority for engagement on encouraging sustainable practices?

We respect BankTrack's longstanding dialogue with Standard Chartered and other industry participants on client confidentiality. With regret, this remains a legal and regulatory constraint on commenting on relationships with specific companies without their explicit consent.

In October 2018, we created a new Sustainable Finance team to create a Bank-wide Sustainable Finance strategy and develop new products and solutions, further incorporate environmental, social and governance considerations into banking decisions, and identify sustainable finance opportunities for clients.

<https://www.sc.com/en/media/press-release/weve-created-a-new-sustainable-finance-team/>

This team will build on our longstanding commitment to managing environmental and social risks, where we have had frameworks in place since 1997. We also note that we have engaged with a range of sectors over time, including our work in the Ship Breaking sector in Bangladesh:

<http://www.youtube.com/watch?v=Ep4bypCuCl8>

b. What specific procedures does your bank have in place for identifying, issuing sanctions to, or divesting from clients whose operations continue to be unsustainable or damage prosperity for current and future generations?

We have a detailed environmental and social risk management framework, which you can read more about at:

<https://www.sc.com/en/sustainability/position-statements/>

and

<https://www.sc.com/en/sustainability/position-statements/our-framework/>

With Position Statements covering the following sectors – Extractive Industries, Power Generation, Agro-industries, Infrastructure & Transport, Chemicals & Manufacturing

and

<https://www.sc.com/en/sustainability/position-statements/prohibited-activities>

4. Stakeholders

a. Which concrete stakeholders (names) have you engaged with until now when implementing the PRBs in your bank?

We routinely maintain a dialogue with a wide range of stakeholders, as detailed in the ‘Stakeholders’ section of our 2018 Annual Report (pages 42-51):

https://av.sc.com/corp-en/content/docs/SCB_ARA_2018_FINAL.pdf

This dialogue informs our sustainability strategy, and our specific actions. We note that we did not undertake stakeholder engagement specifically in respect of the UN Principles for Responsible Banking, as they went through a UN-led consultation process.

b. As we consider ourselves a prime stakeholder with a sincere interest in your PRB implementation process, with who (name, contact details) should we be in contact within your bank to follow this process?

Please continue to liaise with Simon Connell, Head of Sustainability Strategy.

5. Governance & Culture

a. Which board members have been assigned to oversee the proper implementation of the PRBs within your bank?

We perceive the Principles for Responsible Banking to be a natural progression of our actions on sustainability. These are overseen by the Brand, Values and Conduct Committee (BVCC) of the Board. Both the BVCC and main Board have been provided with an analysis of our current and proposed actions in alignment with the Principles for Responsible Banking:

<https://av.sc.com/corp-en/content/docs/brand-values-committee.pdf>

b. Which section/unit of your organisation has been tasked with ensuring the proper implementation of the PRBs within your bank?

Our Group Sustainability team is responsible for implementation of the UN Principles for Responsible Banking, as part of our overall sustainability strategy.

As outlined on page 47 of our 2018 Annual Report, this team supports a range of bodies:

“A new Bank-wide Sustainability Forum, nominated by the Management Team and led by the Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime

and Compliance, was set up to develop and deliver the Bank’s sustainability strategy. The forum is supported by a new Sustainable Finance Working Group and strengthened working groups on human rights and climate change. The forum will report regularly to the Management Team and the Brand, Values and Conduct Committee of the Board”

6. Transparency & Accountability

a. What reporting format have you developed to review and report on your implementation of the PRBs?

You may be aware that the UN has developed a self-assessment template:

<http://www.unepfi.org/wordpress/wp-content/uploads/2019/07/PRB-Reporting-and-Self-Assessment-Template.docx>

We intend to utilise this template to report to the UN, but to continue to pursue integrated sustainability reporting within our Annual Report supported by a wider suite of disclosures including our Sustainability Summary, Modern Slavery Statement, Climate and TCFD report, and the sustainability section of our website (<https://sc.com/en/sustainability/>)

b. What concrete procedure have you put in place to allow stakeholders to engage with you on your implementation of the PRBs, or file a complaint in case of apparent non-delivery on the public commitments made by your bank?

We remain open to dialogue with all stakeholders, particularly through our sustainability.feedback@sc.com e-mail address. We believe you have misunderstood the nature of the Principles of Responsible Banking in anticipating the filing of “*complaints in case of apparent non-delivery*”, but will nonetheless engage in good-faith dialogue if at any point BankTrack or another stakeholder perceives this to be the case.