

Stakeholders and responsibilities

As an international bank located in 59 markets, stakeholder engagement is central to how we understand local, regional and global perspectives and trends that inform our approach to doing 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 44 to 46

How we engage employees and respond to their interests

> See pages 47 to 49

How we respond to stakeholder interests through sustainable and responsible business

> See pages 51 to 56

Detailed information about how the Board engages directly with stakeholders and shareholders can be found in the Directors' Report on pages 80 to 82.

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. Our non-financial information statement can be found at the end of this section on page 57.

Sustainability Aspirations

Our Sustainability Aspirations continue to provide a robust set of performance targets to support sustainable business outcomes. Developed in 2016, the Aspirations are a set of annual and multi-year performance targets aligned to the UN SDGs. Performance against our Aspirations in 2019 is set out in the following pages. Their integration into the 2019 Annual Report reflects the Group's continued commitment to delivering sustainable and responsible banking.

As part of this commitment, we are embarking on third-party, limited assurance of a selection of our Aspirations as they represent our most significant impacts.

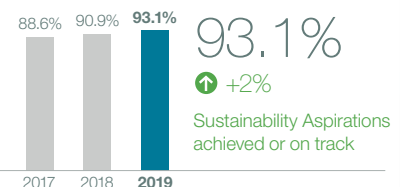
> See page 405 for our refreshed 2020 Sustainability Aspirations



Group KPI: Sustainability



Delivering sustainability aspirations



Aim: Embed sustainable and responsible practices across our business, operations and communities by measuring progress against the targets set out in our Sustainability Aspirations.

Analysis: In 2018, 90.9 per cent of our Aspirations were achieved or on track. In 2019, this figure rose to 93.1 per cent, demonstrating the continued progress being made.

Each Aspiration contains one or more performance measure. The KPI is the proportion of all measures that have been achieved or are on track to deliver at the end of the reporting period.

Engaging stakeholders

Constructive dialogue with stakeholders is central to delivering sustainable and responsible banking. Regular engagement builds trust with governments, regulators, investors and civil society, and enables us to understand and respond to the long-term challenges facing our markets. This is necessary if we are to deliver our purpose to drive commerce and prosperity in our markets.

During 2019, we increased our dialogue and engagement with stakeholders including civil society, regulators and investors on sustainability. We continued to track short- and long-term issues, assessing them based on business impact and level of stakeholder concern.

Stakeholder feedback is communicated internally to senior management through the relevant forums and governing committees to the Board's Brand, Values and Conduct Committee (BVCC). The BVCC oversees the Group's approach to its main government and regulatory relationships. Progress is communicated regularly to external stakeholders through channels such as [sc.com](https://www.sc.com) and this report.

“Constructive dialogue is central to sustainable and responsible banking”

Clients

How we create value

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

How we serve and engage

Clients are at the heart of everything we do as a bank. By building and fostering long-term relationships with our clients, we can serve them better, deepen our relationships, uphold our reputation and attract new customers to grow our business.

During 2019, we continued to capture feedback via annual surveys, real-time client experience surveys and third-party studies that benchmark our performance against competitors. Additionally, we launched efforts to work more directly with clients earlier in the development process to co-design new solutions and improve the value proposition of our existing offerings. Through this, clients have told us that we need to simplify our processes and make more effective use of digital technology. In recent years, we have also seen increasing demand from our clients for sustainable finance products.

The increased emphasis on direct interaction allowed us to respond more quickly and completely to our clients' feedback. For example, Retail Banking created a personal loan product in Singapore with a simplified online user experience and application process that was delivered in just six weeks; Private Banking designed more user-friendly communication for customers on corporate actions and enabled payment notifications via email and mobile; and Corporate & Institutional Banking developed innovative new products to meet clients' growing interest in sustainable finance.

Their interests

- Differentiated products, preferred bank
- Digitally enabled and positive experience
- Sustainable finance

Regulators and governments

How we create value

We engage with relevant 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 to support the development of best practice and the adoption of consistent approaches across our markets.

In 2019, we engaged policymakers on topics such as prudential rules, Brexit, supporting trade and economic growth, sustainable banking, fintech, artificial intelligence, cyber security and fighting financial crime, benchmark reform and conduct.

We are committed to complying with legislation, rules and other regulatory requirements applicable to our businesses and operations in the jurisdictions within which we operate. Our compliance with legal and regulatory frameworks ensures that the Group meets its obligations and supports the resilience and effective functioning of the broader financial system and economy. In support of this, we have a unified Public and Regulatory Affairs team responsible for anticipating changes to relevant legislation and regulation, and managing relationships with regulators and governments. During 2019, we improved our capacity to identify and analyse the forward horizon of potential and emerging regulatory developments that have strategic impacts on the Group.

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 typically publish our consultation responses on regulations that impact the Group on [sc.com](https://www.sc.com).

In 2020, we expect to engage on regulation and legislation associated with international trade, emerging technologies and innovations in banking, sustainable banking including climate risk and artificial intelligence including data analytics and privacy.

Their interests

- Robust capital base/strong liquidity position
- Standards for conduct
- Healthy economies, competitive markets and positive social development

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 a short- or long-term investment horizon, we provide all investors with information about all aspects of our financial and sustainability performance.

Our operating footprint and commitment to sustainable and responsible banking enables us to connect investors in capital markets to opportunities in emerging markets. We believe that an integrated approach to ESG issues and a strong risk and compliance culture provide a competitive advantage. During 2019, we delivered value by executing against our strategic priorities. See pages 19 to 29 for more information.

Transparent engagement with our investors and the wider market helps us to understand what investors need so that we can tailor our public information accordingly. We communicate with investors through quarterly management statements, half- and full-year results, webinars and media releases. Our Investor Relations team engages directly through calls, conferences and roadshows. For example, during 2019 we hosted investor seminars on our franchise in the Africa & Middle East region and our Financial Markets business to provide greater insights into their opportunities, advantages and underlying drivers of performance.

Feedback is taken seriously by the Board and it is aware of topics of particular interest, recommendations or requests. During the year, the Board met with investors to discuss key topics including digital banking initiatives, the US-China trade dispute, social unrest in Hong Kong and executive remuneration. They also discussed the views of institutional investors and responded to retail shareholders' questions at the AGM.

