

Second-Party Opinion

Standard Chartered Bank

Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Standard Chartered Bank Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds¹ are aligned with those recognized by the Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories will support the transition to a low-carbon economy, help support socio-economic development and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11, 12 and 13.



PROJECT EVALUATION / SELECTION Standard Chartered Bank has a three-tiered process for the evaluation and selection of eligible projects. This includes pre-selection by the Sustainable Finance, Banking and Sustainable Bonds teams, an environmental and social risk assessment carried out by relationship managers, and final approval by the Sustainable Finance Governance Committee which is chaired by the Global Head of Sustainable Finance and comprises representatives from various departments. Sustainalytics considers the risk management systems and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Standard Chartered Bank's Sustainable Finance Governance Committee will be responsible for the management of proceeds based on a portfolio approach, which will be recorded and monitored regularly by Standard Chartered Bank's Sustainable Finance team. Standard Chartered Bank intends to allocate all proceeds within 24 months of issuance. In case of unallocated proceeds, such proceeds will be temporarily invested in accordance with SCBPLC's² liquidity investment guidelines. This is in line with market practice.



REPORTING Standard Chartered Bank intends to report on the allocation of proceeds on an annual basis. Allocation reporting will include the total amount of proceeds allocated to eligible projects and relevant categories and net proceeds unallocated. Standard Chartered Bank is also committed to reporting on relevant impact metrics. Sustainalytics views Standard Chartered Bank's allocation and impact reporting commitments as aligned with market practice.

Evaluation date	November 8, 2022
Issuer Location	London, England

Report Sections

Introduction.....	2
Sustainalytics' Opinion	3
Appendices	21

For inquiries, contact the Sustainable Finance Solutions project team:

Jose Yakoubian (Amsterdam)
 Project Manager
 jose.yakoubian@sustainalytics.com
 (+31) 202 050 053

Aishwarya Ramchandran (Toronto)
 Project Support

Siga Wu (Amsterdam)
 Project Support

Audrey van Herwaarden (Amsterdam)
 Project Support

Kibii Sisulu (London)
 Client Relations
 susfinance.emea@sustainalytics.com
 (+44) 20 3880 0193

¹ Renewable Energy, Green Buildings, Energy Efficiency, Sustainable Management of Living Natural Resources, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Climate Change Adaptation, Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes, Employment Generation and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, Including Through the Potential Effect of SME Financing and Microfinance, Access to Essential Services, Affordable Housing, Affordable Basic Infrastructure, Food Security and Sustainable Food Systems, COVID Healthcare, COVID Sanitation, COVID Food Security and COVID Socio-economic Impact Mitigation.

² Standard Chartered Bank plc.

Introduction

Standard Chartered Bank Plc (“Standard Chartered” or the “Bank”) is a multinational banking and financial services company headquartered in London, United Kingdom. The Bank has two main business segments corporate, commercial and institutional banking and consumer, private and business banking. As of 2022, the Bank has approximately 85,000 employees and operates in 59 countries primarily in Asia, Africa and the Middle East.

Standard Chartered has developed the Standard Chartered Bank Sustainability Bond Framework (the “Framework”) under which it intends to issue green, social and sustainability bonds and notes, and use the proceeds to finance and refinance, in whole or in part, existing and future projects that are expected to contribute to the transition to a low-carbon economy and help support the socio-economic development of target regions.

The Framework defines eligibility criteria in the following nine green categories:

1. Renewable Energy
2. Green Buildings
3. Energy Efficiency
4. Sustainable Management of Living Natural Resources
5. Pollution Prevention and Control
6. Sustainable Water and Wastewater Management
7. Clean Transportation
8. Climate Change Adaptation
9. Eco-efficient and Circular Economy Adapted Products, Production Technologies and Processes

The Framework defines eligibility criteria in the following 10 social categories:

10. Employment Generation, and Programmes Designed to Prevent and Alleviate Unemployment Stemming from Socioeconomic Crises, Including Through the Potential Effect of SME Financing and Microfinance
11. Access to Essential Services
12. Affordable Housing
13. Affordable Basic Infrastructure
14. Food Security and Sustainable Food Systems
15. Charities
16. COVID-19 Healthcare
17. COVID-19 Sanitation
18. COVID-19 Food Security
19. COVID-19 Socio-economic Impact Mitigation

Standard Chartered engaged Sustainalytics to review the Standard Chartered Bank Sustainability Bond Framework, dated November 2022, and provide a second-party Opinion³ on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2021 (SBP).⁴ The Framework will be published in a separate document.⁵

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁶ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

³ This second-party opinion updates the second-party opinion provided in January 2021 on the Bank’s 2021 framework. The 2021 second-party opinion is available at: <https://www.sc.com/en/sustainability/contributing-to-sustainable-economic-growth/>

⁴ The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

⁵ The Standard Chartered Bank Sustainability Bond Framework is available on Standard Chartered Bank’s website at: <https://www.sc.com/en/sustainability/contributing-to-sustainable-economic-growth/>

⁶ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Standard Chartered's Sustainable Finance team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Standard Chartered representatives have confirmed (1) they understand it is the sole responsibility of Standard Chartered to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Standard Chartered.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Standard Chartered is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Standard Chartered has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Standard Chartered Bank Sustainability Bond Framework

Sustainalytics is of the opinion that the Standard Chartered Bank Sustainability Bond Framework is credible, and impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Standard Chartered Bank Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy; Green Buildings; Energy Efficiency; Sustainable Management of Living Natural Resources; Pollution Prevention and Control; Sustainable Water and Wastewater Management; Clean Transportation; Climate Change Adaptation; Eco-efficient and Circular Economy Adapted Products; Production Technologies and Processes; Employment

Generation and Programmes Designed to Prevent and Alleviate Unemployment Stemming from Socio-economic Crises, Including Through the Potential Effect of SME Financing and Microfinance; Access to Essential Services; Affordable Housing; Affordable Basic Infrastructure; Food Security and Sustainable Food Systems; Charities; COVID-19 Healthcare; COVID-19 Sanitation; COVID-19 Food Security; COVID-19 Socio-economic Impact Mitigation – are aligned with those recognized by the GBP and SBP.

