



standard
chartered

Strategic Report 2020

Supporting our clients, colleagues and communities

Here for good



Standard Chartered is a leading international banking group

Our heritage and values are expressed in our brand promise, Here for good. Our operations reflect our purpose, which is to drive commerce and prosperity through our unique diversity.

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About this report

Sustainability reporting

We adopt an integrated approach to corporate reporting, embedding non-financial information throughout the strategic report.



More information is available in our full annual report at sc.com/annual-report

Alternative performance measures

The Group uses a number of alternative performance measures in the discussion of its performance. These measures exclude certain items which management believes are not representative of the underlying performance of the business and which distort period-on-period comparison. They provide the reader with insight into how management measures the performance of the business.



For more information please visit sc.com

Responding to COVID-19

In 2020, we committed to providing \$1 billion in not-for-profit loans to help finance companies that supply goods and services in the battle with COVID-19. We also created a \$50 million Global Charitable Fund to provide emergency support, and longer-term assistance, for the communities most impacted by the pandemic. Find out more about our responses to COVID-19, and how we have supported our clients, colleagues and communities on pages 6 to 9.

\$1 billion



Our COVID-19 not-for-profit loan pledge

Read more about our activities on page 6, and for information about total lending to date, see page 63

\$50 million



Our COVID-19 Global Charitable Fund

Read more about our activities on pages 8 and 57

Delivering our strategy

We have continued to make good progress against the strategic priorities we laid out in February 2019. As we accelerate our strategy, we have refined our focus onto four strategic priorities and three enablers (pages 26 and 27). We believe this new framework will enable us to focus on the key areas needed to transform our bank. We measure our progress against Group key performance indicators (KPIs), a selection of which are below, as well as client KPIs, some of which can be found on pages 29 to 32. Our Group KPIs include non-financial measures reflecting our commitment to sustainability, focusing on sustainable finance, being a responsible company and promoting inclusive communities. Our 11 Sustainability Aspirations, aligned to the UN Sustainable Development Goals (page 54), provide tangible targets to drive sustainable business outcomes.

Throughout this report, we use these icons to represent the different stakeholder groups for whom we create value.



Clients



Regulators and governments



Investors



Suppliers



Society



Employees

[Read more on page 23 and pages 55 to 71](#)

Financial KPIs

Return on tangible equity

3.0%

↓340bps
Underlying basis

0.9%

↓390bps
Statutory basis

Common Equity Tier 1 ratio

14.4%

↓60bps
Above our target range of 13-14%

Total shareholder return

(34.6)%

↓

Non-financial KPIs

Diversity and inclusion:
women in senior roles

29.5%

↑1%

Sustainability Aspirations
met or on track

78.4%

↓14.7ppt

Other financial measures

Operating income

\$14,765m

↓3%
Underlying basis

\$14,754m

↓4%
Statutory basis

Profit before tax

\$2,508m

↓40%
Underlying basis

\$1,613m

↓57%
Statutory basis

Earnings per share

36.1cents

↓39.6 cents
Underlying basis

10.4cents

↓46.6 cents
Statutory basis

Unless another currency is specified, the word 'dollar' or symbol '\$' in this document means US dollar and the word 'cent' or symbol 'c' means one-hundredth of one US dollar.

Unless the context requires, within this document, 'China' refers to the People's Republic of China and, for the purposes of this document only, excludes Hong Kong Special Administrative Region (Hong Kong), Macau Special Administrative Region (Macau) and Taiwan. 'Korea' or 'South Korea' refers to the Republic of Korea. Greater China & North Asia (GCNA) includes Mainland China, Hong Kong, Japan, Korea, Macau and Taiwan; ASEAN & South Asia (ASA) includes Australia, Bangladesh, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam; Africa & Middle East (AME) includes Angola, Bahrain, Botswana, Cameroon, Cote d'Ivoire, Egypt, The Gambia, Ghana, Iraq, Jordan, Kenya, Lebanon, Mauritius, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, South Africa, Tanzania, the United Arab Emirates (UAE), Uganda, Zambia and Zimbabwe; and Europe & Americas (EA) includes Argentina, Brazil, Colombia, Falkland Islands, France, Germany, Ireland, Jersey, Poland, Sweden, Turkey, the UK and the US. Within the tables in this report, blank spaces indicate that the number is not disclosed, dashes indicate that the number is zero and nm stands for not meaningful. Standard Chartered PLC is incorporated in England and Wales with limited liability, and is headquartered in London. The Group's head office provides guidance on governance and regulatory standards. Standard Chartered PLC. Stock codes are: LSE STAN.LN and HKSE 02888.

Who we are and what we do

Our purpose is to drive commerce and prosperity through our unique diversity. Our businesses serve four client segments across four regions, supported by nine global functions¹.

Our client segments



Local

1.

Retail Banking

Serving more than nine million individuals and small businesses.

Operating income

\$5,013m **\$5,013m**

Underlying basis Statutory basis

2.

Commercial Banking

Supporting more than 43,000 local corporations and medium-sized enterprises across Asia, Africa and the Middle East.

Operating income

\$1,409m **\$1,438m**

Underlying basis Statutory basis

Global

3.

Corporate & Institutional Banking

Serving more than 5,000 large corporations, governments, banks and investors.

Operating income

\$7,214m **\$7,225m**

Underlying basis Statutory basis

4.

Private Banking

Helping nearly 7,000 clients grow and protect their wealth.

Operating income

\$540m **\$540m**

Underlying basis Statutory basis

5. Central & other items

Operating income

\$589m **\$538m**

Underlying basis Statutory basis

Guiding and supporting our businesses

Global functions

Our client-facing businesses are supported by our global functions, which ensure our Group operations run smoothly and consistently

Human Resources

Maximises the value of our investment in people through recruitment, development and employee engagement.

Legal

Enables sustainable business and protects the Group from legal-related risk.

Technology & Innovation

Responsible for the Group's systems development and technology infrastructure.

Risk

Responsible for the sustainability of our business through good management of risk and ensuring that business is conducted in line with regulatory expectations.

Operations

Responsible for all client operations and ensures meeting their needs is at the heart of our operational framework. The function's strategy is supported by performance metrics, standards and practices aligned to client outcomes.

Group CFO

Made up of seven teams: Finance, Treasury, Strategy, Investor Relations, Corporate Development, Supply Chain, and Property. The leaders of these functions report directly to the Group Chief Financial Officer.

Corporate Affairs, Brand & Marketing

Manages the Group's communications and engagement with stakeholders to protect our reputation and promote our brand and services.

Group Internal Audit

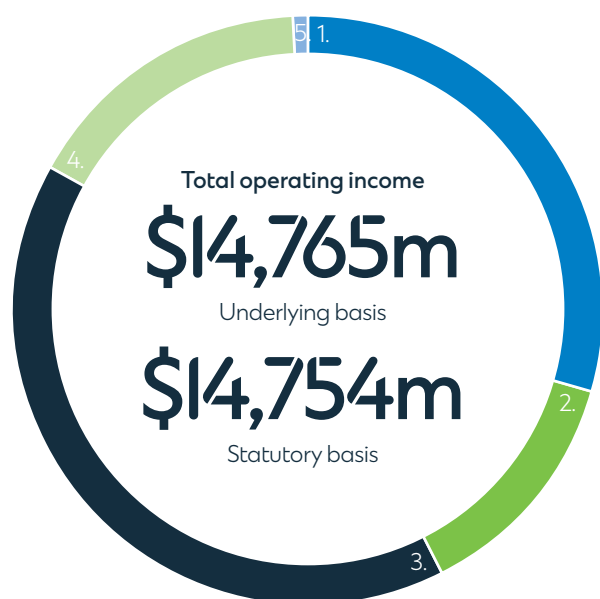
An independent function that helps the Board and executive management protect the assets, reputation and sustainability of the Group.

Conduct, Financial Crime and Compliance

Partners to enable sustainable business by delivering the right outcomes for our clients and markets, by driving the highest standards in conduct, compliance and fighting financial crime.

¹ These pages report on our structure as it was in 2020. For an overview of how our structure has changed, refer to page 21

Our regions



1. **ASEAN & South Asia**

Our largest markets by income are Singapore and India. We are active in all 10 ASEAN countries.

Operating income

\$4,366m **\$4,362m**
Underlying basis Statutory basis

2. **Europe & Americas**

Centred in London and New York with a presence across both continents. A key income originator for the Group.

Operating income

\$1,922m **\$1,922m**
Underlying basis Statutory basis

3. **Greater China & North Asia**

Serving clients in mainland China, Hong Kong, Korea, Japan, Taiwan and Macau. The Group's largest region by income.

Operating income

\$6,016m **\$6,055m**
Underlying basis Statutory basis

4. **Africa & Middle East**

Present in 25 markets, of which the most sizeable by income are the UAE, Nigeria and Kenya.

Operating income

\$2,364m **\$2,362m**
Underlying basis Statutory basis

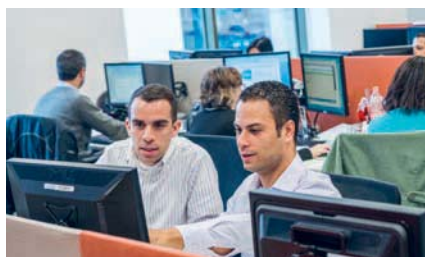
5. **Central & other items**

Operating income

\$97m **\$53m**
Underlying basis Statutory basis

Valued behaviours

Our valued behaviours ensure we do things the right way, in order for us to succeed. Only by living our values will we realise our potential and truly be Here for good.



Never settle

- Continuously improve and innovate
- Simplify
- Learn from your successes and failures

Better together

- See more in others
- "How can I help?"
- Build for the long term

Do the right thing

- Live with integrity
- Think client
- Be brave, be the change

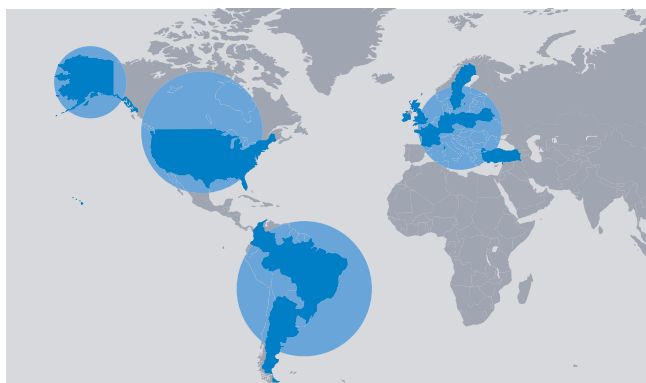
Where we operate

We make the most of our deep roots in rapidly developing Asian, African and Middle Eastern markets to seek out opportunities at every turn.

We have been operating in these regions for more than 160 years, providing banking services and supporting growth where and when it matters most.

We focus on supporting customers who trade, operate or invest across our unique footprint. What sets us apart is our diversity – of people, cultures and networks.

Europe & Americas



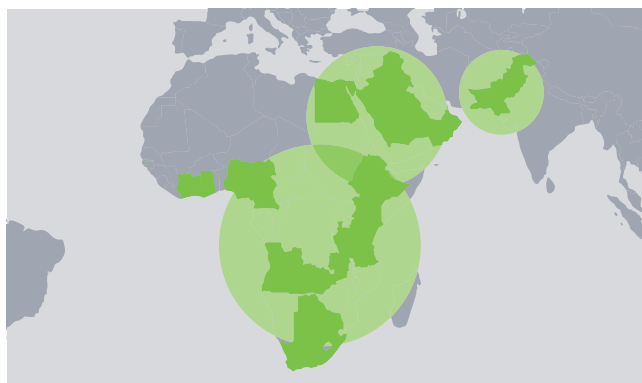
We support clients in Europe & Americas through hubs in London and New York and also have a strong presence in several European and Latin American markets.

Argentina
Brazil
Colombia
Falkland Islands
France

Germany
Ireland
Jersey
Poland
Sweden

Turkey
UK
US

Africa & Middle East



We have a deep-rooted heritage in Africa & Middle East and have been present in the region for 160 years. We are present in the largest number of sub-Saharan African markets of any international banking group.

Angola
Bahrain
Botswana
Cameroon
Cote d'Ivoire
Egypt
The Gambia
Ghana
Iraq
Jordan

Kenya
Lebanon
Mauritius
Nigeria
Oman
Pakistan
Qatar
Saudi Arabia
Sierra Leone
South Africa

Tanzania
UAE
Uganda
Zambia
Zimbabwe



Case study
Europe & Americas

EDF pushes us past \$2bn in sustainable deposits

[→ Read more on page 37](#)



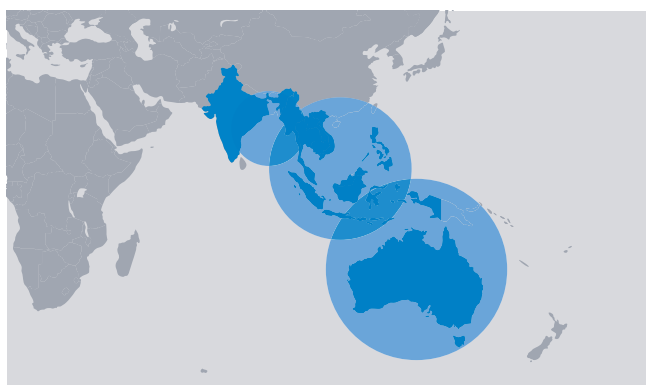
Case study
Africa & Middle East

Fighting COVID-19 in the Middle East

[→ Read more on page 36](#)

► We are present in 59 markets and serve clients in a further 85 ►

ASEAN & South Asia



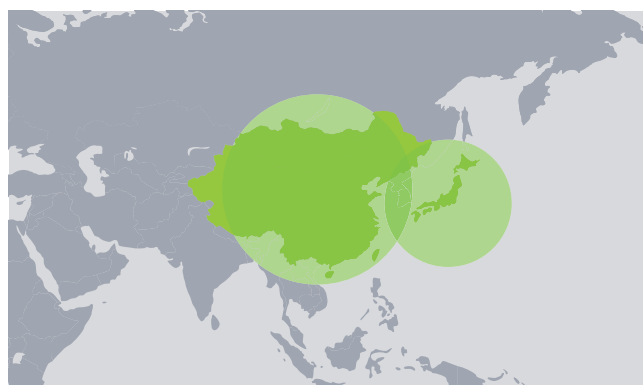
We are the only international bank present in all 10 ASEAN countries. With meaningful operations across many key South Asian markets, we are in a strong position to be the 'go-to' banking partner for our clients.

Australia
Bangladesh
Brunei
Cambodia
India

Indonesia
Laos
Malaysia
Myanmar
Nepal

Philippines
Singapore
Sri Lanka
Thailand
Vietnam

Greater China & North Asia



Greater China & North Asia generated the largest share of our income in 2020, at 41 per cent, and includes our clients in Hong Kong – the Group's largest market – as well as Mainland China, Japan, Korea, Macau and Taiwan.

Mainland China
Hong Kong
Japan

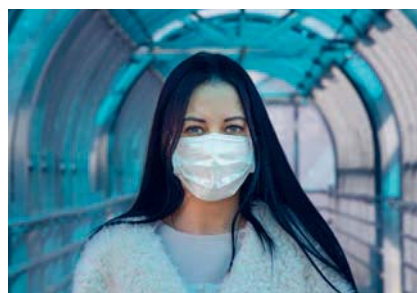
Korea
Macau
Taiwan



Case study
ASEAN & South Asia

**Helping India
breathe
easier**

→ Read more
on **page 35**



Case study
Greater China &
North Asia

**Helping
Japan fight
COVID-19**

→ Read more
on **page 34**

Our response to COVID-19

Our \$1 billion financing commitment

How we've supported our clients and communities during the pandemic

In March, we committed \$1 billion to help finance companies that provide goods and services to help in the battle against COVID-19. To date, the not-for-profit loan programme has helped businesses across our markets manufacture and distribute emergency ventilators, face masks, protective equipment and sanitisers.



For more information about our COVID-19 response funds, and for other examples of how we've supported our clients, colleagues and communities, visit sc.com/covid-19

450,000

emergency meals delivered to vulnerable New York residents paid for by our funding to Citymeals on Wheels.



Read more online at sc.com/covid19relief

As companies ramped up the production of personal protective equipment, we were on hand to help.

Helping feed families and migrant workers in Singapore.



Read more on [page 178](#) in the full annual report

Providing PPE in Uganda

Joint Medical Store, a Ugandan not-for-profit, was the first client to make use of our \$1 billion not-for-profit loan fund in May 2020. Joint Medical Store used the \$2.2 million drawdown to provide healthcare facilities and supply masks, sanitisers and medicines throughout the country.





Providing COVID-19 tests in Indonesia

In Indonesia, we helped fund Halodoc, a health technology platform that provides rapid COVID-19 tests to high-risk communities. We also donated money to provide sleeping pods to healthcare workers who required much needed rest between their shifts.



6,000

Our donations to Teach For Malaysia and WOMEN:girls helped 6,000 students with their distance-learning during the pandemic.

Making masks in Vietnam

In August, we lent Vietnamese company Garco 10, \$4.3 million to help in the production of personal protective equipment. The financing helped Garco 10 add cloth masks to its product lines to help meet rising demand in the country.



Our response to COVID-19 continued

Our \$50 million Global Charitable Fund

How we've supported our communities during the pandemic

In April, we launched our \$50 million Global Charitable Fund in order to support the communities most impacted by the pandemic. To date the fund has helped underprivileged students in Malaysia, provided clean water in Zambia and supported St John's Ambulance in the UK.



For more information about our COVID-19 response funds, and for other examples of how we've supported our clients, colleagues and communities, visit sc.com/covid-19

\$9 million to the Red Cross* and UNICEF

As part of our \$50 million COVID-19 Global Charitable Fund, we donated \$9 million to UNICEF and the Red Cross. UNICEF's \$5 million fund was used for the educational support of vulnerable children, while the \$4 million provided to the Red Cross was spent on urgent medical and social support.

* The Red Cross is an umbrella term for the British Red Cross and International Federation of Red Cross and Red Crescent Societies. Image © Sri Lanka Red Cross Society



From Nepal and India to the UK and the US, donations from our COVID-19 Global Charitable Fund have supported charities and NGOs across the world

\$27.8m

Amount given to 166 NGOs, charities and other partners in COVID-19 emergency relief across 59 markets.



Colleagues across the world donated to our COVID-19 charitable fund, raising millions to help local communities

Lui Qi (below, far right), who works in our Wuhan branch, donated to our charitable fund as part of our Give One Day initiative, after being overwhelmed by the love and support for her home city from the global community.



Read more online at
www.sc.com/giveoneday

Give One Day



Helping Sri Lanka fight COVID-19

In August, we donated \$500,000 to the Sri Lanka Red Cross Society to assist in the fight against COVID-19. As well as supporting emergency relief, the money funded 13,000 COVID-19 testing kits.



Group Chairman's statement



José Viñals
Group Chairman

“Leading with our purpose to realise our full potential”

2020 was a year of extraordinary global turbulence, and COVID-19 in particular had a profound impact on all of us. The world is a very different place from this time last year and we all must continue to adjust and adapt. We have very sadly lost colleagues and some of you will have also lost friends and loved ones, so I would like to extend my deepest sympathy to everyone who has suffered during the pandemic.

Throughout this tumultuous period, our 89,000 colleagues around the world – led by our Group Chief Executive Bill Winters and colleagues in the Management Team – have focused on protecting the interests of shareholders, while ensuring the wellbeing of colleagues, supporting our customers and clients, and showing solidarity with our communities. All of this while preserving our operational and financial resilience.

They have done this demonstrating exemplary character and with great humanity, something that I have always said is a distinctive characteristic of this Group.

Repayment holidays, fee waivers and loan extensions were offered to individual and small business customers, and we made \$1 billion of financing available at cost to those providing critical goods and services in the fight against the virus. We also established a \$50 million Global Charitable Fund to help those affected within our communities. So far, we have donated \$28 million across 59 markets, with a comparable sum contributed by colleagues and the Group to support and stimulate economic recovery.

A resilient financial performance, enabling a return to capital distributions

Bill and Andy Halford, our Group Chief Financial Officer, will explain in more detail later in this report how our financial performance was impacted in some respects by the effects of the pandemic. But those results also show evidence of great resilience – certainly far greater resilience than I suspect would have been the case if the pandemic had occurred a few years ago.

Our profit reduced despite lower costs due to a combination of lower interest rates that affected income and higher impairments driven in part by the reserves that we built to absorb possible future credit losses as the pandemic unfolds. But we remained highly liquid and our capital position actually strengthened further, which means that with better visibility over the near-term economic outlook the Board is recommending the payment of a full-year ordinary dividend of \$284 million or 9 cents per share.

And with our common equity tier 1 capital ratio above the top end of our 13-14 per cent target range, even after accruing for the recommended ordinary dividend, we have decided to complete the share buy-back programme that was suspended in April 2020, meaning we will shortly start purchasing and then cancelling up to \$254 million worth of ordinary shares.

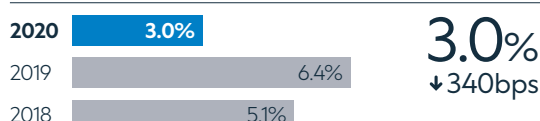
The proposed full-year dividend and share buy-back programme together is the maximum we are authorised by our regulator to return to shareholders at this stage, being 0.2 per cent of our risk-weighted assets as at 31 December 2020.

The Board's position on capital returns remains essentially the same as it was before our regulator requested us to withdraw the recommended 2019 final dividend. Having now resumed it, we expect to be able to increase the full-year dividend per share over time as we execute our strategy and progress towards a 10 per cent return on tangible equity. To the extent additional capital generated over that period is not needed to fund further business growth, we will continue to find optimal ways of returning the excess to our owners.

“We have the responsibility and a great opportunity to channel financing to where it is most needed”

Financial KPIs

Underlying return on tangible equity (RoTE) %

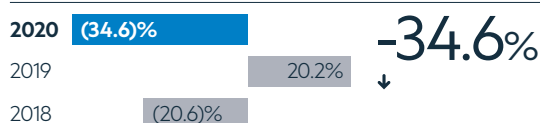


Aim Deliver sustainable improvement in the Group's profitability as a percentage of the value of shareholders' tangible equity.

Analysis RoTE was down 340 bps to 3.0 per cent in 2020, driven by COVID-19-related elevated impairments and lower interest rates.

The underlying profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' tangible equity

Total shareholder return (TSR) %

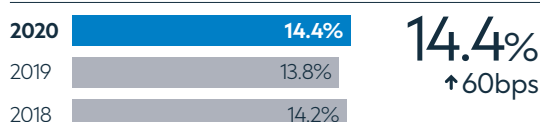


Aim Deliver a positive return on shareholders' investment through share price appreciation and dividends paid.

Analysis The Group's TSR in the full year 2020 was negative 34.6 per cent, reflecting lower earnings estimates, in particular from a lower interest rate environment and withdrawal of distributions in response to the Group's regulator as a consequence of the challenges due to COVID-19.

Combines simple share price appreciation with dividends paid to show the total return to the shareholder and is expressed as a percentage

Common Equity Tier 1 ratio %



Aim Maintain a strong capital base and Common Equity Tier 1 (CET1) ratio.

Analysis Our CET1 ratio of 14.4 per cent was above the top-end of our 13-14 per cent target range, and more than four percentage points above the Group's latest regulatory minimum of 10.0 per cent.

The components of the Group's capital are summarised on page 277 in the full annual report

Governance

I am delighted to welcome Maria Ramos to our Board as an independent non-executive director. She brings considerable experience as a chief executive, significant understanding of the global financial services industry, an in-depth understanding of the regulatory landscape, as well as experience of operating across many of our markets, especially in the Africa region.

We welcome the appointment of Dr Ngozi Okonjo-Iweala as the new Director-General of the World Trade Organisation, as a result of which she will shortly step down from the Board. I would like to thank Dr Ngozi for her valuable contributions to the Group over the last three years.

We recently announced several changes to our Board Committee composition, details of which can be found in the Directors' report in the full annual report. We also recently announced that Robert Zoellick is taking over as chair of our International Advisory Council, a diverse, multidisciplinary panel of experts whose role is to provide insight on global trends and opportunities that may affect the Group and our clients. Robert served as president of the World Bank from 2007 to 2012, where he led the effort to assist developing economies during the Global Financial Crisis and held various posts in the US Government over three administrations.

What it means to us to be purpose-led

Standard Chartered has a history of being bold and finding new opportunities in times of change. For over 160 years we have been pioneers of international trade and investment, facilitating the flow of capital to where it is needed most to drive commerce and prosperity.

And yet, in today's complex, fast-moving and unstable world, it is clear that markets, trade and capital flows are failing to address some of the key socio-economic and environmental challenges of our time. It doesn't need to be this way; we believe commerce and prosperity can be driven without people being left behind, without the planet being negatively impacted, and without creating divisions that diminish our sense of community. Never has finance and commerce been more important in fuelling positive change where it matters most – and especially in the world's emerging economic powerhouses.

This is why now, more than ever before, we must lead with our purpose. This is the moment to use our unique capacity to work across boundaries, connecting capital, people, ideas and best practices, both locally and globally. Our conviction is that we can accelerate our strategy and its wider impact by connecting it to the big issues facing our world. We will take a stand on those issues, reshape our Group where necessary to meet them and grow by playing an active role.

The refreshed strategic priorities that Bill describes separately are fully aligned with this objective. This is not just about social responsibility. This is fundamentally about doing great business, transforming our franchise and taking our promise of being Here for good to a whole new level. We're determined to unleash a new dynamic in the Group – powered by our purpose. We are building on who we are and what we are good at, and that is why I am confident we can step forward and make a real difference.

Outlook

So, what does 2021 hold? I hope and expect it will be a better year overall for the world and for us, even if uncertainties continue on several fronts. First, despite the recent positive news on vaccines, we will be coping with the health and economic impact of COVID-19 for some time. Yet I envisage

Group Chairman's statement continued

that the global economic recovery will strengthen as the year progresses and confidence returns, led by the performance of markets in Asia where we have large and entrenched positions.

Second, geopolitical uncertainty will not disappear under the new US administration, albeit I expect the US to take a more systematic, predictable and multilateral approach to foreign relations.

Finally, the pace of change required by these new times means things are accelerating faster, not just in the digital space, but also many other parts of the business ecosystem and the world. I expect that this will ultimately result in advances in productivity growth.

There remain plenty of reasons to be confident in this evolving environment. We have shown that we are getting much better at converting the undoubted dynamism of our home markets across Asia, Africa and the Middle East into profitable growth. We grew income between four and eight per cent on a like-for-like basis every quarter between the end of 2018 and the end of the first half of 2020 when the impact of COVID-19 hit, and this was while generating positive income-to-cost jaws in every period. I have always been very clear that strong growth is no good if it isn't safe and sustainable, which is why I am pleased to see the risk framework that the Management Team worked so hard to implement from 2015 perform so well last year.

The Board will continue to oversee the execution of the Group's strategy. Our goal is to provide a best-in-class experience for our clients, be that through our unique network, personalised affluent banking or attractive digital offerings in mass retail, including through key strategic partnerships. And to do this with a world-class workforce and an agile and innovative organisation which makes us simpler, faster and better. In doing so, we also aspire to become a leader in the sustainability space. As a Group with a large and long-standing emerging markets footprint, we feel we have the responsibility and a great opportunity to channel financing to where it is most needed to make the planet more sustainable.

I said in last year's report that instability and rapid change are becoming the new normal, and that adaptation is a skill I saw as being core to the Group's DNA. I am humbled by some of the stories I have heard of how my colleagues are ensuring exceptional continuity of service to our clients in often difficult circumstances, and I have no doubt that they will continue to go the extra mile to make a positive difference.



José Viñals
Group Chairman
25 February 2021

Working from home

With the pandemic forcing many of our markets into lockdown, we had to move quickly to ensure we could operate effectively when many of our colleagues had no option but to work from home.

"The excellent work of our technology team, which within a matter of weeks sourced thousands of laptops and increased the capacity of our Virtual Private Network by 600 per cent, streamlined the process of switching to home working and supported our operational resilience, enabling our employees to deliver continuity of service to our customers." José Viñals



Group Chief Executive's review



Bill Winters
Group Chief Executive

“Our outlook is bright”

Invested in 2020¹

\$1.6bn

2019: \$1.6bn 2018: \$1.6bn

¹ Regulatory, strategic, cyber and system investments

Open Application Programming Interfaces for clients

104 APIs

2019: 52 APIs 2018: 2 APIs

Proportion of Retail Banking clients who are digitally active

61%

2019: 54% 2018: 49%

We are weathering the health crisis and geopolitical tensions very well. We remain strong and profitable, although clearly impacted by credit challenges and low interest rates. Our strategic transformation continues to progress well, and our outlook is bright.

Our relative strength derives from actions we have taken over the past five years, the first phase of which was to secure our foundations. Our efforts during that time were not always obvious externally, but the benefits became clear last year when we came through an extraordinary real-life stress test with financial and operational resilience. We were open for business for our customers and communities throughout the crisis and, as Andy will describe later in this report, we remained profitable while preserving very strong liquidity and capital positions.

Since 2018, we have been executing the second phase, building on those stronger foundations. We have delivered our differentiated network and affluent businesses, optimised returns in India, Korea, the UAE and Indonesia – profits in those markets in aggregate rose 34 per cent – and invested heavily in what we expect to be transformational digital initiatives that are now live and winning business across our footprint.

We are ready now to start the next phase.

Our refreshed strategic priorities

José has already described what it means for us to be a purpose-led organisation, and how that will guide us in the years ahead. The refreshed strategic priorities which we share today link directly to our purpose to drive commerce and prosperity with our unique diversity and we have geared up to develop the skills, mindset and capabilities to deliver both. They will take us beyond what we currently do, how we currently think and extend our existing scale and impact.

- Network: we will continue to unlock the power of our unique physical footprint by digitally delivering to our clients best-in-class emerging and developed markets capabilities, insights and solutions
- Affluent: we will reinforce our strong credentials in the affluent segment by building loyalty and trust through offering our clients personalised wealth advice based on superior insight
- Mass retail: we now have a range of proven digital capabilities and our remodelled risk framework has been thoroughly stress-tested, which means we can substantially and economically scale up our mass market retail presence. We will do this with enhanced data analytics and a superior end-to-end digital experience, developing opportunities on our own and with partners
- Sustainability: we will lead with a differentiated sustainability offering, including reflecting net-zero climate goals in everything we do. This is not to score points on ESG indices, but because we know we can make a difference in the world where it matters most, and do so profitably

Group Chief Executive's review continued

These strategic priorities will be supported by three critical enablers. We are investing heavily in our people, giving colleagues the skills they need to succeed, bringing in expertise in critical areas and evolving to a more innovative and agile operating model. We are fundamentally changing the way we work, accelerating our time-to-market and increasing productivity with cross-functional teams driving agreed client and productivity outcomes. And we are driving innovation to improve our clients' experience, increase our operational efficiency and tap new sources of income, creating opportunities that I can foresee over time representing the majority of our income.

Re-committing to delivering return on tangible equity above 10 per cent

Our strategic progress continues apace despite the challenges related to COVID-19. Our returns have suffered though as the resulting severe economic dislocations and low interest rates impacted our financial performance. The progress we made up to the onset of the pandemic, however, in every key financial and strategic metric, gives us confidence that we can return to that trajectory as economies recover over the coming year.

Our refreshed strategic priorities, together with the financial framework that is laid out in the presentation that accompanies this report, should allow us to improve our return on tangible equity from the 3 per cent we delivered in 2020 to more than 7 per cent by 2023 as we progressively advance to our target of more than 10 per cent. We will hit those targets sooner if interest rates start to normalise earlier than anticipated, but in any event we expect to generate significant surplus capital over this period that will be returned to shareholders if not deployed to fund additional growth. We are starting as we mean to go on, by completing the share buy-back programme that was suspended in April 2020.

Resilience at our core

It has been an extraordinary year in many respects. But we have a long history of resilience to economic shocks and geopolitical tussles, and the opportunities and even the challenges have not fundamentally changed.

- The negative impacts of COVID-19 should be largely transitory, and indeed have provided powerful lessons that will help us to accelerate our pursuit of better productivity and may even lead to a better world. The almost overnight shift to more flexible working should benefit us over time both financially and in terms of fostering greater diversity and inclusion, and also caused us to add to our extraordinary focus on keeping pace with escalating cyber, fraud and other threats. And while we will likely live with very low interest rates for several years, even that won't last forever as economies start to reflate
- As an international bank with a unique emerging market footprint straddling the East and the West, we have always had to deal with political turbulence, both within and between our markets. This was unusually visible in 2020 but we are hopeful that a spirit of engagement will help avoid further escalation. We will comply with all laws that affect us and our clients and hope for a more diplomatic and multilateral solution to the world's challenges
- Global trade was slowing before COVID-19 and slumped when it hit, as markets around the world went into various forms of lockdown. The pace of growth comes and goes but we don't believe global trade has permanently gone into reverse. And while some trade corridors such as those between the US and China may decline from the very high levels of recent years, they will be replaced by others, in particular within the Asia and Africa regions, which play perfectly to our strengths

One thing remains clear: we can win through a relentless focus on improving the experience of our customers while working hard to attract new ones, and while keeping a tight grip on costs. The underlying macroeconomic and demographic growth drivers in our footprint remain strong and we remain well positioned to benefit from them. With our virtual bank Mox launched in Hong Kong, our banking-as-a-service venture 'nexus' preparing to launch with partners in Indonesia and digital banking now firmly embedded across our Africa franchise, we are better able to capture and create opportunities in markets that are likely to remain the most dynamic in the world for the foreseeable future.

Concluding remarks

While COVID-19 caused the quickest and sharpest economic collapse any of us has ever seen, recovery expectations have also surpassed prior recessions in both speed and magnitude. We are in a great position to benefit from that.

In the coming years, we aim not just to be a larger, leaner, more profitable and strongly capitalised bank, but a better one. Better for our customers, our communities, our colleagues and our shareholders.

- We have a non-replicable business. We intend to utilise that unique diversity for the benefit of our customers and shareholders
- We are already admired for our specialist servicing of the fast-growing trade and investment corridors across Asia, Africa and the Middle East and we are doubling-down on that differentiation

- We are driving a culture of innovation, that we believe will create sustainable opportunities in the world's fastest growing markets

And last but certainly not least, I wholeheartedly support José's comments concerning the remarkable efforts of our 89,000 colleagues around the world this year, frequently in difficult personal circumstances. These efforts enabled us to protect shareholders' interests in an exceptionally challenging year and maintain our steadfast support for the communities in the 59 markets we call home.