We continued to respond to the growing interest from mainstream investors on ESG matters including the SDGs, sustainable finance, climate change, coal and human rights. We also engage with sustainability analysts and participate in sustainability indices that provide independent benchmarking of our performance. We are included in FTSE4Good and submit to the Carbon Disclosure Project (CDP).

In 2020, we will continue to engage with investors on how we plan to sustainably improve our returns to create value over the long term.

Their interests

- Safe, strong and sustainable financial performance
- Opportunities for sustainable finance
- Environment, social and governance matters



Suppliers

How we create value

We work with local and global suppliers to ensure they can provide the right goods and services for our business, efficiently and sustainably.

How we serve and engage

Engagement is guided by our Supplier Charter, which sets out what we expect of suppliers on issues such as ethics, anti-bribery and anti-corruption, human rights and environmental performance. Our suppliers must recommit to the charter annually, and regular engagement to monitor performance is built into our procurement practices and standards.

We engage globally and locally to create value through the supply chain for both our business and our suppliers. In 2019, our innovation arm SC Ventures and our Group Chief Executive held engagement sessions with strategic and fintech suppliers in Singapore to strengthen collaboration and innovation around digital transformation. In addition, we formed a strategic partnership with SAP Ariba to bring financial supply chain solutions to businesses in the Asia Pacific Region through the Ariba Network.

Small and medium-sized business owners continue to have the opportunity to participate in our sourcing activities and local supply teams help them meet the standards set out in our charter. We continue to work with small and medium-sized fintechs with SC Ventures to drive greater innovation in our supply chain.

PRINCIPAL BOARD DECISION 1

Share buy-back programme

In setting out the Group's approach to dividend growth and capital returns, the Board considered a range of options to grow the dividend over time and to deploy capital not needed to be retained in the business over time. Taking into account a broad range of investor views, and considering regulator sentiment, the Board agreed that it was in the best interests of the Group to return \$1 billion of capital through a share buy back programme, subject to prevailing economic and regulatory conditions.

PRINCIPAL BOARD DECISION 2

Climate risk and sustainability strategy

The Board reviewed the Group's activities in relation to climate change.

In its discussions, the Board recognised the need to manage physical and transitional climate risks that are impacting clients, shareholders, employees and local communities.

As a result, the Board endorsed the Management Team's decision to develop and implement a Climate Risk framework and to incorporate climate into relevant Principal Risk types as a material cross-cutting risk.

The Board also acknowledged the significant opportunity to support clients with new financing solutions that contribute to decarbonising economies and improving physical resilience to a changing climate.

In addition, it considered the Group's progress in advancing its sustainability strategy against a rapidly changing landscape where expectations from key stakeholders, including governments, regulators, investors and employees, were increasing.

Engaging stakeholders continued

Suppliers continued

We are committed to improving the supplier experience. In 2019, suppliers told us they wanted simpler on-boarding and payment processes. To address this, we are streamlining our on-boarding processes, improving our use of technology and providing additional training on these processes for employees and suppliers.

During 2019, we made good progress embedding sustainability into our procurement practices. We strengthened governance of Modern Slavery and Human Trafficking (MSHT) risk and assessed the MSHT standards and practices of our strategic suppliers' own supply chains. Read our 2019 Modern Slavery Statement at sc.com/modernslavery.

We have started to enrich our data on supplier diversity and conducted a benchmarking study in preparation for developing a more robust supplier diversity programme in 2020.

Their interests

- 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, collaborating 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 non-governmental organisations (NGOs) from those focused on environmental and public policy issues to partners delivering our community programmes.

Where NGOs approach us about a specific client or transaction, we aim for constructive dialogue that helps ensure we understand alternative positions, which can shape our thinking, and that our approach to doing business is understood. This engagement takes the form of individual face-to-face meetings and calls, as well as written responses on specific topics. The views and concerns of our stakeholders are then fed into the decisions we make within the Group. In 2019, we continued to engage with organisations on climate change, human rights and tax.

We engage with international and local NGOs to advance our community development agenda to tackle avoidable blindness and promote economic inclusion. We have long-standing relationships with global implementing partners, such as Women Win and the International Agency for the

Prevention of Blindness, which deliver our community programmes. These relationships provide valuable insight, with partners acting as trusted sounding boards for understanding evolving issues in our communities.

Local NGO partners delivering our community programmes collect regular feedback from participants to shape future activities. For example, girls on our Goal empowerment programme are regularly surveyed to track their individual and collective progress against the programme's objectives. In 2019, we commissioned an independent study to learn more about Goal's impact.

We also encourage colleagues to use their three days of volunteering leave to build relationships within their own communities, and the Board incorporates visits to our community programmes into their travel schedules.

In 2020, we will host the inaugural Futuremakers Forum, an engagement opportunity that will bring together a broad range of experts, community members and corporates to discuss and promote economic inclusion for young people.

Their interests

- Positive social and economic contribution
- Strong community outreach and sustainability programme
- Climate change and environmental issues

PRINCIPAL BOARD DECISION 3

Sale of joint venture investment in an Indonesian bank

In deciding to explore, with its joint venture partner, the sale of its stake in an Indonesian bank, the Board gave due consideration to the potential impact on other key stakeholders, over and above the financial and strategic benefits which would be realised by the Group. This included local regulatory requirements.

The Board considered the impact of the divestment on clients and employees, as well as the local communities in which the bank operates, and agreed that the final terms of the sale were in the best interests of the Group as a whole.

Employees

How we create value

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.

2019 SUSTAINABILITY ASPIRATIONS: EMPLOYEES

People

Increase gender representation: 30% women in senior roles (Sept 2016 – Dec 2020)



Implement a Living Wage for all employed workers (Jan 2019 – Dec 2019)



Conduct feasibility analysis to incorporate a Living Wage into agreements for all non-employed workers (Jan 2019 – Dec 2020)



Concluded in the year

Ongoing aspirations

Achieved

On track

Not achieved

Not on track

How we serve and engage

By engaging employees and fostering a positive experience for them at Standard Chartered, we can better serve our clients and deliver our purpose to drive commerce and prosperity through our unique diversity. Building an inclusive culture enables us to harness our unique diversity to unlock innovation, make better decisions, deliver our business strategy, live our valued behaviours, and embody 'Here for good'.

