We are the bank for the new economy – of people and ideas, of technology and trade

We have built a strong foundation in the world's most dynamic markets, serving the people and businesses that drive growth. We are at the frontline of today's biggest challenges and are taking a stand on key issues such as climate change, economic participation and globalisation. Our collaborative approach to innovation and drive to be diverse and inclusive means we can do more, better and faster.

Our Purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

Stakeholders

Throughout this report, we use these icons to represent the different stakeholder groups for whom we create value.

Clients | Regulators and governments | Investors | Suppliers | Society | Employees

Read more on **page 21** and **pages 52 to 59**

Contents

About this report

Sustainability reporting
We adopt an integrated approach to corporate reporting, embedding non-financial information throughout our annual report. While not complying in full, in preparing this report, we have given consideration to the principles of the Global Reporting Initiative and the Sustainability Accounting Standards Board.

Further detail on these framework alignments will be available in our ESG report, to be published in Q1 2022 at **sc.com/ESGreport**

Alternative performance measures
The Group uses a number of alternative performance measures in the discussion of its performance. These measures exclude certain items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. They provide the reader with insight into how management measures the performance of the business.

For more information please **visit sc.com**

@StanChart
linkedin.com/company/standard-chartered-bank
facebook.com/standardchartered

Unless another currency is specified, the word 'dollar' or symbol '$' in this document means US dollar and the word 'cent' or symbol 'c' means one-hundredth of one US dollar.

All disclosures in the Strategic report, Directors' report and the Risk review and Capital review are unaudited unless otherwise stated.

Unless the context requires, within this document, 'China' refers to the People's Republic of China and, for the purposes of this document only, excludes Hong Kong Special Administrative Region (Hong Kong), Macau Special Administrative Region (Macau) and Taiwan. 'Korea' or 'South Korea' refers to the Republic of Korea.

Asia includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam; Africa and Middle East (AME) includes Angola, Bahrain, Botswana, Cameroon, Côte d'Ivoire, Egypt, The Gambia, Ghana, Iraq, Jordan, Kenya, Lebanon, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, South Africa, Tanzania, the United Arab Emirates (UAE), Uganda, Zambia and Zimbabwe; and Europe and Americas (EA) includes Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Ireland, Jersey, Poland, Sweden, Turkey, the UK and the US.

Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and nm stands for not meaningful. Standard Chartered PLC is incorporated in England and Wales with limited liability, and is headquartered in London. The Group's head office provides guidance on governance and regulatory standards. Standard Chartered PLC. Stock codes are: LSE STAN.LN and HKSE 02888.

Confidence in our Purpose and strategy

Despite external challenges, we have continued to make good progress against the strategy we set out in February 2019, and are on track to deliver our objectives (see pages 22 and 23). As highlighted in last year's report, we refreshed our 2019 strategy into four strategic priorities and three enablers focused on our aim to become a leader in global finance. In light of the pandemic, we have reviewed our strategy and are confident that it remains as relevant as ever and will enable us to realise our ambitions.

We measure our progress against Group key performance indicators (KPIs), a selection of which are below, as well as client KPIs, some of which can be found on pages 26 and 27. Our Group KPIs include non-financial measures reflecting our commitment to sustainable social and economic development across our business, operations and communities. Our Sustainability Aspirations, aligned to the UN Sustainable Development Goals (page 61), provide tangible targets to drive sustainable business outcomes.

Urgent climate change, stark inequality and unfair aspects of globalisation impact everyone and the planet. We are setting long-term ambitions to play our part in tackling these issues. Together with the people and businesses we serve, we can be central to the transition to a fair, sustainable future.

This is why we have committed to three Stands: Accelerating Zero, Lifting Participation and Resetting Globalisation.

To learn more about our Stands, see pages 24 and 25.

Financial KPIs[1]

Return on tangible equity

6.0%
↑300bps
Underlying basis

4.8%
↑390bps
Statutory basis

Common Equity Tier 1 ratio

14.1%
↓28bps
Above our target range of 13–14%

Total shareholder return

(2.0)%
↑

Non-financial KPIs[2]

Diversity and inclusion: women in senior roles

30.7%
↑1.3ppt

Sustainability Aspirations met or on track

82.9%
↑4.5ppt

Other financial measures[1]

Operating income

$14,713m
→
Underlying basis

$14,701m
→
Statutory basis

Profit before tax

$3,896m
↑55%
Underlying basis

$3,347m
↑108%
Statutory basis

Earnings per share

76.2cents
↑40.1 cents
Underlying basis

61.3cents
↑50.9 cents
Statutory basis

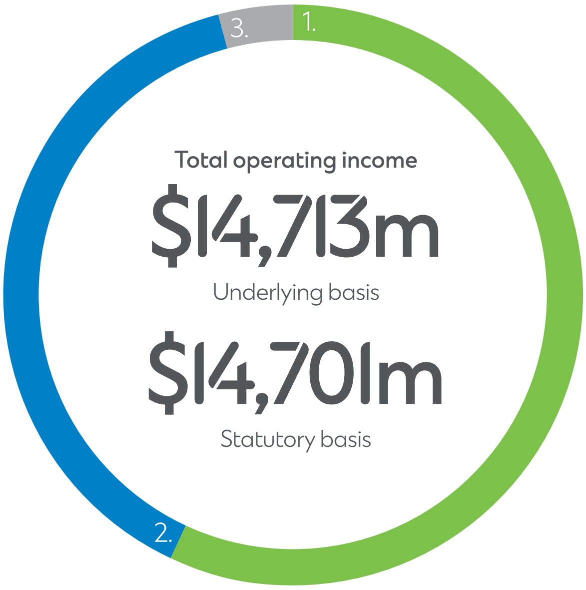
1 Reconciliations from underlying to statutory and definitions of alternative performance measures (APMs) can be found on pages 80–85

2 For more information on our culture of inclusion see page 58, and for more on our sustainability aspirations see page 61

Who we are and what we do

Our Purpose is to drive commerce and prosperity through our unique diversity. We serve two client segments in three regions, supported by nine global functions.

Our client segments



1.

Corporate, Commercial and Institutional Banking

Corporate, Commercial and Institutional Banking supports clients with their transaction banking, financial markets, corporate finance and borrowing needs across 49 markets, providing solutions to more than 22,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Operating income

$8,407m
Underlying basis

$8,416m
Statutory basis

2.

Consumer, Private and Business Banking

Consumer, Private and Business Banking serves more than 9 million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest-growing cities.

Operating income

$5,733m
Underlying basis

$5,733m
Statutory basis

3. **Central and other items**

Operating income

$573m
Underlying basis

$552m
Statutory basis

Guiding and supporting our businesses

Global functions

Our client-facing businesses are supported by our global functions, which work together to ensure the Group's operations run smoothly and consistently.

Human Resources
Maximises the value of investment in people through recruitment, development and employee engagement.

Legal
Enables sustainable business and protects the Group from legal-related risk.

Technology & Innovation
Responsible for the Group's systems development and technology infrastructure.

Risk
Responsible for the overall second line of defence responsibilities related to risk management, which involves oversight and challenge of risk management actions of the first line.

Operations
Responsible for all client operations and ensures the needs of our clients are at the centre of our operational framework. The function's strategy is supported by consistent performance metrics, standards and practices that are aligned to client outcomes.

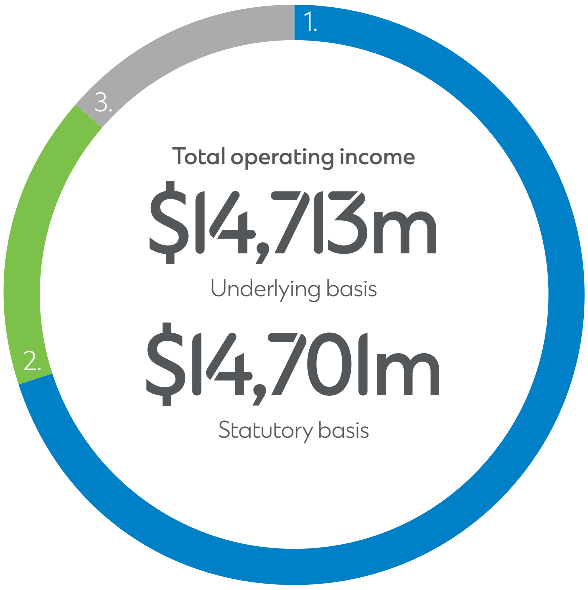
Group Chief Financial Officer
Comprises seven support functions: Finance, Treasury, Strategy, Investor Relations, Corporate Development, Supply Chain Management and Property. The leaders of these functions report directly to the Group Chief Financial Officer.

Corporate Affairs, Brand and Marketing
Manages the Group's communications and engagement with stakeholders in order to protect and promote the Group's reputation, brand and services.

Group Internal Audit
An independent function whose primary role is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Group.

Conduct, Financial Crime and Compliance
Delivering the right outcomes for the Bank, its clients and communities by partnering internally and externally to achieve the highest standards in conduct and compliance in order to enable sustainable business and fight financial crime.

Our regions



1. Asia

We are present in 21 markets across Asia, including some of the world's fastest-growing economies. Hong Kong and Singapore are the highest income contributors.

Operating income

$10,448m
Underlying basis

$10,478m
Statutory basis

2. Africa and Middle East

Present in 25 markets, of which the most sizeable by income are the United Arab Emirates (UAE), Nigeria and Kenya.

Operating income

$2,446m
Underlying basis

$2,449m
Statutory basis

3. Europe and the Americas

Centred in London, with a growing presence across continental Europe, and New York, with presence in both North America and several markets in Latin America. A key income generator for the Group.

Operating income

$2,003m
Underlying basis

$1,973m
Statutory basis

4. Central & other items

Operating income

$(184)m
Underlying basis

$(199)m
Statutory basis

Valued behaviours

Our valued behaviours ensure that we do things differently in order for us to succeed. Only then will we realise our potential and truly be Here for good.

Never settle

- Continuously improve and innovate
- Simplify
- Learn from your successes and failures

Better together

- See more in others
- "How can I help?"
- Build for the long term

Do the right thing

- Live with integrity
- Think client
- Be brave, be the change

Where we operate

Our unique footprint connects emerging and high-growth markets with more established economies, allowing us to channel capital where it's needed most.

These are the markets we call home. For over 160 years, we've used the power of our network to help people and businesses who trade, operate or invest in these regions. Our deep roots in our markets enable us to make things happen. We are shaping our bank to drive their success – and ours – in the new economy of the future.

What sets us apart is our diversity – of people, cultures and networks.

We are present in 59 markets and serve clients in a further 83

Asia

We have a long-standing and deep franchise across some of the world's fastest-growing economies in Asia with the region generating two-thirds of our income. The two markets contributing the highest income are Hong Kong and Singapore.

Australia
Bangladesh
Brunei
Cambodia
India
Indonesia
Laos
Malaysia
Myanmar
Nepal
Philippines
Singapore
Sri Lanka
Thailand
Vietnam
Mainland China
Hong Kong
Japan
Korea
Macau
Taiwan

Case study
Asia

Innovative ESG financing

We have worked with the Baring Private Equity Asia to create the region's first environmental, social and governance (ESG)-linked subscription facility with a carbon-offset mechanism, and gender diversity KPIs.

Read more on page 28

Africa and the Middle East

We have a deep-rooted heritage in Africa and the Middle East and have been present in the region for 160 years. We are present in the largest number of sub-Saharan African markets of any international banking group.

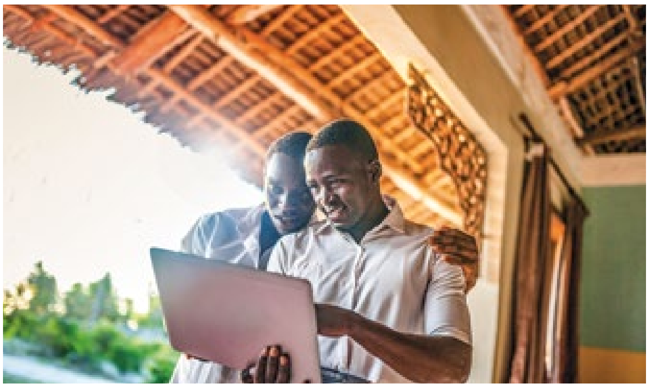
Angola
Bahrain
Botswana
Cameroon
Côte d'Ivoire
Egypt
The Gambia
Ghana
Iraq
Jordan
Kenya
Lebanon
Mauritius
Nigeria
Oman
Pakistan
Qatar
Saudi Arabia
Sierra Leone
South Africa
Tanzania
UAE
Uganda
Zambia
Zimbabwe

Case study
Africa & Middle East

Growing our digital presence

As part of an ongoing online banking push, and in response to growing demand for innovative banking services, customers in Africa and the Middle East opened almost 900,000 digital accounts in 2021.

Read more on **page 29**



Europe and the Americas

We support clients in Europe and the Americas through hubs in London and New York and also have a strong presence in several European and Latin American markets.

Argentina
Brazil
Colombia
Falkland Islands
France
Germany
Ireland
Jersey
Poland
Sweden
Turkey
UK
US

Case study
Europe & Americas

Building railways in Turkey

We led on a major green financing deal for a new 200km high-speed railway line in Turkey, linking the cities of Bandirma and Osmaneli in the North, passing through Bursa and Yenişehir.

Read more on **page 30**

Group Chairman's statement

Resilience supporting sustainable growth

2021 was another year of extraordinary global turbulence, with recovery from COVID-19 a mixed picture across the globe. Many of our colleagues were adversely impacted in their personal or work lives. Even now, we continue to see new COVID-19 variants emerging and we have had to adapt to a constantly changing landscape.

Throughout this period, our colleagues around the world – led by our Group Chief Executive Bill Winters and the Management Team – have continued to focus on protecting the interests of shareholders, while ensuring the wellbeing of colleagues and supporting our customers, clients and communities. The spirit our colleagues have shown throughout, despite the often difficult circumstances, has been exemplary and I am extremely proud of how we have all come out of 2021.

Our financial performance is improving

Later in this report, Bill and Andy Halford, our Group Chief Financial Officer, will set out more detail on our financial performance as we navigated the second year of the pandemic. Overall, our results show evidence of resilience, with performance improving against a difficult backdrop.

Our underlying profit before tax at $3.9 billion, grew 61 per cent on a constant currency basis. This was supported by low levels of impairment, a return to positive income momentum in the second half of 2021 and cost control.

We have continued to invest in the future of the Group, including stepping up our innovation and technology investment, and we now have an exciting set of transformative business development opportunities and partnerships, many of which we showcased at our investor event in October.

Dr José Viñals
Group Chairman

The Group is highly liquid and well capitalised with a Common Equity Tier 1 ('CET1') ratio of 14.1 per cent. The Board has recommended a final dividend of 9 cents per share, or $277 million, with the full year dividend an increase of one-third from 2020. We have also announced a share buy-back programme and will shortly start purchasing and then cancelling up to $750 million of ordinary shares.

The Board is committed to operating within the 13 to 14 per cent CET1 ratio range and we are very clear that capital not needed to fund growth will be returned to shareholders. We have returned $2.6 billion of capital to shareholders over the last three years through a mix of dividends and share buy-backs. This included paying out the maximum amount we were authorised to in 2020 when the emerging pandemic resulted in a suspension of distributions.

We are delivering against our strategic priorities

While the pandemic brought about considerable challenges and, as a result, the turnaround is taking longer than previously anticipated, it is clear to us that the refreshed strategic priorities we set out at the start of 2021 are right. Our ambition of delivering 10 per cent return on tangible equity remains as resolute as ever and we are working to accelerate its achievement by 2024. In Bill's report the actions we are targeting are outlined, which includes active management of the Group's capital, with a target to return in excess of $5 billion in the next three years. Our strategy brings the dynamism of our markets to life in our business. Our focus is now on executing against the priorities at pace, and we are making progress on each of them.

Our **Network** and **Affluent** businesses remain key competitive differentiators, both strong generators of high-quality and higher-returning 'capital-lite' income streams.

We are transforming our ability to onboard, serve and exceed the expectations of our **Mass Retail** customers, which will help to feed our higher-margin Affluent business, as well as being a significant source of income.

Sustainability is a moral imperative and an opportunity. Our Sustainable Finance capabilities are not only making a difference where it matters the most, but also representing a growing source of income.

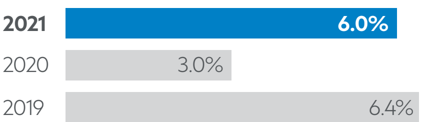
We are accelerating our pathway to net zero

We have long recognised climate change as one of the greatest challenges of our time, given its widespread and proven impact on the physical environment and human health, as well as its potential to hamper economic growth. The complex trade-offs which come with climate actions mean there are no simple answers. We announced our net zero roadmap in October, following extensive engagement with shareholders, clients and NGOs. The approach was reviewed and approved by the Board and included interim targets to reduce financed emissions and mobilise $300 billion in green and transition finance by 2030. Our approach emphasises the need for a just transition to net zero: the impacts of climate change are felt most severely in our footprint, and if we do not meet climate objectives in a way that recognises the need for markets across Asia, Africa and the Middle East to grow and prosper, we will fail.

Financial KPIs[1]

Underlying return on tangible equity (RoTE) %

+300bps



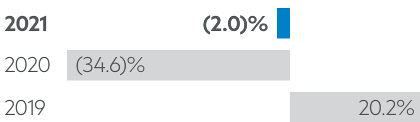
Aim Deliver sustainable improvement in the Group's profitability as a percentage of the value of shareholders' tangible equity.

Analysis Underlying RoTE of 6.0 per cent in 2021 was a 300bps improvement on 3.0 per cent in 2020.

The underlying profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' tangible equity

Total shareholder return (TSR) %

+32.6%



Aim Deliver a positive return on shareholders' investment through share price appreciation and dividends paid.

Analysis Our TSR in the full year 2021 was negative 2.0 per cent, compared with negative 34.6 per cent in 2020.

Combines simple share price appreciation with dividends paid to show the total return to the shareholder and is expressed as a percentage total return to shareholders

Common Equity Tier 1 ratio %

-28bps

Aim Maintain a strong capital base and Common Equity Tier 1 (CET1) ratio.

Analysis Our CET1 ratio was 14.1 per cent, above our 13-14 per cent target range.

The components of the Group's capital are summarised on page 288

1 Reconciliations from underlying to statutory and definitions of alternative performance measures (APMs) can be found on pages 80-85

Group Chairman's statement continued

We continue to enhance our governance and culture

While the Board has been unable to meet in a number of key markets in person this year, we have stayed engaged virtually. Members of the Board attended a number of subsidiary board and committee meetings and held virtual Board-workforce engagement sessions across our regions during the course of the year. The Board hopes to be able to once again engage colleagues in person during 2022 as part of its market visits.

We recently announced several changes to our Board Committee composition, details of which can be found in the Directors' report on pages 90 to 191.

During the year, we refocused our Brand, Values and Conduct Committee to Culture and Sustainability. This Committee, chaired by Jasmine Whitbread, has been actively involved in supporting the Board and the business in relation to our net zero approach. The Board was also heavily involved in the key decisions ahead of endorsing the Group's net zero white paper, published in October ahead of COP 26.

We are taking ambitious Stands

The Group has built a unique footprint in the world's most dynamic markets, serving the people and businesses that are the engines of their growth. As the bank for the new economy, we will ensure we continue to shape our business to drive their success – and ours – for the future.

We have a huge opportunity to build a better future with our customers and communities. We believe that we can fulfil our Purpose – to drive commerce and prosperity through our unique diversity – without people being left behind, without the planet being negatively impacted, and without creating divisions that diminish our sense of community.

We're taking a set of Stands to help solve some of the world's most critical problems – lifting economic participation, helping emerging markets reduce carbon emissions, and supporting a fairer model for globalisation. As well as addressing societal challenges, we believe these long-term ambitions will stretch and motivate the Group to deliver our strategy faster and better.

We've rallied together for our communities, reaching more than 300,000 young people through our Futuremakers programme to support education, employability, and entrepreneurship across our markets during the year.

All these achievements, and more, speak to the heart and mettle of who we are. They are a testament to our valued behaviours of being Better Together, endeavouring to Do the Right Thing, and putting our best foot forward to Never Settle. These attributes, along with the resilience and adaptability of our colleagues, are critical for us. We must continue to build on our culture of excellence, which is client-centric, diverse and inclusive, to deliver on our aspirations to be truly high-performing.

Our outlook is bright despite an uncertain environment

Whilst uncertainties persist in relation to COVID-19 and the geopolitical landscape, we see plenty of opportunities that are compelling.

Global growth is expected to continue in 2022 albeit somewhat slower after the sharp recovery we saw in 2021. Asia, our largest region, is poised to remain the fastest-growing area in the world.

We expect policy support to scale back, as a number of central banks tighten policy to counter inflation leading to rising interest rates, and fiscal programmes are eased.

We continue to see accelerated change across the global business ecosystem, from the digital space, to trade flows and supply chain shifts, and these are just some of the reasons why we are excited at the prospects of the Group.

The Board will continue to oversee the task of striking the right balance between the opportunities and risks that we see. I am confident that, with the actions we have outlined to continue driving and indeed accelerating our strategic priorities, we will create long-term and sustainable value for our stakeholders.

Dr José Viñals
Group Chairman

17 February 2022

Lifting Participation

Providing financial services to Bukalapak customers

We have partnered with Indonesian e-commerce giant Bukalapak to offer digital financial services to 17.1 million micro and SME partners, and more than 110 million individual users – many of whom don't have access to banking services. The aim of the partnership is to boost financial inclusion in Indonesia and further support the country's digital economic growth.

Read more online at **www.sc.com/bukalapak**

Group Chief Executive's review

Back to growth and improving returns

Our performance in the second half of 2021, and into this year, gives us confidence that we are on track to achieve our strategic and financial objectives. We saw a return to income growth, which we believe signals the start of a sustainable recovery, and we finished the year with good business momentum in Financial Markets, Trade and Wealth Management. Good cost discipline allowed us to generate positive income-to-cost jaws in the second half of the year. Continued low levels of credit impairment have helped us increase profit by 61 per cent on a constant currency basis to $3.9 billion and deliver a return on tangible equity (RoTE) of 6 per cent.

Confidence in our overall asset quality and earnings trajectory allows us to return significant capital to shareholders: we are announcing today a $750 million share buy-back, starting imminently, together with a 12 cents per share full-year dividend, up a third on 2020. We are also committing to deliver substantial returns to investors over the next few years while managing our Common Equity Tier 1 (CET1) ratio dynamically within our 13 to 14 per cent range.

We remain liquid, well capitalised and soundly positioned for the year ahead.

Confidence in our purpose and strategy

The places Standard Chartered call home are the world's most dynamic markets, setting the pace for global growth. The people and businesses we serve, connect and partner with are the engines of the new economy of trade and innovation, and central to the transition to a fair and sustainable future. Our Purpose is to drive commerce and prosperity through our unique diversity. This infuses everything we do, connecting our strategy with opportunities to drive growth and deliver our societal ambitions.

Bill Winters
Group Chief Executive

To help us deliver our Purpose, we have defined three 'Stands', areas where we have long-term ambitions: Accelerating Zero, Lifting Participation and Resetting Globalisation. Representing some of the main societal challenges of our time, these are not separate from our strategy, but integral to delivering and accelerating it: stretching our thinking, action and leadership.

We have managed seismic changes over the last two years and these external challenges have helped us understand how we can accelerate our progress. Our strategy is as relevant now as it was pre-pandemic:

- The growth of the Affluent segment in our markets has continued apace and remains one of our greatest opportunities. Since 2018, the number of clients has increased by around 400,000 and assets under management are up $52 billion. We see opportunities to accelerate this growth through further digitisation, partnerships and investment
- The trade flows across our Network remain as vibrant as ever and our unique physical footprint enables us to serve clients as they continue to trade and expand across borders. Network income has grown by around 6 per cent annually since 2018, excluding the impact of interest rate headwinds
- The pandemic stress-tested our Mass Retail business and we have fared well. This segment is back on track, and we see opportunities to develop it further with our range of proven digital capabilities and growing list of exciting partnerships. In 2021, our Credit Cards and Personal Loans business returned to profitability with a strong improvement in the cost-to-income ratio
- Our Sustainability agenda and thought and action leadership remains a key priority as the world continues to face significant environmental and climate challenges. We see this as both an imperative and an opportunity. We are determined to deliver on our plans – to reach net zero in our operations by 2025 and in our financed emissions by 2050. This year we announced interim targets to reduce financed emissions by 2030 in the most carbon-intensive sectors. To provide transparency and support collective learning, we published a detailed white paper outlining our methodology and approach. We are also focused on accelerating growth in Sustainable Finance , with plans to mobilise $300 billion in green and transition finance by 2030 and we are strengthening our sustainability capabilities in our Consumer, Private and Business Banking (CPBB) business

The long-term fundamentals of the markets in which we operate have not changed. These markets, notably China and other markets in Asia, will drive future global economic growth over the coming decades. We are confident we have the right strategy to capture the opportunities that will arise from those trends, and we can see evidence that it is working.

Taking action to simplify, focus and accelerate our path to 10 per cent RoTE

When we presented the Group's refreshed strategy to the market in February 2019, we set out our plan to deliver 10 per cent RoTE by 2021. In the year that followed we grew income and RoTE. But COVID-19 triggered an economic downturn and related reduction in interest rates, inevitably squeezing our margins and reducing income and returns sharply.

Against this backdrop, we have not achieved the returns we seek for investors. With this in mind, we have conducted a comprehensive review of our business model and strategy. There are many areas where we have made good progress in recent years despite the pandemic, including returning CPBB to profitability in China and Korea, almost trebling the cumulative operating profit from our four large optimisation markets and releasing around $15 billion of RWA through exits, including the sale of our Permata joint venture. But we concluded that we must make changes to accelerate our path to 10 per cent RoTE by 2024. We will accelerate our execution and are implementing plans to simplify our business and sharpen our focus on where we are most differentiated. By 2024 we are targeting:

- About a 160-basis point improvement in Corporate, Commercial and Institutional Banking (CCIB) income return on risk-weighted assets (RWA) through optimisation and mix changes, enabled by a $22 billion reduction in RWA from exits and efficiencies combining to hold CCIB RWA at 31 December 2021 levels
- A cost-to-income ratio in CPBB around 60 per cent, down from 76 per cent in 2021, achieved by growing income and executing a $500 million business expense reduction programme
- A $300 million investment into our China-related businesses to capture the opportunity from China's continued opening and doubling its profit contribution. Our positioning in China has never been better and the opportunities for us never more attractive
- $1.3 billion of gross cost efficiencies to help offset inflation, create room for continued investment and maintain positive jaws of 2 per cent per year on average, excluding interest rate rises
- Active management of the Group's capital position with a cumulative capital return in excess of $5 billion equating to a fifth of our current market capitalisation and more than double the amount of the previous three years

Cash investment	Network income	Number of active Affluent Clients
$1.9bn	$4.6bn	2.1 million
↑19%	↑3%	↑7%

Group Chief Executive's review continued

As well as these five measures, we have an overarching objective to improve returns in markets and business lines which are not meeting our financial objectives and to continue to simplify the management of the Group. We review these questions regularly and will take actions as appropriate. For example, we recently announced the merger of the Technology and Operations functions into one global organisation, simplifying the structure and driving synergies.

Our actions are designed to amplify the positive impact of the improving outlook

The macro-economic environment remains important to the delivery of our financial ambitions. By the end of 2021 falling rates over the last two years have driven a greater than $2 billion reduction in net interest income which we have been working hard to replace. With the interest-rate cycle showing signs of turning, and given our positive gearing to US-dollar rates, we should recover this lost income.

We have said that we expect the Group's metabolic rate of income growth to be 5-7 per cent. This reflects our strong and improving market positioning and average GDP growth across our footprint where Asia is expected to outpace growth in the rest of the world by around 2 per cent over the next three years.

The specific asset and revenue pools that we are targeting with our strategy are also growing. By 2025, Asia Affluent assets and the Asia, Africa and Middle East Mass Retail revenue pool are expected to grow annually by 9 per cent and 7 per cent, respectively, compared to 6 per cent and 5 per cent, respectively, for the rest of the world.

In addition to our metabolic income growth rate, we expect that interest rate rises could add about a further 3 per cent, driving average income growth rates of 8-10 per cent to 2024, accelerating the achievement of our returns aspirations.

The improvements in external conditions, however, are not guaranteed and substantial uncertainties persist, in particular regarding geopolitical tensions and the evolution of inflation and interest rates. As such, we are fully committed to taking the operational actions outlined above to underpin attainment of double-digit RoTE.

Confident in the future

We are confident we can deliver our strategy, building on the significant progress we have made over the past several years and the momentum we have coming into 2022.

Whilst uncertainty persists in relation to COVID-19, we also see significant opportunities emerging:

- Government and Central Bank policies are in transition, creating volatility that can benefit our capital-lite Financial Markets and Wealth Management businesses
- Accelerated trade flows and supply chain shifts across our footprint markets are increasing the demand for Trade solutions
- Sustainability is critical and an increasing priority for both clients and governments – and we are uniquely positioned to support them
- Our clients are accelerating their pivot to digital with increasing willingness and desire for digital-first banking
- China is opening up at an accelerating pace, supporting the opportunities for which we have positioned for the past decade
- Expected interest rate rises could add significant further upside to our income growth rate

Outlook

The Group remains in great shape and in an enviable position. We exit the second year of the pandemic rooted in markets with strong growth prospects. We have the right strategy, business model and ambition to deliver on this potential. We have shown a resilient financial performance in 2021 and have set out clear actions to achieve a RoTE of 10 per cent by 2024.

Finally, I would like to highlight the remarkable efforts of our 82,000 colleagues again this year. Their commitment and endurance in challenging circumstances has delivered a seamless service to our customers and communities that we serve.

