MiFID II CONFLICTS OF INTEREST MANAGEMENT FRAMEWORK AND DISCLOSURE STATEMENT

Standard Chartered (the “Group”, the “Bank,” “we” or “our”) provides a wide range of products and services for personal and business clients, putting them at the heart of our business. Potential, perceived or actual conflicts of interest (or “conflicts”) may arise when providing such products and services. Managing such conflicts of interest is fundamental to the running of our business, in line with our Group Code of Conduct and commitment to be Here for good.

The Group has adopted a conflicts of interest management framework to help safeguard our clients’ interests. Conflicts are managed through various mechanisms. Where organisational and administrative arrangements are insufficient to prevent detriment to clients, we endeavour to either disclose the nature and details of the potential conflict before undertaking the business, or decline to act for you.

Such disclosures can be made through this document, however this disclosure statement is not intended to be the only source of disclosure or a complete articulation of all potential conflicts that may arise. These conflicts are generic and may not apply in all circumstances or impact all clients. Client, transactional or business specific disclosures may also be made available or communicated to you through other means.

The purpose of this disclosure statement, or other such disclosures made by the Group from time to time, is to enable you to make an informed decision with respect to the products and services we offer.

The term “client segment” is used throughout the statement. It refers to groups of client-facing relationship management staff who are dedicated to servicing different client types and their needs.

CONFLICTS OF INTERESTS FRAMEWORK

For the purposes of this document, the Group considers a conflict of interest to be a situation where there is an incentive and an opportunity for someone to act to the detriment of a client. Such situations can arise between the Group and our clients, our staff and our clients, two or more of our clients, and/or other third parties and our clients. The existence of a conflict of interest does not mean that the opportunity is necessarily acted upon but simply that the opportunity exists and that client detriment is possible.

The Group has implemented a framework to systematically and methodically identify, record and manage conflicts of interest. The Group has referenced industry best practices in implementing a methodology for establishing a detailed and comprehensive understanding of the activities and the responsibilities of the Group. This methodology enables the Group to systematically identify potential conflicts of interest which could arise from these activities and responsibilities, including those of the Group itself and those of its staff acting in their individual capacity.

The primary responsibility for identifying, recording and managing conflicts of interest rests with each Group business or function that is engaging in activities, or performing responsibilities, which could give rise to conflicts of interest. Each Group business or function must implement the necessary governance, organisational or administrative controls to manage conflicts of interest. In addition, all staff are responsible for managing conflicts of interest in the performance of their roles.

Each function and business is supported in meeting this responsibility by various functions, including the Compliance, Operational Risk and Legal departments.
Conflicts management is a continuous act. It necessitates an active deliberation on whether a situation presents a potential conflict of interest. All potential, perceived and actual conflict of interest scenarios identified under this framework are documented in a centralised register ("Conflict of Interest Register").

The Group has implemented certain minimum standards in relation to instances where a change to operating practices is considered sufficiently material to present a potentially increased risk of conflicts, so as to require a review of the applicable portions of the Conflicts of Interest Register. These include the assessment of new products, the launch of a new business or an organisational restructuring. Each Group business and function is also required to periodically review its operations to consider conflicts of interests.

**MANAGEMENT OF CONFLICTS OF INTEREST**

The Group manages its business, and where necessary the conflicts of interest arising from those business activities, in various manners. A summary of the key methods employed for conflicts management is outlined below.

**Policies and Education**

We adopt various policies, procedures and educational materials across the Group to manage our business and navigate day to day activities. These materials may explicitly or inherently address or mitigate conflicts of interest. Our key internal policies include:

- **Group Code of Conduct**, which holds staff responsible for identifying, assessing and managing conflicts of interest (whether actual, potential, or perceived).
- **Group Conflicts of Interest Policy**, which requires staff to act with independence and integrity, especially when faced with potential, actual or perceived conflicts.
- **Group Speaking Up Policy**, which encourages staff to raise potential non-compliance with our Code of Conduct, Group, business or country policies or procedures, including independent and anonymous reporting channels.

**Segregation**

The broad range of services and products we offer to our clients has led us to organize our business and functions around both client segments and product lines. Our client-centric business model seeks to ensure that our clients receive tailored services and products by experienced personnel.