Bill Winters

Group Chief Executive

25 February 2021

Management Team

- | | | |
|--|---|---|
| 1. Bill Winters, CBE Group Chief Executive | 5. Dr Michael Gorriz Group Chief Information Officer | 10. Tracey McDermott, CBE Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance |
| 2. Andy Halford Group Chief Financial Officer | 6. Benjamin Hung CEO, Asia | 11. Mark Smith Group Chief Risk Officer |
| 3. Simon Cooper CEO, Corporate, Commercial & Institutional Banking and Europe & Americas | 7. Judy Hsu CEO, Consumer, Private and Business Banking | 12. David Whiteing Group Chief Operating Officer |
| 4. David Fein Group General Counsel | 8. Tanuj Kapilashrami Group Head, Human Resources | 13. Alison McFadyen* Group Head, Internal Audit |
| | 9. Sunil Kaushal CEO, Africa & Middle East | |

* Alison represents Group Internal Audit as an invitee at Management Team meetings



This photograph was taken pre-COVID-19 social distancing restrictions

Market environment

Macroeconomic factors affecting the global landscape

Global macro trends

Trends in 2020

- Global GDP contracted sharply in 2020, likely by 3.5 per cent: the worst recession since World War II
- Asia was the best-performing region, driven by positive growth in China of 2.3 per cent, but the region overall still contracted by 1.2 per cent
- Among the G7 economies, the US saw the least pronounced contraction of 3.5 per cent, as lockdown restrictions were not as significant as elsewhere
- The euro area economy contracted by 6.8 per cent in 2020 from 1.3 per cent growth in 2019 as national COVID-19 lockdowns were required in many countries throughout 2020
- Policymakers have provided massive emergency support due to the pandemic, resulting in a significant expansion in government and central bank balance sheets

Outlook for 2021

- Global growth is expected to bounce back to 5.3 per cent in 2021
- Asia will remain the fastest-growing region and will continue to drive global growth, expanding by a robust 7.4 per cent
- Among the major economies, the US is expected to record a larger bounce (5.5 per cent) than the euro area (4.0 per cent) as a result of fiscal stimulus and a faster vaccine rollout
- The COVID-19 outbreak is likely to remain a significant drag on growth in H1 but progress in rolling out global vaccines should drive momentum in H2
- Growth will be supported by strong policy support in COVID-19 affected countries, with central banks maintaining highly accommodative policies, and fiscal programmes shifting towards recovery and reconstruction
- There are several risks to this outlook including a slower rollout of COVID-19 vaccines due to logistical challenges, elevated inflation due to unprecedented stimulus and disruption to supply chains, or a geopolitical event resulting in an oil price spike

Medium- and long-term view

Legacy of COVID-19

- The rollout of COVID-19 vaccines globally could take years and logistical challenges will be magnified in emerging markets. Supply chain logistics are a bigger challenge in economies with poor road and railway infrastructure and supply chain inefficiencies. Administering vaccines to millions could increase the pressure on public health services
- Economies with early access to vaccines will likely see a sharper rebound in domestic demand, as consumer sentiment improves and social distancing is phased out. Private investment is also likely to increase, buoyed by accommodative monetary policies
- COVID-19 has brought a renewed focus on supply chain concentration risks. Companies are likely to continue to accelerate the shortening and simplifying of supply chains
- Combatting concentration risks may mean less of a role for China, the world's mega-trader. However, China's role is so important it's unlikely to be reduced rapidly

Broader global trends

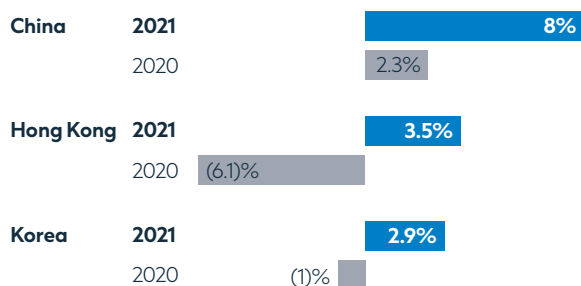
- Inflation is a bigger risk in emerging markets given fewer structural factors supporting low inflation and expectations of higher commodity prices over the medium term. In addition, the use of unconventional policies in these economies raises the risk of inflation
- There are structural challenges to global growth. Productivity growth is weak, especially in developed markets, and emerging markets will have to focus on education and upskilling to meet the threat of automation
- Long-term growth in the developed world is constrained by ageing populations and high levels of debt, exacerbated by the policy response to COVID-19
- Relatively younger populations, as well as the adoption of digital technology, will allow emerging markets to become increasingly important to global growth
- Rising nationalism, anti-globalisation and protectionism are a threat to long-term growth prospects in emerging markets

Regional outlook

Greater China & North Asia

China's economy staged a V-shaped recovery from COVID-19 due to relatively effective virus control and policy support

Actual and projected growth by country in 2020 and 2021 per cent



- China's GDP grew by 2.3 per cent in 2020, and we expect it to surge to 8 per cent in 2021 mainly due to a low base. Policy exit, including a cut in budget deficit and a scale-back in credit growth, is likely to cap the upside of the rebound, with quarter-to-quarter growth slowing throughout the year. Positive factors sustaining growth momentum include expected global recovery on vaccine optimism and the lagged effect of policy stimulus. Downside risks include hasty policy exits that could disrupt recovery and increase financial stress
- China's leadership appears confident about doubling the size of the economy by 2035, implying an average growth rate of c.4.8 per cent in the next 15 years. Developing an outsized domestic market, industrial upgrading and achieving self-reliance in technology are high on the agenda, with the aim of ensuring supply-chain security in a less friendly global backdrop
- We expect the change of administration in the US to bring a more predictable approach to interactions between the US and China. It is, however, clear there will continue to be a focus on key areas such as trade, technology and human rights
- We expect China's steady growth and the US Federal Reserve's (Fed) commitment to low interest rates to continue to support Hong Kong's recovery in the coming quarters. However, we see lingering headwinds from widespread travel bans, weak external demand excluding China, and further upside risk to the local unemployment rate, limiting recovery headroom. We forecast a moderate rebound of GDP growth to 3.5 per cent in 2021, following a contraction of 6.1 per cent in 2020
- We expect South Korea's economy to grow 2.9 per cent in 2021, following a recession of -1 per cent in 2020. Given Korea's reliance on external demand, growth hinges on the timely deployment of the vaccine nationwide and globally. We expect the Bank of Korea to continue buying KTB to ease the long-term interest rate to avoid a crowding-out effect from a structurally large budget deficit

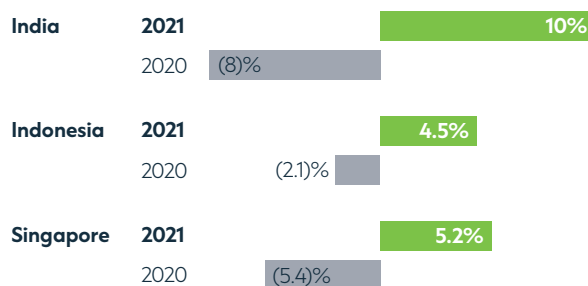


See our regional performance on [page 34](#)

ASEAN & South Asia

ASEAN is expected to rebound in 2021 after a pandemic-induced recession in 2020

Actual and projected growth by country in 2020 and 2021 per cent



- Base effects aside, very supportive fiscal and monetary measures should help ASEAN recover. But until vaccines are successfully rolled out, social distancing measures may limit the strength of any rebound
- The recovery may be uneven, with hospitality-related sectors likely to face greater challenges. Countries with large tourism and air-transport related sectors such as Thailand, Singapore and Malaysia may see continued challenges but activity should pick up as restrictions on movement ease either due to a vaccine or uniform operating standards to try to reopen borders
- Infrastructure spending in countries such as Indonesia and Philippines should also return after a year where governments had to focus on COVID-19
- The likely global recovery and a more conducive global trade environment under a new administration in the US may also support the export-oriented region, especially Vietnam and Singapore
- India's economy may rebound by 10 per cent in FY22 (year ending March 2022), after one of the worst recessions in four decades; FY21 GDP likely contracted by 8 per cent. We see upside risks to our GDP forecasts as the government has rolled out fiscal stimulus until FY26. Monetary policy is likely to remain supportive in FY22, though upside risk to growth and the possibility of higher inflation could lead to gradual normalisation in H2-FY22. Strong external buffers, better growth prospects and continued focus on reforms are likely to ring-fence rating downgrade risks



See our regional performance on [page 35](#)

Market environment continued

Regional outlook continued

Africa & Middle East

A gradual recovery in Sub-Saharan Africa is expected in 2021

Actual and projected growth by country in 2020 and 2021 per cent

| | | |
|---------|------|--------|
| Nigeria | 2021 | 2.5% |
| | 2020 | (1.9)% |
| UAE | 2021 | 1.9% |
| | 2020 | (4.6)% |

- Sub-Saharan Africa (SSA) is likely to see a recovery of 3.4 per cent in 2021, following a contraction of 2.6 per cent in 2020. Per capita GDP in SSA may have fallen back to 2010 levels due to COVID-19
- A non-oil recovery is likely to drive growth in Nigeria in 2021 given low oil prices and compliance with OPEC+ cuts
- Debt will be in focus following Zambia's default. Fiscal restraint and faster growth will be needed to stabilise debt ratios.
- OPEC+ cuts constitute a downside risk to oil exporters' growth recovery in 2021. The recovery in non-oil sector growth will likely be constrained by limited fiscal space for stimulus and foreign workers leaving due to job cuts
- We expect Dubai's hosting of EXPO 2020, postponed until 2021, to add impetus to the UAE's non-oil recovery, specifically in sectors such as tourism, hospitality and trade



See our regional performance on [page 36](#)

Europe & Americas

Growth in Europe & Americas is likely to strengthen in 2021 as vaccination programmes are rolled out


Actual and projected growth by country in 2020 and 2021 per cent

| | | |
|----|------|--------|
| UK | 2021 | 4.8% |
| | 2020 | (9.9)% |
| US | 2021 | 5.5% |
| | 2020 | (3.5)% |

- Improved confidence (and an increase in savings during the COVID-19 pandemic) should underpin rising consumption and a pick up in investment and, as social distancing requirements ease, services activity should improve. Employment is likely to improve with a lag but wages may remain subdued
- We expect inflation pressures to stay low, given excess capacity, and central banks to maintain accommodative policies
- The Fed and European Central Bank are likely to keep interest rates at current low levels, though some of the emergency measures may be rolled back as growth picks up
- The trade environment is likely to improve under the new US administration, though it may take time for the new UK-EU trade relationship to bed down following Brexit



See our regional performance on [page 37](#)

A man with curly hair, smiling and looking down at a smartphone he is holding. The background is a blurred city night scene with bokeh lights.

Digital and innovation

• Digital banking with Mox •

In 2020, we launched Mox, a new digital banking service for our customers in Hong Kong. Mox allows users to instantly open an account from their mobile device and enjoy a smarter and simpler way to bank, save and spend. Mox, which attracted 66,000 customers by the end of 2020 and is the top-rated financial app on the App Store in Hong Kong, includes a Goals and Savings Calculator which helps customers better manage their money.



Read more online at mox.com

Business model: transformation on track

We help international companies connect across our global network and help individuals and local businesses grow their wealth.

Our business

Corporate & Institutional Banking Commercial Banking

We support companies across the world, from small and medium-sized enterprises to large corporates and institutions, both digitally and in person.

Retail Banking Private Banking

We work with small businesses and individuals, from mass-market clients to high-net-worth individuals, both digitally and in person, including country-level support.

In January 2021, we streamlined our four separate businesses into two: Corporate, Commercial and Institutional Banking (CCIB); and Consumer, Private and Business Banking (CPBB). Refer to 'How we are shaping our future' (page 21) for more details.

Our products and services

| Financial Markets | Corporate Finance | Transaction Banking | Wealth Management | Retail Products |
|--|--|--|--|--|
| <ul style="list-style-type: none"> Investment Risk management Debt capital markets Securities services | <ul style="list-style-type: none"> Structured & project financing Strategic advice Mergers & acquisitions | <ul style="list-style-type: none"> Cash management Payments & transactions Trade finance products | <ul style="list-style-type: none"> Investments Portfolio management Insurance & advice Planning services | <ul style="list-style-type: none"> Deposits Savings Mortgages Credit cards Personal loans |

How we generate returns



We earn net interest on the margin for loans and deposit products, fees on the provision of advisory and other services, and trading income from providing risk management in financial markets.

Income

- Net interest income
- Fee income
- Trading income

Profits

- Income gained from providing our products and services minus expenses and impairments

Return on tangible equity

- Profit generated relative to tangible equity invested

What makes us different

Our purpose is to drive commerce and prosperity through our unique diversity – this is underpinned by our brand promise, **Here for good.**



Client focus

Our clients are our business. We build long-term relationships through trusted advice, expertise and best-in-class capabilities



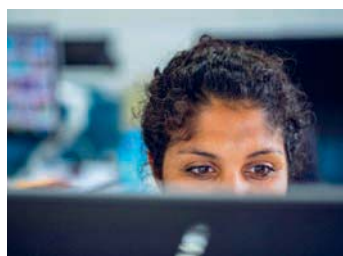
Robust risk management

We are here for the long term. Effective risk management allows us to grow a sustainable business



Distinct proposition

Our understanding of our markets and our extensive international network allow us to offer a tailored proposition to our clients, combining global expertise and local knowledge



Sustainable and responsible business

We promote social and economic development by supporting sustainable finance, being a responsible company and promoting inclusive communities



How we are shaping our future

We have tailored our business model to meet future challenges and opportunities:

In January 2021, we streamlined our organisation by integrating our existing business units into two new segments: Corporate, Commercial & Institutional Banking (CCIB); and Consumer, Private and Business Banking (CPBB).

The creation of the CCIB segment, bringing together Corporate & Institutional Banking and Commercial Banking, simplifies the way we work globally, keeping our distinct local client focus, with a less complex organisation on the ground and a single team to partner with our clients and other stakeholders.

Our Retail and Private Banking units are now CPBB. The change will help our retail businesses deliver our services more effectively to our clients, having a more global approach while serving our clients locally.

We have also streamlined our four international regions. Our new Asia region (made up of our former Greater China & North Asia and ASEAN & South Asia regions) will allow us to make the most of regional opportunities and deliver our services more effectively across the different Asian markets.

Our other regions, Africa & the Middle East and Europe & Americas, will run as before, with Europe & Americas being more closely integrated with our new CCIB business unit.



Visit this link for a full explanation of how our structure is changing: sc.com/structure

Business model continued

The inputs we rely on

We aim to use our resources in a sustainable way, to achieve the goals of our strategy

Human capital

Our diversity differentiates us. Achieving our objectives hinges on the way we invest in our people, the employee experience we curate and the culture we develop.



Strong brand

We are a leading international banking group with more than 160 years of history. In many of our markets we are a household name.

Retail Bank
Net promoter score

+29

International network

We have an unparalleled international network, connecting companies, institutions and individuals to, and in, some of the world's fastest growing and most dynamic regions.



Local expertise

We have a deep knowledge of our markets and an understanding of the drivers of the real economy, offering us insights that help our clients achieve their ambitions.



Financial strength

With \$789 billion in assets on our balance sheet, we are a strong, trusted partner for our clients.

CET1 Capital

\$39_{bn}

Technology

We possess leading technological capabilities to enable best-in-class customer experience, operations and risk management.



How we're enhancing our resources

- More than 10,800 employees have completed learning courses for future skills that we need – including analytics, data, digital and cyber – in 2020
- We are creating a work environment that supports resilience and creativity with continued investment in physical, social, financial and mental wellbeing

- Our \$50 million COVID-19 Global Charitable Fund, which provides emergency support for communities most impacted by the pandemic, demonstrates that we are Here for good
- As measured by stakeholder intelligence firm Alva, the Group improved its reputation in 2020 over 2019, gradually becoming stronger and exceeding the average score for the banking sector, beating it in a majority of eight surveyed markets in every quarter since Q3 2019

- We are investing in digital capabilities to help us become the leading banking platform in our footprint, where clients can be connected to investments, capital and trade
- Our network represents around two thirds of our Corporate & Institutional Banking business. The network business is returns accretive

- To help our SME clients cope with COVID-19, we kept in close contact, calling 12,000 small businesses in both May and September to understand their challenges and offer our help
- Since the outbreak of COVID-19, we have lent more than \$1 billion to small businesses across our markets

- Stronger capital and a much more resilient balance sheet with growth in high quality deposits
- Common Equity Tier 1 (CET1) ratio at 14.4 per cent, above the Group target range of 13-14 per cent

- We are providing digital solutions to meet clients' needs in real time, partnering to create innovative solutions and developing ventures to address emerging banking trends
- We are automating our infrastructure based on cloud computing, building a scalable, high performing, resilient and secure platform for retail and wholesale customers globally

The value we create

We aim to create long-term value for a broad range of stakeholders in a sustainable way



Clients

We enable individuals to achieve their ambitions, and 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.

Total number of individual clients¹

9.6m

2019: 9.2m

Total number of business banking and CCIB clients²

261,000

2019: 268,000



Suppliers

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

Total spent in 2020

\$3.8bn

2019: \$4.0bn

Active suppliers

12,900

2019: 14,600 active suppliers



Employees

We believe great employee experience drives great client experience. We want all our people to pursue their ambitions, deliver with purpose and have a rewarding career enabled by great people leaders.

Senior appointments which are internal

62%

2019: 63%

Employees committed to our success

97%

2019: 96%



Regulators and governments

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

Taxes paid in 2020

\$971m

2019: \$1,421m



Society

We strive to operate as a sustainable and responsible company, driving prosperity through our core business and collaborating with local partners to promote social and economic development.

Community investment

\$95.7m

2019: \$51.1m



Investors

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

Dividends declared in 2020

\$284m

2019: \$863m³



¹ Includes Retail and Private Banking clients

² Active client groups

³ Dividend was subsequently cancelled at the request of the regulator

Our strategy

We are continuing to transform our bank by improving the experience for clients and employees, while focusing on high-quality business.

We are on track to launch new ventures and digital platforms, as well as to meet our targets on increasing digital cash transactions with our clients.

Our progress against our current strategy is outlined on pages 24 and 25, while the strategy for our next phase of growth is on pages 26 and 27.

“We have delivered our differentiated network and affluent businesses, optimised returns in some of our larger markets and invested in what we expect to be transformational digital initiatives”

Bill Winters

Group Chief Executive

Strategic progress in 2020

We remain resilient and competitive, despite economic and geopolitical challenges, meaning that – even though our progress has slowed – we are on the right track.

In 2020, we were operating in the face of paradigm-shifting global events such as the worsening of US-China relations, COVID-19 and the return of low interest rates.

We have taken action to partially offset 2020's impact on our operating profit and ensure we can continue to operate resiliently.



Purpose and people

Understand our responsibilities

We continue to drive up standards of governance, ensure fair outcomes for clients and fight financial crime.

Lead sustainable financing across emerging markets

We have committed \$75 billion in financing by 2024 to help our clients meet the UN Sustainable Development Goals (SDGs). We arranged the first US sustainable use-of-proceeds syndicated subscription facility and the first ever impact-focused subscription finance facility.

Support the communities where we live and work

We committed to providing \$1 billion of financing on a not-for-profit basis for companies offering goods and services to help fight COVID-19 and also established a \$50 million Global Charitable Fund to help our communities.

Maximise return from our investment in people

We are building a future-ready workforce – changing how we work and developing the new skills we need. An inclusive culture helps us harness our diversity to innovate for our clients and communities.

Progress in 2020

Employee net promoter score

+17.5 +6pts

2019: +11.5 pts

Sustainability Aspirations achieved or on track*

78% -15pts

2019: 93.1%

* Decrease due to COVID-19 impacting the pace of delivering our Sustainability Aspirations. In 2020, the Group released updated Sustainability Aspirations with 37 new annual and multi-year performance targets (vs 29 targets previously disclosed)

Deliver our network

Leverage our unique footprint

We continue to deepen our relationship with our core clients to realise the revenue potential of our network.

Build on our strength in China

We will continue connecting our clients both within and beyond China. We are capturing growth opportunities from capital market opening, renminbi (RMB) internationalisation, Belt & Road corporate clients, offshore mainland Chinese wealth and the Greater Bay Area.

Grow with Africa

We aim to grow with our clients in Africa, capturing inbound flows of financial institutions, multinational corporations, and Belt & Road clients.

We have continued our Retail Banking client growth in Africa with our cost-efficient digital banking.

Progress in 2020

Corporate & Institutional Banking network income

\$4.2bn -10%

2019: \$4.6bn

Corporate & Institutional Banking income generated outside of a client group's headquarter country

Improve productivity

Investing in digital

Our investment in digitisation will make us more productive and give clients a better experience. We announced strategic global agreements with Microsoft and Amazon Web Services to speed up our digital transformation and deliver new personalised banking services through a cloud-first strategy.

Transforming our ways of working

We are embracing agile work and improving client journeys to be more productive across operations processing, risk management and change delivery.

Progress in 2020

Underlying operating income per FTE

\$174,000 -4%

2019: \$182,000

Underlying operating income over the past 12 months divided by the 12-month rolling average full-time equivalent (FTE) employees.

Grow our affluent business

Meet the needs of the affluent and emerging affluent

By enhancing our offering, we have grown income as well as attracted new clients with an improved product mix (number of Premium, Priority and Private clients increased 7 per cent year-on-year).

Enhance client experience with data and technology

We're investing more in data and analytics to better understand our clients and their needs, improve our offerings, deliver a more personalised service and increase client engagement.

Scale the non-affluent sector in a targeted manner

We will put new business models in place, harness technology and work with non-bank partners to acquire and serve non-affluent clients with our target profile in a cost-efficient manner.

Progress in 2020

Affluent client income

\$3.5bn -1%

2019: \$3.5bn

Income from Retail Banking Priority, Retail Banking Premium and Private Banking clients

Transform and disrupt with digital

Transform our Retail Banking business with digital

As part of our efforts to transform our retail bank, digital onboarding improved to 80 per cent (~30 per cent in 2019), while digital servicing increased to 70 per cent (25 per cent in 2019).

We launched our new virtual bank Mox in Hong Kong and already had 66,000 customers and HKD5.2 billion in deposits as of the end of 2020.

We also announced nexus, our 'banking as a service' solution for consumer platforms, in Indonesia.

Consolidate our position with corporate clients

We are leading an industry workgroup to develop a Trade Finance Registry pilot to enhance transparency in commodity trade.

We completed the first cross-border live transaction on Trusple, the newly launched digital international trade and financial service platform of AntChain.

We launched an ambitious three-year programme to build the leading banking platform in our footprint.

We support clients on their digital journey, and we have set a target of 95 per cent of clients on digital platforms by 2023.

Optimisation markets

Improve returns in markets where we have trusted local capabilities

In markets where we can utilise our local and international capabilities, we have improved our returns through our sharpened participation in Corporate & Institutional Banking and selectively in Commercial Banking and/or Retail Banking (namely India, Indonesia, Korea and the UAE).

Accelerate growth in our largest and most profitable markets

In regions where we are a top local bank delivering our full range of services, with attractive returns, we will invest to grow market share.

Focus on Corporate & Institutional Banking in other markets

Where our capabilities are geared towards international business, we will reinforce our focus on originating and facilitating cross-border business.

Progress in 2020

Underlying operating profit before taxation in India, Indonesia, Korea and the UAE

\$559m +33%

2019: \$420m

Aggregate underlying profit before taxation in the four markets. Excludes Permata.

Progress in 2020

Retail Banking digital adoption

61% +7%

2019: 54%

Mobile and online adoption by active clients.

Corporate & Institutional Banking digital volumes

\$189m +20%

2019: \$157m

Financial markets sales income originated via e-platforms

Commercial Banking digital adoption

74% +7%

2019: 68%

Percentage of Commercial Banking clients active on our Straight2Bank application

Our strategy continued

Our next phase

As we look to move from transforming our bank to becoming a leader in global finance in the next five years, we have refreshed our strategy onto four strategic priorities and three enablers. This extension of our existing strategy allows us to focus on the key areas that will help us in the next phase of our development.

Our strategy

We enter this new chapter with strong foundations and renewed confidence. We will continue to invest in people, partnerships and innovations that bring value to our clients.

With changes in the operating environment, we are refreshing our strategy to move us from 'transformation' to 'lead', a new phase where we aim to become market leaders in the next five years.

We will ramp up our focus on:

- Four strategic pillars: wholesale network business, affluent client business, mass retail business and sustainability
- Three critical enablers: people and culture, new ways of working and innovation

Rationale and drivers

While our 2019 refreshed strategic priorities moved us from turnaround to transformation, the 2021 strategy aims to move us from our transformation phase to becoming leaders:

- Invest – invest in our strategy and navigate the continued uncertainties through 2021
- Grow and disrupt – rejuvenate growth with early results from our sharpened strategy by 2023
- Lead – emerge as a leader with future-proof competitive advantages by 2025

Ambition and measuring progress

By 2025, we want to be admired for our specialist servicing of the fast-growing trade and investment corridors across Asia, Africa and the Middle East.

We want to: be the number one wholesale digital banking platform; be among the top three affluent brands; double our mass presence; and become a market leader in sustainability.

We have created KPIs to measure our progress and meet our goals.

Strategic priorities

Wholesale network business



We intend to become the leading international wholesale bank in our emerging markets footprint by...

- Taking leading positions in high-returning, high-growth sectors
- Delivering a market-leading digital banking platform providing services such as investments, capital and trade; delivering consistent client experience; and driving income while lowering service costs, particularly in tail markets
- Driving 'capital-lite' products, while building a leading sustainable finance franchise and expanding our credit origination and distribution ecosystem
- Speeding up growth in large markets, while expanding in growing markets and corridors, in line with shifts in trade and investment flows

CCIB network income

\$4.4bn

% of CCIB transactions digitally initiated

41%

Mass retail business



We intend to help our clients prosper and deliver everyday banking solutions by integrating our services into their digital lives. New digital solutions, strategic partnerships and advanced analytics will enable us to significantly increase our reach and relevance to serve them in a meaningful way. We are:

- Enhancing our value propositions and client solutions, and deepening talent and capabilities across digital sales and marketing as well as data and analytics
- Building strategic enablers to become the partner of choice to leading global and regional companies
- Growing the share of our mass retail client business income from new innovative business models

Mass market customers

7.6m

% of digital sales for Retail Products

68%

Affluent client business



As the leading international wealth manager, we intend to offer outstanding personalised wealth advice and exceptional experiences to our affluent clients to help them grow and manage their wealth internationally and at home. We are:

- Focusing on growing our affluent client business (Retail Banking Priority and Premium, and Private Banking clients) across our top markets with outstanding wealth management and international propositions
- Delivering personalised solutions and deepening client engagement by leveraging data and analytics to generate high quality client insights
- Building a scalable affluent client service model by transforming our physical network and digital capabilities to an integrated omnichannel experience

Affluent client income

\$3.5bn

Total number of affluent clients

2.0m

Sustainability



We intend to become the world's most sustainable and responsible bank and the leading private-sector catalyser of finance for the SDGs where it matters most – in Asia, Africa and the Middle East – by...

- Leveraging Climate Risk management to support clients in managing Climate Risk and identifying transition opportunities
- Integrating sustainable finance as a core component of our customer value proposition
- Continuing to promote economic inclusion and tackle inequality in our footprint
- Having a net zero financed carbon emissions target by 2050

Sustainability Aspirations achieved or on track

78%

Reduction in carbon footprint from previous year

37%

Critical enablers

People and culture



We are accelerating our people strategy to create a future-ready workforce by...

- Building a culture of continuous learning to support future skills and re-skilling – more than 55,000 employees have used our new digital learning platform
- Investing in wellbeing to improve productivity and performance, including people leader tools and mental health support
- Redesigning our performance management approach to better enable innovation and collaboration
- Accelerating post COVID-19 ways of working, implementing 'in-office' and remote work in our nine largest markets, with 80% of colleagues expressing an interest in working flexibly
- Focusing on inclusion to harness the value from our unique diversity

New ways of working



We intend to make it easier for our people to do the right thing for our clients, faster and more safely, while gearing the Group for high-performance and innovation in a fast-paced, dynamic environment.

Towards this goal, we are thinking client first, embracing organisational agility and empowering our people to continuously improve the way we work.

Innovation



We intend to create opportunities that over time can generate the majority of our income. Our aim is to...

- Accelerate the pace of innovation by adopting new ways of working in all aspects of our tech and product delivery
- Develop and scale up ventures in markets across our footprint
- Embrace organisational agility, fostering a culture of experimentation and continuous improvement, and embedding innovation into our culture
- Improve client and investor perception about the bank as a leading innovator and a bank of the future



Fighting financial crime

► Rajen versus the COVID fraudsters ◀

In March 2020, Rajen Raj, a member of our fraud team in Singapore, helped foil a COVID-19 personal protective equipment scam worth \$10 million. Rajen worked with the Singapore Police Anti-Scam Centre, helping them freeze accounts and seize the money from fraudsters who were posing as suppliers of masks and sanitisers.

⊕ Read more online at sc.com/rajenstory



Corporate & Institutional Banking

KPIs



Profit before taxation

\$1,841m

↓ 18%
underlying basis

\$1,677m

↓ 22%
statutory basis

Return on tangible equity (RoTE)

6.6%

↓ 190bps
underlying basis

6.1%

↓ 190bps
statutory basis

Risk-weighted assets (RWA)

\$137bn

↑ \$8bn

Proportion of low-returning client risk-weighted assets

↑ 14.5% of RWA

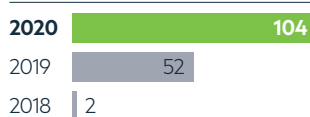


Aim: Reduce perennial sub-optimal RWA² and bring down the proportion of low returning client risk-weighted assets.

Analysis: Our perennial sub-optimal RWA² has reduced 27 per cent year-on-year. However, the proportion of low returning client RWA increased from 13.8 per cent in 2019 to 14.5 per cent in 2020 driven by decline in asset credit quality impacted by COVID-19 pandemic.

Open Application programming interfaces for clients

↑ 104 APIs³



Aim: Deliver a true frictionless cross-product digital banking experience to our clients.

Analysis: Doubled our open APIs³ for clients to 104 in 2020 with presence across 20 footprint markets.

Segment overview

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across 50 markets, providing solutions to more than 5,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Our clients include large corporations, governments, banks and investors operating or investing in Asia, Africa and the Middle East. Our strong and deep local presence across these markets enables us to connect our clients multilaterally to investors, suppliers, buyers and sellers and enable them to move capital, manage risk, invest to create wealth, and to help co-create bespoke financing solutions.

We collaborate increasingly with other segments, introducing Commercial Banking services to our clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering our clients' employees banking services through Retail Banking.

Finally, we are committed to sustainable finance, delivering on our ambitions to increase support and funding for financial products and services that have a positive impact on our communities and the environment and support sustainable economic growth.

Strategic priorities

- Deliver sustainable growth for clients by leveraging our network to facilitate trade, capital and investment flows across our footprint markets
- Generate high-quality returns by growing 'capital-lite'¹ income, driving balance sheet velocity and improving funding quality while maintaining risk controls
- Be the leading digital banking platform providing network services and partner with third parties to expand capabilities and to access new clients
- Accelerate our sustainable finance offering to our clients through product innovation and enabling transition to a low carbon future

Progress

- Network income was down 10 per cent due to the impact of lower interest rates, particularly in Cash Management. Underlying quality of income remains resilient and our network continues to generate 58 per cent of total income
- Maintained balance sheet quality with investment grade net exposures representing 65 per cent of total corporate net exposures (2019: 65 per cent) and high-quality operating account balances improving to 64 per cent of Transaction Banking and Securities Services customer balances (2019: 61 per cent)
- Migrated c.15,000 client entities to S2B⁴ NextGen platform and increased S2B cash payment transaction volumes by 4 per cent
- Resilient performance driven by diversified product suite and expanded client solutions delivering growth despite challenging geopolitical and macroeconomic conditions across footprint markets

Performance highlights

- Underlying profit before tax of \$1,841 million down 18 per cent, primarily driven by higher credit impairments, partially offset by higher income and lower expenses
- Underlying operating income of \$7,214 million up 2 per cent, primarily driven by Financial Markets on the back of higher market volatility offsetting lower income from Cash Management impacted by a lower interest rate environment
- Good balance sheet momentum with total assets up 9 per cent, of which loans and advances to customers were up 4 per cent
- Underlying RoTE decreased from 8.5 per cent to 6.6 per cent

- 1 Capital-lite income refers to products with low RWA consumption or of a non-funded nature. This mainly includes Cash Management and FX products
- 2 Perennial sub-optimal clients are clients who have returned below 3 per cent RoRWA for the past three years
- 3 Application programming interface refers to a set of software functions to allow seamless exchange of instructions and data with our clients
- 4 Our next generation Transaction Banking digital platform

Multiple world firsts with Etihad

In November 2020, we worked with Etihad Airways' on their first sustainable Sukuk issuance.

The \$600 million Sustainability-Linked Transition Sukuk, a Shariah-compliant bond, is the first sustainability-linked Sukuk globally and for the aviation industry. Etihad intends to use the funds for more energy-efficient aircraft and research and development into sustainable aviation fuel.

Retail Banking

KPIs



Profit before
taxation

\$587m

↓ 46%
underlying basis

\$537m

↓ 48%
statutory basis

Return on tangible equity
(RoTE)

6.5%

↓ 620bps
underlying basis

5.9%

↓ 600bps
statutory basis

Risk-weighted assets (RWA)

\$47bn

↑ \$3bn

Digital adoption

↑ 61% number of clients



Aim: Align the Group's service to how clients want to interact and increase efficiency by reducing the amount of manual processing.

Analysis: Online applications have continued to grow with the proportion of Retail Banking clients that are digital-active up from 54 per cent in 2019 to 61 per cent at the end of 2020.

Priority & Premium
client focus

↑ 59% share of income



Aim: Increase the proportion of income from Priority clients, reflecting the strategic shift in client mix towards affluent and emerging affluent clients.

Analysis: The share of Retail Banking income from Priority clients increased from 57 per cent in 2019 to 59 per cent in 2020, supported by more than 139,000 new-to-bank Priority clients in the year.

Segment overview

Retail Banking serves more than nine million individuals and small businesses, with a focus on affluent and emerging affluent in many of the world's fastest-growing cities. We provide digital banking services with a human touch to our clients, with services spanning across deposits, payments, financing products and Wealth Management. We also support our clients with their business banking needs.

Retail Banking represents around one-third of the Group's operating income and one-quarter of its operating profit. We are closely integrated with the Group's other client segments; for example, we offer employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a source of high-quality liquidity for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support our opportunity to grow the business sustainably. We aim to improve productivity and client experience by driving digitisation and cost efficiencies, and simplifying processes.

Strategic priorities

- Invest in our affluent and emerging affluent clients with a focus on Wealth Management and Deposits to capture the significant rise of the middle class in our markets
- Improve our clients' experience through an enhanced end-to-end digital offering, with intuitive platforms, best-in-class products and service responding to the change in digital habits of clients in our markets

Progress

- Increased the share of income from more affluent Premium and Priority clients from 57 per cent in 2019 to 59 per cent as a result of resilient performance in Wealth Management and Mortgages and CCPL income growth
- Premium Banking income has grown 15 per cent since the launch in ten markets last year
- Mox launched in Hong Kong in September 2020 and at the end of 2020 had 66,000 customers, more than \$670 million in deposits and is one of the highest rated and most-reviewed virtual banks
- Our fully digital African banks have now acquired half a million new customers. 75 per cent are below the age of 35, which is helping to build our pipeline of next generation emerging affluent clients
- We have announced a 'banking-as-a-service' solution, nexus, for consumer platforms, such as e-commerce, social media or ride hailing companies, so these companies can offer their own branded financial services to their customers. We have signed up Sociolla and Bukalapak in Indonesia as partners
- Exponential increase in digital sales, up over 300 per cent driven by our Ant Financial partnership in China, Mox and our nine digital banks in Africa & Middle East
- A further improvement in digital adoption, with 61 per cent of clients now actively using online or mobile banking compared with 54 per cent in 2019

Performance highlights

- Underlying profit before tax of \$587 million was down 46 per cent driven by lower income and higher credit impairments. Expenses were well-managed and slightly lower
- Underlying operating income of \$5,013 million was down 3 per cent. Greater China & North Asia was down 1 per cent, ASEAN & South Asia was down 5 per cent and Africa & Middle East was down 9 per cent (down 1, 3 and 5 per cent on a constant currency basis, respectively)
- Strong income momentum growth from Mortgages and Business Banking Lending with improved margins and balance sheet growth and 5 per cent growth in Wealth Management. These were offset by Deposit margin compression, impacted by a lower interest rate environment, which was partially offset by 7 per cent growth in Customer Accounts
- Underlying RoTE decreased to 6.5 per cent from 12.7 per cent

▶ Watching out for wellbeing ◀

In order to protect the health of our clients during COVID-19, we partnered with wellness provider Switch+ to roll out a customer wellbeing platform.

The platform, which hosted fitness sessions including yoga, meditation and Zumba, was available to a selection of clients across our top markets.

In total, our clients completed more than 3,500 activities using the platform.

Commercial Banking

KPIs



Profit before taxation

\$214m

↓ 57%
underlying basis

\$157m

↓ 68%
statutory basis

Risk-weighted assets (RWA)

\$28bn

↓ \$3bn

Capital-lite³ income as a share of total income

46% share of total income⁴



Aim: Reshape the income mix towards capital lite income.

Analysis: Share of capital-lite income decreased slightly to 46 per cent in 2020 impacted by net interest margin compression from interest rate cuts. This was partially offset by strong growth in Liabilities. High quality OPAC balances grew from \$18 billion in 2019 to \$22 billion in 2020. We have set up dedicated liabilities teams in key markets and continue to focus on cash rich sectors, non-borrowing clients and FX cross-sell opportunities.

Return on tangible equity (RoTE)

3.4%

↓ 400bps
underlying basis

2.5%

↓ 480bps
statutory basis

Number of new to bank clients onboarded ('000)

6,500 new sign ups⁴



Aim: Building scale by onboarding new to bank clients.

Analysis: We maintain strong momentum in the onboarding of new to bank clients, while monetising clients onboarded in prior years. Clients onboarded in 2019 helped us generate c.\$126 million additional income on approximately \$5 billion additional liabilities in 2020.

Segment overview

Commercial Banking serves more than 43,000¹ local corporations and medium-sized enterprises in 22 markets across Asia, Africa and the Middle East. We aim to be our clients' main international bank, providing a full range of international financial services in areas such as trade finance, cash management, financial markets and corporate finance.

Through our close linkages with Retail Banking and Private Banking, our clients can access additional services they value including employee banking services and personal wealth solutions. We also collaborate with Corporate & Institutional Banking to service clients' end-to-end supply chains.

Our clients represent a large and important part of the economies we serve and are potential future multinational corporates. Commercial Banking is at the heart of the Group's shared purpose to drive commerce and prosperity through our unique diversity.

Strategic Priorities

- Drive quality sustainable growth by deepening relationships with existing clients and onboarding new clients, focusing on rapidly growing and internationalising companies
- Improve balance sheet and income mix, accelerating utilisation of growth in Cash and FX products.
- Continue to enhance capital allocation discipline and credit risk management
- Improve client experience, using technology and investing in frontline training, tools and analytics

Progress

- Onboarded 6,500 new clients in 2020, which helped generate \$78 million additional income and \$3 billion additional cash liabilities
- Double-digit income growth seen in the Hong Kong-Taiwan, Taiwan-Singapore and Singapore-India corridors as we continue to tap their potential to help our Commercial Banking clients capture international opportunities
- Maintained cost discipline (down 8 per cent) while reducing RWAs (down 8 per cent)
- RWA efficiency² improved to 65 per cent in 2020 (2019: 70 per cent)
- Continued to improve client experience: reduced client turnaround time from five to four days
- Good progress on client satisfaction with Commercial Banking client engagement improving to 31 per cent (2019: 26 per cent)

Performance highlights

- Underlying profit before tax of \$214 million was down 57 per cent mainly due to lower income and higher credit impairments from the effects of COVID-19
- Underlying operating income of \$1,409 million was down 10 per cent mainly driven by lower Transaction Banking income
- ASEAN & South Asia, Greater China & North Asia and Africa & Middle East income was down 6, 14 and 14 per cent, respectively
- Underlying RoTE reduced from 7.4 per cent to 3.4 per cent

Battling COVID-19 in Bahrain

In July 2020, we worked with Bahrain-based medical company Yousuf Mahmood Hussain Company, to help battle the pandemic in the region.

We provided the pharmaceutical and medical distribution company with \$8 million as part of our \$1 billion COVID-19 not-for-profit loan fund to help with the provision of medical and health equipment including masks and protective devices.

¹ Relates to individual entities

² RWA efficiency is derived as credit RWA divided by assets and contingents

³ Capital-lite income refers to products with low RWA consumption or of non-funded nature. This primarily includes Cash Management and FX products

⁴ Prior periods KPIs have been restated following a reorganisation of certain clients across client segments

Private Banking

KPIs



Profit before
taxation

\$62m

↓ 34%
underlying basis

\$51m

↓ 39%
statutory basis

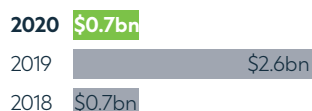
Risk-weighted assets (RWA)

\$6bn

↔ Flat

Net new money

↓ \$0.7bn of net new money



Aim: Net new money – grow and deepen client relationships, improve investment penetration and attract new clients.

