Thermal Coal Position Statement
(Effective Q3 2024*)

Specific date to be confirmed in Q3 2024
Our commitment

Standard Chartered is committed to promoting economic and social development in the markets we serve. We seek to drive positive impact whilst at the same time reducing potential negative impacts to people and planet through managing environmental and social (E&S) risks.

There are a minimum set of standards that we apply to our clients regardless of the sector in which they operate and these are set out in our cross sector Position Statements on human rights, climate change and nature. Our approach is informed by international standards including the IFC Performance Standards, the Equator Principles, OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. Furthermore, clients must comply with all applicable laws and regulations and we expect that their approach be guided by international conventions, international standards and best practice.

Thermal coal is considered the most carbon-intensive fuel used in electricity generation and its phase out is recognised as one of the key factors in achieving the goals of the Paris Agreement. We have established sector specific criteria to manage the heightened E&S risks associated with this sector. How we apply our cross sector and sector specific Position Statements is explained in our Environmental and Social Risk Management (ESRM) Framework. This Position Statement should be read in conjunction with our ESRM Framework, which explains in greater detail how our Position Statements are applied in practice.

For mining or power generation that is not thermal coal related please refer to our Extractive Industries, Power Generation and Infrastructure Position Statements.

Key potential E&S risks faced by the thermal coal sector

Human rights
Operations associated with thermal coal can result in loss of land or water rights, involuntary resettlement and impacts to livelihoods for local communities, including to indigenous or vulnerable people. Occupational health and safety risks, if not adequately managed, can arise when workers are exposed to hazardous or explosive substances during thermal coal mining or power generation, high temperatures, working underground, unsafe equipment, insufficient protective clothing, or lack of training, or inadequate emergency response arrangement.

Nature and biodiversity
Thermal coal mining and associated infrastructure can cause loss of natural habitat and degradation of ecosystems, with heightened impact when located in sensitive or protected habitats. Noise, dust and other pollutants from coal mining can disrupt migratory pathways and degrade habitats. Thermal coal-fired power plants abstract high volumes of water for cooling processes, which can threaten reliant biodiversity, particularly in wetlands or arid habitats.

Pollution to air and climate risks
Thermal coal mines and processing facilities generate noise, dust and harmful gases. Thermal coal-fired power plants produce significant quantities of greenhouse gases, as well as particulate matter and other harmful gases that can pose a human health risk to people living nearby. The thermal coal sector is subject to transition risk and physical risk when assets are impacted by weather risks or climate hazards, such as hurricanes or sea-level rise.

Pollution to water and land
Thermal coal mining can cause minerals to leach into groundwater, including acid mine drainage at active and abandoned mines or spoil heaps, where acidic water containing heavy metals and sulphur-bearing materials can pollute nearby water resources, damaging ecosystems.
**Thermal coal**

**Sector scope:** client entities operating in the Thermal Coal sector.

For the purposes of this Position Statement:

**Enhanced Due Diligence** involves additional reviews and assessments of risks relating to a client entity’s business (including those of its group), which in the context of this Position Statement, includes a review and assessment of the credibility of the client entity and group transition strategy.

**Thermal Coal** refers to all coal that is not metallurgical (coking) coal.

**Thermal Coal Activities** include (a) the operation of Thermal Coal Assets; (b) activities which involve the production or development of Thermal Coal Assets; and (c) Thermal Coal trading.

**Thermal Coal Assets** include (a) Thermal Coal mines; (b) Thermal Coal-fired power plants; and (c) Thermal Coal transport or Thermal Coal infrastructure dedicated to support (a) or (b) excluding transport or infrastructure related to the transmission and/or distribution of electricity, including Thermal Coal generated electricity.

**Thermal Coal Position Statement criteria**

*Project or asset level criteria*

We will **not** provide new financial services and will phase out existing financial services towards Thermal Coal Assets.

*Client entity level criteria*

We will **not** provide new financial services and will phase out existing financial services to client entities who:

(i) Acquire or invest in Thermal Coal mines or Thermal Coal-fired power plants;

(ii) Develop Thermal Coal Assets; or

(iii) Are:

- More than 80 per cent. dependent on Thermal Coal Activities (based on percentage of revenue);
- By 2025, more than 60 per cent. dependent on Thermal Coal Activities (based on percentage of revenue);
- By 2027, more than 40 per cent. dependent on Thermal Coal Activities (based on percentage of revenue); or
- By 2030, more than 5 per cent. dependent on Thermal Coal Activities (based on percentage of revenue).

*Client entity level criteria do not apply to client entities who:*

(i) Are 5 per cent. or less dependent on Thermal Coal Activities (based on percentage of revenue).

(ii) Use Thermal Coal for captive purposes to support the manufacturing process in industries such as aluminum, cement and steel where there is no economically viable alternative.

Client entities undertaking Thermal Coal Activities will be subject to Enhanced Due Diligence. Where we phase out the provision of existing financial services under this Position Statement, we will do so in accordance with existing contractual arrangements.
Supporting transition

We remain committed to supporting the transition of our clients in the Thermal Coal sector. Where the provision of a financial service does not necessarily align to the criteria set out in this Position Statement, but does align with our commitment to support Transition Finance in accordance with our Transition Finance Framework, we will assess and consider our involvement on a case-by-case basis, taking into consideration various factors including the relevant client entity’s transition strategy.

We may also support initiatives designed to assist countries to accelerate decarbonisation through the early retirement of existing Thermal Coal assets, such as the Just Energy Transition Partnership, provided they are aligned with credible structures and taxonomies. The provision of financial services towards the early retirement of existing Thermal Coal assets will be an exception to the criteria set out in this Position Statement.

Important notice

Please refer to the Important Notice included in our ESRM Framework, which also applies to this Position Statement.