Standard Chartered Bank

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Introduction

In 2019 and 2021, Standard Chartered Bank ("Standard Chartered") issued two sustainability bonds aimed at financing green and social projects that reduce its carbon footprint and increase access to finance for target populations. Sustainalytics provided a Second-Party Opinion of the Standard Chartered Bank Sustainability Bond Framework (the "Framework").In September 2021, Standard Chartered engaged Sustainalytics to review the projects funded under the Framework and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.[1]

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in FY 2020/21[2] based on whether the projects and programmes meet the following criteria:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Standard Chartered Bank Sustainability Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Standard Chartered Bank Sustainability Bond Framework.

Table 1 lists the Use of Proceeds and Eligibility Criteria while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds and Eligibility Criteria,

Use of Proceeds Category	Criteria	Eligible Activities
Renewable Energy	Generation of energy from renewable sources	The generation of electricity from: • Wind (onshore and offshore) • Solar (including floating) • Hydropower[11] under <25 MW or >25MW which have either a lifecycle carbon intensity of ≤100gCO_2/kWh or power density ≥5W/m^2. • Waste to energy • Geothermal (direct emissions intensity threshold <100g CO_2/kWh) • Production of biofuels from waste sources • Production of biofuels from non-waste sources
	Manufacture of components of renewable energy technology	• Development and/or manufacture of renewable energy technologies, including equipment for renewable energy generation and energy storage. Examples could include wind turbines, solar panels, battery storage
	Construction / maintenance / expansion of associated distribution networks	• Grid expansion / development that transmits a minimum of 90% renewable energy
Energy Efficiency	Energy efficiency technologies	• Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters lighting, etc.

[1] Standard Chartered Bank, "Standard Chartered Bank Sustainability Bond Framework", at: https://av.sc.com/corp-en/content/docs/sustainability-bond-framework.pdf
[2] Standard Chartered's reporting period is July 2020 to June 2021

	Commercial, public and residential buildings (existing and new construction)	Construction of new buildings and/or retrofit of existing buildings to the following levels: • Buildings certified to an acceptable level under an internationally recognised green building certification scheme • Buildings that achieve a minimum 20% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code. • Replacement of existing heating/cooling systems in buildings with more efficient, non-fossil fuel powered systems, or installation of new cogeneration/ tri-generation/ combined heat and power plants that generate electricity in addition to providing heating/cooling • Waste heat recovery improvements
	Public services	• Installation of energy-efficient lighting or equipment to increase the operational energy efficiency of utilities and/ or other public services (excluding improvements in buildings) • Improvement of heat efficiency of non-fossil-fuel powered-utilities, power plants, and other public services. • Retrofit of renewable energy power plants
Sustainable Management of Living and Natural Resources	Agricultural processes; Aquaculture processes	• Forestry-related activities, including the production of forestry-related products that are FSC and PEFC certified • Financing for agricultural products certified under a credible scheme such as Rainforest Alliance, USDA Organic, Certified organic agriculture (EU or Bio) or equivalent international certification schemes • Loans to finance sustainable management of natural resources, i.e.: Certified forests (FSC, PEFC or equivalent) Investment in protected areas (regional natural parks)
Pollution Prevention and Control	Pollution prevention and control	Activities with capital expenditures which achieve the following: • Reduce air emissions • Mitigate greenhouse gas emissions • Soil remediation • waste prevention, reduction, recycling and sorting projects

Sustainable Water and Wastewater Management	Sustainable water management	• Activities that provide access to adequate sanitation facilities
		• Activities that improve water quality:
		• Water treatment facilities
		  ○ Upgrades to wastewater treatment plants to remove nutrients
		  ○ Wastewater discharge infrastructure
		• Activities that increase water-use efficiency
		• Water recycling and reuse
		• Water saving systems, technologies and water metering

Clean Transportation	Sustainable infrastructure and transportation	• Rail transportation projects for public use • Rail transportation of goods (excluding transport dedicated to fossil fuels) • Train infrastructure upgrades • Improvements to the energy efficiency of infrastructure and transport • Vehicle or rail fleet retrofit or replacement with clean technologies including electric, hydrogen, or hybrid vehicles operating below 75 gCO_2 per passenger km (in 2020) and below 56 gCO_2 per passenger km (by 2030).
Climate Change Adaptation	Climate change adaptation	• Activities that increase the resilience of eco-systems, including integrated watershed management and biodiversity protection

