

**STANDARD CHARTERED PLC  
(the Company)  
REMUNERATION COMMITTEE  
(the Committee)**

**TERMS OF REFERENCE**

**1. Purpose**

The Committee is appointed by the Board to assist and advise the Board in fulfilling its oversight responsibilities in relation to:

- setting the principles, parameters and governance framework of Standard Chartered PLC and its subsidiaries' (the Group) remuneration policy and overseeing its implementation; and.
- determining executive remuneration and recommending the remuneration policy to the Board for approval by shareholders.

**2. Responsibilities**

The Committee shall:

**REMUNERATION POLICY, GOVERNANCE AND RISK**

- 2.1. Determine and recommend to the Board the Directors' Remuneration Policy for approval by shareholders, taking into account long term strategic goals, related policies and the alignment of incentives and reward with culture;
- 2.2. Determine and approve the framework and policies for the workforce including senior executives as defined in clauses 2.13 and 2.17 below, taking into account long term strategic goals, related policies and the alignment of incentives and reward with culture;
- 2.3. Ensure the Group's remuneration policies are appropriate and consistent with the Group's risk, control and conduct management framework, taking advice from the Board Risk Committee, through the Group Chief Risk Officer and/or the Board Risk Committee Chair;
- 2.4. Review and approve the design, implementation and application of remuneration-related risk adjustment policies;
- 2.5. Review compliance with the Remuneration Part of the Prudential Regulation Authority Rulebook (PRA) and Financial Conduct Authority (FCA) Handbook SYSC 19 and UK Corporate Governance Code;

- 2.6. Set and monitor the policy to be applied for all individuals who are considered Material Risk Takers in accordance with the Remuneration Part of the PRA Rulebook or FCA Handbook SYSC 19, ensuring that discretionary incentives are structured in accordance with the requirements;
- 2.7. Approve the aggregate total incentives for the Group, including the determination of any relevant risk adjustment;
- 2.8. Review and recommend to the Board the design of share plans for approval by shareholders including amendments to existing plans;
- 2.9. Determine each year, whether incentive awards will be made, the performance targets to be used and exercise the discretion granted to it to determine the proportion of any awards that should vest;
- 2.10. Review and approve the Fair Pay principles including oversight of the development and implementation of workforce remuneration policies and practices, ensuring they are consistent with the Group's valued behaviours, support long-term sustainable success and are aligned with culture;
- 2.11. Review the remuneration trends across the Company or Group including the relationship between executive remuneration and the remuneration of other Group employees;
- 2.12. Review updates provided by the Group's subsidiary remuneration committees and subsidiary boards with remuneration responsibilities (in respect of remuneration matters), and cascading relevant matters approved by the Committee to the subsidiary committees and boards, ensuring the interaction between the Committee and the subsidiaries remains frequent and active;
- 2.13. Approve and oversee the implementation of any proposal to award a remuneration package to any new employee to the Group, as well as to any employee leaving the Group in excess of an amount to be specified by the Committee from time to time;

### **BOARD AND EXECUTIVE REMUNERATION**

- 2.14. Determine remuneration packages and arrangements, with due regard to relevant legal requirements and rules and guidance published by regulatory authorities, including the provisions and recommendations in the UK Corporate Governance Code, the PRA and FCA Remuneration Rules, the UK Listing Authority and Stock Exchange of Hong Kong's Listing Rules and associated guidance and any relevant European Union legislation;
- 2.15. Establish remuneration policies and practices that promote long-term shareholding by Executive Directors and other senior executives that support alignment with long-term shareholder interests including post-employment shareholding requirements encompassing both unvested and vested shares;

- 2.16. Within the terms of the shareholder approved Directors' Remuneration Policy and in consultation with the Group Chair and / or Group Chief Executive, as appropriate, determine and approve the Group Chair's and Executive Directors':
- (i) overall market positioning of the remuneration package;
  - (ii) individual fixed pay (including salaries, allowances, pensions and benefits, and other components, if any) and increases;
  - (iii) annual and long-term incentive arrangements;
  - (iv) shareholding and retention requirements;
  - (v) service contracts;
  - (vi) ex-post risk adjustment; and
  - (vii) termination arrangements;
- 2.17. Review and approve the fixed and variable remuneration for the Group Management Team, Group Company Secretary, Group Head, Compliance, Financial Crime & Conduct Risk and Group Chief Internal Auditor in consultation with other Committees/Committee Chairs/Group Chair as appropriate; and
- 2.18. Ensure in relation to Executive Directors and other senior executives that contractual terms on termination, and any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully considered.

