Power Generation
Position Statement
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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 extractive industries.

Fossil Fuel Power refers to the construction, operation and decommissioning of power plants and related infrastructure, that utilise coal, oil or natural gas as fuel. For activities involving the extraction, processing and transportation of coal, oil or natural gas, please refer to our Extractive Industries Position Statement.

Nuclear Power refers to the construction, operation and decommissioning of nuclear power plants and related infrastructure, including the generation of power using nuclear energy, the provision of equipment, materials, and related technology to the activities listed above, and the management of radioactive waste. For activities involving the extraction, processing and transportation of uranium, please refer to our Extractive Industries Position Statement.

Renewable Energy refers to power plants and related infrastructure using solar, wind, hydro, geothermal, and wave energy, biofuels and waste to generate power – including energy storage infrastructure.

For all Power Generation industries, criteria relating to power transmission and distribution are captured by our Infrastructure & Transport Position Statement.

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.

Fossil Fuel Power
We will not provide financial services directly towards:

- New coal-fired power plant projects in any location
- Any coal-fired power plant expansions, retrofits or dedicated infrastructure, in any location¹

We will only provide financial services to clients who:

- By 2024, are less than 80% dependent on thermal coal (based on %EBITDA at group level)

¹ Existing projects pursuing GHG emissions reduction technologies i.e. carbon capture, flue-gas desulphurisation, etc will be considered on a case by case basis where there is no extension of the life of the project or capacity expansion.
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• By 2025, are less than 60% dependent on thermal coal (based on % EBITDA at group level)
• By 2027, are less than 40% dependent on thermal coal (based on % EBITDA at group level)
• By 2030, are less than 5% dependent on thermal coal (based on % EBITDA at group level)

We expect clients to:
• Publicly report nuclear safety incidents in-line with the International Nuclear and Radiological Event Scale (INES)
• Participate in nuclear industry associations and guiding principles relevant to their operations, such as the World Association of Nuclear Operators (WANO), the World Institute for Nuclear Safety (WINS), the Nuclear Power Plant Exporters’ Principles of Conduct, and the World Nuclear Transport Institute (WNTI)

Renewable Energy
We expect solar power clients to:
• Follow our Cross-sector Criteria, including alignment with the IFC Performance Standards, EHS Guidelines and applicable Industry Sector Guidelines.

We expect wind power clients to:
• Follow the World Commission on Dams (WCD) Framework for Decision Making
• Follow the International Hydropower Association’s Hydropower Sustainability Assessment Protocol (HSAP)

In addition, effective immediately, all coal companies in our portfolio will be subject to enhanced due diligence by our Environmental and Social Risk Management, Climate Risk and Reputational and Sustainability Risk teams.
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- Follow to the IFC Good Practice Note on Environmental, Health, and Safety Approaches for Hydropower Projects

We **expect** geothermal power clients to:

- Follow our Cross-sector Criteria, including alignment with the IFC Performance Standards, EHS Guidelines and applicable Industry Sector Guidelines

We **encourage** all renewable energy clients to:

- Implement appropriate lifecycle and waste management processes aligned to recognised international standards, such as the EU Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19), and the EU Batteries and Accumulators Directive (2006/66)

- Follow applicable industry safety guidance such as the DNV GL Safety, operation and performance of grid-connected energy storage systems (2017)

- For alternative energy plants such generating energy from biofuels\(^2\) or waste; design plants to maximise efficiency, minimise plant emissions and manage waste streams responsibly

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\(^2\) Biofuels can be 1st generation (from edible biomass), 2nd generation (from non-food biomass) or 3rd generation (from algae). For power projects involving any type of biofuels we will consider life-cycle emissions relative to a fossil fuel baseline.

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Feedback

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