

Second-Party Opinion

Standard Chartered Group

Sustainability Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Standard Chartered Group Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories¹ for the use of proceeds are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14 and 15.



PROJECT EVALUATION AND SELECTION Standard Chartered Group’s Sustainable Finance Solutions and Chief Sustainability Office Finance functions, as well as the Sustainable Finance Governance Committee and its subcommittee, are responsible for the evaluation and selection of eligible projects. Standard Chartered Group has processes in place to identify and manage environmental and social risks associated with the eligible projects, which apply to all allocation decisions made under the Framework. Sustainalytics considers these processes to be in line with market practice.



MANAGEMENT OF PROCEEDS Standard Chartered Group’s Sustainable Finance Governance Committee will be responsible for the management and allocation of proceeds using a portfolio approach, which will be recorded and monitored regularly by the Sustainable Finance Solutions and Chief Sustainability Office Finance teams. Standard Chartered intends to fully allocate net proceeds within 24 months of issuance. Pending allocation, unallocated proceeds will be temporarily invested in accordance with Standard Chartered’s liquidity investment guidelines. This is in line with market practice.



REPORTING Standard Chartered will report on the allocation and impact of proceeds in its allocation report and non-financial impact report, respectively, which will be made publicly available on the Group’s website on an annual basis until full allocation. Allocation reporting will include the total amount of proceeds allocated to eligible projects and relevant categories and the amount of unallocated net proceeds. Sustainalytics views Standard Chartered Group’s allocation and impact reporting commitments as aligned with market practice.

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¹ The use of proceeds categories are: Renewable Energy; Green Buildings; Energy Efficiency; Sustainable Management of Living and Natural Resources; Pollution Prevention and Control; Sustainable Water and Wastewater Management; Clean Transportation; Climate Change Adaptation; Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; 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 Essential Services (e.g. health, education and vocational training, healthcare, financing and financial services); Affordable Housing; Affordable Basic Infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy); Food Security and Sustainable Food Systems; and Charities.

² This document was updated on 17 March 2025 to include revised criteria for the GSAS green building certification scheme.

Introduction

Standard Chartered Group (“Standard Chartered” or the “Group”) is an international cross border banking group headquartered in London, England.³ The Group operates two main business segments: corporate and investment banking; and wealth and retail banking. As of September 2023, Standard Chartered had more than 85,000 employees and operates in 52 countries.

The Group has developed the Standard Chartered Group Sustainability Bond Framework dated December 2024 (the “Framework”), under which it or any of its designated entities⁴ intend to issue green, social and sustainability bonds and notes, and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to contribute to the transition to a low-carbon economy and advance socioeconomic development in markets where the Group operates.

The Framework defines eligibility criteria in nine green categories:

1. Renewable Energy
2. Green Buildings
3. Energy Efficiency
4. Sustainable Management of Living and Natural Resources
5. Pollution Prevention and Control
6. Sustainable Water and Wastewater Management
7. Clean Transportation
8. Climate Change Adaptation
9. Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes

The Framework defines eligibility criteria in six social categories:

10. 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
11. Access to Essential Services (e.g. health, education and vocational training, healthcare, financing and financial services)
12. Affordable Housing
13. Affordable Basic Infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)
14. Food Security and Sustainable Food Systems
15. Charities

Standard Chartered engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).⁵ The Framework has been published in a separate document.⁶

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁷ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

³ The Standard Chartered Group comprises Standard Chartered Bank, and each of its holding companies, subsidiaries, related corporations, affiliates, representative and branch offices in any jurisdiction, and their respective directors, officers and employees and/or any persons connected with them.

⁴ Standard Chartered Group has communicated to Sustainalytics that it will have operational control over the issuance process of its subsidiaries and associate companies as it pertains to any financing under the Framework. The Group has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined in the Framework.

⁵ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

⁶ The Standard Chartered Group Sustainability Bond is available on Standard Chartered’s website at: <https://av.sc.com/corp-en/nr/content/docs/sustainability-bond-framework.pdf>

⁷ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of Standard Chartered to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Standard Chartered representatives have confirmed (1) they understand it is the sole responsibility of Standard Chartered to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Standard Chartered.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure the actual impacts. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Standard Chartered has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Standard Chartered Group Sustainability Bond Framework

Sustainalytics is of the opinion that the Standard Chartered Group Sustainability Bond Framework is credible, impactful and aligns with the SBG and the four core components of the GBP and SBP. In addition to these principles, the Group intends to align the Framework with the ICMA Bonds to Finance the Sustainable Blue Economy Guidance 2023.⁸ Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories for the use of proceeds are aligned with those recognized by the GBP and SBP. The categories are: Renewable Energy; Green Buildings; Energy Efficiency; Sustainable Management of Living and Natural Resources; Pollution Prevention and Control; Sustainable Water and Wastewater Management; Clean Transportation; Climate Change Adaptation; Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes; 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 essential services (e.g. health, education and vocational training, healthcare, financing and financial services); Affordable Housing; Affordable basic

⁸ ICMA, "Bonds to Finance the Sustainable Blue Economy - A Practitioner's Guide - September 2023", at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>

infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy); Food security and sustainable food systems; and Charities.

- Standard Chartered has communicated to Sustainalytics that research and development (R&D) expenditures under the Framework will be limited to 10% of the net proceeds.
- Standard Chartered intends to finance or refinance general purpose loans allocated to entities that derive 90% or more of their revenue from activities that comply with the eligibility criteria in the Framework. Sustainalytics believes that project and activity-based lending generally results in more direct environmental and social benefit and improves compliance with the Framework criteria. However, financing pure play companies with sustainability bond proceeds is a commonly accepted approach and has potential to generate positive impacts.
- Under the Renewable Energy category, Standard Chartered may finance or refinance renewable energy generation projects and associated infrastructure. Eligible projects and activities may include:
 - Onshore and offshore wind projects, excluding projects or facilities supported by fossil fuel-based auxiliary power. Sustainalytics considers this expenditure to align with market practice.
 - Wave, tidal and ocean thermal energy conversion where the fossil fuel backup is limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures or restart capabilities in ocean thermal energy conversion projects. Sustainalytics considers this expenditure to align with market practice.
 - Solar power generation through photovoltaic (including floating) and concentrated solar heat and power generation (CSP). The Framework limits financing to CSP projects to those that generate at least 85% of electricity from solar energy. Sustainalytics considers this expenditure to align with market practice.
 - New or existing hydropower projects as follows: i) new facilities that became operational after 2022 and have a life cycle carbon intensity below 50 gCO₂e/kWh or are run-of-river without an artificial reservoir, have low-storage capacity or power density greater than 10 W/m²; or ii) existing facilities that became operational before 2022 with a life cycle carbon intensity below 100 gCO₂e/kWh or are run-of-river without an artificial reservoir, have low-storage capacity or power density greater than 5 W/m².
 - All new hydropower projects will require a review by Standard Chartered. Projects considered be of significant risk or which have significant controversies will be excluded from financing under the Framework. The Group will assess the projects according its Environmental and Social Risk Management Framework, and in accordance with the Group's Power Generation Position Statement.^{9,10} Standard Chartered has confirmed that hydropower projects must be assessed as compliant with the environmental and social criteria in the Group's Position Statement,¹¹ or nearly compliant with a time-bound plan to reach alignment with the criteria.
 - Sustainalytics considers it market practice for hydropower projects that have become operational after the end of 2019 to have a life cycle carbon intensity below 50 gCO₂e/kWh or power density greater than 10 W/m². Standard Chartered intends to finance projects with a higher life cycle carbon intensity or lower power density between 2019 and 2022. However, considering the longevity of hydropower assets, Sustainalytics notes that the facilities effectively lock in energy generation for a very extended period. Hence, Sustainalytics encourages Standard Chartered to favour projects operational after the end of 2019 with a lower life cycle carbon intensity or higher power density and to report on the thresholds.
 - Geothermal power facilities with direct emissions intensity lower than 100 gCO₂/kWh. Sustainalytics considers this expenditure to align with market practice.

⁹ Standard Chartered, "Environmental and Social Risk Management Framework", at: <https://av.sc.com/corp-en/nr/content/docs/esrm-framework.pdf>

¹⁰ Standard Chartered, "Power Generation Position Statement", (2024), at: <https://av.sc.com/corp-en/nr/content/docs/power-generation-position-statement.pdf>

¹¹ According to the Position Statement, hydropower clients are expected to follow: 1) the World Commission on Dams (WCD) Framework for Decision Making; 2) the Hydropower Sustainability Council/Alliance's Hydropower Sustainability Standard (HSS); 3) the IFC Good Practice Note on Environmental, Health, and Safety Approaches for Hydropower Projects.

- Green hydrogen and green ammonia production projects where the production by electrolysis is powered by renewable energy as defined in the Framework. Sustainalytics considers this expenditure to align with market practice.
- Retrofit of renewable energy power plants that generate the renewables defined in the Framework. Sustainalytics considers this expenditure to align with market practice.
- Waste-to-energy facilities where the waste is sourced from: i) municipal solid waste using recyclables segregated before energy conversion; ii) anaerobic digested sewage sludge, excluding the use of wastewater from fossil fuel operations; or iii) waste biomass sources that meet the feedstock criteria defined in the Framework. Additionally, Standard Chartered may finance bioenergy facilities with life cycle emissions intensity below 100 gCO₂e/kWh, which may use non-waste biomass feedstock,¹² including wood pellets that meet sustainable biomass or forestry certifications such as Forest Stewardship Council (FSC),¹³ Programme for the Endorsement of Forest Certification (PEFC)¹⁴ or other certifications listed under Sustainable Management of Living and Natural Resources.
 - The following feedstock sources will be excluded under the Framework: i) waste-to-energy projects where the removal of all recyclables and hazardous materials prior to incineration cannot be ensured; ii) plastics-, rubber- and tyre-derived fuels for energy or fuel conversion; iii) peat feedstock; and iv) waste biomass sources derived from animal fat and tallow, animal processing by-products and animal manure from industrial-scale livestock operations. Sustainalytics encourages the Group to report on the sources of feedstock used in electricity generation facilities and to pursue third-party certifications for all non-waste feedstock to validate the certifications' sustainability credentials.
 - For such projects to have low emission intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. Sustainalytics, therefore, encourages Standard Chartered to promote the monitoring of thermal efficiency of the financed facilities.
 - Sustainalytics has assessed the certifications schemes expressly listed in the Framework and views them as credible. However, the Framework allows for the inclusion of other certification schemes with equivalent requirements. Sustainalytics encourages Standard Chartered to report on any specific certifications and schemes it intends to use, as market practice is to specify all eligible certifications and schemes.
- Production of biofuels from: i) waste feedstock, including forestry and agricultural residues, fish residues from certified aquaculture, fishing and processing of fish, palm kernel shells and palm oil mill effluent from operations certified by Roundtable on Sustainable Palm Oil (RSPO)¹⁵ or Roundtable on Sustainable Biomaterials (RSB),¹⁶ used cooking oil (UCO) with ISCC Plus¹⁷ certification, or an equivalent sustainability certification ensuring that UCO does not compete with food needs and its source is tracked in a credible manner; and ii) non-waste feedstock.
 - Standard Chartered confirmed that the following certifications will be considered eligible for fish certified aquaculture to be used as waste biomass feedstock: Aquaculture Stewardship Council (ASC);¹⁸ Best Aquaculture Practice (Two Stars or higher);¹⁹ Marine Stewardship Council (MSC);²⁰

¹² Standard Chartered confirmed that it will require non-waste feedstock used for bioenergy production to meet the criteria for non-waste feedstock for biofuel production defined in the Framework, namely: i) not grown on HCV-HCS land or recently deforested land; ii) not directly competing with food sources; iii) not in areas of high-water stress, in line with Standard Chartered's position statement on agrobusiness.