Since 2016, the Group has taken steps toward an inclusive, innovative and performance-based culture that emphasises sustainability and conduct. When lived consistently, our valued behaviours (Never settle, Do the right thing, and Better together) should deliver our desired culture.

We proactively assess and manage people-related risks; for example, organisation, capability, and culture, as part of our Group risk management framework.

Their interests

In 2018, we conducted research to understand our Employee Value Proposition (EVP) or the value that employees feel they gain from being part of our organisation. The research also illustrated what potential employees consider important in an

employer. 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 reward and a positive work-life balance. Our EVP has been a key input to our refreshed People Strategy, which was approved by the Board in 2019. The strategy will be a key enabler in delivering our business strategy while also creating a differentiated employee experience.

Listening to employees

Listening to employees helps us identify, and work to close gaps between their expectations and their experiences. My Voice, our annual engagement survey has played a role at each stage in our culture transformation. In 2019, 71,000 (91 per cent) of our employees and, for the first time, 3,000 non-employed workers (NEWs) completed the survey. Two-thirds of the survey questions improved year-on-year with one survey question decreasing, suggesting the overall employee experience is improving. This is also reflected in our voluntary attrition rates decreasing year-on-year. Our employee net promoter score (eNPS) has continued to increase steadily since 2016. Improving employee advocacy internally is beginning to reflect externally with increasing LinkedIn follower growth (up by 36 per cent from 2018) and our Glassdoor rating is 3.7 stars.

We need our people leaders to be the drivers of culture change. During the year, more than 80 per cent of first-time leaders attended our new people leader development programme LeadX to develop better leadership capabilities. The programme content was informed by what our employees told us they wanted from their leaders in My Voice.

While survey results are improving, employee satisfaction with growth opportunities is the lowest scoring question. As part of our refreshed People Strategy, we are implementing several initiatives to improve this, including piloting the introduction of a virtual talent marketplace to grow individuals' skillsets and increasing opportunities for learning experiences for all employees.

In response to the revised UK Corporate Governance Code Provision 5, we considered the specified workforce engagement methods (a director from the workforce, a workforce advisory panel, and/or a designated non executive director)

Group KPI: Employee engagement

Employee Net Promoter Score (eNPS)

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

Analysis: Our eNPS has steadily increased since 2016 and is on a par with 2018.



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.

CASE STUDY

Inclusive leadership

83 per cent of our people leaders have now attended an Inclusive Leadership Programme. This builds an understanding of how to create an inclusive culture and create value by unlocking the diversity of thought in teams. This has been further supported by the launch of an activity-based e-learning 'When we're all included' in 2019.



Engaging stakeholders continued

Employees continued

and concluded that an alternative framework would be more suitable. As a global organisation with a workforce of approximately 90,000 across 59 diverse markets, the Board engagement needs to gather feedback that is representative of the whole workforce to be effective. Several channels exist for the Board to understand the views of the workforce, including information reported from senior management on culture, My Voice, Speaking Up, disciplinary and grievance data and themes. The Board engages directly with the workforce on overseas visits, which in 2019 included Germany, China and Singapore, and other events; for example, our employee Recognition Awards. Further, in 2019 we experimented with two interactive online sessions. More than 900 employees actively participated in both sessions either asking questions, providing comments or liking content. Questions focused on the future of banking, organisational structures, talent management and diversity and inclusion, and the Questions and Answers page has been viewed more than 6,500 times. These initial sessions demonstrate employee interest in hearing from our Board members and the output will be used to inform future engagements with employees.

Developing future skills in a diverse workforce

The world of work continues to change rapidly. We want to equip employees with the skills they need to prosper in this increasingly ambiguous environment. This starts with an aspiration for every employee to have a personalised growth plan, created in partnership with their people leader and based on their performance, career objectives and future roles. Our goal in 2020 is for 80 per cent of employees to have a growth plan in place.

We are investing in tools to support this aspiration. Our new global people management platform makes it easier for employees to define their objectives, receive feedback from peers and plan their career growth.

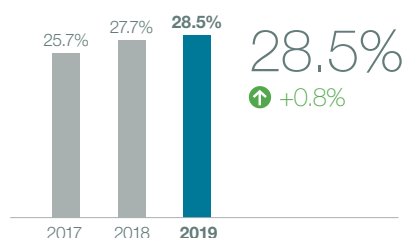
We want to increase access to development opportunities for our diverse talent. We are building a virtual talent marketplace platform, supported by artificial intelligence, that enables employees to match their skills and aspirations with short-term experiences. We are also rolling out a personalised learning platform that provides tailored recommendations and access to internal and external learning resources. This should help employees manage their careers for

Group KPI: Diversity and inclusion

Women in senior roles

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

Analysis: Since signing the Women in Finance Charter in 2016, we have seen a positive trend in female representation in our senior leadership roles, increasing to 28.5 per cent at the end of 2019. This takes us closer towards our pledge of having women occupy 30 per cent of senior roles by 2020.



The total number of women in senior management (Managing Director and band 4) roles expressed as a percentage of total senior management roles.

the future. In addition, we have delivered a series of targeted leadership acceleration programmes to more than 850 employees to develop role readiness and build leadership capabilities. These efforts are having a positive impact on developing our pipeline of internal talent with 63 per cent of senior management appointments in 2019 going to an internal candidate.

We will only prosper as an organisation if our employees and teams prosper too. We want to create a working environment that supports employee resilience and creativity, so they can thrive at work and in their personal lives. Providing working conditions that are broad and inclusive will help us to reap the benefits of our diverse and talented workforce. Our Fair Pay Charter (p116) is a public declaration of

our commitment to deliver fair, transparent and competitive pay, continually improve our benefits, and support our employees' lifestyle, wellbeing and development. We continue to build on the resources (mental, physical, social and financial) to help our employees manage their individual wellbeing needs. We have wellbeing champions in place that cover 95 per cent of our employees and mental health first aiders available in the UK, US, Singapore and Hong Kong.

