INVESTOR UPDATE

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Standard Chartered (LSE:STAN)

Analysis of Standard Chartered's 2022 AGM Notice of Meeting

Further to our briefing released in February, Market Forces presents this additional brief analysis of the new announcements made by the bank in its 29th March publication of its Notice of Meeting.

Standard Chartered's Notice of Meeting announced what the bank called "a series of enhancements to our net zero pathway". However, **these additional disclosures do nothing to rectify the fact that Standard Chartered's fossil fuel lending policies and practices are undermining the goal of net zero emissions by 2050**, which the bank claims commitment to.

Standard Chartered's announcement of a far-off intention to produce an absolute target for oil and gas does not bring the bank any closer to alignment with the IEA's NZE2050 scenario today, nor will it stop the bank's current heavy fossil fuel financing. It is actually likely to see the bank fall even further behind peers.

In essence, Standard Chartered has merely announced when it will announce future announcements. By comparison, Dutch bank ING has already committed to stop financing new upstream conventional oil and gas projects, while several insurers have this year introduced policies to exclude underwriting to new upstream oil and gas projects.

The announcement of a 2032 end to "legacy direct coal financing" does not change the fact that Standard Chartered can today, and for years into the future, finance companies expanding the scale of thermal coal at a group level.

Standard Chartered and its shareholders remain exposed to unnecessary and unacceptable transition, legal, regulatory and reputational risks. Investors are urged to vote **FOR** Market Forces and Friends Provident Foundation's shareholder resolution (#32 on the Notice of Meeting), calling on the bank to adopt:

1. A commitment to no longer provide financing[1] where proceeds would be used for new or expanded fossil fuel projects; and
2. 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.

[1] Including corporate lending, project finance, trade finance, bonds, IPOs and their distribution

The choice for investors is simple – a real net zero plan put forward by Market Forces and the Friends Provident Foundation, or a zero ambition plan put forward by the bank's management.

Shareholders are therefore urged to:

1. **Vote FOR Resolution 32**
2. **Vote AGAINST Standard Chartered's Resolution 31**
3. **Signal these voting intentions in advance of the May annual general meeting.**

Absolute delay

Standard Chartered will not even produce a *timeline* for developing an absolute emissions target for the oil and gas sector until 2023. To be clear, this is not a commitment to actually set a target in 2023, just a commitment to further delay setting a meaningful target.

Both Barclays and HSBC have produced absolute targets that apply to oil and gas that, despite containing significant flaws, at least exist.

An even clearer distinction between Standard Chartered and its UK-based peers is in the application of its policies to capital markets transactions. Barclays' targets already extend to capital markets transactions, while HSBC has announced that it will do so by the 4th quarter of 2022. Currently Standard Chartered's climate policy does not cover capital markets, a huge omission, meaning half of Standard Chartered's 2020 fossil fuel financing is not covered by the banks' climate policies.

Standard Chartered's announcement of a far-off intention to disclose a timeline for announcing absolute targets on oil and gas emissions:

- Does not bring the bank any closer to being aligned with the IEA's NZE2050 scenario today,
- Does nothing to stop the bank's current heavy fossil fuel financing, and
- Means the bank is likely to fall even further behind peers in the meantime.

Dutch bank ING has already committed to stop financing new upstream conventional oil and gas projects, while both Swiss Re and Hannover Re have this year introduced policies to exclude underwriting to new upstream oil and gas projects.

Similarly, Standard Chartered's disclosure of an additional eight sectors for which it will set targets is not so much an announcement of new policy, but an announcement of future announcements. Based on the bank's track record, it is likely that these targets will be as deficient as the targets for the fossil fuel sector.

Coal financing through 2020s remains major concern

Despite announcing an end to "legacy direct coal financing" by 2032, what matters in relation to Standard Chartered's coal financing is what happens in the 2020s far more than the 2030s. Standard Chartered's weak coal sector revenue thresholds allow significant continued finance for companies pursuing new coal power plants throughout this critical decade, and no final 0% coal revenue threshold has been set.

As the below table demonstrates, this update still leaves the bank misaligned with the IEA's NZE2050 scenario.

NZE2050 conclusions[2]	Standard Chartered policy	Standard Chartered practice
"No new final investment decisions should be taken for new unabated coal plants [as of 2021]." Absolute emissions from power generation fall 57% from 2020-2030.	Weak coal sector revenue thresholds allow significant continued finance for companies pursuing new coal power plants throughout this critical decade. Target to reduce emissions intensity of power generation (by revenue) in lending portfolio by 63% by 2030, with no interim target. Intensity targets fail to ensure absolute emissions declines in line with NZE2050, and can actually mask increases in absolute financed emissions. Announcement of *"We intend to end legacy direct coal financing by 2032 globally"* does not change the fact that StanChart can today and in the coming years, fund companies at the group level expanding the scale of the thermal coal industry.	UK bank with the highest financing for new coal plant developers in Asia ($4.7 billion, October 2018-20), including: ● Adani Group, which plans to double its coal-fired power capacity to 24 GW, more coal power capacity than all of Australia; ● Power Finance Corporation (India), which was involved in financing 8.8GW of new coal plants in 2019; and ● PLN (Indonesia), which along with its subsidiaries, affiliated entities, associates and joint ventures, is planning at least 5.9GW of new coal plants.

Standard Chartered and its shareholders remain exposed to unnecessary and unacceptable transition, legal, regulatory and reputational risks. Investors are urged to vote **FOR** Market Forces and Friends Provident Foundation's shareholder resolution (#32 on the Notice of Meeting), vote **AGAINST** Standard Chartered's Resolution 31 and signal these voting intentions in advance of the May annual general meeting.

[2] NZE2050 statements and data from: IEA Net Zero by 2050 report; World Energy Outlook 2021 and associated dataset