

Sustainability Review
Highlights 2008



Leading the way

“At Standard Chartered, we are determined to lead by example within 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.”

Peter Sands
Group chief executive
3 March 2009

Building a sustainable business



Group environment strategy Our global network of environment co-ordinators and committees implements the Group's environment strategy in each country where we operate. During 2008, India's committee supported the India Carbon Disclosure Project launch, energy efficiency, volunteering, and innovative carbon financing.



Financial literacy training The Consumer Banking business in Singapore organised five investment seminars in 2008 on a range of investment topics to increase customers' financial literacy.



Supporting renewable energy supply Standard Chartered is proud of its contribution to the construction of Asia's largest photovoltaic power plant on Jido Island in SinAn-Gun, South Korea. It began operating in 2008, producing 33,000 MWh of electricity a year – enough to supply 7,200 households.



Retaining talent The Group gathered feedback from employees and leavers of the Bank to understand the root causes of employee turnover in the growth markets of India and the UAE. The findings were used to develop action plans to increase retention and resulted in a seven per cent decrease in employees choosing to leave the Bank in India in 2008.

Sustainability highlights

- Provided credit and financial instruments to 52 microfinance institution partners in 14 countries
- Thirteen sector and issue Position Statements embedded in our lending criteria
- Over 20,000 employees trained in 'Treating Customers Fairly'
- Launched Seeing is Believing – A New Vision, a commitment to provide sustainable eye care to 20 million people in 20 cities by 2015
- \$3.2 billion renewable energy and clean technology projects financed since 2007
- 14% reduction in CO₂ emissions per employee (2006-2008)
- Over 9,900 managers attended the Great Manager Programme

Financial highlights

Operating income

\$13,968m

+26% / 2007: \$11,067m / 2006: \$8,620m

Operating profit

\$4,568m

+13% / 2007: \$4,035m / 2006: \$3,178m

Total assets*

\$435bn

+32% / 2007: \$330bn / 2006: \$266bn

Non-financial highlights

Employees

73,800

2007: 70,000 / 2006: 59,000

Countries and territories

75

2007: 57 / 2006: 56

Nationalities

125

2007: 115 / 2006: 105

*Restated as explained on page 183 of the 2008 Annual Report.



For more information on our goals and achievements please visit:
www.standardchartered.com/sustainability

Building a sustainable business



Peter Sands, Group chief executive during a visit to Delhi, India

“Our sustainability agenda must take into account the fundamental task of re-establishing confidence and trust in banks whilst continuing to maintain an unwavering focus on addressing the longer-term challenges that the world faces.”

If anyone needs convincing of the importance of taking a sustainable approach to business, then the extraordinary dislocation and disruption in financial markets in 2008 provided dramatic proof. Banks with unsustainable business models collapsed or were rescued by governments.

In this context, our sustainability agenda must take into account the fundamental task of re-establishing confidence and trust in banks whilst continuing to maintain an unwavering focus on addressing the longer-term challenges that the world faces. We need to acknowledge what has gone wrong. We need to articulate the essential role banks play in the economy. We need to demonstrate that the way Standard Chartered works was – and is – sustainable and creates value for customers, investors and society as a whole.

So our approach to sustainability focuses both on continuing to manage our core banking practices responsibly and on the seven specific areas which have been at the heart of our sustainability strategy for some years, outlined below.

Responsible selling and marketing

Many people have seen investments drop as a result of the crisis. The market dislocation has prompted increased customer and regulator awareness around the mis-selling of financial products. Both threaten to undermine the long-term well-being of the financial services sector and highlight how responsible selling and marketing has to be at the heart of the banking. At Standard Chartered, we have always taken the protection of customers' funds seriously while endeavouring to match individual customers' risk profiles to the products offered to them.

Access to financial services

Improving access to financial services is a vital part of promoting economic growth and helping bring people out of poverty. A continuing priority for us is to stimulate grassroots enterprise and we are on target to meet our \$500 million Clinton Global Initiative commitment to provide access to microfinance. To date, we have provided \$385 million of new credit lines and financial instruments to 52 partner microfinance institutions in Africa and Asia and provided technical support to increase their effectiveness.

Tackling financial crime

To effectively manage risks from financial crime, our Group Financial Crime Risk Committee is responsible for reviewing current and emerging financial crime risks and ensuring there is an appropriate risk management strategy in place to address those risks. In 2008, we launched a new Group strategy to tackle money laundering and extended the use of our monitoring systems for identifying suspicious transactions.

