

Sustainability

Our social and economic impact

We believe that by doing things the right way, banks can be a powerful force for good

The last few years have been testament to Standard Chartered's unwavering commitment to sustainability. Through the financial crisis and changing political and regulatory environments we have stood firm in our commitment to building a sustainable business as a bank, delivering value to our customers and shareholders whilst contributing to the communities in which we live and work.

In 2010 we lent more, making a vital contribution to economic growth; we continued to place our sustainability agenda at the core of the way we do business; we stepped up our efforts to measure our impact on markets where we operate; and we invested more in our communities.

We passionately believe that by doing things the right way banks can be powerful contributors to economic progress in societies. We aim to have a positive impact in three ways: by contributing to the real economy; by promoting sustainable finance; and by leading the way in our communities.

We're proud of what we have achieved in 2010, proud of where we're going. We have a clear and consistent strategy to be the best international bank, leading the way in Asia, Africa and the Middle East; we have a distinctive culture with strong, shared values; and we remain committed to building a sustainable business, creating long-term value for our shareholders, working in partnership with our clients and customers, and having a positive social and economic impact in the communities we live and work.



Peter Sands
Group Chief Executive



Seeing is Believing

Through our global programme to tackle avoidable blindness, we have restored sight for thousands of people, including young Farouk from Nigeria



Small and medium-sized enterprises

SMEs are key drivers of growth and employment across our markets

Our approach

We believe that a bank can be about more than the profits it makes. As an international financial institution, by doing things the right way, we can have a positive social and economic impact on the markets where we operate. We remain committed to building a sustainable business, simultaneously creating value for our shareholders, supporting our clients and customers and contributing to the communities where we live and work.

Our sustainable business priorities



Our priorities in 2011

- Build on our work to measure our social and economic impact
- Continue to widen access to finance along the agricultural supply chain, supporting economic growth and food security
- Increase our employee volunteering days to 57,000, including targeted skills-based volunteering
- Arrange for all existing and new Consumer Banking employees to complete eLearning on our Customer Charter
- Roll out sustainable finance training to Wholesale Banking employees
- Sustain momentum in employee engagement, focusing on our culture and values
- Reduce annual paper consumption per full-time employee from 30kg to 25kg
- Continue to reduce our energy and water consumption in line with our long-term targets

Sustainable finance is fundamental to our aim of creating long-term value for our shareholders while having a positive impact on communities.

Key highlights

14

lending position
statements implemented

129

nationalities represented
across our business

315%

increase in paid volunteering
leave taken by our employees

\$4.98bn

mobilised towards the
renewable energy market

4.8 million

lives impacted by our
microfinance business

20 million

beneficiaries of essential eye care
through Seeing is Believing

1.6 million

people educated on HIV/AIDS

300,000

small-scale farmers benefiting from
agricultural finance deal in Zambia

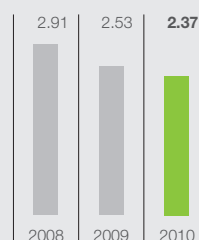
65,698

employees completed anti-money
laundering eLearning

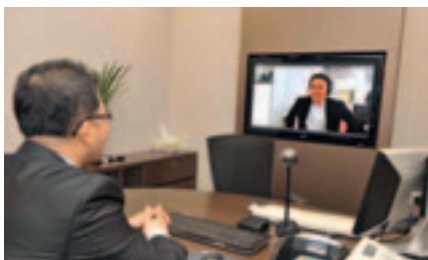
36%

of Consumer Banking statements
delivered electronically,
saving 10,800 trees

Carbon emissions
tonnes/CO₂/full time
employee



Decrease 18%
(2008-2010)



Responsible selling and marketing

Video conferencing allows customers to consult with specialists who may not be available at the branch



Access to finance

With appropriate access to finance, the agriculture sector can make a significant contribution to global food security

Contributing to the real economy

We believe that by doing things the right way, banks can be a powerful force for good in society. Our aim is to promote sustainable growth in the real economy, through our core business of banking.

Millions of people across our footprint are either unbanked or severely under-served by financial institutions, restricting their economic activity. Widening the access to finance is a core part of our strategy to have a positive impact on communities. We focus on offering relevant products and services that we understand fully to clients and customers with whom we have deep relationships.

Financial crime can erode the positive contribution of banking to the real economy and affect our business performance. We have a long-standing commitment to preventing our products and services from being used for criminal financing activity.

Access to finance

We continue to support small and medium-sized enterprises (SMEs), which are key drivers of growth and employment across our markets. Again this year we increased our SME lending substantially. We also launched new products and services, tailored specifically to meet the needs of these vital companies.

