



2023 Annual General Meeting

Summary of responses to questions on key themes

The Standard Chartered PLC 2023 Annual General Meeting (AGM) was held on Wednesday, 03 May 2023 at 11:00am UK time (6.00pm Hong Kong time) at etc. venues St Paul's, 200 Aldersgate, London EC1A 4HD and on an electronic web-portal as described in the 2023 Notice of AGM.

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

Shareholders were able to vote at the AGM via poll cards or, if attending virtually, by using electronic facilities following the instructions set out in the 2023 Notice of AGM.

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

Climate and Environment

1. *We really welcome your recent announcement that Standard Chartered will not finance the East African Crude Oil Pipeline Project ("EACOP"). We're also glad that you've now just announced that you have added sustainability to your strategic objectives.*

The announcement of Standard Chartered to measure and reduce total carbon emissions rather than carbon intensity is a move in the right direction. But when will Standard Chartered publish a restricted policy position for the direct and indirect financing of oil and gas expansion? Maybe that's something that Dr Linda Yueh will take up?

2. *Will Standard Chartered publish a plan by the end of 2023, at the latest, to restrict financing for new oil and gas?*

Answer:

In relation to our approach to industry sectors such as oil and gas, we have a suite of position statements that are reviewed every two years. We are reviewing all our position statements in 2023 to ensure that it reflects industry best practice.

The economic profile of our footprint covers many low and middle income emerging markets who are fossil fuel dependent and whose transition pathways will be longer than the developed market. SCB needs to be there to support them in their transition journey

We have announced our absolute emissions targets for the Oil and Gas sector which will naturally set a "carbon budget" for this sector and allow us to support economic development and energy security in our footprint markets whilst still honouring our Net Zero commitment

We are committed to helping our clients in the Oil and Gas sector to make the transition to net zero in a way that reflects our desire to support a just transition. As the International Energy Agency ("IEA") recognises the role that gas can play in reducing emissions given its potential to replace coal. Our financing of the Oil and Gas sector given their renewable activities and



the increasing switch to lower carbon emissions is fully consistent with our net zero transition pathway.

3. *I am sure that some of the Board are not UK based. Should all Board members be here? Should the Board not consider its own actions in meeting net zero and mitigating carbon production? The CEO highlighted that the Bank is engaged with other professionals to understand decarbonisation, but I am not aware that the Bank is involved with either the Chartered Institute of Logistics and Transport or the World Road Association.*

Answer:

The AGM takes place once a year and we believe that the physical presence of all the board members is important to allow proper engagement with shareholders. We have many committee meetings which take place virtually every year and we try to act in a manner that is conducive to reducing emissions. Scope 1 & 2 emissions fell by 42 per cent in 2022 which reflects internal discipline as well as technologies and methods used to reduce emissions.

As to engagement with other professional, we are members of the Glasgow Financial Alliance for Net Zero ("GFANZ") and Standard Chartered chairs the Net Zero Banking Alliance which is effectively a subsidiary of GFANZ.

4. *The speed at which we are seeing climate catastrophe affect various parts of the planet is concerning. The real problem is that if global temperatures increase more than 2 degrees centigrade, as many think is now inevitable, there are various tipping points that will make climate catastrophe extremely difficult to stop. Will Standard Chartered accept that it bears some responsibility for this catastrophic failure?*

Answer:

We share, very deeply, the concerns about the impact of climate change on the planet and the global population. This is why we have put forward a net zero transition plan that was approved by shareholders at the 2022 AGM with a very high vote. We are working hard to deliver on that plan.

We are committed to working towards a 'just' transition, thereby achieving a transition to net zero that is consistent with the economic and social development of our markets.

5. *A report entitled "Banking on climate Chaos" states that in the last two years, Standard Chartered has been the lead financier of San Miguel Corporation, a Philippine company that is currently proposing projects in the Verde Island Passage, an extremely biodiverse ecological system. It was also involved in a recent oil spill in the Verde Island Passage. In general, what steps is Standard Chartered taking to assess the risk of investing in, a providing further debt to, fossil gas projects in emerging markets?*

Answer:

It would not be appropriate to comment on specific clients or transactions.



