

## **Agreed-Upon Procedures Report on Standard Chartered PLC's Intermediate Financed Emissions Targets**

**To the Directors of Standard Chartered PLC only**

### **Scope and purpose**

We have performed the procedures below, which were agreed to by Standard Chartered PLC (the "Engaging Party", "you", "SC PLC", "Group" or "the Company") on selected intermediate financed emissions targets (the "Subject Matter", defined below) as disclosed within the Company's 2023 Annual Report<sup>1</sup> (the "ARA") solely to assist you in determining whether the Subject Matter has been set in line with the reference scenarios disclosed in the ARA and informed by certain requirements taken from the United Nations Environment Programme-Finance Initiative's (UNEP-FI) Net-Zero Banking Alliance (NZBA) Guidelines for Climate Target Setting for Banks (Version 2)<sup>2</sup>, and should not be used or relied upon for any other purpose. This report is produced in accordance with the terms of our engagement letter dated 19 April 2024.

### **Responsibilities of the Engaging Party**

Standard Chartered PLC has acknowledged that the Agreed-Upon Procedures are appropriate for the purpose of the engagement.

The Engaging Party is responsible for the Subject Matter on which the Agreed-Upon Procedures (AUP) are performed. The sufficiency of these procedures is solely the responsibility of Standard Chartered PLC.

### **Responsibilities of the Practitioner**

We have conducted the Agreed-Upon Procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An Agreed-Upon Procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the Agreed-Upon Procedures performed. We make no representation regarding the appropriateness or the sufficiency of the Agreed-Upon Procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This Agreed-Upon Procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### **Our independence and quality management**

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and the independence requirements in accordance with the IESBA code. We are the independent auditor of the Engaging Party and therefore we also complied with the independence requirements of the Financial Reporting Council's Revised Ethical Standard 2019 that apply in context of the financial statement audit. We have communicated any instances of identified or suspected non-compliance with laws and regulations to the partner in charge of the audit. You have discussed with us any matters that, in your judgement, might bear upon EY's independence.

EY applies the International Standard on Quality Management (ISQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires us to design, implement and operate a system of quality management

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<sup>1</sup> [Standard Chartered PLC Annual Report 2023](#)

<sup>2</sup> [NZBA Guidelines for Climate Target Setting for Banks \(Version 2\)](#)

including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## **Description of procedures performed**

We have performed the procedures described below, which were agreed upon with the Engaging Party, on Standard Chartered PLC's intermediate financed emissions targets for the following financed emissions sectors only:

- Oil & Gas
- Thermal Coal Mining
- Power
- Steel
- Automotive Manufacturers
- Aluminium
- Cement
- Commercial Real Estate
- Shipping

These procedures have been performed using data and information made available to us as at the date of this report only.

Appendix A provides further detail on the quantitative results of our recalculation of the intermediate 2030 targets.

## Our procedures and findings included:

- (a) Agree that for in-scope sectors, the Group has set an intermediate target for 2030 or sooner.

### **Executive Summary:**

*We agree that all in-scope financed emissions sectors have an intermediate target for 2030.*

### **AUP (a) Findings:**

| <b>Sector</b>            | <b>Finding</b>   |
|--------------------------|--|
| Oil & Gas                | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target of 9.3 MtCO <sub>2</sub> e (29% reduction from baseline) for the Oil & Gas sector.   |
| Thermal Coal Mining      | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target of 0.5 MtCO <sub>2</sub> e (85% reduction from baseline) for the Thermal Coal Mining sector.   |
| Power                    | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target range of 0.17-0.28 tCO <sub>2</sub> /MWh (46-67% reduction from baseline) for the Power sector.  |
| Steel                    | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target range of 1.4-1.6 tCO <sub>2</sub> /tonne Steel (22-32% reduction from baseline) for the Steel sector.  |
| Automotive Manufacturers | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target range of 66-100 gCO <sub>2</sub> /V.km (44-63% reduction from baseline) for the Automotive Manufacturers sector.   |
| Aluminium                | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target of 6.1 tCO <sub>2</sub> e/tonne Aluminium for the Aluminium sector.  |
| Cement                   | Based on SC PLC's ARA, we agree that SC plc has set an intermediate 2030 target of 0.52 tCO <sub>2</sub> /tonne Cement (22% reduction from baseline) for the Cement sector.  |
| Commercial Real Estate   | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target range of 19-39 kgCO <sub>2</sub> e/Sq.m (47-74% reduction from baseline) for the Commercial Real Estate sector.  |
| Shipping                 | Based on SC PLC's ARA, we agree that SC PLC has set an intermediate 2030 target of 0% exposure-weighted portfolio alignment delta against the International Maritime Organisation (IMO)'s revised minimum trajectory <sup>1</sup> , for the Shipping sector. |

<sup>1</sup> [IMO revised 2023](#)

- (b) Agree that the science-based\* decarbonisation scenarios as selected by management, which are used to set intermediate targets:
- i. Are from credible and well-recognised third-party sources as required by the NZBA (Net-Zero Banking Alliance) guidance on target setting.
  - ii. Align to the quantitative temperature goal of Article 2(1)a of the Paris Agreement – which states its objective as *“Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change”*.  
*\*Science-based, when referring to climate scenarios, is defined by Standard Chartered PLC management as scenarios which are aligned to the temperature limits stated within Article 2(1)a of the Paris Agreement.*

**Executive Summary:**

We agree that for all in-scope sectors, the selected scenarios are from credible and well-recognised sources. Additionally, we agree that for all in-scope sectors, selected scenarios are aligned to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.

