

Sustainability review

- 92 Sustainability review
- 94 Sustainability Aspirations
- 99 Sustainability Strategic Pillars
- 120 Climate and sustainability-related governance
- 125 Managing Environmental and Social Risk
- 126 Managing Climate Risk
- 130 Integrity, conduct and ethics

▶ Supporting financial institutions with sustainable trade loans ▶

In September, we launched a sustainable trade loan offering for financial institutions. The loans can be used for renewable energy sector projects such as the installation of wind turbines, purchase of solar panels, and sale of renewable energy battery storage systems. The offering builds on our sustainable trade finance proposition, announced in 2021, designed to help companies implement more sustainable practices across their ecosystems and build more resilient supply chains.



Read more at sc.com/sustainabletrade



Sustainability review

This section provides information on the Group's approach to sustainability, related governance structures, how we manage environmental, social, and climate risk, and progress in 2023. Further information is available in the Risk review section from pages 298 to 313 and in the Supplementary sustainability information section from pages 504 to 516.

Sustainability Review content map

Driving a sustainable future	Page 67
Our approach to sustainability reporting	Page 93
Approach to sustainability	Sustainability Aspirations: our long-term goals
	Aspiration 1: Mobilise \$300 billion of Sustainable Finance by 2030
	Aspiration 2: Operationalise our interim 2030 financed emissions targets to meet our 2050 net zero ambition
	Aspiration 3: Enhance and deepen the sustainability ecosystem
	Aspiration 4: Drive social impact with our clients and communities
	Sustainability Strategic Pillars: our short-term targets and immediate priorities
	Pillar 1: Scale Sustainable Finance income
	Pillar 2: Further embed sustainability across the organisation
	Pillar 3: Deliver on the annual milestones set forth in our net zero roadmap
	Pillar 4: Leverage our innovation hubs
Climate- and sustainability-related governance	Page 120
Managing environmental and social risk	Page 125
Managing climate risk	Page 126
Integrity, conduct and ethics	Page 130

Disclaimer

We report on sustainability and Environmental, Social and Governance (ESG) matters throughout this Annual Report, in particular in the following sections: (i) Sustainability overview in the Strategic report, Sustainability overview on pages 66 to 79; (ii) Sustainability review on pages 92 to 133; (iii) Risk review and Capital review on pages 298 to 313; and (iv) in the Supplementary Sustainability Information section on pages 504 to 516.

In this 'Sustainability review' chapter, we set out our approach and progress relating to sustainability and its content is subject to the statements included in (i) the 'Forward-looking statements' section; and (ii) the 'Basis of preparation and caution regarding data limitations' section provided under 'Important notices' on pages 519 and 520. Additional information can be accessed through our suite of supporting sustainability reports and disclosures via our website www.sc.com.



To access the Group's suite of sustainability-related reports and disclosures please visit sc.com/sustainabilityhub.

Independent Limited Assurance

Ernst & Young LLP (EY) were appointed to provide independent limited assurance over certain data points within this Annual Report, indicated with a caret symbol (^) in this report. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 (July 2020), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (UK) 3000 (July 2020)). This independent assurance report is separate from EY's audit report on the financial statements and is available at sc.com/sustainabilityhub. This report includes further detail on the scope, respective responsibilities, work performed, limitations and conclusions.

We obtained independent limited assurance on the Group's Scope 1 and 2 greenhouse gas (GHG) emissions (excluding fugitive emissions) by Global Documentation Ltd. We also obtained reasonable assurance on the Group's Scope 3 emissions associated with business travel (air travel) from Eco-Act. These verifications were conducted in accordance with the ISO 14064-3 Greenhouse gases standard.

Our suite of sustainability-related reports and disclosures

Report or disclosure	Description
Diversity, Equality and Inclusion Impact Report	Includes gender and ethnicity pay gap assessment and the actions we have taken to support a culture of inclusion.
Equator Principles Reporting	As a member since 2003, we report on how we apply the principles to ensure that the projects we finance and advise on are developed in a manner that is socially responsible and reflect sound environmental management practices.
ESG Data Pack	The ESG and sustainability data disclosed within this Annual Report is provided in a spreadsheet format.
ESG Reporting Index	Alignment table referencing our disclosures using voluntary sustainability reporting frameworks: SASB Standards, Global Reporting Initiative (GRI) and World Economic Forum (WEF) Stakeholder Capitalism Metrics.
Modern Slavery Statement	This report sets out the steps we have taken to assess and manage the risk of modern slavery and human trafficking in our operations and supply chain.
Net zero methodological white paper – The journey continues	Describes the Group's approach to net zero laying out the methodologies we have used to calculate our financed and facilitated emissions and setting our interim 2030 targets at sector level.
Position Statements and Prohibited Activities	We use our cross-sector and sector-specific Position Statements and Prohibited Activities list to assess whether to provide financial services to clients.
PRB Reporting and Self-assessment	The Group's disclosures on actions undertaken related to the six principles as defined by the United Nations Principles for Responsible Banking (PRB).
Sustainable Finance Impact Report	We present the impact of our Sustainable Finance assets on a portfolio basis.
Sustainable Finance Frameworks	Our Green and Sustainable Product Framework and Sustainability Bond Framework outline our definition of green, sustainable finance. Our Transition Finance Framework sets out the activities and entities that we consider eligible for transition finance.
TCFD Summary and Alignment Index	A summary and alignment index referencing the Group's relevant disclosures against the Taskforce on Climate-related Financial Disclosures (TCFD) framework can be found on pages 511 to 516.

Driving a sustainable future

With a long-standing presence in parts of the world where sustainable finance can have a significant impact, we facilitate the movement of capital to where it is needed most. We apply our knowledge across our market footprint and the innovative mindset of our teams to create financial solutions that help to address challenges and support sustainable growth.

The work we do to accelerate the transition to net zero, lift participation in the economy and reset globalisation is fundamental to our business. These three areas of focus are known as our **Stands** and inform our overall strategy, including our approach to sustainability, our advocacy efforts on behalf of our markets and engagement with our employees and society.

→ Our Stands are described in more detail on page 26 of this Annual Report

Our approach to sustainability

Embedding sustainability across our business is a strategic priority for the Group. To accelerate our sustainability agenda, the Group's inaugural Chief Sustainability Officer (CSO) was appointed in 2022. Since then, our dedicated CSO organisation – which houses our Sustainable Finance, Sustainability Strategy, Net Zero Delivery, Strategic Initiatives and Environmental and Social Risk Management teams – acts as a centre of excellence and a catalyst for the execution of the Group-wide sustainability strategy, including the achievement of our net zero roadmap.

We focus on delivering both our long-term sustainability goals – our **Sustainability Aspirations** – as well as our short-term targets and immediate priorities – our **Sustainability Strategic Pillars**.

Our approach to sustainability reporting

The Group includes Environmental, Social and Governance (ESG) and sustainability information in this Annual Report, providing investors and stakeholders with an understanding of the implications of relevant sustainability-related risks and opportunities, and progress against our objectives. In line with our 'comply or explain' obligation under the UK Financial Conduct Authority's Listing Rules, we confirm that we have made disclosures consistent with the TCFD recommendations and recommended disclosures throughout this Annual Report. For our TCFD content table please refer to page 79 and for our TCFD Summary and Alignment Index see pages 511 to 516.

In preparing this report we have given consideration to (but do not align in full with) the guidance provided by the International Sustainability Standards Board (ISSB) in 2023: IFRS S1 and IFRS S2, noting that IFRS S2, although largely based on TCFD, requires a more granular level of disclosure. IFRS S1 and S2 are voluntary standards and compliance is not yet required in the Group's listing locations.

Materiality is considered to be the threshold of significance for reporting sustainability-related risks and opportunities for users of financial statements: investors and wider stakeholders. We consider guidance provided by the IFRS Foundation, which focuses on meeting the sustainability data and information needs of our investors. Determining materiality for sustainability-related risks and opportunities should consider both quantitative and qualitative aspects related to sustainable social and economic development.

Our approach to sustainability reporting will continue to evolve subject to regulatory and voluntary standards across our listing locations and footprint markets. Our disclosures are guided by international standards, frameworks and principles to the extent relevant to our business. We publish an ESG Reporting Index against the disclosures captured in the GRI Universal and select Topic Standards, relevant metrics from sector-specific SASB Standards and WEF's Stakeholder Capitalism Metrics.

Sustainability Aspirations: our long-term goals

The Group's approach to sustainability is underpinned by our Stands and shaped by our Sustainability Aspirations. During 2023, we refreshed and consolidated our Sustainability Aspirations into four overarching long-term goals, each supported by key performance indicators. Together, these reflect our commitment to our brand promise, here for good, in support of sustainable social and economic development.

Aspiration 1: Mobilise \$300 billion of Sustainable Finance

Across our markets, many clients are at the early phase of evaluating the risks and opportunities associated with their transition to a low-carbon economy. We leverage a full suite of Sustainable Finance solutions – including loans, bonds, trade finance and carbon trading – to support their transition. These are underpinned by our Sustainable Finance frameworks that outline how we apply the 'green', 'sustainable' or 'transition' labels across products and transactions. We also work with corporate, retail and wealth clients to mobilise diverse sources of capital in support of social outcomes.

We have mobilised \$87.2 billion[^] of Sustainable Finance from January 2021 through to September 2023 against our commitment to mobilise \$300 billion by 2030. We made strong progress against this target in the year and we anticipate that our future progress will not be linear as our markets mature further, providing opportunities for us to support our clients in their transition.

Sustainable Finance Mobilised¹

Product	Oct 2022 – Sep 2023 \$m	Jan 2021 – Sep 2022 ¹⁰ \$m	Jan 2021 – Sep 2023 \$m Cumulative Progress
Use of Proceeds ^{2,3}	7,678	11,849	19,527
Sustainability-Linked Loans (SLLs) ^{3,4}	8,319	19,781	28,100
Transition Finance ^{3,5}	418	344	762
SME Lending ^{3,6}	1,014	1,839	2,853
Microfinance ^{3,6}	774	1,166	1,940
Green Mortgages ^{3,7}	538	4,284	4,822
Mergers & Acquisitions (M&A)/Advisory ⁸	1,432	4,354	5,786
Green and Social Bonds facilitated ⁹	9,617	13,806	23,423
Total Sustainable Finance Mobilised¹¹	29,790	57,423	87,213[^]
Of the above			
Corporate, Commercial & Institutional Banking (CCIB)	28,238	51,300	79,538
Consumer, Private & Business Banking (CPBB)	1,552	6,123	7,675
Total Sustainable Finance Mobilised¹¹	29,790	57,423	87,213[^]

1 Mobilisation of Sustainable Finance is defined as any investment or financial service provided to clients that supports: (i) the preservation and/or improvement of biodiversity, nature or the environment; (ii) the long-term avoidance/decrease of GHG emissions, including the alignment of a client's business and operations with a 1.5 degree Celsius trajectory (known as transition finance); (iii) a social purpose; or (iv) incentivising our clients to meet their own sustainability objectives (known as sustainability-linked finance).

2 Amounts include transactions with restricted use of the proceeds of the financing that align to our Green and Sustainable Product Framework.

3 Lending transactions are measured as per the loan commitment/underwritten amount provided to the counterparty.

4 SLLs refer to any type of loan instrument for which the economic characteristics can vary depending on whether the counterparty achieves ambitious, material and quantifiable predetermined sustainability performance targets (SPTs). The counterparties' sustainability performance is measured by applying predefined SPTs to predefined KPIs. The use of proceeds in relation to an SLL is not a determinant in its categorisation and, in most instances, SLLs will be used for general corporate purposes. SLLs are not issued in line with the Group's Green and Sustainable Product Framework.

5 Amount includes any financial service provided to clients to support them to align their business and/or operations with a 1.5-degree trajectory issued in line with our Transition finance framework.

6 SME and Microfinance lending which is the provision of finance to Development Assistance Committee (DAC) lower- and middle- lower income countries as per the Organisation for Economic Co-operation and Development (OECD). The inclusion of business banking is linked to the 'Access to Finance' sub-theme within the Group's Green and Sustainable Product Framework incorporating employment generation, and programmes designed to prevent and/or alleviate unemployment, including through the potential effect of small and medium enterprise (SME) financing and micro-finance.

7 Green Mortgages are loans from Consumer, Private & Business Banking (CPBB) where the underlying property meets a specific energy rating. Value mobilised in 2021 includes mortgages originated before 2021 but identified as Green in 2021.

8 M&A/Advisory represents where the Group is the financial advisor to the transaction. The amount attributed to M&A/Advisory mobilisation is proportional and represents the total deal size divided by the number of financial advisors on the deal.

9 Capital market bonds are measured by the proportional bookrunner share of facilitated activities as determined by third-party league table rankings based on the level of services provided.


10 During 2023 additional deals that meet the definition of the Group's Green and Sustainable product framework were identified and approved as sustainable resulting in a restatement to cumulative mobilisation in the prior year. Use of proceed transactions have increased from \$9,820mn to \$11,849mn, Transition Finance transactions have increased from \$144mn to \$344mn and Mergers and Acquisitions have increased from \$3,184mn to \$4,354mn, Sustainability Linked Loans have increased from \$13,745mn to \$19,781mn and Green Mortgages have increased from \$3,500mn to \$4,354mn.

11 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at sc.com/sustainabilityhub.

Aspiration 2: Operationalise our interim 2030 financed emissions targets to meet our 2050 net zero ambition

The Paris Agreement recognises that the world needs to reach net zero carbon emissions by 2050 to mitigate the worst effects of climate change and ensure a habitable planet for the next generation. This will require efforts from a wide range of stakeholders, governments and the private sector to accelerate the just transition to a low-carbon, nature positive and climate-resilient economy. We aim to reach net zero in our financed emissions by 2050 and in our operations by 2025.

To date, the Group has set and disclosed science-based interim 2030 financed emissions targets for 11 high-emitting sectors, in line with guidance from the Net-Zero Banking Alliance (NZBA). We are working across our businesses and functions, and alongside our clients to deliver these targets, notwithstanding the challenges presented by a material portion of our markets not having a commitment to achieve net zero by 2050.

Sector	Emissions approach	Scientific reference scenario	Drivers of sectoral decarbonisation	Our approach in 2023 ⁷
CCIB				
Aluminium 	Production intensity	MPP ¹	Decarbonisation of the power supply into the aluminium smelter.	We have set a production intensity baseline using CO ₂ e per tonne of aluminium produced. The 2023 portfolio progress (based on the 2022 year-end balance sheet) was subsequently calculated.
Automotive Manufacturers 	Physical intensity	IEA APS/ NZE ^{2,3,4}	Change in powertrain from internal combustion engines (ICE) to electric vehicles (EVs) for light commercial vehicle manufacturers.	The industry has changed the assumptions for calculating tailpipe emissions and adopted a test procedure that better reflects real-world driving conditions. We have therefore adjusted the 2021 baseline and subsequent progress accordingly.
Cement 	Production intensity	IEA NZE ^{2,4}	Removal of coal in the cement manufacturing process and utilising lower-carbon energy sources.	We have set a production intensity baseline using CO ₂ per tonne of cement produced. The 2023 portfolio progress was subsequently calculated.
Commercial Real Estate 	Physical intensity	IEA APS/ NZE ^{2,3,4}	Lower-carbon electricity supply and retrofitting buildings to improve energy efficiency.	We have set a physical intensity baseline using CO ₂ e per square metre. The 2023 progress of portfolio was subsequently calculated.
Oil and Gas 	Absolute emissions	IEA NZE ^{2,4}	Reducing emissions associated with Oil and Gas production and supporting our clients on their transition towards lower-emission intensive energy sources and renewable energy portfolios.	We have re-baselined during the year from a revenue intensity to an absolute emission basis. The 2023 portfolio progress was subsequently calculated.
Power 	Production intensity	IEA APS/ NZE ^{2,3,4}	Supporting our clients on their transition away from high-emitting fuels in favour of lower-emitting fuels and a transition to renewable energy sources.	We have re-baselined during the year from a revenue to a production intensity using CO ₂ per megawatt hour produced. The 2023 portfolio progress was subsequently calculated.
Shipping 	Physical intensity	IMO 2023 ⁵	Financing modern best-in-class vessels equipped with latest design and energy efficiency measures. Use of alternative fuels and operational efficiency measures such as slow steaming and weather routing services can enhance decarbonisation.	Following revisions to the IMO decarbonisation strategy, Poseidon Principles have added two additional GHG strategy scenarios: the minimum and striving trajectories. We have recalculated our portfolio alignment deltas to the released trajectories.
Steel 	Production intensity	MPP ¹	Improving steel plant efficiency and replacing coal furnaces with electric arc furnaces.	We have set a production intensity baseline using CO ₂ per tonne of steel produced. The 2023 portfolio progress was subsequently calculated.
Thermal Coal Mining 	Absolute emissions	IEA NZE ^{2,4}	Exposure is decreasing in line with contractual commitments.	No new Thermal Coal Mining use of proceeds loan have been provided in line with our Position Statements.
Aviation 	Physical intensity	MPP ¹	The Group completed the sale of its global aviation finance leasing business and the majority of its aviation lending book in August 2023.	Noting the distortive effects that the sale of this business would create in our emissions profile for this sector, the progress against this target has been paused for year-end 2023. This will be re-assessed based on the size and materiality of the remaining portfolio in 2024.
CPBB				
Residential Mortgages 	Physical intensity	CRREM ⁶	Lower carbon electricity supply and retrofitting buildings to improve energy efficiency.	We have set physical intensity baseline using CO ₂ e per square metre. The 2023 portfolio progress was subsequently calculated.

1 MPP – Mission Possible Partnership – Industrial decarbonisation forward-looking pathway provider most prominent in the metals industry.

2 IEA – International Energy Agency – Pre-eminent forward-looking pathway provider for energy sectors.

3 APS – Announced Policies Scenario – a 1.7 degree Celsius low overshoot scenario.

4 NZE – Net Zero Emissions – a 1.5 degree Celsius aligned scenario.

5 IMO – International Maritime Organization – Global shipping regulator.

6 CRREM – Carbon Risk Real Estate Monitor – European Union backed foundation to provide forward-looking pathways for the real estate sector.

7 For further information, please refer to our 'Net zero methodological white paper – The journey continues' publication. Sectoral emissions are calculated in CO₂, except where other GHGs are material which are noted as CO₂e (this includes Oil and Gas, Thermal Coal Mining, Shipping, Aluminium, Commercial Real Estate and Residential Mortgages)

Aspiration 3: Enhance and deepen the sustainability ecosystem

We are utilising our expertise and networks to actively contribute in a leadership position to global partnerships and initiatives that enhance and further develop the sustainability ecosystem. These range from those that support the mobilisation and scaling of Sustainable Finance, to furthering the development of voluntary carbon markets and fostering innovative solutions in the arena of conservation finance, through to supporting the advancement of social topics underpinning the UN Sustainable Development Goals (SDGs).

Key initiatives and partnerships

Throughout 2023, senior leaders across Standard Chartered were involved in the leadership of several collaborative initiatives including, but not limited to, those listed in the table below.

