

Stakeholders and responsibilities

Our stakeholders

We believe that regular and constructive dialogue with stakeholders is central to delivering sustainable and responsible banking.

If we are to drive commerce and prosperity, we need to understand the long-term issues that impact our markets. During 2018, we increased engagement with stakeholders and continued to listen and respond to the environmental, social and corporate governance (ESG) concerns of a wide range of external groups.

We track both 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. It helps inform our response to these issues and maintain good relationships in the markets where we operate.

Progress is communicated regularly through channels such as sc.com and this report.

CLIENTS



How we serve and engage

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.

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. In recent years, we have seen increasing demand from our clients for sustainable finance products.

Delivering fair outcomes for clients is a priority, starting with products and services that are well-designed, fairly and reasonably priced, and supported by clear and concise information. Client interests are factored into our business strategies, including how we set and monitor revenue targets, govern new product development, review and assess existing products and discontinue products. We aim to deal with issues in a fast, fair and efficient way and each business segment has tailored procedures and processes in place to handle client complaints.

Good business conduct remains central in all our client interactions. Across our businesses, we aim to ensure that frontline colleagues are trained and certified, provide the right information about fees, risks and product features and deliver on service level promises. In Corporate & Institutional Banking, colleagues must identify and manage possible conflicts of interests with clients in an open, honest and clear way, and carry out all client orders in a way that treats all clients fairly.

➤ For more information about our clients, read the Client segment reviews on pages 21 to 24



REGULATORS & GOVERNMENTS



How we serve and engage

We engage with relevant authorities to play our part in supporting the effective functioning of the financial system and the broader economy.

In 2018, we engaged with policymakers at all levels to exchange information on topics such as prudential rules, Brexit, supporting trade and economic growth, climate change, fintech, artificial intelligence, cyber security and fighting financial crime.

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 across our markets ensures that the Group meets its obligations. In turn, this supports the resilience and effective functioning of the Group and the broader financial system and economy. In 2018, we brought our Public Affairs and Group Regulatory Reform teams together to form a new Public and Regulatory Affairs team responsible for anticipating changes to relevant legislation and regulation. This helps ensure we comply with requirements and manage relationships with regulators and governments effectively.

We actively engage with governments, regulators and policymakers at a global, regional and national level to share insights and technical expertise on key policy issues. This engagement supports the development of best practice and the adoption of consistent approaches across our markets. We comply with all relevant transparency requirements and engage with governments and regulators in many ways, including through ongoing dialogue, submission of 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.

In 2019, we expect to focus engagement activities on regulation and legislation associated with emerging technologies and innovations in banking. We will also continue to engage on Brexit, global trade developments, the Belt and Road initiative and climate change.



COLLEAGUES



> See pages 44 to 46

SOCIETY



> See pages 47 to 51

INVESTORS



How we serve and engage

We aim to deliver robust returns and long-term sustainable value for our investors.

Our operating footprint, along with a commitment to sustainable and responsible banking, uniquely connects investors in established capital markets with opportunities in emerging markets. In this context, we believe that an integrated approach to ESG issues and a strong risk and compliance culture provide a competitive advantage.

Using the capital that we receive from equity and debt investors, we execute our business model with a focus on delivering sustainable value for all shareholders. 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.

During 2018, we engaged with investors in a number of ways including at conferences and on roadshows. In May, we hosted a seminar on our second largest business, Retail Banking, in London. Increasingly, investors are engaging us on ESG matters including the United Nations (UN) Sustainable Development Goals, climate change, coal and human rights. Following our commitment at the AGM, we hosted several bilateral engagements covering our Sustainability Philosophy, updated Position Statements and our Prohibited Activities list. These and other topics were covered at the Chairman's stewardship and strategy forum in September.

We 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 2019, we will continue to engage with investors on how we will sustainably improve our returns to create value over the long term.

> For more information about Board engagement with shareholders in 2018, see page 70 in the corporate governance section of the Directors' report



SUPPLIERS



How we serve and engage

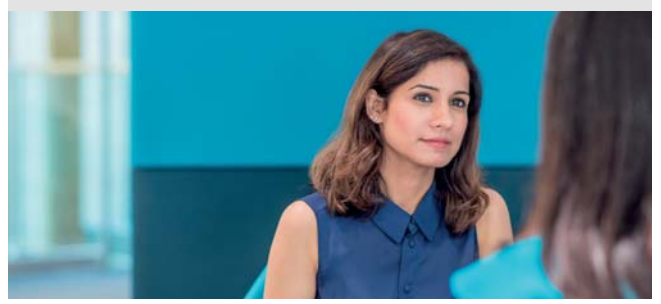
We work with local and global suppliers to ensure they can provide the right goods and services for our business, efficiently and sustainably.