**AUP (b) findings**

| Sector              | Finding  |
|---------------------|--|
| Oil & Gas           | <ol style="list-style-type: none"> <li>i. We have independently researched SC PLC's selected scenario for the Oil &amp; Gas sector (International Energy Agency's Net Zero Emissions by 2050 (2021)) (IEA NZE (2021)) and agree that the IEA NZE scenario is referenced by the NZBA's Guidelines for Climate Target Setting for Banks (Version 2) as an example of a scenario that may be used in target setting.</li> <li>ii. We have independently researched SC PLC's selected scenario for the Oil &amp; Gas sector (IEA NZE (2021)) and find that it is disclosed as being <i>"consistent with limiting the global temperature to 1.5 degrees without a temperature overshoot"</i><sup>1</sup>. We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</li> </ol> |
| Thermal Coal Mining | <ol style="list-style-type: none"> <li>i. We have independently researched SC PLC's selected scenario for the Thermal Coal Mining sector (IEA NZE (2021)) and agree that the IEA NZE scenario is referenced by the NZBA's Guidelines for Climate Target Setting for Banks (Version 2) as an example of a scenario that may be used in target setting.</li> <li>ii. We have independently researched SC PLC's selected scenario for the Thermal Coal Mining sector (IEA NZE (2021)) and find that it is disclosed as being <i>"consistent with limiting the global temperature to 1.5 degrees without a temperature overshoot"</i><sup>1</sup>. We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</li> </ol>   |

<sup>1</sup> [Net Zero by 2050 - A Roadmap for the Global Energy Sector \(International Energy Agency, 2021\)](#)

|                          |  |
|--------------------------|--|
| Power                    | <p>i. We have independently researched SC PLC's selected scenarios for the Power sector (IEA NZE (2022)) and International Energy Agency's Announced Pledges Scenario (2022) (IEA APS (2022)) and agree that they are referenced by the NZBA's Guidelines for Climate Target Setting for Banks (Version 2) as examples of scenarios that may be used in target setting.</p> <p>ii. We have independently researched SC PLC's selected scenarios for the Power sector (IEA NZE (2022) and IEA APS (2022)) and find that they are disclosed as:</p> <p>(a) IEA APS (2022): <i>"associated with a temperature rise of 1.7°C in 2100"</i><sup>1</sup> and;</p> <p>(b) IEA NZE (2022): <i>"[limiting] the long-term global temperature rise to 'well below 2 °C above pre-industrial levels ... pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'. The global temperature rise in the NZE Scenario peaks under 1.6°C around 2040 before dropping to around 1.4°C in 2100"</i><sup>1</sup>.</p> <p>We therefore agree that the selected scenarios align to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p>   |
| Steel                    | <p>i. We have independently researched SC PLC's selected scenario for the Steel sector (Mission Possible Partnership's Technology Moratorium (2022)) (MPP TM (2022)), noting that it is sector-specific. We agree that in alignment with the NZBA's Guidelines for Climate Target Setting for Banks (Version 2), the MPP is a credible and well-recognised source.</p> <p>ii. We have independently researched SC PLC's selected scenario for the Steel sector (MPP TM (2022)) and find that the Sustainable Steel Principles (SSP) states that <i>"The MPP TM scenario is estimated to result in 0.07 degrees overshoot, which falls within the IPCC SR1.5 classification of 1.5 degrees-low-overshoot"</i>.<sup>2</sup> We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p>   |
| Automotive Manufacturers | <p>i. Per SC PLC's ARA, SC PLC selected IEA NZE (2022) and IEA APS (2022) scenarios to set a target range. SC PLC have used the Transition Pathway Initiative's (TPI) 1.5 Degrees (2023) and Below 2 Degrees (2023) scenarios, which are sector-specific and derived from the IEA NZE and IEA APS scenarios, to calculate their target. We agree that in alignment with the NZBA's Guidelines for Climate Target Setting for Banks (Version 2), the TPI is a credible and well-recognised source.</p> <p>ii. We have independently researched the scenarios SC PLC have used for the Automotive Manufacturers sector (TPI 1.5 Degrees (2023) and TPI Below 2 Degrees (2023)) and find that they are disclosed as:</p> <p>(a) TPI 1.5 Degrees (2023) <i>"limiting the global temperature increase to 1.5°C"</i><sup>3</sup> and;</p> <p>(b) TPI Below 2 Degrees (2023) <i>"consistent with the overall aim of the Paris Agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels"</i><sup>3</sup>.</p> <p>We therefore agree that the selected scenarios align to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p> |
| Aluminium                | <p>i. We have independently researched SC PLC's selected scenario for the Aluminium sector (MPP Aluminium Sector Transition Strategy (2023)) (MPP STS (2023)), noting that it is sector-specific. We agree that in alignment with</p>  |

<sup>1</sup> [World Energy Outlook 2022 \(International Energy Agency, 2022\)](#)

<sup>2</sup> [The Sustainable STEEL Principles: Alignment Zone Briefing \(Sustainable Steel Principles, 2022\)](#)