Bill Winters
Group Chief Executive

17 February 2022

Management Team

1. **Bill Winters**
   Group Chief Executive
2. **Andy Halford**
   Group Chief Financial Officer
3. **Simon Cooper**
   CEO, Corporate, Commercial & Institutional Banking and Europe & Americas
4. **Claire Dixon**
   Group Head, Corporate Affairs, Brand and Marketing
5. **David Fein**
   Group General Counsel
6. **Dr Michael Gorriz**
   Group Chief Information Officer
7. **Judy Hsu**
   CEO, Consumer, Private and Business Banking
8. **Benjamin Hung**
   CEO, Asia
9. **Tanuj Kapilashrami**
   Group Head, Human Resources
10. **Sunil Kaushal**
    CEO, Africa & Middle East
11. **Roel Louwhoff**
    Chief Digital, Technology & Innovation Officer
12. **Tracey McDermott, CBE**
    Group Head, Conduct, Financial Crime and Compliance
13. **Mark Smith**
    Group Chief Risk Officer
14. **David Whiteing**
    Group Chief Operating Officer
15. **Alison McFadyen***
    Group Head, Internal Audit
16. **Mary Huen****
    CEO, Hong Kong and Cluster CEO for Hong Kong, Taiwan and Macau

* Alison represents Group Internal Audit as an invitee at Management Team meetings

** Mary is not a person discharging managerial responsibilities under the UK Market Abuse Regulation

Market environment

Macroeconomic factors affecting the global landscape

Global macro trends

Trends in 2021

- Global GDP recovered sharply in 2021, likely by 5.8 per cent, following the 3.3 per cent contraction in 2020
- Asia was the best performing region, recording growth of 7.2 per cent, driven by positive growth in China of 8.1 per cent
- Among the majors, the US recorded growth of 5.7 per cent helped by significant fiscal stimulus. The UK recorded the strongest growth (likely 7.5 per cent), following a near-10 per cent contraction in 2020
- The euro area economy grew by 5.2 per cent in 2021 following a 6.4 per cent contraction in 2020; economic activity was constrained in Q1 as COVID-19 cases were elevated, but improved into Q2 and Q3 as the vaccine roll-out picked up momentum, allowing restrictions to be eased
- Policymakers continued to provide significant emergency support, but rising inflation across the world as a result of supply chain disruptions and energy shortages has prompted some central banks to begin tightening policy and others to accelerate their timetables

Outlook for 2022

- Global growth is expected to moderate to 4.4 per cent in 2022
- Asia will remain the fastest-growing region in the world and will continue to drive global growth, expanding by 5.7 per cent
- Among the majors, the euro area is expected to record a larger bounce (4.0 per cent) than the US (3.4 per cent) but largely as there will still be spare capacity to unwind
- The COVID-19 outbreak is likely to remain a drag on growth in regions where vaccination rates are low but should become a secondary risk for most developed markets
- Policy support will be scaled back as more central banks shift towards tightening policy to counter inflation, and fiscal programmes are eased as governments shift their focus towards returning public finances to a sustainable footing
- There are several downside risks to this outlook, including further delays to the roll-out of COVID-19 vaccines in emerging markets, longer-than-expected supply chain disruptions, higher inflation becoming embedded in households' and firms' expectations, or a geopolitical event risk resulting in another commodity price spike

Medium- and long-term view

Legacy of COVID-19

- Better vaccine access has helped developed markets recover faster than emerging markets. As the pace of vaccinations improves in emerging markets, allowing greater resumption of economic activity, growth in emerging markets will improve over the medium term
- Inflation concerns are likely to fade over the medium term as energy prices likely moderate and supply chain bottlenecks are resolved. This is likely to mean more limited central bank tightening than markets are currently pricing in
- Fiscal policy might turn from a tailwind to a headwind for growth. High public debt and government deficits also mean that most economies are looking to tighten fiscal policy over the medium term following the significant stimulus that accompanied COVID-19
- COVID-19 has brought a renewed focus on supply chain concentration risks. Companies are likely to continue to accelerate the shortening and simplifying of supply chains
- As companies aim to reduce concentration risks, they may diversify production away from China, the world's mega-trader. However, global research surveys of firms in the Greater Bay area indicate that China remains a preferred destination for most, followed by Association of Southeast Asian Nations (ASEAN) economies

Broader global trends

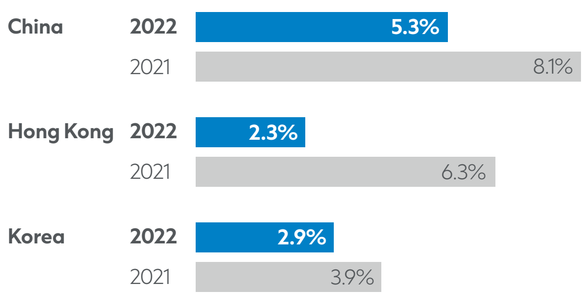
- The world economy could see a permanent loss of economic output or 'scarring' due to the recession that followed the pandemic. This would make it harder for emerging markets to catch up with developed markets
- COVID-19 has accelerated the pace of digitalisation of economies. Higher capex and moves towards digitalisation could boost productivity growth, proving an antidote to economic scarring concerns. Within emerging markets, countries in Asia are best placed to take advantage of digitalisation
- Long-term growth in the developed world is constrained by ageing populations and high levels of debt, exacerbated by the policy response to COVID-19
- Relatively younger populations, as well as the adoption of digital technology, will allow emerging markets to become increasingly important to global growth
- Rising nationalism, anti-globalisation and protectionism are a threat to long-term growth prospects in emerging markets

Regional outlook

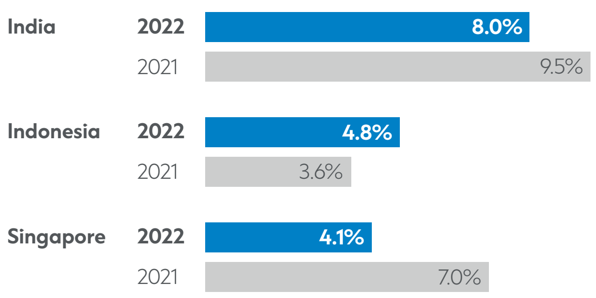
Asia

China's economy staged a V-shaped recovery from COVID-19 due to relatively effective virus control and policy support

Actual and projected growth by market in 2021 and 2022 %



Actual and projected growth by market in 2021 and 2022 %



- China's GDP grew by 8.1 per cent in 2021, benefiting from strong external demand and a low base. We forecast 2022 growth at 5.3 per cent closer to the lower bound of its estimated potential growth range of 5–6 per cent. We see upside risk from an easing of auto chip shortages and downside risk from prolonged weak housing demand amid expectations of a price correction
- While innovation, decarbonisation and common prosperity rank high on China's long-term agenda, the government has put growth stabilisation as the top priority in 2022. We expect macro policies to be eased, especially in H1, and the pace and intensity of regulatory tightening to be finetuned to bolster domestic demand
- We expect Hong Kong's economy to grow by 2.3 per cent in 2022 supported by global (and especially China) trade as post-COVID normalisation broadens, while domestic consumption looks to face further headwinds given lingering local COVID disruptions. We expect South Korea's economy to grow 2.9 per cent in 2022 supported by economic reopening and external trade
- We expect ASEAN as a region to play catch up in terms of economic growth recovery versus developed markets (DMs) in 2022. Economic growth should improve as restrictions are eased and as higher vaccination rates limit the severity of any new lockdowns. The recovery may however be bumpy, especially in economies where current vaccination rates are still below herd immunity levels, for example, Indonesia and the Philippines
- We expect inflation in ASEAN to remain manageable for most regional economies although upside risk comes from prolonged supply-side disruptions and as demand recovers in the region through 2022. This should allow monetary policy to remain accommodative in H1 2022
- India is likely to clock two successive years of high-single-digit growth buoyed by favourable base effects and recovering economic activity. We expect FY23 GDP at 8 per cent as more contact-intensive sectors revert to normalised activity with increased vaccination coverage, continued fiscal policy support and better real wages. Inflation has been persistently high since late 2019 and better recovery is likely to push policy rate normalisation in 2022

See our regional performance on **page 28**

Market environment continued

Regional outlook continued

Africa and the Middle East

A gradual recovery in sub-Saharan Africa was recorded in 2021

Actual and projected growth by market in 2021 and 2022 %

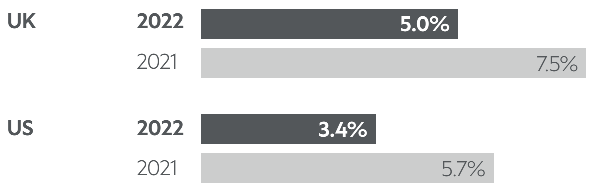
- We expect the continuation of a modest economic recovery in the sub-Saharan Africa (SSA) region, with our coverage economies growing at an average of 3.1 per cent in 2022, from c.3.8 per cent in 2021
- Although the pace of vaccine administration has been slower in SSA compared with elsewhere, economic reopening in trading partners, rising global demand, and higher commodity prices have helped to provide firmer underpinnings to SSA growth. We do not expect significant new containment measures in 2022, with earlier lockdowns and curfews having an increasingly less severe impact on the economy
- Despite rising inflation owing to higher food and fuel prices, we expect monetary policy in the region to remain largely accommodative, with modest normalisation measures in most markets
- Given that the COVID-shock left most SSA economies with elevated public debt ratios, fiscal policy consolidation will remain a key ambition, as SSA economies attempt to safeguard market access. In the case of East African economies, adoption of International Monetary Fund (IMF) programmes is meant to send a signal on the intent to pursue fiscal consolidation in order to stabilise debt ratios. Reform in markets like Ghana and Nigeria, with high debt service-to-revenue ratios, will be closely followed
- The Middle East region is likely to be on a divergent recovery path, with oil-exporting countries bouncing back faster versus oil importing countries, which remain constrained by high levels of debt. The pace of vaccination roll-out proved more rapid among oil exporters, with countries like the UAE leading the charge. The strong outlook for hydrocarbon prices and expected relaxation of targets for OPEC members are set to underpin the region's liquidity prospects in 2022. Improvements in oil exporters' fiscal and current account balances will boost the region's reserve position, leading to lower funding needs and preserving US dollar currency pegs

See our regional performance on **page 29**

Europe and the Americas

Growth in Europe and the Americas strengthened in 2021 as vaccination programmes rolled out

Actual and projected growth by market in 2021 and 2022 %



- Growth in Europe and the Americas is likely to slow in 2022 as output gaps shrink and policy support is gradually eased back
- COVID-19 will still present risks in early 2022 given the threat of new variants, and as booster vaccine programmes will take time to fully roll out, but supply chain disruptions (along with higher energy costs and potential shortages in Europe) will be the major headwind to growth
- We expect inflationary pressures to remain high at least through H1 2022, but disinflation should kick in heading into H2
- A further escalation in tensions between Russia and Ukraine and the potential introduction of sanctions could have a negative impact on European economies and banks
- The Fed is likely to begin hiking rates by Q1 2022, and raise rates four times in 2022- taking the Fed Funds rate higher by 100 bps. The European Central Bank (ECB) is likely to begin rate hikes in H2-2022. Both the Fed and ECB are in the process of tapering their asset purchase programmes
- The trade environment is likely to continue improving, but there are risks to the EU–UK trade agreement amid a broader rise in political tensions
- In Latin America, we expect growth to moderate in 2022 as domestic demand normalises, while exports are expected to remain strong amid high commodity prices and improved supply-side constraints

See our regional performance on **page 30**

Direct access to relationship managers with My RM

To give our Singapore-based affluent clients the service they want, when they need it, we launched the My RM app. The app allows clients to interact with their relationship managers via text messages or audio calls, as well as authorising investment transactions. The tool is one part of a wider upscaling of our Affluent business in Singapore, where there are plans to double the current number of relationship managers.

Read more online at
www.sc.com/sg/myrm

Business model

We help international companies connect across our global network and help individuals and local businesses grow their wealth

Our business

Corporate, Commercial and Institutional Banking (CCIB)

We support companies across the world, from small and medium-sized enterprises to large corporates and institutions, both digitally and in person.

Consumer, Private and Business Banking (CPBB)

We support small businesses and individuals, from Mass Retail clients to affluent and high-net-worth individuals, both digitally and in person.

Starting Q1 2022, we will be disclosing SC Ventures and related entities as a separate client segment.

Our products and services

Financial Markets

- Project and transportation finance
- Debt capital markets and leveraged finance
- Macro, commodities and credit trading
- Financing and securities services
- Sales and structuring

Transaction Banking

- Cash management
- Trade finance
- Working capital

Wealth Management

- Investments
- Insurance
- Wealth advice
- Portfolio management

Retail Products

- Deposits
- Mortgages
- Credit cards
- Personal loans

How we generate returns

We earn net interest on the margin for loans and deposit products, fees on the provision of advisory and other services, and trading income from providing risk management in financial markets.

Income

- Net interest income
- Fee income
- Trading income

Profits

- Income gained from providing our products and services minus expenses and impairments

Return on tangible equity

- Profit generated relative to tangible equity invested

What makes us different

Our Purpose is to drive commerce and prosperity through our unique diversity – this is underpinned by our brand promise, Here for good. Our Stands - aimed at tackling the world's biggest issues - Accelerating Zero, Lifting Participation and Resetting Globalisation (see pages 24–25 for more), challenge us to use our unique position to help.

Client focus

Our clients are our business. We build long-term relationships through trusted advice, expertise and best-in-class capabilities.

Distinct proposition

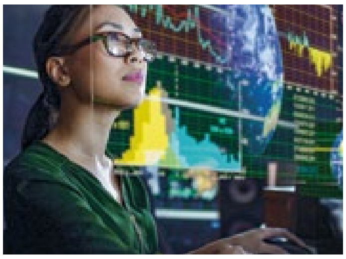
Our understanding of our markets and our extensive international network allow us to offer a tailored proposition to our clients, combining global expertise and local knowledge.

Robust risk management

We are here for the long term. Effective risk management allows us to grow a sustainable business.

Sustainable and responsible business

We are committed to sustainable social and economic development across our business, operations and communities.



How we are shaping our future

We are continuously looking for ways to improve our business model to accelerate returns

In January 2021, we further streamlined our CCIB segment, integrating our Corporate Finance and Financial Markets businesses. The integration will create a simplified origination and distribution engine driving balance sheet velocity and an improved client offering.

In addition, we remain focused on productivity. In 2021, we have digitalised businesses, driving process improvements through automation and simplification, optimised target operating models, reduced property space and changed the way we work, to achieve productivity improvements and cost reduction. We continue to seek further opportunities to generate productivity saves to remain competitive against peers.

Going forward, we aim to deliver a Return on Tangible Equity (RoTE) of around 10 per cent by 2024, by focusing on driving improved returns in CCIB, transforming profitability in CPBB, seizing opportunities in China, improving efficiency through creating operational leverage and delivering sustainable shareholder distributions.

We are committing resources to grow our franchise in the large and high-returns markets, and sustaining and accelerating progress in the four optimisation markets announced in February 2019 (India, Korea, UAE, Indonesia). We have also stepped up our reviews of each of our client segments, markets, and products and services.

Business model continued

The sources of value we rely on

We aim to use our resources in a sustainable way, to achieve the goals of our strategy

How we are enhancing our resources

Human capital

Diversity differentiates us. Delivering our Purpose and Stands rests on how we continue to invest in our people, the employee experience we further enhance and the culture we strengthen.

- More than 18,000 colleagues have completed learning courses in 2021 to build the future skills that we need – including analytics, data, digital, cyber security and sustainable finance.
- We continue to create a work environment that supports resilience, innovation and inclusion, with ongoing focus on mental, physical, social and financial wellbeing. This includes rolling out hybrid working across our markets.

Strong brand

We are a leading international banking group with more than 160 years of history. In many of our markets we are a household name.

Consumer[1] client satisfaction metric

34.7%

- In 2021 we became a digital-first brand, reflecting the innovation driving our business forward. Our refreshed identity is modern and agile, demonstrating our commitment to staying relevant to our clients' evolving needs.
- We have been successful in leveraging our brand and insights to support business growth. The Group successfully improved its reputation in 2021, exceeding the average score for the banking sector, and ranking top three in the majority of our key markets over 2021.

International network

We have an unparalleled international network, connecting companies, institutions and individuals to, and in, some of the world's fastest-growing and most dynamic regions.

- We continue to invest in transforming our core business into a leading digital-first and data-driven platform, positioning us to deliver superior client experiences, access new high-growth segments, grow wallet with existing clients and create new business model opportunities.
- Our network remains one of our key competitive advantages and we continue to leverage our network to drive growth in Trade corridors and Financial Markets solutions for our clients.

Local expertise

We have a deep knowledge of our markets and an understanding of the drivers of the real economy, offering us insights that help our clients achieve their ambitions.

- We continue to support small and medium businesses (SMEs), providing them with much-needed funding to restart and grow their businesses amid the reopening of economies. Overall, we granted over $3 billion in new loans to SMEs in 2021.
- We increased our focus on SMEs participating in the New Economy, in particular those that are part of e-commerce ecosystems.

Financial strength

With $828 billion in assets on our balance sheet, we are a strong, trusted partner for our clients.

CET1 capital

$38bn

- Stronger capital and a much more resilient balance sheet with growth in high-quality deposits
- CET1 ratio at 14.1 per cent, above the Group target range of 13–14 per cent

Technology

We possess leading technological capabilities to enable best-in-class customer experience, operations and risk management.

- We value engineering excellence. Over 10,000 engineers globally are creating a best-in-class and scalable technology stack, to support quick turnaround of ideas into service.
- We are accelerating our move to cloud, migrating key applications, e.g. our core banking system and new digital ventures.
- We adopt next-generation technologies to better serve our customers, improve efficiencies and deliver new business opportunities.

1 Excludes CCIB, private bank and business banking clients

Read more on stakeholder engagement on **pages 51–59**

The value we create

We aim to create long-term value for a broad range of stakeholders in a sustainable way

Clients

We want to deliver easy, everyday banking solutions to our clients with a great digital client experience. We enable individuals to grow and protect their wealth; we help businesses trade, transact, invest and expand. We also help a variety of financial institutions, including banks, public sector and development organisations, with their banking needs.

Total active individual clients

9.5m

2020: 9.6m

Total CCIB and business banking clients

234,000

2020: 255,000

Suppliers

We engage diverse suppliers, locally and globally, to provide efficient and sustainable goods and services for our business.

Total spent in 2021

$4.1bn

2020: $3.8bn

Active suppliers

12,100

2020: 12,900

Employees

We believe great employee experience drives great client experience. We want all our people to pursue their ambitions, deliver with purpose and have a rewarding career enabled by great people leaders.

Senior appointments which are internal

69%

2020: 62%

Employees committed to our success

96%

2020: 97%

Regulators and governments

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

Taxes paid in 2021

$1.2bn

2020: $971m

Society

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

Community investment

$48.7m

2020: $95.7m

Investors

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

Dividends declared in 2021

$370m

2020: $284m

Our strategy

To become a leader in global finance

Over the past year, we have conducted a bottom-up review of our strategy. While there are areas we identified that we will particularly focus on in the future, such as faster tackling of low-returning risk-weighted assets (RWA) in Corporate, Commercial and Institutional Banking (CCIB), further simplifying the way we operate, and being even more aggressive in transforming our business processes and generating additional savings, we still believe our strategy is the right one. We have made good progress in the year, and are on track to deliver our objectives.

Going forward, we remain committed to achieve our ambitions by 2025:

- To be the number one Wholesale digital banking platform
- To be among the top three Affluent brands
- To double our Mass presence
- To become a market leader in Sustainability

We will continue to increase focus on:

- Four strategic priorities: Wholesale Network business, Affluent client business, Mass Retail business, and Sustainability
- Three critical enablers: People and Culture, New Ways of Working, and Innovation

We are anchoring our strategic priorities and enablers in our three Stands: Accelerating Zero, Lifting Participation and Resetting Globalisation. Throughout this section, we will highlight the linkages between our strategic priorities and our Stands.

More details on our Stands can be found on pages 24 and 25.

Strategic priorities

Wholesale Network business

Through our unique network, we facilitate investment, trade and capital flows, providing a starting point in achieving our Stand of Resetting Globalisation. We have also started on our journey towards our Stand of Accelerating Zero, by focusing on Sustainable Finance.

We are one of the leading international Wholesale banks in our emerging markets footprint through:

- Taking leading positions in high-returning, high-growth sectors
- Delivering a market-leading digital platform by continuing to invest in core digital capabilities
- Driving capital-lite products while building a Sustainable Finance franchise and expanding our origination and distribution ecosystem e.g., accelerating our Financial Markets growth
- Speeding up growth in large markets while expanding in growing markets and corridors e.g., intra-Asia and East–West

CCIB network income

$4.6bn

2020: $4.4bn

Percentage of CCIB transactions digitally initiated

51%

2020: 41%

Affluent client business

We offer outstanding personalised advice and exceptional experiences for our Private, Priority and Premium Banking clients to help them grow and prosper internationally and at home. Providing access to sustainable investments is a key differentiator, supporting our Stand of Accelerating Zero.

As a leading international wealth manager in Asia across the Affluent continuum with $250 billion AUM, we are:

- Unlocking the value of the Affluent client continuum across Asia, Africa and the Middle East, with suitable client propositions, coverage models and advisory capabilities
- Maximising the reach of our diverse network through international banking, complemented by a strong focus on developing Hong Kong and Singapore as key international wealth centres
- Continuing to grow our wealth business, which saw double digit asset growth over the last three years, with propositions anchored in investment thought leadership, an open architecture approach, personalised advice at scale and an integrated digital-hybrid experience

Affluent client income

$3.6bn

2020: $3.5bn

Affluent active clients

2.1m

2020: 2.0m

Mass Retail business

We help our clients prosper and deliver everyday banking solutions by integrating our services into their digital lives.

New digital solutions, strategic partnerships and advanced analytics are instrumental to our business, enabling us to significantly increase our reach and relevance to serve clients in a meaningful way, supporting our Stand of Lifting Participation. We are:

- Transforming to a digital-first model and building enablers to be the partner of choice to leading global and regional companies
- Enhancing our value proposition and deepening our capabilities across digital sales and marketing as well as data and analytics
- Growing the share of our Mass Retail client income from new innovative business models

Mass market active clients

7.4m

2020: 7.6m

Percentage of digital sales for Retail Products

74%

2020: 69%

Sustainability

In Sustainability, we continue to focus on sustainable and transition finance, supporting our Stand of Accelerating Zero. We provide access to finance, networks and training to young people, supporting our Stand of Lifting Participation of communities across our network. We support companies in improving environmental, social and governance standards, in line with our Stand of Resetting Globalisation.

Our goal is to become the world's most sustainable and responsible bank and the leading private sector catalyser of finance for the UN Sustainable Development Goals (SDGs) where it matters most – in Asia, Africa and the Middle East. We are:

- Leveraging climate risk management to support clients in managing climate risk and identifying transition opportunities, e.g., mobilise green and transition finance
- Integrating Sustainable Finance as a core component of our customer value proposition and delivering Sustainable Finance solutions
- Continuing to promote economic inclusion and to tackle inequality in our footprint through Futuremakers by Standard Chartered
- Targeting net zero carbon emissions from our operations by 2025, and from our financing by 2050

Sustainability Aspirations achieved or on track

82.9%

2020: 78.4%

Reduction in carbon footprint from previous year

27%

2020: 37%

Critical enablers

People and Culture

We are continuing to invest in our people to build future-ready skills, provide them a differentiated experience and strengthen our culture of innovation and inclusion. This includes:

- Expanding hybrid working across our footprint, with 73 per cent of colleagues across 28 markets already on hybrid working arrangements in 2021
- Embedding our refreshed approach to performance, reward and recognition that puts greater focus on outperformance through collaboration and innovation
- Increasing re-skilling and upskilling opportunities towards future roles that are aligned with the business strategy and individuals' aspirations
- Focusing on wellbeing to enhance individual resilience, productivity and performance

Culture of inclusion score

80.65%

2020: 81.67%

Women in senior roles

30.7%

2020: 29.5%

New Ways of Working

We continue to be client-centric, improve our operating rhythm in organisational agility and empower our people to continuously improve the way we work. We are working on identifying ways to track derived value and enhance our speed of decision-making and delivery, as a key source of competitive advantage.

Average time taken from approval to technology go-live

7.6 weeks

2020: 12.0 weeks

Consumer[1] client satisfaction metric

34.7%

2020: 29.5%

Innovation

We have a three-pronged innovation approach to transform the Bank, to achieve our goal of 50 per cent income from new businesses[2].

- Transform our core via digitisation
- Leverage partnerships to drive scale and extend reach
- Build new business models to create value

We will also establish SC Ventures and related entities as a separate client segment in 2022, to further drive innovation differentiation and disruptive growth

Percentage of revenue from new businesses[2]

~15%

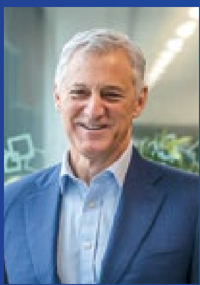
2020: N.A.

1 Excludes CCIB, private bank and business banking clients

2 Income from digital initiatives, innovation and transformation of the core, the majority of which will come from new and upgraded platforms and partnerships, supplemented selectively by new business ventures

Our Stands

The severe impacts of climate change, stark inequality and unfair aspects of globalisation impact everyone. We are taking a stand, setting long-term ambitions for our role on these issues where they matter most. This works in unison with our strategy, stretching our thinking, our action and our leadership to accelerate our growth.

Left
José Viñals
Group Chairman

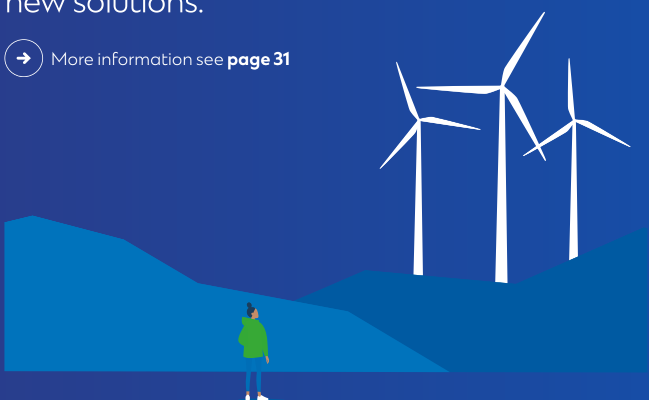
Right
Bill Winters
Group Chief Executive

- We have defined three Stands – which is our name for long-term ambitions on societal challenges
- These are not separate from our strategy. They are integral to delivering and accelerating our strategy, because they will stretch our thinking, our action and our leadership
- We will use our unique abilities to connect the capital, people and ideas needed to address the significant socio-economic challenges and opportunities of our time
- Each of these Stands impacts how we engage with our clients and define the future of our societies
- We have already made significant progress and we will be setting long-term goals as we deliver near-term change
- This is not philanthropy; we will drive scalable, sustainable commercial growth and transform our franchise. You will see us increasingly active in these areas

Accelerating Zero

We're helping emerging markets in our footprint reduce carbon emissions as fast as possible, without slowing development, putting the world on a sustainable path to net zero by 2050. We stand for a rapid, just transition to net zero where it matters most. Our plan to achieve net zero targets has three aims: reduce emissions, catalyse finance and partnerships, and accelerate new solutions.

More information see **page 31**



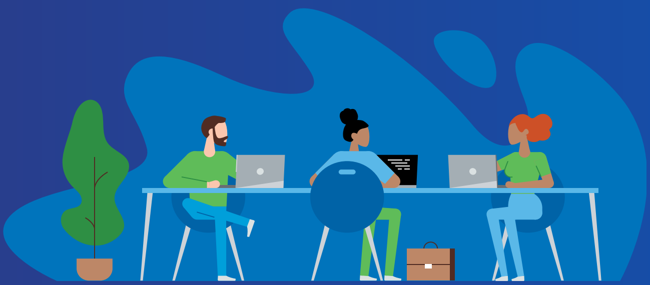
- The world needs to reach net zero by 2050 or face a climate catastrophe with increasing extreme weather events and climate-induced migration
- We have a unique role to play in facilitating a just transition to net zero carbon where it matters most: across Asia, Africa and the Middle East
- We aim to reduce the emissions associated with our financing activities to net zero by 2050, with 2030 interim targets in our most carbon-intensive sectors. We aim to reduce absolute financed thermal coal-mining emissions by 85 per cent by 2030, in addition to a prohibition on financing new or expanding coal-fired power plants, and revenue-based carbon intensity (see page 466 for definition) of 63 per cent for power, 33 per cent respectively for steel and mining (excluding thermal coal mining) and 30 per cent for oil and gas
- We aim to catalyse finance and partnerships to scale impact, capital and climate solutions to where they are needed most, including a plan to mobilise $300 billion in green and transition finance between 2021 and 2030
- We aim to accelerate new solutions to support a just transition in our markets, including a new dedicated Transition Acceleration Team to support clients in high-emitting sectors, and launch sustainable products
- We aim to reach net zero carbon emissions from our own operations by 2025

Stand up to climate change

Lifting Participation

We're determined to improve the lives of 1 billion people and their communities by unleashing the financial potential of women and small businesses in our core markets.

More information see **page 9**



- Inequality, along with gaps in economic inclusion in our key markets, means that many young people, women and small businesses struggle to gain access to the financial system to save for their futures and grow their businesses. We want to democratise wealth management and make it easily accessible to the mass segment at a low cost
- Through partnerships and technology, we can expand the reach and scale of financial services – driving accessible banking at scale and connecting clients to opportunities that promote access to finance and economic inclusion. By developing new digital business models, we're able to grow our business while unleashing opportunity for millions more people

Stand up for equal access to financial support for women and small businesses

Resetting Globalisation

It's our goal to support 500,000 companies to improve working and environmental standards and give everyone the chance to participate in the world economy, so growth becomes fairer and more balanced. We stand for a new model of globalisation based on transparency, inclusion and dialogue.

More information see **page 49**

Globalisation has lifted millions out of poverty, but too many people have been left behind, and division and inequality have grown, along with negative impacts on our planet.

We believe in the potential of globalisation to enable economic growth and increase participation in the world economy – but in its current form, it must be reimagined to ensure that it best serves all people, everywhere.

We advocate a new, more inclusive model of globalisation based on transparency and fairness, building trust, and promoting the exchange of views and innovation to solve the world's toughest problems.

As a leading trade bank, we can connect the capital, expertise and ideas needed to drive new standards and create innovative solutions for more equitable and sustainable growth.

Specifically, we aim to:

- Increase transparency across supply chains to enable consumer choice and drive responsible trade
- Bring enhanced levels of security, tracking and confidence to financial activity
- Provide access to the best and most innovative solutions to private and public sector
- Make global trade more equitable by improving access to finance for smaller suppliers that often lack adequate financing

We stand for a new model of globalisation based on transparency, inclusion and dialogue

Corporate, Commercial and Institutional Banking

KPIs

Profit before taxation[1]

$3,124m

↑57%
underlying basis

$3,010m

↑70%
statutory basis

Return on tangible equity (RoTE)[1]

9.6%

↑370bps
underlying basis

9.3%

↑410bps
statutory basis

Risk-weighted assets (RWA)

$163bn

↓$2bn

Proportion of low-returning client RWA
↓17.8% of RWA

2021	17.8%
2020	19.5%
2019	nm*

Aim: Reduce perennial sub-optimal RWA[2] and bring down the proportion of low-returning client RWA.

Analysis: Our perennial sub-optimal RWA has reduced 49.6 per cent year-on-year. The proportion of low-returning client RWA decreased from 19.5 per cent in 2020 to 17.8 per cent in Nov 2021, driven by RWA optimisation efforts undertaken.

* Not meaningful due to segments integration

Capital-lite[3] **income as a share of total income**
42% share of total income[4]

2021	42%
2020	45%
2019	50%

Aim: Reshape the income mix towards capital-lite income.

Analysis: Share of capital-lite income decreased slightly to 42 per cent in 2021 due to the low interest rate environment, mitigated by strong growth in liabilities.

New digital portal launch with Demica

In October, we partnered with fintech specialist Demica to transform access to the Bank's supplier finance programmes, allowing easier enrolment for thousands of suppliers through an online portal. The portal helps suppliers enrol in supply chain finance programmes by using a digital front-end while providing our team the ability to reach out to a larger supplier base. This is the first phase of a strategic partnership between Standard Chartered and Demica and we are looking for new ways to use technology to transform our working capital solutions.

Segment overview

Corporate, Commercial and Institutional Banking supports clients with their transaction banking, financial markets, corporate finance and borrowing needs across 49 markets. We provide solutions to more than 22,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Our clients include governments, banks, investors, and local and large corporations operating or investing mainly in Asia, Africa and the Middle East. Our strong and deep local presence enables us to help co-create bespoke financing solutions and connect our clients multilaterally to investors, suppliers, buyers and sellers, enabling them to move capital, manage risk and invest to create wealth. Our clients represent a large and important part of the economies we serve. Corporate, Commercial and Institutional Banking is at the heart of the Group's shared Purpose to drive commerce and prosperity through our unique diversity.

