This Framework was developed by Standard Chartered Bank, with the support of Sustainalytics, who also provided a review of this Version 2.0 of the Framework.
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 Philosophy, 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.

We build our knowledge and understanding of key issues and share best practice through our membership in 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 June 2020 we are members of, amongst others, UNEP Finance Initiative, Banking Environment Initiative and Climate Bonds Initiative. In addition, starting in November 2019 we assumed the role of chair of the Steering Committee of the Equator Principles Association.

1.3 Standard Chartered Bank’s Approach to Sustainable Finance

The world is just a decade away from its 2030 deadline to deliver on the UN Sustainable Development Goals (SDGs). Yet, according to a UN report1, just 60 per cent of the financing needed to achieve the SDGs in low and middle-income countries is being met. In Africa, this is as low as 10 per cent.

Standard Chartered has had a long commitment to Sustainable Finance. We have the financial expertise, governance frameworks, innovative thinking, technology and geographical reach to get capital from where it exists to the markets where it matters the most.

We have been an early leader in sustainable finance focused on emerging markets, from mobilising more than USD5bn in blended finance for economic development, to stopping financing of new coal-fired power plants anywhere in the world. Our approach brings together three 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 believe in the power 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.

- Finally, we are focused on where we believe catalysing new sustainable finance matters most - regions where more capital is needed to drive sustainable growth and where their pathway to a low carbon future will have a major contribution on the world’s ability to meet the Paris Agreement’s goal of keeping global warming well below 2 degrees.

Environmental & Social Risk Management (ESRM)

The Bank sets, and regularly reviews, environmental & social (E&S) standards for clients via a series of public Position Statements. In 2018 we updated these to set new and tightened requirements Group-wide for undertaking business in five key sectors. The Position 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 (Agribusiness, Fisheries, Tobacco, Forestry, Palm Oil);
- Infrastructure & Transport;
- Chemicals & Manufacturing.

The refreshed Position Statements, effective from March 2019, can be accessed here. We require our clients to meet the minimum standards expressed in the Position Statement and to achieve higher levels of performance where possible. 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 the requirements set out in each Position Statement. We will and have declined transactions or exited relationships where clients show insufficient intent or progress to meeting the standards set in our Position Statements.

There are also a number of activities that we will not support, regardless of industry. 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) 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

### 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.
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 committed to maintaining a leadership position in the banking sector and so we have commissioned impact reports since 2009 to quantify our impacts in a way that can 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), and subsequently to impact (sustainable economic growth).

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.

We will use the Framework to guide the development of themed Green and Sustainable Products that reference a specific Green and Sustainable use of proceeds. Specific product propositions that are intended to have a Green or Sustainable feature must 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.

As mentioned above, the Framework has been developed by the Bank with the support of Sustainalytics. It has been informed by the years of combined experience in sustainable finance and ESG of the Standard Chartered Bank and Sustainalytics teams. The Framework has also been informed by the following principles and standards, among others:

- Green Bond Principles (2018), administered by the International Capital Markets Association (ICMA)
- Social Bond Principles (2020), administered by ICMA
- Sustainability Bond Guidelines (2018), administered by ICMA
- Green Loan Principles administered by the Loan Market Association (LMA)
- EU Taxonomy for sustainable activities, including the Technical Expert Group final report on the EU Taxonomy
- Climate Bonds Standard administered by the Climate Bonds Initiative (CBI)

We have also noted areas where there is broad alignment between the Framework and the EU sustainable finance taxonomy. In particular we have indicated the ‘sub-themes’ from the eligibility guide below, that align to the ‘technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation’.²

1.6 External review process

This Framework was developed by Standard Chartered Bank, with the support of Sustainalytics. Sustainalytics, a leading provider of ESG research and ratings for investor, financial institution and corporate clients, also provided a review of this Version 2.0 of the Framework.

Standard Chartered Bank’s Sustainable Finance team is responsible for developing and maintaining the overall Green and Sustainability Product Framework, including ensuring that the underlying themes and activities align with market practice and expectation. The Sustainable Finance team seeks input and guidance from the Bank’s Sustainability team, other teams within the Bank as well as relevant external stakeholders. The Sustainable Finance team work to ensure that all Bank transactions categorised as sustainable finance will adhere to the current version of this Framework and will periodically report publicly on lending and finance activities conducted under this Framework.

