Group Chairman's governance overview

José Viñals
Group Chairman

"The Board continued to prioritise making Standard Chartered more profitable and resilient, focusing on delivering safe and sustainable growth"

As I highlighted in my Group Chairman's statement earlier, 2020 was a year of extraordinary global turbulence. As COVID-19 and geopolitical events evolved across our footprint, the Board accelerated its interactions to ensure it was kept updated on the potential impact of the pandemic on our clients, communities, colleagues and our shareholders, whilst maintaining effective Board oversight and good corporate governance.

Despite the multifaceted uncertainties externally, the Board continued to prioritise making Standard Chartered more profitable and resilient, focusing on delivering safe and sustainable growth. During the year, we discussed and approved our Corporate Plan and refreshed strategic priorities which set rightly ambitious, but achievable steps to make this possible. This requires a careful balancing act between business opportunities on the one hand, and risks and controls on the other. Ensuring good conduct and a culture of transparency and trust across the Group are also critical to the effective delivery of our strategic objectives.

The Board also spent considerable time discussing a number of material issues during the year. These included the withdrawal of the 2019 final dividend and share buy-back, our ongoing response to COVID-19 and the support provided to clients, colleagues and communities, US/China relations, geopolitical and sanction challenges in relation to Hong Kong, changes in the risk profile resulting from COVID-19, and the delivery of our digital ambitions. Further details on the Board and Committee discussions are provided throughout this report.

The Board adapted rapidly to new ways of working, quickly adopting new technology for virtual meetings which were initially held fortnightly as the Board continued to monitor the evolving impact of COVID-19 across our markets. This required significant change to planned Board agendas given the various markets in our footprint and locations of Board members. The Board worked hard to ensure that all items on the forward plan were covered during the year, including training and external speakers to share perspectives on matters of significant strategic or geopolitical importance. The corporate governance summary on pages 90 to 107 highlights the significant breadth of topics and meetings held over the year and our progress against the Board action plan.

As the impact of the pandemic continued, we stepped up our engagement with our shareholders. In November, I hosted a virtual Investor Stewardship event, joined by all of our Committee Chairs and institutional investors representing a sizeable proportion of our equity, as well as several shareholder representative bodies. We updated investors on the key activities and areas of focus for the Board and each of the Committees, followed by a question and answer session.

We were sadly unable to allow shareholders to attend our Annual General Meeting (AGM) in May 2020 given the restrictions in place at the time in the UK. We intended to hold an in-person engagement event later in the year, however, as the pandemic continued, a physical meeting proved impossible. Instead, we hosted our first ever virtual retail shareholder meeting in November, where shareholders were able to hear directly from me and Bill Winters, with all Board members available to participate in a virtual question and answer session. We were encouraged by the high level of participation and the positive feedback received, and following approval of the changes to our Articles of Association at the 2020 AGM, we will look to enhance virtual elements of our AGMs going forward.

Employee engagement was an area of additional focus during 2020, not least because of the impact of COVID-19 on employee welfare and ongoing changes in working arrangements, resulting in many colleagues working from home. The Board was keen to hear directly from employees and their experiences during these challenging times. Given travel restrictions, we were unfortunately unable to meet colleagues in our markets, but with the adoption of various technologies we hosted virtual townhall meetings in every major region in our footprint, with every Board member participating in at least one event. The response from our employees has been extremely positive and we will seek to build on this in the year ahead.

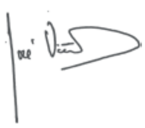
Improved linkages between the Group and subsidiary boards was a further key area of focus for us in 2020 following our Board effectiveness reviews last year and the creation of our Greater China & North Asia hub. We held regular meetings with subsidiary board members across our footprint to ensure a strong sharing of perspectives and the re-enforcing of linkages between the Group and all its key subsidiaries. I am pleased with the progress that has been made here. You will see reference to the annual subsidiary calls for the sharing of issues and views on page 107.

As part of Board succession planning, we welcomed Phil Rivett to the Board in May following the retirement of Louis Cheung earlier in the year. In December, Phil succeeded Naguib Kheraj as Chair of the Audit Committee while Naguib succeeded David Conner as Chair of the Board Risk Committee. In September, we announced that Maria Ramos would join the Board, Audit Committee and Board Risk Committee in January 2021. Our succession planning discussions also led us to set ambitious aspirations in relation to the diversity of our Board both in terms of ethnicity and the wider diversity agenda. Further details on Board and committee changes during 2020, forward succession planning and changes to our diversity policy are provided in the Governance and Nomination Committee report on pages 125 to 129. Following the recent announcement of Ngozi Okonjo-Iweala's appointment as Director-General of the World Trade Organisation from 1 March 2021, Ngozi will step down from the Board on 28 February 2021. Ngozi has made valuable contributions to the Board during her tenure and we wish her all the best in her new role.

The year ahead will remain challenging, and we have much to deliver. The Board has started the year focusing on the impact of climate change and our progress on our sustainability agenda. This is a good place to start the discussion for the future and the need to deliver in the changed environment in which we find ourselves today.

If we execute our Corporate Plan well, leading with our purpose, we will be able to deliver not just a leaner, more profitable and strongly capitalised bank in the coming years, but a better one. Better for our customers, our communities, our employees and our shareholders.

I would like to close by thanking my colleagues across the Group and my fellow Board members for their commitment and contribution over this intense and challenging period.



José Viñals
Group Chairman

Board of Directors

Committee key

- Committee Chair shown in green
- (A) Audit Committee
- (Ri) Board Risk Committee
- (V) Brand, Values and Conduct Committee
- (N) Governance and Nomination Committee
- (C) Board Financial Crime Risk Committee
- (R) Remuneration Committee

José Viñals (66)
Group Chairman

Appointed October 2016 and Group Chairman in December 2016. José was appointed to the Court of Standard Chartered Bank in April 2019.

Experience José has substantive experience in the international regulatory arena and has exceptional understanding of the economic and political dynamics of our markets and of global trade, and a deep and broad network of decision-makers in the jurisdictions in our footprint.

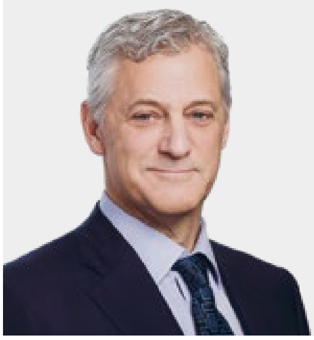
Career José began his career as an economist and as a member of the faculty at Stanford University, before spending 25 years at the Central Bank of Spain, where he rose to be the Deputy Governor. José has held many other board and advisory positions, including Chair of Spain's Deposit Guarantee Fund, Chair of the International Relations Committee at the European Central Bank, member of the Economic and Financial Committee of the European Union, and Chair of the Working Group on Institutional Investors at the Bank for International Settlements. José joined the International Monetary Fund (IMF) in 2009 and stepped down in September 2016 to join Standard Chartered PLC. While at the IMF, he was the Financial Counsellor and the Director of the Monetary and Capital Markets Department, and was responsible for the oversight and direction of the IMF's monetary and financial sector work. He was the IMF's chief spokesman on financial matters, including global financial stability. During his tenure at the IMF, José was a member of the Plenary and Steering Committee of the Financial Stability Board, playing a key role in the reform of international financial regulation.

External appointments José is a Board Member of the Institute of International Finance (IIF) and a Member of the IIF's Group of Trustees of the Principles for Stable Capital Flows and Fair Debt Restructuring. He is also a member of the Board of Directors of the Bretton Woods Committee and serves as a Board Member of the Social Progress Imperative.

Committees N

Bill Winters, CBE (59)
Group Chief Executive

Appointed June 2015. Bill was also appointed to the Court of Standard Chartered Bank in June 2015.



Experience Bill is a career banker with significant frontline global banking experience and a proven track record of leadership and financial success. He has extensive experience of working in emerging markets and a proven record in spotting and nurturing talent.

Career Bill began his career with JP Morgan, where he went on to become one of its top five most senior executives and later co-chief executive officer at the investment bank from 2004 until he stepped down in 2009. Bill was invited to be a committee member of the Independent Commission on Banking, established in 2010, to recommend ways to improve competition and financial stability in banking. Subsequently, he served as an adviser to the Parliamentary Commission on Banking Standards and was asked by the Court of the Bank of England to complete an independent review of the bank's liquidity operations. In 2011, Bill founded Renshaw Bay, an alternative asset management firm, where he was chairman and CEO. He stepped down on appointment to the Standard Chartered PLC Board.

Bill was previously a non-executive director of Pension Insurance Corporation plc and RIT Capital Partners plc. He received a CBE in 2013.

External appointments Bill is an independent non-executive director of Novartis International AG.

+ Bill Winters leads the Management Team

Andy Halford (61)
Group Chief Financial Officer

Appointed: July 2014. Andy was also appointed to the Court of Standard Chartered Bank in July 2014.

Experience Andy has a strong finance background and deep experience of managing complex international businesses across dynamic and changing markets.

Career Andy was finance director at East Midlands Electricity plc prior to joining Vodafone in 1999 as financial director for Vodafone Limited, the UK operating company. Andy was later appointed financial director for Vodafone's Northern Europe, Middle East and Africa region, and later the chief financial officer of Verizon Wireless in the US. He was a member of the board of representatives of the Verizon Wireless Partnership. Andy was appointed chief financial officer of Vodafone Group plc in 2005, a position he held for nine years.

As Group Chief Financial Officer at Standard Chartered, Andy is responsible for Finance, Corporate Treasury, Strategy, Group Corporate Development, Group Investor Relations, Property and Supply Chain Management functions.

External appointments Andy is Senior Independent Director and Chair of the Audit Committee at Marks and Spencer Group plc. He is also a trustee of the Standard Chartered Foundation.

+ Andy Halford also sits on the Management Team

Naguib Kheraj (56)
Deputy Chairman

Appointed January 2014 and Deputy Chairman in December 2016. Naguib was appointed to the Court of Standard Chartered Bank in April 2019.

Experience Naguib has significant banking and finance experience.

Career Naguib began his career at Salomon Brothers in 1986 and went on to hold senior positions at Robert Fleming, Barclays, JP Morgan Cazenove and Lazard. Over the course of 12 years at Barclays, Naguib served as group finance director and vice-chairman and in various business leadership positions in wealth management, institutional asset management and investment banking. Naguib was also a Barclays' nominated non-executive director of ABSA Group in South Africa and of First Caribbean International Bank. He also served as chief executive officer of JP Morgan Cazenove. Naguib is a former non-executive director of NHS England and served as a senior adviser to Her Majesty's Revenue and Customs and to the Financial Services Authority in the UK. He also served as a member of the investment committee of the Wellcome Trust and the Finance Committee of the Oxford University Press.

External appointments Naguib is Chairman of Rothesay Life, a specialist pensions insurer and a member of the Finance Committee of the University of Cambridge. Naguib spends a substantial amount of his time as a senior adviser to the Aga Khan Development Network and serves on the boards of various entities within its network.

Committees Ri A R C N

Christine Hodgson, CBE (56)
Senior Independent Director

Appointed September 2013 and Senior Independent Director in February 2018.

Experience Christine has strong business leadership, finance, accounting and technology experience.

Career Christine held a number of senior positions at Coopers & Lybrand and was corporate development director of Ronson plc before joining Capgemini in 1997, where she held a variety of roles including chief financial officer for Capgemini UK plc and chief executive officer of technology services for North West Europe. Christine stepped down as chair for Capgemini UK plc in March 2020. Christine was previously a trustee of MacIntyre Care, a non-executive director of Ladbrokes Coral Group plc, and stepped down from the board of The Prince of Wales' Business in the Community on 9 February 2021.

External appointments Christine is chair of Severn Trent Plc and The Careers & Enterprise Company Ltd, a government-backed company established to help inspire and prepare young people for the world of work. She is also Senior Pro Chancellor and Chair of Council of Loughborough University and External Board Advisor to Spencer Stuart Management Consultants NV. Christine received a CBE for services to education in the Queen's New Year Honours 2020.

Committees R A C V N

Gay Huey Evans, OBE (66)
Independent Non-Executive Director

Appointed April 2015. Gay was appointed to the Court of Standard Chartered Bank in April 2019.

Experience Gay has extensive banking and financial services experience with significant commercial and UK regulatory and governance experience.

Career Gay spent over 30 years working within the financial services industry, the international capital markets and with the financial regulator. Gay spent seven years with the Financial Services Authority from 1998 to 2005, where she was director of markets division, capital markets sector leader, with responsibility for establishing a market-facing division for the supervision of market infrastructure, oversight of market conduct and developing markets policy. From 2005 to 2008, Gay held a number of roles at Citibank, including head of governance, Citi Alternative Investments, EMEA, before joining Barclays Capital where she was vice chair of investment banking and investment management. She was previously a non-executive director at Aviva plc, the London Stock Exchange Group plc and Itau BBA International Plc. She received an OBE for services to financial services and diversity in 2016.

External appointments Gay is Chair of the London Metal Exchange, a non-executive director of ConocoPhillips and IHS Markit, and a non-executive member of the HM Treasury board. Gay also sits on the panel of senior advisers at Chatham House and the Board of the Benjamin Franklin House.

Committees C Ri

Phil Rivett (65)
Independent Non-Executive Director

Appointed May 2020. Phil was also appointed to the Court of Standard Chartered Bank in May 2020.

Experience Phil has significant professional accountancy and audit experience, specifically focused in the financial services sector. He has a strong technical understanding and broad financial and business experience.

Career Phil joined PricewaterhouseCoopers (PwC) as a graduate trainee accountant in 1976, becoming a Partner in 1986. He spent more than 30 years as a Partner at PwC and was lead relationship Partner for several large FTSE 100 companies including a number of international banks and financial services institutions. He also has substantial international experience, having worked with banks across the Middle East and Asia, in particular China. He became Leader of the Financial Services Assurance practice in 2007 and was appointed Chairman of its Global Financial Services Group in 2011. Phil has sat on a number of global financial services industry groups, producing guidelines for best practice in governance, financial reporting and risk management.

External appointments Phil is an independent non-executive director of Nationwide Building Society, the world's largest building society.

Committees A Ri N

Jasmine Whitbread (57)
Independent Non-Executive Director

Appointed April 2015. Jasmine was appointed to the Court of Standard Chartered Bank in April 2019.

Experience Jasmine has significant business leadership experience as well as first-hand experience of operating across our markets.

Career Jasmine began her career in international marketing in the technology sector and joined Thomson Financial in 1994, becoming managing director of the Electronic Settlements Group. After completing the Stanford Executive Program, Jasmine set up one of Oxfam's first regional offices, managing nine country operations in West Africa, later becoming international director responsible for Oxfam's programmes worldwide. Jasmine joined Save the Children in 2005, where she was responsible for revitalising one of the UK's most established charities. In 2010, she was appointed as Save the Children's first international chief executive officer, a position she held until she stepped down in 2015. Jasmine stepped down as a non-executive director from the Board of BT Group plc in December 2019.

External appointments Jasmine is chief executive of London First, a business campaigning group with a mission to make London the best city in the world to do business and a non-executive director of WPP Plc. She will step down as chief executive of London First and become chair of Travis Perkins plc in March 2021.

Committees V R N

David Conner (72)
Independent Non-Executive Director

Appointed January 2016. David was appointed to the Court of Standard Chartered Bank in April 2019.

Experience David has significant global and corporate, investment and retail banking experience, strong risk management credentials and an in-depth knowledge of Asian markets.

Career David spent his career in the financial services industry, living and working across Asia for 37 years, for both Citibank and OCBC Bank. He joined Citibank in 1976 as a management trainee and went on to hold a number of Asia-based senior management roles, including chief executive officer of Citibank India and managing director and marketing manager at Citibank Japan, before leaving Citibank in 2002. David joined OCBC Bank in Singapore as chief executive officer and director in 2002. He implemented a strategy of growth and led the bank through a period of significant turbulence. David stepped down as chief executive officer in 2012 but remained as a non-executive director on the board of OCBC Bank, before leaving the group in 2014. He was previously a non-executive director of GasLog Ltd.

Committees Ri A C V

David is also a member of the Combined US Operations Risk Committee of Standard Chartered Bank.

Byron Grote (72)
Independent Non-Executive Director

Appointed July 2014.

Experience Byron has broad and deep commercial, financial and international experience.

Career From 1988 to 2000, Byron worked across BP in a variety of commercial, operational and executive roles. He was appointed as chief executive of BP Chemicals and a managing director of BP plc in 2000 and had regional group-level accountability for BP's activities in Asia from 2001 to 2006. Byron was chief financial officer of BP plc from 2002 until 2011, subsequently serving as BP's executive vice president, corporate business activities, from 2012 to 2013, with responsibility for the group's integrated supply and trading activities, alternative energy, shipping and technology. Byron was a non-executive director at Unilever plc and Unilever NV before stepping down in 2015.

External appointments Byron is Senior Independent Director at Anglo American plc, a non-executive director and chair of the Audit Committee at Tesco PLC and is deputy chairman of the supervisory board at Akzo Nobel NV. He is also a member of the European Audit Committee Leadership Network.

Committees A R

Ngozi Okonjo-Iweala (66)
Independent Non-Executive Director

Appointed November 2017. Ngozi was appointed to the Court of Standard Chartered Bank in April 2019.

Ngozi will be appointed as Director-General of the World Trade Organisation (WTO) from 1 March 2021 and will step down from the Board on 28 February 2021.

Experience Ngozi has significant geopolitical, economic, risk and development experience and expertise at a governmental and intergovernmental level.

Career A development economist, Ngozi spent 25 years working at the World Bank in various positions. After leaving in 2003, she served as the Finance Minister of Nigeria from 2003 to 2006. She returned to the World Bank in 2007, serving as a Managing Director until 2011, when she was appointed to the role of Minister of Finance and Coordinating Minister of Economy in the Nigerian government, a position she held until 2015. During her time in government, she spearheaded Nigeria's successful programme to obtain debt relief and is credited with developing reforms that helped improve governmental transparency to stabilise and grow the Nigerian economy. Ngozi was until recently chair of GAVI and the African Risk Capacity, and co-chair of Lumos Global before stepping down in 2020.

External appointments Ngozi is an independent director of Twitter, Inc. and holds a number of prestigious international advisory positions, including the Asian Infrastructure Investment Bank. Ngozi is co-chair of the Global Commission on Economy and Climate. She is also a member of the G20 Eminent Persons Group, reviewing Global Financial Governance, an ambassador of the Open Government Partnership and is a trustee of the Carnegie Endowment for International Peace. Ngozi was appointed special envoy for the Access to COVID-19 Tools Accelerator as well as the African Union to address the economic challenges as a result of the COVID-19 pandemic during 2020.

Committees V

Maria Ramos (62)
Independent Non-Executive Director

Appointed January 2021. Maria was also appointed to the Court of Standard Chartered Bank in January 2021.

Experience Maria has extensive CEO, banking, commercial, financial, policy and international experience.

Career Based in South Africa, Maria served as chief executive officer of ABSA Group Limited (previously Barclays Africa Group), a diversified financial services group serving 12 African markets from 2009 to 2019. Before joining ABSA, Maria was the group chief executive of Transnet Ltd, the state-owned freight transport and logistics service provider for five years. Prior to her CEO career, Maria served for seven years as director-general of South Africa's National Treasury (formerly the Department of Finance) where she played a key role in transforming the National Treasury into one of the most effective and efficient state departments in the post-apartheid administration. Maria has served on a number of international boards, including Sanlam Ltd, Remgro Ltd, and SABMiller plc and more recently was a non-executive director of The Saudi British Bank and Public Investment Corporation Limited before stepping down in December 2020.

External appointments Maria is Chair of AngloGold Ashanti Limited and a non-executive director of Compagnie Financière Richemont SA. She is also a member of the Group of Thirty, sits on the International Advisory Board of the Blavatnik School of Government at Oxford University, the advisory board of the Bretton Woods Committee, and the Board of Protectors of Ikamva Labantu Charitable Trust.

Committees A Ri

David Tang (66)
Independent Non-Executive Director

Appointed June 2019. David was also appointed to the Court of Standard Chartered Bank in June 2019.

Experience David has deep understanding and experience of emerging technologies in the context of some of our key markets, most notably mainland China.

Career David has more than 30 years of international and Chinese operational experience in the technology and venture capital industries, covering venture investments, sales, marketing, business development, research and development, and manufacturing. From 1989 to 2004, David held a number of senior positions in Apple, Digital Equipment Corp and 3Com based in China and across the Asia Pacific region. From 2004 to 2010, David held various positions in Nokia, including corporate vice president, chairman of Nokia Telecommunications Ltd and vice chairman of Nokia (China) Investment Co. Ltd. He went on to become corporate senior vice president, regional president of Advanced Micro Devices (AMD), Greater China, before joining NGP Capital (Nokia Growth Partners) as Managing Director and Partner in 2013.

