Our stakeholders

To drive commerce and prosperity across our footprint, we need to take a long-term view. Listening and responding to stakeholder issues or concerns is critical to achieving this. We strive to maintain open and constructive relationships with a wide range of stakeholders to help us operate as a responsible and sustainable business.

We engage in regular dialogue with stakeholders, and track and assess long- and short-term issues based on their impact on our business and level of stakeholder concern. Stakeholder feedback is shared with the senior leaders within the Group and progress is communicated annually through channels such as this report. This helps inform our business strategy and build sound relationships in the markets where we operate.

Clients

How we serve and engage

We enable individuals to grow and protect their wealth. We help businesses to trade, transact, invest and expand. We also help a variety of financial institutions – including banks, public sector and development organisations – with their banking needs.

Our strategy is dependent on our ability to develop deep, long-term relationships with our clients. We aim to deliver fair outcomes for clients by designing products and delivering services that meet their needs and are appropriate to their circumstances. Where issues arise, we aim to deal with complaints in a fast, fair and efficient way. We have sector-specific procedures and processes in place to handle client complaints in each business segment.

Engagement with clients in 2016, through surveys, client experience forums and third-party studies, identified a need to simplify our processes. As a result, in 2017, we improved the customer experience across our businesses through continued investment in technology innovation and streamlined processes. Client feedback on this indicates we are moving in the right direction.

For more information about our clients, read the Client segment reviews on pages 18 to 21.

Regulators and governments

How we serve and engage

We engage with relevant authorities to play our part in supporting the effective functioning of the financial system and the broader economy.

We are committed to complying with all legislation, rules and other regulatory requirements applicable to our businesses and operations in the jurisdictions within which we operate. Our compliance with legal and regulatory frameworks across our markets ensures that the Group meets its obligations. In turn, this supports the resilience and effective functioning of the Group and the broader financial system and economy. On a day-to-day basis, our Compliance and Public Affairs functions are responsible for identifying changes to financial services regulation, ensuring that we comply with all requirements, and help to manage relationships.

We actively engage with governments, regulators and policymakers at a global, regional and national level to share insights and technical expertise on key policy issues. This engagement supports the development of best practice and the adoption of consistent approaches across our markets. We comply with all relevant transparency requirements and engage with governments and regulators in many ways, including through ongoing dialogue, submission of responses to formal consultations and by joining and participating in industry working groups.

In 2017, we engaged with policymakers at all levels to exchange information on topics such as prudential rules, Brexit and trade promotion, Fintech, cyber security and fighting financial crime.

COMMUNITY ENGAGEMENT

Empowering girls and young women

More than 130 delegates from the public, private and not-for-profit sectors attended our first Beyond Girls’ Education Summit in South Africa in 2017. The event provided insights from advocacy, technology and education programmes including Goal, our programme to empower girls through sports and life-skills training, and generated 45 new commitments to help young women move from education to employment.
Investors

How we serve and engage

We aim to deliver robust returns and long-term sustainable value for our investors.

The Group receives capital from equity and debt investors. This supports the execution of our business model. Our investor base includes active traders and long-term stakeholders, those interested solely in financial returns and those who are also concerned with environmental and social issues. As such, we engage with investors about all aspects of our financial, environmental, and social performance. Whatever the nature of the investor, we treat them equally and aim to balance their diverse interests and expectations.

We communicate with investors in several ways, including presenting scheduled results and via ad hoc media releases. We also meet investors at the Annual General Meeting and at investor meetings and conferences, while our inclusion in sustainability indices, such as the Dow Jones Sustainability Index and our inclusion in sustainability indices, such as the Dow Jones Sustainability Index, can provide increased access to the people running our businesses.

During 2017, acting on investor feedback for more access to the people running our businesses, we hosted two investor seminars at our London office. These seminars presented an opportunity to understand better the strategy for our largest geographic region, Greater China & North Asia, and our largest client segment, Corporate & Institutional Banking, and to hear directly from the teams managing them.

For more information about Board engagement with shareholders in 2017, see page 61 in the Corporate governance section.

Colleagues

How we serve and engage

We offer colleagues opportunities to learn and progress. We encourage them to improve and innovate, to take ownership of their careers and succeed together.