As a general rule the Group seeks to organise itself such that staff involved in different business activities which could give rise to conflicts of interest, carry on those activities at a level of independence that is appropriate to the nature and scale of those activities. While interactions between different businesses do occur, the various businesses are managed and supervised separately and independently of one another. Where client segments or product lines inherently create potential conflicts of interest, they have been segregated.

**Information Barriers**

The Group has also established and designed internal arrangements and controls such as physical and logical segregation, information barriers, and through the use of our Control Room’s Watch and Restricted Lists. These barriers seek to regulate and control the flow of information between and within businesses. This is also to help prevent inadvertent or inappropriate leakage of information.

The Watch and Restricted Lists identify where the Group holds material, non-public information and restricts activities when our duties to a client require us to limit or restrict our
own activities or activities that we undertake for other clients. They are also used to record and monitor situations where relevant Group staff are appropriately authorised to receive certain restricted information to help provide products and services to our clients (commonly referred to as wall-crossing). Data privacy and banking secrecy controls also result in the segregation of sensitive and confidential information. Infrastructure functions that support client segments and product lines may also be subject to similar controls.

**Governance and Oversight**

The Group governs its operations through various committees, forums and other organisational bodies which feed into the Global Board of Directors, board level committees, and the Boards of Directors for various group entities. These organisational bodies cover key operations such as enterprise and operational risk management, compliance and financial crime, new products, rewards and compensation, information management, stress testing, reputational risk, business governance, jurisdictional governance and legal entity governance.

As part of our governance and oversight, we have adopted a global operational risk framework that aims to anticipate and control material risks, including conduct-related risks. Controls are regularly monitored and assessed under this framework.

We also have an independent Compliance function that identifies, assesses, advises, monitors and reports on regulatory risks associated with failure to comply with applicable laws, regulations, rules, related self-regulatory organisation standards and codes of conduct.

All of our staff are subject to individual line management or supervision, which requires managers to ensure that their staff understand how key policies apply, reinforce the Group Code of Conduct, and implement appropriate controls.

**Processes and Controls**

We have implemented multiple processes and controls to address conflicts of interest, including:

- **Execution/Client Instruction handling:** The Group requires staff to act honestly, fairly and professionally in accordance with the best interests of a client including when we receive, transmit, and execute client instructions. These processes are designed in a client-centric manner and seek to prevent improper conduct by our staff, as well as to prevent market abuse. There are also controls with respect to suitability, appropriateness, and allocations.

- **Research conflicts management:** The Group has policies, procedures, processes and controls to promote the integrity and independence of our Research department and its published materials. Key provisions include prohibitions on improperly influencing Research analysts, dealing ahead of such research publications, standards and requirements for research publications, controls relating to Research compensation, independent reporting lines, and specific disclosures made on a report by report basis.

- **Transactional conflict clearance:** This process reviews all relevant transactions before receiving any confidential information or agreeing to act on behalf of a client. This process also requires “no-conflict” attestations from staff working on material client transactions.

- **Segregation of Duties:** Maker/Checker controls may be embedded within certain processes, to ensure that a single individual does not have end-to-end responsibility for key activities so that the opportunity for error or improper activity is reduced. Reporting lines may be separated to prevent or limit staff from exercising inappropriate influence over how others carry out services or activities for their clients.
Inducement: The Group has monetary thresholds and pre-approval requirements for the offering and receipt of gifts, entertainment and other items or services of value. There are additional provisions with respect to rebates, fees or commissions received from vendors, service providers and trading venues.

Personal account dealing: Relevant staff may not deal in securities without obtaining the prior approval of Compliance, and in certain business areas, their line managers. These processes and controls are designed based on the responsibilities of staff, their access to client and Group information, and the nature of the information held.

Outside business interests: This requires review and approval of outside interests, including secondary employment, certain active or passive investments, and directorships. The roles and responsibilities of the individual, as well as any impact on our ability to act independently on behalf of our clients are considered as part of this process.

Vendors and Third Party arrangements: The Group has processes to manage engagement with partners, service providers and vendors on an arm’s length basis and in accordance with applicable internal requirements. Client’s interests and regulatory requirements must be considered and adhered to when using vendors or any third party providers.