External appointments David is managing director and partner of NGP Capital in Beijing, managing investments in a range of technology start-up and emerging technology companies. David is also a non-executive director of JOYY Inc., the Chinese live streaming social media platform, listed on the Nasdaq, and Kingsoft Corporation, a leading Chinese software and internet services company, listed on the Hong Kong Stock Exchange.

Committees V Ri

Carlson Tong (66)
Independent Non-Executive Director

Appointed February 2019. Carlson was appointed to the Court of Standard Chartered Bank in April 2019.

Experience Carlson has a deep understanding and knowledge of operating in mainland China and Hong Kong and has significant experience of the financial services sector in those markets.

Career Carlson joined KPMG UK in 1979, becoming an Audit Partner of the Hong Kong firm in 1989. He was elected Chairman of KPMG China and Hong Kong in 2007, before becoming Asia Pacific chairman and a member of the global board and global executive team in 2009. He spent over 30 years at KPMG and was actively involved in the work of the securities and futures markets, serving as a member of the Main Board and Growth Enterprise Market Listing Committee of the Stock Exchange of Hong Kong from 2002 to 2008 (Chair from 2006 to 2008). After retiring from KPMG in 2011, he was appointed a non-executive director of the Securities and Futures Commission, becoming its Chair in 2012 until he stepped down in October 2018. He oversaw a number of major policy initiatives during his term as the chair including the introduction of the Hong Kong and Shanghai/Shenzhen Stock connect schemes and the mutual recognition of funds between the mainland and Hong Kong. Carlson was appointed as a non-executive director of the Hong Kong International Airport Authority in 2017, a position he held until he stepped down in July 2020.

External appointments Carlson sits on various Hong Kong SAR government bodies, including as chair of the University Grants Committee and a member of the Hong Kong Human Resource Planning Commission. Carlson is also an observer on behalf of the Hong Kong Government for Cathay Pacific Airways Ltd.

Committees A Ri C

Amanda Mellor (56)
Group Company Secretary

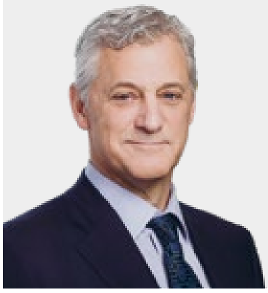
Appointed Amanda was appointed Group Company Secretary in May 2019.

Experience Prior to joining Standard Chartered, Amanda was Group Secretary and Head of Corporate Governance at Marks and Spencer Group plc (M&S) from 2009-2019, where she was also an executive member of the Operating Committee. From 2004-2009, she was Head of Investor Relations at M&S having been Director of Corporate Relations at Arcadia Group plc and the Burton Group plc. Prior to working in investor relations, Amanda worked in investment banking at James Capel and Robert Fleming.

Career Amanda is a non-executive director of Volution Group PLC and a member of all their board committees, having previously served as a non-executive director and Chair of the Remuneration Committee of Kier Group plc. Amanda served as a member of the Council and the Remuneration Committee of Leeds University from 2013-2019, where she is also a visiting professor of the Inter-Disciplinary Ethics Applied Centre. Amanda is a Fellow of the Institute of Chartered Secretaries.

Management Team

Bill Winters, CBE (59)
Group Chief Executive



Andy Halford (61)
Group Chief Financial Officer

Simon Cooper (53)
CEO, Corporate, Commercial & Institutional Banking and Europe & Americas

Appointed Simon joined the Group as CEO, Corporate & Institutional Banking in April 2016. He assumed additional responsibility for Commercial Banking in March 2018 and the Europe & Americas region in January 2021.

Career Simon was previously group managing director and chief executive of Global Commercial Banking at HSBC. He has extensive experience across our markets and client segments. Simon joined HSBC in 1989 and held a number of senior roles there, including deputy chairman and chief executive officer, Middle East and North Africa; chief executive officer, Korea; and head of Corporate and Investment Banking, Singapore. He has significant experience in the areas of corporate finance, corporate banking and transaction banking.

External appointments Simon is a member of the advisory board of the Lee Kong Chian School of Business and a trustee of the Standard Chartered Foundation.

David Fein (60)
Group General Counsel

Appointed David joined the Group in September 2013 as Group General Counsel, advising the Board and the Court of the Bank on all material legal matters. He oversees Standard Chartered's Legal function, Group Corporate Secretariat and Shared Investigative Services.

Career David has held various senior roles in the US Government, including as US Attorney for the District of Connecticut and as Associate Counsel to the President. He has extensive experience fighting financial crime and a track record of forming and supporting public-private partnerships.

External appointments David is Chair of the United for Wildlife Financial Taskforce, a member of the Board of Trustees and Treasurer of American Friends of The Royal Foundation of The Duke and Duchess of Cambridge and a member of the Board of Guiding Eyes for the Blind.

Dr. Michael Gorriz (61)
Group Chief Information Officer

Appointed Michael joined Standard Chartered as Group Chief Information Officer (CIO) in July 2015.

Career An industry award winner, Michael joined from Daimler AG where he was most recently vice president and CIO with responsibility for the smooth operation of all Daimler systems and the management of IT projects globally. He has held various CIO roles within the Daimler group and has spent many years working across Standard Chartered's footprint.

External appointments None

Judy Hsu (57)
CEO, Consumer, Private and Business Banking

Appointed Judy was appointed CEO, Consumer, Private and Business Banking on 1 January 2021.

Career Prior to her most recent appointment, Judy was Regional CEO, ASEAN & South Asia, a position she held from June 2018. Judy was the country CEO for Standard Chartered Singapore from 2015 to 2018. She joined Standard Chartered in December 2009 as the Global Head of Wealth Management and led the strategic advancement of the Bank's wealth management business. Prior to this, Judy spent 18 years at Citibank, where she held various leadership roles in its Consumer Banking business in Asia. Her last role at Citibank was Regional Head of Retail Bank for Asia Pacific and Country Head for International Personal Banking.

External appointments Judy sits on the Statutory Board of Workforce Singapore and the Board of Urban Redevelopment Authority, Singapore.

Benjamin Hung (56)
CEO, Asia

Appointed Ben was appointed CEO, Asia on 1 January 2021.

Career He joined Standard Chartered in 1992 and has held a number of senior management positions spanning corporate and retail banking. Prior to his current role, Ben was Regional CEO for Greater China & North Asia and CEO for the Bank's Retail Banking and Wealth Management businesses globally. He is currently based in Hong Kong and has international banking experience in the United Kingdom and in Canada. Ben was previously chairman of the Hong Kong Association of Banks, a member of the Financial Services Development Council and a board member of the Hong Kong Airport Authority and the Hong Kong Hospital Authority. He was also a Council Member of the Hong Kong University.

External appointments Ben is an independent non-executive director of the Hong Kong Exchanges and Clearing Limited and a member of the Hong Kong Chief Executive's Council of Advisers on Innovation and Strategic Development. He also sits on the Exchange Fund Advisory Committee and is a member of the General Committee of the Hong Kong General Chamber of Commerce.

Tanuj Kapilashrami (43)
Group Head, Human Resources

Appointed Tanuj joined the Management Team as Group Head, Human Resources (HR) in November 2018. She joined the Bank in March 2017 as Group Head, Talent, Learning and Culture and took on additional responsibility as Global Head HR, Corporate, Commercial and Institutional Banking in May 2018.

Career Prior to joining the Group, Tanuj built her career at HSBC. She has worked across multiple HR disciplines in many of our footprint markets (Hong Kong, Singapore, Dubai, India and London).

External appointments Tanuj is a non-executive director of Sainsbury's PLC and a member of their Nomination and Remuneration Committees. She is a member of the Asia House board of trustees, of which Standard Chartered is a founding stakeholder. Asia House is a London-based centre of expertise on trade, investment and public policy whose mission it is to drive political, economic and commercial engagement between Asia and Europe. Tanuj is also a board member of the UK Financial Services Skills Commission.

Sunil Kaushal (55)
CEO, Africa & Middle East

Appointed Sunil was appointed CEO, Africa & Middle East on 1 October 2015.

Career Prior to his current role, he was regional CEO South Asia, responsible for Standard Chartered's operations in South Asia (which included India, Bangladesh, Sri Lanka, and Nepal). Sunil has over 32 years of banking experience in diverse markets and has been with Standard Chartered for approximately 23 years, holding senior roles across the Wholesale and Consumer Bank. He has rich experience across the Group's footprint, having served as the Head of Corporate Banking in UAE, Head of Originations and Client Coverage in Singapore, Global Head Small and Medium Enterprises (SME) and New Ventures in Singapore and Chief Executive Officer of Standard Chartered Bank (Taiwan) Ltd. Before joining Standard Chartered in 1998, Sunil held various banking positions at a number of leading international financial institutions.

External appointments None

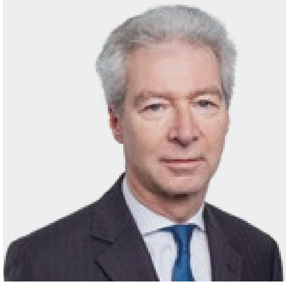
Tracey McDermott, CBE (51)
Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance

Appointed Tracey joined as Group Head, Corporate, Public and Regulatory Affairs in March 2017. She has subsequently expanded her portfolio to take on Brand & Marketing and Conduct, Financial Crime and Compliance.

Career Prior to joining the bank, Tracey served as Acting Chief Executive of the Financial Conduct Authority (FCA) from September 2015 to June 2016. She joined the then Financial Services Authority (FSA) in 2001 where she held a number of senior roles, including: Director of Supervision and Authorisations, and Director of Enforcement and Financial Crime. Tracey also served as a Board Member of the FSA from April 2013, as a member of the Financial Policy Committee of the Bank of England, and as non-executive director of the Prudential Regulation Authority (PRA) from September 2015 to June 2016. Prior to joining the FCA, Tracey worked as a lawyer in private practice, having spent time in law firms in the UK, USA and Brussels. In 2016, Tracey received a CBE for her services to financial service consumers and markets.

External appointments Tracey is a board member of UK Finance; a member of the International Regulatory Strategy Group (IRSG) Council; an Honorary Professor at the Centre for Commercial Law Studies, Queen Mary University of London; and a trustee of the Standard Chartered Foundation.

Mark Smith (59)
Group Chief Risk Officer



Appointed Mark was appointed Group Chief Risk Officer in January 2016. Mark is responsible for managing Credit, Market and Operational Risk across the Group and ensuring the broader risk framework is effective. Mark is a member of the Court of Standard Chartered Bank.

Career Before joining Standard Chartered, Mark was the chief risk officer Europe, Middle East and Africa and global head, Wholesale Credit and Traded Risk for HSBC. He had a long and successful career at HSBC, having joined Midland Bank as a graduate trainee prior to its acquisition by HSBC. Other roles at HSBC included chief operating officer, Global Corporate & Institutional Banking. He has worked in London and Hong Kong.

External appointments Mark is chair of the International Financial Risk Institute.

David Whiteing (52)
Group Chief Operating Officer

Appointed David joined Standard Chartered as Group Chief Operating Officer in September 2018.

Career David joined Standard Chartered from the Commonwealth Bank of Australia where he was the Group CIO, responsible for all of the technology and operations teams of the Group and for delivering the Group's strategic pillar of 'world leading application of operations and technology.' He is a highly experienced executive with a track record of delivering cultural transformation in Australia and overseas. Prior to joining the CBA Group in 2013, David was Vice President of Enterprise Systems at BP in the UK. He is a former Accenture technology and operations partner with extensive transformation experience.

External appointments David is an independent director of Silicon Quantum Computing Ltd.

Tracy Clarke was Regional CEO, Europe & Americas and CEO, Private Bank during the year before retiring from the Group, including the Management Team, on 31 December 2020.

Claire Dixon will join the Management Team on 1 March 2021 as the Group Head of Corporate Affairs, Brand & Marketing. Tracey McDermott will continue to run Conduct, Financial Crime and Compliance.

Corporate governance

The Board spends significant time considering and interacting with its key stakeholders to better understand their views and perspectives

Our stakeholders, their perspectives: Driving commerce and prosperity through our unique diversity

Clients

- Differentiated products across our unique footprint, preferred bank
- Digitally enabled and positive experience

Suppliers

- Open, transparent and consistent tender process
- Willingness to adopt supplier-driven innovations

Regulators and governments

- Robust capital base and strong liquidity position
- Standards for conduct and accountability for actions

Society

- Positive social and economic contributions
- Strong community outreach and sustainability programme

Investors

- Strong and sustainable performance
- Increased income, profit and return on investment

Employees

- Fair and competitive performance management and remuneration
- Engaged and diverse workforce

Key areas of Board discussion during 2020

The Board starts each year discussing its key priorities which help shape the forward plan. The agenda is structured to create the right balance between standing items, governance requirements, and areas of strategic and operational focus. The following pages provide insight into the content and structure of Board meetings during 2020, as well as the Board's consideration and interaction with stakeholders.

Board meetings are an important mechanism to facilitate discussion and action. Some of the areas detailed on the following pages formed part of the standing agenda for each meeting, while others were reviewed periodically through the year.

Directors are alert to their statutory duties and obligations, including those outlined under section 172 of the Companies Act 2006 (s.172), and this forms an integral part of director induction and annual training. Directors recognise the importance of promoting open dialogue and the need to foster positive stakeholder relationships.

The impact on stakeholders, their views and their feedback are collectively at the heart of Board discussions and actions, and directors spend significant time interacting with key stakeholders to better understand their views and perspectives. Some examples of this can be found in the s.172 disclosure on pages 54 to 71, within spotlight items on the following pages and on pages 102 to 107.

The Board will continue to enhance ways to ensure that stakeholders are given consideration as part of the Board's decision-making.

COVID-19 response

The pandemic crisis has significantly impacted people across the world, altering the way they work and how they live their lives.

Standard Chartered is no exception, with the ever-changing pandemic landscape affecting how we operate across all of our markets. During this challenging time, upholding effective governance remotely has been a key priority for the Board.

The Board has played a crucial role in steering the Group's COVID-19 response, assessing and evaluating potential actions. The Board's focus, as the pandemic continued throughout this year, has been on protecting and advancing the interests of shareholders while also ensuring the wellbeing of colleagues, supporting the Group's customers and clients, and showing solidarity with our communities. Most importantly, the Board has aspired to respond to this crisis, and everything it does, with humanity. In order to assist with this aim, the Board has delegated specific responsibilities to its committees and senior management team. This, combined with key stakeholder and expert opinions where necessary, ensured effective and considered decision-making during 2020.

This year the Group committed to providing $1 billion in not-for-profit loans to help finance companies that supply goods and services in the battle with COVID-19. The Group also created a $50 million Global Charitable Fund to provide emergency support, and longer-term assistance, for the communities most impacted by the pandemic. Find out more about the Group's responses to COVID-19, and how we have supported our clients, colleagues and communities on pages 6 to 9.

The COVID-19 crisis has reinforced the relevance of the Group's strategic priorities and has not prevented the Board from interacting with key stakeholders. The Board continues to engage with stakeholders virtually, both individually and as a group. All Board and committee meetings since March 2020 were adapted into virtual meetings, utilising interactive technology to ensure agile and robust engagement. In addition, a number of virtual ad hoc Board meetings were held through the year to ensure key areas of discussion were not compromised. Weekly risk reports were produced and provided to the Board during the peak of the pandemic.

Key areas of Board discussion during 2020 continued

Group strategy

- Reviewed and approved the Group's refreshed strategic priorities and critical enablers
- Reviewed and approved the five-year corporate plan as a basis for preparation of the 2021 budget, receiving confirmation from the Group Chief Risk Officer that the plan is aligned to the Enterprise Risk Management Framework and the Group Risk Appetite Statement
- Reviewed and scrutinised the strategic and operational performance of the business across client segments, product groups and regions, which included details of their priorities, progress, opportunities and response to current events, including:
  - The Greater China and North Asia region, particularly China, Hong Kong and the Greater Bay Area strategy
  - The Middle East strategy, its priorities, the progress and opportunities
  - Priorities and progress against the strategy in Europe and Americas
  - Key activities and progress of SC Ventures and detail on managing risk associated with early stage venture
  - Corporate and Institutional Banking and Commercial Banking businesses, including performance and progress against the refreshed strategy
- Reviewed and discussed the Group's sustainable finance offering
- Reviewed and scrutinised the Group's data and analytics strategy
- Discussed the Group's technology strategy and core banking programme
- Discussed the Group's Brexit preparedness
- Approved the revised terms for the sale of the Group's interest in PT Bank Permata Tbk
- Discussed growth strategy for the Group's retail, affluent retail and wealth businesses
- Debated the Group's operational alignment and operating model
- Received and discussed regular corporate development updates
- Discussed the Group's digital bank strategy and approved initiatives in relation to digital bank partnerships
- Reviewed the performance, opportunities and lessons from the launch of Mox Bank
- Received an update on and discussed the key activities and progress of SC Ventures including detail on the new types of risks in digital business models
- Discussed progress of the costs and investment initiatives and programmes
- Discussed the Group's investment in China Bohai Bank six months after the Initial Public Offering

Spotlight

Refreshing the Group's strategic priorities

Providing oversight of the Group's strategy is a central role of the Board. In June 2020, the Board held a two-day strategy session at which it focused on the evolution of the Group strategy towards four strategic priorities: Digital Network; Affluent; Mass Retail; and Sustainability, underpinned by three critical enablers: People and Culture; Innovation and Productivity and New Ways of Working. The Board spent time probing and scrutinising the refreshed strategic priorities supporting the approach to extend the Group's existing scale and impact in a number of key areas, ultimately improving our return on tangible equity and delivering benefits to our key stakeholders.

Further detail on the Group's refreshed strategic priorities and critical enablers can be found in the Strategic report on pages 26 and 27.

Stakeholders

- Clients
- Suppliers
- Regulators and governments
- Society
- Investors
- Employees

Risk management

- Received and discussed regular risk reports from the Group Chief Risk Officer including updates on the impact of COVID-19 on the Group's operations, financial health and resilience, business resilience, liquidity and capital ratios
- Approved material changes to the Enterprise Risk Management Framework arising from the 2020 review
- Discussed and reviewed IT Governance
- Received an update on, and discussed, the Group's Information and Cyber Security strategy, risk profile and progress in respect to the transformation and remediation programme
- Approved the renewal of the Group's insurance policies for 2020/21
- Approved the risk appetite validation of the 2021 Corporate Plan
- Engaged with the PRA on the findings of their 2020 Periodic Summary Meeting Letter

Spotlight

COVID-19 risk reports

During the peak of the pandemic this year, the Board received weekly reports from the Group Chief Risk Officer regarding the impact of COVID-19 on the financial markets, the Group's client segments, product groups and markets as well as employees and the communities in which we operate. Updates were later incorporated into Board papers throughout the year.

Stakeholders

- Clients
- Suppliers
- Regulators and governments
- Society
- Investors
- Employees

Key areas of Board discussion during 2020 continued

Financials and performance

- Approved the Group's 2021-25 Corporate Plan and 2021 budget
- Monitored the Group's financial performance
- Approved the full year and half year results
- Monitored and assessed the strength of the Group's capital and liquidity positions
- Considered the Group's approach to capital returns taking into account the significant change in the external environment and the regulatory landscape. Agreed the subsequent withdrawal of the 2019 dividend, suspension of the buy-back programme and took the decision not to pay any dividends in 2020
- Supported the launch of a $50 million global fund to provide assistance to those across the Group's markets affected by COVID-19
- Received bi-annual updates on and discussed the Group's major investment programmes in 2020 including an update on the evolution to client-led operations
- Received bi-annual updates on, and discussed, investor relations matters
- Discussed balance sheet optimisation and UK Solo resilience
- Approved a number of internal capital actions in relation to the Group's exit from the Principal Finance business

Spotlight

Withdrawal of 2019 final dividend

In response to a request from the PRA and in reaction to the impact of the COVID-19 crisis, the Board took the decision to withdraw its recommendation to pay a 20 cents per ordinary share final dividend for 2019 and to suspend the buy-back programme. The Board took the decision after significant discussion and having taken into account the views and impact on key stakeholders.

Stakeholders

Regulators and governments
Investors
Employees

People, culture and values

- Approved the Group's 2019 Modern Slavery Statement
- Discussed progress made against the refreshed people strategy
- Discussed aspects of the Group's global employee engagement survey, My Voice
- Discussed the Group's approach to the Future Workplace, Now initiatives
- Received an update on the progression and evolution of the Management Team's succession plans
- Discussed the Group's Global Diversity & Inclusion initiatives
- Discussed and approved the addition of two new aspirations into the Board Diversity Policy
- Reviewed an annual report update on the operation and effectiveness of the Group's Speaking Up programme

Spotlight

Board Diversity Policy

This year the Board introduced two progressive aspirations into the Board Diversity Policy, demonstrating the Board's commitment to reflecting the business and network we operate and to ensure that we better reflect the Group's aspirations in relation to other strands of diversity. These changes included the adoption of an aspiration that a minimum of 30 per cent of the Board is from an ethnic minority background and for the Board to align with other aspects of diversity. We will report on progress against these aspirations alongside the more long-standing aspirations in next year's report. Further details are set out on pages 127 and 128.