Engagement with suppliers is guided by our Supplier Charter, which sets out what we expect of vendors on issues such as ethics, anti-bribery and anti-corruption, human rights and environmental performance. Suppliers must recommit to the charter annually, and regular engagement to monitor performance is built into our procurement practices and standards. In 2018, we hosted vendor forums across a number of our markets where we discussed the Bank's valued behaviours and conduct expectations.

We engage globally and locally to create value through the supply chain for both our business and our vendors. Our strategic supplier relationship management programme helps build relationships with our 36 key suppliers. In 2018, we held engagement sessions in Hong Kong and the UK to strengthen collaboration and innovation with strategic suppliers. Small and medium-sized business owners are given the opportunity to participate in our sourcing activities and local supply teams engage them within our markets to help them meet the standards set out in our Supplier Charter. We also work with small and medium-sized fintechs with SC Ventures to drive greater innovation in our supply chain.

We are committed to embedding sustainability in our procurement practices and in 2019, we will define targets to encourage greater diversity in our supply chain. This includes supporting sourcing from businesses owned by women, and micro and small businesses. Our new supply chain management system, SCBuy will provide improved data on sustainability issues such as modern slavery and diversity and inclusion. The first phase of SCBuy was implemented in 2018. It will be completed in 2021.

+ Download our Supplier Charter at sc.com/suppliercharter



Stakeholders and responsibilities continued

COLLEAGUES



How we serve and engage

We believe that great client experience is driven by great colleague experience. We want our people to pursue their ambitions, to deliver with purpose, and have a rewarding career enabled by great people leaders.

Purpose-led cultural change

Our culture is the foundation for delivering on our purpose to drive commerce and prosperity through our unique diversity. We continue to embed our culture through our valued behaviours (Never Settle, Do the Right Thing and Better Together), which describe a culture that balances innovation, client focus, ethics and inclusion. We have integrated these refreshed valued behaviours into the way we hire, recognise, reward and develop our people.

Engaging our colleagues

More than 73,000 (90 per cent) of our people took part in our annual engagement survey. When asked 'How does working for the Bank make you feel?', emotions such as pride,

happiness and optimism ranked highly, while colleagues expressed some frustration with work processes. Engagement levels are at 67 per cent (in-line with 2017 results, and up from 2016) with 96 per cent of respondents committed to doing what is required to help us succeed. Follow-up actions include simplifying company processes, promoting innovative practices and encouraging colleagues to identify small changes in our work processes that can make a big difference.

The Board hosts engagement sessions with colleagues when travelling to our markets and we are also introducing new ways for colleagues and the Board to interact, for example, through online discussions. This aligns with the new UK Corporate Governance Code requirements on workforce engagement.

We proactively manage risks associated with our workforce (such as engagement, attrition, development and conduct) through our risk management frameworks. Additionally, we continue to review our people agenda in light of the changing needs of the future workforce so that we can remain an employer of choice for the talent upon which we depend.

Our commitment to wellbeing

We are committed to bringing out the best in colleagues by establishing and maintaining a work environment that promotes positive wellbeing and healthy lifestyle choices. Our vision is to create a culture where employees have access to a range of wellbeing resources to help them remain happy and healthy, and can seek help when they need it. We recognise that every employee has different needs and our four wellbeing pillars – mental, physical, social and financial – allow us to provide support to employees at every stage of their lives.

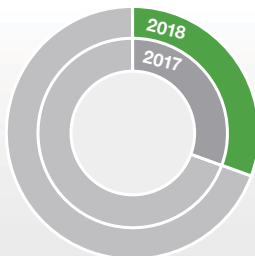
Developing our colleagues

Developing our people and finding the right opportunities for them to succeed is a priority for us. In 2018, we identified and brought together two global talent pools for emerging and high potential talent. These are groups of talented leaders at different stages in their career who have the potential to operate in more senior and complex leadership roles in the future. The pools are designed to prepare and accelerate their readiness for succession to Management Team roles over the short, medium and long-term.

