standard chartered

Our path to net zero

Our Group Management Team developed this net-zero Pathway, which has been subjected to review and scrutiny by our Board. The Board is seeking an ordinary resolution on the Pathway at our May 2022 Annual General Meeting (AGM).

To support development of our Pathway and AGM resolution, we have entered into an ongoing and structured programme of engagement with key stakeholders including shareholders and non-governmental organisations. A supportive vote from shareholders will be read as directional, recognising that the level of agreement among shareholders with specific aspects of our plans may vary. Should the resolution not pass, we will use this ongoing engagement to understand shareholders' reasons for voting, and expectations for further enhancements to the Pathway.

Our Group Management Team will retain responsibility for the Pathway– as demonstrated by its inclusion in the Group Scorecard and Long-Term Incentive Plan – and it will continue to be overseen by the Board. The AGM resolution does not seek to relieve our Board or Management Team from any accountability for oversight and delivery of our Pathway, nor from any other duties towards our stakeholders, including shareholders.

We will be reporting on progress through our Taskforce on Climate-related Financial Disclosures (TCFD) report. Over the course of 2022, we will aim to develop capabilities to report externally on a quarterly basis against key net-zero metrics. The Group may subject the Pathway to subsequent AGM resolutions where this is in the best interests of all parties.

Our aims

1 We aim to reduce the emissions we finance, with targets for carbon-intensive sectors and further restrictions on thermal coal

2 We plan to mobilise USD300 billion in green and transition finance between 2021 and 2030

3 We are deploying a Transition Acceleration Team and launching new products and partnerships

In 2021 we took a leading role in the industry through:

- Aligning our approach to the International Energy Agency's Net Zero 2050 climate scenario, adapting the emissions trajectory for our footprint markets
- Setting 2030 targets for the most carbon-intensive sectors, representing approximately 62.5% of our overall absolute financed emissions baseline
- Targeting a reduction in absolute financed thermal coal-mining emissions by 85% by 2030
- Sharing our methodology transparently in a white paper to help collective learning and encourage discussion and debate

Effective March 2022 we additionally intend to:

- End legacy direct coal financing by 2032 globally
- Develop a timeline to move to an absolute financed emissions target for oil and gas, communicating this timeline by our AGM in 2023
- Disclose timelines for target setting in eight further sectors between 2022 and 2024
- Develop capabilities over the course of 2022 to begin quarterly external reporting against key net-zero metric
- Seek SBTi accreditation of targets towards the end of 2022
- Join the Partnership for Carbon Accounting Financials (PCAF)

Our net zero timeline

2021

- Launched our pathway to net zero by 2050, including interim targets and a supporting methodology
- Announced plans to mobilise USD300 billion in green and transition finance
- Published a Transition Finance Framework

2022

- Develop 2030 emissions targets for Aviation, Shipping and Road transport, to be communicated in our 2022 TCFD report in Q1 2023
- Formally join Partnership for Carbon Accounting Financials (PCAF)
- Develop capabilities for, and commence, quarterly external reporting against key net-zero metrics

2023

- Develop 2030 emissions targets for Cement, Mortgages and Aluminium, to be communicated in our 2023 TCFD report in Q1 2024
- Announce timeframe for enhanced Oil & Gas absolute emissions target by our 2023 AGM
- Expand our coverage to facilitated emissions, adopting the PCAF standards (expected to be published in 2022) by our 2023 AGM

2024

- Develop 2030 emissions targets for Corporate Real Estate and Agriculture, to be communicated in our 2024 TCFD report in Q1 2025

2025

- Aim to double our share of sustainable investing assets under management and integrate ESG considerations into our advisory activities in our wealth management business
- Aim to be net zero in our own operations (brought forward from 2030)

2030

- Aim to only provide financial services to clients who are less than 5% dependent on revenue from thermal coal
- Aim to meet financed-emissions targets in our most carbon-intensive sectors

2032

- End date for legacy direct coal financing globally

2050

- Aim to achieve net-zero carbon emissions from our financing activity

Our methodology

What projections have we used in our path to net zero?

We have projected the evolution of financed emissions up to 2050 using two different global scenarios, to capture the different outcomes between a net zero and 3.5°C world. The gap between these scenarios then provides an initial measure of the decarbonisation challenge, which is further refined at a client level.

How have we measured emissions?

For all sectors except coal mining, we have opted for revenue-based carbon intensity reduction targets, instead of absolute emissions, to better reflect the economic profile of our footprint. This covers many low-income emerging markets that require significant capital flows to support their growth and development. By our 2023 AGM, we will announce the timeline for setting absolute emissions reduction targets for Oil & Gas, allowing time to engage clients on their transition and review their transition plans. We believe both continued economic growth and a shift towards renewables are key components of a just transition to net zero.

How do we ensure our financing decisions support our net-zero approach?

Our Position Statements help us assess whether to provide financial services to clients operating in sensitive business sectors, including those that are carbon-intensive. Since 2016 we have not provided direct financing to any new thermal coal mines, and since 2018 we have not provided any direct financing to new coal-fired power plants.

All such legacy financing will have ended by 2032. We expect all clients in high-carbon sectors to have a public strategy to transition their business in line with the goals of the Paris Agreement, and our decision to provide financial services is based on reviewing this and the output from our client Climate Risk assessments. Where appropriate we may also use contractual restrictions on the use of proceeds.

How have we mapped our path to net zero?

Our methodology builds on global standards, including those set by the:

- Science Based Targets initiative (SBTi)
- Net-Zero Banking Alliance (NZBA)
- Partnership for Carbon Accounting Financials (PCAF)

We have also drawn upon the climate capabilities of Boston Consulting Group and Baringa Partners.

Learn more

- October 2021 Press Release
- Our approach to net zero - whitepaper
- Sustainability hub
- Our 2021 Taskforce on Climate-related Financial Disclosures (TCFD) report
- Our Position Statements
- Our Sustainability Aspirations
- Transition Finance Framework