Standard Chartered, "Position statement, Agribusiness", (2024), at: <https://www.sc.com/en/sustainability/position-statements/agro-industries/>

¹³ Forest Stewardship Council: <https://fsc.org/en>

¹⁴ PEFC: <https://www.pefc.org/>

¹⁵ RSPO: <https://rspo.org/as-an-organisation/our-standards/>

¹⁶ RSB: <https://rsb.org/>

¹⁷ ISCC Plus: <https://www.iscc-system.org/certification/iscc-certification-schemes/iscc-plus/>

¹⁸ ASC: <https://www.asc-aqua.org/>

¹⁹ Best Aquaculture Practices: <https://www.bapcertification.org/>

²⁰ MSC: <https://www.msc.org/standards-and-certification/developing-our-standards>

Certified Seafood Collaborative's Responsible Fisheries Management (CFC RFM);²¹ Iceland Responsible Fisheries Management (IRFM);²² Global G.A.P. for Aquaculture;²³ Audubon G.U.L.F. RFM;²⁴ Bord Iascaigh Mhara (BIM) Certified Quality Aquaculture Programme (BIM CQA) Processing Standard and Farm Standard;²⁵ Marine Eco Label (MEL) Japan Aquaculture Management Standard.²⁶

- Waste biomass sources derived from animal fat and tallow, animal processing by-products and animal manure from industrial-scale livestock operations are excluded under the Framework.
- Sustainalytics considers expenditures related to production of biofuels from waste feedstock to align with market practice.
- Biofuel production (including sustainable aviation fuels) from non-waste feedstock will meet the following criteria: i) production will achieve at least a 65% reduction in emissions compared to the fossil fuel baseline;^{27,28} ii) feedstocks will be certified by a credible source²⁹; and iii) the use of peat feedstock will be excluded from the Framework. Sustainalytics has assessed these certification schemes and views them as credible. However, the Framework allows for the inclusion of other certification schemes with equivalent requirements. Sustainalytics encourages Standard Chartered to report on any specific certifications and schemes it intends to use, as market practice is to specify all eligible certifications and schemes.
- Professional services provided for renewable energy, such as technical audits, consultations and feasibility studies. Sustainalytics notes that such expenditures are incurred in early stages of renewable energy projects and may not always lead to further development stages.
- Development or manufacturing of components for renewable energy technologies and associated assets wholly dedicated and used for the purpose of supporting renewable energy generation and energy storage facilities, which include:
 - Wind turbines, where use of balsa wood will be limited to: i) companies with a sustainable sourcing policy in place; or ii) wood certified by the FSC³⁰ or PEFC.³¹
 - Solar panels.
 - Battery storage connected to renewables.
 - Energy storage systems connected to an eligible transmission and distribution (T&D) system as defined in the Framework.
- Development, manufacturing, purchase or operation of vessels, such as boats, barges or ships powered by conventional fuels or low-carbon fuels (including electric, biofuel or hydrogen-powered) and fully dedicated to the construction or other services of marine renewables, such as wind turbine installation.³² Vessels used for the transportation of fossil fuels will be excluded from financing under the Framework.
 - Power-to-gas projects where CO₂ is sourced from fossil fuel operations will be excluded from financing under the Framework.
 - Sustainalytics views these expenditures as aligned with market practice.

²¹ CFC RFM: <https://rfmcertification.org/>

²² IRFM: <https://www.responsiblefisheries.is/>

²³ Global G.A.P. for Aquaculture: <https://www.globalgap.org/what-we-offer/solutions/ifa-aquaculture/>

²⁴ Audubon G.U.L.F. RFM: <https://audubonnatureinstitute.org/gulf-certification>

²⁵ BIM and BIM CQA: <https://bim.ie/aquaculture/sustainability-and-certification/certified-quality-aquaculture-cqa-programme/>

²⁶ MEL: <https://melj.jp/eng/>

²⁷ Pre-2021 installations: 60% reduction below baseline; pre-2015 installations: 50% reduction below baseline.

²⁸ Fossil fuel baselines for biofuel production facilities: i) Biofuels for transportation: 94 gCO₂e/MJ; ii) bioliquids production of electricity: 183 CO₂e/MJ; and iii) bioliquids production of heat: 80 CO₂e/MJ as per EU RED II. For outermost regions and non-EU countries, the baseline of 212 gCO₂e/MJ is applicable for electricity generation.

²⁹ The certifications considered credible are listed in the Sustainable Management of Living and Natural Resources category of the Framework. The Group may consider additional certifications as long as they are internationally recognized.

³⁰ FSC: <https://fsc.org/en/fsc-standards>

³¹ PEFC: <https://pefc.org/standards-implementation/standards-and-guides>

³² Sustainalytics notes that 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.

Buildings (Gold);^{57,58} GRIHA (4 Stars);⁵⁹ G-SEED (Level 2);⁶⁰ Higg FEM (for textile sector buildings with 75 points and above);⁶¹ HQM (4 Stars);⁶² IGBC Green Home (Platinum);⁶³ IGBC New Buildings or Existing Buildings (Gold);⁶⁴ LEED (Gold);⁶⁵ Living Building Challenge;⁶⁶ Minergie (P and A);⁶⁷ Mostadam (Gold);⁶⁸ MyCREST (4 stars);⁶⁹ NABERS Energy Rating (5 star);⁷⁰ PassivHaus;⁷¹ SS 564 for data centres with a power usage effectiveness (PUE) below 1.5 or SS 564 for data centres in Singapore with PUE below 1.3;⁷² Vietnam GBC Lotus Certification (Platinum).⁷³ Sustainalytics views the certification schemes and the levels specified in the Framework to be credible. However, the Framework allows for the inclusion of other certification schemes with equivalent requirements. Sustainalytics encourages Standard Chartered to report on any specific certifications and schemes it intends to use, as market practice is to specify all eligible certifications and schemes.

- Renovation of existing buildings that results in at least a 30% improvement in energy use or reduction in carbon emissions compared to the local or regional baselines or code. Expenditures under this category will be limited to the cost of the renovation and not the entire building under construction. Sustainalytics considers this to be aligned with market practice.
- Building renovations that have achieved or will achieve any green building certifications with corresponding levels that ensure building energy efficiency gains of at least 20% over the ASHRAE 90.1 (2013 or above) or local equivalent building codes as baselines. Standard Chartered confirmed that only buildings in developing but not high-income countries, as defined by the UN, will be subject to a minimum standard of 20% building efficiency gains. Buildings in developed countries, as defined by the UN, will be subject to a minimum standard of 30% building efficiency gains. Sustainalytics considers market practice to ensure that retrofits in all geographies achieve emissions or energy performance improvements of at least 30% but acknowledges that an energy performance improvement of 20% will result in some environmental benefit.
- Financing green buildings pure play companies or developers where more than 90% of the gross floor area is certified to an acceptable level under a green building certification scheme mentioned in the Framework and noted above. Sustainalytics considers this to be aligned with market practice.
- Replacement of existing heating or cooling systems in buildings with more efficient, non-fossil fuel-powered systems. Sustainalytics considers this to be aligned with market practice.
- Installation of new cogeneration, tri-generation or combined heat and power (CHP) plants that generate electricity and provide heating and cooling in buildings. Financing for cogeneration plants will be limited to those that are either: i) powered by CSP, solar thermal or biomass waste; or ii) powered by geothermal energy or bioenergy with emissions below 100 gCO₂e/kWh. Additionally, cogeneration and CHP plants powered by coal, oil or natural gas will be excluded from financing under the Framework. Sustainalytics considers this to be aligned with market practice.

⁵⁷ GREENSHIP New Building: <https://www.gbcindonesia.org/greens/new>

⁵⁸ GREENSHIP Existing Building: <https://www.gbcindonesia.org/greens/existing>

⁵⁹ GRIHA: <https://www.grihaindia.org/griha-rating>

⁶⁰ G-SEED: <https://www.gbc.re.kr/app/info/qualificationStandard.do>

⁶¹ Higg FEM: <https://apparelcoalition.org/higg-brand-tool/>

⁶² Home Quality Mark: <https://www.homequalitymark.com/discover/what-is-hqm/>

⁶³ Ibid.