Female representation

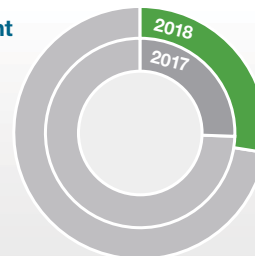
Board

Female
30.8%
(2017: 30.8%)



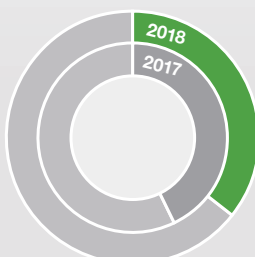
Senior management (Bands 1-4)

Female
27.7%
(2017: 25.7%)



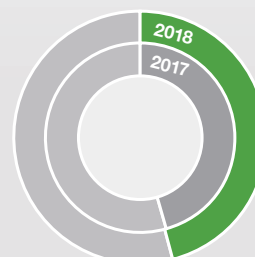
Management Team

Female
35.7%
(2017: 42.9%)



All employees

Female
45.9%
(2017: 45.8%)



One of the ways we nurtured talent in 2018 is through mentoring relationships between our independent non-executive directors and leaders from our global talent pool. This enabled future leaders to learn from external perspectives to shape their own personal and professional growth.

For identifying talent in the external market, we have invested in our Global Talent Research team to directly source talent. Over 50 per cent of the external talent that was sourced and hired by this team in 2018 was female talent.

Learning as a lever for culture, capability and performance

Leadership is pivotal to our culture, capability and performance, and our people leaders are central to developing our employees and supporting their career aspirations.

In 2018, we rolled out new executive development programmes 'It's On Us' and 'Make it Real' in partnership with Duke Corporate Education. We reached 90 per cent of our top 250 leaders and 34 per cent of our executive leaders this year.



Our commitment to wellbeing

A wellbeing programme consisting of four pillars – mental, physical, social and financial – has been launched globally. More than 80 per cent of our colleagues have access to offerings under all four pillars. A detailed review in 15 of our largest markets has provided a better understanding of the local wellbeing challenges being faced and how best to strengthen our wellbeing programme in 2019 and beyond.

The programmes are focused on our clients, our purpose and our valued behaviours, challenging the way our leaders lead as individuals and collectively.

Following research on what makes a great people leader at Standard Chartered, we have defined five people leader personas from 'aspiring' to 'experienced' and nine practices to make colleagues feel safe, motivated and empowered. We are redeveloping our leadership development programmes to reflect these principles and piloted the first of these with new leaders in November 2018. We will roll this out to all first-time leaders in 2019. We have provided more than 10,000 days of leadership and management training and an average of three days of formal training to all colleagues in 2018.

Embracing diversity to achieve our purpose

Unique diversity underpins our purpose. We can only drive commerce and prosperity by embracing the power of our diversity and unleashing its full potential. An inclusive culture is central to enabling our diversity, prompting innovation and driving performance.

In 2018, we defined our long-term approach to diversity and inclusion (D&I) for our colleagues, clients and communities, setting out key objectives and focus areas to build a culture of inclusion, respect and equality.

Our Group-wide D&I Standard sets out our intent to ensure a respectful workplace, with fair and equal treatment and the provision of opportunities for colleagues to participate fully and reach their full potential in an appropriate working environment.

Our global D&I Council, comprising of senior leaders across the organisation, is now responsible for overseeing the development and implementation of the D&I strategy. It reports progress to the Management Team and Brand Values & Conduct Committee. Our global D&I agenda is supported by business and country councils, which execute initiatives locally. We have 50 employee resource groups in 20 countries that represent the passion of our colleagues for D&I.

An Integration Group has also been formed to implement D&I best practice through employee and business processes, including

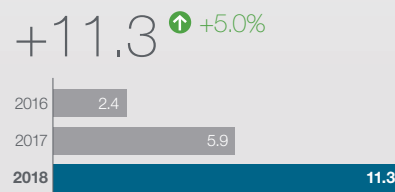
Group KPI: Employee engagement



Employee Net Promoter Score (eNPS)

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

Analysis eNPS has increased steadily over the past 12 months (5.9 in H2 2017 vs 9.6 in H1 2018 vs 11.3 in H2 2018) suggesting that the Group is becoming a better place to work and employee advocacy reflects this.



eNPS measures the number of promoters (who would recommend the Group as a great place to work) compared to detractors on a scale from -100 to +100. This is reflected in the percentage change calculation.

