

Social contribution, environmental protection, economic development and good governance are fundamental to ensuring our business is sustainable

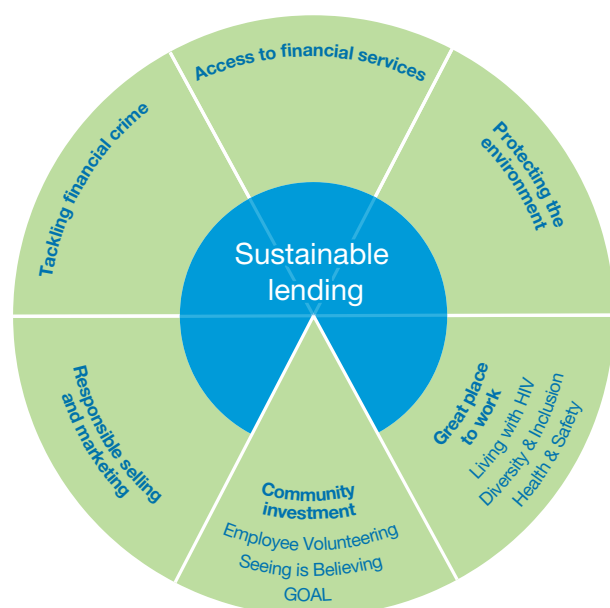
In previous annual reports we have discussed corporate responsibility – doing business in an ethical way as a business imperative. The language and substance of corporate responsibility are changing, reflecting the need for organisations to take a long-term view of the consequences of their actions to build a sustainable business.

In 2006 we articulated our Building a Sustainable Business strategy. This is a response to a rapidly changing world, multiple stakeholder needs and global challenges such as climate change and poverty.

Our social contribution, environmental protection, contributing to economic development and good governance are fundamental to ensuring the sustainability of our business.

In 2006 we continued to work with key stakeholders, including governments, socially responsible investors and not-for-profit organisations and non-governmental organisations (NGOs). These relationships have helped focus our attention on where we can make the greatest difference.

Sustainable business priorities



Sustainable lending

Our business activity can have both a positive and negative impact on communities, economies and the environment. We want to be a force for good to promote change in our markets. Identifying and managing sustainability considerations in lending are important parts of our risk evaluation.

In 2006 we reviewed how we assess social and environmental risk associated with sectors such as forestry, shipbreaking, palm oil and mining. In 2007 we will adopt formal policies based on the results and provide closer guidance for relationship managers.

The Equator Principles are guidelines adopted by financial institutions to address environmental and social concerns in major infrastructure projects. We helped prepare the revised Equator Principles and renewed our endorsement of them in July 2006. The Group approved 20 Equator Principle projects in 2006 compared with 18 in 2005.

Training and raising awareness of potential impacts of our lending remained a priority in 2006. We trained 1,500 employees as part of the sustainable lending training programme and 280 graduates took part in social, environmental and economic training.

Tackling financial crime

Corruption and financial crime outpace international efforts to fight them, with annual estimates for the amount of money laundered exceeding \$500 billion. These crimes harm economic growth and damage communities by fuelling poverty and inequality. In 2006 we upgraded our anti-money laundering systems in the UK and the US and we will extend the upgrade to other markets in 2007.

Increasing access to financial services

In 2006, 80 per cent of the world's population did not have access to credit or basic financial services. Limited access to financial services can be a root cause of poverty, conflict and damage to the environment. By offering services to groups who are financially excluded we can support sustainable economic growth. A key priority is microfinance – small loans to people starting or building a business.

Our involvement in the microfinance sector is a commercially sustainable initiative. We have developed 35 strategic alliances with microfinance institutions across Africa and Asia. The Group recently renewed a commitment to microfinance at the Clinton Global Initiative by pledging to channel \$500 million over five years to microfinance institutions in Africa and Asia.



» **Commitment to sustainability**

Standard Chartered joined the Global Roundtable on Sustainable Palm Oil in Singapore, reflecting our commitment to ensuring that our business with this sector is done in the most responsible manner.



» **Extending Living with HIV**

We have made a commitment to extend our Living with HIV peer education workshops to reach one million people over the next three years. We will achieve this by strengthening our existing partnerships, including those with customers, suppliers and NGOs.



» **Seeing is Believing – the next phase**

So far, we have raised enough money to contribute to one million sight restorations in 10 countries. We have now set a new target to raise \$10 million by World Sight Day 2010 to make a difference to the lives of 10 million people across 20 countries.

Responsible selling and marketing

Competition can cause selling and marketing of products to become too aggressive, eroding trust between companies and customers. We aim for our marketing and selling to reflect our core values of being Trustworthy, Responsive and Courageous to protect our reputation and build a sustainable business.

