

**STANDARD CHARTERED PLC**  
**(the “Company”)**  
**REMUNERATION COMMITTEE**

**TERMS OF REFERENCE**

**APPOINTED BY:** The Board of Standard Chartered PLC (the “Board”).

**MEMBERS:** The Remuneration Committee (the “Committee”) shall be appointed by the Board on the recommendation of the Governance and Nomination Committee and in consultation with the Chair of the Remuneration Committee. The Committee shall comprise at least three members one of whom shall be a member of the Board Risk Committee. All members of the Committee shall be independent Non-Executive Directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered independent on appointment, but may not chair the Committee.

**CHAIR:** The Committee Chair shall be one of the members of the Committee, nominated by the Board, and shall have served on a remuneration committee for at least 12 months.

In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chair of the Board shall not be Chair of the Committee.

**ATTENDANCE:** Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chairman, Group Chief Executive, Group Head, Human Resources and Global Head, Performance, Reward and Benefits may be invited to attend all or part of any meeting by invitation from the Committee Chair except when issues regarding their own remuneration are discussed. The Committee’s remuneration advisers may attend meetings as requested by the Committee Chair. The Group Chief Financial Officer, Group Chief Risk Officer, Group Head of Compliance and Group General Counsel may be invited to attend meetings during the course of year in such circumstances as the Committee Chair decides.

- SECRETARY:** The Group Company Secretary or his/her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- The Secretary shall have independent access to the Chair of the Committee.
- The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- QUORUM:** Any two members (one of whom must be the Committee Chair or his/her nominee).
- MEETINGS:** The Committee shall meet at least five times each year and on such other occasions as the Committee Chair deems necessary.
- TRAINING:** The Committee members shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- PURPOSE:** The Committee shall review and be responsible for, on behalf of the Board, setting the principles, parameters and governance framework of Standard Chartered PLC and its subsidiaries' (the "Group") remuneration policy and overseeing its implementation. Also, more specifically for determining executive remuneration and recommending the remuneration policy to be approved by the Board and then shareholders.
- AUTHORITY:**
- (i) The Committee is authorised by the Board to seek any information it requires in connection with its purpose and responsibilities from any member or any employee of the Group or any other third party in order to perform its duties.
  - (ii) In connection with its duties the Committee is authorised by the Board, at the Company's expense to obtain any outside legal or other professional advice within any budgetary restraints imposed by the Board, to appoint remuneration advisers, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

The Committee shall not deal with remuneration of non-executive directors which shall be a matter for the Group Chairman and executive members of the Board. No individual shall be involved in any decisions as to their own remuneration.

## **RESPONSIBILITIES:**

### **REMUNERATION POLICY, GOVERNANCE AND RISK**

In setting the principles, parameters and governance framework of the Group's remuneration policy and overseeing its implementation, the Committee is responsible for:

1. determining and agreeing with the Board the framework and policies for the remuneration of the Group Chairman, the Executive Directors (the Group Chief Executive and the Group Chief Financial Officer) and other senior executives as the Committee deems appropriate, taking into account long term strategic goals, related policies and the alignment of incentives and reward with culture;
2. ensuring the Group's remuneration policy is appropriate and consistent with the Group's risk, control and conduct management framework, taking advice from the Board Risk Committee, through the Group Chief Risk Officer;
3. periodically reviewing and approving the design, implementation and application of remuneration-related risk adjustment policies;
4. periodically reviewing compliance with the Remuneration Part of the Prudential Regulation Authority Rulebook ("PRA") and Financial Conduct Authority ("FCA") Handbook SYSC 19 and UK Corporate Governance Code;
5. setting and monitoring the policy to be applied for all individuals who are considered Material Risk Takers in accordance with the Remuneration Part of the PRA Rulebook or FCA Handbook SYSC 19, ensuring that discretionary incentives are structured in accordance with the requirements;
6. approving annually the aggregate total incentives for the Group, including the determination of any relevant risk adjustment;
7. reviewing the design of long-term incentive plans that are subject to approval by the Board and shareholders including any material amendments to existing plans and determining each year whether awards will be made, the performance targets to be used and exercise the discretion granted to it to determine the proportion of any awards that should vest;