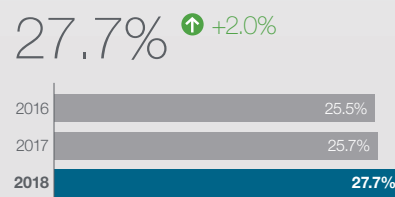
Group KPI: Diversity and inclusion



Gender diversity 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 27.7 per cent at the end of 2018. This takes us closer towards our pledge of having women occupy 30 per cent of the top four levels of senior roles by 2020.



The total number of women in the most senior (band 1-4) roles expressed as a percentage of total band 1-4 roles

Stakeholders and responsibilities continued

COLLEAGUES CONTINUED



capturing diversity candidate data (where legally permissible), ensuring diverse candidate shortlists, creating diversity measurements for senior management succession plans and building a sustainable supply chain management strategy and roadmap.

To help us effectively measure inclusion within the organisation, we have introduced a Diversity and Inclusion Index. This is a tool to help managers better understand inclusion within their team, comprising eight existing questions from the employee engagement survey which all relate to inclusion.

Gender equality

Our goal is to engage and support all genders, and progress towards gender equality. In April this year, our Group CEO signed a statement of support for the United Nations Women Empowerment Principles. These seven principles underpin our commitment to support women in the workplace, marketplace and community.

We have seen a positive trend in female representation in our senior leadership roles,

increasing from 25.7 per cent in 2017 to 27.7 per cent at the end of 2018. We are proud of the progress that we have made, but recognise there is more work to do.

We understand that gender equality can only be reached by a focus on all genders. Our Group Flexible Working Policy, Shared Parental Leave Policy, Fair Pay Charter, mentoring and leadership programmes continue to support all our colleagues.

We also recognise both International Women's and Men's Day to enable a constructive dialogue, improve gender relations, break traditional gender norms, highlight role models and minimise bias and stereotypes.

In 2018, we were recognised by Equileap in the gender equality global report as a top performing UK company for gender equality. The Bank has been ranked 26th on the global ranking (up from 42nd in 2017) and 3rd in the UK ranking where we did not rank at all in 2017. We were also proud to have five colleagues recognised by the Financial Times & HERoes Champions of Women in Business 2018 who haven't just achieved success themselves, but also committed to lifting others as they climb, and ultimately fuelling the female talent pipeline. For the third consecutive year, we were also recognised by the Bloomberg Equality Index.

Gender pay gap

We have analysed our gender pay gap for the UK and for four of our major markets. 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 gap is caused by the lower number of women in senior roles and in business areas where market rates of pay are highest.

The mean hourly pay gap in the UK has increased from 30 per cent in 2017 to 32 per cent in 2018. While an increase in the gap appears incongruous with making progress on gender equality, we acknowledge that the actions we are taking to close the gap will take time and that in the short-term, small changes in the population will continue to have an impact.

The mean bonus pay gap has decreased from 57 per cent in 2017 to 49 per cent in 2018. While pleasing to report, we recognise that short-term, year-on-year comparison is of limited use, as there will be changes to the population and in the distribution of bonus payments relating to Group, business area and individual performance.

We are committed to increasing the number of women in senior roles and have initiatives in place to support this; we acknowledge it will take time to see the level of change needed to reduce the gender pay gap.

When adjusting the hourly pay gap for men and women carrying out roles at the same level in the same business area for the UK and four of our markets, there is no discernible pay gap.

Equal pay is a more detailed measure of pay equality and 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.

[Download our gender pay gap report at sc.com/genderpaygap](https://www.sc.com/genderpaygap)



Inclusive leadership

We have launched the Inclusive Leadership Programme, with 1,791 (11.5 per cent) of our people leaders trained so far, and over 85 per cent of attendees citing they found the content valuable to their leadership development. The workshop builds understanding of how to create an inclusive culture, how biases can affect our decision making processes and how to unlock the power of our teams. We plan on reaching over 75 per cent of our people leaders by the end of 2019.

Gender pay gap by region

	UK	Hong Kong	Singapore	UAE	US
Mean hourly pay gap (%)	32	23	36	27	23
Mean hourly pay gap: roles at same level and business area (%)	2	-1	1	-1	3
Mean bonus pay gap (%)	49	43	50	56	49
Jobs at same level and business area (%)	2	-1	1	-1	3

SOCIETY 

How we serve and engage

We strive to operate as a sustainable and responsible business, collaborating with local partners to promote social and economic development.