Creating an inclusive culture that leverages our diversity

Following the launch of our Diversity and Inclusion (D&I) strategy in 2018, we have continued to build the foundations and raise awareness of D&I. It is our strong belief that a culture of inclusivity is the key to harnessing our unique diversity to unlock innovation and create shareholder value. Our Inclusive Leadership Programme, completed by more than 80 per cent of people leaders, cultivates skills and behaviours to help mitigate unconscious bias and build a culture of inclusion. This has further been supported through the launch of our e-learning, 'When we're all included', for all employees.

We recognise five international D&I dates¹ to raise awareness, enable dialogue, highlight role models, disrupt traditional norms and break stereotypes. Our global campaigns, supported by local D&I councils and employee resource groups, delivered 293 activities ranging from panel events with clients and community representatives to hosting classes on sign language, cultural intelligence and flexible working. In addition, we shared toolkits to increase understanding of cultural dialogue, being an LGBT+ advocate, mental wellbeing, disability and parental leave best practices.

We have signed up to disability advocacy initiatives such as The Valuable 500 and the International Labour Organization – Global Business Disability Network Charter to further

FUTURE SKILLS

Global Learning Week

In support of our ambition to develop future skills as part of our refreshed People Strategy, we held a global learning week in October titled 'Invest in Yourself'. About 49,000 participants took part in more than 500 events that included panels, external speakers and

demonstrations of learning tools and more than 17,000 videos, articles and podcasts were consumed. The week was a catalyst to encourage people to think about the future of work, develop new skills and make learning an everyday habit.

reinforce our commitment to be a disability-confident organisation. Our aim is to remove barriers and increase accessibility. We've had an inclusive design standard in place since 2016 which has been applied to all new premises and retrofits. Further, we are encouraging markets to assess their disability confidence with a new assessment tool to close gaps and identify best practice.

We achieved our 2019 aspiration to pay all employed workers a living wage, and in locations where it is possible, employees are invited to participate in our Sharesave plan to share in the success of the Group.

During 2020, we will continue work on a feasibility assessment to extend our living wage commitment to our contractors and third parties.

Our inclusion efforts and actions have led to improvements in the outcomes we measure including female representation in senior roles, which has increased from 27.7 per cent in 2018 to 28.5 per cent at the end of 2019. We don't plan to settle at 30 per cent and, as part of our new Sustainability Aspirations for People, we have set ourselves a new target to have 35 per cent female representation in senior roles by 2024.

Externally, we have engaged with more than 600 clients in our efforts to drive the pace of change and inclusion across the industry. We have sponsored conferences and summits, such as the Bloomberg Equality Summit and Grace Hopper Celebration India. We have also delivered the 'Men Advocating Real Change' programme in India, Singapore and the UK where clients and senior leaders have come together to sharpen their awareness of inequality, develop inclusive leadership strategies and hone skills to make a lasting impact. We are also helping our clients with their inclusion efforts. For example, we have launched an Impact Philosophy Framework for our private bank clients. This provides a methodology to match our clients' financial goals with solutions that help drive the advancement of the Sustainable Development Goals.

We continue to be recognised for our achievements and efforts in D&I across the footprint. There is a summary of our award wins on page 409. We are proud of the progress that we have made to date but recognise there is more work to do.

Gender pay gap and equal pay

We continue to analyse our gender pay gap for the UK, Hong Kong, Singapore, UAE and the 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. Our gender pay gaps are caused by there being fewer women in senior roles and in business areas where market rates of pay are highest. With the exception of the mean hourly pay gap in the US, the mean gap for hourly pay and the mean gap for bonus pay have remained flat or reduced across all five markets.

When the pay of males and females at the same level and in the same business area is compared the gender gaps are 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. In the UK, the 2019 adjusted pay gap is four per cent, which is an increase of two percentage points compared to 2018. We wanted to understand more about why this figure had increased, so we conducted additional equal pay checks for the UK to provide assurance that there was not a systemic issue to address.

We are committed to gender diversity globally and have initiatives in place to support this; we acknowledge it will take time to see the level of change needed to significantly reduce our gender pay gaps. You can read more about our gender pay gaps and our gender diversity initiatives in our gender pay gap report at sc.com/genderpaygap.

Equal pay is a more detailed measure of pay equality than the gender pay gap, and is a key commitment in our Fair Pay Charter. We analyse equal pay during our annual performance and pay review process globally to assure ourselves that we deliver equal pay for equal work.

2019 gender pay gap

	UK	Hong Kong	Singapore	UAE	US
Mean hourly pay gap	32%	20%	35%	26%	25%
Mean bonus pay gap	46%	38%	46%	53%	48%

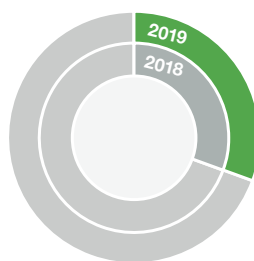
Female representation

Board

Female
31%
(2018: 31%)

Female
4

Male
9

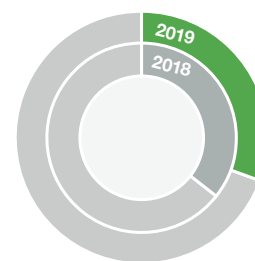


Management Team

Female
31%
(2018: 35.7%)

Female
4

Male
9

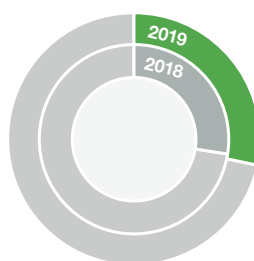


Senior management (Managing directors and band 4)

Female
28.5%
(2018: 27.7%)

Female
1,162

Male
2,914

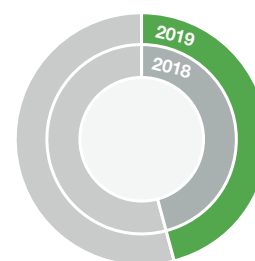


All employees

Female
46.1%
(2018: 45.9%)

Female
38,880

Male
45,518



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



DIGITAL BANKING

We now provide digital banking in nine African markets

After launching our first digital bank in Côte d'Ivoire in 2018, we rolled out digital capabilities across eight additional markets in less than 12 months.

