ICBC Standard Bank

Environmental, Social and Governance Supplement

FOR THE YEAR ENDED 31 DECEMBER 2022

Table of Contents

A Message From Our CEO

In recent years, Environmental, Social and Governance (ESG) factors have become a prominent way to structure thinking around how to build a sustainable future and integrate this into strategic decision making. We have seen a positive global shift in the way that companies across all industries are tackling ESG issues. We are committed to providing transparency in our activities, developing and inspiring our employees, and conducting business responsibly.

We are working to integrate ESG across our company footprint and have been focussing on three areas to define our direction as an organisation; improve transparency through ESG reporting, upskill our staff on ESG issues, and proactively support clients in their transition to a lower carbon and socially responsible economy.

Looking forward to 2023, we will remain diligent in our commitment to growing our ESG value, whilst delivering excellent service for clients, generating positive outcomes for stakeholders and contributing productively to society. We recognise the need for sustainable practices that drive long term economic growth and accompanying strategies that support both our business and global issues.

Wenbin Wang
Chief Executive Officer

About This Report

This is ICBC Standard Bank's first ESG Supplement which will be published alongside our Annual Report. This report aligns to our Annual Report in relation to reporting period, publication date and entities included, namely all operations within ICBC Standard Bank (London, New York, Singapore and Shanghai). Any information which relates to a certain geographic area is specified.

We have made great strides over 2022 to solidify and implement our ESG strategy and initiatives, and will continue this momentum into 2023. In this report, we discuss topics and address actions taken, that we believe are material to our business and working environment. We will review and update this report annually and make improvements as we evolve our ESG practices.

This report was published in March 2023 and the reported information cited covers the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards Global Reporting initiative (GRI) reporting guidelines. In our efforts to initiate our ESG reporting, we have also reviewed and considered Sustainability Accounting Standards Board (SASB). The GRI and SASB are international standards, used across the industry, as benchmark guides for sustainability reporting.

The content in this report has been reviewed by our Executive Committee and Board of Directors.

For information or questions regarding this report please contact investorrelations@icbcstandard.com.

Our ESG Approach

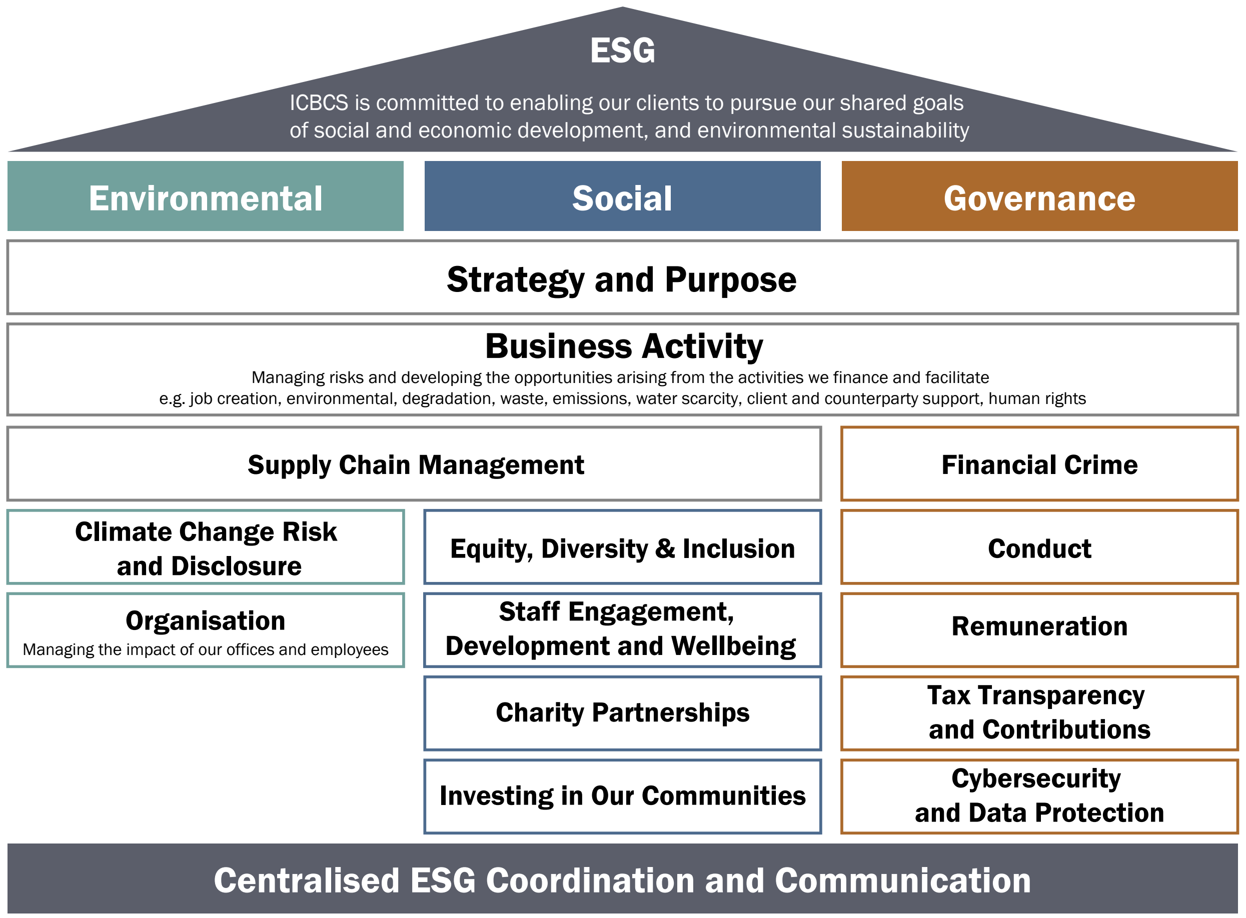
ESG Vision

During 2021, the Board approved our ESG vision. In agreeing this vision, the Board acknowledged that due to our business operations being in Emerging Markets and Commodities, there could be complex trade-offs between measures designed to alleviate environmental risks, and efforts to promote social and economic development.

The Board also recognised the importance of ensuring that ESG practices are integrated within our overall purpose and strategy, and approved our proposed environmental risk appetite and associated implementation practices. We continue to update our Board of Directors of our ESG progress on a quarterly basis. The Board delegates responsibility to the Executive Committee to implement the agreed strategy and hold ourselves to account for making tangible progress.

ESG Framework

We have developed an ESG Framework to define the scope of what our ESG practices include. We will cover the below areas in further detail in subsequent sections of the report.



ESG Strategy

In developing our ESG vision and framework, the following four core areas were identified as being key to our engagement with stakeholders, development of our ESG practices, and assessment of our progress.

Risks

- Understand our exposure to ESG risks
- Mitigate, monitor and manage the identified risks in a responsible way

Responsibilities

- Understand our corporate responsibilities to our stakeholders
- Embed the identified responsibilities into our day-to-day processes

Revenues

- Play our part in meeting shared global goals
- Maximise the commercial opportunities arising from the transition

Results

- Measure and maximise the positive impact that we have on the environment and our society
- Measure and minimise the negative impact that we have on the environment and our society

2022 ESG Priorities

Our 2022 ESG priorities are comprised of three pillars that define our goals: reporting, upskilling and client opportunities.

On the right is a breakdown of our goals, and what we have done to address them.

2023 Outlook

In 2023, we aim to leverage the progress that we have made on our three ESG priorities and continue to evolve our ESG ambitions as set out below.

We will continually assess our position and look to further understand the materiality of ESG topics to our business against the risks, responsibilities, revenues, and results criteria identified in our ESG strategy.

	Reporting	Upskilling	Client Opportunities
2022 Goals	• Reporting against a set of ESG disclosures aligned to GRI and SASB • Reporting to be consistent with shareholders and competitors in the UK financial services sector	• Provision of specific, high quality ESG training to our employees • Communication of ESG vision and instilling of values through our internal network	• Consideration of how to leverage business plans to activate our ESG focus
2022 Actions	• 2022 disclosures are detailed at the end of this report and are aligned to GRI standards • SASB considerations have been integrated throughout this report • Client Management Unit (CMU) team have implemented a new questionnaire into their onboarding process to assess the ESG risks of our clients • An ESG chapter was included in the 2021 Annual Report, which was upgraded to a dedicated ESG Supplement for our 2022 Annual Report	• ESG vision and framework communicated to all staff • ESG training has been made available to staff through a LinkedIn Learning pilot scheme • Delivered specific training to front office staff regarding ESG impacts on clients	• Actively participated in ESG Thought Leadership events including the hosting of a roundtable discussion on sustainable infrastructure investment and participating in Cambridge University Dialogue on “Acting on Climate Change: Technology and Financing Options” • Taking bookrunning and coordinator roles for ESG-linked bond issuance • Enhancing our product capability to support the Energy transition including US Natural Gas Storage, LPG and LNG • Structured financing for solar developers • International Sustainability and Carbon Certification obtained by our Energy Desk to meet market requirements to finance renewables
2023 Outlook	• Continue reporting disclosures and actively challenging ourselves with how we can utilise these frameworks to further our business ESG credentials • Prepare a standalone ESG supplement which will sit alongside our annual report, which explains in depth our achievements and ambitions • Adhere to evolving ESG governance and regulations	• Create a long term solution for continued basic ESG training and development • Develop targeted training for front office and senior management • Find engaging ways to inspire and educate staff, through townhalls, external speakers and initiatives with CSR	• Develop marketing material to further build engagement and credibility with clients e.g. FAQ pack • Ensure ad hoc ExCo discussions around opportune ESG topics • Longer term strategic planning to integrate ESG into bank decision making and how to leverage Front Office capability • Continue to actively pursue ESG related deals

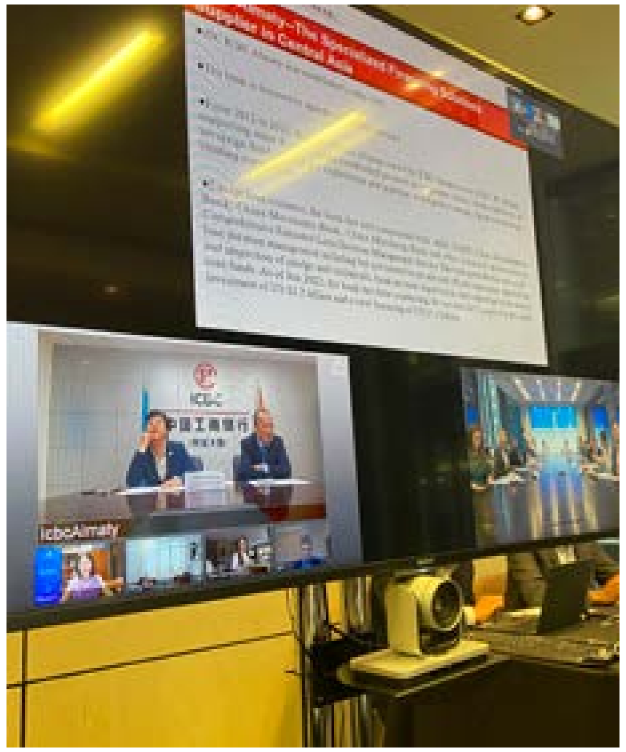
ENVIRONMENT

Advancing Sustainable Finance

We recognise that sustainability has shifted into the forefront of business decision making. As a Global Markets Bank that operates two core businesses in Commodities and Fixed Income and Currencies (FIC), alongside having a large client base in Emerging Markets, we experience first-hand the risks and opportunities facing institutions around the world. We are well positioned to leverage our expertise and experience to help our unique client base navigate ESG challenges, whilst capitalising on opportunities arising from this transition to a more sustainable future. We aim to help clients to become more ESG conscious and we are working on developing our product capabilities to support our clients in their ESG journeys.

