Standard Chartered Transition Plan 2024

standard chartered

Overview

Our Transition Plan

Standard Chartered aims to deliver on our commitments to reach net zero in our financed emissions by 2050, and in our own operations by 2025[1]. This Transition Plan outlines a transparent, actionable framework to deliver on these commitments. It builds on efforts to align our financing activities with our net zero ambitions, leveraging our science-based targets to engage clients and innovative financial solutions to help support decarbonisation. By integrating climate considerations into decision-making across our business and operations, we aim to deliver on our net zero agenda, while supporting sustainable, inclusive growth in our markets.

Our ambitions at a glance

Net zero in our Scope 1 & 2 emissions by 2025 and in our financed emissions by 2050

Mobilise $300bn of Sustainable Finance by 2030

$1bn of Sustainable Finance Income by 2025

From ambition to action

We have set interim 2030 targets against all 12 high-emitting sectors as defined by Net-Zero Banking Alliance (NZBA) Guidance

We have generated $982mn of Sustainable Finance Income in 2024 against our target of at least $1 billion annual income by 2025

Our financed emission high-emitting sector progress assured by EY

We have assessed transition plans for approximately 4,000 of our Corporate & Investment Bank (CIB) clients

Our 2030 interim targets for Aluminium, Automotive Manufacturers, Cement, Commercial Real Estate, Oil and Gas, Power, Shipping, Steel and Coal are science-based, aligned to the long-term temperature goal of the Paris agreement, and have been subject to ISRS 4400 (Revised) "Agreed-Upon-Procedures" as performed by EY

We now have over 40 product variants offered within our Sustainable Finance Product Suite

Over 20,400 colleagues globally have completed our foundation curriculum, **'Introduction to Sustainability'**, launched in 2022

We have mobilised $121bn of Sustainable Finance from January 2021 to September 2024 against our commitment to mobilise $300 billion by 2030

[1]This refers to operational net zero for Scope 1 and 2 emissions as defined in defined in accordance with the International Organisation for Standardisation International Workshop Agreement 42 and outlined in detail in Sections 2.1 within this paper.

Contents

Foreword

Since the Paris Agreement was reached at COP21 in 2015, signatories to the original agreement, and those who have followed since with corporate and country-level net zero commitments face the challenge of how to convert net zero ambitions into action. Creating a detailed transition plan is a key mechanism to make this happen. Transition plans can serve as a fundamental catalyst for delivery, translating commitments into a roadmap for operationalising and executing on net zero targets.

In this Transition Plan we set out, for the first time, the detail of how Standard Chartered aims to deliver on our commitments to reach net zero in our financed emissions by 2050, and in our own operations by 2025. The aim of this plan is to give confidence to our clients, suppliers, customers, and wider stakeholders that we are on our way to the targets we have set.

Our Transition Plan builds on our Net Zero Roadmap and the Net Zero Methodological White Paper we published in early 2024. It highlights the actions we're taking to align our business and operations with the goals of the Paris Agreement and will become our terms of reference, informing our decarbonisation strategy, alongside our approach to facilitating the financing to support sustainable growth across our markets in Asia, Africa and the Middle East.

Our global footprint informs our unique understanding of the complexity associated with reaching our targets, including a heightened focus on the need to invest in adaptation and resilience in our markets alongside emissions mitigation, as they respond to greater climate change induced uncertainty.

As a financial institution, Standard Chartered has an important role to play in supporting our clients and markets as they navigate this complexity, while keeping the overriding objective of the sustainable transition of the real-world economy firmly in our sight lines. This requires active collaboration and engagement with our clients to provide the advice and capital to finance their journeys to ensure that we achieve shared success.

In order to assure integrity in our process and have a sound reference point underpinning our targets and progress, the Bank has consciously chosen a science-based approach to its net zero programme. We have engaged EY to confirm that our targets for Aluminium, Automotive Manufacturers, Cement, Commercial Real Estate, Oil and Gas, Power, Shipping, Steel and Coal, meet the long-term temperature goal of the Paris Agreement, and are mathematically accurate in reference to third-party scientific scenarios.

The transition to a low carbon economy is both more compelling and more crucial than ever. As a global bank connecting corporate, institutional and affluent clients to a network that offers access to sustainable growth opportunities across Asia, Africa and the Middle East, Standard Chartered is uniquely positioned to mobilise capital to support the development and transition of these economies to the sustainable and enduring models of the future.

Marisa Drew
Chief Sustainability Officer

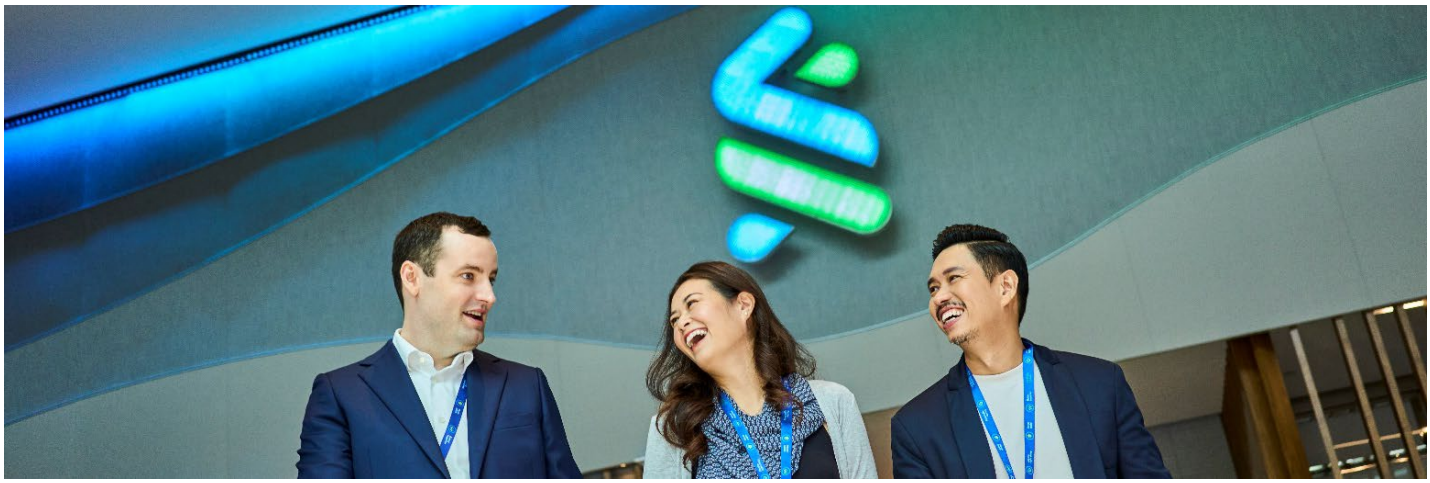
01

Our core principles

1.1 Who We Are

Standard Chartered is a global bank connecting corporate, institutional and affluent clients to a network that offers unique access to sustainable growth opportunities across Asia, Africa and the Middle East. Listed on the London and Hong Kong Stock Exchanges, we have a footprint across more than 50 of the world's most dynamic markets. Strategically positioned to connect capital to growth opportunities across Asia, Africa and the Middle East (**AAME**), more than 80 per cent of our income and profits are derived from these regions.

We have been on the ground in some of our markets for over 170 years. This has shaped our unique understanding of the challenges and opportunities they face. We work across our business and functions, and alongside our clients, towards the delivery of our net zero targets, acknowledging the significant challenges presented by a material portion of our markets and clients not having a commitment to achieve net zero by 2050.



1.2 Our Approach to Sustainability

Sustainability[1] is a strategic focus area for Standard Chartered, as we strive to promote inclusive growth and prosperity across the markets where we operate.

Our approach to sustainability supports the Group's strategy, which is designed to deliver our purpose: to drive commerce and prosperity through our unique diversity. This is underpinned by our brand promise, here for good.

Our approach is articulated through our long-term sustainability goals – our **Sustainability Aspirations** – and our short-term sustainability targets – our **Sustainability Strategic Pillars**. The Aspirations and Pillars set out how we intend to deliver across our sustainability agenda.

Our four 2024 Sustainability Strategic Pillars, which represent our near-term strategic focus, include:

I. **Scale Sustainable Finance income**
We are building a scalable Sustainable Finance (**SF**) franchise, supporting our clients on their transition journeys by developing customised solutions that speak to their needs and ambitions.

II. **Further embed sustainability across the organisation**
We foster collaboration internally to embed sustainability across our business operations and functions.

III. **Deliver on the annual milestones set forth in our Net Zero Roadmap**
We aim to reach net zero emissions in our financed emissions by 2050 and in our own operations by 2025.

IV. **Leverage our innovation hubs**
Our four thematic innovation hubs – Adaptation Finance, Blended Finance Programmes, Carbon Markets and Nature Finance – focus on emerging sustainability themes that are nascent but ripe for scale, aligned to areas where the Group has a core competency, and are particularly suited to clients in our footprint markets.

Our Net Zero Roadmap:

In April 2021, the Group became a founding member of the NZBA, and our former Group Head of Conduct, Financial Crime, and Compliance served as the alliance's co-chair from its inception in 2021 until July 2024.

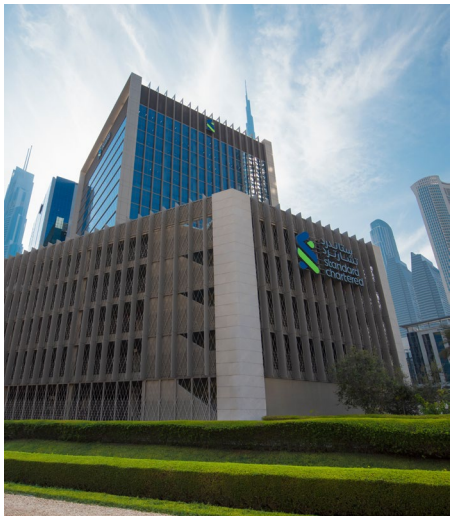
In the same year, the Group launched its Net Zero Roadmap, which was reviewed and approved by the Board. The Group has since made a commitment to be net zero in our Scope 1 and Scope 2 emissions by 2025 and across our financed emissions (which represent the vast majority of our Scope 3 emissions) by 2050, with interim 2030 financed emission targets for high-emitting sectors.

The high-emitting sectors for which we have set targets follow NZBA guidance and represent both the start and end point of our transition to net zero. They are embedded within our sustainability strategy and guide the evolution of our operating model to one aligned with our net zero commitments.

[1] For further information see Standard Chartered Annual Report 2024 – Sustainability Review on our website under the 'Sustainability Library'.

1.3 About this Transition Plan

The Group's Transition Plan (**TP**) articulates how we intend to meet our net zero ambitions. This inaugural document consolidates and expands upon the disclosures provided in the Group's Annual Report, Net Zero Roadmap and Net Zero Methodological White Paper.



This is a standalone document that sets out:

- **Current practices:** The evolving business practices that underpin our commitment to net zero.
- **Client engagement and operationalisation:** How we are systematically integrating and operationalising sustainability into client engagement strategies, with the aim to have measurable outcomes.
- **Control environment:** The governance framework and description of controls over net zero calculations, target management, client engagement, and decision-making processes; designed to maintain robust oversight, accountability, and alignment with net zero objectives.
- **Embedding net zero:** The measures and initiatives undertaken to integrate net zero considerations into the client lifecycle.

The TP has been developed considering guidelines provided by the Transition Plan Taskforce (**TPT**) and Glasgow Financial Alliance for Net Zero (**GFANZ**) frameworks (see Appendix for framework mapping).

It is primarily focused on the Group's material emissions, also known as our financed emissions. These are the emissions of high-emitting counterparties through their underlying business operations, to whom the Group is providing financing. This is defined in the Greenhouse Gas Protocol as Scope 3 category 15.

The TP includes an update on our Scope 1 (primarily generators) and 2 (electricity) operational emissions target, and planned progress towards this target. Scope 3 supply chain emissions (excluding category 15), that make up less than 2 per cent of the Group's emissions are not included within this TP as the majority of our suppliers are service companies and therefore are not high-emitting sectors. We are in the process of setting baselines and targets for supply chain emissions.

1.4 Opportunities and challenges

The challenge that faces high-emitting industries, and by extension banks that provide finance to those industries, is transition risk. Transition risk is the risk that through regulation, technology, or changing consumer preference and actions, those industries are no longer able to sell the goods they produce to generate revenue. As such, financing cannot be repaid, which is the transition risk banks face. The opportunity lies in being able to provide financial solutions, including the financing of lower carbon technologies and business processes, that mitigate against transition risk.

As outlined, the TP sets out how Standard Chartered plans to embed our net zero targets within our business to incentivise active engagement with corporate clients in high-carbon sectors and those that prioritise transitioning from a high-carbon present to a low-carbon future. Active management of our clients in high-emitting sectors, alongside our aspiration to mobilise $300bn of sustainable finance (SF) by 2030, act as complementary levers to help us decarbonise our portfolios whilst providing sustainable and transition finance in the real economy.

Our Subject Matter Expert (**SME**) teams within the Chief Sustainability Officer (**CSO**) organisation and our relationship bankers are focused on our clients' transition needs. Underpinned by our Sustainable and Transition Finance product suites and solutions, we seek to apply our knowledge across our market footprint, seeking to create financial solutions that help to address challenges and support our clients on their transition towards net zero. Along with our SME teams, the success of our programme is closely linked to the training, education and support we provide to our employees, alongside the integration of transition into our culture as a bank and across our business.

02

Setting our net zero targets

Our targets are science-based and ambitious, yet achievable. They were created while considering the reality of a just and inclusive transition, that addresses environmental challenges, whilst ensuring economic and social development across our markets.

The Group's emissions are primarily concentrated in our corporate lending portfolio, which makes up over 90 per cent of our overall emissions. Through client engagement and the continued provision of financial services, including SF and Transition products, we aim to support our client's decarbonisation efforts and, in turn, reduce emissions in our lending portfolio.

2.1 Scope 1 and Scope 2

Scope 1 and 2 emissions, while making up less than 1 per cent of the Group's total emissions, are included within our suite of net zero targets to demonstrate our commitment to decarbonisation. By making Scope 1 and 2 part of our targets, we hope to demonstrate that we, as a bank, are driving efficiencies across our own emissions directly, as we help our clients decarbonise themselves.

In 2021, we announced our aim to reach "operational net zero" by 2025. Operational net zero is defined in accordance with the International Organisation for Standardisation International Workshop Agreement 42. The Group's 2024 target is 23ktCO_2e, and year-to-date progress is on track with emissions currently at 21 ktCO_2e – following the purchase of Energy Attribution Certificates (**EAC**) for agreed countries.

Our decarbonisation strategy for Scope 1 and Scope 2 emissions is being implemented in line with the following hierarchy:

- First, avoiding and reducing emissions through space and energy efficiency.
- Second, utilising renewable energy, both onsite and through power purchase agreements.
- Third, balancing the remaining emissions through the purchase of EACs or Renewable Energy Certificates (**RECs**) where available in country.
- Finally, purchasing and retiring high quality carbon removals credits, for any residual operating emissions that remain after taking all possible actions to implement emissions reductions. (This being the anticipated 14.8 ktCO_2e as per the graph below in 2025).

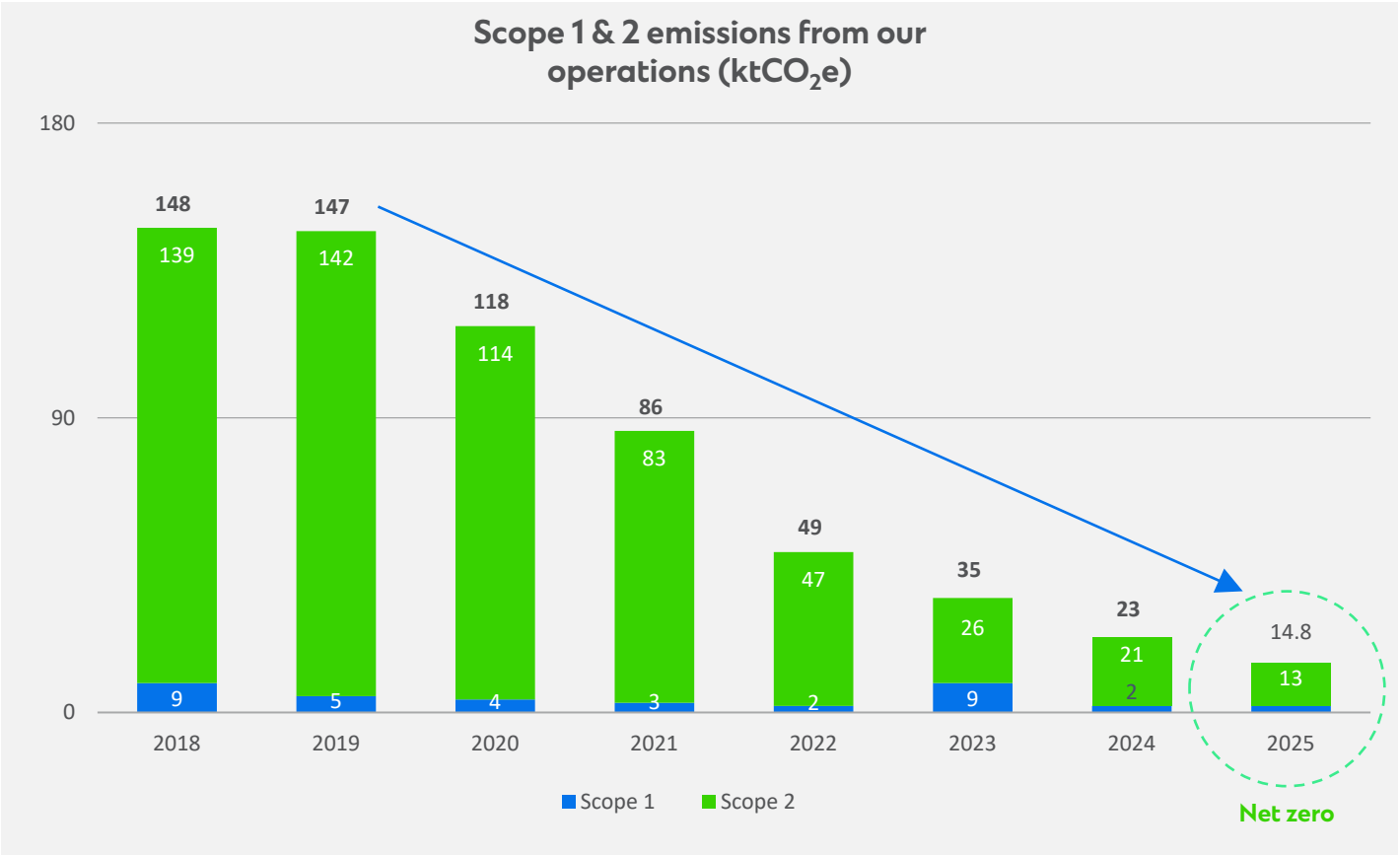


Figure 1: Standard Chartered's operational emissions projections

2.2 Scope 3 – Financed emissions

Financed emissions (Scope 3 category 15) are the primary source of the Group's emissions. We have set financed emission targets to be net zero by 2050, with an interim 2030 target against all twelve high-emitting sectors as defined by NZBA Guidelines for Climate Target Setting for Banks (**NZBA Guidance**). In addition, we have set a facilitated emissions target against our Oil and Gas (**O&G**) debt capital markets business, which represents the majority of emissions from our capital markets activity.

Our targets are in alignment with the temperature goals of the Paris Agreement, specifically:

'To keep global temperatures well below 2°C above pre-industrial times while pursuing means to limit the increase to 1.5°C.' (UNFCC, 2015)

In setting our targets we have considered the most appropriate scientific provider by sector and reference the International Energy Agency (**IEA**) for energy-linked sectors, Mission Possible Partnership (**MPP**) for Metals and Aviation and International Maritime Organisation (**IMO**) for shipping. Our targets have also been set with the input and approval of our sector coverage teams to ensure that the targets are ambitious yet achievable.

As science continues to evolve, we will review our targets and as such, may choose to revise our methodologies. This is in line with NZBA Guidance, which proposes target reviews on a periodic basis, usually with a 3-to-5-year cadence. For example, in 2023 we chose to set O&G net zero targets on an absolute basis and changed Power and Steel to production intensity, an improvement upon revenue intensity.

Our methodology including any changes we have made to date can be found in our latest Net Zero Methodological White Paper.

In 2024, we obtained independent confirmation of our interim 2030 targets from EY via an ISRS 4400 (Revised) 'Agreed Upon Procedures' (**AUP**) engagement. For more details, and sectors in scope please refer to Figure 2 on page 11. The AUP engagement confirmed that our net zero targets are:

- Based on scenarios from credible and well-recognised third-party sources that are aligned to the long-term temperature goal of the Paris agreement as per the NZBA Guidance; and
- Mathematically accurate in direct reference to the underlying science-based scenarios.

Furthermore, our net zero baselines and annual progress were subject to limited assurance from EY.

Through the AUP engagement, Standard Chartered is the first Global Systemically Important Bank (GSIB) to have such external confirmation of its targets.

Further resources:

- Refer to our latest Annual Report for a more comprehensive overview of our sector targets, progress and drivers of that progress to date
- Refer to EY's publicly available reports on our net zero targets
- Our Net Zero Methodological White Paper outlines the methodology, assumptions, and scientific pathways for each high-emitting sector

Our targets and cumulative progress to date are as follows:

net-zero banking alliance

Standard Chartered has set and disclosed science-based interim 2030 financed emissions targets for 12 high-emitting sectors, in line with guidance from the NZBA.