Monitoring
We monitor compliance with, and the effectiveness of, our policies, procedures, processes and controls through a broad range of surveillance, monitoring, testing and assurance processes, including:

- Post trade surveillance, including surveillance against our Watch and Restricted Lists, review of client order handling, and trading activity in relation to market benchmarks.
- Electronic communications surveillance, including instant messaging, chatrooms and emails, and review of recorded telephone conversations.
- Data leakage monitoring to identify potentially inappropriate disclosure of confidential information.
- Regularly reviewing conflicts-cleared transactions for new potential conflicts arising from business changes.
- Pre-publication review of research to ensure content is appropriate and adheres to the requisite standards.
- Ongoing systems access reviews to ensure staff do not have unnecessary access to systems, including those containing sensitive information.
- Personal account dealing surveillance against executed trades.
- Ongoing review of vendor relationships and vendor performance.
- Business and compliance-led assurance reviews of organisational controls.
- Ongoing audit of our businesses and support functions.

The above practices help to facilitate the detection and remediation of any errors, irregularities or mismanagement of conflicts of interest.

Remuneration and Staff Evaluation
Our Board has a separate Remuneration Committee responsible for ensuring that our remuneration policy is appropriate and consistent with the Conduct Management Framework.
as well as to periodically review and approve related policies. Our staff evaluation and promotion processes consider both business competencies as well as performance in the context of the Group’s values and general conduct. Similarly, variable compensation is intended to reward performance and behaviours that support our business strategy and reinforce our values. Any award of variable compensation is subject to management deliberation and challenge.

**TYPES OF CONFLICTS OF INTEREST**

**General**

When identifying conflicts of interest that may arise in the course of providing products and services to our clients, the Group seeks to give consideration to the types of situation which could commonly give rise to conflicts of interest, as prescribed by applicable regulation. These types of scenario could include situations where the Group:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client.
- Has an interest in the outcome of a service provided to a client, or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome.
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- Carries on the same business as a client, or
- Receives or will receive from a person other than a client, an inducement in relation to a service provided to that client, in the form of monies, goods or services, other than the standard commission or fee for that service.

The following section is not intended to cover all conflicts of interest that may arise. The following are general conflicts of interest scenarios which have been identified through the Group’s conflicts of interest governance framework. We feel these should enable you to make an informed decision with respect to the products and services that the Group provides to you.

The fact that a potential conflict of interest scenario is referenced below does not mean that we consider the occurrence of improper conduct in response to the conflict of interest scenario is likely. Similarly, the fact of inclusion below does not mean that the Group does not seek to mitigate the risk of such improper conduct resulting in a detriment to our clients. Clients who require additional information regarding conflicts of interest or this statement should contact their usual relationship manager.

**Acting in Multiple Roles**

Standard Chartered is a multi-service banking group providing a broad range of services and products to clients who are individuals, corporations, financial institutions, other institutional investors, non-profit organisations and government agencies. We may provide several products and/or services to a client, including to its subsidiaries, branches, partners, affiliates or associates. As a market marker, we also participate in industry forums/groups and may participate in submitting reference information, including to financial benchmarks that can impact markets.

The diversified nature of our operations means cross-selling can occur between different parts of the organisation, and pricing levels provided by one business could impact pricing during the cross referral. As such, conflicts of interest could arise in certain circumstances including where:
• More than one Group business could be working together with a client as part of a single transaction. For example, in the process of selling or placing one client’s issuances or offerings with other clients, our corporate finance business would seek optimal pricing for the issuing client while the distribution teams would aim to seek the lowest pricing for its investor clients.

• Providing reference price information for a benchmark or index where the information provided is based on the opinion and experience of the individuals responsible for calculating the information. The Bank may directly or indirectly impact the specific price provided to the benchmark or index.

• Market commentary, market colour, trade ideas and conviction lists could be perceived to be independent or produced by the Group’s Research function. Such materials are produced by non-Research staff and thus are not subject to the associated controls that aim to maintain the same levels of independence, as operated by the Group’s Research function. Such materials could also be biased due to the Group’s own interests (including “house-views”), or to increase visibility to clients by emphasising more on the upsides/positive aspects of the investments or without appropriate analysis.

• An individual staff member acting as trustee or director in special purpose vehicles which we create for our clients, may cause that individual to be conflicted with respect to his or her duties to the Group.