We have robust risk frameworks and guidelines in place, and we consider all transactions on their individual merits with respect to our business, clients, investors and communities.

Any transaction we do finance must meet the requirements of the Group's Position Statements, the IFC Performance Standards and be developed in accordance with the Equator Principles (if applicable).

6. *Standard Chartered is being linked to a liquefied natural gas project in the Cabo Delgado region of Mozambique. Given the conflict in Mozambique, several banks and export credit agencies are reassessing their involvement. Does Standard Chartered intend to continue financing the Mozambique project?*
7. *Another project, Rovuma LNG is yet to reach financial close. Is Standard Chartered considering financing the Rovuma LNG project? Will Standard Chartered be tightening its policies to exclude financing to unconventional oil & gas projects?*

Answer:

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Ethnicity and Diversity

8. *What is Standard Chartered's current position regards ethnicity pay gap reporting and can you provide any details on the steps taken to record sufficient data and targets for reporting the ethnicity pay gap?*

Answer:

There is no mandatory requirement for ethnicity pay disclosure and there is no standard way to report ethnicity pay gaps. As such there are different approaches taken.

We disclosed an ethnicity pay analysis for the UK and US for the first time in our Fair Pay report this year. The analysis, which shows the distribution of ethnicity in each pay quartile, allows us to compare pay across a range of ethnicities.

The quality of this analysis and disclosure will be enhanced over time as we gather more data and we will continue to consider different approaches and best practices for our disclosures.

We welcome guidance from relevant stakeholders and are very happy to continue to engage with ShareAction and other relevant parties.



Remuneration

9. *There is a gross disparity in the remuneration in the company. Neither the low, nor middle, nor upper quartile employee is allowed to take part in LTIP awards which are a major factor in the remuneration of senior management. Sharesave is miniscule by comparison. Reporting has been misleading and the pay disparity is vast. The increase of 3% in the CEO's salary is, in absolute terms, far greater than the 6% increase for other employees.*

Answer:

Average salary increases across the Group for 2023 were 6.6%. These increases reflected cost of living pressures in our markets and were weighted in favour of junior colleagues and countries where inflation pressures were most significant. The Remuneration Committee noted the 6.6% average increase awarded across the Group's workforce and agreed that an increase for Mr Winters and Mr Halford of 3.4% to be appropriate, which is a discount of approximately 50% of the average for non-senior UK roles. This was in line with the approach for all senior roles globally, whose increases were discounted by 50% in respective markets.

Under our Fair Pay Charter, we are committed to paying all our employees appropriately, fairly and competitively based on their role and the Group's and their own performance. We obtain market data and run a range of checks to ensure this is the case.

Shareholder Engagement

10. *This year's AGM clashed with a peer's AGM – what can Standard Chartered do to avoid these clashes going forward?*

Answer:

We very much seek to avoid clashes with peers both in the FTSE 100 and in our sector. Given the limited time period we have for holding AGMs, and the fact that many companies report on an end-of-year basis, avoiding clashes is not always possible.

11. *Will you, in future, seek to shorten the Annual Report to make it more accessible to shareholders?*

Answer:

This year's Annual Report was longer than past years due to the inclusion of climate related disclosures, as recommended by the Task Force on Climate-Related Financial Disclosures (TCFD). We remain conscious of the need to keep the Annual Report as accessible as possible, but this must be balanced with disclosure obligations and a desire to provide detailed information on all aspects of the business. We do also publish a smaller strategic report which is available for shareholders.

Share Price

12. *Standard Chartered's performance has not been good over time – it is well below peer group and FTSE 100 levels.*



Answer:

For 2022, Standard Chartered had a 41 per cent total shareholder return, making it one of the best-performing banks. In the longer term, there is still much work to do, but we believe that the strategy that we have put in place, which was undoubtedly interrupted by COVID, is now bearing fruit and will benefit shareholders moving forward.

13. What is the share price discount to Net Asset Value ("NAV") and will share buy-backs help reduce this gap and disproportionately improve the share price?

