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UN Principles for Responsible Banking Reporting and Self-Assessment



UN Principles for Responsible Banking Reporting and Self-Assessment

The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

	Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) Link(s) to bank's full response/relevant information
1.1	Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	<p>We provide a wide range of banking and financial products and services to personal and business clients, serving four client segments:</p> <ul style="list-style-type: none"> • Corporate & Institutional Banking • Commercial Banking • Private Banking • Retail Banking <p>We are present in 59 markets and serve clients in a further 85.</p>	<p>+ Annual Report sc.com/annualreport Our client segments, page 2 and 20 Main geographies, pages 3-5 Our products and services, page 20</p>
1.2	Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<ul style="list-style-type: none"> • Our purpose is to drive commerce and prosperity through our unique diversity, embedding sustainability and responsibility across our business, operations and communities. By focusing on three pillars – Sustainable Finance, Responsible Company and Inclusive Communities – we believe we can deliver sustainable prosperity in line with our valued behaviours and our promise to be Here for good. • This approach is framed around a Sustainability Philosophy that informs our decision-making, Position Statements that set out our environmental and social client standards, a Supplier Charter that shares the principles of the behaviours we expect from our suppliers and a list of Prohibited Activities that sets out the activities that the Bank will not finance. • Our approach is underpinned by our Sustainability Aspirations, which provide tangible targets for sustainable business outcomes aligned to the United Nations Sustainable Development Goals (SDGs). • Our ambition is to embed sustainability and responsibility into everything we do as a bank and to be the leading private sector catalyser of finance for the SDGs where it matters most, across Asia, Africa and the Middle East. This vision is reflected in the decision made in 2020 to elevate sustainability to one of the four core pillars of our Group Strategy. 	<p>+ Annual Report sc.com/annualreport Pages 54 and 62 set out our approach to Sustainability</p> <p>+ Sustainability Aspirations sc.com/sustainabilityaspirations Sets out our approach to Sustainability</p> <p>+ Sustainability Summary sc.com/sustainabilitysummary Pages 10-17 provide an assessment of progress against our 2020 Aspirations</p> <p>+ Supplier Charter sc.com/suppliercharter</p>

UN Principles for Responsible Banking Reporting and Self-Assessment

The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis

Reporting and Self-Assessment Requirements

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

a) Scope: The bank's core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/ regions in which it operates.

d) Scale and intensity/salience of impact:
In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

In 2016, we developed and published our Sustainability Aspirations. As described above, the Aspirations provide tangible targets for sustainable business outcomes aligned to the United Nations Sustainable Development Goals. The Aspirations were developed by examining the main geographies where the impacts of our financing our delivered and through a process of consultation with the teams across our four business lines; our top investors and with learning from peers.

We report progress against the Aspirations in the Bank's Annual Report and refresh the Aspirations annually. For example, in support of SDG 13, in 2020 we achieved our target set in 2019 to develop a methodology to measure, manage and ultimately reduce the CO2 emissions from the activities we finance.

Each year, we set enhanced targets when targets are achieved. We have identified strategic business opportunities in relation to the increase of positive impacts/ reduction of negative impacts. For example, in January 2020, we set a new infrastructure target in support of SDGs 7, 9, 11, 13 to facilitate project financing services for USD40 billion of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework.

To understand the scale of our impact we measure the social, economic and environmental changes attributable to the Bank's Sustainability Aspirations.

In September 2020, we published a case study testing an approach to measuring the Sustainability Aspirations by examining, quantifying and describing the socio-economic impacts of Standard Chartered's manufacturing and infrastructure commercial lending books in Ghana. The report used 2019 financial data.

In 2020, we have also participated in peer impact analysis working groups hosted by UNEP-FI. This participation and learning from our case study, has informed the approach we plan to take with our impact analysis in 2021.

In 2021, we plan to conduct an impact analysis using the UNEP-FI banking portfolio tool. This analysis will inform understanding of areas of most significant impact that underpin the Sustainability Aspirations.