Community investment

Society is still failing to win the war on HIV and AIDS, with 6,800 new infections daily. To meet our commitment to educate one million people on HIV and AIDS by 2010, we extended our education programmes to small and medium-sized (SME) customers in Africa, as well as to global corporations and to students around the world.

The challenges of avoidable blindness and malaria also threaten lives and economic prospects across our markets. In October 2008, under the banner of 'Seeing is Believing – A New Vision', we made a



Gallup Great Workplace Award 2008
 Recognises Standard Chartered, Hong Kong
 as a great place to work



The Banker Corporate Responsibility Commendations 2008
 for 'Best Overall Bank', 'Best Corporate Finance'
 and 'Banking the Unbanked'.

commitment to provide sustainable eye care services to 20 million people in 20 cities by 2015. Nets for Life, a regional programme to tackle malaria in Africa, has distributed over one million anti-malarial nets since 2006. We have extended our commitment to supply a further five million nets by 2013.

Protecting the environment

We are conscious of our responsibility to cut the carbon dioxide emissions caused by our operations and have exceeded our reduction targets for 2008. We work with employees, customers and other stakeholders to raise awareness, stimulate action and reduce their impact on the environment. In 2008, we began implementing our revised environment strategy with ambitious targets for 2011 and beyond and we continue to play our part as a member of The Climate Group and the Carbon Disclosure Project on climate change issues.

Sustainable finance

At Standard Chartered, we have already financed over \$3 billion renewable energy and clean technology projects and remain committed to growing our business further. Our financing of the Sin-An Solar Power Project in Korea is an example. Generating 25 megawatts of electricity, it is the largest photovoltaic plant in Asia.

We participated in a coalition of five leading financial institutions to shape the Climate Principles, launched in December 2008. In 2008 we introduced a range of 'Position Statements' that set out our environmental and social policies in lending to customers on a broad range of sensitive issues, from climate change to child labour and from bio-fuels to ship-breaking.

Great place to work

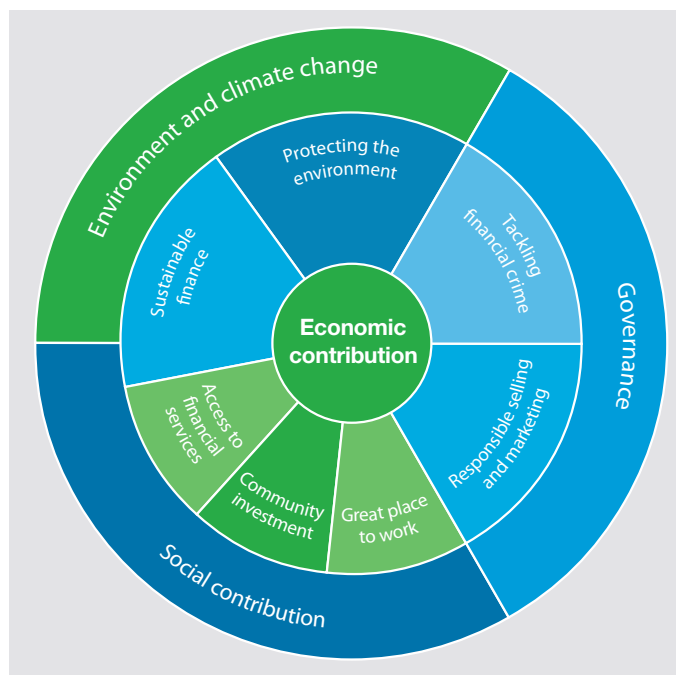
Our employees have tripled in number over recent years. Our culture has helped fuel our success but it could have become a victim of our growth as we assimilated many new people into the Bank. During 2008, we refreshed awareness of our values as a guiding compass of responsible behaviour, which we believe will sustain our success in future, along with the talents, diversity and values of our people.

Conclusion

As a leading international bank, we recognise the importance of helping to re-invigorate growth by supporting our clients across Asia, Africa and the Middle East in new and improved ways of doing business, as well as helping address some of the world's most pressing social and environmental challenges.

Peter Sands,
 Group chief executive
 3 March 2009

Our sustainable business priorities





What drives us

By being a high-performing bank, we can provide services that help protect the environment, spread the social benefits of economic growth and contribute to better governance. We have identified seven inter-connected sustainable business priorities for achieving this.

