

To:

Amit Puri
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Standard Chartered
By email: Amit.Puri@sc.com

CC:

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26 April, 2023

Re: Standard Chartered's role in IFC Philippines coal case

Dear Amit,

We write on behalf of Inclusive Development International, BankTrack, Recourse and the Philippine Movement for Climate Justice, in relation to a formal accountability and remediation process currently underway at the International Finance Corporation (IFC), in which Standard Chartered is implicated.

In 2017, with the support of Inclusive Development International and Recourse, the Philippine Movement for Climate Justice and 19 affected communities across the Philippines filed a [historic complaint](#) against IFC to its accountability mechanism, the Compliance Advisor Ombudsman (CAO). The complaint sought remedy and accountability for the serious social, environmental and climate impacts caused by IFC's indirect support for the development or expansion of 19 coal-fired power plants through its financial intermediary client, Rizal Commercial Banking Corporation (RCBC).

We are reaching out to you because Standard Chartered co-financed, alongside RCBC, several of the coal projects subject to the Complaint.

The complaint was accepted by CAO and underwent a full compliance investigation in relation to 11 of the 19 power plants where an active, material financial exposure was identified. The resulting [compliance investigation report](#), released in November 2021, establishes that IFC breached its own

policies by failing to ensure that RCBC applied the IFC's social and environmental Performance Standards in financing these coal plants, with likely adverse impacts on communities and the environment. While CAO was unable to conduct a field visit in undertaking its investigation due to the COVID-19 pandemic, it concluded that:

“the following adverse impacts and outcomes raised in the complaint in relation to the power plants are very likely or rather likely: (a) adverse health impacts due to air pollution or water contamination from coal ash at six power plants; (b) impacts on livelihoods due to coal ash contamination at five power plants and due to physical or economic displacement at two power plants; (c) displacement and resettlement related impacts at two power plants; (d) threats against and intimidation of community activists in relation to four power plants; and (e) inadequate stakeholder engagement and consultation, including lack of grievance mechanisms, at all the power plants. These likely impacts are of a significant nature.”

The CAO issued recommendations to bring IFC back into compliance with its policy commitments, including to identify and address harms caused to the communities, to evaluate and mitigate the climate impacts of the coal plants, and to implement systemic reforms at IFC to prevent similar harms in the future. In response, IFC's board of directors adopted a [Management Action Plan](#) that, in part, addresses these recommendations. IFC is now in the process of implementing the management action plan, which includes, as a first step, hiring an independent consultant to conduct an environmental and social assessment of the Complaint-related coal plants to examine the impacts on the ground and make recommendations to bring the projects into line with the Performance Standards.

Standard Chartered provided financing for four of the coal projects subject to the Complaint. As such, Standard Chartered also has a role to play in the remediation process currently underway.

In particular, Standard Chartered participated in syndicates that provided an estimated \$1.6 billion in project finance for the Therma Power Inc Dinginin power plant; the SMC Global Limay power plant; and the SMC Power Corporation Davao/Malita power plant. Standard Chartered is also exposed to the Masinloc power plant, through its participation in \$1.9 billion worth of corporate finance to San Miguel Corporation, enabling it to acquire a controlling stake in the project.

Under the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, Standard Chartered has a responsibility to use its leverage to prevent and mitigate adverse human rights and environmental impacts. In line with this, we call upon the bank to use the leverage it holds over the coal project developers it finances, to facilitate their cooperation in the E&S assessment and remedial process. We also note Standard Chartered's role as Chair of the UN Net Zero Banking Alliance and the Equator Principles, which compel the bank to act responsibly in regards to the environmental and social repercussions of its investments. According to the bank's own Human Rights Policy: “Where Standard Chartered identifies that we have caused or contributed to

adverse impacts, we endeavor to address these by providing remedy or cooperating in the remediation process.”

As such, we request a meeting with you to discuss Standard Chartered’s involvement in this matter and role going forward.

We look forward to receiving your response by 10 May 2023 and setting up a virtual meeting to discuss this matter further.

Sincerely yours,

David Pred, Executive Director, Inclusive Development International

Ian Rivera, National Coordinator, Philippine Movement for Climate Justice

Johan Frijns, Executive Director, BankTrack

Kate Geary, Co-Director, Recourse