



2021 Annual General Meeting

Summary of responses to questions on key themes

The Standard Chartered PLC 2021 Annual General Meeting (AGM) was held on Wednesday 12 May 2021 at 11:00am (UK time) at 1 Basinghall Avenue, London, EC2V 5DD and on an electronic web-portal as described in the 2021 Notice of AGM.

Due to the UK Government's restrictions and guidance on non-essential travel and public gatherings in place on Wednesday 12 May 2021 shareholders could not attend the AGM venue physically.

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. As a result, the AGM was held as a combined physical and electronic meeting enabling shareholders to attend the AGM remotely and to vote and raise questions in real time.

Shareholders were able to attend and vote at the AGM using electronic facilities and also raised questions, by following the instructions set out in the 2021 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. *ShareAction appreciates the regular dialogue that we have had with Standard Chartered over the last 4.5 years, such as on its policies on coal and on shipping. Whilst we appreciate that Standard Chartered has made some progress over the years, we remain concerned about the bank's exposure to the fossil fuel industry.*

In 2020, Standard Chartered's annual financing of the fossil fuel industry was US\$7 billion; this is considerably higher than 2016 levels of US\$2.561billion. In keeping with this trend, financing for coal companies was up on 2019 levels as well.

The bank's current coal policy allows it to provide the coal industry with unabated finance in the short- to medium-term. Furthermore, Standard Chartered's revenue-based screening threshold and timeline is out of step with investor's asks of the bank's peers.

Most recently, investors representing US\$4.3 trillion in assets wrote to Barclays's CEO, Jes Staley, to ask that the bank institute a time bound phase out plan for the coal industry and publish a policy that excludes finance for companies developing new coal mines and power plants.



There is clear and growing interest from major investors that banks significantly reduce exposure to the coal industry and that this happen in the short- to medium-term, rather than action being kicked back to 2030.

When will the bank update its coal policy to include robust short- and medium-term screening thresholds, including for coal developers, and require clients to have coal phase-out strategies that are in line with investor thinking and Standard Chartered's commitment to net-zero by 2050?

First, we would like to thank ShareAction for the engagement we have had over the past four years.

We agree that climate change is a truly existential challenge for all our stakeholders. Sustainability is one of our Strategic Pillars and our aspiration is to be a leading bank in this field. We know that we need to deliver and that our actions must be commensurate with our goals. Critically, we will work with our clients to help them transition to net zero by 2050.

Our policy on coal is clear. We have a phased series of coal revenue thresholds we require clients to meet, reducing to 5% by 2030. These are non-negotiable, and we ceased providing financial services to four clients who had not reduced their thermal coal revenues below 100% by the end of 2020. All coal companies in our portfolio are subject to enhanced due diligence by our Environmental and Social Risk Management, Climate Risk and Reputational and Sustainability Risk teams. Ultimately our aim is to help our clients in their transition, not to exit them.

In terms of exposure to high carbon sectors, we have queried the figures you have referenced. The transaction detail underlying these headline numbers includes facilities specifically structured as transition or green loans and bonds; as such we believe counting the overall amount of capital provided to an entity in a given sector does not appropriately reflect what that capital is used for. We provide details of sectoral exposure in our 2020 TCFD report (<https://av.sc.com/corp-en/content/docs/tcfd-climate-change-disclosure.pdf>).

As announced by our Group Chief Executive at the 2020 results announcement, we are now developing an advisory resolution for our 2022 AGM to support dialogue on our net zero plans. We look forward to engaging with all investors on our plans, and on this resolution before putting it to a shareholder vote next year. We value the engagement with all of our stakeholders on this and we are serious about moving the world to a lower carbon environment.

2. In 2015, Standard Chartered committed to not support the globally controversial Adani Carmichael coal project in Australia. However, Standard Chartered is continuing to support Adani by raising capital for other group companies such as Adani Ports, which is part of the Carmichael project, owning the port and rail haulage of coal operations. Earlier this year, Adani Ports was removed from the Dow Jones Sustainability Index after its involvement in the Carmichael project, and its business dealings with the Myanmar military were highlighted. Why does Standard Chartered still consider this military coup-supporting, human rights-abusing, climate-wrecking company fit for financial support?



Last month, Standard Chartered participated in a syndicate providing US\$400 million to Adaro. This is despite the fact that Standard Chartered's own analysis finds that Adaro is a company heavily dependent on coal mining with its business model aligns with 5-6 degrees of global warming. Why is it that a bank that claims to support the Paris Agreement's goals of keeping global warming below 2°C is prepared to put its (and its shareholders') money into companies that plan for a 5-6°C warming outcome?