⁶⁴ IGBC: <https://igbc.in/igbc/redirectHtml.htm?redVal=showratingSysnosign>

⁶⁵ LEED: <https://www.usgbc.org/leed>

⁶⁶ Living Building Challenge: <https://living-future.org/lbc/>

⁶⁷ Minergie: <https://www.minergie.ch/de/standards/neubau/>

⁶⁸ Mostadam: <https://mostadamksa.org/>

⁶⁹ MyCREST: <https://www.cidb.gov.my/eng/mycrest/>

⁷⁰ NABERS: <https://www.nabers.gov.au/ratings/our-ratings/nabers-energy>

⁷¹ PassiveHaus: https://passivehouse.com/03_certification/02_certification_buildings/01_benefits-of-certification/01_benefits-of-certification.htm

⁷² Infocomm Media Development Authority, "Green Data Centre Standard", at: <https://www.imda.gov.sg/regulations-and-licensing-listing/ict-standards-and-quality-of-service/it-standards-and-frameworks/green-data-centre-standard>

⁷³ LOTUS: <https://vgbc.vn/en/rating-systems/>

- Improvements in buildings' waste heat recovery. The Framework excludes waste heat from fossil fuel production and operation. Sustainalytics considers this to be aligned with market practice.
 - Design, construction and operation of data centres with a PUE lower than 1.5. Sustainalytics considers this to be aligned with market practice.
- Under the Energy Efficiency category, Standard Chartered may finance or refinance projects and activities aimed at improving energy efficiency in buildings and other infrastructure, industrial processes, supply chains and T&D systems. Eligible projects and activities may include:
 - Installation of energy-efficient equipment, such as energy-efficient lighting.
 - Rehabilitation of electric-powered district heating and cooling systems in non-fossil fuel-powered utilities, power plants and other public services, primarily powered by renewables.
 - Upgrading mobile networks to 5G and 4G LTE from 3G or lower and modernizing broadband networks and subsea telecommunication cables from copper to fibre optic. Sustainalytics views the financing of 5G technologies in the context of upgrades of older infrastructure as impactful. While the expansion of 5G technologies could lead to increased energy demands on networks, such expenditures are expected to enable energy efficiency gains of data transmission, as well as operational efficiency across a range of industries and activities downstream of the network provider. Sustainalytics encourages Standard Chartered to report on the energy efficiency gains of these projects.
 - Upgrades in telecom towers to enhance their energy efficiency through investment in cooling systems, insulation and reflective paints.
 - Manufacturing of household appliances that meet the relevant substantial contribution and do no significant harm criteria listed under Activity 3.5 (Manufacturing of energy equipment for buildings) of the EU Taxonomy.⁷⁴ Sustainalytics notes that Standard Chartered's reliance on EU energy labels to define eligibility in this category is consistent with the EU Taxonomy Climate Delegated Act.
 - Upgrades, improvement and installation of technologies and equipment aimed at increasing energy efficiency in industrial and manufacturing processes.
 - Development, manufacture and distribution of equipment and software designed to increase the energy efficiency of industrial and manufacturing processes, such as demand management technologies.
 - Manufacturing of steel through the direct reduced iron electric arc furnace (DRI-ERF) process powered by green hydrogen or electricity sourced from renewable sources for the facility.
 - Activities aimed at improving industrial or utility energy efficiency through reduction in heat loss or improvement in waste heat recovery. Examples may include the installation of cogeneration plants powered by: i) CSP, solar thermal or biomass waste; or ii) geothermal energy or bioenergy with emissions below 100 gCO₂e/kWh.
 - Retrofitting of distribution systems, transmission lines, substations and subsea transmission cables. The distributed assets will be limited to those with the intent to reduce the curtailment of renewable energy into the grid. Furthermore, the electrical grid maintenance projects will be limited to systems dedicated to connecting renewables to the power grid or supporting at least 90% renewable electricity.
 - Development, manufacture and integration of technologies or components, such as smart grid technology, including advanced or smart meters, monitoring and control automation devices, computing platforms, distributed generation and peak demand management, smart energy algorithms and green computing systems designed for energy-efficient use.
 - Distribution networks for district heating and cooling that are primarily (more than 50%) powered by renewables, waste heat or both.
 - The following activities will be excluded from financing under this category: i) energy efficient technologies designed or intended for production processes that are

⁷⁴ European Commission, "Commission Delegated Regulation (EU) 2021/2139"; at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

- inherently carbon intensive, primarily driven or powered by fossil fuels, such as oil- or gas-fired boilers cogeneration and CHP units; ii) energy efficiency improvements in traditional carbon-intensive production processes in heavy industries, such as steel, cement and aluminium;⁷⁵ iii) energy efficiency improvements in transmission lines directly connected or dedicated to fossil fuel power; and iv) projects with waste heat from fossil fuel operations.
- Sustainalytics considers the investments under this category to be aligned with market practice.
- Under the Sustainable Management of Living Natural Resources category, Standard Chartered may finance or refinance projects according to the following criteria:
- Energy efficiency improvements of irrigation systems.
 - Investments targeted at smallholder farmers that incorporate integrated cropland-livestock forestry systems (ICLFS) and agroforestry systems and have sustainable forestry management plans in place. Livestock management projects for industrial-scale meat processors or producers will be excluded from financing under the Framework. Sustainalytics recognizes that ICLFS and agroforestry projects encompass a diversified production strategy that aims to enhance agricultural productivity and have been demonstrated to reduce the vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change. However, such integrated projects could face certain barriers,⁷⁶ especially related to their effective adoption at the farm level, as well as their overall potential for achieving a net reduction in methane emissions resulting from livestock production.⁷⁷
 - Promotion or implementation of sustainable agricultural techniques and practices, such as: i) no-till farming systems; ii) soil recovery and restoration of degraded pastures; iii) zero use of synthetic fertilizers and pesticides; iv) crop rotation for carbon sequestration and nitrogen fixation; and v) vertical farming, hydroponics and aeroponics projects powered by renewable energy sources or power sources with a carbon intensity below 100 gCO₂e/kWh and supported by energy efficiency measures. Sustainalytics encourages Standard Chartered to promote the holistic deployment of conservation agriculture practices⁷⁸ through its lending criteria for agriculture projects.
 - Financing products and associated activities that achieve one of the following certification levels: i) Aquaculture Stewardship Council (ASC);⁷⁹ ii) Audubon G.U.L.F RFM;⁸⁰ iii) Best Aquaculture Practices (two stars or higher);⁸¹ iv) Bonsucro;⁸² v) Bord lascaigh Mhara (BIM) Certified Quality Aquaculture Programme (BIM CQA) Processing Standard and Farm Standard;⁸³ vi) certified organic agriculture according to the IFOAM directory for crop produce⁸⁴ and USDA Organic,⁸⁵ which is limited to cropping agriculture; vii) Certified Seafood Collaborative's Responsible Fisheries Management (CFC RFM);⁸⁶ viii) Cotton made in Africa (CmiA) Standard or Better Cotton;⁸⁷ ix) FSC,⁸⁸

⁷⁵ The exclusionary criteria are not applicable to secondary aluminium facilities.

⁷⁶ The adoption of integrated crop-livestock systems is influenced by several factors, including the "costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labour, access to information and know-how, as well as the willingness to diversify production."

Gil, JDB et al. (2016), "Determinants of crop-livestock integration in Brazil: Evidence from the household and regional levels", Land Use Policy, at: https://www.bu.edu/gdp/files/2018/02/Gil_Garrett_et_al_2016_Determinants-of-ICLS.pdf

⁷⁷ IPCC, "Chapter 2: Land-Climate Interactions", at: https://www.ipcc.ch/site/assets/uploads/2019/08/2c-Chapter-2_FINAL.pdf

⁷⁸ Conservation Agriculture (CA) is a set of management practices that helps maintaining the soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems.

Food and Agriculture Organization of the United Nations (FAO), "Conservation Agriculture", at: <http://www.fao.org/conservation-agriculture/en/>

⁷⁹ ASC: <https://www.asc-aqua.org/>

⁸⁰ Audubon G.U.L.F RFM: <https://audubonnatureinstitute.org/gulf-certification>

⁸¹ Best Aquaculture Practices: <https://www.bapcertification.org/>

⁸² Bonsucro: <https://bonsucro.com/>

⁸³ BIM and BIM CQA: <https://bim.ie/aquaculture/sustainability-and-certification/certified-quality-aquaculture-cqa-programme/>

⁸⁴ IFOAM: <https://www.ifoam.bio/>

⁸⁵ USDA Organic: <https://www.usda.gov/topics/organic>

⁸⁶ CFC RFM: <https://rfmcertification.org/>

⁸⁷ Cotton made in Africa: <https://cottonmadeinafrica.org/en/standards-system/>

⁸⁸ Forrest Stewardship Council: <https://fsc.org/en>

- Activities that mitigate the impacts of invasive alien species on biodiversity and ecosystems. Standard Chartered confirmed the activity will exclude hunting, trapping, poisoning and culling of vertebrate animals considered as pests and can include sawing young invasive plant species or precise application of natural herbicides to specific species or areas to eliminate invasive species.
 - R&D related to cultured meat, fermented meat and plant-based protein. Additionally, expenditures include the production of plant-based protein and fermented meat with: i) evidence that GHG emissions are significantly lower than plant and animal production counterparts; and ii) raw materials that are sustainably sourced from suppliers certified under the schemes specified in this category.
 - The following activities will be excluded from financing under this category: i) manufacture, purchase or distribution of inorganic, synthetic fertilizers, pesticides or herbicides; ii) equipment running on fossil fuels; iii) genetically modified crops; iv) techniques and technologies implemented on industrial-scale livestock production units; v) use of agrochemicals against invasive plants or insects; vi) hunting, trapping, poisoning and culling of vertebrate animals considered as pests; vii) uncertified commercial forests (except in the context of smallholder farms); and viii) boat operators, sailing schools and diving centres.
 - Sustainalytics considers the investments under this category to be aligned with market practice.
- Under the Pollution Prevention and Control Category, Standard Chartered may finance or refinance projects for the reduction of air emissions, mitigation of GHG emissions, soil remediation,¹⁰⁷ and waste prevention, reduction, recycling and sorting. Investments may include the following infrastructure facilities and activities:
- Development of carbon capture and storage technologies, such as: i) R&D of bioenergy and carbon capture and storage (BECCS), enhanced weathering, ocean fertilization and direct air capture (DAC); ii) commercial scale application of BECCS in line with the bioenergy criteria for power generation outlined in the Framework; and iii) process upgrades, installation of sensors to monitor and test emissions control or compliance.
 - Soil remediation projects, including addition of biochar to soils.
 - Development of waste collection facilities and services that support source segregation of waste, including: i) waste collection vehicles that are either zero emissions or hybrid vehicles with tailpipe emissions at or below 75 gCO₂/km, based on lab tests using the WLTP;¹⁰⁸ and ii) the collection, sorting, segregation and treatment of hazardous waste, including recycling or recovery. Standard Chartered has confirmed that the disposal of hazardous waste is excluded from the Framework. The Group has confirmed that financing for processing of waste, including hazardous waste ancillary to hard-to-abate operations will be excluded from financing under the Framework and will be processed by third parties, independent of the companies that generated it.
 - 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, green, garden or yard waste to produce compost; iv) inorganic sludge; and v) electronic waste, industrial, hazardous and medical waste, including recycling or material recovery.¹⁰⁹ Standard Chartered will ensure the segregation of recyclables, including plastics and metals, from the feedstock for waste-to-energy projects. The Group will also ensure that the processing of electronic, medical and hazardous waste will be supported by robust waste management processes.
 - Expenditures that aim to reduce pollution and negative impact of water, land and air to levels that are not harmful to biodiversity and ecosystems functions and services through nature-based solutions and technologies.¹¹⁰ Sustainalytics encourages

¹⁰⁷ Soil remediation projects where the contamination or negative environmental externality results from the borrower's own activities will be excluded from financing under the Framework.

¹⁰⁸ UNECE, "World Forum for Harmonization of Vehicle Regulations (WP.29)", at: <https://unece.org/transport/vehicle-regulations/world-forum-harmonization-vehicle-regulations-wp29>

¹⁰⁹ Standard Chartered defines hazardous waste as waste that poses substantial, potential threats to public health or the environment, such as infectious clinical waste from hospitals; chemical or toxic industrial wastes or waste from production of pharmaceutical products.

