

Our Approach to Corporate Responsibility

Standard Chartered has a strong tradition of supporting the communities in which we operate. We understand we have a direct impact on the environment through our operations and indirectly through our business activity, and we are committed to treating our employees and customers fairly.

Making Corporate Responsibility effective is not only the right thing to do but is good for business. In 2004, we took the decision to introduce a Corporate Responsibility and Community Committee, reporting to the Board and led by our Chairman.

The Committee's task is to ensure that our Corporate Responsibility aspirations align with our business activities. Our aim is to develop real benefits for our stakeholders, make our brand stand out and help our business grow.

We adopt a proactive approach to understanding the needs of our stakeholders. In 2004 we held the first of a series of Corporate Responsibility forums for analysts and regulators.

In October, the Bank's Corporate Responsibility goals were shared with the chief executives of all our 56 countries and territories. They have an important leadership role to play in developing and embedding our approach and ensuring that our policies are implemented globally.

This year we also made important changes to the way we manage our health and safety programmes, the social and environmental impacts of our lending decisions and our procurement processes.

We established a Diversity Council and began to refocus our community programmes to ensure that they achieve a measurable, sustainable impact.

Serving our customers

We want Standard Chartered to be renowned for excellent customer service across Asia, Africa and the Middle East.

In 2004, we launched our Outserve programme to achieve this goal. Outserve allows us to target areas where we need to improve and measure our performance in each of our markets in a consistent way, compare ourselves with competitors and enhance our processes.

We also want to build strong links with our customers through our community programmes and a number of customers are involved in our Seeing is Believing programme.

Customers trust us to operate according to our values. In 2004, we continued our efforts with initiatives to combat money laundering and to understand the social and environmental risks of our lending activity.

We believe these activities help to make our brand stand out from our competitors. Ultimately they underpin our business and will help us to grow stronger.

Reaching customers in underdeveloped markets

To remain competitive, we need to constantly innovate to meet the needs of all our customers. We believe we have an important role to play in reaching customers for whom banking services are underdeveloped.

For example, in Tanzania we have developed a strategy to help fund the credit needy agricultural sector.

We visited over 40 Tanzanian farms in 2004 to assess their financial needs and identified a requirement for \$50 million in financing – half in 2004 and the rest in 2005. To raise the money, we created an agricultural deposit account for customers who wanted to support the industry rather than investing in bonds or other products. We are now the leading bank for agriculture in the country.

Working with development organisations

We are committed to providing banking services to development organisations and helping them work effectively in our operating territories.

Located in London, but working with a global team of 35, we provide banking services for aid agencies, development institutions and non-governmental organisations.



Corporate Responsibility Report

In May 2005 we will be producing our first Corporate Responsibility Report that will provide more information and data on each of the sections covered in this part of our Annual Report.

Asian Tsunami

2004 ended on a tragic note when the Asian Tsunami struck. It impacted some of the markets in which we operate and, whilst our business was largely unaffected, some of our employees were affected, directly or indirectly. We have committed \$5 million as an initial contribution to the relief efforts. In Indonesia, we are working with the Indonesian Red Cross (PMI) and other development organisations under the United Nations. In Thailand, we are helping to build a boarding school for 400 children orphaned by the Tsunami. In addition, colleagues around the world have raised over \$450,000 to support the victims of the tragedy.



One key area of expertise is the efficient transfer of funds and related foreign exchange needed to tackle humanitarian crises. In 2004, Afghanistan has been a focus for the team, where 90 per cent of our business is with development organisations.

Fair treatment of customers

We work hard to offer the right products to the right people. We have a diverse customer base in many different markets and we have an obligation to sell our products in a responsible manner. Educating consumers about financial products and planning is a key responsibility.

We trained approximately 800 personal financial consultants in 2004. In 2005 we will launch a people management policy for direct sales employees, including enhanced training in risk management and a learning pack to ensure all legal and regulatory requirements are met consistently.

As financial products and services become more sophisticated and widespread we recognise we have a role to play in educating our customers about better financial planning. A financial literacy scheme we ran in Malaysia is typical of the work we do to educate consumers.