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.

Glasgow Financial Alliance for Net Zero (GFANZ)

We are active participants of the GFANZ Principals Group, an ambitious programme to generate the commitment, investment and alignment needed to drive forward the transition to net zero. Our Group CEO co-chairs the GFANZ working group on Capital Mobilisation to Emerging Markets and Developing Economies.

Net-Zero Banking Alliance (NZBA)

Our Group Head of Conduct, Financial Crime and Compliance chairs the NZBA – the industry-led, UN-convened and sector-specific alliance for banks under GFANZ.

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.

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.

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.

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.

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.



For further information on the Group's external engagement related to our four thematic innovation hubs, Adaptation Finance, Blended Finance, Carbon Markets and Nature Positive Solutions, refer to [page 118](#)

Aspiration 4: Drive social impact with our clients and communities

We seek to partner with our clients and communities to mobilise social capital and drive economic inclusion and entrepreneurship through our Futuremakers initiative. We aim to foster collaboration with local partners to support young people and economic development across our markets.

Futuremakers

Established in 2019, Futuremakers by Standard Chartered is our global youth economic empowerment initiative, which aims to help disadvantaged young people learn, earn and grow.

In 2023, we contributed \$14.6 million to Futuremakers, including donations from the Group and fundraising of \$1.7 million from our employees and partners. With our international and local partners, in 2023 alone we reached more than one million young people through Futuremakers, including providing financial education to 159,190 unbanked or young people.

We published the latest Futuremakers Impact Report to share progress and capture lessons learned through Futuremakers. In the past five years, we have reached more than 2.1 million young people, across 43 markets. We were able to exceed our initial \$75 million fundraising target reaching \$93.3 million by end of 2023.

Nearly 517,000 of the over 2.1 million young people reached participated in intensive Futuremakers activities. And of those:

More than
72,000

adolescent girls were supported to continue in secondary education



Over
40,000

girls and young women showed increased confidence and self-esteem



More than
39,000

young people secured employment



More than
46,000

young people improved their business-related knowledge and skills



More than
12,000

jobs created by entrepreneurs that were supported by Futuremakers activities



Access to finance for female entrepreneurs

Futuremakers' women entrepreneurs programmes, known as Women in Tech and Women in Entrepreneurship in Asia, have expanded from 9¹ to 13 markets – adding South Africa, Saudi Arabia, Taiwan and Singapore – with a network of alumni established.

- In Africa, the Middle East and the US, Futuremakers Women in Tech has partnered with Village Capital to provide financing for alumni. With a primary focus on women-led, impactful start-ups, this project provides dedicated financial support for micro-businesses that are addressing local and global challenges. So far, 107 young women have signed up for the alumni network and expressed interest in financing. Five investments totalling \$375,000 have been agreed, and at least another three investments are expected in early 2024.
- For female entrepreneurs in Kenya, at an earlier stage in establishing their sustainable, environmentally focused ventures, there is financial support from our innovative revolving loan fund with Youth Business International and Somo. As of end of September 2023, the fund has supported 60 low-income, high-potential entrepreneurs aged 18–35 from marginalised communities and contributed directly to the creation of 188 jobs.
- At COP28, we held a Futuremakers Youth Panel as part of the Business Fights Poverty Climate Justice Summit. We heard first-hand from our Women in Tech alumni about their green and social ambitions, the problems they are tackling and some of the financing solutions that are needed to scale for a sustainable and inclusive future.

Supporting young people with disabilities

Futuremakers partners with Sightsavers and Youth Business International, who worked with the African Disability Forum to develop a series of inclusion resources to build greater disability confidence for readers, and help partners understand how to include young people with disabilities in their Futuremakers programmes.

Futuremakers in 2024 and beyond

Based on our successes and learning since 2019, we have set out a seven-year strategy for Futuremakers to maximise impact with a consistent approach to measurement, evaluation and impact analysis.

Between 2024 and 2030 we aim to provide \$120 million to Futuremakers with the ambition to create and sustain 140,000 jobs, focusing on two target groups:

- Helping 70,000 disadvantaged young women to gain skills and sustainable employment.
- Supporting entrepreneurs to build thriving green and social micro-businesses and create 70,000 jobs.

All programmes target disability, gender and financial inclusion. During 2024 we plan to develop a methodology to measure the wider societal impacts of Futuremakers, which we will then apply to all future projects.



Read more about Futuremakers by Standard Chartered at sc.com/futuremakers

¹ The nine original markets for Women in Tech as part of Futuremakers were US, Ghana, Kenya, Nigeria, UAE, Zambia, Bahrain, Pakistan, and Korea.

Gender

To unleash girls' potential, Standard Chartered and later the Standard Chartered Foundation have supported 1,044,359 girls and young women through Goal. We were able to exceed our target to reach one million girls through our global education programme by the end of 2023. Since its launch, Goal has become an internationally recognised global, sport and activity-based movement operating in more than 20 markets, equipping adolescent girls with the confidence, knowledge and skills they need to be economic leaders in their families and communities.

In 2023, we announced our sponsorship of the Women of the World Foundation as their Global Girls Champion. The programme of events concludes on International Women's Day in March 2024 and aims to promote the power and potential of girls and non-binary young people in the UK and globally.

Financial inclusion

In partnership with Primark, we worked with IDEO.org to design and test peer-led, financial health training for workers in factories in Vietnam. A successful pilot with approximately 170 workers tested a model supporting individuals to identify and understand their money personality, how to set financial goals, save and invest, improve their budgeting and understand available social protections. During 2024, we intend to explore how to scale this model across our broader Futuremakers portfolio.

Health and education

In some of our footprint markets, we support projects, which provide basic health and education services as preconditions to economic empowerment.

- In Nepal and Bangladesh we support eye health and environmental projects.
- In India, we have supported eye health since 2003 and supported the screening of more than 2,700 villages to ensure they are free from avoidable-blindness.

Since 2017, our WASHE (water, sanitation and hygiene education) programme has reached more than 880,000 beneficiaries, including over 416,000 women. Tangible improvements include over 100 water ATMs installed and over 5,300 sanitation facilities constructed, creating 1.07 billion litres of annual freshwater capacity.

Employee volunteering

In 2023, 61% of colleagues gave back to their communities by contributing over 76,000 days to support worthwhile causes.

Our Employee Volunteering programme won several awards, including the prestigious Lord Mayor's Dragon Award in the Inclusive Employment category, for our UK-based Futuremakers RISE (Reach, Inspire, Support, Empower) programme which focuses on employability and mentorship delivered in partnership with the East London Business Alliance. In China, Standard Chartered became the only international bank to be recognised in the Top 10 of China's Employee Volunteering Enterprises in 2023.

61%

of colleagues gave back to their communities through employee volunteering

Sustainability Strategic Pillars: our short-term targets and immediate priorities

Our four Sustainability Strategic Pillars represent our near-term strategic focus. Each member of the Group Management Team is responsible for strategically driving climate and sustainability considerations within their region, business segment or function in line with the Group's net zero roadmap. Selected sustainability-related measures continue to be included in the 2024-26 Long-Term Incentive Plan (LTIP) awards granted to senior executives and within the 2024 Group scorecard, which contains financial and strategic measures and is applicable for the majority of our employees.

→ Further details can be found in the Directors' remuneration report on [pages 182-216](#)

Pillar 1: Scale Sustainable Finance income

We are building a scalable Sustainable Finance franchise, supporting our clients on their transition journeys by developing customised solutions that speak to their needs and ambitions. Our Sustainable Finance franchise generated over \$720 million between January and December 2023 against our longer-term target of at least \$1 billion annual income by 2025. This represents over 6 per cent of our total CCIB income in 2023, a year-on-year growth rate of 42 per cent.

Sustainable Finance income¹

Product	2023 \$m	2022 \$m	YOY \$m
Transaction Banking	188	80	135%
Trade & Working capital	96	60	60%
Cash Management	92	20	360%
Financial Markets	393	326	21%
Macro Trading	76	54	41%
Credit Markets	306	268	14%
Financing & Securities Services	11	4	175%
Lending & Portfolio Management	139	102	36%
Total	720[^]	508	42%

¹ Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub).

As a UK-headquartered international bank we work to deploy capital across our global markets. As can be seen on the following pages and in our 2023 Sustainable Finance Impact Report, we have raised \$8.4 billion of sustainable liabilities in developed markets, while 85 per cent of our \$17.6 billion sustainable finance asset base is located in Asia, Africa and the Middle East.

In 2023, we continued to expand and develop our Sustainable Finance product suite, with 42 product variants as set out in our Green and Sustainable Product Framework. Co-authored with Morningstar Sustainability – a leading ESG data, research and ratings firm – our framework is reviewed annually to ensure that it reflects the latest markets trends and industry standards.

Our pureplay clients are also key in advancing our progress to achieving our Sustainable Finance goals. These are companies that generate at least 90 per cent of their revenues from activities outlined in our Green and Sustainable Product Framework. Their significance lies in their ability to deliver credible and robust impact, driven by the inherent green and socially sustainable nature of their business models and operations.

+ Read more in our [Sustainable Finance Impact Report](#) at sc.com/sfimpactreport

Sustainable Finance assets and Sustainability-Linked assets










Our Sustainable Finance income includes net income generated from our green, social and sustainable lending activity, as well as from clients recognised as green, social or sustainable pureplays.

Our Sustainable Finance assets reflect the assets on our balance sheet generated as a result of this green, social and sustainable lending activity, and it is against these assets which we raise sustainable liabilities.

The Group's Sustainable Finance asset base increased by 31 per cent to \$17.6 billion between September 2022 and September 2023. The majority of our Sustainable Finance asset base (\$13.6 billion of the \$17.6 billion) is made up of lending to green projects such as renewable energy projects, green commercial real estate and funding for the development of rail projects.

Our social finance assets make up the remaining \$3.5 billion of our total Sustainable Finance asset pool and encompasses categories such as healthcare, education and access to finance in low income countries.

Green finance assets^{1,2}





















Theme	Sep 2023 \$m	Sep 2022 \$m	SDGs
Clean Transportation	901	942	
Electric vehicles (EVs)	197	94	
EV battery manufacturers	372	307	
Manufacturing of specialised component parts of EVs	112	–	
Rail	220	541	
Climate Change Adaptation	4	–	
Energy Efficiency	482	–	
LED lighting	7	–	
Modernisation of broadband network	475	–	
Green Buildings	8,742	7,014	 
Green buildings	5,066	3,216	
Mortgage portfolio HK	3,657	3,785	
Mortgage portfolio TW/SG	19	13	
Pollution Prevention and Control	14	102	 
Portfolio of Green Projects	351	–	Multiple
Renewable Energy	3,100	2,227	
Grid expansion	102	59	
Hybrid wind & solar	38	154	
Hydropower	32	25	
Manufacture of components for renewable energy technology	457	379	
Solar	940	785	
Waste to energy	166	111	
Wind	1,178	714	
Energy storage	68	–	
Green hydrogen	9	–	
Mixed renewables	110	–	
Sustainable Water and Wastewater Management	–	10	
Total Green Assets	13,594	10,295	
Portfolio of green and social projects³	473	–	Multiple

1 Amounts included in the table are as of September 2023 and September 2022 and are aligned to the Group's Sustainable Finance Impact Report available at sc.com/sfimpactreport. September 2023 and 2022 figures have been prepared on the same basis as the Impact Report.

2 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at sc.com/sustainabilityhub.

3 The underlying assets could potentially span across various categories, including renewable energy, sustainable water and wastewater management, access to essential services and food security. These assets, while included in the overall totals, remain unidentified in terms of specific green and social classification until allocation reports are received.

Social finance assets^{1,2}

	Sep 2023 \$m	Sep 2022 \$m	SDGs
Access to water	72	42	
COVID-19	–	39	     
Access to essential services	145	105	
Education infrastructure – universities	6	–	
Healthcare infrastructure – hospitals	131	101	
Provision of supporting healthcare-related products and services	8	4	
Road infrastructure	46	57	 
Access to finance	3,062	2,930	     
SME lending	2,506	2,589	
Microfinance	555	341	
Affordable basic infrastructure	198	–	  
Sewage treatment	1	–	
Telecommunications/Internet connectivity	197	–	
Food security	22	–	
Total Social Assets	3,545	3,173	
Total Green and Social Finance Assets	17,612[^]	13,468	

Sustainability-Linked assets^{1,2}

	Sep 2023 \$m	Sep 2022 \$m
Total Sustainability-Linked loans	4,805	3,422
Total Sustainability-Linked assets	4,805	3,422

Total Green and Social finance and Sustainability-Linked assets^{1,2,3}

	Sep 2023 \$m	Sep 2022 \$m
CCIB	17,103	10,505
CPBB	5,314	6,385

Sustainable liabilities^{1,2}

Theme	Sep 2023 \$m	Sep 2022 \$m
Total bond issuances	2,353	2,083
Total sustainable term deposits	4,554	3,154
Total sustainable accounts	1,027	335
Total sustainable retail current and savings accounts and deposits	513	217
Total Sustainable Liabilities	8,447[^]	5,789

1 Amounts included in the table are as of September 2023 and September 2022 and are aligned to the Group's Sustainable Finance Impact Report available at sc.com/sfimpactreport. September 2023 and 2022 figures have been prepared on the same basis as the Impact Report.

2 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at sc.com/sustainabilityhub.

3 Our Sustainable Liabilities are referenced against our Sustainable Assets held in aggregate by SCB Group. The features of our Sustainable Liabilities products are clearly signposted in product documentation to clients as 'sustainable'.

 See sc.com/sfimpactreport for more highlights on our Green and Social Finance assets in 2023.

CPBB sustainable investing momentum

Sustainable investing (SI) assets under management (AUM) increased 25 per cent year-on-year to \$13.3 billion in 2023, driven by an expansion of the SI universe and focused client engagement. This figure includes Mutual Funds, Exchange Traded Funds, Bonds, Equities, and Structured Products. We will look to disclose against advised sustainable AUM in future periods. For further information on our Sustainable Investments universe, refer to sc.com/sustainable-investing.

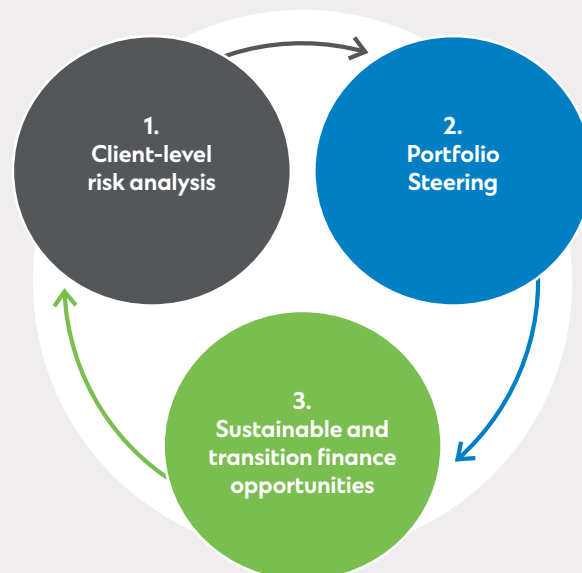
Pillar 2: Further embed sustainability across the organisation

The CSO organisation aims to act as a catalyst for change and a centre of excellence. We foster collaboration internally to embed sustainability across our business operations and functions. We collaborate externally with clients and other stakeholders who are aligned with our mission to drive change. This is achieved by:

- People – Rolling out an expanding curriculum of sustainability- and climate-related training across the Group.
- Processes – Integrating our 2030 sectoral net zero targets into our credit risk appetite and capital allocation processes, allowing us to track, monitor and continually assess progress against our targets.
- Technology – Investing to build a robust single-source data architecture to facilitate engagement with our clients, including automated or semi-automated tools that will support decision-making and analysis of the expected impact of a transaction on the Group's financed emissions.

We aim 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. We support our clients to deliver on their decarbonisation plans, deploying financing and advisory services to provide capital alongside the next wave of sustainability and technological solutions in which our clients are investing.

Our transition strategy also builds on the Group's financing experience by supporting the early adopters of these services in the US and Europe, and leveraging this knowledge in our core markets across Asia, Africa and the Middle East. Our aim is to work with our clients to support their transition and decarbonisation journeys and where clients evidence transition, help to accelerate progress.



1. Client-level Risk analysis

Environmental, social and climate risk assessments are integrated into credit decision-making processes for existing and new-to-bank clients¹

- We maintain a suite of public Position Statements that outline the Group's environmental and social expectations for providing financial services to clients.²
- Relationship Managers carry out client and/or transaction level Environmental and Social Risk Assessments before we provide financial services.³
- Through client-level Climate Risk Assessments (CRAs), we assess the potential financial risks from climate change using quantitative and qualitative information and assign a Climate Risk grading.⁴
- As part of the CRA process, a Credible Transition Plan (CTP) score is assigned for each client in high-emitting sectors.⁴
- Our Prohibited Activities list details the activities that we will not finance.⁵

2. Portfolio Steering

Portfolio-level emissions are calculated to set and monitor financed emissions baselines and sectoral 2030 targets

- Client-level emission intensities are modelled in accordance with internationally accepted carbon accounting principles using the PCAF methodology.
- Science-based sectoral interim 2030 targets are set for high-emitting sectors in line with the Group's roadmap towards net zero financed emissions by 2050.⁶
- Industry or client coverage leads are appointed as responsible owners of sectoral net zero targets.
- Divergence from portfolio-level emission pathway is monitored and reviewed quarterly along with our exposure to clients associated with high Climate Risk.⁷

3. Sustainable and transition finance opportunities

Products, financing and advisory services are deployed to support clients transitioning their businesses and seeking to achieve their sustainability goals

- The Group's ESG and Transition Finance advisory teams prioritise engagements with clients associated with high Climate Risk with weak or no transition plans and/or insufficient disclosures to recommend enhancements.
- Sustainability considerations are incorporated into account plans and engagement strategies with an aim to identify and prioritise clients that are divergent from portfolio-level emission pathways or associated with high Environmental and Social Risk.
- We endeavour to support and guide our clients to a low-carbon pathway by utilising our full suite of Sustainable Finance solutions.
- We continue to increase our financing of low-carbon technologies and infrastructure including project financing in the developing world where power grid modernisation is critical.

¹ Refers to applicable banking clients, please refer to [sc.com/esriskframework](https://www.sc.com/esriskframework).

² Read more about our Position Statements at [sc.com/positionstatements](https://www.sc.com/positionstatements).

³ For further information, please refer to [sc.com/esriskframework](https://www.sc.com/esriskframework).

⁴ Read more about our CRA process in the Risk review section of this Annual Report on pages 298-305.

⁵ Read more about our list of Prohibited Activities at [sc.com/prohibitedactivities](https://www.sc.com/prohibitedactivities).

⁶ Read more about our sectoral interim 2030 targets in this Annual Report on page 74.

⁷ In 2023, this commenced for the Oil and Gas, Power, Steel, Aluminium and Automotive Manufacturers sectors, with the rest of the sectoral reviews to be added from 2024.