We are committed to sustainable finance, delivering on our ambition to increase support and funding for financial products and services that have a positive impact on our communities and the environment and support sustainable economic growth.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets
- Generate high-quality returns by improving funding quality and income mix, growing capital-lite[3] income and driving balance sheet velocity while maintaining disciplined risk management
- Be the leading digital banking platform, providing integrated solutions to cater to our clients' needs and enhance client experience, and partnering with third parties to expand capabilities and access new clients
- Accelerate our sustainable finance offering to our clients through product innovation and enabling transition to a low-carbon future

Progress

- Our underlying income driven by diversified product suite and expanded client solutions despite the low interest rate environment. Our network income currently contributes to 54 per cent of total CCIB income
- Improved balance sheet quality with investment-grade net exposures representing 64 per cent of total corporate net exposures (2020: 51 per cent) and high-quality operating account balances stable at 63 per cent of Transaction Banking and Securities Services customer balances (2020: 64 per cent)
- Migrated more than 65,000 client entities to our S2B[5] NextGen platform and increased S2B cash payment transaction volumes by 17 per cent
- We are one-third of the way towards developing our $1 billion income sustainable finance franchise

Performance highlights

- Underlying profit before tax of $3,124 million up 57 per cent, primarily driven by credit impairment releases, partially offset by lower income and higher expenses
- Underlying operating income of $8,407 million down 1 per cent mainly due to lower Cash Management income impacted by a low interest rate environment and lower Macro Trading income on the back of lower market volatility and tighter spreads, partially offset by strong performance in Credit Market and Trade
- Good balance sheet momentum with total assets up 5 per cent, of which loans and advances were up 11 per cent
- Underlying RoTE increased from 5.9 per cent to 9.6 per cent

1 Reconciliations from underlying to statutory and definitions of APMs can be found on pages 80–85
2 Perennial sub-optimal clients are clients who have returned below 3 per cent RoRWA for the past three years
3 Capital-lite income refers to products with low RWA consumption or of a non-funded nature. This mainly includes Cash Management and FX products
4 Prior periods KPIs have been restated following a reorganisation of certain clients across client segments
5 Our next-generation Transaction Banking digital platform

Consumer, Private and Business Banking

KPIs

Profit before taxation[1]

$1,071m

↑51%
underlying basis

$836m

↑29%
statutory basis

Return on tangible equity (RoTE)[1]

10.2%

↑330bps
underlying basis

7.9%

↑160bps
statutory basis

Risk-weighted assets (RWA)

$51bn

↓$2bn

Digital adoption
↑63% of clients

2021	**63%**
2020	61%
2019	54%

Aim: Align the Group's service to how clients want to interact and increase efficiency by reducing the amount of manual processing.

Analysis: Online applications have continued to grow with the proportion of Retail Banking clients that are digital-active up from 60 per cent in 2020 to 63 per cent at the end of 2021.

Affluent assets under management
↑6%

2021	**6%**
2020	7%
2019	11%

Aim: Affluent assets under management – grow and deepen client relationships, improve investment penetration and attract new clients

Analysis: Assets under management stand at $250 billion in 2021, delivering growth of 6 per cent

Partnering with Kredivo on digital loans

We partnered with Indonesian credit platform Kredivo to offer digital cash loans and 'buy now, pay later' to aid financial inclusion. The loans, which are available for Mass Retail, do not need to be verified face-to-face and make use of Kredivo's AI-driven credit scoring. The partnership facilitates access to credit and supports the growth of e-commerce as well as offline retailers.

Segment overview

Consumer, Private and Business Banking serves more than 9 million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest-growing cities. We provide digital banking services with a human touch to our clients, with services spanning across deposits, payments, financing products and Wealth Management. Private Banking offers a full range of investment, credit and wealth planning products to grow, and protect, the wealth of high-net-worth individuals. We also support our clients with their business banking needs.

We are closely integrated with the Group's other client segments; for example, we offer employee banking services to Corporate, Commercial and Institutional Banking clients, and Consumer, Private and Business Banking also provides a source of high-quality liquidity for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to uplift client experience, improving productivity by driving digitalisation and cost-efficiencies, and simplifying processes.

Strategic priorities

- Leading international Affluent franchise known for outstanding personalised wealth advice and exceptional client experience across our top 10 markets
- A single wealth continuum platform with distinctive segment value propositions to maximise client relationships
- Profitable Personal Banking franchise enabled by partnerships, data and digital infrastructure
- Digital-led, personalised and contextual client engagement augmented by seamless omnichannel experience
- New ways of working as standard approach, for faster, better, more agile execution
- Strategic and transformative investment decisions delivering synergies and consistent client experience, aligned across markets

Progress

- Launched Wealth Management Connect to capture northbound and southbound transactions for Greater Bay Area investors
- Introduction of the Standard Chartered-INSEAD Wealth Academy, which aims to upskill the knowledge of all relationship managers and wealth specialists
- Increase in digital sales, up over 12 per cent driven by investments prioritised to grow digital sales in Personal
- Personal 'scale through automation' transformation accelerated by acquiring customers from partnerships, engaging and cross-selling digitally, and servicing them through low-cost channels
- Launch of new partnerships with Home Credit in Vietnam and Kredivo in Indonesia. Our Atome partnership went live in Indonesia and will go live across our footprint in 2022

Performance highlights

- Underlying profit before tax of $1,071 million was up 51 per cent driven by higher income and lower credit impairments
- Expenses were up 3 per cent (up 2 per cent constant currency) or well-managed and broadly flat constant currency excluding our investments in ventures
- Underlying operating income of $5,733 million was up 1 per cent (flat constant currency). Asia was up 1 per cent and Africa and the Middle East was up 2 per cent
- Strong income momentum growth from Mortgages up 38 per cent and credit cards and personal loans up 5 per cent with improved margins and balance sheet growth and 12 per cent growth in Wealth Management. These were offset by Deposit margin compression, impacted by a lower interest rate environment
- Underlying RoTE increased from 6.9 per cent to 10.2 per cent

1 Reconciliations from underlying to statutory and definitions of APMs can be found on pages 80–85

Asia

Profit before taxation

$3,116m

↑11%
underlying basis

$2,830m

↑7%
statutory basis

Risk-weighted assets (RWA)

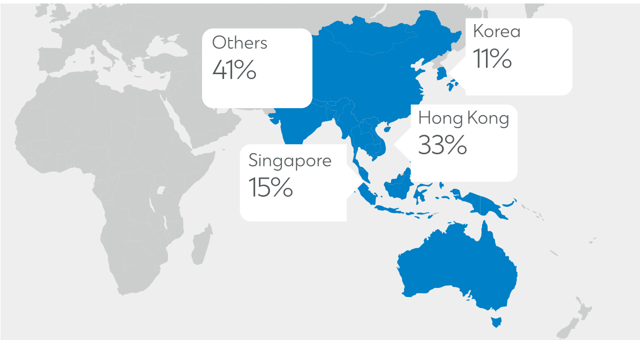
$170bn

↓$4bn

Loans and advances to customers

Asia
72% of Group

Income split by key markets



Breaking boundaries with the Baring Asia Private Equity Fund

In 2021, we worked with the Baring Asia Private Equity Fund to create the region's first ESG-linked subscription facility with a carbon-offset mechanism, worth up to $3.2 billion. Under the terms, any investments made must meet ESG-linked criteria; if the criteria are not met, the client will purchase carbon offsets. The deal is also the first of its kind to include gender diversity KPIs as part of its investment criteria.

Region overview

The Asia region has a long-standing and deep franchise across the markets and some of the world's fastest-growing economies. The region generates over two-thirds of the Group's income from its extensive network of 21 markets. Of these, Hong Kong and Singapore contributed the highest income, underpinned by a diversified franchise and deeply rooted presence.

The region is highly interconnected, with China's economy at its core. Our global footprint and strong regional presence, distinctive proposition and continued investment position us strongly to capture opportunities as they arise from the continuing opening up of China's economy.

The region is benefiting from rising trade flows, including activity generated from the Belt and Road initiative, continued strong investment, and a rising middle class which is driving consumption growth and improving digital connectivity.

Strategic priorities

- Leverage our network strength to serve the inbound and outbound cross-border trade and investment needs of our clients, particularly across high-growth corridors e.g. China–ASEAN
- Capture opportunities arising from China's opening, including the Greater Bay Area (GBA), Renminbi, Belt and Road initiative, onshore capital markets and mainland wealth
- Strengthen our market position in Hong Kong and Singapore, and reshape our Korea, India and Indonesia franchises to improve returns
- Turbocharge our Affluent and Wealth Management businesses through differentiated propositions and service
- Continue to invest in technology, digital capabilities and partnerships to enhance client experience and build scale efficiently
- Support clients in their sustainable finance and transition needs

Progress

- China business has grown significantly, almost doubling underlying operating profit, driven by Wealth Management, Financial Markets, Trade and unsecured products. The income we have booked from clients based in China has grown 9 per cent and China remains the Group's largest network income originator
- Hong Kong and Singapore, the highest income contributors in our region, have delivered strong underlying income growth driven by Wealth Management, mainly from Affluent clients and Financial Markets, partly offset by continued margin compression. Our digital agendas have progressed; and our virtual bank Mox currently has a 25 per cent market share of deposits among virtual banks in Hong Kong. Singapore is currently exploring a digital bank venture, which will allow us to expand our reach and touchpoints in the country. We have successfully created an ASEAN hub in Singapore, consolidating our subsidiaries in Malaysia, Thailand and Vietnam
- We continue to invest in the GBA. We are among the first batch of banks to launch Wealth Management Connect, we successfully completed our GBA Centre to better support CCIB and CPBB clients, and we are progressing with our sustainable finance platform build
- Korea and India have delivered strong growth in underlying profit before tax of 12 per cent and 53 per cent, driven by progress in CPBB and continued focus on branch optimisation and productivity

Performance highlights

- Underlying profit before tax of $3,116 million was up 11 per cent, mainly due to lower credit impairment charges, partially offset by higher expenses as we continue to invest in our strategic initiatives
- Underlying operating income of $10,448 million was up 1 per cent (down 1 per cent constant currency). Strong Financial Markets, Lending, Mortgages and Wealth Management growth, partly offset by lower trading income from lower market volatility
- Loans and advances to customers were up 11 per cent mainly from strong growth in Mortgages and Corporate Lending. Customer accounts were up 6 per cent, with strong growth in retail current and savings accounts and Transaction Banking cash balances
- RWA decreased by $4 billion from continued focus on RWA optimisation and partly from a model change benefit in Korea

Africa and the Middle East

Profit before taxation

$856m

↑$843m
underlying basis

$831m

↑$906m
statutory basis

Risk-weighted assets (RWA)

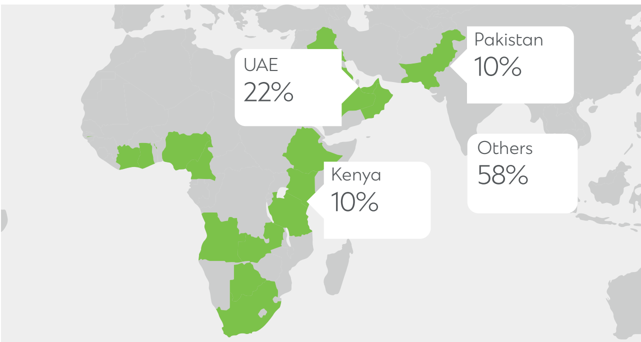
$49bn

↓$2bn

Loans and advances to customers

Africa & Middle East
7% of Group

Income split by key markets



Digital banking grows across Africa and the Middle East

Our digital banking initiatives in Africa continued to grow in 2021 as we gained 860,000 customers, almost doubling our existing base across the continent. Our digital bank customer deposits grew 43 per cent to $189 million and we launched digital banking in Pakistan – bringing the number of markets where we offer our services to 10.

Region overview

We have a deep-rooted heritage in Africa & Middle East and are present in 25 markets, of which the UAE, Nigeria, Pakistan, Kenya and Ghana are the largest by income. We are present in the largest number of sub-Saharan African markets of any international banking group.

A rich history, deep client relationships and a unique footprint in the region, as well as across centres in Asia, Europe and the Americas, enable us to seamlessly support our clients. Africa & Middle East is an important element of global trade and investment corridors, including those on China's Belt and Road initiative, and we are well placed to facilitate these flows.

Positive macro-trends (oil, commodity and UAE property prices) are driving market opportunities, but challenges and uncertainties exist in the near term. We're confident that the opportunities in the region will support long-term sustainable growth for the Group. We continue to invest selectively and drive efficiencies

Strategic priorities

- Provide best-in-class structuring and financing solutions and drive creation through client initiatives
- Invest to accelerate growth in differentiated international network and Affluent client businesses
- Invest in market-leading digitisation initiatives in CPBB to protect and grow market share in core markets, continue with our transformation agenda to recalibrate our network and streamline structures
- Be an industry leader in the transition to net zero across the region

Progress

- We have strengthened our footprint with a new branch in Saudi Arabia in 2021
- Our role leading several marquee transactions across the region reflects our strong client franchise. We continue to be the market leader in bond issuance and Islamic Sukuk and achieved our highest-ever debt capital markets notional volumes
- Our Project and Export Finance team closed more than $2 billion in sustainable finance deals in the region, which includes one of the largest waste to energy projects globally and one of the largest single-site solar projects in the world
- Our digital transformation initiatives in Africa are bearing fruit: 98 per cent of client acquisitions and 80 per cent servicing is done digitally. Digital bank customer deposits grew 43 per cent to $189 million, and through cross-selling they are increasingly taking up other wealth, insurance and lending products. A major milestone was achieved with the first phase of the digital bank launched in Pakistan in December 2021
- Strong Financial Markets and Wealth Management momentum; Financial Markets income was up 9 per cent and was at the highest level in five years; and Wealth Management income grew 23 per cent and was at the highest level since 2015
- Continuing cost discipline has allowed investments to continue through the cycle. The number of branches decreased by 20 per cent and headcount was 12 per cent lower

Performance highlights

- Underlying profit before tax of $856 million was the highest since 2015 and was driven by reduced credit impairment, higher income and lower expenses
- Significant turnaround in UAE with a return to profitability in 2021
- Underlying operating income of $2,446 million was up 3 per cent (up 5 per cent constant currency) mainly due to growth in Financial Markets and Wealth Management. Income was up 7 per cent (up 9 per cent constant currency) in Africa, while it was flat across Middle East, North Africa and Pakistan
- Loans and advances to customers were down 6 per cent and customer accounts were up 8 per cent

Europe and the Americas

Profit before taxation

$644m

↑67%
underlying basis

$575m

↑69%
statutory basis

Risk-weighted assets (RWA)

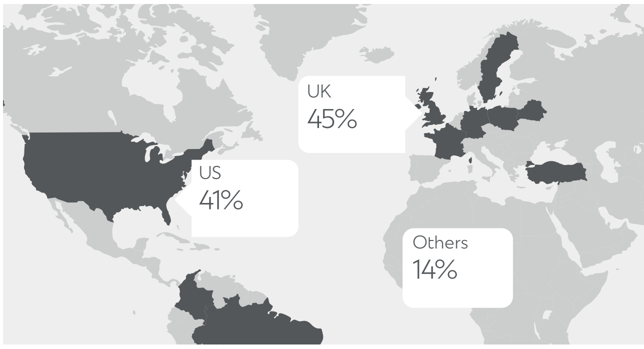
$50bn

↑$5bn

Loans and advances to customers

Europe & Americas
21% of Group

Income split by key markets



Helping build high-speed railways in Turkey

In December 2021, we led on a landmark €1.24 billion green financing package to develop a new high-speed railway line in Turkey. The 200km-long railway track will link the cities of Bandırma and Osmaneli in the northwest of the country, passing through Bursa and Yenişehir. This transaction, undertaken for the Ministry of Treasury and Finance in Turkey, is the first of its kind for the client.

Region overview

The Group supports clients in Europe & Americas through hubs in London, Frankfurt and New York as well as a presence in several other markets in Europe and Latin America. Our expertise in Asia, Africa and the Middle East allows us to offer our clients in the region unique network and product capabilities.

The region generates significant income for the Group's Corporate, Commercial & Institutional Banking business. Clients based in Europe & Americas make up around one-third of the Group's CCIB income, with three-quarters of client income booked elsewhere in the network generating above-average returns.

In addition to being a key origination centre for CCIB, the region offers local, on-the-ground expertise and solutions to help internationally minded clients grow across Europe & Americas. The region is home to the Group's two biggest payment clearing centres and the largest trading floor with more than 80 per cent of the region's income originating from Financial Markets and Transaction Banking products.

Our Private Banking business focuses on serving clients with links to our footprint markets.

Strategic priorities

- Leverage our network capabilities to connect new and existing Corporate and Financial Institutions clients in the west to the fastest-growing and highest-potential economies across our footprint
- Grow the business we capture from inbound trade flows from our footprint markets
- Increase the capital base of our Frankfurt hub to continue growing business with our continental European clients
- Further develop our sustainable finance product offering and risk management capabilities
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Expand assets under management in Private Banking and continue to strengthen the franchise

Progress

- Strong growth of 7 per cent in global cross-border business with Europe and the Americas CCIB clients
- Significantly expanded our domestic Cash Management offering to facilitate growth opportunities across our global footprint
- SCB AG entity fully operational as our continental Europe hub with the capital base doubled in 2021, providing financial solutions for the EU27 market and with strong income growth from both Corporate and Financial Institutions clients in Europe
- Significant growth in income from sustainable finance products and expansion of our sustainable product offering
- Significant increase in high-quality liabilities diversifying the region's funding base

Performance highlights

- Underlying profit before tax of $644 million improved 67 per cent driven by higher income and lower impairments
- Underlying operating income of $2,003 million was up 4 per cent largely due to growth in Trade and Lending with a resilient performance in Financial Markets. Treasury Markets income was lower due to significant realisation gains in the prior year. Cash Management income decreased due to lower interest margins albeit largely mitigated by significant growth in volumes
- Expenses increased by 7 per cent largely due to the normalisation of performance-related pay, increased investment and technology expense, and US dollar depreciation
- Loans and advances to customers grew 13 per cent and customer accounts grew 21 per cent

Accelerating Zero

Setting out our stall for 2050

In October, we announced plans to reach net zero carbon emissions from the activities we finance by 2050. Our plans include interim targets for our most carbon-intensive sectors, mobilising $300 billion in green and transition financing, and enabling a just transition through the deployment of a Transition Acceleration Team. The team will launch sustainable products and help our clients reach their net zero targets. We aim to be net zero from our own operations by 2025.

Read more online at
www.sc.com/netzero

Group Chief Financial Officer's review

Andy Halford
Group Chief Financial Officer

"A resilient FY'21 performance returning to top line growth in 2H'21, an increased dividend and a buy-back"

Summary of financial performance

The Group delivered a resilient performance in 2021, returning to top-line growth in the second half of the year. In conditions that remained challenging the Group delivered strong underlying profit growth of 61 per cent on a constant currency basis, and 300 basis points increase to return on tangible equity (RoTE) to 6 per cent, benefiting from significantly lower credit impairment. Income was broadly flat to 2020 and was down 1 per cent on a constant currency basis, reflecting the $0.7 billion income lost in 2021 due to the low interest rate environment. After declining 6 per cent in the first half of the year on a constant currency basis excluding the impact of the debit valuation adjustment (DVA), the Group delivered 4 per cent income growth in the second half. The Group grew loans and advances to customers by 6 per cent and delivered a record level of assets under management within Wealth Management. Expenses were up 3 per cent on a constant currency basis as performance-related pay normalised after an abnormally low 2020 and as the Group continues to increase investment in strategic initiatives. Credit impairments reduced by $2 billion reflecting the non-repeat of prior year stage 3 charges and an improving economic backdrop as markets began an uneven recovery from the effects of COVID-19. The Group remains well capitalised and highly liquid with a Common Equity Tier 1 (CET1) ratio of 14.1 per cent, which translates to a pro forma 13.5% as at 1 January 2022 incorporating upcoming regulatory changes, enabling the Board to announce a further $750 million share buy-back programme to start imminently.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2020 on a reported currency basis, unless otherwise stated.

- **Operating income** was broadly flat and was down 1 per cent on a constant currency basis
- **Net interest income** decreased 1 per cent with increased volumes more than offset by an 8 per cent or 10 basis point reduction in net interest margin. The decline in the net interest margin was as a result of the low interest rate environment and is equivalent to $0.7 billion of lost income. Net interest income included a positive $171 million IFRS9 interest income catch-up adjustment in respect of interest earned on historically impaired assets, increasing the net interest margin by 3 basis points
- **Other income** was flat, with a record performance in Wealth Management and strong fee growth in Transaction Banking offset by lower trading income in Financial Markets and lower realisation gains in Treasury
- **Operating expenses** excluding the UK bank levy increased 5 per cent but were flat on a constant currency basis after adjusting for the normalisation of performance-related pay in spite of a higher inflation environment. Expenses were held flat as the Group funded continued investment in transformational digital capabilities through cost efficiency actions. The cost-to-income ratio on a constant currency basis (excluding the UK bank levy and DVA) increased 272 basis points to 70 per cent, however in the second half of the year the Group delivered 260 basis points of positive operating leverage. The UK bank levy decreased by $231 million to $100 million reflecting a change in the basis of calculation as it is now only chargeable on the Group's UK balance sheet

- **Credit impairment** was $263 million, a reduction of $2 billion. Corporate, Commercial & Institutional Banking impairments declined by $1.6 billion as it recorded a net release of $44 million. Consumer, Private & Business Banking impairments were $285 million, primarily stage 3 impairments, down $456 million. Central & other impairments totalled $22 million, broadly flat in the year. Total credit impairment of $263 million represents a loan-loss rate of 7 basis points, a year-on-year reduction of 59 basis points in our cost of risk
- **Other impairment** was $355 million, an increase of $370 million. This includes a $300 million impairment charge relating to the Group's investment in its associate China Bohai Bank (Bohai) following the announcement of its most recent results. The remaining other impairment primarily relates to aircraft
- **Profit from associates and joint ventures** increased 7 per cent to $176 million. In 2020, the Group could only recognise its share of the profits of Bohai for ten months due to the timing of its initial public offering in July 2020, after which the Group's share of Bohai reduced to 16.26 per cent from 19.99 per cent
- Charges relating to **restructuring, goodwill impairment and other items** reduced by $346 million to $549 million, with $125 million higher restructuring costs more than offset by a non-repeat of $489 million goodwill impairment primarily relating to India and UAE booked in 2020
- **Taxation** was $1,034 million on a statutory basis. Taxation on underlying profits was at an effective rate of 28.8 per cent, a decrease of 8.9 per cent compared to 2020. This reflects a favourable change in the geographic mix of profits, the impact of a lower UK bank levy which is non-deductible and higher profits diluting the impact of non-deductible costs. Taxation on statutory profits was at an effective rate of 30.9 per cent, an increase of 1.9 per cent on the underlying rate due to restructuring costs incurred in low tax jurisdictions
- **Return on tangible equity** increased 300 basis points to 6.0 per cent due to the increase in profits
- Underlying basic **earnings per share (EPS)** more than doubled to 76.2 cents and statutory EPS of 61.3 cents increased by 50.9 cents
- A final **ordinary dividend** per share of 9 cents has been proposed along with a share buy-back programme of $750 million which will start imminently

Summary of financial performance

	2021 $million	2020 $million	Change %	Constant currency change[1] %
Net interest income	**6,807**	6,882	(1)	(2)
Other income	**7,906**	7,883	–	–
Underlying operating income	**14,713**	14,765	–	(1)
Other operating expenses	**(10,275)**	(9,811)	(5)	(3)
UK bank levy	**(100)**	(331)	70	69
Underlying operating expenses	**(10,375)**	(10,142)	(2)	(1)
Underlying operating profit before impairment and taxation	**4,338**	4,623	(6)	(5)
Credit impairment	**(263)**	(2,294)	89	89
Other impairment	**(355)**	15	nm[3]	nm[3]
Profit from associates and joint ventures	**176**	164	7	7
Underlying profit before taxation	**3,896**	2,508	55	61
Restructuring	**(507)**	(382)	(33)	(32)
Goodwill impairment	**–**	(489)	100	100
Other items	**(42)**	(24)	(75)	(83)
Statutory profit before taxation	**3,347**	1,613	108	119
Taxation	**(1,034)**	(862)	(20)	(19)
Profit for the year	**2,313**	751	nm[3]	nm[3]
Net interest margin (%)[2]	**1.21**	1.31	(10)	
Underlying return on tangible equity (%)[2]	**6.0**	3.0	300	
Underlying earnings per share (cents)	**76.2**	36.1	111	

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Change is the basis points (bps) difference between the two periods rather than the percentage change

3 Not meaningful

Statutory financial performance summary

	2021 $million	2020 $million	Change %	Constant currency change[1] %
Net interest income	**6,798**	6,852	(1)	(2)
Other income	**7,903**	7,902	–	–
Statutory operating income	**14,701**	14,754	–	(1)
Statutory operating expenses	**(10,924)**	(10,380)	(5)	(3)
Statutory operating profit before impairment and taxation	**3,777**	4,374	(14)	(12)
Credit impairment	**(254)**	(2,325)	89	89
Goodwill & Other impairment	**(372)**	(587)	37	36
Profit from associates and joint ventures	**196**	151	30	30
Statutory profit before taxation	**3,347**	1,613	108	119
Taxation	**(1,034)**	(862)	(20)	(19)
Profit for the year	**2,313**	751	nm[3]	nm[3]
Statutory return on tangible equity (%)[2]	**4.8**	0.9	390	
Statutory earnings per share (cents)	**61.3**	10.4	nm[3]	

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Change is the basis points (bps) difference between the two periods rather than the percentage change
3 Not meaningful

Operating income by product

	2021 $million	2020 (Restated)[2] $million	Change %	Constant currency change[1] %
Transaction Banking	**2,592**	2,838	(9)	(9)
Trade	**1,153**	994	16	16
Cash Management	**1,439**	1,844	(22)	(22)
Financial Markets	**4,921**	4,912	–	(1)
Macro Trading	**2,216**	2,532	(12)	(13)
Credit Markets	**1,823**	1,621	12	12
Credit Trading	**437**	404	8	7
Financing Solutions & Issuance	**1,386**	1,217	14	13
Structured Finance	**480**	382	26	25
Financing & Securities Services	**387**	364	6	5
DVA	**15**	13	15	15
Lending & Portfolio Management	**1,008**	884	14	13
Wealth Management	**2,225**	1,990	12	11
Retail Products	**3,358**	3,566	(6)	(7)
Credit Cards & Personal Loans & other unsecured lending	**1,272**	1,211	5	3
Deposits	**860**	1,457	(41)	(41)
Mortgage & Auto	**1,036**	750	38	35
Other Retail Products	**190**	148	28	28
Treasury	**698**	635	10	10
Other	**(89)**	(60)	(48)	(38)
Total underlying operating income	**14,713**	14,765	–	(1)

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods
2 Following a reorganisation of certain clients, there has been a reclassification of balances across products

Following an organisational restructure that came into effect on 1 January 2021, the Group's Financial Markets business has been expanded and reorganised, with the Group integrating the majority of its Corporate Finance business within Financial Markets. The remaining elements of the Group's Corporate Finance business – primarily M&A Advisory – have been transferred into Lending & Portfolio Management.

Transaction Banking income was down 9 per cent. Trade increased 16 per cent reflecting high single-digit growth in trade volumes from a significant rebound in global trade as economies recover from COVID-19. Cash Management declined 22 per cent with the low interest rate environment leading to margin compression despite repricing initiatives. This was partly offset by double-digit growth in volumes and fees.

Financial Markets income was flat, or down 2 per cent excluding the impact of a IFRS9 income adjustment, with strong performances in Credit Markets and Structured Finance offsetting a double-digit decline in Macro Trading income which was impacted by a non-repeat of 2020's exceptional market volatility. Credit Markets income grew 12 per cent, or 7 per cent excluding the impact of a $94 million IFRS9 income adjustment, with increased client demand growing both origination and distribution volumes. Structured Finance was up 25 per cent benefiting from increased leasing income due to new deals and profits from the sale of aircraft. Financing & Securities Services income was up 6 per cent with increased Security Services income partly offset by margin compression and lower demand for corporate term deposits.

Lending and Portfolio Management income was up 14 per cent, or 8 per cent excluding the impact of a $55 million IFRS9 income adjustment, with double-digit increase in balances on a constant currency basis and improved margins in Corporate Lending.

Wealth Management income grew 12 per cent to a record $2.2 billion reflecting sustained growth in client numbers and double-digit growth in assets under management. There was a particularly strong sales performance in Funds, Structured Notes and Wealth Lending. Bancassurance income was up 9 per cent.

Retail Products income declined 6 per cent or 7 per cent on a constant currency basis. Deposits income declined 41 per cent as margin compression from the low interest rate environment more than offset increased volumes and improved balance sheet mix. Strong volume growth and improved margins led to Mortgages & Auto income increasing 38 per cent and Other Retail Products income growing 28 per cent. Credit Cards & Personal Loans income was up 5 per cent as balances grew on the back of a recovery in transaction volumes.

Treasury income increased 10 per cent with higher interest income partly offset by a $224 million reduction in realisation gains given movements in yield curves.

Profit before tax by client segment and geographic region

	2021 $million	2020 (Restated)[2] $million	Change %	Constant currency change[1] %
Corporate, Commercial & Institutional Banking	**3,124**	1,994	57	58
Consumer Private & Business Banking	**1,071**	710	51	55
Central & other items (segment)	**(299)**	(196)	(53)	(22)
Underlying profit before taxation	**3,896**	2,508	55	61
Asia	**3,116**	2,814	11	11
Africa & Middle East	**856**	13	nm[3]	nm[3]
Europe & Americas	**644**	386	67	72
Central & other items (region)	**(720)**	(705)	(2)	6
Underlying profit before taxation	**3,896**	2,508	55	61

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

3 Not meaningful

Following an organisational restructure that came into effect on 1 January 2021, the new structure results in the creation of two new client segments: Corporate, Commercial & Institutional Banking, serving larger companies and institutions, and Consumer, Private & Business Banking, serving individual and business banking clients. From a regional perspective, Greater China & North Asia and ASEAN & South Asia have been combined to form a single Asia region.

Corporate, Commercial & Institutional Banking (CCIB) profit increased 57 per cent, with a $1.6 billion favourable movement from impairment releases in 2021. Income fell 1 per cent while expenses increased 5 per cent.

Consumer, Private & Business Banking (CPBB) profit increased by half, with income growing 1 per cent and impairments reducing by $456 million. This was partly offset by a 3 per cent increase in expenses.

Central & other items (segment) losses increased by approximately half to $299 million with a 21 per cent reduction in expenses more than offset by the $300 million impairment of the Group's investment in Bohai.

Asia profits increased 11 per cent with a $1.1 billion reduction in impairment partly offset by a $410 million negative movement in other impairment including the impairment of the Group's investment in Bohai.

Africa & Middle East profits increased from $13 million to $856 million primarily due to a $688 million reduction in impairment. Income was up 3 per cent and 5 per cent on a constant currency basis while expenses decreased 4 per cent.

Europe & Americas profit was up 67 per cent, benefiting from impairment releases and 4 per cent income growth partly offset by increased expenses.

Central & other items (region) recorded a loss of $720 million, with income down $281 million due to lower returns paid to Treasury on the equity provided to the regions in a lower interest rate environment broadly offset by a $231 million reduction in the UK bank levy and lower other impairment.