Our digital banking solution now covers Kenya, Uganda, Tanzania, Ghana, Zambia, Botswana, Zimbabwe and Nigeria.

Early results show that markets like Uganda and Tanzania have increased their customer acquisition by three times, account funding rates for most markets are relatively healthy and customer feedback has been positive.

The platform we now have in Africa operates on the existing technology rails available to us, but it has a middle and backend that is practically zero touch, which means that customers can open accounts, do all their banking transactions and receive customer service without going into branches or interacting with staff.

This efficiency has translated into a more targeted branch footprint, allowing us to reduce our branches by over a third to 199 branches across Africa and the Middle East.

“We have begun work on rolling out our digital platforms in our Middle Eastern markets in 2020.”

Now that our digital banking platforms have stabilised, our focus has shifted to adding a full suite of digital products to enhance our competitive advantage.

We launched mobile-led insurance and investments in the second half of 2019 and will begin to phase in additional offerings like digitally-led small-ticket loans, Business Banking and Agency Banking throughout 2020.

We are also going paperless in all of these markets with the launch of a staff-assisted platform, which enables all customers walking into branches to have their accounts opened directly on the digital platform. In parallel, we have begun work on rolling out these digital platforms to our Middle Eastern markets in 2020.



Sustainable and responsible business

Our purpose is to drive commerce and prosperity through our unique diversity. Our new sustainability vision is to become the most sustainable and responsible bank, and the leading private sector catalyser of finance for the SDGs where it matters most, in Asia, Africa and the Middle East.



We embed sustainability across our business, operations and communities through our sustainability framework. By focusing on three pillars – Sustainable Finance, Responsible Company and Inclusive Communities – we believe we can deliver sustainable prosperity, in line with our valued behaviours and our brand promise to be Here for good.

This approach is framed around a Sustainability Philosophy that informs our decision-making, Sustainability Aspirations that provide tangible targets for sustainable business outcomes aligned to the UN Sustainable Development Goals (SDGs), and Position Statements that set out our environmental and social client standards.

In 2018, we laid the foundations for an ambitious transformation of our sustainability performance and in 2019, we built on this with positive results. We created sustainable finance products and a governance framework that support our commitment to help deliver the SDGs. We accelerated our response to climate change, publishing our emissions white paper to encourage collaboration across the finance sector, updating our position on coal and integrating climate into the Group's risk framework. As part of our refreshed Sustainability Aspirations, we set stretching new targets for Sustainable Finance as well as People, Environment, Conduct and Financial Crime

Compliance and we continued to deliver for our communities through volunteering and community programmes.

Sustainability governance

The Board is responsible for ensuring that high standards of responsible business are maintained and receives information to identify and assess significant risks and opportunities related to environmental and social matters, including climate change. Sustainability is overseen by the Brand, Values and Conduct Committee of the Board, which reviews priorities and oversees the development of, and delivery against, public commitments.

At a management level, the CEO, Corporate & Institutional Banking is responsible for Sustainable Finance, which incorporates Environmental and Social Risk management. The Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance leads a cross-business Sustainability Forum to develop and deliver the Group's broader sustainability strategy and champion sustainability across the Group.

➤ See page 44 to read how stakeholder engagement informs our approach to sustainable and responsible business

➤ See page 405 for a full list of our 2020 Sustainable Aspirations

CLIMATE CHANGE

Innovative solutions for climate change

In 2019, we joined forces with the Centre for Climate Finance & Investment at the UK's Imperial College Business School to launch the Climate Investment Challenge. The competition encourages postgraduate students to develop and describe creative financial solutions and innovations to address climate change. Ideas will be judged on their innovation, implementation feasibility, scalability and impact by a panel from investment banking, private equity and impact investing.



Sustainable and responsible business continued

Sustainable Finance



Stakeholders

Clients

Investors

Society

We use our core business to promote sustainable development in our markets, while managing the environmental and social risks associated with our financing activities.

“We have set stretching new targets to ensure we continue to drive sustainable finance that supports the UN SDGs”

2019 SUSTAINABILITY ASPIRATIONS: SUSTAINABLE FINANCE

Infrastructure

Provide advisory, financing, debt structuring services and policy advice for \$25bn of infrastructure projects (Jan 2017 – Dec 2019)



Including \$4bn toward clean technology (Jan 2016 – Dec 2020)



Climate change

Develop a methodology to measure, manage and ultimately reduce the emissions related to the financing of our clients (Jan 2019 – Dec 2020)



Entrepreneurs

Provide \$6bn to Business Banking clients (Jan 2017 – Dec 2019)



Grow our lending to smaller business clients in our Commercial Bank by 20% (Jan 2017 – Dec 2019)



Digital

Continue to provide 'last mile' payments and collections through our Straight2Bank wallet (Jan 2017 – Dec 2019)



Commerce

Bank 8,000 of our clients' networks of suppliers and buyers through banking the ecosystem programmes (Jan 2017 – Dec 2020)



Impact Finance

Provide \$1bn to institutions for microfinance (Jan 2016 – Dec 2020)



Facilitate opportunities for Private Bank clients to invest in impact investing funds (Jan 2016 – Dec 2020)



Continue to promote blended finance capabilities (Jan 2016 – Dec 2020)



Concluded in the year

✓ Achieved

✗ Not achieved

Ongoing aspirations

⬡ On track

⬡ Not on track

Our unique footprint across emerging markets enables us to focus sustainable finance where it matters most. In 2019, we took major steps forward to deliver finance that drives positive social and economic impact and manage environmental and social risks associated with our financing activities.

In 2019, we launched two new Sustainable Finance products to address the SDGs in low- and middle-income countries. The proceeds from our inaugural €500 million Sustainability Bond will finance clean energy projects, smaller business lending and microfinance loans. We also launched the world's first Sustainable Deposit in London and Asia's first Sustainable Deposit in Singapore. This was followed by launches in Hong Kong and New York. Every dollar deposited will be referenced against sustainable assets.

These products are underpinned by a robust approach to governance. Our Green and Sustainable Product Framework and Green and Sustainable Bond Framework set out all eligible and excluded activities and themes for future sustainable products. The frameworks, which were developed in collaboration with leading ESG research provider Sustainalytics, will be subject to internal review annually.