As information and understanding on environmental and social matters continues to evolve, Standard Chartered Bank commit to review this framework on an annual basis to evaluate if any changes need to be made to add or remove any qualifying activities.

² This represents broad alignment by ‘sub-theme’ and does not represent official endorsement by either the EU or Sustainalytics
Qualifying Green and Sustainable Themes and Activities

Standard Chartered Bank teams will use this Impact Framework for the following purposes:

- Financing of eligible projects which qualify as green and/or sustainable activities based on the Framework below;
- Loans to, or investments in, non-publicly listed corporations where at least 90% of the company’s revenues are derived from activities in the Framework below.

<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>Renewable energy</td>
<td>Generation of energy from renewable sources</td>
<td>The generation of electricity from:</td>
<td>Hydro projects that are large-scale (&gt;25MW) dam or reservoir-based, or run-of-river hydro projects with pondage</td>
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<td>→ Wind (onshore and offshore)</td>
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<td>→ Solar (including floating)</td>
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<td>→ Hydrowater under &lt;25 MW or &gt;25MW which have either a lifecycle carbon intensity of ≤100gCO2/kWh or power density ≥5W/m².</td>
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<td>→ Waste to energy</td>
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<td>→ Geothermal</td>
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<td>→ Production of biofuels from waste sources</td>
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<td></td>
<td>- Manufacture of components for 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>- Construction / maintenance / expansion of associated distribution networks</td>
<td>→ Grid expansion / development that transmits a minimum of 90% renewable energy</td>
<td>If a grid expansion/ development project will transmit less than 90% renewable energy, then Standard Chartered Bank may use one of the following:</td>
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<td>1. If grid is on a decarbonization trajectory, in line with the EU Taxonomy, then it can be considered eligible; OR</td>
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<td>2. The % of the project that transmits renewable energy is equal to the % of the project that can be considered eligible for financing.</td>
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*Known credible certification schemes for crops to be used for biofuel production include the Roundtable on Sustainable Biomaterials (RSB), ISCC Plus, Bonsucro (for sugarcane) and RTRA (for soy). The Sustainable Finance Working Group may consider additional certification schemes so long as such schemes are evaluated to be equivalent, internationally-recognized certification schemes.
<table>
<thead>
<tr>
<th>Themes</th>
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<th>Eligible Activities</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiency</td>
<td>Energy efficiency technologies</td>
<td>- Development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, smart meters lighting, etc.</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>Commercial, public and residential buildings (existing and new construction)</td>
<td>- Construction of new buildings and/or retrofit of existing buildings to the following levels: - Buildings certified to an acceptable level under an internationally recognised green building certification scheme (see footnote); or - Buildings that achieve a minimum 20% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code.</td>
<td>- Improvement activities that result in the lock in of fossil fuel technologies - Activities related to buildings directly involved in the exploration, extraction, refining and distribution of fossil fuels</td>
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<td></td>
<td>Public services</td>
<td>- Improvement of heat efficiency of non-fossil-fuel powered-utilities, power plants, and other public services. Example projects could include rehabilitation of district heating systems, district cooling systems heat-loss reduction, and/or increased recovery of wasted heat</td>
<td>- Projects to improve the energy efficiency of fossil fuel production and/or distribution</td>
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<td></td>
<td>Agricultural processes, Aquaculture processes and livestock management</td>
<td>- Improving the energy efficiency of irrigation, and other agriculture and livestock management processes as well as of tractor or equipment efficiency through fuel-switching to low-carbon options. - Improving energy efficiency of aquaculture farming and processing facilities - Improving energy efficiency of forestry-related activities, including the production of forestry-related products.</td>
<td>- Energy improvements in equipment and technologies that are primarily driven by fossil fuels - Energy efficiency improvements for fish farms that are not Aquaculture Stewardship Council (ASC) certified or facilities that have achieved certification with a variance from the standard - Energy efficiency improvements for forestry-related activities that are not certified by either the Forest Stewardship Council (FSC) certified or Programme for the Endorsement of Forest Certification (PEFC)</td>
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</table>

1. EDGE (Certified), BREEAM (Very Good or above), LEED (Gold or above), Green Mark (Gold or above), Green Star (5 Stars or higher), China ‘Three Star System’ (five stars or higher), BREEAM Plus (Gold or higher), G-REDD (Level 2 or higher). For building projects in the least developed, low income and lower middle-income OECD DAC countries, Standard Chartered may allow one level below the green building certification scheme (eg: LEED Silver) or require a 15% improvement in energy use and/or carbon emissions. The Sustainable Finance Working Group may consider additional certification schemes as long as such schemes are evaluated to be equivalent, internationally recognised certification schemes.
### Themes