Adjusted net interest income and margin

	2021 $million	2020 $million	Change[1] %
Adjusted net interest income[2]	**6,796**	6,921	(2)
Average interest-earning assets	**559,408**	526,370	6
Average interest-bearing liabilities	**515,769**	478,051	8
Gross yield (%)[3]	**1.83**	2.34	(51)
Rate paid (%)[3]	**0.67**	1.12	(45)
Net yield (%)[3]	**1.16**	1.22	(6)
Net interest margin (%)[3,4]	**1.21**	1.31	(10)

1 Variance is better/(worse) other than assets and liabilities which is increase/(decrease)

2 Adjusted net interest income is statutory net interest income less funding costs for the trading book and financial guarantee fees on interest-earning assets

3 Change is the basis points (bps) difference between the two periods rather than the percentage change

4 Adjusted net interest income divided by average interest-earning assets, annualised

Adjusted net interest income was down 2 per cent driven by an 8 per cent decline in net interest margin which fell 10 basis points year-on-year, reflecting the continued low interest rate environment following the cut in policy rates which occurred in early 2020. Excluding the $171 million benefit from IFRS9 income adjustments booked in the second and third quarter, the net interest margin in 2021 would have averaged 118 basis points. In the fourth quarter, the net interest margin averaged 119 basis points, an increase of 3 basis points in the quarter excluding the impact of the IFRS9 income adjustment booked in the third quarter. This reflects the impact of interest rate rises in certain markets and additional interest income from structural hedging activities within Treasury Markets.

Average interest-earning assets increased 6 per cent driven by an increase in loans and advances to customers and higher investment securities balances. Gross yields declined 51 basis points compared to the average in 2020 predominantly reflecting the impact of continued compression of key interest rates. Excluding the impact of the IFRS9 income adjustment, gross yields declined 54 basis points.

Average interest-bearing liabilities increased 8 per cent driven by growth in customer accounts. The rate paid on liabilities decreased by 45 basis points year-on-year reflecting interest rate movements. This was partly offset by a shift of customer accounts from higher-paying time deposits to lower-rate current and savings accounts.

Credit risk summary

Income statement

	2021 $million	2020 $million	Change[1] %
Total credit impairment	**263**	2,294	(89)
Of which stage 1 and 2	**78**	827	(91)
Of which stage 3	**185**	1,467	(87)

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Balance sheet

	2021 $million	2020 $million	Change[1] %
Gross loans and advances to customers[2]	**304,122**	288,312	5
Of which stage 1	**279,178**	256,437	9
Of which stage 2	**16,849**	22,661	(26)
Of which stage 3	**8,095**	9,214	(12)
Expected credit loss provisions	**(5,654)**	(6,613)	(15)
Of which stage 1	**(473)**	(534)	(11)
Of which stage 2	**(524)**	(738)	(29)
Of which stage 3	**(4,657)**	(5,341)	(13)
Net loans and advances to customers	**298,468**	281,699	6
Of which stage 1	**278,705**	255,903	9
Of which stage 2	**16,325**	21,923	(26)
Of which stage 3	**3,438**	3,873	(11)
Cover ratio of stage 3 before/after collateral (%)[3]	**58 / 75**	58 / 76	0 / (1)
Credit grade 12 accounts ($million)	**1,730**	2,164	(20)
Early alerts ($million)	**5,534**	10,692	(48)
Investment grade corporate exposures (%)[3]	**69**	62	7

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of $7,331 million at 31 December 2021 and $2,919 million at 31 December 2020

3 Change is the percentage points difference between the two points rather than the percentage change

The solid risk-management foundations that the Group has built over time has allowed the Group to focus on emerging strongly from the COVID-19 pandemic, despite the uneven recovery across some markets and industries. In spite of the challenging conditions that remain, the Group has seen improvement in a number of credit metrics with the stock of high-risk assets reducing over 6 consecutive quarters and a $2 billion reduction in credit impairment year-on-year. The Group is well positioned to support our clients as economies recover but continues to remain vigilant to the continued impact of COVID-19 and to sectors such as China commercial real estate that are under particular idiosyncratic pressures.

Credit impairment totalled $263 million, a reduction of $2 billion, representing a loan loss rate of 7 basis points demonstrating the resilience of the overall portfolio.

Stage 1 and 2 impairment charge of $78 million is a decrease of $749 million, reflecting an improvement in the macroeconomic variables incorporated into expected credit loss models, additional collateral and guarantees received on a select number of clients and an improvement in underlying probability of default metrics. The management overlay relating to stage 1 and 2 assets totals $323 million as at 31 December 2021 compared to $353 million as at 31 December 2020. There was a $125 million reduction in the COVID-19 element of the overlay, partly offset by a $95 million overlay booked in the fourth quarter in relation to the China commercial real estate sector.

Stage 3 impairment of $185 million primarily relates to charge-offs within CPBB with net releases within CCIB. There was a $32 million charge relating to the catch-up of interest earned on historically impaired assets and a $15 million increase in the management overlay of stage 3 assets in CPBB, which now totals $21 million.

Gross stage 3 loans and advances to customers of $8.1 billion were 12 per cent lower, primarily due to repayments, client upgrades and write-offs more than offsetting new inflows. Credit-impaired loans represented 2.7 per cent of gross loans and advances, a decrease of 53 basis points.

The stage 3 cover ratio of 58 per cent was stable, and the cover ratio post collateral at 75 per cent decreased by 1 percentage point. This reflects new inflows into stage 3 where the Group is confident that we have a low probability of a significant loss as it benefits from guarantees and insurance which are not included as tangible collateral.

Credit grade 12 balances have decreased by 20 per cent, with client upgrades, downgrades into stage 3 and re-payments partly offset by a sovereign ratings downgrade and new inflows.

Early Alert accounts of $5.5 billion have nearly halved, reflecting the net impact of regularisations of accounts back into non-high-risk categories, net impact of downgrades into credit grade 12 and exposure reductions. In the fourth quarter, Early Alert accounts decreased by $1.9 billion reflecting improved operating performance in the Aviation sector. Early Alert accounts are now broadly in line with the level they were at before COVID-19. The Group is continuing to monitor its exposures in the Aviation, Metals & Mining and Oil & Gas sectors particularly carefully, given the unusual stresses caused by the effects of COVID-19, as well as its exposure to Commercial Real Estate, which, with net loans and advances to customers of $19.8 billion is just 7 per cent of the Group's total net loans and advances to customers. The rises in commodity prices have eased credit pressure for certain sectors.

The proportion of investment grade corporate exposures has increased by 7 percentage points to 69 per cent.

Restructuring, goodwill impairment and other items

	2021			2020		
	Restructuring $million	**Goodwill impairment $million**	**Other items $million**	Restructuring $million	Goodwill impairment $million	Other items $million
Operating income	**(32)**	**–**	**20**	27	–	(38)
Operating expenses	**(487)**	**–**	**(62)**	(252)	–	14
Credit impairment	**9**	**–**	**–**	(31)	–	–
Other impairment	**(17)**	**–**	**–**	(113)	(489)	–
Profit from associates and joint ventures	**20**	**–**	**–**	(13)	–	–
Loss before taxation	**(507)**	**–**	**(42)**	(382)	(489)	(24)

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by period. A reconciliation of restructuring and other items excluded from underlying results is set out on pages 80 to 84.

Restructuring charges of $507 million for 2021 reflects the impact of actions to transform the organisation to improve productivity, primarily redundancy related charges, the majority of which, including an early retirement programme in Korea, were booked in 4Q'21.

Other items include a $62 million financial penalty paid to the PRA and a $20 million fair-value gain relating to a SC Ventures investment.

Balance sheet and liquidity

	2021 $million	2020 $million	Increase/ (Decrease) $million	Increase/ (Decrease) %
Assets				
Loans and advances to banks	**44,383**	44,347	36	–
Loans and advances to customers	**298,468**	281,699	16,769	6
Other assets	**484,967**	463,004	21,963	5
Total assets	**827,818**	789,050	38,768	5
Liabilities				
Deposits by banks	**30,041**	30,255	(214)	(1)
Customer accounts	**474,570**	439,339	35,231	8
Other liabilities	**270,571**	268,727	1,844	1
Total liabilities	**775,182**	738,321	36,861	5
Equity	**52,636**	50,729	1,907	4
Total equity and liabilities	**827,818**	789,050	38,768	5
Advances-to-deposits ratio (%)[2]	**59.1%**	61.1%		
Liquidity coverage ratio (%)	**143%**	143%		

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 The Group now excludes $15,168 million held with central banks (31.12.20: $14,296 million) that has been confirmed as repayable at the point of stress

The Group's balance sheet remains strong, liquid and well diversified.

- Loans and advances to customers increased 6 per cent since 31 December 2020 to $298 billion driven mainly by growth in Financial Markets, Mortgages and Corporate Lending. Volumes declined $4 billion in 4Q'21 with a $9 billion reduction in Treasury Markets balances more than offsetting underlying growth in Corporate Lending and Financial Markets. Excluding the reduction in Treasury Markets, loans and advances to customers grew an underlying 2 per cent in 4Q'21
- Customer accounts of $475 billion increased 8 per cent since 31 December 2020 with an increase in operating account balances within Cash Management and in Retail current and saving accounts partly offset by a reduction in Retail time deposits. Volumes increased $21 billion in 4Q'21 primarily from growth in operating account balances and corporate term deposits
- Other assets increased 5 per cent since 31 December 2020 while other liabilities were 1 per cent higher. The growth in other assets was driven by increased reverse repurchase agreement volumes and an increase in investment securities held within Treasury Markets. The growth in other liabilities reflects increased repurchase agreements and issued debt securities offset by reduced derivative balances

The advances-to-deposits ratio decreased to 59.1 per cent from 61.1 per cent at 31 December 2020 reflecting the strong growth in customer accounts. The point-in-time liquidity coverage ratio has remained stable at 143 per cent and remains well above the minimum regulatory requirement of 100 per cent.

Risk-weighted assets

	2021 $million	2020 $million	Change[1] $million	Change[1] %
By risk type				
Credit risk	**219,588**	220,441	(853)	–
Operational risk	**27,116**	26,800	316	1
Market risk	**24,529**	21,593	2,936	14
Total RWAs	**271,233**	268,834	2,399	1

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Total risk-weighted assets (RWA) increased 1 per cent or $2.4 billion since 31 December 2020 to $271.2 billion.

- Credit risk RWA decreased $0.9 billion to $219.6 billion, with an increase of $10.2 billion from underlying asset growth more than offset by the aggregate of $4.4 billion from favourable FX movements, $3.7 billion impact from model enhancements, $2.2 billion from the partial unwind of negative credit migration and $1.1 billion impact from other RWA efficiency actions
- Market risk RWA increased by $2.9 billion to $24.5 billion primarily due to the impact of updated PRA guidance with $3.7 billion Structural FX risk now treated as Pillar 1 market risk RWA, partly offset by the benefit of consolidating market risk RWA following the receipt of a Prudential Regulatory Authority (PRA) permission to consolidate market risk RWA for SCB Malaysia Berhad, SCB Thai PCL and SCB (Vietnam) Ltd
- Operational risk RWA increased by $0.3 billion mainly due to an increase in average income as measured over a rolling three-year time horizon, with higher 2020 income replacing lower 2017 income

Capital base and ratios

	2021 $million	2020 $million	Change[1] $million	Change[1] %
CET1 capital	**38,362**	38,779	(417)	(1)
Additional Tier 1 capital (AT1)	**6,791**	5,612	1,179	21
Tier 1 capital	**45,153**	44,391	762	2
Tier 2 capital	**12,491**	12,657	(166)	(1)
Total capital	**57,644**	57,048	596	1
CET1 capital ratio end point (%)[2]	**14.1**	14.4	(0.3)	
Total capital ratio transitional (%)[2]	**21.3**	21.2	0.1	
UK leverage ratio (%)[2]	**4.9**	5.2	(0.3)	

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 Change is percentage points difference between two points rather than percentage change

The Group's CET1 ratio of 14.1 per cent decreased 28 basis points but remains 4 percentage points above the Group's current regulatory minimum of 10.1 per cent. On a pro forma basis, after the cessation of software relief and other regulatory changes and adjustments detailed below, the CET1 ratio as at 1 January 2022 is 13.5 per cent.

The CET1 ratio of 14.1 per cent declined in the period as approximately 90 basis points of profit accretion was more than offset by distributions, RWA growth, movements in reserves and an increase in regulatory deductions. An increase in underlying RWAs, excluding the impact of FX, reduced the CET1 ratio by approximately 40 basis points. This included a 20 basis points impact from higher market RWA following a clarification of the regulatory treatment of Structural Foreign Exchange risk.

Ordinary shareholder distributions reduced the CET1 ratio by approximately 30 basis points. These distributions included ordinary share buy-backs of $0.5 billion completed in the period which reduced the share count by approximately 2.5 per cent during 2021 and a total 2021 ordinary dividend of 12 cents a share or $370 million. The total 2021 dividend comprised the interim dividend of 3 cents per share and the Board recommended final dividend of 9 cents per share. Payments due to AT1 and preference shareholders reduced the CET1 ratio by approximately 20 basis points. The net effect of other movements in the period reduced the CET1 ratio by approximately 30 basis points as higher regulatory deductions, adverse movements in other comprehensive income and reserves offset the reduction in RWA from currency translation effects.

There are three policy changes expected to impact the calculation of CET1 and/or RWAs in 2022. Firstly, the PRA has confirmed that software relief will be excluded from CET1 from 1 January 2022 which will reduce CET1 by 32 basis points. Secondly, the recent industry wide regulatory changes to align IRB model performance (the IRB model repair program) will add approximately $4.7 billion of additional RWA from 1 January 2022. Finally, the introduction of standardised rules for counterparty credit risk on derivatives and other instruments (SA-CCR) will add approximately $1.6 billion of additional RWA. The combination of the IRB model repair program and SA-CCR are expected to reduce the CET1 ratio by approximately 31 basis points from 1 January 2022.

The Board has authorised a share buy-back with a maximum consideration of $750 million to start imminently to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The share buy-back is expected to reduce the CET1 ratio by approximately 30bps.

The Group's UK leverage ratio of 4.9 per cent, reduced by approximately 30 basis points due to an increase in on-balance sheet exposures but remains significantly above its minimum requirement of 3.7 per cent.

Outlook

We have had a solid start to 2022 and we expect income to grow in the 5-7 per cent range with mid-single digit asset growth and an increasing likelihood of some support from interest rates, which should help support margins particularly in the later part of the year.

Expenses are expected to grow $0.4 billion including the impact of inflation to $10.7 billion, excluding the impact of currency movements.

Whilst we remain vigilant to the continued uncertainty in the external environment, our loan portfolios are in good shape and, barring major negative events, we would expect impairments to slowly increase from the exceptionally low levels in 2021. Our medium-term cost of risk is now expected to normalise between 30-35 basis points, slightly lower than our previous medium-term guidance of 35-40 basis points.

Although regulatory changes will lead to an increase in RWAs at the start of the year we fully intend to operate dynamically within the 13-14 per cent CET1 range.

Looking beyond 2022, the actions we are undertaking and likely trajectory of interest rates puts us on the path to deliver a 10 per cent return on tangible equity by 2024. With the tailwind of a rising interest rate outlook, we believe we can deliver 8 to 10 per cent income growth per annum between 2022 and 2024, with 5-7 per cent from underlying business growth and a further 3 per cent from rising interest rates.

We are embarking on a $1.3 billion gross structural expense reduction programme, funded by $0.5 billion of restructuring charges, which will free up investment capacity and allow us to deliver 2 per cent positive income-to-cost jaws on average per annum before the benefit of rising interest rates.

The actions we are taking on RWA optimisation means we expect RWAs to grow at a low single-digit percentage. We have reiterated our intent to operate within our 13-14% CET1 target range and aim to deliver in excess of $5 billion of shareholder returns over the next three years.

Andy Halford
Group Chief Financial Officer

17 February 2022

Group Chief Risk Officer's review

Mark Smith
Group Chief Risk Officer

"Staying vigilant in the face of an uneven global economic recovery"

2021 was a challenging year on the macroeconomic front driven by the ongoing pandemic. The COVID-19 recovery has continued to be uneven, with unbalanced vaccine roll-outs between developed markets and emerging markets, and easing of restrictions in some markets even as other locations and sectors continued to lag. The potential impact from new variants has also contributed to further uncertainty. Multiple sectors of the global economy have been impacted by the pandemic, and liquidity pressures in the commercial real estate sector in China have arisen during the year, although the long-term impact remains to be seen. A rapid recovery in demand following the easing of restrictions and existing supply chain disruptions has in turn contributed to elevated inflation levels, with many markets seeing a significant rise in prices. The accumulation of worldwide debt could also pose further risks to the economic environment.

The Group has built a strong foundation with solid risk fundamentals, and we are focussed on emerging strongly from the pandemic. We continue to scan the horizon for emerging risks and collaborate with internal and external partners to proactively mitigate risks as they are identified.

Asset quality has improved, with improvements in a number of metrics including a significant year-on-year reduction in credit impairments across all stages and an increase in percentage of investment grade corporate exposures (2021: 69 per cent, 2020: 62 per cent), though we remain watchful in the face of ongoing uncertainty. We continue to demonstrate resilience as evidenced by strong capital and liquidity metrics. As a result of the changes in internal and external operating environment due to the pandemic, non-financial risks areas such as Fraud, Information and Cyber Security, Privacy, and Conduct remain heightened. We continue to enhance our operational resilience and defences against these risks, especially as we adapt to more agile ways of working. We are also working to ensure a successful transition from the Interbank Offered Rate (IBOR) to alternative risk-free rates.

Digitalisation and technological development remain key items on the Group's agenda. We continue to ensure that our control frameworks and Risk Appetite evolve accordingly to keep pace with new business developments and asset classes.

Earlier in the year, we defined three Stands to use our unique ability to work across boundaries and connect capital, people, ideas and best practices to help address some key socio-economic challenges of our time. Accelerating Zero is one of the Stands, and our aim is to reduce the emissions associated with our financing activities to net zero by 2050, which includes interim 2030 targets for the most carbon-intensive sectors. We are supporting our clients in the transition to a low-carbon economy by developing transition frameworks and sustainable financing solutions. We have integrated Environmental, Social and Governance risk management into our Reputational Risk Type Framework. Sustainability is a core part of our strategy and our ambition to become the world's most sustainable and responsible bank.

To support Lifting Participation, we are helping our clients by building partnerships to expand their access to financial services. For these new business initiatives, we have developed new risk management and risk assessment approaches across our Principal Risk Types to address these unique risks. We further support our clients by promoting financial wellbeing through financial education and personalised services, including digitised solutions for lending and wealth management. We are also focused on driving customer awareness of environmental sustainability concerns through green products. As part of our aim to Reset Globalisation, we welcome digital-asset-related opportunities and have enhanced our Digital Asset Risk Management Approach and Policy to ensure that digital asset activities across the Group are appropriately managed, and within our Risk Appetite.

Read more about the considerations taken into account for our pathway to net zero on **page 66**. Further details on our overall approach to net zero can be found at **sc.com/netzero**.

An update on our key risk priorities

2021 presented a challenging risk landscape, however we faced this from an intrinsically strong position. Our risk management approach is at the heart of our business and is core to us achieving sustainable growth and performance. We have made progress on the key priorities set out at half year, these being:

Strengthening the Group's risk culture and conduct: We remain committed to promoting a healthy risk culture and driving the highest standards in conduct. Both risk culture and conduct are integral components of our Enterprise Risk Management Framework (ERMF). Our ERMF sets out the guiding principles for our colleagues, enabling us to have integrated and holistic risk conversations across the Group and the three lines of defence. It underpins an enterprise-level ability to identify and assess, openly discuss, and take prompt action to address existing and emerging risks. Senior management across the Group promote a healthy risk culture by rewarding risk-based thinking (including in remuneration decisions), challenging the status quo, and creating a transparent and safe environment for employees to communicate risk concerns.

We strive to uphold the highest standards of conduct through delivery of conduct outcomes, acknowledging that while incidents cannot be entirely avoided, the Group has no appetite for wilful or negligent misconduct. More broadly, we are continuing to focus on strengthening first-line Conduct Risk ownership, including helping to draw enhanced Conduct Risk insights through the development of better conduct analytics as part of the new Conduct Risk management approach.

As part of the Group's Future of Work Now initiative, moving to large-scale working from home arrangements has been formalised and rolled out to the majority of the Group's markets. Risks arising from the new working model have been assessed, with controls strengthened where appropriate. We remain vigilant to the need to increase staff awareness of fraud and cyber security risks, alongside other targeted mitigating actions to improve oversight and internal controls.

Enhancing information and cyber security (ICS) capabilities: The Group remains focused on pursuing a culture of cyber resilience as we progress with more agile ways of working. We are focused on maintaining client services and protecting our most critical assets, remaining vigilant to evolving cyber threats. Our cyber security framework has been further enhanced to underpin our management and mitigation of ICS Risk and support of our businesses and functions in their adoption of key controls. We plan to further enhance our key ICS risk metrics to support strategic oversight and decision-making. Strengthening our oversight of third-party ICS Risk also remains an area of focus, considering external threats and the continued prevalence of third-party ICS incidents. We are ensuring we develop our internal talent pool and recruit external talent where required to support these critical capabilities.

Embedding Climate Risk management: We have continued to embed Climate Risk management, starting with, among others, understanding the impact of physical and transition risks on our credit portfolio and climate-related reputational risks for clients in high transition sectors. In 2022, we will extend this to cover other relevant Principal Risk Types. Climate scenario analysis across our markets, including the Bank of England's 2021 Biennial Exploratory Scenario, have helped improve our understanding in identifying key portfolios vulnerable to Climate Risk. We reached out to around 2,000 of our clients globally, to understand their transition and physical risk profiles, adaptation plans, mitigation measures and approach to disclosure, enhancing the granularity of data available for risk identification and deepening client engagement. Climate Risk assessments are now considered as part of Reputational and Sustainability transaction reviews for impacted clients in high-carbon sectors, and a first phase of integration into credit decisioning for the transaction review process is under way for our Corporate, Commercial and Institutional Banking business. As our experience of quantifying Climate Risk grows, we are moving from measurement to management, while working closely with external partners, industry and academia to move forward on climate risk together. As part of our ongoing partnership with Imperial College London, we supported new climate research on the potential for nature-based solutions (actions to protect, restore and enhance ecosystems) to tackle the interlinkages between agriculture, land-use and climate change. Our 2021 Task Force on Climate-related Financial Disclosures Report provides further details on the Group's progress in managing climate risks and opportunities, including the Group's net zero target by 2050.

More details can be found at **sc.com/sustainability** and **sc.com/tcfd**

Managing our environmental, social and governance (ESG) risk: The Group remains committed to being the world's most sustainable and responsible bank. At the start of the year we expanded the Reputational Principal Risk Type by adding Sustainability and proposed new Risk Appetite metrics covering environmental and social (E&S) risks as well as ensuring no Modern Slavery risks in our supply chain.

We continue to invest in infrastructure and technology to keep pace with the emerging ESG regulatory obligations across our markets. We have developed an internal Environmental and Social Risk Catalogue that will be piloted to ensure that risk identification, assessment and enhanced due diligence, are underpinned by a standard classification system. Using the Catalogue, an initial heatmap of E&S risks has been developed for our clients and suppliers on an industry-portfolio level through a top-down risk assessment approach. The assessment is used to identify key areas of priority for E&S risks where safeguards could be further strengthened. From 2022 onwards, we plan to incorporate the findings of this risk assessment in our regular review of our position statements and supply chain onboarding to ensure that our businesses and supply chains continue to support our sustainability ambition.

Managing Financial Crime Risk: External developments continue to create new risks and control challenges, particularly with respect to rapidly changing geopolitical events. There is a heightened level of Fraud Risk in the environment due to new methods, schemes and technology, and we continue to increase our investment in fraud prevention and detection capabilities to protect the Group and our clients. Our Financial Crime Compliance team continues to identify and prevent fraud and money laundering using next-generation surveillance and financial crime monitoring infrastructure and machine learning. We are focused on strengthening our three lines of defence by transitioning certain responsibilities for financial crime surveillance from the second line to the first line while reinforcing the oversight and monitoring role of the second line.

The Group continues to partner to lead the fight against financial crime through information sharing about threats to protect clients and the wider financial system. We continue an active industry engagement to address new regulatory and statutory initiatives, focusing on enhancing the effectiveness of financial crime compliance and contributing useful information to law enforcement. We have made continued progress in resolving long-standing enforcement actions and related remediation, and continue to work to strengthen compliance and improve customer experience in areas of greater implementation challenge such as records management and transaction monitoring.

More information about the Group's commitment to fighting financial crime can be found at **sc.com/fightingfinancialcrime**

Innovation – Risk and CFCC infrastructure: We continue to focus on simplifying our approach to enable more effective first-line risk management, supported with SmartBot-enabled self-service platforms. Flexible strategic risk reporting with centralised data and advanced analytical capabilities enabled a timely and an agile response to the challenges of COVID-19. Continued integration of our risk aggregation platform with front office data provides near real-time bespoke exposure analysis for financial risks, decisioning and reporting, and our stress testing scenarios have been expanded to include the impact of the pandemic and Climate Risks. We are implementing an Enterprise GRC (Governance, Risk and Compliance) platform to integrate data and processes across Operational Risk, policies and standards, compliance and assurance activities, and have made significant progress in the year. We have clear priorities to build a more digital and data-driven control function with scalable self-service solutions and partnerships with our internal innovation centre, SC Ventures. Hubs continue to be utilised for centralised specialist knowledge and delivery of data visualisation, reporting, change management, model development, validation and governance, with automation of supporting processes to reduce operational risks.

Embedding Model Risk management: Model Risk management has seen a notable step forward in 2021. We enhanced our risk management framework earlier in the year to strengthen model issue management and governance framework for artificial intelligence and machine learning. The Group Model Inventory has undergone many enhancements through the year to be an industry-level model inventory tool, enabling increased coverage of information with a higher level of accuracy. Regulatory model delivery has been a key focus area related to new European Banking Authority standards and the cessation of IBOR. We are also progressing well on rolling out the Model Risk Type Framework across our countries, including training, extension of risk type framework, inventory identification and generation of risk information reports. This will continue to be an area of focus to ensure we effectively embed awareness of Model Risk management at a firm-wide level.

Our risk profile and performance in 2021

Despite the challenges of the ongoing pandemic, our solid foundation has helped us to deliver a good performance with a resilient risk profile and improved asset quality. 2021 demonstrates our commitment to strong and sustainable growth, with continued improvements across several metrics reflecting our robust risk management during the pandemic.

We remain vigilant to the continued impact of COVID-19 and an uneven recovery across markets and industries.

In 2021, we have seen a 49 per cent decrease in early alerts exposure (2021: $5.5 billion, 2020: $10.7 billion), mainly due to reductions in counterparty exposure and clients being removed from early alert. While early alerts have decreased compared with December 2020, the Group remains vigilant in view of persistent challenging conditions in some markets and sectors. Credit Grade 12 balances decreased to $1.7 billion (2020: $2.2 billion) mainly due to repayments and outflows to non-performing loans, that were partly offset by sovereign rating downgrades.

The percentage of investment-grade corporate exposure has also increased to 69 per cent compared with 62 per cent a year ago, reflecting an increase in repurchase agreement balances and high-quality originations.

The total credit impairment charge significantly reduced to $0.3 billion (2020: $2.3 billion), with decreases seen across all stages. Stage 3 impairment charge was $185 million (2020: $1.5 billion), majority of which was from Corporate, Commercial and Institutional Banking. Stage 1 and 2 impairment charge decreased by $749 million to $78 million, over half of which is due to reduction in Stage 2 exposures from lower levels of early alerts, new guarantees and improvement in probability of default, with the remainder due to improving macroeconomic forecasts and reduction in COVID-19 management overlays.

Overall stage 3 gross loans and advances to customers decreased from $9.2 billion to $8.1 billion, while stage 3 provisions were lower by $0.7 billion at $4.7 billion (2020: $5.3 billion). The stage 3 cover ratio (excluding collateral) in the total customer loan book was stable at 58 per cent (2020: 58 per cent).

Average Group Value at Risk (VaR) in 2021 was 44 per cent lower at $54.8 million (2020: $97.6 million), driven by the extreme market movements from 2020 dropping out of the one-year VaR time horizon. However, volatility started to increase in the second half of 2021 driven by the impact of new COVID variants. There were three regulatory VaR backtesting negative exceptions in 2021.

The results of the Bank of England's annual solvency stress test exercise in 2021 shows that the Group is resilient under the Bank of England scenario. We have a diverse and liquid balance sheet and these results demonstrate our continued capital strength and resilience to stress, supported by a focus on sustainable returns and actions to improve our portfolio quality.

We have re-assessed the methodology for calculating the Group liquidity coverage ratio (LCR) in 2021, to better reflect the portability of liquidity across the group while still considering currency convertibility and regulatory intra-Group limits. The Group LCR remained stable at 143 per cent (2020: 143 per cent).

Our Common Equity Tier 1 (CET1) ratio is 14.1 per cent (2020: 14.4 per cent). Further details, including explanation of pro forma changes as at 1 January 2022, can be found in the Capital Review section on Page 288.

Details of the Group's risk performance are set out in the Risk update (pages 196 to 198) and Risk profile (pages 199 to 257)

An update on our risk management approach

Our Enterprise Risk Management Framework (ERMF) outlines how we manage risk across the Group, as well as at branch and subsidiary level[1]. It gives us the structure to manage existing risks effectively in line with our Risk Appetite, as well as allowing for holistic risk identification. As part of the annual review of the ERMF, we have repositioned our Cross-Cutting Risks to Integrated Risk Types (IRT), which are defined as "risks that are significant in nature and materialise primarily through the relevant Principal Risk Types". The ERMF sets out the roles and responsibilities and minimum governance requirements for the management of IRTs. Additionally, the Capital and Liquidity Principal Risk Type has been renamed to Treasury Risk and the scope of the risk type has been expanded to cover Interest Rate Risk in the Banking Book (IRRBB).

Given their integrated nature, Digital Asset and Third-Party Risks, have been newly identified as IRTs in the ERMF, in addition to Climate Risk.

Principal and Integrated Risk Types

Principal risks are risks inherent in our strategy and business model. These are formally defined in our ERMF which provides a structure for monitoring and controlling these risks through the Board-approved Risk Appetite. We will not compromise adherence to our Risk Appetite in order to pursue revenue growth or higher returns. The table below provides an overview of the Group's principal and integrated risks and how these are managed. In addition to principal risks, the Group has defined a Risk Appetite Statement for Climate Risk and will give consideration to standalone Risk Appetite Statements for additional integrated risks in 2022.

Further details can be found on **pages 258 to 279** of our 2021 Annual Report.

Principal Risk Types	How these are managed
Credit Risk	The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors
Traded Risk	The Group should control its trading portfolio and activities to ensure that Traded Risk losses (financial or reputational) do not cause material damage to the Group's franchise
Treasury Risk	The Group should maintain a strong capital position, including the maintenance of management buffers sufficient to support its strategic aims and hold an adequate buffer of high-quality liquid assets to survive extreme but plausible liquidity stress scenarios for at least 60 days without recourse to extraordinary central bank support
Operational and Technology Risk	The Group aims to control Operational and Technology Risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise
Information and Cyber Security Risk	The Group seeks to minimise ICS Risk from threats to the Group's most critical information assets and systems, and has a low appetite for material incidents affecting these or the wider operations and reputation of the Group
Compliance Risk	The Group has no appetite for breaches in laws and regulations related to regulatory non-compliance; recognising that whilst incidents are unwanted, they cannot be entirely avoided
Financial Crime Risk	The Group has no appetite for breaches in laws and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided
Model Risk	The Group has no appetite for material adverse implications arising from misuse of models or errors in the development or implementation of models, while accepting model uncertainty
Reputational and Sustainability Risk	The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight. This includes a potential failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm

Integrated Risk Types	How these are managed
Climate Risk	The Group aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to our own activities and those related to the financing of clients, in alignment with the Paris Agreement
Digital Asset Risk	This IRT is currently supported by Risk Appetite metrics embedded within relevant Principal Risk Types
Third-Party Risk	This IRT is currently supported by Risk Appetite metrics embedded within relevant Principal Risk Types

1 The Group's Risk Management Framework and System of Internal Control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group.

