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Standard Chartered announces interim targets and methodology or pathway to net zero by 2050

• 2030 interim targets to reduce financed emissions for thermal coal mining, oil and gas, and power
• Plan to mobilise USD300 billion in green and transition finance by 2030

Standard Chartered (the Group) today announced ambitious new targets to reach net-zero carbon emissions from its financed activity by 2050, including interim 2030 targets for the most carbon-intensive sectors. The Group's approach is based on the best data currently available and aligns to the International Energy Agency's Net Zero Emissions by 2050 scenario (NZE).

Whilst 33 of our 59 footprint markets do not at present have a commitment to reach net zero by 2050, we are setting out our plan for this timeline, recognising the pivotal role we can play in the transition. Many of these markets are currently reliant on carbon-intensive industries for their continued economic growth. Achieving a just transition – one where climate objectives are met without depriving developing countries of their opportunity to grow and prosper – will require capital and specialised support. We are uniquely placed to help by directing capital to markets that have both the greatest opportunity to adopt low-carbon technology, and some of the toughest transition-financing and climate challenges.

Our net-zero approach has three aims:
Reduce the emissions associated with our financing activities to net zero by 2050, setting 2030 interim targets in our most carbon-intensive sectors

Our current estimate of in-scope baseline emissions from our corporate client base as at year-end 2020 is 45.2 million metric tonnes of carbon dioxide equivalents, associated with USD74.8 billion of assets (or 77% of our total drawn on-balance-sheet financing exposure of USD97.3 billion to corporate clients). There is currently insufficient available data to accurately reflect the financed emissions of the remaining 23 per cent of our in-scope corporate lending assets.

We will stop financing, at an individual client entity level (e.g. subsidiaries), companies that are expanding in thermal coal. Ongoing provision of financial services to the client group will be subject to enhanced due diligence. We aim to reduce absolute financed thermal coal-mining emissions by 85% by 2030, in addition to the existing prohibition on financing new or expanding coal-fired power plants. By 2030 we will only provide financial services to clients who are less than 5% dependent on revenue from thermal coal.

As we expand our green and transition finance, we are targeting 2030 reductions in revenue-based carbon-intensity (i.e. the quantity of greenhouse gas emitted by our clients per USD of their revenue) of:
• 63% for power
• 33% respectively for steel and mining (excluding thermal coal mining)
• 30% for oil and gas

While the NZE foresees a decline in fossil-fuel production, progress won't be linear and production of some fossil fuels may rise before it comes down in our markets, e.g. gas as it replaces more carbon-intensive alternatives such as coal in the transition By the end of 2022 we expect all clients in the power generation, mining and metals, and oil and gas sectors to have a strategy to transition their business in line with the goals of the Paris Agreement.

Having already covered nearly two-thirds of our in-scope financed emissions, targets for remaining carbon-intensive sectors will be announced in line with current guidelines from the Net Zero Banking Alliance, before the first quarter of 2024.

We are sharing our methodology transparently in a white paper to help collective learning and encourage discussion and debate. As standards and methodologies evolve, and data quality and availability improve, we will refine our emissions calculations further. To ensure transparency, we report yearly on progress, in detail, as part of the Task Force on Climate-Related Financial Disclosures process.

Catalyse finance and partnerships to scale impact, capital and climate solutions to where they are needed most, including a plan to mobilise USD300 billion in green and transition finance

Our new Transition Finance Framework sets out how our transition finance will be governed by alignment to the NZE and a set of well-defined principles that help guide our clients onto a low-carbon pathway.

Accelerate new solutions to support a just transition in our markets, including a new dedicated Transition Acceleration Team to support clients in high-emitting sectors, and launch sustainable products

The Transition Acceleration Team will provide our clients in carbon-intensive sectors with deep expertise on how to accelerate their low-carbon transitions, and tools to measure their progress. We will launch a Universal Climate Finance Loan to incentivise clients to outpace national decarbonisation rates, as well as sustainable retail products such as green mortgages in key markets. In wealth management, by 2025 we aim to double sustainable investing assets under management and integrate environmental, social and governance considerations into our advisory activities.

José Viñals, Group Chairman, commented: "Following engagement with clients, shareholders and NGOs, we are today setting out our methodology for how we intend to reach net zero by 2050. We are motivated by a belief that we can and must address the need for decarbonisation as a result of greater climate-related risks, which increase financing costs and hamper emerging markets' long-term economic prospects."

Bill Winters, Group Chief Executive, added: "We're confident that we're on a science-based trajectory toward net-zero financed emissions by 2050 that is consistent with the Paris Agreement.

As we reduce the emissions associated with our financing activities to net zero, we will also tackle financial barriers to the transition, including by making more green and transition finance available. This will help clients on a path to net zero while maximising the benefits of a just transition for people and communities."

More information on our approach can be found on our website.

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phase.