Our public commitment not to directly finance the Carmichael mine or associated facilities stands firm, as it has for many years. We have delivered on this.

We are supporting Adani as a client, in particular with their low-carbon transition through renewable energy and with financing for critical infrastructure such as ports. We have a range of controls to ensure that financing we provide cannot and is not used for the development of the Carmichael mine or associated facilities. This is an example of our financing aiding our clients in making their businesses 'greener'.

We have onboarded tools to help us determine the physical and transition risk in our portfolio and shared, in our 2020 TCFD report, an initial view on the temperature alignment of our corporate portfolio showing an average warming of 3.14 degrees across a sample of 100 clients. This enables us to see the impact our financing is having and what we must do about it to meet our commitments to align to net zero.

On Adaro, client confidentiality precludes us from commenting on this. Our position on coal is clear. We're supporting clients in their own transition to net zero, including through providing the capital and expertise they need to do so. Where clients are unwilling to do so, we can and will exit relationships – in 2020 we ceased providing financial services to four clients.

Our commitment is about supporting clients in their transition, not about exiting. We are producing transition frameworks, with the help of external consultants, for eight high carbon-sectors (starting with Oil and Gas and Metals and Mining, which have now been released - [https://av.sc.com/corp-en/content/docs/SC Transition A4-FINAL 6 pages.pdf](https://av.sc.com/corp-en/content/docs/SC_Transition_A4-FINAL_6_pages.pdf)) that we are publishing through the year.

All coal companies in our portfolio are subject to enhanced due diligence by our Environmental and Social Risk Management, Climate Risk and Reputational and Sustainability Risk team.

3. I have been encouraged by your suggestion that Standard Chartered "play its part in transitioning to a low-carbon economy". This is useful mission statement to have. However, as someone who has overseen an "impact investment fund" this is something difficult to achieve, if preparations are not adequate, within the bank.

Given the training of our staff, our existing approaches, weightage to the balance sheet of our borrowers and the regulatory requirements for provisions, most lending gravitate towards large balance sheets. Unfortunately, some of these strong entities, have questionable reputations and indeed practices in the field. This has been the central critique of the New York times best seller "Winner takes all: The elite charade of changing the world". Moving away from these "secure"



borrowers with good balance sheets towards smaller “innovative” firms contributing to the low-carbon economy will be the result only of critical rethinking within the bank. My aspiration for Standard Chartered however would be to be a formidable voice in pushing and supporting genuine leaders and innovators who are struggling with building market changing goods and services across the world.

My question is what resolution and discussion have the board brought to modifying the existing risk framework to allow it to become a dynamic and central tool to address deficiencies in existing “low-carbon” lending decisions by the bank?

Undertaking to work with these “innovative” firms who might possess “relatively” weak balance sheets, is a brave commitment behind into which the bank should put some resources. Most of this work will be led by the risk department and will require the active attention of the risk head in the board. In addition, it will require consultation with individuals, academics, policy researchers, regulators, and a whole range of practitioners in the field to develop a new “risk-weighted” approach that addresses the field and at the same time fulfils regulatory requirements. Such a journey will be arduous, but should the attention and support of the board be there it is something achievable. I would hence request that board make this exercise a priority if we are to come up with something which is feasible and sound.

It is important to provide financing to innovative firms in this field. We have a range of products and services suited to this, including Sustainable Finance in our Standard Chartered Ventures. We take this very seriously.

For larger, more established companies, we look at various aspects of risks related to climate change. The Brand, Values and Conduct Committee of the Board also reviews sustainability and climate risk. This is something that is getting increasing amounts of attention at the Board level.

We have developed a Board risk appetite statement and are in the process of developing a climate risk matrix. Our full climate risk plan is also developing such that it may become embedded in the overall risk management framework of the bank. Further, following recommendations from the Bank of England, a climate risk stress test is underway.

The Board spends a lot of time discussing the opportunities net zero brings for us and we are trying our best to ensure that that our approach is in line with best practice in this area.

Global Footprint

- 4. Please state the Board’s views on the Group currently operating in China and Hong Kong where security laws are draconian, there is state surveillance of its employees and where commercial cyber hacking is endemic.*

We have been in Hong Kong and mainland China for more than 160 years and they are both fundamental to our business of promoting trade and investment.