Analysis: We added \$0.7 billion of net new money in 2020, delivering positive inflows for the fourth consecutive year since 2016.

Return on tangible equity
(RoTE)

4.8%

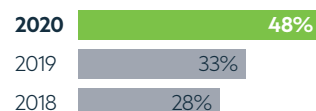
↓ 250bps
underlying basis

4.0%

↓ 240bps
statutory basis

Net client score for ease of
doing business

↑ up to 48%



Aim: Historically improve the Private Banking client experience through all touch points with the Group.

Analysis: Launched in 2016, the annual Private Banking client satisfaction survey reviews multiple dimensions of client sentiment and measures our progress in putting client needs at the heart of everything we do. In 2020, 48 per cent of clients rated us very easy to do business with compared to 33 per cent in 2019.

Segment overview

Private Banking offers a full range of investment, credit and wealth planning products to grow, and protect, the wealth of high-net-worth individuals.

Our investment advisory capabilities and product platform are independent from research houses and product providers, allowing us to put client interests at the centre of our business. This is coupled with an extensive network across Asia, Africa and the Middle East which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of our universal banking proposition, clients can also leverage our global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs. Private Banking services can be accessed from six leading centres: Hong Kong, Singapore, London, Jersey, Dubai and India.

Strategic priorities

- Leverage significant wealth creation and wealth transfers in our markets to increase franchise scale
- Deliver a unique and compelling client value proposition, which focuses on:
 - Access: through market-leading products and platforms
 - Advice: differentiated investment insights delivered through our bankers and investment advisers
 - Affinity: partnering clients through a sustainable investing offering and our Next Generation programme
- Build adaptive teams with strong leaders and a transparent focus on results
- Build for scale by focusing on efficiency on all fronts
- Sustainable growth through establishment of robust controls and an active “Think Conduct” culture

Progress

- Accelerated our client digital agenda to meet their needs in the new normal:
 - Dedicated efforts to increase client registrations drove adoption rate of our award-winning PvB App to 62 per cent (53 per cent growth in number of users since January 2020)
 - We listened to our clients’ needs and launched new functionalities such as portfolio performance analysis capabilities and online publication of market insights; this helped to increase app usage with half of users logging in more than once a month
- Through our virtual rehearsal programme with video-based role play training, we aim to transform a generation of bankers, teaching them how to deliver a high-tech but also high-touch client engagement experience
- Digitisation of our client onboarding has empowered our bankers to prospect beyond their borders and be future-ready:
 - Launch of eSign (digital signatures) in all booking centres, facilitating account opening and credit applications
 - Innovative use of video conferencing solutions as an alternative to face-to-face meeting requirements has improved the client experience as clients are empowered to seamlessly connect with their bankers

Performance highlights

- Underlying profit before tax of \$62 million was down 34 per cent, due to non-recurrence of a credit impairment release of \$29 million in 2019. Excluding this and normalised for a one-off provision of \$4.5 million in 2020, underlying profit was up 1 per cent, benefiting from early cost management actions and strong client engagement driving Wealth Management income expansion
- Underlying operating income of \$540 million was down 6 per cent, impacted by margin compression in the deposit book due to rate cuts. This was partially offset by resilient growth from Wealth Management, up 5 per cent, mainly from Structured Products and Equities
- Assets under management increased \$6 billion or 9 per cent, driven by \$0.7 billion of net new money and positive market movements
- Underlying RoTE decreased from 7.3 to 4.8 per cent

Helping clients invest sustainably

With the world looking to build back greener after COVID-19, there has been an increased interest in sustainable investing.

To help our private banking clients invest with a sustainable lens, we launched the industry’s first ESG Fixed Maturity Product in conjunction with BNP Paribas Asset Management.

In addition, in order to create further interest in sustainable investing, we’ve made several climate and SDG-themed funds available to our private banking clients.

Banking from home

When COVID-19 struck, we had to move at pace to ensure we could successfully implement remote working. By April, 70 per cent of our workforce was working from home, thanks to the provision of thousands of laptops and a 600 per cent increase in the capacity of our Virtual Private Network. We also created SC Connect, a new app to help colleagues check in with each other remotely and remain connected with their teams.



Read more online at sc.com/homebanking

Greater China & North Asia

Profit before taxation

\$2,035m

↓ 16%
underlying basis

\$1,900m

↓ 17%
statutory basis

Risk-weighted assets (RWA)

\$93bn

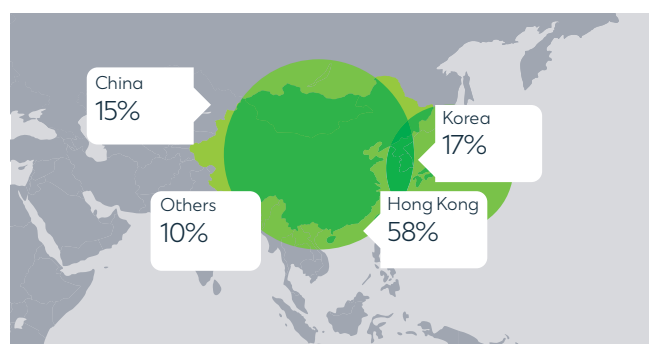
↑ \$7bn

Loans and advances to customers



Greater China & North Asia
45% of Group

Income split by key markets



Supporting the Nippon Foundation and Ashinaga

As part of our \$50 million COVID-19 Global Charitable Fund, we donated JPY10 million to Ashinaga and the Nippon Foundation in Japan.

With the funding, Ashinaga helped 6,500 orphaned students continue their studies, while the Nippon Foundation funded temporary accommodation for COVID-19 patients and health workers.

Region overview

Greater China & North Asia generated the largest share of the Group's income in 2020, at 41 per cent. We serve clients in Hong Kong – the Group's largest market – as well as Mainland China, Japan, Korea, Macau and Taiwan.

The region is highly interconnected, with China's economy at its core. Our global footprint, strong regional presence and continued investment allow us to capture opportunities as they arise from the opening of China's economy.

We are building on the region's economic growth, the rising wealth of its population, the increasing sophistication and internationalisation of Chinese businesses and the increased use of the renminbi internationally.

Strategic priorities

- Use the strength of our network to serve the inbound and outbound cross-border trade and investment needs of our clients
- Make the most of opportunities from China's opening, including the Greater Bay Area (GBA), renminbi, Belt and Road initiative, onshore capital markets and mainland wealth, as well as the development of our digital capabilities
- Strengthen our market position in Hong Kong and improve performance in Korea

Progress

- Our China business has been resilient during a year of unprecedented difficulty. As China has emerged from COVID-19 restrictions, its economy has recovered and our business has grown with underlying operating profit before impairment and tax up 26 per cent driven by Wealth Management, Financial Markets and unsecured products. The income we have booked from clients based in China has grown 3 per cent and China remains the Group's largest source of network income
- Hong Kong faced a unique combination of geopolitical, social and pandemic-related challenges in 2020 which impacted financial performance. However, we have seen very good progress in Wealth Management, and Financial Markets, where income grew strongly and have progressed our digital agenda by launching Mox, our virtual bank
- We have stepped up our investment in the GBA with the creation of a GBA Centre to better support our clients, a dedicated GBA CEO and the launch of the Standard Chartered GBA Business Confidence Index
- Despite the disruption of the pandemic, our Korea business has delivered operating profit growth of 50 per cent. This has been driven by a strong Wealth Management and Financial Markets performance and reflects the flow-through benefits of management's restructuring actions in recent years

Performance highlights

- Underlying profit before tax of \$2,035 million was down 16 per cent, mainly due to higher credit impairment charges, partially offset by strong cost control
- Underlying operating income of \$6,016 million was down 2 per cent. Lower income in Cash Management, Retail Deposits and Treasury Products was partially offset by strong performances in Financial Markets and Wealth Management
- Retail Banking income fell 1 per cent driven by a fall in Deposit income as a result of lower interest rates, almost entirely offset by strong momentum in Mortgages and Wealth Management. Private Banking income was also down. Corporate & Institutional Banking income grew, mainly due to a strong Financial Markets performance, partly offset by lower Corporate Finance and Transaction Banking income. Commercial Banking income was down 14 per cent driven by lower Transaction Banking
- Strong balance sheet momentum with loans and advances to customers up 9 per cent mainly from strong growth in Mortgages and Corporate Lending. Customer accounts were up 13 per cent, with strong double-digit growth in retail current and savings accounts and Transaction Banking cash balances
- RWAs increased by \$7 billion due to market and credit risk, in line with loans and advances growth, mainly in Treasury and Retail

ASEAN & South Asia

Profit before taxation

\$779m

↓ 24%
underlying basis

\$737m

↓ 29%
statutory basis

Risk-weighted assets (RWA)

\$81bn

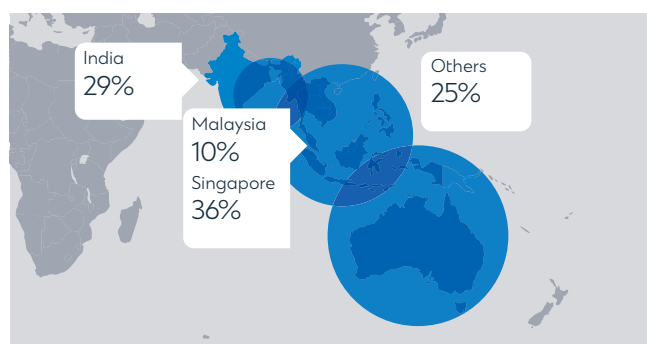
↓ \$8bn

Loans and advances to customers



ASEAN & South Asia
26% of Group

Income split by key markets



Helping India breathe easier

To help beat the COVID-19 crisis we funded the development of a new portable ventilator produced by the Indian Institute of Technology Kanpur and Nocca Robotics.

The ventilator, which can be produced cheaply and easily, has since been installed in government and private hospitals in more than 50 cities, including Pune, Mumbai, Kolkata, Delhi, Chennai, Bihar and Bengaluru

Region overview

The Group has a long-standing presence in the region and, as the only international bank present in all 10 ASEAN countries, we are a strong banking partner for our clients. Our two biggest markets in the region are Singapore and India.

The region contributes more than a quarter of the Group's income and Singapore is home to the majority of our global business leadership, our technology operations and our innovation hub SC Ventures. The strong underlying economic growth in the region means we can help our clients grow and sustainably improve returns.

The region benefits from rising trade flows, including activity generated from China's Belt and Road initiative, strong investment, and a rising middle class which is driving consumption and improving digital connectivity.

Strategic priorities

- Leverage the strength of our international network to support our clients' cross-border trade and investment activities across the high-growth regional corridors
- Expand Wealth Management offerings and client engagement through digital-only or hybrid channels to accelerate growth in affluent segments
- Improve capital efficiency and sharpen our investments in higher-returning businesses
- Continue to reshape our India and Indonesia franchises to optimise returns

Progress

- In Singapore, we are proud to have been awarded 'Significantly Rooted Foreign Bank' status. We are the only international bank to receive this honour, reflecting our long and deep-rooted presence in the market. This has paved the way for us to establish a new digital bank and expand our reach and touchpoints in one of our most important markets
- In India, despite COVID-19, we more than quadrupled operating profit and improved returns. The growth in lower cost liabilities has improved margins and supported clients in strategic transactions. Expenses remain tightly controlled benefiting from increased client digital adoption
- In Indonesia, we improved profitability through growth in Financial Markets and Wealth Management income. Costs were flat with client digital adoption reducing channel costs. We have announced a 'banking-as-a-service' solution, nexus, having signed partnerships with Bukalapak and Sociolla in Indonesia as partners
- Bangladesh and Vietnam delivered sound performances leveraging client relationships both domestically and cross border, particularly with China, Japan and Korea

Performance highlights

- Underlying profit before tax of \$779 million decreased 24 per cent driven by higher credit impairment. Underlying operating profit before impairment and tax improved 14 per cent as income grew 4 per cent, while expenses were 2 per cent lower
- Underlying operating income of \$4,366 million grew 4 per cent (5 per cent on a constant currency basis excluding a positive debit valuation adjustment), underpinned by strong growth in Corporate & Institutional Banking and realisation gains within Treasury Markets. Commercial Banking income declined 6 per cent and Retail Banking was down 5 per cent, while Private Banking was also down
- Higher Corporate & Institutional Banking income driven by strong performance in Financial Markets and Corporate Finance, partially offset by margin compression in Transaction Banking
- Resilient balance sheet momentum with loans and advances to customers up 8 per cent. Customer accounts were up 6 per cent driven by higher retail current and savings accounts and Transaction Banking cash balances. These were partially offset by a reduction in high-priced corporate time deposits
- Risk-weighted assets decreased by \$8 billion due mainly to the sale of the Group's stake in Permata in Indonesia

Africa & Middle East

Profit/(loss) before taxation

\$13m

↓ 98%
underlying basis

\$(75)m

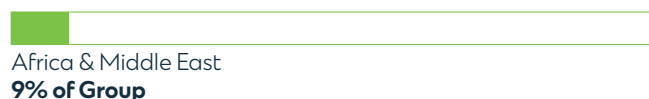
↓ 111%
statutory basis

Risk-weighted assets (RWA)

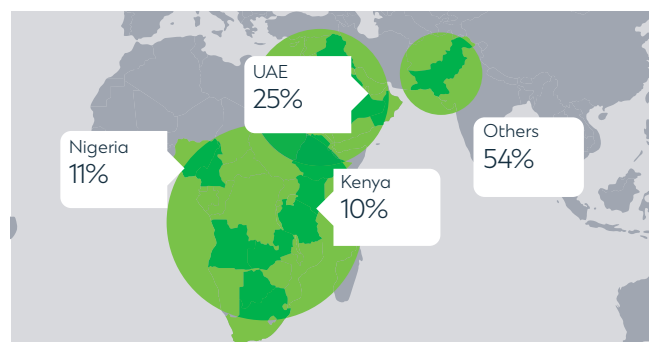
\$51bn

↑ \$2bn

Loans and advances to customers



Income split by key markets



Fighting COVID in the Middle East

As part of our efforts to battle the pandemic, we committed \$25 million to UAE healthcare services provider Mediclinic.

The money, which was part of our \$1 billion COVID-19 not-for-profit initiative, was the biggest loan we issued in the region.

In 2020, Mediclinic provided care to three million outpatients and 79,000 inpatients across its seven hospitals in the UAE.

Region overview

We have a deep-rooted heritage in Africa & Middle East and are present in 25 markets, of which the UAE, Nigeria, Pakistan and Kenya are the largest by income. We are present in the largest number of sub-Saharan African markets of any international banking group.

A rich history, deep client relationships and a unique footprint in the region, as well as across centres in Asia, Europe and the Americas enable us to seamlessly support our clients. Africa & Middle East is an important element of global trade and investment corridors, including those on China's Belt and Road initiative and we are well placed to facilitate these flows.

Global and local macroeconomic headwinds in 2020 impacted income across both the Middle East and Africa, and have resulted in an elevated risk environment, particularly in Africa. However, we're confident the opportunities in the region will support long-term sustainable growth for the Group. We continue to invest selectively and drive efficiencies.

Strategic priorities

- Provide best-in-class structuring and financing solutions and drive creation through client initiatives
- Invest to accelerate growth in differentiated international network and affluent client businesses
- Invest in market-leading digitisation initiatives in Retail Banking to protect and grow market share in core markets, continue with our retail transformation agenda to recalibrate our network and streamline structures
- De-risk and improve the quality of income with a focus on return enhancements

Progress

- Our role leading several marquee transactions across the region reflects our strong client franchise. We continue to be the market leader in bond issuance and Islamic Sukuk and achieved our highest-ever debt capital markets notional volumes
- On a constant currency basis, Wealth Management income grew 8 per cent and priority deposits grew by 17 per cent despite a slow-down post COVID-19
- Rapid growth in the Africa digital transformation, with half a million customers and \$125 million in deposits. Awarded Best Digital Bank across 10 countries at the Global Finance's Best Digital Banks Awards 2020
- Continuing cost discipline has allowed investments to continue through the cycle. The number of branches reduced by 19 per cent and headcount was 7 per cent lower
- Liquidity and capital remained healthy across markets, ensuring a better ability to navigate market challenges
- On a constant currency basis, fee-based income grew and accounted for a higher share of total income than in 2019

Performance highlights

- Underlying profit before tax of \$13 million was 98 per cent lower with continued macroeconomic challenges negatively impacting income and driving higher credit impairment. Efficiency actions funded ongoing strategic investments
- Underlying operating income of \$2,364 million was down 8 per cent (3 per cent on a constant currency basis) due to the impact of interest rate cuts on margins, while Financial Markets performed well. Income across the Middle East, North Africa and Pakistan was down 7 per cent, and in Africa was down 8 per cent (1 per cent on a constant currency basis)
- Loans and advances to customers were down 7 per cent and customer accounts were up 10 per cent

Europe & Americas

Profit before taxation

\$386m

↑ 146%
underlying basis

\$341m

↑ 177%
statutory basis

Risk-weighted assets (RWA)

\$46bn

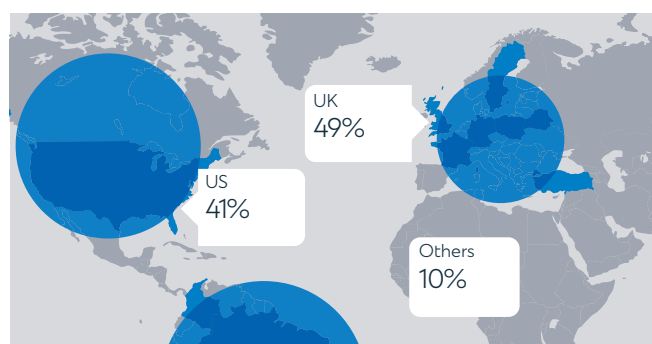
↑ \$2bn

Loans and advances to customers



Europe & Americas
20% of Group

Income split by key markets



EDF helps us pass \$2bn in sustainable deposits

In May 2020, French electricity company EDF helped our Sustainable Deposit product – the first of its kind – exceed the \$2 billion mark. We use the deposits to finance assets that meet our Green and Sustainable Product Framework which is aligned to the UN's Sustainable Development Goals, including combatting climate change, supporting financial inclusion and tackling the lack of universal access to health and education. The product was launched in May 2019 and reached the \$1 billion mark in January 2020.

Region overview

The Group supports clients in Europe & Americas through hubs in London and New York as well as a presence in several markets in Europe and Latin America. Our expertise in Asia, Africa and the Middle East allows us to offer our clients in the region unique network and product capabilities.

The region generates significant income for the Group's Corporate & Institutional Banking business. Clients based in Europe & Americas make up more than one-third of the Group's Corporate & Institutional Banking income, with three-quarters of client income booked elsewhere in the network generating above-average returns.

In addition to being a key origination centre for Corporate & Institutional Banking, the region offers local, on-the-ground expertise and solutions to help internationally-minded clients grow across Europe & Americas.

The region is home to the Group's two biggest payment clearing centres and the largest trading floor. More than 80 per cent of the region's income derives from Financial Markets and Transaction Banking products.

Our Private Banking business focuses on serving clients with links to our footprint markets.

Strategic priorities

- Continue to attract new international corporate and financial institutional clients and deepen relationships with existing clients by connecting them to the fastest growing and highest potential economies
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of our funding base
- Leverage our network capabilities as new e-commerce industries grow internationally
- Scale up our continental European business, leveraging significant trade corridors with Asia and Africa
- Grow assets under management in Private Banking and strengthen the franchise generally

Progress

- Good progress in improving our share of business from targeted Corporate & Institutional Banking priority clients, with income up 3 per cent from 'Top 100', 'Next 100' and 'New 90' client initiatives, with growth of 20 per cent from Financial Markets products, partially offset by lower Transaction Banking income
- Significant improvement to our client service offering with onboarding turnaround time more than halved
- Launched Sustainable Fund Finance and exceeded \$2 billion in Sustainable Deposits
- Significant increase in high-quality liabilities achieved to improve the funding base
- Restructured our Private Bank London Advisory centre to improve productivity and sharpen focus
- SCB AG Germany has experienced growth, as clients re-positioned their banking arrangements in preparation for Brexit

Performance highlights

- Underlying profit before tax of \$386 million improved 146 per cent driven by higher income and lower costs. Impairments were up two-thirds but remain at a modest level relative to the size of the loan portfolio
- Underlying operating income of \$1,922 million was up 11 per cent largely due to growth in Financial Markets performance in addition to realisation gains in Treasury, partially offset by the impact of lower interest rates on Cash Management and Retail Products. Adjusting for movements in the debit valuation adjustment, income was up 7 per cent
- Expenses reduced by 6 per cent largely due to lower regulatory costs, reduced travel-related expenses and variable compensation payments
- Strong growth in loans and advances to customers up 9 per cent while customer accounts grew 3 per cent

Group Chief Financial Officer's review



Andy Halford
Group Chief Financial Officer

“A resilient performance in extremely challenging conditions”

Summary of financial performance

We were making strong progress delivering our financial framework until the onset of COVID-19 but the challenging conditions caused by the pandemic resulted in a reduced, but nonetheless resilient, financial performance for the year as a whole. Our focus over recent years on diversifying our sources of income was not quite sufficient to offset the effect of the significant reductions in global interest rates that occurred mid-year and hence overall income declined slightly as did our pre-provision operating profit, notwithstanding tight control of expenses. The actions taken in recent years to improve the quality of our balance sheet sheltered us from some of the worst effects of COVID-19 but we nonetheless incurred credit impairment charges more than double that of the prior year, albeit the majority were booked in the first half of the year with a noticeably lower level of charges in the second half. Overall this resulted in underlying operating profit decreasing by 40 per cent but we ended the year with our key capital ratio, CET1, at 14.4 per cent including the benefit of selling our stake in Permata earlier in the year. This is not only above the top of our target range of 13 to 14 per cent but also the highest level it has been for many years. The Group also retained a highly liquid balance sheet and consequently we believe we enter 2021 well equipped to see through the remaining challenges of COVID-19 and, importantly, well positioned to benefit from the subsequent upturn in the global economy.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2019 on a reported currency basis, unless otherwise stated.

- **Operating income** declined 3 per cent and was down 2 per cent on a constant currency basis
- **Net interest income** decreased 11 per cent with increased volumes more than offset by a 19 per cent or 31 basis point reduction in net interest margin
- **Other income** increased 4 per cent, or 3 per cent excluding the positive impact in DVA, with a particularly strong performance in Financial Markets
- **Operating expenses** excluding the UK bank levy reduced 2 per cent or 1 per cent on a constant currency basis, with the impact of COVID-19 resulting in lower bonus accruals reflecting underlying performance, including lower profits, and reduced spend on travel and entertainment, partly offset by the continued focus on investing in new digital capabilities. Operating expenses in 4Q'20 increased 6 per cent compared to 3Q'20 due to a \$100 million increase in investment P&L charge as the Group started to position itself to capitalise on the expected economic recovery in its markets. The cost-to-income ratio (excluding the UK bank levy and DVA) increased 1 percentage point to 67 per cent. The UK bank levy decreased by \$16 million to \$331 million; in 2021 it will be chargeable on only the Group's UK balance sheet with the current expectation being that it will reduce to around \$100 million at that time
- **Credit impairment** increased by \$1,388 million to \$2,294 million. This was mainly driven by a \$823 million increase in Stage 3 impairments across all client segments to \$1,467 million, around one-third of which related to three unconnected Corporate & Institutional Banking client exposures that were reported in 1Q'20. Stage 1 and 2 impairments increased by \$565 million to \$827 million and included a net increase in the judgemental management overlay of \$337 million as the Group proactively reserved for forward-looking risks. Total credit impairment of \$2,294 million represents a loan-loss rate of 66 basis points

(2019: 27 basis points) with the management overlay contributing 11 basis points. This compares to a loan-loss rate of 143 basis points in 2015 reflecting the benefit of the work done in the intervening period to secure the Group's foundations including tightening the Group's risk management framework

- **Other impairment** was a net \$15 million release, primarily driven by a reversal of previously impaired assets partially offset by a \$132 million charge relating to impairment of aircraft
- **Profit from associates and joint ventures** decreased by 35 per cent to \$164 million. The Group could only recognise its share of the profits of its associate China Bohai Bank for ten months due to the timing of its recently completed initial public offering in July 2020. The Group's share of Bohai's annual preference share dividend, \$22 million, was deducted from its share of profit in 4Q'20. Additionally, the Group's share of China Bohai Bank reduced in 4Q'20 to 16.26 per cent from 19.99 per cent and this will be the share of profit that is reported in future quarters
- **Profit before tax** decreased 40 per cent or 39 per cent on a constant currency basis. Statutory profit before tax decreased 57 per cent driven by charges totalling \$895 million relating to restructuring, goodwill impairment – including \$489 million principally relating to India and United Arab Emirates – and other items

- **Taxation** was \$862 million on a statutory basis. Taxation on underlying profits was at an effective rate of 37.7 per cent, an increase of 8 percentage points reflecting the non-repeat of prior year credits and the effect of lower profits concentrating the impact of non-deductible expenses partly offset by a one-off credit in 4Q'20 relating to an increase in the rate at which the US deferred tax asset is recognised. Taxation on statutory profits was at an effective rate of 53.4 per cent, an increase of 16 percentage points on the underlying rate due to elevated goodwill impairments
- **Return on tangible equity** decreased by 340 basis points to 3.0 per cent, with the impact of reduced profits partly offset by lower tangible equity reflecting the share buy-back programmes completed since 1Q'19
- **Underlying basic earnings per share (EPS)** reduced 52 per cent to 36.1 cents and statutory EPS declined 46.6 cents to 10.4 cents
- A final **ordinary dividend** per share of 9 cents has been proposed, which along with the announced share buy-back programme of \$254 million is the maximum the Group is authorised by its regulator to return to shareholders currently, being 0.2 per cent of risk-weighted assets as at 31 December 2020

Summary of financial performance

| | 2020 \$million | 2019 \$million | Change % | Constant currency change ¹ % |
|---|-------------------|-------------------|-----------------|--|
| Net interest income | 6,882 | 7,698 | (11) | (9) |
| Other income | 7,883 | 7,573 | 4 | 5 |
| Underlying operating income | 14,765 | 15,271 | (3) | (2) |
| Underlying operating expenses | (9,811) | (10,062) | 2 | 1 |
| UK bank levy | (331) | (347) | 5 | 9 |
| Underlying operating expenses | (10,142) | (10,409) | 3 | 1 |
| Underlying operating profit before impairment and taxation | 4,623 | 4,862 | (5) | (4) |
| Credit impairment | (2,294) | (906) | (153) | (159) |
| Other impairment | 15 | (38) | 139 | 138 |
| Profit from associates and joint ventures | 164 | 254 | (35) | (36) |
| Underlying profit before taxation | 2,508 | 4,172 | (40) | (39) |
| Restructuring | (382) | (254) | (50) | (53) |
| Goodwill impairment | (489) | (27) | nm ² | nm ² |
| Other items | (24) | (178) | 87 | 87 |
| Statutory profit before taxation | 1,613 | 3,713 | (57) | (56) |
| Taxation | (862) | (1,373) | 37 | 36 |
| Profit for the year | 751 | 2,340 | (68) | (67) |
| Net interest margin (%) ³ | 1.31 | 1.62 | (31) | |
| Underlying return on tangible equity (%) ³ | 3.0 | 6.4 | (340) | |
| Underlying earnings per share (cents) | 36.1 | 75.7 | (52) | |
| Statutory return on tangible equity (%) ³ | 0.9 | 4.8 | (390) | |
| Statutory earnings per share (cents) | 10.4 | 57.0 | (82) | |

1. Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2. Not meaningful

3. Change is the basis points (bps) difference between the two periods rather than the percentage change

Operating income by product

| | 2020 \$million | 2019 (Restated) ² \$million | Change % | Constant currency change ¹ % |
|--|-------------------|--|-------------|--|
| Transaction Banking | 2,838 | 3,499 | (19) | (18) |
| Trade | 994 | 1,100 | (10) | (9) |
| Cash Management | 1,844 | 2,399 | (23) | (23) |
| Financial Markets | 3,854 | 3,258 | 18 | 20 |
| Foreign Exchange | 1,291 | 1,127 | 15 | 17 |
| Rates | 1,068 | 696 | 53 | 56 |
| Commodities | 223 | 165 | 35 | 35 |
| Credit and Capital Markets | 639 | 577 | 11 | 12 |
| Capital Structuring Distribution Group | 274 | 329 | (17) | (16) |
| DVA | 13 | (100) | 113 | 113 |
| Securities Services | 320 | 343 | (7) | (5) |
| Other Financial Markets | 26 | 121 | (79) | (78) |
| Corporate Finance | 1,116 | 1,143 | (2) | (1) |
| Lending and Portfolio Management | 848 | 786 | 8 | 10 |
| Wealth Management | 1,968 | 1,879 | 5 | 5 |
| Retail Products | 3,566 | 3,862 | (8) | (7) |
| CCPL and other unsecured lending | 1,211 | 1,251 | (3) | (2) |
| Deposits | 1,457 | 1,989 | (27) | (26) |
| Mortgage and Auto | 750 | 511 | 47 | 47 |
| Other Retail Products | 148 | 111 | 33 | 36 |
| Treasury | 635 | 1,090 | (42) | (41) |
| Other | (60) | (246) | 76 | 74 |
| Total underlying operating income | 14,765 | 15,271 | (3) | (2) |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Following a reorganisation of certain clients, there has been a reclassification of balances across products

Transaction Banking income was down 19 per cent. Trade declined 10 per cent reflecting a significant reduction in global trade as a result of COVID-19. Cash Management declined 23 per cent with double-digit volume growth being more than offset by declining margins given the low interest rate environment.

Financial Markets income grew 18 per cent, or 14 per cent excluding DVA, benefiting from market volatility and increased hedging and investment activity by clients. There was strong double-digit growth in Rates, Foreign Exchange and Commodities. After a slow first quarter, Credit and Capital Markets recovered momentum and ended the year with income up 11 per cent. Income from Securities Services, which is now managed within Financial Markets having previously been reported as part of Transaction Banking, declined 7 per cent. The decline in Other Financial Markets included a \$56 million charge related to a change in the valuation methodology of structured notes in 4Q'20.

Corporate Finance income was down 2 per cent driven by lower income from aviation clients as the sector was significantly impacted by COVID-19, partly offset by drawdowns on revolving credit facilities which were largely repaid or refinanced in 2H'20.

Lending and Portfolio Management income was up 8 per cent with improved margins in Corporate Lending.

Wealth Management income grew 5 per cent despite significantly more challenging market conditions. There was a particularly strong sales performance in FX, equities and structured notes driving income excluding bancassurance up 14 per cent. Bancassurance income was lower by 16 per cent resulting from reduced branch walk-ins due to COVID-19, partially offset by increased digital channel usage.

Retail Products income declined 8 per cent or 7 per cent on a constant currency basis. Deposits income declined 27 per cent as margin compression more than offset increased volumes. Increases in volumes and margins led to double-digit income growth across Mortgages and Auto and Other Retail Products. Credit Cards and Personal Loans income was down 3 per cent as COVID-19 impacted new sales.

Treasury income reduced 42 per cent as a fall in interest rates led to lower interest income on Treasury assets that was partially offset by a reduction in the expense of Treasury liabilities. An additional \$220 million in realisation gains, primarily booked in 1H'20, was broadly offset by lower FX switch income and negative movements in hedge ineffectiveness, primarily recorded in 2H'20.

Other products income improved by \$186 million to negative \$60 million reflecting interest credits and other one-off items in India, Korea and Singapore.

Profit before tax by client segment and geographic region

| | 2020 \$million | 2019 (Restated) ² \$million | Change % | Constant currency change ¹ % |
|--|-------------------|--|-----------------|--|
| Corporate & Institutional Banking | 1,841 | 2,257 | (18) | (18) |
| Retail Banking | 587 | 1,093 | (46) | (47) |
| Commercial Banking | 214 | 499 | (57) | (57) |
| Private Banking | 62 | 94 | (34) | (35) |
| Central & other items (segment) | (196) | 229 | (186) | (159) |
| Underlying profit before taxation | 2,508 | 4,172 | (40) | (39) |
| Greater China & North Asia | 2,035 | 2,432 | (16) | (17) |
| ASEAN & South Asia | 779 | 1,025 | (24) | (24) |
| Africa & Middle East | 13 | 684 | (98) | (97) |
| Europe & Americas | 386 | 157 | 146 | 137 |
| Central & other items (region) | (705) | (126) | nm ³ | nm ³ |
| Underlying profit before taxation | 2,508 | 4,172 | (40) | (39) |

1 Comparisons presented on the basis of the current period's transactional currency rate, ensuring like-for-like currency rates between the two periods

2 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

3 Not meaningful

Corporate & Institutional Banking income, which is now broadly half the Group's income, increased 2 per cent with a very strong Financial Markets performance partly offset by the impact of low interest rates. Lower expenses were more than offset by higher credit impairments resulting in profits declining 18 per cent. **Retail Banking** income declined 3 per cent as income growth in Wealth Management was more than offset by the effects of the low interest rate environment which resulted in Deposits income declining 26 per cent. Expenses were 2 per cent lower but were more than offset by higher impairments, which resulted in profits declining 46 per cent. **Commercial Banking** profits more than halved, driven by impairments which more than doubled and 10 per cent lower income partly offset by 8 per cent lower expenses. A non-repeat of a prior-year impairment release meant **Private Banking** profit was down 34 per cent. **Central & other items (segment)** recorded a loss of \$196 million driven by a 32 per cent decline in income, primarily in Treasury, 4 per cent higher expenses from increased investment spend including funding SC Ventures, and a reduction in the Group's share of China Bohai Bank's profits.

Greater China & North Asia remained the largest regional contributor to the Group, generating 81 per cent of the overall Group's profit before tax. Profit declined 16 per cent driven by higher impairments while income declined only 2 per cent despite challenging market conditions partly offset by a 1 per cent reduction in expenses. **ASEAN & South Asia** income growth of 4 per cent and 2 per cent lower expenses were more than offset by higher impairments, resulting in profits declining 24 per cent. **Africa & Middle East** income declined 8 per cent, or 3 per cent on a constant currency basis with continued macroeconomic challenges also impacting credit impairments, which resulted in profits declining to \$13 million for the year. **Europe & Americas** profit increased by 146 per cent driven by 11 per cent higher income reflecting exceptionally strong Financial Markets performance and 6 per cent lower expenses. The loss incurred by **Central & other items (regions)** increased by \$579 million to \$705 million loss due to lower returns paid to Treasury on the equity provided to the regions in a falling interest rate environment.

Additional information on client segment and geographic region performance is contained on pages 73-76

Adjusted net interest income and margin

| | 2020 \$million | 2019 ¹ \$million | Change ² % |
|---|-------------------|--------------------------------|--------------------------|
| Adjusted net interest income ³ | 6,921 | 8,007 | (14) |
| Average interest-earning assets | 526,370 | 494,756 | 6 |
| Average interest-bearing liabilities | 478,051 | 444,595 | 8 |
| Gross yield (%) ⁴ | 2.34 | 3.34 | (100) |
| Rate paid (%) ⁴ | 1.12 | 1.92 | (80) |
| Net yield (%) ⁴ | 1.22 | 1.42 | (20) |
| Net interest margin (%) ^{4,5} | 1.31 | 1.62 | (31) |

1 The Group in 2019 changed its accounting policy for net interest income and the basis of preparation of its net interest margin to better reflect the underlying performance of its banking book. See notes to the financial statements in the 2019 Annual Report for further details

2 Variance is better/(worse) other than assets and liabilities which is increase/(decrease)

3 Adjusted net interest income is statutory net interest income less funding costs for the trading book and financial guarantee fees on interest earning assets

4 Change is the basis points (bps) difference between the two periods rather than the percentage change

5 Adjusted net interest income divided by average interest-earning assets, annualised

Adjusted net income was down 14 per cent driven by a 19 per cent decline in net interest margin which fell 31 basis points, primarily reflecting the interest rate cuts which occurred in late 2019 and to a much larger extent in early 2020.

This more than offset the impact of improvements in balance sheet mix and liability repricing initiatives. The fourth quarter net interest margin included 2 basis points uplift from a one-off interest credit in Korea.

Average interest-earning assets increased 6 per cent driven by an increase in investment securities balances and higher loans and advances to customers. Gross yields declined by 100 basis points predominantly reflecting the flow-through of interest rates cuts which occurred in the second half of 2019 and those that occurred in the first quarter of 2020.

Average interest-bearing liabilities increased 8 per cent driven

by growth in customer accounts. The rate paid on liabilities decreased by 80 basis points compared to the average in 2019 reflecting interest rate movements. This was partly offset by a shift of customer accounts from higher-paying time deposits to lower-rate and non-interest bearing current and savings accounts.

Credit risk summary

Income statement

| | 2020 \$million | 2019 \$million | Change ¹ % |
|-------------------------|-------------------|-------------------|--------------------------|
| Total credit impairment | 2,294 | 906 | 153 |
| Of which stage 1 and 2 | 827 | 262 | 216 |
| Of which stage 3 | 1,467 | 644 | 128 |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Balance sheet

| | 2020 \$million | 2019 \$million | Change ¹ % |
|---|-------------------|-------------------|--------------------------|
| Gross loans and advances to customers² | 288,312 | 274,306 | 5 |
| Of which stage 1 | 256,437 | 246,149 | 4 |
| Of which stage 2 | 22,661 | 20,759 | 9 |
| Of which stage 3 | 9,214 | 7,398 | 25 |
| Expected credit loss provisions | (6,613) | (5,783) | 14 |
| Of which stage 1 | (534) | (402) | 33 |
| Of which stage 2 | (738) | (377) | 96 |
| Of which stage 3 | (5,341) | (5,004) | 7 |
| Net loans and advances to customers | 281,699 | 268,523 | 5 |
| Of which stage 1 | 255,903 | 245,747 | 4 |
| Of which stage 2 | 21,923 | 20,382 | 8 |
| Of which stage 3 | 3,873 | 2,394 | 62 |
| Cover ratio of stage 3 before/after collateral (%) ³ | 58/76 | 68/85 | (10)/(9) |
| Credit grade 12 accounts (\$million) | 2,164 | 1,605 | 35 |
| Early alerts (\$million) | 10,692 | 5,271 | 103 |
| Investment grade corporate exposures (%) ³ | 62 | 61 | 1 |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting period

2 Includes reverse repurchase agreements and other similar secured lending held at amortised cost of \$2,919 million at 31 December 2020 and \$1,469 million at 31 December 2019

3 Change is the percentage points difference between the two points rather than the percentage change

The rapid and extreme global economic dislocation caused by the onset of the COVID-19 pandemic led to a deterioration in asset quality and higher impairments overall. Actions taken in previous years to secure the Group's foundations – including increasing diversification of credit exposures and improving the risk culture – underpinned the Group's resilience to these extraordinary challenges. Having made substantial provisions against expected credit losses in the first half of the year, conditions stabilised somewhat in the second half and the stock of high-risk assets reduced from its peak in August 2020. However, despite these encouraging signs the credit risks facing the Group are likely to remain elevated during what is likely to be a difficult and uneven economic recovery.