¹¹⁰ To determine the water, land and air levels that are not harmful to biodiversity and ecosystems Standard Chartered will use the following data base platforms: Biodiversity Risk Filter and Water Risk Filter by WWF, SBTN and ENCORE.

- Standard Chartered, where feasible, to provide disclosure on the specific activities financed under this expenditure, and the environmental impact achieved as part of its annual reporting commitments. Standard Chartered confirmed that afforestation and reforestation projects will be limited to those that have a sustainable management plan in place and use tree species that are well adapted to site conditions.
- Expenditures related to the following will be excluded from financing under the Framework: i) fossil fuels; ii) traditional carbon-intensive production processes in heavy industries, such as steel, cement and aluminium;¹¹¹ iii) carbon capture utilization where the captured carbon is intended for enhanced oil recovery; iv) chemical recycling of plastics; and v) remediation and pollution associated with the contamination of negative environmental externalities from a borrower's own activities.
 - Based on the above, Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, Standard Chartered may finance or refinance activities that improve water quality, water-use efficiency and water storage infrastructure, including:
 - Water treatment, recycling and reuse facilities, water saving systems, technologies and metering.
 - Wastewater treatment facilities (including upgrades to remove nutrients) and discharge infrastructure.
 - Desalination plants primarily powered by low-carbon sources, such as renewables, or by electricity with an average carbon intensity up to 100 gCO₂e/kWh over the residual asset life. Standard Chartered has confirmed that only desalination plant projects with an appropriate waste management plan in place for brine disposal will be considered for financing under the Framework.
 - Water storage infrastructure, including aquifer storage, rainwater harvesting systems and groundwater recharge systems.
 - Expenditures related to the following will be excluded from financing under the Framework: i) treatment of wastewater from fossil fuel operations; ii) equipment and methods dependant on dedicated on-site fossil fuel power; and iii) systems and measures to provide water for fossil fuel operations, fracking and mining.
 - Sustainalytics considers investments under this category to be aligned with market practice.
 - Under the Clean Transportation category, Standard Chartered may finance or refinance sustainable transport and associated infrastructure according to the following criteria:
 - Vehicles, including: i) passenger cars and public transportation (including electric trams and trains) with an emissions threshold below 50 gCO₂/km until 2025 and zero tailpipe emissions thereafter; ii) electric scooters; iii) electric motorbikes; iv) light commercial vehicles, including electric shuttles; and v) zero direct emissions vehicles not intended for road transport, including cranes and forklifts. Sustainalytics notes that the Group has limited insight into which test procedure will be used for vehicles to measure compliance with the aforementioned thresholds. Different test procedures yield different results in measuring vehicles' CO₂ emissions, whether they intend to replicate real-driving conditions (such as WLTP)¹¹² or are based on theoretical driving profile (such as NEDC).¹¹³ Hence, Sustainalytics further encourages, where feasible, to report on the test procedure used to determine the emissions intensity of the vehicles to be financed.
 - Electric planes for freight transportation where fossil fuel transport accounts for less than 25% of the freight. These investments are aligned with market practice.

¹¹¹ The exclusionary criteria are not applicable to secondary aluminium facilities.

¹¹² The WLTP (World Harmonized Light-duty Vehicle Test Procedure) test cycle uses real-driving data to replicate actual driving conditions, while the NEDC (New European Driving Cycle) test determines values based on a theoretical driving profile, which can lead to material differences in terms of CO₂ emissions. <https://publications.jrc.ec.europa.eu/repository/bitstream/JRC107662/kjna28724enn.pdf>

¹¹³ NEDC test procedure, while still used worldwide, uses theoretical driving data, which can lead to material differences in terms of vehicles' CO₂ emissions compared to WLTP. <https://www.transportenvironment.org/discover/mind-gap-2016-report/>

- Freight rail transport with an average portfolio emissions threshold below 25 gCO₂/tkm until 2030 and 21 gCO₂/tkm from 2030 to 2050. These investments are aligned with market practice.
 - Active mobility, including bicycles and other forms of self-propelled types of transportation and associated infrastructure, including walking and cycling lanes. These are aligned with market practice.
 - Low-carbon transport infrastructure, including railway tracks, electric charging stations, low-carbon fuelling stations for green hydrogen, biofuels, and battery exchange and swapping. Expenditures related to the construction of parking facilities and roads will be excluded from financing under the Framework. Sustainalytics considers these expenditures to be aligned with market practice.
 - Development and production of electric vehicles (EV), including the construction of new dedicated manufacturing facilities, and upgrading or retrofitting of existing facilities for the purpose of expanding production. Sustainalytics considers these expenditures to be aligned with market practice.
 - Manufacture of EV batteries and development of specialized parts, such as cathode or anode materials and ternary precursors. Sustainalytics considers these investments to be aligned with market practice.
 - Construction and operation of intermodal transport systems dedicated to transshipping freight between different modes that support less carbon-intensive modes of transportation including replacing long haul trucking with shipping. Sustainalytics considers these investments to be aligned with market practice.
 - Development and use of information and communication technology to improve asset utilization, flow and modal shift for different modes of transport, such as: public transport information, car-sharing schemes, smart cards, smart road charging or pricing systems, telematics and battery health diagnostic systems. Sustainalytics notes that expenditures on the development of ICT under this activity may be used for both electric and internal combustion engines (ICE) vehicles, highlighting the potential to reduce fuel consumption and associated GHG emissions, without resulting in a lock-in of ICE vehicles. Sustainalytics encourages Standard Chartered to report on the potential impact and savings on GHG emissions from these projects.
 - The following activities will be excluded from financing under this category:
 - i) efficiency improvements involving conventional fossil fuel combustion engines;¹¹⁴
 - ii) fossil fuel-based transportation, and supporting infrastructure and systems dedicated to it; iii) hydrogen production processes that entail a fossil fuel lock-in; and
 - iv) self-propelled modes of transportation solely intended for leisure, such as sailing, skateboards, kayaks and canoes.
- Under the Climate Change Adaptation category, Standard Chartered may finance or refinance projects according to the following criteria:
- Climate monitoring solutions and systems, such as early warning systems, climate observation and GHG emissions monitoring systems. Standard Chartered has confirmed that devices used for day-to-day meteorological purposes will be excluded from financing. Sustainalytics considers this to be aligned with market practice.
 - Development and use of information and communications technology exclusively for collecting, transmitting, storing and using data to facilitate GHG emissions reductions. Sustainalytics considers this to be aligned with market practice.
 - Financing projects and activities that improve climate resilience of local systems, such as: i) coastal pumping stations and water reclamation plants in water-stressed areas, wetland protection, stormwater management and flood defences; ii) green roofs and walls, water retention gardens and porous pavements; iii) projects related to wild brush clearing, species diversification, transmigration of species that are more capable of survival, nature-based solutions – such afforestation and reforestation¹¹⁵ – mangrove conservation and replanting, restoration of salt marshes and peatland restoration; and iv) projects related to grid resilience, backup generation and storage designed for

¹¹⁴ The exclusionary criteria are not applicable to hybrid engines and related technologies.

¹¹⁵ Eligible afforestation and reforestation activities are those that use tree species well adapted to site conditions and have a sustainable management plan in place, such as FSC or PEFC.

climate-related disruption. Sustainalytics considers this to be aligned with market practice.

- Investments in equipment, such as air quality forecasting systems, monitoring of fire propagation and smoke transport systems to monitor risks on human health due to climate change. Standard Chartered has confirmed that systems inherently reliant on fossil fuels as an energy source will be excluded from financing under the Framework. Sustainalytics considers this to be aligned with market practice.
 - Eligible climate change adaptation projects will be supported by vulnerability assessments and related adaptation plans prior to implementation. Sustainalytics considers this to be aligned with market practice.
 - The following activities will be excluded from financing under this category: i) livestock management projects for industrial-scale meat processors or producers; ii) genetically modified organisms and crops; and iii) T&D grids dedicated to fossil fuel power. Sustainalytics considers this to be aligned with market practice.
 - Design, construction, refurbishment and maintenance of existing and eligible infrastructure designed to integrate climate resilient construction, such as: i) heavy rain drainage systems, flood prevention and defence systems, sluice gates, tunnels, channels and elevation of existing infrastructure; ii) use of climate-resilient crops, such as drought-resistant seeds, drip irrigation technology, stormwater storage, grain storage, soil rehabilitation and climate-resilient livestock infrastructure, such as cooling sheds and emergency shelters; iii) wildfire safety infrastructure and equipment, such as HD cameras, weather stations and fire-resilient utility lines;¹¹⁶ iv) seawalls to advance climate change adaptation infrastructure; and v) climate change adaptation insurance in line with the EU Taxonomy's TSC criteria related to "Non-life insurance: underwriting of climate-related perils".¹¹⁷
 - The Framework excludes business-as-usual renovations and retrofits such as routine maintenance and minor upgrades that do not significantly enhance environmental performance or resilience of such infrastructure or asset.
 - Sustainalytics notes that climate change adaptation insurance results in an ex-post transfer of climate risk but does not contribute proactively to a reduction of such risk for assets susceptible to being impacted by climate change-driven events.
 - Sustainalytics considers the Framework criteria for these expenditures to be aligned with the EU Taxonomy.
- Under the Eco-efficient and Circular Economy Adapted Products Production Technologies and Processes category, Standard Chartered may finance or refinance the following activities:
- R&D related to: i) products designed for circularity or reuse demonstrating significant waste diversion or use of waste productions and go beyond a credible and recognizable eco-label;¹¹⁸ and ii) products, processes and technologies that use bio-based materials, such as biopolymers or bioplastics.
 - Equipment, technology or IT systems that help to reduce the resource intensity of economic activities.
 - Procurement or sale of recycled waste materials as inputs.
 - Production of resource-efficient or low-carbon products certified by the RSB.¹¹⁹
 - Manufacturing of resource-efficient products where: i) inputs are at least 90% waste, recycled, renewable or bio-based; ii) recycling activities are limited to mechanical recycling; iii) at least 90% of the final product must not be intended for single-use consumer products; and iv) all products are recyclable. Biogenic inputs used in the

¹¹⁶ Standard Chartered has confirmed to Sustainalytics that the financing of equipment will exclude firefighting helicopters.

¹¹⁷ 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. The insurance activity uses state-of-the-art modelling techniques that properly reflect climate change risks, do not only rely on historical trends and integrate forward-looking scenarios.

European Commission, "Commission Delegated Regulation (EU) 2021/2139", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R2139-20240101>

¹¹⁸ Eco-label products may be eligible, but products will also be assessed for the reduction of raw resource inputs and outputs.

¹¹⁹ RSB: <https://rsb.org/why-choose-rsb/>.