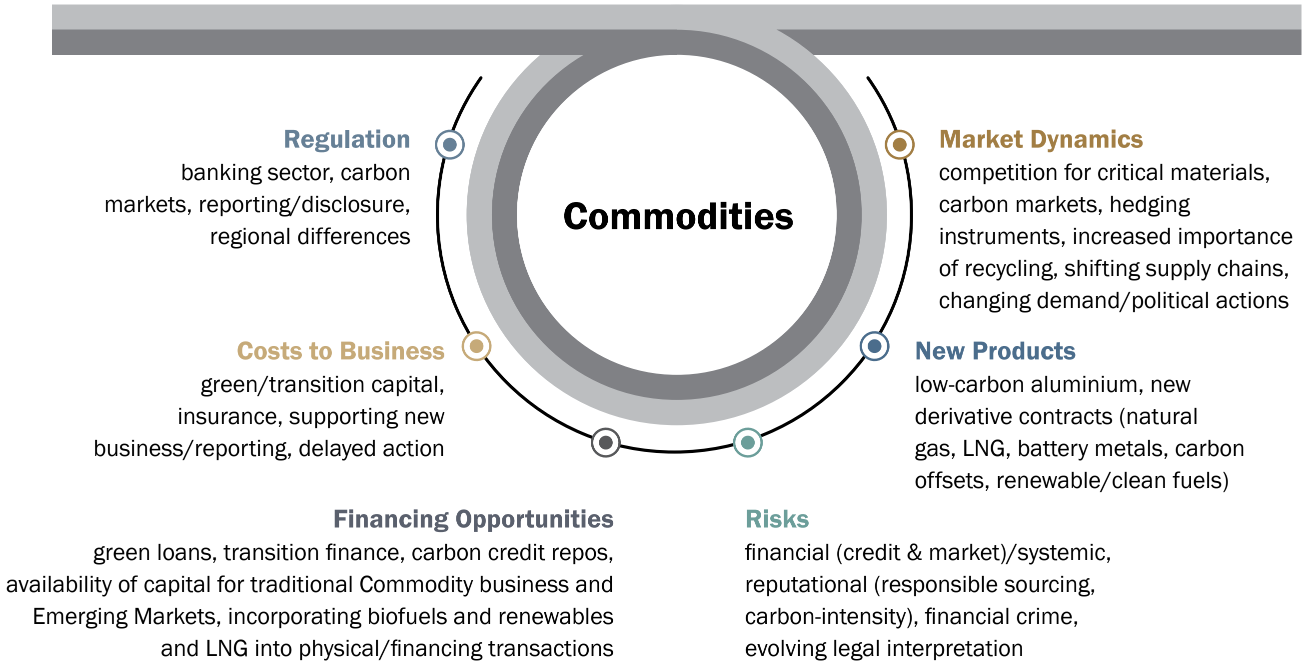
Client Engagement and Transitioning

ICBC Standard Bank takes a proactive role in the participation of conferences, seminars and industry panel discussions. This allows us to maintain a current and comprehensive understanding of the business landscape that we operate in as well as contributing to the driving focus on important topical conversation across the industry. In 2022, this included hosting a roundtable discussion on Sustainable Infrastructure Investment with the Hong Kong Trade Development Council and the European Bank for Reconstruction and Development, and participating in Cambridge University Dialogue on 'Acting on Climate Change: Technology and Financing Options'.



Commodities

Through our participation in industry research and engagement activities, we have mapped out some of the primary ESG and climate considerations within our Commodities business.



Some of the key ESG developments across our Commodities business in 2022 include:

Precious Metals

- Growing presence in metals recycling, offsetting our scaling down of Platinum Group Metals activities
- Developing client and refiner relationships in green gold and silver supply chains

Base Metals

- Financing electric vehicle (EV) battery materials including nickel, copper and cobalt
- Expanding into sustainability-linked products and financing involving metals used for the generation, transmission and storage of low carbon energy

Energy

- Broadening our product suite to meet the expected lower carbon energy mix including gas, liquified natural gas (LNG), liquified petroleum gas (LPG) and renewables
- Building out our financial and physical natural gas product set
- Incorporating biofuels, renewables and cleaner transition fuels into our financial and physical transactions
- International Sustainability and Carbon Certification obtained to meet market requirements to finance renewables

Fixed Income and Currencies

In 2022, we expanded our green finance reach, acting as underwriters for a number of green bonds and other social and sustainability bonds. These are classified where revenues are used to fund efforts that generate climate, environmental or other sustainability benefits. We also provided structured financing in deals that contributed to the clean energy transition.

Debt Capital Markets

- Mandated for an active bookrunning role on a benchmark sustainability-linked bond
- Global coordinator roles on green issuance across several currencies
- Participation in green bonds for borrowers

Structured Financing

- Executed a letter of credit (LC) facility for a solar developer
- Renewable Identification Numbers (RINs) credits

Managing Environmental Impacts

ICBC Standard Bank is a global business with offices in three regions around the world. We recognise the importance of understanding the complex relationships between business, industry, society and the environment, no matter where we operate. It is imperative for us to take a proactive role in monitoring environmental issues and implementing measures to mitigate any adverse impacts.

Assessing Environmental Risk

Monitoring environmental risk is a continuous process for our organisation, that is achieved through horizon scanning alongside assessments of our reputational, physical, and strategic risks. We have embedded this into our Risk Framework and provide environmental risk updates to our Board on a regular basis. We recognise the importance of maintaining a complete view of our environmental risk profile, to enable us to proactively develop mitigation procedures that address our risks.

We conduct scenario analysis and modelling to assess the impact of physical climate risks, particularly where we hold physical assets or use ports and warehouses to store commodities. In 2022, we invested in a new climate diagnostic tool for effective day-to-day risk management in our Physical Commodities business. This enables us to analyse acute hazards and chronic stress factors that can contribute to increased physical climate risks. Subsequently, we work with operators to ensure that there are measures in place to mitigate any identified risks. This has proven to be valuable, not only in the identification of risks, but to recognise potential opportunities that arise from them, and how these may impact our portfolio.

Given that our business has a large Emerging Markets and Commodities focus, we have identified transition towards ESG conscious practices as one of the most immediate risks for our clients. We are taking steps to assess our climate-related opportunities, including expanding our capabilities to include lower-carbon energy sources and transition metals, in order to support clients in their transition.

We have updated our Group's risk policies and committee mandates to encompass climate-related risks, amongst wider environmental risks. We will continuously monitor regulatory guidance to ensure that we are enhancing and evolving our reporting to reflect the most up to date requirements.

Streamlined Energy and Carbon Reporting

We monitor our energy use and proactively identify ways to generate energy efficiencies. This includes complying with the UK Government's policy on Streamlined Energy and Carbon Reporting. This reflects the emissions across our UK operations. A summary of our current year reporting is detailed below:

Summary

	2022	2021
Scope 1 emissions[1] / tCO2e	-	-
Scope 2 emissions, location-based / tCO2e	680	799
Scope 3 emissions / tCO2e	1	2
Total gross emissions / tCO2e	**681**	**801**
Energy consumption[2]: emissions / kWh	3,518,398	3,771,027
Intensity ratio[3]: tCO2e / m^2	0.0493	0.0580

[1] tCO2e – tonnes of carbon dioxide equivalent
[2] kWh – kilowatt-hour
[3] m^2 – square metre
Scope 1 – All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.
Scope 2 – Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.
Scope 3 – All Other Indirect Emissions from activities of the organisation but occur from sources that they do not own or control. This does not include the emissions that we finance.

Our report is compiled by a third party. Since our first year for SECR disclosures in 2020, we have consistently reduced our emissions year-on-year.

Our 2022 energy consumption across individual utilities is as follows:

Energy Consumption

Utility	Energy Consumption		GHG[1] Emissions	
	kWh/year	%	tCO2e/year	%
Office Electricity	2,273,326	64.6	440	64.6
Data Centre Electricity	1,190,280	33.8	230	33.8
Vault Electricity	52,689	1.5	10	1.5
Transport	2.103	0.1	1	0.1
Total	**3,518,398**	**100**	**681**	**100**

The methodology used to calculate kWh, Carbon emissions and Intensity Measurement metrics are consistent with ISO 50001:2018 energy reporting principles. kWh consumption is measured by monthly meter readings provided by the landlord. This is converted into GHG emissions using conversion factors published by the Department for Environment, Food and Rural Affairs ('DEFRA'). The intensity metric we have chosen to use is tonnes CO2e per metre squared. The total floor area of ICBC Standard Bank's head office is 13,805 m^2. This gives a total intensity ratio of 0.0493 tCO2e/m^2.

Improving Energy Efficiency

In line with our transition to a hybrid model of working, fan coil unit run times and schedules on floors have been adjusted throughout the course of 2022 based on the number of staff onsite. We continued to drive energy efficiencies by upgrading our computer monitors and audio-visual equipment. Additionally, we will look to change all lighting in our office building to utilise more energy efficient bulbs.