- Standard Chartered has communicated to Sustainalytics that it will limit refinancing activities under the Framework to capital expenditures and therefore, has not established a look-back period. Sustainalytics considers this to be aligned with market practice.
- Standard Chartered has confirmed that R&D expenditures under the Framework will be limited to 10% of the net proceeds.
- Under the Renewable Energy category, Standard Chartered may finance or refinance renewable energy projects related to onshore and offshore wind, solar, hydropower, waste-to-energy, geothermal, biofuel production from waste and non-waste sources, green hydrogen, and retrofitting of renewable energy power plants in accordance with the following criteria:
 - Solar power projects, including photovoltaic⁷ and concentrated solar heat and power generation (CSP). Sustainalytics notes that the Framework limits financing to CSP projects that generate at least 85% of electricity from solar energy sources.
 - Financing will be limited to run-of-river hydropower projects without an artificial reservoir or with low storage capacity. The Bank may also finance facilities with : i) a power density greater than 10 W/m² or an emissions intensity below 50 gCO₂e/kWh for facilities in operation after the end of 2021; or ii) a power density greater than 5 W/m² or a life cycle carbon intensity below 100 gCO₂e/kWh for the refinancing of projects in operation before the end of 2021. Sustainalytics notes that all new hydropower projects will be subject to an environmental and social risk assessment to ensure that no significant risk, negative impact or controversy related to the projects is identified. In terms of refinancing, due to the longevity of hydropower assets that may lock in energy generation for a very extended period, Sustainalytics encourages Standard Chartered to favour projects operational after the end of 2019 with emissions intensities below the 50gCO₂e/kWh threshold.
 - Waste to energy projects from municipal solid waste where the majority of recyclables are segregated before energy conversion. Sustainalytics recognizes that energy from waste could take out of circulation potentially recyclable materials and undermine two of the main objectives of a zero-waste circular economy (i.e. waste prevention and recycling). Additionally, for such projects to have low emissions intensities, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that due to constraints on recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends Standard Chartered to promote the removal of increasing amounts of recyclables, and the monitoring of thermal efficiency of the financed facilities.
 - Geothermal power facilities where the direct emissions intensity threshold is lower than 100g CO₂/kWh.
 - Production of biofuels from agricultural and forestry waste resources which are RSPO⁸ certified such as corn husks and palm kernel shells.
 - Production of biofuels, including sustainable aviation fuels, from non-waste sources that achieve at least a 65% reduction in emissions compared to the fossil fuel baseline.^{9,10} Standard Chartered will ensure that the feedstock for biofuel production achieves the following: i) does not take place on land with high-biodiversity; ii) does not

⁷ Including floating solar photovoltaic systems.

⁸ RSPO: <https://rspo.org/certification>

⁹ Pre-2021 installations: 60% reduction below baseline; pre-2015 installations: 50% reduction below baseline.

¹⁰ Fossil fuel baselines for biofuel production facilities: i) Biofuels for transportation: 94 gCO₂e/MJ; ii) Bioliquids production of electricity: 183 CO₂e/MJ; and iii) Bioliquids production of heat: 80 CO₂e/MJ as per EU RED II. For outermost regions and non-EU countries, the following baseline is applicable for electricity generation: 212 g CO₂e/MJ.

- BCA Green Mark (Gold or above).³² Sustainalytics views these certifications to be credible and the levels selected as aligned with market practice. In addition, the Bank may finance building renovations that have achieved or will achieve any green building certifications with corresponding levels that ensure building energy efficiency gains of at least 20% over the ASHRAE 90.1 or local building codes.
- Renovation of existing buildings that result in at least a 30% improvement in energy use or reduction in carbon emissions compared to the local or regional building code.³³
 - Replacement of existing heating or cooling systems in buildings with more efficient, non-fossil fuel powered systems.
 - Installation of new cogeneration, tri-generation or combined heat and power plants that generate electricity and provide heating and cooling in buildings. The Bank has confirmed that financing for cogeneration plants will be limited to those that are either: i) powered by CSP, solar thermal or biomass waste; or ii) powered by geothermal energy or bioenergy with emissions below 100 gCO₂e/kWh.
 - Improvements in building's waste heat recovery. Sustainalytics notes that waste heat from fossil fuel production and operation will be excluded.
 - Data centres with a power-usage effectiveness (PUE) lower than 1.5.
 - Sustainalytics considers projects financed under this category to be aligned with market practice.
- Under the Energy Efficiency category, Standard Chartered may finance or refinance projects and activities aimed to improve energy efficiency in infrastructure, industrial processes, supply chains and transmission and distribution systems. Eligible projects may include:
- Installation of energy efficient equipment such as energy efficient lighting.
 - Improvement of heat efficiency of non-fossil fuel powered utilities, power plants and other public services. Example projects include the rehabilitation of electric powered district heating and cooling systems, heat loss reduction and waste heat recovery improvement. Sustainalytics notes that district heating and cooling distribution network systems primarily powered by renewables are preferred in the market. However, Sustainalytics recognizes the importance of improving energy efficiency of air conditioning systems and encourages Standard Chartered to report on the impact achieved. Additionally, Standard Chartered has confirmed that the financed activities will align with the technical criteria of Renewable Energy category in the Framework.
 - Upgrade of mobile networks to 5G and 4G LTE migration from 3G or lower.
 - Development and operation of internet of things (IoT) and related networks, services and products that are specific to enabling IoT and energy efficiency improvements.
 - Upgrades of telecom towers including investment in cooling systems, insulation and reflective paints that lead to energy efficiency gains.
 - Modernization of broadband networks from copper to fibre optic networks.
 - Upgrades, improvement and installation of technologies and equipment aimed to increase energy efficiency in industrial and manufacturing processes.
 - Development, manufacture and distribution of equipment and software that are designed to increase energy efficiency of industrial and manufacturing processes such as demand management technologies.
 - Projects aimed at improving industrial or utility energy efficiency through heat-loss reduction and waste heat recovery improvement. This may include the installation of renewable powered cogenerations plants. Standard Chartered has confirmed that the cogenerations plants will be limited to those powered by: i) CSP, solar thermal or biomass waste; or ii) geothermal energy or bioenergy with emissions below 100 gCO₂e/kWh.
 - The Bank may also finance energy efficiency improvement in transmission and distribution systems including : i) retrofitting distribution systems, transmission lines

³² Green Mark Certification Scheme:

<https://www1.bca.gov.sg/buildsg/sustainability/green-mark-certification-scheme>

³³ Standard Chartered has confirmed that the financing will be limited to the cost of the renovation part in stead of the entire building construction.

- and substations to reduce energy use and energy losses;³⁴ ii) development, manufacture and integration of technologies such as smart grid technology including advanced or smart meters, monitoring and control automation devices, computing platforms, distributed generation and peak demand management; and iii) distribution networks for district heating and cooling that are primarily (>50%) powered by renewables, waste heat or both.
- Sustainalytics notes that Standard Chartered will exclude the financing of: i) energy efficiency technologies intended for or energy efficiency improvement in processes that are inherently carbon intensive or primarily driven or powered by fossil fuels; ii) energy efficiency improvement in transmission lines directly connected or dedicated to fossil fuel power.
 - Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Sustainable Management of Living Natural Resources category, Standard Chartered may finance or refinance projects according to the following criteria:
- Energy efficiency improvements of irrigation systems.
 - Investments targeted towards smallholder farmers which incorporate integrated cropland-livestock forestry systems and agroforestry systems and have sustainable forestry management plans in place. Sustainalytics considers the implementation of conservation agriculture practices³⁵ to be vital for agroforestry and agriculture projects and therefore, encourages Standard Chartered to promote holistic deployment of such practices through projects financed.
 - Improved farming techniques and equipment such as: i) no-till farming systems; ii) soil recovery and restoration of degraded pastures; iii) no use of synthetic fertilizers and pesticides; and iv) crop rotation for carbon sequestration and nitrogen fixation, which aim to improve yields and reduce use of inputs such as water, pesticides and fertilizers.
 - Investments in protected areas such as national and regional natural parks including coastal ecosystems. These may include the management and maintenance of national parks, restoration of native and high conservation value forests and conservation of valuable natural habitats and protected areas. For reforestation projects, the Bank confirmed that it will give preference to native species that are well-adapted to the site conditions and that a sustainable management plan is in place (preferably FSC³⁶ or PEFC³⁷ certified).
 - Financing of products and associated activities which receive one of the following credible certification schemes: i) US Soy Sustainability Assurance Protocol (US Soy),³⁸ ii) RSPO,³⁹ iii) CmiA Standard or the Better Cotton,⁴⁰ iv) 2BSVs for soy,⁴¹ v) Rainforest Alliance,⁴² vi) FSC,⁴³ PEFC⁴⁴ or China Forest certified forests,⁴⁵ vii) certified organic agriculture according to the IFOAM directory for crop produce⁴⁶ and USDA Organic⁴⁷

³⁴ Standard Chartered has confirmed that distribution systems will be limited to those with the intent to reduce the curtailment of renewable energy into the grid. Electrical grid maintenance projects will be limited to those dedicated to connecting renewables to the power grid or supporting at least 90% renewable electricity.