		• Climate change adaptation infrastructure, such as flood defence and early warning systems
Eco-Efficient and/or Circular Economy Adapted Products, Production Technologies and Processes		• Development, manufacture and/or distribution of products designed for circularity and/or adaptive re-use. • R&D (incl. pilot project) of products, processes and technologies using bio-based materials (such as biopolymers/bioplastics) • Procurement of recycled / waste materials as an input • Production of resource-efficient/low-carbon products that are RSB-certified (in case of bio-based materials) • Production of resource-efficient/low-carbon products
The Blue Economy	The blue economy	• Offshore wind • Projects designed and implemented to provide coastal defences • Capital expenditures related to creating and ongoing monitoring and surveillance of marine protected areas • Products and fisheries demonstrating sustainable aquaculture practices through certification by the Aquaculture Stewardships Council • Seafood products demonstrating sustainable practices through certification by the Marine Stewardship Council (MSC) or pure-play companies that derive 90+% of sales from MSC certified produce.
Employment Generation	Access to affordable and responsible financial products and services to the poor and vulnerable populations.	• Financing Microfinance institutions via intermediaries (MFIs), and financing of smaller businesses in developing and emerging markets in which SCB operates that target specific populations including women, rural and low-income populations.
Affordable Basic Infrastructure	Activities that expand public access to safe and affordable drinking water	• Construction, maintenance and equipment for water supply infrastructure i.e. pipework
	Establishing or improving connectivity in low income countries	• Development of roads (including road infrastructure such as bridges and tunnels) in least developed, low income and lower middle income OECD DAC countries with a goal to improve rural/remote connectivity and to improve passenger and commercial transport • Passenger buses in least developed, low income and lower middle income OECD DAC countries designed to improve connectivity.
Access to Essential Services	Healthcare infrastructure	Financing to construct, equip, operate: • Hospitals, clinics and health care centres for the provision of public/free/subsidized health services • Infrastructure for the provision of emergency medical response and disease control services
	Providers of supporting health-care related products and services	• R&D and manufacturing for equipment for the provision of emergency medical response and disease control services • Provision / distribution of healthcare equipment and public services
	primary, secondary, adult and vocational education aimed	• Construction of public schools, public universities, campuses, student housing in lower and lower middle income DAC countries, and training for educational professionals.
Affordable Housing	Affordable/Social Housing	• Access to adequate, safe and affordable housing for excluded and/or marginalized population or communities across least, lower, and lower middle-income DAC countries.

COVID-19 Activities	Healthcare services	• Financing to equip, operate and add capacity and efficiency to essential healthcare facilities such as hospitals, clinics, healthcare centres, acute care, emergency care, diagnostics, laboratory facilities, nursing home and rehabilitation facilities • Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations • Financing to equip, operate and add capacity to facilities for healthcare training • Financing to equip, operate and add capacity to facilities that house healthcare professionals • Hiring and training of medical personnel to assist in the prevention and/or treatment of COVID-19
	Healthcare supplies and equipment	• The conversion of facilities or equipment to produce supplies or equipment needed for the prevention or treatment of COVID-19
	Pharmaceuticals	• Financing the subsidization of provision of pharmaceuticals needed in the treatment of COVID-19. • Financing the production and distribution of pharmaceuticals needed in the treatment of COVID-19 • Financing R&D on a potential vaccine for COVID-19
	Sanitation	• Manufacturing, logistics and distribution of products and services for safely managed water, sanitation, and hygiene (WASH[18])
	Food security	• In emerging markets' communities and countries impacted by COVID-19 or in the recovery from COVID-19 - Financing provided to facilitate the increase in capacity and efficiency in food systems and supporting the provisioning, production, logistics and distribution by companies of food and nutritional supplements
	Impacts on SMEs and employment	• Loans or other financial services to support SMEs who have been assessed by the Sustainable Finance Working Group as facing financial stress as a result of COVID-19 • Loans or other financial services to support initiatives designed to prevent or alleviate unemployment
	Other impacts	• Financial support for the activities of charities, non-profit, non-governmental and other social service organisations who support populations directly affected by COVID-19. • Financial support related to medical nutrition in treatment of COVID19 or ensuring a secure food supply during phases of restricted contact

