2020 has been an extraordinary year, with our lives changing in ways we couldn’t have imagined. Our Fair Pay Charter has been the compass for our response to colleagues’ changing needs, enabling us to adapt existing standards and create new support solutions quickly. This report highlights some of the ways we have adjusted reward to suit new ways of working and provides an update on how we currently meet the principles of our Fair Pay Charter. The principles cover all areas of reward including fixed pay, variable pay, recognition awards, Sharesave, core and additional benefits, international mobility, learning and development opportunities, and wellbeing support.

Fairness means different things to different people, especially when it comes to thinking about reward. That’s why we have a Fair Pay Charter, which sets out the principles we use to guide performance and reward decision-making globally. We have made good progress in implementing the principles of our Charter since its launch in 2018 and that work continues as the way we work evolves. While we acknowledge that we have more to do, we are committed to delivering fair and competitive reward to all colleagues.

Our goal is to create a culture of sustainable high performance where everyone can be at their best and feels their contributions are fairly rewarded.

74,500 colleagues told us how they feel about their reward through the 2020 engagement survey.

62% of respondents answered favourably when asked if they are satisfied with reward (2019: 56%)

While acknowledging that reward satisfaction scores tend to be low in engagement surveys, favourable responses to reward related questions in our survey have trended upwards over the last three years. Feedback from our engagement surveys, and colleague comments and queries on our fair pay reports, help us understand sentiment towards the Charter and identify areas for further focus. We also welcome external feedback on our approach to fair pay.
Wellbeing

Our state of wellbeing – whether positive or negative – has a huge impact on our ability to reach our full potential. It affects the experience we’re able to give our clients, our ability to adapt to change, our relationships with our colleagues, our productivity, creativity and engagement, and our prosperity – both as individuals, and as a business. For all of us, the events of 2020 highlighted the importance of our wellbeing, and how significant it is in both our personal and professional lives.

Our wellbeing strategy was refreshed in 2019 and is focused on building a culture where wellbeing is not just spoken about, but is integrated into our behaviours, learning, leadership and processes. Support is focused on prevention by providing targeted skills-based learning and wellbeing tools, aimed at helping colleagues find practical ways to feel and perform at their best, whilst also feeling able to support others compassionately. This is balanced with early intervention and the provision of expert care, ensuring colleagues can easily access the right support at the right time.

In addition to our continued wellbeing agenda, we provided support tailored to COVID-related challenges in each country. Transport and meals were provided for colleagues who continued to work in the office during periods of restrictions, financial support was made available towards the purchase of necessary equipment for working from home, and flexibility was given for those who were unable to work full time hours as a result of family care needs or because of travel restrictions impacting their return to usual working locations.

87% of engagement survey respondents told us that they feel the Bank supports their wellbeing (2019: 83%)

We know we are moving in the right direction but there is more to do to meet our aspirations, particularly for the 40% who told us they are experiencing a high level and frequency of work-related stress, and the 37% who did not feel comfortable to share these concerns with their people leaders.

We have continued with the transformation of our Bank, although we paused all restructuring activity during the first half of the year as we know that a lack of job security creates uncertainty. The transformation that went ahead in the second half of the year was no change from our pre-COVID plans, but we adjusted our approach given the unique circumstances and all colleagues impacted in 2020 received enhanced support, ensuring they were provided with their full salary for 2020, in addition to severance pay. Alongside the expansion and simplification of our outplacement services for impacted colleagues, we are investing in an ambitious agenda to ensure that all colleagues can continuously adapt, upskill, reskill and retool. In March 2020, we launched our new digital learning platform, diSCover, through which more than 69% of colleagues have accessed learning content.
We all have mental health, all the time. Mental wellbeing is about helping all colleagues - wherever they are on the spectrum between struggling and thriving - to access the right kind of support, to bounce back stronger from adversity and to understand what is required to realise their full potential. By sharing our wellbeing stories, role modelling inclusive behaviours and including mental wellbeing in our everyday conversations, we can tackle stigma around mental health and create a culture of inclusion, openness and authenticity.

Our focus continues in 2021, with our new learning programme focused on **Building Resilience**, which will help colleagues understand the neuroscience of mental health issues, teach them how to build resilience to cope with disruption and rapid change, and give practical tools to make small, impactful tweaks to daily habits that will drive sustainable high performance.