<table>
<thead>
<tr>
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</thead>
</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 renewable-powered cogeneration plants. | ▶ Projects to improve the energy efficiency of fossil fuel production and/or distribution  
▶ Projects and/or services must be considered ‘green projects’ as opposed to ‘transition projects’  
▶ Plants powered by coal or oil are not eligible  
▶ Plants powered by natural gas are only eligible if they have a clear plan to transition to low carbon sources | ![Image](image1.png) |
|                              | 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](image2.png) |
|                              | 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 clean technologies including electric, hydrogen, or hybrid vehicles operating below 75 gCO2 per passenger km (in 2020) and below 56 gCO2 per passenger km (by 2030). | Fossil fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport | ![Image](image3.png) |
| **Pollution prevention and control** |                                                                              | ▶ Activities with capital expenditures which achieve the following:  
- reduce air emissions  
- Mitigate greenhouse gas emissions  
- soil remediation  
- waste prevention, reduction, recycling and sorting projects | Carbon capture and storage projects  
Any expenditures related to fossil fuels | ![Image](image4.png) |
| **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 | | ![Image](image5.png) |
<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub Themes</th>
<th>Eligible Activities</th>
<th>Exclusions</th>
<th>SDG Goal</th>
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</thead>
<tbody>
<tr>
<td>Sustainable Infrastructure</td>
<td>Sustainable infrastructure and transportation</td>
<td>➢ Rail transportation projects for public use,</td>
<td>➢ Efficiency improvements involving conventional fossil-fuel combustion engines (hybrid engines and technologies are eligible)</td>
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<td>➢ Rail transportation of goods (excluding transport dedicated to fossil fuels),</td>
<td>➢ Systems and infrastructure dedicated to the transportation of fossil fuels</td>
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<td></td>
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<td>➢ Train infrastructure upgrades</td>
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<td>For all public mass passenger transportation that are not electrified, the following thresholds should be met: 75 gCO₂ per passenger km (2020) and 56 gCO₂ per passenger km (2030)</td>
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<td>For all freight transportation that are not electrified, the following thresholds should be met: 25 gCO₂/t-km (2020) and 21 gCO₂/t-km (2030)</td>
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<tr>
<td>Climate Change Adaptation</td>
<td></td>
<td>➢ Activities that increase the resilience of eco-systems, including integrated watershed management and biodiversity protection</td>
<td>Given the potentially significant impact of infrastructure on the environment, the development of Climate Change Adaptation infrastructure should be supported by third party assessments.</td>
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<td></td>
<td></td>
<td>➢ Climate change adaptation infrastructure, such as flood defence and early warning systems</td>
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<tr>
<td>Green Financing Instruments</td>
<td></td>
<td>➢ Loans which are determined to comply with the Green Loan Principles pertaining to categories not covered in this Framework</td>
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<td>➢ Projects involved in various international, regional or national carbon markets and trading systems, such as the CDM, EU ETS, JI, AAUs, as well as well-established, credible voluntary carbon standards like the VCS or the Gold Standard. For certainty, such projects must otherwise be eligible under this Framework</td>
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<td></td>
<td>➢ Financing of projects through a financial intermediary (earmarked with use-of-funds clause). Eligible only for 100% renewable energy projects as well as energy and water efficiency projects achieving a minimum 20% improvement.</td>
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<tr>
<td>Sustainable Agriculture, Forests and Land Conservation</td>
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<td>➢ Financing for agricultural products certified under a credible scheme such as Rainforest Alliance, USDA Organic</td>
<td>Loans to finance sustainable management of natural resources, i.e.:</td>
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<td></td>
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<td>➢ Certified forests (FSC, PEFC or equivalent)</td>
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<td></td>
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<td>➢ Certified organic agriculture (EU or Bio)</td>
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<td>➢ Investment in protected areas (regional natural parks)</td>
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<tr>
<td>Circular Economy</td>
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<td>➢ Development, manufacture and/or distribution of products designed for circularity and/or adaptive re-use. Eligible products go beyond an eco-label and demonstrate significant waste diversion and/or use of waste products.</td>
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</table>
### Blue Economy