Table 2: Key Performance Indicators

Use of Proceeds	Environmental/Social Indicators
Renewable Energy	• Capacity of renewable energy plant(s) constructed or rehabilitated in MW • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent (where possible)
Clean Transportation and Energy Efficiency	• Number of trains financed • CO_2 equivalent saved • Energy saved through upgrades of infrastructure
Employment generation through the potential effect of SME financing and microfinance	• Number of loans to SMEs • Number of loans to microenterprises • Regions in which Micro and Smaller Businesses were financed
Sustainable Water and Wastewater Management	• Number of water treatment facilities built or upgraded • Households connected to water infrastructure and /or wastewater discharge infrastructure • m_3 of water saved annually
Environmentally Sustainable Management of Living Natural Resources and Land Use & Terrestrial and Aquatic Biodiversity Conservation	• Coastal Total surface financed (hectares) • Forests and Forested Areas (Hectares or forestry certification schemes or net carbon sequestration (tonnes per year)) • Fishery (Certification schemes)
Access to Health Services	• Number of public hospitals, clinics and health care centres financed
Access to Education and Vocational Training	• Number of schools financed • Number of universities financed • Number of Campus for public schools and universities financed

Issuing Entity's Responsibility

Standard Chartered is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Standard Chartered's Sustainability Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Standard Chartered employees and review of documentation to confirm the conformance with the Standard Chartered Bank Sustainability Bond Framework.

Sustainalytics has relied on the information and the facts presented by Standard Chartered with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Standard Chartered.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,[3] nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Standard Chartered's Sustainability Bond and other sustainable liability products, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Standard Chartered Bank Sustainability Bond Framework. Standard Chartered has disclosed to Sustainalytics that the proceeds of the two sustainability bonds were fully allocated at issuance on July 2, 2019 (EUR 500 million) and March 16, 2021 (USD 500 million), respectively.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the sustainability bond in FY2020/21 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Standard Chartered Bank Sustainability Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the sustainability bond in FY2020/21 to determine if impact of projects was reported in line with the KPIs outlined in the Standard Chartered Bank Sustainability Bond Framework and above in Table 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

[3] Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation Reporting by Eligibility Criteria

Sustainalytics notes that the sustainability bond allocation reporting accounts for disbursements which include 100% of the net sustainability bond proceeds from the Standard Chartered issuances in June 2019 and June 2020 plus disbursements of funds from other sources connected to its sustainable finance program and associated balance sheet. Standard Chartered Bank issued a EUR 500 million and a USD 500 million sustainability bond and maintains a total of approximately USD 9.3 billion in 'sustainable finance' assets including the sustainability bond net proceeds.

Use of Proceeds Category	Sub-category	Allocated Amount (USD)
Renewable Energy	Grid expansion	104,285,213.74
	Hybrid Energy Sources	174,432,760.64
	Hydropower	19,847,966.24
	Manufacturing	480,793,536.20
	Solar	268,560,153.01
	Waste to Energy	50,957,741.41
	Wind	414,215,487.13
Sustainable Water and Wastewater Management	Waste Treatment	12,997,137.16
	Access to Water	32,183,499.22
Green Buildings		3,436,308,975.18
Employment Generation	Microfinance	465,063,783.65
	SME Lending	2,618,054,052.30
Healthcare	Healthcare Infrastructure	139,551,216.44
	COVID	196,893,034.35
Clean Transportation	Road Infrastructure	104,677,655.14
	Rail	527,610,495.11
Fund Finance		165,022,409.59
Total Amount Allocated		**9,211,455,116.57**

Appendix 2: Impact Reporting by Eligibility Criteria

Green Project Financing:

Category	Type of Project	Country	Number of Projects	GHG Emissions Avoided (tonnes CO2 emissions)[4,5]
Green Operational Assets				
Renewable Energy	Grid Expansion	Angola	1	702.05
	Hybrid Energy	Singapore	1	-
		India	1	27,455.80
	Manufacturing	China	5	225,778.97
		Germany	1	118.70
		India	1	8,294.71
		Malaysia	3	628.15
		USA	2	134.33
	Solar	Bangladesh	1	20,561.39
		China	1	17,267.43
		India	4	21,307.59
		Jordan	1	7,847.42
		Malaysia	5	2,485.52
		Vietnam	2	16,571.10
	Waste to Energy	China	1	33,431.93
	Wind	Australia	1	109,700.23
		India	1	113,009.55
		Taiwan	1	15,314.74
		United Kingdom	2	42,962.84
Green Buildings	CRE	America	4	1159.83
		Australia	1	21.58
		China	4	489.48
		France	2	33.14
		Germany	1	160.21
		Hong Kong	2	182.76
		India	5	5,317.99
		Korea	1	1,103.53
		Singapore	6	729.40
		UAE	2	484.94
		United Kingdom	11	280.31
Total:			**74**	**673,535.64**

Category	Type of Project	Country	Number of Projects	Water Contribution (m3/annum)
Green Operational Assets				
Sustainable Water and Waste Management	Water Management	Africa	1	797,071.18
		Malaysia	1	1,658,676.30
Total:			**2**	**2,455,747.48**

[4] Emissions avoided are proportional to Standard Chartered Bank's amount of funding to each project.
[5] Standard Chartered Bank has confirmed with Sustainalytics that the data related to Singapore is unavailable as a result of the fact that projects relate to the financing of a holding group with the sole purpose of bidding for renewable energy projects where they are yet to complete any projects. Therefore there has been no associated impact generated as of yet.

