Sustainalytics is of the opinion that the Standard Chartered Bank Sustainability Bond Framework is credible and impactful, and aligns with the Sustainability Bond Guidelines 2018. This assessment is based on the following:

**USE OF PROCEEDS** The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles ("GBP")s, Social Bond Principles ("SBP")s and Sustainability Bond Guidelines ("SBG") 2018. Sustainalytics considers the financing of (i) renewable energy, (ii) clean transportation & affordable basic infrastructure, (iii) employment generation including through the potential effect of SME financing and microfinance, (iv) sustainable water and wastewater management & affordable basic infrastructure, (v) energy efficiency (vi) access to health services and (vii) access to education to have positive environmental or social impacts and to advance the UN Sustainable Development Goals 3, 4, 6, 7, 8, 9 and 11.

**PROJECT EVALUATION / SELECTION** Standard Chartered Bank’s internal process to evaluate and select projects is aligned with market standards. Standard Chartered Bank established a three-level process, which includes pre-selection by the Sustainable Finance Working Group, an evaluation by the Sustainable Finance and Environmental and Social Risk Management department, and final approval by its internal Sustainability Bond Committee, which is comprised of one representative from each of the following departments: Group Treasury, Sustainability, Sustainable Finance, Environmental and Social Risk Management and Debt Capital Markets; and is chaired by the Group Sustainability department.

**MANAGEMENT OF PROCEEDS** Standard Chartered Bank’s processes for the management of proceeds are aligned with market practice. Standard Chartered Bank has systems in place to monitor and track the use of proceeds. Unallocated proceeds will be invested in accordance with the Standard Chartered Bank Group Treasury investment guidelines.

**REPORTING** Standard Chartered Bank is committed to report annually on the allocation of proceeds in an allocation report, which will include amounts allocated overall and per eligible category, maturity profile of loans, and the amount of unallocated proceeds. In addition, Standard Chartered Bank intends to report annually on impact indicators, including but not limited to CO2eq saved, number of trains financed, number of SMEs and MFIs financed, number of water treatment facilities financed, and number of schools and hospitals financed. In Sustainalytics’ view reporting on these metrics is in line with market practice.

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**Evaluation Summary**

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Introduction

Standard Chartered Bank was established in 1853 by Royal Charter in the United Kingdom, with the holding company Standard Chartered Bank PLC incorporated in 1969. The bank is domiciled in the U.K. and provides banking services across 60 countries, primarily in Asia, Africa, the Middle East, and the United Kingdom. The bulk of the business is corporate and transaction banking, financial markets, and corporate finance. The bank also has a strong retail franchise, serving clients across its footprint. It is dual-listed in the United Kingdom and Hong Kong.

Standard Chartered Bank has developed the Standard Chartered Bank Sustainability Bond Framework (the “framework”) under which it may issue Green, Social, and Sustainability bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects that help combat climate change and increase access to finance in Standard Chartered Bank’s core markets, i.e. Asia, Africa and the Middle East. The framework defines eligibility criteria in seven areas:

1. Renewable Energy
2. Clean Transportation & Affordable Basic Infrastructure
3. Energy Efficiency
4. Employment generation including through the potential effect of SME financing and microfinance
5. Sustainable water and wastewater management & affordable basic infrastructure
6. Access to Health Services
7. Access to Education

Standard Chartered Bank disclosed that it intends to use the proceeds of its initial bond issuance for the categories of employment generation including through the potential effect of SME financing and microfinance, renewable energy, and sustainable water and wastewater management & affordable basic infrastructure

Standard Chartered Bank engaged Sustainalytics to review the Standard Chartered Bank Sustainability Bond Framework and provide a second-party opinion on the alignment of the framework\(^1\) with the Sustainability Bond Guidelines 2018 (the “SBG”), as administered by the International Capital Market Association (the “ICMA”),\(^2\) and on the framework’s environmental and social credentials. This framework has been published in a separate document.\(^3\)

As part of this engagement, Sustainalytics held conversations with various members of Standard Chartered Bank’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 Standard Chartered Bank’s sustainability bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Standard Chartered Bank Sustainability Bond Framework and should be read in conjunction with that framework.

\(^1\) Sustainability Bonds are aligned with the four core components of both the Green Bond Principles and Social Bond Principles, with the former being especially relevant to underlying Green Projects and the latter to underlying Social Projects.


