STANDARD CHARTERED BANK (SINGAPORE) LIMITED

Company Registration Number: 201224747C
(Incorporated in the Republic of Singapore)

2018 CORPORATE GOVERNANCE REPORT

This report sets out the required governance and regulatory assurances and disclosures. As in previous years, we have sought to give an insight into and a genuine understanding of the importance good governance plays across Standard Chartered Bank (Singapore) Limited (the "Company"), and to demonstrate how it supports decisions and guides behaviours within the Company.

ABOUT US

The Company was incorporated on 8 October 2012, and is an indirect wholly-owned subsidiary of Standard Chartered Bank ("SCB"), with Standard Chartered PLC ("SC PLC") as the ultimate parent. The Company is licensed by the Monetary Authority of Singapore ("MAS") as a bank with qualifying full bank ("QFB") privileges to engage in banking business in Singapore.

The SCB Singapore Branch transferred its Retail Client and Medium Enterprise clients in Singapore to the Company on 7 October 2013. On 13 May 2019, the SCB Singapore Branch further transferred its remaining Commercial Banking, Private Banking and Corporate & Institutional Banking businesses to the Company. This makes the Company the first and largest foreign subsidiary to combine all banking businesses into one entity. Following transfer of the remaining SCB Singapore Branch businesses the Company remains well-capitalised, having secured a substantial increase to its capital base in connection with the transfer. In 2019 Standard Chartered will celebrate its 160th anniversary in Singapore, and the recent consolidation of business into the Company reinforces the Standard Chartered Group's commitment and confidence in the Singapore franchise.

As a regulated financial institution in Singapore, the Company is guided in its corporate governance practices by the principles and guidelines listed in the Banking (Corporate Governance) Regulations 2005 (the "CG Regulations") and the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers incorporated in Singapore (the "CG Guidelines").

OUR APPROACH TO CORPORATE GOVERNANCE DISCLOSURES

The Company applies and complies with the spirit and intent of the provisions of the CG Guidelines to the fullest extent possible. In areas where the Company deviates from the CG Guidelines, the rationale is explained in this Corporate Governance Report.

OUR BOARD OF DIRECTORS

A number of Directorship changes occurred in the course of 2018. Ms Anna Marrs resigned as a Director and Chairperson on 31 May 2018; and Mr Patrick Lee was appointed as a Director and Chief Executive Officer on 25 September 2018. Ms Judy Hsu was re-appointed as a director and became the Company's Chairperson on 22 November 2018.

In preparation for consolidation of the Group's Singapore businesses into the Company, in 2018 analysis and planning commenced for an increase to the number of Independent Non-Executive Directors on the Company's Board. It is currently expected that two new Independent Non-Executive Directors will join the Board during 2019.

Following these changes, the Bank's Board is now comprised of 6 Directors:.

- Mr Patrick Lee the Company's Chief Executive Officer, is the sole Executive Director;
- Ms Judy Hsu (Chairperson), Mr Viswanathan Ramachandran and Mr Daniel Koh are Non-Executive Directors; and
- Mr Alan Nisbet and Mr Alex Chan are Independent Non-Executive Directors.

In summary, as at 31 December 2018, the Board is comprised of:

Name of Director	**Board Membership**	**Date of Appointment**
Ms Judy Hsu	Non-Executive Director and Chair	22 November 2018
Mr Alan Nisbet	Independent Non-Executive Director	30 September 2013
Mr Alex Chan	Independent Non-Executive Director	30 September 2013
Mr Viswanathan Ramachandran	Non-Executive Director	20 January 2015
Mr Daniel Koh	Non-Executive Director	17 November 2017
Mr Patrick Lee	Executive Director and Chief Executive Officer	25 September 2018

Information on the Directors:

Ms Judy Hsu
Non-Executive Director and Chairperson of the Board

- **Bachelor in Science Microbiology**
  University of British Columbia, Canada

- **MBA in Finance**
  University of British Columbia, Canada

Ms Hsu was re-appointed as a Non-Executive Director and Chairperson of the Board on 22 November 2018. She is currently the SC Group's Regional Chief Executive Officer, ASEAN and South Asia and is responsible for business performance and franchise development and execution of the Company's strategy. Ms Hsu was previously the Global Head of Wealth Management and led the strategic development and management of wealth management products, investment strategy and advisory for the Bank.

Prior to joining Standard Chartered in December 2009, Ms Hsu spent 18 years in Citibank in various leadership positions in wealth management, relationship management and segment strategy. Her last role with Citibank was Head of Retail Bank & Citigold Asia Pacific and Country Business Manager, International Personal Banking.

Ms Hsu is a director of the following companies:

- Hype Records Pte Ltd
- Standard Chartered Holdings (Singapore) Pte Ltd

Ms Hsu's other appointments are:

- Institute of Banking and Finance, Council Member

Mr Patrick Lee
Executive Director and Chief Executive Officer, Singapore

- **BA/ MA degree (with First Class Honors) in English**
  Trinity College, Cambridge

Mr Lee was appointed to the Board as an Executive Director on 25 September 2018. Mr Lee is the Company's Chief Executive Officer and is responsible for business performance and the strategy execution. Mr Lee joined Standard Chartered Bank in 2012 and has 25 years of experience in the banking industry, including corporate and investment banking, product and sector coverage, having worked in Singapore, Hong Kong and London.

Prior to joining SCB, Mr Lee spent 18 years in various leadership positions including: Head of Southeast Asia Investment Banking at Nomura; Head of Singapore/Malaysia Investment Banking at UBS; and Executive Director, Investment Banking at Morgan Stanley.

Mr Lee is a director of the following companies:

- Software International Corporation (M) Sdn. Bhd, major shareholder and non-executive director
- Leap Philanthropy Ltd, non executive director and volunteer
- Clifford Capital Pte. Ltd, non executive director
- Ascendas Hospitality Fund Management Pte. Ltd., independent director

- Workforce Singapore, Member
- Urban Redevelopment Authority, Member
- Economic Development Board – Future Council Modern Services Sub Committee, Member

Ms Hsu has not been appointed as a director of any listed companies over the preceding three years.

- Ascendas Hospitality Trust Management Pte. Ltd., independent director

Mr Lee's other appointments are:

- The Association of Banks in Singapore Council, member & Vice Chairman

Mr Lee has not been appointed as a director of any listed companies over the preceding three years.

Mr Viswanathan Ramachandran
Non-Executive Director

- **Bachelor's degree in Economics & Statistics**
  Bombay University

- **Associate of Chartered Accountant** ("ACA")
  Institute of Chartered Accountants, India.

Mr Ramachandran was appointed to the Board on 20 January 2015, and has been a member of the Audit Committee since April 2015. He is currently the Group Head, Retail Banking for SC Group based in Singapore, a position to which he was appointed in 2018 having previously been the Global Chief Risk Officer, Retail Banking since 2014. Mr Ramachandran joined SCB in 1987 in India and held senior positions in the Consumer Bank, including Global Product Head for Secured Lending, Chief Operating Officer, Chief Financial Officer, Regional Head of South Asia, Middle East, Pakistan and Africa.

Mr Ramachandran holds no other appointments and has not been appointed as a director of any listed companies over the preceding three years.

Mr Daniel Koh
Non-Executive Director

- **Master's Degree**
  Oxford University, United Kingdom

- **Bachelor's Degree in Politics, Philosophy and Economics**
  Oxford University, United Kingdom

- **Diploma in Computer Studies**
  Comsertrac School of Computer Training, Singapore

Mr Koh was appointed to the Board on 17 November 2017. He is currently the Global Head, Treasury Markets for SCB. Mr Koh brings with him a broad range of experience, capabilities and skills relevant to the business in strategy and trading in all asset classes of financial markets globally.

Mr Koh joined Standard Chartered Bank in Singapore, in 1995, as Senior Trader in Bonds, Interest Rate Derivatives, Foreign Exchange, Forwards and Non-Deliverable Forwards with lengthy stints in New York, London and Hong Kong. Subsequently, he assumed several senior appointments within the Group, including

Head of Trading and Head of Global Markets, Malaysia and South East Asia.

Mr Koh holds no other appointments and has not been appointed as a director of any listed companies over the preceding three years.

Mr Alan Nisbet
Independent Non-Executive Director

- **Diploma in Business Studies, Accounting**
  Caulfield Institute of Technology, Australia.

- **Member**
  Institute of Singapore Chartered Accountants

Mr Nisbet was appointed to the Board on 30 September 2013 and is also the Chairman of the Audit Committee.

He has his own consultancy firm, Kanni Advisory, specialising in financial and business advisory services. Mr Nisbet was previously with Deloitte, where he had a career spanning 38 years, retiring eventually as the leader of Audit and Assurance Services for Deloitte, South East Asia.

Mr Nisbet is a director of the following companies:
- Halcyon Agri Corporation
- KrisEnergy Limited
- Ascendas Property Fund Trustee Pte Ltd
- Keppel REIT Management Limited
- RF Brussels Pte. Limited
- RF Infrastructure Pte. Limited
- RF Capital (Credit) Pte. Limited
  (formerly known as RF Credit Pte. Limited)
- RF Capital (Empirica) Pte. Limited
- RF Corval Pte. Limited
- RF Corval Capital Partners Pte. Limited

Mr Alex Chan
Independent Non-Executive Director

- **Bachelor of Electrical Engineering (First Class Honours)**
  University of Singapore

- **Master of Business Administration (Beta Gamma Sigma Honours)**
  University of California, Los Angeles.

Mr Chan was appointed to the Board on 30 September 2013 and is also a member of the Audit Committee and Board Risk Committee. He was the Executive Vice-Chairman of Jebsen & Jessen (SEA) Pte. Limited and was a director of many member companies in the Jebsen & Jessen Group in Singapore, Malaysia, Thailand and Vietnam.

Mr Chan is a director of the following companies.

- Jebsen & Jessen Pte Ltd
(formerly known as Jebsen & Jessen (South East Asia) Pte. Limited.
- Spindex Industries Limited

Mr Chan has not been appointed as a director of other listed companies over the preceding three years.

• RF Capital (Services) Pte. Limited • RF Capital Pte. Limited • RF ECP Pte. Limited • RF Holdings Pte. Limited (formerly known as Sentinel Holdings Australia Pte. Limited) • Roberts Constructions Pte. Limited • Roberts Investments Holdings Pte. Limited • Roberts Investments Pte. Limited • RF Corval REFM Pte. Limited • RF Renewables Pte Limited • RF Corval Holdings Pte. Limited • RF Corval MEA Pte. Limited **Mr Nisbet's other appointments are:** • Kanni Advisory, Owner Mr Nisbet has not been appointed as a director of other listed companies over the preceding three years.	