Protecting the environment

Many of our markets are subject to changing environmental conditions. Examples include air pollution in Hong Kong, water quality in China and flooding in India. Our Global Environmental Management System has been rolled out to 43 eligible offices, up from 36 in 2005, and has increased its employee coverage by 36 per cent.

We have grown our renewable energy financing and advisory business. In 2006 this included a €50 million investment in the Climate Change Capital Fund, to which we are an adviser.

Treatment of employees

We are working to create an inclusive workplace in which employees can develop as individuals and teams. Ensuring the wellbeing and security of employees and increasing understanding of HIV/AIDS are examples of how we can build a healthy, informed workforce.

Community investment

In 2006 our community contribution was \$21.2 million. This includes cash, employee time, management costs and gifts in kind. The figure was slightly below the \$22.4 million we recorded for 2005 but the difference was due to the introduction of a more rigorous process for tracking employee time.

We invest in initiatives aligned with our core business so that the Group, its employees and communities gain maximum benefit. We aim to lead by utilising our core expertise, networks and resources to help communities develop and economies grow.

Living with HIV is our campaign to help our employees and wider communities prevent and deal with HIV/AIDS. In 2006 we signed the Clinton Global Initiative pledge to educate one million people about HIV/AIDS by 2009.

Seeing is Believing, our programme to help eradicate avoidable blindness, achieved its first target in 2005 a year ahead of schedule by raising funds for one million sight restorations. The second phase of Seeing is Believing was launched in 2006. With our partners we now want to restore the sight or prevent blindness for 10 million people across 20 countries by 2010.

In 2006 we announced that all employees would be able to take two days a year for community volunteering. Over 1,000 employees took part in the programme in 2006 and we will ensure many more take the opportunity in 2007.

We launched two new programmes with resonance in our markets. GOAL is a project to empower women through sport to fulfil their potential. We also started Nets for Life with a \$1 million commitment to help distribute one million malaria nets in Africa.

More information

The Building a Sustainable Business strategy will guide the Group's programme of work for the next three years and will provide a reference point for measuring and reporting success. A copy of the strategy is available on the recently re-launched sustainability section of our website.

We have also published our third review on sustainable development which builds on previous corporate responsibility and environmental reports. The review reflects the evolution of the company's corporate responsibility programmes into sustainable business practices. The review details our progress against the seven sustainable business priorities outlined above. We are committed to building a sustainable business.



Please log on to the recently re-launched sustainability section of our website: www.standardchartered.com/sustainability for a copy of the Building a Sustainable Business strategy and Sustainability Review 2006.

Sustainable

Our long-term success depends on our ability to deliver a sustainable business in which our skills and talents turn issues into opportunities



▶▶ Empowering women

GOAL, Standard Chartered's women's empowerment project, was launched in Delhi, India. This programme brings together communities, non-governmental organisations and local sporting bodies as well as schools and colleges in an effort to empower young women to become leaders through sports and leadership courses. Our employees use their core skills to contribute to the success of GOAL.

▶▶ Building a sustainable business

Standard Chartered believes that companies have far-reaching impacts upon the economy, the environment and the communities where they operate. We believe in building a sustainable business which manages these impacts through successful partnerships with governments, suppliers, customers, employees and regulators. We look at our business from our stakeholders' perspective. A shared agenda will create an opportunity to enhance our reputation as The Right Partner and to build our business.

▶▶ Signing up for clean air

In line with our general commitment to the environment, we have signed up to the Hong Kong General Chamber of Commerce Clean Air Charter. Signatories adhere to global standards for air emissions and publish information annually on energy and fuel use and air-pollutant emissions. They also pledge to adopt energy-efficient measures in their operations.

bility in action ▶▶



▶▶ Employee volunteering

In 2006 we launched the foundation level of our employee volunteering programme which allows each employee an additional two days' leave each year for voluntary work. We also introduced a pilot programme in selected countries to reward employees who demonstrate outstanding business performance with an additional five days' leave to spend on a community project that ties in with our community strategy.

▶▶ Nets for Life

Standard Chartered's Nets for Life programme is an Africa-wide malaria eradication and education initiative supported through a partnership with Episcopal Relief and Development. It aims to distribute one million long-lasting insecticide-treated nets across the continent by the end of 2008. It is supported by an on-going malaria-prevention education programme. Zambia piloted the project, which will eventually be rolled out across 16 countries in Sub-Saharan Africa.

▶▶ Access to finance

Our involvement in the microfinance sector is a commercially sustainable initiative to provide financial services to stimulate grassroots enterprise. We now have strategic alliances with 35 microfinance institutions in 10 countries across Africa and Asia to channel funds, enhance microfinance credit and build microfinance capabilities. In September 2006 we pledged to establish a \$500 million microfinance facility under the Clinton Global Initiative.