Directors' remuneration policy

The forward-looking remuneration policy for executive directors, the Chairman and INEDs was approved at the AGM held on 8 May 2019 and applies for three years from that date. The full policy, including recruitment and leaver provisions, is set out below.

Executive directors' remuneration policy

Fixed remuneration

Element and purpose in supporting the Group's strategic objectives	Operation	Additional detail including maximum value and performance measures
Salary Support the recruitment and retention of executive directors, recognising the size and scope of the role and the individual's skills and experience. Set at a level, together with other fixed remuneration, that enables the Group to operate fully flexible variable remuneration.	→ Delivered part in cash and part in shares → The share element is subject to a holding period of five years, with 20 per cent being released annually → Reviewed annually with increases generally applying from April → When determining salary levels, consideration is given to the following: – The size and scope of the role – The individual's skills and experience – Pay at international banks of a similar size and international scope – Pay within large UK-listed companies (including the major UK-listed banks)	→ Increases may be made at the Committee's discretion to take account of circumstances such as: – Increase in scope or responsibility – Increase to reflect the individual's development in role (e.g. for a new appointment where salary may be increased over time rather than set directly at the level of the previous incumbent or market level) – Alignment to market-competitive levels – Consideration to increases given in the context of salary increases across the Group
Pension The pension arrangements comprise part of a competitive remuneration package and facilitate long-term retirement savings for directors.	→ Normally paid as a cash allowance or contribution to a defined contribution scheme → Pension contributions may also be made in lieu of any waived salary (and the cash amount of any annual incentive)	→ An annual pension allowance or contributions of up to 20 per cent of salary are payable to the executive directors appointed to the Board prior to 2019. As disclosed in November 2019, from 1 January 2020 an annual pension allowance or contribution of 10 per cent of salary is payable to the current directors → For future directors, an annual pension allowance or contributions of up to 10 per cent of salary will be payable
Benefits Provide a competitive benefits package that is consistent with the Group's valued behaviours and supports executives to carry out their duties effectively.	→ A range of benefits may be provided, including standard benefits such as holiday and sick pay, and may also include the provision of a benefits cash allowance, a car and driver (or other car-related service), private medical insurance, permanent health insurance, life insurance, financial advice and tax preparation and tax return assistance → Additional benefits may also be provided where an executive director is relocated or spends a substantial portion of their time in more than one jurisdiction for business purposes. Benefits may include, but are not limited to, relocation, shipping and storage, housing allowance, education fees and tax and social security costs → Other benefits may be offered if considered appropriate and reasonable by the Committee → Executive directors are reimbursed for expenses, such as travel and subsistence, and any associated tax incurred in the performance of their duties. In addition, if executive directors incur tax charges when travelling overseas in performance of their duties, these costs will be met by the Group → Executive directors may from time to time be accompanied by their spouse or partner to meetings/events. The costs (and any associated tax) will be met by the Group	→ The maximum opportunity for benefits depends on the type of benefit and the cost of providing it, which may vary according to the market, individual circumstances and other factors → Set at a level which the Committee considers sufficient based on the role and individual circumstances