By delivering against our three sustainability pillars and 11 Sustainability Aspirations, we can achieve our purpose and be Here for good.

[Discover more at www.sc.com/sustainability](http://www.sc.com/sustainability)

Sustainable and responsible business

Our goal is to promote economic and social development in a sustainable way, in line with our purpose and valued behaviours. We do this by integrating sustainability throughout our business, operations and community programmes.

In 2018, we laid the foundations for an ambitious transformation of our sustainability performance. We clarified our sustainability philosophy and positions on key sustainability issues, introduced new governance frameworks to further integrate sustainability across the Bank and reorganised business teams to increase our focus on sustainable finance.

For the first time, we set out how we balance economic, environmental and social needs in our decision-making through our Sustainability Philosophy and publicly shared the list of Prohibited Activities that the Bank will not finance. The list includes restrictions involving child and forced labour, trade in endangered wildlife, and Arctic and tar sands exploration and production. The full list can be found at sc.com/prohibitedactivities.

A new Bank-wide Sustainability Forum, nominated by the Management Team and led by the Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance, was set up to develop and deliver the Bank's sustainability strategy. The forum is supported by a new Sustainable Finance Working Group and strengthened working groups on human rights and climate change. The forum will report regularly to the Management Team and the Brand, Values and Conduct Committee of the Board.

Our ambition is to increase our support and funding for sustainable financing and in 2018, following extensive engagement with investors and clients, we set up a dedicated team to maximise opportunities for sustainable finance in our markets.

The Sustainable Finance team brings together our business expertise with our capabilities in environmental and social risk management. Its role is to identify opportunities to develop new financial products and services that have a positive social and economic impact while also ensuring that environmental, social and governance considerations are incorporated into banking decisions.

In 2019, the team will focus on creating a Bank-wide sustainable finance strategy, further incorporating sustainability into the Bank's financing decisions and identifying new sustainable finance opportunities for clients.

Good progress continues to be made against our 11 Sustainability Aspirations, which were created in 2016 in alignment with the United Nations' Sustainable Development Goals. They set out measurable targets to deliver sustainable outcomes in areas such as infrastructure and clean technology. Detailed progress against the Aspirations can be found in our separate Sustainability Summary.

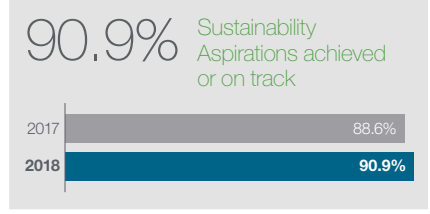
Group KPI: Sustainability



Delivering Sustainability Aspirations

Aim Embed sustainable and responsible practices across our business, operations and communities by measuring progress against the targets set in our 11 Sustainability Aspirations.

Analysis In 2017, the first year we reported progress on the Aspirations, 88.6 per cent were achieved or on track. In 2018, this figure rose to 90.9 per cent demonstrating our progress in embedding sustainability across the Bank



Stakeholders and responsibilities continued

SOCIETY CONTINUED



We regularly measure the social and economic impact of the Bank's activities in our markets and in 2018, we focused on our impact in Kenya, Tanzania and Uganda. Using 2016 data, our report into Standard Chartered's socio-economic impact in East Africa determined that the Bank provided \$3.4 billion of financing, direct and indirect value-added impacts of \$2.8 billion, and direct and indirect employment to more than one million people.

- + [Read our Sustainability Philosophy at sc.com/sustainabilityphilosophy](http://sc.com/sustainabilityphilosophy)
- + [Download our Sustainability Summary at sc.com/sustainabilitysummary](http://sc.com/sustainabilitysummary)
- + [Download the East Africa Impact Report at sc.com/sustainability](http://sc.com/sustainability)

Contributing to sustainable economic growth

We finance key sectors and create products and services that drive sustainable economic growth while managing environmental and social risks associated with our financing.

Managing environmental and social risks

Our most significant environmental and social impacts come from the business we finance.

Following a comprehensive review, in 2018 we released our revised cross-sector environmental and social risk framework and updated Position Statements, which have been consolidated across five sectors and two themes. These draw on International Finance Corporation (IFC) Performance Standards, the Equator Principles and global best practice, setting out the conditions under which we will support the activities of clients operating in sectors with a high potential environmental or social impact.

The review resulted in a revised position on power generation and a decision to end financing for new coal-fired power plants, save where we have an existing commitment.