Full year 2020 credit impairment increased by \$1,388 million to \$2,294 million but was \$840 million lower in 2H'20 compared to 1H'20 while credit impairment in 4Q'20 was broadly flat compared to 4Q'19.

Stage 1 and 2 impairments increased to \$827 million due to deteriorating macroeconomic variables and stage downgrades on account of COVID-19 uncertainties. The \$565 million increase included an increase in the overlay of \$337 million which was net of a \$41 million release in 4Q'20. The overlay reflected management's judgement regarding:

- Elements of the macroeconomic outlook not captured in the modelled outcome for Corporate & Institutional Banking and Commercial Banking
- The potential impact to delinquencies and flow rates in Retail Banking of extensions to payment relief schemes and ongoing lockdowns in some markets as well as the ending of these schemes in India, Malaysia, Bangladesh, Nepal and Indonesia

Stage 3 impairments increased by \$823 million across all client segments to \$1,467 million with broadly one-third relating to three unconnected fraud-related Corporate & Institutional Banking client exposures that were reported in 1Q'20.

Total credit impairment of \$2,294 million represents a loan-loss rate of 66 basis points (2019: 27 basis points) with the management overlay contributing 11 basis points.

Gross Stage 3 loans and advances to customers of \$9.2 billion were up 25 per cent compared to 31 December 2019, reflecting the impact of COVID-19 volatility which led to macroeconomic deterioration in Retail Banking portfolios and Corporate & Institutional Banking and Commercial Banking clients. These credit-impaired loans represented 3.2 per cent of gross loans and advances, an increase of 50 basis points compared to 31 December 2019. The stage 3 cover ratio decreased to 58 per cent from 68 per cent in 2019 due to write-offs particularly in relation to Corporate & Institutional Banking and Commercial Banking clients and new downgrades with low levels of coverage, which have benefited from credit

insurance and guarantees, including from export credit agencies. The cover ratio post tangible collateral decreased to 76 per cent from 85 per cent in 2019 with some of the 2020 downgrades being covered by guarantees and insurance which are not included as tangible collateral.

Credit grade 12 balances increased 35 per cent since 31 December 2019 primarily from new inflows from Early Alert Non-Purely Precautionary (EANPP) accounts. These EANPP accounts more than doubled to \$10.7 billion in 2020 on the back of proactive portfolio and sector reviews, particularly for vulnerable sectors but have declined through 2H'20 since the peak in August 2020. The Group continues to monitor its exposures in the Aviation, Hospitality and Oil & Gas sectors particularly carefully, given the unusual stresses caused by the effects of COVID-19.

The proportion of investment grade corporate exposures has increased since 31 December 2019 by 1 percentage point to 62 per cent.

Restructuring, goodwill impairment and other items

| | 2020 | | | 2019 | | |
|---|----------------------------|-------------------------------------|--------------------------|----------------------------|-------------------------------------|--------------------------|
| | Restructuring \$million | Goodwill impairment \$million | Other items \$million | Restructuring \$million | Goodwill impairment \$million | Other items \$million |
| Operating income | 27 | – | (38) | 146 | – | – |
| Operating expenses | (252) | – | 14 | (298) | – | (226) |
| Credit impairment | (31) | – | – | (2) | – | – |
| Other impairment | (113) | (489) | – | (98) | (27) | – |
| Profit from associates and joint ventures | (13) | – | – | (2) | – | 48 |
| Loss before taxation | (382) | (489) | (24) | (254) | (27) | (178) |

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period-by-period.

Restructuring charges of \$382 million for 2020 are broadly split evenly between actions to exit the Group's discontinued businesses, primarily ship leasing and principal finance, and actions to transform the organisation to improve productivity, primarily redundancy related charges, the majority of which were booked in 4Q'20. Charges related to restructuring increased 50 per cent due to the significant decline in income from discontinued businesses, including negative movements in the valuation of principal finance investments primarily recorded in 4Q'20.

The goodwill impairment of \$489 million reflects writing off all goodwill relating to the Group's businesses in India, UAE, Indonesia and Brunei. This was primarily due to lower forward-looking cash flows, lower economic growth forecasts and higher discount rates reflecting lower interest rate environments.

Other restructuring items also include a \$43 million dilution loss following the initial public offering of the Group's associate in China Bohai Bank. Charges related to other items reduced 87 per cent primarily due to the regulatory provisions booked in the prior year.

The Group is likely to incur further restructuring charges of around \$500 million over the next few years, primarily in 2021, relating predominantly to people and property actions intended to generate enduring productivity improvements.

Balance sheet and liquidity

| | 2020 \$million | 2019 \$million | Increase/ (decrease) \$million | Increase/ (decrease) % |
|---|-------------------|-------------------|--------------------------------------|------------------------------|
| Assets | | | | |
| Loans and advances to banks | 44,347 | 53,549 | (9,202) | (17) |
| Loans and advances to customers | 281,699 | 268,523 | 13,176 | 5 |
| Other assets | 463,004 | 398,326 | 64,678 | 16 |
| Total assets | 789,050 | 720,398 | 68,652 | 10 |
| Liabilities | | | | |
| Deposits by banks | 30,255 | 28,562 | 1,693 | 6 |
| Customer accounts | 439,339 | 405,357 | 33,982 | 8 |
| Other liabilities | 268,727 | 235,818 | 32,909 | 14 |
| Total liabilities | 738,321 | 669,737 | 68,584 | 10 |
| Equity | 50,729 | 50,661 | 68 | - |
| Total equity and liabilities | 789,050 | 720,398 | 68,652 | 10 |
| Advances-to-deposits ratio (%)^{2,3} | 61.1% | 64.2% | | (3.1) |
| Liquidity coverage ratio (%)³ | 143% | 144% | | (1) |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 The Group now excludes \$14,296 million held with central banks (31.12.19: \$9,109 million) that has been confirmed as repayable at the point of stress

3 Change is the percentage points difference between the two points rather than the percentage change

The Group's balance sheet remains strong, liquid and well diversified.

- Loans and advances to banks decreased 17 per cent since 31 December 2019 as the Group ran down its Financial Institutions Trade Loan book to optimise balance sheet returns in a low interest rate environment
- Loans and advances to customers increased 5 per cent since 31 December 2019 to \$282 billion driven mainly by growth in Mortgages and Treasury Products. Volumes were broadly stable in 4Q'20 with underlying growth in Mortgages, primarily in GCNA, offset by the roll-off of temporary balances booked in 3Q'20 relating to initial public offerings in Hong Kong. Excluding the impact of the temporary balances and movements in reverse repurchase agreements, loans and advances to customers grew an underlying 2 per cent in 4Q'20 equivalent to a 7 per cent annualised growth rate

- Customer accounts of \$439 billion increased 8 per cent since 31 December 2019 with an increase in operating account balances within Cash Management and in Retail current and saving accounts partly offset by a reduction in Corporate and Retail Time Deposits
- Other assets and other liabilities since 31 December 2019 were 16 per cent and 14 per cent higher, respectively. The growth in other assets was driven by increased balances at central banks and reverse repurchase agreements to support the strong growth in Financial Markets. The growth in other liabilities reflects repurchase agreements and issued debt securities

The advances-to-deposits ratio decreased to 61.1 per cent from 64.2 per cent at 31 December 2019 while the point-in-time liquidity coverage ratio was broadly stable at 143 per cent and has remained resilient throughout the year despite significant market disruption in 1H'20.

Risk-weighted assets

| | 2020 \$million | 2019 \$million | Increase/ (decrease) \$million | Increase/ (decrease) % |
|---------------------|-------------------|-------------------|--------------------------------------|------------------------------|
| By risk type | | | | |
| Credit Risk | 220,441 | 215,664 | 4,777 | 2 |
| Operational Risk | 26,800 | 27,620 | (820) | (3) |
| Market Risk | 21,593 | 20,806 | 787 | 4 |
| Total RWAs | 268,834 | 264,090 | 4,744 | 2 |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

Total risk-weighted assets (RWA) increased 2 per cent or \$4.7 billion since 31 December 2019 to \$268.8 billion.

- Credit Risk RWA increased \$4.8 billion to \$220.4 billion, driven by an increase of \$15 billion from negative credit migration related to the impact of economic disruption due to COVID-19, of which \$3 billion occurred in 4Q'20, underlying asset growth of \$6 billion as well as unfavourable FX movements of \$2 billion. This was partly offset by the completion of the sale of the Group's interest in PT Bank Permata Tbk (Permata) in Indonesia – which reduced Credit RWA by \$8 billion – and a \$11 billion reduction from improved RWA density and the impact of RWA optimisation actions

- Market Risk RWA increased by \$0.8 billion to \$21.6 billion due to higher levels of Financial Markets activity with increased value-at-risk from elevated market volatility partly offset by regulatory mitigation for back-testing exceptions
- Operational Risk RWA reduced by \$0.8 billion primarily reflecting a \$1 billion reduction relating to the disposal of the Group's stake in Permata

Capital base and ratios

| | 2020 \$million | 2019 \$million | Increase/ (Decrease) \$million | Increase/ (Decrease) % |
|--|-------------------|-------------------|--------------------------------------|------------------------------|
| CET1 capital | 38,779 | 36,513 | 2,266 | 6 |
| Additional Tier 1 capital (AT1) | 5,612 | 7,164 | (1,552) | (22) |
| Tier 1 capital | 44,391 | 43,677 | 714 | 2 |
| Tier 2 capital | 12,657 | 12,288 | 369 | 3 |
| Total capital | 57,048 | 55,965 | 1,083 | 2 |
| CET1 capital ratio (%)² | 14.4 | 13.8 | | 0.6 |
| Total capital ratio (%)² | 21.2 | 21.2 | | – |
| UK leverage ratio (%)² | 5.2 | 5.2 | | – |

1 Variance is increase/(decrease) comparing current reporting period to prior reporting periods

2 Change is percentage points difference between two points rather than percentage change

The Group remains very well capitalised and highly liquid with all metrics above regulatory thresholds.

The Group's common equity tier 1 (CET1) ratio of 14.4 per cent was above the top-end of the 13-14 per cent target range, 60 basis points higher than as at 31 December 2019 and over four percentage points above the Group's latest regulatory minimum of 10.0 per cent.

The primary driver of the increase in the CET1 ratio was the completion in 2Q'20 of the sale of the Group's stake in Permata, which resulted in an increase in the CET1 ratio of approximately 50 basis points.

The Group announced on 31 March 2020 that in response to a request from the Prudential Regulation Authority (PRA) and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, the Board had decided after careful consideration to withdraw the recommendation to pay a final dividend for 2019 of 20 cents per ordinary share which increased the CET1 ratio by approximately 20 basis points.

Various amendments to the Capital Requirements Regulation increased the CET1 ratio by 29 basis points, of which 22 basis points related to the revised treatment in 4Q'20 of software assets in CET1. Profit accretion and other items including the net impact of FX movement on reserves and RWAs contributed an increase in the CET1 ratio of approximately 40 basis points.

The impact on credit risk RWAs from negative credit migration, higher RWA on derivatives and revolving credit facilities led to approximately 60 basis point reduction in the CET1 ratio.

The Group had purchased 40 million ordinary shares for \$242 million through the buy-back programme announced on 28 February 2020 which reduced the Group's CET1 ratio by approximately 10 basis points.

Following the publication of recent PRA guidance, the Board has recommended a final ordinary dividend of 9 cents per share or \$284 million. The accrual of the 2020 final ordinary share dividend reduced the year-end CET1 ratio by approximately 10 basis points.

The Board has also decided to carry out a share buy-back for up to a maximum consideration of \$254 million to further reduce the number of ordinary shares in issue by cancelling the repurchased shares. The terms of the buy-back will be announced and the programme will start shortly and is expected to reduce the Group's CET1 ratio in the first quarter of 2021 by approximately 10 basis points.

The UK leverage ratio remained at 5.2 per cent, significantly above the Group's minimum requirement of 3.6 per cent.

Outlook

Improving prospects for COVID-19 vaccines should enable the global economy to transition back to growth through 2021, with pre-pandemic growth rates re-emerging in most of our markets from 2022. We believe that our decision to continue investing in the transformation of our business throughout the crisis will enable us to disproportionately benefit from that recovery over time, not least because it will most likely be led by large markets in Asia where we generate two-thirds of our income.

Overall income in 2021 is expected to be similar to that achieved in 2020 at constant currency given the full-year impact of the global interest rate cuts that occurred in 1H'20, which will likely cause 1H'21 income to be lower than last year. The FY'21 net interest margin should stabilise at marginally below the 4Q'20 level of 1.24 per cent. Our performance in the opening weeks of this year gives us the confidence that we are on the right track with strong performances in our less interest rate-sensitive Financial Markets and Wealth Management businesses. We expect income to return to 5 to 7 per cent growth per annum from 2022.

We expect pressure on credit impairments to reduce this year compared with 2020. Expenses are likely to increase slightly in FY'21 as we continue to invest in our digital capabilities but should remain below \$10 billion at constant currency and excluding the UK bank levy, supported in part by restructuring actions in 4Q'20 and through FY'21.

We will continue to manage our balance sheet prudently, particularly throughout the remainder of the pandemic. Our intent is to operate within our 13 to 14 per cent target CET1 range and we will seek approval to return to shareholders capital that cannot be deployed profitably within the business through a mixture of dividends and share buy-backs.

The progress we were making up to the onset of the COVID-19 pandemic in every key financial and strategic metric gives us confidence that we can achieve our ambition to deliver a double-digit RoTE. By 2023 we expect to deliver at least 7 per cent RoTE, higher if interest rates normalise earlier than anticipated, through strong operating leverage and disciplined capital management.



Andy Halford

Group Chief Financial Officer

25 February 2021



Sustainability

▶ Measuring our impact ◀

In September 2020, we launched our first Sustainable Finance Impact Report, which outlined how our financing impacts the communities we serve. The report revealed that, between July 2019 and July 2020, our financing of green projects helped save almost 750,000 tonnes of CO₂ emissions – the equivalent CO₂ output of 217,000 residents in low- and middle-income markets.



Read more online at sc.com/sfimpactreport

Group Chief Risk Officer's review



Mark Smith
Group Chief Risk Officer

“Ready for recovery, prepared for further volatility”

2020 was a year of significant challenges, with COVID-19, uncertainty around the US elections and Brexit, and heightened tensions between the US and China resulting in levels of macroeconomic and geopolitical upheaval not seen in recent history.

The impact of a global crisis driven by public health concerns rather than economic issues has varied vastly across different markets and sectors, with some devastated while others continue to thrive. Uneven recovery trajectories have resulted in volatility in growth rates across periods, although unprecedented levels of government support, and the provision of significant liquidity in most economies, has dampened some of the shock. The longer-term consequences of this volatility are unclear but suggest we are likely to see an inflationary period in the future. This has created unique challenges in terms of risk management as we strive to support our clients, colleagues and communities while ensuring we remain robust and resilient.

The crisis has also required us to re-examine our systems and processes and adapt to new ways of working. We have accelerated some of our ongoing initiatives by investing significantly in remote working and continuing to enhance our operational resilience. As we progress the Group's digital agenda we are conscious of the related cyber risks, as well as a heightened risk of fraud as criminals look to exploit the instability caused by the pandemic.

As we look forward to 2021 and beyond, we remain vigilant as the landscape continues to evolve, with the transition from Interbank Offered Rate (IBOR) to alternative risk-free rates and the longer-term impact of the Common Framework Agreement on emerging market debt being just two of the areas we are monitoring closely.

The pandemic and related economic shock has impacted our loan portfolio, with credit impairment at elevated levels compared to 2019. However, we faced these challenges from a fundamentally strong position. Actions taken in previous years, including reducing our concentration on single names and high-risk sectors and increasing the proportion of investment grade assets, helped to mitigate deterioration in our portfolios. Our capital and liquidity positions have also remained resilient.

While there were improvements in the second half of 2020 as economies in many of our markets began to emerge from local restrictions, we remain cognisant that the global recovery will be uneven with some sectors and markets continuing to face challenges as the world adapts to the new normal.

The growing sentiment to 'build back better' during the recovery from COVID-19 means we can benefit from our expertise in creating sustainable finance solutions, often in collaboration with the public sector. We are working with clients to understand the potential risks and opportunities sustainability brings. In the second half of 2020, we integrated environmental, social and governance risk management into our Reputational Risk Type Framework. We recognise our role in supporting our clients and markets in the transition to a low-carbon economy and are focused on developing transition frameworks and a range of sustainable financing solutions. We remain committed to being a sustainable, innovative, resilient and client-centric bank.

An update on our key risk priorities

The financial services sector is evolving at a rapid pace and, in a challenging macroeconomic environment, we must continue to innovate. We remain focused on the following key priorities.

Strengthening the Group's risk culture: Embedding a healthy risk culture remains a core objective across the Group. It underpins an enterprise-level ability to identify and assess, openly discuss, and take prompt action to address existing and emerging risks. Our Enterprise Risk Management Framework (ERMF) sets out the guiding principles for our colleagues, enabling us to have integrated and holistic risk conversations across the Group and the three lines of defence. Senior management promote a healthy risk culture by rewarding risk-based thinking (including in remuneration decisions), challenging the status quo and creating a transparent and safe environment for employees to communicate risk concerns.

Enhancing information and cyber security (ICS) capabilities:

The Group continues to invest in ICS capabilities. Despite the challenges posed by COVID-19, our technology infrastructure, supervision and controls have been strengthened to meet the additional requirements brought by the pandemic. The expansion of Virtual Private Network capacity along with Multi-Factor Authentication controls have facilitated a large increase in secure remote working across our footprint. We continue to review cyber threats as they evolve, anticipating areas of risk and adapting our continuity arrangements to maintain client service. These threats extend beyond the Group, and we have made it a priority to review our processes and strengthen controls around third-party security risk in response to recent external reports of ransomware attacks. We have benefited from an external review of our ICS enhancements.

Embedding climate risk management: We are making good progress on integrating climate risk into mainstream risk management, with some relevant Reputational, Compliance, Operational and Country Risk processes now incorporating Climate Risk. The Group is also conducting several pilot exercises to accelerate further integration into Credit, Traded, Capital and Liquidity Risk. Governance has been enhanced and rolled out to regions, focusing on markets with local regulatory requirements.

Training and upskilling colleagues across the Group has been a key priority. This year we delivered virtual training sessions and launched our first digital training course on climate risk under our partnership with Imperial College London. We also collaborated with them on a virtual event on energy scenarios and integration into macroeconomic and climate scenarios, with a focus on the coal supply chain in India.

Measuring climate risk remains an industry-wide challenge, and we have invested in internal capabilities and external partnerships to tackle climate risk assessments. With Munich Re's toolkit for physical risk assessment, Baring's solution for transition risk assessment under various climate scenarios, and granular climate data from S&P Trucost, we significantly advanced our climate risk quantification capabilities. In 2021, we plan to engage our corporate clients with our climate risk insights, to better understand their adaptation and mitigation plans and assess how to best serve their sustainable financing needs.

Our 2020 Task Force on Climate-related Financial Disclosures Report provides further details on the Group's progress.

 More details on the Group's approach to Climate Risk can be found at [sc.com/sustainability](https://www.sc.com/sustainability)

Managing our environmental, social and governance (ESG) risk:

There is increasing focus on issues relating to ESG risks from regulators and investors, and we are committed to being a leader in sustainable and responsible banking. The expansion of our Reputational Risk Type Framework to integrate ESG risk management focuses on core principles aligned with the OECD's Due Diligence for Responsible Business Conduct and that of doing no significant harm. We are investing in technology and innovative solutions in this area, having already developed a Reputational Risk and ESG Due Diligence Tool to enable us to better understand and manage ESG issues across our markets. We have also delivered a proof-of-concept model which utilises data on client behaviours combined with machine learning to predict the likelihood that a client relationship would expose the Group to heightened ESG risk and its potential severity.

Managing financial crime risks: We strive to remain at the forefront of the fight against financial crime. COVID-19 has presented a range of new threats, as well as heightening existing risks as criminals look to exploit the instability caused by the pandemic. We have identified and shared information about these threats and have taken steps to protect clients.

Our control capability has continued to strengthen and our Financial Crime Compliance team has identified and prevented fraud, money laundering, bribery and corruption using next-generation surveillance and financial crime monitoring infrastructure. With natural language processing and machine learning tools we generate higher quality cases and reduce false positives, creating a safer environment for our clients. We have also been able to share insights with our clients, colleagues and partners. Despite the pandemic impacting our ability to physically hold Correspondent Banking Academies, we have adapted and held academies virtually, allowing greater participation and helping further promote de-risking through education. We have also continued to strengthen our controls through internal innovation and investment in technology.



More information about the Group's commitment to fighting financial crime can be found at [sc.com/fightingfinancialcrime](https://www.sc.com/fightingfinancialcrime)

Strengthening our conduct environment: We continued to enhance our management of conduct risk in 2020, particularly in our approach to identification and mitigation. COVID-19 presented a range of new or heightened conduct risks given the move to large-scale working from home arrangements as well as the economic impact on clients. We focused on ensuring those risks were understood and mitigated throughout the year.

More generally, we have seen an improvement in the overall quality and consistency in the identification and management of conduct risk across the Group, regions and countries. Each area assesses its own operations to identify conduct risks and create conduct plans to mitigate them. The ownership of these plans sits with the first line and they are reviewed and challenged by the Conduct, Financial Crime and Compliance function (CFCC). We have also supplemented our management information and reporting by rolling out the Group Conduct Dashboard which provides conduct-related metrics at a firm-wide level.

We are mindful of new and emerging risks and continue to focus on identifying and mitigating conduct risk arising from the pandemic. Given the expected difficult and uncertain nature of the recovery from COVID-19, we remain vigilant to the need to identify new ways conduct risk may arise in 2021 and beyond.

Enhancing our Risk and CFCC infrastructure: Flexible risk aggregation, centralised data and advanced analytical capabilities have enabled an agile response to the challenges of COVID-19. The integration of our risk aggregation platform with front office data has enabled near real-time bespoke exposure analysis, decisioning and reporting, and our stress testing scenarios have been expanded to include the impact of the pandemic. We have also developed capabilities in areas such as anti-money laundering, identity verification, and digital signatures through partnerships developed by our internal innovation centre, SC Ventures.

In Retail Banking, the use of more sophisticated data mining and predictive analytics tools has accelerated development and deployment of risk and forecasting models. Hubs have been established to centralise specialist knowledge in data engineering and visualisation, model development, validation and governance, with automation of supporting processes to reduce operational risks.

Enhancing our model risk management: During 2020, we focused on delivering a sustainable risk management framework through the Model Risk Management Strategic Enhancement Programme. Model Risk Policy and Standards have been strengthened to enable a risk-based approach and an enhanced set of Risk Appetite metrics has been approved by the Board.

The launch of a Model Risk e-learning module is aimed at increasing awareness of model risk management among our people. The Group Model Inventory has been enhanced under a new platform to improve its technological capability and operations. We constantly review our target operating model to ensure we have the right resources and skillsets for timely delivery. This will continue to be an area of focus with more model redevelopment and validation to be completed in 2021.

Our risk profile and performance in 2020

COVID-19 and the related economic shock has impacted our loan portfolio, and as a result asset quality has deteriorated over the past year. However, actions taken as the crisis unfolded and the work done in previous years to solidify our foundations have helped to mitigate the impact. Our capital and liquidity positions remain strong.

The incorporation of COVID-19 into our stress scenarios and portfolio reviews of exposures most at risk to the economic downturn have allowed us to proactively identify potential areas of vulnerability and manage them accordingly.

We remain cognisant that the recovery will be uneven globally, and the threat of prolonged weak economic outlooks may lead to a sustained period of increased risk aversion and uncertainty.

In the first half of the year we placed selected clients from vulnerable sectors on our watchlist categories for close monitoring. This led to a \$5.4 billion increase in early alerts exposure (2020: \$10.7 billion; 2019: \$5.3 billion), although there was a decrease in the second half of the year due to reductions in exposure, regularisations, and downgrades. Credit Grade 12 loans have increased to \$2.2 billion (2019: \$1.6 billion) as outflows to non-performing loans were offset by inflows from early alert categories.

The credit impairment charge was significantly higher at \$2.3 billion compared to \$0.9 billion in 2019. Increases were seen across all stages, with stage 1 and 2 impairment rising partly due to management overlays to reflect expected future deterioration. Stage 3 impairment increased by \$0.8 billion to

\$1.5 billion, with around one third relating to three unrelated downgrades in Corporate & Institutional Banking in the first quarter of 2020.

Overall, gross credit-impaired (stage 3) loans for the Group increased by 25 per cent in 2020, from \$7.4 billion to \$9.2 billion, driven by downgrades in Corporate & Institutional Banking in the ASEAN & South Asia and Africa & Middle East regions. Retail Banking saw an increase of \$0.3 billion in stage 3.

The stage 3 cover ratio in the total customer loan book decreased by 10 percentage points to 58 per cent (2019: 68 per cent) mainly in Corporate & Institutional Banking. This was driven by write-offs and new stage 3 loans with low levels of coverage, which benefit from credit insurance and guarantees, including from export credit agencies. The cover ratio including tangible collateral decreased to 76 per cent (2019: 85 per cent) with some of the 2020 downgrades being covered by guarantees and insurance which are not included as tangible collateral.

Average Group value at risk (VaR) in 2020 was \$108 million, a significant increase compared with the previous year (2019: \$30 million), driven by the extreme market volatility in interest rates and credit spreads following the outbreak of COVID-19 and the collapse in oil prices. The increase in VaR was predominantly observed in the non-trading book from credit bonds held in the Treasury Markets liquid assets buffer which are almost exclusively of investment grade.



Further details of the Group's risk performance for 2020 are set out in the [Risk update](#) (pages 182 to 184) and the [Risk profile section](#) (pages 185 to 247) in the full annual report

An update on our risk management approach

Our Enterprise Risk Management Framework outlines how we manage risk across the Group, as well as at branch and subsidiary level. It gives us the structure to manage existing risks effectively in line with our Risk Appetite, as well as allowing for holistic risk identification. In the first half of the year we introduced a number of enhancements including the elevation of Model Risk to a Principal Risk Type (PRT), as well as refreshes of the Risk Type Frameworks for Information and Cyber Security Risk and Operational Risk. These changes have been rolled out and further embedded in the second half of the year.

As part of the annual review of the ERMF we have expanded the Reputational Risk PRT to include Sustainability Risk. There is an increasing focus on issues relating to ESG risk from both regulators and investors, and the Group's commitments to be a leader in sustainable and responsible banking make this a core tenet of our franchise.

Given its overarching nature, conduct risk management has been incorporated as an integral component of the overall ERMF rather than viewed as a standalone risk, effective from January 2021. The Group will continue to identify conduct risks inherent to the Group's strategy, business model and geographies it operates in, and expects each business and function to be responsible for managing conduct within their area with CFCC providing oversight and challenge. This change allows us to view conduct risk through the lens of delivering positive outcomes for our clients, markets, and internal and external stakeholders. We remain committed to ensuring the highest standard of conduct from all our people. We have no appetite for negative conduct risk outcomes arising from negligent or wilful actions by the Group or individuals recognising that while incidents are unwanted, they cannot be entirely avoided.

Given the Group's diverse footprint, Country Risk management has also been elevated as an integral component of the overall ERM as part of Group strategy and strategic risk management, effective from January 2021. The Group continues to ensure that country limits and exposures are reasonable and in line with Group strategy, country strategy, Risk Appetite and the operating environment. This includes economic, political, environmental and social risk factors under base and stressed conditions. The Credit Risk PRT will continue to refer and rely on sovereign risk ratings managed through the Country Risk management process.

To meet the needs of the digital agenda and strengthen the technology risk management capabilities of the Group, we have expanded the Operational Risk PRT to include Technology Risk, effective from January 2021. This allows us to focus on risks arising from technology events, with the Operational Risk team providing second-line oversight. We also continue to develop our risk capabilities in new asset classes and technologies such as our approach to cryptoasset-related activities.

Principal and cross-cutting risks

Principal risks are risks inherent in our strategy and business model. These are formally defined in our ERMF which provides a structure for monitoring and controlling these risks through the Board-approved Risk Appetite. We will not compromise adherence to our Risk Appetite in order to pursue revenue growth or higher returns.

| Principal risk types | How these are managed |
|---|--|
| Credit Risk | The Group manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors |
| Traded Risk | The Group should control its trading portfolio and activities to ensure that Traded Risk losses (financial or reputational) do not cause material damage to the Group's franchise |
| Capital and Liquidity Risk | The Group should maintain a strong capital position, including the maintenance of management buffers sufficient to support its strategic aims, and hold an adequate buffer of high-quality liquid assets to survive extreme but plausible liquidity stress scenarios for at least 60 days without recourse to extraordinary central bank support |
| Operational and Technology Risk | The Group aims to control operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise |
| Information and Cyber Security Risk | The Group seeks to avoid risk and uncertainty for our critical information assets and systems and has a low appetite for material incidents affecting these or the wider operations and reputation of the Group |
| Compliance Risk | The Group has no appetite for breaches in laws and regulations, while recognising that regulatory non-compliance cannot be entirely avoided, the Group strives to reduce this to an absolute minimum |
| Financial Crime Risk | The Group has no appetite for breaches in laws and regulations related to financial crime, recognising that while incidents are unwanted, they cannot be entirely avoided |
| Model Risk | The Group has no appetite for material adverse implications arising from the misuse of models or errors in the development or implementation of models, while accepting model uncertainty |
| Reputational and Sustainability Risk | The Group aims to protect the franchise from material damage to its reputation by ensuring that any business activity is satisfactorily assessed and managed by the appropriate level of management and governance oversight |
| Climate Risk¹ | The Group aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to our own activities and those related to the financing of clients in alignment with the Paris Agreement |

¹ In addition to principal risks, the Group also recognises Climate Risk as a cross-cutting risk that manifests through other principal risks

 Further details of our Principal Risks and how these are being managed are set out in the **Principal risks** section (pages 254 to 269 in the full annual report)





Emerging risks

Emerging risks refer to unpredictable and uncontrollable events with the potential to materially impact our business. As part of our continuous risk identification process, we have updated the Group's emerging risks from those disclosed in the 2019 Annual Report.

The table on the next page summarises our current list of emerging risks, outlining the risk trend changes since the end of 2019, the reasons for any changes and the mitigating actions we are taking based on our current knowledge and assumptions. This reflects the latest internal assessment as identified by senior management. The list is not exhaustive and there may be additional risks which could have an adverse effect on the Group. Our mitigation approach for these risks may not eliminate them, but shows the Group's attempt to reduce or manage the risk. As certain risks develop and materialise over time, management will take appropriate steps to mitigate the risk based on its impact on the Group.

Climate related transition and physical risks have been removed as an emerging risk as Climate Risk is now classified as a cross-cutting risk. A detailed explanation of the other changes to our Emerging Risks compared with 2019 can be found on page 270 in the full annual report.

| Emerging risks | Risk trend since 2019 ¹ | Key risk trend drivers | How these are mitigated |
|--|---|---|---|
| COVID-19 and the emergence of new diseases |  | COVID-19 continues to spread globally. Measures to contain the virus, such as travel bans and restrictions, curfews, quarantines and shutdowns have led to increased volatility in financial markets and commodity prices and severe economic downturns in many countries. There is a risk other diseases may emerge | <ul style="list-style-type: none"> As part of our stress tests, a severe stress in the global economy associated with a sharp slow-down was assessed Exposures that could result in material credit impairment charges and risk-weighted asset inflation under stress tests are regularly reviewed and actively managed To support our clients the Group has enacted comprehensive support schemes for retail and corporate customers, including loan and interest repayment holidays, covenant relief, fee waivers or cancellations, loan extensions and new facilities The Group's priority remains the health and safety of our clients and employees and continuation of normal operations by leveraging our robust Business Continuity Plans which enable the majority of our colleagues to work remotely where possible |
| US-China trade tensions driven by geopolitics and trade imbalance |  | Measures taken by China and the US on trade tariffs since 2018 have increased concerns of a global geopolitical and trade war. Tensions escalated in 2020 and continue to deteriorate, posing a risk to global supply chains | <ul style="list-style-type: none"> Sharp slowdowns in the US, China, and more broadly, world trade and global growth are a feature of Group stress scenarios. These stress tests provide visibility to key vulnerabilities so that management can implement timely interventions Detailed portfolio reviews are conducted on an ongoing basis and action is taken where necessary We monitor and assess geopolitical events and act as appropriate to ensure we minimise the impact to the Group and our clients Increased scrutiny is applied when onboarding clients in sensitive industries and in ensuring compliance with sanctions requirements |
| Geopolitical events, in particular: the rise of populism and nationalism, Middle East tensions and social unrest driven by moderation of growth in key footprint markets and political concerns |  | There are increasing concerns following the rise of populism and nationalism. COVID-19 and focus on local economies have helped contribute to reduced security incidents in the Middle East relative to 2019. 2019 and 2020 saw a surge in protests globally and the risk is these will increase further in 2021. The economic impact of policy decisions made in 2020 may pose a risk to future growth | <ul style="list-style-type: none"> We monitor and assess geopolitical events and act as appropriate to ensure we minimise the impact to the Group and our clients There is continuous monitoring at a country, regional and Group level to identify emerging risks and evaluate their management We conduct portfolio reviews at a Group, country and business level to assess the impact of extreme but plausible geopolitical events |
| Macroeconomic concerns, in particular, rising sovereign default risk |  | COVID-19 has exacerbated already deteriorating market conditions, causing liquidity and potentially solvency issues for a number of the world's poorest countries. Central bank responses to the crisis may result in asset bubbles and inflation | <ul style="list-style-type: none"> Exposures that may result in material credit impairment and increased risk-weighted assets are closely monitored and actively managed We conduct stress tests and portfolio reviews at a country and business level to assess the impact of extreme but plausible events and manage the portfolio accordingly We actively utilise credit risk mitigation techniques including credit insurance and collateral We actively track the participation of our footprint countries in G20's Common Framework for Debt Treatments and the associated exposure |
| Interbank Offered Rate discontinuation and transition |  | There are concerns regarding the impact of the discontinuation of the IBOR benchmarks and the transition to Risk Free Rates (RFRs). LIBOR is relied upon by the Group as a reference rate | <ul style="list-style-type: none"> The Group has a global IBOR Transition Programme to consider all aspects of the transition and how risks can be mitigated The Group has raised awareness and understanding of the transition, both internally and with clients, with around 6,500 staff and more than 1,900 clients trained globally From an industry and regulatory perspective, the Group is actively participating in and contributing to different RFR Working Groups, industry associations and business forums focusing on different aspects of the IBOR to RFR transition |

| Emerging risks | Risk trend since 2019 ¹ | Key risk trend drivers | How these are mitigated |
|--|--|---|---|
| Third party dependency |  | Economic conditions have impacted businesses globally and placed significant pressure on the financial health of our suppliers, vendors and other third parties. There is a risk of increased cyber threats associated with third-party vendors as a result of COVID-19 | <ul style="list-style-type: none"> An internal review of third-party risk was completed in 4Q'20 and recommendations to enhance overall third-party risk management are being implemented Enhanced 2021 Risk Appetite metrics for vendor services were approved by the Board |
| New technologies and digitisation (including business disruption risk and responsible use of Artificial Intelligence) |  | Client expectations and the way they interact with the Group may change, potentially accelerating the adoption of digital solutions | <ul style="list-style-type: none"> We monitor emerging trends, opportunities and risk developments in technology which may have implications on the banking sector We have rolled out enhanced digital capabilities in Retail Banking, particularly around onboarding, sales and marketing We are enhancing capabilities to ensure our systems are resilient, we remain relevant and can capitalise quickly on technology trends We continue to make headway in harnessing new technologies, and are investing in machine learning solutions that rapidly analyse large data sets and fine-tune the accuracy of our financial crime tools |
| Increased data privacy and security risks from strategic and wider use of data |  | Regulatory requirements and client expectations relating to data management and privacy are increasing across our markets, including the ethical use of data | <ul style="list-style-type: none"> We actively monitor regulatory developments in relation to data management, data protection and privacy We have established a dedicated Data and Privacy team to build data management and privacy expertise across the Group while ensuring compliance with data ownership and consent requirements |
| Increase in long-term remote working providing new challenges |  | The number of employees working remotely and increasingly advanced capabilities of threat actors have raised this risk in addition to internal (supervision, culture and support) and external (clients and other counterparties) considerations | <ul style="list-style-type: none"> The Group has assessed the risk, impact and robustness of continuity plans for pandemic critical vendor services supporting critical banking operations We actively monitor cyber threats and risks, and have implemented heightened technical and organisational measures designed to prevent, detect and respond to threats The Group is undertaking a Future of Work assessment which considers data privacy and cyber security in addition to culture and leadership |

 Risk heightened in 2020
  Risk reduced in 2020
  Risk remained consistent with 2019 levels

1 The risk trend refers to the overall risk score trend which is a combination of potential impact, likelihood and velocity of change

 Further details on our **Emerging risks** can be found on pages 270 to 276 in the full annual report

Summary

The world has undergone significant upheaval in the past year and we have demonstrated resilience and adapted to the new and distinct challenges we have faced. We recognise that risks will remain heightened during the coming period amid what is likely to be a difficult and uneven economic recovery. We remain vigilant with a focus on achieving the right outcomes for our clients. The actions we take will set the foundations for achieving sustained growth and performance as we build back better during the recovery.



