

Sustainability Bond Framework

November 2023



standard
chartered

▶ Introduction ◀

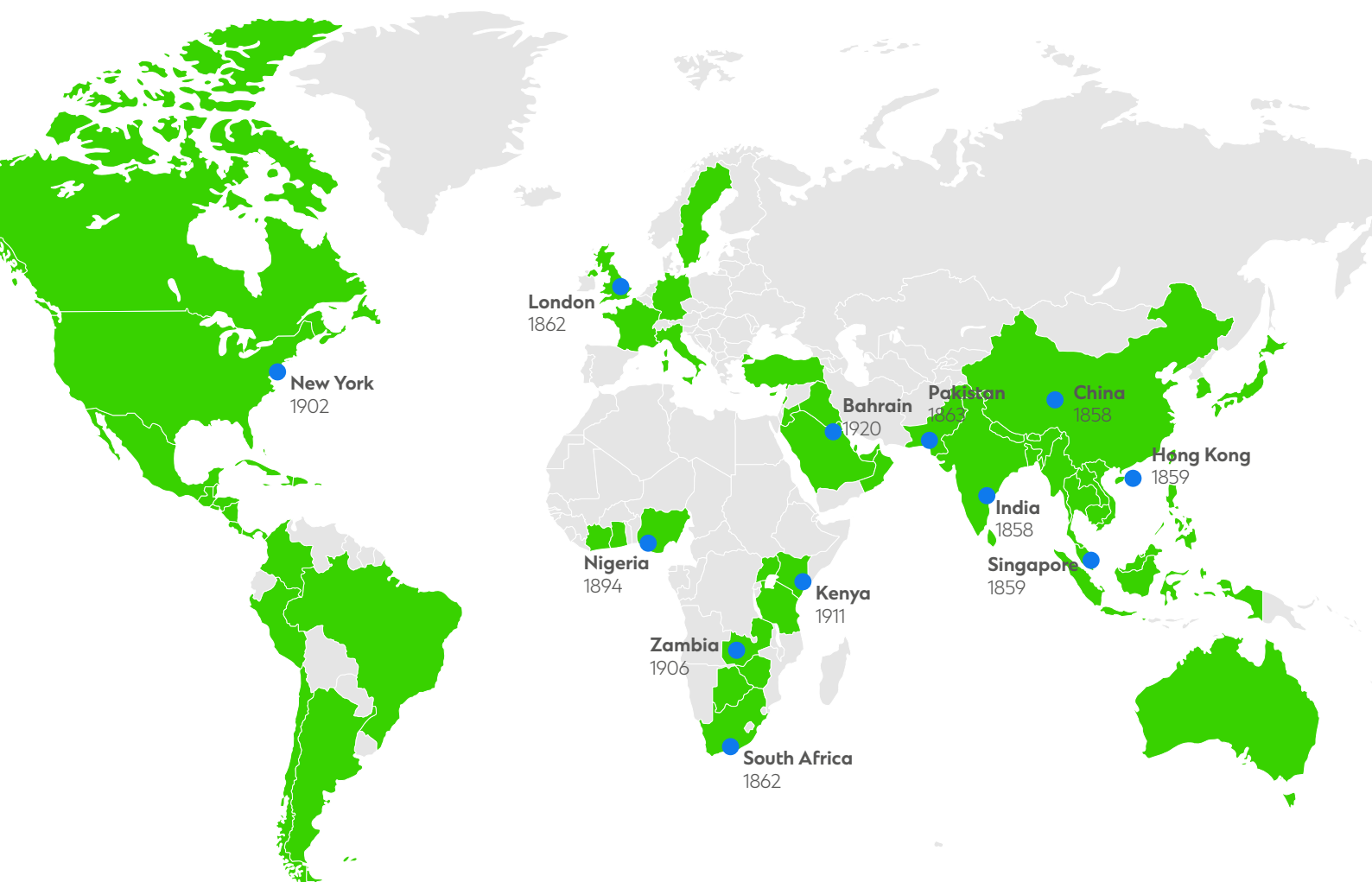


Introduction

1.1 Standard Chartered Bank's background

We are here for good – as a leading international bank, we help people and businesses prosper across Asia, Africa and the Middle East.

Standard Chartered is a leading international banking group. Our heritage and values are expressed in our brand promise, here for good. We have a presence in over 50 of the world's most dynamic markets and serve clients from across the globe. More than 85 per cent of our income and profits are derived from Asia, Africa and the Middle East. We are active in over 30 countries that receive official development assistance, including seven of the least developed countries. We are listed on the London and Hong Kong Stock Exchanges.



Over

50

Footprint markets

Over

30

OECD Development Assistance Committee countries

1.2 Standard Chartered Bank's approach to sustainability

Our approach to sustainability is framed around a Sustainability Philosophy which sets out how we integrate sustainability into our organisational decision-making, a set of Position Statements which outline our environmental and social standards, and a list of Prohibited Activities that the Bank will not finance.

Our markets represent unique challenges, with rapid urbanisation, heightened vulnerability from climate change, and significant social and economic disruption brought by the COVID-19 pandemic. We believe finance plays a role in addressing these challenges. It also plays a role in taking advantage of the opportunities; to leapfrog to low carbon technology and accelerate inclusion through digital solutions. It can also enable individuals to build a positive future for themselves and their families, businesses to thrive and grow, and governments to deliver economic prosperity for the wider community.

We build our knowledge and understanding of key issues and share best practice through our participation in a number of industry platforms and working groups. As at October 2023, we are members and Chair of the Net Zero Banking Alliance, and the Chair of the Steering Committee of the Equator Principles Association. We are also members of the UNEP Finance Initiative and a partner of the Climate Bonds Initiative, as well as one of the initial members of the Taskforce on Climate-Related Financial Disclosures (TCFD). We are also active members of the International Capital Market Association (ICMA) Working Groups and Taskforces, including those on Impact Reporting, Social Bonds, Climate Transition Finance, Sustainability-Linked Bonds, and Secured Sustainable Bonds, and are a member on PCAF's Working Group on Capital Markets Activities.

Bill Winters, our CEO, chaired the Taskforce for Scaling Voluntary Carbon Markets (TC-VCM) and we are an elected Board Member of the Integrity Council of the Voluntary Carbon Markets (IC-VCM). Standard Chartered has also joined forces with DBS, SGX and Temasek to launch Climate Impact X, a carbon exchange and marketplace to provide organisations with high-quality carbon credits, and is a founding member of Carbonplace, a settlement platform for the voluntary carbon market.



1.3 Standard Chartered Bank's approach to sustainable finance

The world is less than a decade away from its 2030 deadline to deliver on the UN Sustainable Development Goals (SDGs). According to a UN report, just 60 per cent of the financing needed to achieve the SDGs in low and middle-income countries is being met.¹ In Africa, this is as low as 10 per cent. COVID-19 further widened this financing gap with the Organisation for Economic Co-operation and Development (OECD) estimating that for low and middle-income countries the annual financing gap could increase by up to 70 per cent.

We have the financial expertise, capabilities and geographical reach to help to get capital to the markets where it matters the most.

Our dedicated Sustainable Finance (SF) team brings together our experience and expertise in managing environmental, social and governance risks alongside our dedicated SF bankers.

Banking awards

	Best Bank in Sustainable Finance, Saudi Arabia 2023
	Outstanding Leadership in Sustainable Finance, Global 2023
	Outstanding Leadership in Social Bonds (Global) – 2022
	Outstanding Sustainable Financing in Emerging Markets (Global) – 2022
	Outstanding Leadership in Social Bonds (Africa) – 2021
	Outstanding Leadership in Sustainable Infrastructure Finance (Africa) – 2021
	Best Service Provider ESG Transaction Bank 2023
	Sustainable Capital Market Awards - Best Local Currency Bond Advisor 2021

¹ https://unctad.org/system/files/official-document/wir2014_en.pdf

Environmental & Social Risk Management (ESRM)

The Bank sets, and regularly reviews, environmental & social (E&S) standards for clients via a series of public Position Statements. These can be accessed [here](#). We use the Position Statements to assess whether to provide financial services to clients operating in sensitive business sectors:

- Extractive industries (Oil & Gas, Mining & Metals)
- Power generation (Fossil Fuel Power, Nuclear Power, Renewable Energy – including Hydropower)
- Agro-industries (Agribusiness, Fisheries, Tobacco Forestry, Palm Oil)
- Infrastructure & transport; and
- Chemicals & manufacturing.