TCFD Aligned Disclosures

TCFD Requirements	Summary
Governance	
a. Describe the Board's oversight of climate-related risks and opportunities	• The Board is responsible for setting the group's strategy and has approved a position paper considering climate-related risks and opportunities • The Board Risk Management Committee is responsible for the monitoring of the group's analysis of the risks and opportunities of climate change
b. Describe management's role in assessing and managing climate-related risks and opportunities	• Executive Management are responsible for embedding climate-related considerations into strategy, governance structures, transaction assessments and related second line risk analysis
Strategy	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	• The pace of transition is considered to be the more immediate risk to the group's current strategy, geographic coverage and product offering. Acute physical risks also pose risks over shorter-term horizons • Opportunities do exist to provide products to existing and new clients, and the commodities business has identified certain opportunities e.g. financing metals key to low carbon technology (nickel, cobalt etc) as well as lower carbon energy sources (LNG) • Technological advances are moving at pace, therefore balancing this with environmental or social impacts will be an on-going consideration when assessing both risks and opportunities
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	• The identification of climate-related risks and opportunities remains on-going, with continuous assessment of the associated impacts of the activities • Whilst the immediate impacts on the group's strategy are relatively limited, the fast-moving nature of regulatory and policy change means this will remain a continual evaluation
c. Describe the resilience of the organisation's strategy, taking into consideration of different climate-related scenarios, including a 2°C or lower scenario	• Given the largely short-dated trading focus of the group, the group can be agile in mitigating some aspects of climate-related risks as well as capture relevant opportunities as markets develop. In the medium to long term the requirement for energy related working capital solutions may decline. The impacts to business planning and strategy will be constantly evaluated as climate solutions evolve • The group continues to develop proportionate stress scenarios to assist with informing the strategic direction and risk management

Risk Management	
a. Describe the organisation's processes for identifying and assessing climate-related risks	• Climate-related risk identification process continues to evolve with progress being made during 2022, counterparty transactions are subject to climate-related evaluation through a scoring mechanism and a consideration with regards to the tenor of exposures • On the physical commodities side, work has progressed to consider climate-related risks when on-boarding locations to store physical inventory, leveraging scenario analysis provided by third party providers • The client on-boarding process has been enhanced to capture climate-related (alongside broader ESG) considerations and has been applied in 2023
b. Describe the organisation's processes for managing climate-related risks	• The processes for managing climate-related risks are in early development with the activities being largely limited to transaction specific considerations and relative insurance type mitigants for physical risks; and analysing a Climate Risk Portfolio scenario • The management of climate-related risks will form part of strategy considerations
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	• Climate-related risk is managed as cross-cutting risk type across the three primary risk types. This approach is continuing to be embedded within the group's enterprise risk management framework, with further progress made during 2022 • The group's risk policies and committee mandates have been updated to address and consider climate-related risks
Metrics and Targets	
a. Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	• The group has identified the sectors and activities that are subject to heightened climate risk (and to some extent increased opportunities) • Exposures to these sectors are segregated in specific management information for management oversight
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Scope 1 and 2 emissions are disclosed in the strategic report as per SECR requirements
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• The setting of targets is dependent on further developing the climate-related disciplines and knowledge, alongside the strategy of the Bank

Governance

The primary responsibility for the governance of risk, and compliance with legal and regulatory obligations, resides with the Board. Through delegated authority from the Board, the Board Risk Management Committee ("BMRC") provides independent and objective oversight of risk management and compliance. The oversight of climate-related risks has primarily been through the BRMC during 2022.

The Chief Risk Officer (SMF4) is the senior management function responsible for identifying and managing the financial risks from climate change.

Quarterly, BRMC review relevant management information concerning our climate risk profile. The reporting covers items such as:

- credit exposure to sectors sensitive to physical and/or transition risk;
- horizon scanning;
- outputs from stress tests;
- reputational risk from counterparty incidents as captured by RepRisk; and
- physical risk to specific assets.

The approach to reporting on our climate risks and opportunities has evolved over 2022 and will continue to do so going forward as we further develop our toolkit.

The assessment and management of climate-related risks and opportunities continues to be embedded within our three lines of defence and existing front–to–back governance structure. The group's Pillar 3 report provides details of the full governance structure and the specific committees whose mandates contain climate-related matters.

A targeted training programme was conducted over the course of 2022, with representatives from credit, global markets, client on-boarding and compliance undertaking bespoke training provided by Fitch learning. Further training will be developed across the firm in the future.

Strategy

Our strategy as it relates to climate risk, whilst still in early stages of development, is to focus on the following areas:

- identifying and managing the climate risk profile of the group's clients, and the group's own climate risks as it pertains in particular to physical assets owned by the group;
- engaging with clients to understand, and where appropriate assist with, their approach to transitioning to a lower carbon economy and the related risks; and
- engaging with clients to understand and assess their approach to building their resilience and adapting to physical climate risks.

We have classified certain activities that are more sensitive from a climate risk perspective into a banned list. We will not directly facilitate these activities with any of our current or prospective clients.

Banned List

Sector	Activity	Climate Change Impact
Mining	Mountain top removal	The practice releases air pollutants such as nitrogen oxide and sulphur dioxide contributing to water and soil acidification. Deforestation also results in soil degradation, loss of carbon sinks and biodiversity loss
Energy	Arctic circle drilling and exploration	Drilling and exploration in this region is particularly sensitive as temperatures in the region have warmed at more than twice the global average, sea-level rise and ocean warmth is accelerating causing biodiversity loss. Melting permafrost also releases trapped methane, the most potent heat trapping gas, into the atmosphere
Energy	Tar sands drilling and exploration	The extraction process is more challenging than with conventional crude leading to higher emissions. Air pollution results from an increase in nitrogen oxide and sulphur oxide release
Agri-Commodities	Deforestation and/or burning tropical rainforest in order to produce agri-commodities Production or trading in palm oil	The main impacts of deforestation include reduced biodiversity, loss of carbon sinks, release of emissions, disrupted water cycles and soil degradation
Fisheries	Commercial drift net/bottom trawling fishing	Marine sediments are the largest pool of organic carbon on the plant therefore commercial bottom trawling causes a significant release of emissions contributing to ocean acidification and destruction of marine habitat

The group has a list of monitored activities which includes oil and gas (across the value chain), and coal (mining and power generation). Given the group's focus on emerging and frontier markets there is often a balance to be struck between climate and social impacts of certain activities. With monitored activities, the group will closely monitor its exposure to these types of activities, and may over time set limits on overall exposure to those activities.

The embedding of climate-related considerations into the group's strategy and financial planning remains on-going. Although our balance sheet generally consists of assets with shorter (i.e. less than one-year) tenors, climate-related risks can manifest over short (1-5 years), medium (10 years) and long (30 years) time horizons. The full impact of climate-related impacts on the financial system may therefore be larger than for other types of risks, and is potentially non-linear, correlated and irreversible, necessitating the identification and management of climate-related risks and opportunities as an ongoing and evolving issue. As scenario analysis is developed, it will assist in understanding the potential impacts over different time horizons further informing strategy and business planning.

The tables below indicate our current view and potential time horizons over which the strategy could be impacted:

Climate-Related Risks Identified Over the Short, Medium and Long Term

Transition Risks

Risk Driver	Policy and Legal	Market and Economic	Technology	Reputation
Description	• Increased pricing of GHG emissions • Enhanced reporting obligations • Regulation of products and services • Exposure to litigation	• Changing customer behaviour • Increased cost of materials • Uncertain market signals	• Substitution of products and services with lower emissions options • Unsuccessful investment in new technologies • Costs to transition to lower emissions technology	• Consumer preference shifts • Stigmatisation of sector • Stakeholder concern
Time horizon	Short - medium	Short - medium	Short - medium	Short - medium
Direct / indirect financial impacts	Compliance costs; stranded assets; asset impairment; restrictions and limitations on carbon intensive assets; and asset depreciation	Company or securities valuations; asset impairment; viability of certain business models; and credit rating implications	Write-offs for investments in disrupted technologies; required investment in new technologies; and process change costs to accommodate new technologies	Damage to brand value resulting in lost revenue and additional expenditures e.g. corporate affairs, litigation etc.
Risk types impacted	Credit, market, liquidity, operational	Credit, market, liquidity, operational	Credit, market, operational	Credit, market, liquidity, operational

Physical Risks

Severity of change	Acute	Chronic
Climate-related events	• Increased severity of extreme weather events such as hurricanes, wildfires and flooding • Heat stress – acute periods of extreme temperatures • Water stress – acute periods of severe water shortage	• Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels
Time horizon	Short, medium and long	Long
Direct / indirect financial impacts	Short lived extreme weather impacts. Disruptions to operations, transportation, supply chains etc. Damage to physical assets and impacts on insurance pricing and availability	Impacts due to slow insidious change such as increasing temperature or water stress. Degradation or limitations on resource availability e.g. labour, natural resources etc
Risk types impacted	Credit, market, liquidity, operational	Credit, operational

Risk Management

Our approach is to treat climate-related risk as a cross-cutting risk that manifests through or impacts on other risk types such as credit, market and operational risk.

Climate-related risks can crystallise through either physical or transition risk events. The transmission channels from a climate-related risk that then manifest as a financial or non-financial risk are wide ranging, with an event potentially having a consequential impact on multiple risk types.

We define climate risk in our risk taxonomy in the following way:

Climate-related risks refer to risks (credit, market, operational etc) posed by the exposure of the Bank or financial sector to physical and transition risks caused by or related to climate change.

Physical risks can be either

- **Acute** risks arising from climate and weather-related events such as hurricanes, floods, wildfires and droughts;
- **Chronic** risks arising from longer term shifts in climate and weather patterns such as rising mean temperatures, rising sea levels and ocean acidification

Transition risks relate to financial risks which may result from the process of adjustment to a lower-carbon and more circular economy. A range of factors could influence this adjustment including:

- Policy and regulation;
- Disruptive technology and business models;
- Shifting societal sentiment; and
- Legal case law

The principle risk type policies have been updated to include climate-related considerations within the existing risk type frameworks. A policy that covers climate-related risk (as a subset of environmental risk) was implemented in the early part of 2022. As a cross-cutting risk, our existing risk governance framework is utilised to manage climate-related risk. For example, if a counterparty is considered to be particularly vulnerable to climate-related risk through the credit assessment process, corrective action may be taken to both the credit rating and appetite towards the counterparty.

Scenario Stress analysis:

Our scenario analysis continues to be developed and embedded, in a proportionate manner, into our risk management processes.

Early in 2022 we implemented a transition scenario covering the unexpected imposition of a carbon price that is higher than market expectations by multiple large economies. The Bank engaged Oxford Economics to produce a detailed scenario narrative together with a set of macroeconomic data for both a baseline and the stress scenario.