The strength of our diversity

With more than 86,000 colleagues in 63 markets, we are proud to represent the broad range of cultures across the communities we serve. Harnessing the inherent diversity of thoughts, views and experiences across the Group is critical to our business success and fundamental to our purpose. We are committed to creating a work environment that enables our colleagues’ diverse strengths to impact our clients and communities.

Our vision is to create a culture of inclusion where talents and individuality are valued and respected, and we are working hard to realise this. Our global Diversity and Inclusion Council ensures we continue our collective focus on creating an organisation where everyone feels supported and empowered.

In 2017, we introduced a standard flexible working practice to ensure all colleagues have the opportunity to choose how they work, whether that is part-time, flexible time, or working from home.

We increased the benefits we offer new parents globally, fully paid maternity leave from a minimum of 40 days to a minimum of 20 weeks, and increasing fully paid parental leave for the spouse or partner increasing from a minimum of two days to two weeks. We also support over 50 country-based employee networks and three Global Networks (Women, Disability and LGBT & Allies). These networks raise awareness and offer professional development, mentoring, networking and connections to our communities.

In 2017, the Board Remuneration Committee agreed a Fair Pay Charter, which sets out the principles that guide all of our reward and performance decision making. One of these principles is our ongoing commitment to rewarding colleagues in a way that is free from discrimination on the basis of diversity, including gender. Full details of our Fair Pay Charter are set out on page 84 in the Directors’ remuneration report.

Gender pay gap

We have analysed our gender pay gap for the UK and for four of our major markets. The gender pay gap compares the average pay of men and women, without taking into account some of the key factors which influence pay, including different roles, skills, seniority and market pay rates. Our gender pay gap is caused by the lower number of women in senior roles and in business areas where market rates of pay (both fixed and variable) are highest.

When adjusting the hourly pay gap for men and women carrying out roles at the same level in the same business area across the same markets, the gender pay gap is significantly smaller – ranging from no discernible gap to three per cent.

Equal pay is a more detailed measure of pay equality than the gender pay gap. We also analyse equal pay as part of the annual performance and pay review process globally.

+ Download our gender pay gap report at sc.com/genderpaygap.
Stakeholders and responsibilities continued

Our stakeholders

Colleagues continued

The Group does not discriminate based on gender and we have made progress in addressing the gender pay gap, but we are clear that we have more to do. We have a range of actions in place.

We have signed the UK HM Treasury Women in Finance Charter and are committed to women occupying 30 per cent of our senior leadership roles by 2020. Since signing the Charter, we have seen an increase in female representation in our senior management from 25.5 per cent to 25.7 per cent during 2017. At Board level, 30.8 per cent of members are women and our Management Team is comprised of 42.9 per cent women. Two of our four regions and five of our largest markets – Hong Kong, Singapore, India, China and Nigeria – are run by female CEOs.

Alongside improving our flexible working practices and parental leave, we have built requirements into our policies and processes to ensure that managers are making objective and fair decisions, including gender balanced candidate lists for hiring. We review promotion lists and succession plans to ensure we have adequate diverse representation.

We have also introduced training for managers with the objective of minimising unconscious bias. Beyond gender, we are also committed to ensuring our colleagues are reflective of the communities we serve, including nationality, ethnicity, disability, generations and sexual orientation.

All our diversity and inclusion initiatives, including the management focus on increasing the number of women in senior roles in line with our Women in Finance Charter commitment, implementing flexible working practices globally, providing leadership development and mentoring, and extending our parental leave benefits will help us to improve our diversity in senior management roles and across all our business areas.

Transforming our culture

In 2016, we began the process of transforming our culture – ensuring we become truly focused on our clients, more innovative and efficient in a sector undergoing profound change, as well as being an employer of choice across our markets. In 2017, we engaged with over 70,000 colleagues to determine the valued behaviours that clearly set out how we achieve these goals, and ultimately our purpose to drive commerce and prosperity through our unique diversity. In 2018, we will fully embed these valued behaviours in how we select, on-board, recognise and reward people, beginning with integrating them into our performance management process.