Our priorities in 2009

- Drive our sustainability strategy to deliver shareholder value by being the Right Partner to our customers, communities and regulators
- Implement an enhanced environment and climate change policy to underpin delivery of our 2011 environment strategy
- Embed the implementation of Position Statements and practitioners' guides on sustainable lending
- Continue to deliver our Clinton Global Initiative commitments on HIV and AIDS education and Seeing is Believing's comprehensive eye care programme
- Implement our technical assistance strategy for the microfinance sector

Focused commitment

| Access to financial services | Protecting the environment | Sustainable finance | Community investment |
|--|--|--|--|
|  |  |  |  |
| <p>Our goals for 2008 ✓</p> | <p>Our goals for 2008 ✓</p> | <p>Our goals for 2008 ✓</p> | <p>Our goals for 2008 ✓</p> |
| <p>Completed: Hosted technical assistance workshops and conferences in India, Zambia, Nigeria and Nepal to facilitate knowledge transfer and best practice sharing for microfinance institutions</p> <p>Completed: Developed relationships with microfinance institutions in new markets such as Jordan, Nigeria, Sierra Leone, the Gambia and China</p> | <p>Completed: The Group Environment Committee undertook a review of the environment strategy to align it with the overall Group strategy through to 2011</p> <p>Completed: Country Environment Committees established across the Bank</p> <p>Completed: Reduction targets for 2006-2008 for paper use and emissions from energy use and travel met or exceeded</p> | <p>Completed: A revised Sustainable lending e-learning module and a new module specifically on the use of position statements and practitioners' guides were introduced as mandatory training in 2008, for relationship managers and credit officers.</p> <p>Completed: Sustainable lending forms part of our mandatory credit curriculum for all credit officers and relationship managers. Our Position Statements are now available on the Bank's Group Sustainability website</p> | <p>Completed: Committed to invest \$20 million to provide sustainable eye-care services for 20 million people in deprived communities in 20 cities where we are present</p> <p>Completed: Reward programme for employee volunteering rolled out to seven countries</p> <p>Completed: The number of HIV Champions rose by more than 150 per cent from 350 to 850 across 50 countries</p> |
| <p>Our priorities in 2009 ➔</p> | <p>Our priorities in 2009 ➔</p> | <p>Our priorities in 2009 ➔</p> | <p>Our priorities in 2009 ➔</p> |
| <ul style="list-style-type: none"> • Continue to deliver against our Clinton Global Initiative to establish a \$500 million microfinance facility by 2011 • Implement our technical assistance strategy for the microfinance sector • Establish greater momentum on the capital markets, delivering on deals for which we have secured mandates • Deepening relationships and offering more products to existing clients | <ul style="list-style-type: none"> • Roll out the Building Environment Assessment Standard (EAS). All Group Environment Management Systems buildings to achieve a score of 50 per cent on BEAS • Implementation of vision and environment strategy for 2011 • Develop revised environment policy • Broaden engagement with internal and external stakeholders through innovative media such as film and online education | <ul style="list-style-type: none"> • Engage external stakeholders on the implementation of Position Statements and practitioners' guides • Embed the Climate Principles' commitments into business strategy and activities • Implement our strategy on renewable energy and environmental financing • Reinforce our thought leadership on environment and climate change among senior management • Help build capacity in emerging markets banks on sustainable risk management | <ul style="list-style-type: none"> • Achieve our fundraising and reach targets for Seeing is Believing - A New Vision • Make significant progress towards achieving our target to educate one million people about HIV and AIDS • Increase employee volunteering measured by employee time • Continue to meet our commitment to invest 0.75 per cent of the previous year's pre-tax operating profit in community programmes |

\$3.2bn

Value of renewable energy and clean technology projects financed since 2007

2m people

Eyesights restored thanks to Seeing is Believing

\$385m

Credit extended to partner microfinance institutions

Responsible selling and marketing



Our goals for 2008 ✓

Ongoing:
Revision of balanced scorecards for remuneration to ensure customer satisfaction is included as a performance measurement score in specific Consumer Banking areas

Ongoing:
The Bank has created a financial counselling website in India with accessible information on financial products for customers

Tackling financial crime



Our goals for 2008 ✓

Completed:
Norkom deployed to five new markets, bringing the total to 13 countries