³⁵ Conservation Agriculture is a set of management practices that helps to maintain soil health, enhance biodiversity and natural biological processes above and below the ground surface, such as through conservation tillage; sowing of diverse cover crops; multiple crop rotation; soil restoration and management; nutrient and waste management; and no or minimal pesticides or synthetic fertilizers. FAO promotes the adoption of CA principles "that are universally applicable in all agricultural landscapes and cropping systems." Food and Agriculture Organization of the United Nations (FAO), Conservation Agriculture, at: <http://www.fao.org/conservation-agriculture/en/>

³⁶ Forrest Stewardship Council: <https://fsc.org/en>

³⁷ Program for Endorsement of Forest Certification: <https://www.pefc.org/>

³⁸ US Soy Sustainability Assurance Protocol: <https://ussec.org/resources/ssap-2021/>

³⁹ RSPO: <https://rspo.org/certification>

⁴⁰ Cotton made in Africa: <https://cottonmadeinafrica.org/en/standards-system/>

⁴¹ 2BSVs: <https://www.2bsvs.org/what-is-the-2bs-association.html>

⁴² Rainforest Alliance: <https://www.rainforest-alliance.org/>

⁴³ Forrest Stewardship Council: <https://fsc.org/en>

⁴⁴ Program for Endorsement of Forest Certification: <https://www.pefc.org/>

⁴⁵ China Forest Certification Council: <https://www.pefc.org/discover-pefc/our-pefc-members/national-members/china-forest-certification-council-cfcc>

⁴⁶ IFOAM: <https://www.ifoam.bio/>

⁴⁷ US Department of Agriculture: <https://www.usda.gov/topics/organic>

which is limited to cropping agriculture, viii) Aquaculture Stewardship Council,⁴⁸ ix) Best Aquaculture Practices (two stars or higher),⁴⁹ x) International Sustainability and Carbon Certification,⁵⁰ xi) Sustainable Rice Platform (minimum score of 95/100),⁵¹ and xiii) Round Table on Responsible Soy (RTRS) Standard for Responsible Soy Production.⁵² Sustainalytics notes that US Soy does not explicitly ban the use of synthetic or inorganic fertilizers and that the application of synthetic fertilizers to crops is associated with significant GHG emissions, air and water pollution, and impact on biodiversity. Nevertheless, Sustainalytics acknowledges that US Soy has implemented mitigation measures to minimize the impact and reduce the use of synthetic fertilizers, and encourages Standard Chartered to promote actions in its financed projects in the short-term for the reduction and phase out of synthetic fertilizers.

- Sustainalytics considers investments under this category to be in line with market practice.
- Under the Pollution Prevention and Control Category, Standard Chartered may finance or refinance air emission reduction, GHG emissions mitigation, soil remediation⁵³ and waste prevention, reduction, recycling and sorting projects including:
 - Development of waste collection facilities and provision of waste collection services that support source segregation of waste.
 - Development of recycling facilities that process: i) recyclable waste into secondary raw material; ii) mixed residual waste to produce feedstock for waste to energy plants; and iii) food, green, garden or yard waste to produce compost.
 - Installation of smokestack scrubbers, process upgrades, or sensors to monitor and test emission control and compliance.
 - The Bank has confirmed that recycling of electronic waste will be accompanied by robust waste management processes to mitigate associated risks and that chemical recycling of plastic will be excluded under the Framework. The Bank also confirmed that any fossil fuel related expenditures will be excluded.
 - Sustainalytics considers investments under this category as aligned with market practice.
- Under the Sustainable Water and Wastewater Management category, Standard Chartered may finance or refinance activities to improve water quality and water-use efficiency. Potential projects include : i) water treatment facilities, ii) upgrades to wastewater treatment plants to remove nutrients, iii) wastewater discharge infrastructure, iv) desalination plants that are powered by renewables or by electricity with an average carbon intensity equal to or below 100 gCO₂e/kWh over the residual asset life,⁵⁴ v) water recycling and reuse projects, and vi) water saving systems, technologies and water metering. These investments are aligned with market practice.
- Under the Clean Transportation category, Standard Chartered may finance or refinance sustainable transport and associated infrastructure according to the following criteria:
 - Passenger cars with an emissions threshold of 50 gCO₂/km until 2025 and zero tailpipe emissions thereafter.
 - Public transport with an emissions threshold of 50 gCO₂/pkm until 2025 and zero tailpipe emissions thereafter.
 - Rail freight transport with an average portfolio emissions threshold of 25 gCO₂/tkm until 2030 and 21 gCO₂/tkm from 2030 to 2050.
 - Development and production of electric vehicles, including the construction of new dedicated manufacturing facilities, upgrading or retrofitting existing facilities for the purpose of expanding production and the manufacture or development of specialized parts such as batteries for electric vehicles.

⁴⁸ Aquaculture Stewardship Council: <https://www.asc-aqua.org/>

⁴⁹ Best Aquaculture Practices: <https://www.bapcertification.org/>

⁵⁰ International Sustainability and Carbon Certification: <https://www.iscc-system.org/>

⁵¹ Sustainable Rice Platform: <https://www.sustainablerice.org/>

⁵² RTRS Standard for Responsible Soy Production: <https://responsiblesoy.org/?lang=en>

⁵³ Standard Chartered has confirmed that soil remediation associated with the contamination or negative environmental externality from the borrower's own activities will be excluded.

⁵⁴ Standard Chartered has confirmed that eligible desalination plant projects will require an appropriate waste management plan in place for brine disposal.