<sup>3</sup> [Carbon Performance assessment of automobile manufacturers: note on methodology \(TPI November 2023\)](#)

|                        |  |
|------------------------|--|
|                        | <p>the NZBA's Guidelines for Climate Target Setting for Banks (Version 2), the MPP is a credible and well-recognised source.</p> <p>ii. We have independently researched SC PLC's selected scenario for the Aluminium sector (MPP STS (2023)) and find that it is disclosed as being a "1.5-degrees aligned"<sup>1</sup> scenario. We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p>  |
| Cement                 | <p>i. We have independently researched SC PLC's selected scenario for the Cement sector (IEA NZE (2023)) and agree that it is referenced by the NZBA's Guidelines for Climate Target Setting for Banks (Version 2) as an example of scenario that may be used in target setting.</p> <p>ii. We have independently researched SC PLC's selected scenario for the Cement sector (IEA NZE (2023)) and find that it discloses that "[global mean temperature] rises to a peak of just below 1.6 °C around 2040, and then gradually falls to around 1.4 °C in 2100"<sup>2</sup>. We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p>   |
| Commercial Real Estate | <p>i. We have independently researched SC PLC's selected scenarios for the Commercial Real Estate sector (IEA NZE (2022) and IEA APS (2022)) and agree that they are referenced by the NZBA's Guidelines for Climate Target Setting for Banks (Version 2) as examples of scenarios that may be used in target setting.</p> <p>ii. We have independently researched SC PLC's selected scenarios for the Commercial Real Estate sector (IEA NZE (2022) and IEA APS (2022)) and find that they are disclosed as:</p> <p>a) IEA APS (2022): "associated with a temperature rise of 1.7°C in 2100"<sup>3</sup></p> <p>b) IEA NZE (2022): "[limiting] the long-term global temperature rise to 'well below 2 °C above pre-industrial levels ... pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'. The global temperature rise in the NZE Scenario peaks under 1.6°C around 2040 before dropping to around 1.4°C in 2100"<sup>31</sup>.</p> <p>We therefore agree that the selected scenarios align to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p> |
| Shipping               | <p>i. We have independently researched SC PLC's selected scenario for the Shipping sector (IMO's revised minimum trajectory (2023), using the Poseidon Principles portfolio alignment methodology), noting that it is sector-specific. We agree that in alignment with the NZBA's Guidelines for Climate Target Setting for Banks (Version 2), the IMO is a credible and well-recognised source.</p> <p>ii. We have independently researched SC PLC's selected scenario for the Shipping sector (IMO's revised minimum trajectory (2023), using the Poseidon Principles portfolio alignment methodology) and find that the selected scenario is recognised in the market as falling within a well below 2°C carbon budget<sup>4</sup>. We therefore agree that the selected scenario aligns to the quantitative temperature goal of Article 2(1)a of the Paris Agreement.</p>  |

<sup>1</sup> [Making Net-Zero Aluminium Possible \(Mission Possible Partnership, 2023\)](#)

<sup>2</sup> [Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach - 2023 Update \(International Energy Agency 2023\)](#)

<sup>3</sup> [World Energy Outlook 2022 \(International Energy Agency 2022\)](#)

<sup>4</sup> [IMO's newly revised GHG strategy: What it means for shipping and the Paris Agreement - International Council on Clean Transportation \(theicct.org\)](#)

- (c) Agree that the intermediate targets as disclosed in the 2023 Annual Report and Net Zero Methodological White Paper (Feb 2024)<sup>1</sup> are accurate in reference to the third-party recognised science-based scenarios by:
- i. Performing a recalculation of the Group's target pathway using the reported baselines as disclosed in the 2023 annual report, internal financed emissions data, and data from the third-party science-based target scenarios.
  - ii. Reconciling the results of the recalculation to the Group's intermediate targets as disclosed in the 2023 Annual Report and Whitepaper.

**Executive summary:**

*Standard Chartered PLC use four calculation methodologies to set their 2030 intermediate targets:*

- a. *The Absolute Contraction Approach (ACA): This is based on a scenario-derived straight-line percentage reduction applied to the Company baseline for absolute emissions metrics.*
- b. *The Sectoral Decarbonisation Approach (SDA): This is designed to reflect differing rates of decarbonisation, considering company-specific baseline emissions intensities in comparison with the scenario for the sector as a whole, to converge with the scenario in 2050.*
- c. *Point-in-time Convergence: This method derives the target directly from the scenario emissions intensity at a selected point in time.*
- d. *Alignment Delta: This method is used specifically for the Shipping sector and is calculated based on the asset-level intensity differences between the "attained annual efficiency ratio" and the "required annual efficiency ratio". To align with a scenario using this method, a portfolio alignment delta of  $\leq 0\%$  is required.*

*To independently recalculate the Company's 2030 intermediate targets, we follow three methodologies - the Absolute Contraction Approach (ACA), the Sectoral Decarbonisation Approach (SDA)<sup>2</sup> and the Alignment Delta method. Where SC PLC use the Point-in-time Convergence approach, we have compared their target to our recalculation using the SDA.*

*We confirm that in all sectors, with the exception of Automotive Manufacturers and Aluminium, SC PLC's targets require a rate of decarbonisation that is at least as steep as that required by the scenario under the SDA for emissions intensity metrics, the ACA for absolute emissions metrics, and the Alignment Delta approach for the Shipping sector.*

*For full details of our recalculation for all sectors, please refer to Appendix A below.*