Education and training

We continued to build the Group-wide sustainability-related education and training programme. The overarching objective of our upskilling programme is to establish foundational knowledge on sustainability across the Group, while tailoring in-depth, capability-based curricula to cater to the needs of practitioners and sustaining the momentum in continuous learning in line with industry best practices.

This objective is achieved by the continued development of our in-house sustainability curricula and partnerships with leading academic institutions, including Imperial College London and Kite Climate School, to ensure that we benefit from cutting-edge expertise in sustainability and remain at the forefront of industry development. A tiered curriculum has been rolled out leveraging both in-house and external expertise via this two-pronged approach.

- Given the role that the Board plays in sustainability governance, the Group Board and subsidiary Boards received training on climate scenarios, with a focus on regulatory expectations, key features of industry-level climate scenarios, in-house base and tail risk scenarios and key second-order impacts from climate change.
- In addition, 154 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 CCIB, CPBB, Risk, CFCC and Audit on a broad range of topics: from how physical and transition risks may manifest, to specialised topics around 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. 4,870 colleagues completed this programme in 2023, a total of 20,436 colleagues since the launch in 2022.
- To further embed sustainability and continuous learning into the Group's day-to-day operations, 48 ad-hoc training courses were also held throughout the year that reached 3,369 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.

In 2024, we plan to further refine the programmes to target specific roles in the Group and further build knowledge and expertise in Sustainable Finance and Environmental and Social Risk Management.

Our net zero roadmap

We aim to reach net zero carbon emissions in our financing activity by 2050 and in our own operations by 2025. We made progress in setting interim 2030 targets for the most carbon-intensive and highest-emitting sectors in the Group's portfolio.

To help us remain on track, we have set short- and medium-term objectives and quantifiable targets to manage and report on our progress on an annual basis.

2021

- Launched our roadmap to net zero by 2050, including interim targets and a supporting methodology
- Announced plans to mobilise \$300 billion in Sustainable Finance by 2030
- Published our inaugural Transition Finance Framework

2022

- Developed financed emissions baselines and 2030 targets for the Aviation, Shipping and Automotive Manufacturers sectors
- Joined Partnership for Carbon Accounting Financials (PCAF)

2023

- Announced our enhanced Oil and Gas absolute financed emissions target
- Updated our Power and Steel sector baselines and targets moving from a revenue-based intensity metric to a production-based intensity metric
- Developed financed emissions baselines and set interim 2030 targets for four additional sectors: Cement, Aluminium, Residential Mortgages, Commercial Real Estate, bringing the total number of science-based targets set for high-emitting sectors to eleven
- Financed emissions baselines and sectoral progress against targets, where indicated, assured for the first time by Ernst & Young
- Calculated the Group's facilitated emissions baseline from debt capital markets following the final PCAF guidance (published in December 2023) under both the 33 per cent and 100 per cent weighting factor
- Updated the Group's net zero methodological white paper, first published in 2021

2024

- We will develop an interim 2030 financed emissions target for the Agriculture sector, planned to be communicated in our 2024 Annual Report, which will be published in Q1 2025
- Aim to set targets for facilitated emissions

2025

- Aim to be net zero in our own operations

2030

- We will have substantially reduced our exposure to the Thermal Coal Mining sector in line with our Position Statements
- Aim to meet the Group's financed emissions interim targets set for high-emitting sectors

2032

- Targeted end date for legacy direct Thermal Coal Mining financing globally

2050

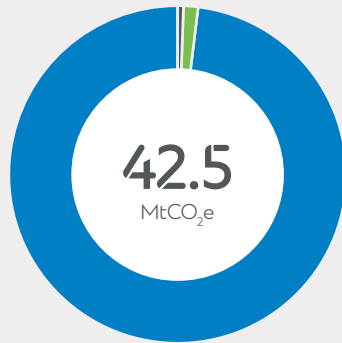
Aim to become net zero in our financed emissions

Pillar 3: Deliver on our annual milestones set forth in our net zero roadmap

Our emission sources

We aim to reach net zero carbon emissions in our financed emissions by 2050 and in our own operations by 2025. Since 2018 we have been working to align our direct and indirect emissions to the Paris Agreement's goal of well below two degrees Celsius of global warming by the end of the century. We focus on three areas to reduce emissions: our operations, our supply chain, and financed emissions associated with our clients.

+ To access the Group's updated 'Net zero methodological white paper – The journey continues' publication, visit sc.com/sustainabilityhub



Operational emissions: 0.1% (0.03 MtCO₂e) Scope 1 and 2

Emissions from the combustion of fuels in owned or controlled sources e.g. boilers, generators and vehicles, refrigeration and air conditioning equipment and the purchase of electricity



Value chain emissions: 1.2% (0.5 MtCO₂e) Scope 3 Categories 1-14

Emissions from our upstream and downstream supply and value chain



Investments: 98.7% (41.94 MtCO₂e) Scope 3 Category 15

Emissions from transacting with our clients



Scopes of GHG emissions	2023 ⁴ (tCO ₂ e)	2022 (tCO ₂ e)	2021 (tCO ₂ e)
Scope 1 emissions ¹	8,488	2,071	2,902
Scope 2 emissions ²	26,246	47,363	82,761
Total Scope 1 and 2 emissions³	34,734	49,434	85,663
Scope 3 emissions:			
Category 1: Purchased goods and services (other)	286,304	380,732	330,224
Category 1: Purchased goods and services (data centres) ⁵	4,431	7,060	43,132
Category 2: Capital goods	42,707	34,496	47,217
Category 4: Upstream transportation and distribution	24,125	20,300	20,949
Category 5: Waste generated in operations ⁶	520	747	
Category 6: Business travel (air travel)	60,279	39,107	3,654
Category 6: Business travel (miscellaneous other than air travel)	8,918	2,654	4,994
Category 7: Employee commuting	71,228	61,917	
Category 13: Downstream leased assets (real estate)	7,898	8,594	
Category 15: Investments ^{7,8}	41,944,000	49,512,000	45,200,000
Total Scope 3 emissions	42,450,410	50,067,607	45,650,190
Total emissions	42,485,144	50,117,041	45,735,853

- As we aim to improve our emissions measurement and reporting year-on-year, we have included fugitive emissions in our Scope 1 figures for the first time in 2023: 5,266 tCO₂e. Prior year data was not available for fugitive emissions. For more information on the methodology and assumptions used to calculate GHG emissions, please refer to the Environmental Reporting Criteria at sc.com/sustainabilityhub.
- Scope 2 indirect emissions include indirect emissions from purchased electricity measured under the market-based approach as set out in the GHG protocol.
- Our Scope 1 and 2 emissions calculations for the most recent reporting year were independently assured by Global Documentation Ltd., the assurance scope excluded fugitive emissions. Market-based emissions have decreased from 2022 to 2023 due to footprint reduction, efficiency gains and the purchase of additional energy attribution certificates by the Group.
- The reporting period for GHG emissions is 1 October to 30 September. This only differs for Category 1: Purchased Goods (other); Category 2: Capital goods; Category 4: Upstream transportation and distribution; Category 6: Business travel (miscellaneous other than air travel) and Category 15: Investments where a period of 1 January to 31 December is used. Emissions data for these categories is also on a one-year lag with emissions reported in 2023 based on 2022 emissions data.
- Purchased goods and services (data centres) have been restated from 706tCO₂e to 7,060tCO₂e due to an error in converting the unit of emissions.
- Waste emissions have been restated from 498tCO₂e to 747tCO₂e due to an out of date emissions factor being used in prior year.
- Category 15: Investments only includes financed emissions and are measured on a one-year lag, with emissions reported in 2023 being based on 2022 emissions and financial data. Financed emissions are included on page 110. A facilitated emissions baseline was measured for the first time during the year. Refer to page 112 for more details.
- 2022 absolute emissions have been restated from 58.5MtCO₂e to 49.5MtCO₂e. This is due to (i) reduction in shipping absolute emissions as improved data has resulted in individual ship-level fair values being obtained; (ii) pausing of aviation emissions reporting due to the sale of the Group's aviation leasing and lending business; (iii) decreases in Automotive Manufacturers' emissions due to changes in the industry emissions reporting methodology referenced earlier on page 95; (iv) decreases in emissions from the 'Others' sector where improved data has been obtained to calculate emissions; and (v) the sectoral baselining of emissions reporting for Cement and Commercial Real Estate as separate high-emitting sectors.

Our operations

Our approach to managing our environmental footprint

The Group's Property function is responsible for driving efficiency in terms of our space and energy use. In line with the Group's operational net zero target, we set year-on-year improvement targets for our footprint markets.

Our goals and targets

- We aim to achieve net zero in our operations by 2025. We have measured and reduced our Scope 1 and 2 GHG emissions since 2008 and have been targeting a 90 per cent reduction in these emissions since 2018.
- The Group joined RE100 in 2022, a global corporate renewable energy initiative bringing together businesses that are committed to 100 per cent renewable electricity.
- In terms of waste, we aim to achieve 90 per cent avoidance of landfill by 2030.

Operational emissions

We reduced our Scope 1 and 2 emissions by 30 per cent to 34,734 tonnes during 2023. Our measured real estate decreased by 7 per cent during this time. 66 per cent of electricity came from renewable sources across our portfolio. We were able to achieve this by:

- continuing to optimise our office and branch network by retiring unused or inefficient space and creating a working environment that matches office- and hybrid-working patterns of our workforce;
- having a rolling asset replacement strategy for major plant and lighting in our offices. The Group installs LED and circadian lighting, and energy efficient materials throughout all new projects;
- launching a large-scale initiative in 2023 to simplify our technology estate, decommissioning underutilised or inefficient systems and their servers;
- actively seeking to increase the proportion of our electricity usage that comes from renewable sources. These can take the form of power purchase agreements, clean energy contracts, on-site solar installations and renewable energy certificates; and
- purchasing and retiring carbon credits for our residual operational Scope 1 and 2 emissions.

Waste

In 2023, we reduced our overall waste by 37 per cent and achieved 52 per cent avoidance of landfill (up from 31 per cent). We were able to achieve this by:

- commencing the externally verified True Zero Waste (TZW) programme and seeing the first results in India and Poland, both achieving TZW Platinum certification;
- self-certifying 313 buildings across our portfolio being free of single-use plastic in 2023. We aim to continue this programme and promote more sustainable waste management practices; and
- minimising electronic waste by prolonging the lifespan of our technology assets through partnerships with third parties.

Water

We retained a water efficiency metric of less than 0.5 kilolitre per square metre in 2023 despite an increase in the proportion of our employees returning to the office. While water availability is a growing challenge in many of our markets, we did not face any issues sourcing potable water in 2023. We continue to take a responsible approach to managing water use across the Group.



For detailed environmental performance data see [page 505](#) or our ESG data pack at sc.com/esg-data-pack



Read the principles and methodology for measuring our environment data at sc.com/environmentcriteria



Read the independent assurance statement related to Scope 1 and 2 GHG emissions at sc.com/environmentalassurance

Our suppliers

Our approach to managing impacts in our upstream value chain

The Supply Chain Management team within our Group Chief Financial Officer function provides procurement services internally to drive sustainability, risk mitigation and commercial advantages in third-party engagements. In line with the Group's sustainability agenda, we set long-term targets to decrease emissions associated with our supply chain and increase spend with diverse suppliers across our footprint.

With 11,563 suppliers, we recognise our contribution to climate impacts through the goods and services we procure. Severe weather events could result in material disruptions to our supply chain that may potentially impact our ability to serve our clients. As such, we are working to gather site locations for our material suppliers to assess their physical risk exposures, such that suitable continuity plans can be developed.

Our goals and targets

- We targeted a 28 per cent reduction in our emissions associated with air travel from our 2019 baseline of 94,000 tCO₂e by the end of 2023 and managed to exceed this target.
- We aim to increase the breadth of our climate-related engagement with our suppliers. By 2028 we plan to direct 70 per cent of our total spending to suppliers who have set or committed to setting science-based emission reduction targets.

Supply chain-related emissions

- Overall, our emissions associated with the products, services and equipment that we purchase and those related to business travel – Scope 3 Categories 1, 2, 4 and 6 (miscellaneous other than air travel) – have shown an estimated 17 per cent year-on-year reduction.
- We have reduced our air travel emissions from our 2019 baseline of 94,000 to 60,279 tCO₂e. Due to increased travel post COVID-19 we have seen an increase in our emissions associated with air travel in 2023. Nonetheless, the Group was able to exceed our target and managed to reduce these emissions by 36 per cent from our baseline. To ensure a downward trajectory from our baseline, we are implementing demand and control measures including upgrading how we monitor our travel volumes. To help influence behaviours, we implemented a process to charge the price of carbon credits to departmental expense budgets, while also emphasising the need to reduce emissions and avoid any non-essential business trips.
- We aim to engage and work with technology partners that are committed to reducing their emissions in line with their science-based targets.
- Carbon credits were purchased and retired by the Group for select categories of our value chain emissions. In 2023, these included emissions associated with air travel and outsourced on-premise data centres.

Supplier engagement

Emissions data reporting among our suppliers remains limited. Therefore, we continue to use a hybrid methodology for emissions calculations using supplier-specific spend and sector average emissions data. In 2023, we:

- continued our outreach to suppliers to collect emissions data directly from them, thereby improving the accuracy of our Scope 3 Categories 1, 2, 4 and 6 (miscellaneous other than air travel) emissions calculations and reporting;
- began measuring our spending with suppliers who have set a science-based emissions reduction target or committed to setting one in the future. In 2023, we held working sessions with our suppliers to discuss progress against their plans and further opportunities for emissions reduction; and
- joined forces with our key logistics partner DHL to co-invest in sustainable aviation fuel for all consignments globally through DHL's GoGreen Plus programme, which is an example of how we work with suppliers to support the Group's emission reductions goals.

Supplier Charter

Through our Supplier Charter, we expect our suppliers to support and promote environmental protection, and to comply with local environmental laws and regulations. We expect our suppliers to promote the development and distribution of environmentally-friendly technologies and manage environmental concerns in their own supply chains.



Our Supplier Charter can be viewed at sc.com/suppliercharter



For further information on how we engage with suppliers see [pages 58 and 59](#) and for supplier spend data see [page 507](#)

Our clients – Reducing our financed emissions

The majority of our GHG emissions are linked to our lending activities, known as financed emissions. Therefore, we have prioritised our efforts in the highest-emitting and most carbon-intensive sectors of our portfolio, and where working with our clients can have the greatest impact.

A brief summary of the movements in the eleven high-emitting sectors is as follows:

Aluminium sector emissions have trended down as the power supply into the smelters has become less carbon-intensive and the Group has funded clients with less emission intensive operations.

The physical intensity of the **Automotive Manufacturers** sector decreased slightly due to the Group having a larger exposure to zero tailpipe Electric Vehicle manufacturing within the Group's Automotive Manufacturers portfolio.

The physical intensity of the **Cement** sector has remained relatively consistent year-on-year. This will be a hard-to-abate sector in the medium-term until cleaner energy sources are utilised, especially in emerging markets.

In the **Commercial Real Estate** portfolio, building intensities have fallen due to investment in regions with lower emissions power supplies and certain markets' power suppliers decarbonising. We continue to work with technology providers on solutions for individual building emissions measurement and management.

Absolute **Oil and Gas** emissions remained relatively stable year-on-year and are significantly lower versus the baseline year. We continued to pursue overall portfolio decarbonisation, pivoting exposure to counterparties and technologies that are less carbon-intensive.

The **Power** sector's intensity decreased as some of our contractual obligations to coal-fired power plants have ended. We also actively pursued lower emissions technologies including new gas power plants, and expanded our renewables financing.

The emissions intensity of the **Residential Mortgages** sector has remained consistent year-on-year and will decrease over time in line with electricity grid decarbonisation.

The **Shipping** sector's alignment delta has worsened due to the impact from the container sector, which enjoyed very strong profits in 2022, encouraging owners to sail faster, leading to higher emissions. Looking ahead, tightening environmental regulations and mechanisms from both the IMO and EU are expected to lead to better alignment between shipowners' behaviours and the Group's 2030 targets.

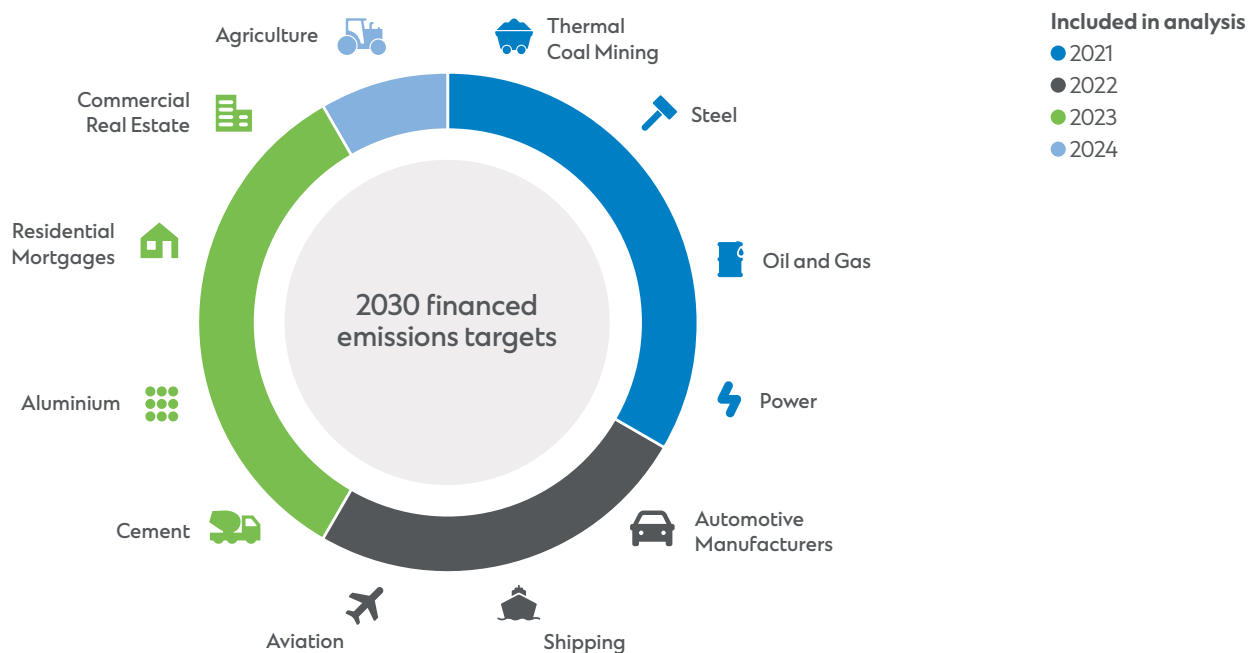
The **Steel** sector is hard-to-abate and requires significant capital to decarbonise. Decarbonisation is reliant on the shift from blast to electric arc furnaces and many of our emerging markets are at early stages of their transition journeys. While the emissions intensity of our steel book remained relatively unchanged year-on-year, we are actively working with our clients in this sector to support their transition.