Emerging risks

Emerging risks refer to unpredictable and uncontrollable events with the potential to materially impact our business. As part of our continuous risk identification process, we have updated the Group's emerging risks from those disclosed in the 2020 Annual Report and 2021 Half Year Report. A detailed explanation of the changes to our emerging risks compared with 2020 can be found on page 280.

The table below summarises our current list of emerging risks, outlining the risk trend changes since the end of 2020, the reasons for any changes and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment as identified by senior management. The list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. Our mitigation approach for these risks may not eliminate them but shows the Group's attempt to reduce or manage the risk. As certain risks develop and materialise over time, management will take appropriate steps to mitigate the risk based on its impact on the Group.

Emerging risks	Risk trend since 2020[1]	Key risk trend drivers	How these are mitigated
Expanding array of global tensions	↑	Relations between China and the West remain fragile and tensions are increasing regarding Russia's presence on the Ukrainian border. There has also been increasing friction between historic allies on issues such as the withdrawal from Afghanistan and AUKUS, as well as protectionist policies in the wake of COVID-19. Global supply chain disruption could tip the balance of power towards producers and potentially lead to an increased focus on local security over global collaboration.	• Sharp slowdowns in the US, China, and more broadly, world trade and global growth are a feature of Group stress scenarios. These stress tests provide visibility to key vulnerabilities so that management can implement timely interventions • Detailed portfolio reviews are conducted on an ongoing basis, most recently regarding increasing tensions around Ukraine, and action is taken where necessary • The Group is closely monitoring the China-G7 relationship and assessing the impact on our business with teams in the first and second line of defence • The Group remains vigilant in monitoring geopolitical relationships. Increased scrutiny is applied when onboarding clients in sensitive industries and in ensuring compliance with sanctions requirements
Energy security	↑	Increased industrial demand and an accelerated transition to cleaner energy sources have put a strain on supply lines. This has increased tensions between nations as power shifts towards energy exporters, and energy security decreases across developed markets and emerging markets alike. A lack of investment by oil producers as we transition could also lead to an increase in oil prices in the short term.	• As part of our stress tests, an oil shock scenario was developed • Sovereign ratings, outlooks and country risk limits are regularly monitored with periodic updates to senior stakeholders • The Group is implementing a Climate Risk work plan and aims to embed Climate Risks across all relevant Principal Risks in 2022. This includes scenario analysis and stress testing capability to understand financial risks and opportunities from climate change
Crystallisation of inflation fears	↑	Interest rates have already increased or are likely to rise in several countries as central banks respond to inflationary pressure. Drivers of price increases include recent shortages of materials and labour, and long-term monetary stimulus, and there is growing acceptance that the inflationary shock will last longer than initially expected. Nevertheless there is still a lack of firm consensus within the industry on some key inflation questions, as well as other potential scenarios such as slow economic growth and rising prices leading to stagflation.	• As part of our stress tests, a severe stress in the global economy associated with a sharp slowdown was assessed • Both Group-wide management and Traded Risk scenarios are being developed to examine the impact of a rapid build-up in inflationary pressures around the world • Sovereign ratings, outlooks and country risk limits are regularly monitored with periodic updates to senior stakeholders

Emerging risks	Risk trend since 2020[1]	Key risk trend drivers	How these are mitigated
Adapting to endemic COVID-19 and a K-shaped recovery[2]		Although countries with higher vaccination rates are moving towards accepting COVID-19 as endemic, the threat of new variants and increased restrictions remains. Vast differences in the pace and scale of vaccine roll-outs and financial resources have widened the recovery gap and threaten a K-shaped global recovery, where countries or sectors recover at a different rate depending on their ability to adapt to a post-COVID world. There are deeper structural impacts on traditional economic systems, including shifts in labour demographics.	• As part of our stress tests, a severe stress in the global economy associated with a sharp slow-down was assessed • Sensitive sectors (e.g. aviation and hospitality) are regularly reviewed and exposures to these sectors are actively managed as part of Credit Risk reviews • Exposures that could result in material credit impairment charges and risk weighted asset inflation under stress tests are regularly reviewed and actively managed • The Group's priority remains the health and safety of our clients and employees and continuation of normal operations by leveraging our robust Business Continuity Plans which enable the majority of our colleagues to work remotely where possible
Supply chain dislocations		A combination of supply and demand factors, some transitory and some more structural, have led to global supply chain disruptions, especially as some markets have started to emerge from the pandemic. There may also be a fundamental shift in supply chains of the future, with increased contingency costs and potential shifts to move production closer to consumers.	• Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and actively managed • Sectors which exhibit high supply chain pressure and vulnerability are regularly reviewed and exposures to these sectors are actively managed as part of credit risk reviews • We actively utilise Credit Risk mitigation techniques including credit insurance and collateral
Emerging Markets Sovereign risk		COVID-19 has caused liquidity and potential solvency issues for some of the world's poorest countries, with several negative sovereign rating actions observed. Tightening of financial conditions in developed markets may lead to local currency depreciations against the US dollar, pushing up debt reservicing costs.	• Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and actively managed • We conduct stress tests and portfolio reviews at a Group, country, and business level to assess the impact of extreme but plausible events and manage the portfolio accordingly • We actively utilise Credit Risk mitigation techniques including credit insurance and collateral • We actively track the participation of our footprint countries in G20's Common Framework Agreement and Debt Service Suspension Initiative for Debt Treatments and the associated exposure
Expanding stakeholder expectations for environmental, social and corporate governance		There are risks if the Group is unable to adapt to new regulation quickly, as well as meeting publicly stated sustainability goals and helping clients transition. Environmental targets are being incorporated into many countries' domestic policies and corporations' business models, with increased pressure to set ambitious sustainability goals. This includes an increase in disclosure requirements. There is fragmentation in the pace and scale of adoption around the world, which adds complexity in managing a global business. There is a risk that focus on environmental goals over social and governance concerns, as well as fragmentation in ESG taxonomies, may lead to unintended consequences.	• We remain committed to being a responsible bank, minimising our environmental impact and embedding our values through our strengthened Position Statements for sensitive sectors and a list of prohibited activities that the Group will not finance • The Group is proactively participating in industry initiatives and framework development on both climate and biodiversity, to help inform our internal efforts and capabilities. Increased scrutiny is applied to environmental and social standards in providing services to clients • Detailed portfolio reviews are conducted on an ongoing basis and action is taken where necessary • Stress tests are conducted to test resilience to climate-related risks in line with local regulatory requirements • The Group has released net zero targets and specific emission reduction targets for carbon-sensitive sectors. The Group's TCFD Report includes more details on climate risk and net zero • Our Green and Sustainable Product Framework, developed with the support of Sustainalytics, has been informed by industry and supervisory principles and standards such as the Green Bond Principles and EU Taxonomy for sustainable activities • We have defined three Stands to use our unique ability to work across boundaries and connect capital, people, ideas and best practices to help address some key socioeconomic challenges and enable a just transition • We are developing an approach to further integrate ESG risk management across the ERMF

Emerging risks	Risk trend since 2020[1]	Key risk trend drivers	How these are mitigated
Social unrest	↓	COVID-19 has restricted the ability to demonstrate in some markets, although the prolonged nature of the pandemic and imposed vaccine and lockdown mandates have led to tensions in some countries. Inequality has increased as a result of the pandemic, which may give rise to societal disturbances. Other causes such as climate and social justice also remain a focus.	• The Group is committed to managing human rights impacts through our social safeguards in our Position Statements • The Human Rights Working Group has developed an approach to monitor, report and escalate human rights issues to our Management Team for consideration with our Group's strategy • We continue to support our operations and communities who are greatly impacted by COVID-19 through various aid programmes and financing • We conduct portfolio reviews at a Group, country, and business level to assess the impact of extreme but plausible geopolitical events
Data and digital	↑	Regulatory requirements and client expectations relating to data management, data protection, data sovereignty and privacy are increasing, including the ethical use of data and artificial intelligence. The Group, as well as the industry, continues to face challenges to keep pace with the volume of data-related regulatory change. Rapid adoption and increased sophistication of new technologies may expose the Group to new technology-related risks, including heightened cyber security risks. Data is becoming more concentrated in the hands of governments and big private companies. There are also relatively few providers of new technologies such as cloud computing services.	• We actively monitor, both in house and through external counsel, regulatory developments in relation to data management, including records management, data protection and privacy, data sovereignty and artificial intelligence • The Group has further embedded the existing risk control framework for data management risks, which has strengthened and streamlined risk oversight • We have established a dedicated Data and Privacy Operations team and mobilised a Groupwide transformation programme to build data management capabilities and expertise across the Group to ensure compliance with data management regulations
New business structures, channels and competition	↑	There are significant shifts in customer value propositions. Fintechs are delivering digital-only banking offerings with a growing usage of machine learning to provide highly personalised services. In addition, digital assets are gaining adoption and linked business models are increasing in prominence. These present material opportunities as well as risks. Failure to adapt and harness new technologies and new business models would place banks at a competitive disadvantage. There is an increasing usage of partnerships and alliances by banks to respond to disruption and changes in the industry. However, this exposes banks to third-party risks.	• We monitor emerging trends, opportunities and risk developments in technology that may have implications for the banking sector • We are enhancing capabilities to ensure our systems are resilient, we remain relevant and can capitalise quickly on technology trends • Enhanced digital capabilities have been rolled out in Consumer, Private and Business Banking, particularly around onboarding, sales, and marketing • We have developed and implemented a risk management approach to address the specific risks arising from digital asset activities, as well as internal guidance on how to leverage existing risk management practices for new activities and nascent risks • Strategic partnerships and alliances are being set up with fintechs to better compete in the markets in which we operate • Third-Party Risk management policies, procedures and governance are being reviewed to ensure adequate coverage across all Group activities

Emerging risks	Risk trend since 2020[1]	Key risk trend drivers	How these are mitigated
Talent pools of the future		COVID-19 accelerated the move towards remote working for employees. However this has raised concerns around effective mitigation and management of Operational, Information and Cyber Security, Compliance, and Conduct Risks. The extended nature of the COVID-19 pandemic is continuing to restrict employees' ability to operate in their preferred hybrid working location format (between home and office), causing potential risks to wellbeing, ease of collaboration and learning from others. A shortage of key skills is driving a war for talent which, combined with cross-border mobility restrictions and government protectionist policies, will especially intensify competition for local talent.	• We assess and manage people-related risks, for example, organisation, capability, conduct and culture, as part of our Group risk management framework and our People Strategy • The Group undertook a Future of Work change risk assessment which considered Operational, Compliance, Data Privacy and Cyber Security Risks in addition to wellbeing, culture and leadership • The Group has rolled out hybrid-working options in 28 markets and over 73 per cent of employees in these locations are now on flexi-working arrangements. • Wellbeing is one of the key pillars of the Group's diversity and inclusion strategy and we have embedded multiple tools and resources to support colleague wellbeing. These include toolkits for managers and employees, a confidential Employee Assistance Program, an online programme to support physical wellbeing, increased training for Mental Health First Aiders, an on-the-go mobile app and proactive training in resilience • We have embarked on a multi-year journey focused on upskilling and re-skilling our workforce by building a culture of continuous learning and leveraging technology to enable employees to build future ready skills through content and cross-functional experiences

Risk heightened in 2021 Risk reduced in 2021 Risk remained consistent with 2020 levels

1 The risk trend refers to the overall risk score trend, which is a combination of potential impact, likelihood and velocity of change

2 A K-shaped global recovery occurs where countries or sectors recover at different rates following a recession

Summary

We remain fully committed to robust risk management, embracing innovation while ensuring that we achieve the right risk outcomes when adopting new technologies and digital capabilities. The COVID-19 pandemic dominated the economic climate throughout 2021 and recovery remains uneven. Continued focus on enhancing risk management capabilities and leveraging our technology will help the Group to emerge stronger from the pandemic, as a more sustainable, innovative, resilient and client-centred bank.

Mark Smith
Group Chief Risk Officer

17 February 2022

Resetting Globalisation

Supporting sustainable trade

In March 2021, we launched the Sustainable Trade Finance Proposition – an initiative to help companies implement sustainable practices and develop more resilient supply chains. The proposition, which is aimed at clients in Asia, Africa and the Middle East, Europe and the Americas, will support the financing of sustainable goods, assist sustainable suppliers and help carbon-intensive industries transition. These products will support global supply chain activities – estimated at $19 trillion by the World Trade Organization – to become more sustainable.

Read more online at
www.sc.com/sustainabletrade

Stakeholders and responsibilities

As an international bank working in 59 markets, stakeholder engagement is crucial in ensuring we understand local, regional and global perspectives and trends which inform how we do business.

Our stakeholders

- Clients
- Regulators and governments
- Investors
- Suppliers
- Society
- Employees

This section forms our **Section 172** disclosure, describing how the directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. It also forms the directors' statement required under section 414CZA of the Act.

See the following pages for:

- how we engage stakeholders to understand their interests See pages 51 to 55
- how we engage employees and respond to their interests See pages 55 to 59
- how we respond to stakeholder interests through sustainable and responsible business See pages 61 to 77

Detailed information about how the Board engages directly with stakeholders and shareholders can be found in the Director's report on pages 110 to 112.

Examples of a selection of the Board's principal decisions are included throughout this section.

This section also forms our key non-financial disclosures in relation to sections 414CA and 414CB of the Companies Act 2006. Our non-financial information statement can be found at the end of this section on page 78.

Case study

Helping Haron's business grow

At the start of the COVID-19 pandemic, Haron owned an informal business in Lira City, Uganda specialising in seedlings for sale. It supported his family and a small workforce of 25 workers.

COVID-19 stalled Haron's dream to expand his business and keep his workers. With support from Futuremakers, Haron is getting back on track. He acquired new business skills, networked with fellow entrepreneurs and turned his business around.

Production quantity and quality are steadily improving. Haron's greenhouse (the third largest in Lira) produced 15,000 seedlings a month compared with 20,000 every six months before COVID-19 when he had no greenhouse. Using his new skills, Haron also mentored 100 young entrepreneurs and is now looking at a regional expansion.

Engaging stakeholders

Listening and responding to stakeholder priorities and concerns are critical to achieving our Purpose and delivering on our brand promise, Here for good. We strive to maintain open and constructive relationships with a wide range of stakeholders including regulators, lawmakers, clients, investors, civil society and community groups.

In 2021, our engagement took many forms, including one-to-one sessions using online channels and calls, virtual roundtables, written responses and targeted surveys. These conversations, and the issues that underpin them, help inform our business strategy and enable us to operate as a responsible and sustainable business.

Stakeholder feedback is communicated internally to senior management through the relevant forums and governing committees such as the Sustainability Forum, and to the Board's Culture and Sustainability Committee (CSC) which oversees the Group's approach to its main relationships with stakeholders.

We communicate progress regularly to external stakeholders through channels such as sc.com and this report. More detailed information on material sustainability topics can be found in our sustainable and responsible business section on pages 61-77.

Clients

How we create value

We want to deliver easy, everyday banking solutions to our clients in a simple and cost-effective way, and with a great customer experience. We enable individuals to grow and protect their wealth; we help businesses trade, transact, invest and expand; and we also help a variety of financial institutions, including banks, public sector and development organisations, with their banking needs.

How we serve and engage

Clients are at the heart of everything we do. In 2021, we used regular surveys, experience forums and digital channels to continue to strengthen our ability to understand and meet client needs as they emerge.

In CCIB, we strengthened our annual feedback process by capturing how clients feel about what we offer them (such as advice, service, digital channels) and ensuring our relationship managers can then engage with their clients to address their feedback. We also launched a 'Voice of Client' e-learning module to train our colleagues to obtain and leverage client insights and respond with enhanced, innovative propositions.

In CPBB, we take seriously our responsibility to support our more vulnerable clients. A global framework is in place to help ensure the fair treatment of vulnerable customers in product development and throughout the whole customer journey. Training is provided to frontline staff across our branch, contact centre and digital channels to identify and appropriately handle vulnerable clients, and we have also implemented an educational training programme for those clients who require assistance in navigating online and mobile channels.

In order to act in the best interests of our clients, we use our client insights, alongside our robust policies, procedures and the Group's Risk Appetite, to design and offer products and services which meet client needs, regulatory requirements and Group performance targets while contributing to a sustainable and resilient environment.

For example, through understanding the challenges some of our clients face in balancing their financial management needs with their growing commitments to sustainability, in 2021 we launched a market-first sustainable trade finance proposition to support sustainable supply chains for our clients. We also launched our Sustainable Account in the UK and UAE, a new solution that enables corporate clients to contribute to sustainable development, while maintaining daily access to their cash.

All new products are subject to a comprehensive approvals process to test design effectiveness and robustness of the implementation process. For investment products sold to individuals, this includes risk scores which aid our assessment of client suitability.

For individual clients, we consider each client's financial needs and personal circumstances to assist us in offering suitable product recommendations.

We achieve this using a globally consistent methodology that takes into consideration local regulatory requirements to review product risks against the client's risk appetite, considering financial objectives, financial ability, and knowledge. Clients are also provided with clear and simple documentation that outlines key product features and risks prior to executing a transaction.

Fees and charges are disclosed to clients in line with regulatory requirements and industry best practice, and where available, benchmarked against competitors. For Personal and Business Banking products, accurate interest rates charged, fees and other charges as billed to clients are monitored and assessed locally, with global oversight. Triggers for outlier prices are defined and subject to annual review. A process is in place to review complaints prior to amendments to annual interest, fees and charges.

Engaging stakeholders continued

Clients continued

Managing frontline employees and their incentives

We have an institutional approach to training our sales teams who are required to complete mandatory training and appropriate regulatory licensing requirements before they commence selling products. In CCIB, this also includes appropriate certifications in Cash, Trade, Securities Services, Financial Markets, Islamic Banking products and Sustainable Finance.

We have embedded a balanced scorecard approach for all frontline employees and frontline management employees which incentivises performance and behaviours aligned to both our financial and non-financial priorities. This ensures a balanced performance assessment of our people and drives appropriate client engagement behaviours. Internal awards also provide recognition for exemplary demonstration of our valued behaviours and going above and beyond to meet and exceed the expectations of our clients.

To help ensure the rigour of our sales process and our people's engagement skills, we periodically require employees to complete refresher training and certification, and in our CPBB segment we also supplement this with mystery shopping programmes and client call backs.

We also continuously assess our product portfolio for new risks to ensure they remain appropriate for client needs and aligned to emerging regulation. These quantitative and qualitative assessments enable a complete view of whether to continue, grow or retire products.

Throughout 2021, we also maintained our sharp focus on improving client experience across the Bank. We opened our first Priority Private Centre in Hong Kong as part of our ongoing efforts to better service clients. Priority Private offers a dedicated service model, supported by a highly experienced team of banking and financial experts, together with bespoke lifestyle privileges.

In CCIB, we focused on delivering a consistent global experience for larger clients across our proprietary platforms, including more than 300 digital and data initiatives across 47 markets.

Deploying our agile working practices have enabled us to increase our speed of decision-making and change delivery to meet client needs faster. We accelerated the launch of our strategic partnership with Atome Financial, which operates Asia's largest buy-now-pay-later platform, supporting our ambition to expand our reach and scale within the mass market segment via a digital-first approach, underpinned by digital acquisition and new partnership models.

Refining our processes also enabled us to eliminate 262 million hours of client waiting time annually, and our efforts were recognised with a Digital Transformation and Operational Excellence Award and inclusion as a finalist in two further external awards.

Where concerns are found, we have processes and guidelines in place, specific to each of our client businesses, to understand and respond to client issues and promptly resolve complaints.

In 2022, we will continue to strengthen our digital transformation and innovation capabilities.

Their interests

- Differentiated product and service offering
- Digitally enabled and positive experience
- Sustainable finance

Regulators and governments

How we create value

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

How we serve and engage

We actively engage with governments, regulators and policymakers at a global, regional and national level to share insights and support the development of best practice and adoption of consistent approaches across our markets.

In 2021, we engaged with regulators, government officials and trade associations on a broad range of topics that included recovery from COVID-19, international trade, sustainable finance, data, cyber security, digital adoption,and innovation.

We also engaged with officials on the financial services regulatory environment, in particular on prudential, financial markets, conduct and financial crime frameworks.

In support of this, we have a Group Public and Regulatory Affairs team responsible for engagement as well as identifying and analysing relevant policies, legislation and regulation. This work is overseen by several governance forums within the Bank, including the Regulatory Developments Assessments Forum and the Sustainable Finance Regulatory Policy Forum, which comprise senior executives representing business and control functions to ensure alignment between advocacy and business strategies.

Regulators and governments continued

We meet all relevant transparency requirements and engage through ongoing dialogue with regulators and governments, submitting responses to formal consultations and by participating in industry working groups.

We are committed to complying with legislation, rules and other regulatory requirements applicable to our business and operations in the jurisdictions within which we operate. This ensures the Group meets its obligations and supports the resilience and effective functioning of the broader financial system and economy.

In 2022, we expect to engage on regulation and legislation associated with the continued recovery from COVID-19, international trade, sustainable finance and climate action, digital innovation, data, privacy, artificial intelligence and cyber security.

Their interests

- Strong capital base and liquidity position
- Robust standards for conduct and financial crime
- Healthy economies and competitive markets
- Positive sustainable development
- Digital innovation in financial services

+ For more details on our engagement with regulators and governments, as well as our industry and membership associations please see **sc.com/politicalengagement**

Investors

How we create value

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

How we serve and engage

We rely on capital from debt and equity investors to execute our business model. Whether they have short- or long-term investment horizons, we provide our investors with information about all aspects of progress against our strategic and financial frameworks.

Our footprint and intent to become the world's most sustainable and responsible bank provide our investors with exposure to opportunities in emerging markets. We believe that our integrated approach to ESG issues, as well as a strong risk and compliance culture, is a key differentiator. We delivered a resilient financial performance in 2021, reaffirmed our business strategy and have now set out clear actions to accelerate the delivery of our ambition of double-digit return on tangible equity.

Regular and transparent engagement with our investors, and the wider market, helps us understand investors' needs and tailor our public information accordingly. In addition to direct engagement from our Investor Relations team, we communicate through quarterly, half and full-year results, conferences, roadshows, investor days and media releases. There was continued adoption of virtual mediums during the year due to the pandemic, albeit we hosted the Innovation and Digitisation event in a hybrid format in our office in Basinghall Avenue, London in October 2021.

Investor feedback, recommendations and requests are considered by the Board, whose members keep abreast of current topics of interest. Standard Chartered PLC's Annual General Meeting (AGM) in May 2021 was open to shareholders through electronic attendance, where they were able to view a live video feed of the meeting, submit voting instructions and ask direct questions to the Board. Similarly, the Group Chairman, alongside certain other members of the Board, hosted a virtual stewardship event for institutional investors in November which provided a platform for shareholders to receive an update on, and ask questions on, key issues.

Principal Board decision – dividends and buy-backs

During 2021, the Board decided to approve the payment of a final dividend for the year ended 31 December 2020 of $0.09 per ordinary share and recommence the share buy-back programme, which had been suspended in March 2020 in response to a request from the PRA and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic at the time.

As part of its decision-making process, the Board took account of guardrails implemented by the regulator regarding capital distribution and noted the importance of approving distributions within an appropriately prudent framework. The impact of different methods of returning capital to investors was a key consideration for the Board, and it recognised that a balance between dividend resumption and recommencing a buy-back programme provided good flexibility and sustainable returns.

The Board continued its careful consideration of stakeholder interests during 2021, by approving an interim dividend of $0.03 per ordinary share and a further share buy-back programme up to a maximum consideration of $250 million, reinforcing the significance of balancing a cautious approach to capital management in light of the continued impact of the pandemic against returns to our shareholders.

Engaging stakeholders continued

Investors continued

We continue to respond to growing interest from mainstream investors on ESG matters including the UN's SDGs, sustainable finance, human rights and coal, and we ran a dedicated engagement programme on our net zero roadmap. We also work with sustainability analysts and participate in sustainability indices that benchmark our performance, including the CDP Climate Change survey and Workforce Disclosure Initiative.

In 2022, we will continue to engage with investors on progress against our strategic priorities and the financial framework we have announced as we progressively advance to our returns target.

Their interests

- Safe, strong and sustainable financial performance
- Facilitation of sustainable finance to meet the UN SDGs
- Progress on ESG matters, including advancing the net zero agenda

Suppliers

How we create value

We engage diverse suppliers, both locally and globally, to provide efficient and sustainable goods and services for our business.

How we serve and engage

We follow a comprehensive and transparent vendor selection process, guided by our Supplier Charter, which sets out our expectations in relation to ethics, human rights, diversity and inclusion (D&I), and environmental performance. Our suppliers must recommit to the charter annually, and performance monitoring is built into our contracts, procurement practices and standards.

In 2021, we made tangible progress against our supply chain sustainability agenda and began to integrate environmental and social risks into our Third-Party Risk management framework.

In pursuit of our ambition to be net zero in our operations by 2025, we offset emissions from our business flights, and in 2021 we developed a methodology to estimate our Scope 3 emissions from suppliers. Using this, we engaged our 200 highest-emitting vendors – who together represent three-quarters of our estimated 2020 emissions – to review their environmental goals and emissions disclosure practices as a pathway for transparent future supply chain emissions measurement. We also began to embed emissions-related clauses into relevant supplier contracts, such as printing services, to reduce our consumption and mitigate residual emissions.

Our Stands have served to further embed our supplier D&I approach. Seventy per cent of our markets now have supplier D&I objectives to take action, and accelerate progress and impact, and supplier diversity targets have been defined in key global procurement categories. More than 1,500 employees have been trained internally to build capability to deliver our supplier D&I aims. In addition, we established partnerships with multiple local and global non-governmental organisations (NGOs) to identify and onboard more sustainable and diverse-owned vendors across all our markets. Our efforts were rewarded with internal and external recognition, including the Supplier Diversity Programme of the Year in the European Diversity Awards.

During 2021, we also partnered with several suppliers to provide additional benefits to our organisation and clients. For example, we partnered with Doconomy, an innovative fintech supplier, to pilot a facility in Pakistan which helps individual clients track, measure and manage their impact on both carbon emissions and freshwater consumption. The tool provides enriched customer data and automatically calculates the CO_2 footprint based on the purchases they have made, as identified through their credit transactions. With further global release planned for 2022, the Standard Chartered–Doconomy collaboration has the potential to allow millions of consumers over time to learn how their consumption behaviours impact the climate.

In 2022, supply chain sustainability will continue to be a primary focus as we roll out initiatives to address and control social risk, and further reduce carbon emissions within our own operations and supply chain.

+ Our Supplier Charter can be viewed at **sc.com/suppliercharter**

+ Read more about our supplier diversity standard: **sc.com/supplierdiversity**

Their interests

- Sustainability and diversity
- Open, transparent and consistent tendering process
- Willingness to adopt supplier-driven innovations
- Accurate and on-time payments

Society

How we create value

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

How we serve and engage

We engage with a wide range of civil society and international and local NGOs, from those focused on environmental and public policy issues to partners delivering our community programmes. To shape our strategy, we aim for constructive dialogue that helps ensure we understand alternative perspectives and that our approach to doing business is understood. This includes working with NGOs that approach us about a specific client, transaction or policy.

In 2021, climate change, our net zero roadmap, human rights and biodiversity continued to underpin many of our conversations. We also ran a pilot survey on sustainability which targeted selected suppliers, think tanks and NGOs, and intend to conduct a broader survey during 2022.

In addition, we continued to engage NGOs, charities and other organisations to promote youth economic inclusion through Futuremakers by Standard Chartered, our global initiative to tackle inequality by promoting greater economic inclusion in our markets.

We hosted a second edition of the Futuremakers Forum, bringing Futuremakers participants together with more than 1,000 business leaders, policy experts and clients from 63 markets to build partnerships and create economic opportunities focused on young people.

As the global pandemic escalated across our markets in 2021, we continued to deliver COVID-19 economic recovery projects to support young people. In 2021, our global initiative Futuremakers by Standard Chartered reached 304,369 young people with livelihood and learning opportunities.

Their interests

- Positive social and economic contribution
- COVID-19 longer-term economic recovery support
- Climate change and environmental issues

Employees

2021 Sustainability Aspirations: Employees

People	Timeline	Status	Progress
Embed an integrated health and wellbeing strategy to support building and re-skilling a future-ready, diverse workforce	Jan 2020 – Dec 2021*	On track	Launched Global 'Building Resilience' learning programme in February 2021. Drove participation in, and awareness of, the Unmind platform. Continued roll-out of the benefit transformation programme. Launched wellbeing experiments in August 2021. * Aspiration has been extended to December 2022 to align with the 3-year wellbeing strategy (2020–2022).
Support all employees to develop a personalised growth plan to reflect the future skills needed to respond to the changing and digitised nature of work	Jan 2020 – Dec 2021	Not achieved	We ended the year at 63% completion rate against a target of 80%. However, evidence shows that the average hours invested by employees in personal development increased by 20%. This demonstrates that the learning habit is continuing to grow despite the plateau in Growth Plan completion rates.
Increase gender representation: 35% women in senior roles	Sept 2016 – Dec 2025	On track	Proportion of women in senior leadership roles has increased to 30.7%. This is an increase from 25% in 2016.
Increase our 'Culture of Inclusion' score to 84.5% with an interim target: – December 2021: 80%	Jan 2020 – Dec 2024	On track	We achieved 80.65% in 2021 consistent with our interim target and are on track for our overall 2024 target.

Concluded in the year
Achieved Not achieved

Ongoing aspirations
On track Not on track

Engaging stakeholders continued

Employees continued

How we create value

We recognise that our workforce is a significant source of value that drives our performance and productivity and that the diversity of our people, cultures and networks sets us apart. To lead the way in addressing the evolving needs of our clients and the advances in technology, we are developing a workforce that is future-ready and are co-creating with our employees a culture that is inclusive and innovative.

How we serve and engage

By engaging employees and fostering a positive experience for them, we can better serve our clients and deliver on our Purpose and Stands. An inclusive culture enables us to unlock innovation, make better decisions, deliver our business strategy, live our valued behaviours and embody our brand promise: Here for good. We proactively assess and manage people-related risks, for example, organisation, capability and culture, as part of our Group risk management framework. Our People Strategy, which was approved by the Board in July 2019, continues to stay relevant and future-focused, with the ongoing pandemic having accelerated many of the future of work trends which informed our approach.

Their interests

In 2018, we conducted research to understand our Employee Value Proposition (EVP) – the value that employees, or potential employees, feel they gain from being part of our organisation. Our employees told us they want to: have interesting and impactful jobs; innovate within a unique set of markets and clients; cultivate a brand that sustainably drives commerce and offers enriching careers and development; and be supported by great people leaders. They want these elements to be anchored in competitive rewards and a positive work–life balance. The EVP is a key input to our People Strategy which supports the delivery of our business strategy.

Listening to employees

Frequent feedback from employee surveys helps us identify and close gaps between colleagues' expectations and their experience. In addition to our annual survey, in 2021 we have started deploying continuous listening mechanisms that capture colleague sentiment more frequently, such as a continuous listening survey and surveys at moments-that-matter such as at onboarding and at exit.

