

Resolution

Noting the company's stated support for the goal of achieving net-zero emissions globally by 2050,¹ along with the publication of the International Energy Agency's Net Zero by 2050 scenario,² to promote the long-term success of the company, given the risks and opportunities associated with climate change, the company and the directors be authorised and directed by the shareholders to:

1. Set, disclose and implement a strategy to manage its Fossil Fuel³ exposure in accordance with a scenario in which global emissions reach net zero by 2050, including:
 - a. A commitment to no longer provide Financing⁴ where proceeds would be used for new or expanded Fossil Fuel projects; and
 - b. Short-, medium-, and long-term targets to reduce fossil fuel exposure consistent with the goal of net zero by 2050, avoiding overreliance on negative emissions technologies.
2. Report annually on progress under that strategy, starting from 2022, including a summary of the framework, methodology, timescales and core assumptions used, omitting commercially confidential or competitively sensitive information, and at reasonable cost.

Footnotes:

1 Standard Chartered climate change policy statement:

<https://www.sc.com/en/sustainability/position-statements/climate-change/>

2 'Net Zero by 2050', International Energy Agency, May 2021

3 Upstream, midstream and downstream oil and gas; coal mining and transport (including haulage and ports); coal, oil and gas power generation

4 Including corporate lending, project finance, trade finance, bonds, IPOs and their distribution

Supporting Statement:

Despite committing to the climate goals of the Paris Agreement and achieving net zero emissions by 2050, Standard Chartered is aligning its investment practices and policies with the failure of these goals, exposing itself and its shareholders to unnecessary and unacceptable financial, reputational, policy and legal risks.

In May 2021, the International Energy Agency (IEA) released its 'Net Zero by 2050' roadmap (NZE2050), providing a "comprehensive study of how to transition to a net zero energy system by 2050 while ensuring stable and affordable energy supplies, providing universal energy access, and enabling robust economic growth." The October 2021 IEA World Energy Outlook elaborates on the roadmap, providing sufficient detail to enable companies and investors to align their own strategies with this goal.

Net-zero: implications for fossil fuel finance

NZE2050 provides clear “red lines” to clarify fossil fuel developments no longer permissible if we are to achieve the goal of net-zero emissions by 2050, along with trajectories for the reduction of fossil fuels over time. Financial institutions committed to the goal of net-zero emissions by 2050 should therefore look towards NZE2050 as a key reference when developing their own strategies and targets. NZE2050 projects unabated coal demand falling by 98% by 2050, oil demand by 75% and gas demand by 55%, compared to 2020.¹ The IEA has confirmed having even a 50% chance of limiting global temperature rise to 1.5°C means no investment in new fossil fuel projects, beyond those already committed to as of 2021.²

In July 2021, 115 investors with US\$4.2 trillion in assets under management and/or stewardship wrote to 63 global banks, including Standard Chartered, calling on them to integrate NZE2050’s findings into their climate strategies.³ Standard Chartered’s current policies and practices fall well short of this demand.

The gap between Standard Chartered’s actions and NZE2050

Standard Chartered continues to finance companies and projects that expand the scale of the fossil fuel industry, contrary to NZE2050.

Standard Chartered has financed US\$31.42 billion to fossil fuels since the Paris Agreement was signed. Its policies will allow it to continue to significantly fund the coal industry throughout the 2020s, with no final exit date for coal financing.

NZE2050 scenario conclusions	Standard Chartered practice
“No new final investment decisions should be taken for new unabated coal plants.”	UK bank with the highest financing for new coal plant developers in Asia, including The Adani Group, Power Finance Corporation (India) and PLN (Indonesia), undermining Standard Chartered's own commitment to no longer finance new coal power plants. ⁴
“No new coal mines or mine extensions are required.”	Financing coal companies undermining climate action such as India’s Adani Group, which is constructing the controversial 60 mpta Carmichael mine in Australia. ⁵

¹ International Energy Agency, 2021, ‘Net Zero by 2050,’ https://iea.blob.core.windows.net/assets/beceb956-0dcf-4d73-89fe-1310e3046d68/NetZeroBy2050-A-RoadmapfortheGlobalEnergySector_CORR.pdf, Pg100

² International Energy Agency, 2021, ‘Net Zero by 2050,’ https://iea.blob.core.windows.net/assets/beceb956-0dcf-4d73-89fe-1310e3046d68/NetZeroBy2050-A-RoadmapfortheGlobalEnergySector_CORR.pdf, Pg21

³ <https://shareaction.org/investors-call-on-banks-to-strengthen-climate-ambitions-before-cop26/>