- Sustainalytics considers investments under this category as aligned with market practice.
- Under the Climate Change Adaptation category, Standard Chartered may finance or refinance projects according to the following criteria:
 - Data driven climate monitoring solutions including early warning systems, climate observation and GHG emissions monitoring systems.
 - Development and use of information and communications technology (ICT) for the purpose of collecting, transmitting, storing and using data to facilitate GHG emission reductions.
 - Design, construction, refurbishment and maintenance of existing infrastructure to increase resilience to the impact of climate change. Such expenditures may include investment in: i) heavy rain drainage systems, flood prevention projects, flood defence systems, sluice gates, tunnels and channels and elevation of existing infrastructure; and ii) use of climate resilient crops such as drought-resistant seeds, drip irrigation technology, stormwater storage, grain storage, soil rehabilitation and climate resilient livestock infrastructure, such as cooling sheds and emergency shelters.
 - Investment in infrastructure that add climate resilience benefits to the local system. This may include: i) coastal pumping stations and water reclamation plants in water stressed areas, wetland protection, stormwater management and flood defences; ii) green roofs and walls, water retention gardens and porous pavements; iii) projects related to wild brush clearing, species diversification, transmigration of species that are more capable of survival, afforestation and reforestation⁵⁵, mangrove conservation and replanting; and iv) projects related to grid resilience, back-up generation and storage designed for climate-related disruption.
 - Standard Chartered has confirmed that the eligible infrastructure under this category will be supported by vulnerability assessments and adaptation plans where physical risks have been identified to put at risk the resilience of the activities aforementioned. The Bank also confirmed that financing for livestock management projects for industrial-scale meat processors or producers and genetically modified organisms and crops will be excluded from the Framework. Sustainalytics considers investments under this category to be in line with market practice.
- Under the Eco-efficient and Circular Economy Adapted Products category, Standard Chartered may finance or refinance activities including:
 - R&D of products that are designed for circularity or reuse. Sustainalytics notes that the Framework limits financing to products that demonstrate significant waste diversion or use of waste productions and go beyond a credible and recognizable eco-label.⁵⁶
 - Equipment, technology or IT systems which help to reduce the resource intensity of economic activities.
 - R&D of products, processes and technologies which utilize bio-based materials such as biopolymers or bioplastics.
 - Procurement and sale of recycled waste materials for input.
 - Production of resource-efficient or low-carbon products that are RSB⁵⁷ certified.
 - Investments under this category are considered to be in line with market practice.
- Under the Employment Generation and Programs Designed to Prevent and Alleviate Unemployment Stemming from Socioeconomic Crises, Including Through the Potential Effect of SME Financing and Microfinance category, Standard Chartered may provide financing to: i) micro enterprises via microfinance institutions (MFIs) and ii) SMEs in least-developed, low-income and lower-middle income OECD DAC countries. Eligible MSMEs are those led or owned

⁵⁵ Eligible afforestation and reforestation activities are those use tree species well adapted to site conditions and have a sustainable management plan in place (e.g. certified to FSC or PEFC)

⁵⁶ Products are assessed based on the reduction of raw resource inputs and outputs. Where the manufacturing of plastics is considered, Standard Chartered defines the following criteria for production: (i) must include more than 90% of recycled plastics, (ii) at least 90% must not be intended for single-use consumer products and (iii) all products must be recyclable.

⁵⁷ The Roundtable on Sustainable Biomaterials is a globally recognized certification body for materials compliant with circular economy principles. More information can be accessed at: <https://rsb.org/why-choose-rsb/>

by women⁵⁸, rural populations as defined by national standards with a focus on agricultural production and agricultural value chains; economically excluded individuals; or populations in least-developed, lower-income and lower-middle-income DAC countries. Sustainalytics considers that such financing will contribute toward employment generation in target countries and notes the following:

- The Framework defines micro enterprises as those that fulfill two of the following three criteria: i) an employee base of up to 10 people, ii) total annual turnover of less than USD 100,000, and iii) total assets less than USD 100,000.⁵⁹
 - The Framework defines small and medium enterprises as those that meet two of the following three criteria: i) an employee base of up to 300 people, ii) total annual turnover between USD 100,000 and USD 15 million, and iii) total assets in the range of USD 100,000 to USD 15 million.⁶⁰
- Under the Access to Essential Services category, Standard Chartered may finance or refinance healthcare and education related activities that meet the following criteria:
- The Bank may finance healthcare infrastructure and health care related products and services including:
 - Construction, equipment and operation of public and private hospitals, clinics and healthcare centres for the provision of public, free or subsidized health services. Standard Chartered has confirmed that private hospitals, clinics and healthcare centres will be limited to those that are affordable to more than 90% of the population.
 - Development of infrastructure for the provision of emergency medical response and disease control services that are affordable to more than 90% of the population.
 - R&D, logistics and distribution of medical products and supplies in relation to medical response, disease control services and vaccinations. Such products and supplies will be affordable to more than 90% of the population and the financing will be limited to least, lower and lower-middle income OECD DAC countries that have limited access to abovementioned medicines and services.
 - Provision and distribution of healthcare equipment and public services that are affordable to more than 90% of the population.
 - Provision of free, subsidized and affordable training for healthcare professionals in public healthcare service systems.
 - The Bank may also finance activities that expand access to primary, secondary, adult and vocational education. Projects financed will be limited to those focused on providing public or private education that is affordable to more than 90% of the population. Potential projects include:
 - Construction of public, free or subsidized schools.⁶¹
 - Construction of campuses for public schools and universities.
 - Financing for affordable schools and education providers in the least-developed, low-income and lower-middle-income OECD DAC countries.
 - Construction of affordable student housing with rent below the local or regional rent level. Sustainalytics notes that Standard Chartered's role is limited to being a loan provider for such investments and therefore, the Bank

⁵⁸ Female owned micro, small and medium enterprises are either at least 51% owned by women (or a woman), or where (i) at least 20% owned by women (or a woman), and (ii) have a woman serves as CEO, COO, President or Vice President, and (iii) at least 30% of the board of directors (where a board exists) are composed of women.

⁵⁹ If the data mentioned above are not available, the loan size provided to the micro enterprises should be less than USD 10,000 as per the IFC's MSME loan size proxy, at:

https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors

⁶⁰ If the data mentioned above are not available, the loan size provided to SMEs should be between USD 10,000 and USD 1,000,000 as per the IFC's MSME loan size proxy, at:

https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors

⁶¹ This may include financing for private education facilities that charge a nominal fee, which Standard Chartered confirmed that will be affordable to over 90% of the population in the least developed, low income and lower middle income OECD DAC markets.

