



## 2022 Annual General Meeting

### Summary of responses to questions on key themes

The Standard Chartered PLC 2022 Annual General Meeting (AGM) was held on Wednesday, 04 May 2022 at 11:00am UK time (6.00pm Hong Kong time) at etc. venues St Paul's, 200 Aldersgate, London EC1A 4HD and on an electronic web-portal as described in the 2022 Notice of AGM.

We were pleased that shareholders could attend the AGM venue in person this year. However, due to the success of last year's virtual AGM, shareholders were also given the opportunity to attend the AGM virtually.

We appreciate that this is an important opportunity for shareholders to engage with the Board regarding Standard Chartered PLC's recent performance and strategic priorities, as well as providing a valuable opportunity for shareholders to ask questions. Both shareholders attending in person, and those attending virtually, were able to vote and raise questions in real time, as well as submit questions in advance of the meeting. Pre-submitted questions were addressed first by the Board at the AGM.

Shareholders were able to vote at the AGM via poll cards or, if attending virtually, by using electronic facilities following the instructions set out in the 2022 Notice of AGM.

**A summary of responses to questions on key themes can be found below. Figures and data quoted are correct as at the date of the AGM. Please note that this document does NOT constitute a transcript of the AGM.**

### Climate and Environment

- 1. The science is clear: to keep the 1.5°C limit agreed in Paris within reach, we need to cut global emissions by 45 per cent this decade. Climate activists are sometimes depicted as dangerous radicals. But, the truly dangerous radicals are the countries that are increasing the production of fossil fuels." Does the bank recognise its responsibilities and will it join with others who are trying to secure a sustainable future for future generations and can shareholders trust that the bank is doing as much as it possibly can rather than the least it can get away with? Will the bank commit to ending all investment in fossil fuels and put all of its considerable weight behind funding and supporting the new green energy revolution?*
- 2. Why will it remain Standard Chartered's policy to continue to invest in the fossil fuel industry? We are facing a climate catastrophe. Scientists around the world are saying that we have to reduce fossil fuel emissions by 45% by 2030. There is no point in investing in fossil fuels as it will simply add to the destruction of humanity. Accordingly, you are wasting shareholders money, can you please explain why you wish to continue to invest in fossil fuels particularly when renewable alternatives are available that are cheaper and will help save humanity never mind prove a profitable investment?*
- 3. Standard Chartered proudly claims that "We support the Paris Agreement goals on climate change, which aim to keep the average global temperature rise well below two degrees, to prevent the worst effects of global warming." I would like to remind this AGM of what the 'worst effects' will be according to latest IPCC reports.  
First, that human actions, in burning fossil fuels and destroying forests and other landscapes, are wreaking unprecedented changes to the climate.*



*Second, if temperatures rise to 1.5°C and beyond, there will be irreparable harm to the earth's life-support systems – including damage to food production, water scarcity, coastal inundation, extreme weather and chaos for at least half of the world's population. I want to emphasize that the UK will not be unaffected; just one example, we import 50% of our food and 70% of our fruit and vegetables.*

*Thirdly if we want to limit global heating to 1.5C, we need to make drastic changes at once. There is no more time to lose. Fossil fuel infrastructure already in operation, planned or under construction is more than enough to burst the available carbon budget comprehensively, so we must stop building more and retire what is already there.*

*António Guterres, has a savage assessment of current political and corporate pledges of action: "Some government and business leaders are saying one thing, but doing another. Simply put, they are lying."*

*On one hand Standard Chartered's words say we support the Paris Agreement, while it carries out opposite actions:*

- *Financial credit to Saudi Aramco to expand into new oil and gas fields.*
- *Financing new coal mines via Adani, Glencore and Adaro Energy. The Adaro support is in the face of your own analysis which rates Adaro's business plan as consistent with 5-6°C of global heating i.e. a terrifying hothouse Earth scenario.*

*Your actions are not in line with your words. Banks larger than yourself are leading the way with bold climate policies that are aligned to the Paris Agreement; ING bank recently announced it will be ending finance to all new oil and gas projects. So why is Standard Chartered still financing the expansion of the fossil fuel industry?*

*Answer:*

**First, we recognise and agree with the urgency of climate action – we are committed to achieving net zero emissions from our financing by 2050 and have set sector-specific targets derived from the International Energy Agency's Net Zero 2050 scenario augmented for our emerging market footprint covering three key sectors and extending to a further eight by 2024. Supporting this, we have developed a Transition Finance Framework, and committed to mobilise USD300bn in green and transition finance between 2021 and 2030. For more information, please see our climate change position statement available here: [https://av.sc.com/corp-en/content/docs/climate\\_change\\_position\\_statement\\_sustainability\\_standard\\_chartered.pdf](https://av.sc.com/corp-en/content/docs/climate_change_position_statement_sustainability_standard_chartered.pdf)**