\(^3\) https://www.sc.com/en/
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 Green Bond Principles 2018 and Social Bond Principles 2018. Sustainalytics highlights the following elements of Standard Chartered Bank’s sustainability bond framework:

- **Use of Proceeds:**
  - The use of proceeds categories of the Standard Chartered Bank Sustainability Bond Framework, i.e. (i) renewable energy, (ii) clean transportation & affordable basic infrastructure, (iii) employment generation including through the potential effect of SME financing and microfinance, (iv) sustainable water and wastewater management & affordable basic infrastructure, (v) energy efficiency (vi) access to health services and (vii) access to education, are recognized by the Green and/or Social Bond Principles as impactful. Sustainalytics is of the opinion that the financing of eligible projects will contribute to reducing GHG emissions and increase access to essential services in the regions where Standard Chartered Bank operates, specifically in Asia, Africa, and the Middle East. Standard Chartered Bank will focus in its first issuance on the first three categories.
  - Sustainalytics welcomes Standard Chartered Bank’s definition of target population for some of the projects and activities it intends to finance, such as Microfinance institutions and Smaller Companies and Micro enterprises, as well as public education and public health care. Standard Chartered Bank’s definition of and proxies for smaller business and micro enterprises align with recognized standards. Sustainalytics welcomes Standard Chartered Bank’s clarification that investments in public roads is limited to roads that are designed to improve rural/remote connectivity in least developed, low income and lower middle income OECD Development Assistance Committee (DAC) countries. and recommends that social and environmental impact assessments be carried out for these projects to ensure they do not negatively impact their surroundings and communities.
  - In alignment with market practice, Standard Chartered Bank will use a lookback period of two years for refinancing.
  - Sustainalytics recognizes that the GBP, SBP and SBG prefer project-based lending and financing, and that there is, in general, less transparency with non-project-based lending. While the Framework includes project-based lending, it also considers the inclusion of non-project-based lending activities and expenditures. Sustainalytics considers lending to the eligible categories as socially impactful. For further information, refer to Section 3: Impact of Use of Proceeds.

- **Project Selection Process:**
  - In alignment with market standards, Standard Chartered Bank has established an internal Sustainability Bond Committee to manage the process of Project Evaluation and Selection, consisting of one representative from each of the following departments: Group Treasury, Sustainability, Sustainable Finance, Environmental and Social Risk Management, and Debt Capital Markets. It is chaired by the Global Head of Sustainable Finance.
  - The Sustainability Bond Committee reviews the assigned assets on a bi-annual basis.

- **Management of Proceeds:**
  - In alignment with market practice, Standard Chartered Bank has systems in place to monitor and track the use of proceeds using a master spreadsheet which is updated biannually.
  - Unallocated proceeds will be invested in accordance with the Standard Chartered Bank Group Treasury investment guidelines.

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4 The mandate of MFIs or microfinance institutions is to provide loans to small enterprises and underbanked target groups lacking adequate access to financial services.


• Reporting:
  – Aligned with market standards, Standard Chartered Bank will report on an annual basis on allocation, including allocated amounts, amounts allocated per eligible category, maturity profile of loans and amount of unallocated proceeds.
  – Standard Chartered Bank also commits to report on impact indicators, including CO₂eq saved, number of trains financed, energy saved, number of Micro and Smaller Businesses financed, number of water treatment facilities financed, and number of schools and hospitals financed. Sustainalytics considers this reporting to be aligned with market practice.
  – Both the allocation report and the impact report will be made available on the Standard Chartered Bank’s Investor Relations webpage.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Standard Chartered Bank Sustainability Bond Framework aligns to the four core components of the Green Bond Principles 2018 and Social Bond Principles 2018. For detailed information please refer to Appendix 2: Sustainability Bond/Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Standard Chartered Bank

Contribution of framework to Standard Chartered Bank’s sustainability strategy and targets

At Standard Chartered Bank, oversight of the company’s sustainability strategy lies with the Management Team and with the board’s Brand, Values and Conduct Committee.

