This framework was developed in collaboration with Sustainalytics and Version 1.0 has been reviewed and approved by Sustainalytics.
1. Introduction

1.1 Standard Chartered Bank’s Background

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

Standard Chartered is a leading international banking group. Our heritage and values are expressed in our brand promise, Here for good. We operate in 60 markets worldwide, including some of the world’s most dynamic. More than 80 per cent of our income and profits are derived from Asia, Africa and the Middle East. We are active in 37 countries that receive official development assistance, including 11 of the least developed countries. We are listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

For over 150 years we’ve provided banking services that help people and companies to succeed, creating wealth, jobs and growth.

1.2 Standard Chartered Bank’s Approach to Sustainability

In 2018 we released our Sustainability Philosophy¹, which sets out how we integrate sustainability into our organisational decision-making. Growth in our markets is leading to rapid urbanisation and creating increased need for infrastructure and technology. We believe finance plays a key role in meeting these needs. It enables individuals to build a positive future for themselves and their families, businesses to thrive and grow, and governments to deliver economic prosperity for the wider community. Supporting sustainable and responsible growth, including delivering the UN Sustainable Development Goals (‘SDGs’), represents a significant opportunity for us.

Whilst 90 per cent of the SDG financing needs are covered in developed countries, only 60 per cent of the investment needs are addressed in emerging and developing regions, and as low as 10 per cent in Africa. Our unique footprint allows us to help address this problem.

We build our knowledge and understanding of key issues and share best practice through our membership of industry and sector organisations, adoption of global commitments, and implementation of guiding frameworks. We were an initial member of the Taskforce on Climate-related Financial Disclosures (TCFD) in 2017, and as at January 2019, we are members of, amongst others, UNEP Finance Initiative, Equator Principles, Banking Environment Initiative and Climate Bonds Initiative.

¹ https://www.sc.com/en/sustainability/philosophy/
1.3 Standard Chartered Bank’s Approach to Sustainable Finance

Standard Chartered has had a long commitment to Sustainable Finance. Our approach brings together two themes. First, we believe in the critical importance of being a responsible institution through managing the potential negative impact that our activities could have through strong environmental, social and governance risk filters. Our Environmental and Social Risk Management team was first established in 1997. Second, we also believe in the power that finance can have to catalyse a positive impact on our communities and the environment. Our dedicated Sustainable Finance team brings together our experience and expertise in managing environmental, social and governance risk as well as spotting opportunities and structuring solutions to drive positive impact financing.

We set, and regularly review, environmental & social (E&S) standards for clients via a series of public Position Statements. In 2018 we updated these, setting out new and tightened requirements the Group has for undertaking business across five sectors. The statements set out our minimum standards and financing criteria covering five sectors that have a high potential environmental or social impact:

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

The refreshed Position Statements, effective from March 2019, can be [here](#). We require our clients to meet these standards, and our Environmental & Social Risk Management (ESRM) team, part of our wider Sustainable Finance team, is comprised of industry specialists and bankers who work with our Relationship Managers and clients to support them in embedding these requirements. We will decline transactions or exit relationships where clients show insufficient intent or progress to meeting the standards we set.

We are also explicit about the types of activities that we will not support. Specifically, we will not provide financial services to clients who:

**Cross-sector requirements**
- Are involved in child or forced labour
- Have operations that adversely impact upon the Outstanding Universal Value of UNESCO World Heritage Sites
- Have operations that are located within, or significantly impact negatively upon wetlands designated under the Ramsar Convention on Wetlands of International Importance
- Convert or degrade High Conservation Value (HCV), High Carbon Stock (HCS) forests, or peatlands
- Trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES)

**Oil and gas**
We will **not** provide financial services directly towards:
- New or existing tar sands exploration and/or production activities
- New or existing Arctic exploration and/or production activities
Mining and metals
We will not provide financial services directly towards:
• Asbestos mining operations
• New standalone non-captive thermal coal mining projects
• Mining operations that conduct direct marine or riverine tailings disposal
• Mining operations that conduct Appalachian Mountaintop Removal

Fossil fuel power
We will not directly finance any new coal-fired power plant projects, including expansions, in any location.

Nuclear power
We will not provide financial services directly towards:
• The manufacture or distribution of nuclear weapons
• Nuclear power plants where the host country is not a signatory to the Treaty for Non-Proliferation of Nuclear Weapons, or does not have in place appropriate IAEA Safeguard Agreements.