Microfinance is key to our aim of extending basic banking services to more people. In 2010 we provided \$180 million to microfinance institutions. Since 2005, we have provided a total of more than \$720 million to 70 microfinance institutions, impacting the lives of around 4.8 million people.

In Africa we developed innovative solutions that helped widen the access to finance for agriculture. We provided a structured finance warehouse deal in Zambia, benefiting around 300,000 small-scale farmers by enabling them to receive a fair price for their crop.

Our performance

Our core objective in building a sustainable business is to create long-term shareholder value.

We have an ongoing engagement programme with socially responsible investors and researchers. Our sustainability performance is also evaluated by rating agencies and indices specialised in the socially responsible investment market, including:



In 2010 we were included in the Dow Jones Sustainability World Index (DJSI World). The DJSI evaluators noted our strong performance in stakeholder engagement, human capital development, risk and crisis management, financial inclusion and climate change governance.



FTSE4Good

We are listed in the FTSE4Good index, which has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards.

CARBON DISCLOSURE PROJECT

Our success in managing our environmental impact has been recognised by the Carbon Disclosure Project (CDP), which promotes awareness of business implications of climate change. Our work in 2010 placed us in the FTSE 350 CDP Leadership Index and FTSE 350 CDP Strategy Index.

Providing solutions to populations with very specific finance needs is a key part of our agenda. Standard Chartered Saadiq, our Islamic banking brand, was voted Best Islamic Investment Bank by Global Finance this year. Since 2005, we have arranged more than \$34 billion of Islamic financing for our clients.

We also continue to reach more people through new distribution channels, such as mobile banking. In Africa, for example, we partner with telecommunication providers in several markets to enable people to use their mobile phones for payments and transfers, whether or not they hold a bank account.

Responsible selling and marketing

We focus on clients and customers, not products. Our determination to treat clients and customers fairly and respond to their

real needs is firmly embedded in our responsible selling and marketing practices.

In 2010 we rolled out our Consumer Banking Customer Charter, our commitment to needs-based selling and service excellence. We also increased the number of complaints resolved within 48 hours by 14 per cent.

In Wholesale Banking, we maintained our focus on deepening our client relationships and investing in staff training to ensure that our employees fully understand the products we sell. We aim to be the core bank for more of our clients, providing relevant solutions for their needs, from commercial banking to strategic solutions. We demonstrated that we continue to stand by our clients when times get tough, using our capital and liquidity to support them.

To create long-term value for our shareholders, we must help address some of the critical environmental and social issues that affect the communities where we live and work.

Tackling financial crime

We are committed to combating money laundering, terrorist financing, fraud, bribery, and market abuse. To guard against the risk of financial crime within our business, we focus on training our employees, strengthening our screening systems, and ensuring that our policies and procedures are comprehensive and up-to-date.

This year we upgraded our Norkom monitoring system by adding additional detection scenarios, increasing our capability to detect and prevent money laundering. We also invested significantly in tools to identify market abuse and to tackle fraud, particularly e-crime.

The vigilance of our employees is paramount to our success in fighting financial crime in all its forms. This year we trained over 65,000 people in anti-money laundering procedures. Our internal Speaking Up programme is now supported in 14 different languages, available to staff through the Internet and by telephone.

Promoting sustainable finance

Sustainable finance is fundamental to our aim of creating long-term value for our shareholders while having a positive impact on communities. Our approach is to manage the environmental, social, and governance risks that come with our financing decisions, working with our clients to encourage progress towards international standards.

Our sustainability risk management framework was first established in 1997. This year, we focused on embedding it more deeply into our financing, while expanding it to cover more areas.

Our 14 position statements – including a new statement on water added this year – guide our approach to providing financial services to clients who operate in sensitive business sectors or face specific issues. Together with our commitment to the Equator Principles on project finance, the statements provide the bedrock of our

Case study



Our impact in Ghana

We want to have a positive social and economic impact on the communities where we operate. This year we commissioned an independent study of our impact in Ghana – the first in a series of such studies to help us understand our contribution and how we can deepen it.

In 2009, we provided Ghanaian businesses, consumers and government agencies with nearly \$900 million of financing, more than any other commercial bank. But our contribution goes far beyond the provision of credit.

As an international bank, we help support Ghana's economy by using our global footprint to increase trade and investment flows; we support clients in reaching international environmental, social and governance standards; we spur innovation through the launch of new products; we improve access to finance; and we provide world-class employment opportunities and training.