Our scenario is thematically aligned to the Bank of England's late action scenario from the Climate Biennial Exploratory Scenario (CBES) exercise. The key difference to the CBES late action scenario is that the shock occurs in our scenario in 2022, rather than 2031 in the CBES scenario. This was chosen to make it immediately relevant to the Bank's shorter dated exposures. The severity of the shock in terms of the rate at which the carbon pricing hike is applied is the same as in the CBES Scenario.

Our scenario focuses on the first five years when the transition shock is applied. Future exercises will look to cover longer periods to help inform strategic direction, business planning and risk management.

In addition, the reverse stress testing programme is used to assess remote but plausible climate-related events.

The table below illustrates how we are embedding climate-related risk into our existing risk framework.

Climate-Related Risk Management

Risk Driver	Definition	Climate Impact	Progress in 2022	Future Enhancements
Credit risk	Risk of loss arising out of failure of counterparties to meet their financial or contractual obligations when due.	A counterparty could be exposed either through physical risks to its operations and assets or transition risk to its sector(s) of operation.	Scoring assessment of climate-related factors introduced into counterparty and transaction credit analysis A climate-related stress test covering the counterparty credit risk portfolio has been developed	Further development of the climate scoring link to the counterparty internal credit rating Additional stress testing and scenario analysis
Market risk	Risk associated with the change in market value, earnings (actual or effective) or future cash-flows of a standalone underlying financial instrument.	Market value loss due to societal, legal and technological response to climate change resulting in investor perception of profitability and a consequent revaluation.	Climate-related stress test implemented and run monthly alongside existing stress scenarios	Additional stress testing Consideration in exit risk analysis
Liquidity risk	Risk that a firm, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due.	Depositors impacted by climate-related risks may withdraw funding to meet their cash flow needs.	No impact expected given relatively short-term nature of balance sheet.	Consideration of whether appropriate to have climate-related factors in stress testing.

Climate-Related Risk Management

Risk Driver	Definition	Climate Impact	Progress in 2022	Future Enhancements
Operational risk	Risk of loss suffered as a result of inadequacy of, or a failure in, internal processes, people and systems or from external events.	Severe weather events affecting our own (or suppliers) operations and assets could lead to financial loss as assets are impacted or liabilities arise. Liability claims may increase from parties who have suffered climate-related losses and seek to recover those losses from those they deem responsible.	Physical commodities assurance process enhanced with climate-related considerations i.e. location on-boarding. Climate-related factors considered as part of the new products process and risk and control self-assessment. Assessments made as part of business continuity on the impact of power shortages	Climate-related factors to be considered where relevant in scenario analysis.
Supplier risk	Risk of a supplier failing such that the group is impacted by no longer receiving the relevant service	Suppliers, and their chains, could be impacted or disrupted as a result of climate related events impacting their ability to provide the relevant services	The supplier risk methodology includes climate-related considerations as part of a wider environmental risk consideration during the supplier on-boarding process.	The analysis of suppliers approach and response to climate change will continuously evolve

Metrics and Targets

We have not yet set any targets to manage climate-related risks and opportunities. This will be kept under annual review, and will be assisted with enhanced scenario analysis capabilities.

Credit Exposure to Sectors With Elevated Climate Risk

Sector	2022 ($m)	2021 ($m)	YoY % Change
Agriculture	7.6	3.4	>100%
Airlines	7.2	100	-92.80%
Automobiles	157.8	138.6	13.90%
Chemicals	51.6	9.3	>100%
Coal[1]	39.5	88	-55.10%
Manufacturing[2]	31.9	24.9	28.10%
Metals[3]	200.1	228.3	-12.40%
Mining	120.7	197.3	-38.80%
Oil and Gas[4]	953.5	745.2	28.00%
Power Generation[5]	63.7	63.7	0.0%

Notes:

Credit exposure represents lending and derivative (measured as potential future exposure at 95% confidence interval) exposure.

[1] Represents exposure to power generation from coal-fired power plants

[2] Represents exposure to manufacturers other than automobiles and metals

[3] Represents exposure to manufacturing of metals including smelting. It does not include metal traders

[4] Represents exposure across the value chain i.e. upstream, midstream and downstream

[5] Represents exposure to all other forms of power generation excluding coal

Assessing Supplier and Client Sustainability

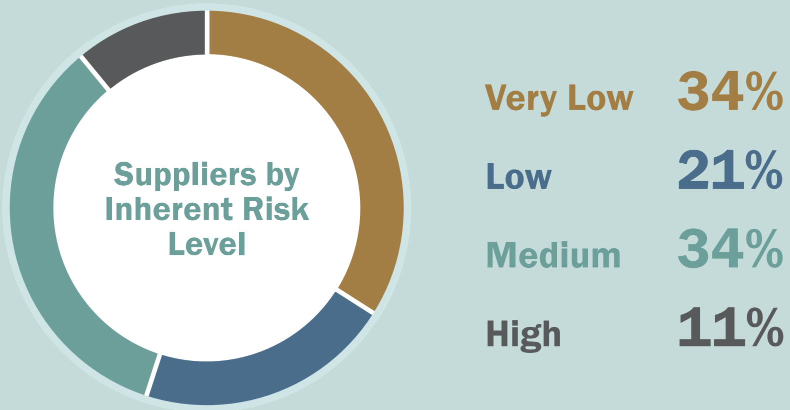
We understand that who we work with and how they conduct business is also a reflection on us. Our suppliers and clients are highly valued components to our business, so we aim to implement internal processes that allow us to make the most robust choices when it comes to selecting counterparties that align to our sustainability values.

Supplier Due Diligence

ICBC Standard Bank primarily uses suppliers to provide technology, professional and real estate services. We have an approved list of c.2,500 suppliers covering all entities globally and these suppliers partner with the Bank to support its delivery of its commitments to its customers, regulators, staff and shareholders.

In accordance with recent regulatory requirements, we introduced our Supplier Risk Management Framework and Supplier Risk Management Tool at the end of 2021 to assess and mitigate supplier risks across a number of factors, including environmental, social, and governance risks. The Framework ensures that the Bank, as a regulated entity, not only complies with its regulatory obligations but also looks to ensure its suppliers meet the best practices and standards in the industry. The new process has increased transparency in our relationships with suppliers and allowed us to understand their business models better. We identify, monitor and manage our supplier risk factors throughout our Supplier Risk Management lifecycle.

We divide our suppliers into four risk categories: very low, low, medium and high.



We request an environmental policy from our suppliers where the services could have an increased environmental risk. For high risk services from an environmental perspective, we enquire for further information about any standards, best practices and operational ramifications that apply to them. This allows us to more accurately identify the environmental risks present in the supply chain. We proactively discuss with our suppliers their environmental mitigation measures.

For services which are profiled to have higher modern slavery risk, we request Anti-Modern Slavery Statements, policies and attestations. Additionally, we ask supplementary questions surrounding compliance with local minimum wage and age requirements, as well as confirmation that they work proactively towards the abolition of child labour and forced labour.

Our governance measures are applied in accordance with our zero-tolerance approach to anti-money laundering, bribery and corruption. Accordingly, we currently have no high-risk suppliers from an anti-money laundering, bribery and corruption perspective.

The Bank works to ensure that the appropriate obligations are within supplier contracts which include robust clauses that safeguard our clients, employees and subsidiaries. This embeds the Bank's requirements for appropriate actions, policies and controls, encompassing ESG risks.

The Bank's dedicated Supplier Risk Management team continually engages with internal subject matter experts for supplier queries and best practice recommendations, to ensure that the framework is embedded throughout the organisation. Looking forward, the Bank will evaluate the ESG risks of its supplier population on a regular basis: high risk suppliers will be assessed annually, medium risk every three years and low risk every five years. Where supplier controls are not yet at the required standard, the Bank will work with suppliers to evidence improvements before their next review cycle.

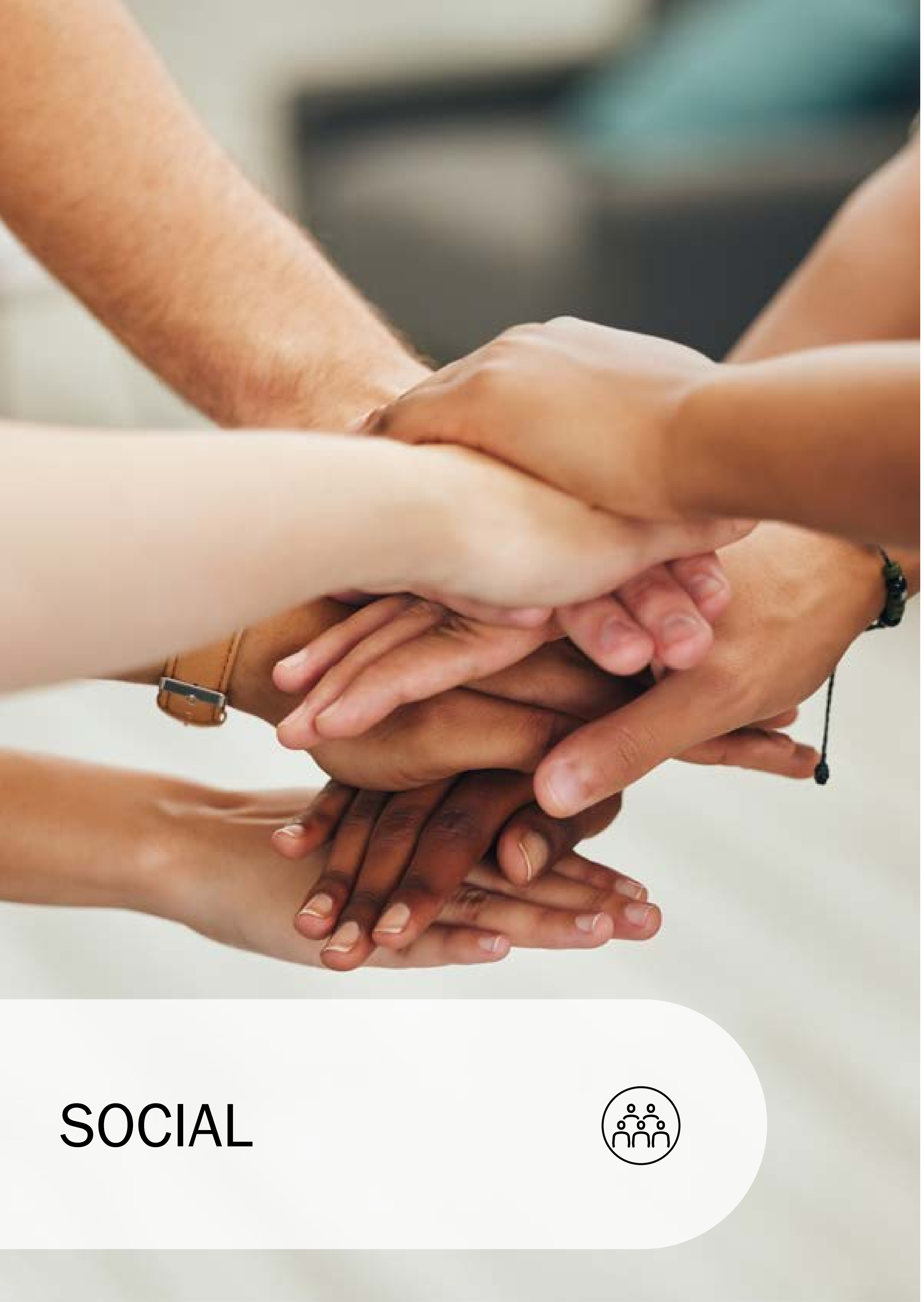
Client Due Diligence

In 2022, we developed a new stage within our client due diligence process to include the capture of ESG data. The main aim was to obtain a better understanding of the ESG risks within our client portfolio, through the formalisation of our risk evaluation and mitigation methodology. The stages of the process are as follows:

1. Pre-assessment: We evaluate clients against a set of criteria, such as sector, country and ownership, to determine potential ESG touchpoints that require further investigation.
2. ESG risk evaluation: If the pre-assessment stage flags any ESG risks of concern, we conduct an in-depth ESG risk evaluation that measures clients against up to fifty questions. These are categorised under each of the E, S and G dimensions. Depending on areas of risk identified in the pre-assessment stage, clients can be measured against one, two, or all three dimensions.
3. Risk mitigation: The captured data will provide us with a comprehensive view of specific ESG datapoints, as well as actions that the client has taken to address their risks. This allows us to develop contingency plans for the management of our own risk and concurrently, support clients in their ESG transition.

Initially, we have tested this process against our existing in-scope population of clients and identified that around 90% are exempt from the enhanced ESG risk evaluation, as they do not embody a high ESG risk in any of the E, S and G dimensions. The questionnaire is based on the Sustainability Accounting Standards Board (SASB) standards, in alignment with others in the industry.

In Q4 2022, we rolled out the new process to clients on a limited basis, with a view for full implementation by the end of Q1 2023. Our existing client onboarding framework, policies and procedures have been updated to reflect the inclusion of ESG risk. Looking forward, we will continue to monitor for regulatory updates and incorporate these into the iteration of our processes as appropriate.



SOCIAL

Our Corporate Culture

ICBC Standard Bank views organisational culture as a set of shared values, beliefs and assumptions of our people – who we are and what we stand for. Specifically, culture manifests itself in the behaviours, actions and attitudes people display toward one another and within the organisation on a daily basis.

Having a culture that embodies our vision, values and strategy helps the Bank to serve customers effectively, aligns and unites employees, and ensures our stakeholders have a clear understanding of who we are and what we stand for. A strong culture is a competitive advantage and provides confidence that our employees will behave as expected; allowing the Bank to empower them to make decisions and capitalise on opportunities for growth.

The ICBC Standard Bank Culture Framework depicts the Bank's approach to managing organisational culture. The framework sets out the overarching vision, purpose, values, desired behaviours and strategic principles the Bank has set.

Fostering Diversity and Inclusion

"Be Yourself, Succeed Together." This powerful statement encapsulates our vision for an inclusive Bank and illustrates the benefits of a diverse and inclusive culture. We support our employees in feeling comfortable to be themselves because we believe that this is how the most meaningful contributions are made.

There are over forty-three nationalities represented in ICBC Standard Bank across all three regions that we operate in. We work actively to ensure that all employees feel that they have equality of opportunity and have a safe environment to celebrate their differences.

Equity, Diversity and Inclusion (ED&I) Forum

The Equity, Diversity and Inclusion (ED&I) Forum is a Senior Leadership sponsored forum, supported by volunteers across the Bank. The aim of the forum is to drive the Bank's ED&I agenda and raise awareness about ED&I issues.

The ED&I Forum organises regular Bank-wide communications to educate staff on a number of topics including, but not limited to: race, LGBTQ+, age and disability. The Bank has a strong commitment to celebrate events relating to inclusion and increasing the social and cultural awareness of our workforce. In 2022, we ran a "Stand by Me" training offering which focused on equity, equality and allyship.

The Forum also arranges interactive sessions to engage employees, such as inviting guest speakers to talk to employees about how we can create a more inclusive workplace.

We run regular training with ED&I in mind. Learning resources in the form of recommended books, articles and videos are available to all staff via the Bank's ED&I Intranet page. We also consider ED&I principles in other training such as recruitment. We ensure that ED&I principles are embedded across all of our people lifecycle activities.

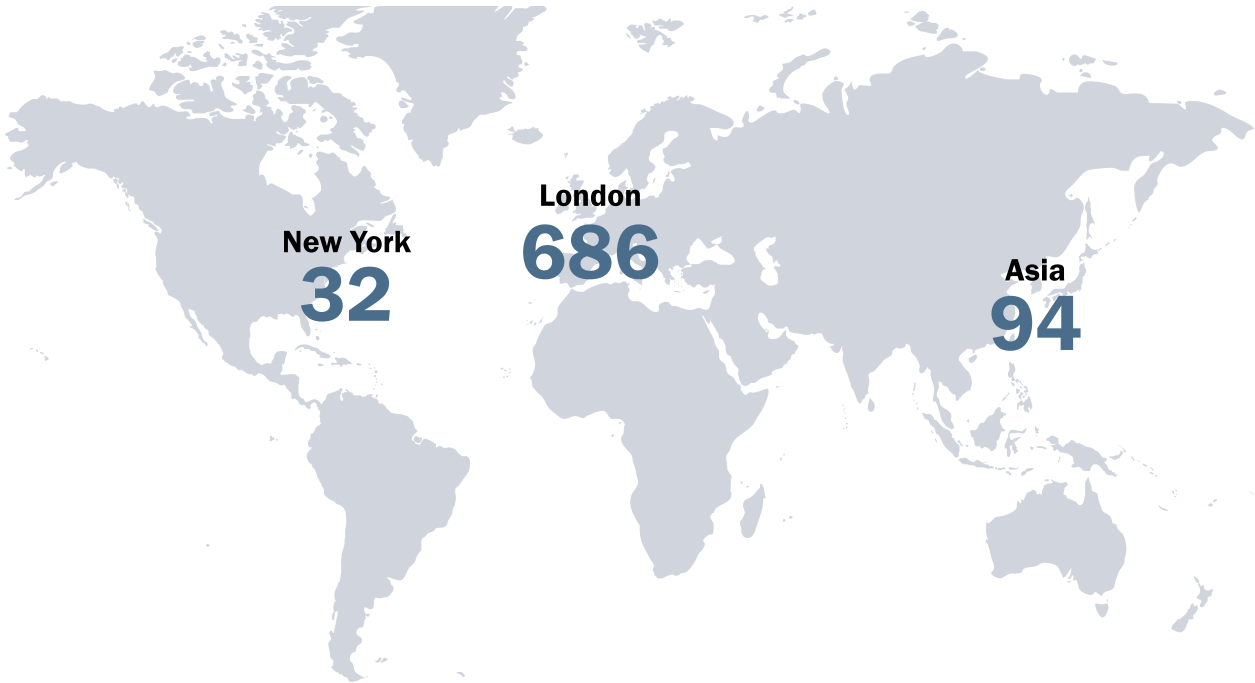
We have anti-harassment and grievance or open-door policies in all of our locations, under which employees can raise any complaints or any issues, including in relation to discrimination. In 2022, we had one incident reported, which was reviewed as per our policies and procedures, but that is no longer subject to action.

Gender and Age Equality

Championing gender equality is a fundamental priority for us and we ensure that considerations around this are integral to our recruitment, retention, and talent management practices. Female colleagues represent 35% of our total workforce, 33% at Senior Manager level and 17% at Director, Managing Director and Executive Managing Director level. We also value age diversity, with 16% of our employees aged under thirty, 67% between thirty – fifty years old and 17% over fifty years old.

We feel it is vital that employees are compensated fairly for their work. Our policies prohibit discrimination based on gender, age, sexual orientation, race or religion. We are committed to our compliance with Equal Pay legislation, meaning that men and women are paid the same for performing work of equal value. Annually, we publish a report on our Gender Pay Gap in the UK, which reflects the difference between what men typically earn compared to women, irrespective of their role or seniority. We aim to do our part in progressively narrowing this gap year-on-year.

Regional Headcount



Supporting Development

ICBC Standard Bank has a commitment to supporting employees in pursuing learning opportunities and enhancing their professional development. We offer a breadth of development and learning opportunities in Banking and Financial Services.

Our Learning and Development Framework aligns to our values and behaviours with a key focus on how we upskill our people for the future and offer compelling learning opportunities for our employees. All of our learning and development programmes are underpinned by our Equity, Diversity and Inclusion (ED&I) principles. Some programmes have a specific focus on a demographic that is under-represented in the organisation to create equal opportunities. We also run specific training with staff to embed our inclusivity principles.

Professional Qualifications

The Bank recognises that professional qualifications can be important in developing the careers of employees. Where there is business need there is opportunity for the Bank to provide financial support for employees to complete a professional qualification. Some of the most common industry bodies for which our employees take exams include: Chartered Institute for Securities and Investment (CISI), Chartered Financial Analyst Institute (CFA) and International Compliance Association (ICA).

Apprenticeship Levy

The Bank supports employees looking to study for a professional certification under the Government's Apprenticeship Scheme. This includes the "Off The Job" Learning requirement, in which learners must spend 20% of their time each week participating in activities which focus on specific learning that leads to improved knowledge, skills and behaviours.

Leadership and Management Courses

We are committed to recognising emerging talent and fostering the management potential of our employees and offer a variety of programmes for staff at all levels.