This year our annual My Voice survey was conducted in June and July. 92 per cent of our employees (71,798) took part, which is higher than last year. A further 65 per cent of eligible agency workers (2,568) also participated.

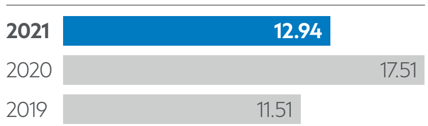
Our key measures of employee satisfaction indicate that we have continued to improve as a place to work over the duration of delivering on our People Strategy. While key measures of employee satisfaction fell in 2021, including the employee engagement index and the employee net promoter score (NPS) (which measures how likely employees are to recommend working for the us), overall employee satisfaction remained on par with or higher than it was in 2019. Employee engagement had significantly improved in 2020 as people had rallied to address the challenges created by the pandemic, but the prolonged nature of the crisis has seen many of these positive emotions balance out again.

We remain encouraged that 96 per cent of employees feel committed to doing what is required to help the Bank succeed, 89 per cent feel proud about working for the Bank and 83 per cent say that the Bank meets or exceeds their expectations. Externally, our Glassdoor rating (out of five) has continued to increase from 3.7 in 2019 to 3.9 in 2021, and 78 per cent would recommend working at the Bank to friends. Our revamped Global Careers website has had over 4 million unique views.

Investments in people leader capability and the way in which our people leaders have responded to the pandemic has also translated into a 2 point increase in our manager NPS score in the 2021 My Voice survey, sustaining a trend of ongoing improvement. Building leadership capability continues to be important as the demands on our people leaders increase.

Group KPI:
Employee engagement

Employee net promoter score (eNPS)
↓ -3.9%



eNPS measures the number of promoters (who would recommend the Group as a great place to work) compared with detractors on a scale from -100 to +100. This is reflected in the percentage change calculation.

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

Analysis: While our eNPS has decreased since 2020, it stays higher than in 2019, and has significantly increased since 2016 (2.44 in 2016) when we started our culture transformation.

Employees continued

Based on the positive lessons learnt from the pandemic around productivity and employee experience, as well as listening to our employees' preferences on flexibility, in 2021 we have implemented a hybrid working model, combining virtual and office-based working with greater flexibility in working patterns and locations. The model is live in 28 of our markets with 73 per cent of employees in these markets on agreed flexi-working arrangements. This is a significant step towards being more inclusive of the diverse needs of our workforce and supporting their wellbeing by consciously balancing individual choice and flexibility with business and client needs. While we continue to roll out the model in other markets, enforced absence from offices during the pandemic has also highlighted the benefit of face-to-face interaction and we continue to value our physical workspaces as hubs of teamwork, collaboration and learning. Toolkits and guidance have been provided to colleagues and leaders to help navigate hybrid ways of working, especially at key moments such as onboarding new team members, returning from parental leave and during performance conversations, as well as to help recreate 'water cooler' moments in hybrid work environments.

As employees operated in a variety of these hybrid working formats through 2021 – either as part of our flexi-working programmes or due to ongoing pandemic restrictions – supporting their wellbeing, health, safety and resilience continued to be a key priority. In some markets that were acutely impacted by the pandemic during 2021, such as India, the Philippines, Sri Lanka, Nigeria and Zimbabwe, we provided additional financial assistance to employees, including access to increased credit facilities and extended medical coverage, in some cases also for extended families. Teams partnered across our markets to organise emergency medical support for colleagues and their extended families, and at locations where permissible, in partnership with government initiatives we organised camps to accelerate vaccination.

Taking care of our leadership health

Through an experiment launched in 2021, we have supported over 4,600 employees in flexing their leadership muscles, by providing them with regular, simple and practical 'missions' on themes centred around enabling performance, empowering people, driving vision and continuing self-growth. The 60-day leadership treatment journey is driving a habit of micro-learning and democratising leadership as a capability for everyone.

Further, with our aim to provide employees the skills, tools and motivation to manage their wellbeing proactively and to deal with challenges effectively, we continue to drive awareness of our wellbeing resources that are available to all globally. These include a mental health app, a physical wellbeing online platform, an upgraded employee assistance programme, wellbeing toolkits, learning programmes on mental health and resilience as well as an expanded network of trained Mental Health First Aiders. In parallel, we are seeking to mitigate the causes of work-related stress and encourage a focus on supportive behaviours within existing processes and all decision-making. These resources and actions are having a positive impact, with fewer employees reporting frequent stress in the annual My Voice survey and 74 per cent of employees saying that they are willing to share their concerns about stress with their people leader.

In addition to leveraging inputs from employee surveys, the Board also engages with and listens to the views of colleagues through virtual, interactive engagement sessions. More information can be found on pages 113-114 in the Directors' Report.

Read more about our approach to hybrid working at **sc.com/hybridworking**

Developing skills of future strategic value

The world of work continues to change rapidly. Our employees need a combination of human and technical skills to succeed both today and in the future. We're building a culture of continuous learning, empowering employees to grow, follow their aspirations and embrace the skills needed for the future. Since 2020, the average hours invested by employees in personal development has increased by 20 per cent to 27.7 hours in 2021. Over 74,000 colleagues actively used our online learning platform diSCover, which we launched in 2020, and which is now accessible via a mobile app as well. Almost 30,000 colleagues used one or more of our Future Skills Academies which include the Data & Analytics, Digital, Cyber, Client Advisory, Sustainable Finance and Leadership Academy.

We have focused over 2021 on designing and deploying targeted upskilling and re-skilling pilot programmes directed towards critical 'future' roles where our strategic workforce planning analysis has predicted the increasing need for talent, including universal banker, data translator, cloud security engineer and cyber security analyst. This approach has united our recruitment, talent management and learning efforts to target, upskill and deploy employees into new roles.

Engaging stakeholders continued

Employees continued

Creating a culture of inclusion and innovation

We believe that inclusion is how we will enable our diverse talent to truly deliver impact. As the pandemic extended into 2021, the need to lead inclusively in a hybrid working set-up continued to be a key expectation of our people leaders. With the focus on building a culture of inclusion, over 21,000 colleagues had undertaken the 'When we're all included' learning programme by the end of 2021, centred on increasing awareness around diversity and inclusion principles, tackling issues such as unconscious bias and micro behaviours as well as emphasising the importance of creating an inclusive environment. As we listened to employee feedback and responded to the need to better develop psychological safety, we also released an inclusive language guide and continue to review business terms to be more inclusive moving forward. In our annual My Voice survey, 80.65 per cent of employees reported positive sentiments around our culture of inclusion.

+ Read our inclusive language guide at **sc.com/inclusivelanguageguide**

Our commitment to diversity and inclusion (D&I) is now supported by more than 60 employee resource groups (ERGs) across our markets that help provide learning, development and networking opportunities. The ERGs align to our focus areas of gender, ethnicity and nationality, generations, sexual orientation, disability and wellbeing.

Our gender diversity continues to grow with more women leaders moving up to more senior roles. By the numbers, women currently represent 31 per cent of the Board, 14 of our markets have women CEOs, and representation of women in senior leadership roles increased to 30.7 per cent at the end of 2021. We are committed to continuous improvement in this area and aspire to 35 per cent representation of women at the senior level by 2025. This aspiration is further supported by programmes such as our IGNITE Coaching programme, which develops our existing female talent in preparation for future roles.

Creating an internal 'gig' economy

Our virtual talent marketplace uses artificial intelligence (AI) to match the skills, experiences and aspirations of employees across 50 markets to short-term projects and mentoring opportunities, enabling their upskilling and reskilling towards becoming future-ready. The platform also allows us to rapidly deploy talent to areas where it is most needed to deliver business priorities, unlocking productivity worth over $1.3 million so far. By the end of 2021, more than 10,000 employees had accessed over 600 cross-functional experiences via the platform, and initiated over 300 mentoring relationships.

We remain focused on building a workforce that is truly representative of our client base and footprint, with 16.4 per cent of our Global Management Team and their direct reports identifying as Black, Asian or minority ethnic. In the UK, Black representation in senior leadership is 2.4 per cent and Black, Asian and minority ethnic in senior leadership is 15.2 per cent. In the US, Black/African American representation in senior leadership is 2.7 per cent and Hispanic/Latinx in senior leadership is 9.7 per cent. We have developed strategic partnerships in the US and extended our Futuremakers RISE programme to increase the diversity of our talent pipelines. As we work towards achieving our 2025 UK and US ethnicity senior leadership aspirations which were defined last year, we continue focus on nurturing local talent in markets across Asia, Africa and the Middle East to ensure we reflect the diversity of our global clients. In 2021, we provided employees, where legally permissible, the ability to self-identify ethnicity data through our online systems and started educating on the value and purpose of collecting this information. We expect increased participation and self-declaration of ethnicity to allow us additional insights towards building an even more representative workforce.

We recognise six key[1] D&I dates across the year and use these as focal points to facilitate open dialogue on inclusion internally and externally. Through these global campaigns we have engaged and strengthened relationships with clients and external stakeholders, collectively raising awareness, promoting best practices and committing to take practical steps to advance the D&I agenda in the community.

Our progress continues to be recognised externally – we are the first financial services organisation to achieve the second highest level of EDGE Strategy Certification in Malaysia and Sri Lanka; we've ranked as a Diversity Leader for the second consecutive year in the Financial Times report on Diversity and Inclusion in Europe; ranked for the first time within the Top 100 organisations Refinitiv (formerly Thomson Reuters) Diversity and Inclusion Index; ranked as one of the World's Best Employers in Forbes for the first time; and also recognised at the European Diversity Awards for our Supplier Diversity Programme. In addition to the Group being recognised, six of our colleagues feature on the HERoes Women Role Models List, three on the Empower Ethnic Minority Role Models List and two on the OUTstanding LGBTQ+ Role Models Lists.

As the Bank continues to transform to achieve our strategic ambitions, we are refreshing the way we manage and recognise performance. Moving forward, we aim to build an even stronger culture of high performance by focusing on continuous feedback, coaching, and open two-way performance and development conversations. We will place greater emphasis on recognising outperformance driven by collaboration and innovation, encourage more flexibility and aspiration during goal-setting, and remove individual performance ratings. During 2021, we piloted aspects of this refreshed approach with a select first adopter population of employees, and will be further embedding the approach across the organisation in 2022.

1 International Day Against Homophobia, Transphobia and Biphobia, International Day of Persons with Disabilities, International Men's Day, International Women's Day, and World Day for Cultural Diversity for Dialogue and Development, World Mental Health Day.

Employees continued

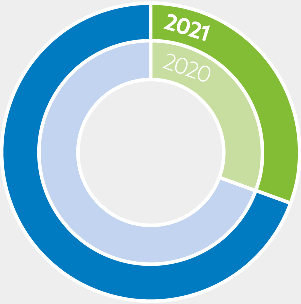
Female representation

Board

Female
31%
(2020: 31%)

Female
4

Male
9

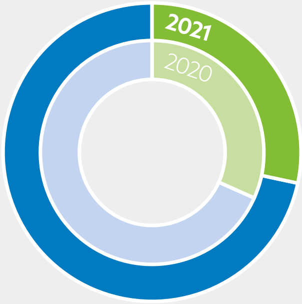


Management Team and their direct reports

Female
28.4%
(2020: 31.8%)

Female
33

Male
83



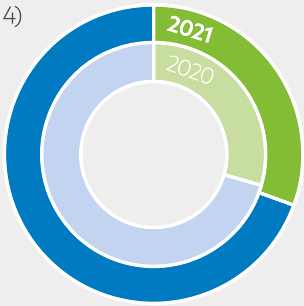
Senior leadership
(Managing directors and band 4)

Female
30.7%
(2020: 29.5%)

Female
1,299

Male
2,920

Undisclosed
8



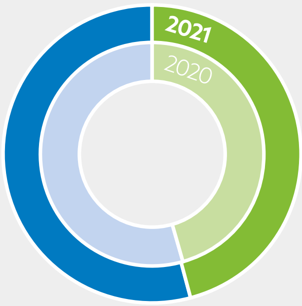
All employees

Female
45.5%
(2020: 45.4%)

Female
37,281

Male
44,045

Undisclosed
631



Gender pay gap and equal pay

We continue to analyse our gender pay gap for the UK, Hong Kong, Singapore, UAE and US. The gender pay gap compares the average pay of men and women without accounting for some of the key factors which influence pay, including different roles, skills, seniority and market pay rates.

Compared with last year, our mean hourly pay gaps have remained flat or reduced across the UK, Singapore and US. Our mean bonus pay gaps have increased slightly except for in Singapore. Our gender pay gaps are caused by there being fewer women in senior roles and in business areas where market rates of pay are the highest. We understand it will take time to see the level of change needed to significantly reduce our gender pay gaps and we remain committed to our initiatives to support gender diversity.

When the pay of men and women at the same level and in the same business area are compared, our gender pay gaps remain significantly smaller. The remaining gaps exist due to differences in the market pay level for different types of roles at the same level and in the same business areas, and differences in the relative positioning of the pay of each role holder around the market benchmark.

Equal pay is a more detailed measure of pay equality and is a key commitment in our Fair Pay Charter. We analyse equal pay during our annual performance and pay review process to ensure equal pay for equal work.

We have been reporting our gender pay gaps for several years and support initiatives that will enable a truly diverse workforce. We responded to the UK Government consultation on ethnicity pay gap reporting and are considering potential ways to draw from available data to inform our inclusion strategy. Obtaining significant enough disclosure of ethnicity data remains a challenge and we are taking steps to encourage disclosure, where possible, so we can develop our approach.

+ Read more about this in our gender pay gap report at **sc.com/genderpaygap**

2021 Gender pay gap	UK	Hong Kong	Singapore	UAE	US
Mean hourly pay gap	27%	21%	33%	31%	23%
Mean bonus pay gap	52%	42%	44%	58%	46%

Partnering with Doconomy to cut carbon

We've partnered with Doconomy, a Sweden-based impact tech company, to pilot a tool that helps our clients manage their everyday climate impact. Our clients in Pakistan can now calculate the carbon emissions of any goods and services purchased on their credit cards and track their carbon footprint using our online banking service.

Read more online at **www.sc.com/doconomy**

Sustainable and responsible business

Our core markets represent unique challenges and opportunities, with rapid urbanisation, heightened vulnerability from climate change, and significant social and economic disruption brought by the COVID-19 pandemic. Yet these regions only receive a fraction of the capital flows they need for sustainable economic growth.

At Standard Chartered, we have the financial expertise, governance frameworks, technology and geographical reach to unlock capital for sustainable development, where it matters most.

We have set ourselves the vision to become the world's most sustainable and responsible bank, committed to sustainable social and economic development through our **business, operations and communities.**

In pursuit of this, and in alignment with stakeholder priorities, in 2021 we formally elevated sustainability to be a pillar of our strategy.

We have set long-term ambitions for our role in tackling the severe impacts of climate change, stark inequality and unfair aspects of globalisation that impact everyone and the planet. See pages 24-25 for more detail on how we are taking a stand.

This enhanced focus ensures sustainability is embedded across our business and integrated into the Group's decision-making, with robust governance provided by the Board, Management Team and multiple supporting sub-committees.

The following pages set out our approach and progress towards our most material sustainable and responsible business topics. Further information on our approach to climate change can also be read in our TCFD report at **sc.com/tcfd**.

In 2022, we also intend to provide additional ESG-related information via our ESG report. This will include alignment index tables for disclosures relevant to the GRI, SASB and World Economic Forum frameworks, and will be available at **sc.com/ESGreport** in Q1 2022.

See **pages 51 to 59** to read how engagement with stakeholders informs our approach to sustainable and responsible business

For more information on our sustainability governance see **pages 276-277** and **sc.com/tcfd**

Group KPI: Sustainability

Delivering Sustainability Aspirations %
+ 4.5 ppt Sustainability Aspirations achieved or on track[1]

1 Each aspiration contains one or more performance measures. The KPI is the proportion of all measures that have been achieved or are on track to be delivered at the end of the reporting period.

See **pages 455 and 466** for a full list of our 2022 Sustainability Aspirations

For more information on our Responsible Business Standards and Policies see **sc.com/standardsandpolicies**

Our Sustainability Aspirations

Our approach is underpinned by our suite of Sustainability Aspirations that set out how we aim to promote social and economic development, and deliver sustainable outcomes in the areas in which we can make the most material contribution to the delivery of the UN SDGs.

We review and refresh our Sustainability Aspirations annually to ensure they reflect our stakeholders' priorities and evolving strategy. For example, in 2021, we committed to consult with shareholders, investors, clients and civil society to develop a definition, methodology, targets and timeline to develop our approach to measuring, managing and reducing emissions associated with our financing of clients to support our objective to achieve net zero by 2050.

We measure progress against the targets set out in our Sustainability Aspirations and incorporate selected Aspirations into the Group Scorecard to drive widespread awareness and support delivery.

At the end of 2021, 82.9 per cent of our Aspirations are on track or achieved. This is an increase from 78.4 per cent in 2020; however, COVID-19 continued to impact the delivery of several Aspirations. Further detail on each Aspiration can be found between pages 55 and 77. We remain focused on scaling up delivery in subsequent years to achieve our targets.

To ensure stakeholder confidence in our approach, we have conducted a limited-scope assurance exercise over performance data related to selected Aspirations, see **sc.com/aspirationsassurance**. The findings of this exercise will contribute towards our continued work to strengthen how we track and report progress on our Aspirations, including as part of our commitment to the UN Principles for Responsible Banking.

Sustainable and responsible business
continued

Pillar 1: Business

Do more good – promoting sustainable finance

Clients

Investors

Society

Our main impact on the environment and society is through the business activities we finance. Through our core business, we promote sustainable finance in our markets, expanding renewables, and financing and investing in sustainable infrastructure where it is needed most.

We want to make the world a better, cleaner and safer place and minimise the negative impact of our financing, balanced by our mission of enabling a just transition. In other words, do more good and less harm.

2021 Sustainability Aspirations: Business

Infrastructure	Timeline	Status	Progress
Facilitate project financing services for $40 billion of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework	Jan 2020–Dec 2024	On track	Facilitated $9.6 billion, bringing the total facilitated since January 2020 to $12 billion.
Climate change			
Facilitate $35 billion worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that align to our verified Green and Sustainable Product Framework	Jan 2020–Dec 2023	Achieved	Facilitated $22 billion, bringing total facilitated since January 2020 to $40.4 billion. We have therefore achieved this Aspiration ahead of the end 2023 target.
Only provide financial services to clients who are: • by 2024, are less than 80% dependent on thermal coal (based on % EBITDA at group level) • by 2025, are less than 60% dependent on thermal coal (based on % EBITDA at group level) • by 2027, are less than 40% dependent on thermal coal (based on % EBITDA at group level) • by 2030, are less than 5% dependent on thermal coal (based on % EBITDA at group level)	Jan 2020–Jan 2030	On track	In 2020, we ceased new business with four clients and have now exited these relationships subject to any outstanding contractual arrangements. In light of the recent strengthening of our coal policy, we are now on track to transition or exit all clients at an entity level that are greater than 80% dependent on thermal coal, subject to any outstanding contractual arrangements. *In 2021, we changed from EBITDA to revenue basis. See page 455.
Commit to measuring, managing and reducing emissions associated with our financing of clients to support our objective to achieve net zero by 2050. We will develop and consult with shareholders, investors, clients and civil society on a definition, methodology, targets and timeline	Jan 2020–Dec 2021	Achieved	In October 2021, we announced ambitious new targets to reach net zero carbon emissions from our financed activity by 2050. We have further incorporated these new targets into our 2022 Aspirations. See page 455.
Entrepreneurs			
Provide $15 billion of financing to small business clients (Business Banking)	Jan 2020–Dec 2024	On track	Provided $2.96 billion, bringing the total provided since January 2020 to $5.96 billion.
Provide $3 billion of financing to microfinance institutions	Jan 2020–Dec 2024	On track	Provided $617.5 million, bringing the total facilitiated since January 2020 to $1.13 billion.

Concluded in the year
Achieved Not achieved

Ongoing aspirations
On track Not on track

Pillar 1: Business continued

2021 Sustainability Aspirations: Business continued

Retail Banking	Timeline	Status	Progress
Launch a suite of five core sustainability-focused Retail Banking products in selected markets across our footprint	Jan 2021–Dec 2022	Achieved	Five products were successfully launched during 2021, achieving this Aspiration a year ahead of schedule. These were: i) Sustainable Term Deposits in Singapore, Indonesia and Taiwan, and sustainable Current Account Savings Accounts in Hong Kong ii) Carbon-neutral cards in Singapore, Bangladesh, Malaysia and Hong Kong iii) Green home loans in Hong Kong, Singapore and Taiwan iv) Green home renovation financing – extended preferential pricing to help clients acquire solar energy and water treatment equipment in Kenya v) ESG unit trusts available in 16 markets.
Commerce			
Bank 10,000 of our clients' international and domestic networks of suppliers and buyers through banking the ecosystem programmes	Jan 2020–Dec 2024	On track	Enrolled 3,473 suppliers and buyers, bringing the total enrolled since Jan 2020 to 7,153.
Digital			
Roll out digital-only banks in a total of 12 markets	Jan 2020–Dec 2021	Not achieved	We have launched digital-only banks in 10 markets since January 2020. Further launches in Bahrain and the United Arab Emirates have been delayed and are expected to launch in 2022.
Double the number of clients we bank in Africa and the Middle East to 3.2 million	Dec 2017–Dec 2021[1]	Not achieved	At the end of 2021 we had a total of 2,366,000 digital clients in the AME region. COVID-19 has impacted our ability to onboard new clients during periods of lockdown. We will continue to enhance our capabilities through 2022.
Impact finance			
Develop a tailored Impact Profile for all Private Bank clients providing a framework that enables them to understand their passions and harness capital market solutions to support the SDGs	Jan 2020–Dec 2024	Not on track	The goal of the Impact Profile tool was to include ESG elements as a part of understanding a client's financial profile and to enable conversations with clients based on preferences. As part of our October 2021 net zero approach, we plan to integrate ESG considerations in our wealth management advisory which are incorporated into our updated 2022 Aspirations and will replace this Aspiration (see page 455).
Triple the value of sustainable investing Assets Under Management[2]	Jan 2021–Dec 2024	On track	Our Sustainable Investing Assets Under Management (AUM) has grown by 2.79 times. For 2022, we will replace this Aspiration with a more ambitious Sustainable Investing AUM Aspiration (see page 456) as part of our net zero Aspirations which will expand products covered to include exchange traded funds (ETFs), bonds, equities, structured products among others. This is more holistic than the current Aspiration covering only mutual funds.
Roll out ESG scores for single holding investments and funds where applicable ESG scores are available from third-party data providers	Jan 2021–Dec 2021	Achieved	Sustainalytics ESG risk ratings available on equity derivatives and fixed income trade notes since August 2021 for both Private Bank and Consumer (Affluent).

Concluded in the year Achieved Not achieved

Ongoing aspirations On track Not on track

1 This start date has been restated to reflect the period over which baseline data has been gathered

2 This has been amended from 'percentage' as previously disclosed, to 'value'

Sustainable and responsible business
continued

Pillar 1: Business continued

We create and offer sustainable finance products that support sustainable development. In 2021, we launched 13 new sustainable finance products, including sustainable current and savings accounts for both our CCIB clients and retail customers, and green mortgages in some of our key markets, Singapore, Hong Kong and Thailand.

Our Green and Sustainable Product Framework guides our labelling of sustainable assets internally. The Framework was developed, and is reviewed annually, in collaboration with the leading provider of ESG and corporate governance research, Sustainalytics.

In 2021, this review led to the Framework being updated to include additional green buildings certifications as well as tightening eligibility criteria where market expectations have evolved.

Alongside our net zero approach in October 2021, we also launched our new Transition Finance Framework. This outlines the activities that we consider eligible for labelling as 'transition' and is intended to support our clients in their journey to a lower-carbon future.

Together, these Frameworks define the activities that count towards our target to mobilise $300 billion in green and transition finance by 2030, the key driver of our ability to meet our net zero targets.

Between July 2020 and June 2021, our Sustainable Finance asset base increased by 138 per cent year-on-year to $9.2 billion. This increase was driven by organic growth coupled with the identification of existing exposures that had not previously been tagged as green or sustainable. With more than 84 per cent of these assets located in Asia, Africa and the Middle East, our dedicated Sustainable Finance team is focused on accelerating the deployment of sustainable finance to the markets where it matters the most.

Our second Sustainable Finance Impact Report found that our green lending avoided 1.4 million tonnes of CO_2 emissions from July 2020 to June 2021, a 264 per cent increase in CO_2 avoided year-on-year, and equivalent to more than 3 million economy class aeroplane seats from London to Singapore. Our green assets in Organisation for Economic Cooperation and Development Development Assistance Committee (OECD-DAC) least developed, lower- and lower-middle income markets have achieved significantly more impact in terms of CO_2 emissions avoided per dollar invested than our green asset base in the rest of the world. This reinforces the findings of our Opportunity2030 Report and emphasises the need to keep finance flowing to the markets in our footprint where it matters most and can have the greatest impact.

We also made progress towards our Aspirations for small business lending ($15 billion, January 2020 to December 2024) and microfinance ($3 billion, January 2020 to December 2024), enabling more than 885,000 microfinance loans and providing nearly 20,000 loans to small and medium enterprises, often the powerhouses of the economy in many of our markets.

In 2020, we announced that we would commit $1 billion of not-for-profit financing for companies that provide goods and services to help in the fight against COVID-19. By the end of 2021, we had approved $930 million of this, and dispersed $782 million. This has helped businesses across our markets manufacture and distribute emergency ventilators, face masks, protective equipment and sanitisers, and governments to finance the purchase of World Health Organisation approved COVID-19 vaccines.

In 2022, we expect growth of our Sustainable Finance asset base to continue at pace, both as the market develops and also as we further expand and embed our sustainable finance product offering with our clients.

We will continue to grow our sustainable finance proposition, and increase lending into areas aligned with the SDGs.

+ Read our Sustainable Finance Impact Report: **sc.com/SFimpactreport**

+ Read our Sustainable Finance Frameworks: **sc.com/sustainablefinanceframework**

+ Read our Opportunity2030 Report: **sc.com/opportunity2030**

→ See our 2021 Sustainability Aspirations on **page 62**

Do less harm – managing environmental and social risk

We have a comprehensive approach to managing environmental and social (E&S) risk. We work with clients, regulators and peers across the finance sector to continuously improve E&S standards and mitigate the impact that may stem from our financing decisions.

We have a suite of detailed policy frameworks and Position Statements, approved by the Group Responsibility and Reputational Risk Committee (GRRRC), which draw on global best practice, including the International Finance Corporation (IFC) Performance Standards and the Equator Principles (EP), to outline the cross-sector standards we expect of ourselves and our clients. Sector-specific guidance is also provided for clients operating in sectors with high environmental or social impact potential, and our prohibited activities list sets out the activities we do not finance. We will not provide financial services to clients who breach, or show insufficient progress in aligning with, our Position Statements.

In 2021, we updated our Position Statements covering all sensitive sectors. We introduced enhanced requirements which will become effective from 2022, with the exception of additional restrictions placed on thermal coal-dependent clients, which were effective immediately.

Pillar 1: Business continued

We identify and assess E&S risks related to our CCIB clients, and embed our E&S risk framework directly into our credit approval process. Where required, we proactively engage with clients to mitigate identified risks and impacts and support them to improve their E&S performance over time. All relationship managers and credit officers are provided with access to detailed online resources and E&S guidelines, and offered training in assessing E&S risk against our criteria. During 2021 we provided training to 1,280 colleagues.

Our approach remains to work with clients to improve their E&S performance with specific timebound action plans. Where clients are unable or unwilling to meet our requirements, we will ultimately exit those relationships, subject to contractual obligations. During 2021, we reviewed 786 clients and 547 transactions that presented potential specific risks against our Position Statements.

During 2021, we continued to hold the position of Chair of the EP Association, and member of the Board of Governors of the Roundtable on Sustainable Palm Oil. In addition, we adopted the Poseidon Principles.

In 2022, we will prioritise our approach to biodiversity, and update our Environmental and Social Risk Management Framework in support of our ambition to become the world's most sustainable and responsible bank. We will also further expand our capacity to conduct E&S due diligence on clients by leveraging our Global Business Service centre in Warsaw.

Read more about our Position Statements at **sc.com/positionstatements**

Read more about our prohibited activities at **sc.com/prohibitedactivities**

Read more about our reporting against the Equator Principles at **sc.com/equatorprinciples**

Responding to climate change

We believe that climate change is one of the greatest challenges facing the world today and that its impact will hit hardest in the communities and markets where we operate, namely Asia, the Middle East and Africa.

Our climate strategy is structured around three pillars: accelerating sustainable finance; reducing our direct and financed emissions; and managing the financial risk from climate change. These focus areas reflect the ways in which we contribute, and are exposed to, the risks arising from climate change.

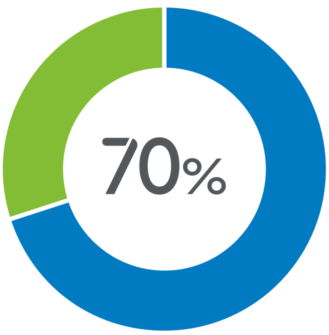
Accelerating sustainable finance

The need for a just transition to an inclusive, net zero economy brings with it a huge opportunity for innovation and growth for our clients and our Bank. We are uniquely placed to help by directing capital to markets that have both the greatest opportunity to adopt low-carbon technology, and some of the toughest transition-financing and climate challenges. As set out on page 64, we plan to mobilise $300 billion aligned to our Green and Sustainable Product Framework, and Transition Finance Framework.

Reducing our direct and financed emissions

Since 2018, we have been working on aligning the emissions from both our own operations and our financing activities to the Paris Agreement goal of below two degrees of global warming. During 2021, we announced our plan to reach net zero in our financing by 2050, with ambitious interim targets to substantially reduce our financed carbon emissions by 2030.

To achieve this, we have set out our roadmap to reduce financed emissions, finance transition projects and accelerate new solutions. Read more about our approach to net zero at **sc.com/netzero.**



Over 70 per cent of our Sustainable Finance assets are located in emerging and developing economies.

1.4m tonnes

CO_2 avoided from operational assets

Sustainable and responsible business
continued

Pillar 1: Business continued

We aim to reduce absolute financed thermal coal mining emissions by 85 per cent by 2030, in addition to the existing prohibition on financing new or expanding coal-fired power plants. We are also reducing emissions intensity in other high-carbon sectors, setting interim targets for power (-63 per cent emissions intensity), steel and mining (-33 per cent emissions intensity respectively), and oil and gas (-30 per cent emissions intensity).

We continue to innovate and strive to accelerate new solutions to climate change, such as launching and growing sustainable products; reporting on wealth management emissions; and deploying a new Transition Acceleration Team to provide our clients in carbon-intensive sectors with deep expertise on how to accelerate their low-carbon transitions, and tools to measure their progress.

We are also committed to reducing the emissions we produce, and in 2021 we brought forward our target to achieve net zero in our operations from 2030 to 2025.

With approximately 12,100 suppliers, we understand that there can be significant carbon emissions associated with the procurement of goods and services and a potential physical impact on our supply chain that may impact our ability to serve our clients. In 2021, we developed a methodology to measure our supplier Scope 3 emissions and used this to engage our top-emitting suppliers to understand their climate-related actions, goals and overall alignment with our sustainability agenda.

As a result, sustainability factors have been embedded into our Spend Category Plans, including targeting specific areas to drive emission reductions. We also began to embed emissions-related clauses into relevant supplier contracts to reduce our consumption and mitigate remainder emissions.