**As we do this, we expect clients to uphold our Position Statements on matters such as transition plans, and significantly reduce revenue from the most harmful activities to the planet such as thermal coal. But it is critical, particularly across emerging markets, that we continue to provide clients in high-emitting sectors with the capital they need to execute their transition plans – to move from brown toward green. This includes financing green energy projects for oil and gas companies and in some circumstances, may involve continued fossil fuel activity, for example in situations where gas is displacing higher-emitting energy sources – something that is anticipated by the IEA scenario.**

**We are also very mindful of managing credit risks and thus protecting shareholders' capital. We have built detailed client-level climate-risk assessments, which we have applied to nearly**



**2,000 of the Group's corporate client entities covering both physical and transition risks. We are building this into our credit underwriting process, so that during 2022 it will cover more than 90% of our exposure to high-emitting sectors.**

4. *At last year's AGM, you mentioned that the vast sums of money Standard Chartered was helping Adani raise were not going to Carmichael directly. However, due to the fungibility of money, do you admit that raising funds for one part of a company frees up other funds which the company can then use as it likes? Since Adani has self-funded the Carmichael project, hasn't Standard Chartered's financing of Adani helped Adani free up funds it has then funnelled to its new thermal coal mine?*

*Answer:*

**Adani is one of the largest renewable energy companies in India and we are supporting them as a client with their low-carbon transition. Our public commitment not to directly finance the Carmichael mine or associated facilities stands firm, as it has for many years.**

**We have a range of controls (including legal documentation, systems and controls) to ensure that financing we provide to Adani cannot and is not used for the development of the Carmichael mine or associated facilities. We have also been very clear with our client on this matter.**

**In addition, we have committed to stop financing, at an individual client entity level (e.g., subsidiaries), companies that are expanding in thermal coal. Ongoing provision of financial services to the client group will be subject to enhanced due diligence which includes review by senior management committees. We aim to reduce absolute financed thermal coal-mining emissions by 85% by 2030 in addition to the existing prohibition on financing new or expanding coal-fired power plants and coal mines. Legacy direct financing of these power plants and mines will be repaid by 2032. By 2030 we will only provide financial services to clients who are less than 5% dependent on revenue from thermal coal.**

5. *Standard Chartered claims it is aligned with the IEA's Net Zero by 2050 scenario, which aims for a 50% chance of meeting the 1.5 °C Paris Agreement temperature goal. However, Standard Chartered is ignoring key parts of the scenario. As the IEA says:*
- i. *"Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway... Also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage."*
  - ii. *"No new coal mines or mine extensions are required."*
  - iii. *"No new final investment decisions should be taken for new unabated coal plants [as of 2021]."*

*Standard Chartered is currently financing companies and projects that are bringing new oil and gas fields online, and financing companies building new coal mines and new coal plants. It is impossible for Standard Chartered to claim it is aligned with the IEA's Net Zero scenario while ignoring the parts of the scenario it finds inconvenient.*

*Will Standard Chartered commit to aligning with all aspects of the IEA's scenario, ending its finance for expansion of the fossil fuel industry, or drop its fraudulent claim to be aligned with the IEA's Net Zero scenario?*



Answer:

We used the IEA's net zero 2050 scenario as the basis for our pathway, which we have augmented to reflect geographical and sectoral granularity. We took this extra step as the pathway described by the IEA for emerging and developing economies is very different from that for developed markets. We highlighted this on page 2 of our revised net zero pathway document, following our engagement with Market Forces. We thank them for their input and anticipate continued dialogue as we further develop our approach.

Our direct financing for new projects in the oil and gas sector remains extremely limited. In 2021 we supported one project which had previously received a final investment decision.

Our continuing support for clients in the oil and gas sector is based on them having credible transition plans. We do not feel that supporting the right clients in these sectors is at odds with the IEA scenario. Indeed, under the IEA's 2050 scenario, gas plays a growing role as a transition fuel in our markets and we want to support this by providing much needed capital.

However, this continued support for clients in the oil and gas sector must be seen in the context of our net zero targets set in October 2021: to reduce the emissions intensity of our lending to the sector by 30% between 2021 and 2030.

We have also set out that we will move to absolute emissions targets for the oil and gas sector and will provide an update by the next AGM.

Regarding coal, our Position Statement requirements includes these points.

