



## Who we are

We operate in 63 markets worldwide, with a strong focus on Asia, Africa and the Middle East. We provide a wide range of banking and financial products and services to personal and business clients, serving four client segments:

- Corporate & Institutional Banking
- Commercial Banking
- Private Banking
- Retail Banking

We achieve this via more than 86,000 colleagues and 15,000 non-employed workers, spread across our markets. A significant majority of those working for us are skilled professional workers.

## We work with

# 86,000

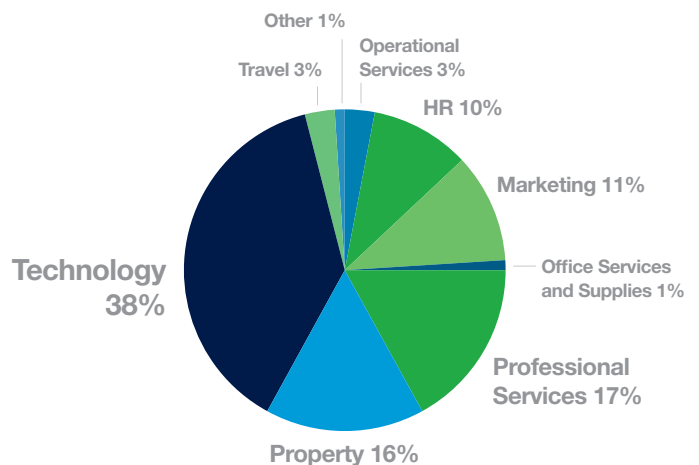
colleagues and 15,000 non-employed workers, spread across our markets. A significant majority of those working for us are skilled professional workers.

## We spent around

# USD3.9bn

in 2017 with about 16,000 active suppliers.

We spent around USD3.9bn in 2017 with about 16,000 active suppliers. The majority of our expenditure is indirect - goods and services that enable the core provision of financial services - rather than goods for resale. Our spend covers the following categories:



## How we consider modern slavery

### Respecting human rights

We are committed to respecting human rights potentially impacted by our activities. Through due diligence, we seek to avoid infringements and complicity in the infringements of others, and will address adverse impacts if they occur.

**Our Position Statement on Human Rights** (<https://av.sc.com/ca/Human-Rights.pdf>), which was approved by our Group Chief Executive in May 2016, details our approach and is informed by a range of international standards including:

- International Bill of Human Rights, comprising:
  - United Nations Universal Declaration of Human Rights
  - International Covenant on Civil and Political Rights
  - International Covenant on Economic, Social and Cultural Rights
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- International Labour Organisation (ILO) Conventions 138 (Minimum Age) and 182 (Worst Forms of Child Labour)
- UN Guiding Principles on Business and Human Rights (the ‘Ruggie Principles’)
- United Nations Global Compact
- Thun Group of Banks - The Guiding Principles: an interpretation for banks
- International Finance Corporation (IFC) Performance Standards

Where we identify that we have caused or contributed to adverse impacts, we endeavour to address these by providing remedy or cooperating in the remediation process.

Our Group-wide Code of Conduct ([sc.com/codeofconduct](https://sc.com/codeofconduct)) reflects our commitments on human rights, confirming that **“We respect human rights impacted by our activities with employees, suppliers and clients. Where adverse impacts occur, we are committed to addressing these”**. All colleagues commit to, and undertake online training on, our Code upon joining Standard Chartered, and recommit to it annually.

Standard Chartered Bank’s “Speaking Up” Programme has been established for use by internal and external parties to report actual, planned or potential misconduct on the part

of Standard Chartered, its staff, suppliers and subcontractors. Third parties can report relevant information in strictest confidence by using a secure web-based channel ([www.intouchfeedback.com/speakingup](http://www.intouchfeedback.com/speakingup)). The website accepts reports in 13 languages. Reports may also be made anonymously. Reports will be investigated by Standard Chartered in strict confidence. The Speaking Up Programme is overseen by Senior Management and all line managers are required to complete training on the programme.

A cross-function working group was created in

# 2016

to achieve a joined-up approach to modern slavery.

### Tackling modern slavery

Through slavery, servitude, forced or compulsory labour and human trafficking, modern slavery breaches fundamental human rights. Our roles as an employer, procurer of goods and services, and provider of financial services each provide potential exposure to these practices. Our broad footprint gives us the opportunity to raise awareness of modern slavery in a wide range of markets and industries.

We seek to ensure there is no modern slavery in our operations and supply chain, and to identify and address modern slavery risks connected to our provision of financial services. We recognise this is an ongoing process, as evidenced by our 2017 actions and 2018 commitments detailed under the ‘Learning and improving’ sections in this document.

### Learning and improving

We recognise the importance of a joined-up approach to addressing modern slavery across the organisation. During 2016 we created a cross-function working group. In 2017, this working group carried out a review of our salient modern slavery issues and the controls we have in place to guard against negative impacts on people. This included an assessment of country-level modern slavery risks in the markets in which we operate, and how our role as an employer, procurer, or financier may connect us to these risks. The outcomes of this review are detailed in the following sections.