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.

In 2018, we reviewed 827 transactions that presented potential specific risks against our Position Statements. Where possible, we work collaboratively with clients to mitigate all identified risks. Where this is not possible, transactions have been, and will continue to be, turned down.

During 2019, we will build on this momentum embedding the Position Statements through e-learning and classroom-based training for frontline and risk colleagues and extending transaction reviews to the Private Bank. As a member of the Equator Principles (EP) Steering Committee, we will also play an active part in the review of EP4 during 2019.

Assessing climate change

During 2018, we advanced our approach to climate change and concluded work with the University of Oxford to assess the impact of climate change on energy utilities clients. We collaborated with 15 banks and the UN Environment Programme to pilot scenario analysis for physical and transition risks in key sectors. This provided preliminary information on climate impacts and will help us as we develop further climate analytics.

We published our first report aligning to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and announced our intention to develop a methodology to measure, manage and ultimately reduce the emissions related to our activities and those related to the financing of our clients. We will progress this in 2019 alongside work with the Banking Environment Initiative Bank 2030 project to identify climate opportunities.

- + [Read our Position Statements at sc.com/positionstatements](http://sc.com/positionstatements)

Being a responsible company

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.

Promoting good conduct

Recognising its importance, we identified conduct as a Principal Risk Type in 2018 and clarified how we define Conduct Risk, re-emphasising our focus on ensuring fair client outcomes. We updated the framework and policy that embed the practices that help us identify, aggregate and measure conduct-related risks.

Our Code of Conduct remains the central tool through which we set out our conduct expectations. Our goal is to create the right environment to support ethical behaviour so all employees know, understand and play their part. Leaders are encouraged to recruit and recognise colleagues based on good conduct, while performance objectives and reward mechanisms are directly linked to the our valued behaviours.

Conduct training is obligatory and colleagues are asked annually to recommit to the Code of Conduct. In 2018, 99.6 per cent reconfirmed their commitment to the code. Failure to adhere to the code can result in disciplinary action and potentially dismissal.

Our focus in 2019 is to embed the requirements of the new framework across businesses and functions.

Speaking Up

Year	Total cases raised ¹	In scope ²	Closed ³	
			Substantiated ⁴	Unsubstantiated
2018	1,469	606	318	290
2017	1,183	460	194	273

- 1 Total concerns raised within the reporting year
- 2 A reportable concern under the FCA whistleblowing rules that is raised within the reporting year and considered within the scope of the Speaking Up programme
- 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 original allegation(s)

Colleagues who recommitted to the Group Code of Conduct in 2018

99.6%

Speaking Up

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

During 2018, 1,469 concerns were raised through Speaking Up, of which 606 were within scope and investigated. Themes included concerns involving employee behaviour, breaches of internal controls, conflicts of interest and allegations of fraud.

In 2018, 608 cases were closed following investigation (these included cases raised in 2018 as well as cases raised in prior years). The concerns raised were substantiated in 318 of those cases while 290 were found to be unsubstantiated. A range of actions have been taken in response to these cases including improvements to processes or controls, additional training and, in the most serious cases, disciplinary action and dismissals.

We are committed to providing a safe environment for colleagues to report concerns. Trust and confidence in the Speaking Up programme has grown. This is evidenced by an increase in the number of concerns being raised. It is supported by the results from our My Voice employee survey, in which 91 per cent of colleagues responded 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'.

In 2019, we will continue to educate colleagues on how to use Speaking Up channels.

+ 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

Fighting financial crime

Our aim is "partnering to lead in the fight against financial crime", protecting our business, clients and wider communities from its damaging effects. By cutting off their sources of funds, we can help make the financial system a hostile environment for criminals, while supporting economic development across all our markets.

We maintain sound defences against money laundering, terrorist financing, sanctions compliance breaches, bribery and other forms of corruption. A dedicated Financial Crime Compliance (FCC) team leads our 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. 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 2018, we strengthened several of the key tools and platforms that support our FCC activities and contributed to reducing financial crime across the sector through public-private information sharing partnerships in the UK, the US, Singapore and Hong Kong. We are a member of the United for Wildlife Financial Taskforce, which has been formed to create and deliver actionable intelligence to combat the illegal wildlife trade.

In 2018, 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.

+ For more, visit sc.com/fightingfinancialcrime

Employees who completed anti-money laundering training in 2018

99.9%

Employees who completed anti-bribery training in 2018

99.9%

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.