BOARD'S CONDUCT OF AFFAIRS

The Board's Conduct of Affairs

The Board is primarily accountable to the shareholders and has overall responsibility for the operation and management of the Company and proper conduct of its business.. The Board is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively. It provides leadership through oversight and review, and by providing guidance while setting the strategic direction for the Company. The Board also has overall responsibility for putting in place a framework of good corporate governance, including the processes for financial reporting and compliance.

Pursuant to the CG Regulations and an exemption granted by the MAS, the Board undertakes the Nominating Committee and Remuneration Committee responsibilities. On 25 September 2018, the Board established a Board Risk Committee ("BRC"), which commenced meetings in January 2019. Establishment of the BRC was considered beneficial to the Company's corporate governance given the significant expansion of operations expected in 2019 following transfer of the SCB Singapore Branch businesses. Formation of the BRC will also provide more scope for the Board to focus on strategic matters related to the Company.

Board Responsibility

The Board is collectively responsible for the long-term success of the Company and works closely with management to achieve this objective. All Board members bring their independent judgement, diverse knowledge and experience to opine on strategy, performance, resourcing and capacity planning, values and conduct. The following matters are specifically reserved for the Board:

- review and approve the Company's long term strategy and objectives, including the fair dealing strategy;
- approve the Company's annual operating plan and capital expenditure budget;
- oversee management of the business and affairs of the Company in line with local regulatory/ supervisory bodies and other relevant local authorities;

- review the performance of the Company in the light of its strategy, objectives, plans and budgets;
- review risk profile, risk tolerance and risk strategy;
- approve any extension of the Company's activities into new business or geographic areas or any decision to cease to operate all or any material part of the Company's business;
- approve related party transactions and the write-off of related party exposures;
- review and approve matters that may impact the capital and liquidity positions of the Company;
- approve the annual audited accounts;
- review a sound system of internal control and risk management including reviewing the effectiveness of the Company's risk and control processes to support its strategy and objectives, as well as corporate governance reports;
- approve material acquisitions and disposals of business, assets or shares which are outside the ordinary course of business of the Company and significant in terms of the business of the Company;
- review the structure, size and composition of the Board from time to time and make any changes deemed necessary;
- review and approve the Company's remuneration framework including the remuneration of the Independent Non-Executive Directors ("INEDs");
- approve the appointment and removal of designated senior officers of the Company;
- approve delegated authorities for expenditure, lending and other risk exposures;
- review and approve the membership and terms of reference of Board committees;
- review succession planning of the Board and develop a continuous training & development plan for directors to ensure that they are equipped with the appropriate skills and knowledge to effectively perform their roles on the Board or Board committees;
- implement a formal annual effectiveness review of its own performance, its Board committees and directors to increase the overall effectiveness of the Board;
- determine the independence of non-executive directors; and
- set the Company's values and standards to ensure a high level of professional conduct of the business with respect to internal and external dealings.

As a wholly-owned subsidiary of SC Group, the Company's management structure is designed to leverage off the benefits of a global network, while maximising the Group's franchise value locally. The Company delivers local focus on clients and customers and financial performance, while capturing the products, expertise and scale advantages of the Group's global business and functions.

The Board reviews and approves the appointment of the Directors, Company Secretary, CEO, CFO, CRO, CIO and the Head of Treasury. The Board also reviews the resignation and removal of these key appointment holders, when applicable.

Delegated Authority

The Board established a framework of delegated authorities to set out a clear structure for the sources of authority flowing from the Board to the management committees and respective business and functions throughout the organisation. It covers specific authority and powers to the Audit Committee, Board Risk Committee and Executive Committee ("EXCO") to enable the Board to carry out its responsibilities in an effective manner. The framework is comprised of the Group Delegated Authority Policy and its related Group Delegated Authority Manual ("GDAM"), the Powers of Attorney ("PoA") Policy, the Group Authorised Signatory Book ("GASB") and the Risk Authority Framework.

The GDAM provides a comprehensive system of delegated authority to ensure that operating, business, capital, restructuring, acquisition and project related expenditure is approved by committees and employees with the requisite authority. It also gives the Board and the Company's senior management the delegated authorities required to carry out their day-to-day responsibilities.

The PoA Policy sets out the controls and requirements for the approval, issuance, revocation and record keeping of all PoAs issued by the Company. This is to ensure that there is a robust and effective system for the management of PoAs within the Company.

To broaden the authority structure of the Company, the GASB serves as a guide for managing the scope of an individual's authority and issuing, publishing and distributing signatures and related information to banks worldwide, including banks in the Group.

The Risk Authority Framework sets out the delegation of authority for risk limits and risk exposures in line with the related committee governance structure that ensures risk taking authority and risk management policies are cascaded from the Board through to the appropriate committees.

Board Meetings and Attendance

The Board is scheduled to meet at least five times a year to review the Company's performance, budget, corporate strategy, business plans, and significant operational matters.

During 2018, there were seven Board meetings. At the Board meetings, the Audit Committee ("AC") Chairman provided an update on key matters that were discussed and considered at each of its meetings. In addition, the Board receives the minutes of the AC, the BRC and the EXCO, including business performance, governance and management updates and compliance with regulatory requirements which are covered in standing reports from the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO").

The Company's Constitution allows the directors to participate in a Board meeting by telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to communicate as a group without requiring the directors' physical presence. The Constitution also allows written resolutions that are signed by all members to be as effective as if they were passed at physical meetings.

Details of the number of Board and AC meetings held during the financial year, including the attendance of each Board member at those meetings are as follows:

Name of Director	No Board Meetings		Audit Committee	
	@ Held	Attendance	@ Held	Attendance
[1]Ms Anna Marrs	1	1	-	-
[2]Ms Judy Hsu	4	4	-	-
Mr Alan Nisbet	7	7	4	3
Mr Alex Chan	7	7	4	4
[3]Mr Viswanathan Ramachandran	7	7	4	4
Mr Daniel Koh	7	7 (1)	-	-
[4]Mr Patrick Lee	4	4	-	-

via conference call

@ The number of meetings held during the period the director was a member of the Board and/or relevant Committee
[1] Resigned as a Non-Executive Director and Chairperson on 31 May 2018.
[2] Ms Judy was appointed as an Executive Director on 1 October 2015 and completed this term on 30 September 2018. Ms Hsu was then re-appointed as a Non-Executive director and Chair with effect from 22 November 2018. Ms Hsu attended all Board meetings held during 2018 as a director or invitee.
[3] Appointed as an interim Chairman of the Board from 1 June 2018 to 16 November 2018.
[4] Appointed as an Executive Director and Chief Executive Officer with effect from 25 September 2018.

BOARD COMPOSITION AND GUIDANCE

Board Composition

The Board members collectively have a wide range and depth of experience and industry expertise, representing diversity of age, nationality, skills and knowledge. This includes experience in the areas of strategic planning, accounting and finance, sales and marketing, and business management in industries that are relevant to the Company.

The Board is of the view that its present size is appropriate, taking into account the current and expected operations and requirements of the business, resourcing levels for the committees, and noting that the Company is a wholly-owned subsidiary of the SC Group.

The Board keeps its composition under review to ensure that: (i) it is sufficiently independent from management and business relationships (and the substantial shareholder); (ii) it has sufficient independence to challenge management; and (iii) it has an appropriate balance of skills, knowledge, diversity of perceptions and experience relevant to the nature of the Company's business.

The Company endeavours to maintain a strong and independent mindset within the Board. The independent directors make up one-third of the Board and should not serve longer than nine years. The Company plans to increase the number and proportion of independent directors during 2019.

The Board determines the independence of a director based on the criteria set out in the CG Regulations. On an annual basis the Board assesses the independence of each director, including her or his character and judgement; and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Each director is required to disclose to the Board of any such relationships or circumstances as and when they arise.

Independence of Directors

Mr Nisbet and Mr Chan were each first appointed to the Board on 30 September 2013, have served continuously since then; and are each considered 'independent directors' (as that term is defined in the CG Regulations). Each of Mr Nisbet and Mr Chan is independent from management and business relationships with the Company, is independent from any substantial shareholder of the Company, and has not served on the Board for 9 years or longer. None of their direct family members are employed by or have business relationships with the Company.

Ms Judy Hsu was previously the Company's CEO and in 2018 was appointed as the Regional CEO, ASEAN and South Asia for the SC Group. While Ms Hsu has oversight of the Company's business as part of her regional responsibilities, she is not involved with the day-to-day operations of the Company nor has a management relationship with the Company which could reasonably be regarded as interfering with the exercise of her independent business judgement. However, because Ms Hsu was the Company's CEO during the three financial years prior to 2018, she had a management relationship with the Company during that time and is currently not independent from management relationships with the Company. Ms Hsu is independent from business relationships with the Company, having no outside business interests that would impede her independent business judgement or ability to act in the Company's interests.

Mr Patrick Lee is currently CEO of the Company, is an executive director and has day-to-day responsibilities for management of the Company's business. Mr Lee is independent from business relationships with the Company, having no outside business interests that would impede his independent business judgement or ability to act in the Company's interests. However, as the Company's CEO, Mr Lee is not independent from 'management and business relationships' and is not independent of the Company's substantial shareholders.

Mr Ramachandran is the Group Head, Retail Banking for the SC Group. Although he has management and governance responsibility across the SC Group's Retail Banking business, he does not get involved with the day-to-day operations of the Company's Retail or other businesses.. Mr Ramachandran has not been employed by the Company or any of its subsidiaries at any time in the preceding three financial years, nor is he subject or accustomed to an obligation to act in accordance with the direction or wishes of the Company's management. None of Mr Ramachandran's direct family members is employed by or has business relationships with the Company. Mr Ramachandran is independent from business relationships with the Company, having no outside business interests that would impede his independent business judgement or ability to act in the Company's interests. Therefore, Mr Ramachandran is independent from 'management and business relationships' of the Company. However, he is employed by SCB and is not independent from substantial shareholders of the Company.

Mr Koh is the Global Head of Treasury Markets. Although he has oversight of the Company's Treasury Markets business as part of his global responsibilities, he does not get involved with the day-to-day operations of the Company's businesses. Mr Koh has not been employed by the Company or any of its subsidiaries at any time in the preceding three financial years, nor is he subject or accustomed to an obligation to act in accordance with the direction or wishes of the Company's management. None of Mr Koh's direct family members is employed by or has business relationships with the Company. Mr Koh is independent from business relationships with the Company, having no outside business interests that would impede his independent business judgement or ability to act in the Company's interests. Therefore, Mr Koh is independent from 'management and business relationships' of the Company. However, he is employed by SCB and is thus not independent from substantial shareholders of the Company.

A substantial shareholder holds 50% or more of the share capital or voting power of the Company. Therefore, the Company satisfies the CG Regulation requirements that: (i) a majority of directors are required to be independent from management and business relationships (Mr Nisbet, Mr Chan, Mr Ramachandran and Mr Koh); and (ii) one-third of the Board are required to be 'independent directors', including independence from the Company's substantial shareholders (Mr Nisbet and Mr Chan).

