

**STANDARD CHARTERED PLC**  
**(the Company)**

**BOARD TERMS OF REFERENCE**

**1. Purpose**

The Board of Directors (the Board) is collectively responsible to shareholders for:

- the governance, strategic direction and performance of the Company; and
- the delivery of sustainable value within a framework of prudent and effective controls to which the Company's culture is aligned.

The Board is responsible for understanding the views and interests of all other key stakeholders and for considering those views and interests during Board discussions and decision-making.

**2. Power of the Board to Delegate**

- 2.1. The Board delegates the management and day-to-day running of the Company and its subsidiaries (the Group) to the Group Chief Executive in accordance with such directions as the Board may from time to time determine. Other matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.

**3. Matters Reserved for the Board**

The following matters are matters which require the specific consideration and/or approval of the Board:

**STRATEGY AND MANAGEMENT**

- 3.1. Approval of the Group's long-term objectives, purpose, valued behaviours, culture and commercial strategy, including alignment to the Risk Appetite.
- 3.2. Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 3.3. Review of performance in the light of the Group's strategy, objectives, business plans and budgets and satisfy itself that any necessary corrective action is taken.
- 3.4. Approval of the extension of the Group's activities into a new business or country, by the creation of a representative office or other new physical presence<sup>1</sup> in a country.

---

<sup>1</sup> The Group is considered to have a physical presence in a country if a Group legal entity (indirect or direct subsidiary of Standard Chartered PLC, a branch of any such subsidiary, and/or consolidated special purpose vehicle) conducts onshore business in that country or it is a tax resident.

- 3.5. Approval of any decision to cease to operate all or any material part of the Group's business or to cease to operate in any country that would result in the Group no longer having a representative office or physical presence in that country.

### **STRUCTURE AND CAPITAL**

- 3.6. Approval of material changes relating to the Company's capital structure including:
- (i) reduction of share capital;
  - (ii) share issues (except under the Group's existing employee share schemes);
  - (iii) share buybacks (including the use of treasury shares).
- 3.7. Approval of material changes to the Group's corporate structure.
- 3.8. Approval of any changes to the Company's listing or its status as a plc.

### **FINANCIAL REPORTING AND CONTROLS**

- 3.9. Approval of the preliminary announcements of the interim and final results.
- 3.10. Approval of the annual report and accounts, including the corporate governance statement and remuneration report and the half year report and interim financial statements.
- 3.11. On recommendation from the Audit Committee, approval of any significant changes in accounting policies or practices.
- 3.12. Approval of the dividend policy.
- 3.13. Approval of any interim and final dividends and any share dividend alternative to be put to shareholders for approval as appropriate.
- 3.14. Based on the recommendations of the Audit Committee, review and monitoring of the establishment and maintenance of the Company's internal control framework covering all materials controls, including financial, operational and compliance controls. Approve the disclosures included in the Annual Report in relation to internal controls and the viability statement.

### **RISK**

- 3.15. Based on the recommendations of the Board Risk Committee, annual approval of the Group's Risk Appetite Statement and review and monitoring of the establishment and maintenance of the Company's risk management framework, including approval of any material changes to the Enterprise Risk Management Framework.
- 3.16. Approval of New Market Entries requiring the Enhanced Approval Process (as defined in the Group's internal New Market Entry/Expansion Process).

### **SUSTAINABILITY**

- 3.17. With input from the Culture and Sustainability Committee, oversight of the Group's sustainability strategy.

### **CONTRACTS**

- 3.18. Approval of material capital projects, investments, acquisitions and disposals.
- 3.19. Approval of material contracts entered into by the Company or any subsidiary whether in the ordinary course of business or otherwise.

### **COMMUNICATION**

- 3.20. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.
- 3.21. Approval of all circulars and listing particulars.

### **BOARD MEMBERSHIP AND OTHER APPOINTMENTS**

- 3.22. Following recommendations from the Governance and Nomination Committee:
- (i) Approval of changes to the structure, size and composition of the Board (including appointments and removals).
  - (ii) Approval of Chairmanship and Membership of Board Committees and appointment of the Senior Independent Director and as required a Deputy Chairman.
- 3.23. Determination of the independence of Non-Executive Directors to be reported in the Annual Report and Accounts.
- 3.24. On recommendation from the Governance and Nomination Committee, approval of the continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the Annual General Meeting and, otherwise as appropriate.
- 3.25. On recommendation from the Governance and Nomination Committee, approval of the appointment or removal of the Chairman, the Group Chief Executive Officer and the Group Chief Financial Officer.
- 3.26. On recommendation from the Board Risk Committee, approval of the appointment or removal of the Group Chief Risk Officer.
- 3.27. On recommendation from the Audit Committee, approval to put before shareholders the appointment, reappointment or removal of the external auditor.
- 3.28. On recommendation from the Governance and Nomination Committee, approval of the appointment, renewal of appointment and early termination of

individuals acting as external advisers to the Board and/or its Committees.