Stakeholders

Regulators and governments
Society
Investors
Employees

External environment

- Received updates on the macroeconomic headwinds and tailwinds in the global economy, including an assessment of the impact on the key drivers of the Group's financial performance
- Received internal and external briefings and input across a range of subjects, including:
  - Overview of the growth outlook and risks across Africa and Middle East regions, and insights into the prospects and outlook across Europe, UK and the US
  - US-China relations and trade tensions, including impact on Hong Kong
  - Global response to COVID-19, global health and healthcare policy
  - Impact of COVID-19 on the global economy
  - Developments and key trends in international trade

Spotlight

Geopolitical landscape

The Board invited a number of guest speakers to attend Board sessions providing important and specialist insight and context to the Board discussion, on a variety of highly relevant geopolitical matters, including: US-China tensions; Hong Kong regulatory environment; US political context and the impact of the US elections; and developments in global trade.

Stakeholders

Clients
Suppliers
Regulators and governments
Society
Investors
Employees

Governance

- Approved the appointments of Phil Rivett and Maria Ramos to the Board and approved changes to the Chairs of the Board Risk and Audit Committees
- Agreed new Articles of Association to be approved by resolution at the 2020 AGM
- Received reports at each meeting from the Board committee Chairs on key areas of focus for the committees and quarterly updates from Standard Chartered Bank (Hong Kong) Limited and its Audit and Board Risk Committees
- Approved the re-appointment of independent external adviser to the Board on cyber security and cyber threats
- Authorised various potential conflicts of interest relating to directors' external appointments
- Approved changes to the Group Sources of Authority Framework to support changes to the Group structure
- Discussed the observations and themes arising from the 2020 internal Board and committees' effectiveness review and approved the 2021 Action Plan
- Approved the adoption of the Board's new formal Terms of Reference and the updated Terms of Reference for each of its committees
- Further developed meaningful linkages between the Board and its subsidiaries at chair, board and committee level

Spotlight

Subsidiary governance

The Board made significant progress in developing and enhancing its linkages and engagement with the Group's subsidiary boards during the year through a variety of forums. This included: the Group Chairman's virtual meetings with subsidiary chairs; subsidiary board committee chairs calls with the Audit, Board Risk, Board Financial Crime Risk and Remuneration Committees; and Board member attendance at subsidiary board and/or committee meetings, including those held by Standard Chartered Bank (Hong Kong) Limited and Standard Chartered Bank Nigeria Limited.

Further detail regarding the Board's engagement with the Group's subsidiaries can be found on page 107.

Stakeholders

Clients

Society

Suppliers

Employees

Regulators and governments

Shareholder and stakeholder engagement

- Engaged virtually with investors, held meetings with brokers, discussed the views of institutional shareholders
- Responded to retail shareholders' questions received in advance of the 2020 AGM
- Held a virtual retail shareholder event
- Held a virtual stewardship event
- Engaged with key clients and regulators
- Discussed support provided to clients, colleagues and communities during the pandemic
- Received bi-annual updates from Investor Relations, including share price and valuation analysis, market engagement and ownership analysis and sell side sentiment
- Received an update on and discussed the Group's global community initiative, Futuremakers by Standard Chartered
- Approved the launch of a shareholder tracing programme

Spotlight

Virtual retail shareholder event

Given the impact of COVID-19, we were forced to hold the Standard Chartered PLC AGM in May 2020 as a procedural meeting, in line with the emergency framework approved by the government in the UK. We were unable to invite shareholders to attend the meeting, but instead asked them to vote in advance and submit questions by email. While we had every intention of holding a retail shareholder event later in the year, COVID-19 restrictions in the UK continued. Instead the Board hosted a virtual event, giving shareholders the opportunity to hear directly from the Board on topics raised by shareholders through an interactive Q&A session. Some of the areas covered included: performance against the Group's refreshed strategic priorities; the impact of COVID-19 across the Group's markets; the decision to withdraw the 2019 final dividend; as well as detail on the initiatives the Group had put in place to support our clients, colleagues and communities.

Stakeholders

Regulators and governments

Society

Investors

Employees

For a detailed overview of our strategy see **pages 24 to 27**

Examples of how the Board considered stakeholder perspectives in some principal decisions during the year are provided on **pages 55 and 60**

Board and committee structure: decisions, responsibilities and delegation of authority

Standard Chartered PLC

The Board is collectively responsible for establishing the Company's purpose, values and strategy, promoting its culture, overseeing its conduct and affairs for promoting the long-term success of the Group and for ensuring leadership within 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 aspirations.

The Board considers the impact of its decisions and its responsibilities to all of the Group's stakeholders, including the Group's employees, shareholders, regulators, clients, suppliers, the environment and the communities in which it operates.

The Board discharges its responsibilities directly or, in order to assist it in carrying out its function of ensuring effective independent oversight and stewardship, delegates specified responsibilities to its committees. Details of the significant topics discussed and considered by the Board committees in 2020 can be found in this report.

Biographies for each director are set out on pages 83 to 86.

Audit Committee

Oversight and review of matters relating to financial reporting, the Group's internal controls and internal financial controls, and the work undertaken by Conduct, Financial Crime and Compliance, Group Internal Audit and the Group's Statutory Auditor, Ernst & Young LLP (EY).

Read more on **page 108**

Board Risk Committee

Oversight and review of the Group's Risk Appetite Statement, the appropriateness and effectiveness of the Group's risk management systems and the principal risks to the Group's business. Furthermore, consideration of the implications of material regulatory change proposals and due diligence on material acquisitions and disposals.

Read more on **page 115**

Brand, Values and Conduct Committee

Oversight of the Group's brand, culture, valued behaviours, conduct, government and regulatory relations, sustainability priorities and processes for managing reputational risk and workforce engagement.

Read more on **page 121**

Governance and Nomination Committee

Oversight and review of the Board and executive succession, overall Board effectiveness and corporate governance issues.

Read more on **page 125**

Board Financial Crime Risk Committee

Oversight and review of the effectiveness of the Group's policies, procedures, systems, controls and assurance arrangements designed to identify, assess, manage, monitor and prevent and/or detect money laundering, non-compliance with sanctions, bribery, corruption and tax crime by third parties.

Read more on **page 130**

Remuneration Committee

Oversight and review of remuneration, share plans and other incentives.

Read more on **page 133**

Group Chief Executive

Responsible for the management of all aspects of the Group's businesses, developing the strategy in conjunction with the Group Chairman and the Board, and leading its implementation.

The Board delegates authority for the operational management of the Group's business to the Group Chief Executive for further delegation by him in respect of matters that are necessary for the effective day-to-day running and management of the business. The Board holds the Group Chief Executive accountable in discharging his delegated responsibilities.

Management Team

The Management Team comprises the Group Chief Executive and the Group Chief Financial Officer, regional CEOs, client segment CEOs, and our global function heads. It has responsibility for executing the strategy. Details of the Group's Management Team can be found on **pages 87 to 89**.

Terms of Reference for the Board and each committee are in place to provide clarity over where responsibility for decision-making lies. These are reviewed annually against industry best practice and corporate governance provisions and guidance, including the PRA Supervisory Statement on Board Responsibilities.

With the exception of the Governance and Nomination Committee (where the Group Chairman is its Chair) and the Board Financial Crime Risk Committee (where two external advisers are members), all of the Board committees are comprised of independent non-executive directors (INEDs) who bring a diversity of skills, experience and knowledge to the discussion, and play an important role in supporting the Board.

Written Terms of Reference for the Board and its committees can be viewed at **sc.com/termsofreference**

Our Board meetings

The Board, supported by the Group Company Secretary, recognises the importance of maintaining a robust schedule of meetings and a rolling agenda to ensure its time is used most effectively and efficiently. Flexibility in the programme is key and allows specific items to be added to any agenda so that the Board can focus on important matters at the appropriate time.

In response to the impact of the pandemic, the Board was quick to adapt to new ways of operating. The Board significantly increased the number of ad hoc meetings it held this year, representing an increase of 60 per cent compared to 2019. The number of informal sessions and interactions, which allow Board members to discuss areas of the business, strategy and the external environment with members of the Management Team and/or external advisers, were also notably increased during the year. The Group Chairman continued to engage privately with the Deputy Chairman, the Senior Independent Director and the INEDs to assess their views and discuss matters arising.

Performance against delivery of the agreed key financial priorities is reviewed at every meeting with particular reference to the detailed Group management accounts. The Group Chief Executive and Group Chief Financial Officer comment on current trading, business performance, the market, employees, relevant stakeholders and regulatory and external developments at each meeting, and present comparative data and client insight. In addition, the Group Chief Risk Officer periodically attends meetings to update the Board on the key risks.

Sir Iain Lobban, who is engaged by the Board to act as an independent adviser to the Board and its committees on cyber security and cyber threat management, attended a number of Board and committee meetings to provide an independent and current view on the Group's progress in this area. The Board continue to find Sir Iain's input relevant, practical and challenging. In 2020, Sir Iain Lobban's appointment was renewed for a further 12-month term.

Our Board committees

The Board places significant reliance on its committees by delegating a broad range of responsibilities and issues to them. It therefore remains crucial that effective linkages are in place between the committees and the Board as a whole, not least as it is impracticable for all INEDs to be members of all of the committees. Mechanisms are in place to facilitate these linkages, including ensuring that there are no gaps or unnecessary duplications between the remit of each committee and overlapping membership between Board committees where necessary. Alongside interconnected committee membership, the Board receives a written summary of each of the committee's meetings and verbal updates at the Board, where appropriate.

Further details on each committee, including their oversight and focus during 2020, can be found in the Board committee reports starting on page 108.

Code compliance

The UK Corporate Governance Code 2018 (the Code) and the Hong Kong Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules (HK Code) are the standards against which we measured ourselves in 2020.

The directors are pleased to confirm that Standard Chartered PLC (the Company) continued to comply with the provisions set out in the Code and the HK Code for the year under review other than those identified below.

Throughout this corporate governance report we have provided an insight into how governance operates within the Group and how we have applied the principles set out in the Code and HK Code.

The Group confirms that it has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than required by Appendix 10 of the Hong Kong Listing Rules. Having made specific enquiry of all directors, the Group confirms that all directors have complied with the required standards of the adopted code of conduct.

+ Due to inadvertent oversight, the Company did not maintain on the Hong Kong Stock Exchange Limited's website an updated list of its directors identifying their roles and functions in October and November 2020, and therefore deviated from provision A.3.2 of the HK Code. The Company did maintain detail on its own website, a key aspect of the provision, and notified the market via regulatory announcements on the London Stock Exchange and Hong Kong Stock Exchange Limited. The deviation was rectified by uploading an updated list of its directors immediately upon discovering the oversight.

+ Copies of the UK Corporate Governance Code and the Hong Kong Corporate Governance Code can be found at **frc.org.uk** and **hkex.com.hk** respectively

→ To the extent applicable, information required by paragraphs 13(2)(c), (d), (f), (h) and (i) of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is available in Other disclosures on **pages 167 to 176**

Development of Board activities in 2020

Eight scheduled Board meetings were due to take place this year, three of which were to be held overseas. As the pandemic emerged across our markets, the Board had to adapt quickly, utilising interactive technology to ensure agile and robust engagement. From March, all Board and committee meetings were shifted to a virtual format.

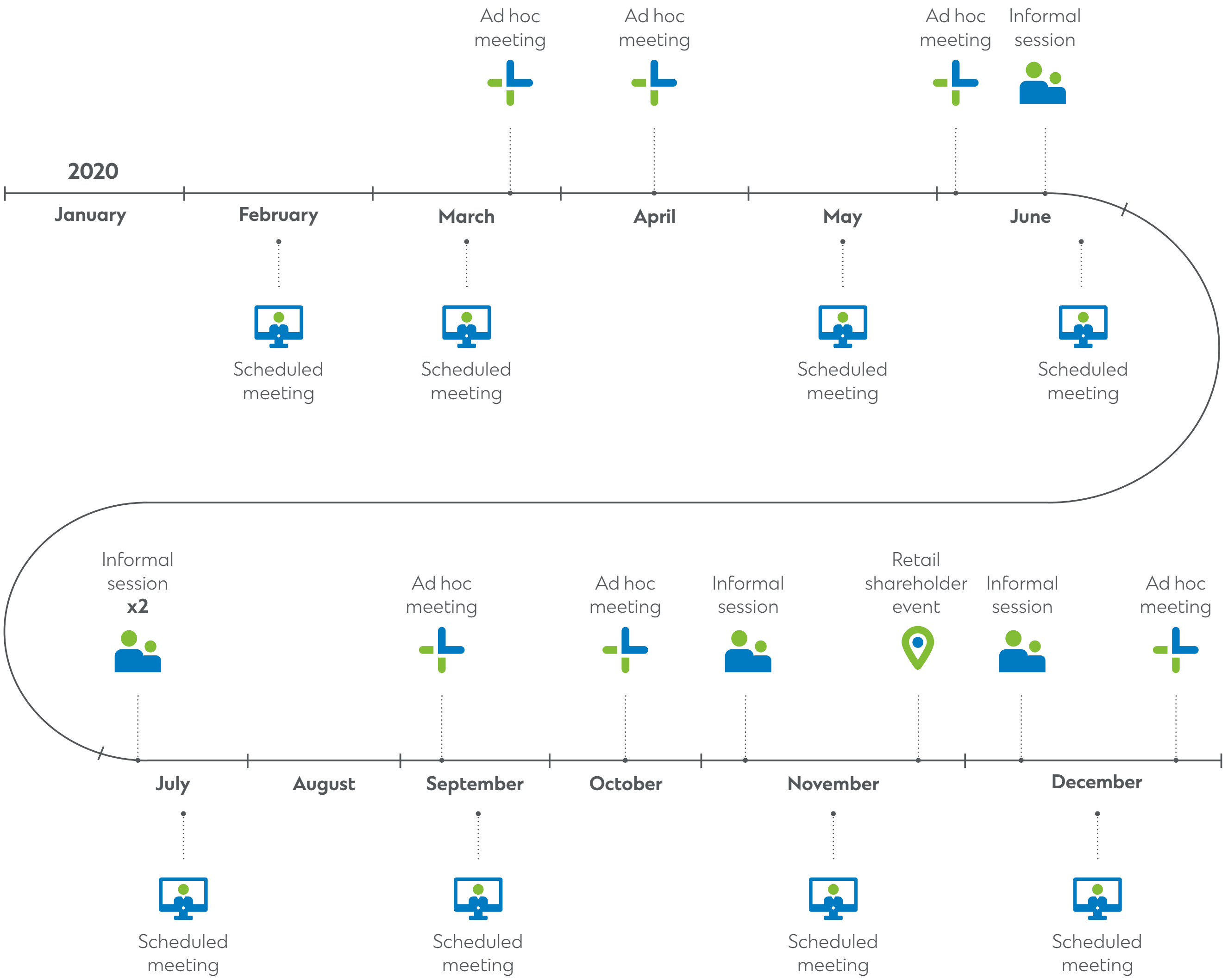
As a truly international Board composed of directors residing across our markets, the move to a virtual meeting format meant that the structure of the Board agendas for the year had to be altered to take account of the multiple time zones.

Scheduled meetings were condensed, and a number of additional ad hoc meetings and informal sessions were arranged to ensure key areas of discussion were not compromised. This approach also provided the Board with the opportunity to gain further external perspective from a range of subjects as well as informal training sessions.

The Group Chairman adjusted quickly to the virtual Board meeting format, delivering strong leadership and ensuring, alongside the rest of the Board, effective, robust and collaborative discussion during Board meetings and sessions.

The diagram on this page shows the Board's collective engagement during the year.

Board activities during 2020



Breakdown of Board composition, roles and attendance in 2020

	AGM[1]	Retail shareholder event[2]	Attendance Scheduled	Attendance Ad hoc	Responsibilities
Group Chairman J Viñals	Y	Y	8/8	6/6	Responsible for leading the Board, ensuring its effectiveness in all aspects of its role and developing the Group's culture in conjunction with the Group Chief Executive. Promotes high standards of integrity and governance across the Group and ensures effective communication between the Board, management, shareholders and wider stakeholders.
Deputy Chairman N Kheraj[3]	Y	Y	8/8	5/6	Provides support and guidance to the Group Chairman as required and, in coordination with the Group Chairman, acts as an ambassador for the Board and Group in their relationships with governments, regulators, colleagues, and clients. Deputises for the Group Chairman at Board, general shareholder, or other meetings when the Group Chairman is unable to attend.
Senior Independent Director C M Hodgson, CBE	Y	Y	8/8	6/6	Provides a sounding board for the Group Chairman and discusses concerns that are unable to be resolved through the normal channels or where such contact would be inappropriate with shareholders and other stakeholders. Chairs the Governance and Nomination Committee when considering succession of the Group Chairman. Is available to shareholders if they have concerns that cannot be resolved or for which the normal channels would be inappropriate. Can be contacted via the Group Company Secretary at 1 Basinghall Avenue, London EC2V 5DD.

Executive Directors	Retail shareholder event[2]	Attendance Scheduled	Attendance Ad hoc	Responsibilities
Group Chief Executive W T Winters	Y	8/8	6/6	Responsible for the management of all aspects of the Group's businesses, developing the strategy in conjunction with the Group Chairman and the Board and leading its implementation.
Group Chief Financial Officer A N Halford	Y	8/8	6/6	Responsible for Finance, Corporate Treasury, Strategy, Group Corporate Development, Group Investor Relations, Property and Supply Chain Management functions.

Independent Non-Executive Directors	Retail shareholder event[2]	Attendance Scheduled	Attendance Ad hoc	Responsibilities
D P Conner	Y	8/8	6/6	Provides an independent perspective, constructive challenge, and monitors the performance and delivery of the strategy within the risk appetite and controls set by the Board.
B E Grote	Y	8/8	6/6	
G Huey Evans, OBE	Y	8/8	6/6	
N Okonjo-Iweala[3] (will step down from the Board on 28 February 2021)	Y	8/8	4/6	
P G Rivett (appointed to the Board on 6 May 2020)	Y	6/6	4/4	
D Tang	Y	8/8	6/6	
C Tong[3]	Y	8/8	5/6	
J M Whitbread	Y	8/8	6/6	
L Cheung (retired from the Board on 25 March 2020)	N/A	2/2	0/0	
M Ramos (appointed to the Board on 1 January 2021)	N/A	0/0	0/0	

1 Given the challenges of the COVID-19 outbreak, including restrictions put in place by the UK Government regarding the maximum number of attendees at meetings at the time, Standard Chartered PLC's AGM on 6 May 2020 was held as a procedural meeting to meet its statutory obligations. Shareholders were asked not to attend but instead to vote in advance and submit any questions via email. The Group Chairman, Deputy Chairman and Senior Independent Director engaged via teleconference. Further details regarding the AGM can be found on page 104.

2 The Board held a virtual retail shareholder event on 23 November 2020. Further details can be found on page 104.

3 A number of ad hoc meetings were arranged during the year. As they took place outside of the scheduled Board calendar, it impacted the ability of our directors to attend these meetings. All directors who were unable to attend received accompanying material and had opportunities to provide comments to the Board. Further detail is provided below:

- Naguib Kheraj was unable to attend the ad hoc meeting held on 14 December 2020 as a result of a long-standing external board commitment
- Ngozi Okonjo-Iweala was unable to attend the ad hoc meetings held on 4 June and 28 October 2020 as a result of a long-standing external board commitment and previously arranged external business engagement, respectively
- Carlson Tong was unable to attend the ad hoc meeting held on 28 October 2020 as a result of a previously arranged external business engagement

All directors attended all scheduled meetings for 2020.

+ The roles of the Group Chairman and Group Chief Executive are distinct from one another and are clearly defined in detailed role descriptions which can be viewed at **sc.com/roledescriptions**

Composition of the Board as at 31 December 2020

The Group Chairman is committed to ensuring optimal Board effectiveness. A key mechanism to drive this is the appropriate composition and balance of individuals.

The Board is comprised of a majority of independent non-executive directors.

Detail regarding Board diversity can be found within the Governance and Nomination Committee report on **pages 125 to 129**

Group Chairman

Group Chairman
J Viñals

Executive Directors

Group Chief Executive
W T Winters, CBE

Group Chief Financial Officer
A N Halford

INEDs

Deputy Chairman
N Kheraj

Senior Independent Director
C M Hodgson, CBE

D P Conner

B E Grote

G Huey Evans, OBE

N Okonjo-Iweala

Following the recent announcement of Ngozi Okonjo-Iweala's appointment as Director-General of the World Trade Organisation from 1 March 2021, Ngozi will step down from the Board on 28 February 2021.

