Press Release

Standard Chartered executes first sustainability-linked loan to CSSC (Hong Kong) Shipping Company Limited

[29 June, 2021] [Shanghai/China] Standard Chartered recently facilitated a 10-year sustainability-linked loan to CSSC (Hong Kong) Shipping Company Limited (CSSC Leasing) to support four container ships with a total loan value of US$96 million. The transaction is different from a traditional ship financing loan as it aligns with the Sustainability-linked Loan Principles and will evaluate the average efficiency ratio of the vessels and other sustainable indicators of the company for the duration of the loan. This is both a first in the sustainable finance field for the Bank within the shipping industry in Greater China and North Asia, as well as CSSC Leasing’s pioneering attempt in this field. It provides a sustainable finance lead for banks and shipping enterprises through in-depth cooperation and innovation, complementing a new standard and model for the industry. Standard Chartered acted as sole Sustainability-Linked Structure Coordinator and Mandated Lead Arranger.

While the shipping industry connects global trade and brings economic prosperity, it also faces the enormous pressure of needing to transition and meet decarbonisation goals. According to an estimate1 from the International Maritime Organisation, a specialised agency of the United Nations, the total CO₂ emission of global shipping industry reached 1,056 million tonnes in 2018. In April 2021, Standard Chartered became a signatory to the Poseidon Principles2 and reinforced its commitment to support the CO₂ emission reduction target for global shipping industry set by the United Nations. The sustainability-linked loan provided by Standard Chartered to CSSC Leasing aims to meet the needs of a more sustainable shipping industry in alignment with carbon pathways, and to further support CSSC Leasing’s overall strategic plan in the area of sustainable development.

Zhong Jian, Chairman of CSSC Leasing, said: "As the first leasing company in the industry that covers holistic industry chain in clean energy, CSSC Leasing has a distinct advantage in this field. The release of decarbonisation policies in China, together with an in-depth implementation of oil and gas reform as well as the steady growth of LNG terminal and other infrastructure, are making clean energy marine equipment a high-quality asset and an essential source of income that CSSC Leasing can rely on. China is speeding up the construction of a dual circulation development pattern, in which domestic and overseas markets reinforce each other, with the domestic market as the mainstay. This will bring new opportunities for the development of the leasing industry and further facilitate domestic manufacturing, and energy and cargo transportation."

Jean Lu, Co-Head, Corporate, Commercial and Institutional Banking at Standard Chartered China, commented: "It is critical to the long-term development of the shipping industry to reduce carbon emission. Standard Chartered has extensive experience in serving global shipping companies and strong knowledge in global sustainable finance standards. We hope to combine

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2 Poseidon Principles, launched in 2019, is a framework for assessing and disclosing the climate alignment of ship finance portfolios. It sets a target of greenhouse gas emissions (GHG emissions) for global shipping industry to peak as soon as possible and to reduce shipping's total annual GHG emissions by at least 50% by 2050. https://www.poseidonprinciples.org/
our know-how and strong capability of providing customised sustainable finance solutions to assist the decarbonisation transition of China’s shipping industry. We look forward to continuing the collaboration with CSSC Leasing to contribute to the protection of the marine environment and the achievement of China’s 3060 Decarbonisation goal.”

The first shipyard-based leasing company in China and one of the world’s leading ship leasing companies, CSSC Leasing is one of the member companies of China State Shipbuilding Corporation Limited. As of end 2020, the company’s total assets were HK$30.53 billion, net assets were HK$ 8.99 billion, and its annual net profit exceeded HK$1.1 billion. The fleet reached 136 ships and remained at the forefront of the industry. Its clean energy marine equipment, mainly LNG carriers and FSRU (Floating Storage and Re-gasification Unit), accounts for 34% of its total assets.

Standard Chartered has established a global Sustainable Finance team since October 2018, providing a wealth of sustainable financial products and solutions, including green deposits, green bonds, sustainable bonds and sustainable deposits. The Bank launched Transition Finance Imperative to facilitate the net zero transition, especially for eight high carbon intensive sectors including the shipping industry. It has also recently provided sustainable finance solutions to many shipping companies worldwide, where carbon intensity or energy efficiency indicators are used in sustainability linked loans for these companies.

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Note to editors

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Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges.

Standard Chartered is one of the oldest international banks in China, with its first branch in Shanghai set up in 1858 and continuous operations thereafter. We were among the first batch of international banks locally incorporated in China in 2007. We have outlets across nearly 30 coastal and in-land cities in China, a testimony of our long-term commitment to China.

In recognition of our achievements in different areas, Standard Chartered was laureled with a number of awards in 2020, including Best Implementation Award by Green Investment Principles, Financier of Shanghai, Best RMB Bank by The Assets, Foreign Bank of 2020 by The Paper, Excellent Foreign Bank of the Year by Wallstreet.cn, Innovative Supply Chain Finance Bank of the year by The Economic Observer, World’s Best Bank for Cash Management Award by Global Finance, Bond Connect Top Market Maker by Bond Connect, Best Foreign Bank on Brand & Marketing by CBN, Innovative Digital Service Financial Institutions of the Year by 21 Century
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