Interim 2030 Net Zero Targets

Committed Targets	Progress Assured	AUP over Target	Interim 2030Target	Cumulative progress as per the 2024 Annual Report
Aluminium	✓	✓	Maintain 1.5°C *	-42%
Automotive	✓	✓	44-63%	-12%
Agriculture	✓	-	11-19%	New
Aviation	✓	-	Maintain 1.5°C *	-32%
Cement	✓	✓	22%	-8%
Commercial real estate	✓	✓	47-74%	-21%
Oil and Gas	✓	✓	29%	-28%
Power	✓	✓	46-67%	-17%
Shipping	✓	✓	0% delta	-4%
Steel	✓	✓	22-32%	-9%
Coal	✓	✓	85%	-64%
Residential Mortgages	✓	-	15-23%	-4%

Absolute emissions target (tCO_2)

Intensity emissions target (tCO_2/unit output)

Implied Temperature Rating (ITR)

- We aim to perform the AUP in the future for the sectors not covered at the time of the initial engagement

* The Portfolio is under the 1.5°C 2030 target and is being maintained at a 1.5°C compliant emissions level.

1st **First GSIB to have confirmation on net zero sector targets as listed above**

Figure 2: Sectoral targets and cumulative progress

03

Accountability for delivery

Delivery of the Group's Transition Plan depends on setting clear science-based targets, actively engaging clients, monitoring progress, and clear accountability for delivery.

3.1 Net zero target ownership

The Net Zero Team within the CSO organisation, the Corporate & Investment Banking Management Team (**CIBMT**), and the Wealth & Retail Banking Management Team (**WRBMT**) are collectively accountable for the Group's net zero targets.

We consider that targets relating to financed emissions are best met through client engagement and action, by effectively working with clients and financing their transition journey. As such, decarbonisation of the Group's corporate loan portfolio is driven by those closest to the clients. At Standard Chartered, that team is Client Coverage (**CC**), within CIB - serving clients across all portfolios (other than residential mortgages) and including high-carbon sectors. The WRBMT is responsible for the Residential Mortgages target.

We have taken steps over the years to build capacity across CC to empower those closest to our clients to support them in their transition journey. In 2024, we appointed CC Global Sector Heads for each of the high-emitting sectors for which we have set targets, who are responsible for helping to drive our net zero sector agenda. They will also lead client engagement and have authority, along with Credit Risk, to uplift the Group Credit Underwriting Principles (**CUP**), in support of net zero targets.

We have also strengthened the linkages across CIB with the core CSO organisation SME teams by further embedding SF origination capabilities within our front-line coverage teams. Our SF origination teams now sit within CC with a reporting line into the CSO organisation. This operating model has created closer alignment between SMEs and Relationship Managers (**RMs**) better serving our clients as sustainability and transition planning becomes increasingly integrated in the Group's operating models and growth ambitions. In Wealth & Retail Banking (**WRB**), there is a dedicated SF team leading across net zero and SF.

The Net Zero Team acts as a catalyst for action. Targets are set only after extensive engagement with front line teams and with the approval of the CIBMT and WRBMT. The Net Zero team maintains all net zero calculations and monitors progress against targets. Client level emissions intensity information is regularly provided to the CC team to ensure that emissions trajectories can be taken into consideration by the front-line in business decisions.

The Net Zero Team not only serves as a challenge function to CC based on its monitoring of emissions data but also performs a critical role in partnership with the Group's Transition Finance team to present decarbonisation solutions, such as those discussed in the sector appendices, to identify and facilitate the financing of lower carbon technology solutions for in scope clients.

While the CIBMT, WRBMT and Net Zero team are accountable for the delivery of our net zero targets, the Group Chief Risk Officer (**GCRO**) has responsibility for overseeing the financial risks arising from climate change as well as Reputational and Sustainability Risk. The Environmental, Social, Governance and Reputational (**ESGR**) Risk team provide second line review and challenge to the net zero calculations and assumptions within the models. The ESGR team also oversees the Risk Appetite (**RA**) metrics set against the high-emitting sectors that require the most active management.

Further details on how our governance structure is designed to support our transition strategy is included herein.

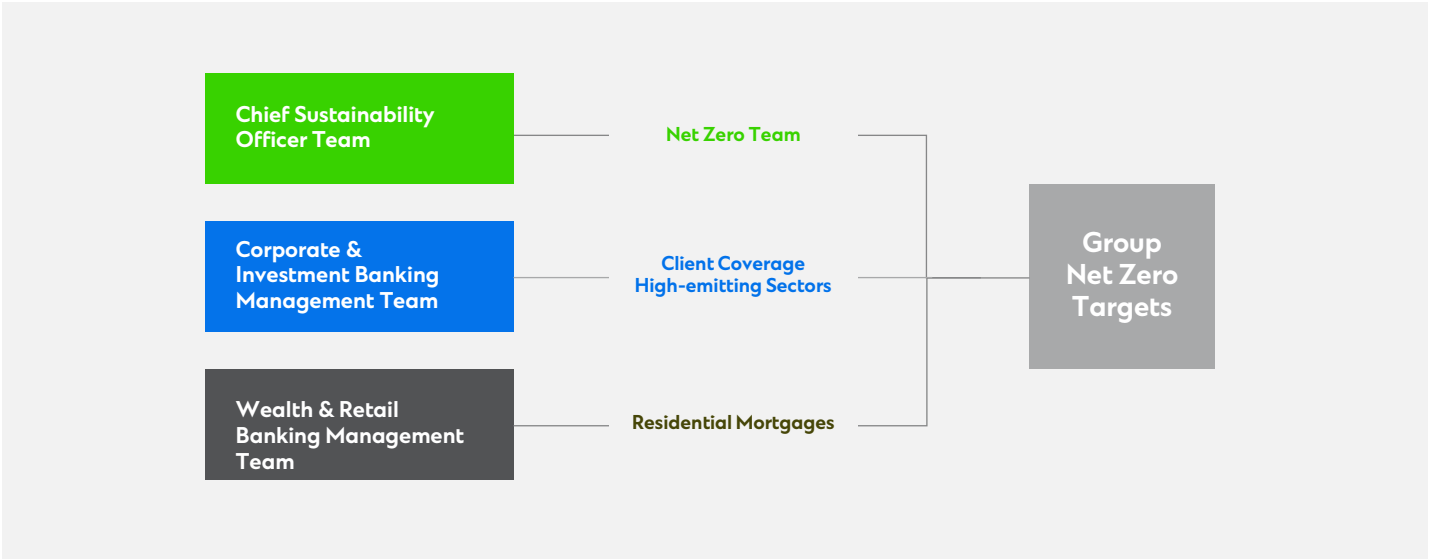


Figure 3: Group Net Zero Targets Accountability

04

From targets to action

Integrity of carbon calculations, baselines, and progress, is fundamental to our ability to build trust in our carbon financial information, encouraging appropriate action through engagement with clients that are material to our portfolio and can 'move the dial' towards the Group's targets.

4.1 Integrity of net zero calculations

The internal process to help us to move from the targets we set towards actionable change begins with the calculation and oversight of the Group's financed emissions by the Net Zero Team.

These financed emissions calculations are done in partnership with the Group Finance function who provide counterparty financial information, system support and solutions to automate client level carbon metrics. Group Finance further reviews the annual net zero and SF disclosures, including progress against targets.

The work of the Net Zero Team to oversee the emission baselines and deliver periodic progress reporting on a quarterly basis enables the Group to understand the movements across high-emitting sectors and be aware of which client relationships require greater intervention. Thereafter, active targeting, discussions and engagement can be undertaken with those clients across relevant touchpoints within their organisations, including with their sustainability and treasury functions to not only position the Group to support and advise them in optimising their transition journey, but also to help align with our net zero transition pathway.

The Net Zero Team act as a primary partner in CIB to collaborate with the Group Risk Function (**GRF**). The quarterly progress of high-emitting sector emissions against targets are provided to GRF, with explanations for material movements. Further, where a high-emitting sector starts to deviate from an intended pathway, the Net Zero team is responsible for working with CC and delivering their analysis of the portfolio deviation and reasons for such deviation for review and challenge by GRF.

Please see the schematic and descriptions below for a visual representation of the process flow and more detail on how our net zero targets are operationalised within the Group.

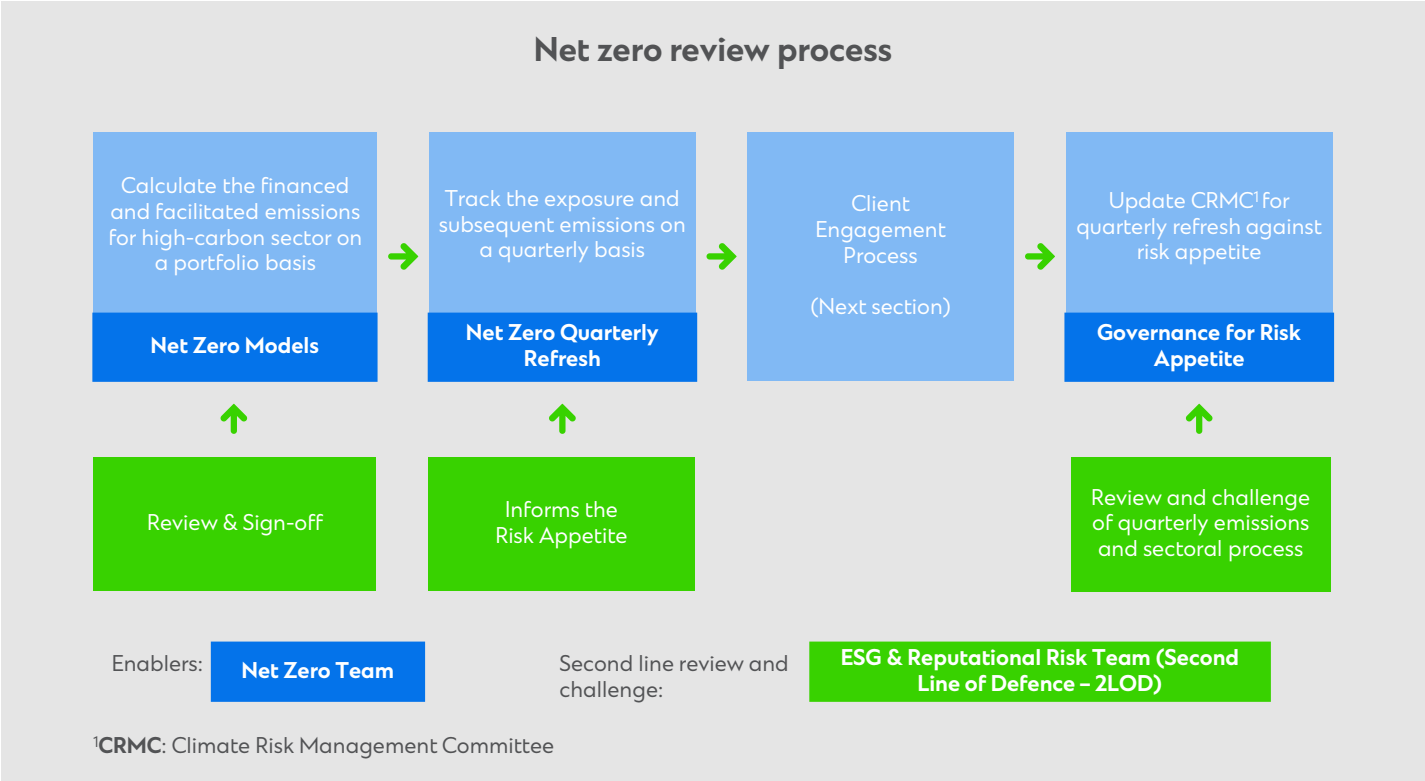


Figure 4: Net Zero Update Process

4.2 Net Zero models

To establish our Net Zero models, the Net Zero Team calculates the Group's financed emissions arising from lending activities to the twelve high-emitting sectors at a client and portfolio level. The Net Zero Team then further calculates facilitated emissions for O&G, which makes up the majority of emissions in our facilitated portfolio from debt capital markets activities. The Group externally reports its financed emissions and facilitated emissions on an annual basis.

This reporting process includes a one-year lag due to third-party data sets that feed into our calculations to reduce the use of estimated or extrapolated data, which is consistent with industry practice. All calculations and assumptions are reviewed and challenged by the Group's ESGR function.

The Group's financed emission figures and methodology are owned by the Net Zero Team and subject to external limited assurance. Refer to EY Assurance report for more details.

Financed emissions provide the foundation and basis of analysis for evaluating the Group's high-carbon clients. Using financed emissions and exposure, the Net Zero Team identifies the Group's most significant clients across the high-carbon sectors for focused transition engagement.

For further details on the Group's financed emissions methodology please refer to the Net Zero Methodological White Paper on the Group's website under the 'Sustainability Library'.

4.3 Net Zero risk appetite

On a quarterly basis for internal portfolio management, we measure our emissions for the sectors which require active portfolio steering against our RA metrics. The quarterly review is completed based on the Group's latest quarterly exposures and latest available emissions and production information. The RA metrics are Board-level escalation metrics, managed by the ESGR team, which monitor if any sector is in breach of our desired target pathways for four sectors: O&G, Power, Automobile and Steel (this has been expanded to include Aluminium and Cement in 2025).

We continue to integrate our 2030 sectoral net zero targets into our credit RA and capital allocation processes, allowing us to track, monitor and continually assess progress against our targets. Climate risk and exposure information is reported quarterly to the CRMC.

On a quarterly basis the exposure and financed emissions are compared to the Risk Escalation (**RE**) and RA pathways. If portfolio financed emissions exceed the escalation threshold, then the cause is investigated and raised for discussion, remediation, and subsequent monitoring. Additionally, where necessary, RMs and Global Account Managers (**GAMs**) define client specific engagement plans, in close alignment with divisional transition SME, and ensure progress is monitored.

Finally, if the portfolio continues to increase and exceed the RA, then the breach is escalated to the attention of the Group's Board, who go to the Management Teams for remediation discussions. The figure below is illustrative for the Power sector.

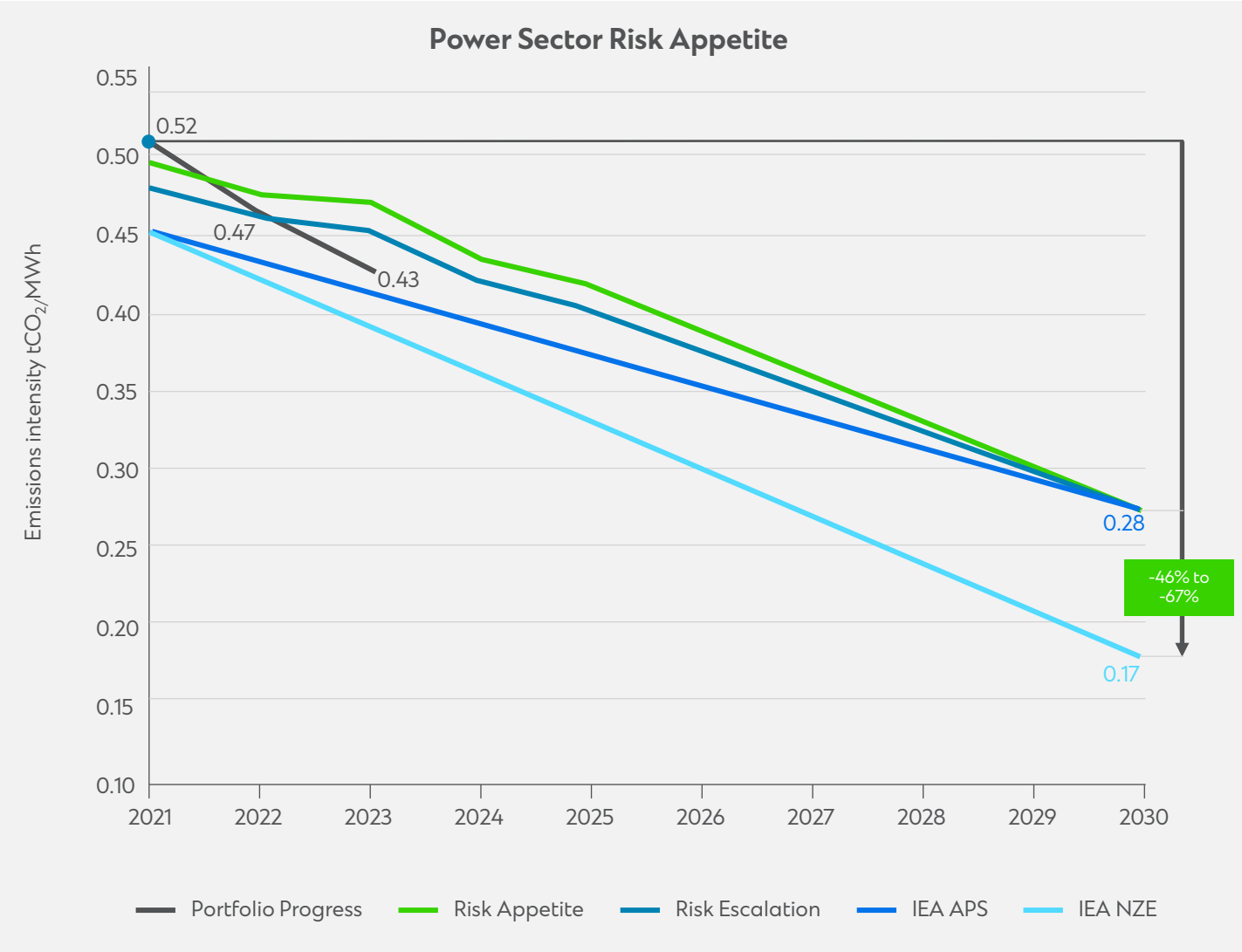


Figure 5: Power Sector Risk Appetite

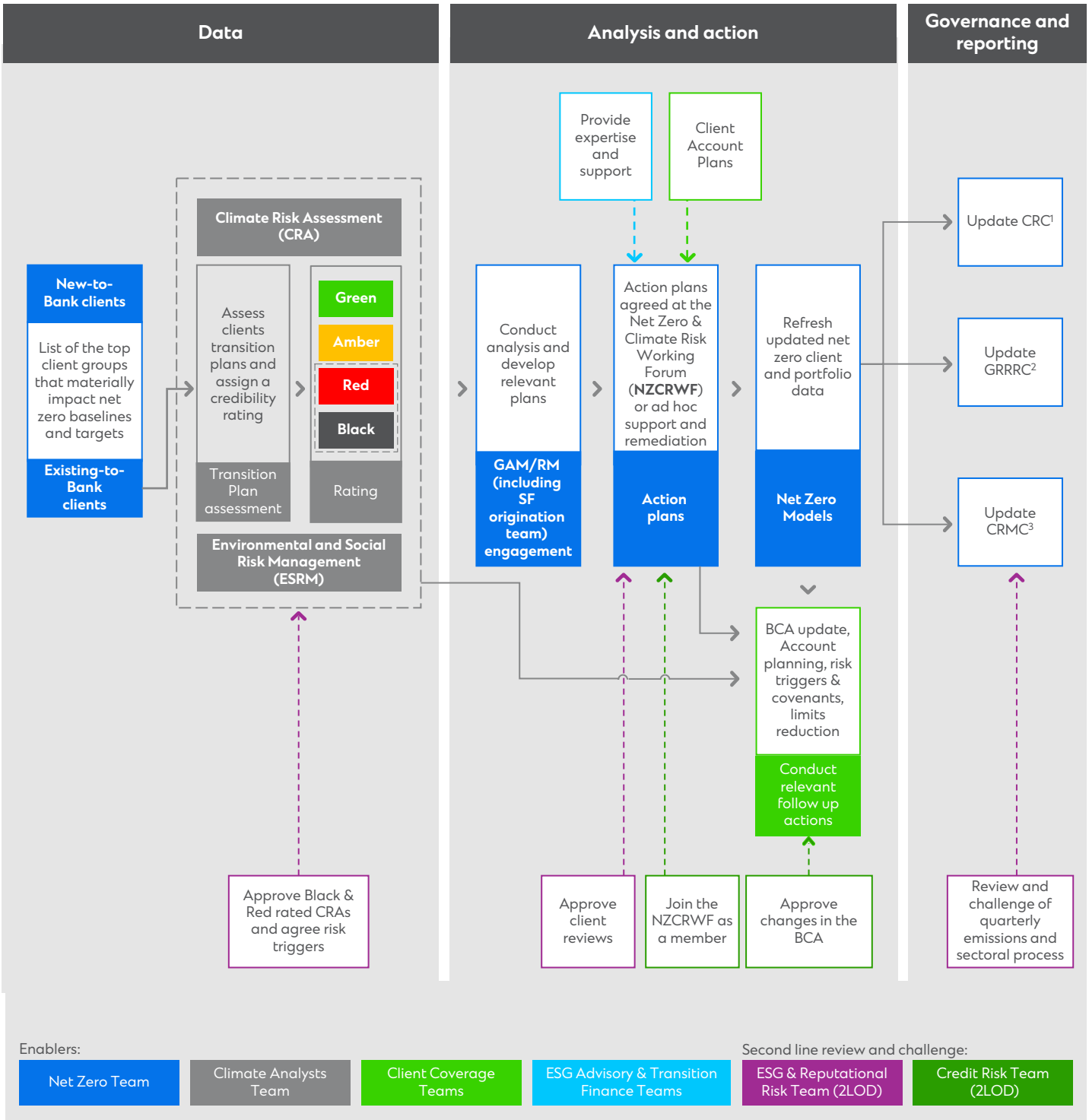
The financed emission performance against the RA and RE pathways is presented to the Group Management Team (**GMT**) and is tied to the Group's annual performance scorecard, with scoring based on the breaches of RAs and REs.

05

Engagement

Client engagement is essential to achieving our net zero targets. We work with our clients on a New-to-Bank (**NTB**) and Existing-to-Bank (**ETB**) basis. We also actively engage with our high-emitting clients to support their transition from a high-emitting present to a low-emitting future. Ensuring that we adopt proactive engagement practices helps to mitigate our clients' transition risk and by extension the Group's transition risk.

The client engagement flow outlined below details our internal process for high-emitting CIB clients.



[1]**CRC**: Client Review Committee
[2]**GRRRC**: Group Responsibility and Reputational Risk Committee
[3]**CRMC**: Climate Risk Management Committee

Figure 6: Client Engagement Process Flow

5.1 Net Zero New-to-Bank screening

We actively screen prospective new clients in high-emitting sectors to evaluate whether emissions from these prospective clients are commensurate with our existing portfolio and/or their ambition materially matches our own.

