

Chairman's Governance Update

3 October 2017

Introduction



- Standard Chartered is unique, operating in some of the World's most dynamic markets
 - We have the privilege, opportunity and responsibility to be a force for good in our markets
 - The Board is realistic concerning the challenges and risks that the Group faces
 - Maintaining the highest standards of corporate governance is critical to delivering our strategy
- The Board is experienced, diverse and engaged, and focused on a clear set of priorities
 - Effective governance is achieved through a culture of transparency and openness
 - The composition of Board Committees ensures appropriate oversight and challenge

Contents

- Board and Committee structure
- Selected Board statistics
- Chairman priorities
- Continuing the fight against financial crime

Board and Committee structure: overview

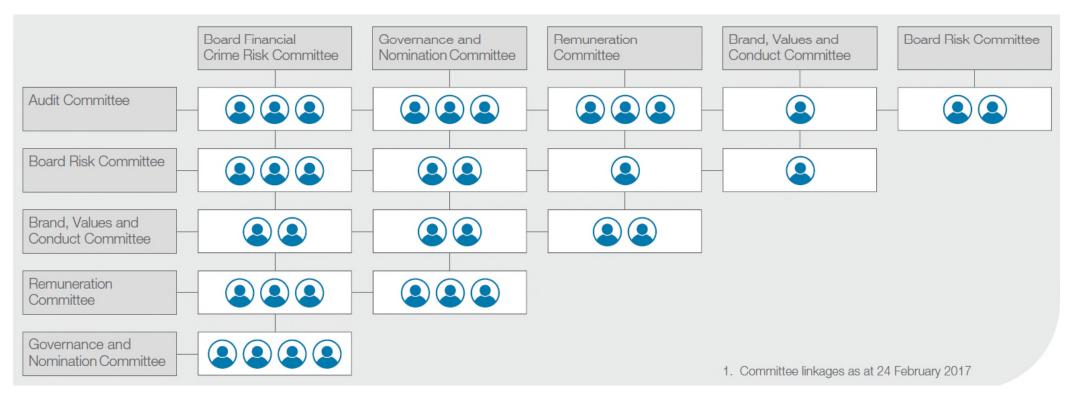


CHAIR Standard Chartered PLC The Board is collectively responsible for the long-term Naguib success of the Group and for ensuring leadership within Kherai a framework of effective controls. The Board sets the strategic direction of the Group, approves the strategy and takes the appropriate action to ensure that the Group is suitably resourced to achieve its strategic **Board Risk Committee** aspirations. The Board considers both the impact of its David Oversight and review of fundamental risks including credit, market, decisions and its responsibilities to all of the Group's capital, liquidity, operational, country cross-border, cyber and pension Connor stakeholders, including the Group's employees, risks shareholders, regulators, clients, suppliers, the environment and the communities in which it operates **Brand, Values and Conduct Committee** Jasmine Oversight of the positioning of the Group's brand, conduct, culture and values, reputational risk, government and regulatory relations, and Whitbread sustainability issues **Group Chief Executive** Responsible for the management of all aspects of the **Governance and Nomination Committee** José Group's business, developing the strategy in conjunction Oversight and review of Board and executive succession, overall with the Chairman and the Board, and leading its Viñals Board effectiveness and governance issues implementation Gay Huev **Board Financial Crime Risk Committee** Oversight and review of all financial crime compliance matters **Evans Management Team** The Management Team comprises the Group Chief Executive and the Group Chief Financial Officer; four regional CEOs; four client segment CEOs; and our global Christine function heads. It has responsibility for executing the Hodgson strategy

Board and Committee structure: linkages



- All the Board Committees are made up of independent non-executive directors and play an important role in supporting the Board
 - The Governance and Nomination Committee, in keeping with the provisions of the UK Corporate Governance Code, is chaired by the Group Chairman
 - In addition to comprising five independent non-executive directors, the Board Financial Crime Risk Committee's membership now includes three independent external advisor members
- It is crucial that effective linkages are in place between the Committees and the Board as a whole, not least as it is
 impracticable for all independent non-executive directors to be members of all of the Committees