Mark Smith
 Group Chief Risk Officer
 25 February 2021

Essential goods in India

To keep India trading during COVID-19, Solv – a B2B marketplace launched by our innovation unit, SC Ventures – helped connect buyers and suppliers to maintain the flow of essential goods. In the face of movement restrictions, the team took to the streets to physically deliver essentials such as food and medicine to communities and hospitals. Through these efforts, more than 10,000 families were able to get their hands on much-needed supplies.



Read more online at sc.com/solvindia

Stakeholders and responsibilities

Our stakeholders



This section forms our **Section 172** disclosure, describing how the directors considered the matters set out in section 172(1)(a) to (F) of the Companies Act 2006. It also forms the directors' statement required under section 414CZA of the Act.

See the following pages for:

- How we engage stakeholders to understand their interests
See pages 54 to 57
- How we engage employees and respond to their interests
See pages 58 to 61
- How we respond to stakeholder interests through sustainable and responsible business
See pages 62 to 71

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

Examples of a selection of the Board's principal decisions are included throughout this section.

This section also forms our key non-financial disclosures in relation to sections 414CA and 414CB of the Companies Act. Our non-financial information statement can be found at the end of this section on page 72.

As an international bank working in 59 markets, stakeholder engagement is crucial in ensuring we understand local, regional and global perspectives, and trends, that inform how we do business.

Sustainability Aspirations

As part of our commitment to being a sustainable and responsible bank, our Sustainability Aspirations provide performance targets aligned to the UN Sustainable Development Goals (SDGs). Selected Aspirations form part of our Group Scorecard and long-term incentive plan.

During 2020, we refreshed any Aspirations coming to an end and introduced new goals to reflect our evolving strategy. For example, we developed a range of sustainable Retail Banking as part of our growing sustainable finance proposition.

To ensure stakeholders are confident in our approach, we have conducted a limited-scope assurance exercise on selected Aspirations, details of which can be found in our Sustainability Summary.



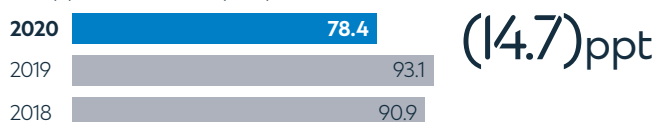
Read our Sustainability Summary at [sc.com/sustainabilitysummary](https://www.sc.com/sustainabilitysummary)

Group KPI: Sustainability



Delivering sustainability aspirations %¹

-14.7ppt Sustainability Aspirations achieved or on track



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

Analysis: In 2020, we released updated Sustainability Aspirations with new annual and multi-year performance targets. 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.

¹ Each aspiration contains one or more performance measures. The KPI is the proportion of all measures that have been achieved or are on track to be delivered at the end of the reporting period.

Engaging stakeholders

Regular engagement with our stakeholders enables us to build trust and respond to the opportunities and challenges facing our markets.

In 2020, the world faced unprecedented change. Alongside key topics including Brexit, sustainable finance and climate change, COVID-19 dominated our work with stakeholder groups as we sought to understand, and adapt to, the impact of the pandemic so we could continue driving commerce and prosperity in our markets.

Stakeholder feedback is communicated internally to senior management through the relevant forums and governing committees, and to the Board's Brand, Values and Conduct Committee (BVCC) which oversees the Group's approach to its main government and regulatory relationships. We communicate progress regularly to external stakeholders through channels such as sc.com and this report.



Clients

How we create value

We enable individuals to grow and protect their wealth. We help businesses trade, transact, invest and expand. We also help a variety of financial institutions, including banks, public sector and development organisations, with their banking needs.

How we serve and engage

Clients are at the heart of everything we do. By building and fostering long-term relationships we can better understand our clients' needs, and find innovative, tailored solutions to help them achieve their goals.

In 2020, the pandemic led to a shift in client needs, priorities and the pace of support they needed. In addition to announcing a \$1 billion not-for-profit facility to support clients producing goods and services to help fight the pandemic, we rapidly implemented innovative initiatives to minimise disruption.

Facilities such as the Hong Kong Client Experience Lab were set up to allow us to work closely with clients to co-design products and services. We also launched an e-learning module on client vulnerability awareness to help retail banking employees support our more vulnerable clients.

Digital transformation of our business meant we were able to help clients bank from home. This included the launch of our new digital Bank in Hong Kong, Mox, and the rollout of e-signature capabilities for our corporate clients.

In 2021, we will continue to strengthen our digital transformation and innovation capabilities.

Their interests

- Differentiated product and service offering
- Digitally enabled and positive experience
- Sustainable finance

Principal Board decision: Dividend and share buy-back withdrawal

The interests of stakeholders are central to the Board's capital management decision-making. An example of this was the Board's decision to withdraw the recommendation to pay a final dividend for 2019 and suspend the buy-back programme announced earlier in the year.

In line with the Group's approach to dividend growth and capital returns, the Board had previously agreed to carry out a share buy-back for up to a maximum consideration of \$0.5 billion to reduce the number of ordinary shares in issue by cancelling the repurchased shares. In addition, the Board had declared a final ordinary dividend for 2019 of 20 cents. At the time it agreed that both decisions were in the best interests of the Group and its stakeholders.

In response to a request from the Prudential Regulation Authority and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, the Group announced on 31 March 2020 that, after careful consideration, the Board had decided to withdraw the recommendation to pay a final dividend for 2019 and to suspend the buy-back programme.

As part of the consideration process for this decision, the Board discussed the impact and views of key stakeholders including our regulators, and recognised the importance of dividends to our shareholders. However, the Board decided that suspending shareholder distributions at the time would allow the Group to maximise its support for individuals, businesses and the communities in which it operates while at the same time preserving strong capital ratios and investing to transform the business for the long term. One such example of this was the launch of a \$50 million global fund to provide assistance to those affected by COVID-19. The Group made a contribution of \$25 million and announced that it would match other contributions including those made by its employees and confirmed it would make further contributions as needed to reach the total. It was announced that Board and Management Team members would be making personal contributions to the fund. The Board welcomed the initiative, the approach and leadership management had taken in launching the fund.

Engaging stakeholders continued



Regulators and governments

How we create value

We engage with public authorities to help the financial system and the broader economy function effectively.

How we serve and engage

We actively engage with governments, regulators and policymakers at a global, regional and national level to share insights, develop best practice and ensure we function consistently across our markets. In 2020, we worked with policymakers inter alia on the impact and response to the pandemic, prudential regulation, Brexit, operational resilience, benchmark reform, sustainable finance, climate risk, fintech, artificial intelligence, cyber security, financial crime and conduct.

We are committed to complying with legislation, rules and other regulatory requirements that apply in the markets we operate in. Our compliance with legal and regulatory frameworks ensures the Group meets its obligations and supports the resilience and effective functioning of the broader financial system and economy.

To support this, we have a Public and Regulatory Affairs team, responsible for anticipating changes to legislation and regulation, analysing policy developments that have

a strategic impact on the Group and managing relationships with regulators and government officials. During 2020, we improved our capacity to identify and analyse policy developments that have a strategic impact on the Group.

We meet all relevant transparency requirements and have an ongoing dialogue with regulators and governments, submitting responses to formal consultations and participating in industry working groups. We typically publish our consultation responses on [sc.com/politicalengagement](https://www.sc.com/politicalengagement).

In 2021, we expect to engage on regulation and legislation associated with the recovery from COVID-19, international trade, Brexit, emerging digital technologies and innovations in banking, sustainable finance and artificial intelligence including data analytics and privacy.

Their interests

- Strong capital base and liquidity position
- Robust standards for conduct
- Healthy economies and competitive markets
- Positive sustainable development, both environmental and social



Investors

How we create value

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

How we serve and engage

We rely on capital from debt and equity investors to execute our business model. Whether they have short- or long-term investment horizons, we provide our investors with information about all aspects of progress against our strategic and financial frameworks.

Our footprint and intent to become the world's most sustainable and responsible bank provides our investors with exposure to opportunities in emerging markets. We believe that our integrated approach to environmental, social and governance (ESG) issues, as well as a strong risk and compliance culture is a key differentiator. We delivered a resilient performance in 2020, weathering the geopolitical and health crises very well while continuing to progress our strategic transformation. Our refreshed strategic priorities are underpinned by our purpose and support our recommitment to achieve a 10 per cent return on tangible equity.



For more information see [pages 26 – 27](#)

Regular and transparent engagement with our investors, and the wider market, helps us understand investors' needs and tailor our public information accordingly. In addition to direct engagement from our Investor Relations team, we communicate through quarterly, half and full-year results, conferences, roadshows and media releases. Adoption of virtual mediums was accelerated due to the pandemic.

Investor feedback, recommendations and requests are considered by the Board, whose members keep abreast of current topics of interest. Following the annual general meeting in May 2020 for procedural matters, the Board hosted a virtual retail shareholder event as well as a stewardship event for institutional investors in November. Both events provided a platform for shareholders to direct questions to the Board.

We continue to respond to the growing interest from mainstream investors on ESG matters including the UN's SDGs, sustainable finance, climate change, coal and the wider low-carbon transition and human rights. We also work with sustainability analysts and participate in sustainability indices that benchmark our performance including the Carbon Disclosure Project and Workforce Disclosure Initiative.

In 2021, we will continue to engage with investors on progress against our refreshed strategic priorities and medium-term financial framework as we progressively advance to our returns target.

Their interests

- Safe, strong and sustainable financial performance
- Facilitation of sustainable finance to meet the UN SDGs
- Progress on environment, social and governance matters

Suppliers

How we create value

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

How we serve and engage

Our work is guided by our Supplier Charter, which sets out our expectations on issues such as ethics, anti-bribery and corruption, human rights, diversity and inclusion (D&I) and environmental performance. Our suppliers must recommit to the charter annually, and performance monitoring is built into our procurement practices and standards.

We work globally and locally to create supply chain value for our business and our suppliers. In 2020, we announced a strategic partnership with Microsoft to help us create a cloud-first technology strategy. This partnership marks a significant milestone for us and our vision to make virtual banking, next-generation payments, open banking and banking-as-a-service a reality.

We continue to support our suppliers through the pandemic by paying invoices from small and medium-sized suppliers immediately upon receipt. Our payment processes for all suppliers were also streamlined, with 95 per cent of invoices paid on time in December 2020, up from 82 per cent in 2019.

We have made real progress against our supply chain sustainability agenda. As well as incorporating modern slavery into our risk framework, we introduced a new control framework to strengthen the governance and management of modern slavery risk within our supply chain.

We accelerated our supplier diversity strategy and published our global standard to ensure our suppliers share our mission to increase D&I across the supply chain, embed best practice and work with us to create an equal marketplace for diverse suppliers.

In 2021, supply chain sustainability will continue to be a primary focus as we roll out initiatives to scale up our supplier D&I practices and reduce carbon emissions within our own operations and supply chain.



Our Supplier Charter can be viewed at sc.com/suppliercharter



Read more about our supplier diversity standard: sc.com/supplierdiversity

Their interests

- Open, transparent and consistent tendering process
- Willingness to adopt supplier-driven innovations
- Accurate and on-time payments

Society

How we create value

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

How we serve and engage

We engage with a wide range of civil society and international and local NGOs, ranging from those focused on environmental and public policy issues to partners delivering our community programmes. Our aim is to have an open dialogue to ensure we understand alternative positions which can shape our thinking, and that how we do business is understood. The views and concerns of our stakeholders are fed into our decision-making process.

In 2020, against the backdrop of the pandemic, we continued to engage with organisations on topics including climate change, human rights, and the value of nature to global supply chains. We undertake this engagement to inform our thinking and help shape our Position Statements. Engagement took place via one-to-one sessions using online channels and calls, virtual roundtables and written responses.

In 2020, we continued to engage with NGOs, charities and other organisations to promote youth economic inclusion through our Futuremakers by Standard Chartered programme, and eye health through Seeing is Believing (SiB).

We brought Futuremakers participants together with more than 300 business leaders, policy experts and clients to discuss how we can collaborate as part of the first ever Futuremakers Forum. We also joined our SiB partner, the International Agency for the Prevention of Blindness, and more than 100 other eye health representatives in a virtual conference to share our learnings from the final year of our long-standing partnership.

As the global pandemic unfolded, we increased engagement with organisations supporting vulnerable groups impacted by COVID-19. This included continuing work with long-standing partners Women Win and the Red Cross, and providing additional support to 166 partners in 59 markets by delivering emergency relief through our \$50 million COVID-19 Global Charitable Fund.

Meanwhile, our employees were given an additional day of volunteering leave – increased from three to four days – to support activities in their own communities.

Their interests

- Positive social and economic contribution
- COVID-19 emergency relief and support for longer-term economic support
- Climate change and environmental issues

Engaging stakeholders continued



Employees

2020 Sustainability Aspirations: Employees

People

| | | |
|---|--------------------------------------|---|
| Conduct a feasibility analysis to incorporate a Living Wage into agreements for all non-employed workers | Jan 2019 – Dec 2020 | ✓ |
| Complete disability confidence assessments for 44 of our larger markets | Jan 2020 – Dec 2020 | ✓ |
| Embed an integrated health and wellbeing strategy to support building and re-skilling a future-ready, diverse workforce | Jan 2020 – Dec 2021 | ○ |
| Support all employees to develop a personalised growth plan to reflect the future skills needed to respond to the changing and digitised nature of work | Jan 2020 – Dec 2021 | ○ |
| Increase gender representation: 35% women in senior roles with an interim target: – Dec 2020: 30% ¹ | Sept 2016 – Dec 2025 ² | ○ |
| Increase our 'Culture of Inclusion' score to 84.5% with an interim target: – Dec 2021: 80% | Jan 2020 – Dec 2024 | ○ |

Concluded in the year

✓ Achieved △ Not achieved

Ongoing aspirations

○ On track △ Not on track

1 Interim target not achieved. 29.5% women in senior roles. However, we remain on track to reach our overall aspiration by Dec 2025

2 Target date changed from December 2024 to December 2025.

Group KPI: Employee engagement



Employee Net Promoter Score (eNPS)

↑ +5.4%



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

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

Analysis: Our eNPS has significantly increased since 2016 when we started our culture transformation.

How we create value

We recognise that our workforce is a significant source of value that helps our performance and productivity. Given the advances in technology and the changing needs of our clients, we are using long-term workforce planning to build the skills and culture necessary for a future ready-workforce.

How we serve and engage

By engaging employees and fostering a positive experience for them, we can better serve our clients and deliver on our purpose. An inclusive culture enables us to unlock innovation, make better decisions, deliver our business strategy, live our valued behaviours, and embody our brand promise Here for good.

We proactively assess and manage people-related risks, for example, organisation, capability, and culture, as part of our Group risk management framework. Our People Strategy, as approved by the Board in July 2019, remains in place and COVID-19 has accelerated many of the future of work trends which informed our approach.

Their interests

In 2018, we conducted research to understand our Employee Value Proposition (EVP) – the value that employees, or potential employees, feel they gain from being part of our organisation. Our employees told us they want to: have interesting and impactful jobs; innovate within a unique set of markets and clients; cultivate a brand that sustainably drives commerce and offers enriching careers and development; and be supported by great people leaders. They want these elements to be anchored in competitive rewards and a positive work-life balance. The EVP is a key input to our People Strategy which supports the delivery of our business strategy.

Listening to employees

Feedback from employee surveys helps us identify and close gaps between employees' expectations and experience. A pulse survey in April 2020 revealed how employees were coping with COVID-19 and allowed us to target support where it was needed most. This was followed by our annual survey, My Voice, in June and July. On a par with previous years, 74,566 employees (91 per cent), and a further 3,599 agency workers (71 per cent) took part.



Employees continued

Satisfaction increased from 2019 in both the employee engagement index and the employee net promoter score, which measures how likely employees are to recommend working for the us. Externally, this is reflected in a 27 per cent increase in LinkedIn followers since December 2019 (1.27 million), and 77 per cent of Glassdoor ratings stating that they would recommend working at the Bank to a friend.

My Voice also revealed a commitment among employees to doing what is required to help us succeed (97 per cent), and increasing satisfaction with job impact (up 6 per cent), reward (up 6 per cent) and development opportunities (up 5 per cent) – all indicators that we are delivering our EVP. Investment in people leader capability has translated into a 10 per cent increase in our manager net promoter scores, which is important as the variety of demands on our people leaders to engage with dynamic workforce needs are increasing.

During 2020, new ways of working brought greater freedoms and benefits for some colleagues; for many, however, physical restrictions and a lack of social connection significantly affected their wellbeing – 40 per cent of our employees said they were experiencing high or frequent levels of work-related stress. We are continuing to invest in wellbeing tools such as a mental health app, an upgraded employee assistance service, wellbeing toolkits for employees and people leaders, and learning programmes on mental health and resilience. The pandemic has reinforced how important our health and wellbeing strategy is, and supporting employees with these skills is a long-term area of focus.

We are also listening to employees' preferences for greater flexibility in working arrangements post-pandemic, with 80 per cent of employees in our nine largest markets telling us they would like some form of flexibility. We recognise the positive lessons that can be learnt from the pandemic on productivity, employee experience and talent attraction and retention. Conversely, enforced absence from offices has highlighted the benefit of face-to-face interaction and the value of physical workspaces as hubs of teamwork, collaboration and learning. Based on this data we are introducing a hybrid model, combining virtual and office-based working with greater flexibility in working patterns and locations.

The Board listens to the views of the workforce through several sources, including information reported from senior management on culture and directly via workforce engagement sessions. More information can be found on pages 105 to 106 in the Directors' Report in the full annual report.

Developing skills of future strategic value

The world of work continues to change rapidly. Our employees need a combination of personal and technical skills to succeed both today and in the future.

In 2020, we focused on laying the foundations for upskilling and re-skilling our workforce by building a culture of continuous learning. Our learning intensified during the pandemic and we virtualised all appropriate programmes and sessions. Currently, 67 per cent of employees have a growth plan and we expect this to increase as we deepen our culture of continuous learning.

In support of this shift in skills, we have identified a core set of new roles and are developing existing talent to take up these positions. This approach unites our recruitment, talent management and learning efforts to target, upskill and place learners into new roles. This will be piloted in 2021 across five roles before being extended across the Group.

Creating an inclusive culture

There is no doubt that 2020 was a challenging year, and the need to lead inclusively was a central theme for our people leaders. Our commitment to D&I is supported by more than 60 employee resource groups (ERGs) that help create a culture of inclusion and provide learning, development and networking opportunities. The ERGs align to our focus areas of gender, ethnicity and nationality, generations, sexual orientation, and disability and wellbeing.

Our gender diversity is growing with more female leaders coming through the pipeline. Currently, females represent 31 per cent of the Board, increasing to 36 per cent in January 2021. Fourteen of our markets have female CEOs, and female representation in senior leadership roles increased by 1 per cent to 29.5 per cent at the end of 2020. We are committed to improving, and aspire to 35 per cent female representation at senior level by 2025. This Aspiration is supported by programmes that develop our talent in preparation for future roles.

Learn anywhere, anytime

In March 2020 we launched our new digital learning platform, diSCover, to make learning accessible to all. Aligned to our future skills academies, it uses artificial intelligence (AI) to create personalised content. We have had over 55,000 users, of which 80 per cent are active. Participation in our second global learning week (over 500 events and 21,000 participants) both demonstrated and galvanised our employees' appetite for learning.

Engaging stakeholders continued



Employees continued

Inclusion is how we will derive true value from our diverse talent. Pleasingly, 82 per cent of colleagues reported positive sentiments in the My Voice culture of inclusion questions, compared to 78 per cent in 2019. This was supported by 94 per cent of our people leaders completing our Inclusive Leadership programme.

In addition to six key D&I dates we recognise across the year, several external events helped increase awareness of inclusion and equality. In response to global Black Lives Matter protests, we ran a series of listening and engagement sessions on race involving employees, people leaders, the Management Team and Board members. We shared our guide on having conversations about race externally, to further support our clients and communities. We signed the UK Business in the Community - Race at Work Charter, to tackle barriers facing ethnic minority talent, and partnered with Leadership Enterprise for a Diverse America to diversify the leadership pipeline. We have committed to ethnicity targets for senior leadership in both the UK and the US and we continue to nurture local talent in markets across Asia, Africa and Middle East to ensure we reflect the diversity of our global clients.

Meanwhile, as reported by the World Health Organization, there has been a significant increase in global cases of domestic violence and abuse. In response, we became the first bank to publish a framework and global standards to support colleagues, and a toolkit to share best practice with other organisations.

In line with our Sustainability Aspirations, all markets with 50 or more employees have completed our internal Disability Confident Assessment to help us focus on removing barriers and increasing accessibility.

Igniting our talent through coaching

Through an experimental 'pay it forward' coaching programme, 'IGNITE', we have accredited 51 internal coaches who have in return provided coaching to 141 female employees in 18 countries. We have extended this to 119 further coaches, with the aim for individuals to explore their potential, discover new levels of performance and experience community from the peer network.

Group Chief Executive, Bill Winters, signed the UN Global Standards for Business to tackle discrimination against lesbian, gay, bi, trans and intersex (LGBT+) people. In addition, we developed a toolkit on transgender inclusion in the workplace, issued guidance on how to be an ally, and offered medical and domestic relocation benefits to LGBT+ partners of employees in India.

Our progress is also recognised externally. We are among the top 100 organisations in the Bloomberg Gender Equality Index and ranked as a Diversity Leader in the Financial Times report on Diversity and Inclusion in Europe. We were the first financial institution in Singapore to be granted the Economic Dividends for Gender Equality certification. Seven of our D&I champions were recognised by Yahoo Finance HERoes awards for their contributions to gender equality.



Read more about our approach to tackling domestic violence at sc.com/tacklingdomesticabuse and sc.com/toolkitdomesticabuse



Read more about our ethnicity targets at sc.com/ethnicity and access our toolkit for conversations about race at sc.com/toolkitrace

Principal Board decision: Sustainability as a pillar of our overall strategy

Stakeholder interests are a key consideration during Board decision-making. This includes decisions regarding the Group's purpose, values and strategy. An illustration of this is the Board's decision to make sustainability a pillar of our overall strategy.

Our refreshed strategic priorities link directly to our purpose to drive commerce and prosperity through our unique diversity. An important aspect of this is the way in which we approach sustainability in our own operations, in our communities and in how we conduct our business. During 2020, management presented to the Board a proposed near-to-medium term roadmap to build upon our existing sustainability credentials and raise our profile with stakeholders, which the Board considered and agreed to.

As part of the consideration of this decision, the Board received material prepared by colleagues from across the organisation including our Sustainability, Corporate Affairs,

Brand & Marketing, Risk and Business teams, as well as appropriate client segments. The material included, among other relevant information, consideration of key stakeholder groups including our colleagues, clients, communities, civil society, regulators, and investors. The Board recognised the increased client demand for sustainable finance products, the potential for Standard Chartered to play a distinct role in enabling capital flows to the markets where it matters most, and noted that sustainability is an increasingly high priority for other key stakeholders.

As part of considering and agreeing the proposed sustainability strategy, the Board highlighted the significance of the Group communicating its sustainability successes to its stakeholders through enhanced disclosure and communication plans.

Further detail regarding the Group's refreshed strategic priorities can be found throughout the Strategic report.



Employees continued

Gender pay gap and equal pay

We continue to analyse our gender pay gap for the UK, Hong Kong, Singapore, UAE and the US. 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 gaps are caused by there being fewer women in senior roles and in business areas where market rates of pay are highest.

With the exception of the mean hourly pay gap in UAE and the mean bonus pay gap in the UK, our mean gender pay gaps have remained flat or reduced across all five markets. We understand it will take time to see the level of change needed to significantly reduce our gender pay gaps and we remain committed to our initiatives to support gender diversity.

When the pay of men and women at the same level and in the same business area are compared, our gender pay gaps are significantly smaller. The remaining gaps exist due to differences in the market pay level for different types of roles at the same level and in the same business areas, and differences in the relative positioning of the pay of each role holder around the market benchmark.

Equal pay is a more detailed measure of pay equality and is a key commitment in our Fair Pay Charter. We analyse equal pay during our annual performance and pay review process to ensure equal pay for equal work.

We have been reporting our gender pay gaps for a number of years and support initiatives that will enable a truly diverse workforce. We responded to the UK Government consultation on ethnicity pay gap reporting and are considering potential ways to draw from available data to inform our inclusion strategy. Obtaining significant enough disclosure of ethnicity data remains a challenge and we are taking steps to encourage disclosure, where possible, so we can develop our approach.

| 2020 Gender pay gap | UK | Hong Kong | Singapore | UAE | US |
|---------------------|-----|-----------|-----------|-----|-----|
| Mean hourly pay gap | 30% | 20% | 34% | 29% | 25% |
| Mean bonus pay gap | 51% | 35% | 44% | 52% | 43% |



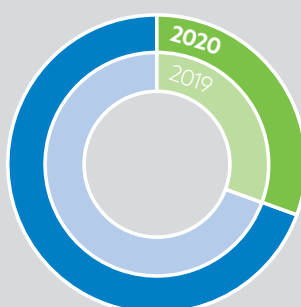
Read more about this in our gender pay gap report at sc.com/genderpaygap

Female representation

Board

Female
31%
(2019: 31%)

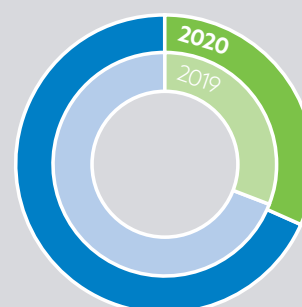
Female
4
Male
9



Management Team and their direct reports

Female
31.8%
(2019: 31%)

Female
41
Male
88

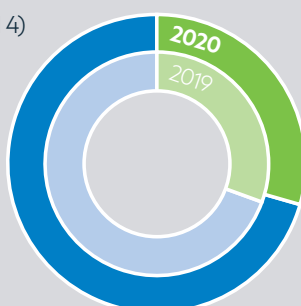


Senior leadership

(Managing directors and band 4)

Female
29.5%
(2019: 28.5%)

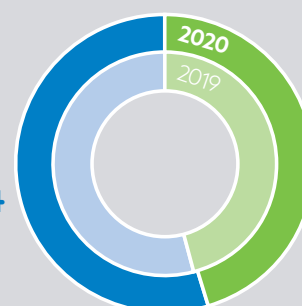
Female
1,236
Male
2,960



All employees

Female
45.4%
(2019: 46.1%)

Female
38,013
Male
45,644



Sustainable and responsible business

Sustainability is embedded in our business, operations and communities through the three pillars of our sustainability framework – sustainable finance, responsible company and inclusive communities. This allows us to deliver on our purpose of driving commerce and prosperity through our unique diversity, in line with our valued behaviours and our brand promise – to be Here for good.



Clients



Investors



Society

Our approach is framed around a sustainability philosophy that informs our decision-making, Sustainability Aspirations that provide tangible targets for sustainable outcomes aligned to the UN Sustainable Development Goals (SDGs), and Position Statements that set out our environmental and social client standards.

In 2020, we continued to integrate sustainability across the Group, incorporating selected Sustainability Aspirations metrics into the 2020 Group Scorecard to drive widespread awareness and support delivery. We continued to progress our management of climate change, including it as a material cross-cutting risk within our risk framework, via the provision of sustainable finance products and services, as well as making our first purchase of offsets for our business travel emissions. We also measured the social and economic impacts of our lending to the infrastructure and manufacturing sectors in Ghana, and plan to use learnings from this study to guide our wider impact measurement strategy in 2021.

The Board is responsible for ensuring that high standards of responsible business are maintained and receives information to identify and assess risks and opportunities related to environmental and social matters, including climate change. Sustainability is overseen by the Board and its Brand, Values and Conduct Committee (BVCC), which reviews priorities and oversees the development of, and delivery against, public commitments.

At a management level, the CEO, Corporate & Institutional Banking and Commercial Banking is responsible for sustainable finance, which incorporates environmental and social risk management. The Group Head, Corporate Affairs, Brand & Marketing and Conduct, Financial Crime and Compliance leads a cross-business Sustainability Forum and dedicated sustainability team to develop and deliver the strategy and champion sustainability across the Group.

We continued to advance our ambition to become the world's most sustainable and responsible bank and the leading private sector catalyser of finance for the SDGs in Asia, Africa and the Middle East.

Further information on sustainability can be read in our standalone Sustainability Summary and Task Force on Climate-related Financial Disclosures reports at [sc.com/sustainabilitysummary](https://www.sc.com/sustainabilitysummary) and [sc.com/tcfd](https://www.sc.com/tcfd). In 2021, we will provide additional ESG-related information to stakeholders and investors, including via Sustainable Accounting Standards Board (SASB) aligned disclosures.



See **page 55** to read how engagement with stakeholders informs our approach to sustainable and responsible business.



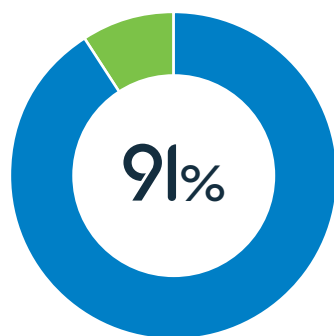
Read more about our position statements: [sc.com/positionstatements](https://www.sc.com/positionstatements)



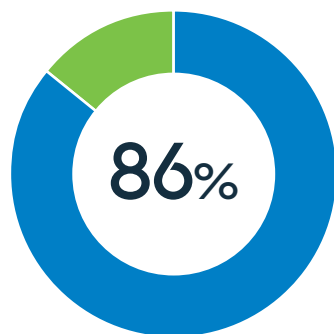
See **pages 440 and 441** in the full annual report for a full list of our 2021 Sustainability Aspirations

Sustainable finance

Our Sustainability Aspirations focus on the areas we can have the most impact on sustainable development in our markets. In 2020, we updated our Sustainability Aspirations and set a new target to fund and facilitate \$75 billion of sustainable infrastructure, clean tech and renewables between 2020 and December 2024, catalysing capital from across the financial sector.



of our total Sustainable Finance assets are located in emerging markets



of our total Sustainable Finance assets are located in some of the world's least developed countries

In many of our markets, micro and small businesses are the powerhouses of the economy and are major drivers of job creation. Our Aspirations for small business lending (\$15 billion Jan 2020-Dec 2024) and to microfinance (\$3 billion Jan 2020-Dec 2024) are reflected in our asset base and our Sustainable Finance Impact Report. We have reached more than 1.3 million people through the loans we have provided to microfinance institutions in places like Nepal, Tanzania and Bangladesh. We also provided more than 20,000 SME loans in emerging markets including India, Kenya, Pakistan and Sri Lanka.

In addition, our dedicated Sustainable Finance team is committed to scaling up sustainable finance and mobilising capital to the markets where it is needed most. We are growing our product portfolio to support sustainable development. Our Green and Sustainable Product Framework developed in collaboration with Sustainability, reviewed annually, sets out what qualifies as 'sustainable' and 'green' products and was updated in 2020.

Our first annual Sustainable Finance Impact Report reveals the impact of our Sustainability Bond issued in 2019 and, for the first time discloses the \$3.9 billion of Sustainable Assets aligned to the UN's Sustainable Development Goals (SDGs) in our sustainable finance portfolio. These include loans for renewable energy, healthcare and education as well as microfinance and SME lending in low-income countries.

From July 2019 to July 2020, our green projects in our Sustainable Finance portfolio helped us to avoid 738,998 tonnes of CO₂ emissions – the equivalent of 217,000 people's annual emissions in low and middle-income countries.

In response to the COVID-19 pandemic, we announced a \$1 billion not-for-profit facility to help clients produce goods and services to help in the fight against COVID-19 and by year end had credit approved \$579 million.

In 2021, we will continue to grow our sustainable finance proposition, and increase lending into areas aligned with the SDGs.

[+ Read our Sustainable Finance impact report: **sc.com/SFimpactreport**](https://sc.com/SFimpactreport)

[+ Read more about our 2020 Sustainability Aspirations performance at **sc.com/sustainabilitysummary**](https://sc.com/sustainabilitysummary)

[→ See our 2021 Sustainability Aspirations on **pages 440 and 441** in the full annual report](#)

Sustainable and responsible business continued

Sustainable finance continued

2020 Sustainability Aspirations: Sustainable Finance¹

Infrastructure²

| | | |
|--|-------------------|---|
| Facilitate project financing services for \$40 billion of infrastructure projects that promote sustainable development that align to our verified Green and Sustainable Product Framework ³ | Jan 2020-Dec 2024 | △ |
|--|-------------------|---|

Climate change

| | | |
|---|-------------------|---|
| Facilitate \$35 billion worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that align to our verified Green and Sustainable Product Framework | Jan 2020-Dec 2024 | ○ |
| Develop a methodology to measure, manage and ultimately reduce the emissions related to the financing of our clients (Jan 2019-Dec 2020) | Jan 2019-Dec 2020 | ✓ |
| Only provide financial services to clients who are: ⁴ | Jan 2020-Jan 2030 | ○ |
| <ul style="list-style-type: none"> By Jan 2021, less than 100% dependent on earnings from thermal coal (based on % EBITDA at group level) By Jan 2025, less than 60% dependent on earnings from thermal coal (based on % EBITDA at group level) By Jan 2027, less than 40% dependent on earnings from thermal coal (based on % EBITDA at group level) By Jan 2030, less than 10% dependent on earnings from thermal coal (based on % EBITDA at group level) | | |

Entrepreneurs

| | | |
|--|-------------------|---|
| Provide \$15 billion of financing to small business clients (Business Banking) | Jan 2020-Dec 2024 | ○ |
| Provide \$3 billion of financing to microfinance institutions ⁵ | Jan 2020-Dec 2024 | △ |

Commerce

| | | |
|--|-------------------|---|
| Bank 10,000 of our clients' international and domestic networks of suppliers and buyers through banking the ecosystem programmes | Jan 2020-Dec 2024 | ○ |
|--|-------------------|---|

Digital⁶

| | | |
|---|---------------------|---|
| Roll out digital-only banks in a total of 12 markets | Jan 2020-Dec 2021 | ○ |
| Double the number of clients we serve in Africa and the Middle East to 3.2 million ⁷ | Jan 2020 - Dec 2021 | △ |

Impact finance

| | | |
|--|---------------------|---|
| Introduce ESG scores for equity investments for Private Banking clients allowing them to tailor their investment choices in a sustainable manner | Jan 2020 - Dec 2020 | ✓ |
| Develop a tailored Impact Profile for all Private Banking clients providing a framework that enables them to understand their passions and harness capital market solutions to support the SDGs | Jan 2020-Dec 2024 | ○ |
| Increase the proportion of Private Bank investment solutions (across funds, bonds, structured products and discretionary mandates) with a sustainability lens from below 10% to 50% ⁸ | Jan 2020-Dec 2024 | △ |

Concluded in the year

✓ Achieved △ Not achieved

Ongoing aspirations

○ On track △ Not on track

1 The COVID-19 pandemic impacted the pace of delivering three new Aspirations set in 2020 focused on infrastructure, microfinance and retail. These Aspirations underpin sustainable development and we remain committed to progressing these targets in 2021

2 To avoid double counting with other Aspirations, the previous Aspiration to "Catalyse \$5 billion of finance via blended finance transactions from 2020 - 2024" has been removed

3 Facilitated \$2.4bn in 2020. Due to COVID-19 substantial infrastructure investments across many markets were delayed. We expect to see increased momentum from H2 2021 as infrastructure investment increases to support sustainable economic growth and COVID-19 economic recovery

4 In 2020, we ceased new business with four clients and are exiting these relationships subject to any outstanding contractual arrangements

5 2020: \$509 million

6 These were originally merged into one Aspiration, however we have demerged them to allow accurate reporting of progress

7 2020: 500,000 new clients

8 The proportion of sustainable solutions grew to 6% in 2020 but remained below 10% due to dependencies on the availability of solutions in the market

Sustainable finance continued

Managing environmental and social risk

Our main impact on the environment and society is through the activities we finance. Our seven Position Statements outline the cross-sector standards we expect of ourselves and our clients, as well as sector-specific guidance for clients operating in sectors with a high potential environmental or social impact. The statements draw on International Finance Corporation Performance Standards, the Equator Principles (EP) and global best practice. Our prohibited activities list sets out what we do not finance and can be found at sc.com/prohibitedactivities.

We identify and assess environmental and social risks related to our Corporate & Institutional, Commercial and Business Banking clients, and embed our 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 and have access to online resources.

In 2020, we launched an online learning tool to increase awareness of environmental and social risk management among client-facing employees. This training will become a mandatory for relevant employees in 2021.

Meanwhile, we reviewed 1,090 transactions that presented potential specific risks against our Position Statements. We also reviewed all our Position Statements, and refreshed documents will be released in 2021.

We work with clients, regulators and peers across the finance sector to continuously improve environmental and social standards. We proactively engage with clients to mitigate risks and help them improve their environmental and social performance over time. Where this is not possible, transactions have been, and will continue to be, turned down.

We also achieved a number of milestones under our Chairmanship of the EP Association in 2020. These include the launch of the EP Association Strategy, publishing guidance on implementing EP during the pandemic, and publishing guidance on implementing EP4 including specific notes on climate change and human rights and indigenous people.



Read more about our reporting against the Equator Principles: sc.com/equatorprinciples

Responding to climate change

We consider climate change to be one of the greatest challenges facing the world today.

Since 2018, we have been working on aligning the emissions from both our own operations and our financing activities to the Paris Agreement goal of below two degrees of global warming. In 2019, we set a target to achieve net zero emissions from our operations by 2030 and have made a strong start towards achieving this goal.