We have also participated in informal discussions with other banks, including hosting workshops, to share experiences, best practice and enhance our knowledge of modern slavery controls and reporting.

## How we approach modern slavery with clients

We recognise the role the financial services sector can play in fighting modern slavery. As one of the more serious predicate offences to money laundering and one of the most significant generators of illicit proceeds, we take fighting modern slavery as seriously as fighting drug trafficking, corruption or organised crime ([sc.com/fightingfinancialcrime](https://www.sc.com/fightingfinancialcrime)).

One of our objectives as a Bank is to support partnerships that fight financial crime. Since 2014, we have put in place a programme of work to encourage a more coordinated industry approach to defining the role of financial institutions in identifying and disrupting financial flows linked with modern slavery.

A key example of this is our membership of the Joint Money Laundering Intelligence Taskforce (JMLIT) - the UK's model for a collaborative approach to tackling money laundering, and a partnership between the UK government, law enforcement agencies and members of the financial sector. We chair the Expert Working Group on Human Trafficking and Organised Immigration Crime, and participate in other JMLIT working groups.

We are also members of public-private partnerships in other countries, and contribute to industry initiatives such as the European Bankers Alliance' Human Trafficking toolkit, and work by the Financial Action Task Force on human trafficking and smuggling.

We have long-standing environmental and social standards in place for business clients (<https://www.sc.com/en/sustainability/#standardspolicies>). These set clear expectations requiring clients to have appropriate controls in place to prevent modern slavery practices.

Where we identify, or others bring to our attention, that such practices are or may be occurring, we will investigate and work with our clients to ensure they are able to rectify these and prevent recurrence ([sc.com/eandsrisk](https://www.sc.com/eandsrisk)). Where we cannot get the requisite level of comfort that sufficient safeguards are in place, we will exit the client relationship and have done so on occasion. Our relationship managers receive training via a variety of methods including face-to-face, webinar and online, to help them engage with clients.

**One of our objectives as a Bank is to support partnerships that fight financial crime. Since 2014, we have put in place a programme of work in place to encourage a more coordinated industry approach to the role of financial institutions in identifying and disrupting financial flows linked with modern slavery.**

## Case Study

An NGO report indicated child labour was being used in pozzolana quarries, which supply one of our cement clients in Uganda. Our environmental and social risk management team led a detailed review of the allegations, and supported engagement with the client around the issue. The client acknowledged the severity of the problem, and their exposure via their supply chain. With our support, they made a number of changes to manage the risk, including sourcing from a single quarry to improve oversight, undertaking regular audits, and supporting introduction of mechanisation at the quarry. We continue to engage with the client to ensure that their policies are enacted in other project sites, and that they support projects that give children opportunities for education and training rather than turning to informal employment.

## Learning and improving

Our review of modern slavery risks and controls during 2017 identified areas where we could enhance our response. We have taken action on a number of these, whilst some will take longer to address.

### During 2017, we:

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- Quantified our lending in specific sectors and countries which present intrinsically heightened risk of modern slavery impact, to better inform how we address these risks
  - Completed a 'global threat assessment' of financial crime threats which included modern slavery and human trafficking
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### During 2018, we will:

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- Create further guidance for relationship managers on how to engage with clients on modern slavery issues, and support this via training
  - Consider how we can automate assessment of the country-sector risk of modern slavery into our existing system for reviewing environmental and social risks
  - Include modern slavery training in our Correspondent Banking Academy face-to-face training programme for client banks in our markets
  - Commence training front-line branch banking staff in high-risk countries to recognise and report signs of modern slavery and trafficking
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In 2017 we had

99.4%

commitment and recommitment to the Code of Conduct on an annual basis, and associated training where required.

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In 2017 we had

487

clients and transactions reviewed by our dedicated ESRM team, including predominant sectors and themes.

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## How we address modern slavery with suppliers

Standard Chartered does not knowingly participate in relationships with suppliers involved in human trafficking or any other form of modern slavery. We expect all our suppliers to comply with our Supplier Charter ([sc.com/suppliercharter](https://sc.com/suppliercharter)), which includes requirements to:

- **work to support and respect the protection of human rights** in accordance with the UN's Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights
- **prohibit human trafficking**, the use of all forms of forced or compulsory labour and any other form of modern slavery within the supplier's own operations
- **recognise and conform with the rights of employees to associate freely and to organise and bargain collectively in accordance within the framework of local laws in which they are employed**, recognising the role of International Labour Organisation (ILO) Conventions 87 on freedom of association and 98 on right to organise and collective bargaining
- **not to use child labour and to support effective abolition of child labour**, and to take all reasonable steps to eliminate such labour from their supply chain, recognising the role of ILO Conventions 138 on minimum age and 182 on child labour

- **take all reasonable steps to eliminate forced labour from their supply chain**, recognising the role of ILO Conventions 29 and 105 on forced labour.