In addition, we have two cross-cutting Position Statements covering Climate Change and Human Rights.

The Environmental & Social Risk Management (ESRM) team, part of the wider Sustainable Finance team, is comprised of industry specialists and bankers who work with Relationship Managers and clients to support them in embedding the requirements set out in each Position Statement. We will and have declined transactions or exited relationships where clients show insufficient intent or progress to meet the standards set out in our Position Statements.



Our commitments

Our 2022 Sustainability Aspirations include:

Green and Transition Finance	Climate	Employment generation
Mobilise USD300bn of Sustainable Finance	<p>Achieve emissions intensity reduction in our most carbon-intensive sectors of:</p> <ul style="list-style-type: none"> • 63 per cent in Power (Scopes 1 and 2) • 33 per cent in Steel Producers (Scopes 1 and 2) • 33 per cent in Mining (ex Coal) (Scopes 1 and 2) • 30 per cent in Oil and Gas (Scopes 1, 2 and 3) • And 85 per cent absolute emissions reduction in coal mining (Scopes 1, 2 and 3) <p>(Jan 2021 – Dec 2030)</p> <p>Only provide financial services to clients who are:</p> <ul style="list-style-type: none"> • By 2024, are less than 80 per cent dependent on thermal coal (based on per cent Revenue) • By 2025, are less than 60 per cent dependent on thermal coal (based on per cent Revenue) • By 2027, are less than 40 per cent dependent on thermal coal (based on per cent Revenue) • By 2030, are less than 5 per cent dependent on thermal coal (based on per cent Revenue) 	<p>Provide USD15bn of financing to small business clients' business banking (Jan 2020 – Dec 2024)</p> <p>Provide USD3bn of financing to microfinance institutions (Jan 2020 – Dec 2024)</p>
  	 	   



“Alongside our commitment to achieve Net Zero by 2050 and contribute to sustainable development across our markets, we have established four innovation hubs. These hubs cover the critical areas of adaptation, biodiversity, voluntary carbon markets, and blended finance. There is no denying the scale of what lies ahead, especially considering that emerging markets are among the most vulnerable to the impacts of climate change. We are determined to mobilize capital at scale, collaborating with our clients in a collective effort to safeguard our future.”

Marisa Drew, Group Chief Sustainability Officer

1.4 Standard Chartered Bank's approach to impact

Through our loan portfolio, Standard Chartered supports local employment, wages, profits and tax payments in many different value chains – all of which contribute to sustainable economic growth via creating jobs, strengthening trading ties and broadening access to financial services.

Our annual Sustainable Finance Impact Report quantifies the impact of our Sustainability Bond issuances and discloses the USD13.5bn of Sustainable Assets that are aligned to the UN's Sustainable Development Goals (SDGs) in our Sustainable Finance portfolio. This report is accessible [here](#). Our Sustainable Assets include loans to renewable energy, healthcare, and education, as well as microfinance and SME lending in low-income countries.

We are having impact where it matters most, with 90 per cent of our assets located in Asia, Africa and the Middle East. These are the markets that face the biggest risk from climate change but also have the biggest opportunity to leapfrog to low carbon technology.



Highlights in the report include:

- **USD13.5bn Sustainable Assets** in our Sustainable Finance Portfolio. This is a 30 per cent growth year on year
- **1.87 million tonnes of CO2** saved in the last year from our operational assets and also from those in construction
- **90 per cent of our Sustainable Finance assets** are located in Asia, Africa and the Middle East
- **Over 660,000 microfinance loans** enabled and nearly 20,000 SME loans disbursed
- **Over 12 million cubic metres of water** supplied over the past year



"Our Sustainable Finance asset pool has grown 30 per cent year on year – this totally outpaces the growth of our banking book as a whole, and shows our commitment to Sustainable Finance. It is great to see that growth concentrated uniquely in Asia, Africa and the Middle East – from floating solar in Indonesia, to water supply in Angola, we are truly showing how we are here for good."

Amit Puri, Global Head, Sustainable Finance and ESRM

90%

of our Sustainable Finance assets are located in Asia, Africa and the Middle East

1.87m

tonnes of CO2 saved in the last year from our operational assets and also from those in construction

1.5 Background of the Sustainability Bond Framework

We recently released Version 5.0 of our Green and Sustainable Product Framework which can be found [here](#). This framework governs all activities we as an organisation view as Green or Sustainable. We also have mapped these against their relevant SDGs. We will use the framework to guide the development of themed Green and Sustainable Products which reference a specific Green and Sustainable use of proceeds. Our framework was developed in collaboration with Morningstar Sustainalytics.

This Sustainability Bond Framework provides the basis for issuance of Green, Social and Sustainability bonds, drawing on the activities that we view as Green or Sustainable. It also provides the basis for thematic bond issuances under the existing Green and Social projects, such as Blue and Gender bonds. Standard Chartered Bank is a regular issuer in the bond market across a range of currencies and tenors and has issued three Group Sustainability Bonds to date.

Green, social, and sustainability bond transactions use the bond market to direct fund flows in support of sustainable projects. We see a clear benefit in the additional transparency offered by these bonds on the use of proceeds and their impact. We are convinced that sustainable bond offerings can help to raise the necessary funds to combat climate change and increase access to finance and financing in the markets we operate in, and we are committed to support and promote the sustainable bond markets.

The Sustainability Bond Framework and related documents (such as the Second-Party Opinion) may be updated over time and additional Eligible Project categories may be added.

This Framework makes reference to many of the EU taxonomy thresholds under its 'technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation'.



▶ Sustainability Bond Framework ◀

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2. Sustainability Bond Framework

Our Framework, which maps our Eligible Projects to specific SDGs, is a step towards contributing capital towards the accomplishment of the SDGs. Under this Framework the Group (or any of its designated issuing entities) may issue green (green assets only), social (social assets only) or sustainability (a mixture of green and social assets) bond or note instruments (together “Sustainable Finance Instruments”), in public or private formats, to help finance and refinance Eligible Projects.² The Group may, in the future, update its Framework in line with developments in the market.

Such Bonds will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying exposures.

The Framework is aligned with the Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP), Sustainability Bond Guidelines 2021 (SBG) and references the Sustainable Blue Economy Bond Guidance 2023, issued by the ICMA.

It is presented through the GBP/SBP/SBG’s four core components as well as its recommendation for External Review:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting.




² Refinancing will only apply to capital expenditures.

▶ Use of proceeds ◀

3

3.1 Use of proceeds

An amount equivalent to the proceeds of Sustainability Bond (“Use of Proceeds”) issuances is exclusively used to finance or refinance in whole or in part, projects and activities in the categories below:

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Renewable energy	Generation of energy from renewable sources	<p>The generation of electricity from:</p> <ul style="list-style-type: none"> • Wind (onshore and offshore) • Wave, tidal and ocean thermal energy conversion • Solar photovoltaic (including floating) • Concentrated solar heat and power generation where more than 85 per cent of the electricity generated from the facility is derived from solar energy sources • Hydropower³: (i) For new facilities: Lifecycle carbon intensity below 50 gCO₂/kWh or Run-of-river without artificial reservoir or low storage capacity or Power density is greater than 10 W/m² (ii) For facilities that became operational before 2022: Lifecycle carbon intensity below 100 gCO₂/kWh or Run-of-river without artificial reservoir or low storage capacity or Power density is greater than 5 W/m² • Waste to energy from (i) municipal solid waste where majority of recyclables are segregated before incineration, (ii) anaerobic digestion of sewage sludge, or (iii) bioenergy limited to facilities with life-cycle emissions intensity below 100 gCO₂/kWh. This also includes the production of biochar with a greenhouse gas savings threshold of 65 per cent relative to the fossil fuel comparator set out in Annex V to Directive (EU) 2018/2001 • Geothermal (direct emissions intensity threshold below 100 gCO₂/kWh) • Green hydrogen projects⁴ • Retrofit of renewable energy power plants <p>The production of biofuels from:</p> <ul style="list-style-type: none"> • Waste sources (forestry and agriculture residues, palm kernels shells only where these are RSPO certified) • Non-waste sources.⁵ The biofuel production (including sustainable aviation fuels) fulfils the following criteria: (i) achieves substantial life-cycle emissions reduction least 65 per cent⁶ lower than fossil-fuel baseline⁷ and (ii) feedstocks are certified sustainable by a credible source⁸ 	<ul style="list-style-type: none"> • Application of technology in the fossil fuel industry and traditional carbon-intensive processes within heavy industries, such as steel, cement and aluminium⁹ • Offshore wind projects supported by fossil fuel-based auxiliary power • Ocean thermal energy conversion projects where fossil fuel back up is not limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures/restart capabilities • Waste to energy where removal of all recyclables and hazardous materials prior to incineration cannot be ensured • Plastics, rubber, tire-derived fuels (TDF) for energy or fuel conversion 	

³ For all new hydropower an environmental and social impact assessment by a credible body (third-party/external audit) is required per project. There should be no significant risk or expected negative impact identified.