<table>
<thead>
<tr>
<th>Eligible Activities</th>
<th>Exclusions</th>
<th>SDG Goal</th>
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</thead>
<tbody>
<tr>
<td>Projects designed and implemented to provide coastal defences</td>
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<tr>
<td>Capital expenditures related to creating and ongoing monitoring and surveillance of marine protected areas</td>
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<tr>
<td>Products and fisheries demonstrating sustainable aquaculture practices through certification by the Aquaculture Stewardships Council. (Processing facilities require Chain of Custody certification)</td>
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<tr>
<td>Seafood products demonstrating sustainable practices through certification by the Marine Stewardship Council (MSC)</td>
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</table>

#### Themes

- **Blue Economy**

#### Sub-Themes

- **Access to Finance**

  Access to affordable and responsible financial products and services to the poor and vulnerable populations.

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<thead>
<tr>
<th>Eligible Activities</th>
<th>Exclusions</th>
<th>SDG Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financing Microfinance institutions via intermediaries (MFIs), and financing of smaller businesses in developing and emerging markets in which SCB operates.</td>
<td>Payday loans</td>
<td></td>
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</tbody>
</table>

To be eligible for the use of proceeds, one or more of the following populations should be specifically targeted:

1. Females
2. Rural populations focusing on agricultural production and agricultural value chains
3. Economically excluded individuals
4. Low-income populations
5. Populations in least, lower and lower-middle-income DAC countries

To be identified as a small-medium sized enterprise (SME), as defined by the International Finance Corporation (IFC), the end-client should meet two of three criteria to qualify:

1. Number of employees < 300;
2. Turnover between USD 100,000 up to USD 15 million
3. Total assets <USD 100,000;

If data mentioned above is not available, then the SME average loan size should be between USD 10,000 and USD 1,000,000 (10,000 < USD < 1,000,000)

Projects are classified as microfinance if they meet the following criteria. End-client should meet two of the three criteria to qualify:

1. The number of employees <10;
2. Turnover under USD 100,000;
3. Total assets < USD 100,000;

If data mentioned above is not available, the end-client average loan size should be less than USD 10,000.

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1. (a) at least 51% owned by a woman or by women, or (b) (i) at least 26% owned by a woman or by women, (ii) with a woman as CEO, COO, President or Vice President and (iii) if such enterprise has a board of directors, with at least 30% of such board of directors comprised of women.
2. Improving welfare or alleviating loans terms on a borrower. Any practice that coerces a borrower to accept unfair terms through deceptive, coercive or exploitative or otherwise 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.
3. 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>
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<tbody>
<tr>
<td><strong>Water</strong></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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<td><strong>Healthcare</strong></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>2. infrastructure for the provision of emergency medical response and disease control services</td>
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<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>
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<td>➔ Provision / distribution of healthcare equipment and public services</td>
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<td><strong>Education</strong></td>
<td>Primary, secondary, adult and vocational education aimed</td>
<td>➔ Construction of public schools</td>
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<td>➔ Construction of public universities</td>
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<td>➔ Construction of campuses 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><strong>Affordable Housing</strong></td>
<td>Affordable/Social Housing</td>
<td>➔ Access to adequate, safe and affordable housing for excluded and/or marginalized population or communities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Affordable Basic Infrastructure</strong></td>
<td>Establishing or improving connectivity in low income countries</td>
<td>➔ Development of roads (including road infrastructure such as bridges and tunnels) in least developed, low income and lower middle income OECD DAC countries with a goal to improve rural/ remote connectivity and to improve passenger and commercial transport</td>
<td>➔ Passenger buses in least developed, low income and lower middle income OECD DAC countries designed to improve connectivity</td>
<td></td>
</tr>
</tbody>
</table>
COVID-19. Any financing specific to COVID-19 will only be eligible as a Sustainable Finance asset under this Framework until 31 Dec 2021,\(^{10}\) or earlier as may be determined by the Sustainable Finance Working Group.