CHAIR AND CHIEF EXECUTIVE OFFICER

Separation of the Role of Chair and Chief Executive Officer

The Company has a separate Chair and CEO. There is clear division of responsibilities between these positions, which ensures proper balance of power and authority in the Company.

The Chair leads the Board to ensure its effectiveness and approves the agenda for each Board meeting in consultation with the CEO and the Company Secretary. The Chair's duties and responsibilities include overseeing the strategy and direction of the Company, effectively communicating with all stakeholders and ensuring that the Company operates to the highest standards of corporate governance.

The CEO is responsible for the day-to-day operations of the Company and ensures there is quality flow of information from management to the Board. The CEO provides leadership through developing strategy, delivering an integrated plan across the businesses and functions and balancing strategy, people and talent, risk management, governance and stakeholder management. The CEO reviews the Board papers and ensures that Board members are provided with accurate, timely and clear information. Management staff who prepare board papers, or who can provide additional insight into the matters to be discussed, are invited to attend and present papers at the relevant time during meetings.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromise to accountability and/ or independent decision-making.

Lead Independent Director

The Company has not satisfied the requirement under the CG Guidelines to appoint an independent director to be the lead independent director where the Chair is not an independent director. The Board is of view that a lead independent director is not required because the Company is a wholly-owned subsidiary and the current Chair is a non-executive director. The independent directors have unfettered access to the Chair to raise relevant queries to ensure that there is a check and balance between the Board and senior management. In addition, the independent directors have direct access to the Group Chairman and are invited to annual calls hosted by the Group Chairman and Standard Chartered PLC independent directors, in the absence of the other internal SCB-appointed directors of the Company.

BOARD MEMBERSHIP

As the Company is a subsidiary of another bank, it has been permitted by the MAS to dispense with the requirement to constitute a Nominating Committee as the Board accepts all responsibilities to perform the functions of the Nominating Committee. The Board has in its matters reserved the purview to select and appoint directors and key senior management.

Board Selection and Appointment Principles

Pursuant to the CG Guidelines, the Board has developed a framework for the selection and appointment of new directors based on a set of broad principles:

- The Board should have sufficient independence of mindset to challenge the executives as well as an appropriate balance of skills, knowledge, diversity (this includes diversity of gender and perceptions) and experience relevant to the nature of the banking subsidiary's business.
- At least one third of the Board members must be comprised of independent directors.
- Independent directors will be interviewed by the Chair, who will assess their suitability and whether their values and behaviours are aligned to the Company's culture and values.

- Independent directors should not serve longer than nine years. Where the Board considers the value and experience of an independent director, who is serving his/ her ninth year, outweighs the nine year term requirement, reasons for an extended term must be clearly documented with a formal annual review prior to any further extended term.
- In accordance with Company policy, due diligence/ screening checks must be completed prior to the appointment of any independent director to ensure there is no undue risk posed to the Group in relation to integrity, financial soundness, conflicts of interest, related party relationships with respect to the Group's Hong Kong and London listings or local connected party/ lending requirements.
- Candidates must not have political appointments.
- All directors should have the capacity to devote sufficient time and commitment to attend all Board, Board committee meetings, as well as engage in other Company events.
- The Chair, in conjunction with the CEO and independent directors, will have periodic discussions to ensure the Company maintains a diverse pool of talented leaders as prospective directors from both within the Group and externally as independent directors.
- A key consideration for an appointment from within the Group for SC Group appointed non-executive directors will be the candidate's ability to bring broad knowledge of the Group to the Board's deliberations and provide context, so that the independent directors fully understand the Group's strategic direction and key priorities.
- Where practical, all prospective directors (including executive and the SC Group non-executive directors) should meet the current Board directors prior to appointment.
- Robust succession plans must be maintained by the Company Secretary to ensure sound planning so as to avoid "bottlenecks" and ensure a balance of knowledge and skills as well as appropriate continuity. Exceeding the regulatory required number of independent directors during a period of transition is acceptable or where we have identified a strong candidate prior to the expiry of the tenure of an outgoing director.
- A list of prospective independent directors should be maintained by the Company Secretary and reviewed at least annually by the Chair and CEO.
- All directors must receive a tailor-made induction upon joining the Board or any Board committee and should regularly update and refresh their skills and knowledge.

When considering a candidate, the Board evaluates each recommended candidate in line with the MAS Guidelines on Fit and Proper Criteria (Guideline No: FSG-G01). In particular, the Board considers the results of litigation, bankruptcy and credit bureau searches, reviews academic professional qualifications, employment history, probity, existing directorships and the results of the fit and proper checks.

The Board also assesses whether or not a director is able to and has been adequately carrying out his duties as a director, particularly when there are multiple board representations, in order to consider the devotion of time to the Company. The Board has not set the maximum number of listed company board representations each director may hold but rather, reviews member's contributions and commitment in carrying out their board / director duties in the annual Board Effectiveness Review. The Board is satisfied that the directors have devoted sufficient time and attention to the affairs of the Company during 2018.

The CG Guidelines suggest that the Company should determine the maximum number of listed company board representations which directors may hold. The Company is of the view that setting a limit would be too arbitrary and unnecessarily prescriptive. Such a limitation would not take account of the fact that directorships invariably differ depending on the nature of a company, its size and complexity and that different directors may have varying levels of organisation skills, energy levels and capabilities. Therefore, it is considered impractical to prescribe a "one-size-fits-all" limit. It is far more important for directors to demonstrate that they can devote sufficient time to prepare and attend board meetings, undertake ongoing training and promote the best interests of the Company on an ongoing basis. It is recommended that the Company does not restrict the number of directorships as a general rule, but fully endorse the principle that each director must be able to give enough time and attention to the affairs of the Company.

Tenure of Directors

The directors' appointments are for a two or three-year term. As required under the CG Guidelines, all directors should submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. The Company has procedures in place to ensure this criterion is being met before the term expires. The Constitution of the Company does not mandate the retirement of directors by rotation as one of the routine business to be transacted at the Annual General Meeting of the Company.

Directors Induction and Continuous Training & Development Plan

We have an extensive, robust and tailor-made induction and ongoing development programme in place for our Board members, which is kept under regular review. The programme typically consists of a mixture of briefings on specialist topics and attendance at key management meetings.

Induction Programme

Upon appointment, a new director is issued with a directors' handbook setting out a director's duties, responsibilities and disclosure obligations as a director of a financial institution. The director is also briefed on key disclosure duties and statutory obligations. The intention of the induction programme is to enable new directors to gain a thorough understanding of the Company's management, business and governance practices through a series of detailed briefings by members of the senior management on the various aspects of the businesses and support functions.

First-time directors are also encouraged to enrol in the Singapore Institute of Directors' Directorships programme.

Continuous Training and Development Plan

The Board believes that knowledge, regular training and development are essential to enhance the Board's effectiveness. Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities. The Company sets aside training budget for directors to attend relevant external courses to ensure that on a continuing basis, the directors update themselves on legal, regulatory, economic and business matters relevant to the business and operations of the Company. In addition, the Company Secretary arranges for in-house sessions to brief the Board on key business and industry changes, new growth areas and from time to time when new laws or regulations affecting the Company are introduced.

In 2018, the directors attended training sessions or briefings conducted by subject matter experts for updates on topics such as regulatory changes, modelling, derivatives, conduct, risk management, technology and cyber security risks and directorship programs.

BOARD PERFORMANCE

Board Effectiveness

The Board has adopted an annual process for evaluating the effectiveness of both the Board and its Committee(s). The 2018 evaluation was based on an online questionnaire developed specifically for the Board and Audit Committee respectively to meet a set of objectives agreed by the Board. The Company Secretary facilitated the process and proposed an action plan according to the results and comments received from each individual director. The CEO and Chair acted on the results of the evaluation and instructed that the action plan be closely monitored to ensure successful follow through, enabling the Board to enhance its overall effectiveness.

ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfil its responsibilities, directors have unrestricted access to information and management. They are provided with timely information and comprehensive reports on material operational, risk management and financial matters of the Company to facilitate informed discussions during meetings.

Directors also have independent access to the Company Secretary, who assists them in the discharge of their duties. The Company Secretary's responsibilities include advising the Board on best practices in corporate governance and ensuring that board procedures and applicable regulations are complied with. The Company Secretary facilitates communications between the Board and management and organises the induction of new directors as well as ongoing training for existing directors.

All directors receive a set of board papers prior to the Board meeting. This is generally circulated at least seven working days prior to the meeting to give sufficient time for directors to obtain further explanations where necessary, so that they are fully prepared for the meeting. The Board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board for decision or information, including issues being dealt with by management, relevant forecasts and projections;
- minutes of the previous Board meeting; and
- minutes of meetings of the Audit Committee (and in future, the Board Risk Committee) and the EXCO held since the previous meeting of the Board.

In addition, the members of the Board have, at all times, independent and unrestricted access to the external auditors on all matters whenever they deem necessary.

The Company Secretary attends all Board, Audit Committee and Board Risk Committee meetings and ensures that procedures for these meetings (including those stipulated in the Company's Constitution) are adhered to and that applicable rules and regulations, including the requirements of the Singapore Companies Act (Cap. 50) are complied with.

The Board supports the taking of any independent professional advice by a director, at the Company's expense, if necessary, in order for the director to effectively discharge his duties and responsibilities.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

The Company has an exemption from the MAS on the requirement to set up a Remuneration Committee pursuant to Regulation 39, Part IV of the CG Regulations on the basis that the remuneration of the directors and executive officers of the Company will be subject to the remuneration framework and processes of the Group. The MAS has imposed several conditions, compliance with which is being managed by the Human Resources function in conjunction with the Company Secretary. The Board undertakes the duties of the Remuneration Committee as specified in the Matters Reserved for the Board under the Board's Responsibility section above.

The Company adopts the remuneration framework of the Group. The Group's Remuneration Committee ("RC") is comprised of independent non-executive directors. The RC reviews, and is responsible for the principles, parameters and governance framework of the Group and its subsidiaries, as well as specifically managing executive compensation. The RC has oversight of reward policies for all employees of the Group. The terms of reference for the RC can be found on the Group's website at https://www.sc.com/en/investors/committees/. Further information on the activities of the RC can be found in the Group's Annual Report, accessible at https://www.sc.com/en/investors/financial-results/#FullYear.

The Board annually reviews the alignment of the remuneration framework and processes of the Company with the remuneration principles and best practices promulgated under the Corporate Governance regulations and guidelines by the MAS.