⁴ Production by electrolysis powered by renewable energy where renewable energy is as defined by this Framework.



⁵ That achieves each of the following: (i) is not grown on HCV-HCS land or recently deforested land; (ii) does not directly compete with food sources; (iii) is not in areas of high-water stress, in line with Standard Chartered Bank's position statement on agro-industries, at: <https://www.sc.com/en/sustainability/position-statements/agro-industries/>

⁶ Pre-2021 installations: 60 per cent reduction below baseline and pre-2015 installations: 50 per cent reduction below baseline.

⁷ Fossil fuel baselines for biofuel production facilities: (1) Biofuels (for transportation) - 94 gCO₂e/MJ; (2) Bioliqids (production of electricity) - 183 CO₂e/MJ; and (3) Bioliqids (production of heat) - 80 CO₂e/MJ as per EU RED II. For outermost regions and non-EU countries, the following baseline is applicable for electricity generation: 212 gCO₂e/MJ.

⁸ Known credible certification schemes for crops to be used for biofuel production include the Roundtable on Sustainable Biomaterials (RSB), ISCC Plus, Bonsucro (for sugarcane) and RTRS (for soy). The Sustainable Finance Governance Committee may consider additional certification schemes so long as such schemes are evaluated to be equivalent, internationally-recognised certification schemes.



⁹ Exclusionary criteria does not apply to secondary aluminium production facilities.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
	Manufacture of components for renewable energy technology	Development and/or manufacture of renewable energy technologies and associated assets wholly dedicated and used for the purpose of supporting renewable energy generation facilities, including equipment for renewable energy generation and energy storage systems. Examples include wind turbines, ¹⁰ solar panels, battery storage connected to renewables, energy storage systems connected to an eligible transmission and distribution system as defined by this Framework, and the development, manufacture or purchase of vessels (boats, barges, ships) fully dedicated to the construction or other services of marine renewables ¹¹	<ul style="list-style-type: none"> Vessels used for the transportation of fossil fuels 	
	Construction/maintenance/expansion of associated distribution networks	<p>For transmission and distribution systems, the following applies:</p> <ul style="list-style-type: none"> (i) if the system carries more than 90 per cent electricity from renewable sources, the full financing or project is considered eligible; (ii) if the system carries less than 90 per cent renewable energy, but is on a decarbonisation trajectory in line with the EU Taxonomy,¹² then the full financing is considered eligible; and (iii) if the system carries less than 90 per cent renewables, but the percentage of renewables is expected to increase, a pro-rata approach will be adopted for allocation 	<ul style="list-style-type: none"> New transmission and distribution infrastructure dedicated to connecting new fossil power plants or new nuclear power plants 	

¹⁰ Wind turbine manufacturing involving the use of balsa wood will be limited to companies with a sustainable sourcing policy in place and/or use balsa wood certified by recognized international standards such as FSC and PEFC, in line with Standard Chartered Bank's position statement on agro-industries, at: <https://www.sc.com/en/sustainability/position-statements/agro-industries/>

¹¹ Such vessels are powered by conventional fuels or low-carbon fuels (electric, biofuel or hydrogen-powered), and are fully dedicated to the construction or other services of marine renewables, such as wind turbine installation.

¹² Please refer to the technical screening criteria under activity "4.9. Transmission and distribution of electricity" of the EU Taxonomy Delegated Act 2021: https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf




Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Green buildings	Commercial, public and residential buildings (existing and new construction)	<ul style="list-style-type: none"> Buildings meeting any of the following conditions: <ul style="list-style-type: none"> Buildings that are (i) certified or (ii) pre-certified including evidence of application for certification to be obtained within 12 months of project completion to an acceptable level under an internationally recognised green building certification scheme (see below); or Building renovations that achieve a minimum 30 per cent improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code¹³ Building renovations that have achieved or will achieve any green building certifications with corresponding levels that ensure a building energy efficiency gains of at least 20 per cent over the ASHRAE 90.1 or local building codes Pure play green building companies or developers where more than 90 per cent of the gross floor area is certified to an acceptable level under an internationally recognised green building certification scheme (see below) Replacement of existing heating/cooling systems in buildings with more efficient, non-fossil fuel powered systems Installation of new cogeneration/tri-generation/combined heat and power plants that generate electricity in addition to providing heating/cooling¹⁴ Waste heat recovery improvements Green data centres with a PUE of under 1.5 	<ul style="list-style-type: none"> Improvement activities that result in the lock in of fossil fuel technologies Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels Cogeneration/CHP plants powered by coal, oil or natural gas Projects from waste heat from fossil fuel production/operation 	 

Eligible green building certifications: <ul style="list-style-type: none"> EDGE (Certified or higher) BREEAM (Excellent or higher) LEED (Gold or higher) Green Star (5 stars or higher) China 'Three Star System' (2 stars or higher) BEAM Plus (Gold or higher) G-SEED (Level 2 or higher) IGBC New Buildings or Existing Buildings (Gold or higher) IGBC Green Home (Platinum) EEWH (Gold or higher) Estidama (4 Pearl rating or higher OR 3 Pearl plus a 20 per cent improvement over ASHRAE 90.1 2007) 	<ul style="list-style-type: none"> BEAM Plus Selective (Very Good or higher with Energy Use (EU) category included under the assessment OR all levels, subject to the building achieving at least 20 per cent energy efficiency improvements over ASHRAE 90.1 2013 or local baseline that is comparable with ASHRAE 90.1 2013) HQM (4 stars or higher) EPC (B or higher for buildings in the UK) Buildings that comply with a CBI-approved proxy i.e. city-specific, countrywide or international proxy NABERS Energy (5 stars or higher) Vietnam GBC Lotus Certification (Platinum) GRIHA (4 stars or higher) Green Buildings Index (Gold or higher) GreenRE (Gold or higher) AI Sa'fat (Platinum) BCA Green Mark (Gold or higher) 	<ul style="list-style-type: none"> Mostadam (Gold and Diamond) DGNB (Gold or above) Minergie (P and A) PassivHaus BER -B2 level for buildings in Ireland (B and above) Higg FEM (For textile sector buildings with 75 points and above) BEAM Plus Neighbourhood (Gold and above) SS 564 for data centres with PUE below 1.5 SS 564 for data centres in Singapore¹⁵ Earth Check (Gold or above) <p>Alternative certifications and levels that can ensure building energy efficiency gains of 20 per cent over and above ASHRAE 90.1 (2013 and above) or local equivalent building code as baseline are eligible.</p>
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¹³ For building renovation, financing will be limited to the cost of the renovation only and not the entire building construction.

¹⁴ Cogeneration plans are limited to those powered by CSP/solar thermal or biomass waste OR geothermal energy/bioenergy with emissions below 100 gCO₂e/kWh.


¹⁵ Standard Chartered confirms that all new data centres in Singapore, built from July 2022 onwards, are required to have a PUE of under 1.3.





Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Energy efficiency	Buildings and other infrastructure (exc. Transmission and distribution)	<ul style="list-style-type: none"> Development, manufacture and 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. Example projects could include rehabilitation of electric-powered district heating systems, electric-powered district cooling systems, heat-loss reduction, and/or increased recovery of wasted heat Mobile network upgrades to 5G technology and 4G LTE migration from 3G or lower Telecom towers upgrades, including cooling systems, insulation and reflective paints that enhance energy efficiency Modernisation of broadband network from copper to fibre optic 	<ul style="list-style-type: none"> Energy-efficient technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels Energy efficiency improvements to transmissions lines directly connected or dedicated to fossil fuel power 	
	Industrial processes and supply chains	<ul style="list-style-type: none"> Upgrades, improvement and installation of technologies and equipment to industrial and manufacturing processes to increase energy efficiency Development, manufacture and distribution of equipment and software that are specifically designed to increase the energy efficiency of industrial and manufacturing processes such as demand management technologies Financing steel manufacturing that uses (i) direct reduced iron (DRI) in an electric arc furnace (EAF), (ii) green hydrogen as a fuel and (iii) electricity for the facilities is sourced from renewable sources 	<ul style="list-style-type: none"> Energy-efficient technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels, such as: Oil or gas-fired boilers, cogeneration and CHP units Traditional carbon intensive production processes within in heavy industries, such as steel, cement and aluminium¹⁶ 	
		<ul style="list-style-type: none"> Industrial/utility energy-efficiency improvements which result in reduction of heat losses and/or increased waste heat recovery. This includes installation of renewable-powered cogeneration plants¹⁷ 	<ul style="list-style-type: none"> Production processes that rely on fossil-fuel Traditional carbon intensive production processes within heavy industries, such as steel, cement and aluminium¹⁸ 	

¹⁶ Exclusionary criteria does not apply to secondary aluminium production facilities.

¹⁷ Cogeneration plants are limited to those powered by CSP/solar thermal or biomass waste, OR geothermal energy/bioenergy with emissions below 100 gCO₂/kWh(e).




¹⁸ Exclusionary criteria does not apply to secondary aluminium production facilities.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
	Transmission and distribution systems	<ul style="list-style-type: none"> Retrofit of distribution systems, transmission lines or substations to reduce energy use and/or technical losses (except for capacity expansion). Distributed assets for example, hybrid solar inverters will be limited to those where the intent is to reduce the curtailment of renewable energy into the grid. Electrical grid maintenance projects will be limited to those systems dedicated to connecting renewables to the power grid or supporting at least 90 per cent renewable electricity The development, manufacture, installation of technologies/components for efficient transmission and distribution. Examples could include smart grid technologies such as advanced/smart meters, monitoring and control automation devices, computing platforms, distributed generation, peak demand management, smart energy algorithms, green computing systems designed for energy efficient use etc Distribution networks for districting heating/cooling where these are primarily (more than 50 per cent) powered by renewables, waste heat or both 	<ul style="list-style-type: none"> Energy efficiency improvement to transmissions lines directly connected or dedicated to fossil fuel power 	

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Sustainable management of living and natural resources	Agricultural and aquaculture processes	<ul style="list-style-type: none"> Improving the energy efficiency of irrigation Investment in integrated cropland-livestock-forestry systems and agroforestry systems targeted at smallholder farmers with sustainable forestry management plans in place Investments in improved farming techniques and equipment which improves yields and reduces inputs such as water, pesticides, and fertilisers. Examples include promotion or implementation of sustainable agricultural techniques and practices including no-till farming systems, soil recovery and restoration of degraded pasture, agricultural practices that use no synthetic fertilizers and pesticides, crop rotation for carbon sequestration and nitrogen accumulation purpose Investments in vertical farming projects powered by renewable energy sources or power source with carbon intensity threshold of 100 gCO₂e/kWh <p>Financing of products and associated activities with any of the following certifications applicable to natural materials:</p> <ul style="list-style-type: none"> US Soy Sustainability Assurance Protocol (for agricultural purposes) RSPO (waste to energy from palm oil operations) Cotton compliant with the CmiA Standard or the Better Cotton Standard 2BSvs (soy) Rainforest Alliance Certified forests (FSC, PEFC or China Forest Certification Scheme) Certified organic agriculture, including USDA Organic¹⁹ Aquaculture Stewardship Council (ASC) Best Aquaculture Practices (BAP) (Two Stars or higher) Marine Stewardship Council (MSC) International Sustainability and Carbon Certification (ISCC) Sustainable Rice Platform (SRP) (minimum score of 95 / 100) Round Table on Responsible Soy (RTRS) Standard for Responsible Soy Production Global Organic Textile Standard (GOTS) <p>Investment in management and maintenance of protected areas (national and regional natural parks and other protected areas, including coastal and marine ecosystems)²⁰</p> <p>Investment in alternative proteins:</p> <ul style="list-style-type: none"> R&D towards cultured meat R&D and production of fermented meat with significantly lower GHG emissions compared to plant and animal production counterpart R&D and production of plant-based protein with (i) evidence of life-cycle GHG emissions being significantly lower than meat counterparts and (ii) production that procures raw materials from certified sustainable sources listed above 	<ul style="list-style-type: none"> Livestock management projects for industrial-scale meat processors or producers Manufacture, purchase or distribution of inorganic, synthetic fertilizers, pesticides or herbicides Equipment which runs directly on fossil fuels such as those powered by diesel Genetically modified crops Techniques and technologies implemented on industrial scale livestock production units 	   


¹⁹ Any certification listed in the IFOAM directory is considered eligible in relation to certification of organic agricultural crop produce (see https://directory.ifoam.bio/certification_bodies)

²⁰ For reforestation projects, native species must be given preference and certified sustainable management plan (e.g. FSC or PEFC) must be in place.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Pollution prevention and control		<p>Activities with capital expenditures which achieve the following:</p> <ul style="list-style-type: none"> • reduce air emissions • mitigate greenhouse gas emissions • soil remediation • waste prevention, reduction, recycling and sorting projects <p>Investment in the following infrastructure facilities and activities that contribute to the objective outlined above:</p> <ul style="list-style-type: none"> • Development of waste collection facilities and the provision of waste collection services which supports source segregation of waste²¹ • Development of recycling facilities that process (i) recyclable waste into secondary raw material, (ii) mixed residual waste to produce feedstock for waste to energy plants, (iii) food and/or green/ garden/yard waste to produce compost • Process upgrades, sensors to monitor/test emission control or compliance 	<ul style="list-style-type: none"> • Any expenditures related to fossil fuels • Application in traditional carbon-intensive production processes in heavy industries, such as steel, cement and aluminium²² • R&D and commercial-scale carbon capture, utilisation and/or storage (CCU/CCS) applied to 'hard-to-abate' industrial activities that are inherently carbon-intensive • CCU where captured carbon is intended for enhanced oil recovery • Soil remediation associated with the contamination of negative environmental externality from the borrower's own activities • Chemical recycling of plastic • Recycling of electronic waste without robust waste management processes to mitigate associated risks 	 
Sustainable water and wastewater management	Sustainable water and wastewater management	<p>Activities that improve water quality:</p> <ul style="list-style-type: none"> • Water and wastewater treatment facilities • Upgrades to wastewater treatment plants to remove nutrients • Wastewater discharge infrastructure • Desalination plants powered by electricity with an average carbon intensity at or below 100 gCO₂e/kWh over the residual asset life or desalination plants primarily powered by low-carbon sources, such as renewables <p>Activities that increase water-use efficiency</p> <ul style="list-style-type: none"> • Water recycling and reuse • Water saving systems, technologies and water metering 	<ul style="list-style-type: none"> • Treatment of wastewater from fossil fuel operation 	

²¹ This includes waste collection vehicles that are zero emission, or hybrid vehicles at or below the threshold of 75 gCO₂/km, based on lab tests WLTP or NEDC procedure.