**AUP (c) findings**

| Sector              | Finding  |
|---------------------|--|
| Oil & Gas           | <ol style="list-style-type: none"> <li>i. SC PLC have determined an absolute emissions trajectory using the IEA NZE (2021) scenario's forecasted carbon dioxide (CO<sub>2</sub>) emissions from oil &amp; gas combustion and methane (CH<sub>4</sub>) emissions from across the oil &amp; gas supply chain. We have recalculated the Oil &amp; Gas sector 2030 intermediate target using the same scenario and the ACA. We have calculated a 2030 intermediate absolute emissions target of 9.3 MtCO<sub>2e</sub>, which is a 29% reduction from the baseline.</li> <li>ii. SC PLC's Oil &amp; Gas sector 2030 intermediate absolute emissions target is 9.3 MtCO<sub>2e</sub> (29% reduction from baseline) per SC PLC's ARA, which reconciles to our recalculated figure.</li> </ol> |
| Thermal Coal Mining | <ol style="list-style-type: none"> <li>i. SC PLC have determined an absolute emissions trajectory using the IEA NZE (2021) scenario's forecasted CO<sub>2</sub> emissions from thermal coal combustion and CH<sub>4</sub> emissions from across the thermal coal mining supply chain. We</li> </ol>  |

<sup>1</sup> [Standard Chartered PLC Net Zero Methodological White Paper: The journey continues \(2024\)](#)

<sup>2</sup> [Understand the methods for science-based climate action \(sciencebasedtargets.org, 2021\)](#)

|                          |   |
|--------------------------|---|
|                          | <p>have recalculated the Thermal Coal Mining sector 2030 target using the same scenario and the ACA. We have calculated a 2030 intermediate absolute emissions target of 1.3 MtCO<sub>2e</sub>, which is a 59% reduction from the baseline.</p> <p>ii. SC PLC's Thermal Coal Mining sector 2030 intermediate absolute emissions target is 0.5 MtCO<sub>2e</sub> (85% reduction from baseline) per SC PLC's ARA, which does not reconcile to our recalculated figure. However, SC PLC's calculation results in a target which involves a steeper rate of decarbonisation than required by the ACA. Refer to Appendix A for further detail.</p>   |
| Power                    | <p>i. SC PLC have determined an emissions intensity trajectory using the IEA NZE (2022) and IEA APS (2022) scenarios' forecasted CO<sub>2</sub> emissions intensity of power generation. We have recalculated the Power sector 2030 intermediate target range using the same scenario and the SDA. We have calculated a 2030 intermediate emissions intensity target range of 0.19-0.31 tCO<sub>2</sub>/MWh, which is a 39-64% reduction from the baseline.</p> <p>ii. SC PLC's Power sector 2030 intermediate intensity target range is 0.17-0.28 tCO<sub>2</sub>/MWh (46-67% reduction from baseline) per SC PLC's ARA, which does not reconcile to our recalculated figures. However, SC PLC's calculation results in a target which involves a steeper rate of decarbonisation than required by the SDA. Refer to Appendix A for further detail.</p>  |
| Steel                    | <p>i. SC PLC have determined an emissions intensity trajectory using the MPP TM (2022) global scenario and have also created a regional adaptation of the MPP TM (2022) scenario. Both scenarios use forecasted CO<sub>2</sub> emissions from steel production. We have recalculated the Steel sector 2030 intermediate target using SC PLC's selected scenarios and the SDA.</p> <p>MPP TM (2022) Global: We have calculated a 2030 intermediate emissions intensity target of 1.7 tCO<sub>2</sub>/tonne Steel using the global scenario, which is a 20% reduction from the baseline.</p> <p>MPP TM (2022) Regional: We have calculated a 2030 intermediate emissions intensity target of 1.6 tCO<sub>2</sub>/tonne Steel using the global scenario adjusted for the geographies of SC PLC's Steel sector portfolio, which is a 21% reduction from the baseline.</p> <p>ii. MPP TM (2022) Global: SC PLC's Steel sector 2030 intermediate intensity target using the global scenario is 1.4 tCO<sub>2</sub>/tonne Steel (32% reduction from baseline) per SC PLC's ARA, which does not reconcile to our recalculated figure. However, SC PLC's calculation results in a target which involves a steeper rate of decarbonisation than required by the SDA. Refer to Appendix A for further detail.</p> <p>MPP TM (2022) Regional: SC PLC's Steel sector 2030 intermediate intensity target using the scenario adjusted for the geographies of SC PLC's Steel sector portfolio is 1.6 tCO<sub>2</sub>/tonne Steel (22% reduction from baseline) per SC PLC's ARA, which reconciles to our recalculated figure.</p> |
| Automotive Manufacturers | <p>i. SC PLC have determined an emissions intensity trajectory using the TPI 1.5 Degrees (2023) and TPI Below 2 Degrees (2023) scenarios. Both scenarios use the tank-to-wheel Worldwide Harmonized Light Vehicles Test Procedure (WLTP) approach to measure emissions intensity (gCO<sub>2</sub>/km). We have recalculated the Automotive Manufacturers sector 2030 intermediate emissions intensity target range using the same scenarios and the SDA. We have calculated a 2030 intermediate emissions intensity target range of 65-97 gCO<sub>2</sub>/V.km, which is a 45-64% reduction from the baseline.</p> <p>ii. SC PLC's Automotive Manufacturers sector 2030 intermediate intensity target range is 66-100 gCO<sub>2</sub>/V.km (44-64% reduction from baseline) per SC PLC's ARA, which does not reconcile to our recalculated figures. SC PLC's</p>  |