Highlights of the study include:

- Contributing to the economy: our impact amounted to \$400 million of value-added in 2009, equivalent to 2.6 per cent of Ghana's GDP
- Connecting Ghana to world markets: we lent \$193 million as trade loans in 2009
- Supporting SME growth: we provided \$17.2 million to SMEs in 2009
- Generating employment: our activities supported around 156,000 jobs in 2009, approximately 1.5 per cent of Ghana's workforce
- Delivering financial innovation: we were the first bank to provide commodity, interest rate and currency hedging
- Developing human capital: four banking CEOs in Ghana are alumni of Standard Chartered

For further information
you can visit
www.standardchartered.com



Employee volunteering

Employee volunteers help out at an eye-screening programme at a local school in Shanghai



Protecting the environment

In 2010 we reduced carbon emissions by 6 per cent and water consumption by 21 per cent in our larger premises

sustainability risk management approach. To ensure that our standards are applied robustly across our markets, we have refined the tools we use to evaluate our clients' performance.

We recognise that as a responsible financier we should not confine sustainability risk management to a narrow range of products. While the industry norm is to follow the Equator Principles on project finance only, we have extended our environmental, social and governance standards to lending, debt and equity advisory and principal finance transactions.

Our determination to promote sustainable finance means we also work hard to capture the opportunities represented by the renewable energy and environmental finance sector. At the end of 2010 we had reached \$4.98 billion of our commitment under the Clinton Global Initiative to mobilise \$8-10 billion towards all segments of the renewable energy market. Meanwhile, we have established a specialised equity research desk, reinforcing our environmental finance capabilities.

Leading the way in communities

To create long-term value for our shareholders, we must help address some of the critical environmental and social issues that affect the communities where we live and work. Our people are crucial to this effort. We take seriously our operational impact on the environment and empower our employees to help minimise our footprint through their everyday business activity. Our community investment programmes focus on generating high social returns and strengthening the economic health of our markets. Employee volunteering is at the heart of our commitment to play an active role in tackling the challenges faced by disadvantaged populations. This year our staff donated 49,050 days of paid volunteering leave to the community, an increase of 315 per cent on 2009.

Great place to work

Our people are crucial to the delivery of our sustainable business model. In our continuous drive to make the Bank a great place to work, we focus on attracting the best talent from across our footprint and enhancing employee engagement. For us, high performance is not just about generating large profits; it is also about living our values, demonstrating the many ways that we are Here for good. Since 2001, we have measured our employee engagement through an internal annual survey, The Gallup Organisation's Q¹² Employee Engagement Survey. This year saw a significant increase in engagement across our business, moving us from 4.03 to 4.21 on a scale of 1 to 5. We also progressed on our targets for diversity and inclusion, ensuring employees continue to feel valued and appreciated for who they are.

Protecting the environment

We operate in many countries vulnerable to environmental challenges, including the effects of climate change. Rather than simply continuing current business practices, we work to inspire and encourage our employees, clients and customers to minimise their environmental footprint. This strategy is supported by senior management on our Group Environment Committee and implemented through our network of Country Environment Co-ordinators. This year we continued our drive for more efficient use of resources in our offices. In our larger premises over 20,000 square feet – around half of our global property portfolio – we reduced carbon emissions by 6 per cent and water consumption by 21 per cent, both per full-time employee. We were proud this year to be included in the FTSE 350 Carbon Disclosure Project (CDP) Leadership Index and the FTSE 350 CDP Strategy Index. This recognises our achievements in managing our use of energy and travel.

Community investment

This year we made great strides in expanding our global community investment programmes, meeting – and in some cases exceeding – our targets. Seeing is Believing is a global collaboration to tackle avoidable blindness across our markets. Launched in 2003 as a simple staff-led initiative to raise enough money for 28,000 cataract operations, the programme has evolved rapidly. In 2008, having already raised \$17 million we committed to invest a further \$20 million to reach an additional 20 million people by 2014. As of 2010, thanks to the Bank matching contributions dollar for dollar, we have reached 79 per cent of that target. By 2014, we will have raised a total of \$37 million since the programme's inception, impacting over 38 million people.

Living with HIV, our workplace education programme, reached its target to educate one million people globally about HIV and AIDS. Launched in 1999, our network of over 1,000 staff volunteers and partner organisations have delivered HIV education to over 1.6 million people – 970,000 this year. Pledges from partners to deliver their own education programmes now total 2.3 million.

Goal, launched in 2006, uses sport, life skills and financial education to help transform the lives of adolescent girls around the world. Reaching only 70 girls in the first year, Goal now spans four different countries, changing the lives of 12,000 girls this year alone. Operating in cities across China, India, Jordan, and Nigeria, Goal aims to reach 100,000 girls by 2013.

In 2006 we also joined forces with five other donors to launch Nets for Life and distribute one million long-lasting insecticide treated nets across 15 African countries. We committed a further \$5 million in October 2008 to provide five million more nets by 2013. This year 3.7 million nets were distributed and over four million people received information on malaria prevention.