Remuneration Framework

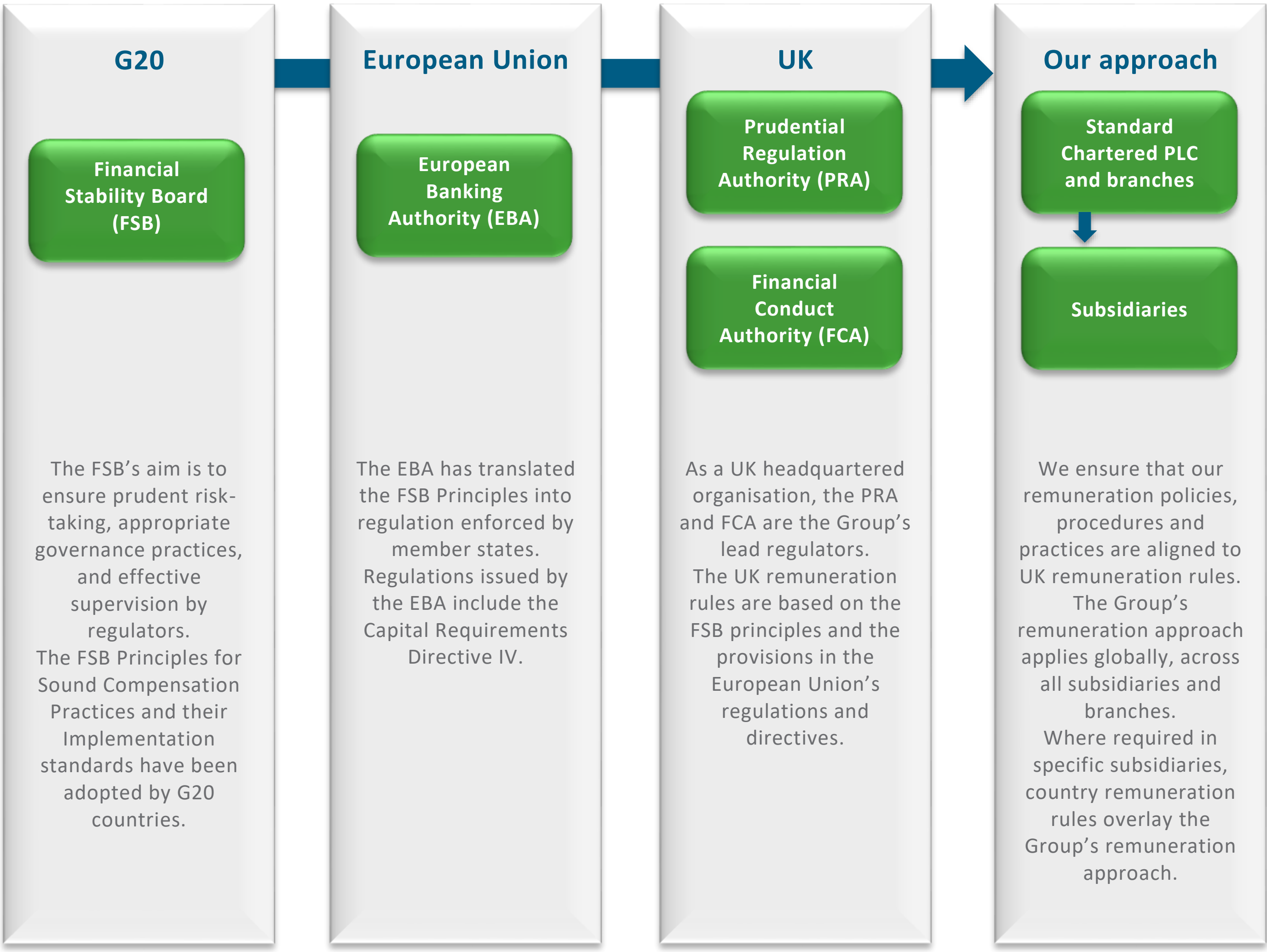
The remuneration approach for the Company is consistent with the approach for Standard Chartered PLC and the Group.

The Group remuneration approach is aligned to remuneration regulations in the UK where Standard Chartered PLC is headquartered. Additional requirements apply in subsidiaries where country regulations are different. Oversight of our remuneration approach is provided by the Standard Chartered PLC Remuneration Committee and supported by policies, processes and practices that are regularly reviewed.

Our remuneration approach is designed to:

- reward colleagues for the progress made on the execution of our strategy and appropriately incentivise colleagues to deliver strong performance over the long-term whilst avoiding excessive and unnecessary risk-taking, and
- promote sound and effective risk management through our remuneration structures

Our regulatory framework is set out below.



Our Fair Pay Charter

Attracting, retaining and motivating a diverse, future-ready workforce is essential to delivering on our purpose, long-term strategy and shareholder returns. In support of this, the Standard Chartered PLC Remuneration Committee developed our Fair Pay Charter which sets out the principles we use to determine and deliver pay for all colleagues globally, including senior management and executive directors.

Our Fair Pay Charter sets out the principles we use to make remuneration decisions that are fair, transparent, competitive and strongly reflect business and individual performance, supporting us in embedding a high-performance culture. Our approach to remuneration promotes long-term focus and alignment with shareholder interests, and reflects the achievement of financial and strategic results as well as the demonstration of our valued behaviours in pay decisions. We seek to keep remuneration as simple as possible, ensure we meet all regulatory requirements and incorporate evolving best practice.

Our Fair Pay Charter principles are set out below:

1. We commit to pay a living wage in all our markets by 2020 and seek to go beyond compliance with minimum wage requirements
2. We provide an appropriate mix of fixed and variable pay and a core level of benefits to ensure a minimum level of earnings and security to colleagues and to reflect the Group's commitment to wellbeing
3. We support colleagues in working flexibly, in ways that balance both business needs and their personal circumstances, and provide colleagues with the opportunity to select the combination and level of benefits that is right for them
4. Pay is well administered with colleagues paid accurately, on time and in a way that is convenient
5. We provide a competitive total fixed and variable pay opportunity that enables us to attract, motivate and retain colleagues based on market rates for their role, location, performance, skills and experience
6. The structure of pay and benefits is consistent for colleagues based on their location and role, with a clear rationale for exceptions
7. We are committed to rewarding colleagues in a way that is free from discrimination on the basis of diversity, as set out in our Group Code of Conduct
8. We ensure pay decisions reflect the performance of the individual, the business they work in and the Group, and recognise the potential, conduct, behaviours and values demonstrated by each individual
9. We set clear expectations for how colleagues are rewarded and the principles guiding decisions, including clear personal objectives and feedback
10. We provide clear communication of pay and performance decisions, and seek feedback and input from colleagues on our pay structures and outcomes

Key elements of remuneration

Employees typically receive salary, pension and other benefits and are eligible to be considered for variable remuneration (determined based on Group, business area and individual performance). Further information on the remuneration approach for different employees is provided in the table below. There may be some country variations based on statutory requirements and market practice.

Salary	• Salaries reflect the skills and experience of the individual and are reviewed annually against market information and in the context of the annual performance assessment and affordability • Increases may occur where there is a role change, increased responsibility or to ensure market competitiveness • Salaries are typically delivered in cash monthly. For executive directors, a portion of salary is delivered as shares over five years to enhance alignment with shareholder interests.

Pension and benefits	• Benefits are provided, with the details depending on local market practice. Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, permanent health insurance, life insurance and cash allowances. The cost of providing the benefits is defined and controlled • Pension and benefit levels differ globally to be competitive in different markets, and there is no single pension level across the Group • Employees who are relocated or spend a substantial portion of their time in more than one jurisdiction for business purposes may be provided with mobility benefits. If employees incur tax charges when travelling overseas in performance of their duties, these costs may be met by the Group • Sharesave is an all employee plan where participants 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 Standard Chartered PLC Remuneration Committee). An equivalent cash or share plan is offered in countries where Sharesave may not be offered (typically due to tax, regulatory or securities law issues)

Discretionary variable remuneration	• Employees are typically eligible to be considered for variable remuneration • Individual incentives are determined with reference to Group, business area and individual performance considering both what they have achieved and their demonstration of our valued behaviours • Balanced scorecards are used to assess Group, business area and individual performance. The scorecards include financial and strategic measures and are designed to drive the right outcome for clients while ensuring prudent risk-taking • Discretionary variable remuneration is delivered in the form of annual incentive and, for eligible employees, a Long-Term Incentive Plan (LTIP) award • Annual incentives are delivered in the form of cash, shares and/or deferred shares and deferred cash • Typically awarded to senior management, LTIP awards are delivered in shares and subject to long-term performance measures • The variable remuneration of employees in the Audit, Risk and Compliance functions is set independently of the business they oversee • Senior management incentives are deferred for up to seven years • When determining levels of variable remuneration, the Group considers the overall level of performance and risk events in the year • The proportion of variable to fixed remuneration is carefully monitored to ensure compliance with regulatory requirements • All incentives are subject to the Group Ex-Post Risk Adjustment of Remuneration policy. This provides the Group with the ability to reduce or revoke variable remuneration in respect of a risk, control or conduct issue, event or behaviour

Discretionary variable remuneration for Group Material Risk Takers

The following structure of variable remuneration applies to Group Material Risk Takers (MRTs):

- Variable remuneration is restricted to a maximum of two times fixed remuneration
- At least 40 per cent of variable remuneration is deferred. This increases to 60 per cent if variable remuneration is at least GBP500,000
- At least 50 per cent of variable remuneration (upfront and deferred) is paid in shares
- Upfront shares are subject to a minimum 12-month post-vest retention period
- There are 3 categories of Group MRTs - Senior Managers, Risk Managers and Other MRTs:
    - Senior Managers are subject to a seven-year deferral period, with no vesting prior to year three.
    - Risk Managers are subject to a five-year deferral period, with no vesting prior to year one and
    - Other MRTs are subject to a three-year deferral period, with no vesting prior to year one

- Deferred shares are subject to a minimum 12-month post-vest retention period for Senior Managers and Other MRTs, and a minimum six-month post-vest retention period for Risk Managers
- Variable remuneration is subject to the Group Ex-Post Risk Adjustment of Remuneration policy, which enables us to suspend payment or vesting of awards, apply in-year adjustments, apply malus to unvested awards and apply clawback to vested variable remuneration, in appropriate circumstances

Key changes in 2018 and areas of focus in 2019

Fair Pay Report

We published our first Fair Pay Report internally to all colleagues in February 2018 to explain how our performance and reward approach meets the principles of the Charter, and to provide an update on areas where we are working to enhance our approach. Some examples are set out below:

- one of the goals is to pay a living wage across all 60 of our markets. During 2018, we developed our understanding of living wages and took action to pay all employees at or above this level, meeting our commitment one year ahead of our target.
- we developed our wellbeing programme with benefits which underpin our four pillars: mental, physical, social and financial wellbeing, and have begun a multi-year programme introducing flexibility to allow colleagues to tailor their benefits to their individual needs.

We will continue to make progress against our commitments in 2019 and beyond.