²² Exclusionary criteria does not apply to secondary aluminium production facilities.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Clean transportation	Sustainable infrastructure and transportation	<p>Investments and expenditure in low energy consuming or low emission transportation, including:</p> <ul style="list-style-type: none"> • Electric vehicles including passenger cars (under 50 gCO₂/km up to 2025, and zero tailpipe emissions thereafter) and electric scooters, motorbikes, and light commercial vehicles including electric shuttles • Electric planes for freight transportation, with share of fossil fuel freight transported limited to 25 per cent in mass • Public transportation (under 50 gCO₂/p-km up to 2025, and zero tailpipe emissions thereafter) including electric trams and trains • Other zero direct emissions vehicles not intended for road including cranes and forklifts • Freight rail transportation (under average portfolio emissions of 25 gCO₂/t-km up till 2030, 21 gCO₂/t-km from 2030 up to 2050) • Active mobility including bicycles and other forms of self-propelled types of transportation • Infrastructure for active mobility including walking/cycling lanes • Low-carbon transport infrastructure including electric charging stations, low-carbon fuelling stations, such as for green hydrogen or biofuels, battery exchange and swapping stations • Investments and expenditure into development and production of electric vehicles (EVs), including construction of new dedicated manufacturing facilities and upgrading and retrofitting of existing facilities for the purpose of expanding production, as well as the manufacture of EV batteries and development of its specialised parts, such as cathode/anode material and ternary precursor 	<ul style="list-style-type: none"> • Efficiency improvements involving conventional fossil-fuel combustion engines (hybrid engines and technologies are eligible) • Systems and infrastructure dedicated to the transportation of fossil fuels • Fossil fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport • Hydrogen production processes that would entail a fossil fuel lock-in • Construction of parking facilities and roads 	

²¹ This includes waste collection vehicles that are zero emission, or hybrid vehicles at or below the threshold of 75 gCO₂/km, based on lab tests WLTP or NEDC procedure.

²² Exclusionary criteria does not apply to secondary aluminium facilities.

²³ Climate change adaptation insurance in line with the technical screening criteria 11 a-c under activity 10.1 "Non-life insurance noting insurance against climate-related hazards" of the EU Taxonomy Delegated Act 2021: 11 The insurance activity uses state-of-the-art modelling techniques that a. properly reflect climate change risks, b. do not only rely on historical trend and c. integrate forward-looking scenarios https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1:0021:02/DOC_3&format=PDF. It is noted that such climate adaptation investments only relate to ex-post transfer of climate risks and do not necessarily involve in the proactive reduction of climate risks upfront.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Climate change adaptation		<ul style="list-style-type: none"> Data driven climate monitoring solutions, such as early warning systems, climate observation, systems for monitoring GHG emissions Development and/or use of information and communications technology (ICT) solutions for the exclusive purpose of collecting, transmitting, storing and using data to facilitate GHG emission reductions Expenditures related to the design, construction, refurbishment of existing infrastructure and maintenance of eligible infrastructure that features intentional integration of climate resilient construction (design, materials) and/or soft infrastructure improvement (asset-focused resilience). Examples include: <ul style="list-style-type: none"> Heavy rain drainage systems, flood prevention, flood defence systems, sluice gates, tunnels and channels, elevation of existing infrastructure Use of climate resilient crops (e.g. drought resistant seeds) and drip irrigation for agricultural production systems, stormwater storage, grain storage, soil rehabilitation, climate resilient livestock infrastructure (e.g. cooling sheds, emergency shelters) Wildfire safety infrastructure and equipment such as hd-cameras, weather stations, fire resilient utility lines Construction of sea walls Climate change adaptation insurance in line with the EU Taxonomy²⁴ Infrastructure that fulfills the asset-focused resilience criteria above and also adds climate resilience benefit to the broader local system against negative physical climate impacts (systems-focused resilience). Examples include: <ul style="list-style-type: none"> Coastal pumping stations in areas of water stress, water reclamation plants in areas of water stress, wetland protection, stormwater management, flood defences Green roofs and walls, water retention gardens, porous pavements Wild brush clearing, species diversification, transmigration of species more capable of survival, nature-based solutions such as afforestation and reforestation,²⁵ mangrove conservation and replanting, restoration of salt marshes, peatland restoration Grid resilience, back-up generation and storage designed for climate-related disruption For monitoring human health risks due to climate change, the implementation of air quality forecasting systems, monitoring of fire propagation and smoke transport systems 	<ul style="list-style-type: none"> Given the potentially significant impact of infrastructure on the environment, the development of Climate Change Adaptation Infrastructure should be supported by vulnerability assessment and adaptation plan²⁵ Livestock management projects for industrial-scale meat processors or producers Genetically modified organisms and crops Transmission and distribution grid dedicated to fossil fuel power 	





²⁴ Climate change adaptation insurance in line with the technical screening criteria 1.1 a-c under activity 10.1 "Non-life insurance noting insurance against climate-related hazards" of the EU Taxonomy Delegated Act 2021: 1.1 The insurance activity uses state-of-the-art modelling techniques that a. properly reflect climate change risks, b. do not only rely on historical trend and c. integrate forward-looking scenarios https://eur-lex.europa.eu/resource.html?uri=cellar:d84ec73c-c773-11eb-a925-01aa75ed71a1:002102/DOC_3&format=PDF. It is noted that such climate adaptation investments only relate to ex-post transfer of climate risks and do not necessarily involve in the proactive reduction of climate risks upfront.

²⁵ Standard Chartered applies the Equator Principles Climate Change Risk Assessment (CCRA) for the financing of applicable projects. CCRA requires projects to disclose relevant climate-related physical risks as defined by the Task Force on Climate-Related Financial Disclosures (TCFD). Additionally, the CCRA requires projects to disclose the plans, processes and systems in place to manage and mitigate the identified risks. Where projects are not caught by the EP requirements, Standard Chartered will adopt the template CCRA approach for the purposes of a vulnerability and adaptation plan for projects under this criteria.

Category as per GBP	Sub themes	Eligible activities	Exclusions	SDG goal
Eco-efficient and/or circular economy adapted products, production technologies and processes		<ul style="list-style-type: none"> Research and development of products designed for circularity and/or adaptive re-use. Eligible products go beyond an eco-label and demonstrate significant waste diversion and/or use of waste products²⁶ Equipment/technology/IT systems which help in reducing the resource intensity of economic activities R&D (incl. pilot project) of products, processes and technologies using bio-based materials (such as biopolymers/bioplastics) Procurement and sale of recycled or waste materials as an input Production of resource-efficient or low-carbon products that are RSB-certified (in case of bio-based materials) Manufacturing of plastic products with: (i) at least 90 per cent waste, recycled, renewable or bio-based input, (ii) recycling activity are limited to mechanical recycling, (iii) at least 90 per cent of the plastic products are not intended for single use customer products, and (iv) all products are recyclable. Biogenic inputs must be sourced sustainably²⁷ Repair, refurbishment and reuse activities that are aimed at increasing the lifespan of existing products and put them back to its original use with very minimal processing or without any further pre-processing required 	<ul style="list-style-type: none"> Equipment and technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels Projects are ineligible where products are made entirely from virgin petroleum-based plastic and for products which are not recyclable Repair, refurbishment and reuse of products that are fossil fuel intensive or used for extraction of fossil fuel Chemical recycling of plastic 	  

²⁶ For clarity, products with a credible and recognised eco-label may be eligible but products will be assessed for reduction of raw resource inputs and outputs.





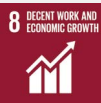

²⁷ Sustainably sourced inputs will be certified with Bonsucro Production Standard or ISCC certification scheme.