Completed:
Dealt with a total of 763 internet fraud incidents under online fraud procedures that were updated in 2007. This reflects a 641 per cent increase year on year (2007 versus 2008)

Great place to work



Our goals for 2008 ✓

Ongoing:
Completed rolling out the Great Manager's Programme. Over 9,900 managers (4,000 unique participants) attended over 510 sessions across 35 countries

Completed:
Launched a Bank-wide Diversity and Inclusion awareness-raising workshop, attended by approximately 800 employees, and worked with 56 Diversity and Inclusion champions to develop their country action plans

Our priorities in 2009 →

- Embed our recent reorganisation of the Consumer Banking governance structure to achieve greater ownership of specific customer segments
- Consolidate Consumer Banking's contact centres into global hubs to achieve increased customer satisfaction via sales and service consistency improvements. This is a longer term ongoing project
- Complete standardisation of customer documentation and account opening processes for the remainder of the global product suite

Our priorities in 2009 →

- Develop money laundering prevention officers' training programme
- Launch new multi-language staff anti-money laundering training programme
- Assess sanctions screening systems coverage against industry best practice
- Identify enhancements to our Speaking-Up programme
- Enhance the Norkom system's capability for detecting suspicious transactions

Our priorities in 2009 →

- Drive performance in turbulent times through greater levels of engagement
- Build the effectiveness of our leaders
- Further embed our values and culture
- All existing employees to renew their education on HIV and AIDS by taking the revised e-learning course



For more information on our goals and achievements please visit:
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Millennium Development Goals

The Millennium Development Goals (MDGs) are eight goals that governments agreed in response to the world's most significant development challenges.

The Bank's sustainability strategy has elements that are aligned to the aims of several MDGs. Further to our focus on building a sustainable business in 2008, the Bank responded to the Business Call to Action led by the UK Prime Minister, Gordon Brown, to engage the private sector in using their core business activities and skills to contribute towards the MDGs. The Bank committed to launching a programme to support the growth of small and medium sized enterprises (SMEs), which is being piloted in Pakistan. Standard Chartered's response to the MDGs can be seen below:

| MDG | UN target within MDG | Standard Chartered's response |
|---|---|---|
| <ul style="list-style-type: none"> Eradicate extreme poverty and hunger | <ul style="list-style-type: none"> Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day | <ul style="list-style-type: none"> Committed to disburse USD 500m over five years to microfinance institutions (MFIs) by 2011 Technical assistance for microfinance clients in Asia and Africa to enhance the MFI capacity to extend loans to more people in our markets 2008 MDG Business Call to Action – supporting the growth of SMEs |
| <ul style="list-style-type: none"> Promote gender equality and empower women | <ul style="list-style-type: none"> Share of women in wage employment in the non-agricultural sector | <ul style="list-style-type: none"> GOAL – a women's social and economic empowerment programme for girls in India 2008 Asia Clinton Global Initiative commitment to mentor 5,000 women entrepreneurs in Asia, partnering with Vital Voices Group's Diversity and inclusion programme focusing on women at work, in the community and as customers |
| <ul style="list-style-type: none"> Combat HIV/AIDS, malaria and other diseases | <ul style="list-style-type: none"> Have halted by 2015 and begun to reverse the spread of HIV/AIDS Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases | <ul style="list-style-type: none"> Living with HIV – educating one million people on prevention and living positively with HIV and AIDS by 2010 Seeing is Believing – providing sustainable eye care services to 20m people in 20 cities by 2015 Nets for Life – distributing five million mosquito nets by 2013 across 18 African countries |
| <ul style="list-style-type: none"> Ensure environmental sustainability | <ul style="list-style-type: none"> Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources | <ul style="list-style-type: none"> Environmental strategy to 2011 which focuses on reducing our operational impacts, financing the migration to low carbon economies and engaging stakeholders \$8-10bn commitment over five years to finance renewable and clean technology projects by 2012 One of five financial institutions to develop and sign The Climate Principles Education of stakeholders on reducing their personal impact on the environment, through the Race for a Living Planet which generated 3.5m pledges across Africa, Asia and the Middle East |



Get more online at www.standardchartered.com/sustainability

To minimise paper use, the Sustainability Review 2008 is not printed but is presented as an integrated online report. Visit our sustainability website for the Review and up-to-date news, video and interactive content about our activities.