Serious about carbon reduction

We have measured our energy use and greenhouse gas emissions since 2008. In 2018, we set ambitious new Science Based Targets to significantly reduce our carbon footprint over three time horizons from a 2017 baseline of 187,936 tonnes: 36 per cent to 121,000 tonnes by 2025; 55 per cent to 84,000 tonnes by 2030 and 90 per cent to 18,000 tonnes by 2050. Recognising the need for industry wide solutions to climate change, we also joined the Science Based Targets Expert Advisory Group. Meeting these challenging targets will require efficiency improvements across our properties, including a review of fuel usage and a further increase in renewable energy sources.

Stakeholders and responsibilities continued

SOCIETY CONTINUED



In 2018, we continued to review and enhance our controls relating to modern slavery. Our 2018 Modern Slavery Statement details the actions we are taking as a result. These include reviewing how we approach allegations of modern slavery in our business relationships. We evolved our Modern Slavery Working Group into a wider Human Rights Working Group to support progress across the Group.

➤ [Read our 2018 Modern Slavery Statement at sc.com/modernslavery](http://sc.com/modernslavery)

Managing our environmental footprint

We aim to reduce the direct environmental impact of our operations, namely our branches and offices, which use paper, water and energy, and generate greenhouse gas emissions and produce non-hazardous waste. We do not produce material quantities of hazardous waste, and therefore do not measure or report on the production or handling of hazardous waste.

In 2008, we set long-term targets to reduce energy and water use by 2019. This year, we achieved our energy target for properties in temperate climates one year early. Overall, we reduced energy consumption by 45 per cent between 2008 and 2018 through measures including LED lighting, effective space management and more efficient use of fans, chillers and boilers.

We are committed to managing water responsibly and reduced water use by 57 per cent between 2008 and 2018. We achieved this through a range of initiatives including ultra-low flow water devices. Although we have made good progress, we are currently not on track to achieve our target of 72 per cent reduction by 2019. Recognising that achieving the last part of the target will be the most challenging, we are working across our properties to find innovative ways to achieve the target. We did not have any issues sourcing water that is fit for purpose in 2018.

We aim to minimise waste and continued to reduce plastic use by introducing bio-degradable containers and cutlery into our on-site restaurants. We also extended our re-useable cup initiative to other geographies including the US and the UAE. It has saved more than 500,000 single-use cups since 2017. Rather than send non-recyclable waste to landfill, we aim to compost it or use it in energy generation. In total, these measures resulted in 46 per cent of waste being recycled or reused in 2018 – up from 24 per cent in 2017.

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

Tropical climate

33% ↓ Since 2008



Temperate climate

35% ↓ Since 2008



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

Essentials for girls' empowerment

In 2018, we co-authored a report with Dalberg Advisors that identified the eight essential elements for girls' economic empowerment. Released on International Women's Day, the report illustrates how elements such as freedom of movement, freedom from violence, and access to education, healthcare and contraception, must be met for girls to fulfil their economic potential. To succeed, girls need: more support to become employable; more men, boys and older women to champion them; more goods and services made for them; and more role models and support networks, such as those provided by Goal, our girls empowerment programme.



We continue to identify ways to improve our environmental performance. In 2019, we will review the methodology used to measure our energy, greenhouse gas (GHG) emissions, water and waste. In addition to external assurance for our GHG emissions, we will conduct external assurance of waste and water performance data and increase monitoring of plastic usage to set more robust reduction targets.

+ Read the methodology for measuring our environmental performance at sc.com/environment/criteria

+ Read the independent assurance for our energy and greenhouse gases emissions, at sc.com/environmentalassurance

Investing in communities

We aim to create more inclusive economies by sharing our skills and expertise, and developing community programmes that transform lives. In 2018, we invested \$49.2 million in our communities. In addition, colleagues contributed more than 65,000 volunteering days.

Our donations are guided by our Group Sponsorship and Donations Policy. Country teams receive annual training on the policy, which is applied globally.

In 2018, we raised \$5.2 million through fundraising and Bank-matching for Seeing is Believing (SiB), our global initiative to tackle avoidable blindness and visual impairment and exceeded our \$100 million fundraising target two years early, raising \$103.6 million for SiB between 2003 and 2018. We will deliver SiB projects until the end of 2020 and will continue to support visually impaired people through our community programmes.