From 2021-2023, we will then use the findings of the analysis to inform our target setting and to define scope of our impact measurement.

We are still working toward a comprehensive impact analysis; we do not perceive these requirements to be fully fulfilled in our 2020 reporting.

Reference(s)

Link(s) to bank's full response/relevant information

- [+ Standard Chartered's Sustainability Aspirations report](#)
- [+ The socio-economic impact of Standard Chartered's Lending: A case study of manufacturing and infrastructure lending in Ghana](#)

UN Principles for Responsible Banking Reporting and Self-Assessment

Principle 2, Impact and Target Setting continued

The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

2.2 Target Setting

	Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) Link(s) to bank's full response/relevant information
	<p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p> <p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>	<p>Our Sustainability Aspirations are 'SMART' targets against the UN Sustainable Development Goals. At the end of 2020, 78.4 per cent of our Aspirations were on track or achieved. This is a decrease from 93.1 per cent in 2019 as COVID-19 has impacted the delivery of several Aspirations. We remain focused on scaling-up delivery in subsequent years to achieve our targets.</p> <p>Our Aspirations, and all our financing, are predicated upon client alignment to our Position Statements and Prohibited Activities list, intended to manage negative impacts.</p> <p>We believe we have fulfilled these requirements.</p>	<ul style="list-style-type: none"> <li data-bbox="1731 391 2112 454">+ Our Aspirations sc.com/sustainabilityaspirations <li data-bbox="1731 454 2112 534">+ Our basis of reporting av.sc.com/corp-en/content/docs/aspirations-reporting-basis.pdf <li data-bbox="1731 534 2112 614">+ Deloitte's limited assurance of our Aspirations sc.com/aspirationsassurance <li data-bbox="1731 614 2112 694">+ Our Position Statements sc.com/en/sustainability/position-statements/ <li data-bbox="1731 694 2112 774">+ Our Prohibited Activities sc.com/en/sustainability/position-statements/prohibited-activities/

UN Principles for Responsible Banking Reporting and Self-Assessment

Principle 2, Impact and Target Setting continued

The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

2.3 Plans for Target Implementation and Monitoring

Reporting and Self-Assessment Requirements

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target

Or explain why actions could not be implemented/ needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (Where feasible and appropriate, banks should include quantitative disclosures)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

The Aspirations, and their individual methodologies, define actions and milestones.

Our Aspirations are overseen by our Sustainability Forum (see 5.1 for more information), and progress is periodically reported to the Group Management Team and Brand, Values and Conduct Committee of the Board. Select Aspirations are also incorporated into the Group's Scorecard and Long-Term Incentive Plan.

We believe we have fulfilled these requirements.

At the end of 2020, 78.4 per cent of our Aspirations are on track or achieved. This is a decrease from 93.1 per cent in 2019 as COVID-19 has impacted the delivery of several Aspirations. We remain focused on scaling-up delivery in subsequent years to achieve our targets.

Our Sustainability Summary provides an assessment of progress against our individual 2020 Aspirations.

We believe we have fulfilled these requirements.

Reference(s)

Link(s) to bank's full response/relevant information

- [+ Our Aspirations
sc.com/sustainabilityaspirations](https://sc.com/sustainabilityaspirations)
- [+ Aspirations methodologies
https://av.sc.com/corp-en/content/docs/aspirations-reporting-basis.pdf](https://av.sc.com/corp-en/content/docs/aspirations-reporting-basis.pdf)
- [+ Annual Report
sc.com/annualreport](https://sc.com/annualreport)
2021 Group Scorecard, page 154
Long Term Incentive Plan, page 151
- [+ Sustainability Summary Report
sc.com/sustainabilitysummary](https://sc.com/sustainabilitysummary)
Pages 10-17

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The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

	Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s) Link(s) to bank's full response/relevant information
3.1	Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.	<p>We utilise our longstanding Position Statement framework to manage adverse impacts from our financing. After our coal-dependent client review during 2020, four clients across our portfolio were identified as 100 per cent dependent on thermal coal. We have ceased new business with all four clients and are exiting these relationships subject to any outstanding contractual requirements.</p> <p>We work with clients, regulators and peers across the financial sector to continuously improve environmental and social standards. In 2020, we reviewed all of our Position Statements and refreshed documents will be released in 2021.</p>	<p>+ Position statements sc.com/position-statements</p>
3.2	Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.	<p>Our footprint in Asia, Africa and the Middle East includes some of the markets at most risk from climate and broader environmental, social and governance challenges. We aspire to make the world a better, cleaner and safer place and minimise the negative impact of our financing. In simple words, do more good and less harm. To be Here for good.</p> <p>We provide financial products and services to people and businesses to help drive sustainable development, economic growth and job creation. Our Sustainability Aspirations set out how we aim to promote social and economic development through our core business of banking.</p> <p>Over the past year we developed innovative sustainable financing solutions, took bold steps to address major challenges such as inequality and climate change, and set ambitious new targets through refreshed Sustainability Aspirations. Of our USD3.9bn Sustainable Finance portfolio, 91 per cent of these assets are located in emerging markets.</p> <p>In 2020 we trained 1,604 employees in environmental and social risk management and reviewed 1,090 clients and transactions.</p>	<p>+ Our 2020 Sustainable Finance Impact Report sc.com/SFimpactreport articulates how we have worked with clients to enhance positive impacts</p> <p>We utilise our longstanding Position Statement framework to manage adverse impacts sc.com/position-statements</p>

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The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1

Reporting and Self-Assessment Requirements

Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

In our Annual Report we set out how we engage stakeholders to understand their interests, including how we respond to stakeholder interests through sustainable and responsible business.

Detailed information about how the Board engages directly with stakeholders and shareholders can be found in the Directors' Report on pages 102 to 104.

Reference(s)

Link(s) to bank's full response/relevant information

- + [Annual Report](#)
Pages **54 to 57, 62 to 71, and 102-104**
[sc.com/annualreport](https://www.sc.com/annualreport)
- + We set out our general approach to stakeholder engagement, including further details on platforms and initiatives
[sc.com/en/sustainability/how-we-work/](https://www.sc.com/en/sustainability/how-we-work/)

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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1

Reporting and Self-Assessment Requirements

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

The Board is responsible for ensuring that high standards of responsible business are maintained and receives information to identify and assess significant risks and opportunities related to environmental and social matters, including climate change. The Brand, Values and Conduct Committee (BVCC) of the Board has responsibility for reviewing the Group's sustainability priorities. We have established a cross-Group Sustainability Forum, led by a member of the Group Management Team (the Group Head, Corporate Affairs Brand and Marketing and Conduct Financial Crime and Compliance) to develop and monitor delivery of the Group's broader sustainability strategy and to champion sustainability across the Group. The BVCC retains Board-level oversight responsibility for Reputational Risk. Oversight from an operational perspective falls under the remit of the Group Risk Committee (GRC) and the Board Risk Committee (BRC). The Group Reputational Risk Committee (GRRC), appointed by the GRC, ensures the effective management of Reputational and Sustainability Risk across the Group. In 2020, the GRRC's remit was extended to include sustainability related risks.

The Sustainable Finance Governance Committee, appointed by the GRRC provides leadership, governance and oversight for delivering the Group's sustainable finance offering including our Green and Sustainable Bond Framework. During 2020, we refreshed the framework with independent review from Sustainalytics and showed how activities in the framework were aligned to the EU Sustainable Finance Taxonomy.





5.2

Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.