Agribusiness
We will not provide financial services directly towards:
• New plantations which convert or degrade High Conservation Value (HCV) or High Carbon Stock (HCS) Primary forests, peatlands, or designated legally protected areas
• Operations which use fire for land clearance
• The production, manufacture or trade of fur
• The production, manufacture or trade of Angora wool

Fisheries
We will not provide financial services directly towards:
• Operations which practice shark finning or trade in shark fin products
• Operations which practice drift net fishing, deep sea bottom trawling or fishing with the use of explosives or cyanide
• Illegal Unreported and Unregulated (IUU) fishing, or use of vessels known to have conducted IUU fishing.

As Tracey McDermott Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance noted,

“We believe that sustainable finance can act as a powerful differentiator for our clients, shareholders, regulators and employees. The over-riding aim is to promote both economic and social development in a sustainable way and help to transform the markets in which we operate for the better, positioning ourselves as the leading Bank for sustainable finance in emerging markets”
In the last 10 years, we have supported more than 2.5 million of the most vulnerable households through Microfinance. We have mobilised more than USD 5bn in blended finance to tackling social development problems such as food security in Africa, job creation in Africa and Asia, and low carbon energy in the Middle East, working with donors such as the World Bank and UK CDC. We were proud to help issue the World’s first Blue Bond by the Republic of Seychelles and the first green loan where pricing is linked to ESG factors in the Middle East and in an Islamic format for DP World. We are a very active underwriter for green, Social and Sustainability Bonds for our clients. More than 100,000 Private and Priority Bank clients and prospects have been educated on Sustainable Finance and we have seen a 37% increase in Sustainable Investing AUM from private banking clients in funds and bonds since the start of 2018.

As Simon Cooper, CEO, Corporate, Commercial and Institutional Banking has noted,

“We made a commitment to contribute to sustainable economic growth in the markets we are present. This included reaching our own target of providing USD1billion in financing microfinance institutions two-years early – helping 2.5 million people access loans – making significant progress to fund and facilitate USD4bn toward the clean technology sector between 2016-2020, and seeing strong growth in blended finance, where we are now the second largest commercial player in the world2. These actions ensure that we are creating products that enable banking for better lives.”

We recently published a white paper on our pilot work on developing a methodology to “measure, manage and ultimately reduce” the CO2 emissions from the activities that we finance. We believe that this is a critical step to meet the climate challenge and support our clients through the low-carbon transition.

1.4 Standard Chartered Bank’s Approach to Impact

Through our loan portfolio, Standard Chartered supports local employment, wages, profits and tax payments in many different value chains – all of which contribute to sustainable economic growth via creating jobs, strengthening trading ties and broadening access to financial services. Routine reporting does not measure these impacts; however, we are a leader in the banking sector in commissioning Impact reports since 2009 in collaboration with various third parties to quantify our impacts in a way that could be shared with external stakeholders.

These independent reports aim to measure the impact of the Bank’s operations, in terms of economic value added and employment supported. The reports also make qualitative assessments of other ways in which Standard Chartered contributes to local communities, including through infrastructure, business practices and community investments. In previous years we have published country reports on Indonesia, Ghana, Bangladesh and a regional report on Sub-Saharan Africa (which used data from our operations in Angola, Botswana, Cameroon, Cote d’Ivoire, Ghana, Kenya, Nigeria, Sierra Leone, Tanzania, The Gambia, Uganda, Zambia, and Zimbabwe). In March 2018 the Group published its report on the East African community. All of these reports can be found here.

The reports illustrate the trickle-down effect of our financing in our unique footprint; moving from inputs (financing), to outputs (employment, wages, profits and taxes), to impact (sustainable economic growth).

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1 https://downloads.cffassets.net/4cgphd6d6q0v0oC08hLWetEfQ0KuU/901cd0236539a5b42d48950bcaaa54731c1/State_of_Blended_Finance_2018_FINAL.pdf
1.5 Intended Application

The aim of this document is to outline Standard Chartered Bank’s Green and Sustainable Product Framework (“The Framework”) and set out underlying eligible qualifying themes and activities. We also have mapped these against their relevant SDGs and SDG targets. The assets that we hold or originate that align to the below categories can take the form of any financing including but not limited to: Corporate Finance lending exposures, as well as Capital Markets instruments held by our liquidity desk (including certified green bonds, social bonds, sustainability bonds and bonds from supranational agencies). Additionally, we will identify clients whose business activities align to this Framework, to begin classifying and allocating additional credit exposures (such as corporate-level lending and trade finance). We will use the framework to guide the development of themed Green and Sustainable Products which reference a specific Green and Sustainable use of proceeds. Specific product propositions may then reference this framework. Additional information of use of proceeds, selection and verification processes, assurance and reporting will be dependent on the product type and category. We may provide additional product-specific information as needed.