|                        |  |
|------------------------|--|
|                        | <p>calculation results in a target which involves a less steep rate of decarbonisation than required by the SDA. Refer to Appendix A for further detail.</p>   |
| Aluminium              | <p>We were unable to recalculate the target using the disclosed scenario (MPP STS (2023)) alone. Refer to Appendix A for further detail.</p>   |
| Cement                 | <ul style="list-style-type: none"> <li>i. SC PLC have determined an emissions intensity trajectory using the IEA NZE (2023) scenario's forecasted cement CO<sub>2</sub> emissions and cement industrial production (tonne). We have recalculated the Cement sector 2030 intermediate target using the same scenario and the SDA. We have calculated a 2030 intermediate emissions intensity target of 0.52 tCO<sub>2</sub>/tonne Cement, which is a 22% reduction from the baseline.</li> <li>ii. SC PLC's Cement sector 2030 intermediate intensity target is 0.52 tCO<sub>2</sub>/tonne Cement (22% reduction from baseline) per SC PLC's ARA, which reconciles to our recalculated figure.</li> </ul>   |
| Commercial Real Estate | <ul style="list-style-type: none"> <li>i. SC PLC have determined an emissions intensity trajectory using the IEA NZE (2022) and IEA APS (2022) scenarios for forecasted CO<sub>2</sub> emissions from "Services Buildings" and IEA NZE (2021) for floor area of Service Buildings. We have recalculated the Commercial Real Estate sector 2030 intermediate intensity target range using the same scenarios and the SDA. However, in contrast to SC PLC's calculation, we have utilised IEA's (2022) emission factors to convert the scenario emissions from CO<sub>2</sub> to CO<sub>2</sub>e. We have calculated a 2030 intermediate emissions intensity target range of 28-49 kgCO<sub>2</sub>e/Sq.m, which is a 32-61% reduction from the baseline.</li> <li>ii. SC PLC's Commercial Real Estate sector 2030 intermediate intensity target is 19-39 kgCO<sub>2</sub>e/Sq.m (47-74% reduction from baseline), which does not reconcile to our recalculated figures. However, SC PLC's calculation results in a target which involves a steeper rate of decarbonisation than required by the SDA. Refer to Appendix A for further detail.</li> </ul> |
| Shipping               | <ul style="list-style-type: none"> <li>i. SC PLC have calculated the Shipping sector 2030 intermediate target using the IMO's revised minimum trajectory (2023) and the Poseidon Principles Technical Guidance (2024) method for assessing climate alignment. This includes all GHGs, using CO<sub>2</sub>e projections of well-to-wake emissions. To align with the scenario's trajectory, a portfolio alignment delta of ≤0% is required.</li> <li>ii. SC PLC's Shipping sector 2030 intermediate portfolio alignment delta target is 0% per SC PLC's ARA, which reconciles to the target of ≤0% required by the Poseidon Principles in order to align to the IMO's revised minimum trajectory.</li> </ul>   |

- (d) Agree that the following financed emissions sector boundaries used in calculation of the 2030 intermediate targets are clearly and transparently disclosed:
- i. Emissions scope boundaries (i.e., scope 1, 2 and 3)
  - ii. Value chain boundaries
  - iii. GHG emissions boundaries

**Executive Summary:**

*We agree for all sectors that all boundaries described above are clearly and transparently disclosed in SC PLC's Net Zero Methodological White Paper (Feb 2024).*

**AUP (d) findings**

| Sector                   | Finding   |
|--------------------------|---|
| Oil & Gas                | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Oil & Gas sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Oil and Gas'.                             |
| Thermal Coal Mining      | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Thermal Coal Mining sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Thermal Coal Mining'.           |
| Power                    | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Power sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Power'.                                       |
| Steel                    | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Steel sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Steel'.                                       |
| Automotive Manufacturers | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Automotive Manufacturers sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Automotive Manufacturers'. |
| Aluminium                | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Aluminium sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Aluminium'.                               |
| Cement                   | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Cement sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Cement'.                                     |
| Commercial Real Estate   | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's   |

|          |   |
|----------|---|
|          | Commercial Real Estate sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Commercial real estate (CRE)'.   |
| Shipping | Based on SC PLC's Net Zero Methodological White Paper (Feb 2024), we agree that the i) emissions scope boundary, ii) value chain boundary, and iii) GHG emissions boundary that have been used in the calculation of SC PLC's Shipping sector 2030 intermediate target are clearly and transparently disclosed in section 'Sector specific methodology - Shipping'. |

- (e) Agree the geography of the scenarios is inclusive of that of the bank's portfolio.

**Executive Summary:**

*We agree that, for all sectors, the geographies of selected scenarios are inclusive of the bank's portfolio. In the case of the Steel sector – in order to create a regional scenario, the bank has augmented the global scenario to reflect the regionality of their lending exposure.*