6. *It was disappointing that for its oil and gas portfolio Standard Chartered has opted to use an economic emissions intensity target. This type of metric has been criticised for not being linked to absolute emissions and being prone to market volatility that could lead to a reduction in intensity for reasons unrelated to carbon emissions.*

*This type of metric could expose Standard Chartered to reputational risk. For example, high revenues from oil and gas companies in the current market would result in declining economic carbon intensity, while these companies would be increasing their absolute emissions. Standard Chartered's peers HSBC and Barclays have both set absolute emissions targets for their oil and gas portfolio. Will Standard Chartered commit to turning its oil and gas target into an absolute one ahead of the 2023 AGM season as opposed to publishing a timeframe for it by that date?*

Answer:

We have chosen not to do this now because we are requesting that our clients in high carbon sectors submit transition plans by the end of 2022, and we will then need to scrutinise these plans, and see how we can contribute to their transition. Between now and the next AGM, we should be able to provide you with a date.

Another reason why we have not chosen absolute emission reduction targets is to enable us to play a meaningful role in the transition of our clients, which would involve us providing them with finance. We will finance our oil and gas sector clients, which are undertaking renewable projects, and finance their transition from higher carbon-emitting sources of energy like coal to gas. Therefore, in the short term, we will need to allow for gas emissions to rise, before we can strive for their reduction. Our targets cover a larger portion of our balance sheet, as we include our short-term loans that cover a period of 12 months or less.



7. *Do you agree that the East African crude oil pipeline would assist in adding enormous amounts of additional greenhouse gas emissions to the atmosphere, which would exacerbate the climate crisis, particularly in the communities and markets in which you operate?*

*A decision by you to finance the East African crude oil pipeline would contravene the International Energy Agency's net zero emissions by 2050 scenario, which is a source that you publicly claim to adhere to. Specifically, the pipeline would run against the International Energy Agency's assertion that there must be no new oil and gas fields approved for development by 2021. Given how seriously you take climate change, can you confirm that you will be following these assertions and declining to finance this pipeline?*

Answer:

**We are very serious in assessing our due diligence, and we try to understand all the economic and social impacts of different projects, in terms of people, biodiversity, and the climate more broadly. In terms of any transactions in which we enter or do not enter, we will behave in line with our commitment to achieve the transition to net zero.**

8. *I am asking my question today from a different perspective, as I am here as an individual. I recently watched 'Don't Look Up' with my two young children and I read the IPCC report. There is evidence that half of the population of Africa will be displaced by 2030 due to real climate changes and the impact on humanity. If Standard Chartered is a "bank for good", as you say, it needs to realise the potential of finance to really drive this transition. The IPCC report says financing needs to be six times more than it currently is. Switching off finance is not an option, yet the Secretary-General of the United Nations saying that any more investment in fossil fuels would be economic and moral madness. Yet we hear from you that switching off finance is not an option.*

*I understand your commitment to focusing on the transition. I am looking for accountability towards that. Can you make a commitment that any new financing of fossil fuels will be made based on transparent and credible evidence that this is funding a transition towards net zero rather than escalating it? Because I think what we are hearing today is opposing views and it's very hard to see funding into new coalfields and new coal exploration, which has been seen as the one thing that must stop immediately, and to see that as a contribution towards transition. You can make an argument for gas, but why is new investment in coal seen as a transition investment? Can Standard Chartered commit to transparency around that transition for any investments in fossil fuels?*

Answer:

**First, we are not providing any financing for any coal mines, coal fire powered plants, or related infrastructure. Second, we have thresholds that our clients must respect in terms of the reliance on thermal coal-related revenues and that is something that stands. We will work with them to respect these and, if they cannot, we will exit them. We have done this already with some clients. We provide no new financing of coal, but we have some legacy financing, and the longest maturity will expire in 2032, which will mean 100% phase-out of coal lending across our footprint.**

**We want to help our clients move towards low carbon business models, so we can achieve our net zero by 2050 objectives. We are going to provide our clients with capital, the 300 billion dollars that we have committed to mobilise, and specialised support through our acceleration teams, providing our clients with the solutions and the means to make sure that they move forward in this transition.**

**We recognise that there is a lot more money needed. We are part of international initiatives, some of which we chair, to enable this money to support sustainable development goals and to combat**



climate change. We are guided in our decisions by the framework we have outlined, and which is to be voted on today, which will also shape the Company's direction of travel.