The Group reviews several thousand commercial financing opportunities each year. The Net Zero Team is responsible for assessing significant prospective transactions tagged under high-carbon International Standard Industrial Classification (**ISIC**) codes on a case-by-case basis. The validation process is multi-staged, initiating at transaction qualification through to transaction execution.

For each of the high-carbon sectors, the Net Zero Team applies category-specific screening to assign prospective transactions an Aligned, Marginally Misaligned, Misaligned or Grossly Misaligned rating. The findings and considerations of Misaligned-rated transactions are communicated to the respective originating business areas at the Group's Capital Allocation Forum (**CAF**) meetings and is a consideration in the recommendation and structuring of the transaction. This is not an outright determination, and we may still bank misaligned clients with adequate mitigating factors. The following considerations form the foundation of the net zero cross-sector screening:

- Financed emissions alignment delta vs sector pathways;
- Review and assessment of existing decarbonisation targets vs the Group's sector target;
- Review of overall decarbonisation strategy.

The appointment of CC sector leads has increased the level of accountability and enables a clear point of contact to effectively co-own the internal validation process with the Net Zero Team early during the client onboarding process.

NTB client transactions considered significant are further subject to a Climate Risk Assessment (**CRA**) and review by the Environmental and Social Risk Management (**ESRM**) team. This is described below.

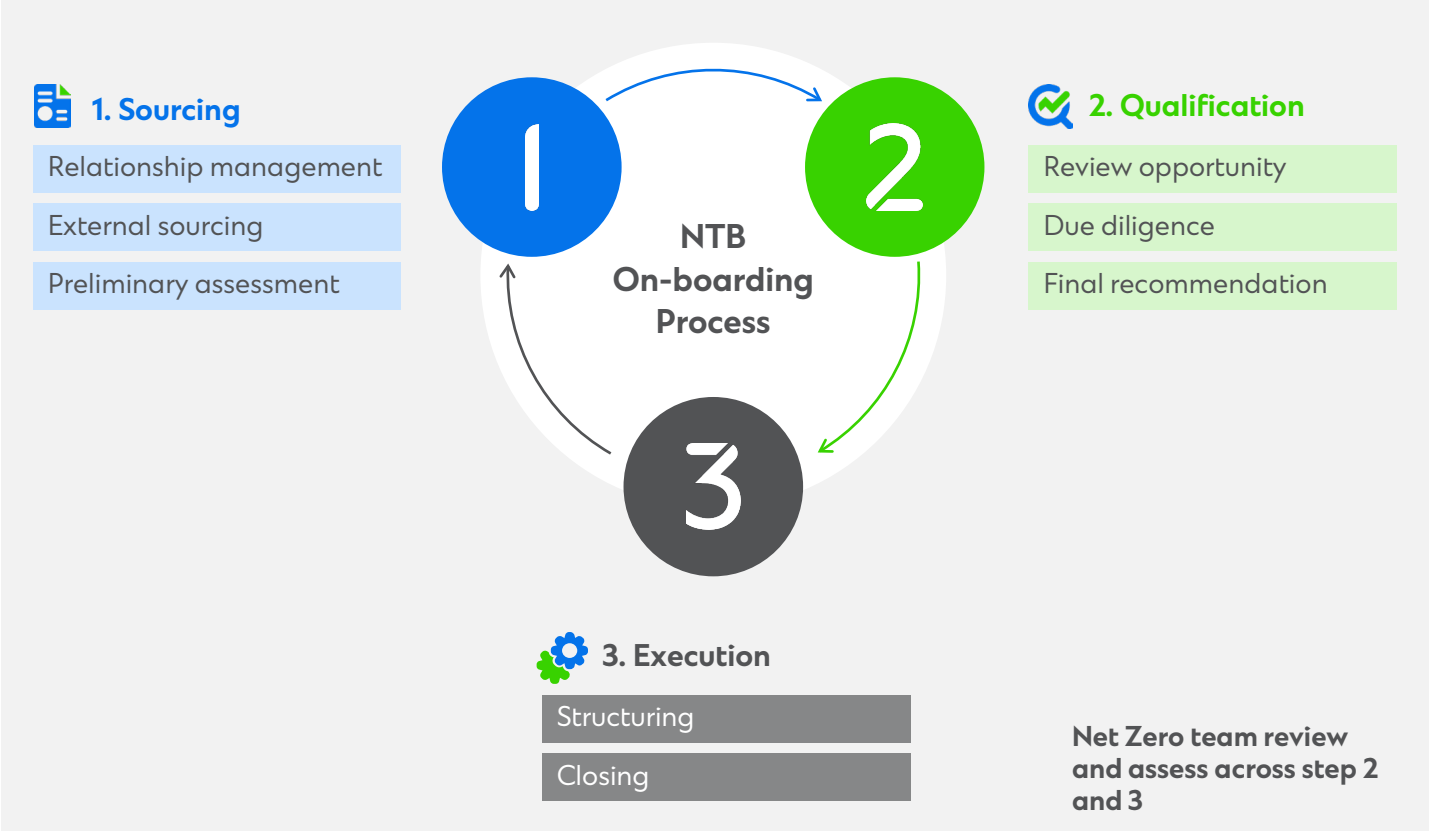


Figure 7: NTB On-boarding Process

5.1.1 Existing-to-Bank transition clients

Within CIB clients operating in high-emitting sectors, we have identified the population of key ETB Transition Priority Clients (**TPC**), whose emissions reductions will be essential to enable us to meet our 2030 interim net zero targets. TPCs are defined as the Group's most significant clients across the high-emitting sectors. Significance in this instance is based on the following characteristics:

- High absolute emissions or emission intensity; and
- High year-end exposure.

Once shortlisted as a TPC, we consider the following secondary characteristics on our assessment of the clients decarbonisagtion maturity (See Figure 8 below):

- Presence of a Credible Transition Plan (**CTP**);
- Decarbonisation actions to date;
- Financial strength including the ability to finance the capital expenditure (**CAPEX**) required to transition.

Over the next twelve months, we intend to engage with all TPCs and agree action plans that we can continue to track.

The characteristics of each TPC is unique, however, all are high-emitting and financially material to the Group and can be broadly broken into the decarbonisation maturity categories below in Figure 8.

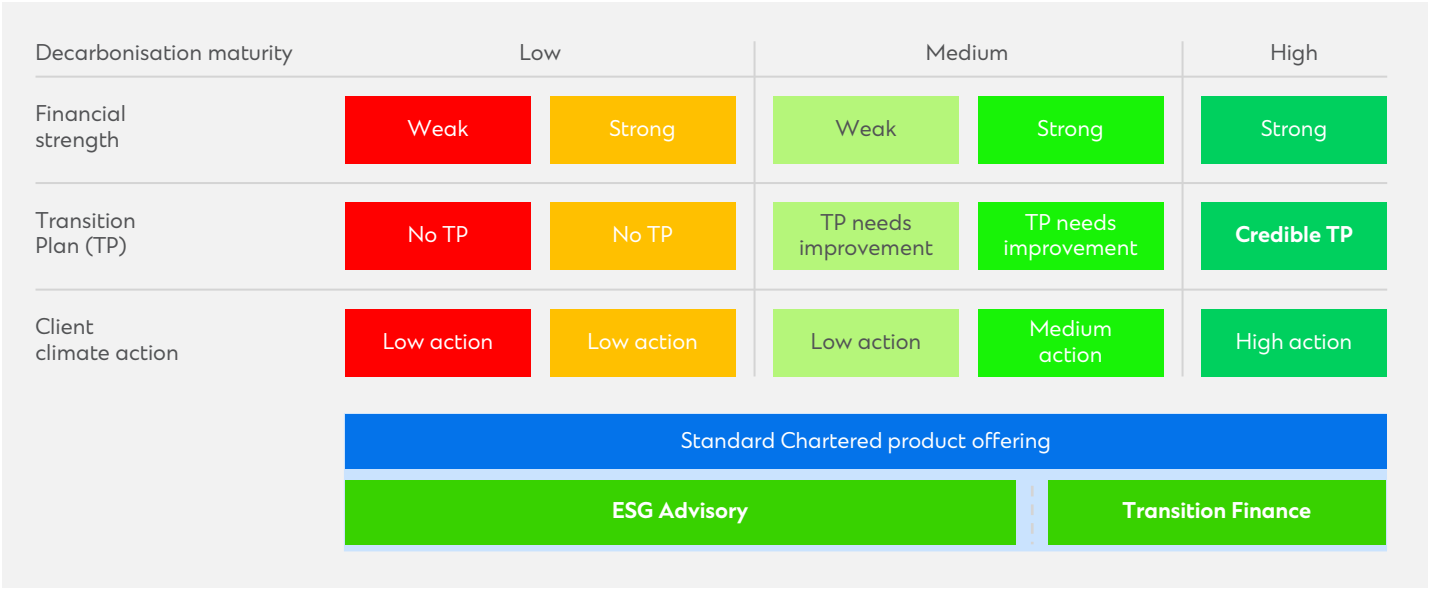


Figure 8: Transition Priority Clients Categorisation

The identification and analysis of our TPCs is a key component in allowing us to determine where the Group's efforts should be targeted to achieve the most efficient and impactful portfolio decarbonisation outcomes. Moreover, many of these clients face transition risk, which we aim to help mitigate through our advice on industry best practice and the provision of capital to support and accelerate their transition journeys.

The initial aim and expectation for our low decarbonisation maturity TPCs is that these clients report their operational emissions and set short- and long-term emissions reduction targets, noting that a lack of targets will negatively impact their CRA rating. To support our clients to achieve this, our ESG Advisory team, within the Strategic Advisory Solutions Team actively seeks opportunities to provide strategic guidance to clients that would benefit most from targeted transition engagement with the purpose of reducing their transition risk.

For medium decarbonisation maturity TPCs, a combination of financial products and advisory services are deployed to support clients transitioning their businesses and seeking to achieve their climate goals, this includes the full product suite underpinned by our Green and Sustainable Product Framework (**GSPF**) and Transition Finance Framework (**TFF**).

Finally, for our high decarbonisation maturity TPCs, emphasis is placed on increasing finance towards novel but 'bankable' technologies that aid the scale and rate of decarbonisation development.

The sourcing of SF and Transition Finance transactions is initiated and executed via a combination of the Group's dedicated Transition Finance team, SF specialists within CC, CC high-emitting sector teams and cross-sector Product teams. SF and Transition Finance transactions that are within scope of the twelve high-emitting sectors have the potential to reduce the Group's financed emissions.

Transactions that meet the Group's criteria set out in the GSPF and TFF may contribute to one or more of the Group's Sustainable Finance Assets (**SFA**), Sustainable Finance Mobilisation (**SFM**), and/or Sustainable Finance Income (**SFI**) metrics[1].

Our strategic priority is to support and guide our clients to a low-carbon pathway. We aim to meet clients where they are in their transition journey, while recognising that we have a responsibility to align our portfolio with science-based net zero pathways.

In the year to 30 September 2024, our Sustainable Finance Assets grew by 32 per cent to $23.3 bn. This significant growth reflects our ability to source and finance transactions which support the transition to low-carbon technologies and sustainable economic growth.

In cases where a TPC falls within the "Red" category – characterized by weak financial strength, no transition plan, and low climate action and our efforts to engage with the client have been unsuccessful – we may need to reassess our level of support. This could involve reassessing our exposure to such clients and reallocating to those who are actively advancing their decarbonisation efforts.

By taking these steps, we aim to contribute to meaningful progress across industries and regions, while ensuring our financing decisions remain consistent with our net zero objectives.

[1] See the Green and Sustainable Product Framework for detailed description of which products / labels contribute to which metric.

5.2 Climate Risk Assessment

Our approach to managing climate risk is based on the impacted risk types with climate risk considerations embedded into relevant frameworks and processes. The integration of climate risk into wider risk management practices allows us to assess and manage our exposure to these risks.

The potential financial impact from these risks is incorporated into existing credit risk management through the Group's Business Credit Application (**BCA**). The CRA, included in the BCA process, helps to identify where clients need support to develop and/or implement their transition plans in line with the Group's net zero goals.

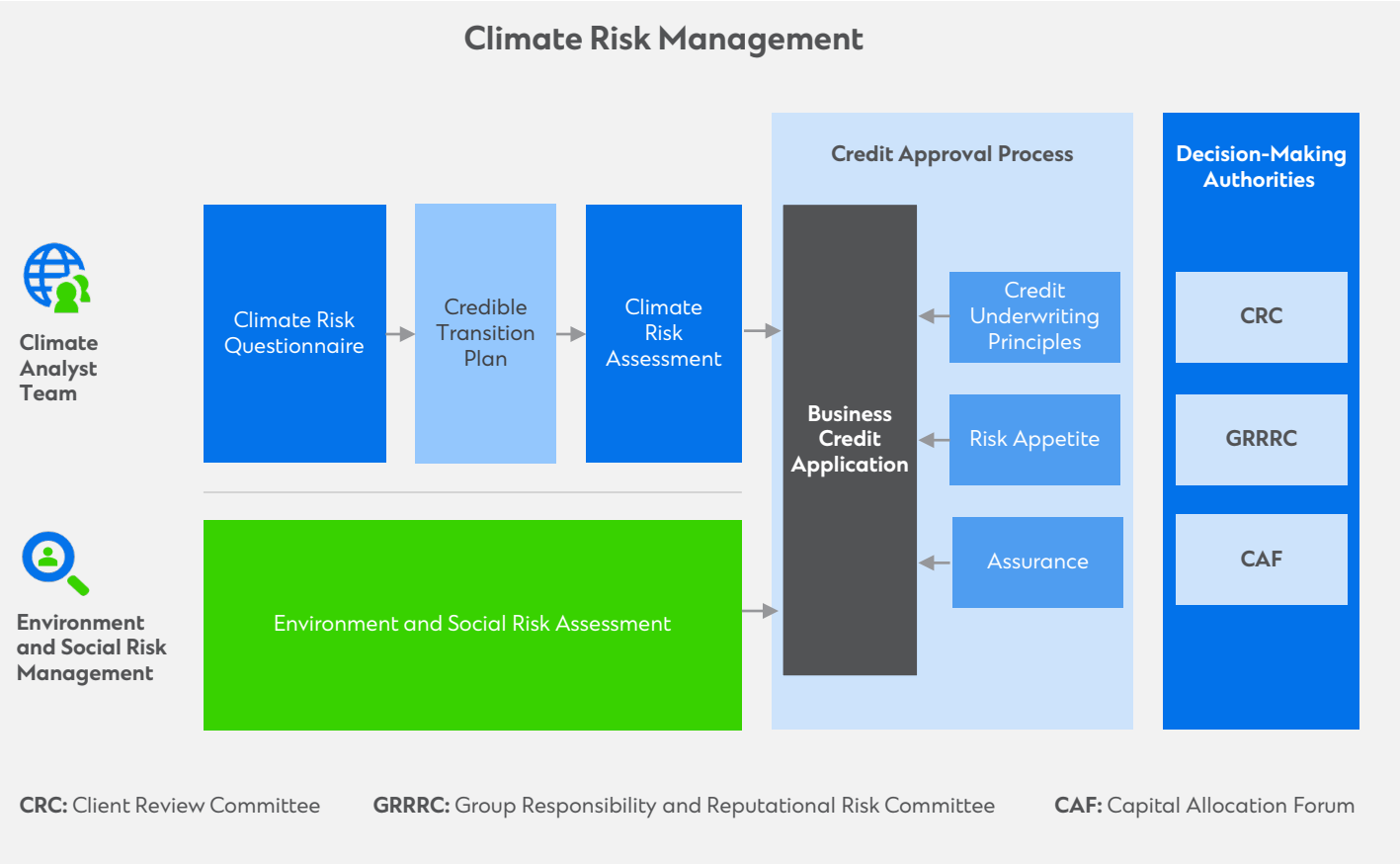


Figure 9: BCA Climate and ESRM Inputs

5.2.1 Identify risks and mitigation plans

The starting point of the CRA is the Climate Risk Questionnaire (**CRQ**). This questionnaire includes a series of questions that help assess the potential financial risks from climate change, using quantitative and qualitative information. The assessment presents a consolidated view across four pillars:

- Gross Physical Risk
- Physical Risk Adaptation
- Gross Transition Risk
- Transition Risk Mitigation

The four pillars provide an indication of how exposed and ready for transition or adaptation our clients may be. The Climate Analyst Team is responsible for populating CRQs. RMs, in turn, review and support or approve CRQs, depending on the climate risk grading.

5.2.2 Credible Transition Plan assessment

A subset of questions within the CRQ inform our assessment of the credibility of our clients' transition plans, known as the CTP assessment. The assessment is based on the five elements below. While not exhaustive, it is intended to guide the evaluation of clients' transition plans, based on actions that signify ambition.

Elements	Description
Quantitative commitment	The plan includes progress benchmarks on emissions reductions that are clearly outlined for defined timeframes.
Implementation strategy	The plan sets out how the company will deliver on its climate commitments – both to reduce its own risks, and in support of climate action – through policies, products, tools, services, and relationships.
Enterprise-wide approach	The plan is integrated into the overall business strategy including budgeting and investment plans.
Transparency and accountability	The plan sets out a framework for transparently reporting on progress, assumptions, monitoring, and accountability.
Escalating ambition and responsiveness	The plan is reviewed and revised regularly and updates the level of ambition based on progress.

Figure 10: CTP Elements Overview

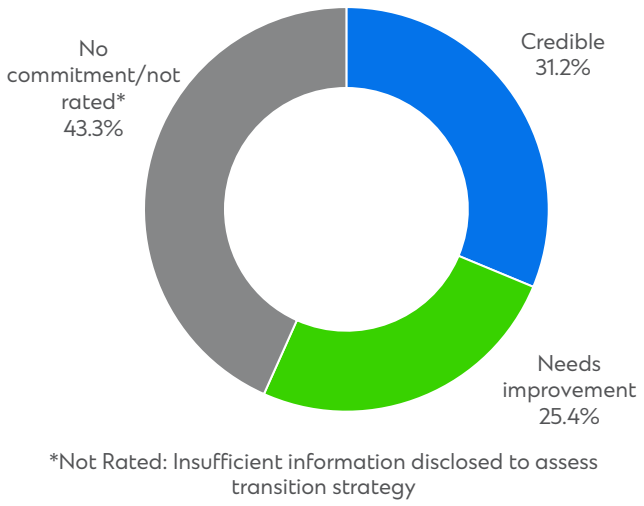
Each question within each element is assigned a weighting, acknowledging that some questions are of greater importance than others on a client's transition.

Client Credible Transition Plan assessments

As of December 2024, we have assessed the transition strategies of approximately **4,000** of our corporate clients, enabling us to:

1. Evaluate and manage our exposure to climate risk,
2. Identify areas where clients require support in developing or executing their transition plan in alignment with our net zero objectives.

CTP results overall



*Not Rated: Insufficient information disclosed to assess transition strategy

Breakdown by client tier

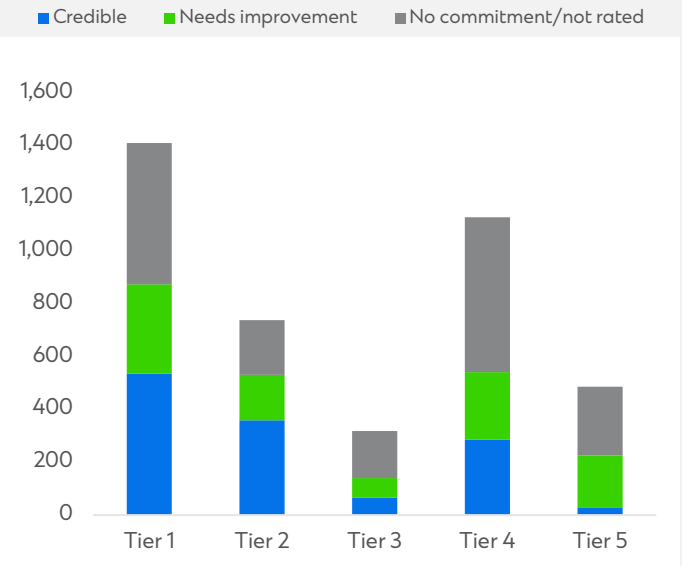


Figure 11: Summary of CTP Assessment

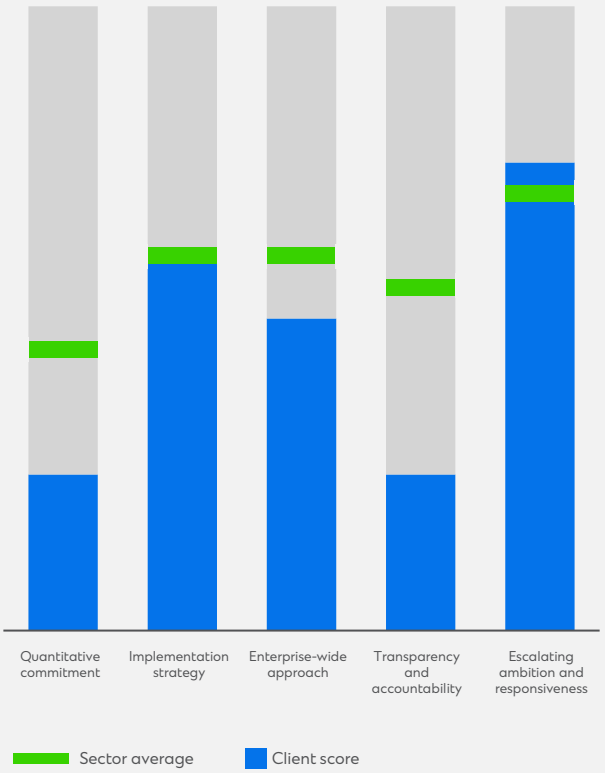
The figure below illustrates how we evaluate our clients' transition plans and assign a credibility rating based on the scores of the five elements of the CTP outlined above.