**AUP (e) findings**

| <b>Sector</b>            | <b>Finding</b>   |
|--------------------------|--|
| Oil & Gas                | We have independently researched SC PLC's selected scenario for the Oil & Gas sector (IEA NZE (2021)) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Oil & Gas sector portfolio.  |
| Thermal Coal Mining      | We have independently researched SC PLC's selected scenario for the Thermal Coal Mining sector (IEA NZE (2021)) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Thermal Coal Mining sector portfolio.  |
| Power                    | We have independently researched SC PLC's selected scenarios for the Power sector (IEA NZE (2022) & APS (2022)) and agree that their geographical coverage is global and hence inclusive of the geographies within SC PLC's Power sector portfolio.  |
| Steel                    | We have independently researched SC PLC's selected scenario for the Steel sector (MPP TM (2022)) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Steel sector portfolio.<br>SC PLC have also created a regional adaptation of the MPP TM (2022) by augmenting the global scenario to reflect the regionality of their lending exposure. We agree that the geography of the adapted regional MPP TM (2022) scenario is also inclusive of the geographies within SC PLC's Steel sector portfolio.            |
| Automotive Manufacturers | Per SC PLC's ARA, the bank selected IEA NZE and IEA APS scenarios for their target setting. However, they have utilised the TPI 1.5 Degrees (2023) and TPI Below 2 Degrees (2023) scenarios, which are derived from the IEA NZE and IEA APS scenarios.<br>We have independently researched the scenarios used for the Automotive Manufacturers sector (TPI 1.5 Degrees (2023) and TPI Below 2 Degrees (2023)) and agree that their geographical coverage is global and hence inclusive of the geographies within SC PLC's Automotive Manufacturers sector portfolio. |
| Aluminium                | We have independently researched SC PLC's selected scenario for the Aluminium sector (MPP STS (2023)) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Aluminium sector portfolio.  |
| Cement                   | We have independently researched SC PLC's selected scenario for the Cement sector (IEA NZE (2023)) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Cement sector portfolio.  |
| Commercial Real Estate   | We have independently researched SC PLC's selected scenarios for the Commercial Real Estate sector (IEA NZE (2022) and IEA APS (2022)) and agree that their geographical coverage is global and hence inclusive of the geographies within SC PLC's Commercial Real Estate sector portfolio.  |
| Shipping                 | We have independently researched SC PLC's selected scenario for the Shipping sector (IMO revised minimum trajectory) and agree that its geographical coverage is global and hence inclusive of the geographies within SC PLC's Shipping sector portfolio.  |

- (f) Agree that the targets set by the Group have been set based on either an absolute emissions or sector-specific emission intensity basis.

**Executive Summary:**

*We agree that all intermediate targets have been based either on an absolute emissions or emissions intensity basis as described above – noting that for the Shipping sector specifically, a target has been set as a portfolio alignment delta, which is derived from asset-level emissions intensities.*

**AUP (f) findings**

| <b>Sector</b>            | <b>Finding</b>   |
|--------------------------|--|
| Oil & Gas                | Based on SC PLC's ARA, we agree that the Oil & Gas sector target has been set on an absolute emissions basis (MtCO <sub>2</sub> e).  |
| Thermal Coal Mining      | Based on SC PLC's ARA, we agree that the Thermal Coal Mining sector target has been set on an absolute emissions basis (MtCO <sub>2</sub> e).  |
| Power                    | Based on SC PLC's ARA, we agree that the Power sector target has been set on a sector-specific emissions intensity basis (tCO <sub>2</sub> /MWh).  |
| Steel                    | Based on SC PLC's ARA, we agree that the Steel sector target has been set on a sector-specific emissions intensity basis (tCO <sub>2</sub> /tonne Steel).  |
| Automotive Manufacturers | Based on SC PLC's ARA, we agree that the Automotive Manufacturers sector target has been set on a sector-specific emissions intensity basis (gCO <sub>2</sub> /V.km).  |
| Aluminium                | Based on SC PLC's ARA, we agree that the Aluminium sector target has been set on a sector-specific emissions intensity basis (tCO <sub>2</sub> e/tonne Aluminium).   |
| Cement                   | Based on SC PLC's ARA, we agree that the Cement sector target has been set on a sector-specific emissions intensity basis (tCO <sub>2</sub> /tonne Cement).  |
| Commercial Real Estate   | Based on SC PLC's ARA, we agree that the Commercial Real Estate sector target has been set on a sector-specific emissions intensity basis (kgCO <sub>2</sub> e/Sq.m).  |
| Shipping                 | Based on SC PLC's ARA, the Shipping sector target has been set as a portfolio alignment delta, which is calculated based on the asset-level intensity differences between the " <i>attained annual efficiency ratio</i> " (gCO <sub>2</sub> e/t-nm intensity) and the " <i>required annual efficiency ratio</i> " (gCO <sub>2</sub> e/t-nm intensity). |

- (g) Agree that all target base-years set by the Group are no more than two full reporting years prior to the setting of the intermediate target.

**Executive Summary:**

*We agree for all sectors, with the exception of Oil & Gas, the target base years are no more than two full reporting years prior to the setting of the intermediate target. In the case of Oil & Gas, we note that the target was set three years after the base year which is a result of the target being restated using the same measurement basis (absolute emissions) as reported emissions in 2023.*

**AUP (g) findings**

| <b>Sector</b>            | <b>Finding</b>   |
|--------------------------|--|
| Oil & Gas                | Based on SC PLC's ARA, we agree that the Oil & Gas sector base year is 2020, and that the intermediate target was set in 2023. This is a difference of three reporting years. Based on this examination we note that the Oil & Gas sector intermediate target had originally been set in the 2021 ARA, within one reporting year of the base year, as a revenue-based intensity target. However, in 2023 the intermediate target was restated as an absolute emissions-based target. |
| Thermal Coal Mining      | Based on SC PLC's ARA, we agree that the Thermal Coal Mining sector base year is 2020, and the intermediate target was set in 2021. Therefore, the intermediate target was set within two reporting years of the base year.  |
| Power                    | Based on SC PLC's ARA, we agree that the Power sector base year is 2021 and the intermediate target was set in 2023. Therefore, the intermediate target was set within two reporting years of the base year.   |
| Steel                    | Based on SC PLC's ARA, we agree that the Steel sector base year is 2021 and the intermediate target was set in 2023. Therefore, the intermediate target was set within two reporting years of the base year.   |
| Automotive Manufacturers | Based on SC PLC's ARA, we agree that the Automotive Manufacturers sector base year is 2021 and that the intermediate target was set in 2023. We note that the intermediate target had originally been set in 2022, however this was restated in 2023. Therefore, the intermediate target was set within two reporting years of the base year.  |
| Aluminium                | Based on SC PLC's ARA, we agree that the Aluminium sector base year is 2021 and the intermediate target was set in 2023. Therefore, the intermediate target was set within two reporting years of the base year.   |
| Cement                   | Based on SC PLC's ARA, we agree that the Cement sector base year is 2021 and the intermediate target was set in 2023. Therefore, the intermediate target was set within two reporting years of the base year.  |
| Commercial Real Estate   | Based on SC PLC's ARA, we agree that the Commercial Real Estate sector base year is 2021 and the intermediate target was set in 2023. Therefore, the intermediate target was set within two reporting years of the base year.  |
| Shipping                 | Based on SC PLC's ARA, we agree that the Shipping sector base year is 2021, and the intermediate target was set in 2022. Therefore, the intermediate target was set within two reporting years of the base year.   |