As we approached our SiB target, we engaged colleagues and external stakeholders to understand the current social and economic challenges facing our communities and how we can address these needs through our community programmes. We launched a new global initiative – Futuremakers by Standard Chartered – that aims to tackle inequality and promote greater economic inclusion. Our ambition is to raise \$50 million between 2019 and 2023, (through fundraising and Bank-matching) to empower the next generation to learn, earn and grow. We will deliver this through new and existing programmes in education, employability and entrepreneurship for disadvantaged young people.

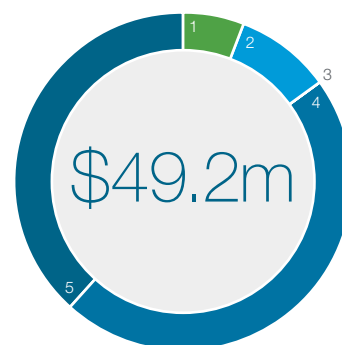
We will integrate our current financial education programmes into Futuremakers and build on Goal, our existing education programme to empower girls and young women through sport and life-skills training. Goal reached more than 100,000 girls and young women in 2018 and more than 480,000 girls between 2006 and 2018. We trained more than 111,000 young people on financial education in 2018 and over 5,400 entrepreneurs, of whom 90 per cent were women.

In 2019, we will focus on implementing Futuremakers by Standard Chartered across our markets.

Our community expenditure 2018

1. Leverage ¹	5.9%
2. Management costs	9.1%
3. Gifts in kind	0.2%
4. Cash contributions	46.6%
5. Employee time (non-cash item)	38.2%

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



Non-financial information statement

This table sets out where shareholders and stakeholders can find information about key non-financial matters in this report, in compliance with the non-financial reporting requirements contained in sections 414CA and 414 CB of the Companies Act 2006. Further disclosures are available on sc.com and in our 2018 Sustainability Summary.

Reporting requirement	Where to read more in this report about our policies and impact (including risks, policy embedding, due diligence and outcomes)	Page
Environmental matters	Stakeholders and responsibilities > Society	
	→ Sustainable and responsible business	47
	→ Managing environmental and social risks	48
	→ Case study: Serious about carbon reduction	49
	→ Managing our environmental footprint	50
	Supplementary sustainability information	
	→ Environment performance data ¹	380-382
	Risk review and capital review	
	→ Principal uncertainties – climate change	215
	Directors' report	
→ Environmental impact of our operations	131	
Employees	Stakeholders and responsibilities > Colleagues	
	→ Engaging our colleagues	44
	→ Our commitment to wellbeing	44
	→ Developing our colleagues	44
	→ Learning as a lever for culture, capability and performance	45
	→ Embracing diversity to achieve our purpose	45
	→ Gender equality and gender pay gap	45
	Stakeholders and responsibilities > Society	
	→ Speaking Up	48
	Directors' report	
	→ Board diversity	86
	→ Employee policies and engagement	129
→ Health and Safety	130	
Human rights	Stakeholders and responsibilities > Suppliers	
	→ Suppliers	43
	Stakeholders and responsibilities > Society	
→ Respecting human rights	49	
Social matters	Stakeholders and responsibilities > Society	
	→ Investing in communities	51
Anti-corruption and anti-bribery	Stakeholders and responsibilities > Society	
	→ Promoting good conduct	48
	→ Speaking Up	49
	→ Fighting financial crime	49
	Group Chief Risk Officer's review	38-41
	Directors' report	
	→ Political donations	126
Description of business model	Business model: A business model built on long-term relationships	14-15
Non-financial KPIs	Stakeholders and responsibilities	
	Colleagues	
	→ Female representation	44
	→ eNPS	45
	→ Gender diversity in senior roles	45
	→ Training on anti-bribery, anti-corruption and anti-money laundering	49
	→ Recommitment to the Code of Conduct	49
	Society	
	→ Sustainability Aspirations achieved or on track ²	47
	→ Annual energy use of our properties	50
→ Community expenditure	51	
→ Reach of community programmes	51	
Principal risks and uncertainties	Risk review and capital review	
	→ Risk management approach	193
	→ Principal uncertainties	213

1 Visit sc.com/environmentcriteria for our carbon emissions criteria and sc.com/environmentalassurance for the Carbon Trust's Assurance Statement of our Scope 1 and 2 emissions

2 Performance against our 11 Sustainability Aspirations is reported in our Sustainability Summary available at sc.com/sustainabilitysummary