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<th><strong>Wellbeing support and tools</strong></th>
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| Supporting colleagues         | - Access to our expanded global employee assistance programme, which enables all colleagues and their household members to receive confidential guidance, coaching and counselling to help manage personal setbacks, emotional conflicts and the demands of daily life which can affect work, health and family. Support is available 24/7 through expert telephone support and an online platform.  
- Colleagues can connect with over 150 trained Mental Health First Aiders across 18 markets, supported by the introduction of a Group Standard for Mental Health First Aid. Mental Health First Aiders are a point of contact for any colleague experiencing any mental health issue or emotional distress. Interactions could range from having an initial conversation through to supporting the person to get appropriate help.  
- Colleagues who are experiencing domestic violence and abuse are offered a broad range of help and support through our Group Standard for Tackling Domestic Violence and Abuse. |
| Building wellbeing skills for the future | - Access to a digital application and platform with clinically backed tools and resources to proactively improve mental wellbeing and build resilience. Colleagues can assess their wellbeing needs and receive personalised recommendations and coaching on simple steps to develop healthier habits.  
- Access through an online platform to hundreds of live and on-demand classes dedicated to improving wellbeing. Over 6,000 colleagues, in 55+ countries, have joined for individual or team activities and challenges. |
| Regular practical support and communications | - Guidance on working from home for individuals and teams including tips on how to manage wellbeing, productivity and social connection.  
- Wellbeing toolkits giving helpful guidance and practical tips across our 4-pillar wellbeing framework, and discussion guides to help leaders support their teams.  
- Webinars on expected challenge areas while working at home including parenting, mindfulness and finding purpose. |
Impact of COVID-19 on the 2020 Performance and Pay Review

2020 was a unique year and we are proud of how our colleagues came together and worked hard to deliver against the odds. We thought carefully about our approach to the 2020 performance and pay review and made some changes to reflect the challenges we’ve faced and colleagues’ collective contribution.

In determining and allocating total variable compensation (“TVC”), focus was placed primarily on the Bank’s overall performance given the challenge created by COVID-19 in fairly and objectively assessing the relative performance of each business, function, region and country.

Supported by guiding principles to ensure fairness, people leaders continued to assess individual performance and valued behaviours and had the flexibility to adjust TVC for both individuals with very strong performance and for individuals whose performance fell short of our high standards. Senior colleagues agreed that this capacity within the pool should be focussed on more junior colleagues given the overall constraints.

People leaders set salaries for colleagues based on their roles, skills and experience and review them annually against relevant benchmarks. We continued our approach of using global principles to guide the distribution of salary increases, balancing carefully cost affordability with the need to compete for talent globally.

Our HR teams continued to conduct assurance checks on performance ratings and pay proposals, challenging any potential bias in outcomes.

Customer-facing colleagues in sales and collection roles continued to serve and support clients during the disruption caused by the pandemic using various remote channels and digital tools. Where colleagues were not able to perform their usual duties due to a lockdown, their roles were temporarily re-purposed to support clients in alternate ways, such as engaging in middle/back-office activities. Colleagues in these roles are eligible to take part in structured incentive plans which calculate variable pay based on achievement of a balanced scorecard. Performance targets under the scorecards were reviewed to consider the impact of disruption and to prevent risks from undue pressure.
International Mobility

International Mobility has been significantly impacted by the pandemic, with travel and immigration restrictions in numerous markets resulting in a large number of colleagues and their dependants displaced outside of their usual locations. Many of our colleagues were separated from their families and support networks for periods of 2020, facing high levels of uncertainty and frustration. We managed more than five times the usual volume of Personal Request to Work Abroad (“RTWA”) applications during 2020 and quickly adapted our existing RTWA program to support displaced colleagues. Consistent application of the principles of the RTWA program enabled us to maintain fair treatment of colleagues while balancing employer tax, compliance risk and costs.
Our Group executive directors are Group Chief Executive, Bill Winters, and Group Chief Financial Officer, Andy Halford. The structure of Bill’s and Andy’s reward is determined by the executive directors’ remuneration policy which is approved by our shareholders at least once every three years and was last approved in May 2019. The principles of our Fair Pay Charter apply to all colleagues, including Bill and Andy, and 2020 performance and pay decisions were made for them using the Group-wide principles for fixed pay decisions and the Group scorecard to determine incentive outcomes.

As the impact of the pandemic became evident, Bill, Andy and members of the Management Team made personal donations to our COVID-19 assistance fund and throughout the year colleagues from across the Bank have also made donations. In April, Bill and Andy volunteered to waive any entitlement to a cash incentive in respect of 2020, reducing their potential incentive by 50%.

No changes have been made to salaries or other pay opportunity for Bill and Andy in 2021. Further detail on the remuneration received by Bill and Andy in respect of 2020 and how they will be paid in 2021 is in the 2020 directors’ remuneration report section of our annual report.
Looking to the future
Flexible Working

Engagement survey data told us that prior to the pandemic, the majority of colleagues worked from home or another location outside of the office for on average 10% of their time or less, with 36% never working in this way. The pandemic transformed the concept of flexible working, and in the space of just a few weeks, 85% of colleagues were working from home. And it wasn’t just working locations that changed – many colleagues found themselves juggling work, home schooling and caring responsibilities, adjusting working hours to fit with new routines.