Our **Thermal Coal Mining** exposure is decreasing in line with our coal revenue thresholds as detailed in our Position Statements and related contractual commitments. No new Thermal Coal Mining use of proceeds loans have been provided in line with our Position Statements.

The Group completed the sale of its global **Aviation** finance leasing business and the majority of its aviation lending book in August 2023. Noting the distortive effects that the sale of this business would create in our emissions profile, the progress against this target has been paused for year-end 2023. This will be re-assessed based on the size and materiality of the remaining portfolio in 2024.



For further information, please refer to the Group's 'Net zero methodological white paper – The journey continues' via sc.com/sustainabilityhub



Setting science-based targets

The Group set interim 2030 financed emissions targets for 11 of the 12 high-emitting sectors with Agriculture being the 12th planned for 2024.

We follow the Net-Zero Banking Alliance (NZBA) guidance on sectors for target-setting, further expanding the Transport sector into Automotive Manufacturers, Aviation and Shipping.

We set four sectoral targets and updated three targets in 2023. All targets have been informed by what the Group considers pre-eminent scientific forward-looking scenario providers. This includes the International Energy Agency (IEA) for energy sectors, the Mission Possible Partnership (MPP) for metals, International Maritime Organization (IMO) for shipping and Carbon Risk Real Estate Monitor (CRREM) for the residential real estate sector.












For our Scope 3 Financed Emissions, we set science-based targets accounting for differing states of transition readiness across our markets. Due to our footprint – with many emerging markets reliant on carbon-intensive industries – our financed emissions may increase before they decrease. The upper end of our 2030 target may represent low-overshoot scenarios. However, our approach is to remain aligned to a science-based 1.5 degrees Celsius scientific pathway by 2050. Given our science-based approach, we will strive to update our targets both as the scientific community updates their reference scenarios and as data availability improves.

In 2023, the Group:

- Strengthened our Oil and Gas emissions metric from a revenue-based intensity to an absolute financed emissions target and trajectory. This places an emissions budget on the sector and requires a reduction of 29 per cent by 2030 when calculated from a 2020 baseline, aligned with the IEA's NZE trajectory. Our approach ensures we maintain a direct link to absolute GHG emissions in the Oil and Gas sector and allows us to directly assess our progress with the IEA NZE scenario that we have set our target against. By moving away from a revenue-based intensity we remove an element of financial volatility and complexity from our calculations that could restrict transparency and accountability in measuring and disclosing our financed GHG emissions. Oil and Gas is the second sector for which the Group set an absolute financed emission target, in addition to our target for Thermal Coal Mining.
- Updated our Power and Steel sector targets from a revenue-based intensity metric to a production-based intensity metric (i.e., emission intensity per unit of production). The progression from an economic-based intensity to a production/physical-based intensity reduces the financial volatility in the calculation and improves the connection to clients' actual GHG emissions by linking directly to units of production, or a physical activity.

We published the second edition of the Group's 'Net zero methodological white paper – The journey continues', which sets out the methodology, assumptions and scientific pathways for each high-emitting sector and is available via sc.com/sustainabilityhub.

Detailed progress against our sectoral financed emissions targets^{12,13,16}

Sector	2022 Exposure in scope (\$bn)	Target	2022 ¹		2021 ¹		Baseline year	% change cumulative to baseline	Year target set
			Absolute emissions (MtCO ₂ e)	Physical intensity	Absolute emissions ⁹ (MtCO ₂ e)	Physical intensity			
CCIB									
Aluminium ^{2,4} 	0.2	6.1 t CO ₂ e/tonne Aluminium (-)	0.3	4.59 [^] tCO ₂ e/tonne Aluminium	0.6	5.62 [^] tCO ₂ e/ tonne Aluminium	2021	-18%	2023
Automotive Manufacturers ³ 	2.8	66–100 gCO ₂ /Vkm (44-63%)	2.8	165 [^] gCO ₂ /Vkm	3.3	178 [^] gCO ₂ /Vkm	2021	-7%	2022
Cement ⁴ 	0.9	0.52 tCO ₂ /tonne Cement (22%)	3.5	0.66 [^] tCO ₂ /tonne Cement	2.4	0.67 [^] tCO ₂ /tonne Cement	2021	-1%	2023
Commercial Real Estate ⁴ 	4.8	19–39 kgCO ₂ e/Sq.m (47-74%)	0.1	62 [^] kgCO ₂ e/Sq.m	0.1	73 [^] kgCO ₂ e/Sq.m	2021	-15%	2023
Oil and Gas ^{5,14} 	6.8	9.3 MtCO ₂ e (29%)	10.3 [^]	nm ¹¹	10.2 [^]	nm ¹¹	2020	-21%	2023
Others ^{2,6} 	59.3	nm ¹⁰	12.6	nm ¹⁰	19.6	nm ¹⁰	2021		
Power ⁵ 	5.3	0.17–0.28 tCO ₂ /MWh (46-67%)	5.9	0.47 [^] tCO ₂ /MWh	6.6	0.52 [^] tCO ₂ /MWh	2021	-10%	2023
Shipping ⁷ 	4.1	0% delta 0% delta 0% delta	2.8	+6.4% [^] delta +11.8% [^] delta +16% [^] delta	2.5	+2.6% [^] delta +7.3% [^] delta +10% [^] delta	2021	+4.5%	2022
Steel ⁵ 	1.3	1.4–1.6 tCO ₂ /tonne Steel (22-32%)	2.0	1.97 [^] tCO ₂ /tonne Steel	1.9	2.06 [^] tCO ₂ /tonne Steel	2021	-4%	2023
Thermal Coal Mining ¹⁵ 	0.04	0.5 MtCO ₂ e (85%)	1.6 [^]	nm ¹¹	2.3 [^]	nm ¹¹	2020	-52%	2021
	85.5		41.9		49.5				
CPBB									
Residential Mortgages ^{4,8} 	74.3	29–32 kgCO ₂ e/Sq.m (15-23%)	0.04	37.7 [^] kgCO ₂ e/Sq.m	0.04	37.6 [^] kgCO ₂ e/Sq.m	2021	0%	2023
	74.3		0.04		0.04				
Total CCIB and CPBB	159.8		41.9		49.5 ⁹				

1 Due to third-party data sets that feed into our calculations, the Group's reported financed emissions figures have a one-year lag. The Group reports on 2022 and 2021 data in this 2023 Annual Report.

2 During the year a sector-specific deep dive was performed on Aluminium as the majority of the 'Other Metals and Mining' sector reported in the prior year was lending to Aluminium clients. Due to this the sector has been disaggregated from the 'Other Metals and Mining' sector we reported in the prior year. The remainder of the 'Other Metals and Mining' sector has been included in the 'Others' category.

3 Automotive Manufacturers has been re-baselined during the year. This was due to an update in methodology from the industry's progress in adopting a test procedure that better reflects driving conditions in the real world.

4 Cement, Commercial Real Estate, Residential Mortgages and Aluminium are new sectors reported for the first time this reporting cycle. Two reporting cycles have been calculated and disclosed including a baseline and current year progression value.

5 During the year the Group has re-baselined the Oil and Gas sector from a revenue intensity to an absolute emissions metric, additionally the absolute baseline was revised from 13.7 to 13.1 due to a methodology refinement. Power and Steel have been re-baselined from a revenue intensity to a production intensity metric.

6 Others includes miscellaneous non-specific high-emitting sectors not included in a sector deep dive.

7 Following revisions to the IMO decarbonisation strategy, Poseidon Principles have replaced the initial TtW (tank to wake) delta with two additional GHG strategy scenarios. The Group has disclosed the alignment deltas for the IMO existing strategy, IMO revised minimum and the IMO striving scenarios above in that order. The Group's baseline has been set as the IMO revised minimum strategy.

8 The Group has set its Residential Mortgage target range at the most ambitious end of the public commitments made by governments and power companies in the countries where we operate and has been benchmarked to the CRREM scientific pathway.

9 2021 Absolute emissions have been restated from 58.5MtCO₂e to 49.5MtCO₂e. This is due to: (i) reduction in shipping absolute emissions as improved data has resulted in individual ship-level fair values being obtained; (ii) pausing of aviation emissions reporting due to the sale of the Group's aviation leasing and lending business; (iii) decreases in Automotive Manufacturers' emissions due to changes in the industry emissions reporting methodology referenced earlier; (iv) decreases in emissions from the 'Others' sector where improved data has been obtained to calculate emissions; and (v) the sectoral baselining of emissions reporting for the Cement and Commercial Real Estate as separate high-emitting sectors.

10 Value is not required as the Group has not set a target for the 'Others' sector.

11 Value is not required as the Group has set an absolute emissions target and therefore the production intensity of the portfolio has not been measured.

12 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub).











13 Emissions are calculated in CO₂e except where other GHGs are material which are noted as CO₂e (this includes Oil and Gas, Coal, Aluminium, CRE, Shipping and Residential Mortgages).

14 Of the cumulative movement of -21%, there was a 1% increase in emissions between 2021 and 2022.


15 Of the cumulative movement of -52%, there was a 30% decrease in emissions between 2021 and 2022.

16 For further information, please refer to our 'Net zero methodological white paper - The journey continues' publication via [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub).

Our approach to measuring financed emissions

Sector	Emissions approach	Scenario	Value chain	Scope of emissions ⁴	2022 PCAF score	2021 PCAF score	In scope exposure coverage
CCIB³							
Aluminium 	Production intensity	MPP STS	Aluminium producers	1, 2	2.4	2.2	100%
Automotive Manufacturers 	Physical intensity	IEA APS and NZE	Automotive manufacturers	1, 2 3	2.2 ¹ 5 ²	2.4 ¹ 5 ²	100%
Cement 	Production intensity	IEA NZE	Clinker and cement manufacturing	1, 2	2.3	2.9	100%
Commercial Real Estate 	Physical intensity	IEA APS and NZE	Real estate leasing	1, 2	4	4	99%
Oil and Gas 	Absolute emissions	IEA NZE	Upstream, midstream and downstream	1, 2 3	3.2 ¹ 3.2 ²	3.2 ¹ 3.5 ²	97%
Others 	Absolute emissions	IEA NZE	Other sectors	1, 2	3.3	3.3	86%
Power 	Production intensity	IEA APS and NZE	Electricity Generation & Distribution	1, 2	3.3	3.2	100%
Shipping 	Physical intensity	IMO existing, IMO rev. min. IMO striving	Shipping lessors and companies	1, 3	1	1	99%
Steel 	Production intensity	MPP TM	Steel producers	1, 2	3.8	3.7	98%
Thermal Coal Mining 	Absolute emissions	IEA NZE	Thermal coal	1, 2 3	3.7 ¹ 3 ²	3.8 ¹ 3 ²	100%

CPBB

Residential Mortgages 	Physical intensity	CRREM	Residential households	1, 2	4.4	4.4	100%
--	--------------------	-------	------------------------	------	-----	-----	------

Sector emissions for material Scope 3 high-emitting sectors

Sector	2022		2021	
	Scope 1,2	Scope 3	Scope 1,2	Scope 3
Automotive Manufacturers	0.1	2.7	0.1	3.2
Oil and Gas	1.7	8.6	1.3	8.9
Thermal Coal Mining	0.1	1.5	0.1	2.2

1 PCAF score for Scope 1 and 2 emissions.

2 PCAF score for Scope 3 emissions.

3 In scope coverage remained consistent from 2021 to 2022 improving from 87% to 90% on CCIB financing.

4 For further information, please refer to our 'Net zero methodological white paper – The journey continues' publication via [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub).

Facilitated emissions

During 2022, Standard Chartered joined the Partnership for Carbon Accounting Financials (PCAF) to support the development of a methodology to measure facilitated emissions associated with the arranging of capital markets issuances. PCAF recognises that capital market facilitation is essential for the climate transition. Therefore, this year we are expanding our reporting to cover facilitated emissions associated with our debt capital markets services. In line with PCAF recommendations, we are reporting our facilitated emissions separately from financed emissions due to the inherent difference in the underlying nature of these activities. The Group is reporting its baseline facilitated emissions under the 33% weighting factor in line with PCAF guidance, noting that facilitated emissions relate to the provision of a service and not financing. PCAF recognises that facilitated emissions are distinct from financed emissions given that capital market transactions are rarely held on a financial institution's balance sheet and typically a financial institution's association with the transaction is temporary. However, the Group is also disclosing facilitated emissions using a 100% weighting factor to reflect the maximum potential GHG emissions that theoretically could be associated with capital market activities.

Scope of emissions ^{1,2}	2021		PCAF Score	Emissions in scope ⁵
	33% weighting factor ⁴ MtCO ₂ e	100% weighting factor ⁴ MtCO ₂ e		
Scope 1 and 2	1.5	4.5	3.1	Scope 1 and 2 emissions are covered for all sectors
Scope 3	1.2	3.7	5.0	Scope 3 emissions are included for Oil and Gas, Thermal Coal Mining and Automotive Manufacturing
Total³	2.7[^]	8.2[^]		

1 Our 2021 emissions are calculated using 2021 debt capital markets data from Dealogic and 2021 emissions data from S&P Trucost.

2 Nearly 90% of emissions are based on reported emissions data from S&P Trucost. For the remaining we utilise proxy calculations based on economic activities.

3 Values noted with a caret symbol (^) are subject to independent limited assurance by EY, report available at [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub).

4 Following the release of the final Facilitated Emissions guidance by PCAF in December 2023 the Group has measured its Facilitated Emissions baseline for 2021. 2022 and 2023 Facilitated Emissions will be published in the 2024 Annual Report.

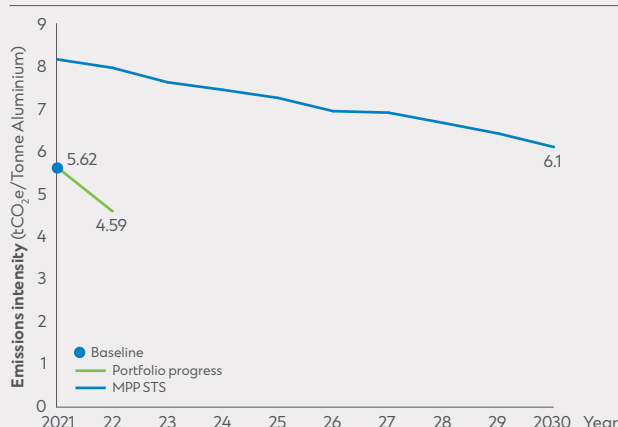
5 For further information, please refer to our 'Net zero methodological white paper – The journey continues' publication via [sc.com/sustainabilityhub](https://www.sc.com/sustainabilityhub)

Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline
0.2	6.1tCO ₂ e/tonne Aluminium (Maintain at 1.5°C scientific pathway)	-18%

Sector background

The production of aluminium is emissions-intensive and is responsible for roughly 2%¹ of global CO₂e emissions per year. The sector is heavily reliant on electricity from the local grid with over 60% of the sector's CO₂e emissions occurring from the electricity consumed during smelting.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year, the Group measured the Aluminium portfolio baseline using a production intensity (tCO₂e/tonne Aluminium). A baseline of 5.62tCO₂e/tonne Aluminium has been measured with 2021 as the baseline year. This baseline is below the Mission Possible Partnership Aluminium Sector Transition Strategy (MPP STS) pathway 2030 target of 6.1tCO₂e/tonne Aluminium, as the Group's current exposure is to clients with lower emissions-intensive energy sources.

Nonetheless, we have issued facilities which have not yet been drawn to counterparties with less efficient smelters and therefore the Group's target is to maintain below the MPP STS 1.5°C pathway. Note that our MPP STS pathway has been adjusted downwards to include recycled aluminium production.

When calculating our emissions, we measure the aluminium producer's Scope 1 and 2 emissions. This is in line with the 'Fixed System Boundary' set out by the SAFF (Sustainable Aluminium Finance Framework).

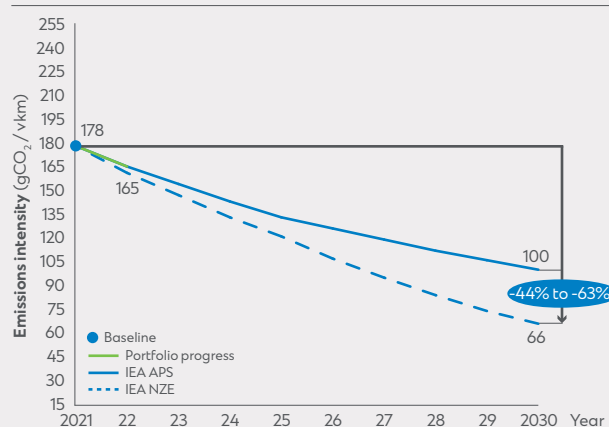
During the year the physical intensity of the portfolio decreased by 18% from 5.62tCO₂e/tonne Aluminium to 4.59tCO₂e/tonne Aluminium. This was due to year-on-year decreases in exposure to some of the Group's higher-intensity primary aluminium producing clients.

Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline
2.8	66–100g CO ₂ /V.km (44–63% reduction)	-7%

Sector background

The automotive industry is a significant contributor to climate change through annual exhaust emissions, accounting for 8%¹ of global CO₂ emissions. Transitioning from internal combustion engines (ICE) to electric vehicles (EVs) is crucial to reach net-zero by 2050 through decreasing the demand of Oil and Gas products.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year the Group re-baselined the emissions intensity reported for the 2021 baseline year from 160gCO₂/V.km to 178gCO₂/V.km. This was due to the industry's progress in adopting a test procedure that better reflects driving conditions in the real world. This change in assumption was completed by the Transition Pathway Initiative (TPI) through a Worldwide Harmonised Light Duty Driving Test Procedure, which has been globally adopted as the standard against which all global manufacturers are evaluated.

The Group's target aligns with two scenarios of the IEA, the IEA NZE and the IEA APS.

When measuring the sector emissions, the boundary covers Original Equipment Manufacturers (OEMs) of newly manufactured light duty vehicles. The Group includes Scope 1, 2 and 3 emissions (excluding well-to-tank emissions) in our financed emissions calculation. For Scope 3 we include the lifetime tailpipe emissions of the vehicles produced during the reporting cycle and a factor derived from supply chain emissions of the OEM.

The Group's sector intensity for 2022 is 165gCO₂/V.km, a 7% decrease from 178gCO₂/V.km. This emission decrease is due to a larger exposure to zero tailpipe EV manufacturing within the Group's Automotive Manufacturers portfolio.

On track Transition alignment required

- Emissions contribution per the IEA's World Energy Outlook 2023.
- Graphs reflect 2022 balance sheet values reported during 2023.