In 2020, we made strides towards bringing the management of climate change as a financial and non-financial risk within key Principal Risk Frameworks to the mainstream. This included extending climate risk governance across our markets and client segments.

We acknowledge that climate change is a shared global challenge and believe collaboration with clients, peer banks, industry experts and regulators is crucial. In 2020, we launched a four-year partnership with Imperial College London, through which we aim to strengthen our own resilience to climate risk and support our clients through their own low-carbon transitions. In December, we sponsored Imperial's research report and public webinar focused on energy transitions and the coal supply chain in India, designed to generate insights for financial institutions and policymakers.

We also formed partnerships with Baringa and Munich Re to develop bespoke tools to strengthen our risk management infrastructure in response to the various regulatory requirements and forthcoming stress tests.

To build internal knowledge, we launched a Sustainable Finance Academy and new digital learning programmes for climate risk.



We have made disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures in a dedicated, standalone report. We believe this format provides information in a readily identifiable and accessible format for all interested stakeholders. This can be accessed at sc.com/tcfd.



► Sustainable lending to EcoGreen ◀

As part of our sustainable finance efforts, we arranged EcoGreen's first ever green loan. The China-based company, which produces chemicals using botanic essential oils from plants for the pharmaceutical, household, healthcare and personal care industries, borrowed \$185 million in 2020. The loan was subject to a green finance framework – ensuring that funds are used for sustainability-based projects and initiatives.

Sustainable and responsible business continued

Responsible company

We strive to manage our business sustainably and responsibly, drawing on our purpose, brand promise, valued behaviours and our Code of Conduct to make the right decisions.



Clients



Regulators and governments



Suppliers



Society

Promoting good conduct

Good conduct is crucial in delivering positive outcomes for our clients, markets and stakeholders. In 2020, we enhanced our conduct risk management and built out approaches to risk identification and mitigation.

The Group Conduct Dashboard was rolled out to enhance conduct risk monitoring, and results from an assessment of conduct risk management which focused on eight key conduct areas, indicated an improvement in the overall quality and consistency in the management of Conduct Risk across the Group, regions and countries.

Our Group Code of Conduct (the Code) remains the central tool through which we set our conduct expectations. To reinforce the importance of the highest standards of behaviour, each year we ask our colleagues to recommit to the Code. In 2020, we refreshed the associated mandatory e-learning and 99.8 per cent of our colleagues completed the e-learning and recommitted to the Code.

2020 Sustainability Aspirations: Responsible Company

Environment

| | | |
|--|-------------------|---|
| Reduce annual greenhouse gas emissions (Scope 1 and 2) to net zero by 2030 with an interim target: Dec 2025: 60,000 tCO ₂ e | Jan 2019-Dec 2030 | ○ |
| Source all energy from renewable sources | Jan 2020-Dec 2030 | ○ |
| Reduce our Scope 3 value chain emissions from business travel by 7% | Jan 2020-Dec 2020 | ✓ |
| Introduce an emissions offset programme for Scope 3 travel emissions | Jan 2020-Dec 2020 | ✓ |
| Join the Climate Group 'RE100' ¹ | Jan 2020-Dec 2020 | ⚠ |
| Reduce annual office paper use by 57% to 10kg/FTE/year ² | Jan 2012-Dec 2020 | ⚠ |
| Reduce waste per colleague to 40kg/FTE/year | Jan 2020-Dec 2025 | ○ |
| Recycle 90% of waste ³ | Jan 2020-Dec 2025 | ⚠ |

Conduct

| | | |
|---|-------------------|---|
| Learn from risks identified through concerns raised via our Speaking Up programme and conduct plans and publish an annual Threats and Themes Report | Ongoing | ○ |
| Develop enhanced internal policies and guidelines on privacy, data ethics and algorithmic fairness, and embed a new governance framework for all data-related risks | Jan 2020-Dec 2021 | ○ |

Financial crime compliance

| | | |
|--|-------------------|---|
| Tackle financial crimes such as the laundering of the proceeds of the illegal wildlife trade by contributing to the development of red flags for financial flows, training frontline staff to identify potential suspicious transactions and participating in public-private partnerships to share intelligence and good practices | Ongoing | ○ |
| Deliver at least 18 correspondent banking academies | Jan 2020-Dec 2020 | ✓ |

Concluded in the year

✓ Achieved ⚠ Not achieved

Ongoing aspirations

○ On track ⚠ Not on track

1 RE100 was closed to new financial sector participants while they reviewed their entry criteria in 2020. We are committed to joining in 2021

2 2020: 11.2kg/FTE/year, 2019: 16.96kg/FTE/year

3 2020: 23% recycled

Responsible Company

In 2021, our focus is on making conduct risk management an integral component of the Enterprise Risk Management Framework and ensure Conduct Risk is considered as part of each principal risk type (PRT). This is to reflect the overarching nature of Conduct Risk and recognise that it can manifest from risks and events which occur under other PRTs.

→ See page 48 for more on our Conduct Risk Framework

Speaking Up

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

During 2020, 1,209 concerns were raised through Speaking Up, of which 474 were within scope (or in process of triage) of the programme and investigated or resolved. Themes included employee fraud, anti-bribery and corruption (ABC), and information and cyber security.

99.8%

of employees recommitted to the Group Code of Conduct in 2020.

We received 110 disclosures referencing COVID-19 related matters, including concerns around work arrangements, work environment and performance pressure. However, there was a decline in the use of Speaking Up in mid-2020 when pandemic working arrangements were in place. We believe this to be in line with peers and due to home working reducing visibility of misconduct, and more communications over recorded platforms rather than face-to-face.

During the period, 338 cases were closed following investigation (these included cases raised in 2020 as well as those raised in prior years), of which 206 were substantiated while 132 were closed as unsubstantiated.

A range of corrective actions were taken, including process improvements, targeted coaching and training and, for 63 cases, disciplinary actions ranging from verbal or written warning to dismissals.

Results from our 2020 My Voice survey demonstrate confidence in the programme with 87 per cent of employees confirming they would be comfortable in speaking up if they see a violation of Standard Chartered's policies, valued behaviours or the Code. However, this was marginally down from 91 per cent in 2019. We are working to improve our Speaking Up programme by partnering with a leading whistleblowing charity to provide an advice hotline and increasing the number of advocates who work with country management teams to support employees. In 2021, we will also be rolling out an enhanced framework to identify and support staff who are at high risk of being victimised for speaking up.

Speaking Up cases

| Year | Total raised ¹ | In scope ² | Closed ³ | |
|-------------|---------------------------|-----------------------|----------------------------|-----------------|
| | | | Substantiated ⁴ | Unsubstantiated |
| 2020 | 1,209 | 474 | 206 | 132 |
| 2019 | 1,382 | 381 | 263 | 189 |
| 2018 | 1,473 | 589 | 306 | 275 |
| 2017 | 1,183 | 460 | 201 | 296 |

1 Total concerns raised within the reporting year

2 A concern under the FCA whistleblowing rules that is raised within the reporting year and investigated under the Speaking Up programme. For purposes of this report, this number also includes any cases pending triage assessment at the point of reporting.

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 the original allegation(s)

5 Case numbers reported in prior years differ from those reported in this period due to closed cases being either reclassified, based on new information, or updated for administrative reasons.

+ 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

Sustainable and responsible business continued

Responsible company continued

Fighting financial crime

We believe partnering to fight financial crime is the best way to protect our business, clients and wider communities. By cutting off funding sources, we help make the financial system a hostile environment for criminals and support positive economic development in our markets.

We have safeguards in place to address threats including money laundering, terrorist financing, sanctions compliance breaches, bribery and other forms of corruption. Our Conduct, Financial Crime & Compliance (CFCC) team leads our risk management activities, which include adhering to anti-money laundering and sanctions policies and applying controls such as client due-diligence screening and monitoring. See the Risk review section on page 256 in the full annual report for more on how we manage Financial Crime Risk.

In 2020, due to COVID-19, we identified a new range of emerging risks. Our CFCC experts were able to identify red flags in relation to fraud, money laundering, bribery and corruption. Our in-depth knowledge allows us to share insights with our clients, employees and partners. Despite the pandemic impacting our ability to physically hold Correspondent Banking Academies, we held academies virtually – allowing greater participation. Besides our response to the pandemic we have continued to strengthen our controls by investing in innovation and technology.

Anti-bribery and corruption (ABC) policies aim to prevent employees, or third parties working on our behalf, from participating in active or passive bribery or corruption, or from making facilitation payments. In 2020, 99.9 per cent of employees completed ABC, anti-money laundering and sanctions and fraud training. By working with our client banks, we share best practice on controls for managing Financial Crime Risk and are able to build a strong network to keep criminal activity out of the financial system. In 2020, we surpassed our Aspiration for financial crime compliance, delivering 18 training sessions to more than 2,900 people from more than 500 client banks in 70 countries through our Correspondent Banking Academies.

In 2021, we will continue to adapt our controls to emerging threats by making sure we have highly trained and experienced employees working with new technology to detect abuse of the financial system. We will also continue to partner with, and educate, peer banks and clients to help them detect financial crime risks.



For more visit
sc.com/fightingfinancialcrime

Respecting human rights

We are committed to respecting human rights and ensuring 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 frameworks including the International Bill of Human Rights, the UN Guiding Principles and the UK Modern Slavery Act. This is embedded across a range of internal policies and risk management frameworks, including our Group Code of Conduct and Supplier Charter.

Our Modern Slavery Statement, approved by the Board, details the actions we are taking to tackle modern slavery and human trafficking. In 2020, this included an update of our framework and processes within our supply chain, and a feasibility analysis on extending our living wage commitment to non-employed and third-party workers.

In 2020, we began a review of our Human Rights Position Statement which informs our policies in this area. We expect to finish the review in early 2021, following consultation with external stakeholders.



Read our 2020 Modern Slavery Statement
at sc.com/modernslavery

Managing our environmental footprint

We are committed to improving our environmental footprint and reducing the direct impact of our branches and offices. To do this, we measure and manage energy and water efficiency, greenhouse gas (GHG) emissions and paper use closely, verifying our performance through third parties.

We also measure the amount of non-hazardous waste our branches and offices generate and recycle. We do not produce or handle material quantities of this and therefore do not report on it.

Our reporting criteria set out the principles and methodology for measuring our emissions. Our Scope 1 and 2 emissions, as well as water and waste data, are independently assured by Global Documentation.

Through our Sustainability Aspirations, we have set ambitious targets to achieve net zero emissions and only use renewable energy sources by 2030. We are increasing our use of renewable energy to meet these challenging targets.

Responsible company continued

We have measured and reduced our GHG emissions since 2008 and have adopted science-based targets (SBT) to significantly reduce our carbon footprint. In 2020, we continued to reduce our property portfolio footprint despite a drop in occupancy due to the pandemic, with our GHG emissions falling 19 per cent year-on-year.

Water availability is a growing challenge in our markets. Although we did not face any issues sourcing water in 2020, we continue to take a sustainable and responsible approach to managing water across the Group and reducing consumption year-on-year.

Our aim is to reduce paper use across our operations and since 2012 we have reduced consumption by 52 per cent against a target of 57 per cent. In 2020, the Group Chief Executive encouraged employees around the world to go paperless. In 2021, we will continue to strive to hit our target.

We are committed to reducing waste in all its forms and in 2019, set ambitious targets to reduce waste to 40 kilograms per employee and recycle 90 per cent of our waste by 2025. We are proud to have certified more than 50 of our largest properties as 'single-use plastic free'. Non-recyclable waste is sent for energy generation or compost to limit our impact on landfill.

In 2021, we will focus on removing more single-use plastics and reducing waste from all our operations, improving our clean energy procurement and taking the necessary steps to meet our SBTs for net zero greenhouse gas emissions.

 [Read the independent assurance for our energy and greenhouse gas emissions \(Scope 1 and 2\) at **sc.com/environmentalassurance**](https://www.sc.com/environmentalassurance)

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

| | |
|-------------|-----|
| 2020 Actual | 205 |
| 2020 Target | 215 |
| 2008 | 494 |

59%

↓ Since 2008



Innovating diesel reduction in Pakistan

▶ Powering Pakistan ◀

We have traditionally relied heavily on diesel generators across many markets as a source of back-up power to maintain operations. In 2020, our property team in Pakistan introduced supercapacitors as an alternative backup energy source. Supercapacitors have an advantage in storing peak power when you need it, without harmful carbon emissions. The proposition could be used across other markets to both assist our back-up power requirements and lower our carbon emissions.

Sustainable and responsible business continued

Inclusive communities

We aim to create more inclusive economies by sharing our expertise and developing community programmes that transform lives.



Regulators and governments



Society

In 2020, we increased support for communities in response to the COVID-19 pandemic. We invested \$95.7 million, including our COVID-19 Global Charitable Fund, in communities and 26 per cent of employees took part in volunteering. Despite restrictions preventing volunteering, employees still contributed more than 36,000 volunteering days to communities, many taking advantage of new opportunities for virtual volunteering.

Vulnerable and disadvantaged young people have been hit hard economically by the pandemic. Through Group donations and fundraising from our employees and clients, we surpassed our \$50 million target and provided funding of \$52.8 million through our COVID-19 Global Charitable Fund. This includes donations of \$27.8 million to partners supporting emergency relief across 59 markets. The remaining \$25 million will support youth-focused economic recovery projects as part

of Futuremakers by Standard Chartered (Futuremakers). This increases our total commitment to Futuremakers to \$75 million between 2019 and 2023. Fundraising from employees and partners in 2020 raised \$3.6 million to support Futuremakers, including support for COVID-19 economic recovery. For a full breakdown of our 2020 fundraising and donations, see sc.com/sustainabilitysummary.

We reached more than 168,000 young people through Futuremakers programmes in 2020, and more than 366,000 young people between 2019 and 2020 across 35 markets. The Standard Chartered Foundation is our lead partner in delivering Futuremakers and is the primary recipient of donations from the Group. Several Group Management Team members are Directors of the Standard Chartered Foundation. Read more at sc.com/scfoundation. The rollout of programmes continued in 2020 despite the challenging environment. While some were delayed or paused, many programmes overcame COVID-19 restrictions by moving to alternative methods of delivery.

Goal, our girls' empowerment programme, replaced its sports-based sessions with a new digital curriculum delivered through mobiles, radio or online. In 2020, Goal reached more than 56,000 girls and young women, and has reached more than 645,000 girls between 2006 and 2020.

Youth to Work reached 19,335 young people through employability projects and we reached 6,419 young people and small businesses through entrepreneurship activities.

2020 Sustainability Aspirations: Inclusive communities

Community Engagement

| | | |
|--|-------------------|---|
| Invest 0.75% of prior year operating profit (PYOP) in our communities | Jan 2006-Dec 2020 | ✓ |
| Raise \$75m for Futuremakers by Standard Chartered | Jan 2019-Dec 2023 | ○ |
| Education: Reach one million girls and young women through Goal ¹ | Jan 2006-Dec 2023 | △ |
| Employability: Reach 100,000 young people | Jan 2019-Dec 2023 | ○ |
| Entrepreneurship: Reach 50,000 young people, and micro and small businesses | Jan 2019-Dec 2023 | ○ |
| Support the development of the Vision Catalyst Fund | Jan 2019-Dec 2020 | ✓ |
| Increase participation for employee volunteering to 55% | Jan 2020-Dec 2023 | ○ |

Concluded in the year

✓ Achieved △ Not achieved

Ongoing aspirations

○ On track △ Not on track

1 2020: 56,049 girls participated in Goal; 2006-2020: 646,438 girls participated in Goal

Inclusive communities continued

During 2020, our inaugural Futuremakers Forum involving business leaders, policy experts, clients and Futuremakers participants came up with recommendations for greater youth economic inclusion. These included improving connections between young people and employers and addressing the challenges of financing for young entrepreneurs.

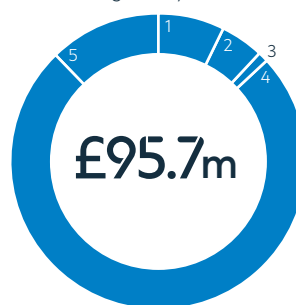
We marked the final year of our Seeing is Believing partnership with the International Agency for the Prevention of Blindness in 2020. Between 2003 and 2020, the global initiative to tackle avoidable blindness raised \$104 million through fundraising and Group matching, and reached more than 250 million people. We continued our support through the development of the Vision Catalyst Fund and by helping people with visual impairments through Futuremakers.

In 2021, we will continue to roll-out Futuremakers programmes. To remain on track to deliver its aspiration, Goal will combine in-person and digital learning to reach more girls. We will continue to implement the results framework and host a second Futuremakers Forum, focused on the future of work.

Our community expenditure 2020

| | |
|-----------------------------------|-------|
| 1. Leverage | 7.4% |
| 2. Management costs | 4.6% |
| 3. Gifts in kind | 1.2% |
| 4. Cash contributions | 74.7% |
| 5. Employee time (non- cash item) | 12.1% |

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



Futuremakers

Fulfilling dreams through Futuremakers

Rose is fulfilling her dream of running an interior design business thanks to Futuremakers by Standard Chartered, our global initiative to tackle inequality. Despite a childhood spent on the streets of Nairobi, Rose beat the odds to get an education. She joined Goal – Futuremakers' education programme for girls – learning valuable leadership and life skills through football. She also accessed vocational training to build a new future. Today, Rose is a leader in her community and, as a Goal coach, she supports other vulnerable girls. She is completing her Diploma in Interior Design while running her own business and has put her sewing skills to good use by making masks for local people during COVID-19.

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](https://www.sc.com) and in our 2020 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 |
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* Visit [sc.com/environmentcriteria](https://www.sc.com/environmentcriteria) for our carbon emissions criteria and [sc.com/environmentalassurance](https://www.sc.com/environmentalassurance) for Global Documentation's Assurance Statement of our Scope 1 and 2 emissions, and waste and water data

Underlying versus statutory results reconciliations

Reconciliations between underlying and statutory results are set out in the tables below:

Operating income by client segment

| | 2020 | | | | | |
|------------------------------------|---|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
| | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Underlying operating income | 7,214 | 5,013 | 1,409 | 540 | 589 | 14,765 |
| Restructuring | 11 | – | 29 | – | (13) | 27 |
| Other items | – | – | – | – | (38) | (38) |
| Statutory operating income | 7,225 | 5,013 | 1,438 | 540 | 538 | 14,754 |

| 2019 (Restated) ¹ | | | | | | |
|------------------------------------|---|--------------------------|------------------------------|---------------------------|---------------------------------|-----------------|
| | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Underlying operating income | 7,074 | 5,186 | 1,574 | 577 | 860 | 15,271 |
| Restructuring | 146 | – | 4 | – | (4) | 146 |
| Other items | – | – | – | – | – | – |
| Statutory operating income | 7,220 | 5,186 | 1,578 | 577 | 856 | 15,417 |

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

Operating income by region

| | 2020 | | | | | |
|------------------------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------|---------------------------------|-----------------|
| | Greater China & North Asia \$million | ASEAN & South Asia \$million | Africa & Middle East \$million | Europe & Americas \$million | Central & other items \$million | Total \$million |
| Underlying operating income | 6,016 | 4,366 | 2,364 | 1,922 | 97 | 14,765 |
| Restructuring | 82 | (4) | (2) | – | (49) | 27 |
| Other items | (43) | – | – | – | 5 | (38) |
| Statutory operating income | 6,055 | 4,362 | 2,362 | 1,922 | 53 | 14,754 |

| 2019 | | | | | | |
|------------------------------------|--------------------------------------|------------------------------|--------------------------------|-----------------------------|---------------------------------|-----------------|
| | Greater China & North Asia \$million | ASEAN & South Asia \$million | Africa & Middle East \$million | Europe & Americas \$million | Central & other items \$million | Total \$million |
| Underlying operating income | 6,155 | 4,213 | 2,562 | 1,725 | 616 | 15,271 |
| Restructuring | 87 | (2) | – | – | 61 | 146 |
| Other items | – | – | – | – | – | – |
| Statutory operating income | 6,242 | 4,211 | 2,562 | 1,725 | 677 | 15,417 |

Profit before taxation (PBT)

| | 2020 | | | | | | |
|---|----------------------|--|-------------------------|--|-------------------------------|---|---------------------|
| | Underlying \$million | Provision for regulatory matters \$million | Restructuring \$million | Net loss on businesses disposed/ held for sale \$million | Goodwill impairment \$million | Share of profits of PT Bank Permata Tbk joint venture \$million | Statutory \$million |
| Operating income | 14,765 | – | 27 | (38) | – | – | 14,754 |
| Operating expenses | (10,142) | 14 | (252) | – | – | – | (10,380) |
| Operating profit/(loss) before impairment losses and taxation | 4,623 | 14 | (225) | (38) | – | – | 4,374 |
| Credit impairment | (2,294) | – | (31) | – | – | – | (2,325) |
| Other impairment | 15 | – | (113) | – | (489) | – | (587) |
| Profit from associates and joint ventures | 164 | – | (13) | – | – | – | 151 |
| Profit/(loss) before taxation | 2,508 | 14 | (382) | (38) | (489) | – | 1,613 |

Profit before taxation (PBT) continued

| | 2019 | | | | | | |
|--|-------------------------|---|----------------------------|--|-------------------------------------|--|------------------------|
| | Underlying \$million | Provision for regulatory matters \$million | Restructuring \$million | Net loss on business disposed/ held for sale \$million | Goodwill impairment \$million | Share of profits of PT Bank Permata Tbk joint venture \$million | Statutory \$million |
| Operating income | 15,271 | – | 146 | – | – | – | 15,417 |
| Operating expenses | (10,409) | (226) | (298) | – | – | – | (10,933) |
| Operating profit/(loss) before impairment losses and taxation | 4,862 | (226) | (152) | – | – | – | 4,484 |
| Credit impairment | (906) | – | (2) | – | – | – | (908) |
| Other impairment | (38) | – | (98) | – | (27) | – | (163) |
| Profit from associates and joint ventures | 254 | – | (2) | – | – | 48 | 300 |
| Profit/(loss) before taxation | 4,172 | (226) | (254) | – | (27) | 48 | 3,713 |

Profit before taxation (PBT) by client segment

| | 2020 | | | | | |
|--|--|--------------------------------|------------------------------------|---------------------------------|---------------------------------------|--------------------|
| | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Operating income | 7,214 | 5,013 | 1,409 | 540 | 589 | 14,765 |
| External | 7,083 | 4,322 | 1,320 | 374 | 1,666 | 14,765 |
| Inter-segment | 131 | 691 | 89 | 166 | (1,077) | – |
| Operating expenses | (4,178) | (3,701) | (878) | (476) | (909) | (10,142) |
| Operating profit/(loss) before impairment losses and taxation | 3,036 | 1,312 | 531 | 64 | (320) | 4,623 |
| Credit impairment | (1,237) | (715) | (316) | (2) | (24) | (2,294) |
| Other impairment | 42 | (10) | (1) | – | (16) | 15 |
| Profit from associates and joint ventures | – | – | – | – | 164 | 164 |
| Underlying profit/(loss) before taxation | 1,841 | 587 | 214 | 62 | (196) | 2,508 |
| Restructuring | (164) | (50) | (57) | (11) | (100) | (382) |
| Goodwill impairment & other items | – | – | – | – | (513) | (513) |
| Statutory profit/(loss) before taxation | 1,677 | 537 | 157 | 51 | (809) | 1,613 |

| | 2019 (Restated) ¹ | | | | | |
|--|--|--------------------------------|------------------------------------|---------------------------------|---------------------------------------|--------------------|
| | Corporate & Institutional Banking \$million | Retail Banking \$million | Commercial Banking \$million | Private Banking \$million | Central & other items \$million | Total \$million |
| Operating income | 7,074 | 5,186 | 1,574 | 577 | 860 | 15,271 |
| External | 7,264 | 4,236 | 1,618 | 329 | 1,824 | 15,271 |
| Inter-segment | (190) | 950 | (44) | 248 | (964) | – |
| Operating expenses | (4,310) | (3,759) | (953) | (514) | (873) | (10,409) |
| Operating profit/(loss) before impairment losses and taxation | 2,764 | 1,427 | 621 | 63 | (13) | 4,862 |
| Credit impairment | (475) | (336) | (122) | 31 | (4) | (906) |
| Other impairment | (32) | 2 | – | – | (8) | (38) |
| Profit from associates and joint ventures | – | – | – | – | 254 | 254 |
| Underlying profit before taxation | 2,257 | 1,093 | 499 | 94 | 229 | 4,172 |
| Restructuring | (110) | (63) | (11) | (11) | (59) | (254) |
| Goodwill impairment & other items | – | – | – | – | (205) | (205) |
| Statutory profit/(loss) before taxation | 2,147 | 1,030 | 488 | 83 | (35) | 3,713 |

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

Profit before taxation (PBT) by region

| | 2020 | | | | | |
|--|---|---------------------------------|-----------------------------------|--------------------------------|------------------------------------|--------------------|
| | Greater China & North Asia \$million | ASEAN & South Asia \$million | Africa & Middle East \$million | Europe & Americas \$million | Central & other items \$million | Total \$million |
| Operating income | 6,016 | 4,366 | 2,364 | 1,922 | 97 | 14,765 |
| Operating expenses | (3,739) | (2,618) | (1,683) | (1,383) | (719) | (10,142) |
| Operating profit/(loss) before impairment losses and taxation | 2,277 | 1,748 | 681 | 539 | (622) | 4,623 |
| Credit impairment | (352) | (1,132) | (654) | (161) | 5 | (2,294) |
| Other impairment | (53) | 163 | (14) | 8 | (89) | 15 |
| Profit from associates and joint ventures | 163 | – | – | – | 1 | 164 |
| Underlying profit/(loss) before taxation | 2,035 | 779 | 13 | 386 | (705) | 2,508 |
| Restructuring | (92) | (42) | (88) | (45) | (115) | (382) |
| Goodwill impairment & other items | (43) | – | – | – | (470) | (513) |
| Statutory profit/(loss) before taxation | 1,900 | 737 | (75) | 341 | (1,290) | 1,613 |

| | 2019 | | | | | |
|--|---|---------------------------------|-----------------------------------|--------------------------------|------------------------------------|--------------------|
| | Greater China & North Asia \$million | ASEAN & South Asia \$million | Africa & Middle East \$million | Europe & Americas \$million | Central & other items \$million | Total \$million |
| Operating income | 6,155 | 4,213 | 2,562 | 1,725 | 616 | 15,271 |
| Operating expenses | (3,771) | (2,681) | (1,747) | (1,470) | (740) | (10,409) |
| Operating profit/(loss) before impairment losses and taxation | 2,384 | 1,532 | 815 | 255 | (124) | 4,862 |
| Credit impairment | (194) | (506) | (132) | (98) | 24 | (906) |
| Other impairment | (5) | (1) | 1 | – | (33) | (38) |
| Profit from associates and joint ventures | 247 | – | – | – | 7 | 254 |
| Underlying profit/(loss) before taxation | 2,432 | 1,025 | 684 | 157 | (126) | 4,172 |
| Restructuring | (138) | (34) | (18) | (34) | (30) | (254) |
| Goodwill impairment & other items | – | 48 | – | – | (253) | (205) |
| Statutory profit/(loss) before taxation | 2,294 | 1,039 | 666 | 123 | (409) | 3,713 |

Return on tangible equity (RoTE)

| | 2020 | | | | | |
|---|--|---------------------|-------------------------|----------------------|----------------------------|------------|
| | Corporate & Institutional Banking % | Retail Banking % | Commercial Banking % | Private Banking % | Central & other items % | Total % |
| Underlying RoTE | 6.6 | 6.5 | 3.4 | 4.8 | (12.0) | 3.0 |
| Provision for regulatory matters | – | – | – | – | 0.2 | – |
| Restructuring | – | – | – | – | – | – |
| Of which: Income | 0.1 | – | 0.7 | – | (0.2) | 0.1 |
| Of which: Expenses | (0.4) | (0.8) | (1.0) | (1.2) | (1.0) | (0.7) |
| Of which: Credit impairment | – | – | (0.7) | – | – | (0.1) |
| Of which: Other impairment | (0.5) | – | (0.2) | – | (0.1) | (0.3) |
| Of which: Profit from associates and joint ventures | – | – | – | – | (0.2) | – |
| Net loss on businesses disposed/held for sale | – | – | – | – | (0.6) | (0.1) |
| Goodwill impairment | – | – | – | – | (7.3) | (1.3) |
| Share of profits of PT Bank Permata Tbk joint venture | – | – | – | – | – | – |
| Tax on normalised items | 0.3 | 0.2 | 0.3 | 0.4 | 0.1 | 0.3 |
| Statutory RoTE | 6.1 | 5.9 | 2.5 | 4.0 | (21.1) | 0.9 |

Return on tangible equity (RoTE) continued

| | 2019 (Restated) ¹ | | | | | |
|---|-------------------------------------|------------------|----------------------|-------------------|-------------------------|---------|
| | Corporate & Institutional Banking % | Retail Banking % | Commercial Banking % | Private Banking % | Central & other items % | Total % |
| Underlying RoTE | 8.5 | 12.7 | 7.4 | 7.3 | (5.1) | 6.4 |
| Provision for regulatory matters | – | – | – | – | (3.1) | (0.6) |
| Restructuring | | | | | | |
| Of which: Income | 0.8 | – | 0.1 | – | – | 0.4 |
| Of which: Expenses | (0.8) | (1.0) | (0.3) | (1.2) | (0.6) | (0.8) |
| Of which: Credit impairment | – | – | – | – | – | – |
| Of which: Other impairment | (0.5) | – | – | – | (0.1) | (0.3) |
| Of which: Profit from associates and joint ventures | – | – | – | – | – | – |
| Net loss on businesses disposed/held for sale | – | – | – | – | – | – |
| Goodwill impairment | – | – | – | – | (0.4) | (0.1) |
| Share of profits of PT Bank Permata Tbk joint venture | – | – | – | – | 0.7 | 0.1 |
| Tax on normalised items | – | 0.2 | 0.1 | 0.3 | (2.9) | (0.3) |
| Statutory RoTE | 8.0 | 11.9 | 7.3 | 6.4 | (11.5) | 4.8 |

1 Following a reorganisation of certain clients, there has been a reclassification of balances across client segments

Earnings per ordinary share (EPS)

| | 2020 | | | | | | | | |
|---|-----------------------|---|--------------------------|--------------------------------------|---|---|--------------------------------|------------------------------------|----------------------|
| | Underlying \$ million | Provision for regulatory matters \$ million | Restructuring \$ million | Profit from joint venture \$ million | Gains arising on repurchase of senior and subordinated liabilities \$ million | Net loss on sale of businesses \$ million | Goodwill impairment \$ million | Tax on normalised items \$ million | Statutory \$ million |
| Profit for the year attributable to ordinary shareholders | 1,141 | 14 | (382) | – | – | (38) | (489) | 83 | 329 |
| Basic – Weighted average number of shares (millions) | 3,160 | | | | | | | | 3,160 |
| Basic earnings per ordinary share (cents) | 36.1 | | | | | | | | 10.4 |

| | 2019 | | | | | | | | |
|---|-----------------------|---|--------------------------|--------------------------------------|---|---|--------------------------------|------------------------------------|----------------------|
| | Underlying \$ million | Provision for regulatory matters \$ million | Restructuring \$ million | Profit from joint venture \$ million | Gains arising on repurchase of senior and subordinated liabilities \$ million | Net loss on sale of businesses \$ million | Goodwill impairment \$ million | Tax on normalised items \$ million | Statutory \$ million |
| Profit for the year attributable to ordinary shareholders | 2,466 | (226) | (254) | 48 | – | – | (27) | (152) | 1,855 |
| Basic – Weighted average number of shares (millions) | 3,256 | | | | | | | | 3,256 |
| Basic earnings per ordinary share (cents) | 75.7 | | | | | | | | 57.0 |

Alternative performance measures

An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cashflows, other than a financial measure defined or specified in the applicable financial reporting framework. The following are key alternative performance measures used by the Group to assess financial performance and financial position.

| Measure | Definition |
|---|---|
| Constant currency basis | A performance measure on a constant currency basis is presented such that comparative periods are adjusted for the current year's functional currency rate. The following balances are presented on a constant currency basis when described as such: <ul style="list-style-type: none"> • Operating income • Operating expenses • Profit before tax • RWAs or Risk-weighted assets |
| Underlying | A performance measure is described as underlying if the statutory result has been adjusted for restructuring and other items representing profits or losses of a capital nature; amounts consequent to investment transactions driven by strategic intent; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period, and items which management and investors would ordinarily identify separately when assessing performance period-by-period. A reconciliation between underlying and statutory performance is contained in Note 2 to the financial statements. The following balances and measures are presented on an underlying basis when described as such: <ul style="list-style-type: none"> • Operating income • Operating expense • Profit before tax • Earnings per share (basic and diluted) • Cost-to-income ratio • Jaws • RoTE or Return on tangible equity |
| Advances-to-deposits/customer advances-to-deposits (ADR) ratio | The ratio of total loans and advances to customers relative to total customer accounts, excluding approved balances held with central banks, confirmed as repayable at the point of stress. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers. |
| Cost-to-income ratio | The proportion of total operating expenses to total operating income. |
| Cover ratio | The ratio of impairment provisions for each stage to the gross loan exposure for each stage. |
| Cover ratio after collateral/cover ratio including collateral | The ratio of impairment provisions for stage 3 loans and realisable value of collateral held against these non-performing loan exposures to the gross loan exposure of stage 3 loans. |
| Gross yield | Statutory interest income divided by average interest earning assets. |
| Jaws | The difference between the rates of change in revenue and operating expenses. Positive jaws occurs when the percentage change in revenue is higher than, or less negative than, the corresponding rate for operating expenses. |
| Loan loss rate | Total credit impairment for loans and advances to customers over average loans and advances to customers. |
| Net tangible asset value per share | Ratio of net tangible assets (total tangible assets less total liabilities) to the number of ordinary shares outstanding at the end of a reporting period. |
| Net yield | Gross yield less rate paid. |
| NIM or Net interest margin | Net interest income adjusted for interest expense incurred on amortised cost liabilities used to fund the Financial Markets business, divided by average interest-earning assets excluding financial assets measured at fair value through profit or loss. |
| RAR per FTE or Risk adjusted revenue per full-time equivalent | Risk adjusted revenue (RAR) is defined as underlying operating income less underlying impairment over the past 12 months. RAR is then divided by the 12 month rolling average full-time equivalent (FTE) to determine RAR per FTE. |
| Rate paid | Statutory interest expense adjusted for interest expense incurred on amortised cost liabilities used to fund financial instruments held at fair value through profit or loss, divided by average interest-bearing liabilities. |
| RoE or Return on equity | The ratio of the current year's profit available for distribution to ordinary shareholders to the weighted average ordinary shareholders' equity for the reporting period. |
| RoTE or Return on ordinary shareholders' tangible equity | The ratio of the current year's profit available for distribution to ordinary shareholders to the weighted average tangible equity, being ordinary shareholders' equity less the average goodwill and intangible assets for the reporting period. Where a target RoTE is stated, this is based on profit and equity expectations for future periods. |
| TSR or Total shareholder return | The total return of the Group's equity (share price growth and dividends) to investors. |

Viability statement

The directors are required to issue a viability statement regarding the Group, explaining their assessment of the prospects of the Group over an appropriate period of time and state whether they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due.

The directors are to also disclose the period of time for which they have made the assessment and the reason they consider that period to be appropriate.

In considering the viability of the Group, the directors have assessed the key factors, including the current and anticipated impact of COVID-19 likely to affect the Group's business model and strategic plan, future performance, capital adequacy, solvency and liquidity taking into account the emerging risks as well as the principal risks.

The viability assessment has been made over a period of three years, which the directors consider appropriate as it is within both the Group's strategic planning horizon and, the basis upon which its regulatory capital stress tests are undertaken and is representative of the continuous level of regulatory change affecting the financial services industry. The directors will continue to monitor and consider the appropriateness of this period.

The directors have reviewed the Corporate Plan, the output of the Group's formalised process of budgeting and strategic planning. For the 2021 Corporate Plan, the forward-looking cash flows and balances include the longer-term impact of COVID-19, specifically with regards to expected credit loss and the impact of global lower interest rates impact on revenues. The Corporate Plan is evaluated and approved each year by the Board with confirmation from the Group Chief Risk Officer that the Plan is aligned with the Enterprise Risk Management Framework and Group Risk Appetite Statement and considers the Group's future projections of profitability, cash flows, capital requirements and resources, liquidity ratios and other key financial and regulatory ratios over the period. The Corporate Plan details the Group's key performance measures, of forecast profit, CET 1 capital ratio forecast, return on tangible equity forecasts, cost to income ratio forecasts and cash investment projections. The Board has reviewed the ongoing performance management process of the Group by comparing the statutory results to the budgets and Corporate Plan.

The Group performs enterprise-wide stress tests using a range of bespoke hypothetical scenarios that explore the resilience of the Group to shocks to its balance sheet and business model.

To assess the Group's balance sheet vulnerabilities and capital and liquidity adequacy, severe but plausible macro-financial scenarios explore shocks that trigger one or more of:

- Global slowdowns, including a China hard landing with spillovers within Asia and more broadly via financial and other linkages
- Sharp falls in world trade volumes, including the effects of an extreme worsening in and broadening of recent trade tensions.
- Material and persistent declines in commodity prices
- Financial market turbulence, including a generalised sharp fall in risky asset prices

This year, the primary focus has been on the evolving macro-financial stress caused by the response of governments, businesses and individuals to COVID-19, with scenario analysis focused on mild, moderate, severe and extreme variants across the Group's footprint markets to ensure that the Group has sufficient capital to withstand this shock.

Under this range of scenarios, the results of these stress tests demonstrate that the Group has sufficient capital and liquidity to continue as a going concern and meet regulatory minimum capital and liquidity requirements.

To assess the Group's business model vulnerabilities, extreme and unlikely scenarios are explored that, by design, result in the Group's business model no longer being viable. Insights from these reverse stress tests can inform strategy, risk management and capital and liquidity planning.

Further information on stress testing is provided in the Risk management approach section (page 251) in the full annual report.