### **3. Committee Governance**

#### Authority

- 3.1. The Committee is concerned with the business of Standard Chartered PLC and its subsidiaries (the Group) and is authorised by the Board to:
- (i) seek any information that it requires in connection with its purpose and responsibilities from any employee of the Group or any other third party in order to perform its duties;
  - (ii) request the attendance of any employee at a meeting of the Committee as and when required; and
  - (iii) have access to sufficient resources to carry out its duties and to seek appropriate legal or other professional advice on any matters within its terms of reference, to appoint remuneration advisers, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties at the Company's expense as and when it considers it necessary but should consult the Board before material expenditure is incurred.
- 3.2. The Committee may delegate to the most appropriate individual, decision making body or Committee the authority to make decisions on its behalf on the management and day-to-day running of relevant matters and/or matters which require attention between Committee meetings, as the Committee may determine from time to time, providing such decisions are notified to the Committee members and ratified at the next scheduled Committee meeting.
- 3.3. The Committee shall not deal with remuneration of non-executive directors which shall be a matter for the Group Chair and executive members of the Board. No individual shall be involved in any decisions as to their own remuneration.

### Membership

- 3.4. Members shall be appointed by the Board.
- 3.5. The Committee shall comprise at least three independent Non-Executive Directors, one of whom shall be a member of the Board Risk Committee. All members of the Committee shall be independent Non-Executive Directors and, collectively, have the appropriate knowledge, expertise and professional experience concerning remuneration policies and practices, risk management and control activities. The Group Chair may also serve on the Committee as an additional member if they were considered independent on appointment but may not chair the Committee.

### Committee Chair

- 3.6. The appointment of the Committee Chair shall be recommended by the Governance and Nomination Committee and approved by the Board and shall have served on a remuneration committee for at least 12 months.
- 3.7. In the absence of the Committee Chair, meetings of the Committee shall be chaired by either the Committee Chair's nominee or, in the absence of such nomination, the remaining members present shall elect one of their number to chair the meeting. The Chair (or nominee) shall be an independent Non-Executive Director. The Group Chair shall not be Committee Chair.

### Quorum

- 3.8. The quorum for the transaction of business shall be any two members, one of whom must be the Committee Chair or his/her nominee.

### Committee Secretary

- 3.9. The Group Company Secretary or his/her nominee shall act as the Committee Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 3.10. The Secretary shall minute the proceedings and decisions of all Committee meetings and draft minutes of Committee meetings shall be circulated to all members of the Committee.

### Meetings

- 3.11. The Committee shall meet at least four times each year and on such other occasions as the Committee Chair deems necessary. In addition, should it consider it necessary, the Committee may meet at any time with members only being present.
- 3.12. Any member may make a request to the Committee Chair that a meeting be held if they consider that one is necessary.
- 3.13. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chair, Group Chief Executive, Group Head, Human Resources and Global Head, Performance, Reward and Benefits may be invited to attend all or part of any meeting by invitation from the Committee Chair except when issues regarding their own remuneration are discussed.
- 3.14. The Committee's remuneration advisers may attend meetings as requested by the Committee Chair.

### Reporting and Shareholder Engagement

- 3.15. The Committee shall report to the Board on the Committee's activities and will make recommendations as necessary.
- 3.16. The Committee shall review any reports required or recommended on areas within the Committee's responsibilities for inclusion in documents for public disclosure by the Company and provide a description of its activities in the Company's annual report.
- 3.17. The Committee shall approve the Directors' Remuneration Report (DRR) in the Company's Annual Report and Accounts, ensuring that the DRR is prepared consistent with prevailing statutes.
- 3.18. The Committee Chair shall review the contents of the Group's annual Remuneration Policy Statement for the PRA and FCA.
- 3.19. The Committee Chair shall attend the Annual General Meeting and answer any shareholder questions, through the Group Chair, on the Committee's activities and responsibilities. In addition, the Committee Chair should make themselves available when requested by shareholders to discuss significant matters related to the Committee's areas of responsibility.

### Other Matters

- 3.20. The Committee shall:
  - (i) select, appoint, review and set the terms of reference for any remuneration adviser. Any remuneration adviser should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors;
  - (ii) consider such other matters as the Board requires and make recommendations or reports to the Board as appropriate;
  - (iii) give due consideration to applicable laws, regulations and the requirements of the London and Hong Kong Stock Exchanges, as appropriate;
  - (iv) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members; and
  - (v) liaise and collaborate with other Board Committees as necessary and the respective Committee Chairs shall have discretion to agree the most appropriate Board Committee to fulfil an obligation in the event of a perceived overlap; with the obligation being deemed fulfilled by the Board irrespective which Board Committee fulfilled the obligation.

#### **4. Review of Operations**

The Committee shall annually:

- 4.1. Conduct a performance evaluation of the Committee's work and effectiveness, including the quality of the information it receives, with the results and action plan to address any issues raised submitted to the Board; and
- 4.2. Conduct a review of these Terms of Reference, including performance against the Terms of Reference and recommend any proposed changes to the Board for approval.