1.6 External review process

This framework was developed in collaboration with Sustainalytics and Version 1.0 has been reviewed and approved by Sustainalytics. Standard Chartered Bank’s Sustainable Finance team is responsible for developing and maintaining the overall Green and Sustainability Product framework and underlying qualifying themes and activities, with input and guidance from the Bank’s Sustainability team, and all relevant stakeholders, represented through the Sustainable Finance working group. Information and understanding on environmental and social matters continues to evolve and Standard Chartered Bank will commit to review this framework on an annual basis to evaluate if any changes need to be made to add additional qualifying activities or if any qualifying activities need to be removed.
Qualifying Green and Sustainable Themes and Activities – Impact Framework

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub Themes</th>
<th>Eligible Activities</th>
<th>Exclusions</th>
<th>SDG Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable energy</strong></td>
<td></td>
<td>The generation of electricity from:</td>
<td>Projects that are large-scale (&gt;25MW) dam or reservoir based hydro projects, run-of-river projects with pondage</td>
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<td></td>
<td>Generation of energy from renewable sources</td>
<td>Wind, Solar, Hydropower, Waste to energy</td>
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<td></td>
<td>MANUFACTURE OF COMPONENTS OF RENEWABLE ENERGY TECHNOLOGY</td>
<td>Development and/or manufacture of renewable energy technologies, including equipment for renewable energy generation and energy storage. Examples could include wind turbines, solar panels, battery storage</td>
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<td></td>
<td>CONSTRUCTION / MAINTENANCE / EXPANSION OF ASSOCIATED DISTRIBUTION NETWORKS</td>
<td>Grid expansion / development that carries a minimum of 50% renewable Energy</td>
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<tr>
<td><strong>Energy efficiency</strong></td>
<td></td>
<td>Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, lighting, etc.c.</td>
<td>Projects or technologies that improve the energy efficiency of fossil fuel production and/or distribution</td>
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<td></td>
<td>ENERGY EFFICIENCY TECHNOLOGIES</td>
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<td>Improvement activities that result in the use of fossil fuel technologies</td>
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<td></td>
<td>COMMERCIAL, PUBLIC AND RESIDENTIAL BUILDINGS (EXISTING AND NEW CONSTRUCTION)</td>
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<td>Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels</td>
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<td>Energy-efficiency improvements in e.g. lighting, appliances, equipment, building design and heating with a minimum of 30% improvement (Climate Bonds Initiative standard) in energy use or carbon emissions</td>
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<td>Substitution of existing heating/cooling systems in buildings or new installation of cogeneration/tri-generation/combined heat and power plants that generate electricity in addition to providing heating/cooling</td>
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<td>Waste heat recovery improvements</td>
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<td></td>
<td>PUBLIC SERVICES</td>
<td></td>
<td>Projects to improve the energy efficiency of fossil fuel production and/or distribution</td>
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<td></td>
<td></td>
<td>Installation of energy-efficient lighting or equipment to increase the operational energy efficiency of utilities and/or other public services (excluding improvements in buildings)</td>
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<td></td>
<td></td>
<td>Improvement of heat efficiency of utilities, power plants, and other public services. Example projects could include rehabilitation of district heating systems, heat-loss reduction, and/or increased recovery of wasted heat</td>
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<td></td>
<td></td>
<td>Retrofit of renewable energy power plants</td>
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<td></td>
<td>AGRICULTURAL PROCESSES, AQUACULTURE PROCESSES AND LIVESTOCK MANAGEMENT</td>
<td></td>
<td>Energy improvements in technologies that are fossil fuel driven</td>
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<td></td>
<td></td>
<td>Improving the energy efficiency of traction, irrigation, and other agriculture and livestock management processes</td>
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<td></td>
<td>Improving energy efficiency of aquaculture farming and processing facilities</td>
<td>Energy efficiency improvements for fish farms that are not Aquaculture Stewardship Council certified or facilities that have achieved certification with a variance from the standard</td>
<td></td>
</tr>
<tr>
<td>Themes</td>
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<td>Exclusions</td>
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</table>
| **Energy efficiency**       | Industrial processes and supply chains | ➔ Development, manufacture, distribution and/or installation of products or services that increase the energy efficiency of industrial processes  
 ➔ Industrial/utility energy-efficiency improvements involving changes in processes, reduction of heat losses and/or increased waste heat recovery. This includes the installation of cogeneration plants. | ➔ Projects to improve the energy efficiency of fossil fuel production and/or distribution                                                  | ![Image](https://via.placeholder.com/150) |
|                             | Transmission and distribution systems | ➔ Retrofit of distribution systems, transmission lines or substations to reduce energy use and/or technical losses (except for capacity expansion)  
 ➔ Improving existing systems to increase efficient use of energy. Examples could include smart grid technologies, distributed generation, peak demand management, etc. | ➔ Projects/systems where 25% or more of electricity transmitted is fossil-fuel-generated                                                      | ![Image](https://via.placeholder.com/150) |
|                             | Transportation                       | ➔ Improvements to the energy efficiency of infrastructure and transport. An example could include reduction of empty running and logistics software  
 ➔ Vehicle or rail fleet retrofit or replacement with technologies including electric or hydrogen                                              | Fossil fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport                              | ![Image](https://via.placeholder.com/150) |
| **Water Management**        | Sustainable water management         | ➔ Activities that provide access to adequate sanitation facilities  
 ➔ Activities that improve water quality:  
 ➔ Water treatment facilities  
 ➔ Upgrades to wastewater treatment plants to remove nutrients  
 ➔ Wastewater discharge infrastructure  
 ➔ Activities that increase water-use efficiency  
 ➔ Water recycling and reuse  
 ➔ Water saving systems, technologies and water metering | ➔ Projects or technologies that improve the energy efficiency of fossil fuel production and/or distribution                                    | ![Image](https://via.placeholder.com/150) |
| **Sustainable Infrastructure** | Sustainable infrastructure and transportation | ➔ Rail transportation projects for public use,  
 ➔ Rail transportation of goods (excluding transport dedicated to fossil fuels),  
 ➔ Train infrastructure upgrades  
 For all public mass passenger transportation not electrified the following thresholds should be met: 75 gCO2 per passenger km (in 2020) and 56 gCO2 per passenger km (2030)  
 For all freight transportation not electrified the following thresholds should be met: 25g CO2/tonne/km (2020) and 21g CO2/tonne/km (2030)  
 ➔ Development of roads in least developed, low income and lower middle income OECD DAC countries designed to improve rural/remote connectivity | ➔ Efficiency improvements involving conventional fossil-fuel combustion engines (hybrid engines and technologies are eligible)  
 ➔ Systems and infrastructure dedicated to the transportation of fossil fuels | ![Image](https://via.placeholder.com/150) |
## Eligible Activities

