

Johan Frijns
BankTrack

Tracey McDermott
Standard Chartered
1 Basinghall Avenue
London, EC2V 5DD

08 November 2018

Dear Johan and co-signatories,

Re: Standard Chartered Power Generation NGO Response

Thank you for your letter dated 12th October to our Board and Management Team. I am responding on their behalf.

We appreciate your co-ordination, both in sending a single letter and in your collective engagement with us whilst we recently reviewed our approach to coal-fired power. In this spirit, we are sending a response back via BankTrack; please share this with your co-signatories and other interested civil society organisations.

We have taken an evidence-based approach in setting our approach to coal power - balancing information on the role of the energy system in the low-carbon transition with the needs of the societies we operate in and the communities our clients support. The lending we provide to clients operating in the coal sector is limited, and ensures the continued supply of energy to communities and businesses from existing plants. We will continue to support these clients whilst helping them to demonstrate clear participation in the low-carbon transition.

I would like to deal specifically with your questions about Vung Ang II and Vinh Tan III. We have long taken the view that we uphold our brand promise to be Here for good by the way we work with our clients. By encouraging, or requiring, higher standards as a condition of our support, we have helped to improve standards across the markets we operate in. In return we meet the commitments we make to our clients. It is for this reason we have continued to remain involved in the Vung Ang II and Vinh Tan III plants. We worked with our clients to make changes to their proposals to ensure they met our previous position statements and made commitments to them, which pre-date the agreement of our new prohibition. Provided, therefore, our previous position is met, we will remain involved.

Our new commitment to understand and reduce the emissions associated with our financing is made in very much the same spirit. We acknowledge the low-carbon transition will have impacts across a wide range of sectors, and want to be able to better understand this and identify those clients that will need the most support in this transition. This is work we cannot, and should not, do alone. We are very much hoping that we can have your support, and challenge, as we work through this approach, which we believe has the potential to drive step change in how we approach climate change in a more holistic fashion,

We would draw out two key challenges which have informed the approach we have taken:

The first is the role of substitutes. In our engagement on coal power, there was widespread recognition of the need for additional energy to support economic growth and well-being across our markets - but an undeniable shift is needed in how this energy needs to be produced in order to achieve the Paris Agreement. There is yet to be a similar emergence of substitutes for the oil and gas sector, including the associated petrochemicals sector. We note the sector is investing heavily to address this - and want to play the most meaningful role we can in supporting this, as a commercial lender. We recognise however, that within the sector, there are exploration and production activities with heightened environmental and social impacts, so we have included tar sands and Arctic activities in our Prohibited Activities list.

The second challenge, and where we would like to acknowledge the longstanding role of BankTrack, is in driving transparency - in the lending provided by banks toward certain sectors and sub-sectors, and in the broader theme of how banks are responding to climate change and implementing the recommendations of the TaskForce on Climate-related Financial Disclosures. On both, we are at an early stage but are committed to making strong year-on-year improvements in the interest of promoting informed dialogue with all our stakeholders.

On both these challenges, and others, we welcome an open dialogue. We recognise the critical role of civil society in bringing us new information, and perspectives we might not otherwise benefit from

Yours sincerely,



Tracey McDermott

Group Head, Corporate Affairs, Brand & Marketing
Group Head, Compliance