Living with HIV

Standard Chartered's Living with HIV programme aims to spread understanding of HIV and AIDS to our employees, their families and the communities in which they live. We want to reduce the stigma attached to HIV and AIDS so that more people can learn about prevention and take advantage of testing and treatment. On World AIDS Day, Standard Chartered employees around the world participated in many activities designed to create awareness amongst local communities. Employees in Zimbabwe hung awareness posters and set up information desks in every branch. Our Hong Kong office arranged a bus, which travelled around busy streets sharing information and handing out red ribbons, flyers, and balloons.



Pledge cards

During Outserve week every employee made a customer service pledge as part of our goal to be renowned for excellent customer service. The cards act as a reminder to employees of the importance of Outserving our competition.

Financial literacy

Our Malaysian financial literacy campaign was designed to help consumers understand new products like unit trusts and mortgages as well as general financial planning. We placed a number of articles in three leading newspapers to raise awareness and ran a series of seminars and exhibitions. Open to customers and non-customers alike, the seminars attracted around 1,000 participants.





Anti-Money laundering

An important part of our approach to tackling money laundering is our Know Your Customer (KYC) scheme. We encourage and train all our employees to develop a real knowledge of their customers to help us serve them better and to sharpen our processes in tackling fraud and money laundering. In 2004 we introduced a number of new training schemes including Consumer Banking Credit Risk management, enhanced KYC training and both e-learning and classroom courses on anti-money laundering.

Sustainable lending

Our social and environmental risk policy is designed to ensure that these issues are evaluated in all decisions our business managers take. We also need to ensure that our relationship managers have the tools to assess these risks against local and international standards.

During 2004 we completed the training of 420 relationship managers to help them identify these types of risk. We successfully strengthened the role of the Reputational Risk Committee in managing this process and raised awareness throughout Wholesale Banking. In 2005, all our employees will be required to undertake training in reputational risk. We also adjusted our procedures during the year to integrate the Equator Principles – used to assess social and environmental risks in big development projects.

Climate change and the environment

Tackling climate change is of growing importance for governments, companies and individuals. With operations in 56 countries and territories, we recognise we have an impact on the environment and a duty to reduce this impact.

Three years ago Standard Chartered established a Global Environment programme, overseen by an environmental

steering group that will now report to the Corporate Responsibility and Community Committee. The steering group makes sure that we manage and reduce our environmental impacts as effectively as possible. We want to make environmental management part of our everyday business life.

Our Global Environmental Management System (GEMS) enables us to measure our environmental impact and understand how efficiently we are using natural resources. GEMS is aimed at buildings with more than 25,000 sq ft of floor space, or where more than 200 people work. Our intention is that the system will cover 70 per cent of employees worldwide by 2006.

We have had some excellent results in countries where GEMS has already taken root. In India GEMS has now been introduced at 10 offices, six more than we initially targeted. In Thailand, our Central Services division in Bangkok achieved ISO14001 certification by BSI Certification (Thailand) during 2004. Further details will be available in our Corporate Responsibility Report.

In 2004 we also launched GEMS-Lite, a scaled down version of GEMS, to help managers and employees in our 500 smaller branches and offices understand the simple things they can do to improve environmental performance.

Property

Currently around 20 per cent of our buildings are wholly owned and we are moving towards occupying freeholds rather than leasing properties. This move will help us control and manage the impact of the Bank's buildings more closely.

As well as reappraising our property portfolios, we are taking a much more rigorous approach to drawing up specifications for new or refurbished buildings to ensure we use renewable resources and materials, and increase energy efficiency.

We have created a standard specification, called the Global Office Workplace Standard, for all new projects. It is currently being used in projects in London and Kenya and was a central part of the refurbishment of the new headquarters of the Bank in Kuala Lumpur.

Travel

Air travel is our single biggest direct environmental impact and for some time we have had a rigorous approval system for business travel.

All air travel is centrally booked and authorised. Whilst we believe that face-to-face meetings are a vital part of building a successful business, limiting air travel with a view to controlling costs is an appropriate approach to reducing the direct environmental impact of such meetings.

