

PRESS RELEASE



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Davos: Financial giants chart clear course to a low carbon economy

29 January, Switzerland – CEOs from some of the world’s leading global financial institutions met with their industry and clients in Davos today to stress their role in unlocking a low carbon economy and the business benefits this will bring.

Despite a year of economic turmoil and the lack of a legally binding agreement in Copenhagen, the institutions, representing total assets of over US\$ 5.5 trillion¹, said they were undeterred in their ambition and efforts to be a leading part of the transition to a low carbon economy. They maintain that tackling climate change presents significant opportunities for their business and their clients, but if left unchecked, could reduce economic growth and significantly increase risks to the sector.

Crédit Agricole, HSBC, Munich Re, Standard Chartered Bank and Swiss Re and international NGO The Climate Group spoke at the meeting. All are all founding members of the Climate Principles – the industry’s landmark response to dealing with the risks and opportunities of climate change.

Steve Howard, CEO The Climate Group and Chair of the World Economic Forum’s Global Agenda Council on Climate Change, said: “The finance sector is alive to the risks and opportunities posed by climate change. This group of leading financial institutions is already charting a clear course for the low carbon economy. Policy uncertainty makes their passage more challenging, but the low carbon opportunity is so profound that banks are not waiting for government to fire a starting pistol. As the policy fog lifts over coming months, our Climate Principles will act as a crucial low carbon compass for the finance sector and allow other international institutions to follow swiftly the wake of these pioneers.”

PricewaterhouseCoopers LLP (PwC) undertook an independent review of progress made against the Climate Principles by the founding group over the last year. The report, launched today, finds that the group has made good progress in 2009 towards understanding the risks associated with climate change, although opportunities remain to build upon progress to date.

The insurance sector has been particularly successful in converting this knowledge into new products and services. Munich Re and Swiss Re both offer products that minimise the financial stress of changing weather patterns and extreme weather events. Banks are also advancing development of specific climate related funds and indices to make it easier for investors to take advantage of a low carbon economy.

Jon Williams, Partner, Sustainability & Climate Change, PwC: “The group has made good progress on implementing the Climate Principles across most aspects of finance. We have seen strong examples of leading practice. However, more can always be done and two areas in particular stand out for focus in 2010 – project finance and retail banking. Institutions should aim to improve disclosure on their approaches to financing carbon-intensive projects, and their strategies to align lending portfolios with carbon targets in the

¹ Asset value taken from 2009 2nd quarter interim results.

countries where they operate. Developing products and services for consumers to help them address personal carbon emissions and invest in the low carbon economy is another area of potential opportunity that is currently under-served.”

The group went on to welcome fund manager F&C Asset Management as a new adopter of the Climate Principles.

Alain Grisay, CEO, F&C Asset Management, said: “If there is one lesson to be learned from the credit crisis, it is that apparently rational, competitively-driven behaviour can have tragic consequences when there is a systemic failure to recognise and price in unconventional risks. The signs of a looming climate crisis are now clearly before us. As major participants in the financial markets, we have the ability to facilitate, through targeted financing, the transformation to a low-carbon economy. But, to achieve this, we need to ensure that the policy environment makes it possible for us to do it. As with the credit crisis, we need a systemic approach to avert disaster. The Climate Principles represent our response to this crisis-in-the-making and our commitment to do something concrete and powerful to avert it.”

Notes to Editors:

For more information or a copy of the Climate Principles Review:

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Visit www.theclimateprinciples.org

Case Studies:

Crédit Agricole – Energy Saving Finance

Crédit Agricole first offered an energy-saving loan to its retail customer base in 2007. Intended to finance energy-saving retrofit projects up to a maximum amount of US\$14,000, over a maximum term 60 months, the loans offered a low interest rate (3.75% fixed APR). In April 2009, Crédit Agricole began to offer an interest-free eco-loan for energy saving projects in older homes, completed before 1990. At the end of 2009, with a portfolio of US\$1.4 billion retail eco-loans and a 40 % market share, Crédit Agricole is at the forefront of helping consumers fight climate change.