## Limitations

This Agreed-Up On Procedures engagement is not an assurance or audit engagement, because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements (UK) or International Standards on Assurance Engagements, we do not express any assurance on the Subject Matter.

Had we performed additional procedures or had we performed an audit or review of the Subject Matter in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements (UK) or International Standards on Assurance Engagements, we might have identified other issues that would be of relevance to you.

The Engaging Party is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform, and we have not performed any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

Furthermore, we do not have responsibility to update the AUP Report for events and circumstances occurring after issuance.

The additional information included in the Standard Chartered PLC Annual Report 2023 was not subject to our procedures and consequently we take no responsibility for the preparation, presentation or content included in the other information included in the Report.

## Restriction on distribution and use

This AUP Report is intended solely for the information and use of Standard Chartered PLC and is not intended to be and should not be used or distributed by anyone else.

This AUP Report relates only to the accounts and items specified above and does not extend to any financial statements or Annual Report of Standard Chartered PLC taken as a whole. To the fullest extent permitted by law, we do not assume responsibility to anyone other than Standard Chartered PLC for this Report.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied, or recited to any other party, in any circumstances, without our express prior written permission.

*Ernst & Young LLP*

Ernst & Young LLP  
8<sup>th</sup> May 2024  
London

## Appendix A – Quantitative Results Table

The table below summarizes our recalculation exercise related to AUP c(i) and c(ii) as detailed in our report.

- **Sector:** The sector in which we recalculate a target
- **Decarbonisation scenario(s):** The scenario(s) selected by SC PLC to perform their target calculation
- **SC PLC Baseline:** SC PLC’s baseline emissions
- **SC PLC disclosed 2030 target:** SC PLC’s stated intermediate 2030 target
- **Scenario 2030 emissions:** 2030 emissions level extracted directly or derived from the related reference scenario(s)
- **EY 2030 target recalculation:** Our recalculated intermediate 2030 target
- **Units:** The units in which baseline emissions and targets are measured and reported in
- **EY comment:** Additional commentary regarding our recalculation – including reconciliation to SC PLC’s disclosed target and further context to support understanding of results.

| Sector              | Determined and disclosed by SC PLC |                 |                              | Scenario 2030 emissions | EY 2030 target recalculation <sup>1</sup> | Units               | EY Comment   |
|---------------------|------------------------------------|-----------------|------------------------------|-------------------------|---|---------------------|--|
|                     | Decarbonisation scenario(s)        | SC PLC Baseline | SC PLC disclosed 2030 target |                         |   |                     |  |
| Oil and Gas         | IEA NZE                            | 13.1            | 9.3 (-29%)                   | 13,933 (-29%)           | 9.3 (-29%)                                | MtCO <sub>2</sub> e | SC PLC have set an intermediate target utilising the IEA NZE (2021) scenario.<br>Our recalculation of the target using the ACA reconciles to the SC PLC 2030 target for the sector.  |
| Thermal Coal Mining | IEA NZE                            | 3.3             | 0.5 (-85%)                   | 6,209 (-59%)            | 1.3 (-59%)                                | MtCO <sub>2</sub> e | SC PLC have set an intermediate target utilising the IEA NZE (2021) scenario.<br>Our recalculation of the target using the ACA is 0.8 MtCO <sub>2</sub> e above that of SC PLC for the sector.<br>SC PLC have set their target based on their commitment to a full exit of legacy thermal coal mining exposures by 2032 which will involve a steeper rate of decarbonisation than that required by the scenario. |

<sup>1</sup> Based on application of the *Decarbonisation scenario(s)* trajectory to the *SC PLC Baseline* using the Absolute Contraction Approach for absolute metrics, and the Sectoral Decarbonisation Approach (SDA) for intensity targets.