Category as per SBP	Sub themes	Eligible activities	Exclusions	SDG goal
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, including through the potential effect of SME financing and microfinance	Access to affordable and responsible financial products and services to the poor and vulnerable populations.	<p>Financing microfinance institutions via intermediaries (MFIs), and financing of smaller businesses in developing but not high-income countries as per the UN World Economic Situation and Prospects (WESP) report in which Standard Chartered operates</p> <p>To be eligible for the use of proceeds, one or more of the following populations should be specifically targeted:</p> <ol style="list-style-type: none"> 1. Females²⁸ 2. Rural populations focusing on agricultural production and agricultural value chains 3. Economically excluded individuals 4. Populations in developing but not high-income countries as per the UN WESP report <p>To be identified as a small-medium sized enterprise (SME), as defined by the International Finance Corporation (IFC), the end-client should meet two of three criteria to qualify</p> <ol style="list-style-type: none"> 1. Number of employees < 300 2. Turnover between USD100,000 up to USD15 million 3. Total assets between USD100,000 and USD15,000,000 <p>If data mentioned above is not available, then the SME average loan size should be between USD10,000 and USD1,000,000 (10,000 < USD < 1,000,000)</p> <p>Projects are classified as microfinance if they meet the following criteria. End-client should meet two of the three criteria to qualify</p> <ol style="list-style-type: none"> 1. the number of employees < 10 2. turnover < USD100,000 3. total assets < USD100,000 <p>If data mentioned above is not available, the end-client average loan size should be < USD10,000</p>	<p>Payday loans</p> <p>Loans to businesses involved in:</p> <ul style="list-style-type: none"> • Adult Entertainment • Manufacture and production of finished alcoholic beverages • Lethal defence goods including small arms • Gambling • Military contracting • Non-RSPO-certified palm oil • Predatory lending²⁹ • Manufacture and production of finished tobacco products • Conflict minerals³⁰ 	   

²⁸ Where at least one of the following applies: (a) at least 51 per cent owned by woman or women; OR, (b) (i) at least 20 per cent owned by woman or by women; (ii) with a woman as CEO, COO, President or Vice President; and (iii) has a board of directors at least 30 per cent comprise of women, where a board exists.

²⁹ Imposing unfair or abusive loan terms on a borrower. Any practice that convinces a borrower to accept unfair terms through deceptive, coercive, exploitative or unscrupulous actions for a loan that a borrower doesn't need, doesn't want or can't afford. Involvement in predatory lending is defined as, either the company is involved predatory lending activities, or the company owns 10-50 per cent of another company with involvement predatory lending activities.

³⁰ Minerals (specifically tantalum, tin, tungsten and gold, often referred to as "3TG") extracted from areas of armed conflict in the Democratic Republic of Congo (DRC).

Category as per SBP	Sub themes	Eligible activities	Exclusions	SDG goal
Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)	Healthcare infrastructure	Financing to construct, equip, operate: <ul style="list-style-type: none"> hospitals, clinics and health care centres for the provision of public/free/subsidized health services³¹ 		
	Emergency services	<ul style="list-style-type: none"> Infrastructure for the provision of emergency services, such as related to fire, rescue, medical response and disease control.³² Such services are free and accessible to all 		
	Provision of health-care related products and services	<ul style="list-style-type: none"> R&D, logistics and distribution of medical products and supplies (including medicines) essential to medical response, disease control services and vaccinations in developing but not high-income countries as per the UN WESP report³³ Provision/distribution of healthcare equipment and public services³⁴ 		
	Primary, secondary, adult and vocational education	<ul style="list-style-type: none"> Construction of public/free/subsidised schools³⁵ Construction of campuses for public schools and universities Affordable schools and education providers in developing but not high-income countries as per the UN WESP report³⁶ Construction of student housing provided the rent is capped below the local or regional average to ensure affordability to all students Education loans for low-income or marginalised students,³⁷ where some kind of financial advantages are in place, such as: <ol style="list-style-type: none"> providing loans below the market rate as per the local context applicable providing collateral free loans merit-based loan sanctioning loan extensions 		
	Access to services for people with disabilities	<ul style="list-style-type: none"> Projects involving purchase of new equipment including wheelchairs, and other mobility devices Retrofit of spaces/infrastructure such as installation of handrails and ramps Expenditures related to consultancy services including services for pre-employment support, and training programs for job assistance 		
Affordable housing	Affordable/Social Housing	<ul style="list-style-type: none"> Access to adequate, safe and affordable housing for marginalised communities as per local government definitions³⁸ 		

³¹ Where this includes private healthcare facilities financing will be limited to private hospitals, clinics and health centres that improve access to essential healthcare for vulnerable populations, including being affordable for at least 90 per cent of population in developing but not high-income countries as per the UN WESP report.

³² Financing will be limited to least developed OECD DAC markets.

³³ Financing will be limited to medical products and supplies where more than 90 per cent of the public are able to afford these.





³⁴ Where this includes the provision and distribution of healthcare equipment and services to private hospitals, financing will be limited to private hospitals where more than 90 per cent of the public are able to afford the healthcare equipment and services.

³⁵ Where this includes private education facilities, financing may include enterprises that improve/ increase access education for vulnerable populations (i.e. providing an alternative that is not available in the local context, including by public/ free education providers), which may include those that charge a nominal fee that is affordable in the local context in developing but not high-income countries as per the UN WESP report.

³⁶ Schools are considered affordable when 90 per cent of population is able to afford the fees charged.

³⁷ The definition of low-income and marginalised individuals will be based on the local government definitions.

³⁸ The role of Standard Chartered in affordable housing projects is limited to the provision of financing and Standard Chartered do not have control on deciding the detailed criteria on low-income groups and affordability mechanisms. Where feasible, Standard Chartered will provide further disclosure on the affordable housing programs relevant beneficiaries defined by regional governments included within its social portfolio when reporting on impact metrics.

Category as per SBP	Sub themes	Eligible activities	Exclusions	SDG goal
Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)	Establishing or improving connectivity in low- income countries	<ul style="list-style-type: none"> Development of roads (including road infrastructure such as bridges and tunnels) in developing but not high-income countries as per the UN WESP report with a goal to improve rural/remote connectivity and to improve passenger and commercial transport in areas where road infrastructure is clearly inadequate and hinders a community's development Public transportation in developing but not high-income countries as per the UN WESP report with substantial lack of access to public transportation designed to improve connectivity and meet the CO2 emissions standards within the local jurisdiction where applicable Telecoms/internet connectivity in developing but not high-income countries as per the UN WESP report targeted at underserved communities or regions that currently lack access such infrastructure or it is clearly inadequate Development of transmission and distribution infrastructure aimed at improving access to electricity in developing but not high-income countries as per the UN WESP report targeted at underserved communities 	<ul style="list-style-type: none"> Development of highways in urban areas Upgrade of highways and major roads, including in rural areas Privatisation of highways Construction of toll booths Transmission grid connected to a dedicated fossil fuel power plant (coal/oil/natural gas) Fossil fuel power generation 	
	Activities that expand public access to safe and affordable drinking water and adequate sanitation facilities	<ul style="list-style-type: none"> Construction, maintenance and equipment for water supply infrastructure i.e. pipework Activities that improve access to clean water, including desalination projects Activities that provide access to adequate sanitation facilities 	<ul style="list-style-type: none"> Desalination projects without appropriate waste management plans for brine disposal Desalination plants with dedicated on site fossil fuel power 	
	Recreational centres, cultural and other community infrastructure	<ul style="list-style-type: none"> Development, refurbishment and maintenance of recreational facilities such as parks, sport facilities and cultural centres with free or discounted access to all 		
Food security and sustainable food systems	Activities which enhance food security	<ul style="list-style-type: none"> Investment in the manufacture, logistics, provision and distribution of food and nutritional supplements in developing but not high-income countries as per the UN WESP report, where there is an explicit need to tackle food security or food loss that will be affordable to all regardless of ability to pay Investment in infrastructure such as warehouses aimed at providing adequate storage, improved food conservation or connectivity in the food chain for reducing food loss Goods which are Fairtrade certified³⁹ Support to smallholder farmers,⁴⁰ including equipment and facilities that help to prevent food loss and waste, improve productivity and increase market access to smallholder producers 		
Charities ⁴¹		<ul style="list-style-type: none"> Financial support for the activities of registered charities, non-profit organisations with the specific purpose of supporting programmes aimed at benefitting vulnerable target populations, and/or advance social causes, and/or support activities in line with the green and social activities identified in this Framework 	<ul style="list-style-type: none"> Programmes that promote religious or political activities 	

³⁹ Fairtrade primarily speaks to social impacts within the context of agricultural and forestry activities, and as such it is considered eligible in the context of social financing.

⁴⁰ Smallholders as defined by the Food and Agriculture Organization as those farming on less than 10 hectares of land on average, at: <https://www.fao.org/family-farming/detail/en/c/273864/>

⁴¹ Charities are considered to be pure plays if more than 90 per cent of their activities aligns with the criteria outlined in the framework and also meets the exclusion criteria. Charities pureplays are considered to be Sustainable pureplays.