• When providing or arranging for the provision of ancillary advisory, depository, administrative, custodial, accounting or other services as part of a primary transaction, the need for and cost of these services may present a conflict of interest.

• Clients are classified into various segments or tiers, based on their needs, risk appetites, sophistication and levels of business with us. The different level of access to resources, products and services made available is dependent on the classification which clients fall within. Conflicts may arise whereby suitability and appropriateness assessments are not accurately captured by staff. Clients might in consequence be precluded from accessing certain resources, products and services for which they may otherwise be eligible.

Staff with Multiple Roles
Given the wide range of products and services provided by the Group as well as our extensive geographic footprint, from time to time, we may have staff who act in two or more capacities for us. This could present a potential for conflicts of interest, including:

• Staff may hold both product or client segment business roles and jurisdictional roles such as Branch Manager or Country, Regional or Global Head. In such situations, an individual could have conflicting responsibilities when acting in either role. In some instances, this could also occur with respect to roles on different sides of information walls. In such cases, access to certain information in one role could prevent staff from discharging their duties in another role.

• Staff could hold a management role or Board of Directors position for an external entity, either in a personal capacity or as part of their employment with the Group. Access to non-public information of the entity, as a result of such a role, may prevent the staff member from discharging his or her obligations to clients in the other roles.

Working with Multiple Clients
We offer our products and services to multiple clients. Conflicts of interest could arise in certain circumstances including when:
The Group provides advisory or financing services to multiple competing clients with respect to the same asset. The nature of advice and/or terms of financing will vary based on the client relationship, but may be perceived as leading to the provision of more favourable advice or terms to one client over another.

The Group provides advice on the timing of bond or loan issuance that may result in clients not achieving the best price available.

The Bank may partner with external organisations and product providers to offer third party ancillary programmes as part of deposit services (e.g. airline loyalty schemes). In some instances these ancillary programmes could partially replace the interest rate offered to clients. In such situations, Group staff could inappropriately influence clients to select such products from the ancillary programmes, which may not be in the client's best interests, in order to maximise the Group's profitability.

Managing our Own Interests

As a financial institution, we perform activities to manage our own interests to align to our strategic priorities, sustain profitability and ensure operational effectiveness. We will consider our interests, including in the event a client experiences financial difficulties or becomes financially distressed. Where we hold interests, we aim to maximise our returns in a manner consistent with our Group Code of Conduct and in compliance with all legal and regulatory requirements. Conflicts of interest may exist when we manage our own interests, including when we:

- Acquire and act on information in relation to the performance of underlying assets as part of our strategic investments, which is to the benefit of the Group, but may result in potentially adverse consequences for clients. The information we have with respect to our holdings and our views regarding those interests may differ from those of our clients.

- Provide advice to issuers whose securities we hold or to clients who also have an interest in the same instruments, and could then engage in activities in a manner contradictory to the advice provided.

- Possess information regarding one client's financially distressed situation which may impact our assessment of another relationship. We have an internal methodology for determining the credit risk rating for each client, considering various factors including liabilities, creditor priority, cause of distress, revenue sources and liquidity of remaining assets. Information presented incorrectly could impact a client's credit rating, the available mechanisms for resolution or the Bank’s ability to resolve the situation.

- Engage in trading activities to manage our own capital and liquidity requirements, to ensure appropriate levels of inventory to meet client demand or to hedge against client-related activity. Such activities could impact a market price or be perceived to negatively impact clients or portfolio companies, including where we make decisions to manage our own concentration, market or credit risk. Additionally our knowledge of client orders could appear to influence how we manage our own trading. Advice and recommendations could appear to be based on our own exposures, positions, and capital and liquidity interests.

- Allocate instruments to ourselves or related entities, including in fully or over-subscribed offerings, or where such allocations may give the appearance of investors demand for under-subscribed transactions.

- From time to time the Group may develop its own proprietary indices. While the Group typically employs the services of external administrators for these indices, in
part to help manage the associated conflicts of interest, the external parties are remunerated for those services by the Group. Such external parties could therefore be susceptible to undue influence from Group staff, in order to inappropriately amend the calculation of index values to benefit the Group and to the detriment of our clients.

Client Transactions

When executing transactions for clients, conflicts of interest could arise in certain circumstances including when:

- The provision of investment advice or advisory services is based on information provided through suitability and appropriateness assessment processes. As new or additional information comes to light, historical advice and/or services may no longer drive best client outcomes and could be perceived to be driven by the Group’s interests such as interest levels in our services and revenue.