Our aim is to create a truly differentiated working environment and we are committed to measuring progress against this goal. We aim to increase the engagement and retention of our colleagues and mitigate against our key people risk of attrition. We have developed a culture dashboard to track progress against these measures.

Developing colleagues

We continue to focus on the development, engagement and wellbeing of our colleagues and we have maintained a strong focus on talent and succession management.

In 2017, we introduced a talent evaluation tool which was completed for over 22,000 of our colleagues and used as an input to mid-year performance and career conversations. At senior levels, we completed succession plans for 16 roles at Management Team level and their direct reports, and development plans are in place for all individuals appearing on these plans. We successfully completed a regional talent development programme for our Africa & Middle East region, which will act as a blueprint for our development of country, region and global business talent pools.

In 2018, our focus is on building line manager capabilities and developing role-based learning curricula, as well as developing our assessment tools to hire more people internally, with an internal target of filling 70 per cent of Band 4 – Grade 7 roles with internal candidates.

Our efforts to increase the development and career opportunities of our colleagues are reflected in an improvement in our employee Net Promoter Score, which is four percentage points higher year-on-year. We have also started to track satisfaction with development opportunities through our engagement survey and realise there is potential to make more improvements this year.

In 2018, as part of the commitments in our Fair Pay Charter, we will be rolling out a new benefits platform which will empower our colleagues to choose the benefits which most suit their needs. This will accompany our Wellbeing programme, which supports the physical, mental, social and financial health of our colleagues. We have a strong belief that if we treat our colleagues well by looking after all aspects of their wellbeing, they will be happier and more productive at work.

Female representation

Board

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>30.8% (2016: 23.1%)</td>
</tr>
</tbody>
</table>

Management Team

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>42.9% (2016: 38.5%)</td>
</tr>
</tbody>
</table>

Senior management (Bands 1-4)

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>25.7% (2016: 25.5%)</td>
</tr>
</tbody>
</table>

All employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>45.8% (2016: 46.4%)</td>
</tr>
</tbody>
</table>
Employee engagement KPI

Employee Net Promoter Score (eNPS)

Aim: Increase engagement across the Group by creating a better working environment for our colleagues, that should translate into an improved client experience.

<table>
<thead>
<tr>
<th>Year</th>
<th>eNPS</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>5.9%</td>
<td>+146%</td>
</tr>
</tbody>
</table>

The proportion of participating colleagues that are promoters (would recommend the Group as a great place to work) compared to detractors

Analysis: In 2017, the first year that the Group introduced this measure, the eNPS was 5.9 per cent, meaning that more participating colleagues would promote the Group than would not.

Diversity and inclusion KPI

Gender diversity in senior roles

Aim: Improve gender diversity in the Group’s top levels of management by supporting, developing, promoting and retaining senior women colleagues.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gender Diversity (%)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>25.5%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>25.7%</td>
<td>+0.8%</td>
</tr>
</tbody>
</table>

The total number of women in the most senior (band 1-4) roles expressed as a percentage of total band 1-4 roles

Analysis: In 2016, we signed the UK HM Treasury Women in Finance Charter and announced an overall target of having women occupy 30 per cent of our top four levels of management by December 2020. The 25.7 per cent result in 2017 was an improvement on 2016 and takes us closer to our target.

Society

How we serve and engage

We strive to operate as a responsible and sustainable business, collaborating with local partners to promote social and economic development.

Responsible and sustainable business

This section outlines our response to reporting requirements on environmental and social matters, human rights, and anti-bribery and corruption. We will continue to enhance our reporting on these issues over time.

Our sustainability priorities – contributing to sustainable economic growth, being a responsible company and investing in communities – provide a framework for how we respond to the social and environmental concerns of our stakeholders, and create opportunities to improve livelihoods.

These are supported by 11 Sustainability Aspirations, which set out measurable actions to achieve sustainable outcomes. Aligned to the UN Sustainable Development Goals, the Aspirations were launched in 2017 to help address environmental and social matters identified by stakeholders and colleagues in our key markets. We report progress against the Aspirations in our separate Sustainability Summary.