Variable remuneration

Element and purpose in supporting the Group's strategic objectives	Operation	Additional detail including maximum value and performance measures
Annual incentive Performance-based remuneration linked to measurable performance criteria. Links total remuneration to achievement of the Group's strategy in the short-term.	→ Annual incentive awards are determined annually based on Group and individual performance → Annual incentives are delivered as a combination of cash, shares subject to holding requirements and deferred shares → Deferral proportions and vesting profiles will be structured so that, in combination with any LTIP award: – The proportion of variable remuneration that is deferred is no less than required by the relevant remuneration regulations (currently 60 per cent) – The deferred remuneration vests no faster than permitted under the relevant remuneration regulations (currently pro rata over years three to seven after award) → The Committee can, in specified circumstances, apply malus or clawback to all or part of annual incentive awards. Details on how malus and clawback operate currently are provided on page 105 → Deferred annual incentive awards will be granted as conditional share awards or nil-cost options → The Committee may apply discretion to adjust the vesting of deferred annual incentive awards and/or the number of shares underlying a deferred annual incentive award on the occurrence of corporate events and other reorganisation events	→ The maximum value of an annual incentive award granted to any executive director cannot exceed 80 per cent of that executive director's fixed pay (defined as salary and pension). For this purpose, annual incentive awards may be valued in line with the relevant remuneration regulations → Annual incentive awards can be any amount from zero to the maximum → The determination of an executive director's annual incentive is made by the Committee based on an assessment of a balanced Group scorecard containing a mix of financial and other long-term strategic measures and personal performance. Financial measures will comprise at least 50 per cent of the scorecard. The measures, individual personal performance weightings and targets will be set annually by the Committee → The targets, together with an assessment of performance against those targets, will be disclosed retrospectively → The Committee will review the scorecard annually and may vary the measures, weightings and targets each year → Discretion may be exercised by the Committee to ensure that the annual incentive outcome is a fair and accurate reflection of business and individual performance and any risk-related issues (but it will not exceed the maximum opportunity)
LTIP Performance-based remuneration linked to measurable, long-term performance criteria. Ensures a market-competitive remuneration package. Links total remuneration to achievement of the Group's long-term strategy.	→ LTIP awards are granted annually, with award levels set to provide appropriate levels of long-term incentives to executive directors, with performance of the Group and of the individual considered in determining the award level → LTIP awards are delivered in shares and may be subject to holding requirements → Vesting profiles are structured so that no LTIP award vests before the third anniversary of grant and in combination with any annual incentive award: – The proportion of variable remuneration that is deferred is no less than required by the relevant remuneration regulations (currently 60 per cent) – The deferred remuneration vests no faster than permitted under the relevant remuneration regulations (currently pro rata over years three to seven after award) → The Committee can, in specified circumstances, apply malus or clawback to all or part of any LTIP awards. Details on how malus and clawback operate currently are provided on page 105 → LTIP awards will be granted as conditional share awards or nil-cost options → The Committee may apply discretion to adjust the vesting of LTIP awards and/or the number of shares underlying an LTIP award on the occurrence of corporate events and other reorganisation events	→ The maximum value of an LTIP award granted to any executive director cannot, in combination with the annual incentive opportunity in respect of any particular year, exceed 200 per cent of that executive director's fixed pay (defined as salary and pension) → For this purpose, LTIP awards may be valued in line with the relevant remuneration regulations → The Committee will, for each year, determine the split of the overall variable remuneration opportunity between the LTIP award and annual incentive opportunity at the start of the year and disclose this split in advance. The maximum LTIP award will form at least 120 per cent of fixed pay (i.e. at least 60 per cent of the maximum variable remuneration opportunity for any financial year), so that the majority of the variable remuneration opportunity is based on long-term performance → LTIP awards can be any amount from zero to the maximum → LTIP awards will be subject to long-term performance measures, measured over a period of at least three years → The long-term performance measures may be a mix of financial measures and other long-term strategic measures. Financial measures will comprise at least 50 per cent of the performance measures. Weightings and targets will be set in advance of each grant by the Committee and disclosed prospectively, and performance against those measures will be disclosed retrospectively. For financial measures, vesting will be on a sliding-scale basis between threshold and maximum with no more than 25 per cent vesting at threshold performance

Element and purpose in supporting the Group's strategic objectives	Operation	Additional detail including maximum value and performance measures
Shareholding requirement A requirement for executive directors to hold a specified value of shares to ensure alignment with the interests of shareholders during employment.	→ Executive directors are required to hold a specified level of shares, to be built up over a reasonable timeframe from the date of appointment as an executive director (or, if later, from the date of any changes to the terms of the shareholding requirement) → Shares that count towards the requirement are beneficially owned shares including the share element of salary and vested share awards subject to a retention period and unvested share awards for which performance conditions have been satisfied (on a net-of-tax basis)	→ The shareholding requirement is expressed as a percentage of salary and is reviewed by the Committee on an annual basis
Sharesave Provide an opportunity to invest voluntarily in the Group.	→ Sharesave is an all-employee plan where participants (including executive directors) are able to open a savings contract to fund the exercise of an option over shares → The option price is set at a discount of up to 20 per cent of the share price at the date of invitation, or such other discount as may be determined by the Committee → An equivalent cash or share plan is offered in some countries where Sharesave may not be offered (typically due to tax, regulatory or securities law issues)	→ Savings per month of between £5 and the maximum set by the Group which is currently £250
Legacy arrangements Honour existing payments.	→ Any previous commitments or arrangements entered into with current or former directors will be honoured, including remuneration arrangements entered into under the previously approved directors' remuneration policy	→ In line with existing commitments

Remuneration approach on recruitment of an executive director

The Group's approach to remuneration reflects the fact that many of its colleagues bring international experience and expertise and that the Group recruits from a global marketplace. The Committee's approach to recruitment is to pay competitive remuneration that reflects the Group's international nature and enables it to attract and retain key talent.

Any new executive director's remuneration package would include the same elements and be subject to the same variable remuneration maximums as those for the existing executive directors. The pension provision for new executive directors is 10 per cent of salary, consistent with the contribution rate for all UK employees. The policy is summarised below.