- does not exercise any control over the pricing of student housing financed under the Framework.
- Free or subsidized training provided for educational professionals.
 - Sustainalytics considers that these investments under this category will deliver positive social impact to the target population.
- Under the Affordable Housing category, Standard Chartered may finance or refinance projects that increase access to affordable housing for marginalized communities as defined by local governments. Sustainalytics notes that the role of Standard Chartered in affordable housing projects is limited to providing financing for the development or acquisition of housing units, and the Bank does not have control on deciding the detailed criteria on low-income or marginalized groups and affordability mechanisms. Sustainalytics further notes that it is good practice to clearly define low-income groups and affordability. Nevertheless, Sustainalytics acknowledges that such financing is expected to enhance access to affordable housing in target regions and encourages Standard Chartered, where feasible, to provide further disclosure on the affordable housing programmes financed and relevant beneficiaries defined by regional governments, and to report on the social impact achieved.
 - Under the Affordable Basic Infrastructure category, Standard Chartered may finance or refinance activities that aim to improve connectivity in low income countries⁶² and expand public access to safe and affordable drinking water and sanitation facilities according to the following criteria:
 - Development of roads⁶³ in least-developed, low-income and lower-middle-income OECD DAC markets which aims to improve connectivity of remote regions and aid passenger and commercial transport in areas where road infrastructure is inadequate or hinders community development.
 - Passenger busses to improve connectivity in least developed, low-income and lower-middle-income OECD DAC markets where there is a substantial lack of access to public transportation and which comply with the emissions standard in the jurisdictions.
 - Telecoms or internet connectivity targeted towards underserved communities or regions where there is no or inadequate access to such infrastructure in least-developed, low-income and lower-middle-income OECD DAC markets. Development of transmission and distribution infrastructure aimed at improving access to electricity targeted at underserved communities in least-developed, low-income and lower-middle-income OECD DAC markets.
 - Construction, maintenance and equipment for water supply infrastructure, activities to improve access to clean water including desalination projects and access to sanitation facilities such as sewage systems. Standard Chartered confirmed that desalination projects have in place appropriate waste management plans for brine disposal. Sustainalytics notes that Standard Chartered may finance desalination facilities that may primarily rely on power derived from fossil fuels. While recognizing that such facilities will help to improve access to water, Sustainalytics also notes that desalination plants are highly energy-intensive, and encourages the Bank to consider the carbon intensity of power sources when selecting projects. Sustainalytics also recommends the Bank to assess and implement other environmentally benign operational practices, especially related to brine management.⁶⁴
 - Sustainalytics considers investments under this category to be credible and expects them to enhance access to transport, telecommunication, internet, energy and clean water and sanitation in the targeted regions.
 - Under the Food Security and Sustainable Food Systems category, Standard Chartered may provide financing to goods which are fair-trade certified and activities which enhance food security according to the following criteria:

⁶² OECD, "Development Assistance Countries", (2022), at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

⁶³ Including dependent infrastructure such as bridges and tunnels.

⁶⁴ Desalination plants produce tremendous amounts of brine. Due to the use of pre-treatment and anti-fouling additives within the process, this hypersaline by-product liquid stream may contain heavy metals and chemicals that can accumulate and/or affect the ecosystem.

- Manufacture, logistics, provision and distribution of food and nutritional supplements where there is an explicit need to improve food security or reduce food loss. Activities will be accessible to all regardless of ability to pay in least-developed, low-income and lower-middle-income OECD DAC markets.
 - Infrastructure that aims to provide adequate storage, food conservation or connectivity in the food chain to reduce food loss such as warehouses.
 - Goods which are fair-trade certified.
 - Support to smallholder farmers as defined by the Food and Agriculture Organization⁶⁵ through the provision of equipment or facilities with the aim to prevent food loss and waste, improve productivity and increase market access to small holder producers.
 - Sustainalytics considers these investments to be socially impactful with regard to enhancing food security in least-developed, low-income and lower-middle-income OECD DAC markets.
- Under the Charities category, Standard Chartered may provide financial support to charities or non-profit organizations which specifically benefit vulnerable target populations or activities in line with the green and social activities identified under the Framework. Sustainalytics considers such investments to be good practice.
 - Under the COVID-19 Healthcare category, Standard Chartered may refinance activities according to the following criteria:
 - 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.
 - Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations.
 - Financing to equip, operate and add capacity to facilities for healthcare training.
 - Financing to equip, operate and add capacity to facilities that house healthcare professionals.
 - Hiring and training of medical personnel to assist in the prevention and treatment of COVID-19.
 - The conversion of facilities or equipment to produce supplies or equipment needed for the prevention or treatment of COVID-19.
 - Financing the production, distribution and subsidization of provision of pharmaceuticals needed in the treatment of COVID-19.
 - Under the COVID-19 Sanitation category, Standard Chartered may refinance the manufacture, logistics and distribution of products and services for safely managed water, sanitation, and hygiene (WASH).⁶⁶
 - Under the COVID-19 Food Security category, Standard Chartered may refinance projects to facilitate the increase in capacity and efficiency in food systems and support the provision, production, logistics and distribution by companies of food and nutritional supplements in markets affected by COVID-19 or in the recovery from COVID-19.
 - Under the COVID-19 Socio-economic Impact Mitigation category, Standard Chartered may refinance loans or financial services to support the following:
 - SMEs who have been assessed by the Sustainable Finance Working Group as facing financial stress because of COVID-19.
 - SMEs designed to prevent or alleviate unemployment.
 - Charities, non-profit, non-governmental and other social service organizations that support populations directly affected by COVID-19.
 - Medical nutrition in the treatment of COVID19 or ensuring a secure food supply during phases of restricted contact.
 - Sustainalytics also notes that Standard Chartered will not extend any new financing under COVID-19 Healthcare, Sanitation, Food Security and Socio-economic Impact Mitigation

⁶⁵ Smallholders as defined by the Food and Agriculture Organization as those farming on less than 10 hectares of land on average, at: <https://www.fao.org/family-farming/detail/en/c/273864/>

⁶⁶ The World Bank, "WASH (Water Sanitation & Hygiene) and COVID-19", at: <https://www.worldbank.org/en/topic/water/brief/wash-water-sanitation-hygiene-and-covid-19>

- categories and considers financing under these categories to be impactful and supportive of combatting COVID-19.
- Sustainalytics notes that Standard Chartered will not extend financing to business or projects that are involved in the operation of 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 or forced labour.
 - Project Evaluation and Selection:
 - Standard Chartered's Sustainable Finance, Banking and Sustainable Bonds teams are responsible for identifying transactions that are in line with the Framework's eligibility criteria. The Bank's Sustainable Finance Governance Committee (SFGC) and its subcommittee is responsible for the evaluation and selection of eligible projects. The SFGC is chaired by the Global Head of Sustainable Finance and comprises representatives from various departments of the Bank including Legal, Compliance, Reputational and Sustainability Risk, Environmental and Social Risk Management (ESRM), Audit and Group Public and Regulatory Affairs. The subcommittee consists of a representative each from the Sustainable Finance, Environmental and Social Risk Management, Debt Capital Markets and Sustainable Finance function departments.
 - Standard Chartered has in place an ESG and climate risk management system where the relationship manager undertakes a client environmental and social risk assessment before allocations are made. Regarding project financing, the Bank will carry out a separate transaction environmental and social risk assessment. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional details see Section 2.
 - Based on the cross-functional oversight for project selection and the presence of risk management systems, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - Standard Chartered's Sustainable Finance team will be responsible for the management and allocation of proceeds based on a portfolio approach and will record and monitor assigned assets on a regular basis. The Bank's SFGC is ultimately responsible for the management of proceeds.
 - Standard Chartered intends to allocate all proceeds within 24 months of issuance. However, in case of unallocated proceeds, such proceeds will be temporarily invested in short-term marketable instruments, and cash or cash equivalent in accordance with Standard Chartered's liquidity investment guidelines.
 - Sustainalytics considers the management of proceeds process to be in line with market practice.
 - Reporting:
 - Standard Chartered intends to report on the allocation of proceeds in a report to investors and the impact of proceeds on its website, on an annual basis until full allocation.
 - Allocation reporting will include details such as the total amount of proceeds allocated to eligible projects and relevant categories and net proceeds unallocated.
 - Standard Chartered Bank is committed to reporting on relevant impact metrics such as annual renewable energy generation, annual GHG emissions avoided, increased area under certified land management and number of loans to SMEs.
 - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Standard Chartered Bank Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 1: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Standard Chartered