D Tang

C Tong

J M Whitbread

INEDs that have joined

P G Rivett

Phil Rivett, who has more than 40 years of professional accountancy and audit experience specifically focused in the financial services sector, was appointed to the Board as an INED on 6 May 2020 and stood for election at this year's AGM. The resolution to elect Phil Rivett was successfully passed by shareholders.

M Ramos
1 January 2021

Maria Ramos joined the Board as an INED on 1 January 2021. Maria has deep executive and non-executive experience covering banking, commercial, financial, policy and international sectors. Maria will stand for election at the 2021 AGM. All other Board directors will stand for re-election.

INEDs that have stepped down

L Cheung

After seven years as an INED, Louis Cheung retired from the Board on 25 March 2020.

The biographies of each director are set out on **pages 83 to 86**

Director induction

One new director, Phil Rivett, was appointed to the Board during 2020. Phil possesses highly relevant skills and a breadth of knowledge relevant to the Board debate. Phil has significant professional accountancy and audit experience, specifically focused in the financial services sector. He has a strong technical understanding and broad financial and business experience.

Prior to being appointed to the Board and subsequently Audit Committee Chair, Phil was given a number of induction sessions to ensure a smooth transition into taking up his roles. He shadowed the existing Audit Committee Chair during the Company's half year and third quarter results processes, as well as meeting the outgoing and incoming statutory auditor lead partners.

On joining the Board, Phil undertook a wide-ranging and robust induction programme to ensure that he was well placed to make a positive contribution from the outset. While this was adapted into a virtual format in light of travel restrictions across our markets, this was no less comprehensive. Whilst a proportion of the induction is relevant to all new Board members, the content of the programme is tailored to meet each director's individual level of experience and expertise. In the case of Phil, a key element of the programme was ensuring he developed a detailed understanding of the Group's strategy and the complexities of operating through client segments, product groups and regional businesses.

Maria Ramos joined the Board on 1 January 2021. Maria brings a wealth of CEO, banking, commercial, financial, policy and international experience to the Board. Maria also brings considerable non-executive experience, having served on international boards. Good progress has been made regarding Maria's induction plan so far this year.

The Group Corporate Secretariat is resourced to support the INEDs as they undertake their induction programmes. They are typically completed within the first six to nine months of an INED appointment.

Ongoing development plans

Training and development of our directors is ongoing and does not end following their induction. Continuous development of our Board directors is crucial to maintaining a highly engaged, well-informed and effective Board. Mandatory learning and training are key elements of directors' fit and proper assessments as mandated under the Senior Managers Regime. During the year, all directors received a combination of mandatory learning and training, internal and external briefings, presentations from guest speakers and papers on a range of topics to ensure the directors are well-informed and that the Board remains highly effective. The Board committee members also received specific training relevant to the work of their committee. The Group Chairman reviews with each director their training and development needs both in real time and as part of the annual performance cycle. Where it is recognised that the Board or individual directors need further training or development in key areas, additional sessions are arranged with subject matter experts.

The directors' ongoing training in 2020 took the form of formal refresher sessions and informal meetings, covering a variety of topics throughout the year, the majority held virtually in light of the pandemic. The table below gives further detail on who received these briefings.

All of the directors have access to the advice of the Group Company Secretary, who provides support to the Board and is responsible for advising the Board on governance matters. Directors also have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as directors.

2020 Director Training Overview

	Induction training[1]	Directors' duties and regulatory updates[2]	Political landscape post US elections[2]	Geopolitical and global trade developments[2]	Group public cloud strategy; big data and analytics	Digital assets
J Viñals	N/A	✓	✓	✓	✓	✓
W T Winters, CBE	N/A	✓	✓	✓	✓	✓
A N Halford	N/A	✓	✓	✓	✓	✓
D P Conner	N/A	✓	✓	✓	✓	✓
B E Grote	N/A	✓	✓	✓	✓	✓
C M Hodgson, CBE	N/A	✓	✓	✓	✓	✓
G Huey Evans, OBE	N/A	✓	✓	✓	✓	✓
N Kheraj	N/A	✓	✓	✓	✓	✓
N Okonjo-Iweala	N/A	✓	✓	✓	✓	✓
P G Rivett[3]	✓	✓	✓	✓	✓	✓
D Tang	N/A	✓	✓	✓	✓	✓
C Tong	N/A	✓	✓	✓	✓	✓
J M Whitbread	N/A	✓	✓	✓	✓	✓
L Cheung[4]	N/A	N/A	N/A	N/A	N/A	N/A

1 Applicable to directors who received induction training during 2020

2 External speaker

3 Phil Rivett joined the Board on 6 May 2020

4 Louis Cheung retired from the Board on 25 March 2020

✓ Director attended the session

✓ Director did not attend the session but received accompanying material and had opportunities to raise questions with the Group Chairman and Group Company Secretary

Board effectiveness

Following the thorough evaluation of the Board by Independent Board Evaluation at the end of last year in parallel to the review carried out by the PRA, this year's Board and committees' effectiveness review was conducted internally, facilitated by the Group Company Secretary, and in accordance with the UK Corporate Governance Code.

Progress against the 2020 Action Plan

The 2020 Action Plan set out a number of actions to be achieved following the external effectiveness reviews conducted by Independent Board Evaluation and the PRA in 2019. The 2020 Action Plan was regularly reviewed during the year and good progress had been made against many of the actions as evidenced by this year's internal Board effectiveness review. While the ambition of the plan meant that it was a 12-18 month programme, limitations to travel during the year has impacted on the delivery of some specific actions which have been carried forward to 2021.

2020 Board effectiveness review

Questionnaires were sent to each director for completion, seeking to draw out and explore some of the themes highlighted in last year's review as well as pose some wide-ranging and probing questions. The results were compiled into a detailed report and conclusions were discussed with the Group Chairman and by the Governance and Nomination Committee ahead of a Board discussion. Here, the key findings and recommendations were presented along with an action plan for 2021, which was approved by the Board. Details of the key observations from this year's review and the agreed Action Plan are set out on this page.

The Board's six committees were also included as part of the effectiveness review. The observations and key themes were shared with the relevant committee Chairs before discussion by each of the committees and action plans for 2021 approved. Details of the key observations and action plans for each of the committees can be found within each of the committees' reports.

Key observations from the 2020 internal effectiveness review

- The Board has made good progress in meeting its priorities against a difficult backdrop which prevented in-person engagement between the Board or with stakeholders across our markets
- Positive progress was made against the KPIs and on the quality of Board papers and management information. Directors were encouraged to continue giving feedback in this area
- Suggestions and recommendations made to further drive efficiencies in the operation of the Board committees
- Improvements were made to the linkages with subsidiary boards and committees through active engagement
- Further scope for Board training in respect to information cyber security and technology

2021 Action Plan

- Review efficiency of Board and committee structures. Review allocation of current committee matters across the Board and its committees
- Continue to drive employee engagement with more events (virtually, if necessary), including more informal virtual sessions with colleagues and country teams
- Arrange for Board members to meet country management teams (virtually, if necessary) to extend understanding and relationships
- Continue focus on technology, IT and SC Ventures and establish a programme to expose the Board to both the challenges and the opportunities for the Group in this area

Internal evaluation process

Group Chairman's performance

The Senior Independent Director, Christine Hodgson, led the process of reviewing the Group Chairman's performance. She met and spoke with the INEDs separately, without the Group Chairman present, to evaluate his performance, taking into account the views of the executive directors. The feedback was collated, and consolidated feedback was shared with José Viñals.

Directors' performance

Evaluation of individual director performance was carried out by the Group Chairman in 2020. These one-to-one discussions provided an opportunity for each of the INEDs, to discuss with José Viñals, among other things:

- Their performance against the core competencies and their individual effectiveness
- Their time commitment to the Group, including (where relevant) the potential impact of any outside interests
- Their ongoing development
- The Board's composition, taking into account when each INED envisaged stepping down from the Board
- The current and future committee membership and structure

These performance reviews are used as the basis for recommending the re-election of directors by shareholders at the 2021 AGM and to assist the Group Chairman with his assessment of the INEDs' competencies. In addition, the Group Chairman has responsibility for assessing on an annual basis, the fitness and propriety of the Company's INEDs and the Group Chief Executive Officer under the Senior Managers Regime. These assessments were carried out in respect of each INED and the Group Chief Executive at the end of 2020.

Director independence

In determining the independence of a non-executive director, the Board considers each individual against the criteria set out in the UK Corporate Governance Code, the Hong Kong Listing Rules and also considers their contribution and conduct at Board meetings, including how they demonstrate objective judgement and independent thinking.

The Board considers all of the non-executive directors to be independent of Standard Chartered and has concluded that there are no relationships or circumstances likely to impair any INED's judgement.

Time commitment

Our INEDs commit sufficient time in discharging their responsibilities as directors of Standard Chartered. In general, we estimate that each INED spent approximately 35 to 70 days on Board-related duties, and considerably more for those who chair or are members of multiple committees.

External directorships and other business interests

Board members hold external directorships and other outside business interests. We recognise the significant benefits that greater boardroom exposure provides for our directors. However, we closely monitor the nature and number of external directorships our directors hold, in order to satisfy ourselves that any additional appointments will not adversely impact their time commitment to their role at Standard Chartered, and to ensure that all of our Board members remain compliant with the PRA directorship requirements, as well as the shareholder advisory groups' individual guidance on 'over-boarding'. These requirements impose a limit on the number of directorships both executive and independent non-executive directors are permitted to hold.

Details of the directors' external directorships can be found in their biographies on pages 83 to 86. Before committing to an additional appointment, directors confirm the existence of any potential or actual conflicts, that the role will not breach their limit as set out by the PRA, and provide the necessary assurance that the appointment will not adversely impact their ability to continue to fulfil their role as a director of the Company.

Our established internal processes ensure that directors do not undertake any new external appointments without first receiving formal approval of the Board. The Board has delegated authority to make such approvals to the Group Chairman, with the exception of his own appointments. Of those INEDs who took on new external directorships during the year, two were regarded as significant directorships (appointed to the board of a listed company) and as such were announced to the market in line with our listing obligations. Further detail on the specific appointments are provided below:

- Gay Huey Evans was appointed an INED of IHS Markit on 21 August 2020 and Jasmine Whitbread will be appointed Chair of Travis Perkins plc on 31 March 2021. Gay and Jasmine individually discussed their respective appointments with the Group Chairman in advance of accepting the positions and each provided assurance that their appointments would not impact their abilities to devote sufficient time and focus to both their Board and committee responsibilities.
- Gay and Jasmine continue to hold no more than the maximum number of INED directorships permitted under the PRA rules. Gay stepped down from the board of Itau BBA International Plc on 21 August 2020 and Jasmine will step down as chief executive of London First on 31 March 2021, ensuring that both directors are able to continue to devote sufficient time to Standard Chartered.

The Board's executive directors are permitted to hold only one non-executive directorship. Of our executive directors, Andy Halford is the Senior Independent Director and Chair of the Audit Committee at Marks and Spencer Group plc, listed on the FTSE 250, and Bill Winters is a non-executive director of Novartis International AG, listed on SIX Swiss Exchange.

Stakeholder engagement

Ensuring strong engagement across our markets

Clients

Society

Suppliers

Investors

Regulators and governments

Employees

The Board recognises the significance of stakeholder consideration and engagement as part of Board discussions and decision-making. A key enabler of stakeholder engagement in recent years has been Board and/or director visits to the Group's markets. Mandatory restrictions and social distancing measures brought in across our markets at different times, to limit the spread of COVID-19 across the Group's footprint, prevented most traditional approaches to engagement this year. As with Board meetings, engagement with stakeholders during 2020 were adapted and became virtual experiences. While utilising interactive technology ensured effective and efficient dialogue in some areas it did prevent the breadth of engagement which the Board would usually undertake.

Engagement with our stakeholders, regardless of whether in physical or virtual form, continues to enhance the Board's understanding of how the Group is operating across our diverse markets, how the strategy is landing, as well as the changing nature of the business and the sector.

In addition to collective Board engagement with stakeholders, our INEDs and the external adviser members to the Board Financial Crime Risk Committee engaged directly with a wide range of management and stakeholders during the year. Informal and formal sessions with individuals and groups across our footprint provide INEDs and external adviser members with a deeper understanding of the business and the market environment within which the Group operates.

Further detail regarding the Board's engagement with our stakeholders can be found on the following pages.

Stakeholder consideration supports good governance and the following elements illustrate different aspects of this:

- Testing the execution of the Group's strategic priorities
- Enhanced understanding of the changing nature of the business and its wider market
- A mechanism for better informed decision-making
- More effective risk management
- Promoting a shared vision and purpose among key stakeholders
- Sharing of experience, knowledge and expertise across different groups
- Helping identify strategies to promote competitive strength

Engagement with investors

Our approach

The Board recognises the importance of delivering robust returns and long-term sustainable value for the Company's shareholders. Trusted and open relationships with our investors are important to us, and we believe they are strengthened by ensuring we consistently and openly seek feedback.

The Group Chairman and other Board directors maintain direct contact with investors and advisory voting bodies, and receive regular updates from the Investor Relations team, including reports on market and investor sentiment.

During the year, we maintained a comprehensive programme of engagement with investors and other key stakeholders, including investor advisory bodies and credit rating agencies, and provided updates on progress made to transform our business for improved returns.

José Viñals and the INEDs engaged directly with shareholders through the year, hosting the 2020 Virtual Retail Shareholder Event as well as Virtual Stewardship Event, the latter attended by a number of the Group's largest institutional investors. In addition, Christine Hodgson, Chair of the Remuneration Committee, continued to discuss with and collect feedback from shareholders on a range of remuneration matters.

Bill Winters and Andy Halford are the primary spokespeople for the Group. Throughout the year they engaged extensively with existing shareholders and potential new investors during individual or group virtual meetings and conferences. In addition, each member of the Management Team responsible for a client segment or a geographic region, as well as the Group Treasurer, virtually met with investors to promote greater awareness and understanding of the strategy in their respective areas, as well as taking the opportunity to receive investor feedback first hand.

Institutional shareholders

The Group maintains a diverse, high-quality and predominantly institutional shareholder base. The Investor Relations team has primary responsibility for managing day-to-day communications with these shareholders and provides support to the Group Chairman, Group Chief Executive, Group Chief Financial Officer, other Board members and senior management in conducting a comprehensive engagement programme.

+ Presentation material and webcast transcripts are made available on the Group's website and can be viewed at **sc.com/investors**

Virtual Stewardship Event

The Group Chairman and Chairs of the Board committees hosted a virtual stewardship event on 23 November 2020. The event was attended by investors representing a sizeable proportion of our equity as well as several shareholder representative bodies. The Group Chairman and committee Chairs provided strategic updates regarding Board and committee activities during the year. This was followed by a Q&A session. The event was held via videoconference, with Q&A facilitated through a web-based platform.

Debt investors and credit rating agencies

Our Treasury team has primary responsibility for managing the Group's relationships with debt investors and the three major rating agencies, with local market chief executives and chief financial officers leading on smaller subsidiary ratings. In 2020, management met mostly virtually with debt investors across Europe, North America and Asia, and maintained a regular dialogue with rating agencies. It is important that the Group, as an active issuer of senior unsecured and non-equity capital, maintains regular contact with debt investors to ensure continued appetite for the Group's credit. The Group's credit ratings are a key part of the external perception of our financial strength and creditworthiness.

+ Further information can be viewed at **sc.com/investors**

Engaging with investors: what we did during 2020

February
2019 Full Year results

March
Investor conferences and roadshows

April
2020 First Quarter results

May
AGM

June
Investor conferences and roadshows

July
2020 Half Year results

August
Investor conferences and roadshows

September
Investor conferences and roadshows

October
2020 Third Quarter results

November
Virtual Retail Shareholder Event and Stewardship Event, investor conferences and roadshows

Engagement with investors continued

Retail shareholders

AGM

The Group Company Secretary oversees communication with our retail shareholders. Given the challenges of the COVID-19 pandemic, including restrictions put in place by the UK Government regarding the maximum number of attendees at meetings at the time, the Company's AGM on 6 May 2020 was held as a procedural meeting to meet its statutory obligations. Shareholders were asked not to attend but instead to vote in advance and submit any questions by email. All the proposed resolutions were passed, with shareholder support for each ranging from 95.50 per cent to 99.99 per cent. Resolution 2, to declare a final dividend of $0.20 per ordinary share for the year ended 31 December 2019, was withdrawn by the Board in response to a request from the PRA and as a consequence of the unprecedented challenges facing the world as a result of the COVID-19 pandemic.

Virtual Retail Shareholder Event

At the time of this year's AGM, it was announced that Standard Chartered PLC would aim to hold a dedicated retail shareholder event with the Board later in the year. As restrictions in the UK continued, the Board decided to host a virtual event instead. The event, which took place on 23 November 2020, gave shareholders the opportunity to hear directly from the Board on a range of issues, including performance against the Group's refreshed strategic priorities, the impact of COVID-19 across its markets and the initiatives the Group had put in place to support our clients, colleagues and communities.

The event was held via teleconference, with the Q&A session facilitated through a web-based platform. The platform enabled shareholders to view the questions that others had asked, and vote on those questions they viewed as most important for the Board to address during the event. The questions asked covered a variety of topics, including sustainable growth, shareholder value, the withdrawal of the 2019 final dividend and the impact of geopolitical developments.

Shareholder uptake for the event was high and the Board received positive feedback regarding the electronic format.

The results of the voting at the 2020 AGM can be viewed at **sc.com/investors**

Engagement with clients and suppliers

Clients are central to everything we do in the Group and the Board recognises the importance of promoting robust relationships with them. In previous years, a large proportion of key customer engagements were built into Board and director visits to the Group's markets. Limitations on international travel meant that our usual approach could not be carried out during 2020. Members of the Board adapted rapidly to the pandemic, holding a number of calls with clients as well as receiving updates from senior management on the wider Group's interaction. In addition, members of the Board virtually engaged with suppliers during the year.

Engagement with regulators and governments

As an international banking Group, the Board regularly engages with relevant authorities across our footprint. Uncertainty caused by the pandemic and evolving geopolitical events has only served to reinforce the importance of supporting the effective functioning of the financial system and economic environment. As with most forms of stakeholder engagement during 2020, physical meetings were modified to virtual interactions and calls as the year progressed. The Board engaged with regulators and governments via a number of forums, either collectively or individually.

Engagement with society

The Board receives regular updates from management concerning the communities and environment in which we operate. During the outbreak of the pandemic, updates were presented to the Board on a fortnightly basis to monitor the evolving impact across our footprint. As part of this process, the Board endorsed the initiatives, approach and leadership management had taken in launching the $50 million global fund to provide assistance to those affected by COVID-19.

Due to travel restrictions in place through 2020, the Board was unable to physically visit many of the Group's markets. As such, external and internal speakers provided input to the Board's discussion throughout the year, which covered some key societal issues around the evolving geopolitical landscape, the longer-term impact of the pandemic and the future of global trade.

Engagement with employees

The Board values the opportunity to engage with employees and the wider workforce and understands the importance of the business having a firm understanding of their views, ideas and concerns. The Board is also acutely aware of the role it has in maintaining a genuine and open two-way dialogue with employees. As with other forms of stakeholder interaction this year, traditional approaches to employee engagement were adapted in light of the pandemic. The Board took every opportunity to engage with employees, either collectively or individually during the year, helping to gain a genuine understanding of their views and issues.

Similar to last year, the Board continued to adopt an alternate approach to the workforce engagement methods set out in the UK Corporate Governance Code. The primary reason for taking a different approach was that as a global organisation with more than 83,000 employees across 59 diverse markets, it is vital that any Board engagement should gather unfiltered feedback which is representative of the whole workforce in order to be truly effective.

A more formalised framework was put in place to supplement the channels which already exist, for the Board to understand the views of the workforce, which includes: the annual My Voice survey; the confidential Speak Up process; information reported from senior management on culture; disciplinaries and grievances data and themes; and direct engagement the Board has with employees as it engages with its markets, collectively and individually. The key themes and action plans were reported to, and discussed by, the Brand, Values and Conduct Committee before being reported to the Board.

Last year, we experimented with the introduction of an additional method of direct engagement and two-way dialogue between the Board and our employees, consisting of two interactive engagement sessions, held between employees and the Board. Building on the positive feedback from employees who participated and constrained by restrictions on travel, the Board enhanced its engagement this year by hosting four events, each dedicated to a particular region of the Group's footprint at the time. These included Europe & Americas, Greater China & North Asia, ASEAN & South Asia and Africa & the Middle East. The events were facilitated through a teleconference, with a live Q&A session accessed via a web-based platform.

Employee feedback from all four engagements sessions was positive, with employees appreciating the interactive Q&A element that allowed them to vote on popular questions.

Board engagement with employees

Greater China & North Asia

November 2020

Europe & Americas

July 2020

The Group Chairman hosted each of the employee engagement sessions and was joined by a combination of all INEDs over the four events. The composition of those who attended was carefully considered in order to ensure a good balance of skills, experience, knowledge and perspectives for each region, promoting insightful and tailored engagement.