UK Corporate Governance Code

In 2018, the Financial Reporting Council which is responsible for corporate governance in the UK, published the updated UK Corporate Governance Code. The UK Governance Code is a set of guiding principles that emphasise the link between good corporate governance and long-term sustainable success. The Group is compliant with the UK Corporate Governance Code, having adopted a number of its principles and provisions before the revised code came into effect on 1 January 2019. For example, our remuneration policies and practices have been designed to support strategy and promote long term sustainable success.

Governance and Oversight

The Standard Chartered PLC Remuneration Committee is responsible for overseeing the remuneration of all colleagues. This includes setting the governance framework for remuneration decisions.

Standard Chartered PLC Remuneration Committee role and focus

In particular, the Standard Chartered PLC Remuneration Committee:

- Determines and agrees with the Group Board the remuneration framework and policies for the Group Chairman, Group Chief Executive Officer (CEO), Group Chief Financial Officer (CFO) and other designated senior executives
- Approves the remuneration proposals for the Group Chief Risk Officer (CRO), Group Head of Compliance and Group Head of Audit as the senior officers in the control functions
- Approves any proposal to award a high remuneration package to new recruits
- Oversees the remuneration of Group MRTs
- Approves Group discretionary incentives each year
- Approves the Group's Fair Pay Charter principles, which guide reward decisions for all colleagues

Alignment to remuneration regulations

The table below provides examples of how our remuneration policies, practices and governance framework comply with the 2017 regulatory requirements.

Depth of Standard Chartered PLC Remuneration Committee oversight

In addition to the above, the Standard Chartered PLC Remuneration Committee is involved in a wide range of remuneration related activities which help ensure that the Group's remuneration approach is consistent with effective risk management and complies with the prevailing regulatory requirements. These include:

- Approving Group remuneration policies; the Group annual incentive scorecard measures, weightings, targets and outcome; the incentive funding and risk-adjustment approach; risk adjustments at a collective level; specific risk adjustments at an individual level; and the Directors' Remuneration Report
- Reviewing trends in all employee remuneration outcomes, including incentive outcomes, fixed pay increases and market positioning; and reviewing its terms of reference to ensure they remain suitable and that it has appropriate oversight of the remuneration approach
- Managing any conflicts of interest when receiving views from executive directors or senior management on executive remuneration proposals and ensuring that no individual is involved in deciding his or her own remuneration
- Overseeing a central and independent review of the implementation of the remuneration policy for compliance with policies and standards for remuneration

All members of the Standard Chartered PLC Remuneration Committee are independent non-executive directors. Members of the Standard Chartered PLC Remuneration Committee also serve on other Board Committees, including the Audit, Board Financial Crime Risk, Board Risk, and Brand Values & Conduct Committees. This overlap of membership brings a deeper understanding to the Standard Chartered PLC Remuneration Committee of core business objectives and issues.

Involvement of the control functions

To ensure that variable remuneration decisions take in to account current and future risks and the cost and quantity of capital and liquidity:

- The Group CRO and Group CFO provide the Standard Chartered PLC Remuneration Committee with updates on risk and finance matters at each meeting
- The Group Reward Plan Committee (GRPC), which includes senior representatives in Finance, Human Resources and Risk, provide a recommendation to the Standard Chartered PLC Remuneration Committee for discretionary incentives that includes the consideration of current and future risks
- The Remuneration Adjustment Committee (RAC) consider material events and issues, which includes input from Group Internal Audit, Compliance, Legal and Risk.

Determining discretionary incentives

The Standard Chartered PLC Remuneration Committee considers the following factors when determining discretionary incentives:

- the Group's performance, measured using a balanced scorecard;
- that the Group's remuneration policies, practices and standards do not encourage risk-taking that exceeds the Group's Risk Appetite;
- shareholder returns;
- regulatory expectations; and

- the risk, control and conduct environment and specific risk, control and conduct events.

Advice to the Standard Chartered PLC Remuneration Committee

The Standard Chartered PLC Remuneration Committee is assisted in its considerations by PricewaterhouseCoopers LLP (“PwC”). This includes advice to the Standard Chartered PLC Remuneration Committee relating to executive directors’ remuneration and regulatory matters.

PwC were formally re-appointed by the Standard Chartered PLC Remuneration Committee as its remuneration advisor in 2017 following a review of potential advisors and the quality of advice received. It is the Standard Chartered PLC Remuneration Committee’s practice to undertake a detailed review of potential advisors every three to four years.

PwC is a signatory to the voluntary Code of Conduct in relation to remuneration consulting in the UK. PwC also provides professional services to the Group in the ordinary course of business including assurance, advisory, tax advice and certain services relating to Human Resources. The Standard Chartered PLC Remuneration Committee considered PwC’s role as an advisor to the Group, and determined that there was no conflict or potential conflict arising. The Standard Chartered PLC Remuneration Committee is satisfied that the advice the Standard Chartered PLC Remuneration Committee receives is objective and independent.

Conduct, Risk Management and Reward Alignment

Our remuneration approach is designed to promote sound risk management by aligning employee incentives with the longer-term interests of the Group, taking into account the timeframe over which financial risks crystallise. Good conduct and the demonstration of appropriate behaviours are rewarded.

Balanced scorecards

- At a Group and business area level, balanced scorecards play an integral role in the determination of Group discretionary variable remuneration. The scorecards take into consideration financial and non-financial targets, including those related to conduct and remediation programmes. This incentivises improvements in shareholder returns whilst ensuring that returns are not generated by excessive risk-taking
- Measures in the Group scorecard are determined in alignment with the Group’s strategy. The Standard Chartered PLC Remuneration Committee is responsible for setting the individual measures, weightings and targets

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Conduct risk in bonus pools

- The Group's discretionary variable remuneration is subject to approval by the Standard Chartered PLC Remuneration Committee, based on a recommendation by the GRPC. When determining the Group's variable remuneration and its allocation between business areas, the Standard Chartered PLC Remuneration Committee (amongst other things):
  - considers current and future risks, including operational, conduct, information and cyber security and financial crime risks;
  - considers specific risk, control and conduct events;
  - considers performance measured against scorecards, ensuring risk-taking does not exceed the Group's Risk Appetite; and
  - ensures that the Group's remuneration policies do not encourage risk-taking that exceeds the Group's Risk Appetite.
- To account for current and future risks, we consider whether any remuneration adjustments are required. Adjustments can be made in relation to risks that are inherent in our business activities (ex-ante) or in relation to events and issues that have crystallised (ex-post). Our process includes adjustments which are automatic and discretionary. Adjustments apply at a collective (i.e. Group-wide and/or country / region / business area / function) and/or individual level
- Automatic ex-ante and ex-post risk adjustments are applied at a collective level in relation to risks, events and issues that impact the financials of the Group and therefore have a direct impact on the Group's incentive funding. We may also apply additional incremental discretionary ex-ante and ex-post risk adjustments at a collective level where deemed necessary
- Further information on our risk, control and conduct processes is included in Appendix A

Identification of Group MRTs

- We identify colleagues whose professional activities have the ability to have a material impact on the risk profile of the Group in line with the Identification of MRTs for Remuneration Purposes Policy and Standard. A higher proportion of their variable remuneration is deferred over a longer period, compared with other colleagues. An overview of the identification of Group MRTs is provided in Appendix B

Individual performance assessment	• At an individual level, we have a clearly defined performance management framework. Colleagues have objectives aligned to our strategy and receive ongoing feedback • Colleagues are assessed annually in relation to what they have achieved and how they have achieved it, based on the valued behaviours they have demonstrated. Remuneration outcomes relate to the performance of the individual, the business area they work in and the Group. This ensures that everyone is aligned to deliver long-term sustainable growth in the interests of shareholders and that variable remuneration recognises the achievement, conduct, behaviours and values of employees • Colleagues are also subject to a global risk and compliance objective, which reinforces the expectation that colleagues must appropriately manage risk and compliance in their roles
Deferral mechanism	• Depending on the quantum of an individual's variable remuneration, a portion is deferred into shares and/or other instruments according to the Group-wide deferral mechanism. This aligns the pay-out period for remuneration with the business cycle of the Group whilst taking into account the timeframe over which financial risks crystallise • The proportion deferred increases with the quantum of variable remuneration awarded
Individual risk adjustments	• Consideration is given to whether variable remuneration should be adjusted when there is conduct that has resulted in significant losses to the Group, a material risk management failure or where the individual has failed to meet appropriate standards of valued behaviours. In determining a reasonable outcome, factors such as the impact of the event, the intent of the individual, the significance of the event, the speed of remediation and the frequency of issues are considered • Adjustments to variable remuneration can take the form of an in-year adjustment, malus or clawback • Where legally possible, variable remuneration is subject to clawback for a period of at least seven years from the date on which it is awarded • Further information on our risk, control and conduct processes is included in Appendix A

Reinforcing positive conduct	
	• Recognition, such as the "Standard Chartered Recognition Awards" and "Going the Extra Mile" awards, are used to recognise colleagues that bring the valued behaviours to life and to reward exemplary behaviour. This includes material improvements in the risk and control environment; extraordinary efforts in supporting colleagues; improving the working environment; creatively solving problems and making process improvements

Alignment to Remuneration Regulations

The table below provides examples of how our remuneration policies, practices and governance framework comply with the 2018 regulatory requirements.

Overview of remuneration regulations		Examples of how we are aligned
Effective governance of remuneration		
Governance	The Group's management body in its supervisory function has appropriate oversight of, and periodically reviews, the general principles of the remuneration policy	• The Standard Chartered PLC Remuneration Committee is comprised of independent non-executive directors. The effectiveness of the Standard Chartered PLC Remuneration Committee and the quality of the information it receives is reviewed on an annual basis • The Standard Chartered PLC Remuneration Committee is responsible for setting and reviewing the principles, parameters and governance framework of our remuneration approach and overseeing its implementation

Remuneration policies	Our remuneration policies, practices and standards are aligned with the long-term interests of the Group, promote sound and effective risk management and include measures to avoid conflicts of interest	• The quantum of aggregate variable remuneration is subject to the Standard Chartered PLC Remuneration Committee's approval, which takes into account risk, control and conduct matters and the Group's performance and capital position
		• The CRO and the CFO regularly attend Committee meetings to provide insight on emerging risk and financial matters for the Standard Chartered PLC Remuneration Committee to consider in remuneration decisions
		• Our remuneration policies align variable remuneration with risk in the following ways:
		  ○ identification of colleagues whose professional activities could have a material impact on the risk profile of the Group (i.e. Group MRTs)
		  ○ alignment with long-term performance through the Group's deferral mechanism;
		  ○ ensuring that Group MRTs meet the PRA and FCA requirements in respect of the variable to fixed remuneration ratio, deferral, shares, retention and vesting periods; and
		  ○ provisions to enable the application of risk adjustments
		• No colleague is involved in the determination of their own remuneration

Pension policy	Our pension policy is aligned with the long-term interests of the Group	• Our pension policy is regularly reviewed to ensure it is in line with the Group's business strategy and long-term interests • Updates are provided to the Group Risk Committee to provide assurance that pension risk is being monitored and managed effectively
Effective alignment of remuneration with prudent risk-taking		