Our CTP assessment aids our understanding of unique challenges and opportunities our clients encounter in reducing their operational emissions. This insight allows us to offer tailored advice, financing solutions, and strategic partnerships, supporting clients in developing and implementing credible decarbonisation strategies.

Standard Chartered's in-house Transition Plan assessment of an O&G client

O&G Client vs O&G Producers Peer Group

Credible Transition Plan Outcome: No Commitment



Element	Assessment based on disclosures
Quantitative commitment	× No short-term or long-term commitments. ✓ Declared support to meet net zero. × No emission reduction targets.
Implementation strategy	✓ Plan to change production mix to lower carbon intensive products. – Investment in R&D to reduce emissions for current operations. × No investment in transition over the past 5 years.
Enterprise-wide approach	× Management's incentives not aligned with climate goals. ✓ Nominated board member/committee with oversight of climate change.
Transparency and accountability	– Reported Scope 1 & 2 emissions. × No TCFD-aligned disclosures.
Escalating ambition and responsiveness	✓ Plan to align to future emissions related policies, environmental laws and regulations. × No evaluation of transition strategy using climate change scenario modelling.

Good score Average score Low score

Figure 12: O&G Sector client CTP Output Example

5.2.3 Analyse the Risk

The information gathered through the CRQ and CTP in turn forms part of the client-level CRA. The CRA helps to form a view of the overall climate risk profile of our clients. The CRAs are client and sector agnostic and cover main physical and transition risk drivers and clients' disclosed strategy on any adaptation and client transition plans. Each client is assigned a Black, Red, Amber & Green (**BRAG**) climate risk grading, which is calculated based on the gross transition risk and transition risk mitigation. There are currently four types of BRAG ratings assigned to clients as per the table below.

Black	• Clients are deemed to have very high exposure to Transition Risk with little or no mitigation plans.
Red	• Clients are deemed to have very high exposure to Transition Risk but with acceptable or good mitigation plans.
Amber	• Clients are deemed to have high exposure to Transition Risk but with acceptable or good mitigation plans.
Green	• Clients are deemed to have low or limited exposure to Transition Risk.

Figure 13: BRAG Description Overview

5.2.4 Environmental and Social Risk Management

The Group's approach to managing E&S risk is informed by international conventions, national laws and regulations and industry standards and best practices. These requirements are translated into cross sector and sector specific criteria, which we articulate in our Position Statements (**PS**). The PS review is led by the ESRM team to reflect emerging E&S risks, industry best practice and the Group's evolving RA.

At a client entity level, where credit facilities are to be provided, the RMs are required to complete the Environmental and Social Risk Assessment (**ESRA**) to assess alignment with the PS. This assessment occurs alongside the CRA.

In 2024, the ESRM team published updates across the suite of sectoral PS, including Extractives, Power Generation, Thermal Coal, Infrastructure & Transport, Chemicals & Manufacturing and Agribusiness.

The updated PS and Environmental and Social Risk Management (**ESRM**) framework provide an overview of the Group's approach to identifying, assessing, and managing E&S risks. This supports the Group's net zero ambitions and transition strategy by focusing on specific sector E&S risks, settinging out the sector-specific criteria we apply to assess whether to provide financial services to our clients in sensitive sectors.

For further details on the latest PS and ESRM framework, refer to the Group's Sustainability Library.

5.3 Evaluate the Risk

Existing and potential clients that are rated either black or red on the BRAG rating scale are notified to Sector Risk, Global Sector Head, relevant Country CEO, and the Net Zero Team for further consideration and approval. Existing clients with a black or red rating for two consecutive years are escalated to the NZCRWF for review and remediation actions in line with roles and responsibilities delegated by the CIB Client Review Committee (**CRC**).

Once a climate risk grading is assigned to a client, the impacts from climate-related risks are integrated into the existing credit approval process qualitatively through the BCA and/or quantitatively through inclusion within the business risk analysis and financial modelling.

If the risks are deemed material and not adequately represented via the existing credit rating of the client, subjective warning signals may be added to influence the credit rating. Additionally, risk triggers are added to monitor risks that are not adequately mitigated and to seek additional information from the client where applicable.

5.4 Credit Underwriting Principles

The Group's Credit Underwriting Principles (**CUP**) set out the high-level risk management strategy and broad asset underwriting criteria to be observed for clients under various high-emitting sectors. These are reviewed and updated on an annual basis. The business is viewed as global and therefore not restricted to a particular region or geography, though the CUPs generally follow the Group's strategy with regards to the jurisdiction of transactions. Risk and Client Coverage sector heads are jointly responsible for determining the appropriate application of CUP to clients.

Qualitative and quantitative climate considerations are embedded into the Group's CUPs for O&G, Metal & Mining, Shipping and Commercial Real Estate (**CRE**) sectors where there are sector specific origination teams.

It is important to note that underlying principles vary depending on the sector, to help steer the portfolio in the desired direction over the medium term to 2030. We are evaluating the significance and feasibility of extending similar considerations into specific product and non-sector agnostic CUPs.

The tenor distribution of the high-emitting portfolios is monitored and reviewed during the annual CUP renewal process. It is probable that the growth of SF and Transition Finance could materially increase the tenor for O&G, Metals & Mining, Shipping and CRE portfolios as many of the projects will require longer-term project finance.

The integration of climate considerations into the CUP demonstrates the progress made at a sector level in respect to the Group's financing decisions and RA. The Group is in the process of adding more stringent net zero misalignment considerations into the CUP which would mandate review and approval from the CC Group sector heads and the Net Zero team.

5.5 Global Account Manager and Relationship Manager Engagement

Monitoring and reviewing clients' progress is essential to advancing the Group's net zero agenda. As our clients commit to reducing their greenhouse gas (**GHG**) emissions, it is crucial to ensure that their strategies are not only ambitious but also effective. By regularly assessing our clients' progress, we can identify both successes and areas where additional support is needed. Regular monitoring allows us to intervene if necessary and provide targeted guidance in line with their decarbonisation goals.

To meet this objective, the NZCRWF was established under the purview of the CIB CRC in 2023 to review, challenge and agree action plans for clients that are misaligned with our net zero targets and/or associated with high climate risk.

The forum is chaired by the Global Head Net Zero Delivery and Carbon Accounting and has representation from the CSO organisation, Business and Risk. The GAMs join the forum to present on their clients' transition strategies and decarbonisation actions to date.

Achieving net zero emissions requires a comprehensive, multi-year client engagement strategy, as the transition involves complex and incremental changes. Through the NZCRWF, we collaborate closely with our front-line teams to understand each client's specific needs, constraints, and objectives. This allows us to develop customised solutions and strategies and agree on action plans accordingly. These include:

- Enhancing client engagement to gain a better understanding of their transition commitments and plans to achieve them.
- Gathering inputs from clients on the physical risk adaptation measures they are currently employing in location where physical risk is considered high.
- Conducting sensitivity analysis on financials through the credit process to assess the materiality of relevant risks, such as stressing CAPEX plans to address transition risks or strategies and evaluating the capacity to absorb or pass on costs related to transition and physical risks.
- Understanding the transition opportunities available to the client and whether the Group has been able to finance these opportunities and technologies for the client in the past. When we have been unable to, understanding those reasons such as new technology risk or pricing sensitivities.

As a leading, international cross border bank, Standard Chartered is well placed to take advantage of the opportunities that come with the transition to low carbon economies, particularly across AAME where there is the most significant investment gap and where investment would have the biggest impact.

For further detail on the priority transition technologies for the Group, please refer to the sector decarbonisation strategic approach in the appendix.

Case Study: NZCRWF engagement with a steel producer in Asia

Client overview

The client is a large steel producer and is actively pursuing a transition to a low-carbon economy. The client has set interim targets to reduce carbon emissions by 5-10 per cent by 2030 and by 40-50 per cent by 2040. The client's strategy focuses on furnace utilisation, targeting a move away from Blast Furnaces and towards electric arc furnace as part of its long-term sustainability efforts.

Engagement rationale

Standard Chartered welcomed the client's net zero targets, and according to the Group's CTP assessment the client achieved a 'Credible' score. However, the client's interim emissions target and trajectory was misaligned with the Group's own. The initial aim was to raise awareness with the client about the potential weakness in its targets but also to communicate that the Group has the expertise and financial products to support action toward a more robust decarbonisation journey; and one that would bring the company's decarbonisation pathway in alignment with that of the Group.

Engagement focus

As the client's primary trade financier, the Group was in a position to promote and incentivise the procurement of scrap steel – the client is targeting a 30 per cent scrap utilisation rate by 2030.

Scrap steel uptake is an important and immediate decarbonisation lever for the steel sector. Each tonne of scrap steel used for steel production can save up to 1.1 tonne of iron ore, ~600 kg of coking coal, and ~50 kg of limestone. It reduces energy consumption by ~15 per cent and cuts down water consumption and GHG emissions by ~40 per cent and ~55 per cent respectively (Indian Ministry of Steel, 2019).

Outcome of engagement

The Group provided its first scrap steel use of proceeds trade facility to the client. The Transition Finance team is engaged with the client to provide financing that directly supports the client's medium and long-term decarbonisation strategy. Finally, the Group is in regular communication with the client's management team to assist in the delivery of its decarbonisation strategy.

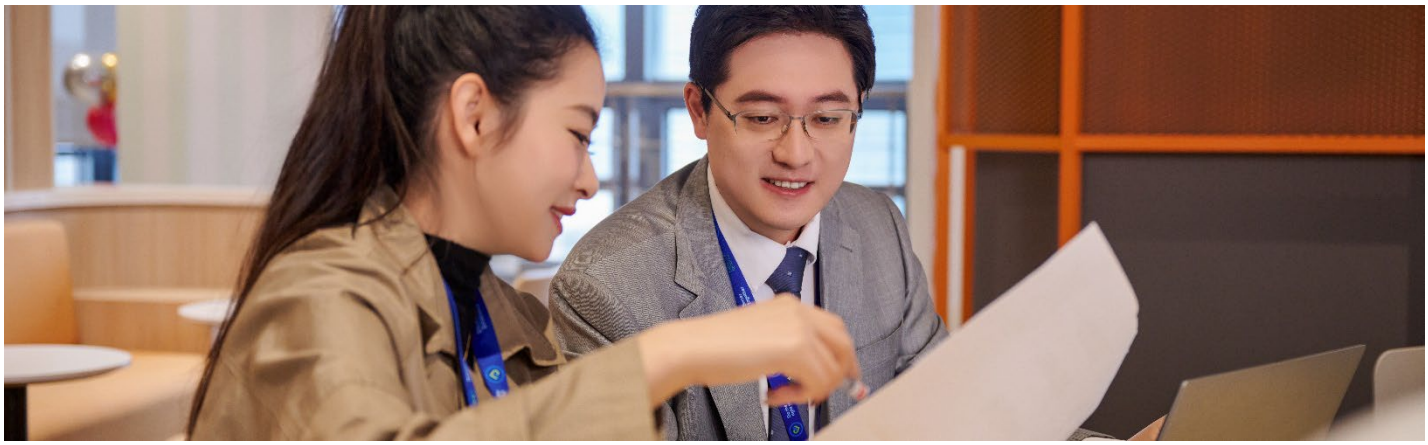
Figure 14: NZCRWF Engagement Case Study

06

Enablers

The Group is committed to providing dedicated services and SF products to catalyse clients' current and potential decarbonisation journeys.

The Group's ESG Advisory and Transition Finance teams prioritise engagement with clients associated with high transition risk, clients that are divergent from portfolio-level emission pathways, and clients with no decarbonisation plans.



6.1 ESG Advisory

ESG Advisory within the Strategic Advisory Solutions team, is focused on engaging with the Group's clients to help enhance and execute their sustainability operations and transition strategies. The intent is to enable better access to SF, catalyse their transition, and align them with the Group's net zero targets.

ESG perception challenges

- A natural resource company faced rising shareholder discontent on perceived insufficient decarbonisation commitments.
- We guided shareholder engagement centred on their just transition approach considering development impacts.
- We advised communicating ambitious evidence-based transition plan milestones aligned to Climate Action 100+ benchmarks.
- This drew on our expertise creating transition pathways balancing business realities with ESG imperatives across markets.

Disclosure framework alignment

- A commodity trading company faced growing pressures from regulators and investors to elevate ESG disclosures across their gas, oil and coal supply chains.
- We conducted an in-depth analysis considering disclosure complexities across multiple reporting frameworks, including Taskforce on Climate-related Financial Disclosures (**TCFD**).
- We detailed current state analysis topic-by-topic against established and emerging criteria.
- We used a modular approach to roadmap upgrading their ESG reports to sync commercial resilience with sustainability leadership.

Activating positive impact

- We guided a sovereign wealth fund in meeting its sustainable finance reporting requirements through an asset allocation exercise to validate eligible green investments made.
- We also assisted them in securing third-party assurance and helping them prepare the communication of their green investments and outcomes to stakeholders.

Figure 15: ESG Advisory Engagement Examples

As a long-term partner to our clients, ESG Advisory supports them to focus on outcomes through a process of capacity building and guidance in developing strategic roadmaps to make their transition strategies resilient.

Moreover, the foundational focus on good governance, which is derived from Standard Chartered's CRAs and international frameworks e.g., TCFD and UK TPT, assists clients to develop a strong foundation that they can then use to leverage our Sustainable and Transition Finance Products.

The team also offers support on disclosures and reporting to assist our clients in reaping the benefits of their strategies and effectively communicating their progress in a constructive manner.

Case Study: ESG Advisory transition planning

The Group provides term finance and lines of credit to several Nationally Owned Entities (**NOE**) in high-emitting sectors across AAME. As such, the Group is in a position to deploy its transition advisory and tailored product offering to help contribute to national decarbonisation activities by NOE clients. The Group understands the decarbonisation potential and heightened responsibility in this space.

ESG Transition Advisory – O&G Client

Standard Chartered is currently supporting an O&G company in developing and reviewing its transition strategy and investor communication

Key Steps	Main Impact of Services
Setting context and identifying goals An integrated O&G company looking to ensure it is best positioning itself for the future. The company is looking to produce a transition plan which is up to scratch with relevant targets, and in addition set up a transition finance framework.	→ **Building confidence in ESG journey**
Reviewing and communicating a robust transition strategy Investor and market feedback on ESG investing practices and use of ESG ratings in investment decisions. We supported the client in reviewing its ESG presentation to investors, including the transition presentation with a particular focus on disclosure and strategy.	→ **Transition strategy and communication review**
Regulation, reporting, ratings and risk Assessment of regulatory landscape and of peer benchmarks on: • E&S Commitments • Reporting Standards • ESG ratings • Risk Policies	→ **Local and international assessment of peers and relevant market and regulatory dynamics**

Figure 16: ESG Advisory Case Study

6.2 Transition Finance

The Group's Transition Finance team was created in 2022 to support clients in high-emitting sectors at different stages of their transition journey. The team's objectives are to:

- Mobilise capital;
- Develop novel financial solutions; and
- Reduce real world emissions.

The publication of our TFF in 2021 has enabled us to actively recognise transactions and clients which are contributing to the low-carbon transition.

To date, we have recognised over 30 transactions and nearly 100 clients where activities are aligned to our TFF. In recognising and understanding our clients' decarbonisation pathways, we're able to understand the real decarbonisation of particular sectors, markets and clients today, and help to shape future opportunities.

The team's primary focus is to identify low carbon solutions that are 'bankable' and originate and execute transactions aligned with the GSPF and TFF. The financing activities of the team link back to the Group's SFM ($300bn by 2030) and SFI ($1bn by 2025) targets, and the net zero sector targets.

Since its inception in 2022, the Transition Finance team has built a credible pipeline of high-returning financial opportunities. The diagram below outlines the core and supporting function of the Transition Finance team within the CSO organisation and Group infrastructure.

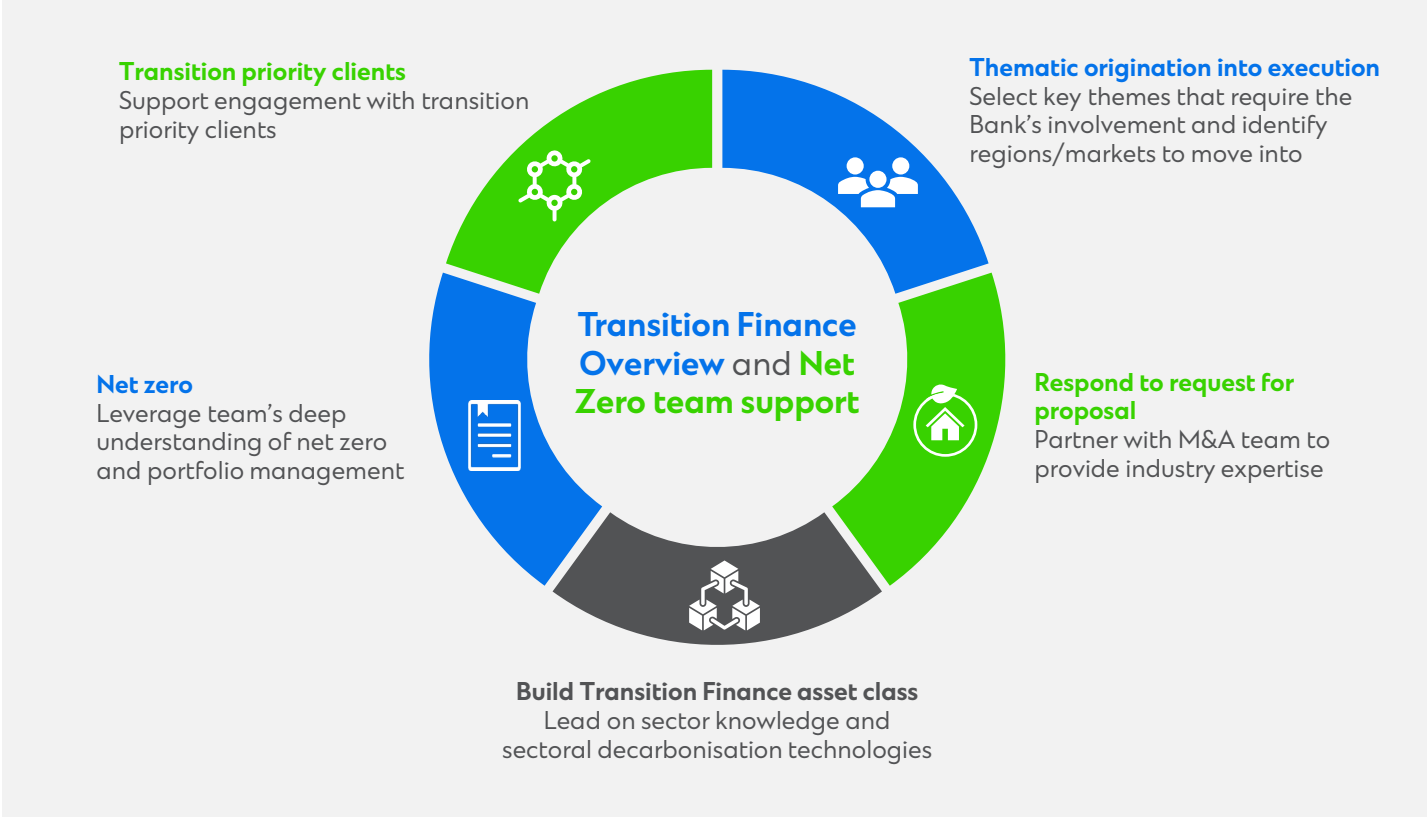


Figure 17: Transition Finance Overview

Case Study: Transition Finance project

- Flared gas is typically >80 per cent methane. The reduction of methane emissions has a material impact as 1 tonne of methane emitted is equivalent to 28 tCO_2e - 74 tCO_2e (for 100-year basis and 20-year basis respectively).
- Reduction of flaring takes a prominent role in the IEA NZE scenario. This scenario includes investment in fossil fuel supply projects to ensure that energy supply does not fall faster than decline in demand.
- The reduction of methane emissions and flaring is critical to reduce the emissions intensity per barrel of oil (Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – 2023 Update).
- The IEA NZE scenario assumes that all non-emergency flaring is eliminated globally by 2030, resulting in a 95 per cent reduction in flared volumes and avoiding 365 Mt CO_2-e (Gas Flaring - Energy System - IEA), contributing to this a 50 per cent reduction in the global average GHG emissions intensity of oil and gas production between 2021 and 2030, and to almost zero emissions from oil and gas operations soon after 2040.
- Standard Chartered provided financing for specific anti-flaring investments, including for a company whose operations are based solely on capturing gas which would otherwise be flared from pre-existing oil fields.
- This is in direct response to combatting the domiciled country's flaring issue resulting in methane emission and wasted energy.
- The captured gas is processed to generate electricity for domestic consumption, enhancing energy security in the region and reducing the emissions intensity at the facility.
- To date, the client has removed the equivalent of over 160 million tCO_2e and is in the planning stages for expanding capacity by approx. 40 per cent which will support further emission reduction.

Figure 18: Transition Finance Case Study

6.3 Products and frameworks

The Group regularly assesses opportunities to expand its range of SF products and services. The Group has over 40 product variants within its SF Product Suite. These broadly align to the following three categories:

- 'Use of Proceeds'
- 'Sustainability-Linked'
- SF Liabilities Products

Figure 19 illustrates how the Group's frameworks help to define the scope and eligible finance products used to meet the publicly communicated aspirations and commitments[1].

These frameworks underpin and help to shape the SF products the Group provides, which are in turn linked to our net zero targets and portfolio. Our GSPF defines what we consider as Green, Social and Sustainable activities and financing, sets out our overarching approach to governing SF, and guides the development of themed products at the Bank.

Our TFF provides transparency on how Transition Finance is governed within the Group. Our approach is based upon the IEA Net Zero Emissions by 2050 scenario and is informed by currently available information including regional taxonomies, industry guidance and our own net zero targets. The TFF aims to set out a number of principles that help guide our clients onto a low-carbon pathway.

Embedding SF products within the organisation contributes to our SF business growth and SFI & SFM targets. The growth of our SF business is key to us reaching our net zero targets. The Group will continue to develop its suite of SF products as required in response to clients' growing sustainability needs. For further details please refer to the latest product frameworks on the Group's Sustainability Library.

