



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

TERMS OF REFERENCE

- APPOINTED BY:** The Board of Standard Chartered PLC (the “Board”).
- MEMBERS:** The Board Risk Committee (the “Committee”) shall be appointed by the Board on the recommendation of the Governance and Nomination Committee. The Committee shall comprise at least three members, one of whom shall be a member of the Audit Committee. All members of the Committee shall be independent Non-Executive Directors. Members should have, individually and collectively, appropriate knowledge, skills and expertise concerning risk management and control practices.
- 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 Chairman of the Board, the Group Chief Executive, the Group Chief Financial Officer, the Group Chief Risk Officer, the Group General Counsel, the Treasurer, the Group Head, Conduct, Financial Crime and Compliance, the Group Head of Internal Audit and the external auditors 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.

QUORUM: Any two members one of whom must be the Committee Chair or his/her nominee.

MEETINGS: The Committee shall meet at least six times each year and on such other occasions as the Committee Chair deems necessary. In addition, should it consider it necessary, the Committee may meet at any time with members only being present.

The Group Chief Financial Officer or Group Chief Risk Officer may make a request to the Committee Chair that a meeting be held if they consider that one is necessary.

TRAINING: The Committee 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.

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 risk reports do not meet its requirements.
- request the attendance of any employee at a meeting of the Committee as and when required.
- have access to sufficient resources in order to carry out its duties and to 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.

PURPOSE: The Committee shall exercise oversight on behalf of the Board of the key risks of the Group and shall make recommendations to the Board on the Group's Risk Appetite Statement.

RESPONSIBILITIES:

1. RISK APPETITE

to consider the Group's overall Risk Appetite, in particular:

- (a) consider reports on the current and prospective macro-economic and financial environment, drawing on financial stability assessments from authoritative sources and take these into account when assessing Risk Appetite.

- (b) review reports and recommendations regarding the Group's overall Risk Appetite Statement, Metrics and Thresholds and make recommendations thereon to the Board for the approval of the Risk Appetite Statement.
- (c) approve interim changes to the Board approved Group Risk Appetite Statement, Metrics and Thresholds. Any such changes to be reported promptly to the Board.
- (d) monitor the Group's risk profile and adherence to the Board approved Risk Appetite Statement, Metrics and Thresholds to include reviewing reports on:
 - i) current risk exposures and limits;
 - ii) risk concentrations and correlations; and
 - iii) Risk Appetite monitoring and remediation of breaches.

2. ENTERPRISE RISK MANAGEMENT

- (a) Annually review the assessment by Management of the Group's Enterprise Risk Management Framework and make recommendations thereon to the Board for the approval of material changes to the Group's Enterprise Risk Management Framework.
- (b) Consider and keep under review the Group's capability for identifying and managing emerging and new risk types, reprioritise existing risk types or risk correlations which may not be covered by existing Enterprise Risk Management Framework arrangements at any given time including the implications of changes proposed to regulations and legislation that are material to the Group's Risk Appetite, risk exposure and management of risk.
- (c) Robustly assess emerging, principal risk types and material cross-cutting risks, as set out in the Enterprise Risk Management Framework, and the effectiveness of related risk type frameworks and policies. This includes reviewing the approach by which each principal risk type and material cross-cutting risks are controlled individually as well as on a collective basis and review reports on the Group's management of risk, including on adherence to Group risk type frameworks and policies and standards and the maintenance of a supportive culture in relation to the management of risk.
- (d) Consider any report from the Board Financial Crime Risk Committee, the Audit Committee and the Culture and Sustainability Committee on their monitoring and review of the effectiveness of the risk management and internal controls on matters falling within the scope of their responsibilities.
- (e) Review the Group Chief Risk Officer's annual affirmation of the effectiveness of the Group's Enterprise Risk Management Framework, and of internal controls which are within the Committee's scope, through considering reports from Group Internal Audit.

3. STRESS TESTING

- (a) Provide oversight and challenge of the design and execution of stress and scenario testing.
- (b) Review and approve regulatory submissions of the results of and supporting information for enterprise wide stress tests presented by Management and to review the use of stress test outcomes for making strategic decisions and setting of Risk Appetite.

4. REGULATORY

- (a) Review and approve on behalf of the Board the regulatory submission of the Group's individual liquidity adequacy assessment process (ILAAP), internal capital adequacy assessment process (ICAAP), Recovery Plan and Resolvability self-assessment.
- (b) Subject to Paragraph 11(h), consider significant correspondence from the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") including the findings from the Periodic Summary Meeting of the PRA and the Firm Evaluation Meeting of the FCA. Review relevant 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.
- (c) Review and approve the internal conditions for the Group's compliance with the BCBS 239 Principles for effective risk data aggregation and risk reporting, as required by the PRA. The conditions should take into account the Group's Risk Appetite, business structure and strategy.

5. 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 the Group Head of Internal Audit are material to the Committee's deliberations.

6. GROUP CHIEF RISK OFFICER AND RISK FUNCTION

- (a) Make recommendations to the Board on the appointment or removal of the Group Chief Risk Officer.
- (b) Monitor the effectiveness and independence of the Group Chief Risk Officer and ensure that the Group Chief Risk Officer has direct access to the Chair of the Committee.
- (c) Satisfy itself that the Risk Function is adequately resourced, has appropriate access to information, is free from constraint by management or other restrictions so as to enable it to perform its function effectively.