Overview of remuneration regulations		Examples of how we are aligned
Control Functions	Colleagues engaged in financial and risk control are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role	• The methodology for determining individual variable remuneration awards ensures that colleagues in Control Functions (including Audit, Compliance and Risk) are not incentivised to drive the performance of the business areas they control • The remuneration of colleagues in Control Functions is in line with market practice to attract and retain talent
Risk alignment	Remuneration pay-out schedules are sensitive to the time horizon of risks	• Under the deferral mechanism, colleagues with awards above a specific threshold are required to defer part of any variable remuneration award into deferred shares, rather than the award being paid entirely in cash. • The deferral mechanism applies to variable compensation awards made to all colleagues globally, unless superseded by more onerous regulatory requirements • The thresholds of the deferral mechanism are reviewed periodically by senior management to ensure appropriate alignment to market and regulatory best practice
Risk management	Remuneration is adjusted for all types of risk. Remuneration outcomes are aligned to risk outcomes	• The Standard Chartered PLC Remuneration Committee approves aggregate variable remuneration, taking into consideration financial performance, capital strength, long-term performance, and strategic factors • The CRO is a regular attendee of Committee meetings, providing a standing risk update • Ex-ante risk adjustments, which adjust remuneration for intrinsic risks that are inherent in our business activities, can be made in the form of collective adjustments to aggregate incentives • Ex-post risk adjustments, which adjust remuneration for crystallisation of specific risk events, can be made in the form of collective adjustments to aggregate incentives, individual in-year adjustments, malus and/or clawback
Remuneration and capital	Total remuneration does not limit our ability to strengthen our capital base	• The Standard Chartered PLC Remuneration Committee takes into account capital strength and related information in its review and approval of aggregate variable remuneration • The CFO provides an update to the Standard Chartered PLC Remuneration Committee on the Group's financial position at each meeting
Personal investment strategies	Colleagues are made aware that personal hedging strategies should not undermine the risk alignment effects embedded in their remuneration arrangements	• Our Personal Account Dealing procedure prohibits hedging in Group shares. All colleagues are required to attest that they have read, understood and have complied and will continue to comply with the Personal Account Dealing procedure • It is formally communicated to colleagues that they should not use personal hedging strategies to undermine the risk alignment effects embedded in their variable remuneration through employment contracts, MRT letters and remuneration statements

Effective alignment of remuneration with prudent risk-taking: structure of individual remuneration

Overview of remuneration regulations		Examples of how we are aligned
Group MRTs	Group MRTs are identified and made aware of the impact of their Group MRT status on their remuneration	• Group MRTs are subject to the following remuneration requirements: ○ Variable remuneration is restricted to a maximum of two times fixed remuneration ○ At least 40 per cent of variable remuneration is deferred. This increases to 60 per cent if variable remuneration is at least GBP500,000 ○ At least 50 per cent of variable remuneration (upfront and deferred) is paid in shares ○ Senior Managers are subject to a seven-year deferral period, with no vesting prior to year three. ○ Risk Managers are subject to a five-year deferral period, with no vesting prior to year one and ○ Other MRTs are subject to a three-year deferral period, with no vesting prior to year one ○ Upfront shares are subject to a minimum 12-month post-vest retention period ○ Deferred shares are subject to a minimum 12-month post-vest retention period for Senior Managers and Other MRTs, and a minimum six-month post-vest retention period for Risk Managers • Group MRTs are informed of their Group MRT status and the impact this has on their remuneration • Group MRTs must acknowledge their Group MRT status
Pay mix	The mix of cash, equity and other forms of remuneration is consistent with risk alignment	• The Group-wide deferral mechanism for variable remuneration sets out that at least fifty per cent of deferred awards must be paid in deferred shares • Group MRTs are subject to a maximum 1:2 fixed to variable remuneration ratio • We retain the flexibility to pay zero variable remuneration
Remuneration structures	Remuneration is structured to be consistent with and promote effective risk management The structure of remuneration, including the remuneration of Group MRTs is aligned to regulatory requirements	• The Group's performance is assessed against a scorecard which is disclosed in the Annual Report • Individual variable remuneration is determined on the basis of Group, business area and individual performance. Individual performance is determined by considering what was achieved and how this was achieved in the context of the Group's valued behaviours • Guaranteed variable remuneration is only provided in exceptional cases and in respect of new hires, in line with regulatory guidance • Variable remuneration for Group MRTs is subject to a maximum 1:2 fixed to variable remuneration ratio and requirements related to the proportion deferred, delivery in shares, retention and vesting periods • Non-executive directors are not awarded variable remuneration
Buy-outs	We comply with specific requirements when buying-out the deferred variable remuneration award of an individual who was a Group MRT in their previous firm	• We apply appropriate retention, deferral and performance arrangements to buy-outs to ensure that buy-outs are aligned with the Group's long-term interests. The arrangements are no shorter than the conditions applied by the previous firm • Our remuneration policies include provisions relating to the treatment of buy-outs for Group MRTs, so that buy-outs do not limit the ability to apply malus and clawback

Independent Non-Executive Directors' Remuneration

The Company's Board recommends the remuneration for the independent directors of the Company. Any such remuneration is subject to shareholder approval at the Annual General Meeting. The table below shows the annual fees paid in 2018 to independent non-executive directors:

Existing Fees	Director	AC Chairman	AC Member	Total
Mr Alan Nisbet	SGD85,000	SGD60,000		SGD145,000
Mr Alex Chan	SGD85,000		SGD35,000	SGD120,000

The remuneration for the executive directors and non-executive directors drawn from the Group is decided in accordance with the Group Remuneration Policies. None of the executive directors or non-executive directors receive additional fees from their membership on the Board.

Remuneration of Directors and Top Five Key Executives

The Group discloses remuneration information in respect of its Executive Directors, senior management and Group Material Risk Takers in its Annual Report. This is on a Group-wide basis, inclusive of the Company as a wholly owned subsidiary of the Group.

Since the Company is a wholly owned subsidiary of the Group, there is limited added value of providing disclosures on the remuneration of directors and senior management staff other than information already disclosed in the financial statements. The Board is of the view that given the sensitive and confidential nature of employee remuneration, detailed disclosures below the top five key executives is not in the best interests of the Company. Such disclosures would put the Company at a disadvantage in relation to its competitors and may adversely impact the cohesion and spirit of teamwork prevailing amongst the Company's employees.

Remuneration of Directors' Immediate Family

None of the Directors have immediate family members who are employed by the Company.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

The management of risk lies at the heart of our business. Effective risk management is a central part of the financial and operational management of the Company and fundamental to our ability to generate profits consistently and maximise the interests of our shareholders and other stakeholders.

Our Risk Management Principles are top level statements of principle approved by the Board that inform our overall approach to risk management and our risk culture. They are designed to reflect stakeholder priorities and to be consistent with 'Here for good'.

BOARD RISK COMMITTEE

The Board has established a Board Risk Committee (the "BRC") on 25 September 2018, comprising of 1 Independent Director and 2 non-executive Directors:

Name of Director	Board Membership	Audit Committee
Mr Viswanathan Ramachandran	Non-Executive Director	Chairman
Mr Alex Chan	Independent Non-Executive Director	Member
Mr Daniel Koh	Non-Executive Director	Member

The primary responsibility of the BRC is to exercise oversight on behalf of the Board on the overall risk appetite, risk management strategy and risk management frameworks; overseeing implementation thereof by senior management, and acting as the risk committee of the Company in accordance with the regulations and policies as may be required by the regulator. The BRC also reviews and makes recommendations to the Board on the Company's Risk Appetite Statement and Enterprise Risk Management Framework (including implementation thereof).

The BRC performs the functions specified in the Companies Act, the CG Code, CG Guidelines and CG Regulations and its key responsibilities include but are not limited to overseeing and advising the Board on all high-level risk related matters. Its responsibilities, powers and authorities are clearly defined in its Terms of Reference. The Committee may invite any director, executive, external auditor or other person to attend any meetings of the Committee as it may consider desirable to assist the Committee in the attainment of its objectives.

The BRC in exercising the authority delegated to it by the Board is responsible for the following:

- To consider the Company's overall Risk Appetite
- Annually review the Company's Enterprise Risk Management Framework and make recommendations thereon to the Board for the approval of material changes to it
- Provide oversight and challenge to the design and execution of stress and scenario testing
- Review on behalf of the Board the Company's internal capital adequacy assessment process and scenarios (ICAAP).
- Review reports to satisfy the supervisory requirements of regulators (including the Monetary Authority of Singapore)
- Monitor the effectiveness and independence of the Country Chief Risk Officer and ensure that the Country Chief Risk Officer has direct access to the Chairman of the Committee

Risk Function

The Board appoints a Chief Risk Officer ("CRO") to oversee the Company's risk management function. The risk function is separate from the origination, trading and sales functions of the businesses to ensure that the necessary balance in risk/return decisions is not compromised by short-term pressures to generate revenues. The role of the CRO is to:

- maintain the Enterprise Risk Management Framework, ensuring it remains appropriate to the Company's activities, is effectively communicated and implemented across the Company and for administering related governance and reporting processes;
- uphold the overall integrity of the Company's risk/return decisions, and in particular for ensuring that risks are properly assessed, that risk/return decisions are made transparently on the basis of this proper assessment, and are controlled in accordance with the Risk Management Principles, Risk Appetite and other Company standards; and
- monitor the Country Risk Appetite and escalate material breaches to the Board.

Risk Management Framework

The Company has established the Enterprise Risk Management Framework ("ERMF") which sets out its approach to risk management and the control framework within which risks are managed and risk-return trade-offs are made. As part of this framework, the Company uses a set of principles that describe the risk management culture it wishes to sustain:

- Balancing risk and return: The Company manages risks to build a sustainable franchise, in the interests of all its stakeholders. The Company only takes risk within its risk tolerances and risk appetite, and where consistent with its approved strategy. The Company manages its risk profile so as to maintain a low probability of an unexpected loss event that would materially undermine the confidence of its investors.
- Conduct of business: The Company demonstrates that it is Here for good through its conduct, and is mindful of the reputational consequences of inappropriate conduct. It seeks to achieve good outcomes for clients, investors and the markets in which it operates, while abiding by the spirit and letter of laws and regulations. It treats its colleagues fairly and with respect.

- Responsibility and Accountability: There is individual responsibility to ensure risk taking is disciplined and focused particularly within one's area of authority. The Company makes sure risk taking is transparent, controlled and reported in line with the risk management framework, within risk appetite and risk tolerance boundaries and only where there is appropriate infrastructure and resource.
- Anticipation: The Company seeks to anticipate material future risks, learn lessons from events that have produced adverse outcomes and ensure awareness of all known risks.
- Competitive advantage: The Company seeks to achieve competitive advantage through efficient and effective risk management and control.