Reducing resource use

In Chennai, India, at our large Global Shared Service Centre, we cut water consumption by 15 per cent, beating our initial target of 10 per cent. Office paper use was slashed by 30 per cent – three times more than we set out to achieve – by encouraging double-sided printing and recycling paper for use in fax machines.



FTSE4Good

We are part of FTSE4Good, the Socially Responsible Investment Index that recognises companies achieving high standards of Corporate Responsibility. FTSE4Good reviews its constituents every six months and Standard Chartered has been a member since its launch in July 2001.



FTSE4Good Index Series



We actively encourage employees to use video and phone conferencing as an alternative, and all of our main buildings have excellent facilities for this.

Our supply chain

We spend \$1 billion each year on goods and services from around 20,000 suppliers. We want to be sure that our suppliers match our own standards in terms of social and environmental standards.

In 2004 we began assessing our suppliers systematically for the first time using the newly created Know Your

Supplier scheme. This analysis allows us to build a clearer picture of the companies we buy from, understand more about the way they operate and reveal any activities they are involved in which are out of line with our own standards and practice.

This is not something we can do immediately in every market. We are concentrating initially on our biggest supply markets – Hong Kong, Singapore, the US and the UK, which together account for some 60 per cent of our total procurement. As the new system takes hold, we will roll it out to our other markets.

Home for handicapped children

Standard Chartered Jordan constructed a playground specifically designed for handicapped children at a cost of \$50,000, opened by His Excellency The Minister of Social Development. This was a high profile project. The playground was built on ground donated by the Kingdom of Jordan. All our employees in Jordan have been involved either in this project or in previous activities involving the Beit Al Amal Home.

Property

When we developed plans for a new head office in Kuala Lumpur, Malaysia this year, we included nine sustainable development initiatives. These included installing energy-efficient and time-controlled lighting and access to natural light, as well as an open plan office space to reduce use of materials and cut the need for demolition when we move out. We also sourced the office furniture from companies with credible environmental policies. The building includes a compactor room with sufficient space for sorting waste for recycling.



Equator Principles

We enhanced our long-established social and environmental risk processes by adopting the Equator Principles in 2003. These have been developed following International Finance Corporation guidelines and cover financing projects in industries such as mining and forestry. Under the principles, we will only provide loans to projects that are socially and environmentally responsible.



Corporate Responsibility

Tanzanian farm

Working closely with over 40 farms in Tanzania, we created a specialised deposit account in 2004, with the aim of providing much-needed financing to the agricultural sector.



The United Nations Global Compact

Standard Chartered adopted the United Nations Global Compact in 2001 and actively addresses the principles contained in it. We are members of the United Nations Global Compact UK Forum and spoke at the United Nations Global Compact Policy Dialogue on HIV/AIDS.



In our major centres we ask all our suppliers, however large, to account for their practices in tender and proposal documents.

We have a small procurement team, with permanent representatives in the UK, Hong Kong and Singapore overseen by a Strategic Supply and Vendor Management steering group.

In other markets such as India, Africa and the US, employees working in procurement report to the steering group.

Our procurement decisions are highly commercial and price is naturally important. For each tender undertaken we operate a scoring system to allow us to weigh up other issues in the decision

making process. Social, ethical and environmental considerations form an important part of the evaluation criteria.

Working with communities

We are proud to have built strong community programmes at Standard Chartered. We know from experience that we can make a big difference internationally, regionally and locally.

We operate in many developing countries, and awareness of the human and economic impacts of poverty and ill health has always shaped our community activity.

We want to use our business skills to extend the benefits of our various programmes to communities, partners and customers.

As well as helping at a grass-roots level, our community programmes offer a chance for our employees to become involved, create partnership opportunities with appropriate development organisations, engage our customers and help grow our business.

Our programmes work at three different levels. Our global programmes – Seeing is Believing and Living with HIV – aim to tackle important issues with maximum sustainable impact across the world.