Category as per SBP	Sub themes	Eligible activities	Exclusions	SDG goal
COVID-19 response ⁴²	Healthcare services	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Banking that directly finances: <ul style="list-style-type: none"> Cosmetic facilities Aesthetic medical facilities Chiropractic facilities Acupuncture facilities Hospital greenfield construction 	
	Healthcare supplies and equipment	<ul style="list-style-type: none"> The conversion of facilities or equipment to produce supplies or equipment needed for the prevention or treatment of COVID-19 		
	Pharmaceuticals	<ul style="list-style-type: none"> 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 		
	Sanitation	<ul style="list-style-type: none"> Manufacturing, logistics and distribution of products and services for safely managed water, sanitation, and hygiene (WASH)⁴³ 		
	Food security	<ul style="list-style-type: none"> In markets 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 COVID-19 or ensuring a secure food supply during phases of restricted contact 		

⁴² All COVID-19 transactions in the healthcare, sanitation, food security and socio-economic impact mitigation category originated before 30th June 2022.

⁴³ <https://www.worldbank.org/en/topic/water/brief/wash-water-sanitation-hygiene-and-covid-19>

3.2 Process for project evaluation and selection

3.2.1 Sustainability Bond Governance committees

Eligible Projects are subject to three levels of review under the Framework:

1. ESG and Climate Risk Management – We embed our framework directly into our credit approvals process. Before we provide financial services to a Corporate or Commercial Banking client, our relationship managers carry out an Environmental & Social Risk Assessment (Client ESRA). This allows us to evaluate their performance against our Environmental & Social (E&S) criteria. Where large transactions are involved, in the case of project finance for instance, we'll also carry out a separate Transaction ESRA.

2. The Sustainable Finance (SF) Banking and Sustainable Bonds Team – The SF Bankers and the Sustainable Bonds Team support front line teams across the Bank with origination efforts for Sustainable Finance transactions. 'Empowered Approvers'⁴⁴ approve transactions as green, social and sustainable and they are responsible for assessing transactions for alignment to the Framework.

3. The Sustainable Finance Governance Committee – The Sustainable Finance Governance Committee (SFGC) is empowered by the Group Responsibility and Reputational Risk Committee (GRRRC) and is chaired by the Global Head of Sustainable Finance. The key responsibilities of the SFGC are to provide leadership, governance, and oversight in delivering the Group's sustainable finance offering. The SFGC comprises of representatives from the Business, Environmental and Social Risk Management (ESRM), Legal, Compliance and Risk, amongst others. The SFGC meets 10-12 times per year.



⁴⁴ The SFGC delegates authority to a list of Empowered Approvers to provide approval on any transaction linked to an approved product that is referred to as "green", "social", "sustainable", "sustainable development goal aligned" or "ESG". These transactions must have been supported by an Empowered Approver who has been empowered to approve the relevant category of transactions (some Empowered Approvers are only authorised to sign off on transactions related to their respective product area i.e. Bonds).

The SFGC is responsible for the content and implementation of the Framework, including the criteria for and the selection of Eligible Projects, the management of proceeds, reporting and external review.

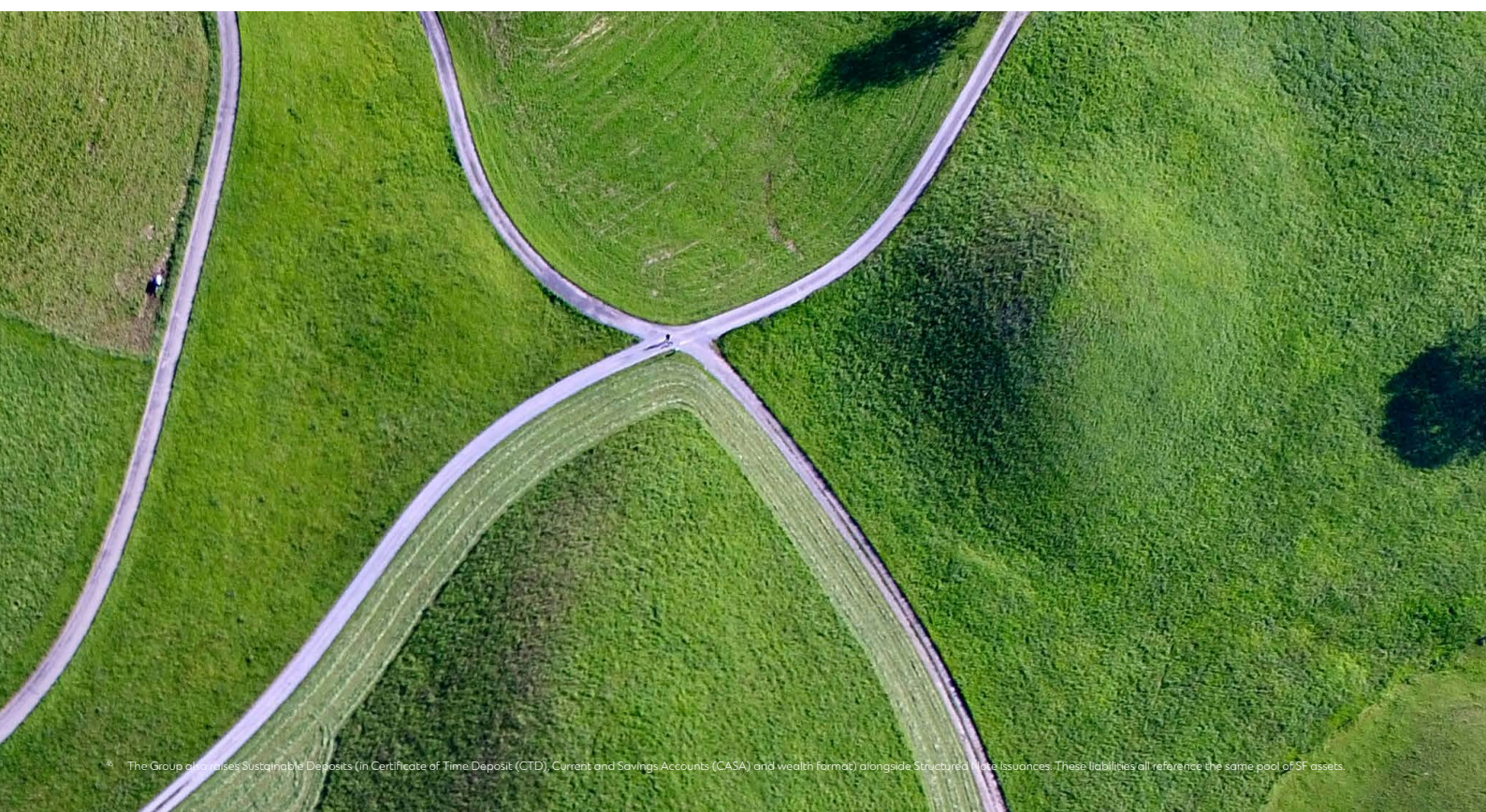
The SFGC has a subcommittee which will manage the process for project evaluation and selection and this forum has final review of the Eligible Projects. This subcommittee consists of one representative from each of the following departments: Sustainable Finance, Environmental and Social Risk Management, and Debt Capital Markets.

The SF Finance function manages SF assets and liabilities on a portfolio basis. Prior to each issuance of “Sustainability Bonds”, SF Finance will ensure that there is an equivalent amount of assets (aggregate notional amount of at least the net proceeds of the issuance of the relevant Series of Notes) in the SF asset pool that are unencumbered by sustainable liabilities.

SF Finance is responsible for maintaining the SF asset pool. Total eligible assets are monitored on a monthly basis and discussed at SFGC quarterly. The asset pool is audited annually, and this is verified by a third party. SF Finance also monitors all Sustainable Liabilities⁴⁵ on a daily basis. In addition to this, the Group will only take total SF liabilities up to a maximum of 80 per cent of our SF assets. The Group can also issue Green or Social Bonds.