Risk Governance

Ultimate responsibility for setting the Company's Risk Appetite Statement and for overseeing the governance of risk lies with the Board. The Board ensures that senior management maintains a sound system of risk management and internal controls to safeguard stakeholders' interests and the Company's assets.

The Board is responsible for overseeing the governance of risk and setting risk tolerance within the Bank. The Board has delegated executive responsibility to the Executive Committee ("EXCO") for the day-to-day management of risk and to maintain a sound system of risk management and internal control.

The EXCO delegates authority for the management of certain risks to the Executive Risk Committee ("ERC") and the Asset and Liability Committee ("ALCO") while the management of risk associated with the Company's strategy remains directly with the EXCO. This governance structure ensures that risk taking authority and risk management policies and procedures are cascaded down from the Board through to the appropriate committees.

The primary responsibility of ALCO is management of tactical and structural integrity of the balance sheet, in line with business strategy, the Company's policies and regulatory requirements.

The ERC is responsible for the effective management of risk (excluding liquidity and capital risks) in support of the Company's strategy, including defining the overall risk management framework which sets out its approach to risk management and the control framework within which risk is managed. The ERC oversees the management of the Principal Risks owned by the respective Risk Framework Owners.

Three Lines of Defence

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Company within Risk Appetite boundaries, the Company maintains three 'lines of defence'. Each 'line of defence' describes a specific set of responsibilities for risk management and control.

- The First Line of Defence is defined as the businesses and functions engaged in or supporting revenue generating activities that own and manage the risks..
- The Second Line of defence is defined as the control functions independent of the First Line that provide oversight and challenge of risk management to provide confidence to the Chief Risk Officer, the Senior Management and the Board. The Second Line has the authority (within the scope of their control responsibilities) to challenge and stop First Line activities where risks are not aligned with control requirements or risk appetite. These responsibilities cut across the Company and are not constrained by functional, business and geographic dimensions.

- The Third Line comprises the independent assurance provided by the Internal Audit function (“IA”), whose role is defined and overseen by the Audit Committee. IA, which has no management responsibilities for any of the activities it examines, provides independent assurance of the effectiveness of the First Line and of the Second Line. As a result, IA provides assurance that the overall system of control effectiveness is working as required within the ERMF.

Risk Appetite

Risk Appetite is the boundary approved by the Board that determines the maximum amount and type of risk the Company is willing to take in pursuit of its strategy, in accordance with its Risk Principles.

Risk Appetite must constrain risk to the levels where the potential for any financial or reputational damage is consistent with the sustained pursuit of strategy and in line with the reasonable expectations of stakeholders. Changes to Risk Appetite would ordinarily only be considered if they are no longer consistent with approved strategy or if they would conflict with a more constrained Risk Capacity.

Risk appetite must not exceed Risk Capacity, but given the extremely exacting standards of many regulators and law enforcement agencies, it may not be possible to set them tighter than Risk capacity for many operational risk types. In these areas, Risk Appetite should be set with reference to our best understanding of the expectations of regulators and law enforcement agencies having regard to industry best practice.

Risk Appetite is monitored via Risk Appetite metrics and thresholds.
Risk control tools such as exposure limits, underwriting standards, scorecard cut-offs and policies are used to keep exposures within Risk Appetite.

ERMF Risk Profile is the Company’s overall risk assessment for each of the 10 Principal Risks.

The Board has on 25 September 2018 approved a Risk Appetite Statement for the Company, for each of the 10 Principal Risks which is underpinned by a set of financial control parameters, known as Risk Appetite metrics and thresholds. The EXCO, ERC and ALCO are responsible for ensuring that the Company’s risk profile is managed in compliance with these applicable Risk Appetite metrics and thresholds. They also oversees the ERMF Risk Profile for the company.

Stress Testing

Stress testing and scenario analysis are used to assess the financial and management capability of the Company to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, regulatory, legal, political, environmental and social factors. The Company adheres to the Internal Capital Adequacy Assessment Process (“ICAAP”) to assess the level of capital required to support its activities. The ICAAP is reviewed annually to ensure that the Company remains well capitalised after considering all material risks.

Compliance

The Compliance function supports the Group’s commitment to be ‘Here for good’ by providing oversight, functional leadership and guidance to build a strong compliance culture and sustainable compliance framework for the Group. In Singapore, the Company has a dedicated Compliance team, which is a separate function that is independent of the business, but subject to independent review by the Group Internal Audit function. As a second line of defence, Compliance's responsibilities include setting compliance policies and control standards to guide business and functions in the conduct of business.

Broadly, Compliance supports the execution of strategy and drives alignment of decision making to encompass conduct thinking and assessment of horizon risk, including ongoing identification of regulatory risks and mitigants. It is primarily responsible for the effective management of compliance with laws and regulations where Compliance has risk ownership, which includes identifying relevant authorities that issue regulations, monitoring regulations, disseminating regulations to relevant Risk and Process Owners, as well as ensuring that regulations are implemented by the relevant Process Owners.

Another key responsibility of the Compliance team is to support the management of the Company's regulatory relationship with heightened focus on potential areas of supervisory concerns, as well as highlight emerging regulatory developments to the Board and Senior Management.

Compliance also performs risk assessment to identify the inherent compliance risks within the Company. The outcome of the assessment drives the formulation of Compliance plan, prioritization of Compliance activities and resources.

INTERNAL CONTROLS

The Company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures that there are written policies and procedures to identify and manage various risk types. The Board has established a management structure that clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

The effectiveness of the Company's internal control system is reviewed by the Board, the Audit Committee and the senior management team. The oversight of internal controls by Internal Audit, Finance, Compliance is discussed and reviewed at the Audit Committee, while the internal controls from a risk management perspective are dealt with at Board level.

Based on the 2018 Board Effectiveness Review, the Board, with the concurrence of the Audit Committee is of the view that the Company's system of internal controls, including financial, operational, compliance and information technology and risk management systems were adequate and effective for its operations as at 31 December 2018.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the two Independent Non-Executive Directors and one Non-Executive Director:

Name of Director	Board Membership	Audit Committee
Mr Alan Nisbet	Independent Non-Executive Director	Chairman
Mr Alex Chan	Independent Non-Executive Director	Member
Mr Viswanathan Ramachandran	Non-Executive Director	Member

The primary responsibility of the AC is to provide support and assistance to the Board in ensuring that a high standard of corporate governance is maintained at all times. The AC has full access to all management personnel and has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the AC.

The AC in exercising the authority delegated to it by the Board is responsible for the following:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Company's Internal Audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing reports from the Head of Legal and the Head of Compliance on the arrangements established by management for ensuring adherence to internal compliance policies and procedures and compliance with specific laws and regulations; and
- reviewing all material related party transactions and keeping the Board informed of such transactions, and the findings and conclusions from the review.

In addition to the review of the Company's financial statements, the AC reviews and evaluates with the external auditors and internal auditors, the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls, policies and systems. It reviews the scope and results of the audits, the cost effectiveness of the audits, and the independence and objectivity of the external auditors.

When the external auditors provide non-audit services to the Company, the AC keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for money services. The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements. The AC also reviews significant financial reporting issues and judgments to ensure the integrity of the financial statements, and announcements relating to financial performance.

The AC held four meetings for the financial year ended 31 December 2018 and is scheduled to have four meetings in each financial year. The CEO, CFO, Head of Internal Audit, Head of Compliance and external auditors are invited to attend all meetings. At the AC meetings, the AC reviews reports from Internal Audit, External Auditor, CFO and Head of Compliance, giving the opinion of the state of internal controls within each of its purview. These items are discussed at the quarterly AC meetings as suggested in the rolling agenda of the AC. The AC Chairman makes a report to the Board on significant matters discussed at the AC meeting and escalates issues as necessary for the Board's attention. Separate sessions with internal and external auditors are also held at least once a year without the presence of management to consider any matters which might be better raised privately. In addition, the Chairman of the AC meets the Head of Internal Audit on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Company's operations.

The AC approved the approach for evaluating the effectiveness of the Internal Audit function following the recommendations of the Guidebook for Audit Committees in Singapore and benchmarking against the External Quality Assessment by the Chartered Institute of Internal Auditors in consultation with the external auditors. In the last assessment conducted in 2018, the AC assessed that internal audit had carried out its responsibilities in an effective and adequate manner.

The CEO and the CFO also provided assurance on the adequacy and effectiveness of financial policies and internal accounting controls for the preparation of true and fair profit and loss accounts and balance sheets and the accountability of the assets.

External Auditor

The AC makes recommendations to the Board for the appointment, re-appointment and dismissal of the external auditors and approves the remuneration and terms of engagement. For the financial year ended 31 December 2018, the external auditors were paid SGD924,000 of statutory audit fees. The Company did not engage KPMG for non-audit services for the year ended 31 December 2018.

INTERNAL AUDIT

The Company's Internal Audit function is part of the Group's GIA function, as permitted under the CG Guidelines for the Internal Audit function to be performed by the parent company with internal audit staff. GIA has a dedicated internal audit team in Singapore responsible for driving the internal audit activities of the Company, which is led by the Head of Internal Audit. A Service Level Agreement is in place between the Group and the Company for the audit support provided by GIA. The Head of Internal Audit has primary reporting line to the AC Chairman and reports functionally to the Regional Head of Audit, ASEAN and South Asia.

The AC has approved the internal audit charter which sets out the mandate, approach, responsibility and authority of the Internal Audit function for the company. Based on its risk assessment of the company and its activities, the Internal Audit function formulates and executes an annual plan of audit and review activity to form an opinion on the overall control environment and management's control approach. The Internal Audit function also performs reviews at the specific request of regulators, senior management or the Audit Committee. It does not have to cover all scope areas every year. The internal audit plan is reviewed on a periodic basis to assess the impact of changing risks, with any significant changes to the Plan discussed and reviewed with senior management and approved by the Audit Committee. The AC is satisfied that the Internal Audit function has the adequate size, structure and staff experience to meets its established objectives.

The scope of the Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for providing independent assessments on the adequacy and effectiveness of risk management, control, and governance processes of the business and functions. The Internal Audit function assesses if key risks have been identified, governed in line with the established risk management processes (including risk appetite) and reported by senior management and/or the Risk function to Committees and Executive Management. Business strategy, policies and procedures as well as the Group's key priorities will be considered as part of this evaluation. It also considers whether the outcomes achieved and the way business is conducted is in line with the objectives, risk appetite and valued behaviours of the organisation.

The Internal Audit function represents the Third Line of defence in providing independent assurance of the effectiveness of management's control of business activities (the First Line) and of the control processes maintained by the Risk Framework Owners and Policy Owners (the Second Line). The Internal Audit Function adopts a structured risk-based audit methodology approach, which is in accordance with the industry best practice from the IIA Standards and Code, as recognised by regulators and external auditors.