### **Ethnicity and Diversity**

9. *I was happy to read that Standard Chartered is a signatory to the Race at Work Charter and I understand that obtaining significant enough disclosure of ethnicity data remains a challenge, but you are taking steps to encourage disclosure where possible. I appreciate the challenges the lack of self-disclosure presents as I've spoken to several other financial companies who are facing this issue. Share Action's good work programme coordinates institutional investors with 3.8 trillion pounds in assets under management. Its members are moving to support voluntary ethnicity pay gap reporting as a marker of responsible business practice.*

*Could the Board provide an overview of Standard Chartered's latest position regarding ethnicity pay gap reporting in the UK economy, including details about what steps have been taken to get sufficient data? Additionally, would the Board be willing to meet with Share Action and the Good Work Investor Coalition to discuss this further?*

*Answer:*

**We do equal pay analysis in all of our markets and where there are any observable inequalities, we address those immediately. We are keen to report on the ethnicity pay gap and we were part of the consultation. As you quite rightly say, at the moment the disclosure rates are relatively low, and we are encouraging people to have the confidence to disclose that. As soon as we have more meaningful information we would be very happy to engage with Share Action on this, as any disclosure reporting is really important to us.**

### **Strategy**

10. *How is the current COVID outbreak in China going to affect business? Now HSBC is under pressure to split out its China operations, has the Board looked at something similar if it is also pressurised to split operations?*

*Answer:*

**We're happy with our existing footprint and unique ability to connect with clients in markets with growing business opportunities, emerging markets and developing economies. The Board is not currently looking at segmenting or changing the current sort of footprint of the Bank in a significant manner.**

**We have downgraded economic growth estimates in China, but there is still a healthy level of growth across the country, but with some very severe implications in Shanghai at present. However, what we have seen in many of our other markets, such as India, Singapore and Malaysia, is that the economic recovery from the COVID period has been quite substantial. We have already seen that recovery in the UK and in the US, so we expect a similar kind of recovery in China. Therefore, we are not dissuaded from our current medium to long-term investments, but we are aware of the short-term pressures we must carefully navigate.**





11. *Please address risk weighted assets on page 26 of the annual report. My notes imply I read a faltering performance.*

Answer:

**The Management Team is focused on the return we are making on our risk-weighted assets, which is central to our economic health. We are intending to increase the returns that we are making on those, and we have made substantial progress in doing that. Our risk-weighted assets actually came down by 10 billion dollars in the first quarter of this year, and our income went up. The economics of that are looking good and are a continued focus going forwards.**

### **Shareholder Engagement**

12. *For shareholders who attend many AGMs, including yours, may I suggest that your 468-page Annual report is far too long and poorly legible. Please print on black and white, and across the page, not in columns to save, if online, scrolling? Will your future total shareholder return graphs please quantify the inflections as other companies do, and not leave shareholders to wrestle with unquantified axis?*

Answer:

**Thank you for your comments on our annual report. There are several reasons why the annual report is large. We have a lot of enhanced disclosures, and regulatory obligations that must be included, but there is also a strategic report, which is much thinner and gives a high-level summary of certain elements of the annual report and is a good resource if you find the annual report too long. We are grateful for, and shall take note of, your other suggestions about the printing and other presentational issues with the annual report.**

13. *Your annual report mentions “active affluent clients” What is the definition? Who are they are where are they? Are any of them billionaires? Also, you say the company is “no longer required to maintain a register of interests of substantial shareholders”, are you more interested in stakeholders than shareholders?*

Answer:

**Our definition of affluent is broad and varies from market to market, with the majority in Hong Kong and Singapore. We have 2.1 million clients in our affluent segment, our ambition is to support our clients across all of our markets through their life events and transition them into the affluent segment as their wealth grows. Yes, we do have billionaire clients**

**We are also deeply committed to the interests of shareholders. We aim to comply with all the laws and regulations we are required to comply with. We believe the essence of your question is the point about our shareholders. Our shareholders and their interests are incredibly important to us. Hearing from our shareholders at this annual general meeting is a vital way in which we can respond to, and continue our engagement with, our shareholders.**

### **Share Price**

14. *Your annual report states “we have not achieved the returns we seek for investors”. Your report page 7 admits a negative total shareholder return in 2020 and 2021, but one can ascribe that to the pandemic. However, your page 172 total shareholder return graph shows 55% negative and you are below the peer group at some 160%, and even below the FTSE 100. There is also considerable scepticism among informed*



*private shareholders over the presumed efficacy of share repurchases (you announced a 750 million dollars share repurchase plan).*