We share our Charter with all new suppliers, and annually with existing suppliers.

For tendered initiatives, we screen potential suppliers to ensure they have approaches in place to address modern slavery, which may include issuing a Modern Slavery Statement. A supplier's response forms part of our overall evaluation criteria, informing our decision on whether to do business with them.

Our standard contracts contain rights to conduct routine monitoring of suppliers. Those found non-compliant with our standards may face termination of contracts and be excluded from potential engagement opportunities.

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In 2017 we had

99.2%

**completion of our mandatory eLearning on anti- money laundering, which contains materials on human trafficking.**

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## Case Study

In 2017 we worked with an external specialist to pilot an in-depth human rights assessment on a UK catering supplier, based on potential sector risks relating to pay and working conditions within their operations and supply chain. The supplier is well-known in the market place and we have a long-standing relationship with them, which facilitated a transparent dialogue. The supplier was very forthcoming in assisting with our review, which enabled us to look in depth across their supply chain as well as how staff were recruited and retained to work on-site at Standard Chartered premises.

The catering supplier had proactively embedded key policies and procedures, put in place governance mechanisms and issued their own Modern Slavery Statement. As part of their ongoing commitment to implementing effective human rights practices, the supplier has identified areas requiring enhanced oversight, such as fisheries and the fruit and vegetable sector, and areas of development such as extending desktop supplier risk reviews to physical reviews and developing an ethical audit programme. Whilst the supplier is proactively working to establish heightened processes, they acknowledge continuous efforts are required to embed best-in-class human rights protection processes within their organisation. Consequently, the review highlighted the relevance of collaborative initiatives. We will continue to work with the supplier to encourage progress and review improvements.

## Learning and improving

Our review of modern slavery risks and controls during 2017 identified areas where we could enhance our response. We have taken action to implement a number of these, however, some will take longer than others to address.

### During 2017, we:

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- Implemented new contract language in our standard terms and conditions to impose explicit obligations for our suppliers to address modern slavery in their supply chains
  - Reviewed contractual provisions for UK suppliers of non-employed workers to ensure these specifically reference the Modern Slavery Act. We are introducing appropriate changes when signing new contracts
  - Updated our request for proposal template to include revised questions relating to modern slavery, including how suppliers' approaches are implemented within their supply chain
  - Delivered webinar training for over 100 Supply Chain Management employees to raise awareness of modern slavery practices and what to look for in documents provided by suppliers as part of the request for proposal process
  - Commenced a pilot modern slavery audit with key suppliers, looking at how controls were implemented with a view to embedding key findings in our modern slavery controls in 2018
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### During 2018, we will:

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- Begin to embed further checks in our third-party risk management programme where we are sourcing from a category and country combination which presents higher modern slavery risk
  - Examine how we can enhance our risk assessment process for suppliers where the amount spent doesn't require a request for proposal to be issued
  - Consider how to scale up our modern slavery audits as part of our overall approach to managing modern slavery risks in our supply chain
  - Review actions to increase our leverage with suppliers, which could include additional contractual requirements, annual supplier attestations, or investigating ways to collaborate within the financial services industry in joint auditing activities
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## How we address modern slavery with employees

As a financial services organisation, our direct employees tend to be skilled workers operating in an office environment. We have a range of policies and procedures (<https://www.sc.com/en/sustainability/#standardspolicies>) which seek to ensure that no employee of Standard Chartered is a victim of modern slavery practices.

### These include:

- ensuring all colleagues are paid a living wage in all our markets, and complying with all labour laws
- providing equality of opportunity and fair treatment in employment, and not unlawfully discriminating in our recruitment and employment policies and processes

- enabling colleagues to resolve grievances connected directly with their employment
- maintaining fair and consistent standards where the conduct or performance of colleagues fails to meet expected standards

Each of our policies and procedures has an assurance process associated with it, which assure the control owner that it is functioning effectively. Our 2017 review of modern slavery risks and controls indicated that our current controls for direct employees appropriately address the risks to which we are exposed.

## Measuring our progress

We measure how we perform against our standards in a number of ways. This includes monitoring:

Measure	2017 Result
Completion of our mandatory eLearning on anti-money laundering, which contains materials on human trafficking	<b>99.2% completion in 2017</b>
Commitment to the Code of Conduct on an annual basis, and associated training where required	<b>99.4% commitment and recommitment in 2017</b>
The number of clients and transactions reviewed by our dedicated ESRM team, including predominant sectors and themes	<b>487 clients and transactions reviewed in 2017</b> <b>Predominant sectors included mining and metals and agribusiness</b>

We will continue to review these metrics, and will introduce new metrics if we find better ways to monitor our progress in addressing modern slavery.

We welcome feedback on our modern slavery transparency statement. Please contact us at [sustainability.feedback@sc.com](mailto:sustainability.feedback@sc.com). This statement has been approved by the Board of Directors of Standard Chartered PLC.



Signed by Bill Winters  
Group Chief Executive Officer  
26th February 2018