The Board Risk Committee ("BRC") exercises oversight on behalf of the Board of the key risks of the Group and makes recommendations to the Board on the Group's Risk Appetite Statement. These risks include, amongst others; credit, traded, capital and liquidity, operational and technology, reputational and sustainability, compliance, information and cyber security and model risks.

The BRC receives regular reports that inform it of the Group's key risks, as well as updates on the macroeconomic environment, geo-political outlook, market developments, and regulatory updates in relation to capital, liquidity and risk. A report on COVID-19 risks was received and discussed at each meeting. In 2020, the BRC had deeper discussions on: Blue Sky Thinking/Horizon Scanning, Aviation Finance, Enterprise Risk Review function, Safety and Security Risk, Climate Risk management, Technology Obsolescence, Client Service Resilience and Operational Resilience, Wholesale Credit, Transition from IBOR to risk-free rates, CCIB Fraud Risk Review and SC Ventures – Venture Building.

Based on the information received, the directors' considered the emerging risks as well as the principal risks in their assessment of the Group's viability, how these impact the risk profile, performance and viability of the Group and any specific mitigating or remedial actions necessary.

For further details of information relevant to the directors, assessment can be found in the following sections of the annual report and accounts:

- The Group's business model (pages 20 to 23) and Strategy (pages 24 to 27)
- The Group's current position and prospects including factors likely to affect future results and development, together with a description of financial and funding positions are described in the client segment reviews and regional reviews (pages 29 to 37)
- An update on the key risk themes of the Group is discussed in the Group Chief Risk Officer's review, found in the Strategic Report (pages 47 to 52)
- The BRC section of the Directors' report (pages 115 to 120 in the full annual report)
- The Group's Emerging Risks, sets out the key external factors that could impact the Group in the coming year (page 50 and pages 262 to 276 in the full annual report).
- The Group's Enterprise Risk Management Framework details how the Group identifies, manages and governs risk (pages 248 to 253 in the full annual report)
- The Group's Risk profile provides an analysis of our risk exposures across all major risk types (pages 254 to 276 in the full annual report)
- The capital position of the Group, regulatory development and the approach to management and allocation of capital are set out in the Capital review (pages 277 to 283 in the full annual report)

Having considered all the factors outlined above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment up to 31 December 2023.

Our Strategic report from pages 1 to 79 has been reviewed and approved by the Board.




Bill Winters
Group Chief Executive
25 February 2021



• Our \$50 million COVID-19 Global Charitable Fund •

To help the world battle COVID-19, we launched a \$50 million Global Charitable Fund to provide emergency support for the communities most impacted by the pandemic. In Nepal, our donation to the Pasang Lhamu Foundation provided immediate relief and recovery for Nepalese mountain communities that rely heavily on tourism for their livelihoods.

 Read more online at sc.com/covid19relief



Governance

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Group Chairman's governance overview



José Viñals
Group Chairman

“The Board continued to prioritise making Standard Chartered more profitable and resilient, focusing on delivering safe and sustainable growth”

As I highlighted in my Group Chairman's statement earlier, 2020 was a year of extraordinary global turbulence. As COVID-19 and geopolitical events evolved across our footprint, the Board accelerated its interactions to ensure it was kept updated on the potential impact of the pandemic on our clients, communities, colleagues and our shareholders, whilst maintaining effective Board oversight and good corporate governance.

Despite the multifaceted uncertainties externally, the Board continued to prioritise making Standard Chartered more profitable and resilient, focusing on delivering safe and sustainable growth. During the year, we discussed and approved our Corporate Plan and refreshed strategic priorities which set rightly ambitious, but achievable steps to make this possible. This requires a careful balancing act between business opportunities on the one hand, and risks and controls on the other. Ensuring good conduct and a culture of transparency and trust across the Group are also critical to the effective delivery of our strategic objectives.

The Board also spent considerable time discussing a number of material issues during the year. These included the withdrawal of the 2019 final dividend and share buy-back, our ongoing response to COVID-19 and the support provided to clients, colleagues and communities, US/China relations, geopolitical and sanction challenges in relation to Hong Kong, changes in the risk profile resulting from COVID-19, and the delivery of our digital ambitions.

The Board adapted rapidly to new ways of working, quickly adopting new technology for virtual meetings which were held frequently as the Board continued to monitor the evolving impact of COVID-19 across our markets. This required significant change to planned Board agendas given the various markets in our footprint and locations of Board members. The Board worked hard to ensure that all items on the forward plan were covered during the year, including training and external speakers to share perspectives on matters of significant strategic or geopolitical importance.

As the impact of the pandemic continued, we stepped up our engagement with our shareholders. In November, I hosted a virtual Investor Stewardship event, joined by all of our Committee Chairs and institutional investors representing a sizeable proportion of our equity, as well as several shareholder representative bodies. We updated investors on the key activities and areas of focus for the Board and each of the Committees, followed by a question and answer session.

We were sadly unable to allow shareholders to attend our Annual General Meeting (AGM) in May 2020 given the restrictions in place at the time in the UK. We intended to hold an in-person engagement event later in the year, however, as the pandemic continued, a physical meeting proved impossible. Instead, we hosted our first ever virtual retail shareholder meeting in November, where shareholders were able to hear directly from me and Bill Winters, with all Board members available to participate in a virtual question and answer session. We were encouraged by the high level of participation and the positive feedback received, and following approval of the changes to our Articles of Association at the 2020 AGM, we will look to enhance virtual elements of our AGMs going forward.

Employee engagement was an area of additional focus during 2020, not least because of the impact of COVID-19 on employee welfare and ongoing changes in working arrangements, resulting in many colleagues working from home. The Board was keen to hear directly from employees and their experiences during these challenging times. Given travel restrictions, we were unfortunately unable to meet colleagues in our markets, but with the adoption of various technologies we hosted virtual townhall meetings in every major region in our footprint, with every Board member participating in at least one event. The response from our employees has been extremely positive and we will seek to build on this in the year ahead.

Improved linkages between the Group and subsidiary boards was a further key area of focus for us in 2020 following our Board effectiveness reviews last year and the creation of our Greater China & North Asia hub. We held regular meetings with subsidiary board members across our footprint to ensure a strong sharing of perspectives and the re-enforcing of linkages between the Group and all its key subsidiaries. I am pleased with the progress that has been made here.

As part of Board succession planning, we welcomed Phil Rivett to the Board in May following the retirement of Louis Cheung earlier in the year. In December, Phil succeeded Naguib Kheraj as Chair of the Audit Committee while Naguib succeeded David Conner as Chair of the Board Risk Committee. In September, we announced that Maria Ramos would join the Board, Audit Committee and Board Risk Committee in January 2021. Our succession planning discussions also led us to set ambitious aspirations in relation to the diversity of our Board both in terms of ethnicity and the wider diversity agenda. Following the recent announcement of Ngozi Okonjo-Iweala's appointment as Director-General of the World Trade Organisation from 1 March 2021, Ngozi will step down from the Board on 28 February 2021. Ngozi has made valuable contributions to the Board during her tenure and we wish her all the best in her new role.

The year ahead will remain challenging, and we have much to deliver. The Board has started the year focusing on the impact of climate change and our progress on our sustainability agenda. This is a good place to start the discussion for the future and the need to deliver in the changed environment in which we find ourselves today.

If we execute our Corporate Plan well, leading with our purpose, we will be able to deliver not just a leaner, more profitable and strongly capitalised bank in the coming years, but a better one. Better for our customers, our communities, our employees and our shareholders.

I would like to close by thanking my colleagues across the Group and my fellow Board members for their commitment and contribution over this intense and challenging period.

José Viñals
Group Chairman

Corporate governance

Code compliance

The UK Corporate Governance Code 2018 (the Code) and the Hong Kong Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules (HK Code) are the standards against which we measured ourselves in 2020.

The directors are pleased to confirm that Standard Chartered PLC (the Company) continued to comply with the provisions set out in the Code and the HK Code for the year under review other than those identified below.

Throughout this corporate governance report we have provided an insight into how governance operates within the Group and how we have applied the principles set out in the Code and HK Code. Further detail is found within the corporate governance section in the full annual report.

The Group confirms that it has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than required by Appendix 10 of the Hong Kong Listing Rules. Having made specific enquiry of all directors, the Group confirms that all directors have complied with the required standards of the adopted code of conduct.

+ Due to inadvertent oversight, the Company did not maintain on the Hong Kong Stock Exchange Limited's website an updated list of its directors identifying their roles and functions in October and November 2020, and therefore deviated from provision A.3.2 of the HK Code. The Company did maintain detail on its own website, a key aspect of the provision, and notified the market via regulatory announcements on the London Stock Exchange and Hong Kong Stock Exchange Limited. The deviation was rectified by uploading an updated list of its directors immediately upon discovering the oversight.

+ Copies of the UK Corporate Governance Code and the Hong Kong Corporate Governance Code can be found at [frc.org.uk](https://www.frc.org.uk) and [hkex.com.hk](https://www.hkex.com.hk) respectively

Key areas of Board discussion during 2020

The Board starts each year discussing its key priorities which help shape the forward plan. The agenda is structured to create the right balance between standing items, governance requirements, and areas of strategic and operational focus.

Board meetings are an important mechanism to facilitate discussion and action. Some of the areas detailed on the following pages formed part of the standing agenda for each meeting, while others were reviewed periodically through the year. Directors are alert to their statutory duties and obligations, including those outlined under section 172 of the Companies Act 2006 (s.172), and this forms an integral part of director induction and annual training. Directors recognise the importance of promoting open dialogue and the need to foster positive stakeholder relationships.

The impact on stakeholders, their views and their feedback are collectively at the heart of Board discussions and actions, and directors spend significant time interacting with key stakeholders to better understand their views and perspectives.

+ Some examples of this can be found in the s.172 disclosure on pages 54 to 71, within spotlight items on the following pages and on our website here [sc.com/investors](https://www.sc.com/investors)

The Board will continue to enhance ways to ensure that stakeholders are given consideration as part of the Board's decision-making.

COVID-19 response

The pandemic crisis has significantly impacted people across the world, altering the way they work and how they live their lives.

Standard Chartered is no exception, with the ever-changing pandemic landscape affecting how we operate across all of our markets. During this challenging time, upholding effective governance remotely has been a key priority for the Board.

The Board has played a crucial role in steering the Group's COVID-19 response, assessing and evaluating potential actions. The Board's focus, as the pandemic continued throughout this year, has been on protecting and advancing the interests of shareholders while also ensuring the wellbeing of colleagues, supporting the Group's customers and clients, and showing solidarity with our communities. Most importantly, the Board has aspired to respond to this crisis, and everything it does, with humanity. In order to assist with this aim, the Board has delegated specific responsibilities to its committees and senior management team. This, combined with key stakeholder and expert opinions where necessary, ensured effective and considered decision-making during 2020.

This year the Group committed to providing \$1 billion in not-for-profit loans to help finance companies that supply goods and services in the battle with COVID-19. The Group also created a \$50 million Global Charitable Fund to provide emergency support, and longer-term assistance, for the communities most impacted by the pandemic. Find out more about the Group's responses to COVID-19, and how we have supported our clients, colleagues and communities on pages 6 to 9.

The COVID-19 crisis has reinforced the relevance of the Group's strategic priorities and has not prevented the Board from interacting with key stakeholders. The Board continues to engage with stakeholders virtually, both individually and as a group. All Board and committee meetings since March 2020 were adapted into virtual meetings, utilising interactive technology to ensure agile and robust engagement. In addition, a number of virtual ad hoc Board meetings were held through the year to ensure key areas of discussion were not compromised. Weekly risk reports were produced and provided to the Board during the peak of the pandemic.

Key areas of Board discussion during 2020 continued

Spotlight

Refreshing the Group's strategic priorities

Providing oversight of the Group's strategy is a central role of the Board. In June 2020, the Board held a two-day strategy session at which it focused on the evolution of the Group strategy towards four strategic priorities: Digital Network; Affluent; Mass Retail; and Sustainability, underpinned by three critical enablers: People and Culture; Innovation and Productivity and New Ways of Working. The Board spent time probing and scrutinising the refreshed strategic priorities supporting the approach to extend the Group's existing scale and impact in a number of key areas, ultimately improving our return on tangible equity and delivering benefits to our key stakeholders. Further detail on the Group's refreshed strategic priorities and critical enablers can be found in the Strategic report on pages 26 and 27.

Stakeholders

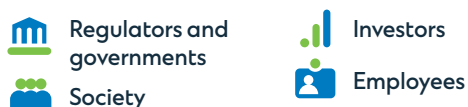


Spotlight

Board Diversity Policy

This year the Board introduced two progressive aspirations into the Board Diversity Policy, demonstrating the Board's commitment to reflecting the business and network we operate and to ensure that we better reflect the Group's aspirations in relation to other strands of diversity. These changes included the adoption of an aspiration that a minimum of 30 per cent of the Board is from an ethnic minority background and for the Board to align with other aspects of diversity. We will report on progress against these aspirations alongside the more long-standing aspirations in next year's report.

Stakeholders



Spotlight

COVID-19 risk reports

During the peak of the pandemic this year, the Board received weekly reports from the Group Chief Risk Officer regarding the impact of COVID-19 on the financial markets, the Group's client segments, product groups and markets as well as employees and the communities in which we operate. Updates were later incorporated into Board papers throughout the year.

Stakeholders

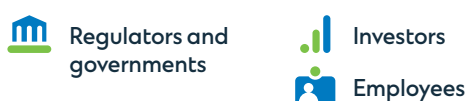


Spotlight

Withdrawal of 2019 final dividend

In response to a request from the PRA and in reaction to the impact of the COVID-19 crisis, the Board took the decision to withdraw its recommendation to pay a 20 cents per ordinary share final dividend for 2019 and to suspend the buy-back programme. The Board took the decision after significant discussion and having taken into account the views and impact on key stakeholders.

Stakeholders



Spotlight

Geopolitical landscape

The Board invited a number of guest speakers to attend Board sessions providing important and specialist insight and context to the Board discussion, on a variety of highly relevant geopolitical matters, including: US-China tensions; Hong Kong regulatory environment; US political context and the impact of the US elections; and developments in global trade.

Stakeholders



Spotlight

Subsidiary governance

The Board made significant progress in developing and enhancing its linkages and engagement with the Group's subsidiary boards during the year through a variety of forums. This included: the Group Chairman's virtual meetings with subsidiary chairs; subsidiary board committee chairs calls with the Audit, Board Risk, Board Financial Crime Risk and Remuneration Committees; and Board member attendance at subsidiary board and/or committee meetings, including those held by Standard Chartered Bank (Hong Kong) Limited and Standard Chartered Bank Nigeria Limited.

Stakeholders



Spotlight

Virtual retail shareholder event

Given the impact of COVID-19, we were forced to hold the Standard Chartered PLC AGM in May 2020 as a procedural meeting, in line with the emergency framework approved by the government in the UK. We were unable to invite shareholders to attend the meeting, but instead asked them to vote in advance and submit questions by email. While we had every intention of holding a retail shareholder event later in the year, COVID-19 restrictions in the UK continued. Instead the Board hosted a virtual event, giving shareholders the opportunity to hear directly from the Board on topics raised by shareholders through an interactive Q&A session. Some of the areas covered included: performance against the Group's refreshed strategic priorities; the impact of COVID-19 across the Group's markets; the decision to withdraw the 2019 final dividend; as well as detail on the initiatives the Group had put in place to support our clients, colleagues and communities.

Stakeholders



Regulators and governments



Society



Investors



Employees



For a detailed overview of our strategy see [pages 24 to 27](#)



Examples of how the Board considered stakeholder perspectives in some principal decisions during the year are provided on [pages 55 and 60](#)

Board effectiveness

Following the thorough evaluation of the Board by Independent Board Evaluation at the end of last year in parallel to the review carried out by the PRA, this year's Board and committees' effectiveness review was conducted internally, facilitated by the Group Company Secretary, and in accordance with the UK Corporate Governance Code.

Progress against the 2020 Action Plan

The 2020 Action Plan set out a number of actions to be achieved following the external effectiveness reviews conducted by Independent Board Evaluation and the PRA in 2019. The 2020 Action Plan was regularly reviewed during the year and good progress had been made against many of the actions as evidenced by this year's internal Board effectiveness review. While the ambition of the plan meant that it was a 12-18 month programme, limitations to travel during the year has impacted on the delivery of some specific actions which have been carried forward to 2021.

2020 Board effectiveness review

Questionnaires were sent to each director for completion, seeking to draw out and explore some of the themes highlighted in last year's review as well as pose some wide-ranging and probing questions. The results were compiled into a detailed report and conclusions were discussed with the Group Chairman and by the Governance and Nomination Committee ahead of a Board discussion. Here, the key findings and recommendations were presented along with an action plan for 2021, which was approved by the Board. Details of the key observations from this year's review and the agreed Action Plan are set out on this page.

The Board's six committees were also included as part of the effectiveness review. The observations and key themes were shared with the relevant committee Chairs before discussion by each of the committees and action plans for 2021 approved.

Key observations from the 2020 internal effectiveness review

- The Board has made good progress in meeting its priorities against a difficult backdrop which prevented in-person engagement between the Board or with stakeholders across our markets
- Positive progress was made against the KPIs and on the quality of Board papers and management information. Directors were encouraged to continue giving feedback in this area
- Suggestions and recommendations made to further drive efficiencies in the operation of the Board committees
- Improvements were made to the linkages with subsidiary boards and committees through active engagement
- Further scope for Board training in respect to information cyber security and technology

2021 Action Plan

- Review efficiency of Board and committee structures. Review allocation of current committee matters across the Board and its committees
- Continue to drive employee engagement with more events (virtually, if necessary), including more informal virtual sessions with colleagues and country teams
- Arrange for Board members to meet country management teams (virtually, if necessary) to extend understanding and relationships
- Continue focus on technology, IT and SC Ventures and establish a programme to expose the Board to both the challenges and the opportunities for the Group in this area

Board of Directors

Committee key

- Committee Chair shown in green
- A Audit Committee
- Ri Board Risk Committee
- Y Brand, Values and Conduct Committee
- N Governance and Nomination Committee
- C Board Financial Crime Risk Committee
- R Remuneration Committee

José Viñals (66) Group Chairman

Appointed October 2016 and Group Chairman in December 2016. José was appointed to the Court of Standard Chartered Bank in April 2019.



Experience José has substantive experience in the international regulatory arena and has exceptional understanding of the economic and political dynamics of our markets and of global trade, and a deep and broad network of decision-makers in the jurisdictions in our footprint.

Career José began his career as an economist and as a member of the faculty at Stanford University, before spending 25 years at the Central Bank of Spain, where he rose to be the Deputy Governor. José has held many other board and advisory positions, including Chair of Spain's Deposit Guarantee Fund, Chair of the International Relations Committee at the European Central Bank, member of the Economic and Financial Committee of the European Union, and Chair of the Working Group on Institutional Investors at the Bank for International Settlements. José joined the International Monetary Fund (IMF) in 2009 and stepped down in September 2016 to

join Standard Chartered PLC. While at the IMF, he was the Financial Counsellor and the Director of the Monetary and Capital Markets Department, and was responsible for the oversight and direction of the IMF's monetary and financial sector work. He was the IMF's chief spokesman on financial matters, including global financial stability. During his tenure at the IMF, José was a member of the Plenary and Steering Committee of the Financial Stability Board, playing a key role in the reform of international financial regulation.

External appointments José is a Board Member of the Institute of International Finance (IIF) and a Member of the IIF's Group of Trustees of the Principles for Stable Capital Flows and Fair Debt Restructuring. He is also a member of the Board of Directors of the Bretton Woods Committee and serves as a Board Member of the Social Progress Imperative.

Committees N

Bill Winters, CBE (59) Group Chief Executive

Appointed June 2015. Bill was also appointed to the Court of Standard Chartered Bank in June 2015.



Experience Bill is a career banker with significant frontline global banking experience and a proven track record of leadership and financial success. He has extensive experience of working in emerging markets and a proven record in spotting and nurturing talent.

Career Bill began his career with JP Morgan, where he went on to become one of its top five most senior executives and later co-chief executive officer at the investment bank from 2004 until he stepped down in 2009. Bill was invited to be a committee member of the Independent Commission on Banking, established in 2010, to recommend ways to improve competition and financial stability in banking. Subsequently, he served as an

adviser to the Parliamentary Commission on Banking Standards and was asked by the Court of the Bank of England to complete an independent review of the bank's liquidity operations. In 2011, Bill founded Renshaw Bay, an alternative asset management firm, where he was chairman and CEO. He stepped down on appointment to the Standard Chartered PLC Board.

Bill was previously a non-executive director of Pension Insurance Corporation plc and RIT Capital Partners plc. He received a CBE in 2013.

External appointments Bill is an independent non-executive director of Novartis International AG.

+ Bill Winters leads the Management Team

Andy Halford (61) Group Chief Financial Officer

Appointed: July 2014. Andy was also appointed to the Court of Standard Chartered Bank in July 2014.



Experience Andy has a strong finance background and deep experience of managing complex international businesses across dynamic and changing markets.

Career Andy was finance director at East Midlands Electricity plc prior to joining Vodafone in 1999 as financial director for Vodafone Limited, the UK operating company. Andy was later appointed financial director for Vodafone's Northern Europe, Middle East and Africa region, and later the chief financial officer of Verizon Wireless in the US. He was a member of the board of representatives of the Verizon Wireless Partnership. Andy was appointed chief financial officer of Vodafone Group plc in 2005, a position he held for nine years.

As Group Chief Financial Officer at Standard Chartered, Andy is responsible for Finance, Corporate Treasury, Strategy, Group Corporate Development, Group Investor Relations, Property and Supply Chain Management functions.

External appointments Andy is Senior Independent Director and Chair of the Audit Committee at Marks and Spencer Group plc. He is also a trustee of the Standard Chartered Foundation.

+ Andy Halford also sits on the Management Team

Naguib Kheraj (56)

Deputy Chairman

Appointed January 2014 and Deputy Chairman in December 2016. Naguib was appointed to the Court of Standard Chartered Bank in April 2019.



Experience Naguib has significant banking and finance experience.

Career Naguib began his career at Salomon Brothers in 1986 and went on to hold senior positions at Robert Fleming, Barclays, JP Morgan Cazenove and Lazard. Over the course of 12 years at Barclays, Naguib served as group finance director and vice-chairman and in various business leadership positions in wealth management, institutional asset management and investment banking. Naguib was also a Barclays' nominated non-executive director of ABSA Group in South Africa and of First Caribbean International Bank. He also served as chief executive officer of JP Morgan Cazenove.

Naguib is a former non-executive director of NHS England and served as a senior adviser to Her Majesty's Revenue and Customs and to the Financial Services Authority in the UK. He also served as a member of the investment committee of the Wellcome Trust and the Finance Committee of the Oxford University Press.

External appointments Naguib is Chairman of Rothesay Life, a specialist pensions insurer and a member of the Finance Committee of the University of Cambridge. Naguib spends a substantial amount of his time as a senior adviser to the Aga Khan Development Network and serves on the boards of various entities within its network.

Committees Ri A R C N

Christine Hodgson, CBE (56)

Senior Independent Director

Appointed September 2013 and Senior Independent Director in February 2018.



Experience Christine has strong business leadership, finance, accounting and technology experience.

Career Christine held a number of senior positions at Coopers & Lybrand and was corporate development director of Ronson plc before joining Capgemini in 1997, where she held a variety of roles including chief financial officer for Capgemini UK plc and chief executive officer of technology services for North West Europe. Christine stepped down as chair for Capgemini UK plc in March 2020. Christine was previously a trustee of MacIntyre Care, a non-executive director of Ladbrokes Coral Group plc, and stepped down from the board of The Prince

of Wales' Business in the Community on 9 February 2021.

External appointments Christine is chair of Severn Trent Plc and The Careers & Enterprise Company Ltd, a government-backed company established to help inspire and prepare young people for the world of work. She is also Senior Pro Chancellor and Chair of Council of Loughborough University and External Board Advisor to Spencer Stuart Management Consultants NV. Christine received a CBE for services to education in the Queen's New Year Honours 2020.

Committees R A C V N

Gay Huey Evans, OBE (66)

Independent Non-Executive Director

Appointed April 2015. Gay was appointed to the Court of Standard Chartered Bank in April 2019.



Experience Gay has extensive banking and financial services experience with significant commercial and UK regulatory and governance experience.

Career Gay spent over 30 years working within the financial services industry, the international capital markets and with the financial regulator. Gay spent seven years with the Financial Services Authority from 1998 to 2005, where she was director of markets division, capital markets sector leader, with responsibility for establishing a market-facing division for the supervision of market infrastructure, oversight of market conduct and developing markets policy. From 2005 to 2008, Gay held a number of roles at Citibank, including head of governance, Citi Alternative

Investments, EMEA, before joining Barclays Capital where she was vice chair of investment banking and investment management. She was previously a non-executive director at Aviva plc, the London Stock Exchange Group plc and Itau BBA International Plc. She received an OBE for services to financial services and diversity in 2016.

External appointments Gay is Chair of the London Metal Exchange, a non-executive director of ConocoPhillips and IHS Markit, and a non-executive member of the HM Treasury board. Gay also sits on the panel of senior advisers at Chatham House and the Board of the Benjamin Franklin House.

Committees C Ri

Phil Rivett (65)

Independent Non-Executive Director

Appointed May 2020. Phil was also appointed to the Court of Standard Chartered Bank in May 2020.



Experience Phil has significant professional accountancy and audit experience, specifically focused in the financial services sector. He has a strong technical understanding and broad financial and business experience.

Career Phil joined PricewaterhouseCoopers (PwC) as a graduate trainee accountant in 1976, becoming a Partner in 1986. He spent more than 30 years as a Partner at PwC and was lead relationship Partner for several large FTSE 100 companies including a number of international banks and financial services institutions. He also has substantial international experience, having worked with banks across the Middle East and Asia, in particular China.

He became Leader of the Financial Services Assurance practice in 2007 and was appointed Chairman of its Global Financial Services Group in 2011. Phil has sat on a number of global financial services industry groups, producing guidelines for best practice in governance, financial reporting and risk management.

External appointments Phil is an independent non-executive director of Nationwide Building Society, the world's largest building society.

Committees A Ri N

Jasmine Whitbread (57) Independent Non-Executive Director

Appointed April 2015. Jasmine was appointed to the Court of Standard Chartered Bank in April 2019.



Experience Jasmine has significant business leadership experience as well as first-hand experience of operating across our markets.

Career Jasmine began her career in international marketing in the technology sector and joined Thomson Financial in 1994, becoming managing director of the Electronic Settlements Group. After completing the Stanford Executive Program, Jasmine set up one of Oxfam's first regional offices, managing nine country operations in West Africa, later becoming international director responsible for Oxfam's programmes worldwide. Jasmine joined Save the Children in 2005, where she was responsible for revitalising one of the UK's most established charities. In 2010, she was

appointed as Save the Children's first international chief executive officer, a position she held until she stepped down in 2015. Jasmine stepped down as a non-executive director from the Board of BT Group plc in December 2019.

External appointments Jasmine is chief executive of London First, a business campaigning group with a mission to make London the best city in the world to do business and a non-executive director of WPP Plc. She will step down as chief executive of London First and become chair of Travis Perkins plc in March 2021.

Committees V R N

David Conner (72) Independent Non-Executive Director

Appointed January 2016. David was appointed to the Court of Standard Chartered Bank in April 2019.



Experience David has significant global and corporate, investment and retail banking experience, strong risk management credentials and an in-depth knowledge of Asian markets.

Career David spent his career in the financial services industry, living and working across Asia for 37 years, for both Citibank and OCBC Bank. He joined Citibank in 1976 as a management trainee and went on to hold a number of Asia-based senior management roles, including chief executive officer of Citibank India and managing director and marketing manager at Citibank Japan, before leaving Citibank in 2002.

David joined OCBC Bank in Singapore as chief executive officer and director in 2002. He implemented a strategy of growth and led the bank through a period of significant turbulence. David stepped down as chief executive officer in 2012 but remained as a non-executive director on the board of OCBC Bank, before leaving the group in 2014. He was previously a non-executive director of GasLog Ltd.

Committees Ri A C V

David is also a member of the Combined US Operations Risk Committee of Standard Chartered Bank.

Byron Grote (72) Independent Non-Executive Director

Appointed July 2014.



Experience Byron has broad and deep commercial, financial and international experience.

Career From 1988 to 2000, Byron worked across BP in a variety of commercial, operational and executive roles. He was appointed as chief executive of BP Chemicals and a managing director of BP plc in 2000 and had regional group-level accountability for BP's activities in Asia from 2001 to 2006. Byron was chief financial officer of BP plc from 2002 until 2011, subsequently serving as BP's executive vice president, corporate business activities, from 2012 to 2013, with responsibility for

the group's integrated supply and trading activities, alternative energy, shipping and technology. Byron was a non-executive director at Unilever plc and Unilever NV before stepping down in 2015.

External appointments Byron is Senior Independent Director at Anglo American plc, a non-executive director and chair of the Audit Committee at Tesco PLC and is deputy chairman of the supervisory board at Akzo Nobel NV. He is also a member of the European Audit Committee Leadership Network.

Committees A R

Ngozi Okonjo-Iweala (66) Independent Non-Executive Director

Appointed November 2017. Ngozi was appointed to the Court of Standard Chartered Bank in April 2019.

Ngozi will be appointed as Director-General of the World Trade Organisation (WTO) from 1 March 2021 and will step down from the Board on 28 February 2021.



Experience Ngozi has significant geopolitical, economic, risk and development experience and expertise at a governmental and intergovernmental level.

Career A development economist, Ngozi spent 25 years working at the World Bank in various positions. After leaving in 2003, she served as the Finance Minister of Nigeria from 2003 to 2006. She returned to the World Bank in 2007, serving as a Managing Director until 2011, when she was appointed to the role of Minister of Finance and Coordinating Minister of Economy in the Nigerian government, a position she held until 2015. During her time in government, she spearheaded Nigeria's successful programme to obtain debt relief and is credited with developing reforms that helped improve governmental transparency to stabilise and grow the Nigerian economy. Ngozi was until recently chair of GAVI and

the African Risk Capacity, and co-chair of Lumos Global before stepping down in 2020.

External appointments Ngozi is an independent director of Twitter, Inc. and holds a number of prestigious international advisory positions, including the Asian Infrastructure Investment Bank. Ngozi is co-chair of the Global Commission on Economy and Climate. She is also a member of the G20 Eminent Persons Group, reviewing Global Financial Governance, an ambassador of the Open Government Partnership and is a trustee of the Carnegie Endowment for International Peace. Ngozi was appointed special envoy for the Access to COVID-19 Tools Accelerator as well as the African Union to address the economic challenges as a result of the COVID-19 pandemic during 2020.

Committees V

Maria Ramos (62)
Independent Non-Executive Director

Appointed January 2021. Maria was also appointed to the Court of Standard Chartered Bank in January 2021.



Experience Maria has extensive CEO, banking, commercial, financial, policy and international experience.

Career Based in South Africa, Maria served as chief executive officer of ABSA Group Limited (previously Barclays Africa Group), a diversified financial services group serving 12 African markets from 2009 to 2019. Before joining ABSA, Maria was the group chief executive of Transnet Ltd, the state-owned freight transport and logistics service provider for five years. Prior to her CEO career, Maria served for seven years as director-general of South Africa's National Treasury (formerly the Department of Finance) where she played a key role in transforming the National Treasury into one of the most effective and efficient state departments in the post-apartheid

administration. Maria has served on a number of international boards, including Sanlam Ltd, Remgro Ltd, and SABMiller plc and more recently was a non-executive director of The Saudi British Bank and Public Investment Corporation Limited before stepping down in December 2020.

External appointments Maria is Chair of AngloGold Ashanti Limited and a non-executive director of Compagnie Financière Richemont SA. She is also a member of the Group of Thirty, sits on the International Advisory Board of the Blavatnik School of Government at Oxford University, the advisory board of the Bretton Woods Committee, and the Board of Protectors of Ikamva Labantu Charitable Trust.

Committees [A](#) [Ri](#)

David Tang (66)
Independent Non-Executive Director

Appointed June 2019. David was also appointed to the Court of Standard Chartered Bank in June 2019.



Experience David has deep understanding and experience of emerging technologies in the context of some of our key markets, most notably mainland China.

Career David has more than 30 years of international and Chinese operational experience in the technology and venture capital industries, covering venture investments, sales, marketing, business development, research and development, and manufacturing. From 1989 to 2004, David held a number of senior positions in Apple, Digital Equipment Corp and 3Com based in China and across the Asia Pacific region. From 2004 to 2010, David held various positions in Nokia, including corporate vice president, chairman of Nokia Telecommunications Ltd and vice chairman of Nokia (China) Investment Co. Ltd. He went on

to become corporate senior vice president, regional president of Advanced Micro Devices (AMD), Greater China, before joining NGP Capital (Nokia Growth Partners) as Managing Director and Partner in 2013.

External appointments David is managing director and partner of NGP Capital in Beijing, managing investments in a range of technology start-up and emerging technology companies. David is also a non-executive director of JOYY Inc., the Chinese live streaming social media platform, listed on the Nasdaq, and Kingsoft Corporation, a leading Chinese software and internet services company, listed on the Hong Kong Stock Exchange.

Committees [V](#) [Ri](#)

Carlson Tong (66)
Independent Non-Executive Director

Appointed February 2019. Carlson was appointed to the Court of Standard Chartered Bank in April 2019.



Experience Carlson has a deep understanding and knowledge of operating in mainland China and Hong Kong and has significant experience of the financial services sector in those markets.

Career Carlson joined KPMG UK in 1979, becoming an Audit Partner of the Hong Kong firm in 1989. He was elected Chairman of KPMG China and Hong Kong in 2007, before becoming Asia Pacific chairman and a member of the global board and global executive team in 2009. He spent over 30 years at KPMG and was actively involved in the work of the securities and futures markets, serving as a member of the Main Board and Growth Enterprise Market Listing Committee of the Stock Exchange of Hong Kong from 2002 to 2008 (Chair from 2006 to 2008). After retiring from KPMG in 2011, he was appointed a non-executive director of the Securities and Futures Commission, becoming its Chair in

2012 until he stepped down in October 2018. He oversaw a number of major policy initiatives during his term as the chair including the introduction of the Hong Kong and Shanghai/Shenzhen Stock connect schemes and the mutual recognition of funds between the mainland and Hong Kong. Carlson was appointed as a non-executive director of the Hong Kong International Airport Authority in 2017, a position he held until he stepped down in July 2020.

External appointments Carlson sits on various Hong Kong SAR government bodies, including as chair of the University Grants Committee and a member of the Hong Kong Human Resource Planning Commission. Carlson is also an observer on behalf of the Hong Kong Government for Cathay Pacific Airways Ltd.

Committees [A](#) [Ri](#) [C](#)

Amanda Mellor (56)
Group Company Secretary

Appointed Amanda was appointed Group Company Secretary in May 2019.



Experience Prior to joining Standard Chartered, Amanda was Group Secretary and Head of Corporate Governance at Marks and Spencer Group plc (M&S) from 2009-2019, where she was also an executive member of the Operating Committee. From 2004-2009, she was Head of Investor Relations at M&S having been Director of Corporate Relations at Arcadia Group plc and the Burton Group plc. Prior to working in investor relations, Amanda worked in investment banking at James Capel and Robert Fleming.

Career Amanda is a non-executive director of Volusion Group PLC and a member of all their board committees, having previously served as a non-executive director and Chair of the Remuneration Committee of Kier Group plc. Amanda served as a member of the Council and the Remuneration Committee of Leeds University from 2013-2019, where she is also a visiting professor of the Inter-Disciplinary Ethics Applied Centre. Amanda is a Fellow of the Institute of Chartered Secretaries.

Directors' remuneration report



“Supporting colleagues through challenging times, prioritising their wellbeing and providing fair remuneration”

Summary of 2020 remuneration decisions

- Total discretionary incentives down 23 per cent year-on-year
- Annual incentives for executive directors down almost 70 per cent year-on-year given voluntary waiver of cash portion
- No salary increases for executive directors
- Distribution of 2020 annual discretionary incentives and 2021 salary increases targeted at junior colleagues
- No UK Government support taken and no colleagues made redundant or furloughed due to the impact of COVID-19
- Prioritisation of health and wellbeing for all colleagues

An overview of directors' and Group-wide remuneration and how we supported colleagues during 2020 is set out below. For the complete directors' remuneration report please see pages 133 to 166 of the full annual report.

Supporting colleagues during the COVID-19 pandemic

The COVID-19 pandemic has had an extraordinary impact across the globe, not only in an economic sense but on the lives of everyone. Throughout the year we have supported our colleagues, prioritising their wellbeing, safety and security, and have accelerated the implementation of wellbeing initiatives. 91 per cent of colleagues who responded to our COVID-19 pulse survey in April believed that their health and wellbeing was a top priority for the Group and 80 per cent felt that our response to the pandemic had minimised stress for employees. We have supported colleagues to work both from home and safely from Group locations for essential roles, offering flexibility to provide the most positive outcome for them and for the Group.

We maintained pay for employees who were unable to work full hours as a result of family care requirements and provided flexibility for those whose return to their usual working location was impacted because of travel restrictions. We did not access UK Government support schemes and no colleagues were made redundant or furloughed due to the impact of COVID-19. Where business transformation that was underway before the pandemic impacted some roles, increased investment was made in redeployment and reskilling programmes and any employees leaving the Group received their full salary for 2020, in addition to severance pay.

Our Fair Pay Charter continues to guide our performance and reward decision-making globally and has been the compass in our approach to support colleagues fairly and consistently through the challenges of the pandemic. We have continued to implement changes to improve colleagues' experience, including launching our flexible benefit plan in Poland, as part of the phased roll-out, and expanding the use of salary ranges to cover 74 per cent of colleagues globally. In 2019 we introduced fair pay reporting and our 2020 Fair Pay Report provides an update of the progress made and summarises how we meet the principles of our Fair Pay Charter.