| Sector                   | Determined and disclosed by SC PLC |                 |  | Scenario 2030 emissions                    | EY 2030 target recalculation <sup>1</sup>  | Units                         | EY Comment   |
|--------------------------|------------------------------------|-----------------|--|--|--|-------------------------------|--|
|                          | Decarbonisation scenario(s)        | SC PLC Baseline | SC PLC disclosed 2030 target               |  |  |                               |  |
| Power                    | IEA NZE & IEA APS                  | 0.52            | LB: 0.17 (-67%)<br>UB: 0.28 (-46%)         | LB: 0.17 (-64%)<br>UB: 0.28 (-39%)         | LB: 0.19 (-64%)<br>UB: 0.31 (-39%)         | tCO <sub>2</sub> /MWh         | <p>SC PLC have set an intermediate target range utilising the IEA NZE (2022) scenario as the lower-bound (LB) and the IEA APS (2022) scenario as the upper-bound (UB).</p> <p>Our recalculation of the target using the SDA is 0.02 tCO<sub>2</sub>/MWh above that of SC PLC's calculated lower-bound and 0.03 tCO<sub>2</sub>/MWh above SC PLC's upper-bound for the sector.</p> <p>We confirm that SC PLC have set their target based on a Point-in-time Convergence to the scenarios at 2030 which will involve a steeper rate of decarbonisation than that required by the SDA.</p>  |
| Steel                    | MPP TM & MPP TM Regional           | 2.06            | Global: 1.4 (-32%)<br>Regional: 1.6 (-22%) | Global: 1.3 (-19%)<br>Regional: 1.3 (-19%) | Global: 1.7 (-20%)<br>Regional: 1.6 (-21%) | tCO <sub>2</sub> /tonne Steel | <p>SC PLC have set an intermediate target range utilising the Mission Possible Partnership Technology Moratorium (MPP TM) (2022) scenario as the lower-bound and a regional adaptation of the MPP TM 2022 as the upper-bound.</p> <p>Our recalculation of the target using the SDA is 0.3 tCO<sub>2</sub>/tonne Steel above SC PLC's target using the global scenario and reconciles to SC PLC's target using the regional scenario for the sector.</p> <p>We confirm that the global target set by SC PLC involves a steeper rate of decarbonisation than that required by the SDA, and the regional target involves a rate of decarbonisation that is at least as steep as that required by the SDA.</p>   |
| Automotive Manufacturers | IEA NZE & IEA APS                  | 178             | LB: 66 (-63%)<br>UB: 100 (-44%)            | LB: 55 (-64%)<br>UB: 86 (-44%)             | LB: 65 (-64%)<br>UB: 97 (-45%)             | gCO <sub>2</sub> /V.km        | <p>SC PLC have set an intermediate target range utilising the Transition Pathway Initiative's (TPI) 1.5 Degrees (2023) scenario as the lower-bound and Below 2 Degrees (2023) scenario as the upper-bound. These scenarios are derived from the IEA NZE (2022) and IEA APS (2022) scenarios respectively.</p> <p>Our recalculated upper- and lower-bounds of the target range using the SDA are below that of SC PLC's.</p> <p>SC PLC have used the SDA coupled with a non-linear derivation of the scenario baseline year. This results in their target requiring a less steep rate of decarbonisation than that required by the scenario. Our recalculated targets being 1 gCO<sub>2</sub>/V.km below that of SC PLC's lower bound and 3 gCO<sub>2</sub>/V.km below that of SC PLC's upper-bound for the sector.</p> |

| Sector                       | Determined and disclosed by SC PLC |                 |                                | Scenario 2030 emissions        | EY 2030 target recalculation <sup>1</sup> | Units                              | EY Comment   |
|------------------------------|------------------------------------|-----------------|--------------------------------|--------------------------------|---|------------------------------------|--|
|                              | Decarbonisation scenario(s)        | SC PLC Baseline | SC PLC disclosed 2030 target   |                                |   |                                    |  |
| Shipping                     | IMO revised minimum                | 7.3             | 0                              | 0                              | ≤0  | % delta                            | <p>SC PLC have set an intermediate target utilising the International Maritime Organization's (IMO) revised minimum trajectory (2023) and the Poseidon Principles Technical Guidance (2024) method for assessing climate alignment.</p> <p>To align with this trajectory, a portfolio alignment delta of ≤0% is required, which reconciles to SC PLC's target for the sector.</p>  |
| Cement                       | IEA NZE                            | 0.67            | 0.52 (-22%)                    | 0.45 (-22%)                    | 0.52 (-22%)                               | tCO <sub>2</sub> /tonne Cement     | <p>SC PLC have set an intermediate target utilising the IEA NZE scenario (2023).</p> <p>Our recalculation of the target using the SDA reconciles to the SC PLC 2030 target for the sector.</p>   |
| Aluminium                    | MPP STS                            | 5.62            | 6.1 (+9%)                      | See EY Comment                 | See EY Comment                            | tCO <sub>2</sub> e/tonne Aluminium | <p>SC PLC have utilised the Mission Possible Partnership Sector Transition Strategy (MPP STS) 1.5°C (2023) scenario supplemented with production data from the International Aluminium Institute's (IAI) 1.5°C scenario to set an intermediate target for the sector.</p> <p>As a result of the use of the two different scenarios and associated datasets, we were unable to recalculate the target using the disclosed scenario alone.</p> <p>We note that the emissions intensity of the IAI 1.5°C scenario for the sector as a whole, without application to SC PLC's baseline, as at 2030 is 6.8 tCO<sub>2</sub>e/tonne Aluminium, which is 0.7 tCO<sub>2</sub>e/tonne above SC PLC's target.</p> |
| Commercial Real Estate (CRE) | IEA NZE & IEA APS                  | 73              | LB: 19 (-74%)<br>UB: 39 (-47%) | LB: 23 (-61%)<br>UB: 40 (-31%) | LB: 28 (-61%)<br>UB: 49 (-32%)            | kgCO <sub>2</sub> e/Sq.m           | <p>SC PLC have set an intermediate target range utilising the IEA NZE (2022) scenario as the lower-bound and the IEA APS (2022) scenario as the upper-bound.</p> <p>Our recalculation of the target using the SDA is 9 kgCO<sub>2</sub>e/Sq.m above that of SC PLC's lower-bound and 10 kgCO<sub>2</sub>e/Sq.m above that of SC PLC's upper-bound for the sector.</p> <p>We confirm that the target set by SC PLC involves a steeper rate of decarbonisation than that required by the SDA.</p>  |