Standard Chartered Bank’s strategy is framed around three pillars: contributing to sustainable economic growth, being a responsible company, and investing in communities. The Bank’s Sustainability Strategy includes, amongst others, the themes of climate change and human rights, for which the company has also developed position statements. The company has set targets (referred to as Sustainability Aspirations) related to its strategy, such as to provide USD 1 billion of microfinance by 2020, increasing the offering of impact funds for its clients to invest in, including climate in the assessment of utilities and high-emitting sectors and funding and facilitating USD 4 billion for financing clean tech; these are reported on annually. Also contributing to this strategy, Standard Chartered has recently launched the governing document7 for future Green and Sustainable Products that it intends to offer. In addition, Standard Chartered Bank has announced its intention to make no new agreements to finance coal-fired power plants,8 and it has set targets for its own operations to reduce annual energy use by 31% to 35% (depending on region) by 2019 and to reduce water use by 72% by 2019.9 Standard Chartered Bank also committed to increase female representation to 25% on its board and 30% in its senior management by 2020. The target for women on its board was reached early: currently 31% of board members are women; the target for women in senior roles is on track to be achieved on time.

Given Standard Chartered Bank’s sustainability strategy and targets, Sustainalytics is of the opinion that the Bank is well positioned to issue Sustainability bonds and that the use of proceeds will help Standard Chartered Bank to advance in their sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics believes that the use of proceeds are impactful, Sustainalytics recognizes that there are environmental and social risks associated with the eligible projects. The main risks are related to biodiversity loss and community relations due to land use change from large infrastructure and renewable energy projects. Sustainalytics is of the opinion that Standard Chartered Bank is well positioned to manage associated risks and highlights the following measures Standard Chartered Bank has in place:

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9 Standard Chartered Sustainability Summary 2017: https://av.sc.com/corp-en/content/docs/2017-sustainability-summary.pdf
Section 3: Impact of Use of Proceeds

All seven use of proceeds categories are recognized as impactful by GBP and/or SBP. Below Sustainalytics has focused on some of the use of proceeds and their contribution in the local context of Standard Chartered Bank operations, namely Asia, Africa and the Middle East.

Contribution of Micro and Smaller Business financing

Standard Chartered Bank intends to use part of the Sustainability bonds proceeds to expand access to affordable and responsible financial products and services to targeted populations through Microfinance institutions (MFIs) and the financing of Micro and Smaller Businesses in Africa, Asia and the Middle East.

Small and Medium sized enterprises (SMEs) represent an essential part of most emerging economies, contributing up to 60% of total employment and up to 40% of national income (GDP), as well as creating between 70 and 95% of new employment opportunities in emerging economies. The overall number of SMEs in emerging economies is estimated at 400 million. Access to finance is perceived as the most significant obstacle hindering the development of SMEs, according to World Bank studies. High costs of borrowing and lack of consultant support are the two main barriers to external financing for SMEs. The IFC estimates the gap of MSME funding to be USD 5.2 trillion. Given the overall importance of SMEs in the aforementioned regions, Sustainalytics is of the opinion that the use of proceeds will contribute to further increase the level of employment and growth in underserved regions in emerging states.

Contribution of renewable energy to global GHG emission reduction

The energy sector accounts for two-thirds of all anthropogenic GHG emissions globally, making it by far the highest emitting sector (according to 2014 data). The reason for the high contribution of the sector to global GHG emissions is its reliance on fossil fuels. In addition, India and Southeast Asia are expected to account for the largest increase in coal use in the next decades, the most CO2-intensive form of energy. Also, countries in the Middle East are adding new coal-fired power plants, indicating the importance to foster clean renewable energy to serve the regions energy needs.

In addition, renewable energy has proven to be a reliable and environmentally-friendly solution for providing access to electricity for the first time towards millions of people in Africa and Asia. With more than 1.1 billion

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12 Demystifying small and medium enterprises’ (SMEs) performance in emerging and developing economies; https://www.sc.com/en/sustainability/position-statements/prohibited-activities/
14 What are the biggest obstacles to growth of SMEs in developing countries? – An empirical evidence from an enterprise survey; https://www.sc.com/en/sustainability/position-statements/prohibited-activities/
18 https://www.eia.gov/todayinenergy/detail.php?id=36172
people (14% of the global population) not having access to electricity, mostly situated in sub-Saharan Africa, Middle East, South and Southeast Asia, renewable energy can offer clean solutions to improve connectivity to electricity without increasing demand for polluting energy sources.

Building on the above, Sustainalytics is of the opinion that the financing of renewable energy will contribute to mitigate GHG emissions from the energy sector.

**Contribution of sustainable transport to increase connectivity**

Standard Chartered Bank intends to use part of the proceeds to finance rail passenger and freight transport as well as roads in areas that lack connectivity.