- Activities that increase the resilience of the eco-systems, including integrated watershed management and biodiversity protection
- Climate change adaptation infrastructure, such as flood defence and early warning systems
- Financing Microfinance institutions via intermediaries (MFIs), and financing of smaller businesses in developing and emerging markets in which SCB operates.

### Access to Finance

- To be eligible for the use of proceeds, one or more of the following populations should be specifically targeted:
  - Females
  - Rural populations who are focusing on agricultural production and agricultural value chains
  - Economically excluded individuals
  - Low-income populations
  - Populations in least, lower and lower-middle-income DAC countries

### Exclusions

- Given the potentially significant impact of infrastructure on the environment, the development of Climate Change Adaptation Infrastructure should be supported by third party assessments.

### SDG Goal

- Payday loans
- Loans to businesses involved in:
  - Adult Entertainment
  - Manufacture and production of finished alcoholic Beverages
  - Fossil Fuel exploration and distribution
  - Lethal defence goods including small arms
  - Gambling
  - Military Contracting
  - Nuclear power generation
  - Non-RSPO-certified palm oil
  - Predatory Lending
  - Manufacture and production of finished Tobacco Products
  - Conflict Minerals
  - Child labour
  - Forced labour

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

2. Minerals (specifically tantalum, tin, tungsten and gold, often referred to as “3TG”) extracted from areas of armed conflict in the DRC.
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</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>Activities that expand public access to safe and affordable drinking water</td>
<td>➤ Construction, maintenance and equipment for water supply infrastructure i.e. pipework</td>
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<tr>
<td>Healthcare</td>
<td>Healthcare infrastructure</td>
<td>➤ Financing to construct, equip, operate:</td>
<td>➤ 1) hospitals, clinics and health care centres for the provision of public/free/subsidized health services</td>
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<td></td>
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<td>➤ 2) infrastructure for the provision of emergency medical response and disease control services</td>
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<td></td>
<td>Providers of supporting health-care related products and services</td>
<td>➤ R&amp;D and manufacturing for equipment for the provision of emergency medical response and disease control services</td>
<td>➤ Provision / distribution of healthcare equipment and public services</td>
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<tr>
<td>Education</td>
<td>Primary, secondary, adult and vocational education aimed</td>
<td>➤ Construction of public schools</td>
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<td></td>
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<td>➤ Construction of public universities</td>
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<td>➤ Construction of Campus for public schools and universities</td>
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<td>➤ Construction of student housing</td>
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<td>➤ Training for educational professionals</td>
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<td>Partnerships</td>
<td>Supranational bonds which raise financing for areas that align with our overall sustainable framework in supporting sustainable economic growth. These would include areas set out in our framework. These bonds must not invest into areas that are set out in the IFC exclusion list</td>
<td>Activities listed on the IFC exclusion list</td>
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