We are committed to remaining in these markets and helping them prosper. In all our markets we are committed to complying with all relevant laws and regulations and seek to engage constructively and be a force for good wherever possible.

Strategy

- 5. What will Standard Chartered do to earn more income for its shareholders, so that Standard Chartered will have more dividend for distribution to shareholders, and at the same time, ensure the share price grows steadily?*

Our business is on a much stronger foundation now. Prior to the pandemic we were on track to hit our Return on Tangible Equity (RoTE) ambition of 10%. We have evidenced over the past several years, until the pandemic struck, that we can generate growth and that we can do it whilst controlling costs and capital.

We believe that some of our larger markets, particularly Asia, will continue to drive the global economy out of recession. The transformation Standard Chartered has undergone over the past years has put us in a position to convert the dynamism of our global footprint to the dynamism of the business to generate sustainable and profitable growth.

- 6. Will Standard Chartered sell more products, for example, life insurance to Hong Kong and Mainland customers, business insurance to Hong Kong commercial customers, credit card business, retirement planning etc.?*

We focus on helping our clients achieve their financial goals, and wealth management (including insurance) plays a critical part in doing so. The reason these financial products are successful for us, is that we focus on delivering a full suite of products and advisory services to our clients. This will continue to be an area of focus.

We have an extensive product offering across multiple client needs such as wealth accumulation, retirement and legacy planning, as well as general and health protection insurance and some business insurance as well. We offer these wealth management products already across our footprint, including in Hong Kong and mainland customers, along with a full suite of retail products, such as credit cards, mortgages and deposits that allow our customers to manage their day-to-day and longer-term financial needs.

We also look to continuously enhance our financial products and solutions to ensure the best outcome for our clients. For example, we have a new goals planning tool in Singapore and Smart Goals platform in Malaysia that will be extended across our footprint, including Hong Kong. In addition, we recently launched our new Smart credit card in Hong Kong and will likewise be rolling it out to other markets in the future.



7. *Will Standard Chartered set a business goal for generating wealth planning, life insurance and business insurance?*

Our affluent client segment continues to be one of the larger segments of our business. The products we deliver to these clients, including insurance and wealth management are amongst our most profitable areas of business. In terms of goal-based planning, we are achieving this through Standard Chartered Ventures, for example in Singapore we have rolled out Autumn, a wealth advisory and planning tool, which has received good reviews in its early stages.

Shareholder Engagement

8. *At 452 pages, has not the time come to produce the Annual Report in two volumes, for ease of reading? (I am aware that at least one other has tried a two-volume approach, not entirely successful in my view but it must be possible).*

Some of the grey on white in the Annual Report does not make easy reading. Can we go for black on white? (I certainly prefer hard copy reading to online but I think there may be room for improvement).

There are a number of reasons why the annual report is large. When preparing the annual report, we need to ensure that we satisfy regulatory requirements, comply with investor guidance and best practice, and provide shareholders with all the up to date information that they might need.

We understand that there may be other formats for us to produce the annual report and we will explore ways in which we can do this. In the meantime, shareholders have the ability to request a copy of our Strategic Report which contains key extracts of the most important and helpful information contained in the annual report.

With regard to readability, we always try to strike a balance between branding and readability in our annual report. We understand your concerns and appreciate the time you have taken to give us feedback as the main audience of our annual report.

Share Price

9. *I bought shares at £14.278136 on 3 November 2011. Now the share price is £5.21. Is this downfall due to the incompetence of the Board since or anything else?*

We understand shareholder concerns on dividends and share prices. The difference in share price from 10 years ago has been disappointing, but we are in the midst of a worldwide pandemic. Shares in banks tend to be cyclical. This year has been different, with an improvement in the external environment that cyclicity has come back in a positive manner. Over the past year, UK banks have performed better than the FTSE 100 generally and Standard Chartered's performance has been in line with other UK banks.



We are working hard to ensure that income and profits are being generated to move toward our 10% RoTE target. This is critical in increasing share prices. Our strategy will help us reach those targets and it was a strategy that was working prior to the COVID crisis.

We expect that, starting 2022, income will grow between 5% and 7%. Together, with our cost control efforts, good risk management and management of our capital position we hope to move the share price upwards and generate surplus capital to invest in the business and distribute to shareholders.

Forward-looking statements

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

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

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Please refer to the Company's latest Annual Report for a discussion of certain of the risks and factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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