Managing the financial risk from climate change

Managing the financial risks from climate change remains a key priority for the organisation. Throughout 2021, we continued to embed climate risk management into our ERMF, understanding the impact of physical and transition risks on our credit portfolio and climate related reputational risks for clients in high transition sectors.

In 2022, we will extend this to cover other relevant Principal Risk Types. Climate scenario analysis across our markets, including the Bank of England's 2021 Biennial Exploratory Scenario, have helped improve our understanding in identifying key portfolios vulnerable to climate risk.

In partnership with peers, industry and academia, we are transitioning from measurement to management of climate risk. Through ongoing partnership with Imperial College London, we supported the publication of a new climate research which revealed the potential for nature-based solutions to tackle the interlinkages between agriculture, land-use and climate change.

Principal Board decision – our pathway to net zero

As part of the consideration process for approving the net zero pathway, the Board had to ensure it was comfortable with the methodology, the potential outcome of applying the methodology and the substance of the pathway, all set within the context of an agreed and robust risk management framework. To achieve this, the Board participated in several discussions during the year and provided valuable input across a number of areas, taking into account the impact on the Group's stakeholders. Examples of such considerations were:

- the risk that some clients may consider the Group's approach too aggressive, or conversely that it does not go far enough, considering in particular the challenges of the Group's footprint in emerging markets and developing countries and recognising the differing pathways to net zero in different markets and the need to support and facilitate a just transition
- the impact of the pathway on ongoing discussions with civil society groups, such as NGOs
- likely stakeholder reaction including governments, regulators, communities and clients as well as investors and NGOs to the methodology
- when to announce the pathway and how this would impact certain stakeholders
- the significant level of engagement the Group had undertaken with some stakeholders, including investors and NGOs, while formulating the net zero pathway
- the importance of providing opportunity for feedback from those stakeholders not already consulted once the pathway was published
- the content of the communications material to be published to ensure effective readability for stakeholders
- future reporting of progress against the pathway to the market
- the potential opportunities of Transition Finance offerings for clients
- the importance of supporting the transition for many clients towards lower-emitting technologies to support a just transition
- the intended plan to put the pathway to an advisory vote at Standard Chartered PLC's 2022 Annual General Meeting (AGM) in recognition of how important this is to our shareholders and other stakeholders

Stakeholder considerations were taken into account in the Board's oversight of the net zero pathway among many other factors. As a result, the Board, cognisant of the methodological approach and interest in the pathway by shareholders and other stakeholders, approved the recommended pathway and communications plan.

Summary of Standard Chartered's TCFD response

Standard Chartered publicly committed to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2017 and has subsequently released annual TCFD reports since 2018.

Our comprehensive TCFD disclosure is published in a standalone report which provides information in a readily identifiable and accessible format for all interested stakeholders. This can be accessed at **sc.com/tcfd**. The table below sets out the 11 TCFD recommended disclosures and summarises the progress we have made in 2021. Through consistency with the TCFD recommendations, we have achieved compliance with the listing rules.[1]

Governance

	Current status	Future priorities
Board oversight of climate-related risks and opportunities	• In 2021, we held Board-level and Management Team training on our approach to net zero and Board-level training, delivered by Imperial College London, on climate scenarios to support the Board with their review and challenge of climate related regulatory stress testing. • The Board reviewed and approved our approach to reaching net zero carbon emissions from our financing by 2050 and associated interim targets. • The Board received regular Climate Risk updates via the Board Risk Committee (BRC) and reports from the Group Chief Risk Officer. • First-generation Climate Risk reporting and Management Level Risk Appetite metrics were shared with the BRC and approved by the Group Risk Committee which has oversight of Climate Risk.	• We aim to enhance Climate Risk training to our subsidiary boards, building on initial training delivered in 2020. • Results of management stress tests will be reviewed and challenged by the BRC and will strengthen the Board's oversight of the impact from Climate Risk on our business, financial performance and operations and strengthen business strategy and financial planning.
Management's role in assessing and managing climate related risks and opportunities	• The Group Chief Risk Officer (CRO) has Senior Management Responsibility for Climate Risk and is supported by the Global Head, Enterprise Risk Management who has day-to-day oversight, and has appointed the Climate Risk Management Forum that oversees the delivery of the Group's commitment to manage climate related financial and non-financial risks. • In 2021, we established a robust governance structure to support our net zero approach through the Net Zero Steering Group chaired by the Group Head, Conduct, Financial Crime & Compliance. • We aim to strengthen business segment, country, and regional Climate Risk governance and continue to keep the Management Team updated through the Group CRO reports and Management Information report to the GRC.	• We will continue to exercise appropriate oversight and governance of our approach to net zero at Board and Management Team level. • We aim to strengthen business segment, market, and regional Climate Risk governance and continue to keep the Management Team updated through the Group CRO reports and Management Information report to the GRC.

Strategy

	Current status	Future priorities
Climate-related risks and opportunities identified over the short, medium and long term	• We have assessed the impact of climate risk to the banking book under three transition scenarios over a 30-year time horizon, which has enabled us to identify climate risks, strategies to mitigate risk as well as climate opportunities. • In 2021, we identified climate-related opportunities linked to the Bank's net zero in financed emissions approach including aiming to: – mobilise $300 billion in green and transition finance – reduce absolute financed thermal coal mining emissions by 85% – reduce emissions intensity in other high carbon sectors with the interim 2030 targets including power (-63% emissions intensity), steel and mining (- 33% emissions intensity respectively), and oil and gas (-30% emissions intensity). • We use quantitative and bottom up tools and methodologies to assess transition and physical climate risk and we apply these to our clients, portfolios, and our own operations.	• We will continue to develop and enhance our Climate Risk/opportunity identification, interplay and modelling capabilities to strengthen climate risk quantification. This includes consistency and where possible, uniformity of time horizons. • We aim to disclose annually the progress we are making against our $300 billion and other net zero targets and build out our client capability to achieve our net zero through: – our newly developed Transition Acceleration Team – reporting mortgage emissions with a view to setting targets by 2023 – doubling our sustainable investing assets under management – launching and growing sustainable products including Universal Climate Finance Loans, green mortgages and sustainable investing offerings while integrating ESG considerations in our wealth management advisory activities.

1 Some of the data, metrics and methodologies used in relation to the Group's TCFD report which is summarized in this section is subject to limitations. The reader should treat the information provided, and conclusions and assumptions drawn from the underlying data with caution. The limitations to the data, metrics and methodologies as well as the basis on which the Group's TCFD report was made are set out in the **Important Notice – Basis of Preparation and Caution Regarding Data Limitations** section of the Group's TCFD report available at sc.com/tcfd.

Sustainable and responsible business
continued

Summary of Standard Chartered's TCFD response continued

Strategy

	Current status	Future priorities
Impact of climate risks and opportunities on business, strategy and planning	• Sustainability has been elevated to become a pillar of the Group's strategy. • We continue to restrict financing of thermal coal mining and reduce emissions intensity in other carbon intensive sectors. Where clients do not show a sufficient level of commitment to the transition, we reserve the right to cease providing them with our services. • In 2021, we engaged with approximately 2,000 of our clients, to help understand their exposure to climate risk and identify climate opportunities. • To make our business model more resilient to Climate Risk we are already reducing appetite for selected high-carbon sectors such as coal, in support of our plan to reach net zero in our financing by 2050, whilst balancing transition risk and opportunity with ambitious interim targets to substantially reduce our financed carbon emissions intensity by 2030.	• We will develop Climate Risk management scenarios, which will further inform us of the potential impact from Climate Risk on our business, financial performance and operations and strengthen business strategy and financial planning.
Climate-related scenario analysis	• Our climate-related scenario analysis, based on those from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), includes orderly, disorderly and hot-house world scenarios.	• We will develop management scenarios that will strengthen considerations of Climate Risk in into the Group's corporate plan and net zero strategy.

Risk management

	Current status	Future priorities
Identifying and assessing climate-related risks	• We identify physical and transition risk as part of client, portfolio and own property assessments and consider: – Physical risk: current day and longer term time horizons for acute weather events (storm, flood, wildfire, earthquakes) and chronic sea level rise. – Transition risk: financial impact at a client level under a range of NGFS based scenarios. – Temperature alignment: provides a temperature score to indicate client and portfolio level global warming potential up to 2030. • Climate Risk is recognised in our central Enterprise Risk Management Framework (ERMF) as an integrated risk type and is managed in-line with the Principal Risk Type (PRT) impacted e.g. Credit, Market, Operational. • Climate Risk is assessed as part of regulatory stress testing through the annual Internal Capital Adequacy Assessment Process (ICAAP), the 2021 Bank of England Climate Biennial Exploratory Scenario (CBES), and local country regulatory stress tests. • In 2021 client engagement has improved the coverage of data that informs the climate client level risk assessments being integrated into the credit underwriting process.	• Further embedding of Climate Risk management across PRTs, consideration of risk mitigation over time as methodologies mature and expanding coverage across products and markets.
Managing climate-related risks	• Climate Risk is managed in accordance with the Principal Risk Type (PRT) through which it manifests. Depending on the PRT framework, it is applied at a client, location or portfolio level as part of transactional, portfolio or operational level analysis for prioritised areas. • There is a Risk Appetite (RA) Statement that is accompanied by RA metrics that are based on potential losses under different climate scenarios and these RA metrics are reported to the GRC.	• Risk Appetite thresholds become effective in 2022.
Integrating into the organisation's overall risk management	• Climate Risk is integrated into and managed as part of existing PRTs: – Credit Risk: Climate Risk (physical and transition) assessments are being incorporated into the credit underwriting process for CCIB clients. For our CPBB sector, physical risk considerations inform credit portfolio quarterly reviews for over 90% of the retail mortgage portfolio. – Operational and Technology Risk: all new property sites are assessed for physical risk vulnerabilities. – Traded Risk: a physical risk-based scenario is included as part of the Traded Risk stress testing framework. – Country Risk: the setting of Country Risk limits include Climate Risk as a factor and regional Country Risk reviews for sovereign credit grades continue to include Climate Risk considerations. – Reputational and Sustainability Risk: for prioritised high-carbon clients and transactions a Climate Risk overlay assessment is applied (in addition to Environmental and Social Risk Management and restrictive policies). – Compliance: a process has been established for tracking various Climate Risk-related regulations. – Treasury Risk: Climate Risk was considered as part of the 2020 and 2021 ICAAPs.	• Continue to embed Climate Risk considerations within PRTs, including expanding CCIB coverage.

Summary of Standard Chartered's TCFD response continued

Metrics and Targets

	Current status	Future priorities
Metrics used to assess and manage climate-related risk and opportunities in line with strategy and risk management processes	• Early stage risk management metrics are used for quantifying transition and physical risk at a client and portfolio level, and for our own operations. These are used for different processes such as regulatory stress testing, monitoring climate risk as part of Risk Appetite reporting, and to inform the assessments being integrated into existing transactional risk processes and client reviews. Some metrics we use include: – financial impact of various transition scenarios up to 2050, expressed as weighted average probability of default – outstanding exposure of retail mortgage portfolios to current and forward looking physical risk events (flooding, storm, wildfire, future sea level rise) – percentage of our own offices, branches and data centres in locations at extreme gross physical risk events – Country-Climate Risk index ranking countries by physical and transition risk. • In 2021, we expanded our disclosures to include: – the financial impact on exposure to high-carbon sectors loans and advances.	• Continue to refine and enhance coverage and application of Climate Risk related metrics as our tools and methodologies mature, with a greater focus on developing internal climate modelling capabilities and assessing the implications of an internal carbon price where possible.
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	• Our 2021, our Scope 1 emissions were 2,902 tonnes carbon dioxide equivalent (tCO_2e), a reduction of 27 per cent from 2020, and Scope 2 emissions were 82,761 tCO_2e, a reduction of 27 per cent from 2020. • In 2021, our Scope 3 air travel emissions were 3,654 tCO_2e, a reduction of 89 per cent from 2020. • In 2021, we baselined and estimated our 2020 Scope 3 supply chain emissions (vendors), using spend data. As a result of this exercise we estimate these emissions as 365,911 tCO_2e. • We measured the absolute financed emissions baseline of our corporate lending portfolio as of 2020-year end, focusing on $74.8 billion of assets (equating to a coverage of 77 per cent of our in-scope assets of $97.3 billion, equal to 45.2 million metric (Mt) CO_2e). There is currently insufficient available data to accurately reflect the financed emissions of the remaining 23 per cent of our in-scope assets. A linear extrapolation would translate to an overall baseline of up to approximately 59Mt CO_2e. • In 2021, we offset our Scope 1-3 (flights and data centres) through high quality and verifiable carbon credits at a cost of $7.65/tonne.	• We will continue to extend our Scope 3 financed emissions measurement capabilities, targeting additional sectors and incorporating additional financial products as methodologies allow. For 2022, a specific priority will be baselining the emissions from our residential mortgage lending.
Targets used by the organisation to manage climate related risks and opportunities and performance against targets	• We have continued to evolve and challenge our existing Sustainability Aspirations including setting interim and long-term targets to reach net zero in our operations by 2025 and net zero in our financed emissions by 2050. • In 2021, we facilitated $9.6 billion towards sustainable infrastructure and $22 billion towards renewable energy services. • In 2021, metrics and targets developed and disclosed include: – plan to mobilise $300 billion aligned to our Green and Sustainable Product Framework and Transition Finance Framework – measuring, managing and reducing emissions associated with our financing of clients to support our objective to achieve net zero by 2050.	• We will annually disclose against our 2050 net zero in financing targets. • We will continue to drive consistency of use of targets across the Group's functions and build our knowledge of the interrelation between targets.

Sustainable and responsible business
continued

Pillar 2: Operations

Clients

Suppliers

Regulators and governments

Society

We strive to be a responsible business, drawing on our Purpose, brand promise, valued behaviours and Code of Conduct to help us fight financial crime, minimise our impact and embed our values across our business.

2021 Sustainability Aspirations: Operations

Environment	Timeline	Status	Progress
Reduce annual greenhouse gas (GHG) emissions (Scope 1 and 2) to net zero by 2030 with an interim target: Dec 2021: 106,000 tCO_2e Dec 2025: 60,000 tCO_2e	Jan 2019–Dec 2030*	On track	Surpassed interim targets, achieving 85,662 tonnes CO_2 equivalent (tCO_2e) based on continued efficiency work across the estate, plus an accelerated renewable energy programme. *In 2021, we brought forward our ambition target to achieve net zero GHG emissions in our operations to December 2025. See page 455.
Source all energy from renewable sources	Jan 2020–Dec 2030*	On track	Renewable energy was up 89% in 2021, representing 15% of total energy consumed (28.2 of 183 GWh) globally, an increase from 7% (14.9 GWh) in 2020. *In 2021, we brought forward our target to achieve net zero emissions and ensure we only consume renewable energy across our portfolio to 2025. See page 455.
Join the Climate Group 'RE100'	Jan 2021–Dec 2021	Achieved	We engaged with RE100 during the year as they developed criteria for financial institutions seeking to become RE100 members. Following finalisation of those criteria, we joined RE100 as a standard member which was formalised in January 2022.
Achieve and maintain flight emissions 28% lower than our 2019 baseline of 94,000 tonnes.	Jan 2021–Dec 2023	On track	Flight emissions reduced 96% from 2019's baseline, far exceeding the target. This reduction was primarily driven by the COVID-19 pandemic reducing all travel.
Reduce waste per colleague to 40kg per year	Jan 2020–Dec 2025	On track	Total waste produced in 2021 was 43kg per colleague compared with 65kg per colleague in 2020. Reduction was largely due to more people working from home in light of COVID-19 pandemic. We also reduced the number of our printers, disposable cutlery, containers and utensils as well as introducing on-site food composting.
Recycle 90% of waste	Jan 2020–Dec 2025	On track	32% of waste was recycled during the year, up from 23% in 2020.
Develop a methodology to measure Scope 3 emissions from our supply chain	Jan 2021–Dec 2021	Achieved	Methodology to measure Scope 3 emissions from our supply chain was developed and approved by the Sustainability Forum in June 2021. Total supply chain emissions from our vendors was estimated to be 365,911 tonnes in 2020. 2021 figures are in progress and will be reported in 2022.
Offset all residual emissions from our operations (Scope 1 and 2, Scope 3 flights, waste and data centres)	Jan 2021–Dec 2021	Achieved	We have achieved our 2021 carbon offset Aspiration to offset all residual emissions through the following providers: First Climate, CiX and Rabobank. Total volume of emissions offset was 136,000 tonnes at an average price of $7.65/tonne.

Concluded in the year
Achieved Not achieved

Ongoing aspirations
On track Not on track

Pillar 2: Operations continued

Conduct	Timeline	Status	Progress
Learn from risks identified through concerns raised via our Speaking Up programme and conduct plans and publish an annual Threats and Themes Report	Ongoing	Achieved	Threats and Themes report was issued in April 2021.
Develop enhanced internal policies and guidelines on privacy, data ethics and algorithmic fairness, and embed a new governance framework for all data-related risks	Jan 2020–Dec 2021	Achieved	The three existing Data Management Standards covering data quality, records management, and privacy were refreshed to ensure better alignment and consistency. The Responsible Artificial Intelligence (RAI) guidelines were upgraded into a formal Group RAI Standard under the Group's ERMF in July 2021. The RAI Standard was further updated during the year and a new Sovereignty Standard was drafted. Guidelines to accompany the Data Quality Standard were enhanced and published in November 2021. A Group-wide risk control and self-assessment exercise was concluded in 2021 covering risks in data quality, records management and privacy.

Financial crime compliance	Timeline	Status	Progress
Tackle financial crimes by contributing to developing typologies and red flags for financial flows, training frontline staff to identify potential suspicious transactions, and participating in public-private partnerships to share intelligence and good practices	Ongoing	Achieved	We actively contribute to building industry capacity, including via hosting a two-day virtual Africa Anti-Money Laundering Symposium and providing input to forestry crimes and wildlife trade work by the United Nations and Financial Action Task Force over the course of 2021. Supporting this, we continue to train our staff across the Bank on financial crime risks including via mandatory training delivered to all staff.
Deliver at least 50 correspondent banking academies	Jan 2021–Dec 2023	Not achieved	The challenging COVID-19 landscape has made delivery of correspondent banking academies very difficult. Both internal strategic priorities, and external client education requests/needs are shifting. We will therefore retire this Aspiration and refocus our attention to a more robust future strategy which will extend the reach of the academy construct to a broader set of financial institution clients, and extend the topics beyond the framework historically offered by the academies.

Concluded in the year
Achieved   Not achieved

Ongoing aspirations
On track   Not on track

Driving good conduct and ethics

Good conduct is critical to delivering positive outcomes for our clients, markets and stakeholders.

Our Group Code of Conduct (the Code) remains the primary tool through which we set our conduct expectations. The Code supports all our policies, setting out minimum standards and reinforcing our valued and expected behaviours. It also outlines a decision-making framework to help colleagues make good decisions. To reinforce our shared commitment to the highest possible standards of conduct, each year we ask our colleagues to reconsider what the Code means to them through a refresher e-learning, and recommit to it. In 2021, 99.6 per cent of our colleagues completed this.

In 2021, Conduct Risk became an integral component of the ERMF, ensuring it is considered within each Principal Risk Type. A new management approach using targeted metrics, analytics and data to enhance our Conduct Risk identification and mitigation will be rolled out in phases across 2022.

In October 2021 we updated our operational risk management system, introducing a new field to tag each issue logged with the most appropriate conduct outcome. This has enabled the data to be included as a baseline conduct metric in the Group Conduct Dashboard to facilitate data and insight analysis. The Group Conduct Dashboard collates a diverse array of data to present a visual summary of potential Conduct Risks.

The ability to raise concerns is essential to upholding the Group's Here for good brand and valued behaviours. Early disclosure of concerns reduces the risk of financial and reputational loss caused by misconduct. We encourage colleagues, contractors, suppliers and members of the public to raise concerns to our Speaking Up whistleblowing programme which offers secure, independent and confidential channels to report known or suspected misconduct without fear of retaliation. Examples of whistleblowing concerns include breaches of regulatory requirements, breaches of Group policy and/or standards, or behaviour that has adverse effects on colleagues or on the Group's reputation. Our 2021 My Voice survey showed 87 per cent of colleagues felt confident to raise concerns without fear of reprisal.

Sustainable and responsible business
continued

Pillar 2: Operations continued

In 2021, we saw the volume of concerns fall by 4 per cent, driven in part by the change in working arrangements during the COVID-19 pandemic. During the year, we closed 285 Speaking Up cases. Of the top three substantiated themes closed in 2021, 17 related to sexual harassment, 12 to information and cyber security breaches and 12 related to failure to ensure occupational health and safety. Together, these account for approximately 34 per cent of substantiated cases. In comparison with previous years we saw fewer instances of concerns related to theft of information, personal account dealing and close personal relationships.

For the substantiated investigations, a range of corrective actions were recommended including process improvements, targeted coaching, training, and disciplinary sanctions ranging from verbal warnings to dismissals.

In 2021, we united our Conduct and Speaking Up teams to form a new Conduct & Ethics (C&E) team. This enables us to leverage synergies and apply increased focus on the prevention of misconduct alongside our detection capabilities. In 2022, we will continue to enhance our conduct policies and standards so that they remain current, clear and effective. We will also roll out C&E engagement initiatives to unite colleagues and lift participation across the Group ensuring a Group-wide focus on living the Group Code of Conduct.

Furthermore, we will continue to develop our Group Conduct Dashboard to derive deeper conduct insights that will enable us to drive action and remediation in a more targeted manner across the Conduct Programme.

Speaking Up cases

			Closed[3]	
Year	Total raised[1]	In scope[2]	Substantiated[4]	Unsubstantiated
2021	**1,159**	**256**	**119**	**166**
2020	1,209	273	115	135
2019	1,382	294	179	189

The data in these reporting periods has been updated as at 31 December 2021.

1 Total concerns raised within the reporting year

2 A concern under the FCA whistleblowing rules that is raised within the reporting year and considered within the scope of the Speaking Up programme

3 This represents all cases closed within the reporting year. This includes cases that were raised in the reporting year and in previous years

4 Closed and with sufficient evidence supporting the original allegation(s)

5 Case numbers reported in prior years differ from those reported in this period due to closed cases being either reclassified, based on new information, or updated for administrative reasons

+ Download our Group Code of Conduct at **sc.com/codeofconduct** and visit **sc.com/speakingup** to find more about how our Speaking Up programme works

Fighting financial crime

Our ambition is to tackle some of today's most damaging crimes by making the financial system a hostile environment for criminals and terrorists.

Our Conduct, Financial Crime & Compliance (CFCC) team sets our financial crime risk management framework. We safeguard against money laundering (AML), terrorist financing, sanctions, fraud and other risks, applying core controls such as client due-diligence, screening and monitoring. In addition, anti-bribery and corruption (ABC) controls aim to prevent colleagues, or third parties working on our behalf, from engaging in bribery.

During 2021, 41 processes (representing 7.3 per cent of our identified process universe within the Operational Risk & Technology Framework) were identified as susceptible to bribery and corruption-related risk. All processes are tracked through enhanced reporting and first- and second-line governance forums to mitigate this risk. The Group Risk Assessment found no processes or countries to be operating at a high residual risk level; however, 14 countries were identified as having a high inherent risk.

No public legal cases involving allegations of corruption were brought against the Group or its employees during the year. Internally, our Shared Investigative Services (SIS) team conducted 62 investigations classified as having an ABC nexus, which resulted in 10 disciplinary cases.

A particular focus of our financial crime investigatory teams is the use of data analytics to identify those clients and cases which generate the greatest financial crime risk. In 2021, we increased coordinating and streamlining the work carried out by these individual teams. This has strengthened the second line of defence in support of colleagues in business lines and country teams across the Bank.

To mitigate the risk of financial crime, particularly laundering the proceeds of corruption, in the lead-up to, during and after major political elections in certain footprint markets, the Group conducts enhanced monitoring designed to identify and investigate transactions of potential concern. In 2021, enhanced monitoring was conducted during major elections held in Uganda, Zambia and The Gambia. CFCC also investigated risks to the Group arising from a number of prominent financial crime stories in the press, conducting investigations prompted by events such as the FinCEN Files and Pandora Papers leaks, among others.

Pillar 2: Operations continued

In 2021, CFCC addressed new and emerging sanctions related to developments in both Belarus and Afghanistan. CFCC also incorporated numerous additional sanctioned parties under existing sanctions programmes into our control processes. The Group continues to develop its Sanctions Compliance Programme with the aim of ensuring that the programme is sustainable and able to adapt to the evolving sanctions risks that the Group faces.

Within our CPBB segment, we are continuously investing in product systems upgrades to enhance our capabilities with respect to fraud detection, and embed preventative controls across new product sales and client transactions.

We frequently inform and alert clients about potential fraud threats and have robust controls and processes in place to help clients identify false actors and alert us should they encounter any phishing or fraudulent transaction attempts.

We have invested significantly to ensure our employees are properly equipped to combat financial crime. In 2021, 99.6 per cent of colleagues completed financial crime e-learnings which cover ABC, AML, sanctions and fraud topics and this was supported by a Group-wide communication campaign, 'The whole story', which extended our awareness raising activities.

ABC-related internal investigations

			Closed[3]	
Year	Total raised[1]	In scope[2]	Substantiated[4]	Unsubstantiated
2021	**62**	**60**	**28**	**34**
2020	42	41	10	20
2019	42	40	7	17

The data in these reporting periods has been updated as at 31 December 2021.

1 Total concerns raised within the reporting year classified as having an ABC nexus

2 Includes concerns raised within the reporting year and considered within the scope of Group Investigation Standards

3 This represents all cases closed within the reporting year. This includes cases that were raised in the reporting year and in previous years

4 Closed and with sufficient evidence supporting the original allegation(s)

For those in high-risk roles and functions, additional targeted ABC training, masterclasses and forums were held to deepen understanding. We also shared our Supplier Charter, which sets out our expectations and minimum standards related to ABC, with more than 12,100 suppliers and third parties across 55 markets.

In addition to internal training, we are taking our contribution beyond our business and partnering with governments, regulators and other global banks to build a framework to enable cooperation and two-way communication on financial crime. These 'public–private partnerships' include initiatives with the International Center for Missing & Exploited Children which focuses on the use of cryptoassets in the trade of child exploitation and abuse material; the National Cyber Forensics and Training Alliance which assists law enforcement in identifying significant organised groups engaged in business email compromise schemes; and US Customs and Border Protection which focuses on economic security, trade security, forced labour and other risk areas, such as Trade Based Money Laundering. These partnerships are producing material new insights about various criminal typologies and advances in how we collectively combat financial crime in an increasing number of jurisdictions, including Singapore, South Africa, the UK and the US.

Throughout 2021, we also engaged with peers in contributing to the ongoing dialogue to advance effectiveness in combating financial crime through our active participation in several of the leading industry groups, including Wolfsberg, Madison Group and UK Finance. We also participated in discussions and forums with many external thought leaders including the World Economic Forum's Partnering Against Corruption Initiative (PACI).

In 2022, we will continue to adapt our controls to emerging threats by ensuring we have highly trained and experienced employees working with new technologies to detect any abuse of the financial system. We will also continue to partner with, and educate, peer banks and clients in the detection and control of financial crime risks.

+ For more visit **sc.com/fightingfinancialcrime**

Respecting human rights

We are committed to respecting human rights and use process, governance and due diligence to avoid infringements and complicity in the infringements of others, whether in our role as an employer, as a procurer of goods and services, or as a provider of financial 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 on Human Rights outlines our approach, reflecting frameworks including the International Bill of Human Rights, the UN Guiding Principles and the UK Modern Slavery Act. This is embedded across a range of internal policies and risk management frameworks, including our Group Code of Conduct and Supplier Charter.

Our Modern Slavery Statement, approved by the Board, details the actions we are taking to tackle modern slavery and human trafficking in our business and operations.

In 2021, we commissioned an external consultancy to review our human rights practices and, following their recommendation, we updated our E&S risk assessment process. We now require additional due diligence checks

Sustainable and responsible business
continued

Pillar 2: Operations continued

for those clients identified as having a heightened modern slavery risk. A human rights specialist consultancy database was established to assist in conducting this due diligence and to support clients to implement corrective action plans when human rights allegations are flagged. We also produced guidance for clients to support the development of their own human rights policies and procedures.

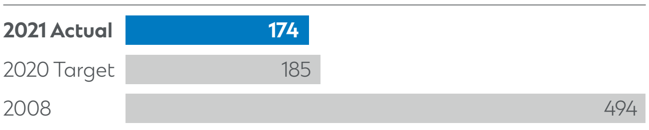
Within our supply chain, we provided training and internal communications to raise awareness of modern slavery across all supply chain category managers and contract owners. Modern slavery risk is now highlighted at the vendor onboarding stage for all high-risk categories, and Procurement Category Plans have been enhanced for all supplier categories found to have heightened risk, including office services and supplies, property, human resources, banking operations services, marketing and advertising services, technology hardware, and telecoms and networks in specific identified countries. For those suppliers determined by our internal modern slavery risk review to require additional due diligence as a condition to continue with the supplier engagement, on-site audits may also be conducted.

To promote human rights in our workforce, we updated our Human Rights Position Statement to incorporate new frameworks and practices relating to the human rights of our employees. We also updated our Supplier Charter to encourage our suppliers to promote fair pay practices within their workforce, including the development of their own understanding of living wage.

+ Read our Modern Slavery Statement at **sc.com/modernslavery**

+ Read our Human Rights Position Statement at **sc.com/positionstatements**

Annual energy use of our property ($kWh/m^2/year$)



65%
↓ Since 2008

Managing our environmental footprint

We are committed to improving our environmental performance and reducing the direct environmental impact of our branches and offices. To do this, we measure and manage energy and water efficiency, and our GHG emissions closely, verifying our performance through third-party assurance.

We also measure the amount of non-hazardous waste our branches and offices generate and recycle. We do not produce or handle, and therefore do not report information on, material quantities of hazardous waste.

Case study

WELL Health-Safety Rating

Our engagement with colleagues highlighted a level of uncertainty and apprehension regarding returning to the office due to the ongoing pandemic.

To reassure our colleagues, clients and the broader community that our offices and branches are healthy and safe, we have achieved WELL Health-Safety Rating certification for our top 45 buildings based on headcount, which house over 65,000 colleagues (70 per cent of our Group).

The WELL Health-Safety Rating is an evidence-based, externally verified certification which focuses on operational policies, maintenance protocols, stakeholder engagement and emergency plans to address a post-COVID-19 environment. WELL Health-Safety certification is issued by the International WELL Building Institute (IWBI).

Pillar 2: Operations continued

We have measured and reduced our GHG emissions since 2008. Our Scope 1 and 2 emission reduction target has been validated by the Science Based Targets initiative (SBTi) as being in line with a well-below two degrees Celsius scenario. Through our Sustainability Aspirations, we have set more ambitious targets to achieve net zero emissions and ensure we only consume renewable energy across our portfolio by 2025. In partnership with our long-term strategic real estate suppliers such as CBRE and JLL, we are continually reviewing our direct fuels, on-site renewable energy sources and constantly improving our facilities to deliver the efficiency improvements needed across our properties to meet these challenging targets.

In 2021, energy and emissions reductions initiatives included clean power purchase agreements, water recycling, solar rooftops and on-site waste composting. Together with a 5 per cent reduction in our real estate portfolio, these direct initiatives reduced our CO_2 emissions by 27 per cent, and our energy consumption by 15 per cent year-on-year to 183 GWh. Specifically, investment in energy-efficient products accounted for 11 GWh of this reduction, resulting in a lower-carbon and more efficient portfolio.