Cement

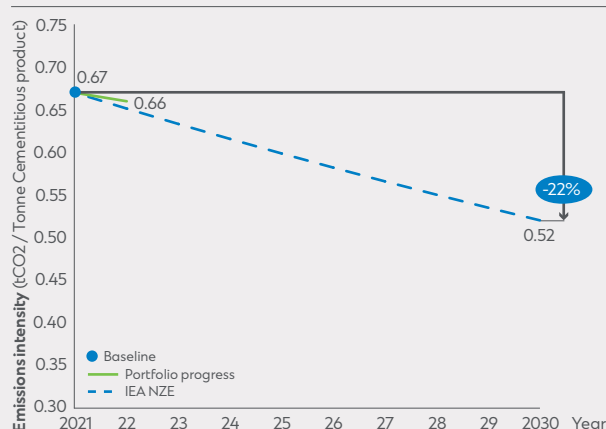
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline	
0.9	0.52 tCO ₂ /tonne Cement (22% reduction)	-1%	On track

Sector background

Cement contributes to approximately 7%¹ of total GHG emissions on a global scale. The primary source of carbon dioxide emitted is due to the chemical reaction that takes place between limestone and heat throughout the manufacturing procedure.

By increasing energy efficiency and utilising alternative fuels in the limestone heating process, the industry can reduce its carbon emissions.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year the Group measured its 2021 balance sheet baseline and current year emissions progress in addition to setting a target. Our target range has been set using the IEA NZE pathway.

When calculating our portfolio emissions, the midstream processes are measured, including heating of limestone and combustion of the fuels used in the cement kiln and other plant processes.

In setting our emissions baseline and target, we have measured our cement sector portfolio emissions with a production-based emissions intensity metric of tonnes CO₂ per tonne of cementitious material (tCO₂/tonne Cement). Our selection of a production-based emissions intensity metric for the cement industry is motivated by the need to balance the rising demand for cementitious materials in emerging economies with the pressing requirement to decarbonise the cementitious material production process.

The portfolio emissions have remained static during the year with new clients having carbon intensities that are consistent with our portfolio. We have started to work with cement counterparties on their transition plans and commitments where their decarbonisation ambition does not match our own.

Commercial Real Estate

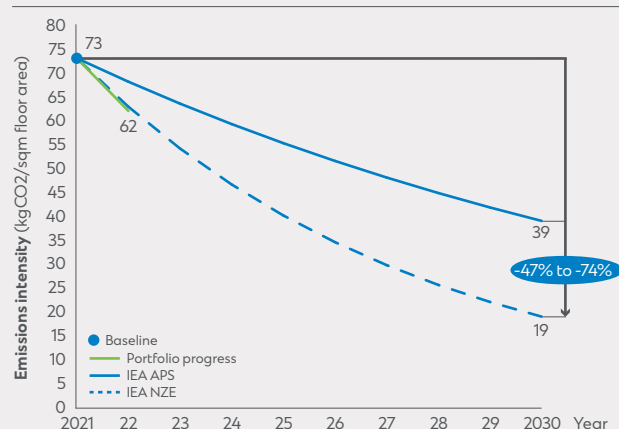
Balance in scope (\$bn)	interim target	Cumulative performance versus baseline	
4.8	19–39 kgCO ₂ /Sq.m (47–74% reduction)	-15%	On track

Sector background

The building sector currently contributes 8%¹ of the global energy-related emissions in 2022 per the IEA WEO 2023. Key drivers of the emissions in the portfolio include the size and type of the building as well as the energy source powering the building.

Insulation and ventilation, building energy management, electrification and cleaner electricity will be key drivers of decarbonisation in the portfolio.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year the Group measured our Commercial Real Estate (CRE) portfolio's 2021 balance sheet baseline and 2022 progress of GHG emissions. The Group has also set a target to reduce emissions in the portfolio by 47% to 74% by 2030 using the IEA APS and NZE scenarios to set the target.

The emissions measured cover CRE assets being leased to earn rental returns and include the Scope 1 and 2 emissions from these buildings. A physical intensity of kgCO₂e/m² is the metric used to measure the portfolio's progress to net zero. This is calculated by summing the portfolio's Scope 1 and 2 emissions and dividing this by the floor area of the portfolio.

Our portfolio intensity moved from 73kgCO₂e/Sq.m to 62kgCO₂e/Sq.m, a reduction of 15% year-on-year. This was primarily due to our CRE regions' power supplies starting to decarbonise and macroeconomic changes resulting in geographical shifting of the portfolio from the east to the west, and less carbon-intensive energy supplies. We continue to work with technology providers on solutions for individual building carbon emissions measurement and management.

On track Transition alignment required

¹ Emissions contribution per the IEA's World Energy Outlook 2023.

² Graphs reflect 2022 balance sheet values reported during 2023.

Oil and Gas

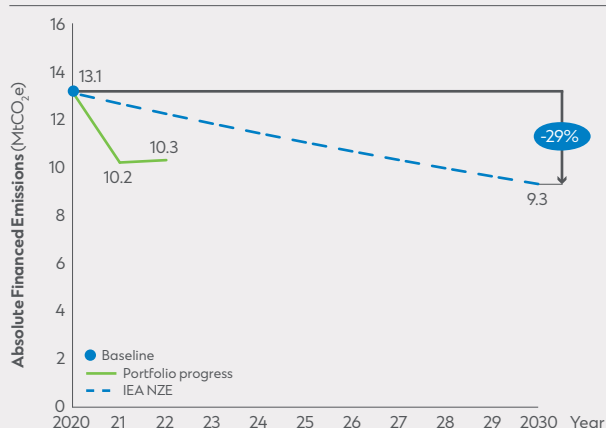
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline	
6.8	9.3 MtCO ₂ e (29% reduction)	-21%	●

Sector background

The Oil and Gas industry's production emissions and consumption emissions account for approximately 15%¹ and 36%² of global energy-related emissions respectively. As such, the decarbonisation of the Oil and Gas sector is crucial for achieving global net zero carbon emissions.

The transition requires the development of new technologies such as abating emissions at source through deployment of carbon capture and (underground) storage technologies, and the evolution of Oil and Gas companies to energy companies through investment in renewables.

Baseline target and portfolio progress 2020 to 2030³



Progress in the year

During the year, the Group replaced its existing revenue intensity target with an absolute Oil and Gas target, which now requires a 29% reduction in absolute financed emissions by 2030 against our 2020 balance sheet baseline. This effectively sets a carbon budget for the Oil and Gas team which can only be achieved through Oil and Gas companies decarbonising or via the Group's exposure to this sector decreasing.

The emissions measured in our reporting include upstream (exploration, extraction and production), midstream (transportation and storage) and downstream (refinement and gas station operation) activities. An absolute emissions metric is used to manage the portfolio, recognising the importance of phasing out oil and gas through the transition but also recognising the importance of gas in the transition period.

Oil and Gas absolute emissions have remained relatively consistent year-on-year from 10.2MtCO₂e as reported on the 2021 balance sheet to 10.3MtCO₂e in 2022. This has been a result of greater exposure in scope offset by a decrease of production intensity of certain clients, in line with our expectations of reductions.

● On track ● Transition alignment required

- 1 IEA: The Oil and Gas Industry in Net Zero Transition.
- 2 Emissions contribution per the IEA's World Energy Outlook 2023.
- 3 Graphs reflect 2022 balance sheet values reported during 2023.

Power

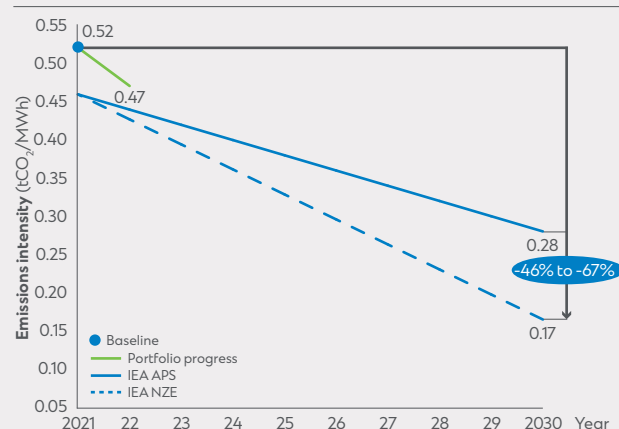
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline	
5.3	0.17–0.28 tCO ₂ /MWh (46–67% reduction)	-10%	●

Sector background

Power generation is a material source of CO₂ emissions globally, through the Scope 1 burning of fossil fuels. It is also a leading sector in the transition to net zero emissions through the rapid increase of renewables such as solar and wind.

Decarbonising the portfolio will require scaling renewable lending or funding of lower-emission plants fuelled by cleaner energy sources.

Baseline target and portfolio progress 2021 to 2030³




Progress in the year

During the year the Group has measured its 2021 balance sheet baseline emission intensity and its 2022 progress towards the 2030 target. The Group's target range was set using an IEA APS and NZE reference scenario range, recognising the importance of decarbonising the power sector but also reflecting our positioning as an emerging markets bank and our commitment to a just energy transition.

In setting our emissions baseline and target, we have measured our Power portfolio emissions with an intensity metric (tCO₂/MWh). We primarily measure the Scope 1 emissions associated with the generation of power through combustion of fossil fuels or biomass when calculating our emissions.

From 2021 to 2022 the portfolios emissions intensity moved from 0.52tCO₂/MWh to 0.47tCO₂/MWh, a reduction of 10%. This was caused by a shift in the portfolio mix with more lending to lower-emitting gas generation and renewables.

Shipping

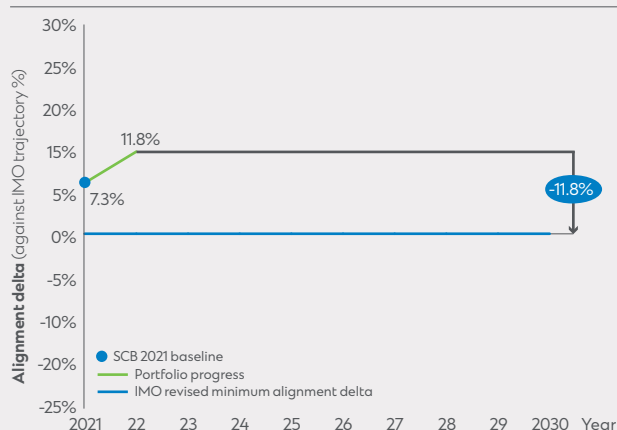
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline
4.1	0% delta	+4.5% 

Sector background

International shipping plays an essential role in the facilitation of world trade as the most cost-effective and energy-efficient mode of cargo transport. It contributed 2%¹ of global emissions per the IEA WEO 2023.

With oil-based fuels historically meeting over 99% of shipping energy needs, transition to low emission fuels will be key in decarbonising the sector. The Group is a signatory of the Poseidon Principles, which determines the decarbonisation principles to follow when providing shipping finance.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

In 2022, the Group set a target to achieve a 0% alignment delta for its shipping portfolio by 2030. This alignment delta is measured using the Poseidon Principles framework based on a 50% CO₂ reduction pathway by 2050 using 2008 as a baseline. A positive alignment score means that the portfolio is misaligned (above the decarbonisation trajectory), whereas a negative or zero score means that the portfolio is aligned. In 2023, Poseidon Principles added two additional pathways: the revised minimum (the Group's base case) and striving trajectory. These new scenarios are more stringent and are net zero by 2050.


During the year, the Group's revised minimum alignment delta increased from 7.3% to 11.8%, placing the Group in the top quarter on an efficiency basis of Poseidon Principle signatories, which collectively represents 70% of global shipping finance exposure. This increase of 4.5% in alignment delta is primarily due to new vessels financed, which were delivered late in the year and therefore were very inefficient, as they travelled very short distances in the start-up phase. These vessels are expected to improve their efficiency once annualised. Secondly, container shipping operators saw strong demand and profitability in 2022, which encouraged faster and more fuel-inefficient journeys. Next year, the Group will further observe the impact of the Carbon Intensity Indicator measurement of ships' efficiency which has come into effect in 2023, and incentivises shipowners to optimise their emissions impact.

 On track  Transition alignment required

¹ Emissions contribution per the IEA's World Energy Outlook 2023.

² Graphs reflect 2022 balance sheet values reported during 2023.

Steel

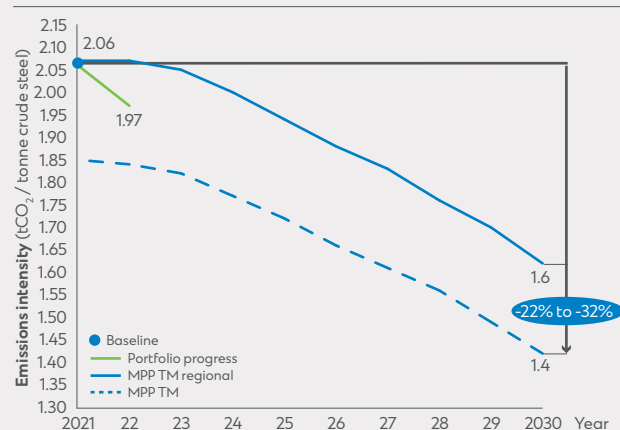
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline
1.3	1.4–1.6 tCO ₂ /tonne Steel (22–32% reduction)	-4% 

Sector background

The steel industry is the largest source of industrial CO₂ emissions and accounts for roughly 7%¹ of global CO₂ emissions. This is largely due to the sector's reliance on metallurgical coal as the primary fuel source.

Technological solutions to decarbonise this sector will include scrap-based electric arc furnaces, natural gas or hydrogen-based direct reduction plants with electric arc furnaces (all with clean power supplies) and the potential for CCUS.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year the Group updated its original revenue-based intensity baseline to a production-based intensity metric with a baseline year of 2021. We also measured our progress during the year.

We have set a target of 1.4–1.6tCO₂/tonne Steel by 2030 using a production intensity metric, recognising the urgent need to decarbonise the steel production process, while balancing the growing demand of steel in emerging economies.

When calculating our emissions, we measure the steelmaker's Scope 1 and 2 emissions. This is in line with the 'Fixed System Boundary' as set out by the Sustainable Steel Principles (SSP).

From 2021 to 2022 the physical intensity of the portfolio moved from 2.06tCO₂/tonne Steel to 1.97tCO₂/tonne Steel, a decrease of 4%. This was due to a year-on-year decrease to the Group's higher-emitting clients and improvements in the energy performance of some clients in Asia.

Residential Mortgages

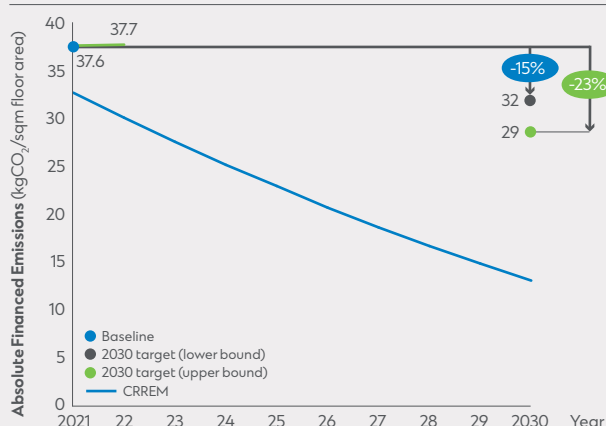
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline	
74.3	29–32 kgCO ₂ e/Sq.m (15–23% reduction)	0%	●

Sector background

The key drivers of the emissions in the residential mortgages portfolio include the size and energy efficiency, and the energy source powering the residential floor area.

Insulation and ventilation, building energy management, electrification and cleaner electricity will be key drivers of decarbonisation in the portfolio.

Baseline target and portfolio progress 2021 to 2030²



Progress in the year

During the year the Group measured its 2021 balance sheet baseline and 2022 progress of GHG emissions from the four main residential mortgage portfolios, namely Hong Kong, South Korea, Singapore and Taiwan, accounting for approximately 89% of the Group's exposure. Emissions measured in our baseline and annual progress include Scope 1 and 2 emissions from the residential properties the Group lends against. A physical intensity of kgCO₂e/Sq.m is the metric used to measure the portfolio's progress.

Standard Chartered, as a UK headquartered Group with a large footprint in Asia, is one of the first banks to set a target on its mortgage portfolio across multiple countries. While we have set a single group-level target, the very nature of the residential real estate market means all decarbonisation actions will take place at the local level. Achieving our target is dependent on actions by local governments and power companies decarbonising power generation. The target range has been set at the more ambitious end of the public commitments made by governments and power companies in the countries where the Group operates. These targets have been benchmarked to, and currently sit above, the global CRREM pathway to 2030. We will review this over time based on changes to country commitments and ambition. The Group has set a target of 29–32kgCO₂e/Sq.m being a 15% to 23% reduction by 2030 of the baseline portfolio intensity of 37.6kgCO₂e/Sq.m. The portfolio intensity remained consistent and will decrease over time through the decarbonisation of the national grids in our markets.

● On track ● Transition alignment required

- 1 Emissions contribution per the IEA's World Energy Outlook 2023.
2 Graphs reflect 2022 balance sheet values reported during 2023.

Thermal Coal Mining

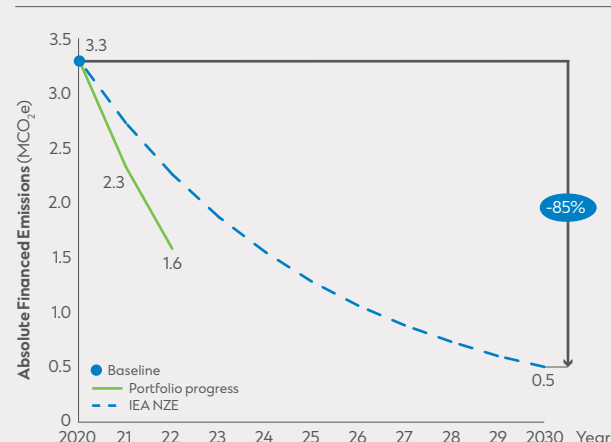
Balance in scope (\$bn)	2030 interim target	Cumulative performance versus baseline	
0.04	0.5 MtCO ₂ e (85% reduction)	-52%	●

Sector background

The coal sector is the largest energy source for electricity generation globally as well as being the largest single source of carbon emissions, contributing 42%¹ of total CO₂e emissions when combusted.

Although global emissions related to coal have increased in 2022 due to the ongoing energy crisis, coal is expected, and is required to be phased out over the transition towards net zero.

Baseline target and portfolio progress 2020 to 2030²



Progress in the year

The Group has set a target of reducing our absolute baseline emissions by 85% by 2030. This target, in addition to our Position Statements, which places ever increasing limits on financial services the Group can provide to coal-reliant clients, recognises there is limited opportunity to reduce carbon intensities associated with the Coal sector and sets a decreasing carbon budget on this sector.

During the year we calculated our progress up to 2022 towards our absolute target against our 2020 balance sheet baseline. This includes thermal coal upstream (exploration and extraction), midstream (transportation) and downstream (refinement) when measuring our absolute emissions.

The absolute emissions of the portfolio from 2021 to 2022 decreased from 2.3MtCO₂e to 1.6MtCO₂e a decrease of 30%. This was due to the portfolio being run down subject to contractual commitments with no new use of proceeds financing having been provided.