Contribution of Framework to Standard Chartered's sustainability strategy

Standard Chartered's sustainability strategy focuses on three key environmental and social pillars: i) business, ii) operations and iii) communities. The oversight of the Bank's sustainability strategy lies with its Group Sustainability team, consisting of Corporate Affairs, Brand and Marketing, governed under the newly created Chief Sustainability Officer and team. Meanwhile, its Sustainable Finance team oversees its green and sustainable finance and transition finance opportunities.⁶⁷

Standard Chartered's sustainability strategy includes the themes of climate change and human rights, for which the Bank has also developed position statements elaborating on its approach to environmental and social risks associated with its financing.⁶⁸ Standard Chartered's strategies under the pillars entail: leveraging climate risk management to support clients in managing climate-related risks and identifying transition opportunities; integrating Sustainable Finance as a part of the Bank's value proposition and solutions; continuing to promote economic inclusion and tackling inequality in its footprint; and achieving net zero carbon emissions in its operations and financing.⁶⁹ The Bank has established time-bound quantitative targets for the short, medium and long term, referred to as Sustainability Aspirations, that align with its strategic pillars.⁷⁰ Under Green and Transition Financing, the Bank aims to mobilize USD 300 billion by December 2030 to provide capital and support to drive sustainable economic growth. In terms of its operations, the Bank intends to reduce scope 1 and 2 GHG emissions to net zero from its operations by 2025 and in its financing activities by 2050. Additionally, the Bank aims to source all energy from renewables and recycle 90% of waste from its operations by the end of 2025.

Meanwhile, Standard Chartered has committed to financing aimed at employing 100,000 young people and educating one million girls and young women by 2023, and increasing female representation to 35% in senior management roles by 2025.⁷¹ As of 2021, the Bank had achieved 82.9% of its Sustainability Aspirations, including: i) reducing 1.4 billion tonnes of CO₂ emissions from operational sustainable finance assets, ii) facilitating project financing of USD 9.6 billion for infrastructure projects, iii) sourcing 15% of its energy from renewables, iv) over 66,500 young people reached through employability projects, and v) 30.7% of women holding senior positions.⁷²

Given Standard Chartered's sustainability strategy and targets, Sustainalytics is of the opinion that the Standard Chartered Bank Sustainability Bond Framework is aligned with the Bank's overall sustainability strategy and that the use of proceeds will help the Bank advance its sustainability strategy.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving: i) biodiversity loss and community relations due to land use from large infrastructure projects, ii) emissions and effluents and waste generated in construction, iii) worker health and safety, and iv) stakeholder participation. Additionally, Standard Chartered is exposed to risks pertaining to the social impact of products, human rights, quality and safety and business ethics. Standard Chartered plays a limited role in the development of projects and assets being financed, but it remains exposed to risks associated with projects it may finance by offering lending and financial services.

Sustainalytics is of the opinion that Standard Chartered is well positioned to manage or mitigate associated risks through implementation of the following:

- For risks associated with biodiversity and land use, Standard Chartered ensures that clients comply with the International Finance Corporation's Performance Standards.⁷³ These standards define

⁶⁷ Standard Chartered, "Climate-related Financial Disclosures Report 2021", at: <https://av.sc.com/corp-en/content/docs/tcfd-climate-change-disclosure.pdf>

⁶⁸ Standard Chartered, "Position statements – How we manage environmental and social risks", at: <https://www.sc.com/en/sustainability/position-statements/>

⁶⁹ Standard Chartered, "Annual Report 2021 – The bank for the new economy", at: <https://av.sc.com/corp-en/content/docs/standard-chartered-plc-full-year-2021-report.pdf>

⁷⁰ Standard Chartered, "2022 Sustainability Aspirations", at: <https://av.sc.com/corp-en/content/docs/sustainability-aspirations.pdf>

⁷¹ Ibid.

⁷² Standard Chartered, "Environmental, Social and Governance (ESG) Report 2021", at: <https://av.sc.com/corp-en/content/docs/esg-report.pdf>

⁷³ Ibid.

responsibilities for managing risks and provide guidelines on identifying risks and developing measures to mitigate or manage them at the project level. The standards focus on protecting and conserving biodiversity, maintaining ecosystem services and sustainably managing living natural resources.⁷⁴ The IFC Performance Standards also address land resettlement cases of community displacement from land-use change.⁷⁵

- To manage or mitigate risks related to emissions, effluents and waste generated during construction, Standard Chartered assesses all clients against the World Bank Group Environmental, Health and Safety Guidelines. These guidelines establish performance levels and measures that clients must implement to meet good international industry practices around air emissions and ambient air quality, wastewater and ambient water quality, waste management, hazardous materials management and contaminated land.⁷⁶
- Compliance with the IFC Performance Standards and the World Bank Group ESH Guidelines also addresses risks related to worker health and safety by establishing requirements pertaining to exposure to chemical and physical hazards, working conditions, child or forced labour and monitoring.^{77,78} The Bank's Group Health, Safety and Security Policy also requires its own operations to comply with local laws and regulations on general health, safety and security.⁷⁹
- To mitigate or manage risks associated with stakeholder participation, Standard Chartered has implemented a formal stakeholder engagement process following the Global Reporting Initiative standards.⁸⁰ The Bank engages with stakeholders through one-to-one sessions, virtual roundtables, written responses and surveys to understand their interests, which are then communicated to senior management and the Board's Culture and Sustainability Committee to ensure that concerns are addressed in developing strategies and operations.⁸¹
- Regarding human rights, Standard Chartered's clients must be aligned to the following international principles: the International Bill of Human Rights, International Labour Organisation Declaration on Fundamental Principles and Rights at Work, ILO Conventions 138 (Minimum Age) and 182 (Worst Forms of Child Labour). Additionally, clients must be aligned with the UN's Guiding Principles on Business and Human Rights, Convention on the Rights of the Child, the Global Compact, the Thun Group of Guiding Principles and the OECD Due Diligence Guidelines for Responsible Corporate Lending and Securities Underwriting. Clients are required to provide evidence of adequate policies and processes in place to manage risks in their operations and supply chain aligned with the above standards.^{82,83}
- Standard Chartered has implemented a code of conduct at the group level, which applies to all transactions and addresses business ethics, compliance with laws and regulations, bribery and corruption and overall corporate responsibility. Under the code, the Bank has established the Speaking Up programme, which allows any employee to report violations to the code and any other of the Bank's policies and procedures.^{84,85}
- Standard Chartered Bank is a signatory and a chair to the Equator Principles,⁸⁶ a globally recognized risk management framework, which is recognized by Sustainalytics as a proxy for robust environmental, social and governance policies. Specifically, Standard Chartered's Environmental and Social Risk Management team ensures that the Equator Principles are correctly applied to transactions.⁸⁷ Additionally, in September 2019, Standard Chartered Bank endorsed the UN Principles for Responsible Banking,⁸⁸ which require impact analysis and risks management regarding people and environment associated with its activities, products and services.