For these, the subcommittee will identify projects from the pool of Eligible Projects that will be financed or refinanced, in whole or in part, with the net proceeds of the issuance of a Series of Notes whose Final Terms specify that the relevant Series of Notes are “Green Bonds” or “Social Bonds”, and will assign an aggregate notional amount of at least the net proceeds of the issuance of the relevant Series of Notes to such Eligible Projects (the “Assigned Projects”). Details of the Assigned Projects will be compiled and kept up to date by the SF Strategic Initiatives and Finance teams. If, during the term of a Series of Notes, any Assigned Projects are redeemed or no longer comply with the Eligibility Criteria (as described below), such projects will be replaced by other Eligible Projects in respect of that Series of Notes (“Replacement Projects”) to ensure that the net proceeds of the issuance of the Notes are always fully used to finance and/or refinance a portfolio of Eligible Projects in respect of that Series of Notes.

The SF Strategic Initiatives and Finance teams will review the portfolio of Eligible Projects on a biannual basis and any discrepancies discovered will be raised to the subcommittee. In addition, the portfolio will be reviewed on an annual basis by an independent third party.



⁴⁵ The Group also raises Sustainable Deposits (in Certificate of Time Deposit (CTD), Current and Savings Accounts (CASA) and wealth format) alongside Structured Fund Issuances. These liabilities all reference the same pool of SF assets.

3.2.2 Selection criteria

All loans and investments must comply with the Group's standard credit process and with all applicable regulatory requirements, with the Group's overall and sustainability strategy and with the Group's environmental and social risk management policies and exclusion lists in order to constitute Eligible Projects.

In addition, to qualify as an Eligible Asset for the use of proceeds of a Green, Social or Sustainability Bond they need to:

1. Align to this Framework
2. Not be a loan from loan refinanced by third parties
3. Date of first drawdown of the loan no more than two years before the settlement date of the Sustainability Bond issue
4. Not relate to a provisioned amount of non-performing loans
5. Not be an uncommitted transaction(s)

Businesses and projects that are involved in the following operations will not be Eligible Projects:

- Payday loans
- Adult entertainment
- Manufacture and production of finished alcoholic beverages
- Fossil fuel exploration and distribution
- Lethal defence goods including small arms
- Gambling
- Military contracting
- Nuclear power generation
- Non-RSPO-certified palm oil
- Predatory lending
- Manufacture and production of finished tobacco products
- Conflict minerals⁴⁶
- Child labour
- Forced labour

3.3 Management of the proceeds

The bank intends to allocate all proceeds within 24 months of issuance. The assets will not be segregated into a separate sub-portfolio, but allocation of proceeds will be assigned to Eligible Assets on a portfolio basis. The pool of these Assigned Assets and any replacement of Assigned Assets will be recorded and monitored regularly by SF Finance until bond maturity.

If for unexpected reasons the bank is not able to fully replace Assigned Assets that are repaid or no longer qualify with the eligibility criteria and as a consequence the net proceeds of bonds issued under the framework are no longer fully assigned to Eligible Assets, the bank intends to temporarily invest an amount equal to the balance between Assigned Assets and the net proceeds of outstanding bond issued under the framework in short-term marketable instruments, cash, or cash equivalent in line with the SCBPLC liquidity investment guidelines until they are fully reinvested into Eligible Projects.

3.4.1 Allocation reporting

On at least an annual basis, the Group will prepare a report to update investors on the allocation of the net proceeds of the issuance of each Series of Notes to Eligible Projects in respect of that Series of Notes. Such reports will provide information such as:

- the total amount of proceeds allocated to relevant Eligible Projects
- the amounts allocated to Eligible Projects in each relevant Eligible Project category
- the remaining balance of unallocated net proceeds at the end of the relevant reporting period and where these have been invested.

Where the Group obtains a pre-issuance verification report in respect of a Series of Notes, such report will be made available on our website.

The Group intends to engage an independent third-party to independently review each progress report and opine on its continued conformity with the Framework. The Group intends to make each progress report and the related opinions available on its website.

⁴⁶ Minerals (specifically tantalum, tin, tungsten and gold, often referred to as "3TG") extracted from areas of armed conflict in the Democratic Republic of Congo.

3.4.2 Impact reporting

On an annual basis, the Group intends to report on the impact of the Eligible Assets by category from a social and environmental perspective, in line with the indicators suggested in the ICMA Harmonized Framework for Impact Reporting, subject to the availability of information and baseline data and based on methodologies that will be publicly available (e.g. from the Partnership for Carbon Accounting Financials (PCAF). Both allocation report and non-financial impact report will be made publicly available on the Standard Chartered Bank website.

Example indicators:

Eligible category	Environmental indicators	Social indicators
Renewable energy	<ul style="list-style-type: none"> 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 CO2 equivalent (where possible) 	
Energy efficiency	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent [Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)] 	
Green buildings	<ul style="list-style-type: none"> Type of scheme, certification level 	
Sustainable management of living natural resources and land use	<ul style="list-style-type: none"> Increase of area under certified land management in km2 or m2 and in per cent 	
Pollution prevention and control	<ul style="list-style-type: none"> Waste that is prevented, minimised, reused or recycled before and after the project in per cent of total waste and/or in absolute amount in tonnes p.a. 	
Sustainable water and wastewater management	<ul style="list-style-type: none"> Annual absolute (gross) water use before and after the project in m3/a, reduction in water use in per cent Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a and p.e./a and as per cent 	
Clean transportation	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent 	
Climate change adaptation	<ul style="list-style-type: none"> Additional water availability and/or increased water catchment in m3/year Reduced/avoided water loss (in reservoirs/ waterways/natural habitats etc.) in m3 	
Eco-efficient and/or circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> Waste that is prevented, minimised, reused or recycled as a % of total waste and/or as absolute amount in tonnes p.a. % increase in materials, components and products that are reusable, recyclable, and/or certified compostable and/or in absolute amount in tonnes p.a. 	

Eligible category	Environmental indicators	Social indicators
Employment generation/ SME financing		<ul style="list-style-type: none"> • Number of loans to SMEs • Number of loans to microenterprises • Regions in which Micro and Smaller Businesses were financed
Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)		<ul style="list-style-type: none"> • Number of public hospitals, clinics and health care centres financed • Number of schools financed • Number of schools and universities financed • Number of campuses for public schools and universities financed. • Number of units of emergency service infrastructure financed • Number of new equipment dedicated to supporting people with disabilities financed • Number of retrofit projects for people with disabilities financed • Number of people with disabilities benefiting from employment-related consultancy services • Number of disabled persons employed
Affordable housing		<ul style="list-style-type: none"> • Number of dwellings • Number of individual/families benefitting from subsidised housing
Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)		<ul style="list-style-type: none"> • Number of water infrastructure projects build/upgraded • Number of water treatment facilities built or upgraded • Number of households connected to water infrastructure and/or wastewater discharge infrastructure • M3 of water saved annually • Number of people with access to clean drinking water • Number of people provided with adequate and equitable sanitation • Number of people with access to affordable transport systems • Number of new household power connections. • Km of road constructed in developing but not high-income countries as per the UN WESP report aimed to improving rural or remote connectivity where access is inadequate • Increase in number of households with internet access • Number of recreational, cultural or community centres financed

Eligible category	Environmental indicators	Social indicators
Food security and sustainable food systems		<ul style="list-style-type: none"> • Number of people provided with access to affordable, safe, nutritious, and sufficient food • Farmers provided with access to agricultural inputs • Number of people benefitting from agricultural projects and using improved farming technology
COVID-19 financing		<ul style="list-style-type: none"> • Number of additional hospital beds • Number of units of medical equipment purchased • Number of people vaccinated

3.5 External review

3.5.1 Second party opinion

Prior to any update to the Sustainability Bond Framework, the Group will commission an independent party to provide a second party opinion for its Sustainability Bond Framework.

3.5.2 Verification

The Group will request on an annual basis a limited assurance report of the allocation of the proceeds of bonds issued under the framework to Eligible Projects. This commenced in 2020 and will continue until maturity of all Group issuances under this Framework.

Amendments to the framework

The SFGC will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Bank and Morningstar Sustainalytics. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.

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