- manufacturing process must be sourced sustainably and certified with the Bonsucro Production Standard¹²⁰ or the ISCC certification scheme.¹²¹
- Repair, refurbishment and reuse activities that aim to increase the lifespan of existing products and put them back to their original use with very minimal processing or without requiring further preprocessing.
 - The following activities will be excluded from financing under this category: i) equipment and technologies designed or intended for processes that are inherently carbon intensive, primarily driven or powered by fossil fuels; ii) projects where products are made entirely from virgin petroleum-based plastic and for non-recyclable products; iii) repair, refurbishment and reuse of products that are fossil fuel intensive or used for the extraction of fossil fuels; iv) chemical recycling of plastic; and v) procurement of recycled or waste inputs intended for plastic packaging for single-use non-medical consumer products.
 - Sustainability considers investments under this category to be aligned with market practice.
- Under the category Employment Generation and Programmes Designed to Prevent or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the Potential Effect of SME Financing and Microfinance category, Standard Chartered intends to finance or refinance projects aimed at increasing access to affordable and responsible financial products and services, including:
- MSME financing organizations which focus on one or more of the following target populations: i) women;¹²² ii) rural populations, such as smallholder farmers,¹²³ focusing on agricultural production and agricultural value chains; iii) economically excluded individuals, including those impacted by natural or man-made disasters;^{124,125} iv) populations in developing countries that are not considered high-income countries, as defined by the UN;¹²⁶ and v) community development FIs (CDFIs).¹²⁷ Intended expenditures include:
 - Loans to micro enterprises via microfinance institutions (MFIs). The Framework defines micro enterprises as those that meet two of the following three criteria based on the IFC's definition:¹²⁸ i) an employee base of up to 10 people; ii) total annual turnover below USD 100,000; and iii) total assets lower than USD 100,000. Alternatively, the Group considers loans under USD 10,000 as microfinance based on the loan size as per the IFC definition as a proxy if the preceding data is unavailable.
 - Loans to small- and medium-sized enterprises (SMEs). The Framework defines SMEs as those that meet two of the following three criteria based on the IFC's definition:¹²⁹ i) an employee base of up to 300 people; ii) total annual turnover between USD 100,000 and USD 15 million; and iii) total assets from USD 100,000 to USD 15 million. Alternatively, the Group considers loans between USD 10,000 and USD 1,000,000 as SME finance based on the loan size as per the IFC definition as a proxy if the preceding data is unavailable.

¹²⁰ Bonsucro: <https://bonsucro.com/what-is-certification/>

¹²¹ ISCC: <https://www.iscc-system.org/>

¹²² Standard Chartered defines women-owned or -led businesses for the purpose of this Framework as the following: (i) at least 51% owned by woman or women; OR (ii) the business is founded by a woman (i.e. 50% shareholding); OR (i) at least 20% owned by woman or by women; AND (ii) with a woman as CEO, COO, President or Vice President; AND (iii) has a board of directors at least 30% comprised of women, where a board exists. Standard Chartered, "Standard Chartered Group Sustainability Bond Framework", (2024), at: <https://av.sc.com/corp-en/nr/content/docs/sustainability-bond-framework.pdf>

¹²³ Standard Chartered defines smallholder farmers as those with a landholding threshold of 2-10 ha, following FAO's definition of small-scale farmers. FAO, "Smallholders and Family Farmers", (2012), at: <https://www.fao.org/family-farming/detail/en/c/273864/>

¹²⁴ The definition of economically excluded individuals will be based on the local government's definition.

¹²⁵ Standard Chartered follows the UNDRR's definition of man-made disasters.

UNDRR, "Sendai Framework Terminology on Disaster Risk Reduction Definition: Hazard", at: <https://www.undrr.org/terminology/hazard>

¹²⁶ UN, "World Economic Situation and Prospects 2023", at: <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2023/>

¹²⁷ Standard Chartered has defined CDFIs as mission-oriented lenders defined by regulation that target at least 60% of their financing activities to low-income populations or underserved communities.

¹²⁸ Standard Chartered refers to the definition from the International Finance Corporation on MSMEs. IFC, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

¹²⁹ Ibid.

- Alternatively, Standard Chartered may provide loans to micro-, small- and medium-sized enterprises (MSMEs) that target one of the populations described above based on local government definitions.
- Sustainalytics notes that CDFIs are mission-oriented lenders defined by regulation as those targeting at least 60% of their financing activities to LMI populations or underserved communities. Recognising that up to 40% of the financing towards CDFIs may not be dedicated to target populations, creating uncertainty in the end-use of invested funds, Sustainalytics encourages Standard Chartered to prioritize allocations to CDFIs that focus on providing greater than 60% of their capital to targeted populations.
- The Group has confirmed that it has responsible lending practices in place to avoid the risk of predatory lending.
- Provision of credit or personal lending¹³⁰ to low-income or marginalized populations, based on local government definitions. Sustainalytics notes that the credits or loans offered will have financial advantages for the target population, such as: i) lower-than-market interest rates; ii) zero collateral; iii) merit-based sanctioning; and iv) extended tenors.
 - Regarding the definition of target populations, Sustainalytics notes that it is good practice to clearly define low-income, marginalized populations and economically excluded individuals. Sustainalytics encourages Standard Chartered to provide further disclosure on the relevant beneficiaries defined by the applicable national or local governments and to report on the social impact achieved as part of its annual reporting commitments.
 - The Group has confirmed that it has responsible lending practices in place to avoid the risk of predatory lending.
- Development and provision of digital financial services aimed at improving digital inclusion, such as mobile money services and remittances. Standard Chartered confirmed that the activity is affordable to all regardless of ability to pay.
- Under the Access to Essential Services category, Standard Chartered may finance or refinance projects aimed at improving access to healthcare, emergency services, education and services for disabled people, subject to the following criteria:
 - Healthcare infrastructure, emergency services and healthcare-related products and services expenditures include:
 - Financing to construct, equip and operate public and private hospitals, clinics and healthcare centres offering free or subsidized healthcare services in developing countries that are not considered high-income countries as defined by the UN. The Framework limits this expenditure to facilities and services that are affordable and accessible to at least 90% of the population in each country. Sustainalytics views these investments as socially impactful.
 - Infrastructure projects for emergency services related to fire, rescue, medical response and disease control in least-developed countries as defined by the OECD DAC.¹³¹ Such services will be free and accessible to all segments of the population as outlined in the Framework. Sustainalytics acknowledges that the financing of emergency services is socially impactful and considers it good practice to direct financing of emergency services related to fire and rescue in areas where these services are severely limited or lacking.
 - Financing projects that support non-climate induced disaster or hazard preparedness,¹³² such as disaster-resilient buildings to earthquakes, prediction and warning systems. Regarding the financing of disaster-resilient buildings, Standard Chartered has confirmed that it will differentiate the costs of reinforcing buildings for disaster resilience from overall building costs and

¹³⁰ For vehicle loans, the financed vehicle must meet the carbon intensity thresholds defined in the Clean Transportation category.

¹³¹ OECD, "ODA Standards", at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/officialdevelopment-assistance.htm>

¹³² Non-climate induced disasters refer to geological or geophysical disasters or hazards defined by Standard Chartered. Standard Chartered, "Guide for Adaptation and Resilience Finance", at: <https://av.sc.com/corp-en/nr/content/docs/Standard-Chartered-Bank-Guide-For-Adaptation-And-Resilience-Finance-FINAL.pdf>

finance only the reinforcement costs, wherever possible. However, Sustainalytics considers the possibility of financing entre buildings that may be more resilient to disasters as providing limited social impacts. The Group also confirmed that it encourages borrowers of these loans to follow industry best practices, including those addressing buildings' environmental footprints, as outlined in its position statement for the infrastructure and transport sectors.¹³³

- Financing of projects that support non-climate induced disaster or hazard response and recovery, such as drones to support recovery, evacuation shelters, supplies of essential goods.¹³⁴
- Provision of insurance with preferential financial terms for non-climate induced disaster or hazard non-life insurance markets recognized as medium to very high as per the World Risk Index. Sustainalytics acknowledges that the role of Standard Chartered in non-climate induced disaster or hazard non-life insurance solutions is limited to the provision of financing and has limited control on deciding the detailed criteria on preferential financial terms. Nonetheless, Standard Chartered will ensure such services provide preferential financial terms through its internal assessment on the local context, e.g. lower premiums, lenient financing terms or alternative affordability mechanisms, when providing loans to insurance providers.
 - R&D, manufacturing, logistics and distribution of medical products and supplies (medicines)during medical emergencies, as well as disease control services and vaccinations. Such products and supplies will be affordable to more than 90% of the population in each country and the financing will be limited to developing countries that are not considered high-income countries, as defined by the UN. Sustainalytics views these investments as socially impactful.
- Provision and distribution of healthcare equipment and services to public and private hospitals. Financing to private hospitals is limited to those where more than 90% of the population in a given country is able to afford the healthcare equipment and services. Sustainalytics views these investments as socially impactful.
- Provision of health insurance solutions targeting countries with low to medium healthcare coverage.¹³⁵ Services will be affordable through lower premiums compared to market rate or flexible payment terms. Sustainalytics acknowledges that the role of Standard Chartered in health insurance solutions is limited to the provision of financing and that it has limited control on deciding the detailed criteria for low-income groups and affordability mechanisms. Nonetheless, Standard Chartered will ensure that such services are affordable through its internal assessment on the local context, e.g. lower premiums compared to market rate or flexible payment terms, when providing loans to insurance providers.
- Primary, secondary, tertiary and vocational education and access to services for disabled people. Related expenditures include:
 - Construction of educational facilities that aim to increase access to primary, secondary and tertiary education by providing free or subsidized education. The Group has confirmed that the financed educational facilities will include: i) public schools that are accessible and affordable to all segments of the population regardless of ability to pay; and ii) private schools, including enterprises that serve vulnerable populations and charge a nominal fee that is affordable to all in the local context in developing countries that are not

¹³³ Standard Chartered, "Infrastructure and Transport Position Statement"(2024), at: <https://av.sc.com/corp-en/nr/content/docs/infrastructure-transport-position-statement.pdf>

¹³⁴ Essential goods include food, water, medicines, mental health counselling and employment assistance.

¹³⁵ Standard Chartered defines countries with low to medium healthcare coverage as countries that score below 60 on the World Health Organization's universal health coverage service coverage index (UHC SCI). WHO, "Universal Health Coverage (UHC) progress UHC Service Coverage Index", (2024), at: <https://data.who.int/indicators/i/3805B1E/9A706FD>

considered high-income countries, as defined by the UN. Financing to private schools is limited to those where more than 90% of the population in a given country is able to afford the fees charged. Sustainalytics views these investments as socially impactful.