Water availability remains a growing challenge in many of our markets. Although we did not face any issues sourcing potable water in 2021, we continue to take a sustainable and responsible approach to managing water across the Group and have improved measurement of the portfolio by 10 per cent.

We are committed to reducing waste in all its forms and since 2019, have been committed to reducing waste to 40 kilograms per employee per year, and recycling 90 per cent of our waste by 2025. Each year, we prevent more than 1 million disposable cups going to landfill and are proud to have now certified 103 properties as 'single-use-plastic free'. Non-recyclable waste is sent for energy generation or compost to limit our impact on landfill where possible.

During 2022, we will initiate a new True Zero Waste certification programme in our Changi Business Park campus, Singapore. True Zero Waste certifies 90 per cent of waste diverted from landfill or incineration and will require a significant step up in waste management and avoidance. This will be in addition to certifying more single-use-plastic free buildings and reducing paper consumption globally.

Our reporting criteria set out the principles and methodology for measuring our emissions; and our Scope 1 and 2 emissions, as well as water and waste data, are independently assured by Global Documentation.

+ Read the principles and methodology for measuring our environment data at **sc.com/environmentcriteria**

+ Read the independent environment assurance at **sc.com/environmentalassurance**

Our Sustainability Network

To further embed our sustainability ambitions, in 2021 we created a colleague Global Sustainability Network to share insights and best practices about climate issues within our markets. Now with over 1,200 members globally, members are invited to regular virtual townhall events to learn about climate, sustainability and the wider ESG agenda.

Our 2021 Global Learning Week also championed sustainability. Through 12 live sustainability events across four days, we engaged more than 7,000 colleagues in sessions ranging from our sustainable finance propositions to our net zero approach, the science behind climate change to our approach to carbon offsetting. Colleagues who participated in over four hours of learning were given the opportunity to complete a short assessment to attain a certification linked directly to their individual performance review. More than 700 colleagues completed this course and certification.

In 2022, we intend to continue to grow our Sustainability Network and introduce a global sustainability learning programme on the Bank's diSCover platform. In addition, we will build on a pilot carried out during 2021, and roll out a global digital solution to enable colleagues to analyse and reduce their carbon footprint both at home and at work.

Case study

Sierra Leone solar PV array

During 2021, our Sierra Leone Property team installed more than 300 solar photovoltaic (PV) panels on the roof of our headquarters building in Freetown. The installation is the largest of its kind in the country, and currently produces more direct power than the building consumes. Excess power is exported to the local grid, contributing to decarbonisation of the city's power supply.

Sustainable and responsible business
continued

Pillar 3: Communities

Regulators and governments Society

We aim to create more inclusive economies by sharing our skills and expertise and developing community programmes that transform lives.

2021 Sustainability Aspirations: Communities

Community engagement	Timeline	Status	Progress
Invest 0.75% of prior year operating profit (PYOP) in our communities	Ongoing	On track	In 2021, $48.9 million community expenditure, which represents 3% of PYOP.
Raise $75 million for Futuremakers by Standard Chartered	Jan 2019 – Dec 2023	On track	In 2021, $14 million was contributed through fundraising and donations by the Group, taking the total from 2019 to 2021 to $64 million.
Education: Reach 1 million girls and young women through Goal	Jan 2006 – Dec 2023	On track	In 2021, 89,014 girls participated in Goal. This brings the total reach from 2006 to 2021 to 735,452 girls and young women.
Employability: Reach 100,000 young people	Jan 2019 – Dec 2023	On track	In 2021, 66,534 young people participated in employability programmes. This brings the total to 87,703 young people reached from 2019 to 2021.
Entrepreneurship: Reach 50,000 young people	Jan 2019 – Dec 2023	Achieved	In 2021, 46,808 young people participated in entrepreneurship programmes. This brings the total to 62,496 young people reached from 2019 to 2021. *In 2021, this Aspiration has been amended to reflect number of young people reached instead of young people, micro and small businesses. This is consistent with the methodology used in 2019 and 2020.
Increase participation for employee volunteering to 55%	Jan 2020 – Dec 2023	Not on track	In 2021, 25% of employees volunteered. The pace of delivering employee volunteering continues to be impacted by COVID-19 restrictions.

Concluded in the year
Achieved Not achieved

Ongoing aspirations
On track Not on track

We continue to support our communities through Futuremakers by Standard Chartered, our global initiative to tackle youth economic inclusion and enable the next generation to learn, earn and grow. In 2021, we contributed $14 million to Futuremakers, including donations from the Group and fundraising of $1.4 million from our employees and partners.

Despite the challenging global environment, blending face-to-face interaction with digital delivery methods enabled Futuremakers programmes to reach more than 304,369 young people in 2021. From 2019–2021, Futuremakers has reached a total of 671,070 young people across 41 markets and raised $64 million.

Goal, our Futuremakers girls' empowerment programme to tackle negative gender and social norms, implemented face-to-face sessions where possible and combined these with a digital curriculum delivered through phone messaging, radio or online. In 2021, Goal reached 89,014 girls and young women. We also supported the FREE (Financial Resilience and Economic Empowerment) Fund, led by our Goal partner Women Win, to further long-term investment in the economic empowerment of adolescent girls and young women who have been heavily impacted by COVID-19.

Through additional funding allocated in 2020 to support COVID-19 economic recovery, this year we significantly scaled-up our livelihood programmes. Our Futuremakers employability skills programme, reached more than 66,500 young people and entrepreneurship activities reached more than 46,800 young people in 2021.

Pillar 3: Communities continued

In nine markets, the Standard Chartered Women in Tech incubators supported female-led entrepreneurial teams with business management training, mentoring and seed funding.

In 2021, we delivered the second edition of our virtual Futuremakers Forum to create partnerships and opportunities for young people. The Forum engaged more than 1,000 participants from 63 markets including business leaders and policy experts. It resulted in a collective 1,800 hours of skills and knowledge-sharing on the future of work. The event was an opportunity for us to seek out best practice to support the livelihoods of young people and identify business leaders who are committed to ensuring that the next generation is prepared for success. A summary of learning from the Forum is available at **sc.com/FuturemakersForum2021**.

Despite COVID-19 restrictions limiting face-to-face volunteering, 25 per cent of employees volunteered, contributing more than 31,600 volunteering days with many contributing through new opportunities for virtual volunteering.

During 2022, we will continue to deliver and expand Futuremakers programmes, realign our Community Aspirations to reflect the growth of Futuremakers, launch new partnerships to increase employee volunteering, release a Futuremakers impact report and host the third Futuremakers Forum, focused on entrepreneurs and lifting participation.

+ Read more about Futuremakers by Standard Chartered at **sc.com/Futuremakers**

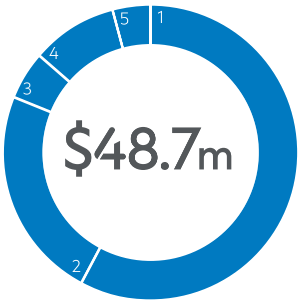
+ A full breakdown of our 2021 fundraising and donations will be published in our ESG report, in Q1 2022. See **sc.com/ESGreport.**

Our community expenditure 2021

1. Cash contributions	57.70%
2. Employee time (non-cash item)	23.41%
3. Gifts in kind (non-cash item) [1]	5.34%
4. Management costs	9.65%
5. Leverage [2]	3.90%

1 Gifts in kind comprises all non-monetary donations

2 Leverage data relates to the proceeds from staff and other fundraising activity



Case study: Futuremakers

Aisha's story

Twenty-year-old Aisha lives in Bangladesh. Her family struggled to make ends meet, and her father's sole income was not enough to pay for her education beyond secondary school.

Thanks to Futuremakers by Standard Chartered, Aisha was able to attend a fully funded technical and vocational skills training programme with a local school. After completing a six-month technical course, and with the support of the school's Decent Employment and Entrepreneurship Development team, Aisha secured a job as an assistant technician at an engineering firm.

This training enabled Aisha to support her family after her father's job loss due to COVID-19. Today, Aisha dreams of becoming an entrepreneur and running her own electronics shop, which will in turn support more girls like her.

Non-financial information statement

This table sets out where shareholders and stakeholders can find information about key non-financial matters in this report, in compliance with the non-financial reporting requirements contained in sections 414CA and 414 CB of the Companies Act 2006. Further disclosures are available on **sc.com** and in our 2021 ESG Report which will be published at **sc.com/esgreport** in Q1 2022.

Reporting requirement	Where to read more in this report about our policies and impact (including risks, policy embedding, due diligence and outcomes)	Page
Environmental matters	**Risk review and Capital review**	
	• Group Chief Risk Officer's review	41
	Sustainable and responsible business	
	• Sustainable finance	64
	• Managing environmental and social risks	64
	• Responding to climate change	65
	• Summary of Task Force on Climate-related Financial Disclosure	67
	• Managing our environmental footprint	74
	Directors' report	
	• Environmental impact of our operations	188
	Supplementary sustainability information	
	• Environment performance data*	451
Employees	**Engaging stakeholders**	
	• Employees	55
	• Gender pay gap and equal pay	59
	Sustainable and responsible business	
	• Driving good conduct and ethics	71
	Directors' report	
	• Employee policies and engagement	185
	• Health and Safety	186
	Supplementary people information	446
Human Rights	**Engaging stakeholders**	
	• Suppliers	54
	Sustainable and responsible business	
	• Respecting human rights	73
Social matters	**Engaging stakeholders**	
	• Society	55
	Sustainable and responsible business	
	• Communities	76
Anti-corruption and bribery	**Group Chief Risk Officer's review**	41
	Sustainable and responsible business	
	• Driving good conduct and ethics	71
	• Fighting financial crime	72
	Director's report	
	• Political donations	181
Description of business model	**Business model**	18
Non-financial KPIs	**Employees**	
	• Employee engagement (eNPS)	56
	• Gender diversity in senior roles	58
	• Female representation	59
	• Training on financial crime	73
	• Recommitment to the Code of Conduct	71
	Society	
	• Sustainability Aspirations achieved or on track	61
	• Energy, water, waste and emissions	75
	• Community expenditure	77
	• Reach of community programmes	76
Principal risks and uncertainties	**Risk review and capital review**	194

* Visit **sc.com/environmentcriteria** for our carbon emissions criteria and **sc.com/environmentalassurance** for Global Documentation's Assurance Statement of our Scope 1 and 2 emissions, and waste and water data.

Health, wealth and lifestyle with Franklin Templeton and SC Ventures

We are working with Franklin Templeton, one of the world's largest independent asset managers, to create Autumn – a digital app to help users achieve their financial and personal goals. Autumn, which is incubated and backed by SC Ventures, helps customers plan and manage their financial and physical wellbeing with tools, products, and services across all aspects of their wealth, health and lifestyle.

Read more online at
www.sc.com/autumn

Underlying versus statutory results reconciliations

Reconciliations between underlying and statutory results are set out in the tables below:

Operating income by client segment

	2021			
	Corporate, Commercial & Institutional Banking $million	**Consumer Private & Business Banking $million**	**Central & other items (segment) $million**	**Total $million**
Underlying operating income	**8,407**	**5,733**	**573**	**14,713**
Restructuring	**9**	**–**	**(41)**	**(32)**
Other items	**–**	**–**	**20**	**20**
Statutory operating income	**8,416**	**5,733**	**552**	**14,701**

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] $million	Consumer Private & Business Banking[1] $million	Central & other items (segment) $million	Total $million
Underlying operating income	8,485	5,691	589	14,765
Restructuring	40	–	(13)	27
Other items	–	–	(38)	(38)
Statutory operating income	8,525	5,691	538	14,754

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Operating income by region

	2021				
	Asia $million	**Africa & Middle East $million**	**Europe & Americas $million**	**Central & other items $million**	**Total $million**
Underlying operating income	**10,448**	**2,446**	**2,003**	**(184)**	**14,713**
Restructuring	**30**	**3**	**(30)**	**(35)**	**(32)**
Other items	**–**	**–**	**–**	**20**	**20**
Statutory operating income	**10,478**	**2,449**	**1,973**	**(199)**	**14,701**

	2020 (Restated)[1]				
	Asia[1] $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Underlying operating income	10,382	2,364	1,922	97	14,765
Restructuring	78	(2)	–	(49)	27
Other items	(43)	–	–	5	(38)
Statutory operating income	10,417	2,362	1,922	53	14,754

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Profit before taxation (PBT)

	2021					
	Underlying $million	**Regulatory Fine $million**	**Restructuring $million**	**Net gain on businesses disposed/held for sale $million**	**Goodwill impairment $million**	**Statutory $million**
Operating income	**14,713**	**–**	**(32)**	**20**	**–**	**14,701**
Operating expenses	**(10,375)**	**(62)**	**(487)**	**–**	**–**	**(10,924)**
Operating profit/(loss) before impairment losses and taxation	**4,338**	**(62)**	**(519)**	**20**	**–**	**3,777**
Credit impairment	**(263)**	**–**	**9**	**–**	**–**	**(254)**
Other impairment	**(355)**	**–**	**(17)**	**–**	**–**	**(372)**
Profit from associates and joint ventures	**176**	**–**	**20**	**–**	**–**	**196**
Profit/(loss) before taxation	**3,896**	**(62)**	**(507)**	**20**	**–**	**3,347**

	2020					
	Underlying $million	Regulatory Fine $million	Restructuring $million	Net loss on businesses disposed/held for sale $million	Goodwill impairment $million	Statutory $million
Operating income	14,765	–	27	(38)	–	14,754
Operating expenses	(10,142)	14	(252)	–	–	(10,380)
Operating profit/(loss) before impairment losses and taxation	4,623	14	(225)	(38)	–	4,374
Credit impairment	(2,294)	–	(31)	–	–	(2,325)
Other impairment	15	–	(113)	–	(489)	(587)
Profit from associates and joint ventures	164	–	(13)	–	–	151
Profit/(loss) before taxation	2,508	14	(382)	(38)	(489)	1,613

Profit before taxation (PBT) by client segment

	2021			
	Corporate, Commercial & Institutional Banking $million	**Consumer Private & Business Banking $million**	**Central & other items (segment) $million**	**Total $million**
Operating income	**8,407**	**5,733**	**573**	**14,713**
External	**7,952**	**5,373**	**1,388**	**14,713**
Inter-segment	**455**	**360**	**(815)**	**–**
Operating expenses	**(5,278)**	**(4,377)**	**(720)**	**(10,375)**
Operating profit/(loss) before impairment losses and taxation	**3,129**	**1,356**	**(147)**	**4,338**
Credit impairment	**44**	**(285)**	**(22)**	**(263)**
Other impairment	**(49)**	**–**	**(306)**	**(355)**
Profit from associates and joint ventures	**–**	**–**	**176**	**176**
Underlying profit/(loss) before taxation	**3,124**	**1,071**	**(299)**	**3,896**
Restructuring	**(114)**	**(235)**	**(158)**	**(507)**
Goodwill impairment	**–**	**–**	**–**	**–**
Other items	**–**	**–**	**(42)**	**(42)**
Statutory profit/(loss) before taxation	**3,010**	**836**	**(499)**	**3,347**

Profit before taxation (PBT) by client segment continued

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] $million	Consumer Private & Business Banking[1] $million	Central & other items (segment) $million	Total $million
Operating income	8,485	5,691	589	14,765
External	8,304	4,795	1,666	14,765
Inter-segment	181	896	(1,077)	–
Operating expenses	(5,003)	(4,230)	(909)	(10,142)
Operating profit/(loss) before impairment losses and taxation	3,482	1,461	(320)	4,623
Credit impairment	(1,529)	(741)	(24)	(2,294)
Other impairment	41	(10)	(16)	15
Profit from associates and joint ventures	–	–	164	164
Underlying profit/(loss) before taxation	1,994	710	(196)	2,508
Restructuring	(221)	(61)	(100)	(382)
Goodwill impairment	–	–	(489)	(489)
Other items	–	–	(24)	(24)
Statutory profit/(loss) before taxation	1,773	649	(809)	1,613

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Profit before taxation (PBT) by region

	2021				
	Asia $million	**Africa & Middle East $million**	**Europe & Americas $million**	**Central & other items $million**	**Total $million**
Operating income	**10,448**	**2,446**	**2,003**	**(184)**	**14,713**
Operating expenses	**(6,773)**	**(1,623)**	**(1,485)**	**(494)**	**(10,375)**
Operating profit/(loss) before impairment losses and taxation	**3,675**	**823**	**518**	**(678)**	**4,338**
Credit impairment	**(434)**	**34**	**144**	**(7)**	**(263)**
Other impairment	**(300)**	**(1)**	**(18)**	**(36)**	**(355)**
Profit from associates and joint ventures	**175**	**–**	**–**	**1**	**176**
Underlying profit/(loss) before taxation	**3,116**	**856**	**644**	**(720)**	**3,896**
Restructuring	**(286)**	**(25)**	**(69)**	**(127)**	**(507)**
Goodwill impairment	**–**	**–**	**–**	**–**	**–**
Other items	**–**	**–**	**–**	**(42)**	**(42)**
Statutory profit/(loss) before taxation	**2,830**	**831**	**575**	**(889)**	**3,347**

	2020 (Restated)[1]				
	Asia[1] $million	Africa & Middle East $million	Europe & Americas $million	Central & other items $million	Total $million
Operating income	10,382	2,364	1,922	97	14,765
Operating expenses	(6,357)	(1,683)	(1,383)	(719)	(10,142)
Operating profit/(loss) before impairment losses and taxation	4,025	681	539	(622)	4,623
Credit impairment	(1,484)	(654)	(161)	5	(2,294)
Other impairment	110	(14)	8	(89)	15
Profit from associates and joint ventures	163	–	–	1	164
Underlying profit/(loss) before taxation	2,814	13	386	(705)	2,508
Restructuring	(134)	(88)	(45)	(115)	(382)
Goodwill impairment	–	–	–	(489)	(489)
Other items	(43)	–	–	19	(24)
Statutory profit/(loss) before taxation	2,637	(75)	341	(1,290)	1,613

1 Following the Group's change in organisational structure, there has been an integration of Greater China & North Asia and ASEAN & South Asia to Asia. Prior period has been restated

Return on tangible equity (RoTE)

	2021 $million	2020 $million
Average parent company Shareholders' Equity[1]	**46,383**	45,087
Less Preference share premium[1]	**(1,494)**	(1,494)
Less Average intangible assets[1]	**(5,218)**	(5,003)
Average Ordinary Shareholders' Tangible Equity[1]	**39,671**	38,590
Profit/(loss) for the period attributable to equity holders	**2,313**	751
Non-controlling interests	**2**	(27)
Dividend payable on preference shares and AT1 classified as equity	**(410)**	(395)
Profit/(loss) for the period attributable to ordinary shareholders	**1,905**	329
Items normalised:		
Regulatory Fine	**62**	(14)
Restructuring	**507**	382
Goodwill Impairment	**–**	489
Net (gains)/losses on sale of Businesses	**(20)**	38
Tax on normalised items	**(87)**	(83)
Underlying profit for the period attributable to ordinary shareholders	**2,367**	1,141
Underlying Return on Tangible Equity	**6.0%**	3.0%
Statutory Return on Tangible Equity	**4.8%**	0.9%

1 Yearly average is computed as an average of the four preceding quarterly averages

	2021			
	Corporate, Commercial& Institutional Banking %	Consumer Private & Business Banking %	Central & other Items (Segment) %	Total %
Underlying RoTE	**9.6**	**10.2**	**(10.5)**	**6.0**
Regulatory Fine	**–**	**–**	**(0.8)**	**(0.2)**
Restructuring				
Of which: Income	**–**	**–**	**(0.6)**	**(0.1)**
Of which: Expenses	**(0.6)**	**(3.0)**	**(1.3)**	**(1.2)**
Of which: Credit impairment	**–**	**–**	**–**	**–**
Of which: Other impairment	**0.1**	**–**	**(0.6)**	**–**
Of which: Profit from associates and joint ventures	**–**	**–**	**0.3**	**0.1**
Net gains on sale of Businesses	**–**	**–**	**0.3**	**0.1**
Goodwill impairment	**–**	**–**	**–**	**–**
Tax on normalised items	**0.2**	**0.7**	**–**	**0.1**
Statutory RoTE	**9.3**	**7.9**	**(13.2)**	**4.8**

	2020 (Restated)[1]			
	Corporate, Commercial & Institutional Banking[1] %	Consumer Private & Business Banking[1] %	Central & other Items (Segment) %	Total %
Underlying RoTE	5.9	6.9	(12.0)	3.0
Regulatory Fine	–	–	0.2	–
Restructuring				
Of which: Income	0.2	–	(0.2)	0.1
Of which: Expenses	(0.5)	(0.8)	(1.0)	(0.7)
Of which: Credit impairment	(0.2)	–	–	(0.1)
Of which: Other impairment	(0.4)	–	(0.1)	(0.3)
Of which: Profit from associates and joint ventures	–	–	(0.2)	–
Net losses on sale of Businesses	–	–	(0.6)	(0.1)
Goodwill impairment	–	–	(7.3)	(1.3)
Tax on normalised items	0.2	0.2	0.1	0.3
Statutory RoTE	5.2	6.3	(21.1)	0.9

1 Following the Group's change in organisational structure, there has been an integration of Corporate & Institutional Banking and Commercial Banking to Corporate, Commercial & Institutional Banking; Private Banking and Retail Banking to Consumer, Private & Business Banking. Further, certain clients have been moved between the two new client segments. Prior period has been restated

Earnings per ordinary share (EPS)

	2021								
	Underlying $ million	Regulatory Fine $ million	Restructuring $ million	Profit from joint venture $ million	Gains arising on repurchase of senior and subordinated liabilities $ million	Net gain on sale of businesses $ million	Goodwill impairment $ million	Tax on normalised items $ million	Statutory $ million
Profit for the year attributable to ordinary shareholders	**2,367**	**(62)**	**(507)**	**–**	**–**	**20**	**–**	**87**	**1,905**
Basic – Weighted average number of shares (millions)	**3,108**								**3,108**
Basic earnings per ordinary share (cents)	**76.2**								**61.3**

	2020								
	Underlying $ million	Regulatory Fine $ million	Restructuring $ million	Profit from joint venture $ million	Gains arising on repurchase of senior and subordinated liabilities $ million	Net loss on sale of businesses $ million	Goodwill impairment $ million	Tax on normalised items $ million	Statutory $ million
Profit for the year attributable to ordinary shareholders	1,141	14	(382)	–	–	(38)	(489)	83	329
Basic – Weighted average number of shares (millions)	3,160								3,160
Basic earnings per ordinary share (cents)	36.1								10.4

Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The following are key alternative performance measures used by the Group to assess financial performance and financial position.

Measure	Definition
Constant currency basis (CCY)	A performance measure on a constant currency basis is presented such that comparative periods are adjusted for the current year's functional currency rate. The following balances are presented on a constant currency basis when described as such: • Operating income • Operating expenses • Profit before tax • RWAs or Risk-weighted assets
Underlying/Normalised	A performance measure is described as underlying/normalised if the statutory result has been adjusted for restructuring and other items representing profits or losses of a capital nature; amounts consequent to investment transactions driven by strategic intent; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period, and items which management and investors would ordinarily identify separately when assessing performance period-by-period. A reconciliation between underlying/normalised and statutory performance is contained in Note 2 to the financial statements. The following balances and measures are presented on an underlying basis when described as such: • Operating income • Operating expense • Profit before tax • Earnings per share (basic and diluted) • Cost-to-income ratio • Jaws • RoTE or Return on tangible equity
Advances-to-deposits/customer advances-to-deposits (ADR) ratio	The ratio of total loans and advances to customers relative to total customer accounts, excluding approved balances held with central banks, confirmed as repayable at the point of stress. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers.
Cost-to-income ratio	The proportion of total operating expenses to total operating income.
Cover ratio	The ratio of impairment provisions for each stage to the gross loan exposure for each stage.
Cover ratio after collateral/ cover ratio including collateral	The ratio of impairment provisions for stage 3 loans and realisable value of collateral held against these non-performing loan exposures to the gross loan exposure of stage 3 loans.
Gross yield	Statutory interest income divided by average interest earning assets.
Jaws	The difference between the rates of change in revenue and operating expenses. Positive jaws occurs when the percentage change in revenue is higher than, or less negative than, the corresponding rate for operating expenses.
Loan loss rate	Total credit impairment for loans and advances to customers over average loans and advances to customers.
Net tangible asset value per share	Ratio of net tangible assets (total tangible assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period.
Net yield	Gross yield less rate paid.
NIM or Net interest margin	Net interest income adjusted for interest expense incurred on amortised cost liabilities used to fund the Financial Markets business, divided by average interest-earning assets excluding financial assets measured at fair value through profit or loss.
RAR per FTE or Risk adjusted revenue per full-time equivalent	Risk adjusted revenue (RAR) is defined as underlying operating income less underlying impairment over the past 12 months. RAR is then divided by the 12 month rolling average full-time equivalent (FTE) to determine RAR per FTE.
Rate paid	Statutory interest expense adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest bearing liabilities.
RoE or Return on equity	The ratio of the current year's profit available for distribution to ordinary shareholders to the average ordinary shareholders' equity for the reporting period.
RoTE or Return on ordinary shareholders' tangible equity	The ratio of the current year's profit available for distribution to ordinary shareholders to the average tangible equity, being ordinary shareholders' equity less the average goodwill and intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods.
TSR or Total shareholder return	The total return of the Group's equity (share price growth and dividends) to investors.

Viability statement

The directors are required to issue a viability statement regarding the Group, explaining their assessment of the prospects of the Group over an appropriate period of time and state whether they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due.

The directors are to also disclose the period of time for which they have made the assessment and the reason they consider that period to be appropriate.

In considering the viability of the Group, the directors have assessed the key factors, including the current and anticipated impact of COVID-19 likely to affect the Group's business model and strategic plan, future performance, capital adequacy, solvency and liquidity taking into account the emerging risks as well as the principal risks.

The viability assessment has been made over a period of three years, which the directors consider appropriate as it is within both the Group's strategic planning horizon and, the basis upon which its regulatory capital stress tests are undertaken and is representative of the continuous level of regulatory change affecting the financial services industry. The directors will continue to monitor and consider the appropriateness of this period.

The directors have reviewed the corporate plan, the output of the Group's formalised process of budgeting and strategic planning. For the 2022 Corporate Plan, the forward-looking cash flows and balances continue to include the longer-term impact of COVID-19, specifically with regards to expected credit loss. The Corporate Plan further includes the anticipated impact of global interest rates on revenues. The corporate plan is evaluated and approved each year by the Board with confirmation from the Group Chief Risk Officer that the Plan is aligned with the Enterprise Risk Management Framework and Group Risk Appetite Statement and considers the Group's future projections of profitability, cash flows, capital requirements and resources, liquidity ratios and other key financial and regulatory ratios over the period. The corporate plan details the Group's key performance measures, of forecast profit, CET 1 capital ratio forecast, return on tangible equity forecasts, cost to income ratio forecasts and cash investment projections. The Board has reviewed the ongoing performance management process of the Group by comparing the statutory results to the budgets and corporate plan.

The Group performs enterprise-wide stress tests using a range of bespoke hypothetical scenarios that explore the resilience of the Group to shocks to its balance sheet and business model.

To assess the Group's balance sheet vulnerabilities and capital and liquidity adequacy, severe but plausible macro-financial scenarios explore shocks that trigger one or more of:

- Global slowdowns including recessions in China, Asian and Western economies that can be acute or more protracted
- Sharp falls in world trade volumes and disruption to global supply chains, including the severe worsening of trade tensions and rise of protectionism.
- Material and persistent declines in commodity prices
- Financial market volatility, including a sharp fall in asset prices driven by a drop in risk appetite amongst financial market participants

This year, the primary focus has continued to be on macro-financial stress related to the COVID-19 pandemic. Scenario analysis has explored the impact of new virus variants that lead to further restrictions and tighter financing conditions across the Group's footprint markets, particularly countries with lower rates of vaccination.

The Group further performed the 2021 Climate Biennial Exploratory Scenario to explore key risks from climate change, being transition risk of the economy moving away from carbon and the physical risks of higher global temperatures. For the Group this Focussed on credit risk in the loans and advances portfolio to corporate and institutional clients as well as personal customers over a thirty year time horizon.

Under this range of scenarios, the results of these stress tests demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet regulatory minimum capital and liquidity requirements.

To assess the Group's business model vulnerabilities, extreme and unlikely scenarios are explored that, by design, result in the Group's business model no longer being viable these scenarios have included for the Group extreme geopolitical tensions disrupting capital flows within the Group's footprint and cyber security attacks. Insights from these reverse stress tests can inform strategy, risk management and capital and liquidity planning.

The directors further considered the Group's Internal Liquidity Adequacy Assessment Process (ILAAP), which considers the Group's liquidity position, its framework and whether sufficient liquidity resources are being maintained to meet liabilities as they fall due. Funding and liquidity was considered in the context of the risk appetite metrics, including the ADR and LCR ratios.

Further information on stress testing is provided in the **Risk management approach** section (pages 260 and 261).

The Board Risk Committee ("BRC") exercises oversight on behalf of the Board of the key risks of the Group and makes recommendations to the Board on the Group's Risk Appetite Statement. These risks include, amongst others; credit, traded, treasury, operational and technology, reputational and sustainability, compliance, information and cyber security financial crime and model risks. The BRC further exercises oversight over the integrated risks of climate, digital asset and third party which cut across all principal risks.

The BRC receives regular reports that inform it of the Group's key risks, as well as updates on the macroeconomic environment, geo-political outlook, market developments, and regulatory updates on relevant matters. In 2021, the BRC had deeper discussion on: Blue Sky Thinking/ Horizon Scanning, the Chinese banking sector and the Group's risk management approach, Hong Kong Operational Stability Issues, Korea Deep Dive including the Mortgage Portfolio, CCIB Risk Deep Dive, CPBB Risk Review, CPBB Fraud Risk Deep Dive, Interest Rate Risk Deep Dive, Operational Resilience, Approach to Crypto Assets Management, Third Party Risk Management with a focus on ICS Risks, Management, Control and Governance of SC PLC, Resolvability, CBES Stress Test, IBOR Transition, Safety and Security Risk, UAE Risk Review and a Structural Foreign Exchange Risk Deep Dive.

Based on the information received, the directors' considered the principal uncertainties as well as the principal risks in their assessment of the Group' viability, how these impact the risk profile, performance and viability of the Group and any specific mitigating or remedial actions necessary.

For further details of information relevant to the directors, assessment can be found in the following sections of the annual report and accounts:

- The Group's Business model (pages 18 to 21) and Strategy (pages 22 and 23)
- The Group's current position and prospects including factors likely to affect future results and development, together with a description of financial and funding positions are described in the client segment reviews and regional reviews (pages 26 to 30)
- An update on the key risk themes of the Group is discussed in the Group Chief Risk Officer's review, found in the Strategic Report (pages 32 to 40)
- The BRC section of the Director's report (pages 123 to 129)
- The Group's Emerging Risks, sets out the key external factors that could impact the Group in the coming year (pages 280 to 287).
- The Group's Enterprise Risk Management Framework details how the Group identifies, manages and governs risk (pages 259 to 263)
- The Group's Risk profile provides an analysis of our risk exposures across all major risk types (page 264 to 287)
- The capital position of the Group, regulatory development and the approach to management and allocation of capital are set out in the Capital review (pages 288 to 293)

Having considered all the factors outlined above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment up to 31 December 2024.

Our Strategic report from pages 1 to 87 has been reviewed and approved by the Board.

Bill Winters
Group Chief Executive

17 February 2022