

**STANDARD CHARTERED PLC**  
**(the “Company”)**  
**BOARD FINANCIAL CRIME RISK COMMITTEE**

**TERMS OF REFERENCE**

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

**MEMBERS:** The Board Financial Crime Risk Committee (the “Committee”) members shall be appointed by the Board. The Committee shall comprise of not less than four independent Non-Executive Directors, one of whom shall be the Chair of the Board Risk Committee and one of whom shall be the Chair of the Audit Committee and external advisors (the “Advisory Group”) as determined by the Committee.

The Advisory Group shall be a group of individuals who are neither directors nor employees of the Company but who have skills and expertise relevant to the Committee and whose input is regarded as valuable.

**CHAIR:** The Committee Chair shall be one of the members of the Committee, recommended by the Governance and Nomination Committee and approved by the Board. Ad hoc meetings of the Committee will be chaired by the Committee Chair or his/her nominee. The Chair (or nominee) shall be an independent Non-Executive Director.

**ATTENDANCE:** Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chairman, the Group Chief Executive, the Group Chief Risk Officer, Group General Counsel, Global Co-Heads, Financial Crime Compliance, the Group Head of Internal Audit, the Group Head, Conduct, Financial Crime and Compliance and the Global Head, Government Investigations may be invited to attend all or part of any meeting by invitation from the Committee Chair.

**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.

Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all members of the Board and the Company Secretary unless, exceptionally, it would be inappropriate to do so.

**QUORUM:** Any two independent Non-Executive Director members one of whom must be the Committee Chair or his/her nominee.

**MEETINGS:** The Committee shall meet at least four 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, on behalf of the Board, shall provide oversight of the effectiveness of the Group's policies, procedures, systems, controls and assurance arrangements designed to identify, assess, manage, monitor, prevent and/or detect money laundering, non-compliance with sanctions, bribery, corruption, and tax crime by third parties.

**AUTHORITY:** The Committee is concerned with the business of Standard Chartered PLC and its subsidiaries (the "Group") and is authorised by the Board to:

- seek any information that it requires in connection with its purpose and responsibilities from any employee of the Group and alert senior Management when financial crime risk reports do not meet its requirements.
- request the attendance of any employee at a meeting of the Committee as and when required.
- seek appropriate independent professional advice on any matters within its Terms of Reference at the Company's expense as and when it considers it necessary but should consult the Board before material expenditure is incurred.

## **RESPONSIBILITIES:**

### **1. FINANCIAL CRIME**

- (a) Request and review reports and recommendations regarding the Group's Risk Appetite for financial crime<sup>1</sup> and make recommendations on this to the Board for its approval.

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<sup>1</sup> The Fraud risk sub-type is not in scope for Board Financial Crime Risk Committee oversight

- (b) Review and report to the Board as necessary on levels of financial crime residual risk that the Group faces in accordance with the operational Risk Appetite framework and where the Group might be operating outside of its Risk Appetite as a result.
- (c) Request and receive reports on key external trends in relation to financial crime risks (including emerging financial crime risks, typologies or risk correlations which may not be adequately covered by the Group's existing risk control arrangements, major changes to legislation, regulations, regulatory expectations or developments in industry best practice) and, in particular, to consider material enforcement actions taken, agreements entered into, or public statements made by any regulators or competitors in the area of financial crime.
- (d) Consider and keep under review any regulatory and reputational risk associated with money laundering, sanctions abuse, bribery and corruption, tax crime, or any related topic.
- (e) Request, review and evaluate, at least annually, reports from the Global Co-Heads of Financial Crime Compliance and the Group Money Laundering Reporting Officer ("MLRO"). Topics to include: the management and effectiveness of anti-money laundering systems and controls (including Client Due Diligence); sanctions compliance, prevention/detection of bribery and corruption; the Group's financial crime risk assessment endorsed by the Group Financial Crime Risk Committee ("GFCRC") in accordance with the operational risk framework approach and authorities; and financial crime compliance matters generally.
- (f) Request, receive and review reports regarding the Group's compliance with any remediation or other commitments made in respect of any regulatory order, deferred prosecution agreement or other disciplinary action taken in relation to the Group arising from, or in association with, money laundering, sanctions abuse, bribery, corruption and/or the prevention of tax crime.
- (g) In relation to New Market Entries requiring the Enhanced Approval Process (as defined in the Group's internal New Market Entry/Expansion Process), to consider and recommend proposals to the Board for approval.

## **2. GROUP INTERNAL AUDIT**

Review reports from Group Internal Audit and discuss matters relevant to the responsibilities of the Committee and review issues arising from Group Internal Audit that in the view of Group Internal Audit are material to the Committee's deliberations.

## **3. REGULATORY**

Subject to Paragraph 4(h), consider significant correspondence from the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA"), findings from the Periodic Summary Meeting of the PRA and the Firm Evaluation Meeting of the FCA in so far as they relate to financial crime matters. Consider any reports prepared

by third parties appointed under the Financial Services and Markets Act 2000 (Section 166 reports) and response by Management to risks and issues identified in Section 166 reports, in so far as relate to financial crime matters.

#### **4. OPERATION OF THE COMMITTEE**

- (a) Generally, to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and to make recommendations or submit reports to the Board as appropriate.
- (b) Receive updates on the activities of the GFCRC via the minutes of its meetings.
- (c) For the Chair of the Committee to attend the Annual General Meeting and answer any questions, through the Chairman of the Board, on the Committee's activities and its responsibilities.
- (d) Annually review the effectiveness of the Committee as well as the quality of the information it receives.
- (e) Annually review the Committee's Terms of Reference and propose any changes it considers necessary to the Board for approval.
- (f) Select, appoint, review and set the terms of reference for any external advisor who advises the Committee.
- (g) Report to the Board on the Committee's activities and its consideration of the above matters, identifying those areas where action or improvement is needed, and making recommendations as appropriate.
- (h) Where there is a perceived overlap of responsibilities between the Board Financial Crime Risk Committee, the Audit Committee, the Board Risk Committee and the Brand, Values and Conduct Committee, the respective Committee Chairs shall have the discretion to agree the most appropriate Committee to fulfil any obligation. An obligation under the terms of reference of the Committee, the Audit Committee, the Board Risk Committee or the Brand, Values and Conduct Committee will be deemed by the Board of Directors to have been fulfilled providing it is dealt with by either the Board Financial Crime Risk Committee, the Audit Committee, the Board Risk Committee or the Brand, Values and Conduct Committee.