Africa & Middle East

November 2020

ASEAN & South Asia

September 2020

Engagement with employees continued

Employees were asked during the sessions which areas they would like to see the Board have greater impact. The top responses received included explaining the rationale for the Group's strategy, supporting talent development, committing to fintech, digital transformation and emerging technologies, championing diversity in senior teams, and promoting a culture where colleagues are encouraged to offer challenging and diverse views.

When asked about what the Group had done well during the pandemic, employees consistently selected the widespread adoption of flexible working, and expressed a desire to see this embedded in the future. Colleagues also acknowledged the Group's efforts to prioritise their wellbeing.

Review of employee engagement

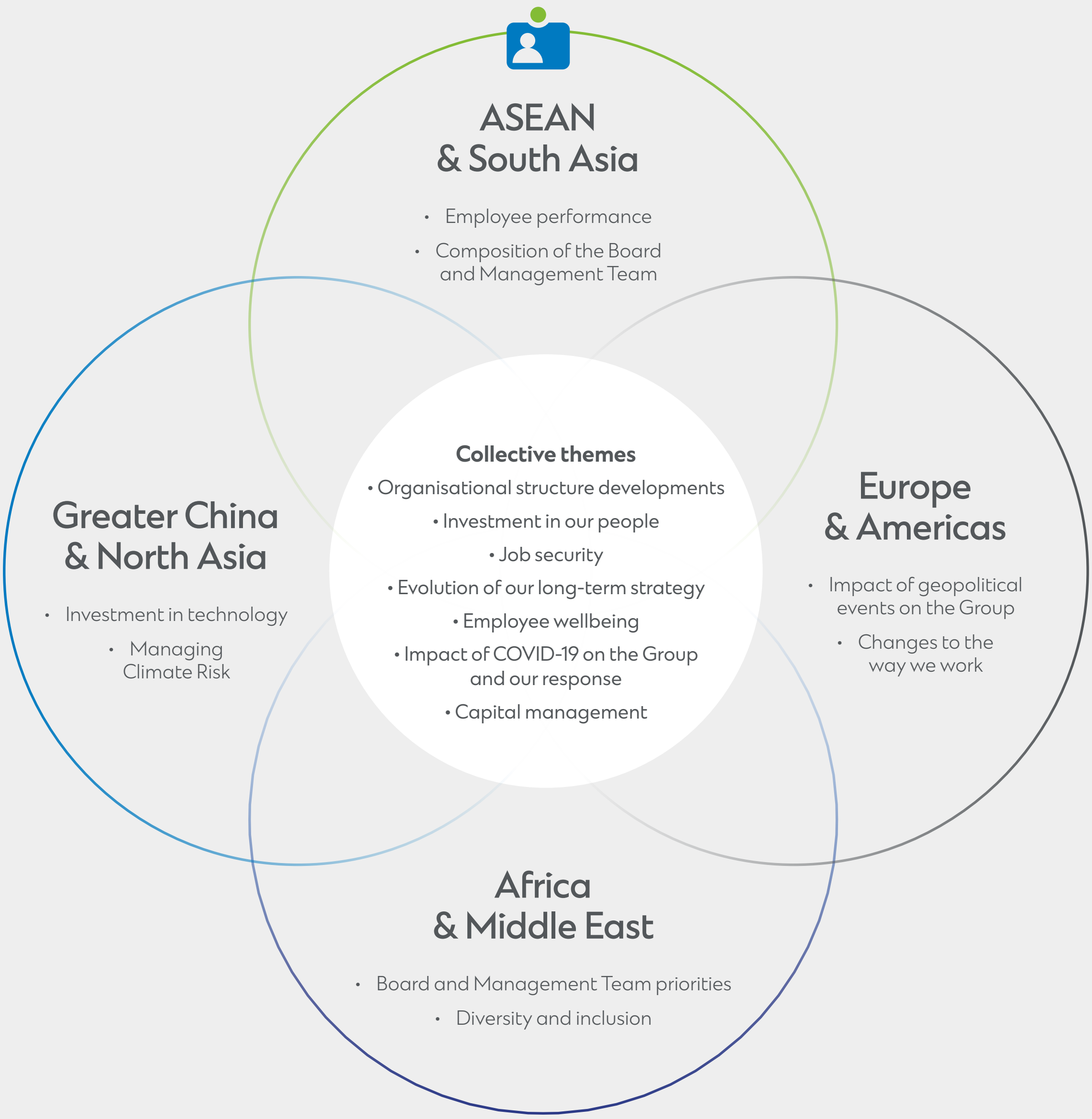
The Board was encouraged by the level of interest employees had shown in engaging directly with Board members and remains committed to evolving and refining this form of engagement to ensure they remain genuine interactions.

The Brand, Values and Conduct Committee conducted and agreed a number of proposals to further enhance our employee engagement programme and develop this for the year ahead.

Further detail regarding employee engagement this year can be found within the Brand, Values and Conduct Committee report starting on **page 121**

Key themes raised by employees during engagement sessions

The Q&A element of the sessions provided the Board with deep insight into employee views, concerns and interests. Some of the items covered varied by region, however, there were also several collective themes that were discussed across more than one region. A number of them are illustrated below.



Engagement and linkages with the Group's subsidiaries

The Board and its committees recognise the importance of creating, maintaining and building upon appropriate linkages with the Group's subsidiaries. As with the majority of stakeholder engagement during 2020, the Board's ability to physically meet with people from across the Group's footprint was limited. Despite this, the Group Chairman and INEDs engaged with the Group's subsidiaries through a number of forums. This included chair and committee chair engagement sessions, as well as other forms of interaction.

Following the Board's global subsidiary governance conference last year, the Group Chairman hosted three subsidiary chair engagement sessions during 2020. Each event opened with remarks from the Group Chairman, followed by a Q&A session. All three sessions were held virtually, with the Group Chairman encouraged by the high level of interaction. Items discussed across the three sessions included:

- Group performance
- Impact of COVID-19 across the Group's markets
- Geopolitical developments
- Sustainability
- Areas of focus for the Group's boards
- Board effectiveness

The Audit Committee held its annual conference call during the year, which was hosted by the Audit Committee Chair and attended by the chairs of subsidiary audit committees. The Group Head, Finance, Group Head of Internal Audit, Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance, lead audit partner of the Group's outgoing statutory auditor at the time, KPMG, lead audit partner of the Group's incoming statutory auditor at the time, EY, and the Group Company Secretary also participated in the call. Items discussed during the call included:

- 2020 Audit Committee focus areas
- Developments that had an impact on the Audit Committee's work, including COVID-related impacts
- Financial reporting developments including IFRS 9 models
- Conduct, financial crime and compliance developments
- Group Internal Audit strategy and Quality Assurance review
- Group statutory auditor transition from KPMG to EY

In response to feedback on the structure of this call, the format of subsequent committee chair engagement sessions was modified from traditional conference calls to video conference calls, which facilitated a more engaging and livelier environment for discussion and Q&A.

In conjunction with the Chair of the Board Financial Crime Risk Committee, the Board Risk Committee Chair hosted its annual conference call with chairs of the subsidiary board risk committees. The Group Chairman, Group Chief Risk Officer, Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance, Co-Heads of Financial Crime Compliance, Group General Counsel and the Group Company Secretary also participated in the call. Items examined during the call included:

- 2020 Board Risk Committee and Board Financial Crime Risk Committee focus areas
- Developments that had an impact on both Committees' work, including the impacts of COVID-19
- Group Chief Risk Officer's 2020 priorities
- Financial crime compliance developments

Building upon existing linkages with the Group's subsidiaries, the Remuneration Committee Chair held the first conference call attended by the subsidiary remuneration committee chairs and the chairs of subsidiary boards that have remuneration responsibilities. The Group Chairman, a member of the Remuneration Committee, the Global Head, Performance, Reward & Employee Relations, Head, Executive Compensation and Reward Governance, regional heads of Performance, Reward & Benefits and the Group Company Secretary also participated in the call. Participants noted the importance for remuneration committees to be connected across the organisation and to foster knowledge-sharing as the focus on remuneration governance increases. Items covered during the call included:

- 2020 Remuneration Committee focus areas including monitoring the short and long-term impact of the pandemic on remuneration
- Implementation of required changes under new legislation and regulation
- 2020 to 2021 Performance, Reward and Benefits priorities

All Board Committee Chairs who hosted audio and video conference calls welcomed feedback and suggestions on how improvements could be made to the format for future sessions. The engagement calls were well received by its participants, with particular praise for the live Q&A element that was built into the agenda for each session.

Formal reporting mechanisms to improve linkages between Standard Chartered Bank (Hong Kong) Limited (SCB Hong Kong), Standard Chartered Bank and Standard Chartered PLC were enhanced during the year. This included the Group Chairman and some committee chairs attending subsidiary board meetings and subsidiary chairs attending aspects of the Group Board meetings:

- The Group Chairman attended a SCB Hong Kong Board meeting
- The chair of the Audit Committee at the time attended a SCB Hong Kong audit committee meeting
- The chair of SCB Hong Kong attended part of a Board meeting
- The chair of the audit committee for SCB Hong Kong attended an Audit Committee meeting

Further detail regarding how the Group engages with its stakeholders can be found on **pages 54 to 71**

Audit Committee

"Unsurprisingly, the impacts of COVID-19 have been a significant focus for the Committee this year"

Committee composition

	Scheduled meetings	Ad hoc
P G Rivett (Chair) (Appointed 6 May and became Chair on 1 December 2020)	5/5	0/0
D P Conner	8/8	1/1
C M Hodgson, CBE	8/8	1/1
B E Grote	8/8	1/1
N Kheraj	8/8	1/1
C Tong	8/8	1/1

Maria Ramos joined the Committee on 1 January 2021.

Other attendees at Committee meetings in 2020 included: Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group General Counsel, Group Head of Internal Audit; the Group Head of Conduct, Financial Crime and Compliance; the Group Head, Central Finance; representatives from Group Finance; Group Statutory Auditor and Group Company Secretary.

Prior to KPMG's resignation as the Group's Statutory Auditor after the completion of our consolidated accounts for the year ended 31 December 2019, EY attended two Committee meetings as an observer.

Phil Rivett attended two Committee meetings as an observer, until his appointment as a Committee member on 6 May 2020.

As part of, and in addition to, each scheduled Committee meeting, the Committee held private members-only meetings.

The Committee members have detailed and relevant experience and bring an independent mindset to their role. The Board is satisfied that Phil Rivett has recent and relevant financial experience and that the other Committee members also have a depth of experience having managed complex balance sheets or having knowledge of financial reporting in international business.

Biographical details of the committee members can be viewed on **pages 83 to 86**

Main responsibilities of the Committee

The Committee is responsible for oversight and advice to the Board on matters relating to financial reporting. The Committee's role is to review, on behalf of the Board, the Group's internal controls and internal financial controls. The Committee has exercised oversight of the work undertaken by Conduct, Financial Crime and Compliance (CFCC), Group Internal Audit (GIA) and the Group's Statutory Auditor, EY. The Committee reports to the Board on its key areas of focus following each Committee meeting.

The Committee has written Terms of Reference that can be viewed at **sc.com/termsofreference**

As the new Chair of the Audit Committee, I am pleased to present the Audit Committee's report for the year ended 31 December 2020.

In addition to the disclosure requirements relating to audit committees under the UK Corporate Governance Code 2018, the following report sets out the areas of significant focus for the Committee and its activities over the course of the year. The report also covers the review undertaken on the effectiveness of the Group's Statutory Auditor, EY and ongoing oversight of the effectiveness of the GIA function. Assurance has been sought and received by the Committee concerning the resourcing of Group Finance, GIA and CFCC.

Since April 2019, meetings have taken place as dual Audit Committee meetings of Standard Chartered PLC and Standard Chartered Bank, under the governance structure put in place to reflect the Group's corporate entity restructuring. I joined the Audit Committee on 6 May and became Chair on 1 December 2020. I had an ample period of time shadowing Naguib Kheraj, the outgoing Committee Chair, which provided critical insight into the ways of working for this role. I would like to thank Naguib for the time he dedicated to this and the comprehensive handover I received. I am delighted that Naguib remains a member of the Audit Committee. I would also like to welcome Maria Ramos, who joined the Committee on 1 January 2021.

Unsurprisingly, the impacts of COVID-19 have been a significant focus for the Committee this year. In particular, time has been spent reviewing credit impairment provisions, key accounting issues and significant accounting estimates and judgements made by management to ensure appropriateness and that the Group's public disclosures are transparent with regard to the impacts of COVID-19. In particular, focus has been placed on the judgements and management overlays relating to IFRS 9, which is a technically complex area. Attention was placed on the Monte Carlo model and observations made that the macroeconomic variables used by this model can be narrow. In response to challenge from the Committee, management provided assurance that the parameters used for this model were being updated in order to generate a wider set of scenarios. Significant time and focus has also been placed on the judgements involved in aviation and shipping, given the turbulent external environment.

As a result of COVID-19, GIA took a revised approach to the Group's audits. GIA focused on providing timely, nimble and independent assurance over the Group's approach to managing COVID-19. This revised approach was based on the principle that GIA should protect the Group and its assets, while minimising disruption to the first and second lines of defence. Throughout the year, the Committee continued to probe that the Group's internal controls infrastructure was not being adversely impacted by working from home (WFH) arrangements, as a result of lockdowns across the Group's network. The Committee was able to seek and receive assurance that the Group's response to and operations during COVID-19 remained appropriate for our shareholders, customers and colleagues.

2020 has been EY's first year as the Group's Statutory Auditor, and notably it has been a challenging environment to perform audit work, given the impacts of COVID-19 lockdowns across the Group's network. I am pleased to report that EY has brought both fresh perspective and independent challenge this year, which is beneficial for management. A number of subject matter experts from EY have presented to the Committee over the course of the year on areas such as Aviation Finance, the UK Audit Reform and Regional/Country overviews on key markets in which the Group operates. This is a practice that we will encourage for 2021 and beyond.

The Committee has exercised its authority delegated by the Board for ensuring the integrity of the Group's published financial information by discussing and challenging the judgements and disclosures made by management, and the assumptions and estimates on which they are based. The Committee has exercised judgement in deciding which of the issues it considered to be significant in the financial statements, and this report sets out the material matters that it has considered in these deliberations. Management reporting to the Committee from across the business has provided the opportunity for the Committee to challenge, probe, discuss and seek assurance from management, enabling the Committee to provide an independent perspective.

As a result of the Committee's work in 2020, assurance has been provided to the Board on the quality and appropriateness of the Group's financial reporting, in particular taking account of COVID-19 impacts, and on internal audit, compliance and regulatory matters, to continue to safeguard the interests of the Group's broader stakeholders. The following pages provide insight and context into the Committee's work and activities during the year.

Phil Rivett
Chair of the Audit Committee

Activities during the year

Financial reporting

- Satisfied itself that the Group's accounting policies and practices are appropriate
- Reviewed the clarity and completeness of the disclosures made within the published financial statements
- Considered any changes in disclosures arising from best practice in applying the UK Finance Code for Financial Reporting Disclosure, recommendations from the Taskforce on disclosures on expected credit losses (DECL), high-quality practices with regards to implementation of expected credit losses (ECL) suggested by the PRA and Financial Reporting Council (FRC) publications on aspects of UK reporting
- Monitored the integrity of the Group's published financial statements and formal announcements relating to the Group's financial performance, reviewing the significant financial judgements and accounting issues

Significant accounting judgements considered during 2020 are shown below.

The Committee can confirm that the key judgements and significant issues reported are consistent with the disclosures of key estimation uncertainties and critical judgements as set out in Note 1 starting on page 304.

Key area	Action taken
Impairment of loans and advances	Reviewed and challenged, on a quarterly basis, reports detailing the composition and credit quality of the loan book, concentrations of risk and provisioning levels. Reviewed and considered judgemental post model adjustments and management overlays in both the wholesale and retail portfolios on a quarterly basis that were required to estimate ECL as the significant volatility in economic forecasts meant that certain ECL models operated outside of the boundaries to which they were calibrated. In addition, the models were not able to capture the full level of uncertainty related to COVID-19, and in particular, the impact of government-relief measures in many markets in which the Group operates. The Committee was also briefed on the performance of the IFRS 9 models and the remediation plans in place to address material non-performance issues where these had been identified, the most significant of which was the redevelopment and implementation of the Large Corporate Probability of Default model. This included considering the appropriateness of the staging of higher risk loans. The expectation of elevated losses in industries and locations that have been particularly affected by lockdowns was also considered. In respect of high-risk credit grade exposures, the Committee was also briefed on business plans, including remedial actions and management assessment of the recoveries and collateral available.
Impairment of aircraft	Reviewed and challenged, on a quarterly basis, management's assessments of impairment losses on aircraft operating lease assets, including the assumptions used to determine asset value-in-use (ViU) and market valuations. In particular, the Committee challenged management's assessments and the detailed sensitivity analysis to ensure that the implications of COVID-19 had been fully considered, as the aircraft industry was particularly affected by COVID-19 and lockdowns. The Committee reviewed detailed sensitivity analysis on the factors that would impact the ViU assessments including residual values, remarketing periods after lease terminations, reductions in market rental rates and discount rates while assessing the impairment calculations for the aircraft. The Committee also focused its review on lease payment deferrals granted to lessees as a result of COVID-19 to assess any potential impact on the ViU assessments for the related aircraft and monitored progress on repayments of the deferrals and any extensions.
Goodwill impairment	Reviewed management's annual assessment of impairment covering key assumptions (including forecasts, discount rate, significant changes from the previous year), headroom availability and sensitivities to possible changes in key assumptions. The goodwill impairment calculations were another area with additional focus as a result of COVID-19 as the forecasts, discount rates and GDP growth rates, which are all components of the ViU valuations for the cash-generating units, were negatively impacted resulting in some impairments.

Activities during the year continued

Carrying value of investments in associates	Reviewed and considered management's carrying value assessments on the Group's investment in China Bohai Bank, covering key assumptions and potential sensitivity to changes. The Committee reviewed management's assessment that the Group maintained significant influence after being diluted as part of the initial public offering in July 2020 and satisfied itself that it remained appropriate to continue to equity account for the investment. The Committee also reviewed the change in the methodology for equity method accounting to incorporate a three-month lag, now China Bohai Bank is a public company and its results are not available on the same timetable as the Group publishes its results. The Committee also reviewed the methodology changes to the China Bohai Bank ViU calculation as set out in Note 32 on pages 399 and 400 after the initial public offering in July 2020.
Recoverability of parent company's investment in subsidiaries	Discussed and received confirmation from management that it had adequately assessed the recoverability of investments in subsidiaries, together with any intercompany indebtedness.
Information Technology – user access management	Received an update from EY where new and existing IT observations had been identified related to user access management supporting in-scope applications including privileged access, user access review and other user access management controls. The Committee discussed how management and EY are working to assess this matter and sought and received assurance this matter is receiving senior management attention.

Other areas of focus:

Classification of assets as held for sale	Reviewed management's assessment of whether assets or disposal groups should be reclassified as held for sale. This included reviewing the facts and circumstances for the proposed sale of shipping assets, the Group's investment in PT Bank Permata Tbk and Principal Finance investments.
Restructuring costs	Reviewed and considered, on a quarterly basis, income statement charges classified as restructuring.
Capitalisation of software assets	Assessed the findings of management's review of the Group's software asset capitalisation processes, including recommendations for changes from a project based to an application-based methodology and revisions to estimated useful lives. The Committee also reviewed and considered the results of management's impairment review for the software assets.
Hedge accounting	Reviewed the ineffectiveness reported in operating income from hedge accounting and significant hedge terminations and the reasons for this.
Valuation of financial instruments held at fair value	Received reports and updates at each reporting period detailing the key processes undertaken to produce and validate valuations of financial instruments, including any changes in methodology from prior years and significant valuation judgements. The Committee received regular updates on the level of unsold positions in the syndications portfolio and the valuation of these positions and plans for sell down. The Committee also reviewed credit valuation adjustments, debit valuation adjustments, funding valuation adjustments and own credit adjustments and considered the rationale for any significant movements.
Taxation	Reviewed and considered management's judgements and assumptions with respect to tax exposure risks, including uncertain tax positions, and ensured adequate disclosure in the financial statements has been made. This included coordination of the Group's effective tax rate, the quantum and basis of recognition of deferred tax assets and the UK bank levy charge for the year. The Committee also reviewed the recoverability of the Group's deferred tax assets given the impact of COVID-19 on the forecasts included in the most recent Corporate Plan.
Provisions for legal and regulatory matters	Considered advice presented on the current status of significant legal and regulatory matters, and considered management's judgements on the level of provisions and the adequacy of disclosure, as set out in Notes 24 and 26 on pages 376 and 378.