Georges Pauget, CEO, Crédit Agricole: “Crédit Agricole has already provided EUR 1 billion of eco loans to French consumers, representing a 40% market share of home loans. We recognize the huge potential of the retail market and are keen to maintain our leadership position in this area.”

HSBC – Global Climate Change Benchmark Index

This Index, launched in 2007, lists companies focused on developing solutions to combat climate change across many business sectors. It comprises four investable global sub-indices – HSBC Climate Change Index, HSBC Low Carbon Energy Production Index, HSBC Energy Efficiency & Energy Management Index, and HSBC Water, Waste & Pollution Control Index. HSBC has also launched a specific climate change fund (HSBC GIF Climate Change Fund) that invests in 50-70 leading stocks and is targeted at both institutional and retail investors. Recent research underpinning indices has concluded that global revenues from the low carbon economy amount to approximately \$530 billion (HSBC Climate Change September Annual Index Review, September 2009).

Stephen Green, Group Chairman, HSBC Holdings, said: "It was ambitious to launch a challenging set of climate commitments during the height of an economic crisis but we are already seeing clear dividends to our business from tackling the opportunities and the threats presented by climate change. We are committed to investing in the best interests of our business and the climate. 2010 must now be the turning point for the rest of the industry." Stephen Green, Group Chairman, HSBC Holdings.”

Munich Re – Supporting the way in a low carbon economy

The question is not whether we should do something, but how we can reduce greenhouse gas emissions to the atmosphere and how this goal can be achieved in an intelligent manner, which results in a win-win situation for both the environment and the economy. Munich Re initiated with the Desertec Foundation and 11 partners the founding of the Desertec industrial Initiative (DII GmbH), a unique industry initiative to develop a reliable, sustainable and climate-friendly energy supply with power from the sun and wind from the deserts in the Middle East and North Africa (MENA). The work of the DII will entail a thorough analysis and the establishment of a framework for investments. The long-term goal is to satisfy a substantial part of the energy needs of the MENA countries and meet as much as 15% of Europe's electricity demand by 2050.

Nikolaus von Bomhard, CEO, Munich Re: "Climate change poses major risks. At the same time, it offers considerable business potential for those actively involved in climate protection. For this reason, Munich Re has long been tackling the risks and weighing the opportunities with its customary mixture of determination and innovation. Adherence to the Climate Principles is a matter of course to us. They are an important signal supporting the finance industry's solution-based approach to what may be one of the greatest challenges ever faced by mankind."

Standard Chartered Bank – Renewable Energy and Environmental Finance

Standard Chartered Bank developed a cornerstone business strategy, expanding its renewable energy project finance arm into a Renewable Energy and Environmental Finance (REEF) business in 2008. This repositioning enabled it to place Wholesale Banking products across the whole value chain from technology providers, asset developers, operators and investors into the renewable and environmental sector. Standard Chartered Bank's REEF business has already financed over \$4 billion in capital across all segments of the renewable energy and environmental finance market, including wind, solar, biofuels, waste and water. At the international level, as part of the Clinton Global Initiative, Standard Chartered Bank has committed to finance \$8-10 billion of renewable energy and clean technology projects by 2012; having financed \$3.3 billion to date in projects in Asia, Africa, the Middle East and Europe, abating approximately 2 million tonnes of carbon emissions per year. In 2008, Standard Chartered Bank also partnered with the Asian Development Bank to support energy-efficient investment projects across China.

Peter Sands, Group Chief Executive, Standard Chartered Bank, and Co-Chair of the World Economic Forum Annual Meeting 2010: "The world's focus remains, naturally, on the repercussions of the global economic crisis. However we must not lose sight of the need for action on climate change. Our markets across Asia, Africa and the Middle East have already been negatively impacted by climate change and a global response to tackle its causes and consequences is needed. The Climate Principles are an important step forward in both strengthening the financial industry's commitment to dealing with climate change as well allowing the industry to respond innovatively to areas that have not yet been tackled."