[1] See the Green and Sustainable Product Framework for detailed description of which products / labels contribute to which metric.

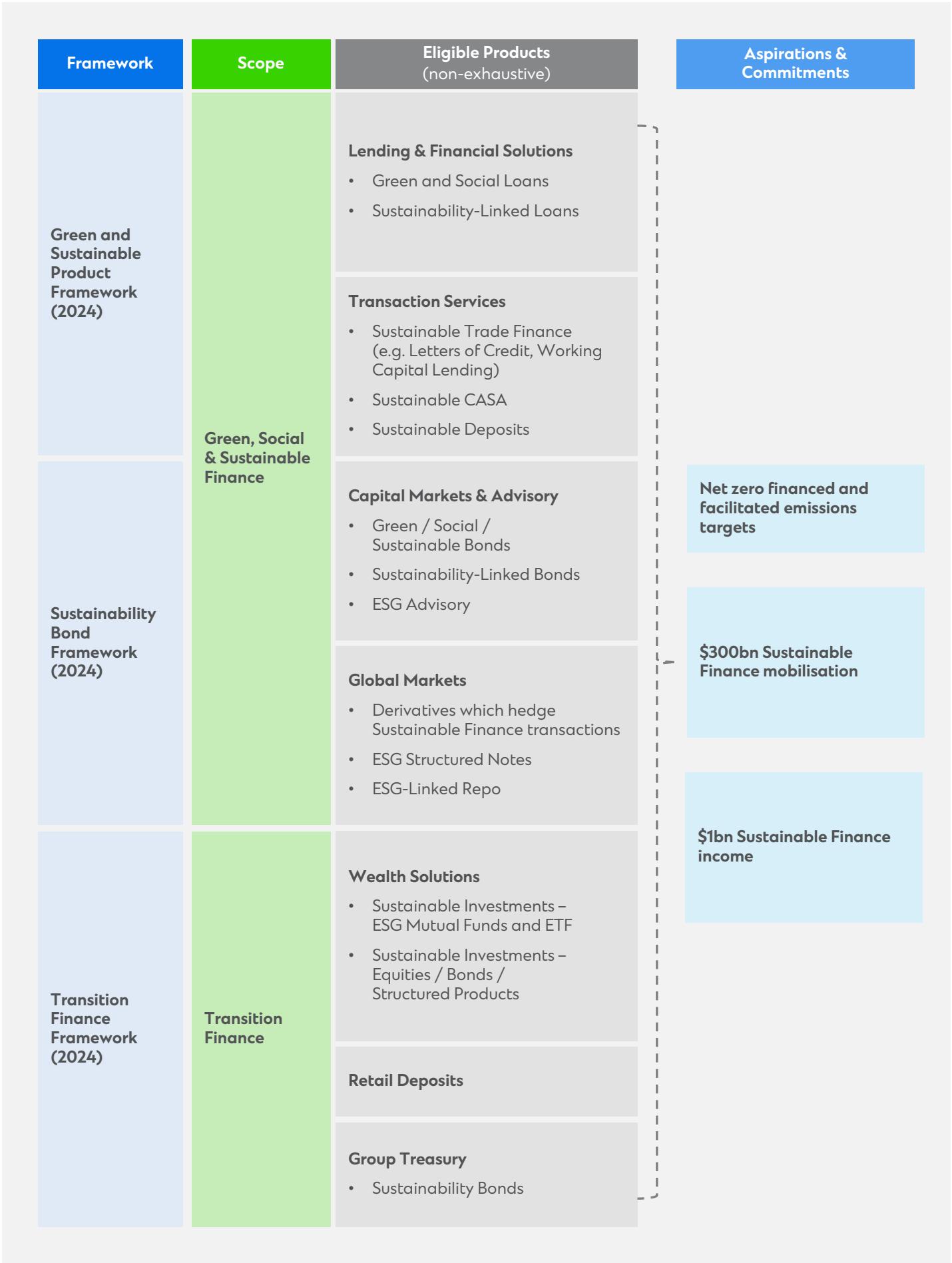


Figure 19: Framework Influence

07

Governance

Given the TP's fundamental role in the long-term success of the Group, ultimate responsibility sits with the Group's Board. The Board recognises the role that Standard Chartered aspires to play across our regions in supporting sustainable social and economic development, reflecting our brand promise – 'here for good'.

7.1 Board oversight and reporting

The transition to net zero is a central element of Standard Chartered's sustainability strategy and the governance of transition related risks, opportunities and organisational implications are overseen by the Group's Board, Management Team and multiple supporting sub-committees.

These committees consider climate and sustainability-related risks and opportunities when reviewing and guiding the Board's strategic decisions on our approach to reach net zero financed emissions by 2050. In summary, the transition-related governance structure is as follows.

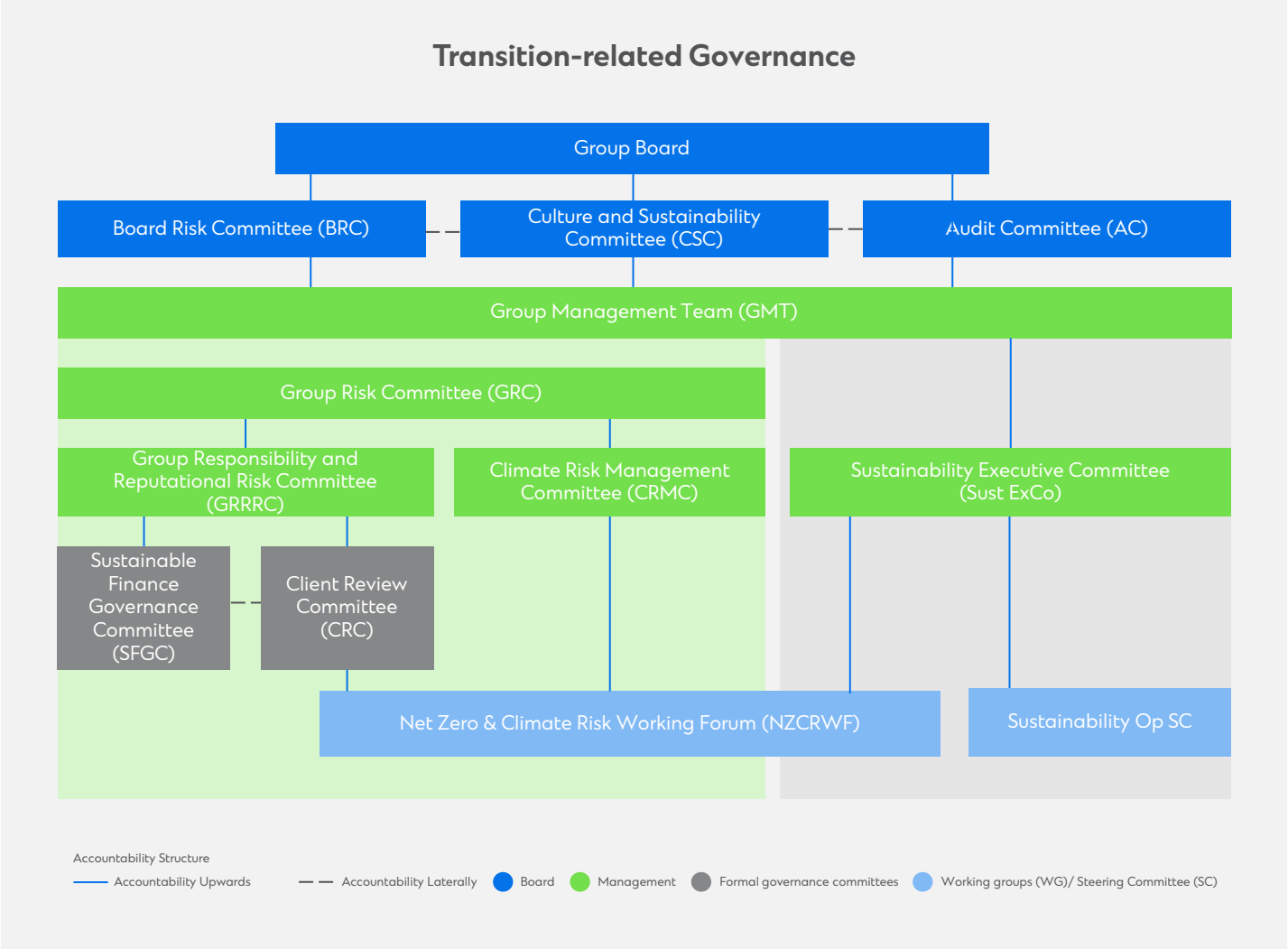


Figure 20: Transition-related Governance Structure

Board-level oversight is exercised through the appointment of the main governance bodies for sustainability and transition-related matters across the Group in the Culture and Sustainability Committee (**CSC**) and the Audit Committee (**AC**). The Board Risk Committee (**BRC**) further exercises oversight on the key risks of the Group, including Climate Risk. The implementation of the TP is the responsibility of the Board, supported by the CSC, AC and BRC who assist and advise the Board in fulfilling this responsibility. The TP is being actioned by the GMT and the CSO organisation.

Standard Chartered PLC Executive-level Committees

Sustainable Finance Governance Committee (SFGC)	The SFGC is our forum for reviewing Sustainable Finance products and derives its authority from the GRRRC. It is our foremost committee on greenwashing risk in product design and labelling. The committee endorses the Group's GSPF and TFF, outlining our approach to defining transition activities and their eligibility towards our SFM and SFI targets.
Client Review Committee (CRC)	The CRC's primary role is to review transactions with heightened reputational risk that have been escalated from the NZCRWF. The committee assesses the materiality of risks on the Group and how these are being mitigated and managed. Reputational risks from recent transactions originated from areas such as climate, human rights and workplace accidents. For financially material or unresolved transaction risk, these discussions are escalated to the GRRRC where the committee derives its authority.

At an operational level, the NZCRWF is responsible for reviewing client engagement strategies, exposures and other monitoring strategies for high climate risk or net zero misaligned clients and is chaired by the Global Head Net Zero Delivery and Carbon Accounting. The forum was established under the purview of the CIB CRC and has representation from the CSO organisation, Business and Risk. The GAMs and RMs join the forum to present on their clients' transition strategies and efforts being made to decarbonise. The forum thereby maintains oversight over clients by considering recommendations from respective relationship teams and agreeing action plans for those with high climate risk or who have had a black or red BRAG rating for two consecutive years.

Bringing this together with our Enablers as discussed in section 5 above is the CSO organisation, headed up by the Group CSO. The CSO organisation aims to create a self-reinforcing cycle, which is built on established processes, clear frameworks, engagement with our clients and collaboration across risk and business teams. These frameworks set out the guidelines for approval of products and transactions which carry the SF and/or Transition Finance label. Scaling these is key to the Group's TP and is an opportunity for the Group to facilitate resilience against transition risks and help provide capital and financing for our clients' transition to a low carbon economy.

7.2 Independence

On an annual basis, we engage a third party to verify our sustainable asset base against our GSPF. In addition, we engage an external assurance provider to conduct limited assurance over the financed emissions figures against our Net Zero Methodological Whitepaper as well as our annual SF metrics against our SF product frameworks. Please refer to our annual report for details of the scope of assurance and procedures performed.

During 2024, an AUP review was performed by EY over the Group's net zero targets for the Aluminium, Automotive Manufacturers, Cement, Commercial Real Estate, Oil and Gas, Power, Shipping, Steel and Coal sectors. Procedures included confirming a net zero target had been set, that the scenarios used to set net zero targets are from credible third-party sources as recommended by the NZBA and the selected scenarios align to the quantitative temperature goal of article 2(1)a of the Paris Agreement. This was performed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements.

7.3 Incentives and Remuneration

Our transition-related goals and targets are reflected in the performance assessment measures that determine employee incentives and variable remuneration. Variable remuneration is based on measurable performance criteria linked to the Group's strategy and overseen by the Remuneration Committee. Annual incentives are based on the assessment of the Group Scorecard which contains financial and strategic measures and is operated for the majority of our employees. Sustainability-related measures continue to be included in the 2024 Group scorecard with a weighting of 5 per cent. These measures are related to the Group's external commitments for the decarbonisation of our operations and investment portfolio:

- Growing Green and Transition Finance income in our CIB segment
- Reducing our financed emissions for key sectors in line with our RA and based on our interim 2030 sectoral targets
- Reducing Scope 1 and 2 emissions in line with our operational net zero by 2025 target

Separately, Long Term Incentive Plans (**LTIP**) awards are granted to senior executives who have the ability to influence the long-term performance of the Group. Members of the GMT are eligible for LTIP awards, which may also be granted to other employees in the Group. Sustainability continues to be included with a 25 per cent weighting in the 2024–26 LTIP through the following decarbonisation performance measures:

- Accelerating zero: Progress towards our 2030 SFM target in each of the three performance years
- Delivering on our Sustainability Aspiration to further develop the global sustainability ecosystem by actively contributing to global partnerships, initiatives and cross-sector collaborations

In addition to the Group scorecard and LTIP performance measures, dedicated climate and sustainability-related objectives apply across functional and regional scorecards including the Risk function, and individual objectives add a further link between transition outcomes and reward. One such input into the scorecard outcomes is the financed emission performance against the RA and RE pathways which is presented to the GMT annually.

7.4 Culture, skills, competencies and training

The success of our SF and Transition Finance journey is closely linked to the training and education of our employees, and how we integrate climate-related issues into our culture across the business. It is our aspiration to encourage a culture of ambition, action and accountability, to improve operational efficiency and drive client centricity through a culture of high performance and execution. The Board are keenly aware of the importance of our people strategy to the delivery of the Group's strategic objectives.

Through our Group-wide sustainability-related education and training programme we aim to establish foundational knowledge on sustainability and transition activity across the Group, while tailoring an ongoing upskilling programme to cater to the needs of practitioners in line with industry best practice. Given the role that the Board plays in sustainability governance, the Group Board and subsidiary Boards have received recent training on sustainability risk and regulation, nature risk, key features of sector-level climate scenarios, in-house base and tail risk scenarios and key second-order impacts from climate change. The Board also receives climate risk updates quarterly through the Group CRO report.

In addition, country and regional CEOs and Heads of Business joined targeted training covering the energy transition and related financing opportunities, clean technology, and sustainability-related risks and regulation.

Bespoke training has been provided to clusters of practitioners across all lines of defence, ranging from CIB, WRB, Risk, CFCC and Audit on a broad range of topics including on physical and transition risks, how climate stress tests are conducted, and how we embed climate risk into credit risk processes.

At a foundational level, we encourage all employees across our global footprint to improve their understanding on how we embed sustainability into our business, operations, and communities, and how they can actively play their part in this journey. Over 20,400 colleagues have completed the Introduction to Sustainability since its launch in 2022 globally.

To further embed sustainability and continuous learning into the Group's day-to-day operations, 48 ad-hoc training courses were also held throughout 2024 that reached over 3,300 employees, covering specific learning needs and topics, including the Group's progress related to sectoral net zero target setting, sector-specific voluntary carbon markets and Sustainable Finance products and related governance. We will continue to run these sessions to ensure the latest industry developments are cascaded internally.

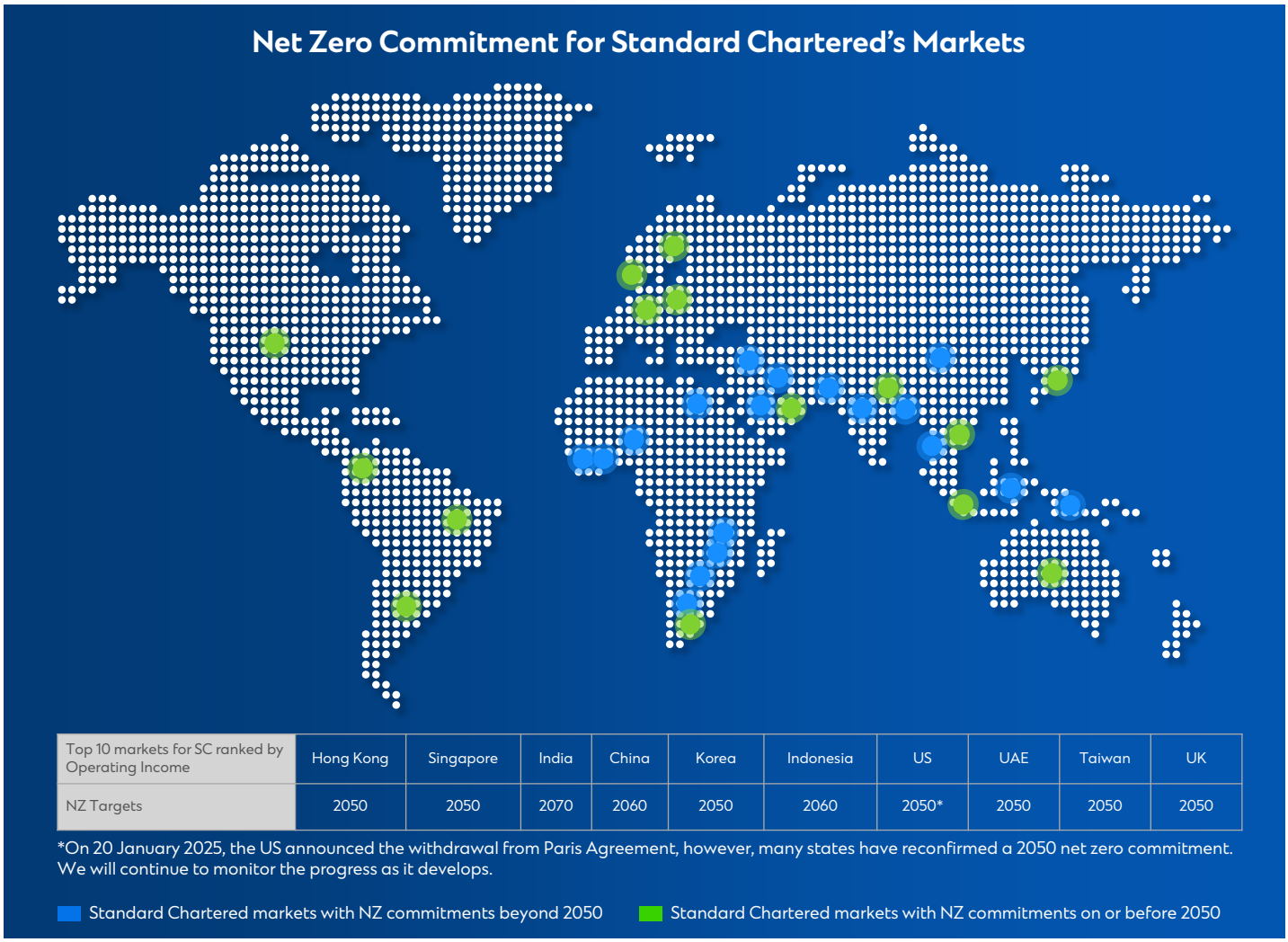
08

Dependencies

We know that we cannot deliver net zero in isolation. The actions of other key actors are essential in enabling wider systems change, which will help us to meet our commitment to reach net zero by 2050, alongside our 2030 interim targets.

8.1 Challenges across our markets

A 2050 net zero financed emissions target is a significant challenge for the Group due to our material presence in dynamic and emerging markets, that do not have a net zero by 2050 target. Commitments to net zero across our markets are outlined in Figure 21 below.



Top 10 markets for SC ranked by Operating Income	Hong Kong	Singapore	India	China	Korea	Indonesia	US	UAE	Taiwan	UK
NZ Targets	2050	2050	2070	2060	2050	2060	2050*	2050	2050	2050

*On 20 January 2025, the US announced the withdrawal from Paris Agreement, however, many states have reconfirmed a 2050 net zero commitment. We will continue to monitor the progress as it develops.

Figure 21: Net Zero Commitment for Standard Chartered's Markets

Where countries' net zero commitments extend to 2060, 2070 or beyond, this means that we are asking our clients in those countries to go further, faster than is required domestically in order to match the Group's ambition. This presents a key challenge for the Group as in order to align our portfolios with 2050 net zero transition pathways we need to partner with our clients to assist them in transitioning to net zero ahead of their local jurisdictions' commitments.

Further, in some of our markets where net zero 2050 targets have been adopted, there remains a lack of clarity on interim milestones and preferred emission pathways. This may lead to uncertainty and at times a lack of government policy support for our clients seeking to address their transition which, in turn may impact our planning and execution.

Acknowledging these challenges, the Group adopts a portfolio approach, balancing investments across geographies and industries. This includes balancing our exposure to regions with robust climate policies while engaging clients in markets with less robust climate policies to develop tailored, science-based transition plans. We utilise scenario analysis to stress-test our portfolio against different policy outcomes, which aims to support resilience and alignment with our net zero commitments. Further, we are actively working with multilateral institutions to leverage blended finance structures, which enables us to mitigate investment risks in emerging markets and enable progress, even in regions where policy developments are less advanced. While maintaining our commitment to sectoral decarbonization pathways, which is managed on a portfolio basis, we acknowledge that emissions may initially increase before eventually declining, whether on a sectoral basis or across the Group as a whole.

Another key dependency is the link between high-emitting sectors, and the need for certain sectors to decarbonise, to enable the decarbonisation of other high-emitting sectors. This challenge is primarily found in energy, where clean energy is needed to power the production of goods. Energy has traditionally come from the combustion of fossil fuels, so moving away from the most carbon intensive fuels such as coal and heavy oil, to instead focus on financing the transition by developing emission efficient gas and renewable capacity.

Access to cleaner electricity has the potential to lead to the decarbonisation of various other sectors, for example, steelmaking through the use of electric arc furnaces or aluminium through the use of cleaner power into their smelters, commercial and residential real estate through the supply of cleaner power, and electric vehicles which are charged using cleaner power. The move towards renewables would also further decrease emissions from shipping, as a significant portfolio of shipping is focused on moving hydrocarbons globally. Energy must therefore remain a priority and in particular, the continued financing for and build out of renewable energy.