With transport contributing 23% of global GHG emissions, investments in public transportation can reduce GHG emissions from the sector while simultaneously improving access to transportation. Sustainalytics views Standard Chartered Bank’s investments in sustainable infrastructure for mass transportation and goods to contribute to reduce GHG emissions.

Regarding investments in roads, Sustainalytics recognizes that rail transport is generally more than energy efficient compared to other modes of transport. However, the lack of railroad networks in Africa poses a challenge to achieve accessibility for the underserved. In more detail, Africa includes only 5% of the global railway network. Some African countries have no connectivity via railway networks. The lack of adequate infrastructure has been named as a major constraint on economic development. The deficit hinders people from basic education, health services, transport corridors, trade hubs, and economic opportunities, with rural areas being particularly underserved. Overall less than 50% of Africa’s rural population has access to an all-season road, indicating the need for improvements in basic infrastructure for rural areas. Thus, Sustainalytics considers the investments by Standard Chartered Bank in roads in areas with lack of connectivity to be able to contribute to improve the access of people and businesses to bigger markets and basic needs.

**Contribution of affordable healthcare and quality education to access to basic services**

Standard Chartered Bank intends to spend part of the proceeds of future sustainability bonds on financing public/free/subsidized healthcare-related projects and infrastructure as well as activities that expand the access to primary, secondary, vocational education in Africa, Asia and Middle Eastern countries.

According to OECD data, while Asian countries made significant improvement in child mortality, the region still shows high numbers of maternal mortality and a lack of doctors and health care infrastructure, with number of hospital beds, doctors and nurses per 1000 people being significantly below the OECD average (these averages are 1.3, 3.2 and 3.3, respectively, in Asia and 3.3, 9.1 and 4.7, respectively, in OECD countries). Similarly, average healthcare spending levels in Asia were approximately half of the OECD average, at 4.6% of the GDP compared to over 9.3% for OECD countries. Similar, credible sources highlight the need to develop the African healthcare systems as well as health care infrastructure in parts of the Middle East. Given the importance of health care and the recognition of health as a universal right, Sustainalytics considers Standard Chartered Bank’s investments to contribute to ensuring basic services.

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23 Rail industry - Statistics & Facts; https://www.statista.com/topics/1088/rail-industry/
24 Data & Statistics; https://www.globalmasstransit.net/archive.php?id=17685
26 IF Economic Notes, Note 1, The impact of infrastructure on growth in developing countries, April 2012 https://www.ifc.org/wps/wcm/connect/054be8804db753a6834aa4ab7d7326c0/INR+Note+1+-+The+Impact+of+Infrastructure+on+Growth.pdf?MOD=AJPERES
31 Access to Healthcare in Africa and Middle East, study conducted by The Economist Intelligence Unit available at: http://accessstohcareinAfreicandtheMiddleEast.pdf
Regarding education, current statistics indicated that more than 60% of children in Sub-Saharan countries aged between 15 to 17 are not in school, closely followed by some Middle Eastern and South Asian countries, with out-of-school rates between 15% to 46%. World Bank studies indicate that bringing schools closer to home and extending the free public educational systems positively correlate with a reduction of children out-of-school levels, highlighting the importance of public education systems. Moreover, given that education is strongly correlated to household wealth, child health and development, knowledge and exposure to social issues, Sustainalytics is of the opinion that Standard Chartered Bank’s financing of educational projects will have a direct positive impact on the socio-economic outcomes of new generations in Africa and Asia. In addition, Sustainalytics views positively the explicit inclusion of activities for increasing women’s and minorities’ inclusion into national educational systems in Africa, Asia and Middle East.

Alignment with/contribution to SDGs
The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This sustainability bond advances the following SDG goals and targets:

<table>
<thead>
<tr>
<th>Use of Proceeds Category</th>
<th>SDG</th>
<th>SDG target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>7. Affordable and Clean Energy</td>
<td>7.2. By 2030, increase substantially the share of renewable energy in the global energy mix</td>
</tr>
<tr>
<td>Clean Transportation &amp; Affordable basic Infrastructure</td>
<td>11. Sustainable Cities and Communities 9. Industry, Innovation and Infrastructure</td>
<td>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 persons 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 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</td>
</tr>
<tr>
<td>Employment generation including through the potential effect of SME financing and microfinance</td>
<td>8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure</td>
<td>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 9.3. Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</td>
</tr>
<tr>
<td>Sustainable water and wastewater management &amp; affordable basic infrastructure</td>
<td>6. Clean water and sanitation</td>
<td>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 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 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td></td>
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<tr>
<td>--------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td></td>
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<tr>
<td>Energy Efficiency</td>
<td>9. Industry, Innovation and Infrastructure</td>
<td></td>
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<tr>
<td></td>
<td>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</td>
<td></td>
</tr>
<tr>
<td>Access to Health Services</td>
<td>3. Health and Well-being</td>
<td></td>
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<tr>
<td></td>
<td>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</td>
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<tr>
<td></td>
<td>3.C Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</td>
<td></td>
</tr>
<tr>
<td>Access to Education</td>
<td>4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
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<td></td>
<td>4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</td>
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<tr>
<td></td>
<td>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</td>
<td></td>
</tr>
</tbody>
</table>

**Conclusion**

Standard Chartered Bank developed the Standard Chartered Bank Sustainability Bond Framework under which it intends to issue Green, Social, and Sustainability bonds to finance and refinance, existing and future projects that help combat climate change and increase access to finance in Standard Chartered Bank markets, i.e. Africa, Asia, and the Middle East. Sustainalytics has assessed the framework and confirms that the use of proceeds categories – (i) renewable energy, (ii) sustainable infrastructure, (iii) employment generation including through the potential effect of SME financing and microfinance, (iv) sustainable water and wastewater management & affordable basic infrastructure, (v) improved health and (vi) access to education – are aligned with those categories recognized as impactful by the Green Bond Principles, Social Bond Principles and the Sustainable Bond Guidelines. Standard Chartered Bank’s processes of project evaluation and selection as well as management of proceeds are aligned with market practice.

Based on the above, Sustainalytics considers the Standard Chartered Bank Sustainability Bond Framework to be robust, credible and transparent.
Appendices

Appendix 1: Equator Principles

The credibility of the Equator Principles as a risk management tool derives from its ability to ensure:

i  **A mandatory review of all projects with respect to their level of impact in a comprehensive range of environmental and social areas**

   Principle 1 of the EP mandates a review and categorisation of all projects as having significant (Category A), limited (Category B), or minimal (Category C) environmental and social impact. Impact is assessed on the eight IFC Performance Standards on Environmental and Social Sustainability. These cover a wide range of issues to address environmental and social risk, including management of environmental and social impacts, community health, resource efficiency and pollution prevention, and labour conditions.

ii  **Strong mitigation process for projects with significant or limited adverse environmental and social impact**

   The EPs (specifically Principles 2-6) also require all Category A and B projects to conduct environmental and social impact assessments, develop and maintain environmental management systems, demonstrate effective stakeholder engagement, and establish a grievance mechanism to address concerns around the project’s environmental and social performance. Sustainalytics is of the opinion that the abovementioned components combine to form a strong overall process for mitigating impacts throughout the life of project.

iii  **Continuous independent assurance of a project’s environmental and social impact**

   Principle 7 of the EP require that Category A and, as appropriate, Category B projects are subject to an independent review to assess the strength of the mitigation processes outlined above and to assess compliance with the EP. Additionally, Principle 9 of the EP also requires the appointment of an independent environmental and social consultant to verify ongoing monitoring and reporting of project impacts.
Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

<table>
<thead>
<tr>
<th>Issuer name:</th>
<th>Standard Chartered Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</td>
<td>Standard Chartered Bank Sustainability Bond Framework</td>
</tr>
<tr>
<td>Review provider’s name:</td>
<td>Sustainalytics</td>
</tr>
<tr>
<td>Completion date of this form:</td>
<td>June 2019</td>
</tr>
<tr>
<td>Publication date of review publication:</td>
<td>[where appropriate, specify if it is an update and add reference to earlier relevant review]</td>
</tr>
</tbody>
</table>

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 GBPs and SBPs:

☒ Use of Proceeds
☒ Process for Project Evaluation and Selection
☒ Management of Proceeds
☒ Reporting

ROLE(S) OF REVIEW PROVIDER

☒ Consultancy (incl. 2nd opinion)
☐ Certification
☐ Verification
☐ Rating
☐ Other (please specify):

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 use of proceeds categories of the Standard Chartered Bank Sustainability Bond Framework are recognized by the Green and/or Social Bond Principles as impactful. Sustainalytics is of the opinion that the financing of projects related to (i) renewable energy, (ii) clean transportation & affordable basic infrastructure, (iii) employment generation including through the potential effect of SME financing and microfinance, (iv) sustainable water and wastewater management & affordable basic infrastructure, (v) energy efficiency (vi) access to health services and (vii) access to education will contribute to reducing GHG emissions and increase access to essential services in the regions where Standard Chartered Bank operates, specifically in Asia, Africa, and the Middle East. Standard Chartered Bank will focus in its first issuance on the first three categories.