Advanced Management Programme

For our newly promoted Managing Directors, we offer an externally hosted leadership programme as a recognition and development opportunity

Executive Leadership Programme

Aimed at our high performing Directors to build leadership skills needed for the future in Senior Leadership roles

Management Development

To enhance coaching and leadership skills for Senior Managers and upskill newly promoted Managers on the capabilities necessary to perform their role

Emerging Leaders Sponsorship

Designed in the context of our ED&I agenda this is aimed at emerging minority group leaders, with the intent of engaging, growing and retaining a diverse talent pipeline

Internal Training

The Bank offers regular training to employees on a wide range of mandatory topics, including those to meet regulatory requirements, through the internal Learning Management System. This is an interactive online system which employees can work through in their own time, before a target date. A total of sixteen mandatory training courses were run in 2022, including "Where Hiring Meets Success" and "Hybrid Working".

In 2022, we piloted the roll out of LinkedIn Learning to a select group of employees as a new e-learning resource. The platform is accessible 24/7 and has a digital library of over 16,000+ courses covering a wide range of technical, business, software and creative topics. The Bank has created recommended courses, tailored to different staff needs, including an ESG-focused course to educate employees on ESG issues. Following a successful trial, we aim to roll out the platform to all staff by 2023.

Alongside our distance learning programmes, we also host a range of in-person training sessions. All permanent and temporary new joiners are required to complete our Corporate Induction in-house training, utilising a combination of live and pre-recorded interactive sessions. Our graduate and intern cohorts are invited to a series of seminars, facilitated by Global Markets and aimed at increasing knowledge of the financial markets. We partner with an external learning provider to deliver specific training to all front office staff on how ESG can impact our clients, and help them to make more informed decisions.

Attracting the Best

We believe in the importance of showing appreciation for the hard work and dedication of our employees and celebrating our achievements. Our success relies on the continuous efforts of the talented individuals who make up our workforce. As such, we have implemented a wide range of initiatives across the Bank to create an attractive workplace, uphold employee satisfaction and in turn, drive retention.

Our Values

For us, the best employees not only have the skills and expertise for their role, but also have a commitment to our values and upholding them to the highest standard. We recruit top talent both internally and externally, and we hire based on merit, using consistent processes and objective criteria.

- Integrity 诚 信
- Openness 开 放
- Prudence 稳 健
- Innovation 创 新
- Excellence 卓 越

ICBC Standard Bank is committed to upholding our business principles and ethics by guiding employees with carefully designed policies and procedures that define the way that we conduct business. We educate our employees to act in accordance with our values and invest in resources to provide controls for risk management, compliance and audit.

Employee Value Proposition

In 2022, we refreshed the way that we manage and communicate our brand to employees and candidates by developing a new Employee Value Proposition (EVP). Our EVP is the set of messages we use to bring the opportunities and employee experience on offer at ICBC Standard Bank to life. It helps us to attract the right potential candidates from outside the business, and forms part of the social contract we make with our people.

Overall, the EVP captures what we offer our people in return for their skills, experience and dedication. It informs all aspects of the candidate and employee experience and by doing so, it will play a leading role in fostering the culture we need to take our business forward. Thereafter, our EVP should also appeal to those candidates who will thrive and perform best in our culture.

Our EVP is encapsulated in the tagline ‘Let’s thrive together’ and summarised as follows:

“At ICBC Standard Bank, we share the same values, challenges and opportunities. We are a diverse, close-knit, global team with a unique heritage and purpose. We put people first, and give talented, self-driven professionals the flexibility, rewards and freedom to grow their expertise, seek new opportunities and realise their potential.”

The five integral pillars of our EVP are as follows:

A unique heritage and purpose

A global and hybrid workplace

We put people first

You own and build your career

We thrive together

Compensation and Benefits

We seek to reward all of our people in a manner that is fair and equitable, and aim to offer competitive remuneration in the global marketplace for skills. We promote effective teamwork to motivate strong and sustained performance within teams and we reward value on a pay for performance basis within the context of sustainability.

Part-time and full-time employees are eligible for the same types of benefits on a discretionary basis and subject to terms and conditions, although there are differences in locations due to local and regulatory requirements and market practice.

The benefits that we offer include:

Core Benefits

- Pension
- Family leave
- Life insurance
- Income protection cover (UK)
- Private medical cover
- Employee Assistance Programme

Additional Benefits

- Travel insurance
- Family care (UK,US)
- Cycle-to-Work scheme (UK)
- Health and fitness subsidy
- Eyesight tests (UK)
- Flu vaccinations (UK)

Wellbeing and Family Support

ICBC Standard Bank is committed to supporting the wellbeing of all staff. It has always been a primary focus within the Bank, but has become even more important in the last few years with developments such as Covid-19 and the introduction of hybrid working.

The Bank hosts a number of health and wellbeing campaigns under the slogan of ‘Our People Matter’, including topical webinars, mindfulness resources, initiatives, policies and benefits.

We value staff wellbeing and support people and their families at significant times in their lives, which is reflected in our core policies and benefits. In all locations our family leave offerings, including maternity leave, paternity leave, shared parental leave and adoption leave, are substantially in excess of the local statutory requirements. We support family wellbeing through some of the following offerings, in addition to family leave:

- Our back up childcare (UK, US) and eldercare (UK) offering means that there is support for carers when they need it
- Coaching for returners from family leave to support them through this phase of life (UK)
- We offer employees on a discretionary basis, and where the role permits, the opportunity to work on a hybrid basis and employees can also request additional flexibility where required

In 2022, we are pleased to say that we had nine employees that took and returned from parental leave, defined as maternity, paternity or other parental leave for a period of at least three months. From employees that took leave in 2021, 95% were employed twelve months after return to work and 100% were retained after leave. All employees are entitled to maternity leave, regardless of length of service with the Bank or normal hours of work. All employees are entitled to paternity leave after twenty-six weeks of continuous employment with us.

As a continuation of our response to Covid-19, this year, we fully transitioned to our hybrid working strategy, where employees have the flexibility to work from home for up to two days per working week. Through this approach, we have seen the benefits of allowing staff to balance the demands of office work with home life, whilst maintaining some of the energy and collaborative spirit born from all working together in the office.

Reasonable notice will be provided to employees of any significant operational changes that could substantially affect them and we would consult as appropriate in accordance with any local requirements.

Employee Recognition

We maintain a Recognition Policy that recognises individuals and teams that have exhibited our values to make a great contribution to business outcomes, over and above what is expected from them in their day to day role.

We value a culture of appreciation and want to empower business leadership to drive performance and foster engagement across our organisation. All employees are entitled to make nominations if they see an effort deserving of recognition. Awards are made through both monetary and non-monetary compensation.

An example of this is our summer party in June 2022, where our CEO handed out over twenty awards to individuals and teams including: Business Firefighter Awards, Unsung Hero Volunteering Awards, Best Team Awards and Long Service Awards. Award recipients were represented across Front Office, Risk, Legal, Operations, Finance, Technology and Compliance.

Candidate Acquisition and Turnover

In 2022, in a post pandemic world, we experienced attrition in line with the financial markets industry and as such, have been active in the market to acquire high quality candidates to fill our roles. We have seen attrition steady in the latter part of the year. We hired 116 permanent roles globally in 2022, split by demographic categories as follows:

- Age: under 30 – 28%, between 31-50 – 63%, over 50 – 9%
- Gender: female – 45%, male – 55%
- Region: London – 80%, New York – 16%, Asia – 4%

In 2022, our global twelve-month rolling voluntary attrition rate for permanent roles was 11.7%, split by location as follows:

- Region: London – 12%, New York – 16%, Asia – 9%

Promoting Social Responsibility

ICBC Standard Bank strives to create a corporate conscience that extends from social impact to environmental impact and beyond across our global footprint. The Bank is committed to making a positive contribution to society, our people and the world we live in; now and for the future.

Corporate Social Responsibility (CSR)

The Bank has a dedicated Corporate Social Responsibility (CSR) committee that takes oversight of organising Bank-wide staff and fundraising events throughout the year. The CSR aims to unite teams across the Bank at all levels to contribute towards the greater good, aiming for a “One Team” ethos.

During the year, we proactively participated in various community initiatives. This included organising food and clothing drives, donating meals and contributing to charity appeals.

In the UK, we continued our partnership with “Spread a Smile”, a local charity which supports the well-being of sick children and their families. In 2022, over £40,000 was raised for charity through various employee fundraising initiatives, which included c. £23,000 for ‘Spread a Smile’.

For 2023, we are excited to be selecting a new charity partner to work with over the next four years. The main objective for our charity partnerships within the CSR strategy is to connect staff to the local and wider community. We are currently carrying out the nomination and voting process, with the final charity to be confirmed in Q2 2023. We look forward to working together with them to make a positive difference to the community in which we live and work.