As of 30 September 2024, there were over $5.5 billion of renewable energy projects and clients in our SF asset pool. This demonstrates that whilst we are supporting our clients in high-emitting sectors to decarbonise, we are simultaneously financing renewables across our footprint markets.

8.2 Policy certainty and implementation gaps

The pathway towards net zero by 2050 matters. Across our markets, the effectiveness of our TP depends significantly on the level of ambition represented by medium-term Nationally Determined Contributions (**NDC**), as well as the clarity, granularity, coherence and execution of the underlying national policy framework or implementation plans.

While NDCs set medium-term national emission reduction targets, their success relies on these commitments being backed up by actionable policies, regulations, and sector-specific roadmaps. Even if an appropriate headline ambition is in place, gaps in implementation or delays in adopting supporting measures, such as carbon pricing mechanisms, renewable energy incentives, or sectoral decarbonisation mandates, may impact our ability to meet our net zero targets.

For example:

- **Sectoral transition uncertainty:** Many policy frameworks lack detailed solutions or pathways for specific sectors, such as Power, Steel, or Agriculture. This absence of clear targets or policies along with economic incentives for these high-emission sectors creates ambiguity, making it difficult to assess which projects or companies are aligned with long-term transition goals.
- **Regulatory inconsistencies:** Variations in how countries implement and attempt to achieve their NDCs can create regulatory, and by extension investment uncertainty, especially where there is skepticism that NDCs may not be met, complicating efforts to harmonise transition strategies in those countries and across multiple jurisdictions.
- **New technologies:** Governments across the globe may be hesitant to support new technologies such as renewables and large-scale battery storage over more established power supply technologies provided by fossil fuel fired power plants. Energy security is a concern for many countries and may be a greater concern than the carbon cost of power generation.
- **Timing and ambition:** Delayed or insufficiently ambitious policies stemming from NDCs can slow down sectoral transitions, thereby impacting the pace at which we can decarbonise our financed emissions.

Increasingly, policies to deliver climate goals are cutting across international boundaries. For example, plans for Carbon Border Adjustment Mechanisms (**CBAMs**) in the EU and UK are already leading to exporting nations accelerating their own frameworks for carbon pricing. These interactions will be complex and difficult to predict, however for exporters in dynamic markets that rely on carbon intensive energy, CBAMs have the potential to present an opportunity for the Group as our clients may seek solutions to lower the carbon cost of their product.

8.3 Client intent and ability to transition

Our strategy to support and guide our clients to a low carbon pathway and provide them with Sustainable and Transition Finance, is dependent on our client's intent and ability to transition. However, we are also clear that where our clients do not show a sufficient level of commitment to transition (Red category clients as discussed under section 5.1.1), we would have to reassess our exposure to such clients in light of the transition and climate risks that continued financing may face.

8.4 The macroeconomic risk of overshooting 1.5°C

The World Meteorological Organsisation (**WMO**) confirmed in Q4, 2024, that global temperature rise is expected to hit an average of 1.55°C above preindustrial levels in 2024 making it the warmest year on record. The Group maintains its aspiration to be Paris aligned (i.e., well below 2°C with the ambition to be 1.5°C compliant) and our net zero pathways are set with this objective. However, limiting temperature increases to 1.5°C is becoming more tenuous from a scientifically backed point of view. We will continue to monitor the sustainability eco-system and scientific best practice guidance when we review our targets on a 3-to-5-year cycle as recommended by the NZBA guidelines.

8.5 Climate Risk Management

Despite progress in incorporating climate risk into our risk framework and client engagements, insufficient data and analytical tools to measure and manage climate transition risks remain a critical constraint for us. This calls for greater attention to policy considerations from country regulators within those countries to disclose their emissions.

8.6 Information and data

While we have developed a methodology to support the implementation of our TP and our ambition to reach net zero by 2050, it reflects the current best available scientific information and data. We anticipate that our methodological framework will need to evolve over time to reflect enhancements in data availability, reinforcement of existing standards and the development of new ones.

8.7 Technology improvement

Some of the sector specific and cross-cutting transition technologies (CCUS, Hydrogen, Biofuel, EV value chain) are still in their early stages of development and will need more Research & Development (**R&D**) to lower technology costs to make these commercially viable.

8.8 Government support

Governments around the world, especially those that have access to capital and resources, need to play an important role by using policy measures and regulation to support decarbonisation action across sectors. Potential mechanisms to consider include capital incentives, subsidies, grants, guarantees, taxes, and carbon prices.

For example:

- **Capital incentives:** Government support through capital incentives can be vital for accelerating Sustainable and Transition Finance, encouraging banks to direct capital toward Sustainable and Transition Finance projects. By easing capital requirements for qualifying transactions, governments can create an economic advantage for funding initiatives that drive decarbonisation and a low-carbon transition. These incentives can make sustainable investment more financially viable, enabling banks to scale up their sustainable and transition funding capacity.
- **Tax incentive schemes:** Providing tax incentives for investment into low-carbon technologies can rapidly accelerate investment into infrastructure development. To date, in the US, the Inflation Reduction Act has provided a range of tax incentives, for example, carbon free energy, carbon capture and storage, clean hydrogen and sustainable aviation fuel which stimulated significant pipeline development across transition technologies.
- **Credit scorecard changes:** Banks would welcome support from regulators in periodic and agile reviews, to enable implementation of scorecard changes that would recognise a changing credit risk profile, including for renewables and other climate technology. This would meanthat banks can allocate credit in a way that accurately reflects credit risk, facilitating a rapid shift in our portfolios across these sectors.
- **Carbon capture utilisation and storage:** Governments play a role in accelerating research and development that would lower technology costs. Policy measures to introduce Carbon Pricing/Tax to create demand for CCUS would play a critical role in the development andsupport of newer technologies.
- **Green hydrogen:** The cost of green H_2 production is not currently economically competitive and not expected to be so for another 5-10 years. Early projects will therefore be heavily reliant on government subsidies and grants.

8.9 Collaboration and partnerships

To achieve our net zero objectives, we depend on strong collaboration and partnerships. Decarbonising our portfolio cannot happen in isolation so we must work closely with clients, policymakers, and peers to drive real-world change. By combining expertise, co-developing innovative financing and supporting policy evolution, in compliance with competition and antitrust law, these partnerships have the potential to enable emission reductions and accelerate the transition to a sustainable economy.

Overview of selected sustainability collaboration and partnerships

Center for Climate-Aligned Finance (CCAF)	We formally joined CCAF, which was established by Rocky Mountain Institute, in 2023. Standard Chartered participates in CCAF working groups for the Aviation and Aluminium industries. The Group is also a signatory to both the Poseidon Principles, a global framework for assessing and disclosing the climate alignment of financial institutions' shipping portfolios and the Sustainable STEEL Principles, which helps banks to measure and disclose the alignment of steel lending portfolios with 1.5°C climate targets.
Glasgow Financial Alliance For Net Zero (GFANZ)	Our Group CEO is part of the GFANZ Principals Group and co-chairs the GFANZ working group on Capital Mobilisation to Emerging Markets and Developing Economies.
Global Investors for Sustainable Development (GISD) Alliance	Our Group Chairman co-chairs the United Nations' GISD Alliance, which has set ambitious objectives to scale up long-term finance and investment in sustainable development.
Integrity Council for the Voluntary Carbon Markets (ICVCM)	Our Head of Carbon Markets Development serves on the board of ICVCM which is focused on developing high-quality carbon markets. Our Group CEO sits on the Distinguished Advisory Group of the ICVCM, which is involved in the development of carbon markets around the world.
Ocean Risk and Resilience Action Alliance (ORRAA)	In 2023, the Group became a member of the ORRAA. Our Head of Nature serves on the Ocean Investment Protocol Steering Committee convened by the UN Global Compact Ocean Stewardship Coalition.
Sustainable Finance Advisory Panel of the Monetary Authority Singapore (MAS)	Along with 14 other members, our CSO joined the Sustainable Finance Advisory Panel of the MAS in 2024. The panel seeks to drive a sustainable finance agenda for Singapore and the ASEAN region.
United Nations Principles for Responsible Banking (PRB) Adaptation Finance working group	Our Head of Sustainable Finance Solutions co-chairs the PRB Adaptation Finance working group, which developed a comprehensive framework and practical guidance for banks to set credible adaptation finance targets.
World Economic Forum (WEF) Alliance of CEO Climate Leaders	Our Group CEO and CSO are part of the WEF Alliance of CEO Climate Leaders. This is a CEO-led community committed to raising bold climate ambition and accelerating the net zero transition by setting science-based targets, disclosing emissions and catalysing decarbonisation and partnerships across global value chains.
World Economic Forum (WEF) Sustainable Finance Steering Committee	Our CSO joined the WEF Sustainable Finance Steering Committee in 2024. Our role on the committee places us at the forefront of the sustainable finance dialogue, engaging industry leaders and policymakers to drive progressive practices and accelerate the net zero transition.

Figure 22: Engagement with the Industry

8.10 Training and development

To fulfil the SF, Transition Finance and net zero responsibilities placed on different teams and on all individuals across our network, our colleagues need to understand climate risks and opportunities – generally, and specifically in relation to their role. As such, in recent years, training and education has been a key focus and will continue to be in the years ahead. For further details on our initiatives to support colleagues across CIB, please refer to "Culture, skills, competencies and training" section under Governance.

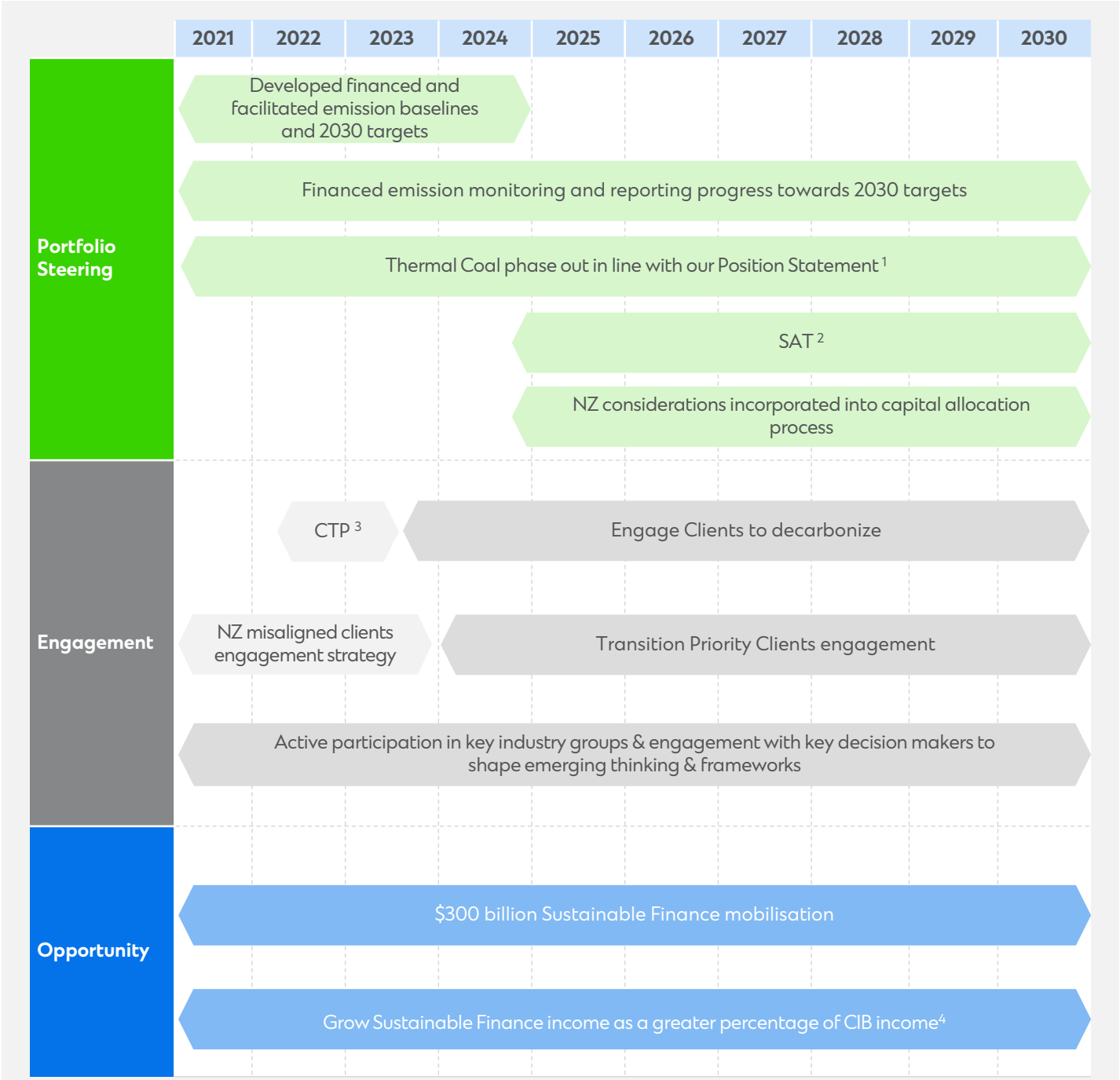
09

Next steps

We continue to develop our net zero capabilities, and we have begun work on a multi-year process to deepen the integration of net zero considerations into our processes and operations.

9.1 Key focus areas for the next several years

Our priority for the next several years is to deepen our client engagement, focusing on embedding net zero strategies across the entire client lifecycle. We intend to use every opportunity to educate, empower and actively support clients as they navigate their decarbonisation journeys. This approach is intended to include scaling up our efforts to provide targeted guidance and resources that facilitate meaningful progress. Additionally, we aim to sustain and enhance our collaboration with industry stakeholders and policymakers, promoting an eco-system that aligns with broader net zero ambitions and drives impactful, long-term changes within and beyond our client base.



[1]Thermal Coal phase out: Please refer to the Thermal Coal Position Statement on our website

[2]SAT: Sustainability Alignment Tool Deployment

[3]CTP: Credible Transition Plan Framework roll-out

[4]The Group has generated $982m of SFI in 2024 against our target of at least $1 billion annual income by 2025

Figure 23: Directional Roadmap

The following thematic areas are noted because they will be implemented in the near-future or prioritised for medium-term consideration.

9.2 Sustainability alignment tool implementation

The creation of a central data and reporting infrastructure will advance the integration of net zero, including understanding transactional impact on targets within the Group. The Sustainability Alignment Tool (**SAT**) leverages the core net zero calculation engine and includes simulation reports, client insights and dashboards that can be used by RMs and risk teams to simulate financed emissions for deals /transactions and aid capital allocation and credit risk decision making. This is in effect a "What if" tool that calculates the expected carbon impact of a transaction.

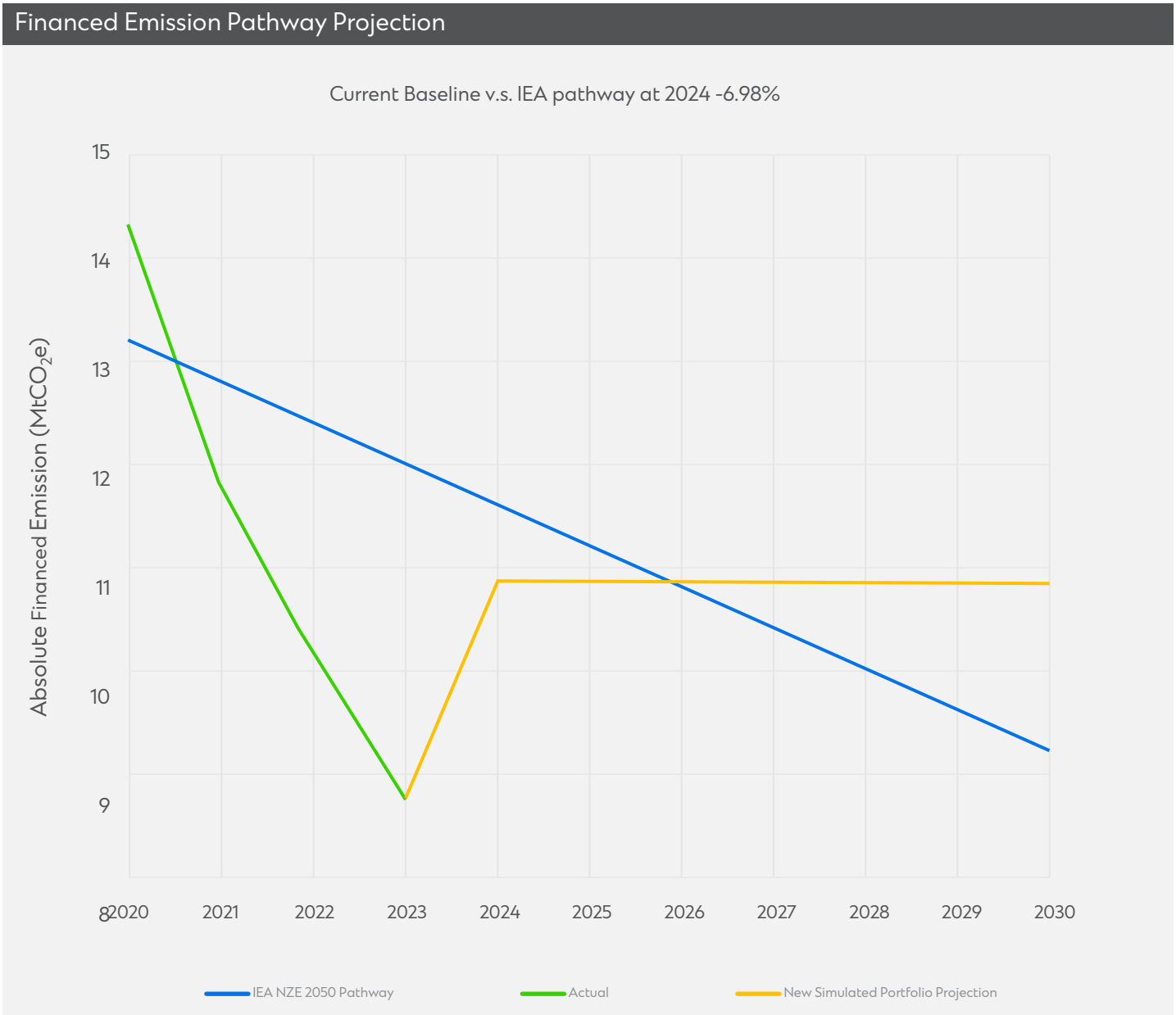


Figure 24: Extract from SAT

The CSO organisation implemented the SAT for the first time in Q4 2024 covering O&G and Shipping. The SAT for Power, Steel, Aluminium, Cement, Automobile and CRE has been designed and are expected to be rolled out in Q1 2025, with the remaining high-emitting sectors to follow suit. Going forward the CSO organisation intends to expand its SAT coverage to encompass the remaining high-emitting sectors.

9.3 Upcoming reporting frameworks

In anticipation of the upcoming International Sustainability Standards Board (**ISSB**) requirements we have begun to monitor other greenhouse gases which may be material within our portfolios.

9.4 Methane

The energy sector accounts for nearly 40 per cent of anthropogenic methane emissions - these emissions are attributable to intentional venting and flaring activities, and unintentional leaks. By the end of 2025, to be included in the 2025 annual report, we aim to establish a methane baseline and set corresponding targets. These will complement our existing O&G PS and lay the groundwork for dedicated methane abatement financing in the future.

9.5 Support the growth of our sustainable finance clients

SF clients, or 'pureplays', are an important driver of SFI and decarbonisation potential for the Group. A pureplay is defined as 'an entity where at least 90 per cent of the company's gross revenues are derived from the activities in the GSPF or TFF'. Identifying this impactful client group allows us to set a differentiated engagement strategy for these clients, who will be crucial in our efforts to transition our balance sheet.

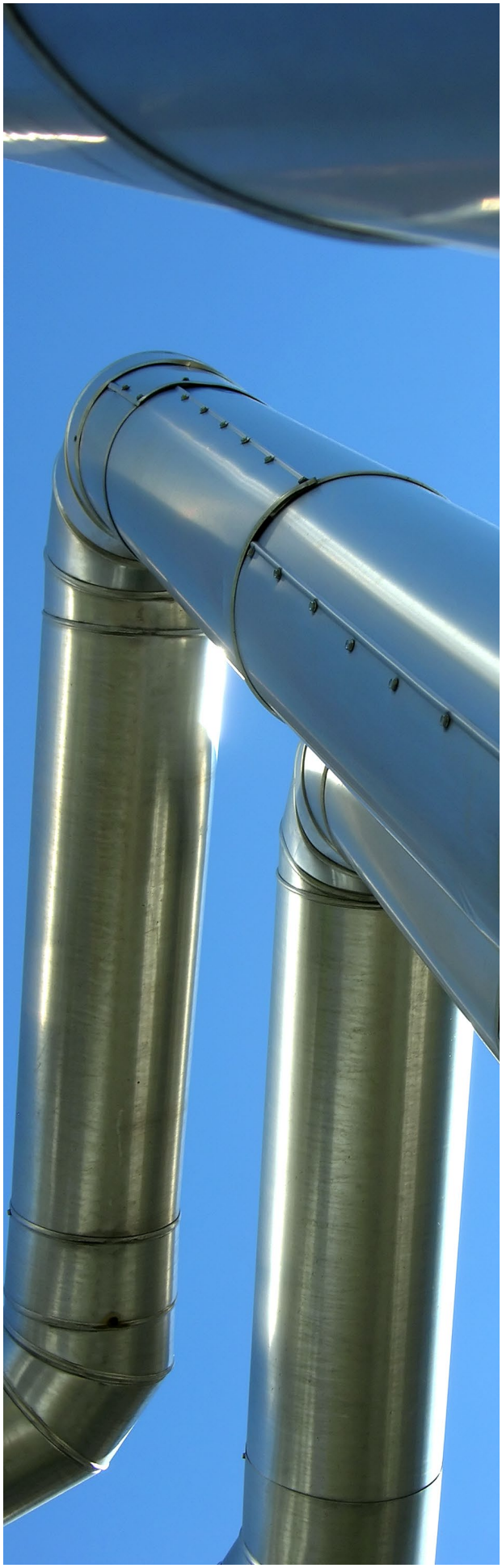
9.6 Avoided emissions methodology

We have published our 2024 SF Impact Report where we calculated the avoided emissions associated with our SF asset base. To calculate the avoided emissions, as set out within the methodology section of our Impact Report, we relied on the GHG Accounting and Reporting Standard for the Financial Industry as developed by the Partnership for Carbon Accounting Financials (**PCAF**). We intend to review and refine our existing methodology in line with emerging guidance, with the aim of calculating the estimated impact of our Transition Finance assets in addition to our existing SF asset base.