Pillar 4: Leverage our innovation hubs

Announced in 2023, the four thematic innovation hubs – Adaptation Finance, Blended Finance¹, Carbon Markets and Nature Positive Solutions – focus on emerging themes of sustainability aligned to areas where the Group has a core competency and are particularly suited to our clients in our footprint markets. Each hub is transversal, run by senior leaders in the CSO organisation, and aims to identify opportunities for future returns outside of our

core range of traditional products and services. By being deliberate in demonstrating leadership to advance the ecosystem in these emerging thematic areas, the Group will be well positioned to take advantage of the significant and differentiated revenue potential that will result from maturation of these thematic areas in the future.



For further information on collaborative initiatives the Group participates in, refer to [page 96](#)

1. Adaptation Finance

The world is experiencing impacts from changes in average temperature, seasonal shifting, an increasing frequency and intensity of extreme weather events, and slow onset events.

A significant proportion of our Group's footprint markets are coastal, which means that adaptation represents both a risk and an opportunity for us and our clients.

There is an urgent global need to unlock and scale public and private climate adaptation finance to build shared societal resilience. This need is applicable to all nations but is particularly acute in emerging and developing economies.

Acknowledging our geographical footprint and the multiplier effect of investment in adaptation – where every dollar spent on adaptation this decade could generate up to \$12 of economic benefit ([sc.com/adaptation-economy](#)) – it is our ambition to act decisively and mobilise others on adaptation.

In 2023:

- Closed the Group's first Adaptation Finance transaction; an adaptation letter of credit with a parametric insurance provider for the renewable energy sector.
- Reviewed our Group's portfolio to analyse data on past transactions related to adaptation.
- Used data collected from our Climate Risk Assessments to design an 'adaptation readiness' test at the client level.
- Collaborated externally with KPMG and the United Nations Office for Disaster Risk Reduction (UNDRR) to develop the market's first Guide to Adaptation and Resilience Finance (GARF), which was announced at COP28 and published in early 2024.

"The Adaptation Hub has drawn on our diverse experience from across the Group. Our first Adaptation Finance deal provided a test case to scaling our efforts internally and demonstrate how private sector finance can be deployed into Adaptation. The new Guide for Adaptation and Resilience Finance (GARF) is centred around bankable opportunities and we hope it will unlock significant private sector capital flow towards adaptation in emerging markets."

Alex Kennedy

Head of Sustainable Finance Solutions

2. Blended Finance¹

The Independent High-Level Expert Group on Climate Finance estimate that by 2030 there will be a \$2.5–3 trillion per year financing gap between current baselines and what is required to deliver the UN Sustainable Development Goals (SDGs) in emerging markets and developing countries other than China.

Such sums cannot be delivered through public financing alone. They require the international private sector to step up, including in markets historically considered as too risky for high levels of investment. Blended finance – using concessional public funds to mobilise much larger volumes of private capital – can help to close this gap. The Just Energy Transition Partnerships (JETPs) are an example of such blended finance.

Our hub brings together public and private expertise across the Group, including one of the architects of the South Africa and Vietnam JETPs, to help commercialise blended finance. Some of the objectives of the JETPs – e.g., financing the early retirement of coal-fired power plants – will require truly innovative approaches and collaboration.

In 2023:

- Worked through international fora and industry groups (e.g., GFANZ) to leverage the Group's expertise and support – alongside other international banks – blended finance projects and programmes, including the development of frameworks for early coal retirement.
- Hosted both the Vietnamese and Indonesian governments as they launched their JETP events at COP28.
- Standard Chartered became one of the founding partners of the Bangladesh Climate and Development Partnership, which aims to use blended finance to help Bangladesh adapt to climate change.

"Where money goes today shapes tomorrow's world' was the theory of change for the COP26 organisers. While the scale of the challenge remains significant – the Vietnam and Indonesian JETPs alone each require over \$100bn of private finance – the opportunities also remain clear. Blended Finance offers us in Standard Chartered the chance to make use of donor financing to help the markets that we call home accelerate their journeys towards net zero."

John Murton

Senior Sustainability Advisor

¹ The hub developed an internal working definition in order to differentiate and build upon the Group's already long-established blended finance reputation in Export Credit Agency financing. We use 'Blended Finance' here to refer to the strategic use of catalytic public (and/or philanthropic) capital and regulatory reform to increase private sector investment that supports the SDGs. This can happen at a programme level or at a project level and may involve the creation and use of innovative financing instruments and structures to overcome barriers to investment.

3. Carbon Markets

A high-integrity carbon market, combined with corporate commitments to cut emissions and high standards of reporting, can accelerate the global progress towards net zero by 2050. The use of high-quality carbon credits can play a part in a multi-faceted and urgent approach to decarbonisation, as it enables climate action in sectors and geographies that remain severely underfunded today.

Carbon credits can be complementary to a credible corporate net zero transition plan and help bridge the gap between the emissions reductions that can be implemented now, and the longer lead time for technological solutions that are yet to scale.

Standard Chartered has been at the forefront of several initiatives that are working to ensure that a high integrity, scalable market develops. We offer trading, advisory, financing and risk management services to our clients around the world.

In 2023:

- Involved in some of the largest carbon market transactions, including the Regional Voluntary Carbon Market Company and Climate Impact X (CIX) auctions.
- Established primary supply partnerships with clients in Kenya, Brazil, China and Vietnam.
- Educated policymakers, clients and colleagues on the benefits of a liquid carbon market to bring funding to people and projects that likely would not receive it otherwise.
- Participated in several industry initiatives that support development of the global carbon market: the International Emissions Trading Association (IETA), the Integrity Council for the Voluntary Carbon Markets (ICVCM), the Voluntary Carbon Markets Integrity Initiative (VCMI) and the Africa Carbon Markets Initiative (ACMI).

“For many years, we have faced a huge challenge and a degree of scepticism, to build the framework for a global carbon market. With the arrival of the ICVCM’s Core Carbon Principles and the development of end-to-end carbon market announced at COP28, that framework now exists. We have all the component parts of a vibrant market. We need to make it work in practice and make sure it grows big enough to make a meaningful contribution to global net zero.”

Chris Leeds
Head of Carbon Markets Development

4. Nature Positive Solutions

It is estimated that over half of global GDP is moderately or highly dependent upon nature. Despite its importance, biodiversity is rapidly declining.

Having applied international environmental and social standards in our financing for more than 20 years, our presence in markets with some of the richest biodiversity in the world positions us to engage with a range of stakeholders. We are guided by our commercial ambition to increasingly shift financial flows toward nature positive outcomes and thereby contribute to the halting and reversing of biodiversity loss. Nature is also a critical lever for climate change mitigation and adaptation and the hub collaborates with the Carbon Markets and Adaptation Finance hubs to explore natural climate solutions and ecosystem-based adaptation opportunities.

In 2023:

- Conducted initial impact and dependency assessment to identify our exposure to potentially material sectors in our CCIB segment.
- Partnered externally with organisations such as the Ocean Risk and Resilience Action Alliance (ORRAA) and were invited to participate in the UN Global Compact Ocean Investment Protocol Steering Committee.
- Welcomed the publication of the Taskforce for Nature-related Financial Disclosures (TNFD) guidance and recommendations as we see the value in transparency and comparability when reporting on nature-related dependencies, impacts, risks and opportunities.
- In January 2024, the Group joined a cohort of early adopters of the TNFD framework preparing to publish our first TNFD-aligned disclosures in early 2026.

“The Kunming-Montreal Global Biodiversity Framework signed by 196 nations puts the global economy on a policy trajectory that is needed to bend the curve on biodiversity loss. Now is the opportunity for collective action to halt and reverse biodiversity loss to allow species and ecosystems to recover.”

Oliver Withers
Head of Nature

Climate- and sustainability-related governance

Sustainability-related risks, opportunities and organisational implications are overseen by the Group's Board, Management Team and multiple supporting sub-committees.

Board oversight of climate- and sustainability-related risks and opportunities

The Board is responsible for the long-term success of the Group and its supporting committees consider climate- and sustainability-related risks and opportunities when reviewing and guiding strategic decisions. Throughout 2023, Board activities have included reviewing and guiding strategic decisions on our approach to reach net zero financed emissions by 2050. Since 2019, the Board has approved a Climate Risk Appetite Statement annually to reflect our aim to measure and manage the financial and non-financial risks arising from climate change and to reduce emissions related to the Group's own activities, including those associated with providing financial services to clients, in line with the Paris Agreement.

Management-level governance

Each member of the Group Management Team is responsible for strategically driving climate considerations within their geography, business segment or function in line with our net zero roadmap.

The responsibility for identifying and managing financial risks from climate change sits with the Group Chief Risk Officer (GCRO) as the appropriate Senior Management Function (SMF) under the Senior Managers Regime (SMR). The GCRO is supported by the Global Head, Enterprise Risk Management, who has day-to-day oversight and responsibility for the Group's second line of defence against Climate Risk.

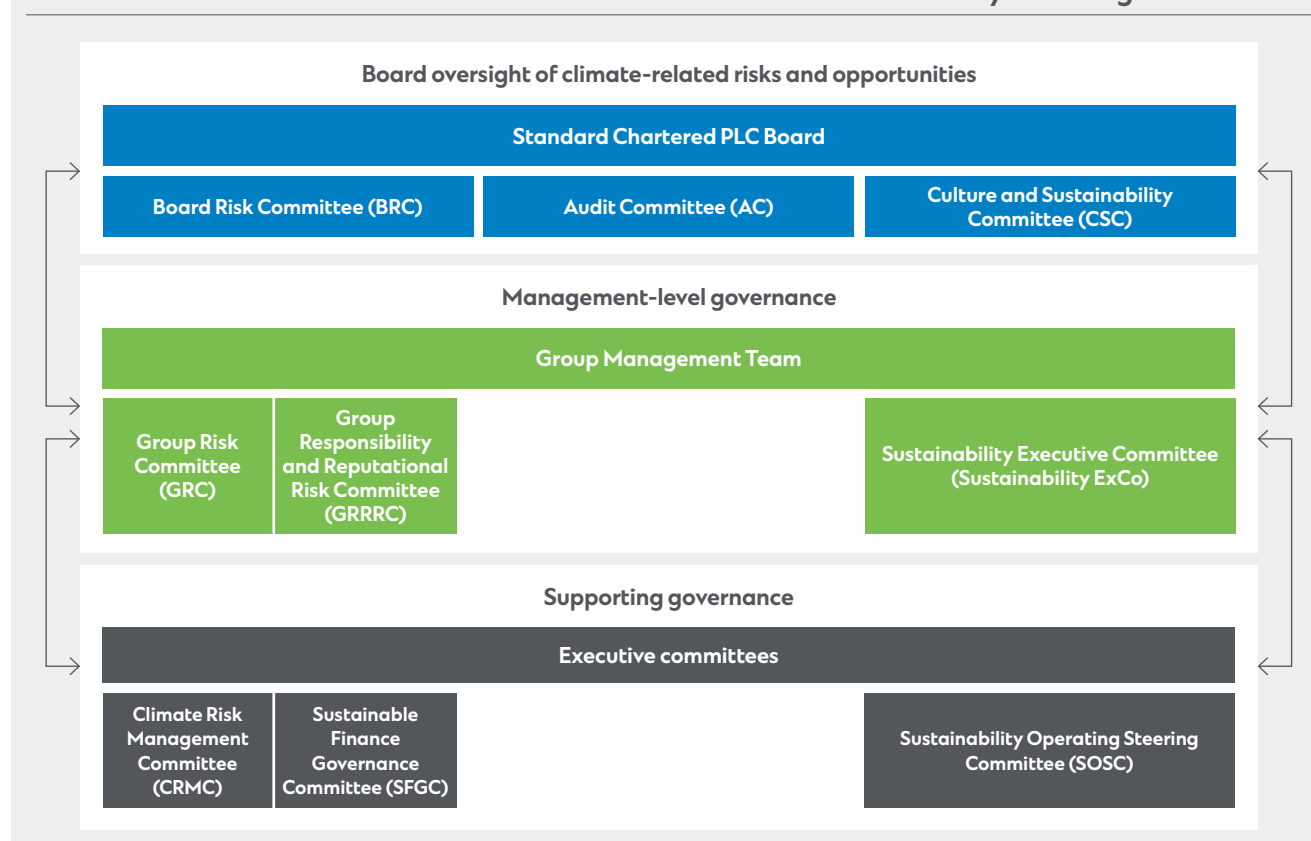


The structure of the Group's Board and Management Team can be found on [pages 137 to 144](#)

Supporting governance

The oversight and management of climate and sustainability-related risks and opportunities are an integral part of our business management, involving several executive committees. These committees operate under their terms of reference, delineating responsibilities, decision-making process, authority and the escalation route for any material issues. Additionally, a number of teams across our business, risk and functional areas are either dedicated to, or spend a proportion of their time, working on climate and sustainability-related activities. We are also expanding governance and risk management at the regional, country and segment levels to better identify and manage climate-related risks and opportunities.

Structural overview of Standard Chartered PLC's climate- and sustainability-related governance



Governance committees and steering groups

Several committees and steering groups support the Group's Board and Management Team on the management and monitoring of climate and sustainability-related risks and opportunities and associated impacts on our business and for our key stakeholders.

Climate- and sustainability-related governance

Governance body	Chair	Agenda frequency and inputs	Roles and responsibilities	Topics covered in 2023
Standard Chartered PLC Board	Group Chairman	Annual update on Sustainability Climate Risk updates delivered quarterly through the Group CRO report	<ul style="list-style-type: none"> Oversight of the Group's sustainability strategy 	<ul style="list-style-type: none"> Received an update on the Group's sustainability strategy, including progress made against key performance indicators and public commitments Received quarterly Climate Risk updates through the GCRO reports Approved Climate Risk Appetite Statement and Board-level Risk Appetite (RA) metrics The Board received training on climate risk scenarios
Board Risk Committee (BRC)	Independent Non-Executive Director	Climate Risk updates are provided to BRC in Group CRO reports six times a year	<ul style="list-style-type: none"> Provide oversight of the Group's key risks on behalf of the Board and is the primary risk committee at Board level that oversees Climate Risk Consider the Group's Risk Appetite and make recommendations to the Board on the Climate Risk Appetite Statement Assess risk types (including Climate Risk) and the effectiveness of risk management frameworks and policies Provide oversight and challenge the design and execution of climate-related Group-wide enterprise stress tests mandated by a regulator 	<ul style="list-style-type: none"> Reviewed, discussed and challenged: <ul style="list-style-type: none"> (i) the Group's progress on embedding climate risk in line with the Prudential Regulation Authority (PRA) Supervisory Statement (SS 3/19) (ii) the results of the Group's first bespoke short-term base case and tail risk scenarios and development of the Group's internal modelling capabilities, and (iii) key focus areas for 2024 Reviewed Climate Risk Information Report quarterly Monitored adherence to RA metrics
Audit Committee (AC)	Independent Non-Executive Director	Updated annually in the fourth quarter and more frequently if any material disclosures are made outside of the Group's Annual Report	<ul style="list-style-type: none"> Responsible for oversight of the Group's quantitative reporting metrics and controls over those metrics 	<ul style="list-style-type: none"> Reviewed changes to the climate and carbon emissions-related quantitative disclosures to be reported in this Annual Report, and the key controls around those quantitative disclosures
Culture and Sustainability Committee (CSC)	Independent Non-Executive Director	Three times in 2023	<ul style="list-style-type: none"> Review the Group's overall sustainability strategy and monitor its execution Monitor the development and implementation of the Group's public commitment to net zero financed emissions by 2050 	<ul style="list-style-type: none"> Received an update on the Group's sustainability strategy, including risk, regulatory and governance matters, public commitments, and Position Statements Reviewed progress on the Group's net zero roadmap Oversaw the update and consolidation of the Group's Sustainability Aspirations Reviewed and discussed the Group's Environmental, Social and Governance (ESG) rating scores against prioritised frameworks
Group Risk Committee (GRC)	Group Chief Risk Officer (CRO)	Climate Risk updates were provided to GRC in Group CRO report 10 times during 2023	<ul style="list-style-type: none"> Ensure the effective management of Climate Risk in support of the Group's strategy Review Risk Appetite (RA) and approve Management Team-level RA metrics and thresholds for Principal Risk Types and integrated risks, including Climate Risk 	<ul style="list-style-type: none"> Received an update on Climate Risk embedding and the Climate Risk profile as part of the Risk Information Report Approved the Management Team-level Climate RA metrics and monitored adherence to these

Governance body	Chair	Agenda frequency and inputs	Roles and responsibilities	Topics covered in 2023
Group Responsibility and Reputational Risk Committee (GRRRC)	Group Head, Conduct, Financial Crime and Compliance	Monthly	<ul style="list-style-type: none"> Oversee and approve Position Statements including sector-specific and cross-sector statements including Climate Risk Oversee climate-driven Reputational and Sustainability Risk Appetite Oversee changes to Climate Risk decision frameworks 	<p>Reviewed:</p> <ul style="list-style-type: none"> Exposure to clients that do not comply with enhanced environmental and social criteria Transactions where Position Statement criteria are not fully met Transactions with high or very high Reputational Risk with climate change factors and decisions on whether to decline transactions or not The process for net zero portfolio steering and governance, including: <ul style="list-style-type: none"> (i) evaluating clients' transition plans, (ii) refreshed financed emissions data for clients in sectors where the Group has set net zero targets and (iii) ongoing approach to net zero portfolio management Updates for cross-sector and sector-specific Position Statements
Sustainability Executive Committee (Sustainability ExCo)	Chief Sustainability Officer (CSO)	At least eight times a year	<ul style="list-style-type: none"> Hold ultimate decision-making authority over all material Sustainability initiatives as delegated by the Group Management Team Direct actions as necessary for areas of improvement to ensure the effective implementation of Sustainability initiatives Review findings and escalations from delegated committees (including but not limited to the Sustainability Operating Steering Committee) Oversees the net zero programme 	<p>Reviewed and approved:</p> <ul style="list-style-type: none"> New or updated net zero sector targets for Aluminium, Steel, Power, Cement, Residential Mortgages and Commercial Real Estate Consolidation of the Group's Sustainability Aspirations <p>Discussed:</p> <ul style="list-style-type: none"> The Group's approach to integrating nature-related risk into the business model The Group's ESG ratings and priority disclosures
Climate Risk Management Committee (CRMC)	Global Head, Enterprise Risk Management	Six times in 2023	<ul style="list-style-type: none"> Oversee development and implementation of the Climate Risk framework, including relevant regulatory requirements Oversee all aspects of risk management practices for climate-related financial and non-financial risks, including leadership and oversight in developing and effectively implementing the Group's Climate Risk management framework Provide structured governance around engagement with relevant Principal Risk Types impacted by or linked to Climate Risk Provide challenge and recommend Climate Risk-related Enterprise Stress Test results Review, challenge and provide input on external disclosures such as Climate Risk-related financial disclosures, including those set out by the Taskforce on Climate-related Financial Disclosures (TCFD) Monitor and manage the Climate Risk and net zero profile of the Group within Risk Appetite 	<p>Drove delivery of:</p> <ul style="list-style-type: none"> Climate-related Group-wide stress testing and management scenario analysis Progress associated with integrating Climate Risk across all impacted risk types Climate Risk-related external disclosures, including those discussed in this report Climate Risk research with Imperial College London Regulatory feedback and supervision Climate-related management information and Risk Appetite metrics Approach to delivering training and upskilling staff on Climate Risk across the Group Oversight on the development, ownership, as well as the results of Climate Risk models in scope

Governance body	Chair	Agenda frequency and inputs	Roles and responsibilities	Topics covered in 2023
Sustainable Finance Governance Committee (SFGC)	Global Head of Sustainable Finance (SF)	At least six times a year	<ul style="list-style-type: none"> • Provide leadership, governance and oversight in delivering the Group's SF offerings • Review and endorse SF products • Guide the Group in identifying opportunities in SF and managing the greenwashing risks relating to SF 	<p>Reviewed and approved:</p> <ul style="list-style-type: none"> • SF products including sustainable cash products, sustainable trade finance products and SF retail loan products • Green and sustainable finance transactions including transactions with climate-related key performance indicators • The Group's approach to launching sustainable and climate products • The Group's Green and Sustainable Product Framework (GSPF), encompassing a range of climate finance activities • The Group's Transition Finance Framework outlining our approach to defining transition activities • The Group's approach to pureplay clients which align to the Group's GSPF
Sustainability Operating Steering Committee (SOSC)	Head Strategic Initiatives, Sustainable Finance	Monthly	<ul style="list-style-type: none"> • Central forum where all strategic priorities related to sustainability are consolidated, prioritised and agreed upon • Oversee and monitor milestones and deliverables of sustainability initiatives • Ensure sustainability investment budget is centrally prioritised and allocated to Business and Function's Quarterly Performance Reviews • Be a forum for escalation and decision-making 	<ul style="list-style-type: none"> • Tracked delivery of net zero sectoral target setting against our commitments • Enforced accountability and fostered collaboration across the Group to implement the Group's net zero plan requirements and advance the digitalisation of Sustainable Finance data and reporting • Provided updates on advancement within the Group's innovation hubs

Governance of our Sustainable Finance frameworks

We have Product Programme Guidance documents which underpin each Sustainable Finance product that we offer, signed off by a delegate of the Sustainable Finance Governance Committee (SFGC) following approval of the product construct by the SFGC.