<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>COVID</td>
<td>Healthcare services</td>
<td>Financing to equip, operate and add capacity and efficiency to essential healthcare facilities such as hospitals, clinics, healthcare centres, acute care, emergency care, diagnostics, laboratory facilities, nursing home and rehabilitation facilities</td>
<td>Banking that directly finances: ➔ Cosmetic facilities ➔ Aesthetic medical facilities ➔ Chiropractic facilities ➔ Acupuncture facilities</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>➔ Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations</td>
<td>➔ Hospital greenfield construction</td>
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<tr>
<td></td>
<td></td>
<td>➔ Financing to equip, operate and add capacity to healthcare training</td>
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<tr>
<td></td>
<td></td>
<td>➔ Financing to equip, operate and add capacity to facilities that house healthcare professionals</td>
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<tr>
<td></td>
<td></td>
<td>➔ Hiring and training of medical personnel to assist in the prevention and/or treatment of COVID-19</td>
<td></td>
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<tr>
<td></td>
<td>Healthcare supplies and equipment</td>
<td>The conversion of facilities or equipment to produce supplies or equipment needed for the prevention or treatment of COVID-19</td>
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<tr>
<td></td>
<td></td>
<td>Financing R&amp;D on a potential vaccine for COVID-19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COVID</td>
<td>Sanitation</td>
<td>Manufacturing, logistics and distribution of products and services for safely managed water, sanitation, and hygiene (WASH)(^{11})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COVID</td>
<td>Food security</td>
<td>In emerging markets’ communities and countries impacted by COVID-19 or in the recovery from COVID-19. Financing provided to (i) facilitate the increase in capacity and efficiency in food systems and supporting the provisioning, production, logistics and distribution by companies of food and nutritional supplements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{10}\) Financing under this facility is timebound until December 2021. We expect that all urgent COVID-19-related funding will have concluded by this date. This will be reviewed dynamically by the Sustainable Finance Working Group.

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>COVID socio-economic impact mitigation</strong></td>
<td>Impacts on SMEs and employment</td>
<td>➔ Loans or other financial services to support SMEs who have been assessed by the Sustainable Finance Working Group as facing financial stress as a result of COVID-19</td>
<td>➔ Loans or other financial services to support initiatives designed to prevent or alleviate unemployment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other impacts</td>
<td>➔ Financial support for the activities of charities, non-profit, non-governmental and other social service organisations who support populations directly affected by COVID-19.</td>
<td>➔ Financial support related to medical nutrition in treatment of COVID-19 or ensuring a secure food supply during phases of restricted contact</td>
<td></td>
</tr>
</tbody>
</table>

Businesses and projects that are involved in the following operations will not be eligible for financing under this Impact Framework

- Payday loans
- 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
2020 Commitments and Achievements

Commitments

In 2020, we announced that we would commit USD 1 billion of financing at preferential rates for companies that provide goods and services to help the fight against COVID-19, and those planning the switch into making products that are in high demand to fight the global pandemic. All companies in-scope include those associated with helping to tackle COVID-19, including manufacturers and distributors in the pharmaceutical industry and healthcare providers, as well as non-medical companies that have volunteered to add this capability to their manufacturing output – goods in scope include ventilators, face masks, protective equipment, sanitisers and other consumables.

We also announced a new four-year partnership with Imperial College London on climate change risk management. The risks arising from climate change are fast evolving into mainstream financial risks. We recognise that translating climate science into estimations of potential losses (and gains) remains inherently difficult. Therefore, the partnership aims to uncover solutions that will help embed climate risk identification and management into financial decisions, and to unlock solutions to practical questions such as how local policy actions will affect business models, and how clients build resilience to increasing physical risks, such as flooding and sea level rise.

Achievements

In 2020, we played a pivotal role in another landmark social themed bond with the Impact Investment Exchange to close USD 10.5 million 4.000% Women’s Livelihood Bonds due 2024. The Women’s Livelihood Bond is a series of innovative debt securities that mobilise private capital to invest in a portfolio of high-impact enterprises that empower underserved women through sustainable livelihoods, thereby advancing the United Nations’ SDG 5: Gender Equity (among 11 other SDG goals).

We have also launched Opportunity 2030, a report that identified a $10 trillion gap in financing for SDGs in 15 of our key emerging markets, and identified areas of financing that could have the greatest impact in contributing to SDGs 6, 7 and 9.12

We have launched Opportunity 2030, a report that identified a $10 trillion gap in financing for SDGs
2019 Commitments and Achievements

**Commitments**

In May 2019, we highlighted some of the challenges we, and others, faced in determining and reducing climate impact, including the lack of consistent reporting by companies of their emissions. We called for banks to work closer together to tackle this issue, raising the importance of reducing emissions with our respective clients. We also published a white paper that outlined the methodology by which we would review and measure our emissions within our lending portfolio, working with 2 Degrees Investing Initiative and initially focussing on seven climate relevant sectors; upstream Oil & Gas, shipping operations, automotive, power generation, coal mining, steel and cement manufacturing.