Activities during the year continued

Going concern assessment and viability statement	• Reviewed management's process, assessment and conclusions with respect to the Group's going concern assessment and viability statement, including the forward-looking Corporate Plan cashflows, principal and emerging risks, liquidity and capital positions and key assumptions. The review had a particular focus on the impacts of COVID-19. The Committee also ensured that the going concern assessment and viability statement is consistent with the Group's Strategic report and other risk disclosures Further details can be found on **pages 78, 79 and 306**
Fair, balanced and understandable	• The Committee considered, satisfied itself and recommended to the Board, that the processes and procedures in place ensure that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and the business risks it faces. The statement is underpinned by the Committee's, and the Board's, belief that all important elements have been disclosed; and that the descriptions of the Group's business as set out in the Strategic report, are consistent with those used for financial reporting in the Group's financial statements
Examples of deeper discussions into specific topics	• **IFRS 9 models:** Received and discussed updates on the Group's use of the IFRS 9 Corporate Probability of Default model used to calculate the year-end ECL, issues that have been experienced with the model and actions underway by management to address these issues. At the request of the Committee, a dedicated IFRS 9 technical pre-briefing session was held in April 2020, to enable a focused discussion on IFRS 9 guidance and credit impairment relating to aircraft and shipping. The Committee discussed a further update on IFRS 9 models to understand any potential issues to be aware of ahead of year-end. As part of this discussion, attention was placed on the Monte Carlo model and observations made that macroeconomic variables used by this model can be narrow. In response to challenge from the Committee, management provided assurance that the parameters used for this model were being updated in order to generate a wider set of scenarios • **Financial regulatory reporting:** Discussed the Group's financial regulatory reporting, in light of the considerable increase in volume and complexity of reporting requirements, impacting both capital and liquidity reporting. Furthermore, towards the end of the year, the Committee received and discussed an update with regard to the remediation activities concerning financial regulatory reporting. This will continue to be an area of focus for 2021 • **EY partner regional overviews:** Received overviews and topical updates from EY's local regional partners from GCNA, India and Singapore. These regional overviews provided insight into the challenges faced in the Group's markets from a statutory audit perspective; and provided the Committee with the local audit partner's assessment of the Group's control systems in these markets, the quality of the Group's management from a control perspective and a benchmark of the Group's control environment against local and international peers. The overviews also provided insight into local regulatory developments, the Group's standing and engagement with local regulators and areas of focus for 2020 • **EY Aviation Finance Audit approach:** At the request of the Committee, EY's Aviation Partner presented on the interim review procedures in the first half of 2020 and EY's conclusions and observations • **EY UK Audit reform:** At the request of the Committee, EY provided a presentation on how it expects the audit reform agenda to be realised across the ecosystem by 2024. Discussion included the various consultation work underway such as Kingman, Brydon and the Audit Committee Chairs' Independent Forum • **New Integrated Data Management Framework:** Received and discussed two papers on the New Integrated Data Management Framework, intended to enable a more joined-up and robust approach to the management of the Group's data-related risks. The Committee sought and received assurance that sufficient funding and resource is in place to deliver this holistic approach to data management • **Tax update:** At the Committee's request, discussed a tax update on accounting judgements. In addition, the Committee reviewed the tax reporting processes and changes to the reporting structure of the Tax function • **MiFID II Implementation and Significant Transaction Reporting Obligations (STORs):** Discussed the Group's compliance with MiFID II requirements and the Group's STORs, their current risk profile and challenges posed by STORs. This will continue to be an area of focus for 2021 • **Finance resourcing:** Reviewed and discussed a paper providing assurance that the Accounting and Financial Reporting function is adequately resourced; the qualifications, experience and training of colleagues is appropriate; and the budget allocated is sufficient to maintain external reporting obligations • **Internal financial controls:** Received and discussed a paper providing assurance on the Group's internal financial controls • **Major disputes and significant cross-border orders:** Received and discussed two updates on major disputes and significant cross-border orders facing the Group • **Annual Volcker Compliance report:** Discussed an annual review of the effectiveness of the Group's Volcker Compliance Programme. Context was sought and received on how training is conducted for relevant employees on the revised requirements for Volcker compliance • **Statutory auditor private reporting:** Discussed the contents of KPMG's private report to the PRA for the year ended 31 December 2019, and the scope of EY's private report for 2020

Activities during the year continued

Group Statutory Auditor, EY	Provided oversight of the work undertaken by EY as the Group's Statutory Auditor. In particular, the Committee: • Reviewed and discussed the risks identified by EY's audit planning, seeking and receiving assurance that these risks have been addressed properly in the audit strategy • Satisfied itself that EY has allocated sufficient and suitably experienced resources to address these risks • Sought and received assurance that no undue pressure has been asserted on the level of audit fees, to ensure that there is no risk to audit work being conducted effectively and independently • Although this is EY's first year as the Group's Statutory Auditor, conducted an annual performance and effectiveness review of EY. Input was received from Committee members, Chairs of subsidiary audit committees, the Management Team, regional/country chief financial officers, members of the Group Finance Leadership Team and the GIA Management Team. The results of this input was discussed by the Committee. Overall, it was felt that EY is considered to be effective, objective and independent in its role as the Group's Statutory Auditor • Reviewed and discussed EY's audit planning report, interim reviews and EY audit strategy update for year-end The Committee met privately with EY at the end of certain Committee meetings, without management being present. Both Naguib Kheraj and Phil Rivett, as outgoing and incoming Audit Committee Chairs, met regularly with EY during the course of the year. The Company complies with the Statutory Audit services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee responsibilities) Order 2014. EY has been the Group's Statutory Auditor for just under one year. In accordance with the Audit Practices Board's requirements, the lead audit engagement partner has held the role for less than one year. The lead engagement partner has a background of auditing banks and understands the markets in which the Group operates. Following the 2017 audit tender, EY was appointed as the Group's Statutory Auditor for the financial year ending 31 December 2020.
Non-audit services	• Responsible for setting, reviewing and monitoring the appropriateness of the provision of non-audit services, applying the Group's policy on the award of non-audit services to the external auditor, while taking into account the relevant ethical guidance • In 2020, the Group spent $2.6 million on non-audit services provided by EY and $5.1 million on audit-related services such as quarterly and half year reviews and regulatory reporting Further details on non-audit services provided by EY can be found in Note 38 on **page 406** and the Group's approach to non-audit services on **page 175**
Internal controls	• Discussed reports from GIA that provide GIA's view on the system of internal controls across all risk types, business and country functions, including summary highlights of the most significant matters being monitored by GIA and areas of thematic interest that have arisen as part of the audits and warrant the Committee's attention. The Board Risk Committee, the Board Financial Crime Risk Committee and the Brand, Values and Conduct Committee discussed separate reports from the Group Head of Internal Audit on GIA's appraisal of controls across key risks, subject to each Committee's oversight. Collectively, the reports received by these Committees provided assurance that there are effective internal controls within the Group • Received an update on KPMG's observations of the Group's controls arising from KPMG's audit for the year ended 2019 (and items remaining open from 2018) and management's responses to the findings, together with proposed timelines for addressing the findings. The observations raised by KPMG did not suggest any fundamental concerns over the control framework or procedures • Throughout the year, the Committee continued to probe that the Group's internal controls infrastructure was not being adversely impacted by WFH arrangements, as a result of lockdowns across the Group's network Further details on internal controls can be found on **page 171**

Activities during the year continued

Group Internal Audit

During 2020, GIA revised its approach to audits, in order to respond to the changed risk landscape of the Group. GIA focused on providing timely, nimble and independent assurance over the Group's approach to managing COVID-19. There were shorter, sharper focused pieces of work on emerging risks, which provided the Committee with assurance that the Group's response to and operations during COVID-19 remained appropriate for our shareholders, customers and colleagues and aligned to our Here for good brand promise. The Committee sought and received assurance from management that this revised approach was adding value to the business and continued to focus on the effectiveness of controls and processes. The Committee also monitored, on an ongoing basis, that travel restrictions and WFH arrangements were not impacting the quality or integrity of audit work or the internal controls infrastructure of the Group.

In 2019, an external assessor, Grant Thornton (selected by the Committee from a competitive request for proposal process), conducted an external quality assurance review on the GIA function, which assessed the requirements of GIA against key professional and regulatory bodies governing the practice of internal audit. While it was recognised that GIA "generally conforms" to the requirements of these standards, some recommendations were made. During the course of 2020, the Committee received updates on progress against these recommendations.

In 2020, for the most significant matters being monitored by GIA, business and/or regional management were invited to attend meetings to provide updates on the steps being taken to enhance the control environment and address internal audit findings.

The Committee:

- Reviewed the adequacy of resourcing and proposed work plans for GIA and is satisfied that these are appropriate in light of proposed areas of focus, expertise and skills that are required
- Assessed the role and effectiveness of the GIA function, and reviewed and monitored GIA's progress against its annual audit plan and the review and monitoring of post-audit actions. Changes to the audit plan, in particular COVID-related changes, and people changes were also discussed by the Committee
- Reviewed and approved GIA's 2021 audit plan and budget
- Reviewed and approved the refreshed GIA charter
- Received and discussed reports from the Global Head, Audit Quality Assurance (QA) on the QA function's view of the control environment in GIA

The Committee is satisfied with the independence of the GIA function.

Both Naguib Kheraj and Phil Rivett, as outgoing and incoming Audit Committee Chairs, met regularly with the Group Head of Internal Audit and the GIA Management Team.

Group compliance

Regular compliance reporting to the Committee sets out the work carried out the by CFCC function, significant compliance and regulatory risks and issues facing the Group, and key actions being taken to address and mitigate these matters.

In 2020, the Committee was updated on the following:

- Key supervisory areas of focus, the status of the Group's core college regulatory relationships and enforcement matters
- The function's operating model, including an overview of the CFCC budget and organisational changes to simplify the function. In conjunction with the Board Risk Committee and Board Financial Crime Risk Committee, the Committee has received regular updates on the CFCC Transformation
- Trade and communications surveillance across the Group
- Data sovereignty
- The Group's preparedness for Brexit
- Cross-Border risks in Retail Banking
- Conduct, in particular focusing on managing the impacts of COVID-19 and WFH arrangements
- Updates from CFCC Assurance

The Committee reviewed an update on compliance resourcing and confirmation was received from management that the function is adequately resourced.

The Committee also reviewed the 2021 Compliance Plan and priorities.

Both Naguib Kheraj and Phil Rivett, as outgoing and incoming Audit Committee Chairs, met regularly throughout the year with the Group Head, CFCC.

The Board Financial Crime Risk Committee received reports on financial crime compliance-related matters.

Activities during the year continued

Speaking Up	Speaking Up is the Group's confidential and anonymous whistleblowing programme (the Programme). The Programme has been designed to comply with the Group's UK lead regulators, the PRA and the FCA Whistleblowing Rules. Our whistleblowing channels are available to anyone – colleagues, contractors, suppliers and members of the public – to raise concerns confidentially and anonymously. Through the Compliance Regulatory report, the Committee was provided with regular updates on the Programme. The Committee reviewed and discussed an annual report on the operation and effectiveness of the Programme which was subsequently tabled to the Board. The report provided the Committee with assurance of the Group's ongoing compliance with the Whistleblowing Rules. The Committee discussed the linkages between Speaking Up and data within the Group's My Voice (employee engagement survey) results. In 2020, the Committee Chair regularly received Speak Up management information reports with details of Speak Up cases and themes. Further details on Speaking Up can be found on **page 67**
Interaction with regulators	Typically, the Committee meets with the PRA on an annual basis, without members of management being present. The purpose of such meetings is to enable a discussion between the Committee and the PRA concerning areas of focus for both the Committee and the PRA. This discussion was held on 19 February 2020 with representatives from the PRA. Phil Rivett attended a trilateral meeting with EY and the PRA. Naguib Kheraj also attended meetings with the PRA in 2020 in his capacity as Audit Committee Chair.
Linkages with subsidiary audit committees	There are strong linkages and interactions in place between the Committee, regional hub audit committees and banking subsidiary audit committees. In 2020, Naguib Kheraj attended a Standard Chartered Bank (Hong Kong) Limited (SCB Hong Kong) Audit Committee meeting; and the Audit Committee Chair of SCB Hong Kong attended a Standard Chartered PLC Audit Committee meeting. This practice will continue in 2021 and beyond to reinforce these important linkages. Details of the annual call held with Naguib Kheraj, as Committee Chair in March 2020, and the chairs of banking subsidiary audit committees can be found on **page 107**

Committee effectiveness review

During 2020, an internally facilitated Board and Board committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2020 internal effectiveness review

The feedback on the Committee's functioning and effectiveness was positive and it specifically highlighted that:

- The Committee has maintained a high standard of work, and the Committee Chair is well prepared
- The handover to EY, as the Group's Statutory Auditor, had gone well
- Suggestions were provided on potential topics for training sessions
- The scheduling of meetings is in close proximity to Board meetings

2021 Action Plan

The 2021 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Ensure effective handover to the new Chair
- Schedule training sessions to cover new developments in reporting (including ESG/Climate), valuation of financial instruments (including the XVA framework), IFRS 9 and best practice in reporting new areas of work
- Review the quality and timing of papers and scheduling of Committee meetings to enhance efficiency

Board Risk Committee

"Throughout the year, focus has been placed on the impact of COVID-19 and how the Group has responded to and managed the related risks"

Committee composition

	Scheduled meetings
N Kheraj (Chair) (Appointed as Committee Chair on 1 December 2020)	**6/6**
D P Conner	**6/6**
G Huey Evans, OBE	**6/6**
P G Rivett (Appointed 6 May 2020)	**3/3**
D Tang (Appointed 1 October 2020)	**1/1**
C Tong	**6/6**

Maria Ramos joined the Committee on 1 January 2021.

Other attendees at Committee meetings in 2020 included: Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group General Counsel; the Treasurer; Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance; the Group Head of Internal Audit; the Group's Statutory Auditor and Group Company Secretary.

Phil Rivett attended one meeting and David Tang attended two meetings before joining the Committee as members. Byron Grote, Christine Hodgson and Jasmine Whitbread attended Committee discussions on Climate Risk and Model Risk management in 2020. Sir Iain Lobban, Cyber Adviser to the Board, regularly attends discussions on Information and Cyber Security (ICS) Risk and Technology matters. EY attended three Committee meetings as an observer, ahead of their formal appointment as the Group's Statutory Auditor in May 2020. As part of, and in addition to, each scheduled Committee meeting, the Committee held private members-only meetings.

The Committee's membership comprises INEDs who have a deep and broad experience of banking and the risk factors affecting the Group.

Biographical details of the committee members can be viewed on **pages 83 to 86**

Main responsibilities of the Committee

The Committee is responsible for exercising oversight, on behalf of the Board, of the key risks of the Group. It reviews the Group's Risk Appetite Statement and makes recommendations to the Board. Its responsibilities also include reviewing the appropriateness and effectiveness of the Group's risk management systems, considering the implications of material regulatory change proposals, reviewing reports on principal risks to the Group's business and ensuring effective due diligence on material acquisitions and disposals. The Committee reports to the Board on its key areas of focus following each Committee meeting.

The Committee has written Terms of Reference that can be viewed at **sc.com/termsofreference**

As the new Chair of the Board Risk Committee, I am pleased to present the Board Risk Committee's report for the year ended 31 December 2020.

Since April 2019, meetings have taken place as dual Risk Committee meetings of Standard Chartered PLC and Standard Chartered Bank, under the governance structure put in place to reflect the Group's corporate entity restructuring. I became Chair of the Board Risk Committee on 1 December 2020, having been a member for a number of years. I would like to thank David Conner for the comprehensive handover I received and am delighted that David remains on the Committee as a member. I would like to welcome the newer members to the Committee: Phil Rivett who joined on 6 May 2020, David Tang who joined on 1 October 2020 and Maria Ramos who joined on 1 January 2021.

Throughout the year, focus has been placed on the impact of COVID-19 and how the Group has responded to and managed the related risks. On a regular basis, the Committee received and discussed a paper on COVID-19 risks, which provided an assessment of the Group's response to COVID-19. The incorporation of COVID-19 into the Group's stress scenarios and portfolio reviews of the exposures most at risk in the economic downturn has enabled management to identify potential areas of vulnerability and manage these appropriately. The Committee spent time reviewing vulnerable sectors and consumer credit portfolio performance. We monitored to ensure that appropriate action was taken as credit conditions deteriorated. Furthermore, attention was placed on interest rate risk, and the impact of market volatility on the Financial Markets business and the Capital Management portfolio. Outside of Committee meetings, David Conner had regular calls with the Group Chief Risk Officer (GCRO) to ensure that he was kept informed of emerging developments as they occurred, and in turn, this enabled Committee members to be notified of any significant matters in real-time. This communication mechanism was important as COVID-19 evolved.

ICS Risk remained a key priority this year, with reporting from management in the first, second and third lines of defence, to enable the Committee to understand the progress being made and areas of improvement being worked on. This remains a priority for 2021.

Operational resilience became a significant focus for the Committee as COVID-19 unfolded and various lockdowns across the Group's network came into effect. Operational and ICS risks, resulting from colleagues working from home (WFH) were carefully monitored, to ensure that these risks were not increasing or manifesting themselves in different ways. The Committee continued to place focus on the risks associated with the Interbank Offered Rate (IBOR) transition, Model Risk management and Operational Risk, through dedicated papers and regular reporting such as the GCRO's reports and GIA reports.

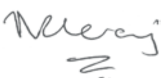
We held a 'blue sky thinking/horizon scanning' discussion, which covered the potential risks that the Group might be or could become exposed to. Recognising the importance of being able to step back and consider emerging risks, a dedicated 'blue sky thinking/horizon scanning' session has been scheduled for 2021, and will be an annual agenda item going forward.

In 2020, the Committee held two informal sessions covering COVID-19 stress test and recovery capacity and SC Ventures governance. These sessions were opened up to all Board members and provided dedicated time and space to dive deeper into these topics.

Climate Risk remains a key priority for the Group and the Committee has monitored the progress being made against our Climate Risk workplan, and the speed of execution in integrating Climate Risk into mainstream risk processes. Needless to say, this will be a continued priority for 2021, not least given the Bank of England's climate-related stress test this coming year.

The Committee applied scrutiny to the risks related to US-China tensions and US elections. In anticipation of market disruption ahead of Brexit and ongoing US-China tensions, the Committee reviewed and approved liquidity limits for the Group. Given the ever-changing external environment, the Committee continues to discuss key macroeconomic and geopolitical risks and challenges faced by the Group, and probe how these are being managed and mitigated by management.

The following pages provide insight and context into the Committee's work and activities during the year.



Naguib Kheraj
Chair of the Board Risk Committee

Activities during the year

Risk Appetite

Reviewed and challenged the formulation of the Group's Risk Appetite Statement, in order to assure that it is effective in setting appropriate boundaries in respect of each Principal Risk Type.

Considered and recommended the Group's Risk Appetite to the Board for approval.

During 2020, the following changes were made to the Risk Appetite:

- **Enterprise Risk Appetite:** given the importance of external credit ratings to the Group's business, clients, investors and regulators, three new credit rating metrics were included
- **Model Risk:** a new Model Risk Appetite Statement and a number of new metrics were approved to capture the risk profile of the overall model landscape
- **Capital and Liquidity Risk:** the methodology for setting Group Common Equity Tier 1 (CET1) Risk Appetite metric was revised to be set at the higher of the sum of regulatory requirements or 13 per cent. The Group's Liquidity Coverage Ratio was proposed to be increased to 130 per cent
- **Operational Risk:** Changes were proposed covering new and amended metrics. Existing metrics were challenged to reflect a more forward-looking view of the risks and ensure that new risks and elevated residual risks are sufficiently emphasised
- **ICS Risk:** ICS Risk Appetite metrics were developed to measure the Group's security and resilience to ICS events and incidents which could impact its most critical systems and assets. A comprehensive and in-depth review of the historic ICS metrics was undertaken, looking at whether they are fit for purpose, to ensure that proposed metrics drive change and align to the key risk elements of the Group's ICS strategy
- **Climate Risk:** Recognised as a material cross-cutting risk for the Group. A number of Climate Risk metrics are being developed for introduction in 2022
- **Credit Risk:** A number of changes were made with regard to definitions and thresholds
- **Traded Risk:** Thresholds for a number of metrics were amended to reflect a change in methodology
- **Reputational Risk and Compliance Risk:** Changes largely related to the tightening of definitions and an increase in the reporting frequency of Compliance metrics from quarterly to monthly
- **Operational Risk:** Changes were proposed covering new and amended metrics. Existing metrics were challenged to reflect a more forward-looking view of the risks and ensure that new risks and elevated residual risks are sufficiently emphasised
- **Financial Crime Risk – Fraud:** New Fraud Risk Appetite metrics were proposed for Fraud Risk losses. This is part of the ongoing development and maturation of Fraud Risk management, with forward-looking metrics and a greater focus on elevated residual risks

Monitored actual exposures relative to Risk Appetite limits using regular Board Risk Information reports.