- Construction of campuses for public schools and universities. The Group has confirmed that these facilities will be accessible to all regardless of ability to pay. Sustainalytics views these investments as socially impactful.
 - Financing affordable schools and education providers¹³⁶ in developing countries that are not high-income countries, as defined by the UN. Sustainalytics notes that schools are considered affordable when 90% of the population in a given country is able to afford the fees. Sustainalytics views these investments as socially impactful.
 - Construction of affordable student housing with rent below the local or regional rent level. Sustainalytics acknowledges that Standard Chartered's role is limited to being a loan provider for such investments and, therefore, the Group does not exercise any control over deciding the detailed criteria for determining the low-income or marginalized students deemed eligible for the student housing units or the pricing of student housing financed under the Framework. Sustainalytics recognizes the importance of prioritizing target populations for such expenditures and is of the opinion that such expenditures have the potential to create positive social impact in target regions and encourages Standard Chartered to provide further disclosure on the pricing of student housing financed and relevant beneficiaries defined by regional governments, and to report on the social impact achieved as part of its annual reporting commitments.
 - Development and distribution of free or affordable digital tools or systems to students from low-income or marginalized communities.¹³⁷ Sustainalytics acknowledges that Standard Chartered's role is limited to being a loan provider for such investments and, therefore, the Group does not exercise any control over deciding the detailed criteria for determining the low-income or marginalized students deemed eligible for free or affordable digital tools or systems financed under the Framework. Sustainalytics recognizes the importance of prioritizing target populations for such expenditures and is of the opinion that such expenditures have the potential to create a positive social impact in target regions and encourages Standard Chartered to provide further disclosure on the relevant beneficiaries defined by regional governments, and to report on the social impact achieved as part of its annual reporting commitments.
 - Educational loans intended to increase access to education for low-income or marginalized students¹³⁸ with favourable payment terms, including: i) interest rates below market rate in the local context; ii) collateral-free loans; iii) merit-based loan sanctioning; or iv) loan extension period. Standard Chartered has confirmed that it has responsible lending practices in place to assess a potential borrower's financial situation, help them understand the terms of loans and mitigate the risk of predatory lending. Sustainalytics considers that providing flexible loans to enhance access to education is socially impactful and encourages the Group to report on the financial advantages offered under such loans and the social impact achieved as part of its annual reporting commitments.
- Access to services for disabled people. Related expenditures include:
 - Purchase of new equipment, such as wheelchairs and mobility devices for disabled people. The Group has confirmed that the equipment and mobility devices will be made affordable for the target population.

¹³⁶ Education providers include Bridge International Academies. Bridge International Academies Foundation, "About us: Access to Education and Education Experts", at: <https://www.bridgeinternationalacademies.com/about/>

¹³⁷ The definition of low-income and marginalized individuals will be based on local government definitions.

¹³⁸ The definition of low-income and marginalized individuals will be based on local government definitions.

- Retrofit spaces and infrastructure to improve accessibility for disabled people, such as handrails and ramps in public and private spaces, including hospitals, museums, restaurants and offices.
 - Expenditures for consultancy services and training programmes to provide pre-employment support and job assistance for disabled people, including skill development courses; capacity-building programmes; career counselling; any government or community-based programmes aimed at providing training and job placement; and job readiness programmes, such as the development of résumé writing skills, interview skills and job search strategy. The Group has confirmed that these services will be free or charge a fee at affordable rates in the local context for the target population, so as to ensure the services are affordable to the target population.
 - Sustainalytics considers investments under this category to be socially impactful as they are expected to enhance access to services for disabled people and encourages Standard Chartered to report on the social impacts achieved as part of its annual reporting commitments.
- Under the Affordable Housing category, Standard Chartered may finance or refinance the following:
- Provision of loans to a developer for projects that increase access to affordable housing for marginalized communities as defined by local governments.
 - Provision of home ownership loans and home improvement or retrofit loans for affordable housing units in poor conditions or that lack basic infrastructure for marginalized communities as defined by local governments. Sustainalytics notes that loans to individuals will be provided on preferential terms, e.g. lower premiums, lenient financing terms or alternative affordability mechanisms. For retrofits, Standard Chartered has also confirmed that the housing units will remain affordable after the retrofits.
 - Provision of loans to housing associations.
 - The Group has confirmed that it has responsible lending practices in place to avoid the risk of predatory lending in case loans are provided to individuals. Sustainalytics acknowledges that Standard Chartered's role is limited to being a loan provider for such investments and, therefore, the Group does not exercise any control over deciding the detailed criteria for determining the low-income or marginalized population deemed eligible for the housing units or the pricing of housing financed under the Framework. Sustainalytics recognizes the importance of prioritizing target populations for such expenditures and is of the opinion that such expenditures have the potential to create a positive social impact in target regions and encourages Standard Chartered to provide further disclosure on the housing programmes financed, the pricing of the housing financed and relevant beneficiaries defined by regional governments, and to report on the social impact achieved as part of its annual reporting commitments.
- Under the Affordable Basic Infrastructure category, Standard Chartered may finance or refinance activities that aim to improve connectivity in low-income countries and expand public access to safe and affordable water and sanitation facilities, alternative cooking solutions, and recreational, cultural and other community infrastructure. Intended projects include:
- Development of public infrastructure, such as roads, bridges and tunnels in rural or remote areas in developing countries that are not considered high-income countries, as defined by the UN, where there is inadequate or no access to such infrastructure in order to improve connectivity and aid passenger and commercial transport in rural or remote areas. The Framework excludes financing for: i) development of highways in urban areas; ii) upkeep and upgrade of major roads and highways; iii) privatization of highways; and iv) construction of toll booths.
 - Public transportation to improve connectivity in developing countries that are not considered high-income countries, as defined by the UN, where there is a substantial lack of access to public transportation and which comply with the latest CO₂ emissions standard in the relevant jurisdictions.

- Provision of telecommunications or internet connectivity targeted towards underserved communities in developing countries that are not considered high-income countries, as defined by the UN.
- Development of T&D infrastructure aimed at improving access to electricity targeted at underserved communities in developing countries that are not considered high-income countries, as defined by the UN. The Framework excludes expenditures related to transmission grids connected to a dedicated fossil fuel power plant (coal, oil or natural gas) and fossil fuel power generation.
- Construction, maintenance and equipment for water supply infrastructure, such as pipework and access to clean water, including desalination projects and sanitation facilities, such as sewage systems. The Framework excludes: i) desalination projects without appropriate waste management plans for brine disposal; ii) integrated water and power plants with fossil fuel power; and iii) desalination plants with dedicated on-site fossil fuel power. Additionally, Standard Chartered has confirmed that it will exclude the financing of treatment facilities dedicated to activities with a harmful social or environmental impact, such as industrial scale livestock.
 - Sustainalytics notes that Standard Chartered intends to finance desalination facilities that may primarily rely on power derived from fossil fuels. While recognizing that such facilities will help improve access to water, Sustainalytics also notes that desalination plants are highly energy-intensive, and Sustainalytics encourages the Group to consider the carbon intensity of power sources when selecting projects. Sustainalytics also recommends that Standard Chartered assess and implement other environmentally benign operational practices, especially related to brine management.¹³⁹
- The distribution of free cookstoves designed to replace open air cooking in regions lacking access to such alternative cooking solutions.¹⁴⁰ The Group has confirmed that it will provide the financing through carbon project developers.
- Development, refurbishment and maintenance of recreational facilities, such as parks, sport facilities and cultural centres that are free or discounted and accessible to all.
- Sustainalytics considers investments under this category to be credible and expects them to enhance access to transport, telecommunication, internet, energy and clean water and sanitation, and recreational facilities in the targeted regions.
- Under the Food Security and Sustainable Food Systems category, Standard Chartered may finance or refinance projects aimed at: i) enhancing food security; ii) improving storage facilities for agricultural products; iii) improving farming practices. Intended projects include:
 - Financing companies that manufacture food and nutritional supplements to aid agencies that distribute food and nutritional supplements to improve food security or reduce food loss in developing countries that are not considered high-income countries, as defined by the UN. Nutritional supplements will be affordable to all regardless of ability to pay and be limited to developing countries as defined by the UN, where there is an explicit need to tackle food security or food loss. Vehicles used for logistics that do not meet regional emissions standards will be excluded from financing.
 - Finance for infrastructure such as warehouses to provide adequate storage facilities, food conservation or connectivity in the food chain to reduce food loss.
 - Finance for the purchase of goods that are Fairtrade-certified.¹⁴¹
 - Support to smallholder farmers as defined by the Food and Agriculture Organization¹⁴² and farmer cooperatives consisting primarily of smallholder farmers through the provision of credit, equipment or facilities, aiming to prevent food loss and waste, improve productivity and increase market access to smallholder producers. The Group

¹³⁹ Desalination plants produce tremendous amounts of brine. Due to the use of pre-treatment and anti-fouling additives within the process, this hypersaline by-product liquid stream may contain heavy metals and chemicals that can accumulate and/or affect the ecosystem.

¹⁴⁰ Regions lacking access will be determined based on World Bank's indicator of access to clean fuels and technologies for cooking. World Bank, "Access to clean fuels and technologies for cooking (% of population)", at: <https://data.worldbank.org/indicator/EG.CFT.ACCS.ZS>

¹⁴¹ Fairtrade International, "Fairtrade Standards", at: <https://www.fairtrade.net/standard/fairtrade-standards>.