Category	Type of Project	Country	Number of Projects	GHG Emissions Avoided (tonnes CO2 emissions)[6]
Green Construction Assets				
Renewable Energy	Hybrid	India	1	58,660.21
	Hydropower	Cameroon	1	10,535.06
	Solar	India	4	170,491.48
		Oman	1	51,223.98
		UAE	2	38,627.21
	Waste to Energy	UAE	1	3,533.11
		Vietnam	1	21,476.83
	Wind	France	2	1,261.24
		India	1	110,799.06
		Jordan	1	22,355.11
		Taiwan	3	45,316.29
		United Kingdom	2	7,211.64
Green Buildings	CRE	Australia	1	33.13
		Hong Kong	3	464.82
		Korea	11	1,203.15
		Malaysia	1	117.86
		Singapore	2	38.36
Total:			**38**	**543,348.52**

Category	Type of Project	Country	Number of Projects	GHG Emissions Avoided (tonnes CO2 emissions)[7]
Sustainable Fund Finance				
Sustainable Fund Finance	Fund Finance	Multiple Countries	3	713,380.37
Total:			**3**	**713,380.37**

Category	Type of Project	Country	Project Description	Impact Indicators
Clean Transportation	Rail Transportation	Australia	CRR project	Reduces the number of private vehicles entering the CBD in the morning peak by 1,300
		Tanzania	550 km of track connecting Dar-Es-Salaam to Makutupora	535 km of railway built
		Cameroon	Financing of 9 passenger locomotives for the deployment on the	Supporting the movement of people (passenger locomotives)

[6] Emissions avoided are proportional to Standard Chartered Bank's amount of funding to each project.
[7] Emissions avoided are proportional to Standard Chartered Bank's amount of funding to each project.

			national transport grid	
		UAE	New Dubai Metro line	15 km of passenger rail

Social Project Financing:

Category	Type of Project	Country	Project Description	Impact Indicators
Affordable Basic Infrastructure **Sustainable Water and Wastewater Management**	Access to Safe and Affordable Drinking Water	UAE	Desalination Plant	Produced 10,063,344 m3/y of water.
Category	**Type of Project**	**Country**	**Project Description**	**Healthcare Impact Indicators**
Access to Health Services	Healthcare	Turkey	Integrated Healthcare Campus	2,682 beds
		Oman	Hospitals	3 Hospitals
		Sri Lanka	Hospital Equipment	40 new Bom Incubators
		Ghana	Construction of a new hospital	600 beds
		Australia	Construction of a new hospital	504 beds
Category	**Type of Project**	**Country**	**Project Description**	**Impact Indicators**
Affordable Basic Infrastructure	Infrastructure - Road	Uganda	Financing of construction of an access road and workers' camp as supporting infrastructure to an Airport. Associated with the camp will be a 4.9 km paved access road connecting to a number of local villages.	4.9 km paved access road connecting to Nyamasoga, Kijumba and Kyapoloni villages 2.700 full time jobs, 100 casual labourers 1.Length of road built 2. Increase in number of jobs
		India	New road construction	173.5 km or new road

Summary of SME financing and microfinance

Microfinance

Lending by country	Average Loan Size (USD)	Allocation (%)	Number of Loans
India	506	66.15%	585,700
Bangladesh	552	29.18%	258,355
Nepal	651	4.03%	35,666
Tanzania	431	0.58%	5,103
Kenya	450	0.06%	516
Total:			**885,340**

SME Lending

Lending by country	Average Loan Size (USD $'000)	Allocation (%)	Number of Loans
Bangladesh	147	9%	1,847
India	2,179	76%	14,818
Kenya	77	5%	893
Nepal	125	2%	377
Nigeria	13	0%	17
Pakistan	29	1%	154
Sri Lanka	9	6%	1,118
Uganda	7	1%	224
Vietnam	29	1%	118
Zambia	2	0%	29
Total:			**19,599.51**

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