The SFGC is our forum for reviewing Sustainable Finance products and derives its authority from the Group Responsibility and Reputational Risk Committee (GRRRC). The SFGC is our foremost committee on managing greenwashing risk in Sustainable Finance product design and labelling.

- Our **Green and Sustainable Product Framework** sets out our approach to mitigating greenwashing risk across our product suite and defines the themes and activities that we consider eligible for green and social financing. The Framework is informed by international market guidelines and standards on green and sustainable finance, among others, the Climate Bonds Standard, EU Taxonomy for sustainable activities and the Green Loan Principles. Co-authored with Morningstar Sustainalytics, our Framework is reviewed annually to ensure it remains in line with the latest industry standards. For more information, please visit sc.com/gspf.
- Our **Sustainability Bond Framework** governs our sustainable debt products, providing transparency and guidance on the use of proceeds and the impact of the green, social and sustainability bonds and notes issued by the Group. It has received a Second Party Opinion from Morningstar Sustainalytics, which confirms our Framework is credible, impactful and aligns with industry guidelines. For more information, please visit sc.com/sustainability-bond-framework.
- We have outlined our approach to defining Transition Finance in our **Transition Finance Framework**. This Framework is informed by the 2023 IEA NZE 2050 scenario and is reviewed annually to ensure it is in line with the latest available science and industry standards. For more information, please visit sc.com/transition-finance-framework.

Incentive structure

Our sustainability-related goals and targets are reflected in the 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 incentive

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 related to:

- Growing Sustainable Finance income in our CCIB segment
- Reducing our financed emissions for key sectors in line with our risk appetite and based on our interim 2030 sectoral targets
- Meeting key milestones for building client and transaction-related, and central data infrastructure for delivering on our net zero ambition
- Reducing Scope 1 and 2 emissions in line with our operational net zero by 2025 target

Long-Term Incentive Plan (LTIP)

LTIP awards are granted to senior executives who have the ability to influence the long-term performance of the Group. Members of the Group Management Team are eligible for LTIP awards, which may also be granted to other employees in the Group.

Sustainability continues to be included in the 2024–26 LTIP through the following performance measures:

- Accelerating zero: Progress towards our 2030 Sustainable Finance mobilisation target in each of the three performance years
- Lifting participation: Year-on-year growth in financing activity with female and/or small and medium enterprise (SME) clients and other underserved populations
- Delivering on our Sustainability Aspiration to further develop the global sustainability ecosystem by actively contributing to global partnerships, initiatives and cross-sector collaborations



Further details can be found in the Directors' remuneration report on [pages 195 to 204](#)

Key individuals or teams with climate-related objectives which impact variable remuneration

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 sustainability outcomes and reward.

Individual or team	Objectives/performance linkage
Group Management Team (MT)	Members of the Group MT are eligible for an annual incentive based on the outcome of our Group scorecard and an LTIP award which both include sustainability-related measures. Further details can be found on pages 200 to 203 of this Annual Report.
Group Chief Risk Officer (CRO)	The Group CRO is responsible and accountable for Climate Risk under the Financial Conduct Authority's Senior Managers and Certification Regime. This includes responsibility for overseeing the delivery of the Climate Risk workplan covering Climate Risk governance, Climate Risk assessment, Climate Risk scenario analysis and stress testing, and Climate Risk disclosure.
Chief Sustainability Officer (CSO)	The CSO helps drive the Group's sustainability agenda and brings together its Sustainable Finance, Sustainability Strategy, Net Zero Delivery, Strategic Initiatives and Environmental and Social Risk Management (ESRM) teams. Performance measures for the CSO include progress against the delivery of net zero roadmap and Sustainable Finance targets.
Global Head of Supply Chain Management	The Global Head of Supply Chain Management is responsible for ensuring and overseeing the delivery of supply chain emissions and climate related objectives and plans in partnership with contract owners across the Bank. This includes baselining our supply chain emissions related to products and services, supply chain emissions disclosures, and the implementation of plans to reduce supply chain-related emissions and managing climate risks in partnership with our suppliers.
Global Head, Property	The Global Head, Property is responsible for delivering on our aim to reach net zero carbon emissions in our own operations by 2025.
All employees	Selected sustainability-related targets are incorporated into our annual Group scorecard which determines annual incentives for the majority of our employees.

Managing Environmental and Social Risk

We seek to proactively manage Environmental and Social (E&S) Risks and impacts arising from the Group's client relationships and transactions.

For over 20 years, our cross-sector Environmental and Social Risk Management (ESRM) Framework has helped us apply international standards and best practices across all our markets. In the frontline, our ESRM team within the Chief Sustainability Officer (CSO) organisation oversees the management of E&S Risks associated with our client relationships.

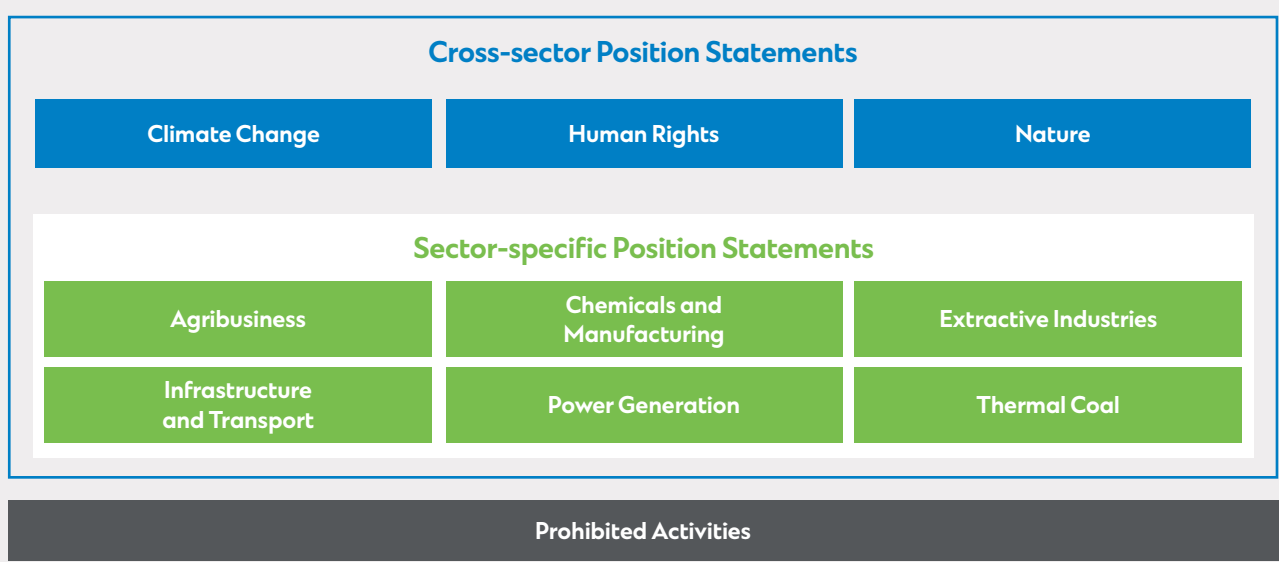
 For further information please refer to our ESRM Framework at sc.com/esriskframework

Our approach is embedded directly into our credit approval process and supports us to work with our stakeholders to identify, manage, mitigate and monitor the potential impacts that stem from our financing decisions.

Our Position Statements, approved by the Group Responsibility and Reputational Risk Committee (GRRRC), outline the cross-sector and sector-specific criteria we apply to assess whether to provide financial services to our clients.

We use these statements – which draw on International Finance Corporation (IFC) Performance Standards, the Equator Principles (EP) and global best practice – to assess E&S risk related to our financing.

Position Statements



We reviewed 1,341 clients and 708 transactions that presented potential for elevated E&S risk in 2023. If we find a material E&S issue, we take steps to proactively engage the client to mitigate identified risks and impacts, and support and guide our clients to improve their E&S performance over time. However, for clients who do not meet our Position Statement criteria, we may look to withdraw financial services and exit the relationship if we cannot work with them to align over time.

In 2023, we completed the review and update of our cross-sector Climate Change and sector-specific Position Statements covering all sensitive sectors, with the requirements to take effect in 2024. We also commenced the review of our cross-sector Human Rights Position Statement.

During the year, we evolved our approach to nature risk assessment. This included a loan book analysis to identify impacts and dependencies from nature-related risks at sector, country and financial services levels. The Group's cross-sector Nature Position Statement provides a consolidated view of our approach to managing Nature Risk across our business, operations and supply chain.

-  Read more about our Position Statements at sc.com/positionstatements
-  Our list of Prohibited Activities can be found at sc.com/prohibitedactivities
-  Our reporting against the Equator Principles can be found on [page 504](#) or at sc.com/equatorprinciples

Managing Climate Risk

We have designed an approach that begins to embed Climate Risk with impacted Principal Risk Types (PRTs) within our central Enterprise Risk Management Framework based around two principles:

1. Treat Climate Risk like a traditional risk type. Climate Risk may lead to financial losses and non-financial detriments, much like Credit Risk, and should be managed as such to limit the Group's exposure to these detriments. This means embedding Climate Risk considerations into existing risk identification and management processes, governance, reporting, scenario analysis, strategy, and financial planning.
2. Recognise and build for where Climate Risk is different. Climate Risk is likely to crystallise over much longer time horizons and is inherently difficult to quantify. Its unique features and a need for granular forward-looking measurements require the use and development of new tools and methodologies to quantify and analyse the implications.

Our climate toolkit – Processes for identifying and assessing Climate Risks

We have invested in a number of toolkits and partnerships to quantitatively measure climate-related physical and transition risks and we have conducted scenario analysis across a range of plausible scenarios in 2023. We continue to engage with our clients to understand their climate adaptation, mitigation and transition plans. In 2024 and beyond, we aim to reduce reliance on third-party models with the development of our internal carbon elasticity and IFRS 9 expected credit loss models including climate-related impacts.

Toolkits and Partnerships	Description
In-house Climate Risk Questionnaires	Client-level Climate Risk Questionnaire (CRQ) to assess and gather information on client mitigation and adaptation plans. The information gathered through these CRQs form part of the Client-level Climate Risk Assessments (CRAs).
Munich Re	Physical Risk assessment tool built on extensive re-insurance experience to obtain location-based hazard and risk scores under current day for acute weather events (e.g., storms, floods, or wildfire) and longer-term time horizons (2050, 2100) for Representative Concentration Pathway (RCP) scenarios 2.6, 4.5 and 8.5, and for chronic risks such as sea level rise.
Baringa Partners	Scenario expansion models and expertise used to design bespoke short-term scenario narratives and build scenarios for management stress tests and implement them within the Aladdin Climate transition risk models.
BlackRock	Aladdin Climate transition risk models are used to translate the impact of transition and Physical Risk scenario variables on company financials and probabilities of default, and obtain temperature alignment results to assess a temperature score to indicate client- and portfolio-level global warming potential up to 2030. ¹
S&P Global	Asset locations, energy mixes and client-level emissions i.e., absolute emissions (tonnes of CO ₂ e) and emissions intensities by revenue (tonnes of CO ₂ e/\$ million) for Scope 1 and 2 and, where available, for Scope 3 emissions.
Imperial College London	Academic expertise leveraged to advance our understanding of climate science, upskill our employees and senior management, and progress independent research on climate risks with a focus on emerging markets.

¹ The inclusion of the Aladdin Climate analytics, based on models from BlackRock, contained in this report should not be construed as a characterisation regarding the materiality or financial impact of that information. The Aladdin Climate analytics include non-financial metrics that are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The Aladdin Climate analytics are not fixed and are likely to change and evolve over time. The Aladdin Climate analytics rely on comparatively new analysis and there is limited peer review or comparable data available. BlackRock does not guarantee and shall not be responsible for the content, accuracy, timeliness, non-infringement, or completeness of Aladdin Climate analytics contained herein, or have any liability resulting from the use of the Aladdin Climate analytics in this report, or any actions taken in reliance on any information herein.

Limitations with existing tools and data

We recognise that there are limitations when assessing Climate Risk, given approaches to quantifying Climate Risk are nascent and data availability and coverage across our clients continue to present challenges. This is particularly true in emerging markets where Climate Risk-related disclosure and preparedness can be less advanced. We have seen limitations in coverage, granularity of information at client group and entity level and timeliness of data leading to the use of proxies such as regional and/or sector averages and sovereign heatmaps. Most tool outputs do not factor in





existing adaptation measures, governmental policies to protect and build for changing climate, and structural adaptation e.g., age and quality of construction or flood defences and dams protecting the property. Over time, sovereigns and policymakers are also expected to drive market trends such as investment in adaptation plans, technological advancements, innovative risk transfer and mitigation approaches to combat the potential impacts of climate change. Such assumptions are not factored into our analysis.

We have seen an improvement in data coverage since the creation of our Climate Analyst team in the first line of defence and Relationship Managers engaging clients to close data gaps. Additionally, we are in the process of setting up a centralised data store which will capture all sustainability-related data for our clients, including monitoring of the data quality, and reduce the usage of proxies over time. We recognise that data coverage will keep pace with client disclosures and reporting, which is likely to be aligned with timelines on sovereign requirements and commitments. This places some reliance on proxy information, and we will refine our evaluations and methodologies progressively as the availability and quality of data improves.







The data we have captured through various sources has helped us develop our client-level climate-risk assessments for both existing and new clients, improve our internal climate modelling capabilities and strengthen the risk measurement and monitoring of our portfolios.

Integrating climate-related risks into overall risk management, client segments and own operations





We manage Climate Risk according to the characteristics of the impacted Principal Risk Types (PRTs). Risk Framework Owners for the impacted PRT are an integral component of the Enterprise Risk Management Framework (ERMF) and responsible for embedding Climate Risk requirements within their respective risk types. In 2023, we have continued to build Climate Risk into existing risk management frameworks and processes. The areas where we have made progress to embed Climate Risk considerations within the first line of defence and across PRTs are listed in the following table.