Our Sustainability Aspirations set out the areas in which we can have the most positive impact in our markets. In 2019, to support the low carbon transition, we mobilised \$20 billion for clean technology and helped clients issue \$18.3 billion in green, social and sustainable bonds.

Entrepreneurs and small businesses play an important role in the economic sustainability of communities. We continued to extend access to finance for entrepreneurs, providing \$710 million to microfinance institutions (MFIs) in 2019 and \$2.4 billion since 2016. We remain strongly committed to the sustainable financing of smaller businesses, which are at the heart of growth, job creation and economic empowerment in our footprint. While we did not meet our target, we continued to grow our lending to Commercial Banking clients by 12 per cent between 2017 and 2019.

Following engagement with internal and external stakeholders, we set stretching new targets to support the SDGs. As set out in our Sustainability Aspirations, between January 2020 and December 2024, we will fund and facilitate \$40 billion for infrastructure that promotes sustainable development and \$35 billion for renewable energy, provide \$15 billion to small business clients and \$3 billion to MFIs.

➤ See page 405 for a full list of our 2020 Sustainable Aspirations

Sustainable Finance continued

Managing Environmental and Social Risk

Our main impact on the environment and society is through the business activities we finance. Our seven Position Statements outline the cross-sector standards we expect of ourselves and our clients, as well as sector-specific guidance for those clients operating in sectors with a high potential environmental or social impact. These draw on International Finance Corporation Performance Standards, the Equator Principles and global best practice. Our Prohibited Activities list sets out the activities we do not finance and can be found on sc.com.

We identify and assess environmental and social risks related to our Corporate & Institutional, Commercial and Business Banking clients, and embed our Environmental and Social Risk framework directly into our credit approval process. All relationship managers and credit officers are offered training in assessing Environmental and Social Risk against our criteria, as well as access to online resources. During 2019, we continued to embed the Position Statements through e-learning and classroom-based training for frontline and risk colleagues.

Our refreshed Position Statements came into effect in March 2019. During the year, we reviewed 1,127 transactions that presented potential specific risks against our Position Statements. Further to our 2018 decision to end financing for new coal-fired power plants, we announced that we will only support clients who actively transition their business to generate less than 10 per cent of earnings from thermal coal by 2030.

We work with clients, regulators and peers across the finance sector to continuously improve environmental and social standards. We proactively engage with clients to mitigate identified risks and impacts and support them to improve their environmental and social performance over time. Where this is not possible, transactions have been, and will continue to be, turned down. In 2019, we were active in the review of the refreshed Equator Principles 4 (EP4) and in November, assumed the role of chair of the EP Steering Committee. Our focus will be overseeing implementation of EP4 during 2020.

+ See our Position Statements at sc.com/positionstatements

Responding to climate change

Climate change is a shared global challenge. We are committed to supporting clients through the low-carbon transition in line with the Paris Agreement and supporting adaptation and resilience to tackle physical risks. Since 2018, we have been identifying ways to measure, manage and ultimately reduce the carbon emissions relating to our financing of clients.

During 2019, we published a white paper on our emissions framework to accelerate discussion across the finance sector. We piloted two methodologies to measure emissions, focusing on the 2 Degrees Investing Initiative's tool to understand emissions at a sector level. Using this tool, we disclosed our current, financed emission intensities for the automotive and cement manufacturing portfolio in our 2019 Climate Change/Taskforce on Climate-related Financial Disclosures (TCFD) report to support dialogue with a range of stakeholders. Further insights from this work are informing our corporate planning process and the development of our new Climate Risk framework.

Recognising the significance of climate-related concerns to our clients and communities, we are integrating Climate Risk into our Group-wide approach to risk management. We have identified it as a material cross-cutting risk that will be considered alongside designated Principal Risk Types. For more information, see pages 206 to 235 of the Risk review.

In addition to our own response, we believe collaborative action is needed. We are continuing to work through existing relationships including UN Environment Programme for Financial Institutions and the Katowice Commitment. In 2019, we became a founding member of the UN Principles for Responsible Banking, a signatory to the UN Collective Commitment to Climate Action and joined the Coalition on Climate Resilient Investment.


We continue to engage clients on assessing Climate Risk and identifying low-carbon opportunities through our Sustainable Finance team. We are mobilising finance to support the low-carbon transition, such as our new commitment to provide \$35 billion of financial services towards renewable energy between January 2020 and December 2024.

+ See our 2019 Climate Change/Taskforce on Climate-related Financial Disclosures (TCFD) report at sc.com/tcfd

Responsible Company








Stakeholders

Clients
Regulators & governments
 Suppliers
Society


We strive to manage our business sustainably and responsibly, drawing on our purpose, brand promise, valued behaviours and Code of Conduct to enable us to make the right decisions.

2019 SUSTAINABILITY ASPIRATIONS: RESPONSIBLE COMPANY

Environment

Reduce annual energy use by 35% in tropical climates (Jan 2008 – Dec 2019)	
Reduce annual energy use by 31% in temperate climates (Jan 2008 – Dec 2019)	
Reduce annual water use by 72% (Jan 2008 – Dec 2019)	
Reduce annual office paper use by 57% (Jan 2008 – Dec 2020)	
Reduce annual GHG emissions by 36% by 2025	

Conduct

Effectively embed conduct risk into product governance across the Group (Jan 2019 – Dec 2019)	
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Financial crime compliance

All eligible staff to complete relevant ABC, AML and sanctions training with less than 2% overdue (Ongoing)	
Deliver at least 10 correspondent banking academies (Jan 2019 – Dec 2019)	

Concluded in the year

 Achieved
 Not achieved

Ongoing aspirations

 On track
 Not on track

Sustainable and responsible business continued

Responsible Company continued

Promoting good conduct

Good conduct is a priority for our stakeholders and for the Group.

We continue to make good progress on our conduct, embedding practices that help us identify, aggregate and manage Conduct Risk as part of our Group-wide approach to risk management.

In 2019, we strengthened Conduct Risk management, focusing on fair outcomes for clients by formalising conduct considerations in strategy design and product governance.