Swiss Re – Natural Catastrophe Insurance Products

Swiss Re provides insurance cover for natural hazards that are influenced by climate change such as extreme weather events or changes in average temperature. This includes the innovative use of alternative sources of funding such as the capital markets and Insurance Linked Securities (ILS) such as CatBonds. In the last decade, Swiss Re Capital Markets has played a key role in structuring and distributing approximately half of the catastrophe bonds in the ILS market. As the frequency and severity of insured events increase, the capital markets are set to play an increasingly important role in providing catastrophe cover.

Raj Singh, Chief Risk Officer, Swiss Re: "If the transition to a low carbon economy is to be smooth, we also need to adapt to the ongoing effects of climate change, from dealing with natural catastrophes through to managing how it effects global health and food security. We welcome the opportunity the Climate Principles offers to share best practice and articulate how the finance sector can contribute to this multi-stakeholder challenge."

About:

The Climate Group

The Climate Group (www.theclimategroup.org) is an independent, not-for-profit organisation that works internationally with government and business leaders to advance climate change solutions and accelerate a low carbon economy. Its coalition of proactive leaders – from government, business and civil society – has demonstrated the emissions reductions, essential to slow climate change, can be achieved while boosting profitability and competitiveness. More companies, states, regions and cities around the world are realising there are significant economic as well as environmental advantages to taking decisive action now. The Climate Group was founded in 2004 and has offices in the Europe, USA, China, India and Australia.

Crédit Agricole

Crédit Agricole is France's No. 1 banking organisation with 28% of households and is present across the entire spectrum of banking and finance activities. Its network of 11,000 branches worldwide counts 44 million retail customers (excluding professional and corporate customers). Crédit Agricole is also one of the leading banking groups in Europe in terms of current accounts and income from retail banking. It is leader in France, ranks third in Europe and seventh worldwide in terms of Tier 1 capital. The Group is present in 70 countries and has 162,000 employees worldwide.

With regards Crédit Agricole S.A., it comprises and coordinates specialised subsidiaries dedicated to a complete range of finance activities serving the Regional Banks and its banking networks in France and abroad. Crédit Agricole S.A., which holds 25% of the Regional Banks, is listed on Euronext Paris.

F&C Asset Management

F&C Asset Management (F&C) is an independent London Stock Exchange listed asset management group with around 100,000 shareholders. F&C traces its origins to 1868 with the launch of the Foreign & Colonial Investment Trust, the first ever publicly listed investment fund.

F&C manages £99.2 billion (€108.5 billion) of assets (30/09/09) for a diverse range of institutional, insurance and retail clients across all major asset classes – equities, bonds, cash and property – as well as alternative and specialist product classes. The group is also an active shareholder with a leading franchise in governance and sustainable investment.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,422 billion at 30 June 2009, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

Munich Re

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2008, the Group – which pursues an integrated business model consisting of insurance and reinsurance – achieved a profit of €1.5bn on premium income of around €38bn. It operates in all lines of insurance, with around 44,000 employees throughout the world. With premium income of around €22bn from reinsurance alone, it is one of the world's leading reinsurers. Munich Re's global investments amounting to €175bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group. In 2007, Munich Re's Board of Management decided on the climate neutrality strategy of the reinsurance group. The Munich headquarter was set to become carbon neutral by 2009, to be followed by the international organisation in 2012.

Standard Chartered

Standard Chartered PLC, listed on both London and Hong Kong stock exchanges, ranks among the top 25 companies in the FTSE-100 by market capitalisation. The London-headquartered Group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. Its income and profits have more than doubled over the last five years primarily as a result of organic growth and supplemented by acquisitions.

Standard Chartered aspires to be the best international bank for its customers across its markets. The Bank derives more than 90 per cent of its operating income and profits from Asia, Africa and the Middle East, generated from its Wholesale and Consumer Banking businesses. The Group has around 1,750 branches and outlets located in over 70 countries. The extraordinary growth of its markets and businesses creates exciting and challenging international career opportunities.

Leading by example to be the right partner for its stakeholders, the Group is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. It employs 75,000 people, nearly half of whom are women. The Group's employees are of 115 nationalities, of which 60 are represented among senior management.

For more information, please visit: www.standardchartered.com

Swiss Re Reinsurance Company Ltd

Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.

PricewaterhouseCoopers

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