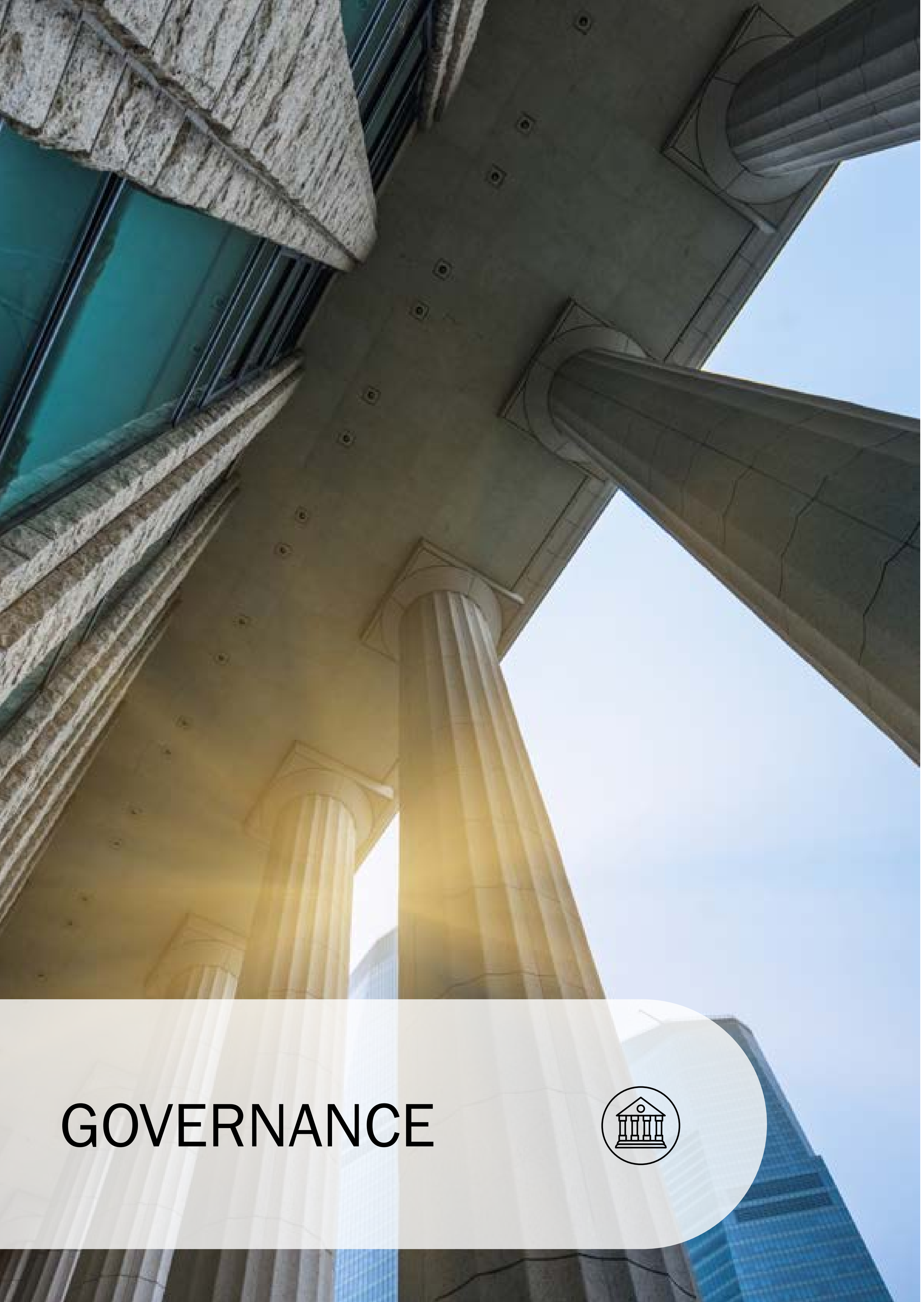
Business Insights Programme

For the second year running, we partnered with Deloitte on their Business Insights Programme. This initiative was the first of its kind in England, with the aim to give students the opportunity to spend twenty-four weeks working with leading organisations, helping to solve complex, real-world challenges and make a genuine impact. The theme of the 2021-2022 challenge was ICBC Standard Bank’s commitment to sustainability and we asked students to recommend ways in which the business can do more to minimise our environmental impact. The students were provided with real environmental data relating to our offices and worked together to develop innovative solutions for our environmental challenges and present this to our management team. Additionally, in July 2022, a week of work experience was organised for the students with volunteers from departments across the Bank spending time with the students to provide insight into how the Bank operates.

Small Change for a Big Purpose

We encourage UK employees to enrol onto our payroll initiative, Pennies for Purpose, where take home pay is rounded down to the nearest pound, with any excess placed into a collective pot for donation to our charity partner. In any one year, the maximum each employee could donate through this method would be £11.88. It’s small change, but it amounted to £5,700 raised for our charity partner in 2022.

We also run a pound for pound matching scheme, in which the Bank will fund match up to £500 per individual for employees undertaking fundraising for registered charities, such as charity runs. Through this scheme, participants in our London offices have raised over £4,100 for various charities.



GOVERNANCE

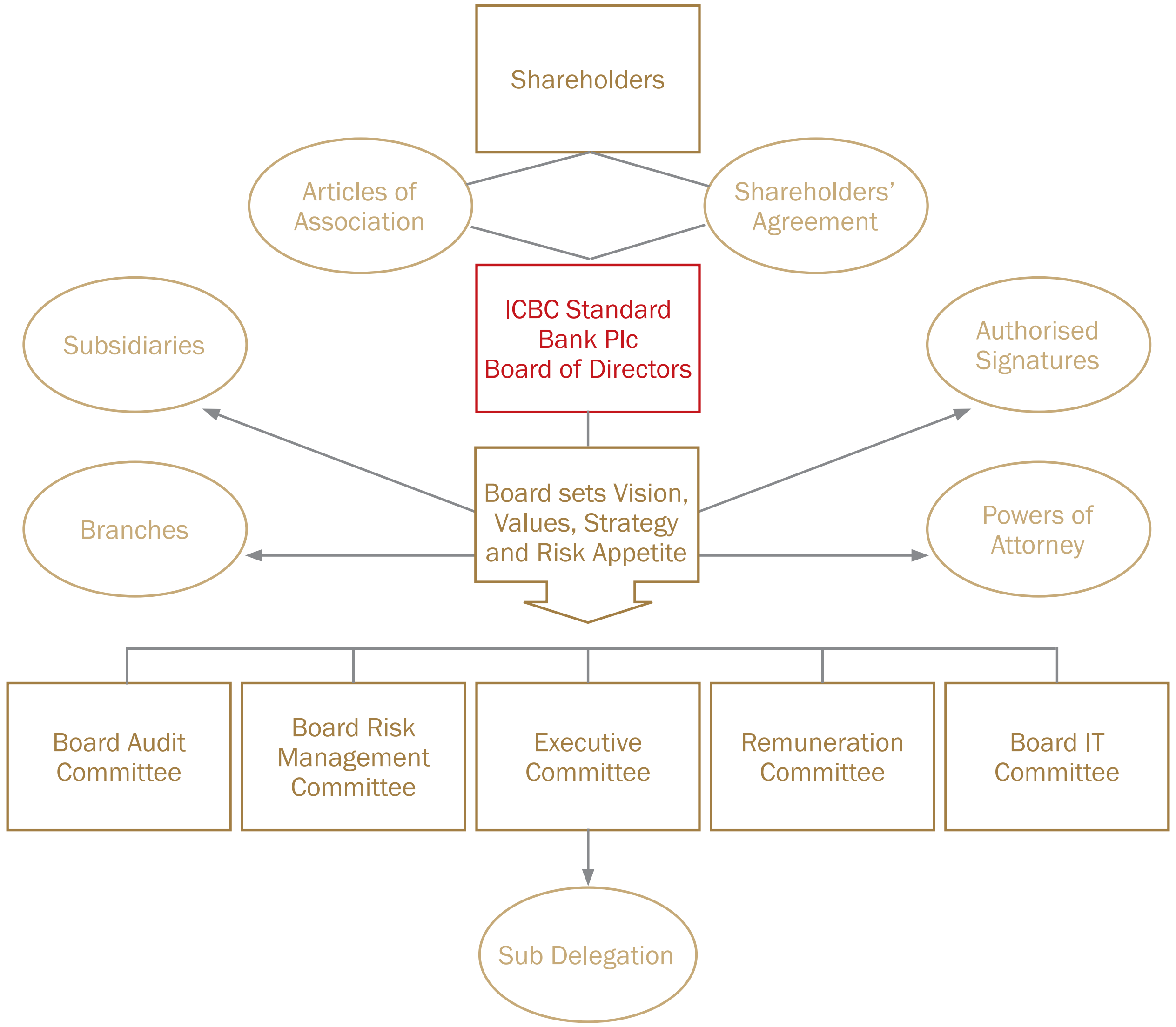
Corporate Governance Model

ICBC Standard Bank sets high corporate standards and, under the leadership of our Executives and Board of Directors, we are committed to creating a work environment in which all of our people act with integrity, fairness and accountability. Our firm also has a clear mandate with our shareholders through the shareholder agreement which regulates our management, business and affairs of the company.

Governance Structure

We operate a robust governance structure to ensure efficient and effective decision-making and oversight across the organisation.

Our Board of Directors establishes our company's purpose, values and strategy, and ensures that these are aligned with our culture. The Board is supported by five sub-committees and each has a Board approved mandate setting out its respective role and responsibilities:



Board Sub Committees

- **Board Risk Management Committee**
  Provides independent and objective oversight of risk management and compliance across the Bank. In particular, this includes the review and challenge of risk and compliance policies, the risk appetite and composition of the risk portfolio, and the risk-taking decisions of the Group.
- **Board Audit Committee**
  Comprises of independent non-executive directors and monitors the processes for identifying, evaluating and managing risks and controls. In particular, this includes assessing the adequacy and effectiveness of accounting, financial and other control systems.
- **The Remuneration Committee**
  Approves remuneration policy and long-term incentive schemes for staff, sets the remuneration of executive directors and other senior executives, and approves guidelines for the group's annual salary and incentive reviews.
- **The Board IT Committee**
  Assists the Board in discharging it duties relating to oversight, at the strategic steering level of the ICBC Standard Bank IT environment.
- **The Executive Committee**
  Responsible for the day-to-day management of the Group. Subject to the overall authority of the Board, the committee meets regularly to develop business strategy, monitor financial performance, and review the activities of its sub-committees.

Occupational Health and Safety

We are committed to creating and maintaining a safe working environment, which protects staff from harm and from the risk of accidents, injuries and illness. In accordance with all legal requirements, we undertake detailed and specific risk assessments in order to identify hazards and those who may be harmed by hazards. Control measures are then implemented as far as is reasonably practicable. We review our risk assessments annually or whenever appropriate due to a change of circumstances or events.

All new employees receive induction training on our Health and Safety policy and procedures. We provide ongoing training to existing employees to ensure continued competence, particularly in the event of changes in role, legislation and working practices.

We have appointed a Designated Health and Safety Officer, who has day-to-day responsibility for ensuring the implementation of our Health and Safety Policy. In 2022, there were three accidents, which were not major and did not require reporting under RIDDOR regulations. In the same period there were no instances of work-related ill health.

Our Policy Commitments

We use formal, written documentation to set out the required information and practices that employees must follow to ensure that we meet our legal and regulatory obligations, as well as the expectations of our stakeholders. Our policies provide definitions, rules and responsibilities for a wide variety of topics, including those that embed ESG considerations.

Our Business Conduct policies stipulate the reasonable steps that different functions across our organisation should take to ensure that we are minimising any adverse impacts related to our business operations. Our Human Rights documentation includes our Anti-Modern Slavery Policy, which covers our zero-tolerance approach to slavery, forced labour, child labour or human trafficking in our business and supply chains, in abidance with the UK Modern Slavery Act 2015. Collective bargaining agreements are not currently applicable for ICBC Standard Bank however, we respect the rights of workers to exercise freedom of association and collective bargaining. Our Whistleblowing Policy states the rights of employees to disclose information relating to danger, fraud, illegal or unethical conduct in the workplace anonymously, and through confidential channels.

