



Yulanda Chung
Head of Sustainable Business

Leading the way
in Asia, Africa and the Middle East



- What can we learn from the BRIC countries?
- How is sustainability, and specifically energy, important consideration in our financing decisions?

Standard Chartered – key facts

- Founded in 1853, the Group has operated for over 150 years
- 70+ countries
- 80,000+ employees from over 125 nationalities
- Listed in Mumbai, London & HK
- Lead regulated by the UK Financial Services Authority
- HY 2010 Results: Group profit up 10% yoy to US\$3.12bn and up 35% vs. second half of 2009



Sectors

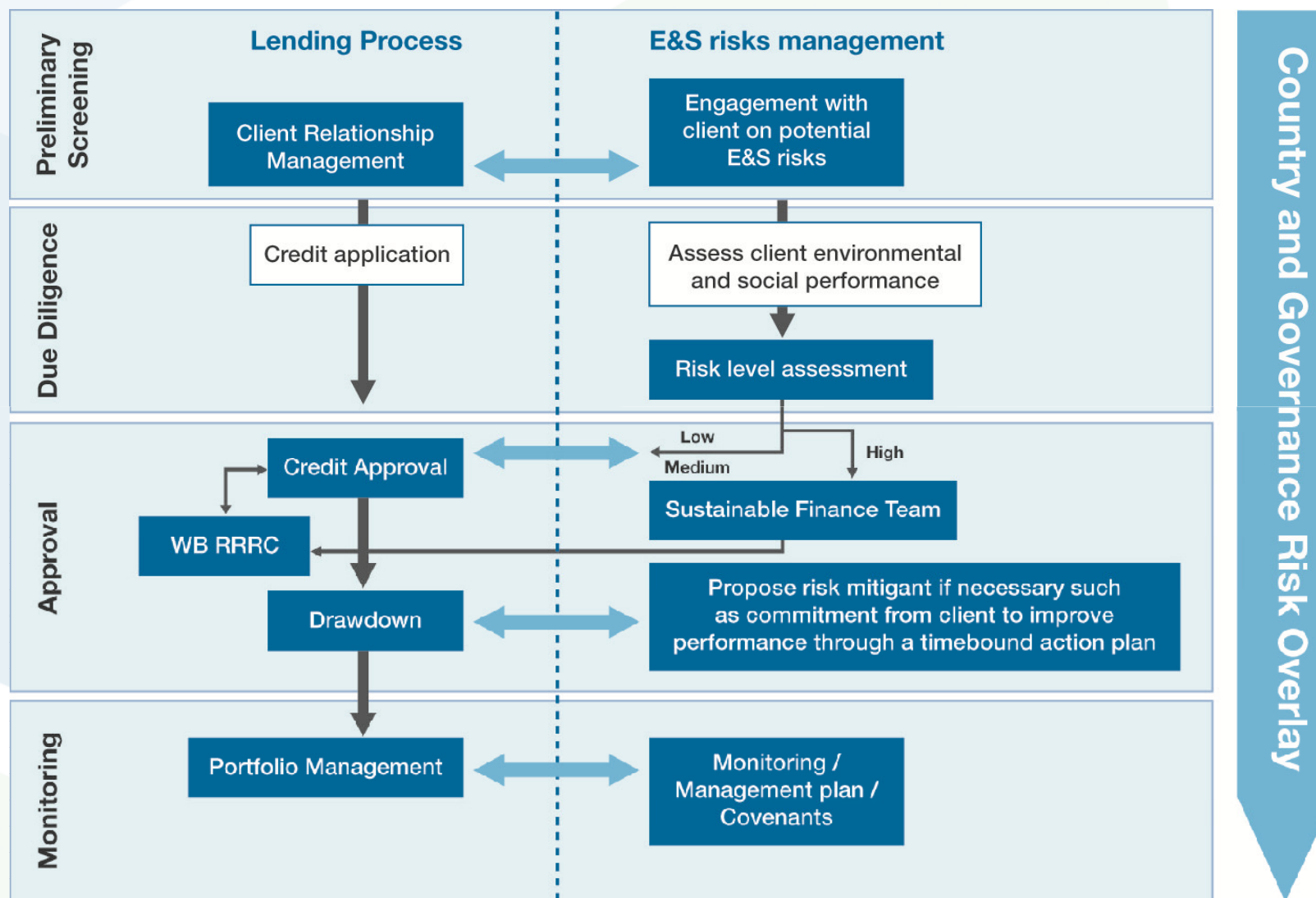
Gaming and gambling
Nuclear power generation
Oil and gas
Ship breaking
Mining and metals
Forestry and palm oil
Bio-fuels
Transportation of hazardous materials
Tobacco
Fossil fuelled power generation
Dams

Issues

Child labour
Climate change
Water - launched on 22 March

SCB has adopted the Equator Principles since 2003 and they govern all project finance and advisory transactions irrespective of capital thresholds.

Procedures - Implementation



SCB undertook an exercise to identify pinch points, where geographies, financial products and sectors intersect giving rise to significant climate change related risk. This review covered majority of the bank's portfolio.

- Regulatory risk - Mandatory emissions reduction legislation
- Reputational risk - Stakeholder driven reputational backlash
- Physical risk - Damage to assets through physical effects of climate change

How to internalise climate change and energy intensity in our financing , by considering not only climate change risks presented by individual investments, but also cumulative risk across portfolios?

Real Estate in China

Climate Change risk	Description	5 yr	10 yr	15 yr >
Regulatory	<ul style="list-style-type: none"> Green building regulations are beginning to take shape, but still far from making green buildings a standard part of the definition of Class A real estate as it is becoming in Europe and North America 	L	M	M
Physical	<ul style="list-style-type: none"> Rising sea levels, coastal populations and real estate more vulnerable to flooding and storm surges More than 125 million people live within ten meters of the average sea level, exacerbated by increased urbanisation 	H	H	H
Reputation to client	<ul style="list-style-type: none"> Major property developers would avoid being publicly associated with buildings experiencing problems as a result of climate change 	L	L	L
Reputation to bank	<ul style="list-style-type: none"> Minimal risk 	L	L	L

Power Generation in China

Climate Change risk	Description	5 yr	10 yr	15 yr >
Regulatory	<ul style="list-style-type: none"> Likely to be subject to national policy or mandatory emission reductions or taxes Coal-fired power using pulverised coal technology is likely to face international pressure later in the period (10-15yr horizon) 	L	M	H
Physical	<ul style="list-style-type: none"> High in low-lying details due to tropical storms. Also face water risks in view of need for cooling coal and nuclear power plants. In drought stricken areas where hydro-power has been shut down, coal-fired power is the alternative to meet demand 	L	L	M
Reputation to client	<ul style="list-style-type: none"> Coal-fired power plants are a lead target activist attention 	L	M	M
Reputation to bank	<ul style="list-style-type: none"> Lenders have already come under attack in North America, lenders to China's power industry are a likely next target 	M	H	H

Auto Industry in China

Climate Change risk	Description	5 yr	10 yr	15 yr >
Regulatory	<ul style="list-style-type: none"> Domestic regulation on fuel efficiency and emissions appears to be designed to bring Indian manufacturers to global standards to facilitate export No indication that the government would pursue any regulation that impairs the industry's ability to service debt 	L	L	L
Physical	<ul style="list-style-type: none"> Manufacturing facilities in the broader Brahmaputra Delta face increasing risks of flooding and storms Complex logistics between parts suppliers and OEMs in the auto industry magnify the financial impact of disruptions due to erratic weather 	M	M	M
Reputation	<ul style="list-style-type: none"> Low throughput period for both the client and the bank 	L	L	L