7. STRATEGIC TRANSACTION RISK

In relation to proposed strategic transactions including material acquisitions, joint ventures, partnerships, investments or disposals (those requiring Board approval), to consider and advise the Board on the commercial structure of any transaction; the due diligence undertaken focussing particularly on the risk aspects, the impact on risk data aggregation and implications for Risk Appetite.

8. RISK MANAGEMENT DISCLOSURES

Consider risk management disclosures including:

- (a) the disclosure in the annual report of the role of the Committee, its activities and how it has discharged its responsibilities, membership of the Committee, number of Committee meetings, attendance over the course of the year and whether external advice was taken and its source. The Committee shall seek to ensure that the report adequately conveys how the long-term strategy of the Group relates to the risk management and Risk Appetite of the Group; and
- (b) the disclosure in the half-year/annual report on the Group's risk management priorities, performance, profile and approach as covered by the Group Chief Risk Officer's Review and Risk Review, following which the Committee shall provide a recommendation as to whether the disclosure may be approved by the Board.

9. REMUNERATION

Consider the advice provided by the Group Chief Risk Officer to the Board and Remuneration Committee on the alignment of the remuneration policy, practices and decisions with i) sound and effective risk management; and ii) risk-taking that does not exceed the Risk Appetite of the Group.

10. SUBSIDIARY GOVERNANCE AND OVERSIGHT

Maintain linkages and escalation channels with the chairs and independent non-executive directors across subsidiary risk committees.

11. OPERATION OF THE COMMITTEE

- (a) For the Chair of the Committee to attend the Annual General Meeting and answer any shareholder questions, through the Chairman of the Board, on the Committee's activities and responsibilities. In addition, the Committee Chair should make themselves available when requested by shareholders to discuss significant matters related to the Committee's areas of responsibility.
- (b) Receive summaries of the minutes of meetings from the Group Risk Committee, the Group Asset and Liability Committee and the Standard Chartered Bank Combined United States Operations Risk Committee.
- (c) Annually review the Committee's Terms of Reference and propose any changes it considers necessary to the Board for approval.

- (d) Annually review the effectiveness of the Committee as well as the quality of the information it receives.
- (e) Give due consideration to laws, regulations and the requirements of the UK and Hong Kong as appropriate.
- (f) Consider such other matters as the Board requires or the Committee considers appropriate and to make recommendations or reports to the Board as appropriate.
- (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 Risk Committee, the Audit Committee, the Culture and Sustainability Committee and the Board Financial Crime Risk 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 Board Risk Committee, the Audit Committee, the Culture and Sustainability Committee or the Board Financial Crime Risk Committee will be deemed by the Board of Directors to have been fulfilled providing it is dealt with by either the Board Risk Committee, the Audit Committee, the Culture and Sustainability Committee or the Board Financial Crime Risk Committee.

APPENDIX PRINCIPAL RISK TYPES AND RISK FRAMEWORK OWNERS

PRINCIPAL RISK TYPES		RISK FRAMEWORK OWNERS (RFOs)
Credit	Potential for loss due to the failure of a counterparty to meet its agreed obligations to pay the Group.	CRO, Business CRO, Commercial and Private Banking CRO, Retail Banking
Traded	Potential for loss resulting from activities undertaken by the Group in financial markets.	Global Head, Traded Risk Management
Capital and Liquidity	Capital: Potential for insufficient level, composition or distribution of capital to support our normal activities. Liquidity: Risk that we may not have sufficient stable or diverse sources of funding to meet our obligations as they fall due.	Treasurer
Operational and Technology	Potential for loss resulting from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks).	Group Head of Risk, Functions and Operational Risk
Reputational and Sustainability	Potential for damage to the franchise (such as loss of trust, earnings or market capitalisation) because of stakeholders taking a negative view of the Group through actual or perceived action or inactions, including a failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm through our client, third party relationships, or our own operations.	Global Head, ERM
Compliance	Potential for penalties or loss to the Group or for an adverse impact to our clients, stakeholders or to the integrity of the markets we operate in through a failure on our part to comply with laws, or regulations.	Group Head, Conduct, Financial Crime, Compliance
Information and Cyber Security	Risk to the Group's assets, operations and individuals due to the potential for unauthorised access, use, disclosure, disruption, modification, or destruction of information assets and/or information systems.	Group Chief Information Security Risk Officer
Financial Crime	Potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to International Sanctions, Anti-Money Laundering, Anti-Bribery and Corruption and Fraud.	Group Head, Conduct, Financial Crime, Compliance
Model	Potential loss that may occur as a consequence of decisions or the risk of mis-estimation that could	Global Head, ERM

	be principally based on the output of models, due to errors in the development, implementation or use of such models.	
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In addition to the Principal Risk Types, the Group may be exposed to certain **cross-cutting risks** that are material in nature and manifests through the relevant Principal Risk Types. The Group Chief Risk Officer can direct risk management frameworks and appoint Risk Framework Owners to perform second line of defence activities for such **cross-cutting risks** as necessary. The Group currently recognises **Climate Risk** as a material **cross-cutting risk**. Climate Risk is defined as the potential for financial loss and non-financial detriments arising from climate change and society's response to it. The Group Chief Risk Officer appoints the Global Head, ERM for second line oversight responsibilities for Climate Risk, including regulatory obligations. The Global Head, ERM, on behalf of the Group Chief Risk Officer, will set out the Climate Risk Standard to outline the approach, requirements and key roles and responsibilities for embedding climate risk into existing risk management practices for the relevant Principal Risk Types. Over time, the Group will consider if the existing Principal Risk Types or incremental risks should be considered as material cross-cutting risks.