Our Code of Conduct remains the central tool through which we set our conduct expectations. The Code supports a culture where: employees are encouraged to demonstrate good judgement, integrity, and a strong sense of personal accountability when they make decisions; leaders are empowered to recruit and recognise employees based on good conduct; and performance objectives and reward mechanisms are linked to our valued behaviours.

Conduct training is obligatory and employees are asked annually to recommit to the Code. In 2019, 99.5 per cent recommitted to the Code.

In 2020, we will challenge and support our employees to identify and mitigate Conduct Risk as we continue to promote good conduct across the Group.

➤ See page 223 for more on our approach to conduct risk

Percentage of employees recommitted to the Group Code of Conduct in 2019

99.5%

Speaking Up cases

Year	Total raised ¹	In scope ²	Closed ³	
			Substantiated ⁴	Unsubstantiated
2019	1,383	528	263	190
2018*	1,473	590	305	275
2017*	1,183	460	201	296

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. For the purposes of this report, this number also includes any cases pending triage assessment at the point of reporting

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)

* 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

Speaking Up

Speaking Up is our confidential and anonymous whistleblowing programme. It includes independent and secure channels for anyone – employees, contractors, suppliers and members of the public – to raise concerns.

During 2019, 1,383 concerns were raised through Speaking Up, of which 528 were within scope of the programme and investigated or resolved. Themes included breaches of operating procedures, failures in information and cyber security and breaches of our Code of Conduct. During the period, 453 cases were closed following investigation (these included cases raised in 2019 as well as in prior years) of which 263 were substantiated while 190 were closed as unsubstantiated. A range of corrective actions were taken. These include process improvements, targeted coaching and training and, for 97 cases, disciplinary sanctions ranging from verbal warning to dismissals.

Results from our 2019 My Voice employee survey continue to demonstrate confidence in the programme with 91 per cent of employees responding favourably to the statement: 'I feel comfortable to speak up if I see a violation of the Bank's policies, valued behaviours and Code of Conduct.'

As part of our commitment to Speaking Up, we invested in a new system to enable better management of cases.

In 2020, we will continue to raise awareness and use by launching a digital learning toolkit.

Fighting financial crime

We believe partnering to lead in the fight against financial crime is the best way to protect our business, clients and wider communities from its damaging effects. By cutting off funding sources, we help make the financial system a hostile environment for criminals and support positive economic development in our markets.

We have comprehensive safeguards in place to address threats including money laundering, terrorist financing, sanctions compliance breaches, bribery and other forms of corruption. A dedicated Financial Crime Compliance (FCC) team leads our Financial Crime Risk management activities, which include adhering to anti-money laundering and sanctions policies and applying core controls such as client due-diligence screening and monitoring. See the Risk review on page 225 for more on how we manage Financial Crime Risk.

Anti-bribery and corruption (ABC) policies aim to prevent colleagues, or third parties working on our behalf, from participating in active or passive bribery or corruption, or from making facilitation payments. In 2019, 99.9 per cent of colleagues completed ABC training, 99.9 per cent completed anti-money laundering training and 99.9 per cent completed sanctions training.

By working in partnership with our client banks, we share best practices on controls for managing Financial Crime Risk and in doing so build a strong network to keep criminal activity out of the financial system. In 2019, we further strengthened our partnerships as we surpassed our target of at least 10 Correspondent Banking Academies, delivering 19 training sessions in 49 countries.

In 2020, 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 seek to ensure they are not adversely impacted in our role as an employer, financial services provider and procurer of goods and services. We recognise that our footprint and supply chain give us the opportunity to raise awareness of human rights and modern slavery in a wide range of markets and industries.

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

In 2019, we continued to review and enhance our controls relating to modern slavery, including via collaborative dialogue with one of our investors. Our 2019 Modern Slavery Statement, which is approved by the Group's Board, details the actions we are taking as a result. These include changes to risk assessment processes for suppliers, and a review of our strategic suppliers to assess their standards and practices in managing modern slavery risks in their onward supply chains.

+ Read our 2019 Modern Slavery Statement at sc.com/modernslavery

Reduce emissions from our operations by 2030¹ to reach

Net Zero

Managing our environmental footprint

We are committed to reducing the direct environmental impact of our branches and offices. To do this, we measure and manage their energy and water efficiency, greenhouse gas emissions and paper use. 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.

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

We have met our long-term targets for energy efficiency, reducing consumption in temperate climates by 44 per cent and tropical climates by 38 per cent between 2008 and 2019. Further expansion of our LED lighting conversions, effective space management and more efficient equipment is the core principle behind the efficiency gains.

We have measured our greenhouse gas (GHG) emissions since 2008, and last year adopted science-based targets (SBT) to significantly reduce our carbon footprint. In 2019, we reduced our annual GHG emissions by 22 per cent by reducing our reliance on diesel generators. A temporary increase in emissions from our global data centres was the result of additional capacity being used as we migrated to new, more energy efficient data centres.

During the year, we set more ambitious targets to achieve net zero emissions and only use renewable energy sources by 2030. We are reviewing fuels and increasing renewable energy sources to deliver the efficiency improvements needed across our properties to meet these challenging targets.

Water availability is a growing challenge in our markets. Although we did not face any issues sourcing water that was fit for purpose in 2019, we continue to take a sustainable and responsible approach to managing water across the Group. We reduced consumption by 29 per cent in 2019 and 72 per cent between 2008 and 2019 by installing ultra-low flow water devices, targeting markets with high water usage and improving our behaviour towards water use.

Our aim is to reduce paper use across our operations and since 2012, we have reduced consumption by 27 per cent. In 2019, we improved our paper reporting and worked with country technology teams to look at ways to support local paper reduction.

Our Group Chief Executive communicated with employees globally, encouraging them to go paperless as part of wider efforts to reduce our environmental impact. Further action will be needed to achieve our 57 per cent reduction target between 2012 and the end of 2020.

We are committed to reducing waste in all its forms and have prevented more than one million disposable cups going to landfill annually since 2017. We are working to remove single-use plastic from all our operations. We choose to send non-recyclable waste to energy generation or compost so that we limit our impact on landfill where possible. In 2019, we strengthened our commitment with ambitious new targets to reduce waste to 40 kilograms per employee and recycle 90 per cent of our waste by 2025.