¹⁴² Smallholders defined as those farming on less than 10 hectares of land on average, as per the Food and Agriculture Organization's definition. FAO, "Smallholders and Family Farmers", (2013), at: <https://www.fao.org/family-farming/detail/en/c/273864/>

- has responsible lending practices in place to avoid the risk of predatory lending and offers preferential terms for the provision of credit, such as below-market rates as applicable in the local context, collateral-free loans, merit-based loan sanctioning and loan extensions.
- Sustainalytics views these investments as socially impactful.
 - Under the Charities category, Standard Chartered may extend financial services to registered charities or non-profit organizations whose work: i) addresses the green and social activities under the Framework; ii) advances social causes; or iii) specifically benefits vulnerable target populations.
 - The Group has confirmed that financing under this category will be limited to 10% of the total use of proceeds. Furthermore, the Framework excludes donations to charities, non-profit organizations and financing to programmes that promote religious or political activities.
 - Sustainalytics considers investments under this category to have positive social impacts and encourages the Group to report on the positive social outcomes achieved through these investments.
 - The following are excluded from financing under the framework: i) payday loans; ii) loans to business involved in the following: a) adult entertainment; b) manufacture and production of finished alcoholic beverages; c) Lethal defence goods, including small arms; d) gambling; e) military contracting; f) non-RSPO-certified palm oil; g) predatory lending; h) manufacture and production of finished tobacco products; i) conflict minerals; j) child labour; and k) forced labour.
 - Project Evaluation and Selection:
 - Standard Chartered's Sustainable Finance Solutions Banking and the Chief Sustainability Office Finance functions are responsible for identifying projects that are in line with the Framework's eligibility criteria. The Group's Sustainable Finance Governance Committee (SFGC) and its subcommittee are responsible for the evaluation and selection of eligible projects. The Head of Global Sustainability Engagement Disclosures chairs the SFGC, which consists of representatives from various departments of the Group, including the Chief Sustainability Officer, Legal and Compliance, and ESG Reputational Risk, among others. The subcommittee consists of a representative each from: Sustainable Finance Solutions Banking, Environmental and Social Risk Management, Debt Capital Markets and the Chief Sustainability Office Finance.
 - Standard Chartered has in place an ESG and climate risk management system, through which the relationship manager undertakes a client environmental and social risk assessment before allocations are made. Regarding project financing, the Group will carry out a separate transaction environmental and social risk assessment. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional details, refer to Section 2.
 - Based on the cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Standard Chartered's SFS and CSO Finance teams will be responsible for the management and allocation of proceeds to the eligible assets on a portfolio basis and the asset pool will be recorded and monitored on a regular basis. The Group's SFGC is ultimately responsible for the management of proceeds. Sustainalytics considers it good practice to ensure continuous allocation to ensure that, as the underlying eligible loans in the pool are amortized or removed for any reason, the pool is replenished so that the value of the outstanding eligible loans remains equal to or greater than the net proceeds. Standard Chartered has committed to implement this practice until bond maturity.
 - Standard Chartered intends to allocate all proceeds within 24 months of issuance. Pending allocation, the Group will temporarily invest the proceeds in short-term marketable instruments, and cash or cash equivalents in accordance with Standard Chartered's liquidity investment guidelines.
 - Based on the regular monitoring of the allocation process and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Standard Chartered will report on allocation of proceeds and the corresponding impact in its allocation report and non-financial impact report, respectively, which will be published on the Group's website on an annual basis until full allocation of the proceeds.

- Allocation reporting will include the total amount of proceeds allocated to eligible projects and relevant categories, the balance of unallocated net proceeds and where these have been invested.
- The Group intends to align its impact reporting with the ICMA Harmonised Framework for Impact Reporting Handbook on a best-effort basis.¹⁴³ This includes reporting on relevant impact metrics, such as annual renewable energy generation (measured in MWh, GWh, GJ or TJ), annual GHG emissions reduced or avoided (measured in tonnes of CO₂ equivalent), reduced or avoided water loss (measured in m³), number of loans to SMEs, number of public hospitals, clinics and healthcare centres financed and number of people provided with access to affordable, safe, nutritious and sufficient food.
- Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Section 2: Sustainability Strategy of Standard Chartered Group

Contribution to Standard Chartered's sustainability strategy

Standard Chartered integrates sustainability considerations and targets into its business through its sustainability strategy centred on four strategic pillars: i) scale sustainable finance income; ii) embed sustainability across the organisation; iii) deliver on the annual milestones set forth in the net zero roadmap; and iv) leverage innovations hubs.

The Group's sustainability strategy and its emissions reduction targets apply to Standard Chartered and all its subsidiaries and focuses on four key initiatives: i) mobilize sustainable finance; ii) operationalize interim 2030 financed emissions targets to meet its 2050 net zero ambition; iii) enhance and deepen leadership within the sustainability ecosystem; and iv) drive social impact with its clients and communities.¹⁴⁴ Standard Chartered also follows the guidelines and recommendations of the Task Force on Climate-related Financial Disclosures, publishing such disclosures as part of its approach to assessing and managing climate change risks.

Under its first and third pillars, the Group aims to achieve net zero emissions from its financed emissions by 2050. To facilitate this, in 2022 the Group has set 2030 sectoral targets for financed emissions in carbon-intensive sectors, such as power, steel, oil and gas, coal mining, shipping and aviation.¹⁴⁵ The Group has additionally set the following interim targets: i) achieve net zero in its operations for scope 1 and 2 by 2025 from a 2019 baseline; ii) achieve 100% renewable energy sourcing by 2025 from a 2022 baseline; and iii) divert 90% of waste from landfill by 2030 from a 2020 baseline. Standard Chartered has set additional sectoral targets for the cement, mortgages and aluminium sectors in 2024.^{146,147} In 2021, Standard Chartered introduced its transition finance framework, outlining transition themes and activities and serving as a guideline for its clients to move towards a low-carbon trajectory.¹⁴⁸ The Group also aims to finance clients that meet the following criteria for dependence on thermal coal: i) less than 80% dependent on thermal coal by 2024; ii) less than 60% dependent on thermal coal by 2025; iii) less than 40% dependent on thermal coal by 2027; and iv) less than 5% dependent on thermal coal by 2030.

In terms of its sustainable finance asset portfolio, Standard Chartered has set an ambition to mobilize USD 300 billion for sustainable finance by 2030.¹⁴⁹ As of September 2023, the Group had provided USD 29.7 billion in sustainable financing, including sustainability-linked loans, green mortgages, green bonds and social bonds.¹⁵⁰ As of September 2023, the Group had mobilized USD 87.2 billion towards financing activities such as green buildings (USD 8.7 billion), renewable energy (USD 3.1 billion), clean transportation (USD 901 million) and energy efficiency (USD 482 million).¹⁵¹ In terms of financing projects that support socioeconomic development, as of September 2023, the Group had provided USD 3.5 billion in social financing, including USD 3 billion to increase access to finance, USD 145 million to enhance access to essential services, such as

¹⁴³ ICMA, "Harmonised Framework for Impact Reporting", (2024), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

¹⁴⁴ Standard Chartered, "Annual Report 2023", at: <https://av.sc.com/corp-en/nr/content/docs/standard-chartered-plc-full-year-2023-report.pdf>

¹⁴⁵ Ibid.

¹⁴⁶ Standard Chartered, "Our path to net zero", at: <https://www.sc.com/en/about/our-long-term-ambition/net-zero>

¹⁴⁷ The sectoral targets aim to reduce emissions by 2030 compared to a 2021 baseline and include: i) reducing the cement sector by 22% in production intensity, ii) reducing the commercial and real estate sector by minimum of 47% in in physical intensity, iii) reducing the mortgage sector by 23% in physical intensity.

¹⁴⁸ Standard Chartered, "Transition Finance Framework", (2023), at: <https://av.sc.com/corp-en/content/docs/Standard-Chartered-Bank-Transition-Finance-Framework.pdf>

¹⁴⁹ Ibid.

¹⁵⁰ Standard Chartered, "Annual Report 2023", at: <https://av.sc.com/corp-en/nr/content/docs/standard-chartered-plc-full-year-2023-report.pdf>.

¹⁵¹ Ibid.

healthcare and education, and USD 198 million to improve affordable basic infrastructure in underserved areas.¹⁵²

Standard Chartered also participates in various international initiatives related to environmental and social sustainability, including the Partnership for Carbon Accounting Financials, the UNEP Finance Initiative and the UN Global Compact, reflecting the Group's commitment to supporting projects that enable the transition to a low-carbon, climate-resilient economy.^{153,154}

Sustainalytics is of the opinion that the Standard Chartered Group Sustainability Bond Framework is aligned with the Group's overall sustainability strategy and that the use of proceeds will further the Group's action on its key environmental and social priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) biodiversity loss and community relations due to land use from large infrastructure projects; ii) emissions and effluents and waste generated in construction; iii) worker health and safety; iv) stakeholder participation; v) human rights; vi) business ethics; and vii) predatory lending. Additionally, Standard Chartered is exposed to risks pertaining to the social impact of products, human rights, quality and safety, business ethics and predatory lending. Standard Chartered plays a limited role in the development of projects and assets being financed, but it remains exposed to risks associated with projects it may finance by offering lending and financial services.

Sustainalytics is of the opinion that Standard Chartered is able to manage or mitigate potential risks through implementation of the following:

- For risks associated with biodiversity and land use, Standard Chartered requires clients to comply with the International Finance Corporation's (IFC) Performance Standards.¹⁵⁵ These standards define responsibilities for managing risks and provide guidelines on identifying risks and developing measures to mitigate or manage them at the project level. The standards focus on protecting and conserving biodiversity, maintaining ecosystem services and sustainably managing living natural resources.¹⁵⁶ The IFC Performance Standards also address land resettlement in cases of community displacement from land-use change.¹⁵⁷ Standard Chartered has also committed to not providing financial services to clients or projects involved in: i) trading or processing of species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora;¹⁵⁸ ii) converting or degrading high conservation value, high carbon stock forests, or peatlands; iii) operations that have an adverse impact on UNESCO World Heritage sites; and iv) operations that have an adverse impact on wetlands designated under the Ramsar Convention on Wetlands of International Importance.^{159,160}
- To manage or mitigate risks related to emissions, effluents and waste generated during construction, Standard Chartered expects its clients to comply with the World Bank Group Environmental, Health and Safety (EHS) Guidelines.¹⁶¹ These guidelines establish performance levels and measures that clients must implement to meet international good practices on air emissions and ambient air quality, wastewater and ambient water quality, waste management, hazardous materials management and contaminated land.¹⁶² As part of its credit risk assessment for in scope corporate clients, Standard Chartered conducts a climate risk assessment, including assessing the mitigation plans that the client

¹⁵² Ibid.