We were one of the first organisations to adopt the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), where we report on our progress on climate change. We released our updated TCFD report in 2019, and announced further measures including our commitment to net zero carbon emissions by 2030. Other announcements include:

- We are supporting our markets and clients in the transition to a low-carbon future, and are committed to providing $75 billion in financing by the end of 2024. Of this, $40 billion will be directed to project financing services for infrastructure that promotes sustainable development, and another $35 billion of project financing services, M&A advisory and debt structuring services for renewables and clean-tech projects.

- We will only support clients who actively transition their business to generate less than 10% of earnings from thermal coal by 2030.

- We will provide USD 15 billion to small business clients (previously USD 6 billion for 2017-2019) and USD 3 billion to microfinance institutions (previously USD 1 billion for 2016-2020).

- Emerging markets will be the most affected by climate change and have the greatest opportunity to leapfrog into a new low-carbon technology, but there has not been sufficient investment into this sector across emerging Asia, Africa and the Middle East. We commit to being part of the solution in bridging what the UN estimates to be a USD 2.5 trillion a year funding gap.

- We will only support clients who actively transition their business to generate less than 10% of earnings from thermal coal by 2030. The Group recognises that transitioning to clean technology will require significant changes across our markets and so, has chosen to implement this decision on a phased basis, using set milestones, beginning 1 January 2021.

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USD

75 billion in financing by the end of 2024 to support our markets and clients in the transition to a low-carbon future

We will provide USD 15 billion to small business clients (previously USD 6 billion for 2017-2019)
2019 Commitments and Achievements

Achievements

We funded and facilitated USD 2.3 billion for infrastructure that supports sustainable development, mobilised USD 20 billion of clean technology projects and helped clients issue USD 18.3 billion in green, social and sustainable bonds. We also saw 9-fold increase year on year in green and sustainable loans to clients from USD 3.2bn to USD 29.1bn (2018 vs. 2019).

“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”.

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

We successfully priced a EUR 500m Sustainability Bond focused on emerging markets. The proceeds of the bond will be used to provide finance in areas aligned with the United Nations Sustainable Development Goals (SDGs) – including clean energy projects, smaller business lending and microfinance loans – helping drive employment, growth and prosperity across emerging markets.

We launched the world’s first Sustainable Deposit, for financing sustainable assets in developing countries aligned to the United Nations’ SDGs. This is the first time any bank has launched a corporate deposit product linked to sustainability and the SDGs, which focuses on addressing global challenges such as poverty, inequality and prosperity. Priced in USD, GBP and EUR, liquidity raised by the Deposit will be used to finance activities set out in this framework. Deposits reached USD 1bn in January 2020 and then doubled in three months, highlighting that despite the recent economic turmoil brought by the COVID-19 pandemic, companies are still keen to finance the SDGs in emerging markets.

We supported entrepreneurs and smaller businesses by providing USD 2.8 billion for Business Banking clients and USD 710 million to microfinance institutions (MFIs) for onward lending, making a total of USD 2.4 billion of support to MFIs since 2016.
2018 Commitments and Achievements

Commitments

In September 2018 we reinforced our initial support for the Paris Agreement by announcing two important steps:

- First, we committed to aligning our lending portfolio with the Paris Agreement goals of limiting global warming to significantly below 2 degrees, and to develop a methodology by which we could manage and ultimately reduce the emissions related not only to our own activities, but also those linked to financing our clients.

- Secondly, we were the first major international bank active in the emerging markets to commit to stop financing new coal-fired power plants anywhere in the world. This adds to the extensive list of activities that have been excluded from our portfolio, including arctic and tar-sands oil and gas exploration and production.

We met our commitment to fund and facilitate USD 4 billion in clean technology by 2020 two years early and we set out to refresh our Sustainability Aspirations.

Achievements

We committed to aligning our lending portfolio with the Paris Agreement goals of limiting global warming to significantly below 2 degrees.

“Financial institutions have an important role to play in using their capabilities to promote economic and social development in a sustainable way”.

Simon Cooper, CEO, Corporate, Commercial and Institutional Banking