We continue to identify ways to improve our environmental performance. In 2019, we extended our third-party assurance to include water and waste.

In 2020, we will focus on reducing waste further and taking the necessary steps to meet our SBTs for greenhouse gas emissions.

+ Read the principles and methodology for measuring our greenhouse gas emissions at sc.com/environmentcriteria

+ Read the independent assurance for our energy and greenhouse gas emissions (Scope 1 and 2) at sc.com/environmentalassurance

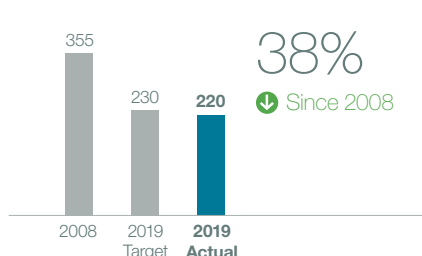
ENVIRONMENT

Reducing our energy use in West Africa

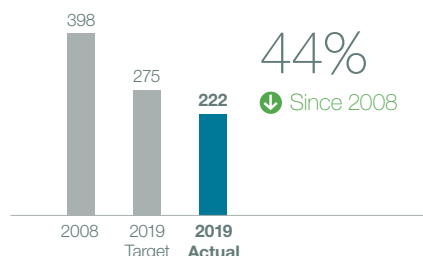
Many of our markets in West Africa lack reliable and consistent access to clean electricity. They rely on diesel generators that can be inefficient and produce high greenhouse gas emissions. In 2019, our property teams in Sierra Leone, The Gambia, Ghana, Nigeria and Côte d'Ivoire introduced improvements that delivered a 30 per cent reduction in energy use across the region. Measures included upgrading air conditioning units, fitting LED lights, upgrading and right sizing generators and installing solar photovoltaic panels.

Annual energy use of our property (kWh/m²/year)²

Tropical climate



Temperate climate



¹ Net zero: In aggregate, we do not produce any emissions from our operations (Scope 1 & 2)

² Tropical energy usage relates to cooling; temperate energy usage relates to both heating and cooling

Sustainable and responsible business continued

Inclusive Communities



Stakeholders

Society
Regulators & governments

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

2019 SUSTAINABILITY ASPIRATIONS: INCLUSIVE COMMUNITIES

Communities

Invest 0.75% of prior year operating profit in communities (Jan 2006 – Dec 2020)



Raise \$50m for Futuremakers by Standard Chartered (Jan 2019 – Dec 2023)



Education

Reach one million girls and young women through Goal (Jan 2006 – Dec 2023)



Employability

Reach 100,000 young people (Jan 2019 – Dec 2023)



Entrepreneurship

Reach 50,000 young people, micro and small businesses (Jan 2019 – Dec 2023)



Visual impairment

Support the development of the Vision Catalyst Fund (Jan 2019 – Dec 2020)



Concluded in the year

Achieved

Not achieved

Ongoing aspirations

On track

Not on track

In 2019, we invested \$51.1 million in communities and employees contributed more than 51,300 volunteering days.

In the first year of Futuremakers by Standard Chartered, our new global initiative to tackle inequality, we contributed \$9.4 million through fundraising and Group donations. Our target is to raise \$50 million between 2019 and 2023 through fundraising and Group donations to empower the next generation to learn, earn and grow.

As part of Futuremakers, we expanded Goal, our existing girls' empowerment programme, which reached more than 108,400 girls and young women in 2019. Goal reached more than 590,300 between 2006 and 2019.

We also launched new global programmes in 2019. Youth to Work reached 1,834 young people through employability projects. In addition, we reached 9,269 young people and small businesses through entrepreneurship activities, including our Women in Tech (WIT) incubators. In 2019, we launched WIT in Pakistan, UAE and Nigeria to support women-led ventures enabled by technology.

We are continuing to support the delivery of eye health projects as part of Seeing is Believing (SiB), our global initiative to tackle avoidable blindness. Between 2003 and 2019, we reached 212.7 million people through SiB, and raised and matched a total of \$104.2 million. We are using our knowledge and experience from SiB to mobilise support for the Vision Catalyst Fund (VCF), which aims to raise \$1 billion to fund sustainable eye care projects, and by supporting people with visual impairments through Futuremakers.

In 2020, we will scale-up and roll-out Futuremakers programmes, continue to support the creation of the VCF and develop and implement a robust measurement and

evaluation framework for our community programmes. We will host our first Futuremakers Forum bringing together programme participants, clients and development experts. From 2020, we will also be working towards encouraging 55 per cent of employees to participate in volunteering annually between 2020 and 2023.

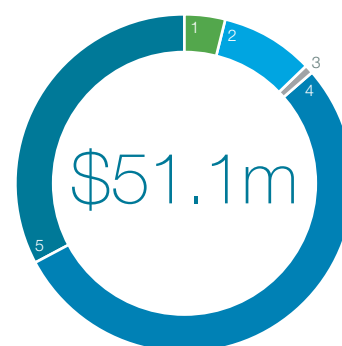
The Standard Chartered Foundation was established in 2019 to advance charitable purposes. It will be the Group's lead partner in delivering its philanthropic activities, including Futuremakers by Standard Chartered.

During the year, the Board received an update on Futuremakers, SiB and the establishment of the Foundation, confirming the Group's approach and encouraging the Management Team to advance our community investment and engagement activities.

Our community expenditure 2019

1. Leverage ¹	3.7%
2. Management costs	8.8%
3. Gifts in kind	0.6%
4. Cash contributions	53.8%
5. Employee time (non-cash item)	33.1%

¹ Leverage data relates to the proceeds from staff and other fundraising activity



GIRLS' EMPOWERMENT

Measuring Goal's impact

We measure the impact of our community programmes to ensure they are delivering on our objectives. In 2019, we commissioned global development think tank, Overseas Development Institute (ODI) to assess Goal's impact.

Using data and interviews with Goal girls, their families and communities, ODI found

strong evidence of Goal's positive and lasting impact on girls. After completing Goal, girls reported a 14 per cent increase in self confidence, a 28 per cent increase in knowledge about health, and an 18 per cent increase in knowledge about savings and finance. The full report will be shared around International Women's Day.