Download our Sustainability Aspirations at sc.com/sustainabilityaspirations

Contributing to sustainable economic growth

We use our core business of banking to promote sustainable development in our markets. This means managing environmental and social risks associated with our lending, and financing key sectors that drive sustainable economic growth.

Our approach to managing environmental and social risks is set out below. Additional information on how we finance the opportunities associated with sustainable development are captured in our Aspirations. They include targets to expand digital and financial inclusion, support infrastructure and clean technology development, and support microfinance institutions.

Managing environmental and social risks

Our most significant environmental and social (E&S) risk impact comes from the businesses we finance. We have E&S risk management procedures that guide how we identify, assess and manage the risks impacting our clients’ operations. We apply sector-specific standards, which draw on the IFC Performance Standards, Equator Principles and global best practice, to the financial services we provide to clients. These are set out in 17 sectoral and three thematic Position Statements that are embedded through our core banking processes.

Mechanisms in our origination and credit processes enable us to identify and assess environmental and social risks in accordance with our Position Statements. In 2017, our dedicated Environmental and Social Risk Management team reviewed 487 transactions that presented potential specific risks against our Position Statements. For all risks identified, we seek to develop effective mitigating measures. Where this is not possible, transactions have been, and will continue to be, turned down.

We work collaboratively with clients, other financial institutions, industry bodies, and civil society groups, to promote, develop and encourage leading E&S standards. In 2017, we engaged with these stakeholders primarily on palm oil and climate change. This dialogue contributed to the update of our Palm Oil Position Statement in 2017.

We continued to advance the commitments set out in 2016 in our Climate Change Position Statement. This includes work with the University of Oxford to develop and implement a framework for assessing energy utilities clients’ power generation assets against a range of physical and transition risks, under different climate scenarios and time horizons.
Stakeholders and responsibilities continued

Our stakeholders

Society continued

Additionally, we welcomed the recommendations by the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures. We joined a United Nations Environment Programme for Financial Institutions’ initiative to develop analytical tools and indicators to strengthen assessment and disclosure of climate-related risks and opportunities.

In 2017, we started a review of all our Position Statements, with updated and revised statements due to be published during 2018.

Being a responsible company

Being a responsible company is about how we manage our business and promote the behaviours, values and principles that enable us to make the right decisions.

Good conduct management practices are embedded across the Group through our conduct management framework, which sets out our approach to identifying, controlling and governing conduct-related risks. The framework aims to ensure we have appropriate governance in place with a transparent business model, robust infrastructure and exemplary business practices. This creates an environment that supports ethical behaviour. Governance measures support leaders in hiring and recognising colleagues with good conduct, while performance objectives and reward mechanisms for colleagues are directly linked to behaviours and values. Managing the business in this way helps us to achieve fair outcomes for clients, and to operate effective markets.

Colleagues participate in mandatory training on the Group Code of Conduct and in 2017, 99.4 per cent reconfirmed their commitment to the Code as part of our annual process. Failure to adhere to the Code can result in disciplinary action and potentially dismissal.

Our whistleblowing channels are available to anyone – colleagues, contractors, suppliers and members of the public – to raise concerns confidentially and anonymously. Following the re-launch of our Speaking Up programme in late 2016, we have seen an increase in the number of concerns raised, which were investigated accordingly. In 2017, we also introduced Speaking Up Advocates in three pilot countries to help raise awareness and ensure Speaking Up is culturally relevant across our diverse geographic footprint.

In 2017, 99.3 per cent of colleagues completed ABC training and 99.2 per cent completed anti-money laundering training.

For more, visit sc.com/fightingfinancialcrime

Respecting human rights

We are committed to respecting human rights and seek to ensure they are not adversely impacted in our role as an employer, financial services provider and procurer of goods and services. We recognise that our footprint and supply chain give us the opportunity to raise awareness of human rights and modern slavery in a wide range of markets and industries.

Our Position Statement outlines our approach to human rights, reflecting international standards including the International Bill of Human Rights, the UN Guiding Principles, and the UK Modern Slavery Act. This is then embedded across a range of policies and risk management frameworks, including our Group Code of Conduct and Supplier Charter.

