

We are leading by example through our sustainable approach to business and society. We are constantly challenging ourselves as to how we can contribute in our markets in a distinctive way.

Building a sustainable business is an integral part of our long-term strategy to enhance shareholder value. At Standard Chartered, we are determined to lead by example in the markets in which we operate. As well as contributing to economic growth through our core business activities, we want to help protect the environment and to have a broader positive impact on the societies in which we live and work. And as we engage as a partner with governments and communities in addressing these wider challenges, we are learning more about how the issues interact with each other and our core business objectives.

There are numerous ways we are striving to be a force for good. These examples are documented in our Sustainability Review 2007 and in the sustainability section of our website. There we discuss in detail how we progressed in 2007 in our seven sustainable business priorities: Sustainable Finance, Access to Financial Services, Protecting the Environment, Responsible Selling and Marketing, Tackling Financial Crime, Community Investment and a Great Place to Work.

We apply three tests to decide which areas of sustainability to focus on: first, we ensure that what we do is relevant to the markets

we operate in; second, we want to do things which leverage our capabilities and infrastructure; and third, we focus on where we can add distinctive value. In this report, we highlight some of our success stories of 2007, which passed the three tests, and discuss some of our unfinished tasks.

### Access to financial services

Standard Chartered is committed to bringing millions of people in our markets into the mainstream economy by improving access to financial services and helping them make an economic contribution.

Our partnerships with over 40 microfinance institutions ('MFI') enabled us to disburse \$170 million in 2007 across 13 countries. These loans will help improve the livelihoods of 1.2 million people and stimulate grassroots enterprise. We are on track to deliver on our commitment to originate and disburse \$500 million by 2011.

In January 2008, we signed loan and co-operation agreements with the China Foundation for Poverty Alleviation at a meeting attended by Premier Wen Jiabao of the People's Republic of China and Gordon Brown, Prime Minister of the United Kingdom. This is the first time an international bank has provided such a microfinance credit facility in China.

### Renewable energy

As with every aspect of business, we have to identify areas where we can achieve critical scale and have a distinctive edge in order to create long-term value for our stakeholders.

As a leading international bank, we continued to leverage our expertise to promote the deployment of clean and renewable technologies across our markets. In May 2007, we financed the world's largest photovoltaic plant in South Korea, a project which will reduce greenhouse gas emissions and generate new jobs and industries.

In September, at the Clinton Global Initiative, we committed \$8 –10 billion in funding and advisory services over the next five years to develop clean technology and renewable energy in Asia, Africa and the Middle East. By making our commitment public, we hope to be a catalyst for change, influencing businesses to invest in the transition to a low-carbon future.

We are also minimising the environmental impact of what we do and influencing our customers and suppliers worldwide to do likewise through our sustainable lending practices and our procurement selection process.



### Working with SME clients on Living with HIV

We are providing training resources to our SME clients to help them implement their own HIV/AIDS programmes. This programme started in Tanzania and was extended to Singapore and Hong Kong.



### Supporting Microfinance in India

We partnered with Opportunity International and World Vision to provide cross-border security solutions to independent start-up Microfinance Institutions in India.



# Leading with our sustainable business strategy

Incorporating social and environmental issues in our lending policies

## Leading with our sustainable business strategy



### Managers make environmental pledges

Our senior executives pledged to take a more environment-friendly approach to their daily and business lives during the annual Country Managers Conference in Singapore. Their pledges were recorded on The Greatest Race on Earth: Race for a Living Planet website. The environmental challenge was added to the Greatest Race on Earth series in 2007/08 to raise awareness of the environmental issues faced by the world today and the actions individuals can take to redress them.

Environmental pledges made since October 2007

**Over 1m\***

\*As at February 2008



### Financing renewable energy projects

In May, we financed the world's largest photovoltaic plant in South Korea. At the Clinton Global Initiative in New York, we committed \$8 -10 billion over the next five years to finance renewable and clean energy projects such as wind, hydro, geothermal, solar, bio-mass and coal-bed methane projects in Asia, Africa and the Middle East. The development of renewable energy projects will help mitigate the effects of climate change, a stated goal for a number of our markets.