Answer:

At £6, the share price is about 40 per cent below book NAV. The share price is mostly influenced by increased return on tangible equity and that is why we have been very focused on this over the last several years, improving it from zero in 2015 to around 10 per cent this year and growing sustainably beyond that. Buy-backs also increase the share price. The recently announced buy-backs will, in aggregate, reduce the shares in issues by about 10 per cent.

14. Why is the share buy-back greater than the dividend?

Answer:

Different shareholders have different preferences. At the moment, roughly a third of what we return to shareholders is via dividend and roughly two-thirds is in the form of buy-backs. Whilst there is a significant discount to book value, we suspect that buy-backs are likely to remain the majority. If we do get the share price up to a point where there is no longer a discount to book value, then we will likely see a much higher weighting to dividends.

15. What is the current dividend cover?

Answer:

We are paying out about \$500 million a year by way of dividends. Our profits last year were roughly \$4.5 billion pre-tax, equating to roughly \$3 billion post-tax. In addition to the dividend we undertook \$1.5 billion of share buy-backs.

16. All other things being equal, the share price of a company tends to depend on the dividend. Share buy-backs are a temporary stimulant. Even with the current depressed share price of Standard Chartered, the dividend yield is very low. If I were investing in an Asia-centred bank now, I could get a much better return from other peers. I would suggest that the way to get the share price up is simply to pay a bigger dividend.

Answer:

There have been many studies on whether share prices are determined closely by dividends. In the banking sector, the correlation is most close with the return on tangible equity. Reducing the capital base, by way of buy-backs, is one way of increasing the return on tangible equity and thereby the share price.



Strategy

17. How has the political situation in Hong Kong affected Standard Chartered's business?

Answer:

Our business in Hong Kong has showed great resilience through periods of political uncertainty. We continue to have great expectations regarding our business in Hong Kong and firmly believe that it will remain a fundamental international financial centre and gateway going forward.

18. Could you explain a bit about your Ventures business?

Answer:

This is a business unit that we set up about five years ago with the objective of feeding into innovation. There are three distinct areas of focus. First, our “programmes” that implement an innovative culture within the bank. Second, building new businesses with innovative models. Third, taking minority stakes in fintech companies. Our investments are made out of a properly governed fund and do not involve any third-party money.

Regulatory

19. How do you maintain good relationships with the Chinese government, regulation authorities and regional governments?

Answer:

China is an extremely important market for Standard Chartered. Our business in China connects Chinese clients to the rest of the world, and global clients to business opportunities in China. Our approach to relationships with state entities is very clear – we do our business in a professional way. We comply with the norms and the markets in which we operate. We have very strong regulatory relations, both in China and in other markets in which we operate, and, where issues arise, address them as necessary.

Forward-looking statements

The information included in this document may contain “forward-looking statements” based upon current expectations or beliefs as well as statements formulated with assumptions about future events. Forward-looking statements include, without limitations, projections, estimates, commitments, plans, approaches, ambitions and targets (including, without limitation, ESG commitments, ambitions and targets). Forward-looking statements often use words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “aim”, “continue” or other words of similar meaning. Forward-looking



statements may also (or additionally) be identified by the fact that they do not relate only to historical or current facts.

By their very nature, forward-looking statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, the Group's plan and objectives, to differ materially from those expressed or implied in the forward-looking statements. Readers should not place reliance on, and are cautioned about relying on, any forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to): changes in global, political, economic, business, competitive and market forces or conditions, or in future exchange and interest rates; changes in environmental, geopolitical, social or physical risks; legal, regulatory and policy developments, including regulatory measures addressing climate change and broader sustainability-related issues; the development of standards and interpretations, including evolving requirements and practices in Environmental, Social and Governance reporting; the ability of the Group, together with governments and other stakeholders to measure, manage, and mitigate the impacts of climate change and broader sustainability-related issues effectively; risks arising out of health crises and pandemics; risks of cyber-attacks, data, information or security breaches or technology failures involving the Group; changes in tax rates, future business combinations or dispositions; and other factors specific to the Group, including those identified in this Annual Report and financial statements of the Group. Any forward-looking statements contained in this document are based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

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