Policy	Details
Salary	→ Set to reflect the role and the skills and experience of the candidate. Salary is delivered part in cash and part in shares with the shares being released to the director in equal tranches over five years
Benefits	→ Dependent on circumstances but typically includes benefits allowance, car and driver (or other car-related service), private medical insurance, permanent health insurance, life insurance, financial advice and, for international hires, expatriate benefits
Pension	→ 10 per cent of salary
Variable remuneration	→ Dependent on circumstances but no more than 200 per cent of fixed pay
Shareholding requirements	→ Executive directors are required to hold a specified level of shares, to be built up over a reasonable timeframe from the date of appointment as an executive director (or, if later, from the date of any changes to the terms of the shareholding requirement) → Shares that count towards the requirement are beneficially owned shares including any vested share awards subject to a retention period and unvested share awards for which performance conditions have been satisfied (on a net-of-tax basis)
Buy-out awards	→ The Committee may consider buying out forfeited remuneration and forfeited opportunities and/or compensating for losses incurred as a result of joining the Group subject to proof of forfeiture or loss → The value of any buy-out award will not exceed, in broad terms, the value of the remuneration forfeited → Any award will be structured within the requirements of the applicable remuneration regulations, and will be no more generous overall than the remuneration forfeited in terms of the existence of performance measures, timing of vesting and form of delivery → The value of buy-out awards is not included within the maximum variable remuneration level where it relates to forfeited remuneration from a previous role or employer
Legacy matters	→ Where a senior executive is promoted to the Board, his or her existing contractual commitments agreed prior to their appointment may still be honoured in accordance with the terms of the relevant commitment, including vesting of any pre-existing deferred or long-term incentive awards

Notes to the remuneration policy for executive directors

Committee's judgement and discretion

In addition to assessing performance and making judgements on the appropriate levels of annual incentive awards and LTIP awards, the Committee has certain operational discretions that it may exercise when considering directors' remuneration, including but not limited to:

i. Determining whether a leaver is an eligible leaver under the Group's share plans and treatment of remuneration arrangements

ii. Amending LTIP performance measures following a corporate event to ensure a fair and consistent assessment of performance

iii. Deciding whether to apply malus or clawback to an award

Ability for the Committee to amend the policy for emerging and future regulatory requirements

The Committee retains the discretion to make reasonable and proportionate changes to the remuneration policy if the Committee considers this appropriate in order to respond to changing legal or regulatory requirements or guidelines (including but not limited to any Prudential Regulation Authority revisions to its remuneration rules and any changes to regulations caused by the UK leaving the European Union). This includes the ability to make administrative changes to benefit the operation of the remuneration policy and/or to implement such changes ahead of any formal effective date, ensuring timely compliance. Where proposed changes are considered by the Committee to be material, the Group will consult its major shareholders and any changes would be formally incorporated into the policy when it is next put to shareholders for approval.

Executive directors' contracts, outside appointments and payments on loss of office or change of control

The Group's approach to executive directors in respect of service contracts, notice periods and payments on loss of office and change of control reflects market practice and is set out below. In the event of termination for gross misconduct, no notice is given and no payments will be made.

Policy	Details	Other provisions
Executive directors' service contracts Maximum of 12 months' notice from the company and the executive director.	→ May be required to work and/or serve a period of garden leave during the notice period and/or may be paid in lieu of notice if not required to remain in employment for the whole notice period	
Outside appointments To encourage self-development and allow for the introduction of external insight and practice.	→ Executive directors may accept appointments in other organisations subject to relevant Board approval. Executive directors tend to be limited to one non-executive directorship in another listed company. Fees may be retained by the executive director	
Compensation for loss of office in service contracts Dependent on an individual's contract but in any event no more than 12 months' salary, pension and benefits.	→ Payable quarterly (other than the share element of salary which is allocated annually) and subject to mitigation if the executive director seeks alternative employment → Not in addition to any payment in lieu of notice or if the individual remains in employment for the whole notice period	→ In the event of a settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims, including potential entitlement to compensation in respect of statutory rights under employment protection legislation → The Committee may also include in such payments reasonable reimbursement of professional fees, such as legal fees and tax advice (and any associated tax), in connection with such arrangements. Career transition support may also be provided
Treatment of variable remuneration on termination Variable remuneration is awarded at the Committee's discretion.	→ Eligible leavers (as determined by the Committee) may be eligible for variable remuneration although there is no automatic entitlement → The Committee has discretion to reduce the entitlement of an eligible leaver in line with performance and the circumstances of the termination	→ On a change of control, typically the amount is pro rata to the period of service during the year. The Committee may alter the performance period, measures and targets to ensure the performance measures remain relevant but challenging