We incentivise and reward colleagues for sustainability achievements through the inclusion of sustainability metrics in our annual and long-term incentive plans. Selected Sustainability Aspirations, including those with a climate change dimension, are incorporated into our annual Group Scorecard which informs variable remuneration for all colleagues under our Target Total Variable Compensation plan, including the executive directors and Group Management Team. Sustainability measures formed four per cent of our Group Scorecard in 2020 and included our commitment to mobilise USD35 billion towards clean technology between 2020 and 2024, and our goal to reduce emissions from business flights by seven per cent during 2020. Sustainability measures are also incorporated into our long-term incentive plan, which forms part of variable pay for the Group Management Team and executive directors. As well as the Group Scorecard, dedicated climate and sustainability related objectives apply across functional and regional scorecards, including the Risk function, and individual objectives add a further link between sustainability and reward.

Reference(s)

Link(s) to bank's full response/relevant information

-  [Brand, Values and Conduct Committee Terms of Reference pages 54 to 57, and 62 to 71](https://www.av.sc.com/corp-en/content/docs/brand-values-committee.pdf)
-  [Annual Report, pages 267-8](https://www.sc.com/annualreport)
-  [See the Director's Remuneration Report on pages 133-56 of the Annual Report for information on the Group Scorecard and Long-term incentives plan](https://www.sc.com/annualreport)
-  [See page 13 of the Task Force on Climate-related Financial Disclosure report](https://www.sc.com/tcfd)

UN Principles for Responsible Banking Reporting and Self-Assessment

Principle 5, Governance & Culture continued

The following table sets out the reporting and self-assessment requirements for Signatories of the UN Principles for Responsible Banking.

5.3 Governance Structure for Implementation of the Principles

Reporting and Self-Assessment Requirements

Show that your bank has a governance structure in place for the implementation of the PRB, including:

a) target-setting and actions to achieve targets set

b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

The Aspirations, and their individual methodologies, define actions and milestones.

Our Aspirations are overseen by our Sustainability Forum (see 5.1 for more information), and progress is periodically reported to the Group Management Team and Brand, Values and Conduct Committee of the Board. Select Aspirations are also incorporated into the Group's Scorecard and Long-Term Incentive Plan.

We believe we have fulfilled requirements 5.1 and 5.2, and continue to work through the Sustainability Forum in pursuit of requirement 5.3.

Reference(s)

Link(s) to bank's full response/relevant information

- [+ 2020 TCFD report sc.com/tcfd Governance structure, page 4 Detailed information on the role of each body, pages 5-7](#)

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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Reporting and Self-Assessment Requirements

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

High-level summary of bank's response

(limited assurance required for responses to highlighted items)

In response to COVID-19, in 2020 we increased our focus on protecting our colleagues and clients and supporting the communities where we operate. As the pandemic deepened and our communities faced a public health emergency and potential economic downfall, we responded by setting up a \$50 million Global Charitable Fund to support communities impacted by COVID-19. Within this fund, we provided \$27.8 million to community organisations across our markets for emergency relief, with the remainder focused on supporting the economic recovery of young people through Futuremakers by Standard Chartered. Our colleagues, through several fundraising events, including a global, virtual running challenge and payroll giving, raised \$3.6 million to support Futuremakers.

In 2020, we made significant progress in developing and delivering our Climate Risk capability with an increased focus on supporting our clients as they make the transition to a low-carbon economy.

We have continued to deliver sustainable finance solutions where they are needed the most. This included mobilising \$2.4 billion towards sustainable infrastructure and \$18.4 billion for clean technology.

Since 2018, we have pledged to align the emissions from our financing of clients to the Paris Agreement goals, and in 2021 will set out our detailed plan to meet the higher ambition of net zero by 2050.

We believe we have fulfilled these requirements.

Reference(s)

Link(s) to bank's full response/relevant information

 [Our 2020 Sustainability Summary documents our progress during the year:
sc.com/sustainabilitysummary](https://www.sc.com/sustainabilitysummary)

Annex: Definitions

a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.

b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".