⁷⁴ IFC, "Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources", at:

https://www.ifc.org/wps/wcm/connect/3baf2a6a-2bc5-4174-96c5-eeec8085c455f/PS6_English_2012.pdf?MOD=AJPERES&CVID=jxNblC0

⁷⁵ IFC, "Performance Standard 5: Land Acquisition and Involuntary Resettlement", at: https://www.ifc.org/wps/wcm/connect/75de96d4-ed36-4bdb-8050-400be02bf2d9/PS5_English_2012.pdf?MOD=AJPERES&CVID=jqex59b

⁷⁶ IFC, "Environmental, Health, and Safety Guidelines", at:

https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/EHS-Guidelines/

⁷⁷ IFC, "Performance Standard 2: Labour and Working Conditions", at:

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2

⁷⁸ IFC, "Environmental, Health, and Safety Guidelines"

⁷⁹ Standard Chartered, "Group Health, Safety, and Security Policy", at: <https://av.sc.com/corp-en/content/docs/health-and-safety-policy.pdf>

⁸⁰ GRI, "How to use the GRI standards", at: <https://www.globalreporting.org/how-to-use-the-gri-standards/>

⁸¹ Standard Chartered, "Annual Report 2021 – The bank for the new economy"

⁸² Standard Chartered, "Position Statements – How we manage environmental and social risk"

⁸³ Standard Chartered, "Human Rights Position Statement", at: <https://av.sc.com/corp-en/content/docs/human-rights-position-statement-sustainability-standard-chartered.pdf>

⁸⁴ Standard Chartered, "Group Code of Conduct"

⁸⁵ Standard Chartered, "Speaking Up: Summary of Procedure", at: <https://av.sc.com/corp-en/content/docs/speaking-up-policy.pdf>

⁸⁶ Equator Principles, "The Equator Principles", at: <https://equator-principles.com/about/>

⁸⁷ Standard Chartered, "Equator Principles Reporting 2021", at: <https://www.sc.com/en/sustainability/position-statements/our-framework/equator-principles-reporting/>

⁸⁸ UNEP Finance Initiative, "Principles for Responsible Banking - Signatories", at: <https://www.unepfi.org/banking/bankingprinciples/prbnsignatories/>

- Furthermore, Standard Chartered Bank has established position statements regarding environmental and social management against which its ESRM team reviews transactions to minimize environmental and social risks. The position statements include minimum requirements on human rights and climate change as well as detailed sector-specific positions against which companies are assessed.⁸⁹ Through the position statements, the Bank tightened the Group-wide minimum financing requirements for five sectors associated with high environmental or social impact: i) extractive industries (oil & gas, mining & metals); ii) power generation (fossil fuel power, nuclear power, renewable energy including hydropower); iii) agro-industries (agribusiness, fisheries, tobacco, forestry, palm oil); iv) infrastructure & transport; v) chemicals & manufacturing.⁹⁰

Based on the above, Sustainalytics is of the opinion that Standard Chartered has in place adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with projects in the eligible categories.

⁸⁹ Standard Chartered, "Sustainability philosophy", at: <https://www.sc.com/en/sustainability/philosophy/>

⁹⁰ Standard Chartered, "Position Statements – How we manage environmental and social risk", at: <https://www.sc.com/en/sustainability/position-statements/>

Section 3: Impact of Use of Proceeds

All 19 use of proceeds categories are aligned with those recognized by the GBP or the SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of green buildings in emerging economies

According to the Global Alliance for Buildings and Construction, 36% of the total share of global energy use and 37% of global CO₂ emissions came from the construction and operation of buildings in 2020.⁹¹ As for emerging economies, in the Middle East for example, buildings consumed 80% of the electricity generated while 98% of the electricity is sourced from fossil fuels.^{92,93} Meanwhile, in the Asia-Pacific region, where 60% of the world population live, the World Green Building Council expects new buildings and infrastructure, especially in urban areas, to continue increasing emissions over the next 10 years.⁹⁴ The International Energy Agency reports that the building sector globally is not on track with the goal of achieving carbon neutrality by 2050.⁹⁵ To meet this goal, the sector's direct CO₂ emissions need to decrease by 50% and indirect emissions by 60% globally by 2030.^{96,97} Increased investments in improving the energy efficiency of buildings, retrofits and certifications are expected to play a fundamental role in meeting these goals.^{98,99}

The Global Alliance for Buildings and Construction suggests that to reduce emissions globally, countries must double investments in energy efficiency improvement over the next five years and increase the use of building certifications (especially in regions where building energy codes are not yet in place) for all building types.¹⁰⁰ In this context, between 2019 and 2020, global investments in adopting energy efficiency measures reached USD 180 billion while the use of green building certifications rose by 13.9%.^{101,102}

Based on the above, Sustainalytics views Standard Chartered's investments in certified green buildings and in energy efficiency improvements as having the potential to reduce greenhouse gas emissions from buildings in the countries where those investments take place.

Importance of SME financing in emerging economies

SMEs account for the majority of businesses worldwide and are the main driver of employment generation and global economic development. According to the World Bank, SMEs represent approximately 90% of businesses and over 50% of employment worldwide.¹⁰³ An estimated 600 million jobs will be needed by 2030 to satisfy the growing global workforce, making SME development a high priority for many governments around the world.¹⁰⁴ However, SMEs' growth is significantly constrained by the lack of access to finance, particularly in emerging markets and developing countries,¹⁰⁵ where SMEs face a USD 5.2 trillion gap.¹⁰⁶ Additionally, the ongoing COVID-19 pandemic and its continued economic consequences have affected SMEs disproportionately, with 8% of them more likely to have temporarily or permanently shut down during the

⁹¹ United Nations Environment Programme (UNEP), "2021 Global Status Report for Buildings and Construction", (2021), at: https://globalabc.org/sites/default/files/2021-10/GABC_Buildings-GSR-2021_BOOK.pdf

⁹² Raisinghani, D. (2022), "How MENA's architecture industry is fighting climate change", Cityscape – Informa Markets, at: <https://www.cityscape-intelligence.com/architecture/how-menas-architecture-industry-fighting-climate-change>

⁹³ Ember, "Middle East – No sign of a transition away from gas and oil reliance", (2022), at: <https://ember-climate.org/countries-and-regions/regions/middle-east/>

⁹⁴ World Green Building Council, "New World GBC report outlines how Asia Pacific can build back better by tackling embodied carbon in built environment", at: <https://worldgbc.org/news-media/new-worldgbc-report-outlines-how-asia-pacific-can-build-back-better-tackling-embodied>

⁹⁵ International Energy Agency (IEA), "Tracking Buildings 2021", (2021), at: <https://www.iea.org/reports/tracking-buildings-2021>

⁹⁶ Henry, P. (2021), "Why building greener is crucial to meet Paris climate targets", World Economic Forum, at: <https://www.weforum.org/agenda/2021/11/green-building-global-warming-climate-change/>

⁹⁷ United Nations Environment Programme (UNEP), "2021 Global Status Report for Buildings and Construction", (2021), at: <https://www.unep.org/resources/report/2021-global-status-report-buildings-and-construction>

⁹⁸ Nesler, C. et al. (2021), "How to build smart, zero carbon buildings – and why it matters", World Economic Forum, at: <https://www.weforum.org/agenda/2021/09/how-to-build-zero-carbon-buildings/>

⁹⁹ U.S. Green Building Council, "Benefits of green building" at: <https://www.usgbc.org/press/benefits-of-green-building>

¹⁰⁰ United Nations Environment Programme (UNEP), "2021 Global Status Report for Buildings and Construction", (2021), at: <https://www.unep.org/resources/report/2021-global-status-report-buildings-and-construction>

¹⁰¹ Ibid.