Our experiences are all different and we know that coping with the challenges faced during lockdowns is not the same as choosing an ideal flexible working situation. Nevertheless, we want to build on the positives colleagues have told us about – feeling empowered by flexibility, being able to better manage home and work demands, and maintaining levels of productivity.

77% of colleagues told us they feel able to choose a reasonable balance between personal and work life (2019: 75%)

It’s pleasing that this is moving in the right direction, but we know we have more to do and for the first time, we asked colleagues to tell us how they feel about future working locations and patterns.

- 74% would choose to work from home or another non-primary workplace 50% of the time or more
- Flexibility on times of day attractive to 56%
- Flexibility on number of hours attractive to 54%
- Multiple locations in one country attractive to 45%
- Ability to work in different countries attractive to 32%

In response to the evolving nature of work and changing expectations from clients and colleagues, we have embarked on a multi-year programme, Future Workplace Now, to redesign how work can be done and to consider the associated impact on our workplace. This will involve, in a phased approach, colleagues being able to agree with their people leader on where and when they work, balancing both the needs of the business and personal circumstances.

A review of all roles (where and how they can be done) showed that more than 80% of roles are suitable for some form of flexible working. This assessment of role flexibility will be the starting point and we will clearly articulate those roles which require a fixed working pattern or a physical presence in a branch and/or office. We will always need space to come together, and we will start to design our office space differently, to foster creativity and better support a more flexible workforce, with near-home/near-client workspace also being made an option.

From 1 April 2021, colleagues in eight markets will commence their formal flexi-working arrangements under Future Workplace, Now, with subsequent markets expected through 2021 to mid-2022. 84% of colleagues who responded to the Expression of Interest within those eight markets indicated that they would like to implement a formal flexi-working arrangement. 31% expressed interest in both flexibility of location (which may be a combination of office, home, or another agreed work location) and time (the number of days and hours worked in a week).

Colleagues who aren’t in the first markets to try our new approach can still make use of our existing global Flexible Working Practices.
Recognition

Recognition is an important aspect of our culture at the Bank and recognising each other’s contributions and achievements is especially meaningful during challenging times. Colleagues have told us that being recognised for accomplishments is one of the reward components which is most important to them, and that the types of recognition they most like from their people leader are:

- A ‘thank you’ direct from them
- A financial award such as a Going the Extra Mile (GEM) award. GEM awards are the Bank’s cash-based recognition award, and are used to recognise colleagues who demonstrate exemplary value behaviours beyond regular work responsibilities
- Recognition within the Bank such as through our ‘Simply Thank You’ tool or a senior leader email to the individual and the team.

Close to

11,000

Thank You notes were sent on Simply Thank You during 2020, recognising colleagues for their great support.

The Standard Chartered Recognition Awards celebrate the very best examples of demonstrating our valued behaviours to deliver a fantastic outcome for the business, our clients, our colleagues, or the communities in which we operate. All colleagues can nominate individuals or teams in categories corresponding to each of our valued behaviours - Do the right thing; Never settle; and Better together. In addition, we introduced a new category for 2020 - Covid-19 Hero - to give due recognition to efforts during the pandemic.

We’ve been using insights from our engagement survey, along with the output from focus groups and dedicated research, to inform the design of our refreshed approach to performance, reward, recognition and talent management. Recognition will continue to form a core part of our proposition, rewarding the demonstration of exemplary conduct and role model
### How closely aligned are we to the principles of our Fair Pay Charter?