- 7.1 the Committee may delegate to the Employee Share Schemes Committee (“ESSC”), any matters of detail relating to the Group’s employee share plans, which are considered appropriate including, but not limited to, the approval of awards to individuals, determination of the participating companies in the plans and approval of routine amendments to plan rules. The Committee will be updated on the activity of the ESSC twice a year, at a minimum;
8. reviewing and approving the Fair Pay principles including oversight of the development and implementation of workforce remuneration policies and practices, ensuring they are consistent with the Group’s valued behaviours, support long-term sustainable success and are aligned with culture.
  - 8.1 The review and approval of the implementation of the Fair Pay principles and the review and approval of compliance with the Fair Pay principles may be delegated by the Committee to the Head of Performance, Reward and Employee Relations;
9. reviewing annually the remuneration trends across the Company or Group including the relationship between executive remuneration and the remuneration of other Group employees;
10. reviewing the key themes of the Group’s subsidiary remuneration committees and subsidiary boards with remuneration responsibilities (in respect of remuneration matters).

## **BOARD AND EXECUTIVE REMUNERATION**

The Committee’s responsibilities include the following specific matters and remuneration arrangements:

11. determining remuneration packages and arrangements, with due regard to relevant legal requirements and rules and guidance published by regulatory authorities, including the provisions and recommendations in the UK Corporate Governance Code, the PRA and FCA Remuneration Rules, the UK Listing Authority and Stock Exchange of Hong Kong’s Listing Rules and associated guidance and any relevant European Union legislation;
12. establishing remuneration policies and practices that promote long-term shareholding by Executive Directors and other senior executives that support alignment with long-term shareholder interests including post-employment shareholding requirements encompassing both unvested and vested shares;

13. within the terms of the agreed policy and in consultation with the Group Chairman and / or Group Chief Executive, as appropriate, determining and approving the Group Chairman and Executive Directors':
  - overall market positioning of the remuneration package;
  - individual fixed pay (including salaries, allowances, pensions and benefits, and other components, if any) and increases;
  - annual and long-term incentive arrangements;
  - shareholding and retention requirements;
  - service contracts;
  - ex-post risk adjustment; and
  - termination arrangements.
14. reviewing and approving fixed and variable remuneration for the Management Team, including the Group Chief Risk Officer and Group Head of Compliance (the most senior executives in the risk and compliance functions) and the Group Company Secretary;
15. on the recommendation of the Group Chief Executive and the Chair of the Audit Committee, approving decisions on fixed and variable remuneration for the Group Head, Internal Audit;
16. reviewing on an annual basis, decisions on fixed and variable remuneration for the Group Chairman, Executive Directors and the next level of senior management;
17. approving and overseeing the implementation of any proposal to award a remuneration package to any new employee to the Group in excess of an amount to be specified by the Committee from time to time. The Committee may delegate this responsibility provided that the Committee will receive adequately detailed reports of all exercises of such delegated authority regularly as and when necessary and formally at the Committee meeting immediately following; and
18. ensuring in relation to Executive Directors and other designated senior executives that contractual terms on termination, and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully considered.

#### **OPERATION OF THE COMMITTEE:**

19. Selecting, appointing, reviewing and setting the terms of reference for any remuneration adviser. Any remuneration adviser should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors;

20. reviewing the terms of reference of the Committee annually and proposing any changes it considers necessary to the Board for approval;
21. reviewing and approving the terms of reference for the ESSC as and when it is considered necessary;
22. annually reviewing the effectiveness of the Committee as well as the quality of the information it receives; and
23. delegating to the Chair the authority to make decisions on its behalf on matters which require attention between Committee meetings, providing such decisions are notified to the Committee members and ratified at the next scheduled Committee meeting.

#### **REPORTING AND DISCLOSURE REQUIREMENTS:**

24. Reporting formally to the Board on its proceedings after each meeting on material matters within its duties and responsibilities;
25. approving the Directors' Remuneration Report ("DRR") in the Company's Annual Report and Accounts, ensuring that the DRR is prepared consistent with prevailing statutes;
26. for the Chair of the Committee to attend the Annual General Meeting and answer any shareholder questions, on the Committee's activities and responsibilities. In addition, the Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility; and
27. for the Chair of the Committee to review the contents of the Group's annual Remuneration Policy Statement for the PRA and FCA.