In 2017, we reviewed our exposure to modern slavery risks via a cross-function working group, and assessed how these are addressed by our existing controls for colleagues, suppliers and clients. Our 2017 Modern Slavery Statement details the actions we are taking as a result. These include updating contractual language to strengthen supplier obligations to address modern slavery, and incorporating modern slavery awareness into our Correspondent Banking Academy training programme.

In 2017, we reviewed our exposure to modern slavery risks via a cross-function working group, and assessed how these are addressed by our existing controls for colleagues, suppliers and clients. Our 2017 Modern Slavery Statement details the actions we are taking as a result. These include updating contractual language to strengthen supplier obligations to address modern slavery, and incorporating modern slavery awareness into our Correspondent Banking Academy training programme.

For more, visit sc.com/suppliercharter and our 2017 Modern Slavery Statement at sc.com/modernslavery

Fighting financial crime

Financial crime hinders economic progress and harms communities. We are committed to building and maintaining robust defences to combat money-laundering, terrorist financing, sanctions compliance breaches, bribery, and other forms of corruption.

Our financial crime risk management activities, which include adherence to anti-money laundering and sanctions policies and the application of core controls such as client due-diligence screening and monitoring, are led by a dedicated Financial Crime Compliance (FCC) team. Our anti-bribery and corruption (ABC) policies aim to prevent colleagues, or third parties working on our behalf, from participating in active or passive bribery or corruption, or from making facilitation payments.

In 2017, we strengthened our ABC policies around employing referred candidates, screening suppliers, third-party payments, gifts and entertainment, sponsorship and donations, and risk management of intermediaries. We also extended training for FCC country heads to equip them with better knowledge, skills and tools to manage and oversee ABC risk mitigation activities.

Colleagues who committed to the Group Code of Conduct in 2017

99.4%

Employees who completed anti-money laundering training in 2017

99.2%

Employees who completed anti-bribery training in 2017

99.3%
Managing our environmental footprint

We aim to minimise the environmental impact of our operations. Our major impact comes from the resources we consume in serving clients – energy, water and paper – to allow our offices and branches to function, and as such we measure our energy, water, paper and (non-hazardous) waste performance.

We have targets against which we measure and manage our greenhouse gas emissions, and reduction targets for water and energy use. Our reporting criteria sets out the principles and methodology, and our Scope 1 and 2 emissions are independently audited by The Carbon Trust.

Between 2008 and 2017, we reduced energy consumption by 34 per cent by introducing LED lighting, more efficient plant, and by increasing on-site solar generation across our properties. In 2017, greenhouse gas emissions for fuel combustion fell by 42 per cent as we reduced our reliance on diesel generators in those countries with limited access to mains electricity.

We take a responsible approach to sourcing and using water, especially given that its availability is a growing challenge facing our markets. Across the Group, between 2008 and 2017, we reduced water use by 36 per cent by installing low-fl ow water devices and where appropriate, boreholes and water recycling plants.

We are committed to reducing waste and in 2017 a ‘reusable cup’ initiative in the Singapore and London offices cut single-use plastic cup use by 100,000 in six months. We avoid sending non-recyclable waste to landfill, instead composting it or using it in energy generation, where possible.

Investing in communities

We seek to promote sustainable economic and social development in our communities. Our programmes focus on health and education. In 2017, we invested $49.8 million in the communities in which we operate. All of our donations are guided by our Sponsorship and Donations Policy.

Seeing is Believing, our flagship global programme to treat avoidable blindness and visual impairment, raised $5.6 million in 2017 through employee fundraising and matching by the Bank. Between 2003 and 2017, Seeing is Believing raised $98.4 million and reached 163.5 million people through medical intervention, screening, training and education.

Goal, our programme to empower girls and young women through sport and life-skills training, refl ects our belief that education is the foundation for economic opportunity. In 2017, more than 95,000 girls and young women participated in Goal, and the programme reached more than 381,000 girls between 2006 and 2017.

We encourage colleagues to effect positive change in their communities by providing three volunteering days per year, and in 2017, colleagues contributed more than 66,000 days. Through our financial education programmes, we trained more than 117,000 young people and just over 1,500 entrepreneurs in 2017, of whom 90 per cent were women.