Policy	Details	Other provisions
Treatment of unvested awards on termination under the share plan rules The Committee has the discretion under the relevant plan rules to determine how eligible leaver status should be applied on termination, including the ability to award eligible leaver status in respect of some but not all of an executive director's unvested awards. The current approach is that eligible leaver status will generally be given in cases such as death, disability, retirement and redundancy. Discretion is applied as to awarding eligible leaver status in cases of mutual separation. In addition, eligible leaver status will be given (other than in cases of termination for cause) where the date of termination is five years or more after the date of grant.	→ For eligible leavers, awards not subject to long-term performance measures vest in full over the original timescale and remain subject to the Group's claw-back arrangements. The Committee has discretion to reduce the level of vesting → Awards subject to long-term performance measures will typically vest subject to those performance measures and on a pro rata basis (reflecting the proportion of the relevant financial performance period that the executive director has been employed) and remain subject to the Group's claw-back arrangements → The Committee has the flexibility to disapply time proration on the vesting of LTIP awards in certain circumstances, on a case-by-case basis, taking into account all of the circumstances at that time. The following minimum criteria need to be met before the Committee can consider using this flexibility: – The executive director has more than five years' service on the Board – The executive director is retiring from full-time employment in financial services and comparable roles in other industries – The executive director has demonstrated satisfactory conduct and has achieved their performance objectives – A clear, Board-approved, handover plan is in place to transition to an identified successor → If the flexibility were to be used, typically, there would be no LTIP award in the final year of employment or additional payments in lieu of office → If an individual leaves and subsequently takes up executive employment, unvested awards that had proration disapplied will lapse and the executive will be expected to re-pay any vested awards. → Vesting may be subject to non-solicit and non-compete requirements → Awards lapse for employees not designated eligible leavers	→ On a change of control, awards become exercisable and vest to the extent performance measures are met (either at the change of control or later). The Committee may allow awards to continue or roll-over in agreement with the acquirer, taking into account the circumstances, and may alter the performance period, measures and targets to ensure the performance measures remain relevant
Post-employment shareholding requirement	→ On cessation of employment executive directors will be required to hold 100 per cent of the shareholding requirement in place for one year and 50 per cent of the requirement in the second year (or, if lower, the actual shareholding on departure)	

Chairman and independent non-executive directors' remuneration policy

During 2018, the Board reviewed the remuneration policy for independent non-executive directors (INEDs) and determined there would be no change to the fee structure.

Element and purpose in supporting the Group's strategic objectives	Operation	Additional detail including maximum value and performance measures
Fees		
Attract a Chairman and INEDs who, together with the Board as a whole, have a broad range of skills and experience to determine Group strategy and oversee its implementation.	→ Fees are paid in cash or shares. Post-tax fees may be used to acquire shares → The Chairman and INED fees are reviewed periodically. The Board sets INED fees and the Committee sets the Chairman's fees. The Chairman and INEDs excuse themselves from any discussion on their fees → INEDs may also receive fees as directors of subsidiaries of Standard Chartered PLC, to the extent permitted by regulation	→ Overall aggregate base fees paid to the Chairman and all INEDs will remain within the limit stated in the Articles of Association (currently £1.5 million) → Fees are set at a level which reflect the duties, time commitment and contribution expected from the Chairman and INEDs → Fees are reviewed and appropriately positioned against those for the Chairman and INEDs in banks and other companies of a similar scale and complexity → There are no recovery provisions or performance measures
Benefits		
Attract a Chairman and INEDs who together with the Board as a whole have a broad range of skills and experience to determine Group strategy and oversee its implementation.	→ The Chairman is provided with benefits associated with the role, including a car and driver and private medical insurance, permanent health insurance and life insurance. Any tax costs associated with these benefits are paid by the Group. Any future Chairman based outside of the UK may receive assistance with their relocation consistent with the support offered to individuals under the Group's international mobility policies → The INEDs are paid fees for chairmanship and membership of Board committees and for the Deputy Chairman and Senior Independent Director roles → The Chairman and INEDs are reimbursed for expenses, such as travel and subsistence (and including any associated tax), incurred in the performance of their duties, and may receive tax preparation and tax return assistance → In exceptional circumstances the Chairman and INEDs may be accompanied by their spouse or partner to meetings or events. The costs (and any associated tax) are paid by the Group	→ There are no performance measures

Approach on recruitment for Chairman or INEDs

Fees and benefits for a new Chairman or INED will be in line with the Chairman and independent non-executive directors' remuneration policy.

Service contracts and policy on payment for loss of office for the Chairman and INEDs

The Chairman is provided a notice period of up to 12 months and is entitled to a payment in lieu of notice in respect of any unexpired part of the notice period at the point of termination.

INEDs are appointed for a period of one year unless terminated earlier by either party with three months' written notice. No entitlement to the payment of fees or provision of benefits continues beyond termination of the appointment and INEDs are not entitled to any payments for loss of office (other than entitlements under contract law, such as a payment in lieu of notice if notice is not served).