Tracked a broad range of risk metrics that are reported to the Committee periodically.

The Board Financial Crime Committee reviews the Risk Appetite Statement and metrics for Financial Crime Risk, excluding Fraud Risk.

Further details of the Group's Risk Appetite are set out on **page 250**

Enterprise Risk Management Framework (ERMF)

The ERMF sets out the principles and standards for risk management across the branches and subsidiaries of the Group. The Committee:

- Reviewed proposed material changes to the ERMF, arising from the 2020 annual review, and recommended these changes to the Board for approval
- Discussed the approach and key outcomes of the 2020 annual effectiveness review of the ERMF. Affirmation was received from the GCRO that the Group's risk management and internal control framework is materially effective and improvement areas were highlighted for management attention

Activities during the year continued

Principal Risk Types

The Group's Principal Risk Types are reported on at each scheduled Committee meeting, through a Board Risk Information report, which accompanies the GCRO's report. In addition, the Committee had deeper discussions on the topics set out below.

In 2020, some changes were made to the Principal Risk Types, in order to reflect the changing risk dynamics and ensure appropriate focus. Accordingly, the definitions of Operational and Reputational Risk were expanded to include Technology and Sustainability Risk, respectively. Additionally, recognising the importance of Conduct Risk across the wider organisation, this will be managed through the overall ERMF, so that it becomes embedded in all Principal Risk Types. Furthermore, Country Risk should also be taken into account across all Principal Risk Types, with a particular focus on Credit Risk, which also now forms part of the overall framework.

- **Operational and Technology Risk**

The Group defines Operational and Technology Risk as the potential for loss resulting from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks). Recognising the importance of Technology Risk, in December 2020, the Operational Principal Risk Type was expanded to include Technology.

The Committee:

- Discussed the risk profile for non-Financial Risk Types under the Operational Risk Principal Risk Type
- Discussed updates on Operational Risk, including the Operational Risk Enhancement project
- Reviewed and discussed the overall status of technology obsolescence including timelines and funding allocated. The Committee endorsed the timeline of the technology obsolescence programme
- Reviewed and discussed the Group's approach to IT governance, including management's plans to strengthen this

- **Model Risk**

Model Risk is the potential loss that may occur as a consequence of decisions or the risk of mis-estimation that could be principally based on the output of models, due to errors in the development, implementation or use of such models.

The Committee:

- Reviewed and discussed the key risks and issues relating to Model Risk management frequently in 2020
- Reviewed management's action plans to improve current capabilities in Model Risk management
- Discussed Model Risk management benchmarking undertaken by an external consultant

  Discussed COVID-related impacts on models and resourcing in place, which all Board members were invited to attend

- **ICS Risk**

ICS Risk is the risk to the Group's assets, operations and individuals due to the potential for unauthorised access, use, disclosure, disruption, modification or destruction of information assets and/or information systems.

The Committee:

- Discussed regular reports from management on the work underway to improve the Group's defences and create stronger control frameworks, focusing on what had gone well and could have gone better throughout the year
- Discussed regular reports on the Group's Transformation and Remediation Portfolio and ICS Risk profile
- Discussed and monitored the progress of key risk reduction initiatives across key controls domains
- Reviewed the Group's ICS three-year strategy and made a recommendation to the Board for endorsement
- Reviewed and discussed 2021 ICS Risk metrics, including Risk Appetite metrics
- Reviewed and discussed an external report on the Group's ICS programme and management's response
- Regularly sought assurance that the first, second and third lines of defence are aligned in progressing the Group's ICS priorities
- Received and discussed a paper setting out a deep dive review of the impacts of COVID-19 on ICS Risk

Sir Iain Lobban, who is one of the external adviser members of the Board Financial Crime Risk Committee and Cyber Adviser to the Board, joined Committee meetings for these discussions, together with the Group Chief Operating Officer, Group Chief Information Officer, the Group Chief Information Security Officer and Chief Operating Officer, Trust, Data and Resilience and the Group Chief Information Security Risk Officer.

Activities during the year continued

Principal Risk Types continued

- **Capital Risk and Liquidity Risk**

Capital Risk is the potential for insufficient level, composition or distribution of capital to support the Group's normal activities. Liquidity Risk is the risk that the Group may not have sufficient stable or diverse sources of funding to meet its obligations as they fall due.

The Committee receives a Treasurer's report at each meeting which covers market developments, liquidity, capital, recovery and resolution planning, together with rating agency updates.

During the year, the Committee considered and discussed the Group's capital and liquidity position and the regulatory environment, including the approval of the Group's Internal Capital Adequacy Assessment Process (ICAAP) submission to the PRA; in order to satisfy itself that the Group's approach to capital planning is comprehensive, rigorous and consistent with both the current regulatory requirements and the likely anticipated outlook.

The Committee also considered and discussed the Group's Internal Liquidity Adequacy Assessment Process (ILAAP) for submission to the PRA, which considers the Group's liquidity position, its framework and whether sufficient liquidity resources are being maintained to meet liabilities as they fall due (see section on stress testing for further details).

In December 2020, the Committee reviewed and provided feedback on the stress test scenarios for the 2021 Group and Solo ICAAP Stress Tests and the Reverse Stress Test.

The Committee held an informal session covering COVID-19 stress test and recovery capacity, which provided the Committee with an opportunity to discuss the results and insights from the COVID-19 stress test and the assessment of recovery capacity for capital and liquidity (see section on stress testing for further details).

Further details on Capital and Liquidity Risk are set out on **pages 259 and 260**

- **Credit Risk**

Credit Risk is the potential for loss due to failure of a counterparty to meet its agreed obligations to pay the Group.

The Committee received and discussed updates on Credit Risk. These discussions were further enhanced through deep dives into various country and business/client segments. For example, a paper on Retail Banking Unsecured Lending was discussed, which provided an overview of the Group's unsecured retail lending business, including the impact from COVID-19 and progress being made on the Retail strategy.

- **Traded Risk**

Traded Risk is the potential for loss resulting from activities undertaken by the Group in Financial Markets.

The Committee received and discussed an update on major Traded Risk developments and changes.

A paper covering XVA hedge effectiveness was received and discussed.

Further detail on the Group's Principal Risk Types can be found on **page 251**

Stress testing

The objective of stress testing is to support the Group in assessing that it:

- Does not have a portfolio with excessive risk concentration that could produce unacceptably high losses under severe but plausible scenarios
- Has sufficient financial resources to withstand severe but plausible scenarios
- Has the financial flexibility to respond to extreme but plausible scenarios
- Understands the key business model risks and considers what kind of event might crystallise those risks – even if extreme with a low likelihood of occurring – and identifies, as required, actions to mitigate the likelihood or impact as required

The Committee provided oversight, challenge and approval for:

- The scenario and stress test results for the 2020 Group ILAAP Stress Test
- The scenarios and results for the 2020 Group ICAAP Stress Test and Reverse Stress Test

In December 2020, the Committee reviewed and provided feedback on the stress test scenarios for the 2021 Group and Solo ICAAP Stress Tests and the Reverse Stress Test.

The Committee held an informal session covering COVID-19 stress test and recovery. All Board members were invited to attend this session.

Further details of stress testing are set out on **page 251**

Internal controls

Discussed reports from the Group Head of Internal Audit which provided summaries of GIA's appraisals of controls across key risks, subject to the Committee's oversight, together with the key risk issues identified by GIA's work and management actions put in place to address the findings.

The Audit Committee, Board Financial Crime Risk Committee and the Brand, Values and Conduct Committee discuss separate reports from the Group Head of Internal Audit on GIA's appraisal of controls across key risk types, subject to each respective Committee's oversight. Collectively, the reports received by these Committees provide assurance that there are effective internal controls within the Group.

Activities during the year continued

Remuneration as a risk management tool	Considered advice provided by the GCRO to the Remuneration Committee concerning the risk factors to be taken into account by the Remuneration Committee in determining incentives for the Group Chief Executive and other colleagues. Such advice assists the Remuneration Committee in its assessment as to whether the Group's remuneration policy, practices and procedures are consistent with and promote sound and effective risk management, and do not encourage risk-taking that exceeds the level of tolerated risk of the Group. Further details concerning the Group's approach to using remuneration as a risk management tool are set out in the Directors' remuneration report.
Regulatory	**BCBS 239 Principles** In May 2020, the Committee received and discussed an update on the outcome of the BCBS 239 self-assessment as of end 2019, the roadmap for compliance and challenges faced by the Group to comply with BCBS 239. At the end of the year, the Committee discussed the trajectory of the BCBS 239 Programme including the progress made and challenges faced. The Committee will receive an update on the level of compliance (as at 31 December 2020), once the outcome of the self-assessment is available on 26 February 2021.
Group regulator communications	The Committee discussed key communications from the PRA and FCA, where risk was the main theme.
Examples of deeper discussions into specific topics	• **Blue sky thinking/horizon scanning:** Discussed the potential risks that the Group may be, or could become exposed to, in addition to the risks identified in the Emerging Risk disclosure in the 2019 Annual Report • **Aviation Finance deep dive:** Received and discussed a paper covering the aviation finance operating lease and debt portfolios and the Group's strategy; the key risks in the business and steps being taken to address previous challenges and market developments; and benchmarking conducted against the Group's peers • **Enterprise Risk Review (ERR) function:** Discussed the review and re-deployment activities undertaken by the ERR Credit Risk Review and Liquidity Risk Review teams in 2020. The Committee discussed the interaction between the ERR and GIA functions on credit review-related matters • **Safety and Security Risk:** Received an update on Safety and Security Risk and discussion focused on how management is dealing with the impact from COVID-19, including WFH arrangements and business travel restrictions • **Climate Risk management:** Discussed an annual progress update on Climate Risk, which all Board members were invited to attend. The Committee has monitored the progress being made against our Climate Risk workplan and the speed of execution in integrating Climate Risk into mainstream risk processes Further detail on Climate Risk can be found on **page 269** • **Operational resilience – Client Service resilience:** Discussed an update on progress being made to support the implementation of emerging regulatory requirements pertaining to the management of operational resilience • **Wholesale Credit deep dive:** Discussed the annual Credit Risk review of the Group's Corporate, Commercial and Institutional Banking (CCIB) portfolio • **IBOR transition:** The Committee received updates during the course of the year from an industry and Group perspective on the IBOR transition. The programme of work was discussed, including the work undertaken to manage the risks associated with this transition, in particular, the financial implications, legal risks and consequences for clients. The Committee continues to seek assurance that this Transition Programme is on track and adequately resourced. This will remain a key focus for 2021 • **CCIB Fraud Risk:** At the request of the Committee, a paper was received and discussed on the findings from a review of all first-party fraud instances related to credit exposures in CCIB. Focus was placed on the training programme being rolled out and during discussion the importance of first-line ownership was reinforced • **SC Ventures – venture building:** SC Ventures is a business unit that provides a platform and catalyst for the Group to promote innovation, invest in disruptive financial technology and explore alternative business models. Following on from a discussion on SC Ventures governance in 2019, the Committee received and discussed papers setting out the venture-building activity of SC Ventures and Crypto-Asset Risk management. One of the outcomes of this discussion was a Committee teach-in on SC Ventures governance and a Board teach-in on Crypto-Assets, which both took place in 2020

Committee effectiveness review

During 2020, an internally facilitated Board and Board committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2020 internal effectiveness review

The feedback on the Committee's functioning and effectiveness was positive and it specifically highlighted that:

- Overall performance has remained consistent, and the Committee Chair is well prepared and diligent
- Committee members would like papers to become more succinct, with key issues highlighted more clearly up front to help focus the Committee's discussions
- Committee members provided feedback on key areas of focus and topics for future training sessions

2021 Action Plan

The 2021 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Ensure effective handover to the new Chair
- Consider ways to enhance discussions on ICS-related matters, operational resilience and technology obsolescence
- As with all Committees, keep under review the quality and length of papers and ensure they draw out the key issues to help focus the Committee's discussion effectively
- Schedule training sessions to include Treasury risks, technology and models

Risk information provided to the Committee

The Committee is authorised to investigate or seek any information relating to an activity within its Terms of Reference, receives regular reports on risk management, and tracks a wide range of risk metrics through a Board Risk Information report. This report provides an overview of the Group's risk profile against the Group's Risk Appetite Statement. The GCRO's report covers the macroeconomic environment, geopolitical outlook, material disclosures and ongoing risks. Coverage of Principal Risk Types and regulatory matters are also included in this report. By way of example, regular updates on the US elections, Brexit and US-China tensions have been reported on and discussed throughout the year.

The Committee has the authority to request and receive relevant information consistent with the requirements of BCBS 239 that will allow the Committee to fulfil its governance mandate relating to risks to which the Group is exposed, and alert senior management when risk reports do not meet its requirements.

Risk management disclosures

The Committee has reviewed the risk disclosures in the Annual Report and the Half Year Report, and has also reviewed the disclosures regarding the work of the Committee.

Interaction with the Group Chief Risk Officer

The Committee Chair meets individually with the GCRO regularly between formal Committee meetings. These meetings allow open discussion of any matters relating to issues arising from the Committee's formal discussions and inform the forward-looking agenda.

Interaction with management

The Committee is mindful of the need to hold management directly accountable when issues have arisen and have been reported by the GCRO. Senior management has attended Committee meetings for deeper discussions in such instances. The Committee Chair also meets individually with senior leaders of the Risk function.

Interaction with regulators

The Committee Chair meets periodically with the Group's UK lead regulators, the PRA, as well as the FCA.

Typically, the Committee meets with the PRA on an annual basis, without members of management being present. In 2020, this meeting was postponed due to COVID-19. The purpose of these meetings is to enable a discussion between the Committee and the PRA concerning prudential-focused topics.

Interaction between Board committees on risk-related issues

In the few instances where it does not have primary oversight for a given type of risk, the Committee interacts closely with other Board Committees where the remit of these other Committees clearly covers risk-related matters. For example, the Audit Committee has oversight of the Group's internal financial controls and regulatory compliance; the Board Financial Crime Risk Committee has oversight of the responsibilities in relation to financial crime compliance-related matters; and the Brand, Values and Conduct Committee has oversight of the mechanisms by which Reputational Risk is managed. The interaction assists the Committee in ensuring that it is well informed on discussions held, and the close collaboration of the Committee Chairs helps to ensure that there are no gaps and any potential for unnecessary duplication is avoided.

Risk function resourcing

The Committee has sought and received assurance that the Risk function is adequately resourced to perform its function effectively. The Committee's discussions included an overview of the changes to the Risk function in 2020; and management's forward-looking view of the Risk function.

Linkages with subsidiary board risk committees

In conjunction with the Chair of the Board Financial Crime Risk Committee, David Conner (the outgoing Committee Chair) co-hosted an annual call with the chairs of subsidiary board risk committees in July 2020. David Conner also attended a Board Risk Committee of Standard Chartered Bank Nigeria Limited as an observer.

Details of this call can be found on **page 107**

Brand, Values and Conduct Committee

"The Committee provided guidance and challenge to ensure new policies and practices remained consistent with the Group's values and supported long-term sustainable success"

Committee composition

	Scheduled meetings
J M Whitbread (Chair)	4/4
C M Hodgson CBE	4/4
N Okonjo-Iweala*	4/4
D Tang	4/4
D Conner (Appointed 1 December 2020)	1/1

* Ngozi Okonjo-Iweala will step down from the Committee on 28 February 2021.

Other attendees at Committee meetings in 2020 included: Group Chairman; Group Chief Executive; Group Head, Human Resources, the Group Head Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance and the Group Company Secretary.

Biographical details of committee members can be found on **pages 83 to 86**.

Main responsibilities of the Committee

The Committee has responsibility for reviewing the Group's brand, culture, valued behaviours and conduct, as well as the processes by which the Group identifies and manages workforce engagement framework, reputational risk, sustainability priorities and the approach to main government and regulatory relationships.

The Committee reports to the Board on its key areas of focus following each Committee meeting.

The Committee has written terms of reference that can be viewed at **sc.com/termsofreference**

In an extraordinary year, the Committee focused its attention on employee engagement and wellbeing; support for our communities and clients; and driving forward our sustainability agenda.

During the first quarter, in response to COVID-19 social distancing restrictions, a fundamental change to our working practices took place with the vast majority of our colleagues around the world adapting to the demands of remote working. The Committee provided guidance and challenge to ensure new policies and practices remained consistent with the Group's values and supported long-term sustainable success. Plans for investment in employee wellbeing initiatives were accelerated and the Committee endorsed the launch of the Group's Standard for Tackling Domestic Violence and Abuse to support the wellbeing of colleagues following global reports of an increase of domestic violence as a result of the pandemic.

In the early stages of the pandemic the Committee monitored progress on delivery of the $50m COVID-19 Charitable Fund and the launch of the $1bn financing at cost for COVID-19 mitigation across qualifying Global and Commercial Banking clients.

Given the particularly challenging circumstances faced by all in 2020, maintaining two-way dialogue with the workforce remained a high priority for the Board and enhancements to the workforce engagement framework continued at pace. The 2020 workforce engagement plans were updated in response to travel restrictions and four regional calls were hosted by Board members. The agenda for each call comprised relevant themes for each region in order to support meaningful dialogue. The Committee noted the positive feedback received from employees on the engagement sessions and continues to discuss how to make these sessions more interactive and to increase employee participation further. During the year, the Committee also held an informal session with the Americas Management Team to discuss culture, brand, diversity and inclusion.

With diversity core to our purpose, this year's heightened focus on the Black Lives Matter movement acted as a spur to increase listening and engagement with colleagues, develop appropriate toolkits for use with clients and communities, and set ethnicity targets for senior leadership in the US and UK.

Since the diversity and inclusion strategy was launched two years ago, the Committee has seen improvements across the key performance indicators, and we continue to discuss the work undertaken on inclusion and the progress being made.

In last year's report, I provided an update on the development and embedding of the Culture and Conduct Dashboards. During the year, the Committee discussed the functionality of the Conduct Dashboard and monitored progress on embedding it across the organisation. Committee members received a practical demonstration on how the business was using and responding to the Conduct Dashboard noting that the insights would provide Management with enhanced trend analysis across the conduct risk sphere.

The Group's sustainability strategy rests on three pillars. Following discussion by the Board on the first pillar, sustainable finance, the Committee undertook deep dives into the remaining two pillars – specifically relating to the Group's ambition to build its reputation and its external sustainability leadership position, as well as the Group's work on inclusive communities and promoting economic inclusion and tackling inequality. This included consideration of the rapidly evolving external landscape in relation to ESG reporting and indices as well as the development of our Futuremakers programme which focuses on education, employability and entrepreneurship within our communities.

Sustainability within our supply chain continues to be a key focus area and the Committee reviewed progress being made on supply chain data, labour standards and aspirational targets to achieve the living wage across the Group's supply chain.

The following report provides further insight into the Committee's work during the year.

Jasmine Whitbread
Chair of the Brand, Values and Conduct Committee

Activities during the year

Board-workforce engagement and workforce policies and practices

The Committee has responsibility for overseeing the Board's engagement framework with the workforce and ensuring workforce policies and practices remain consistent with the Group's valued behaviours, in order to satisfy certain provisions in the UK Corporate Governance Code.

This year the Group has adapted working practices to meet the needs of the workforce during the COVID-19 pandemic while enhancing our Board-workforce engagement. Technology has played a central role in ensuring interactive and two-way engagement between colleagues and Board members across our global footprint at a time when travel has been unprecedently restricted.

