

## Standard Chartered Position Statement

# Fossil Fuel Power Generation

### 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.

This Position Statement applies to all debt, equity and advisory services provided by the Bank for new and existing Corporate and Institutional Banking clients.

This Position Statement also applies to all lending provided to Commercial Banking clients, and Business Banking clients in our Retail Banking segment. The capacity and capability of such clients to meet international standards may be limited, but as a minimum standard, we will apply our restrictions (see 'Our commitment' below), and promote sustainable practices where appropriate.

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

#### Application to the Sector

For the purposes of this Position Statement, fossil fuel power generation refers to the construction and decommissioning of power plants and related infrastructure, the generation of power using coal, oil or natural gas, and the transmission and distribution of power worldwide.

### Our concern

Global energy needs are forecast to increase by 75 percent over the next 20 years<sup>1</sup>. In many of the markets in which Standard Chartered operates, sustainable economic development is reliant upon access to affordable energy. Fossil fuels, especially coal, are expected to meet the majority of this demand in the foreseeable future.

Standard Chartered recognises the fossil fuel power generation sector faces potential environmental and social challenges, some of which may include climate change through the release of greenhouse gases, acid rain through the release of nitrogen oxides and sulphur dioxides, disruption of ecosystems and contamination of water supplies through the release of volatile organic compounds and heavy metals, loss of biodiversity through the construction of power plants on green field sites and generation of hazardous wastes including fly ash and bottom ash. Social impacts may include displacement of, or adverse impacts on, host communities and indigenous peoples, and increased occupational health and safety risks.

## Our commitment

Where fossil fuel power generation operations have potential adverse environmental and social impacts and are located in countries which are not High Income OECD members, we use the following standards to assess the capability of our clients to manage these impacts:

- The most recent IFC Performance Standards<sup>2</sup>
- The IFC General Environmental, Health and Safety Guidelines<sup>3</sup>
- The IFC Industry Sector Guidelines on Thermal Power Plants, Electric Power Transmission and Distribution

Where applicable, we will also look to the following industry best practices, guidelines and bodies to determine effective responses to risks faced by clients:

- The Kyoto Protocol<sup>4</sup>
- The European Union Emissions Trading Scheme (EU ETS)<sup>5</sup>
- The Greenhouse Gas Protocol<sup>6</sup>
- The Climate Principles Guidance Note on Financing New Coal-Fired Power Plants<sup>7</sup>

Standard Chartered is aware that in some circumstances environmental and or social risks and impacts cannot be successfully mitigated. In the fossil fuel power generation sector we will therefore restrict the provision of financial services to Corporate and Institutional Banking, Commercial Banking, and Business Banking clients who:

- Do not significantly impact upon, or have operations located within:
  - UNESCO<sup>8</sup> World Heritage Sites
  - RAMSAR<sup>9</sup> Wetlands, unless operations would result in 'no net loss' of biodiversity
- Follow IFC Performance Standard 6 where operations impact upon Protected Areas or Critical Habitats

And to Corporate and Institutional Banking clients who:

<sup>1</sup> According to research conducted in Standard Chartered's Super-cycle Report, 2010  
<https://research.standardchartered.com/researchdocuments/Pages/ResearchArticle.aspx?&R=73895>  
<sup>2</sup> <http://www.ifc.org/performancestandards>  
<sup>3</sup> <http://www.ifc.org/ehsguidelines>  
<sup>4</sup> [http://unfccc.int/kyoto\\_protocol/items/2830.php](http://unfccc.int/kyoto_protocol/items/2830.php)  
<sup>5</sup> [http://ec.europa.eu/clima/policies/ets/index\\_en.htm](http://ec.europa.eu/clima/policies/ets/index_en.htm)  
<sup>6</sup> <http://www.ghgprotocol.org/>  
<sup>7</sup> [http://www.theclimategroup.org/\\_assets/files/Guidance-for-Financing-New-CFPP-TCG-2011\\_1.pdf](http://www.theclimategroup.org/_assets/files/Guidance-for-Financing-New-CFPP-TCG-2011_1.pdf)  
<sup>8</sup> <http://whc.unesco.org/en/list>  
<sup>9</sup> [http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218\\_4000\\_0\\_\\_](http://www.ramsar.org/cda/en/ramsar-documents-list/main/ramsar/1-31-218_4000_0__)

- Monitor and 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
- Have implemented, or are in the process of implementing, an environmental and social management system which controls their specific risk exposure
- Support the application of the Equator Principles<sup>10</sup>

## Feedback

We welcome feedback on our Position Statements. Please contact us at [our.environment@sc.com](mailto:our.environment@sc.com).

---

<sup>10</sup> <http://www.equator-principles.com/>