All of our policies are formally approved by one of our Executive Committee, a sub-committee or a management forum, before being issued. Subsequently, a dedicated Policy Owner has the obligation to review and update their policies on a minimum bi-annual basis and undergo the same approval process as per initial implementation. Our policy commitments are available to all employees on our intranet, and are embedded throughout our organisation via Bank-wide training, such as our annual Conduct Risk training and Operational Resilience training, which are delivered through our internal learning portal. Severe breaches to policy are reported to our Executive Committee, who will investigate and feedback with appropriate remedial action.

In 2022, we had no significant instances of non-compliance with laws and regulations, including breaches, fines and sanctions. Any Level One and Level Two breaches have been promptly reported to our Executive Committee, with appropriate remedial action taken.

Managing Business Continuity

Business Continuity Management (BCM) is a critical part of our control environment and enables our business units to effectively continue critical business functions following significant disruption. BCM within ICBC Standard Bank is regarded as having three distinct purposes:

- Protection of the company assets, earning capacity, information, reputation, the brand and value of the organisation
- Ensuring the likelihood and impact of potential business interruption(s) are reduced to an acceptable level and that we have a resilient organisation
- Fulfilling Compliance, Legal and Regulatory obligations

The Bank maintains a Business Continuity Policy that clearly sets out contingency plans for the material risks that we have identified related to BCM. This is regularly reviewed and updated by our Head of Business Continuity Management and approved by our Executive Committee.

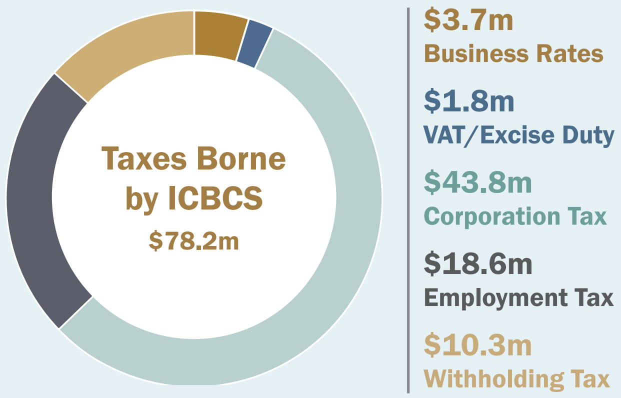
Data Protection and Cybersecurity

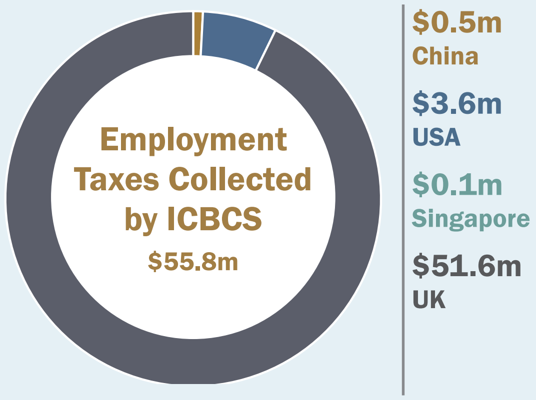
We safeguard the data that our clients, suppliers, employees and stakeholders trust us with. This includes ensuring that our colleagues comply with our data privacy policies, and mitigating any cyber-related risks by operating a robust control environment.

In 2022, we recognised that there was a heightened cybersecurity risk due to the geopolitical environment. As such, we have taken swift and decisive steps to manage the risk, including:

- Network access control rollout
- Workstation and server baseline security to harden the security of all IT workstations and servers
- Secure software development life cycle (SDLC) to embed security during software development
- Password manager rollout to improve password management hygiene
- Cyber incident response for the wider Bank

We received no substantiated complaints concerning breaches of customer privacy and losses of customer data in this reporting period.





Fighting Financial Crime

We understand the importance of conducting our business in accordance with our values, and in compliance with applicable laws, rules and standards. This objective requires discipline, integrity and a compliance culture at both an individual and a collective level.

All employees are made aware of their duty to prevent, deter, detect and internally report suspicious activity in alignment with the Bank's policies and procedures. These regulatory obligations are communicated through mandatory compliance training, which is reinforced through policies and procedures and our values.

The Board of Directors has approved a Bank-wide Financial Crime Risk Appetite Statement that provides the foundation of its Financial Crime Risk Management Framework. This facilitates consistency and transparency of senior management decision making and risk taking, and supports the management of our Financial Crime Risk.

Tax

We adopt a prudent approach in all tax matters, following the principles outlined in our publicly available Tax Strategy and adhering to HMRC's Code of Practice on Taxation for Banks. Our Tax Strategy is owned by the Board and reviewed annually by the Board and the Executive Committee.

ICBC Standard Bank pays the required tax, and fulfils its filing obligations in accordance with local requirements, across all of the jurisdictions in which we operate. We also maintain a transparent relationship with the relevant tax authorities. Our total tax contribution for 2022 was $134.0m, of which $78.2m was borne by ICBC Standard Bank Plc, UK. In 2022, our London and New York offices did not receive any financial assistance from the governments of the jurisdictions in which they operate. Our Singapore office received public subsidies of US $94,000 from the Singaporean government under its Job Growth Initiative, in relation to the Covid-19 pandemic.

We are committed to:

- Accurate and timely tax compliance and tax risk management
- A principled approach towards legitimate and responsible tax planning
- A belief in open and honest tax authority engagement
- A resolve to co-operate fully with all anti-tax evasion and tax transparency initiatives

This approach is aligned with our values of Integrity, Openness, Prudence, Innovation and Excellence.

Our organisation has zero tolerance for tax evasion and will implement disciplinary procedures for any staff that do not uphold good practice in this area. We have successfully implemented a reporting regime for FATCA/CRS and a comprehensive control framework in respect of the UK Corporate Criminal Offence for failure to prevent facilitation of tax evasion. In order to help identify malpractice, we operate internally a confidential Whistleblowing policy, which includes all tax matters.

Additionally, we operate a 'three lines of defence' risk control model involving business units, risk and compliance functions (including tax) and internal audit. Principal governance of tax is through the Executive Committee feeding into the Board sub-committees and ultimately, to the Board of Directors.

In the most recent 2022 Business Risk Review, HMRC have assessed that we now meet the criteria for low risk, demonstrating that we have appropriate systems, governance and approach to tax compliance, and deliver on a timely basis.

GRI Standards Index Reporting

Number	Description	Reference
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1	Organisational details	Annual Report 2022, page 7
2-2	Entities included in the organisation's sustainability reporting	ESG Supplement 2022, page 7
2-3	Reporting period, frequency and contact point	ESG Supplement 2022, page 7
2-4	Restatements of information	First report, not applicable
2-6	Activities, value chain and other business relationships	Annual Report 2022, page 9
Governance		
2-9	Governance structure and composition	Annual Report 2022, page 36, ESG Supplement 2022, page 51 & 52
2-10	Nomination and selection of the highest governance body	Annual Report 2022, page 38
2-11	Chair of the highest governance body	Annual Report 2022, page 36
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Supplement 2022, page 7 & 8
2-13	Delegation of responsibility for managing impacts	ESG Supplement 2022, page 8
2-14	Role of the highest governance body in sustainability reporting	ESG Supplement 2022, page 8
2-16	Communication of critical concerns	Annual Report 2022, page 37-44 & 47
2-19	Remuneration policies	Pillar 3 2022, page 29-35, Annual Report 2022, page 45 & 46
2-20	Process to determine remuneration	Pillar 3 2022, page 29-35, Annual Report 2022, page 45 & 46
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	ESG Supplement 2022, page 8 & 9
2-23	Policy commitments	ESG Supplement 2022, page 54
2-24	Embedding policy commitments	ESG Supplement 2022, page 54
2-26	Mechanisms for seeking advice and raising concerns	ESG Supplement 2022, page 54
2-27	Compliance with laws and regulations	ESG Supplement 2022, page 54
2-28	Membership associations	Annual Report 2022, page 8
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Annual Report 2022, page 25-30
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Annual Report 2022, page 60
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2022, page 127
201-4	Financial assistance received from government	ESG Supplement 2022, page 56
GRI 207: Tax 2019		
207-1	Approach to tax	Annual Report 2022, page 82, ESG Supplement 2022, page 56 & 57
207-2	Tax governance, control, and risk management	ESG Supplement 2022, page 56 & 57
207-3	Stakeholder engagement and management of concerns related to tax	ESG Supplement 2022, page 56 & 57
207-4	Country-by-country reporting	Annual Report 2022, page 124
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	ESG Supplement 2022, page 19
302-2	Energy consumption outside of the organization	ESG Supplement 2022, page 19

Number	Description	Reference
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	ESG Supplement 2022, page 18
305-2	Energy indirect (Scope 2) GHG emissions	ESG Supplement 2022, page 18
305-3	Other indirect (Scope 3) GHG emissions	ESG Supplement 2022, page 18
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	ESG Supplement 2022, page 34 & 35
308-2	Negative environmental impacts in the supply chain and actions taken	ESG Supplement 2022, page 34 & 35
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	ESG Supplement 2022, page 47
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Supplement 2022, page 44
401-3	Parental leave	ESG Supplement 2022, page 45
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	ESG Supplement 2022, page 52
403-2	Hazard identification, risk assessment, and incident investigation	ESG Supplement 2022, page 52
403-3	Occupational health services	ESG Supplement 2022, page 52
403-4	Worker participation, consultation, and communication on occupational health and safety	ESG Supplement 2022, page 52
403-5	Worker training on occupational health and safety	ESG Supplement 2022, page 52
403-6	Promotion of worker health	ESG Supplement 2022, page 52
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Supplement 2022, page 52
403-8	Workers covered by an occupational health and safety management system	ESG Supplement 2022, page 52
403-9	Work-related injuries	ESG Supplement 2022, page 52
403-10	Work-related ill health	ESG Supplement 2022, page 52
GRI 404: Training and Education 2016		
404-2	Programs for upgrading employee skills and transition assistance programs	ESG Supplement 2022, page 40 & 41
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	ESG Supplement 2022, page 38
405-2	Ratio of basic salary and remuneration of women to men	Gender Pay Gap Report 2022, page 1
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	ESG Supplement 2022, page 38
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	ESG Supplement 2022, page 34 & 35
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	ESG Supplement 2022, page 34 & 35
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	ESG Supplement 2022, page 34 & 35
414-2	Negative social impacts in the supply chain and actions taken	ESG Supplement 2022, page 34 & 35
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Supplement 2022, page 55

ICBC Standard Bank | Financial Markets and Commodities
20 Gresham Street | London EC2V 7JE, United Kingdom

www.icbcstandard.com

20221101-14964-HM-ICBC