9.7 Engagement beyond climate related risks – Nature-related risk and opportunities

Acknowledging the interconnectedness between climate change and nature, in terms of the ability for a warming planet to continue to effectively sequester carbon and the impacts of carbon emissions on the degradation of nature, we are enhancing our approach to identifying and managing nature risks in our portfolio and have developed a Nature PS to further inform our decision making.

We acknowledge that protecting nature is essential to mitigating the effects of climate change and ensuring we have a healthy planet that can sustain livelihoods and support inclusive sustainable economic development. We welcome the adoption of the Kunming-Montreal Global Biodiversity Framework and aim to evolve our approach to nature including biodiversity, consistent with its goals and targets.



We seek to minimise the impact our operations have on nature, recognising that there are direct pressures on nature through the buildings and facilities we operate, the natural resources we consume and the waste we generate. We work with suppliers who uphold global environmental standards, and we encourage them to monitor and regularly look for ways to minimise waste, alongside emissions, from their operations, products and services, including managing environmental concerns in their own supply chains, protecting the environment, and conserving natural resources.

We seek to engage our clients on nature-related impacts, dependencies, risks and opportunities. One way we do this is through the provision of SF products that aim to deliver financial services that contribute to positive environmental and/or social outcomes, including those which support the preservation and/or improvement of nature, and which often have climate co-benefits such as Nature-based Solutions. Another way we engage our clients on nature is through our ESRM Framework. We will not provide financial services directly towards projects or activities that convert or degrade High Conservation Value, High Carbon Stock forests or peatlands. We recognise the need for an enhanced focus on forest-risk commodities and we have additional sector specific criteria covering forestry (timber and pulp and paper), palm oil and soy which consider additional nature-related criteria including deforestation and land conversion, supply chain traceability and certification scheme requirements.

We intend to continue to evolve how we monitor, assess and transparently disclose nature-related impacts, dependencies, risks and opportunities associated with the Group's activities. In 2023, we conducted an initial impact and dependency assessment to identify our exposure to potentially material sectors in our CIB segment. In January 2024, we joined a cohort of early adopters of the Taskforce on Nature-related Financial Disclosures (**TNFD**) framework, aiming to publish our first TNFD-aligned disclosures in early 2026.

Furthermore, in recently setting a net zero target for our Agriculture book, we aim to strengthen the nature connection through attempting to increase our clients' ambition (including their supply chains) to match our own.

9.8 Incorporating Net Zero into Financial planning and analysis

The Group has incorporated net zero considerations into its corporate planning process. The Groups corporate planning process includes financial planning and analysis including income projections, on a 5-year forward looking cycle. Clients in high-carbon sectors with ambitious growth plans may face challenges during the corporate planning process where they do not have a credible decarbonisation strategy.

For the upcoming corporate planning cycle, we intend to further refine and embed net zero considerations. As part of this process, where efforts to engage with a client in a high-emitting sector have been unsuccessful, we may look to offset our exposure with Sustainable and Transition Finance opportunities which can be incorporated into forward looking income projections. However, where this is not possible and our efforts to engage with the client have been unsuccessful, we may need to reassess our level of support.

Table of Figures

List of Abbreviations

AAME	Asia, Africa, and the Middle East
ABL	Asset-Backed Lending
AC	Audit Committee
AUP	Agreed Upon Procedure
BCA	Business Credit Application
BRAG	Black, Red, Amber & Green
CAF	Capital Allocation Forum
CAPEX	Capital Expenditure
CC	Client Coverage
CCUS	Carbon Capture, Utilisation and Storage
CIB	Corporate and Institutional Banking
CIBMT	Corporate and Institutional Banking Management Team
CRA	Climate Risk Assessment
CRC	Client Review Committee
CRE	Commercial Real Estate
CRMC	Climate Risk Management Committee
CRQ	Climate Risk Questionnaire
CSC	Culture and Sustainability Committee
CSO	Chief Sustainability Officer
CSP	Concentrated Solar Power
CTP	Credible Transition Plans
CUP	Credit Underwriting Principles
E&S	Environmental and Social
EAC	Energy Attribution Certificates
EAF	Electric Arc Furnace
ESGR	Environmental, Social, Governance and Reputational
ESRA	Environmental and Social Risk Assessment
ESRM	Environmental and Social Risk Management
ETB	Existing-to-Bank
EV	Electric Vehicle
GAM	Global Account Manager
GCRO	Group Chief Risk Officer
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse Gases
GMT	Group Management Team
GRC	Group Risk Committee
GRF	Group Risk Function

List of Abbreviations (cont.)

GRRRC	Group Responsibility and Reputational Risk Committee
GSIB	Global Systemically Important Bank
GSPF	Green and Sustainable Product Framework
IEA	International Energy Agency
IEA NZE	International Energy Agency Net Zero Emissions
IMO	International Maritime Organisation
ISIC	International Standard Industrial Classification
ISSB	International Sustainability Standards Board
LTIP	Long Term Incentive Plans
MPP	Mission Possible Partnership
NDC	Nationally Determined Contributions
NOE	Nationally Owned Entities
NTB	New-to-Bank
NZBA	Net Zero Banking Alliance
NZBA Guidance	NZBA Guidelines for Climate Target Setting for Banks
NZCRWF	Net Zero & Climate Risk Working Forum
O&G	Oil and Gas
OEM	Original Equipment Manufacturer
PEF	Project Export Finance
PPA	Power Purchase Agreements
PS	Position Statements
PV	Photovoltaics
R&D	Research & Development
RA	Risk Appetite
RE	Risk Escalation
RM	Relationship Manager
SAT	Sustainability Alignment Tool
SF	Sustainable Finance
SFA	Sustainable Finance Assets
SFGC	Sustainable Finance Governance Committee
SFI	Sustainable Finance Income
SFM	Sustainable Finance Mobilisation
SME	Subject Matter Expert
Sust ExCo	Sustainability Executive Committee
TCFD	Taskforce on Climate-related Financial Disclosures
TFF	Transition Finance Framework
TP	Transition Plan
TPC	Transition Priority Clients
TPT	Transition Plan Taskforce
WRB	Wealth and Retail Banking
WRBMT	Wealth and Retail Banking Management Team

Appendices

Mapping of TP against GFANZ and TPT Guidance

We have developed our first Transition Plan voluntarily prepared with reference to the latest sector guidance from the TPT and GFANZ. The tables below map where content in this document is aligned to the guidance.

GFANZ Financial Institution Transition Plans Guidance

GFANZ Framework Element	Recommendation	Mapping to Standard Chartered TP
Foundations	1. Objectives and priorities	1. Our Core Principles and Strategy
Implementation Strategy	1. Products and services	6. Enablers
	2. Activities and decision-making	5. Engagement Sector Decarbonisation Strategies
	3. Policies and conditions	5.2 Climate Risk Assessment
Engagement and Strategy	1. Clients and portfolio companies	5. Engagement
	2. Industry	8.7 Collaborations & Partnerships
	3. Government and public sector	8.6 Dependencies and 3.1 Net Zero Target Ownership
Metrics and Targets	1. Metrics and targets	1. Our Core Principles and Strategy 2. Setting our Net Zero Targets 4.1 Integrity of Net Zero Calculations 4.3 Net Zero Risk Appetite
Governance	1. Roles, responsibilities and remuneration	3.1 Net Zero Target Ownership 7.1 Board oversight and reporting 7.3 Incentives and remuneration
	2. Skills and culture	7.4 Culture, skills, competencies and training

TPT Framework - Banks Sector Guidance

Guiding Principle	Element	Disclosure Sub-elements	Mapping to Standard Chartered TP
Ambition	Foundation	1.1 Strategic Ambition	1. Our Core Principles and Strategy
		1.2 Business model and value chain	1. Our Core Principles and Strategy 2. Setting our Net Zero Targets
		1.3 Key assumptions and external factors	8. Dependencies
Action	Implementation Strategy	2.1 Business operations	2. Setting our Net Zero Targets
		2.2 Products and services	6. Enablers
		2.3 Policies and conditions	5.2 Climate Risk Assessment
		2.4 Financial planning	9.8 Net Zero into Financial Planning & Analysis
	Engagement Strategy	3.1 Engagement with value chain	5. Engagement
		3.2 Engagement with industry	8.7 Collaborations & Partnerships
		3.3 Engagement with government, public sector and civil society	8.6 Government Support
Accountability	Metrics and Targets	4.1 Governance, engagement, business and operational metrics and targets	3.1 Net Zero Target Ownership
		4.2 Financial metrics and targets	1. Our Core Principles and Strategy 2. Setting our Net Zero Targets
		4.3 GHG emissions metrics and targets	4.1 Integrity of Net Zero Calculation 4.3 Net Zero Risk Appetite
		4.4 Carbon credits	2.1 Scope 1 and Scope 2
	Governance	5.1 Boards oversight and reporting	7.1 Board oversight and reporting
		5.2 Management roles, responsibility and accountability	7.1 Board oversight and reporting
		5.3 Culture	7.4 Culture, skills, competencies and training
		5.4 Incentives and remuneration	7.3 Incentives and remuneration
		5.5 Skills, competencies and training	7.4 Culture, skills, competencies and training

Sector Decarbonisation Strategy

The Group's decarbonisation strategy will be delivered through focused engagement with TPCs. As set out in section 5.1.1, we intend to engage with all TPCs in the coming 12 months and agree action plans that we can continue to track.

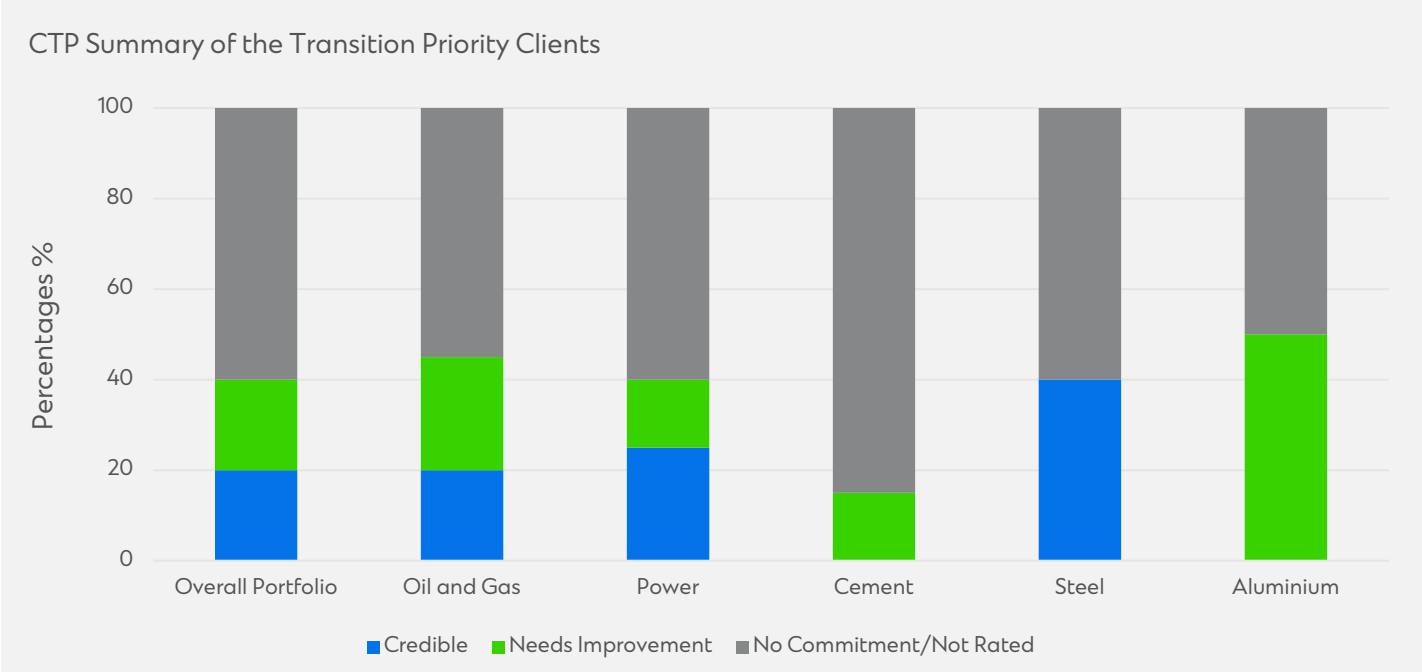


Figure 25: CTP Summary of the Transition Priority Clients

As of 2024, approximately 55 per cent of TPCs are yet to set a net zero target or release a transition plan. As a first step we attempt to prioritise engagement of these clients via our ESG Advisory team. The aim is for these clients to set a net zero target and produce a CTP within a reasonable timeframe. If these prioritised clients produce a poor transition plan and if decarbonisation remains slow or static, then it will likely cause our net zero portfolios to become misaligned with our 2030 target. Failure to demonstrate adequate decarbonisation progress will increase the likelihood of active portfolio management prior to 2030, particularly with financial products that can be contractually called upon, such as overdrafts and working capital.

The remaining 45 per cent of our TPCs have either a CTP in place, or a transition plan that needs improvement. For these TPCs emphasis is placed on increasing finance towards large-scale decarbonisation activities, and financing novel but 'bankable' technologies that aid the scale and rate of decarbonisation development. For specific decarbonisation levers across the high-emitting sectors please refer to the sub-sections below.

Agriculture

Overview

Agriculture represents approximately 20 per cent of global GHG emissions, with significant contributions from non-CO_2 GHGs. During 2024, we performed a deep dive to understand our exposure to the sector and to establish a baseline and target for Agriculture.

Farms and ranches represent 68 per cent of emissions across the Agriculture & Food value chain (see Figure 26). The Group's exposure is mostly downstream of farms to trade and wholesalers, production and processing and distribution.

Decarbonisation levers

We will aim to achieve our interim targets for the agriculture sector through the following overarching short and medium-term levers:

- Improve traceability and labelling for sustainable products (e.g., regeneratively grown crops) to support consumer labelling and upstream practice adoption
- Reduce food loss in processing, especially in developing economies
- Adopt flexible processing technologies to limit waste
- Create waste to value streams (e.g., waste for biofuels production)
- Engaging and actively working with counterparties in the value chain to advise on getting their journey started and targets set

Focus area

The maturity of the methodology for measuring Agriculture emissions and target setting is lower relative to other high-emitting sectors. Data quality is a barrier to immediate financial decision making. In the short-term we will work with our entire agriculture portfolio on their emissions reporting and transition plans. For our clients with reported emissions and adequate targets in place we will support their decarbonisation journey by prioritising finance towards the levers set out above.

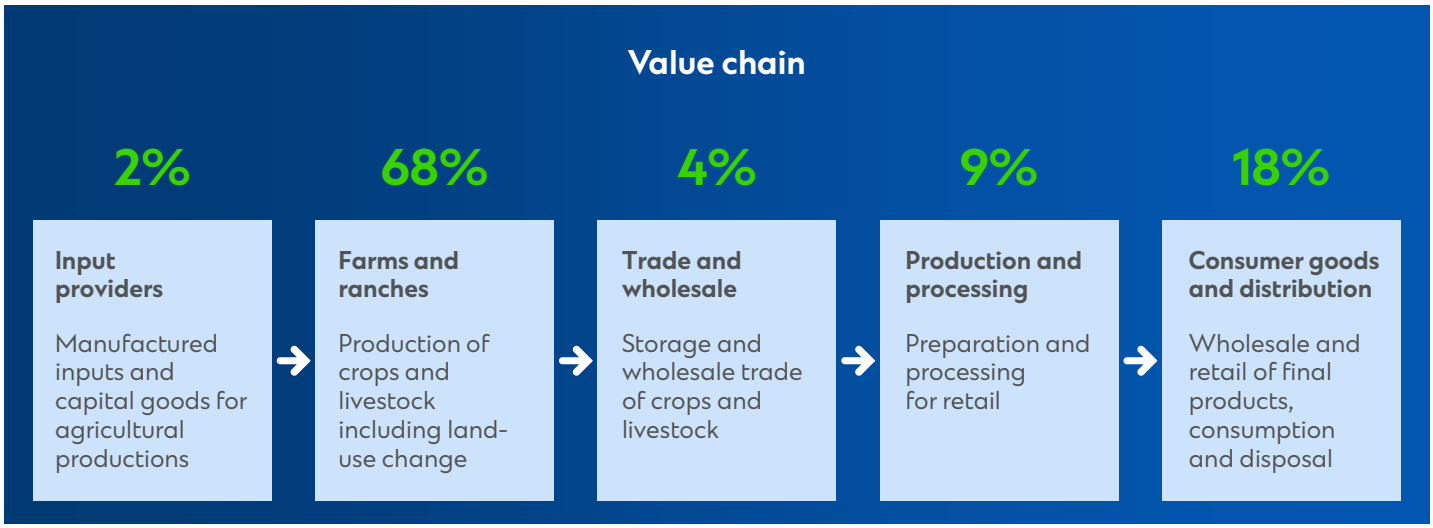


Figure 26: Agriculture value chain emissions

Aluminium

Overview

The production of aluminium is emissions intensive and is responsible for roughly 1 per cent of global CO_2e emissions per year (IEA, 2024). The aluminium sector relies heavily on electricity from the local grid. Over 60 per cent of the sector's CO_2e emissions are attributable to the electricity consumed during smelting for the electrolytic reduction process.

Decarbonisation levers

We have identified three overarching technological levers (IAI, 2021) for decarbonising aluminium production as follows:

- Promoting electricity decarbonisation – transitioning to low-emission power offers the most significant opportunity to reduce emissions. We will engage with clients who have smelting facilities to incentivise the uptake of reliable power purchase agreements (**PPA**)
- Reducing direct emissions – electrification, fuel switching, and use of CCUS offer the most credible decarbonisation pathways along with low-emission anode production
- Incentivising recycling and resource efficiency – recycled aluminium has a significantly lower GHG footprint than primary aluminium production, therefore, increasing scrap collection rates would reduce the use for primary aluminium

Focus area

The Group's in-scope Aluminium portfolio is heavily weighted to counterparties in AAME. We will aim to deliver our decarbonization strategy through focused engagement with TPC's utilising the decarbonization levers identified above, especially the brokering of clean power of our clients.

Automotive

Overview

The automotive sector continues to be central for global mobility systems, and it is a key sector for international supply chains and the economy. However, it is also a significant contributor to climate change. Annually, the exhaust emissions from passenger vehicles account for 8 per cent of global CO_2 emissions (IEA WEO, 2024). Transitioning to low and zero emission vehicles is crucial to reach net zero by 2050. Automotive OEM have the greatest impact on design choices of vehicles that emit emissions when in use (IEA, 2024).

Decarbonisation levers

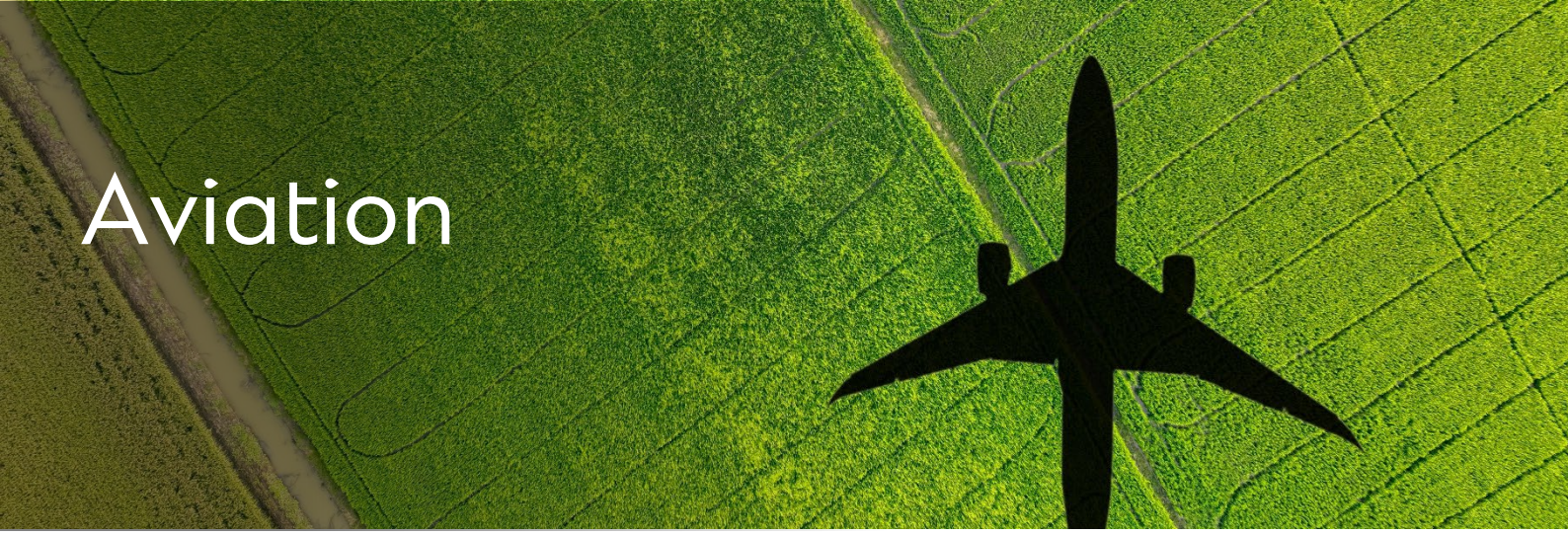
Our interim targets for the automotive sector may be achieved through the following overarching short-term levers:

- Encouraging fuel-switch and improving fuel-efficiency as a first step
- Maximising the electrification production rate
- Minimising virgin material usage in the manufacturing process

Finally, over the medium and long-term scaling the extraction of battery materials in a sustainable manner is conceivably the most important enabler of Battery Electric Vehicles expansion. The Group is exploring synergies between Automotive OEMs and existing metal and mining clients.