⁴ Reclaim Finance, May 2021, <https://reclaimfinance.org/site/en/2021/05/11/standard-chartered-top-uk-banker-for-new-coal-plant-developers-across-asia/>

⁵ *ibid*

<p>“Unabated coal demand declines by 98% to just less than 1% of total energy use in 2050.”</p>	<p>Continuing to finance Indonesian coal giant Adaro Energy, who have no plans to reduce dependency on coal and plan to continue coal production at current rate of 50 million tonnes per year until at least 2040.⁶</p> <p>By Standard Chartered’s own analysis, Adaro Energy has a business plan aligned with a catastrophic 5-6°C of global warming.⁷</p>
<p>“Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway.”</p> <p>“Also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage.⁸</p>	<p>Financing oil and gas companies and projects demonstrably misaligned with net zero by 2050.</p> <p>Recent examples include:</p> <ul style="list-style-type: none"> - Saudi Aramco, the world’s single largest corporate carbon emitter, which is expanding its operations and opening new oil and gas fields^{9,10} - The troubled Mozambique Liquefied Natural Gas (LNG) project¹¹ - Supporting Malaysian oil giant Petronas to develop an additional oil and gas processing unit off the Brazilian coast.¹²

Investor and regulatory expectations

⁶ Adaro Annual Report, 2020

https://www.adaro.com/files/news/berkas_eng/2036/ADRO%2020210401%20Laporan%20Tahunan%202020.pdf

⁷ Companies heavily dependent on coal production are assigned a temperature alignment in the 5-6 degrees range: <https://av.sc.com/corp-en/content/docs/tcfd-climate-change-disclosure-2020.pdf>

⁸ IEA, 2021, ‘Net Zero by 2050,’

https://iea.blob.core.windows.net/assets/beceb956-0dcf-4d73-89fe-1310e3046d68/NetZeroBy2050-A-RoadmapfortheGlobalEnergySector_CORR.pdf, Pg102

⁹ Financial Times, ‘Saudi Aramco looks at raising production capacity as profits surge,’

<https://www.ft.com/content/54635a4b-55b5-4b5a-8b84-d0b732586694>

¹⁰ Arab News, December 2020, Saudi Aramco discovers 4 new oil, gas fields,

<https://www.arabnews.com/node/1783511/saudi-arabia>

¹¹ Bloomberg, April 2021,

<https://www.bloombergquint.com/business/total-suspends-mozambique-lng-indefinitely-on-security-threat>

¹² IJGlobal data &

<https://www.oedigital.com/news/480969-malaysia-s-misc-signs-loi-for-mero-3-fpso-delivery>

To meet rapidly-evolving investor and regulatory expectations, and fully comply with the TCFD recommendations,¹³ Standard Chartered must disclose strategies and targets to manage fossil fuel exposure in line with its stated commitment to net zero emissions by 2050.

In July 2020, the Prudential Regulatory Authority wrote to CEOs of UK financial institutions, outlining their expectations that “firms should have fully embedded their approaches to managing climate-related financial risks by the end of 2021”.¹⁴

In December 2020, the Monetary Authority of Singapore set out environmental risk management guidelines for banks, recognising the importance of banks' resilience to and management of climate risks, seeking reporting by early 2022.¹⁵ Bank Negara Malaysia is producing reference guides on climate risk management and scenario analysis, and climate-related disclosures, and intends to release plans at the end of the year on mandatory climate related financial disclosures at the end of this year.¹⁶ This is significant given our company's reliance on Asia as a key marketplace and a region where our social license to operate is critical.

Investor support required

The IEA has provided an abundance of clarity regarding what net zero by 2050 means for the future of fossil fuels. It is appropriate that Standard Chartered bring its policies and practices into line with the net zero by 2050 goal it has committed to.

We urge shareholders to vote in favour of this resolution, and expect the many institutional investors already outspoken on this issue to offer their support.

¹³ <https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf>

¹⁴ Bank of England, 2020, <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/managing-the-financial-risks-from-climate-change.pdf>

¹⁵ Monetary Authority of Singapore, 2020, <https://www.mas.gov.sg/-/media/MAS/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Commercial-Banks/Regulations-Guidance-and-Licensing/Guidelines/Guidelines-on-Environmental-Risk--Banks/Guidelines-on-Environmental-Risk-Management-for-Banks.pdf>

¹⁶ Bank Negara Malaysia, <https://www.bnm.gov.my/-/jc3-statement-financial-sector-response-to-climate-risk>