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<thead>
<tr>
<th>Fair pay principle</th>
<th>How do we meet the principle?</th>
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<tbody>
<tr>
<td><strong>1. Living Wage</strong></td>
<td>A living wage is a wage that allows an individual to maintain an adequate standard of living and is based on various economic factors and the cost of goods and services.</td>
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<td>• All employees are paid a living wage, as measured by the benchmarks in place through our work with Fair Wage Network.</td>
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<td>• We have taken the first steps in assessing the feasibility of incorporating living wages into our supply chain, which is a multi-year undertaking. During 2021, we will focus on specific actions for Non-Employed Workers.</td>
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<td><strong>2. Providing security</strong></td>
<td>• We have guidelines to support our resourcing teams and people leaders in providing an appropriate balance between salary and variable pay opportunity, depending on the role and location, and HR teams check this as part of our hiring and performance and pay review processes.</td>
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<td>• We provide core benefits in all markets, covering retirement savings, medical insurance, life assurance and annual leave.</td>
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<td>• Our global standard for parental leave provides a minimum of 20 calendar weeks of maternity leave, two calendar weeks of parental leave for spouse/partner and two calendar weeks of adoption leave, all fully paid.</td>
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<td>• In 2020, where colleagues were made redundant due to business transformation that was underway before the pandemic, full salary was paid for 2020, in addition to severance pay.</td>
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<td><strong>3. Flexibility for all</strong></td>
<td>• Our global flexible working practices apply to colleagues in all markets.</td>
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<td>• Future Workplace, Now, our redesign of how we work, launches in eight markets during 2021.</td>
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<td>• In March 2020, we simplified our wellbeing and benefits policies and procedures into a new Group Wellbeing and Benefits Standard, to better support colleagues in understanding these provisions in the context of our Fair Pay Charter.</td>
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<td>• The phased roll-out of our flexible benefits offering continues, with colleagues in Poland accessing flexible benefits in September 2020, and preparation work completed for launch in Malaysia on 1 April 2021. Following successful roll-out of flexible benefits in Singapore and the UK in 2019, 87% of colleagues in those markets told us that they were satisfied. 79% of colleagues in Singapore are currently utilising flex and 74% in the UK.</td>
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<td><strong>4. Reliable pay administration</strong></td>
<td>• Our payroll teams quickly adapted to new ways of working and maintained 100% on-time payroll delivery during 2020 and over 99% accuracy rate.</td>
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<td>• Our payroll transformation continues at pace, setting the foundations for continued success.</td>
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<td><strong>5. Competitive pay opportunities</strong></td>
<td>• We have Group-wide principles, guided by market data, for making salary review decisions to help us balance what is right for colleagues with the Bank’s financial position.</td>
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<td>• During 2020, we expanded the use of salary ranges to cover 74% of colleagues globally (up from 25% in 2019). We expect salary ranges to improve the transparency and fairness of fixed pay decision-making by reducing the potential risk of bias and shifting the focus to the salary range for the role, rather than on an individual’s past or current compensation.</td>
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| **6** Consistent reward structures | • Our multi-year review of benefits is progressing, increasing the consistency of the structure of pay and benefits by country, including the removal of differentiation of allowances and benefits solely by band, age, tenure and dependent status.
• Work in additional markets continues to more closely align benefits to the Charter and to increase inclusivity. In India, medical benefits and domestic relocation benefits were extended from 2020 to LGBT+ partners of colleagues. |
|---|---|
| **7** Inclusive behaviour | • In line with our Group Diversity and Inclusion Standard, our reward policies and practices do not discriminate based on personal characteristics.
• We provide reporting tools to HR teams and people leaders to run live analysis throughout the annual pay and performance review to identify areas where pay should be reviewed to check it is fair (for example, checking for anomalies by gender and challenging where appropriate).
• Colleagues in a number of markets are now able to disclose their ethnicity data in our HR system, on a voluntary basis. Disclosing this data will help us gain a better understanding of our ethnicity profile thus enabling us to review areas such as equal pay, promotions, succession planning and talent development programmes. |
| **8** Transparent pay decisions | • Our approach to determining variable pay is consistent across the Group, and considers achievement and demonstration of our valued behaviours in support of the high performance culture we want to embed.
• 2020 TVC outcomes linked to Group performance, with individual performance adjustments for both individuals with very strong performance and for individuals whose performance fell short of our high standards.
• 79% of engagement survey respondents told us they feel their performance is fairly evaluated by their people leader, an increase of 4 percentage points since 2019. |
| **9** Clear expectations | • Each colleague has a people leader whose role is to support their performance management, including discussing personal objectives, providing advice through regular discussions and holding structured performance and development conversations at mid-year and year-end. In August 2020, a new People Leader Standard was published, including guidance to support people leaders in making fair and consistent reward decisions.
• All colleagues are encouraged to seek and give feedback as part of continuous performance management. 85% of engagement survey respondents felt that the people they work with give and receive constructive feedback about work performance, up 2 percentage points year on year.
• In March 2020, we shared internally information on what it takes to achieve promotion to MD level, supporting colleagues in aspiring to this level by being open and transparent about what is involved. |
| **10** Clear communication | • Group communications on performance and pay review outcomes are sent to all colleagues and people leaders, and support materials are available for people leaders on how to have effective conversations.
• Feedback is actively sought through engagement surveys, throughout the year.
• Where colleagues do not feel decisions have been made fairly or explained clearly, there are mechanisms in place to raise and resolve concerns, ranging from support from people leaders and HR colleagues, to our Speaking Up programme. |