*Answer:*

**We understand shareholder concerns on dividends and share prices. For several reasons during the COVID-19 period we were particularly affected by the low vaccination rate in our markets and by the very severe reduction in interest rates. However, the strategy of the Bank was working before the pandemic and it has continued to work after the interruption of the pandemic. Looking forward, we are doing everything we can and working very hard in order to meet our goal of achieving a 10% return on tangible equity by 2024, if not before. With higher profitability, we will offer higher dividends, and higher share prices. Our first-quarter 2022 performance is very encouraging, as we move towards the 10% goal on return on tangible equity.**

**On the issue of the buy-back, when you have such a low price to value, a buy-back reflects the confidence we have in our future. This is also a good deal for all shareholders because the company will be repurchasing shares when the actual market price is well below the price-to-book ratio value.**

*15. I don't think there's much evidence that they [share buy-backs] are effective, other than for the Board.*

*Another question is I think you said the cost to income ratio for yourselves is about 60%. It sounds a little high and I think it's probably higher than most other banks. How do you intend to get that down? I know you said you're trying to reduce costs, so how?*

*Answer:*

**We balance dividends and buy-backs to maximise shareholder returns and have committed to increasing dividends as earnings increase.**

**We have a substantial focus on costs, in the past 6 years we have maintained pretty much flat expenses and have absorbed substantial increases in investments to grow the business, as well as absorbing inflation which has been substantial in many of our markets. We announced a further 1.3 billion dollars of gross productivity savings intended to, amongst other actions that we're taking, to get that cost/income ratio down to levels that are consistent with that 10% plus return on tangible equity, which we set out in our financial framework.**

## **Regulatory**

*16. In your annual report, you mention on page 35 an already alluded to 62 million dollars Prudential Regulation Authority penalty, which obviously is a direct cost to shareholders. You ascribe it to regulatory reporting error. Why were you wasting money like that?*

*Answer:*

**Standard Chartered accepts the findings of the UK Prudential Regulation Authority ("PRA") related to USD Gap 2 liquidity reporting errors that Standard Chartered self-identified and self-corrected in 2018 and 2019. These errors did not affect Standard Chartered's overall liquidity position, which remained in surplus throughout the period. Standard Chartered also accepts the PRA's findings regarding a delay in notifying the PRA of one of the errors while an internal review was underway. Standard Chartered cooperated proactively and fully with the PRA's investigation and made significant improvements to and substantial investment in its liquidity and regulatory reporting processes and controls and remains committed to accurate regulatory reporting. This cooperation and remediation led to a significant reduction in the amount of the fine.**





17. *Regarding regulatory conditions in different countries, how do you actually maintain standards with the different regulations and the changes? You are planning to reshape Korea and Indonesia and how do the regulations affect that and what are you planning to do? And another related question on financial crime, is that increasing in all the countries you cover, or is it much the same in each country? And how are you combating financial crime?*

*Answer:*

**In terms of regulatory issues, this is something which is constantly moving and is particularly sensitive given we bank in 59 markets globally. To combat this, we make sure we have the resources, both at the country level and at the central level, to follow regulatory changes very closely and ensure we adapt our business to respect all the relevant regulations.**

**On financial crime, we remain extraordinarily vigilant both at the executive level, but also at the Board level. We have overcome and settled pre-existing issues. We exited the deferred prosecution agreement with the US in 2019 on some large issues, historical violations and sanctions, and on the control failure regarding Iran. We have been released from other restrictions on the part of the PRA and FCA. Less than 1% of financial crime is identified, and as such it is challenging to know whether the other 99% is increasing. Financial crime is becoming more sophisticated and we have raised our guard to meet that. We continue to be confident we can deflect the increasing sophistication, if not the volumes, of financial crime.**

18. *Recently Credit Suisse has suffered significant losses and reputational damage through one of its clients going bust. Does the bank operate strict exposure limits to any one client? And secondly, also in risk management, does the bank guard against unauthorised trading activity?*

*Answer:*

**We do have exposure limits by counterparty as well as by country, by region, by industry etc, and this has put us in good stead. We've had moderately to very low credit costs since we sort of cleaned the book up five or six years ago. We also guard against unauthorised trading, as well as having first, second and third lines of defence against either accidents or malicious activity.**

**The Board has very strong oversight of risk management through the Board Risk Committee, which devotes a lot of time and resources to discussing all the steps we take to reduce risk with our executives.**



### **Forward-looking statements**

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or other words of similar meaning.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions; future exchange and interest rates; changes in environmental, social or physical risks; legislative, regulatory and policy developments; the development of standards and interpretations; the ability of the Group to mitigate the impact of climate change effectively; risks arising out of health crisis and pandemics; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

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