Focus area

The Group's in-Scope Automotive portfolio is geographically diverse. We will aim to deliver our decarbonisation strategy through focused engagement with TPCs utilising the decarbonisation levers identified above.



Aviation

Overview

Fuel use in aviation currently accounts for around 2 per cent of total global GHG emissions (IEA, 2024). Total GHG emissions attributable to aviation are set to increase significantly in the coming decades due to increasing demand for air travel. Under a business-as-usual scenario, air traffic may consume up to ten per cent of the planet's remaining 1.5°C carbon budget through 2050 (MPP, 2022).

Around 80 per cent of emissions in the aviation value chain come from flight operations. The International Air Transport Association (**IATA**) calculated that Sustainable Aviation Fuels (**SAF**) could account for around 65 per cent of the reduction in emissions needed by the aviation sector to reach net zero emissions by 2050.

As such, the key challenge and opportunity will be decarbonising aviation fuel through the financing of biobased[1] and synthetic[2] SAF. Data from Bloomberg indicates that SAF deals made up 56 per cent of the number of emission-reducing deals announced by airlines in 2023, up from 26 per cent in 2018. We have observed airlines starting to announce longer-term supply contracts with SAF producers through offtake agreements, memorandums of understanding to supply, or direct investment in the SAF suppliers. However, the large-scale adoption of SAF is still hampered by a lack of consistent policy support and competition for biofuel feedstocks. As such, these factors mean SAF is currently around two to nine times more expensive than conventional jet fuel and may not be cost competitive until the mid-2030s (MPP, 2022).

Decarbonisation levers

In the short-term we are working on novel financial structures to support the uptake of SAF offtake agreements between airlines and SAF producers. In the medium-term our aviation finance and O&G teams are collaborating to finance scaling biobased and synthetic SAF producers in regions with favourable policy support.

Focus area

The Group's aviation portfolio primarily consists of ABL. As such, we will aim to deliver our decarbonisation strategy through focused engagement with existing client assets utilising the levers identified above, primarily on trying to fund new supply of SAF to the aviation clients.

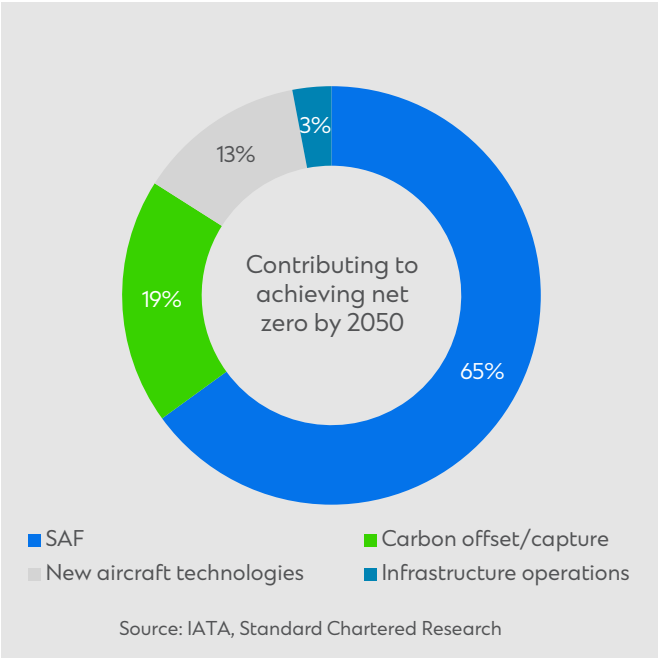


Figure 27: Aviation Net Zero Contributors

[1] From waste oils and biomass

[2] Clean hydrogen and captured CO_2

Cement

Overview

The cement sector contributes approximately 6 per cent towards global GHG emissions (IEA, 2024). The primary source of the emissions occurs during the production process where a chemical reaction takes place between limestone and heat. The majority of GHG emissions from the cement sector occur from the:

- Heated limestone in clinker and cement manufacturing (~60 per cent); and
- Combustion of the fuels used in the cement kiln and other plant processes (~40 per cent)

The main challenge for the cement sector is to reduce CO_2 emissions while meeting global demand. The infrastructure needs of developing economies necessitate the global development and implementation of new emission reduction technologies in the sector. Despite this, the direct CO_2 emissions intensity of cement production has been broadly flat over the last five years according to the IEA Tracking Clean Energy Progress report. As such, the global cement sector is currently not on track to meet its net zero targets. Cement will continue be a hard-to-abate sector in the medium-term until cleaner energy sources are utilised, especially in emerging markets.

Decarbonisation levers

We have identified the following high-level technological levers for decarbonising cement production in the short-term:

- Material efficiency improvements
- Fuel switching
- Cement recycling

Additionally, we have identified the following medium and long-term decarbonisation levers: reduction in clinker content in cement or cement.

- Reduction in clinker content in cement or cement content in concrete
- Electric kilns
- Carbon capture and storage

Focus area

The Group's in-Scope cement portfolio is heavily weighted to specific counterparties in emerging markets. The emission and transition reporting in the cement sector is notably lower than the other high-emitting sectors. As a first step we have prioritised engagement of the cement TPC via our ESG Advisory team. The aim is for these clients to issue a sustainability report with a net zero target.

Additionally, the GAM and RM teams are engaging with TPCs on the short-term levers above and the Transition Finance team is looking for opportunities to finance pilot projects against the medium-term levers.

Oil and Gas

Overview

Over half of the O&G sector's emissions originate in AAME (IEA, 2024). These regions contain the majority of Standard Chartered's market footprint and related financing activity. The O&G sector is the largest contributor to the Group's absolute financed emissions.

Decarbonisation levers

We have identified the following technological levers to reduce emissions in the O&G sector:

1. Reduce O&G production emissions (Scope 1 and Scope 2):
    - Improve the operational efficiency of O&G production; reduce methane leakages, venting, and flaring
    - Integrate renewables and low-emission electricity into upstream and liquefied natural gas (**LNG**) developments
    - Abate emissions at source[1] through deployment of carbon capture and storage technologies (**CCS, CCUS**)
2. Switch to gas
    - Working with our O&G clients on the switch to gas, which we believe assists in the transition provided this is accompanied by stringent methane abatement criteria as outlined within our Extractive Industries PS
3. Develop Non-O&G businesses:
    - Transition to non-fossil fuel energy businesses: low-emission electricity generation, synthetic fuels, advanced biofuel, power-to-x, etc
    - Transition to non-energy businesses: electricity distribution, EV battery charging, energy efficiency, distributed battery/energy storage

Focus area

The Group's in-Scope O&G portfolio is heavily weighted to counterparties in AAME. Reducing production emissions is an important aspect for all O&G companies, this strategic lever is considered most achievable in the short-term on a global basis as the technology and knowledge to reduce production-related emissions are generally proven.

However, more action is required in the near-term to overcome key challenges and increase bankability by establishing replicable financial structures to act as blueprints for decarbonisation opportunities.

[1] By implementing CCUS, emissions can be reduced directly at source by preventing CO2 from entering the atmosphere; however, the overall effectiveness depends on factors such as the efficient of capture technologies, the extent of utilisation and the long-term storage of captured CO2.

Power

Overview

The electricity and heat sector contributed 40 per cent towards global GHG emissions in 2023 (IEA, 2024). It is projected that global electricity demand will continue to rise especially in emerging markets and developing economies. This is due to continued population growth, accelerated urbanisation and socio-economic development, which drive an increase in consumption. As such, fossil fuel electricity generation makes up a disproportionately large share in many of the markets in which Standard Chartered operates.

Each country's pathway to reducing emissions from electricity and heat is driven by the overall cost of deploying and integrating new renewable capacity. The impacts of a country's natural resources and existing energy infrastructure will be reflected in overall costs, which can be defined as the sum of the following:

- Energy production costs, also referred to as levelized cost of energy
- System costs, which reflect the cost of transmission, distribution, and backup power supply
- Decommissioning costs, which reflect the costs associated with switching away from thermal power, including the sunk costs from early retirement of assets and the transition costs

We aim to direct finance to promote the uptake of renewable energy technologies in tandem with providing Transition Finance to our clients in emerging markets in support of their journey to net zero. Our clients and domestic markets are sorted into the following deployment and usage categories to aid our assessment of financing activities and products:

- Early introduction: Clients operating in countries which are in the first stage of accelerating renewable energy production by scaling deployment of existing technologies. This allows them to leverage cost declines where land availability and renewable potential are not a constraint
- Development and innovation: Clients operating in countries where initial renewable penetration and deployment in easily accessible locations is high, future costs may rise as sub-optimal projects are considered, leading to a requirement for innovation

Decarbonisation levers

Based on the assessment of our TPC and market maturity we have identified and prioritised the following technological levers to decarbonise the power sector:

1. Co-firing as a transition strategy by partially replacing fossil fuels in thermal plants with hydrogen-based and biogenic fuels in gas turbines
2. Mono-firing as a long-term strategy by using green hydrogen and green ammonia for clean power generation
3. Wind-onshore is the most mature technology, followed by fixed offshore and floating offshore, installation costs are lowest for onshore, increasing for fixed offshore and highest for floating offshore
4. Solar
    - Continued financing towards silicon cell manufacturing and an increase of financing towards scalable perovskite cell manufacturing projects
    - Continued finance towards large-scale Solar Photovoltaics and scalable financing to Concentrated Solar Power in suitable markets
5. Transmission
    - Financing towards upstream hardware manufacturing
    - Downstream financing to strengthen the stability of transmission and distribution systems for increased renewable connections and alternative power supply/storage

Focus area

The Power sector is critical towards the decarbonisation of all other heavy industry sectors which rely on electricity. As such, direct financing towards the decarbonisation levers above has a positive secondary impact on our high-emitting sectors. The Group's in-Scope Power portfolio is heavily weighted to counterparties in AAME.

Real estate

Overview

The CRE and residential sectors contributed 7 per cent towards global emissions in 2023 (IEA WEO, 2024). Real estate emissions primarily arise from two sources:

- The operation of the building; and
- Embodied emissions which are emissions related to the construction, maintenance, and disposal of real estate assets.

Operational energy use in buildings represents around three quarters of real estate value-chain emissions.

Decarbonisation levers

The short-term decarbonisation levers include but are not limited to financing:

- Fuel switch from fossil fuels to heat pumps or direct electricity
- Retrofitting existing building stock to improve operational efficiency by installing:
  - Better insulation
  - Low-energy appliances
  - Efficient cooling
- On-site battery and thermal storage
- PPA of renewable electricity from the local grid

Focus area

The Group's in-scope CRE and Residential Mortgage portfolios are heavily weighted to counterparties in AAME. We will aim to deliver our decarbonisation strategy through focused engagement with existing client assets utilising the levers identified above, and through collaboration with the Power sector team to finance the general de-carbonisation of country power grids through funding lower carbon generation technologies (see Power), on-site renewable electricity generation or by helping to identify suitable renewable PPAs.

Shipping

Overview

Shipping is key to facilitating global trade, the sector is estimated to contribute 2 per cent of total global CO_2 (IEA, 2024). The sector emissions predominantly arise from the combustion of fuel in ships' engines.

Decarbonisation levers

The short-term decarbonisation levers include but are not limited to:

- Operational efficiency improvements
- Hybrid propulsion systems

Over the medium and long-term the primary lever for decarbonising the shipping sector is through accelerating the uptake and technological development of low and zero-emission alternative fuels.

Focus area

The Group's shipping portfolio primarily consists of Asset-Backed Lending (ABL). As such, we will aim to deliver our decarbonisation strategy through focused engagement with existing client assets utilising the levers identified above.

Steel

Overview

Steel is a critical material. It is essential to the functioning of the global economy, from the production of the world's vehicles and household appliances to buildings and infrastructure. As such, the steel sector is the largest source of industrial CO_2 emissions and accounts for roughly 7 per cent of global CO_2 emissions (IEA, 2024). This is largely due to the sector's reliance on metallurgical coal as the primary fuel source for ironmaking via blast furnaces.

Decarbonisation levers

We have identified five overarching technological levers for decarbonising steel production in the short, medium and long-term:

1. Improvement of process, energy and mineral efficiency
2. Scrap-based Electric Arc Furnace (**EAF**)
3. Natural Gas-based Direct Reduction Plant and EAF
4. Hydrogen Direct Reduction Plant and EAF
5. Blast Furnaces for reducing iron ore / Basic Oxygen Furnaces for smelting with post-combustion Carbon Capture and Storage

The implementation and timing of the levers varies on an asset-by-asset basis. Assessing local conditions is a crucial starting point towards understanding the most likely decarbonisation pathway. With global demand projected to grow 30 per cent by 2050, decarbonising the steel sector is simultaneously one of the greatest challenges and opportunities between now and 2050.

For existing clients with CTPs in place, we have prioritised the following short-term (2024 -2027) transition and decarbonisation activities to support our steel TPC on their decarbonisation journey:

1. Increasing client renewable electricity usage for EAF production via:
    - The procurement of Power Purchase Agreements (PPA)
    - On-site renewable electricity generation
    - Acquisition of suitable renewable assets
2. Increased scrap steel uptake[1] through trade finance or Use of Proceeds finance
3. Increased scrap collection and processing in local economies
4. Increased operational efficiencies to existing Blast Furnaces & Basic Oxygen Furnaces via:
    - Steam generation from waste heat recovery at Sinter Plant
    - Ore Beneficiation Plants to improve the Iron Burden
    - Installation of Top Pressure Recovery Turbines at Blast Furnaces
    - Installation of Coke Dry Quenching Systems at Coke Ovens

For existing and potential clients, we continue to look for opportunities to finance the uptake of Natural Gas-based Direct Reduction Plant and EAF production and Hydrogen Direct Reduction Plant and EAF in geographically feasible regions over the medium and longer-term.

Focus area

The Group's in-Scope steel portfolio is heavily weighted to specific counterparties in emerging markets, primarily India (50 per cent), Vietnam (14 per cent) and China (5 per cent). We aim to deliver our steel decarbonisation strategy through focused engagement with the ETB TPC and on-boarding NTB clients seeking finance for one or more of the decarbonisation levers listed above. The pathway and priority for near-term real world steel decarbonisation is through growing the scrap steel circular economy and brokering clean power for EAF's.

[1] According to the steel scrap recycling policy of the Indian Ministry of Steel, each tonne of scrap used for steel production can save 1.1 tonne of iron ore, 630 kg of coking coal, and 55 kg of limestone. It reduces energy consumption by 16-17 per cent and cuts down water consumption and GHG emissions by 40 per cent and 58 per cent respectively. Steel Scrap Recycling Policy 06.11.2019.pdf

Thermal Coal

Overview

We have adopted an absolute financed emissions reductions for Thermal Coal mining. Our Thermal Coal mining portfolio continues to decrease in line with contractual commitments and our Thermal Coal Activities (based on percentage of revenue) thresholds as detailed in our PS.

Absolute Target Reduction

The Group has set a target of reducing our absolute baseline emissions by 85 per cent by 2030, and a full phase-out of Thermal Coal mining financing by 2032. Our Thermal Coal PS governs the phase-out of our Thermal Coal exposure.

Please refer to our Thermal Coal PS[1] on our website for more details.

Just Energy Transition Partnerships (JETP)

Standard Chartered is participating in the JETP programmes as a mobiliser and provider of private capital alongside the ambitions of GFANZ. Transitioning away from coal-fired power is a crucial requirement to reach net zero and is a key target for the JETPs. Where Standard Chartered provides financing under a JETP or coal decommission structure, we will ringfence this funding and financed emissions from other high- emitting sectors as 'coal decommissioning'.

[1] Thermal Coal Position Statement

Disclaimers

Disclaimers

Forward-looking statements

The information included in this document may contain 'forward-looking statements' based upon current expectations or beliefs as well as statements formulated with assumptions about future events. Forward-looking statements include, without limitation, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, ESG commitments, ambitions and targets). Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'aim', 'continue' or other words of similar meaning to any of the foregoing. Forward-looking statements may also (or additionally) be identified by the fact that they do not relate only to historical or current facts.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements. In particular, there is additional uncertainty around the evolution, impact and risk surrounding climate change that cannot be evaluated in the same way as more conventional financial risk due to the long-term, complex and novel nature and the different interaction with non-climate-related risks and vulnerabilities.

There are several factors which could cause the Group's actual results and its plans, targets and objectives to differ materially from those expressed or implied in forward-looking statements. The factors include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legal, regulatory and policy developments, including regulatory measures addressing climate change and broader sustainability-related issues; the development of standards and interpretations, including evolving requirements and practices in ESG reporting and the development of sustainability-related metrics and methodologies; the ability of the Group, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively; changes in how sectoral pathways for high-carbon sectors develop, the methodologies used to quantify the impact of investment in transition activities, and the metrics and methodologies used to measure attainment in respect of concepts such as 'just transition' and transition activities; risks arising out of health crises and pandemics; risks of cyber-attacks, data, information or security breaches or technology failures involving the Group; changes in tax rates or policy; future business combinations or dispositions; and other factors specific to the Group, including those identified in this document. To the extent that any forward-looking statements contained in this document are based on past or current trends and/or activities of the Group, they should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be, nor should be interpreted as, a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date that it is made. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Please refer to the latest Annual Report and the financial statements of the Group for a discussion of certain of the risks and factors that could adversely impact the Group's actual results, and cause its plans and objectives, to differ materially from those expressed or implied in any forward-looking statements.

Financial instruments

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

Basis of Preparation and Caution Regarding Data Limitations

This section is specifically relevant to, amongst others, the sustainability and climate models, calculations and disclosures throughout this document.

The information contained in this document has been prepared on the following basis:

I. Certain information in this document is unaudited;

II. All information, positions and statements set out in this document are subject to change without notice;

III. The information included in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction;

IV. The information included in this document may have been prepared using models, methodologies and data which are subject to certain limitations. These limitations include (but are not limited to): the limited availability of reliable data, data gaps, and the nascent nature of the methodologies and technologies underpinning this data; the limited standardisation of data (given, amongst other things, limited international coordination on data and methodology standards); and future uncertainty (due, amongst other things, to changing projections relating to technological development and global and regional laws, regulations and policies, and the current inability to make use of strong historical data);

Disclaimers (cont)

V. The models, external data and methodologies used in information included in this document are or could be subject to adjustment which is beyond our control;

VI. Any opinions and estimates should be regarded as indicative, preliminary and for illustrative purposes only. Expected and actual outcomes may differ from those set out in this document (as explained in the "Forward-looking statements" section above);

VII. Some of the related information appearing in this document may have been obtained from public and other sources and, while the Group believes such information to be reliable, it has not been independently verified by the Group and no representation or warranty is made by the Group as to its quality, completeness, accuracy, fitness for a particular purpose or noninfringement of such information;

VIII. For the purposes of the information included in this document, a number of key judgements and assumptions have been made. It is possible that the assumptions drawn, and the judgement exercised may subsequently turn out to be inaccurate. The judgements and data presented in this document are not a substitute for judgements and analysis made independently by the reader;

IX. Any opinions or views of third parties expressed in this document are those of the third parties identified, and not of the Group, its affiliates, directors, officers, employees or agents. By incorporating or referring to opinions and views of third parties, the Group is not, in any way, endorsing or supporting such opinions or views; whilst the Group bears primary responsibility for the information included in this document, it does not accept responsibility for the external input provided by any third parties for the purposes of developing the information included in this document;

X. The data contained in this document reflects available information and estimates at the relevant time;

XI. Where the Group has used any methodology or tools developed by a third party, the application of the methodology or tools (or consequences of its application) shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the application of the methodology or tools;

XII. Where the Group has used any underlying data provided or sourced by a third party, the use of the data shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the use of the data;

XIII. This Important Notice is not limited in applicability to those sections of the document where limitations to data, metrics and methodologies are identified and where this Important Notice is referenced. This Important Notice applies to the whole document;

XIV. Further development of reporting, standards or other principles could impact the information included in this document or any metrics, data and targets included in this document (it being noted that ESG reporting and standards are subject to rapid change and development); and

XV. While all reasonable care has been taken in preparing the information included in this document, neither the Group nor any of its affiliates, directors, officers, employees or agents make any representation or warranty as to its quality, accuracy or completeness, and they accept no responsibility or liability for the contents of this information, including any errors of fact, omission or opinion expressed.

As standards and practices continue to evolve, it may mean subsequent transition plans do not allow a reader to compare metrics, data points or targets between transition plans on a direct like-for-like basis. In addition, the Group's climate related risk capabilities, its net zero transition strategy, targets and transition plan, and its approach towards nature-related impacts, dependencies, risks and opportunities remain under development and the data underlying these, and market practice in relation to the disclosures made in this transition plan, will evolve over time. As a result, certain of such disclosures are likely to be amended, updated, recalculated and restated in future transition plans.

You are advised to exercise your own independent judgement (with the advice of your professional advisers as necessary) with respect to the risks and consequences of any matter contained in this document.

The Group, its affiliates, directors, officers, employees or agents expressly disclaim any liability and responsibility for any decisions or actions which you may take and for any damage or losses you may suffer from your use of or reliance on the information contained in this document. Copyright in all materials, text, articles and information contained in this document (other than third party materials, text, articles and information) is the property of, and may only be reproduced with permission of an authorised signatory of, the Group.

Copyright in materials, text, articles and information created by third parties and the rights under copyright of such parties are hereby acknowledged. Copyright in all other materials not belonging to third parties and copyright in these materials as a compilation vest and shall remain at all times copyright of the Group and should not be reproduced or used except for business purposes on behalf of the Group or save with the express prior written consent of an authorised signatory of the Group.
All rights reserved.

It is not intended that any of the information contained in this document includes commercially sensitive information in respect of the Group.

standard
chartered