Selected Board statistics: diversity

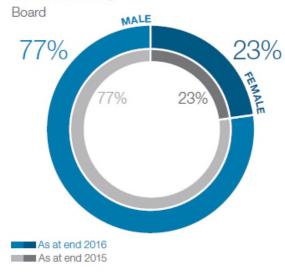


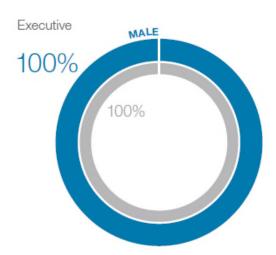
Board diversity

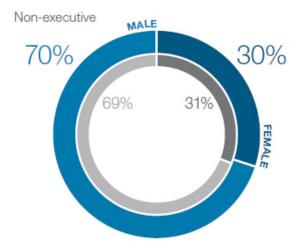
We have a distinctive footprint and a long history of diverse board membership. This mix of skills, knowledge, experience and cultural difference enriches the Board discussion and contributes towards a high performing and effective Board. Good progress continues to be made in the area

of gender diversity, since we set our ambition to increase the proportion of women to 25 per cent by 2017. This commitment was further strengthened during the year with the introduction of the Board Diversity policy. It sets out the Board's broad ambitions and objectives in this area and remains supportive and engaged in further increasing the representation of women on the Board to 33 per cent.

Gender diversity







Selected Board statistics: experience



Experience

Our Board comprises directors with a broad range of skills, experience, backgrounds and perspectives. As at the end of December 2016, nine directors on the Board have lived and/or worked across our key markets of Asia, Africa or the Middle East and over half of the independent non-executive directors have some combination of banking, finance, risk and accounting experience.





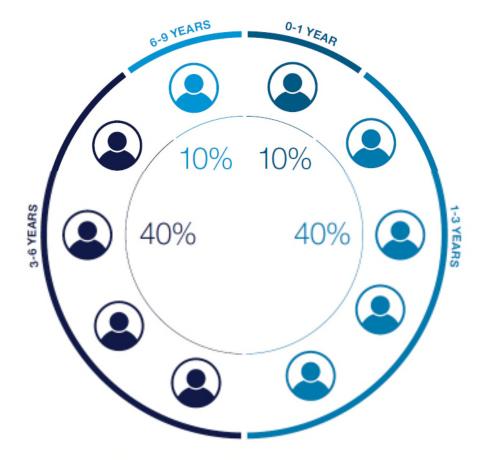
As at end 2016
As at end 2015

Selected Board statistics: tenure



Non-executive director tenure

We remain mindful of the need to ensure that the tenure of our non-executive directors is well balanced.



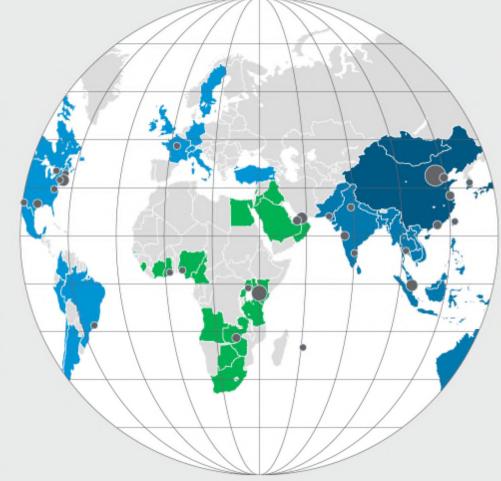




INDEPENDENT NON-EXECUTIVE DIRECTOR, BOARD FINANCIAL CRIME RISK COMMITTEE EXTERNAL ADVISOR MEMBERS AND CHAIRMAN'S VISITS TO OUR MARKETS IN 2016



Africa & Middle Ea	ast
Destination	Visits
Nairobi	13
Dubai	6
Abu Dhabi	2
Accra	1
Port Louis	1
Kampala	1
Lagos	1
Lusaka	2



Greater China & North Asia				
Destination	Visits			
Seoul	1			
Beijing	17			
Tianjin	3			
Hong Kong	3			
Shanghai	3			
Taipei	1			

Destination	Visits
Chennai	1
Mumbai	2
Delhi	1
Singapore	7
Bangkok	1
Karachi	1





- We expect our independent non-executive directors to commit sufficient time to discharge their responsibilities
- In general, we estimate that each independent nonexecutive director spent approximately 35 to 50 days on Board-related duties, and considerably more for those who chair or are members of multiple committees

