

Meeting the challenge



“In our markets lie the greatest social and environmental risks and also the greatest opportunities for new solutions, services and ways to grow our business.”

Mervyn Davies, CBE, Chairman

Looking forward to the next 10 years, we can be certain of one thing: there will be substantial growth in our markets. With China and India setting the pace, and Africa expected to grow rapidly, there will be huge opportunities for trade, knowledge and skills transfer as well as wealth creation in the countries in which we operate.

A well-functioning financial services system has always played a key role in both driving and supporting growth by providing capital, facilitating trade and financing infrastructure and innovation. Financial institutions must play a pivotal role in providing innovative solutions to the significant social, economic and environmental challenges the world faces. Today, 2.7 billion people have no access to financial services.¹ Over one billion people have poor access to water, rising to 1.8 billion by 2050.² Soil erosion, floods, droughts and pollution threaten the livelihoods of 2.6 billion people³ and more than 13 football fields of forest are cut down each minute.⁴

Many of these challenges are already being experienced in the countries in which we operate. We are aware of the urgent need to find ways to support sustainable growth that benefits economies, the environment and society as well as the need to uphold good governance. In our markets lie the greatest social and environmental risks and also the greatest opportunities for new solutions, services and ways to grow our business.

We believe there are four ways to be a force for good whilst delivering value to shareholders:

1. Leadership

We can help bring sustainable solutions to our markets by using our experience of providing financial services for over 150 years. I have been involved in the Corporate Leaders Group on Climate Change and the Bank was a signatory to the Bali communiqué from UK business leaders to international political leaders, supporting international agreement ahead of the United Nations Climate Change Conference in Bali in December 2007.

At Standard Chartered, leadership also means leading by example. This is why we pay so much attention to responsible business practice and on reducing our own environmental impacts.

2. Delivering new products to new markets

At the Clinton Global Initiative, in September 2007, we committed to take a lead role in the financing of new renewable and clean energy projects in Asia, Africa and the Middle East. These projects will have a total value of \$8-10 billion over a five-year period from 2008-12. We are committed to addressing issues that are meaningful to the countries in which we operate.

3. Being the right partner

Sustainability extends beyond Standard Chartered itself to include our relationships with governments, customers, communities and suppliers. We partner with like-minded organisations such as the Clinton Global Initiative, the World Economic Forum and the Global Business Coalition, amongst others, to ensure we turn aspiration into tangible results.

We remain committed to upholding the 10 principles of the United Nations Global Compact and believe that it is through partnerships with business, governments, civil society and the United Nations (UN) that we will contribute to the achievement of the UN Millennium Development Goals. We believe our focus to date on increasing access to financial services; educating one million people on HIV/AIDS; empowering socially-excluded women in India through sports; committing to diversity and inclusion in the workplace, as well as funding clean energy sources, is already contributing towards these goals.

4. Being successful

Our success allows us to contribute to local economies by facilitating trade, increasing human resource capabilities, supporting businesses and investing in local communities.

I am proud of what we have achieved this year. I am particularly proud of how we have turned our thinking and ambition to be a force for good into tangible business opportunities. Global sustainability is not an easy goal to achieve, but financial services will be key to its delivery. We will continue to focus on a comprehensive agenda to build a sustainable business.

E. Mervyn Davies, CBE
Chairman
26 February 2008

1 Consultative Group to Assist the Poor (CGAP), 2007

2 United Nations, Global Outlook, 2007

3 United Nations Development Programme (UNDP) Annual Report, 2007

4 UNEP Global Environment Outlook, 2007. This includes more than 50,000 km² of primary rain forest each year