¹⁵³ Standard Chartered, "Annual Report 2022", at: <https://av.sc.com/corp-en/content/docs/standard-chartered-plc-full-year-2022-report.pdf>

¹⁵⁴ Standard Chartered, "Our Memberships", at: <https://www.sc.com/en/sustainability/our-memberships/>

¹⁵⁵ Standard Chartered, "Environmental and Social Risk Management Framework", at: <https://av.sc.com/corp-en/nr/content/docs/esrm-framework.pdf>

¹⁵⁶ IFC, "Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources", (2012), at:

<https://www.ifc.org/en/insights-reports/2012/ifc-performance-standard-6>

¹⁵⁷ IFC, "Performance Standard 5: Land Acquisition and Involuntary Resettlement", (2012), at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standard-5>

¹⁵⁸ United Nations, "Convention on International Trade in Endangered Species of Wild Fauna and Flora", 2019 at: https://cites.org/sites/default/files/l/Brochure_UNEP_CITES_eng.pdf

¹⁵⁹ UNESCO, "Convention on Wetlands of International Importance especially as Waterfowl Habitat", 1994, at:

https://www.ramsar.org/sites/default/files/documents/library/scan_certified_e.pdf

¹⁶⁰ Standard Chartered, "Nature Position Statement", (2024), at: <https://av.sc.com/corp-en/nr/content/docs/nature-position-statement.pdf>

¹⁶¹ Standard Chartered, "Environmental and Social Risk Management Framework", at: <https://av.sc.com/corp-en/nr/content/docs/esrm-framework.pdf>

¹⁶² IFC, "Environmental, Health, and Safety Guidelines", at: <https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines>

has in place.¹⁶³ This assessment is incorporated into the lending process, and where risks are deemed to be inadequately addressed by clients, warning signals are added to the credit rating.¹⁶⁴ Furthermore, for corporate clients in sectors where the Group has made sector-specific emission reduction targets, Standard Chartered seeks scope 1, 2, and scope 3 emissions reporting from the client, as well as quantitative GHG emission reduction targets.¹⁶⁵

- Compliance with the IFC Performance Standards and the World Bank Group ESH Guidelines addresses risks related to worker health and safety by establishing requirements on exposure to chemical and physical hazards, working conditions, child or forced labour and monitoring.^{166,167} Standard Chartered's Group Health, Safety and Security Policy also requires compliance with local laws and regulations on general health, safety and security.¹⁶⁸
- To mitigate or manage risks associated with stakeholder participation, Standard Chartered has a formal stakeholder engagement process following the Global Reporting Initiative Standards.¹⁶⁹ The Group engages with stakeholders through one-to-one sessions, virtual roundtables, written responses and surveys to understand their interests, which are then communicated to governing committees such as the board's Culture and Sustainability Committee, and the Sustainability Forum to ensure that concerns are addressed in developing strategies and operations.¹⁷⁰
- Regarding human rights, Standard Chartered's clients must follow the following international principles: i) International Bill of Human Rights, ii) International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and iii) ILO Conventions 138 (Minimum Age) and 182 (Worst Forms of Child Labour). Additionally, clients must be aligned with the UN's Guiding Principles on Business and Human Rights, Convention on the Rights of the Child, the Global Compact, the Thun Group of Guiding Principles and the OECD Due Diligence Guidelines for Responsible Corporate Lending and Securities Underwriting. Clients are required to provide evidence of adequate policies and processes in place to manage risks in their operations and supply chain aligned with the above standards.^{171,172}
- Standard Chartered has a Code of Conduct at the group level which applies to all transactions and addresses business ethics, compliance with laws and regulations, bribery and corruption and overall corporate responsibility. Under the code, the Group has established the Speaking Up programme, which allows any employee to report violations of the code and any other of the Group's policies and procedures.^{173,174} Additionally, the Group's Anti-Money Laundering Policy governs the prevention and reporting of money laundering, and mandates that procedures and controls be in place to comply with local laws.¹⁷⁵
- Standard Chartered's Client Rights Policy embeds principles on fair treatment into the Group's lending process, aiming to avoid unfair discriminatory practices, including unfair contract terms that disadvantage financial consumers significantly. The policy requires the Group to provide its customers with clear, relevant and timely information (including on costs and risks) so they can make informed decisions before, during and after the point of sale.¹⁷⁶
- Standard Chartered is a signatory to the Equator Principles,¹⁷⁷ with the Group's Environmental and Social Risk Management team applying the Equator Principles to transactions.¹⁷⁸ Additionally, Standard Chartered has been a signatory of the UN Principles for Responsible Banking since 2019,¹⁷⁹ which require

¹⁶³ Standard Chartered, "Standard Chartered Annual Report 2023", (2023), at: <https://av.sc.com/corp-en/nr/content/docs/standard-chartered-plc-full-year-2023-report.pdf>

¹⁶⁴ Ibid.

¹⁶⁵ Standard Chartered, "Climate Change Position Statement", (2024), at: <https://av.sc.com/corp-en/nr/content/docs/climate-change-position-statement.pdf>

¹⁶⁶ IFC, "Performance Standard 2: Labour and Working Conditions", (2012), at:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2

¹⁶⁷ IFC, "Environmental, Health, and Safety Guidelines", at: <https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines>

¹⁶⁸ Standard Chartered, "Group Health, Safety, and Security Policy", at: <https://av.sc.com/corp-en/content/docs/health-and-safety-policy.pdf>

¹⁶⁹ GRI, "How to use the GRI standards", at: <https://www.globalreporting.org/how-to-use-the-gri-standards/>

¹⁷⁰ Standard Chartered, "Annual Report 2023", at: <https://av.sc.com/corp-en/nr/content/docs/standard-chartered-plc-full-year-2023-report.pdf>

¹⁷¹ Standard Chartered, "Position Statements – How we manage environmental and social risk", at: <https://www.sc.com/en/sustainability/position-statements/>

¹⁷² Standard Chartered, "Human Rights Position Statement", at: <https://av.sc.com/corp-en/content/docs/human-rights-position-statement-sustainability-standard-chartered.pdf>

¹⁷³ Standard Chartered, "Group Code of Conduct", at: <https://www.sc.com/global/av/ke-code-of-conduct.pdf>

¹⁷⁴ Standard Chartered, "Speaking Up: Summary of Procedure", at: <https://av.sc.com/corp-en/content/docs/speaking-up-policy.pdf>

¹⁷⁵ Standard Chartered, "Anti-Money Laundering Policy: Summary of Policy", at: <https://av.sc.com/corp-en/nr/content/docs/anti-money-laundering.pdf>

¹⁷⁶ Standard Chartered, "Client Rights Policy", at: <https://www.sc.com/global/av/customer-rights-policy.pdf>

¹⁷⁷ Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about/>

¹⁷⁸ Standard Chartered, "Equator Principles Reporting 2022", at: <https://www.sc.com/en/sustainability/position-statements/our-framework/equator-principles-reporting/>

¹⁷⁹ UNEP Finance Initiative, "Signatories", at: <https://www.unepfi.org/banking/bankingprinciples/prbsignatories/>

impact analysis and risk management regarding people and the environment associated with the Group's activities, products and services.¹⁸⁰

- Standard Chartered has also established position statements regarding environmental and social management, against which its Environmental and Social Risk Management team reviews transactions to minimize environmental and social risks. The position statements include minimum requirements on human rights, nature and climate change, as well as detailed sector-specific positions, against which companies are assessed.¹⁸¹ Through the position statements, the Group tightened the group-wide minimum financing requirements for six sectors associated with high environmental or social impact: i) extractive industries (oil and gas, mining and metals); ii) power generation (fossil fuel power, nuclear power renewable energy, including hydropower); iii) agribusiness (agribusiness, animal welfare, fisheries, biofuels, forestry, palm oil, soy, tobacco); iv) infrastructure and transport; v) chemicals and manufacturing; and vi) thermal coal.¹⁸²

Based on the above, Sustainalytics is of the opinion that Standard Chartered has in place adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with projects in the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on the category below where the impact is specifically relevant to the markets in which Standard Chartered operates.

Importance of MSME financing in emerging economies

MSMEs are the main driver of employment generation and a significant contributor to economic development in emerging economies, accounting for up to approximately 70% of formal jobs and 40% of national GDP in some cases.¹⁸³ MSMEs represent approximately 90% of businesses and more than 50% of employment worldwide.¹⁸⁴ An estimated 600 million jobs will be needed by 2030 to meet the growing global workforce, making MSME development a high priority for governments worldwide.¹⁸⁵ The classification of MSMEs as a priority sector by governments and central banks in emerging economies reflects their keen interest in the sector.¹⁸⁶ Overall, MSMEs have significant potential to address existing socioeconomic challenges in emerging economies.¹⁸⁷

Access to financing is a critical impediment to the growth of MSMEs: the estimated finance gap for MSMEs has remained consistent at USD 5.7 trillion in recent years.¹⁸⁸ Approximately 70% of MSMEs in emerging markets lack adequate financing due to factors such as lack of accessible credit history, the absence of collateral and stringent lending criteria.^{189,190} Women-owned MSMEs represent 38% of MSMEs globally and typically face more difficulty accessing finance due to their limited credit history, among other reasons.¹⁹¹ Supporting MSMEs to gain access to finance has the potential to help improve the contribution of MSMEs to job creation and economic development.¹⁹²

Based on the above, Sustainalytics is of the opinion that Standard Chartered's financing aimed at increasing access to finance for MSMEs is expected to create positive socioeconomic impacts in emerging economies.

¹⁸⁰ UN Environment Programme, "Net-Zero Banking Alliance", at: <https://www.unepfi.org/net-zero-banking/>

¹⁸¹ Standard Chartered, "Sustainability Library", at: <https://www.sc.com/en/about/sustainability/sustainability-library>

¹⁸² Ibid.

¹⁸³ World Bank, "Small and Medium Enterprises (SMEs) Finance", at: <https://www.worldbank.org/en/topic/sme/finance>

¹⁸⁴ Ibid.

¹⁸⁵ Ibid.

¹⁸⁶ Onyiriuba, L. (2016), "Chapter 7 – SME Credit Risk, Analysis, and Control in Emerging Economies", Emerging Market Bank Lending and Credit Risk Control, at: <https://www.sciencedirect.com/science/article/abs/pii/B9780128034385000076>

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¹⁸⁸ World Bank, "Boosting SME Finance for Growth: the case for more effective support policies", (2024), at: <https://openknowledge.worldbank.org/server/api/core/bitstreams/6de94c67-e8a1-4cf0-871b-3ed4d5a8f046/content>

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¹⁹⁰ International Monetary Fund, "Financing Barriers and Performance of Micro, Small, and Medium Enterprises (MSMEs)", (2024), at: <https://www.elibrary.imf.org/view/journals/002/2024/271/article-A002-en.xml>

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¹⁹² International Monetary Fund, "Financing Barriers and Performance of Micro, Small, and Medium Enterprises (MSMEs)", (2024), at: <https://www.elibrary.imf.org/view/journals/002/2024/271/article-A002-en.xml>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Standard Chartered Group Sustainability Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Management of Living Natural Resources	12. Responsible Production and Consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Pollution Prevention and Control	12. Responsible Production and Consumption	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older person
Climate Change Adaptation	14. Life Below Water	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Production and Consumption	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Employment Generation	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Access to Essential Services	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
	4. Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
	9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Food Security and Sustainable Food Systems	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Charities	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Conclusion

Standard Chartered Group has developed the Standard Chartered Group Sustainability Bond Framework under which it or any of its designated entities may issue green, social and sustainability bonds and notes, and use the proceeds to finance projects in 15 categories. Sustainability considers that the eligible projects are expected to contribute to the transition to a low-carbon economy and help support socioeconomic development in the markets where Standard Chartered Group operates.

The Standard Chartered Group Sustainability Bond Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainability considers that the Standard Chartered Group Sustainability Bond Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14 and 15. Additionally, Sustainability is of the opinion that Standard Chartered Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainability is confident that Standard Chartered Group is well positioned to issue green social and sustainability bonds and notes and that the Standard Chartered Group Sustainability Bond

Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

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