Sustainalytics welcomes Standard Chartered Bank’s definition of target population for some of the activities it intends to finance, such as education for minorities and women, Micro and Smaller Business financing, and financing of public education and public health care. Sustainalytics welcomes Standard Chartered Bank’s clarification that investments in roads is limited to public roads that are designed to improve rural/remote connectivity in least developed, low income and lower middle income OECD Development Assistance Committee (DAC) countries, and recommends that environmental impact assessments are available for these projects to ensure they do not negatively impact their surroundings and communities.

Aligned with market practice Standard Chartered Bank included a lookback period of 2 years for refinancing.

Use of proceeds categories as per GBP:

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

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

Use of proceeds categories as per SBP:
2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Aligned with market standards, Standard Chartered Bank established an internal Sustainability Bond Committee to manage the process for Project Evaluation and Selection, consisting of one representative from each of the following departments: Group Treasury, Sustainability, Sustainable Finance, Environmental and Social Risk Management and Debt Capital Markets and chaired by the Group Sustainability department. The Sustainability Bond Committee reviews the assigned assets on a bi-annual basis.

Evaluation and selection

☒ Credentials on the issuer’s social and green objectives
☒ Documented process to determine that projects fit within defined categories
☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
☐ Documented process to identify and manage potential ESG risks associated with the project
☒ Summary criteria for project evaluation and selection publicly available
☐ Other (please specify):

Information on Responsibilities and Accountability

☒ Evaluation / Selection criteria subject to external advice or verification
☐ In-house assessment
☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Aligned with market practice, Standard Chartered Bank has systems in place to monitor and track the use of proceeds. Unallocated proceeds will be invested in according to the Standard Chartered Bank Group Treasury investment guidelines.
Tracking of proceeds:

☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
☐ Other (please specify):

Additional disclosure:

☐ Allocations to future investments only
☒ Allocations to both existing and future investments
☐ Allocation to individual disbursements
☐ Allocation to a portfolio of disbursements
☒ Disclosure of portfolio balance of unallocated proceeds
☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Aligned with market standards, Standard Chartered Bank will report on an annual basis on allocation, including allocated amounts, amounts allocated per eligible category, maturity profile of loans and amount of unallocated proceeds.

Standard Chartered Bank also commits to report on impact indicators, including CO₂ eq saved, number of trains financed, energy saved, number of Micro and Smaller Businesses financed, number of water treatment facilities financed, number of schools and hospitals financed. Sustainalytics considers these indicators to be aligned with market practice.

Both allocation report and non-financial impact report will be made available on the Standard Chartered Bank’s Investor Relations webpage.

Use of proceeds reporting:

☐ Project-by-project
☒ On a project portfolio basis
☐ Linkage to individual bond(s)
☐ Other (please specify):

Information reported:

☒ Allocated amounts
☒ Sustainability Bond financed share of total investment
☐ Other (please specify):

Frequency:

☒ Annual
☐ Semi-annual
☐ Other (please specify):
Impact reporting:
- ☐ Project-by-project
- ☐ Linkage to individual bond(s)
- ☑ On a project portfolio basis
- ☐ Other (please specify):

Frequency:
- ☑ Annual
- ☐ Semi-annual
- ☐ Other (please specify):

Information reported (expected or ex-post):
- ☑ GHG Emissions / Savings
- ☑ Energy Savings
- ☑ Decrease in water use
- ☑ Number of beneficiaries
- ☐ Other ESG indicators (please specify): number of trains financed, number of Micro and Smaller Businesses financed, number of water treatment facilities financed, number of schools and hospitals financed

Means of Disclosure
- ☐ Information published in financial report
- ☐ Information published in sustainability report
- ☐ Information published in ad hoc documents
- ☑ Other (please specify): Sustainability Bond Report, Allocation Report
- ☐ 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:
- ☐ Consultancy (incl. 2nd opinion)
- ☐ Certification
- ☐ Verification / Audit
- ☐ Rating
- ☐ Other (please specify):

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