- The Bank may recommend or select rating agencies used by new issuers based on its relationship with the agencies, or may engage one that provides biased ratings which may inappropriately impact the price of the security.

- The Bank may perform price stabilisation activities for an issuer of a security while concurrently engaging in principal trading activities in the relevant security. Issuers and market participants have different expectations, stabilising trades could be perceived as inappropriately impacting market prices or as proprietary trading.

- Receipt, routing, execution and other aspects of order handling:
  - The sequencing of transactions in the same instrument for multiple clients could appear to benefit us or favour one client over another.
  - The Bank could have the discretion to move clients between its e-commerce platform and other dealers’ platforms when required. Such manual override is in place to enable traders to obtain a more favourable price which exists outside the platform to help achieve best execution, intervene in the event of volatile markets, or in the event of a failure of the platform. However this may give rise to potential conflicts where staff could manipulate the process to benefit their own interests thereby impacting clients.

- Sales margins or pricing vary across markets and instruments, and could be altered ahead of anticipated client demand.

- When structuring products, algorithms or portfolios for clients, the Bank may:
  - Select assets, reference products or benchmarks which may include the Bank’s own assets, products for which we have performance information or in which we have an interest.
  - Design or recommend structured products to clients which may not align with or otherwise be in a client’s best interests.
  - Select or advise on the selection of service providers associated with a product such as a trading platform or master servicer.

- When hedging or unwinding derivative transactions with counterparties, the nature and timing of our executions as well as information held by various businesses at any given time could be perceived as prioritising our own interests.

- Advising or directing clients to use certain types of clearing accounts or to move certain positions to the Group when providing clearing and intermediation services, when this may not necessarily be in clients’ best interests.
Valuation methodologies could be biased due to reliance on external custodians or vendors who may favour the Group's position, or due to limited access to market information. Errors may not be properly communicated or could be improperly disclosed and result in reduced compensation if a single individual acts in such a capacity.

The Bank may engage in risk management activities which may be executed close to Stop Loss trigger levels, and the transactional activity may impact the reference price and result in Stop Loss orders being triggered.

Some products and orders such as Binary options or Stop Loss orders are handled on a principal to principal basis. The Group does not segregate the management of such orders from its core market making operations.

When providing investment recommendations and trade ideas to clients, which could impact investment decisions, our staff could have interests in the instruments to which the recommendations and ideas relate.

Please also refer to the Group's Order Execution Policy (OEP) and the supplementary Additional Disclosures document.

Information Sharing

The Group requires or receives access to client and market information as part of our product and service offerings. The receipt of and access to such information could give rise to potential conflicts of interest, including:

- When disseminating information regarding the performance, valuation, availability or standing of a product, the method and timing of communications could impact a client, including the possibility that the relevant information is not shared.

Employee Related Conflicts

We use best efforts to ensure we only engage staff who share the Group’s values. Nonetheless, all staff have personal considerations and interests that could give rise to conflicts of interest, including:

- Our staff are compensated for their services and performance, through career progression and/or remuneration. While individual conduct and adherence to the Group Code of Conduct are key factors in our staff evaluation and assessment, some businesses also consider revenue generation and individual targets. Conflicts of interest arise may where staff place inappropriate significance on compensation and career progression.

- Our staff may have familial or personal relationships with other staff, clients, competitors, counterparties, businesses, vendors or other third parties and these relationships may give rise to conflicts of interest with respect to personal account dealing, information sharing, client order handling or execution of products and services.

- The Group may extend credit to various related parties. In the event that relevant Group staff do not properly declare their personal interests, as required under Group policies and procedures, and then participate in the decisions to grant such credit facilities, this could be perceived as creating a conflict of interest, to promote decisions which are beneficial to their own or related interests, at the expense of our clients.

- Personal account dealing, where a staff member could be influenced by, or otherwise use or seek information gained through their employment, in making personal trading
decisions. The offer and execution of products and services could therefore be impacted.

- Staff may receive gifts, entertainment, training or other items or services of value from third parties, including vendors and service providers, which could impact decision making with respect to the provision, utilisation and quality of services.

Version Control Table

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