- 3.29. Following Board approval, any such appointment and renewal of appointment of an external adviser shall be made through the Group Company Secretary, who shall be responsible any for the contractual arrangements and payment of fees on behalf of the Group.

### **PEOPLE AND STAKEHOLDERS**

- 3.30. Review of stakeholder engagement mechanisms.
- 3.31. Review of the People Strategy.

### **REMUNERATION**

- 3.32. Following recommendations from the Remuneration Committee:
- (i) Determination of the remuneration policy for the Chairman, Group Executive Directors and other senior executives, to be put to shareholders for approval.
  - (ii) Approval of the introduction of new share incentive plans or major changes to existing long-term incentive plans, to be put to shareholders for approval.
- 3.33. Determination of the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.

### **SUBSIDIARY GOVERNANCE AND OVERSIGHT**

- 3.34. Assurance of the cascade of key information and decisions relating to risk, strategy and planning, people, culture, governance, legal, regulatory and internal controls to subsidiary boards and committees.
- 3.35. Maintenance of escalation channels with the chairs and independent non-executive directors across the subsidiaries.
- 3.36. Receipt of reports from the chairs of the key subsidiary boards.

### **DELEGATION OF AUTHORITY**

- 3.37. Approval of the division of responsibilities between the Chairman and the Group Chief Executive.
- 3.38. Approval of the primary delegations of authority for expenditure which should be in writing.
- 3.39. Approval of terms of reference of Board Committees.
- 3.40. Receipt of minutes and/or reports from Board Committees.

## **CORPORATE GOVERNANCE MATTERS**

- 3.41. Following recommendations from the Governance and Nomination Committee:
- (i) Undertaking of a formal and rigorous review annually of its own performance, and that of its Committees and individual directors;
  - (ii) Undertaking of an externally facilitated review of its own performance, and that of its Committees at least every three years;
  - (iii) Approval of changes to the Group's overall corporate governance arrangements; and
  - (iv) Approval of the Board Diversity Policy.

## **OTHER**

- 3.42. Endorsement of material changes to the Group's Code of Conduct and Ethics.
- 3.43. Approval of the making of political donations by the Group.
- 3.44. Approval of the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors.
- 3.45. Following review by the Audit Committee, receipt of the Annual Whistleblowing Report.
- 3.46. Approval of material changes to the rules of the Group's pension schemes involving significant additional costs, or major changes to the investment strategy.
- 3.47. Approval of the required Group disclosures under the Modern Slavery Act 2015.
- 3.48. Annual review and approval of the Terms of Reference of the Board.
- 3.49. Receipt of reports and recommendations from time to time on any matter which the Board considers significant to the Group.

## **4. Board Governance**

### **Membership**

- 4.1. The Board shall comprise Directors that have sufficient current and relevant knowledge and experience, including sector experience, to understand the key activities and risks involved in the business and to provide effective challenge across the major business lines of the Company.
- 4.2. The majority of the Board, excluding the Chairman, should be non-executive directors whom the Board considers to be independent. No one individual or small group of individuals should be in a position to dominate the Board's decision-making.
- 4.3. The Board should be of sufficient size that the requirements of the business can be met and that changes to the Board's composition can be managed without undue disruption.

Board Chairman

- 4.4. The Chairman shall be appointed by the Board and shall be independent on appointment.
- 4.5. The Chairman shall be responsible for leading the Board, the development of the Company's culture and for ensuring the Board's effectiveness in all aspects of its role. The Chairman shall promote high standards of integrity and governance across the Company, and will ensure effective communication between the Board, management, shareholders and wider stakeholders.

Quorum

- 4.6. In accordance with the articles of association of the Company, the Board has fixed a quorum of three Directors.

Secretary

- 4.7. The Secretary shall be appointed by the Board. The Secretary shall be responsible for advising the Board on all governance matters.

Meetings

- 4.8. The Board should meet with sufficient regularity to discharge its duties effectively. The Board shall meet with such frequency and at such times as it may determine. It is expected that the Board shall meet at least eight times a year.
- 4.9. Only members of the Board have the right to attend Board meetings. However, other individuals may be invited to attend all or part of any meeting by invitation of the Chairman.
- 4.10. A Director's attendance by electronic means including telephonic or videoconferencing may be counted as attendance at a physical Board meeting.
- 4.11. The regular attendance and active participation of Directors at Board meetings is expected.

References to materiality within these Terms of Reference will be defined by reference to the limits set out in the Group Delegated Authorities Manual or as matters which are likely to have a significant impact on the Group's overall reputation.