Working with senior management, GIA supports long term improvements in the Group's control environment and tracks that sustainable corrective action plans are effectively implemented.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company is a wholly owned indirect subsidiary of SC PLC, which is kept fully apprised of the Company's operations in Singapore.

Conduct of Shareholder Meetings

The notices of general meetings setting out the agenda are despatched to shareholder or its appointed corporate representative with the annual reports, explanatory notes and if necessary, letters to shareholders on the items of special business, at least 14 days before the general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions.

The Company ensures separate resolutions are proposed at general meetings on each distinct issue.

The external auditors are invited to be present at general meetings to respond, if necessary, to operational questions from shareholder.

RELATED PARTY TRANSACTIONS

The Company has procedures in place to ensure that related party transactions are undertaken on an arm's length basis. The procedures cover related party transactions on credit and non-credit exposures to directors group as well as transactions with substantial shareholders group.

The Board approves related party transactions above the thresholds determined under the specific related party transactions procedures while the Audit Committee reviews material related party transactions and keeps the Board informed of the reviews, in line with the Principle 17 of the CG Guidelines. Measures are taken to ensure that the terms and conditions of related party transactions comply with internal group policies which guard the granting of a more favourable term to related parties under similar circumstances.

During the year ended 31 December 2018, there were no related party transactions above the threshold requiring for approval by the Board.

If the Company does enter into a related party transaction, leading to a potential conflict of interest with any directors concerned, the director(s) will be abstained from any discussions and refrain from voting or exercising any influence over other members of the Board.

ETHICAL STANDARDS

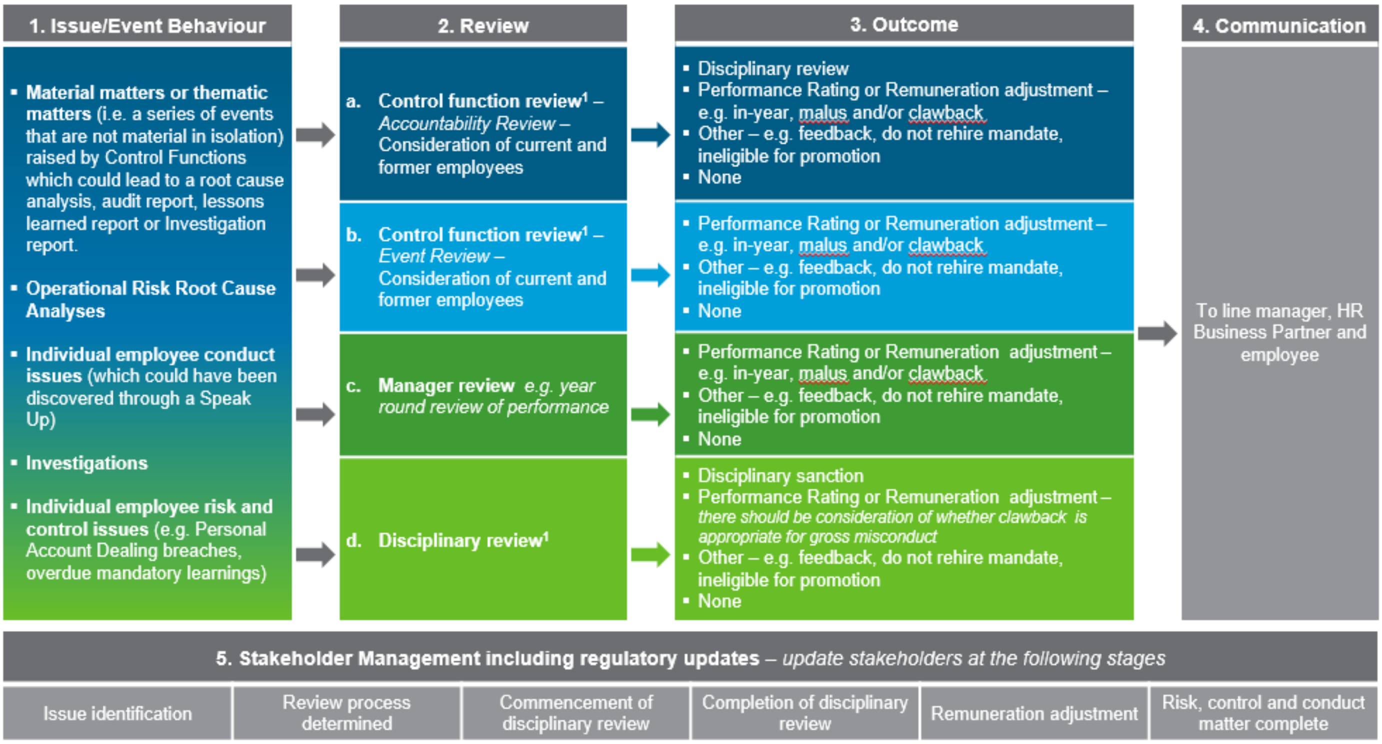
The Company has a Speaking Up Programme which allows our employees to raise, in confidence, any concerns that they may have about possible improprieties in matters of financial reporting or other areas. The programme helps build and maintain a strong ethical culture, with integrity and transparency to protect the Company from misconduct and reputational risk. Speaking Up Advocates have been appointed to assist our employees in feeling confident to use the Speaking Up Programme and raise awareness of Speaking Up. The Board is advised on significant business referrals and Speaking Up cases. The information enables the Board to consider whether there are any trends across the Company in terms of the type and nature of Speaking Up incidences together with the resolution and consequences.

The Company adopted the Group's Conduct Management Framework which states that good Conduct of Business is underpinned by ensuring that we create the right internal and people outcomes in order to achieve fair outcomes for clients, effective operation of financial markets, prevention of financial crime and stakeholder confidence. Our employees are bound by the Group's Code of Conduct (the "Code") which sets the minimum standards and expected behaviours, including rules on 'doing the right thing'. The Code continues to receive sustained focus and remains a key priority for the Company.

Appendix A: Remuneration risk, control and conduct processes

An overview of the processes for determining individual remuneration adjustments relating to risk, control and conduct matters is outlined below.

The majority of remuneration adjustments are made by managers as a result of a holistic review of performance throughout the year. Importance is placed on manager decision making supported by appropriate guidance, data and review processes.



1. Processes could run in parallel

How are material events determined?

Material events are defined by the Control Functions. Examples of material events include:

- Matters reported to the Group Operational Risk Committee and / or Group Financial Crime Risk Committee which involve i) operational financial losses greater than USD2m; ii) adverse impact to formal regulatory rating significant to the Group; and iii) near misses where the likelihood of potential loss is greater than USD10m.
- Group risk based Audits rated as "fail"; and audits with a Weak Management Control Approach grade.
- Regulatory compliance matters where a public censure or a private censure (exceeding USD4m) by regulators / supervisory bodies / enforcement agencies is likely; failed or significant adverse findings in regulatory inspections; and repeated or trend of conduct issues in specific businesses / geographies / functions.
- Potentially significant investigations such as when the matter gives rise to financial risk that is likely to exceed USD10m, including through theft or fraud by clients, employees or third parties; the matter, when aggregated with other similar investigations matters or relevant data, potentially gives rise to concerns in relation to thematic areas of risk for the Group; and the matter potentially gives rise to significant adverse reputational or brand impact, including through regulatory and / or media interest.
- Significant lessons learned reviews, thematic issues and other investigations or matters reported to the RAC.

If the report of the material event summarises how individuals have discharged their responsibilities, this information is passed on to the relevant line managers so that they can consider the issues when making performance rating and variable remuneration proposals.

If the report of the material event does not make any judgements on how individuals have discharged their responsibilities or make any recommendations on employment actions (such as the commencement of the disciplinary review process or a remuneration adjustment), a further review, known as an Accountability Review or an Event Review, may be commissioned. The decision about whether an Accountability Review or Event Review is required is dependent on the facts or findings of the matter.

What are Accountability Reviews?

The Board, the Standard Chartered PLC Remuneration Committee and the RAC have the authority to commission an Accountability Review. The circumstances for commissioning an Accountability Review include, but are not limited to:

- The material event is of a high level of confidentiality;
- The performance of multiple colleagues is subject to review in relation to the same or similar behaviour, facts or event;
- Assessing whether colleagues have appropriately discharged their responsibilities is complex, senior colleagues are involved and the event could (or did) result in a significant impact to the Group; or
- The issues or events relate to matters outside of the authority of lower level risk and control forums.

The Accountability Review Panel recommends ex-post risk remuneration adjustments for individuals and assists the RAC with its consideration of whether a collective remuneration adjustment is appropriate.

What are Event Reviews?

The RAC or the RAF have the authority to commission an Event Review. Material Events are reviewed by the RAF (or the RAC) to determine whether clarity is required on how individuals have discharged their responsibilities. If it is determined that clarity is required, an Event Review is commissioned by the RAF and a Process Lead is appointed to identify the colleagues with primary or supervisory responsibility for the issue or its mitigation, and to highlight each individual’s role or involvement.

The people managers of the identified individuals are provided with information on the event and their direct report’s role or involvement. The people managers are reminded to take this information in to consideration when making performance rating and variable remuneration proposals and to provide a brief explanation of how they have factored it in.

This process is assured by the RAF for consistency and appropriateness. The RAF assists the RAC with its consideration of whether a collective remuneration adjustment is appropriate.

Appendix B: Identification of Group Material Risk Takers

The identification of Group MRTs is based on qualitative and quantitative criteria.

Qualitative criteria

The qualitative criteria broadly identify the following colleagues:

- Directors (both executive directors and non-executive) of Standard Chartered PLC
- A member of senior management, which is defined as one or more of the following:
  - A Senior Manager under the PRA/FCA Senior Manager Regime
  - A member of the Group's Management Team
- Senior management (the level beneath the Management Team)
- Senior colleagues within the audit, compliance, legal and risk functions
- Senior colleagues within material business units
- Colleagues who are members of specific committees
- Colleagues who are able to initiate or approve credit risk exposures above a certain threshold and sign off on trading book transactions at or above a specific value at risk limit

Quantitative criteria

The quantitative criteria identify colleagues who:

- Have been awarded total remuneration of EUR500,000 or more in the previous financial year
- Are within the 0.3 per cent of the number of staff on a global basis who have been awarded the highest total remuneration in the preceding financial year
- Were awarded total remuneration in the preceding financial year that was equal to or greater than the lowest total remuneration awarded that year to certain specified groups of colleagues

Colleagues identified by only the quantitative criteria can be notified for exclusion from the list of Group MRTs if they do not have the ability to have a material impact on the Group's risk profile.

De-minimis provision

Group MRTs that meet both of the following de-minimis criteria are not subject to the minimum deferral and equity retention conditions, and are instead subject to the Group's deferral mechanism:

- Total remuneration is no more than GBP500,000; and
- Variable remuneration award is no more than 33 per cent of total remuneration.