The 2020 Fair Pay Report can be viewed at sc.com/fairpaycharter

Impact of COVID-19 on remuneration during 2020

As the pandemic developed the Committee considered remuneration decisions very carefully, exercising judgement, taking account of the developing crisis situation and the impact of COVID-19 on our external stakeholders and our colleagues. This included the payment of annual discretionary incentives in respect of performance in 2019 which were communicated to colleagues in February and paid in March 2020. These decisions were made in good faith, and pre-dated the Prudential Regulation Authority's (PRA) statement at the end of March requesting that we suspend shareholder distributions due to the impact of COVID-19. There are no plans for these 2019 awards to be repaid or clawed back. The Committee considered the withdrawal of the recommendation to pay a final ordinary dividend for 2019 when making 2020 decisions.

Our performance in 2020

Throughout the year the Group has remained resilient and competitive, despite the economic and geopolitical challenges, even though our progress has inevitably slowed in some areas. The pandemic has been one of the most significant events in recent history and it materially impacted the financial performance of most banks, including us, in 2020.

The impact of COVID-19 has meant that some of the measures and targets set within the Group scorecard at the start of 2020 were unachievable. No changes were made to business performance criteria and targets for 2020 incentive outcomes.

Underlying profit before tax is down 40 per cent on 2019 and return on tangible equity (RoTE) is down 340 basis points to 3.0 per cent. The Group's capital is strong, with the Common Equity Tier 1 (CET1) ratio at a historically high level, demonstrating our resilience in the face of such an extraordinary economic shock.

The total scorecard outcome was 37 per cent with 13 per cent being based on financial achievements including effective cost management and growth in high performing liabilities and 24 per cent based on non-financial achievements including improved digital client onboarding, on-track development of new ventures and an improved employee net promoter score of 6 points to 17.5.

2020 annual discretionary incentives

Whilst the annual scorecard has been used as a starting point for determining the Group's discretionary incentives, the Committee has needed to exercise its judgement carefully.

The Committee considered several factors including the Group's underlying performance, the experience of our stakeholders, the withdrawal of the 2019 final ordinary dividend, the resilience of our business, inherent future risks, the significant contribution of our colleagues who have continued to serve clients whilst managing the crisis and the need to compete for talent globally across 59 markets.

The Committee also considered carefully, throughout the year and when incentives were determined, risk, control and conduct matters, reviewing material issues from across the Group.

Considering all factors, the Committee applied a downward adjustment of \$160 million to total discretionary incentives of \$1,150 million, resulting in overall discretionary incentives of \$990 million, which is 23 per cent lower than 2019.

In allocating the discretionary incentives, focus was primarily placed on Group performance given the challenges created by COVID-19 in fairly and objectively assessing the relative performance of each business, function, region and country.

The one notable exception was within the Corporate & Institutional Banking (CIB) business, where discretionary incentives were differentiated for Financial Markets in order to reward colleagues for the strong performance in 2020.

Across the rest of the Group, at an individual level, focus was placed on protecting compensation levels for more junior colleagues as shown in the table below.

| | Number of colleagues ¹ | Average year-on-year change (%) | |
|----------------------|-----------------------------------|---------------------------------|--------------------|
| | | Annual discretionary incentives | Total compensation |
| Management Team | 11 | (43) | (23) |
| Managing Directors | 1,055 | (34) | (13) |
| Other senior leaders | 2,621 | (30) | (6) |
| All other colleagues | 62,304 | (27) | 0 |

¹ Number of colleagues eligible for annual discretionary incentives, excluding Financial Markets

Executive director remuneration in 2020

Annual incentives for executive directors

The annual incentives for Bill and Andy are directly linked to the Group scorecard outcome with potential to adjust upwards or downwards based on personal performance. In April 2020, Bill and Andy announced they will waive any cash portion of an annual incentive award in respect of 2020 performance, reducing any potential award for 2020 by 50 per cent. In addition, along with other members of the Management Team they made significant personal donations to the COVID-19 assistance fund.

Based on the scorecard assessment of 37 per cent, and the voluntary waiver of the cash element (50 per cent of the award), the Committee concluded that the annual incentives for 2020 set out below were appropriate:

| Annual incentives for executive directors | Year-on-year change (%) | 2020 ¹ | 2019 |
|---|-------------------------|-------------------|------------|
| | | % of maximum | |
| % of maximum | | 18.5% | 55% |
| Bill Winters (CEO) | (69) | £385,836 | £1,251,360 |
| Andy Halford (CFO) | (68) | £246,642 | £776,600 |

¹ All to be delivered in shares subject to a 12-month retention period

The approach impacts the annual incentive outcomes for Bill and Andy significantly more than for the wider workforce. The Committee considered the personal performance of both executive directors against their objectives and recognised their exceptional performance in leading the Group through the crisis. Taking account of the total discretionary incentive outcomes for the wider workforce, and the broader impact of the pandemic, no adjustment has been made for personal performance to the outcome.

2018-20 LTIP awards vesting in March 2021

The 2018-20 long-term incentive plan (LTIP) awards are due to vest in March 2021 based on performance over three years from 2018 to 2020. Following an assessment of the performance conditions, the expected levels of vesting are:

- Return on equity (RoE) – 0% vesting
- Total shareholder return (TSR) – 0% vesting
- Strategic priorities – 26% vesting underpinning our progress towards our target to deliver higher returns in the medium term, despite the challenging economic environment

We have not adjusted the performance targets to reflect the increased stretch in both the financial and strategic measures caused by the impact of the pandemic for existing LTIP awards.

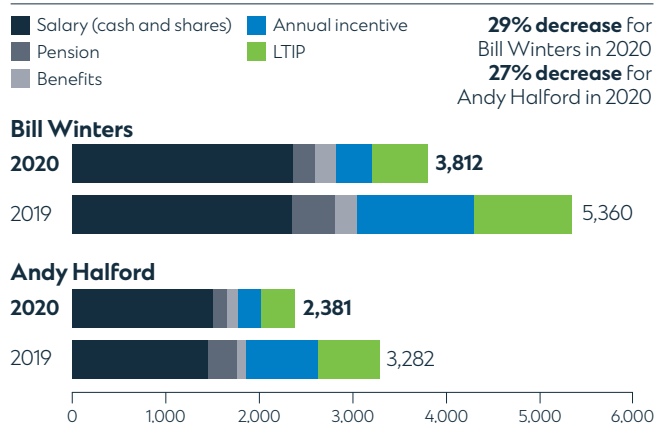
The value delivered by the 26 per cent vesting outcome and included in the single total figure of remuneration is based on a share price of £4.22 (the three-month average to 31 December 2020) compared with the share price at grant in 2018 of £7.78. This reduces the award outcome value by 46 per cent.

Single total figure of remuneration for 2020

The 2020 annual incentive and expected 2018-20 LTIP vesting results in a 2020 single figure for Bill of £3,812,000 and for Andy of £2,381,000. This represents a year-on-year decrease of 29 and 27 per cent respectively.

On 1 January 2020, the pension allowance for Bill and Andy was reduced from 20 per cent of salary to 10 per cent of salary, aligned with the UK workforce.

2020 single total figure of remuneration £000

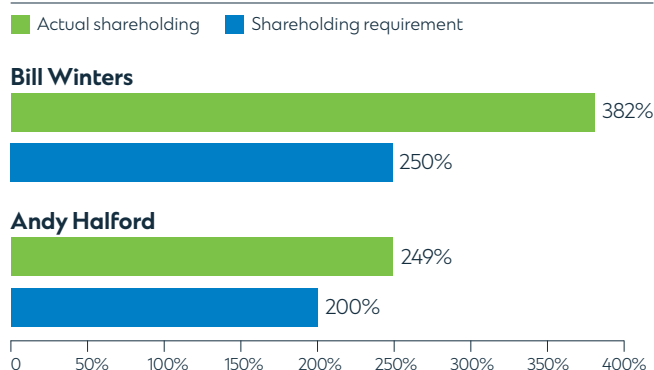


Executive directors' shareholdings

A significant portion of Bill and Andy's total remuneration is delivered in shares which will be released over the next eight years. The deferral, retention and recovery provisions of their pay reinforce continued alignment with shareholder interests and the Group's long-term performance. Alignment has been demonstrated in 2020 in particular through the reduction in the value of Bill and Andy's shareholdings, their unvested deferred remuneration and their extant LTIP awards.

As at 31 December 2020, both Bill and Andy had exceeded their shareholding requirement outlined below. Shares purchased voluntarily from their own funds are equivalent to 61 and 44 per cent of salary for Bill and Andy, respectively.

Executive director shareholdings (% of salary)



Executive directors' remuneration in 2021

The Group has adopted a highly targeted approach to salary increases for 2021 given affordability constraints and the challenging macroeconomic environment, prioritising junior

colleagues who are behind market and in locations with high wage inflation. In line with this approach, fixed pay for Bill, Andy and the Management Team will not be increased in 2021.

2021-23 LTIP awards to be granted in March 2021

After considering 2020 performance, 2021-23 LTIP awards will be granted to both Bill and Andy of 120 per cent of fixed pay in line with our policy. Subject to performance over the next three years, awards will vest pro rata over years three to seven with an additional retention period of 12 months after vesting. Performance will be assessed based on RoTE with a CET1 underpin, TSR relative to a peer group, and the achievement of measures that are aligned to the Group's refreshed strategic priorities.

To reflect the Group's ambition to become the world's most sustainable and responsible bank and increased focus on sustainability, we are adjusting the weightings of the performance measures and including a standalone sustainability priority. The sustainability measures have been selected carefully from our broader range of sustainability aspirations based on their level of impact for the Group and wider society and ability to drive financial returns in the medium term. The other strategic measures have been adjusted to align with the refreshed strategic priorities. The Committee will assess progress against the specific targets and proof points for the strategic measures at the end of the three-year performance period and will disclose full details of their assessment of achievement against targets at vesting.

2021-23 LTIP performance measures and weightings summary

| | Previous weighting | 2021-23 weighting | Key measures/targets |
|--------------------------|--------------------|-------------------|--|
| RoTE | 33% | 30% | • 6 to 10 per cent |
| TSR | 33% | 30% | • Median to upper quartile |
| Sustainability | – | 15% | • Grow our sustainable finance business and be a responsible company with targets to reduce our carbon footprint |
| Other strategic measures | 33% | 25% | • Grow across our client footprint and improve client satisfaction • Drive culture of innovation, adopt new ways of working and continue to increase diversity and culture of inclusion • Underpinned by risk and control management |

RoTE is one of the financial KPIs used to measure progress against our strategy (see page 1). We consider target setting carefully before each grant and set targets that are challenging and act as an effective incentive for executive directors to execute our strategy.

The RoTE target range for 2021-23 LTIP awards is 6 to 10 per cent. This is a wider range than in previous years given the unusually uncertain macroeconomic environment, including the impact of severe economic dislocations and low interest rates on the Group's returns. It takes into account our expectation that our refreshed strategic priorities should allow us to improve our RoTE from the 3 per cent we delivered in 2020 to over 7 per cent by 2023 as we progressively advance to our target of over 10 per cent. The current market consensus estimate for RoTE in 2023 is 6.9 per cent.

We will assess the value of the 2021-23 LTIP on vesting and consider the share price when the awards were made to determine whether vesting is a result of genuine underlying performance and not just a market rebound from a recession.

Meetings with shareholders were held in December 2020 and January 2021 on the development of these performance measures and targets, and the helpful feedback was taken into account and contributed to the final decisions made by the Committee.

In the rest of this report we present the disclosures required by regulations, as well as additional information to explain how our executive remuneration aligns with our strategy, with shareholder interests and with wider workforce pay.

We hope shareholders recognise the way the Committee has endeavoured to achieve appropriate outcomes in extraordinary circumstances, and we strongly valued the continued engagement of shareholders as we sought to strike the appropriate balance in making remuneration decisions. We look forward to further engagement in 2021.

A handwritten signature in black ink, appearing to read 'CHodgson', with a horizontal line underneath.

Christine Hodgson

Chair of the Remuneration Committee

Remuneration alignment

How does our executive remuneration align to our strategy?

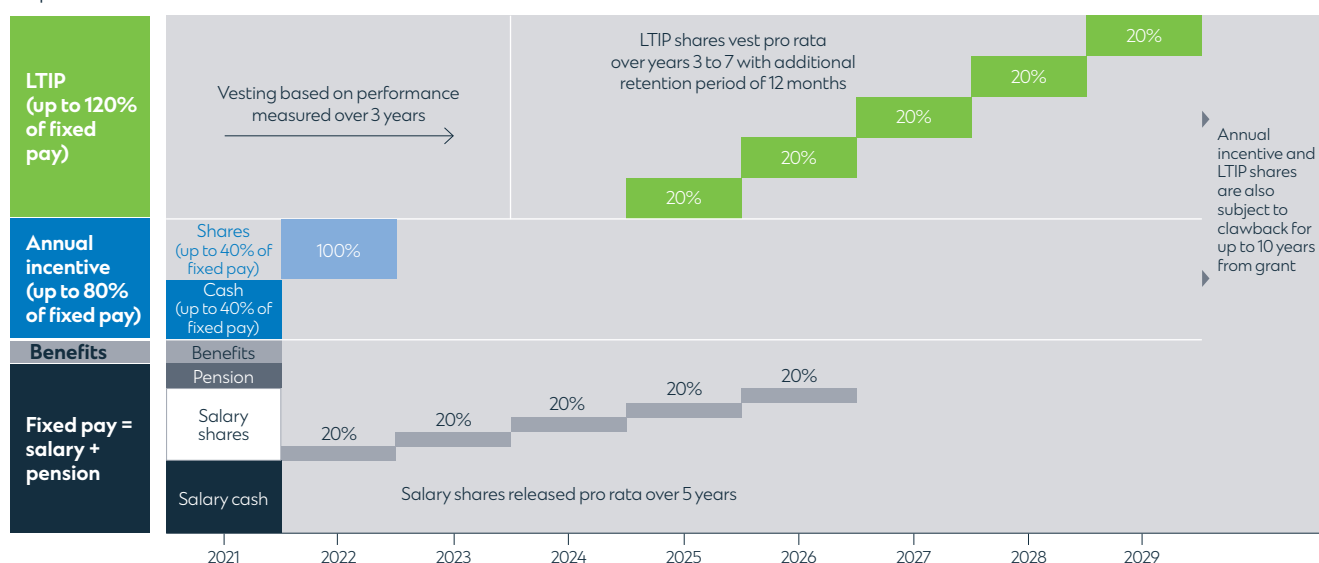
Remuneration decisions made across the Group and by the Committee align with our strategy, our shareholders' interests to deliver long-term sustainable value and with the wider workforce in line with the principles set out in our Fair Pay Charter.

We have refined our focus onto four strategic priorities and three enablers. The diagram below sets out how we have aligned our strategy with the measures that determine incentives for executive directors and the wider workforce.

| How we align our strategy and remuneration measures | Strategic priorities | | |
|---|--|----------------------------|--|
| | Clients | | Sustainability |
| Annual and long-term incentive performance measures and targets sit under these priorities | Within our wholesale network, affluent client and mass retail businesses we will: <ul style="list-style-type: none">• Improve client satisfaction• Deliver growth in clients and network income• Grow revenue from new ventures – key digital partnerships, platforms and technologies | | <ul style="list-style-type: none">• Deliver sustainable finance business growth: track progress against the Bank's Paris Alignment of Financing• Bank's carbon footprint: reduce and offset emission waste from flights, properties and suppliers |
| | The combination of these measures help us to deliver shareholder returns | | |
| Driving shareholder returns | • Operating profit | • Total shareholder return | • Return on tangible equity |
| These priorities are driven by three critical enablers | Through people and culture, new ways of working and innovation | | |
| Performance against the enablers is measured in the annual and long-term incentives | <ul style="list-style-type: none">• Drive culture of innovation across the Group• Adopt new ways of working that results in quicker decision-making and delivery• Increase our culture of diversity and inclusion across the Group | | |
| | Additional risk and control measures support the sustainability of our business through good management of risk | | |
| Within our risk and control framework with targets included in the annual and long-term incentive plans | <ul style="list-style-type: none">• Maintain risk profile within the Group's Risk Appetite• Successfully deliver milestones within the cyber risk management plan | | |

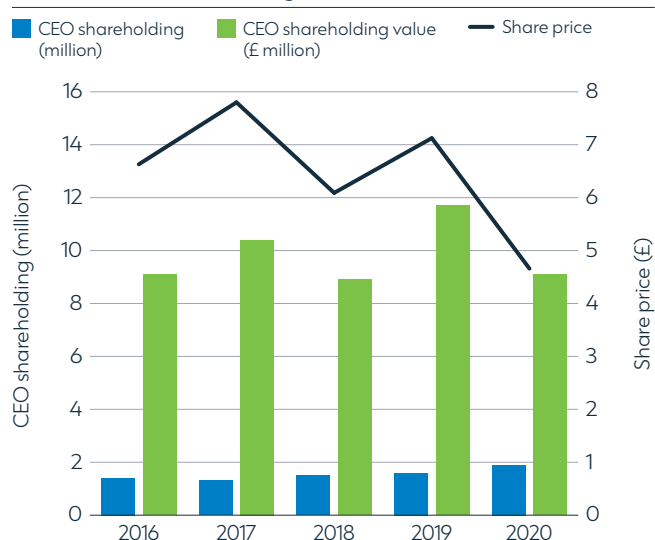
How does our executive remuneration align with shareholder interests?

The diagram below shows how a portion of fixed pay, annual incentive and long-term incentive is paid in shares which are released up to eight years following grant, so that the final component of pay granted in 2021 is released in 2029. This creates strong alignment between the interests of executives and shareholders to create long-term value. On a maximum opportunity basis, Bill's total remuneration is delivered 68 per cent in shares (including those subject to performance conditions) and 32 per cent in cash.



Alignment has been demonstrated in 2020 in particular through the reduction in the value of Bill and Andy's shareholdings, their unvested deferred remuneration and their extant LTIP awards. The chart on the next page shows Bill's increased shareholding since 2019 (increased by 19 per cent) and the decrease in value (decreased by 22 per cent).

Value of CEO shareholding



How does our executive remuneration align with the wider workforce?

Our approach to remuneration is consistent for all employees and is designed to help ensure pay is fair and competitive in line with our Fair Pay Charter principles which apply globally. As we say in Principle 6 of the Charter, pay structure varies according to location. The diagram below shows how our executive director remuneration aligns with our UK workforce, being the most relevant market, as this is where they are based.

In addition to our existing reward offering, during 2020 we have accelerated and implemented a variety of wellbeing initiatives to support colleagues with the range of challenges they faced due to the pandemic. Further information is on page 141 in the full annual report, in our Group-wide remuneration in 2020 section.

| All UK employees | | | Executive directors and the Management Team | Executive directors only |
|---|---|---|---|--|
| Salary | Pension | Annual incentive | LTIP | Shareholding requirement |
| <ul style="list-style-type: none"> Salary is the contractually fixed amount paid and set based on role, skills and experience It is set and reviewed annually against relevant market benchmarks for all employees Executive director salary is paid in a combination of cash and shares to align with shareholder interests For other employees, salary is paid 100% in cash in line with market norms | <ul style="list-style-type: none"> 10% of salary for all UK employees, aligned to the provisions of the UK Corporate Governance Code Pension is set as a percentage of salary for all employees For the executive directors both the cash and share elements of salary are pensionable In line with the UK Corporate Governance Code, only salary is pensionable Benefits and incentives are not pensionable | <ul style="list-style-type: none"> All UK employees are eligible for an annual incentive Annual incentives are based on Group performance against the annual Group scorecard and individual performance The same Group scorecard is used to determine incentives for executive directors and other UK employees Annual incentives are subject to risk adjustment provisions | <ul style="list-style-type: none"> LTIP awards are granted to senior executives who have clear line of sight to influence the targets linked to the long-term performance of the Group The grant of awards is dependent on performance in the year and the vesting of awards is dependent on performance over a three-year post-grant period Vested shares are subject to further retention periods LTIP awards are subject to risk adjustment provisions | <ul style="list-style-type: none"> Executive directors have a shareholding requirement of 250% of salary for the CEO and 200% for the CFO A post employment shareholding requirement equal to the full shareholding requirement for one year and 50% for an additional year applies to the executive directors |
| Benefits | | Sharesave | | |
| <ul style="list-style-type: none"> The core benefits offered to executive directors and other employees are the same: private medical insurance, life assurance, income protection, accidental death and disability insurance and a cash benefits allowance Executive directors receive a lower cash benefits allowance than other UK employees as a percentage of their salary Executive directors have a role based provision of the use of a Company vehicle and driver on account of the security and privacy requirements of the role The CEO is entitled to a contribution to the preparation of his annual tax returns owing to the complexity of his tax affairs, in part due to his extensive travel on Group business Employees are eligible for tax return preparation in the year of an international relocation owing to the complexity of their returns in those years | | <p>All UK employees are eligible to participate in the Sharesave plan, which enables employees to share in the success of the Group at a discounted share price</p> | | |

Group-wide remuneration in 2020

Our Fair Pay Charter

Our Fair Pay Charter sets out 10 principles we use to guide performance and reward decision-making globally, and has been fundamental to our approach to supporting colleagues through the challenges of the pandemic, acting as a compass for consistent and fair decision-making as we rapidly adapted to support new ways of working.

In February 2020 we published our second internal Fair Pay Report to all colleagues to explain how our performance and reward approach meets the principles of the Charter and to provide an update on areas where we are working to enhance our approach. In addition we published our first external Fair Pay Report to share our progress with wider stakeholders. Both reports were well received.

How do we understand the views of our workforce?

There is a wide range of mechanisms the Group uses to seek feedback from colleagues on remuneration as well as other workforce policies and practices. Our 2020 engagement survey was completed by over 74,500 employees and 3,600 non-employed workers, answering questions on how they feel about different areas of reward. We also conducted an annual survey that asked employees about their experience of the performance and pay review process, including whether they understand variable pay, whether they believe performance and pay decisions are fair, and whether they understand the principles which form our Fair Pay Charter. The results from both of these engagement surveys are analysed by various demographics, and summary trends and key findings on year-on-year movements in sentiment are presented to the Committee for discussion. Results are also shared with the workforce along with relevant commentary on action being taken based on findings in our Fair Pay Reports.

The Board engages and listens to the views of employees, through several sources including the increased use of virtual, interactive regional engagement sessions, with four being held in 2020, and from information provided by senior management. More than 3,500 employees joined these sessions and asked about a range of people-related topics including business restructuring, remuneration, diversity and inclusion and the long-term impact of COVID-19.

Further information on our workforce engagement framework is included in our BVCC report on pages 121 to 124 in the full annual report.

Fair Pay Charter principles

| | |
|----|--|
| 1 | We commit to pay a living wage in all our markets and seek to go beyond compliance with minimum wage requirements |
| 2 | We provide an appropriate mix of fixed and variable pay and a core level of benefits to ensure a minimum level of earnings and security to colleagues and to reflect the Group's commitment to wellbeing |
| 3 | We support colleagues in working flexibly, in ways that balance both business needs and their personal circumstances, and provide colleagues with the opportunity to select the combination and level of benefits that is right for them |
| 4 | Pay is well administered with colleagues paid accurately, on time and in a way that is convenient for them |
| 5 | We provide a competitive total fixed and variable pay opportunity that enables us to attract, motivate and retain colleagues based on market rates for their role, location, performance, skills and experience |
| 6 | The structure of pay and benefits is consistent for colleagues based on their location and role, with a clear rationale for exceptions |
| 7 | We are committed to rewarding colleagues in a way that is free from discrimination on the basis of diversity, as set out in our Group Code of Conduct |
| 8 | We ensure pay decisions reflect the performance of the individual, the business they work in and the Group, and recognise the potential, conduct, behaviours and values demonstrated by each individual |
| 9 | We set clear expectations for how colleagues are rewarded and the principles guiding decisions, including clear personal objectives and feedback |
| 10 | We provide clear communication of pay and performance decisions, and seek feedback and input from colleagues on our pay structures and outcomes |

Responding to the views of the workforce

- In our annual survey employees told us that recognition is just as important to them as the financial reward they receive
- We have used this, along with dedicated research and focus group insights, to support the development of a refreshed approach to performance, reward, recognition and talent management. Through driving behaviour and mindset change we aim to deliver a performance orientated, inclusive and innovative culture focusing on both extrinsic and intrinsic motivation to drive individual performance

Wellbeing

Our wellbeing strategy was refreshed in 2019 and the challenges of the pandemic highlighted the importance of this work. We know we are moving in the right direction, with 87 per cent of respondents to our annual survey telling us they feel the Group supports their wellbeing (+4 percentage points since 2019), but we have more to do, particularly for the 40 per cent who told us they are experiencing a high level and frequency of work-related stress.

In 2020 we provided colleagues with a range of support and tools, detailed below. In addition, we provided support for transport and meals for colleagues who continued to work

at Group locations during periods of restrictions, financial support towards purchasing necessary equipment for working from home and maintained pay for those who were unable to work full hours as a result of family care requirements. We also provided flexibility for those whose return to their usual working location was impacted because of travel restrictions. In April we conducted a pulse survey to understand how employees were coping with the impact of COVID-19 and what support they needed. 91 per cent of respondents believed that their health and wellbeing was a top priority for the Group and 80 per cent felt that our response to the pandemic had minimised stress for employees.

| | |
|---|--|
| Support for colleagues suffering wellbeing challenges | <ul style="list-style-type: none"> Launched a new global employee assistance programme, enabling all colleagues and their household members to access confidential counselling and guidance, available 24/7 Mental health first aider (MHFA) programme expanded, increasing the number of trained MHFAs globally by 133%, whilst centralising support and introducing a Group Standard for Mental Health First Aid Group Standard for Tackling Domestic Violence and Abuse launched, offering a broad range of help and support to colleagues who are experiencing domestic violence and abuse |
| Preventative wellbeing support to help colleagues in building skills for the future | <ul style="list-style-type: none"> Introduced a new three-year wellbeing strategy, supporting colleagues in developing the skills needed for the future, building resilience, agility and inclusive leadership into the organisation to support us in realising our strategic ambitions Launched Unmind, a digital application and platform that enables colleagues to assess their wellbeing needs and receive personalised recommendations and coaching on simple steps to develop healthier habits Launched the Switch+ platform, providing access to hundreds of live and on-demand classes dedicated to improving wellbeing. Over 6,000 colleagues from 57 countries have signed up Launched a mental health and resilience learning programme, equipping colleagues and people leaders with the core skills they need to support others including recognising signs of poor wellbeing, to increase psychological flexibility and create sustainable high performance |
| Regular practical support and communications for colleagues through the pandemic | <ul style="list-style-type: none"> Provided guidance on how to manage wellbeing, productivity and social connection whilst working from home Ran webinars on expected challenge areas while working at home including parenting, mindfulness and finding purpose Shared helpful guidance and practical tips across our wellbeing framework through a colleague toolkit, with over 10,000 views to date Ran global and local multi-media campaigns for World Mental Health Day focused on building resilience |

Transforming our business

We have continued to transform our Group which has affected some colleagues. This was no change from our pre-pandemic plans. Where business transformation was already underway before the pandemic, we entirely paused all restructuring activity for the first half of the year. Once activity resumed, increased investment was made in redeployment and reskilling programmes. Given the unique circumstances, we adjusted our redundancy approach and all colleagues impacted in 2020 received enhanced support, ensuring they received their full salary for the year, in addition to severance pay and improved outplacement support.

Future ready workforce

Consistent with Principle 8 of the Fair Pay Charter, we are focused on how we adapt and remain future-ready in response to the evolving nature of work and changing expectations from clients and colleagues.

Continuous learning is central to this, ensuring colleagues are able to adapt, upskill, reskill and retool not only to be better at their current jobs but to ensure they can develop and grow for new roles to best serve our clients in the future. In March 2020 we launched a new digital learning platform, actively encouraging colleagues to adopt a learning mindset through setting and pursuing 'aspirational' goals and developing their careers. Since the launch more than 55,000 colleagues have accessed learning content and engagement in our second global learning week (over 400 events) spurred this on.

The pandemic has brought into focus the way in which our business and the ways of working are rapidly changing. Throughout the year we have listened to colleagues' preferences for greater flexibility in working arrangements as we come out of the pandemic. Responses to our 2020 annual survey highlighted that 74 per cent of colleagues would choose to work from home or another non-primary workplace for at least 50 per cent of the time and 77 per cent told us they feel able to choose a reasonable balance between personal and work life. Rather than simply offering flexible working (which we had in all markets before COVID-19) we intend to implement a hybrid approach combining virtual and office-based working with greater flexibility in working patterns and locations, balancing colleague preference and business demands. A review of all roles (where and how they can be done) showed that more than 80 per cent of roles are suitable for some form of flexible working. Beginning in 2021, employees in eight markets will be able to apply for formal flexi-working arrangements, with subsequent markets expected through 2021 to mid-2022.

Other fair pay developments in 2020

We have made good progress in implementing the principles of our Charter since its launch in 2018 and implementation continues as our new ways of working evolve. During 2020 we have made further progress to improve colleagues' experience, including:

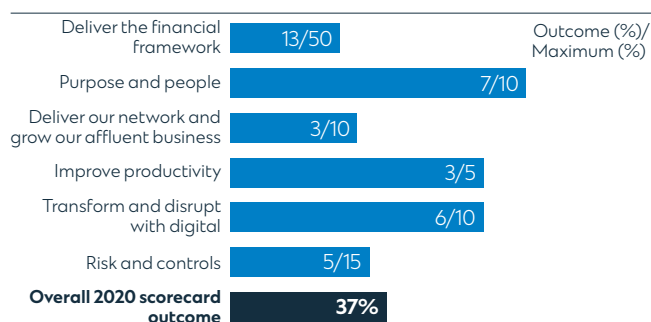
- Assurance that all colleagues are paid a living wage, as measured by the benchmarks in place through our work with Fair Wage Network. In addition, we have taken the first steps in assessing the feasibility of incorporating living wages into our supply chain, which is a multi-year undertaking. During 2021, we will focus on specific actions for non-employed workers
- We have Group-wide principles, guided by market data, for making salary decisions to help us balance what is right for colleagues with the Group's financial position. During 2020, we expanded the use of salary ranges to cover 74 per cent of colleagues globally (increased from 25 per cent in 2019). We expect salary ranges to improve further the transparency and fairness of fixed pay decision-making
- Our multi-year review of benefits is progressing, increasing the consistency of the structure of pay and benefits by country, including the removal of differentiation of allowances and benefits solely by band, age, tenure and dependent status. The phased roll-out of our flexible benefits plan which enables colleagues to choose benefits which best suit their individual needs continues, with the introduction in Poland in September 2020 and preparation work completed for launch in Malaysia in March 2021
- Work in additional markets continues to align benefits more closely to the Charter and to increase inclusivity. For example, in India, medical benefits and domestic relocation benefits were extended from 2020 to LGBT+ partners of colleagues

→ Our Strategic report contains further information on colleagues, including a summary of our gender pay gap on [page 61](#)

Determining Group-wide 2020 discretionary incentives

The Group delivered a resilient performance in 2020 in conditions that became extremely challenging. Strong and broad-based growth in the initial months was followed by lower income year-on-year in the second half and for the year overall driven by the effects of COVID-19, which led to severe global economic contraction and substantially reduced interest rates. As a result, pre-provision operating profit declined despite lower expenses. Underlying profit fell because of substantially higher credit impairments due mainly to provisions against credit losses booked in the first half driven by the deterioration in the macroeconomic outlook. The Group remains strongly capitalised despite the external challenges, with a CET1 ratio of 14.4 per cent above the top of the medium-term target range enabling commencement of shareholder distributions.

The total scorecard outcome was 37 per cent with 13 per cent being based on financial achievements including effective cost management and growth in high-performing liabilities, and 24 per cent based on non-financial achievements including improved digital client onboarding, on-track development of new ventures and an improved employee net promoter score of 6 points to 17.5.

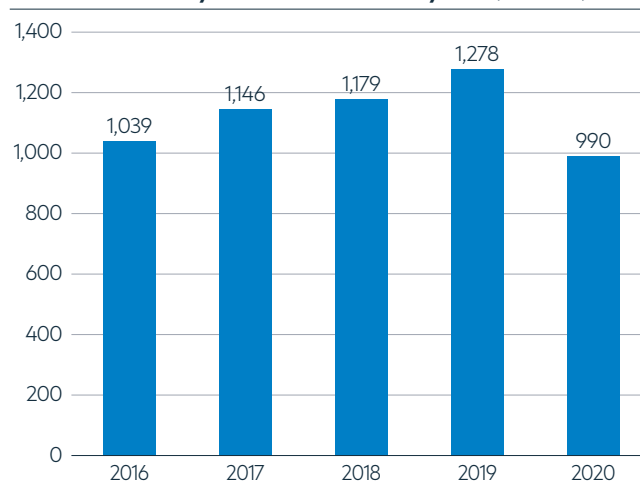


The annual scorecard is the starting point for determining the Group's annual discretionary incentives. Based on the 37 per cent outcome, and without any discretionary adjustment, total 2020 discretionary incentives would have been \$1,150 million.

However the Committee has exercised its judgement carefully for 2020 and considered several factors including the Group's underlying performance, the experience of our stakeholders, the withdrawal of the 2019 final ordinary dividend, the resilience of our business, inherent future risks, the significant contribution of our colleagues whilst managing the crisis and the need to compete for talent globally across 59 markets.

Considering all factors, the Committee applied a downward adjustment of \$160 million, resulting in total discretionary incentives of \$990 million, which is 23 per cent lower than 2019 and the lowest in the last five years. \$129 million of the total discretionary incentives is deferred and charged in future years, including \$21 million in LTIP awards for senior management, the value of which will be determined by Group performance over the period 2021 to 2023.

Total discretionary incentives – last five years (\$ million)



In allocating discretionary incentives for 2020, we thought carefully about how to reflect the challenges of the pandemic and the need to recognise the collective contribution of colleagues to the Group's performance. Focus was primarily placed on Group performance given the challenges created by COVID-19 in fairly and objectively assessing the relative performance of each business, function, region and country. The one notable exception was within the CIB business, where incentives were differentiated for Financial Markets in order to reward colleagues for the strong performance in 2020.

Across the rest of the Group, at an individual level, focus was placed on protecting compensation levels for junior colleagues, as shown in the table below.

| | Average year-on-year change (%) | | |
|----------------------|-----------------------------------|---------------------------------|--------------------|
| | Number of colleagues ¹ | Annual discretionary incentives | Total compensation |
| Management Team | 11 | (43) | (23) |
| Managing Directors | 1,055 | (34) | (13) |
| Other senior leaders | 2,621 | (30) | (6) |
| All other colleagues | 62,304 | (27) | 0 |

¹ Number of colleagues eligible for annual discretionary incentives, excluding Financial Markets

Shareholder information

Dividend and interest payment dates

| Ordinary shares | | Final dividend |
|--|---------------------------------|--------------------------------|
| Results and dividend announced | | 25 February 2021 |
| Ex-dividend date | | 4 (UK) 3 (HK) March 2021 |
| Record date for dividend | | 5 March 2021 |
| Last date to amend currency election instructions for cash dividend | | 21 April 2021 |
| Dividend payment date | | 20 May 2021 |
| Preference shares | | |
| | 1st half yearly dividend | 2nd half yearly dividend |
| 73/8 per cent non-cumulative irredeemable preference shares of £1 each | 1 April 2021 | 1 October 2021 |
| 81/4 per cent non-cumulative irredeemable preference shares of £1 each | 1 April 2021 | 1 October 2021 |
| 6.409 per cent non-cumulative redeemable preference shares of \$5 each | 30 January and 30 April 2021 | 30 July and 30 October 2021 |
| 7.014 per cent non-cumulative redeemable preference shares of \$5 each | 30 January 2021 | 30 July 2021 |

Annual General Meeting

The Annual General Meeting (AGM) will be held on Wednesday 12 May 2021 at 11.00am UK time (6.00pm Hong Kong time). Further details regarding the format, location and business to be transacted at the meeting will be disclosed within the 2021 Notice of AGM.



Details of voting at the Company's AGM and of proxy votes cast can be found on the Company's website at sc.com/agm

ShareCare

ShareCare is available to shareholders on the Company's UK register who have a UK address and bank account. It allows you to hold your Standard Chartered PLC shares in a nominee account. Your shares will be held in electronic form so you will no longer have to worry about keeping your share certificates safe. If you join ShareCare, you will still be invited to attend the Company's AGM and you receive any dividend at the same time as everyone else. ShareCare is free to join and there are no annual fees to pay.



If you would like to receive more information, please visit our website at sc.com/shareholders or contact the shareholder helpline on **0370 702 0138**.

Donating shares to ShareGift

Shareholders who have a small number of shares often find it uneconomical to sell them. An alternative is to consider donating them to the charity ShareGift (registered charity 1052686), which collects donations of unwanted shares until there are enough to sell and uses the proceeds to support UK charities. There is no implication for capital gains tax (no gain or loss) when you donate shares to charity, and UK taxpayers may be able to claim income tax relief on the value of their donation.



Further information can be obtained from the Company's registrars or from ShareGift on **020 7930 3737** or from sharegift.org

Bankers' Automated Clearing System (BACS)

Dividends can be paid straight into your bank or building society account.



Please register online at investorcentre.co.uk or contact our registrar for a mandate form.

Registrars and shareholder enquiries

If you have any enquiries relating to your shareholding and you hold your shares on the UK register, please contact our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or call the shareholder helpline number on 0370 702 0138.

If you hold your shares on the Hong Kong branch register and you have enquiries, please contact Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.



You can check your shareholding at computershare.com/hk/investors

Forward-looking statements

This document may contain 'forward-looking statements' that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'may', 'could', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek', 'continue' or other words of similar meaning. By their very nature, such statements are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include (but are not limited to) changes in global, political, economic, business, competitive, market and regulatory forces or conditions, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and other factors specific to the Group. Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Group and should not be taken as a representation that such trends or activities will continue in the future.

No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by any applicable laws or regulations, the Group expressly disclaims any obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

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Digital Annual Report

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