Name of director	AGM	Scheduled	Ad hoc	Attendance
Chairman				
J Viñals (appointed Chairman Designate 3 October 2016 and Chairman 1 December 2016)	N/A	2/2	N/A	100%
Deputy Chairman				
N Kheraj (appointed Deputy Chairman on 1 December 2016)	1/1	8/8	1/1	100%
Group Chief Executive and Executive Director				
W T Winters	1/1	8/8	1/1	100%
A N Halford	1/1	8/8	1/1	100%
Independent Non-Executive Directors				
O P Bhatt	1/1	8/8	1/1	100%
Dr K M Campbell	1/1	7/81	1/1	89%
Dr L Cheung	1/1	8/8	1/1	100%
D P Conner (appointed 1 January 2016)	1/1	8/8	1/1	100%
Dr B E Grote	1/1	8/8	1/1	100%
Dr Han Seung-soo, KBE	1/1	8/8	1/1	100%
C M Hodgson	1/1	8/8	1/1	100%
G Huey Evans, OBE	1/1	7/82	1/1	89%
J M Whitbread	1/1	8/8	1/1	100%
Directors who stepped down during 2016				
Sir John Peace (stepped down 1 December 2016)	1/1	7/7	1/1	100%
A M G Rees (stepped down 30 April 2016)	N/A	2/2	N/A	100%
S J Lowth (stepped down 31 July 2016)	1/1	4/53	0/13	67%
L Thunell (stepped down 31 January 2016)	N/A	1/1	N/A	100%

Kurt Campbell was unable to attend one scheduled Board meeting due to a prior commitment.

Gay Huey Evans was unable to attend one scheduled Board meeting due to a prior commitment.

^{3.} Simon Lowth was unable to attend one scheduled Board meeting due to illness and the ad hoc Board meeting due to a prior commitment.

In 2016, the Group hold one general meeting, our Annual General Meeting, on 4 May 2016, which was attended by all of the directors. All directors were proposed for annual (re)election and all were successfully (re)elected.

Chairman priorities



Unlock true potential

- Encouraging start to 2017, making steady progress against our strategic objectives
- No shortcuts: it takes time to deliver fundamental change, there is still much work to be done
- Culture how we act and behave consistently will determine how much potential we can unlock

Improve resilience to external shocks

- · Foundations are now much stronger following the actions we have taken to execute on our strategy
- We have a strong and liquid balance sheet and are becoming more efficient
- We are investing in our technological capacity and improving the management of risks

Ensure excellent governance and the highest ethical standards

- Creating an environment that encourages accountability, collaboration, and continuous improvement
- Strongly committed to being at the forefront of the fight against financial crime
- Refreshing the Board where appropriate (e.g. Dr Ngozi Okonjo-Iweala) and re-tendering audit

Carry out Board and Committee effectiveness review

- Independent effectiveness review supports view that Board structure ensures appropriate challenge
- We are implementing an action plan incorporating recommendations at a Board and Committee level
- Will report in detail on conclusions and progress in the 2017 Annual Report

Continuing the fight against financial crime



Fighting financial crime matters

- ✓ Investing in people, processes and systems
- New Cyber Financial Intelligence team, combining cyber and FCC expertise
- ✓ De-risking through education
- FinCEN Law Enforcement award letter (3rd consecutive year)
- Working in partnership with regulators, law enforcement and other global banks on potentially transformational initiatives

⇒ sc.com/fightingfinancialcrime

Engaging our people

- The Whole Story: multi-year campaign
- Mandatory and specialist training on AML, ABC and sanctions

The right controls

- Continued investment in people, processes and systems
- Cyber Financial Intelligence team in the US

Helping to raise industry standards

- Correspondent
 Banking Academies
- Involvement in Wolfsberg, Swift, ICC, UK Finance, BSAAG, ACAMS and RUSI

fighting financial crime

How we are

Forging new partnerships

- UK Joint Money Laundering Intelligence Taskforce
- HK Fraud and Money Laundering Intelligence Taskforce
- Singapore AML and Countering the Finance of Terrorism Industry Partnership