Impacted Risk Type	Key updates in 2023	Next steps	Page
Credit Risk – CCIB   Disruption to clients' business models due to physical or transition risk impacting their profitability and thereby affecting their capacity to repay debt, or the capital and collateral required to back the loan.	<ul style="list-style-type: none"> Completed ~4,100 Climate Risk Assessments (CRAs) accounting for ~85-90 per cent of our corporate portfolio limits. Established linkages to Credit Underwriting Principles for four sectors (Oil and Gas, Shipping, Commercial Real Estate (CRE) and Mining), spanning climate-related analysis, portfolio-level caps and additional data gathering measures. Designed Version 3 of the Climate Risk Questionnaire with sector-specific nuances and covering questions related to net zero and Credible Transition Plans (CTPs). Established a Net Zero Climate Risk Working Forum to discuss account plans and risk decisions on high Climate Risk and net zero divergent clients. Initiated work on building our approach to assess physical and transition risk to underlying collateral specifically for CRE and Shipping portfolios. Assessed the impact of climate risks for approximately 95 per cent of our CCIB portfolio under different climate scenarios. The first-generation transition risk models for Corporates (priority sectors including Oil & Gas, Mining, Steel and Power, and a generic Carbon Elasticity Model), Sovereign, as well as the Temperature Alignment models for Automotive Manufacturers, Oil and Gas, Steel, and sector agnostic models have been developed. 	<ul style="list-style-type: none"> Enhance portfolio management and oversight on clients exposed to climate-related risks within the credit decisioning processes. Enhance quality and streamlining underlying client-level assessments across financial and non-financial impacts from ESG risks including climate and net zero. Upskill all impacted client relationship staff including credit officers with a net zero certification. Build Physical Risk grading capabilities. 	300
Credit Risk – CPBB   Physical risks, such as rising sea levels and severe flood events, could adversely impact repayment ability through damages to properties or loss of insurance cover, leading to potential increases in credit losses or due to changes in the economic environment as the economy transitions towards lower emissions.	<ul style="list-style-type: none"> We now assess physical risk for 79 per cent and transition risk for 54 per cent of our CPBB credit portfolio as of September 2023. We have quantified the transition risk for our top consumer mortgage markets using energy bills data, where available and proxies based on financed emissions, while utilising actual energy performance certificate data for the markets where this information is available (currently only Jersey). Worked with Imperial College London to enhance the Retail Mortgages physical risk approach (through Property Price Index haircut), for usage in stress testing exercises. 	<ul style="list-style-type: none"> Expand our scenario analysis capabilities for CPBB across physical and transition risks. Continue to refine the transition risk approach to enable factoring in the impact from transition risk on underlying collateral. 	298

 Physical Risk  Transition Risk

Impacted Risk Type	Key updates in 2023	Next steps	Page
Operational and Technology Risk  <p>Impact of acute or chronic physical risks may disrupt our own properties, data centers and third parties leading to business disruptions. Furthermore, increased costs may arise through implementation of practices such as renewable energy sources and waste reduction to reduce emissions.</p>	<ul style="list-style-type: none"> Physical risk scenarios impacting our sites and causing disruption to services are assessed for loss estimates. New sites onboarded within the Group are assessed for physical risk vulnerabilities. Third-party continuity plans have been enhanced to include climate risk related disruptions. 	<ul style="list-style-type: none"> Gather site locations for our material vendors to assess their physical risk exposures, such that suitable continuity plans can be developed. 	308
Country Risk   <p>Both Physical and Transition risks can have a direct impact on a sovereign's economic strength and increase their cost of borrowing, directly impacting overall creditworthiness.</p>	<ul style="list-style-type: none"> Our methodology for Physical and Transition Risk Sovereign Rankings serves as an input into the annual sovereign reviews and quarterly early warning indicators. We have developed Climate Risk report cards for approximately ~30 sovereigns covering 75% of GCR exposure across our footprint, which provide a detailed breakdown of the Physical and Transition Risk scores, along with key takeaways and historic climate disaster statistics. We have built an in-house Sovereign climate model that forecasts Sovereign credit grades across the various NGFS scenarios. Country limit benchmark computations consider climate factors. 	<ul style="list-style-type: none"> Enhance our methodology for the assessment of sovereign physical risks to limit reliance on static data sources from external research and expand coverage to include nature/biodiversity risks. 	306
Reputational and Sustainability Risk  <p>Potential for stakeholders to view the Group negatively due to actual or perceived actions or inactions in response to our stated climate, ESG and net zero commitments. Increasing expectations from governments, regulators, NGOs, investors, and individuals heightens reputational risks.</p>	<ul style="list-style-type: none"> Additional due diligence is conducted to support client or transaction level assessments for (i) clients covered by the Group's net zero targets for high-carbon sectors (Oil & Gas, Power, Steel, Aluminium, Cement, Automobiles, Shipping, Aviation & CRE) (ii) clients with a coal nexus as well as (iii) those assessed as high climate risk. Governance standards and new controls rolled out to mitigate the greenwashing risk throughout the lifecycle of Sustainable Finance products. The controls aim to ensure accurate Sustainable Finance labelling and ongoing monitoring of clients, products, and transactions, and are continuously reviewed and tested for control effectiveness, bearing in mind the changing regulatory landscape and innovation in Sustainable Finance. Established key management information to track divergence of net zero pathways from group-level sector targets to aid the monitoring of the impact of climate risk on various portfolios. 	<ul style="list-style-type: none"> Increase in the pace and variety of Regulations around Sustainability with a focus on greenwashing will be a key priority for 2024. Ensure framework and controls consider new regulations and the controls are embedded in an effective manner. 	305
Traded Risk   <p>Acute physical risk events or a disruptive transition can cause sudden changes in the fair value of assets driven by commodity price changes. Additional impact may result due to trigger sales, sudden and negative price adjustments where these risks are not yet incorporated into prices.</p>	<ul style="list-style-type: none"> The Traded Risk stress testing framework covers market impacts from Climate Risk, including an assessment of transition effects from climate change policies and two physical risk scenarios as part of the global Traded Risk scenarios inventory. These flow into existing Traded Risk Appetite metrics. 	<ul style="list-style-type: none"> Extend the tail scenario narratives developed for the CCIB portfolio to develop transition risk scenarios for the trading book and implement enhancements related to Market Risk factors and shorter-term shocks. 	308

 Physical Risk  Transition Risk

Impacted Risk Type	Key updates in 2023	Next steps	Page
Treasury Risk   Impact on client business models and their overall financial stability from transition to a low-carbon economy can impact capital adequacy and/or liquidity levels needed to ensure financial stability during periods of stress.	<ul style="list-style-type: none"> Progressed towards a more quantitative approach as we continue to consider capital requirements as part of the Group Internal Capital Adequacy Assessment Process (ICAAP). Commenced monitoring of climate risk-related vulnerabilities and readiness of our top corporate liquidity providers, leveraging our client-level climate risk assessments. 	<ul style="list-style-type: none"> Review risk pockets within high Climate Risk and net zero divergent sectors as part of the ICAAP. Advance our capabilities to assess Climate Risk as part of the Internal Liquidity Adequacy Assessment Process (ILAAP). 	309
Model Risk   Model Risk may exist from inappropriate design / specification / development / governance of a model relative to the intended business objectives and/or ineffective model remediation in response to issues identified by model validation.	<ul style="list-style-type: none"> The first-generation of internal models have been developed and are in various stages of model governance. 	<ul style="list-style-type: none"> Target to enhance physical risk modelling capabilities, advancing sector models to factor in sector-specific nuances and building carbon elasticity models for Shipping and Automobile. Implementation of models within the Group's infrastructure. 	309

 Physical Risk  Transition Risk

Investing in Climate Risk research

Since the launch of our four-year partnership with Imperial College London in 2020, the Group has sponsored a series of public research projects. As part of our ongoing academic partnership, we supported new climate research on the range of opportunities that exist for private investors in nature-related investments and cross-sectoral implications of electrification of transport in India. In 2023 we have cooperated with Imperial College London on three specific projects:

1. Asset haircuts

For our key residential mortgage markets, we have collaborated with our academic partner to develop an internal model for revaluating property valuations under different climate scenarios using the forward-looking risk indices from Munich Re. These revaluations are then used to inform haircuts on the property prices and arrive at climate adjusted Expected Credit Loss values for the mortgage book.

2. Country Risk

The cooperation involves the construction of a methodology used to project sovereign ratings along selected NGFS climate scenarios for 40 target countries. The model develops a term structure of sovereign Probability of Defaults (PDs) along each climate scenario and associated projected ratings and compares it with a term structure of sovereign PDs and ratings in a counterfactual (non-climate change) scenario.

3. Cross-sectoral implications of transport electrification in India

Exploring the potential impact of introducing a legislative requirement for the switch to electric vehicles (EVs), including, but not limited to supply chain management, the strain on existing power supply (as some regions are already experiencing regular blackouts), and the need for expansion of the power grid to support the connection of the required number of chargers. The research has been completed and preparations for the publication have been made.

Integrity, conduct and ethics

We aim to live our valued behaviours, which are 'Never settle', 'Better together' and 'Do the right thing' through our actions, decisions and interactions day-to-day with colleagues and clients.

Good conduct is critical to delivering positive outcomes for our clients, markets and stakeholders. It is fundamental to achieving our brand promise, here for good. Conduct Risk may arise anywhere in the Group at any time. The Group therefore expects all employees to be responsible for managing Conduct Risk given it is a transversal risk, which means it impacts every aspect of the Group's operations.

Our Conduct Risk management approach has been strengthened since 2022 through several initiatives, including launching the new Group Conduct Risk Management Standard, which sets minimum standards for the management of Conduct Risk across our operations. The Group employs a risk-based, three lines of defence approach to Conduct Risk management, where oversight, governance and controls applied are proportionate to our assessment of the risk. We set target Conduct Outcomes that the Group aspires to deliver for clients, external stakeholders, employees, and the environment.

Code of Conduct and Ethics

The Code of Conduct and Ethics (the Code) remains the primary tool through which we communicate our conduct expectations. In October 2023, we launched the refreshed Code to improve alignment with our Stands, strengthen the link between ethics, culture, conduct, and the Group's strategy. The Code is intended to be more than a guidance document: rather, it is a code to live by, designed to guide colleagues through how to live our valued behaviours on a day-to-day basis, whatever their business, function, region, or role. We have made the Code more user friendly, interactive and accessible to all colleagues. The Code also includes more content on ethical leadership, the way we use personal data, having a culture of inclusion and feeling safe to speak up.



Download our Code of Conduct and Ethics at sc.com/codeofconductandethics and visit sc.com/speakingup to find more about how our Speaking Up programme works

To reinforce our shared commitment to the highest possible standards of conduct, each year we ask our colleagues to reconsider what the Code means to them through a refresher e-learning, and to reaffirm their commitment. In 2023, 99.8 per cent of our colleagues completed the mandatory training and affirmation. Colleagues who are overdue without a valid reason are subject to a 25 per cent reduction in their annual variable compensation for the year they failed to attest.

99.8%

of employees affirmed recommitment to our Code annually

Speaking Up

Our Speaking Up programme provides a safe, independent and confidential way to report concerns. It helps build and maintain a strong ethical culture, with integrity, trust, and transparency. The early disclosure of concerns reduces the risk of financial and reputational loss caused by misconduct. We encourage colleagues, contractors, clients, suppliers and members of the public to use our Speaking Up programme without fear of retaliation. When a concern is raised, our Shared Investigative Services team will determine whether the matter is a Speaking Up disclosure or if it is an out-of-scope disclosure. Examples of Speaking Up concerns may include breaches of regulatory requirements or breaches of Group policy or standards. Out-of-scope disclosures will be referred to the appropriate internal teams. If a matter is considered a Speaking Up Disclosure, relevant Shared Investigative Services and/or Employee Relations colleagues will conduct fact-finding into the matter, with any follow-up action taken as required following the fact-finding process.

Throughout 2023, we hosted a series of awareness campaigns to ensure that our colleagues understand the importance of upholding our conduct standards and know how, and when, to Speak Up. To recognise Whistleblowers' Day on 23 June, the Global Head of Conduct, Financial Crime and Compliance issued a Group-wide communication underlining the importance of Speaking Up. A World Whistleblowers' Day panel discussion was held, covering Speaking Up and ESG (Environmental, Social and Governance) topics, with Group Independent Non-Executive Director and Whistleblowing Champion Phil Rivett as a panellist.

This event was part of the wider Global Conduct Week from 19 to 23 June, themed 'Be the Change', which encouraged colleagues to think about how their individual actions on a daily basis can aggregate to a much wider impact on outcomes for our clients, customers and other stakeholders. In addition, in October 2023, a Group-wide panel discussion was held to celebrate Global Ethics Day, with the theme 'Ethics Empowered'. All campaigns included interactive messages from our senior leaders and live panel discussions designed to both set the tone from the top and nurture it from within.

The Speaking Up programme continues to be utilised across all countries, businesses and functions, and our 2023 MyVoice survey found that 88 per cent of employees (no change from 2022) felt comfortable raising concerns through these channels. The Board reviews a Speaking Up report annually. For the period July 2022 to June 2023 a three per cent (34 cases) decrease was noted in the volume of total disclosures via Speaking Up channels compared with the previous period (i.e. July 2021 to June 2022).

88%

of employees in our MyVoice survey felt comfortable raising concerns through Speaking Up channels



Visit our Speaking Up programme's website <https://secure.ethicspoint.eu/domain/media/en/gui/108379/index.html>

Fighting financial crime

Access to the financial system helps transform lives around the world, helping to reduce poverty and spur economic development. But the financial system is also used by those involved in some of today's most damaging crimes – from human trafficking to terrorism, corruption and the drug trade. Our ambition is to help tackle these crimes by making the financial system a hostile environment for criminals and terrorists. We have no appetite for breaches in laws and regulations related to financial crime.

Our Conduct, Financial Crime & Compliance (CFCC) team sets our financial crime risk management framework. We seek to protect our clients and communities against money laundering (AML), terrorist financing, sanctions, fraud and other risks, applying core controls such as client due-diligence, screening and monitoring, and strengthening our people's understanding as to how to identify, manage and mitigate such risks. In addition, anti-bribery and corruption (ABC) controls aim to prevent colleagues, or third parties working on our behalf, from engaging in bribery or corruption.

A particular focus of our financial crime investigatory teams is the use of data analytics to identify those clients and cases which generate the greatest financial crime risk. This has strengthened the second line of defence in support of colleagues in business lines and country teams across the Group.

To mitigate the risk of financial crime, particularly laundering the proceeds of corruption, in the lead-up to, during and after major political elections in footprint markets, the Group conducts enhanced monitoring designed to identify and investigate transactions of potential concern. In 2023, enhanced monitoring was conducted during major elections and times of political transition or conflict, for example in Nigeria, Sierra Leone and Zimbabwe.

Since the beginning of the war in Ukraine on 24 February 2022, the authorities of the European Union, United Kingdom, United States, and several other nations have imposed multiple rounds of sanctions against Russia by targeting a wide range of Russian entities (state-owned and private) and a large number of Russian elites, oligarchs, political leaders and officials. While the pace of change and the complexity of these sanctions against Russia are unprecedented and had the potential to create areas of uncertainty as to the scope of some of the regulatory prohibitions, we have sought to comply with these requirements fully and promptly. This work remains a significant area of focus for teams across the first and second line of defence.

We have invested significantly to ensure our employees are properly equipped to combat financial crime. In 2023, 99.9 per cent of colleagues and governance body members completed financial crime mandatory e-learning which cover topics such as ABC, AML including terrorist financing, sanctions, tax evasion and fraud topics (Asia: 99.9 per cent, AME: 99.8 per cent, EA: 99.8 per cent, Governance body members: 100 per cent).

99.9%

of colleagues and governance members completed financial crime mandatory e-learning

Fighting financial crime continued

For those in high-risk roles and functions, we delivered additional training across all financial crime areas, including in-depth awareness on Russia sanctions, ABC training for targeted roles, training on tax evasion risks, trade AML, and money laundering risks concerned with money mules and shell companies. We also delivered new training modules on financial crime risks in fintech and digital assets. In addition, masterclasses and forums were held to deepen understanding. We shared our Supplier Charter, which sets out our principles and expectations, and provides guidance related to ABC, with 11,563 suppliers and third parties across 48 markets.

This was supported by our Group-wide financial crime awareness campaign, 'The Whole Story', which aimed to raise employee awareness of the real-life impact of financial crime and highlight the work we are doing individually and collectively to build a robust risk culture and lead in the fight against financial crime. The Whole Story 2023 theme of 'Let's get #fightingfit' focused on how we can reboot and recharge the fight against financial crime and play a part in driving the right outcomes for our clients, through the right conduct and culture, vigilance and risk management.

Collaborative initiatives

Our public-private partnerships are aimed at producing new insights about various criminal typologies and advances in how we collectively combat financial crime in an increasing number of jurisdictions, including Singapore, Hong Kong, South Africa, India, the UK and UAE.

Throughout 2023, we also engaged with peers in contributing to the ongoing dialogue to advance effectiveness in combating financial crime through our active participation in several of the leading industry groups, including the Wolfsberg Group of global banks, Madison Group and UK Finance.

We also participated in discussions and forums with many external thought leaders including participation with the World Economic Forum's Partnering Against Corruption Initiative and United Nations Office on Drugs and Crime, in addition to hosting events with clients designed to foster dialogue on the tackling of financial crime.



For more, visit sc.com/fightingfinancialcrime

Responsible lending and fair treatment of our customers in our CPBB segment

The Group's Board of Directors provides oversight of the Group's treatment of customers through its reporting and committee structures. The relevant governance forum or Risk Committee is required to challenge the business for any new or material product proposals prior to the commencement of the product approval process.

Escalations may be taken to the CPBB Risk Committee chaired by the CPBB Chief Risk Officer or the Group Risk Committee chaired by the Group Chief Risk Officer, and ultimately to the Group's Board and Board Risk Committee. Oversight and governance of Collections is performed by the CPBB Risk function with regular reviews of performance metrics and complaints-handling data.

Complaints management

Formal avenues are established for CPBB customers to lodge complaints. A complaints-handling process has been put in place to enable the proper receipt, acknowledgement and independent and effective handling of complaints, which are to be resolved and notified to customers within a reasonable turnaround time without compromising the quality of the review.

At the global level, key complaints insights, trends and root causes are provided to the CPBB Risk Committee every month. Examples of key metrics that are used to track and manage complaints across CPBB markets include: total number of complaints received in the month split by type and root cause, including sub-categories such as potential inappropriate sales, proven mis-selling or fraud, and percentage of complaints resolved within the pre-determined turnaround time.

Loan modifications

Where possible, practical support programmes may be offered to customers experiencing financial difficulty. Loan modification options that may be offered to our customers take into account the most recently available information on the customer's income, expenditures and circumstances. Collections staff managing these arrangements are trained to discuss options thoroughly with customers in order that any restructured payments, if agreed, are kept affordable.

Collections

Across the Group, while the approach may vary across markets in line with local regulations, programmes to assist retail banking borrowers in financial distress are handled by Collections teams.

The expectation on the Bank's Collections teams include meeting the following requirements:

- Providing a fair and reasonable treatment regarding any late fees
- Aligning calling and visitation hours to local regulations and practices
- Updating the financial status of customers on a timely basis in our systems to support fair treatment
- Having all customer interactions with the Collections teams, complaints and feedback monitored and regularly reviewed

All Collections staff responsible for dealing with customers in financial distress are trained prior to commencement of collection activities, and in particular, are required to be familiar with the Bank's Code of Conduct and Ethics. Where external collections agencies are utilised, these agencies undergo assessment and due diligence in accordance with Group sourcing standards and their staff must undertake the same training as the Group's internal Collections teams.

Respecting human rights

We strive to be a responsible company and respect human rights across our business. We recognise that the global nature of our business may expose us to the risk of modern slavery and human trafficking in our operations, supply chain and client relationships and we are committed to managing and mitigating these risks. Our Modern Slavery Statement details our approach and actions to manage modern slavery risks across our value chain.

 [Read our Modern Slavery Statement at **sc.com/modernslavery**](https://www.sc.com/modernslavery)

Due diligence is a central part of our approach in assessing and managing risks associated with the provision of financial services to our clients. We approach this due diligence in accordance with our Environmental and Social Risk Management (ESRM) and Financial Crime Compliance (FCC) frameworks.

Our Position Statement on Human Rights is a key part of our framework and was developed following engagement with a range of external stakeholders, including expert practitioners and civil society organisations. Like our cross-sector Position Statements, the Human Rights Position Statement applies to our clients, suppliers and employees and is regularly reviewed to ensure it addresses emerging risks and issues.

 [Read more about our ESRM Framework and Position Statements at **sc.com/esriskframework** or **sc.com/positionstatements**](https://www.sc.com/esriskframework)

Standard Chartered will not enter into relationships with suppliers involved in human trafficking, modern slavery, or forced labour. Suppliers that are identified as presenting higher risks of modern slavery are subject to enhanced due diligence. Our Supplier Charter sets out the principles for the behavioural standard that Standard Chartered expects from all its suppliers, and those within a supplier's sphere of influence that assist them in performing their obligations to us.

 [Read our Supplier Charter at **sc.com/suppliercharter**](https://www.sc.com/suppliercharter)

Our Fair Pay Charter sets out the principles by which we seek to deliver fair and competitive remuneration to all employees. We use these principles to guide reward and performance decision-making globally, including how we set, structure and deliver remuneration. Further information on our alignment to the Fair Pay Charter can be found in our 2023 Diversity, Equality and Inclusion Report available at **sc.com/diversityfairpayreport**.