Our regionally funded programmes – the Community Partnerships for Africa, India and the Middle East and South Asia – provide a further opportunity for our employees to become involved.

Local funding provided for community activity encourages each of our operations to choose issues of particular local significance.

Seeing is Believing

The Greatest Race on Earth, a four city marathon challenge across the marathons we sponsor in Nairobi, Mumbai, Singapore and Hong Kong, is an important fundraising initiative for Seeing is Believing. The gift cards below were designed by children from China whose sight has been restored with the funds raised through Seeing is Believing.



AIESEC

In Malaysia we worked with the international student exchange organisation, AIESEC, to train 30 HIV/AIDS Champions, undergraduates who went on to educate a further 3,000 students. The international trainees included students from the Netherlands, USA, Germany, the Czech Republic and India. The programme comprised road shows at leading universities, including the Bank's Living with HIV materials, interactive sessions, exhibitions, video presentations and the Red Ribbon awareness campaign.



Often, these local programmes grow to become regional and even global programmes, as was the case with both Seeing is Believing and Living with HIV. We think the best community initiatives often emerge at the grass-roots level.

Our focus in 2004 has been to organise a more coherent framework for our programmes so that they deliver sustainable outcomes for communities and for our partners. We are also seeking to align this activity much more closely to our business objectives.

Seeing is Believing

Henry Wanyoike woke up on the last day in April 1995 to find he was totally blind. But losing his sight did not mean losing his spirit. Since that day, Henry has established himself as one of Kenya's leading track athletes and is a Paralympic gold medallist.

Henry is now a roving ambassador for Seeing is Believing, our global fundraising programme to tackle avoidable blindness. 37 million people around the world are thought to be blind, with the majority living in the developing world. Most of them suffer from avoidable or curable blindness.



Seeing is Believing started as a small local community project, but we decided to make it a global programme and set ourselves a target of raising \$700,000 by World Sight Day in October 2003. The target was enough to restore the sight of 28,000 people, or one person for every Standard Chartered employee. In the end we raised enough to restore sight to 56,000 people.

We knew we could make the project more ambitious, and on World Sight Day in 2004 we announced a new target. Working with Sight Savers International and our VISION 2020 partners, we aim to raise enough funds for one million sight restorations, working through the principles laid out by VISION 2020. The money will go towards 12 flagship projects in ten countries – Bangladesh, India, Kenya, Pakistan, Thailand, China, Indonesia, Nigeria, Sri Lanka and Vietnam – and will make a real difference to the lives of many people.

This project is overseen by an advisory board with representation from Standard Chartered, the World Health Organisation, Sight Savers International and our VISION 2020 partners.

Living with HIV

Living with HIV is an important project for Standard Chartered and, given our markets, is of real commercial significance – the need to maintain a healthy, stable workforce. It is

predominantly an educational project rather than a fundraising exercise, and its aims are to spread understanding of the disease to our employees, their families and the communities in which they live. We want to reduce the stigma attached to the disease so that more people can learn about prevention and take advantage of testing and treatment.

In many of our markets we live with the realities of HIV/AIDS. Africa clearly faces the most acute problems in dealing with the pandemic, but growth rates in infection are also rising steeply in India and China, two of our most important markets.

In 2004 we continued to develop programmes to help educate our employees and support their families and communities. Anonymous testing and treatment is provided to all employees.

We also explored new ways to target 15 to 24 year olds, widely seen as the most vulnerable to the disease and the most likely to benefit from greater awareness. During 2005, we will explore further ways to reach this important age group.

Further information

For further information please see our Corporate Responsibility website at: www.standardchartered.com/ourbeliefs or e-mail Chris.Smith@uk.standardchartered.com



Seeing is Believing bands

Henry Wanyoike is blind. He is also a Paralympic gold medallist and world track champion. He acts as a goodwill ambassador for Standard Chartered's Seeing is Believing campaign, running in our Greatest Race on Earth marathons. These wristbands symbolise Henry and his sighted running partner, Joseph – a celebration of a dedicated partnership. The proceeds of the sales of the wristband packs help support Seeing is Believing.