Committed over next five years to finance renewable energy projects

**\$8-10bn**



### Supporting farmers in China

We took rural finance to a new level by reaching an agreement with a local Chinese company to assist cotton farmers in Urumqi to enhance productivity, increase income and improve living standards. We are the first international bank to establish a complete microfinance programme to lend directly to farmers in rural China. Our partnerships with over 40 microfinance institutions have enabled the Group to disburse \$170 million in 13 countries in 2007.

Microfinance loans disbursed in 2007

**\$170m**



**HIV education**

Our work on HIV education through our 'Living with HIV' programme and on prevention and treatment of certain forms of blindness such as cataracts through our 'Seeing is Believing' initiative are examples of how we are making a difference to the lives of many people whilst also helping to create healthy and stable workforces, another condition for sustainable economic growth.

We have extended our HIV education programme to SME Banking clients and corporate clients to help them manage HIV/AIDS programmes within their workplaces.

In 2007, as part of our Clinton Global Initiative commitment to educate one million people by the end of 2010, we partnered with AIESEC, the world's largest student organisation, to educate 300,000 students.

**'Seeing is Believing'**

In Phase III of 'Seeing is Believing' we reached our goal of raising \$10 million by 2010, to make a difference to the lives of 10 million people, three years ahead of target. In 2008, we will launch Phase IV – a more ambitious programme of sustainable eye care targeted at the poor and marginalised communities in cities where the Group has a presence.

**Governance**

We reshaped the strategic direction of the two-year-old Corporate Responsibility and Community Committee, which is a sub-committee of the board, and renamed it the Sustainability and Responsibility Committee.

The change in the name was deliberate. The role of the Committee is to stretch the Group's ambition to build a sustainable business that delivers long-term shareholder value, challenge practice and identify the

critical trends, issues and opportunities that we should address.

The Committee also oversees delivery against the Group's seven sustainable business priorities.

The second change on the governance front in 2007 involved setting up the Wholesale Banking Sustainable Business Council. The purpose of this Council is to identify and respond to commercial opportunities that help address sustainability challenges.

We also developed position papers on key sectors such as dams, power generation, forestry and palm oil plantations as well as on key issues such as child labour.

In 2007, we set up two specialised committees to look at certain key areas of sustainability. These are the Environment Committee and the Group Financial Crime Risk Committee. Both are chaired by Dr Tim Miller, director for People, Property and Assurance.

A detailed report on our performance in 2007 with regard to Corporate Governance issues is available on pages 68-72.

**Engagement**

We can deliver on our ambitious plans through the enthusiasm, talent and skills of every employee in the Group. In 2007, we significantly stepped up efforts to get all our 70,000 employees engaged through:

- Employee volunteering: Senior executives led our efforts by getting involved in volunteering their skills and thousands of employees participated as well.
- All employees were provided with access to a range of tools such as our innovative and international Carbon Calculator which enable them to measure and reduce the impact of their actions on the environment.

- The Greatest Race on Earth: Race for a Living Planet encouraged employees, customers and members of the public to commit to take steps in their daily lives to help improve the environment. Cumulatively, participants have pledged to save three billion litres of water and take steps that could save over 100,000 trees from being cut down.

**Measurement and review**

We continued to review our progress against external measures and commitments such as the Global Reporting Initiative, the Global Compact and the Equator Principles, reporting progress against each of these on our website.

We are pleased that our performance was recognised by the industry. In 2007, we were included in the FTSE4Good Environment Leaders Europe 40 Index and the Climate Leadership Index for our reporting to the Carbon Disclosure Project. We also won the Global Business Coalition Business Excellence Award for using our core competencies in addressing HIV/AIDS.

The recognition has made us redouble our commitment to our brand promise: Leading by Example to be The Right Partner to all our stakeholders. We are convinced that we can deliver on this promise through our approach towards building a sustainable business in our markets. We are focused on delivering on this commitment. The success of our business depends on it.



**Reducing operational impact**

We have rolled out initiatives across our markets to reduce waste by using more recycled paper and ensuring we recycle our waste paper to help protect the environment.



**Improving anti-money laundering systems**

Over the last three years, Standard Chartered has invested over \$55 million in improved anti-money laundering monitoring systems and automated surveillance to identify terrorist finance-related transactions.