¹⁰² World Business Council for Sustainable Development, "Pandemic caused dip in building emissions, but long-term outlook is bleak – UN report says", (2021), at: <https://www.wbcsd.org/Programs/Cities-and-Mobility/Sustainable-Cities/Transforming-the-Built-Environment/News/Pandemic-caused-dip-in-building-emissions-but-long-term-outlook-is-bleak-UN-report-says>

¹⁰³ The World Bank, "Small and Medium Enterprises(SMEs) Finance", at: <https://www.worldbank.org/en/topic/smefinance>

¹⁰⁴ Ibid.

¹⁰⁵ The World Bank, "Small and Medium Enterprises(SMEs) Finance", at: <https://www.worldbank.org/en/topic/smefinance>

¹⁰⁶ International Finance Corporation, "SME Finance", at:

https://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Financial+Institutions/Priorities/SME+Finance

pandemic period than larger firms.¹⁰⁷ Therefore, supporting SMEs to keep up production and employment will be fundamental for the recovery of the world economy, as reflected in the G20 2020 action plan to improve SMEs' financial access through funding and policy support.¹⁰⁸

Given the above, Sustainalytics is of the opinion that the projects financed by Standard Chartered aimed at increasing access to finance for SMEs are expected to create positive social impact, such as generating employment, in the countries where financing take place.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds and loans issued under the Standard Chartered Bank Sustainability Bond Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Sustainable Management of Living Natural Resources	12. Responsible Production and Consumption	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
Pollution Prevention and Control	12. Responsible Production and Consumption	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older person
Climate Change Adaptation	13. Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

¹⁰⁷ 47 World Bank Group, "Small and Medium Enterprises in the Pandemic – Impact, Responses and the Role of Development Finance", at: <https://documents1.worldbank.org/curated/en/729451600968236270/pdf/Small-and-Medium-Enterprises-in-the-Pandemic-Impact-Responsesand-the-Role-of-Development-Finance.pdf>

¹⁰⁸ Global Partnership for Financial Inclusion, "G20 2020 Financial Inclusion Action Plan", (2020), at: <https://www.gpfi.org/sites/gpfi/files/sites/default/files/G20%202020%20Financial%20Inclusion%20Action%20Plan.pdf>

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes	12. Responsible Production and Consumption	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Employment Generation	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
Access to Essential Services	3. Good Health and Well-Being 4. Quality Education	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure	6. Clean Water and Sanitation 9. Industry, Innovation and Infrastructure	6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Food Security and Sustainable Food Systems	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
COVID Healthcare	3. Good Health and Well-Being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
COVID Sanitation	6. Clean Water and Sanitation	6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
COVID Food Security	2. Zero Hunger	2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
COVID Socio-economic Impact Mitigation	8. Decent work and economic growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization

		and growth of micro-, small- and medium-sized enterprises, including through access to financial services
--	--	---

Conclusion

Standard Chartered Bank has developed the Standard Chartered Bank Sustainability Bond Framework under which it intends to issue green, social and sustainability bonds and notes, and use the proceeds to finance projects that are expected to contribute to the transition to a low-carbon economy and help support socio-economic development. Sustainalytics expects projects funded with proceeds from instruments issued under the Framework to provide positive environmental and social impacts.

The Standard Chartered Bank Sustainability Bond Framework outlines a process for tracking, allocating and managing proceeds, and makes commitments for Standard Chartered to report on their allocation and impact. Sustainalytics believes that the Standard Chartered Bank Sustainability Bond Framework is aligned with the overall sustainability strategy of the Bank and expects the green and social use of proceeds to contribute to the advancement of the UN Sustainable Development Goals 2, 3, 4, 6, 7, 8, 9, 11, 12 and 13. Additionally, Sustainalytics is of the opinion that Standard Chartered has adequate measures to identify, manage or mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Standard Chartered is well positioned to issue green, social and sustainability bonds and notes, and that the Standard Chartered Bank Sustainability Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2021.

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Standard Chartered Bank
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Standard Chartered Bank Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 8, 2022
Publication date of review publication:	
Original publication date <i>[please fill this out for updates]</i>:	January 2019

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds are aligned with those recognized by the Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to the transition to a low-carbon economy, help support the socio-economic development of target regions and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 6, 7, 8, 9, 11, 12 and 13.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input checked="" type="checkbox"/> Food security | <input checked="" type="checkbox"/> COVID Healthcare |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (please specify): Charities, COVID Sanitation, COVID Food Security, COVID Scio-Economic Impact Mitigation |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Standard Chartered Bank has established a three-tiered process for the evaluation and selection of eligible projects in line with the eligibility criteria. This includes pre-selection by the Sustainable Finance, Banking and Sustainable Bonds Teams, an environmental and social risk assessment carried out by relationship managers, and final approval by the Sustainable Finance Governance Committee which is chaired by the Global Head of Sustainable Finance and comprises representatives from various departments. Sustainalytics considers Standard Chartered Bank's risk management systems and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Standard Chartered Bank's Sustainable Finance Governance Committee will be responsible for the management of proceeds based on a portfolio approach, which will be recorded and monitored regularly by the Sustainable Finance team. Standard Chartered Bank intends to allocate all proceeds within 24 months of issuance. However, in case of unallocated proceeds, such proceeds will be temporarily invested in accordance with SCBPLC's liquidity investment guidelines. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Standard Chartered Bank intends to report on the allocation of proceeds to its investors at least on an annual basis. Allocation reporting will include details such as the total amount of proceeds allocated to eligible projects and relevant categories and net proceeds unallocated. In addition, Standard Chartered Bank is committed to reporting on relevant impact metrics such as annual renewable energy generation, annual GHG emissions avoided and increased area under certified land management. Sustainalytics views Standard Chartered Bank’s allocation and impact reporting commitments as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): The balance of unallocated net proceeds | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |

- Target populations
- Other ESG indicators (please specify): Capacity of renewable energy plant(s) constructed or rehabilitated; annual renewable energy generation; type of green building scheme and certification levels; increase of area as under certified land management; the waste prevented, minimised, reduced or recycled before and after the project; annual absolute water use before and after the project; additional water availability and/or increased water catchment; reduced or avoided water loss in reservoirs, waterways, natural habitats etc.; increase in materials components and products that are reusable, recyclable, and/or certified compostable; number of loans to SMEs and microenterprises; regions in which micro and smaller businesses were financed; number of water treatment facilities built or upgraded; number of households connected to water infrastructure and water discharge infrastructure; number of public hospitals, clinics, health centers, schools, universities, campus for public schools and universities financed; number of additional hospital beds, units of medical equipment purchased and people vaccinated.

Frequency:

- Annual
- Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

Disclaimer

Copyright ©2022 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