The Committee has overseen the following activity:

- The making of significant changes to working practices during the pandemic, including accelerating the planned investment in wellbeing support, and commencing a new project (Future Workplace, Now) to capitalise on the strategic opportunities created by the pandemic and address employee questions about future flexibility and ways of working
- The launch of a People Leader Standard and a Standard for Tackling Domestic Violence and Abuse
- The annual engagement survey (My Voice) and COVID-19 pulse survey across the Group
- The Board hosted four regional engagement calls covering the Africa & Middle East, ASEAN & South Asia, Europe & Americas and GCNA regions, facilitated by an online Q&A session and polling tool, to enable Board members to engage with colleagues in an interactive manner with as much two-way dialogue as possible. The themes covered during the sessions varied from region to region, covering people-related topics such as redundancies, remuneration, diversity and future skills, as well as strategic topics such as the Group's investment in digital and technology, geopolitical tension, the role of the Board and the long-term impact of COVID-19 on the Group's business
- The feedback loop that would support the Board and workforce dialogue and the enhancements that would strengthen the Board's accountability to the workforce

Furthers details regarding the Board's regional engagement calls with colleagues can be found on **pages 105 and 106**

Workforce engagement framework: how we engaged during 2020

Culture and valued behaviours

The Committee:

- Reviewed the culture transformation progress across the Group towards building an inclusive, innovative culture underpinned by sustainability and conduct
- Reviewed the key insights from the Brand and Culture Dashboard, including developments to the Dashboard to increase its adoption across the Group, aiming to drive discussion and action on culture change
- Discussed the steps being taken to create a clear link between the Group's purpose and strategy
- My Voice employee survey results and interpretation, assessing and monitoring the Group's culture and valued behaviours with a focus on Employee Value Proposition metrics and future ways of working
- Reviewed the Group's approach to Diversity and Inclusion and discussed the focus to create a more inclusive workplace through initiatives across the Group's unique footprint
- Held a session with the Americas management team on culture, brand, diversity and inclusion. The session provided an opportunity to gain insight into keys areas of focus including community engagement and racial equality, an area brought into greater focus following the Black Lives Matter movement

Activities during the year continued

Culture Dashboard insight: monitoring an inclusive culture	**Why does the Committee monitor the culture of inclusion:** Inclusion is the key to harnessing the Group's unique diversity, unlocking innovation and creating shareholder value. **How does the Committee monitor inclusion:** The Brand and Culture Dashboard reports on an inclusion index, an aggregation of data from eight questions in the annual employee survey. The index covers areas such as access to growth and development opportunities, supportive leadership and having the tools needed to do one's job. This data is then used by the Committee, along with additional insights from My Voice and the broader Brand and Culture Dashboard, as a source of information to track progress on the effectiveness of Group initiatives and provide challenge and observations that are fed back into the Group's programmes.
Brand	The Committee: • Discussed the Group's Brand Refresh Campaign brand • Discussed the brand evolution to update the visual identity of the Group to reflect increased digital usage • Held a session with the Americas management team which included a discussion on the brand building campaigns across the Americas
Conduct	The Committee: • Discussed the steps being taken by Management to embed Conduct into the three lines of defence • Discussed and received assurance on COVID-19 conduct risks considerations and response • Provided oversight of the Conduct Dashboard implementation, discussing the functionality and embedding the Dashboard • Received a demonstration from the Wealth Management team on how it used the Dashboard and gained insight into the conduct framework's contribution to the business
Reputational Risk management	The Committee: • Received updates on monitoring Reputational and Conduct Risk during COVID-19 • Discussed the expanded reputational and sustainability risk definition and the approach on embedding key ESG risk • Discussed the work being undertaken by the Group to understand positive and negative reputational risk drivers across its markets, drawing together insights from the Reputational Risk and Corporate Affairs teams. Reflected on the external environment and changing expectations on corporates in the light of events in 2020, in particular the increased focus on stakeholder capitalism and 'building back better' • Provided oversight of the key reputational risk themes being tracked across the Group • Provided oversight on how the Group's Position Statements were aligned to the Group's Risk Appetite
Sustainability	The Committee: • Discussed the Group's Sustainability Leadership Strategy and further actions that it will take on addressing climate change and promoting financing that supports sustainable development • Discussed and endorsed the Group's creation of the $50 million COVID-19 Global Charitable Fund • Monitored the Group's compliance with its public commitments in relation to ESG and integration of ESG Risk management • Discussed stakeholder capitalism and stakeholder views and concerns around the changing external environment and how the corporate sector responds • Provided oversight on diversity within the Group's supply chain • Received an update on the roll-out of the Group's community strategy, Futuremakers by Standard Chartered • Monitored the Group's compliance with its public commitments in relation to ESG matters including the Sustainability Aspirations, and resultant scores from ESG analysts and indices
Government and regulatory relationships	The Committee: • Reviewed the Group's approach to its main government and regulatory relationships across its key markets, focusing on the quality of these relationships and emerging themes for the next twelve months • Provided input on the areas of priority for the Group including issues of geopolitical importance, implications of COVID-19 for banks and financial system stability, regulatory reform, Brexit, climate change, fintech and innovation and country/regional-specific issues

Committee effectiveness review

As part of the 2020 internal Board evaluation, a review of the Committee's effectiveness was conducted. Broadly, members felt that the Committee was continuing to function highly, and that the agenda had matured over the past year. A summary of key observations and the subsequent recommendations can be found below.

Progress against the actions set out in the Committee's 2020 Action Plan has been positive; a summary of the progress against each of the actions is set out below.

Progress against the 2020 Action Plan:

- Enhancements to the workforce engagement framework continued during the year. The 2020 workforce engagement plans were updated in response to travel restrictions and face-to-face sessions were replaced by four regional calls hosted by Board members
- During the year, the Committee discussed the functionality of the Conduct Dashboard and monitored progress on embedding it across the organisation. Committee members received a practical demonstration on how the business was using and responding to the Conduct Dashboard noting that the insights would provide Management with enhanced trend analysis across the conduct risk sphere
- The Group's sustainability strategy rests on three pillars. Following review by the Board on the first pillar, sustainable finance, the Committee undertook deep dives into the remaining two pillars – specifically relating to the Group's ambition to build its reputation and its external sustainability leadership position, as well as the Group's work on inclusive communities and promoting economic inclusion and tackling inequality. This included consideration of the rapidly evolving external landscape in relation to ESG reporting and indices as well as the development of the Futuremakers programme
- The Committee held a joint strategy session with the Remuneration Committee to discuss common topics around culture, values and brand

Key observations from the 2020 internal effectiveness review

- Committee members felt that they had made steady progress during the year on all topics in their remit
- Feedback for the Chair was positive. The Chair allowed Committee members the time to have robust discussion while keeping meetings on track. The Chair's style was noted as being open and inclusive
- The Committee may consider inviting external advisers or presenters to offer different perspectives on key issues and to extend the Committee's horizons
- In terms of composition, the Committee was felt to be well stocked with relevant expertise
- Committee members rated the quality of the information the Committee gets highly, and the Conduct Dashboard was felt to be a positive addition to the Committee's work
- Members noted that any existing overlaps between the Brand, Values and Conduct Committee and, for instance, the Remuneration Committee had been well handled during the year by holding joint meetings

2021 Action Plan

The 2021 Action Plan for the Committee reflects suggestions from the evaluation drawn together with the Committee's forward-looking agenda for next year:

- Consider reinforcing the Committee's expertise on sustainability and environmental issues, particularly climate change
- Consider inviting further guest speakers and contributors to meetings on specific, key topics to add new perspectives

Governance and Nomination Committee

"The Committee remained focused on ensuring that the combined skillset, experience and capabilities of the Board further enhanced the effective oversight of the Group's refreshed strategy"

Committee composition

	Scheduled meetings	Ad Hoc
J Viñals (Chair)	4/4	2/2
N Kheraj	4/4	2/2
C M Hodgson	4/4	2/2
J Whitbread	4/4	2/2
D Conner (Stepped down 1 December 2020)	4/4	2/2
P G Rivett (Appointed 1 December 2020)	0/0	0/0

Other attendees at Committee meetings in 2020 included:
Group Chief Executive; Group Head, HR; and the Group Company Secretary.

Biographical details of the committee members can be viewed on **pages 83 to 86**

Main responsibilities of the Committee

The Committee has responsibility for keeping the size, structure and composition of the Board and its committees under review. As part of the Committee's succession planning for the Board, it takes into account the Group's strategy and challenges, and makes recommendations to the Board in respect of any adjustments to the Board's composition. The Committee also: keeps under review the leadership needs of, and succession plans for, the Group in relation to both executive directors and other senior executives; has oversight of the process by which the Board, its committees and individual directors assess their effectiveness; keeps the diversity of the Board under review and monitors progress towards achieving its objectives in this area; considers any potential situational conflicts of interest declared by Board members; considers the impact of material changes to corporate governance regulation and legislation affecting the Group, and has oversight of the Group's approach to subsidiary corporate governance.

The Committee reports to the Board on its key areas of focus following each Committee meeting.

The Committee has written Terms of Reference that can be viewed at **sc.com/termsofreference**

During the year the Committee remained focused on ensuring that the combined skillset, experience and capabilities of the Board further enhanced the effective oversight of the Group's refreshed strategy, while maintaining a balanced composition over the medium to longer term.

Louis Cheung, a long standing INED retired from the Board in March 2020. We discussed the balance of characteristics, criteria and attributes required of future Board members, taking into account feedback from last year's externally facilitated effectiveness review and during the year, identified and recommended to the Board the appointment of two new INEDs. Phil Rivett joined the Board at our AGM in May. Phil brings significant professional accountancy and audit experience, specifically from within the financial services sector and was joined more recently by Maria Ramos in January 2021. Maria has extensive CEO, banking, commercial, financial, policy and international experience. Following the recent announcement of Ngozi Okonjo-Iweala's appointment as Director-General of the WTO from 1 March 2021, Ngozi will step down from the Board on 28 February 2021. On behalf of the Board I would like to thank Ngozi for her valuable insight and contributions over the past 3 years.

We also refreshed the membership of a number of Board committees, most notably towards the end of the year, when Phil Rivett succeeded Naguib Kheraj as Chair of the Audit Committee and Naguib took over from David Conner as Chair of the Board Risk Committee.

Our focus on succession plans remained broader than the Board and its committees. We continued to focus in detail on succession readiness and plans for the executive directors, the Management Team and other senior executives, as well as initiatives underway to develop talent internally. We were able to assure ourselves that succession readiness had improved through the year and that all key roles have credible plans with suitable flexibility for the immediate to longer term.

As part of our annual review of the Board Diversity Policy we discussed the importance of the Policy remaining relevant and aligned with the diversity of our footprint and governance recommendations, specifically in the area of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience. We recommended adopting a new diversity aspiration, that the Board is composed of a minimum of 30 per cent of directors from ethnic minority backgrounds. More detail on these changes along with the ethnicity of our Board can be found on pages 126 to 128.

The Committee also spent time reviewing plans for the Board's engagement with the workforce, taking into account the UK Corporate Governance Code provisions. We enhanced the already significant dialogue the Board has with the workforce with the introduction of quarterly engagement calls targeted at each of the regions. With COVID-19 impacting the ability for the Board to travel across our markets through 2020, these virtual sessions proved key in being able to continue our direct dialogue with the workforce across the Group. Given the ongoing travel restrictions we are planning to further expand this engagement in 2021. Insight into the sessions held this year and the key outputs are set out on pages 105 and 106.

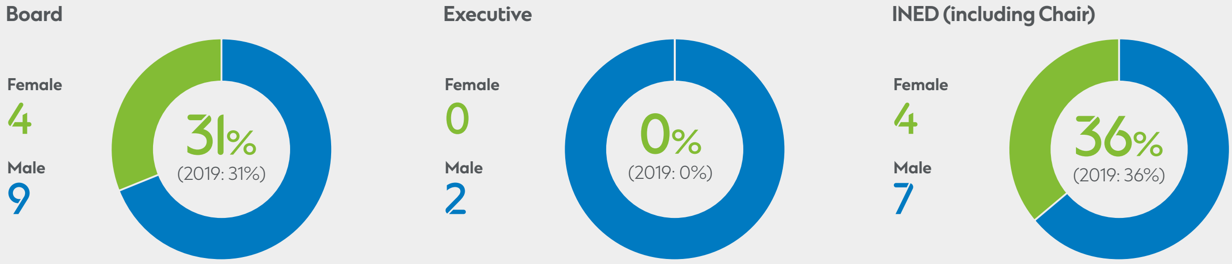
As part of its governance oversight role, the Committee continued to receive updates from the regional CEOs who each have responsibility for the subsidiary governance processes across their regions, and provide a holistic view of the governance framework and challenges faced across the Group's footprint. The Committee also oversaw the embedding of a workable and sustainable governance structure to support the UK and GCNA hub model.

The Committee oversaw progress made in meeting the actions recommended in last year's externally conducted Board effectiveness review and agreed the approach taken to this year's internally run evaluation. Details of both are set out on page 100. We also reflected on the progress the Committee has made against those actions highlighted in its own effectiveness review. This year's Committee effectiveness review was also conducted internally, the results of which showed some significant improvements around focus and clarity of purpose. A summary of the key findings and actions for 2021 can be found on page 129.

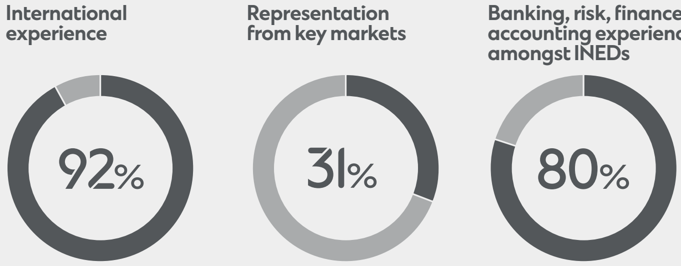
José Viñals
Chair of the Governance and Nomination Committee

Board composition as at 31 December 2020

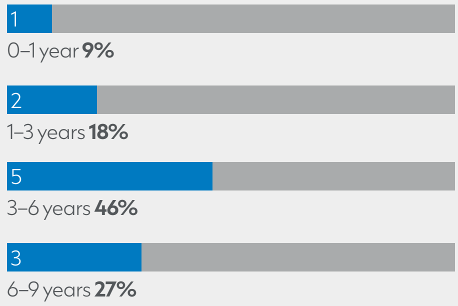
Gender diversity



Experience

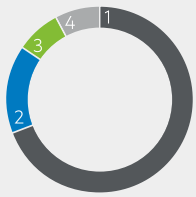


INED tenure (including Chair)



Nationality: The nationality of our directors does not in itself demonstrate the diversity of the Board's composition. Between them, the directors have significant experience of either living, working or managing operations across the markets in which we operate.

Ethnicity: Our aspiration is for our Board to reflect the diversity of our footprint. Our global ethnicity categories represent the breadth of diversity across our markets. 31 per cent of the Board are from an ethnic minority background.



1. White	9 Directors
2. Chinese	2 Directors
3. Black	1 Director
4. South Asian	1 Director

Further details on the work of the **Governance and Nomination Committee** can be found below

Activities during the year

Board and senior talent succession planning

- Discussed the composition of the Board and considered the orderly succession of current INEDs and the skills, knowledge, experience, diversity (in the widest sense) and attributes required of future INEDs, both immediately and in the medium to longer-term. In considering the Board's succession, the Committee takes into account the length of tenure of the INEDs, and the importance of regularly refreshing the Board membership
- Systematically reviewed a number of INED long and short lists throughout the year to identify potential candidates with a diverse range of skills, experience, knowledge and perspectives
- Engaged the executive search firms Heidrick & Struggles* and Egon Zehnder*, to review the market, resulting in the emergence of Phil Rivett and Maria Ramos as highly regarded candidates. Between them they bring a strong technical understanding, professional accountancy and broad financial and business experience along with a wealth of CEO, banking, commercial, financial, policy and international experience
- Discussed Phil Rivett and Maria Ramos' candidacy and recommended them to the Board for appointment as INEDs
- Introduced a more tailored induction programme for new INEDs. Reviewed the induction plans of new INEDs ahead of their appointment
- Provided oversight of the detailed executive and senior management (level below Management Team) succession plans, including diversity
- Reviewed succession plans for the committee chair roles, identifying appropriate individuals with the necessary skills and attributes to provide emergency cover as required, as well as on a longer-term basis, including acknowledging and addressing where gaps exist. Out of this process the Committee recommended the appointment of Phil Rivett to succeed as Chair of the Audit Committee and Naguib Kheraj as Board Risk Committee Chair
- Conducted a review of the search firm providers for the next stage of the Board's succession planning

* Heidrick & Struggles and Egon Zehnder are a signatory to the voluntary code of conduct for executive search firms. Heidrick & Struggles and Egon Zehnder also supply senior resourcing to the Group

Activities during the year continued

Board and committees' effectiveness review	• Provided oversight of the Board and committees' internal evaluation, facilitated by the Group Company Secretary, and monitored progress against the 2020 Action Plan which incorporated the findings from Independent Board Evaluation and the PRA's review of the Board • Discussed the observations and recommendations which flowed from the 2020 internally facilitated Board and committees' review and discussed the shape of the Board's 2021 Action Plan Details of this year's Board and committees' evaluation, including the process which we followed, observations from the review and the resulting 2021 Action Plan can be found on **page 100**
Board Diversity Policy	• Reviewed progress made in 2020 against the agreed objectives set out in the Board Diversity Policy, including how the Board has performed in achieving its stated aim to have 33 per cent female representation on the Board • Discussed the role of the Board Diversity Policy in advancing the composition and effectiveness of the Board and recommended two changes to the Policy. The first change reflects the Board's aspiration for the Board to reflect the diversity of the Group's footprint by introducing an aspiration that 30 per cent of directors are from an ethnic minority background. The second change reflects the Group's aspiration in relation to other strands of diversity, such as disability, sexual orientation, gender identity and gender expression Further details of progress the Board has made against the key objectives set out in the **Board Diversity Policy** are set out below
Corporate governance	• Enhanced the mechanism for dialogue between the Board and the workforce. Introduced quarterly engagement calls, one for each region. The Committee agreed that the oversight for the Board's approach to workforce engagement transitioned to the Brand, Values and Conduct Committee
Conflicts of interest	• Conducted an annual review of the directors' existing and previously authorised potential and actual situational conflicts of interest and considered whether any circumstances would necessitate the authorisation being revoked or amended. Also noted directors' other directorships and business interests, taken during the year in the context of time commitment, overboarding and the PRA limits on directorships as well as other regulatory requirements in this area
Assessment of the non-executive directors' independence	• Considered the independence of each of the non-executive directors, taking into account any circumstances likely to impair, or which could impair, their independence • Noted the thorough process undertaken to assess individual director performance and effectiveness, taking these reviews into account along with tenure and succession plans in making its recommendation to appoint the INEDs for a further year
Subsidiary governance	• Received updates from the four Regional CEOs on the Group's approach to subsidiary governance. Received assurance of effective oversight and compliance with the Group's Subsidiary Governance Policy • Discussed linkages between banking subsidiaries and the Group, and the process for escalation of key risks • Considered the most effective, robust and practical governance structure to support the UK and Hong Kong regional hub model. Discussed the composition of Standard Chartered Bank's Court to ensure a substantially mirrored board while ensuring clarity in respect to operational governance and linkages
Terms of Reference	• Conducted a review of the Committee's Terms of Reference during the year, taking into account the responsibilities, obligations and best practice principles it has in the UK and Hong Kong

Implementation of the Board Diversity Policy

The Committee conducted its annual review of the Board Diversity Policy (the Policy) during 2020, to ensure that it continues to promote and drive diversity in its broadest sense, while continuing to take account of best practice initiatives, including the Parker Report into ethnic diversity, the Hampton-Alexander Review on women in leadership positions and the UK Corporate Governance Code 2018. This year we recommended two important changes to the Policy, in part to keep pace with current market diversity and governance recommendations and to align more closely to the aspirations of the Group. The first amendment was the adoption of an ethnicity aspiration of a minimum 30 per cent from an ethnic minority background, demonstrating the Board's commitment to reflecting the business and network we operate. The second was to ensure that the composition of the Board considers the Group's aspirations in relation to other strands of diversity including: disability, sexual orientation, gender identity and gender expression.

We strive to maintain a diverse Board recognising the benefits of having a Board made up of individuals with a diverse mix of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience. We also aim to reflect the Group's aspirations in relation to its employees and its values and to position the Group as a global leader in these areas. This diversity provides a range of perspectives which we believe contribute to the effective Board dynamics.

Aligned to the Policy's broad ambition, following this year's additions it has seven specific objectives which the Board remains committed to in order to further enhance progress in this area:

- Increasing the representation of women on the Board with an aim to have a minimum of 33 per cent female representation
- Adopting an ethnicity aspiration of a minimum of 30 per cent from an ethnic minority background
- Ensuring that our Board reflects the diverse markets in which we operate

- Ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds
- Ensuring that we consider the Group's aspirations in relation to disability, sexual orientation, gender identity and gender expression
- Only engaging search firms who are signed up to the Voluntary Code of Conduct for Executive Search firms
- Reporting annually on the diversity of the executive pipeline as well as the diversity of the Board, including progress being made on reaching the Board's gender and ethnicity aspirations

Details of the Board's diverse composition are set out on **pages 83 to 86** of this report, and that of the Management Team can be found on **pages 87 to 89**

Details of the Group's wider Diversity and Inclusion strategy, including gender balance across the Group and targets for ethnic representation can be found on **page 61** of this report

A copy of the full Board Diversity Policy can be viewed at **sc.com/boarddiversitypolicy** and further details on the Group's approach to Diversity and Inclusion can be viewed at **sc.com/diversity-and-inclusion**

Progress against the key objectives set out in the Board Diversity Policy are set out below. The more recent changes to the Policy were made at the end of 2020. Progress against the new aspirations will be reported in next year's report.

Board Diversity Policy objectives	Progress update
Increasing the representation of women on the Board with an aim to have a minimum of 33 per cent female representation	Increasing gender representation on the Board continues to be an important focus of the Board's succession planning process, ensuring that female candidates are fairly represented on long and short lists. The Board changes in 2020 (retirement of Louis Cheung and the appointment of Phil Rivett) did not impact the proportion of female directors, which has remained unchanged at 31 per cent. In addition, the Board announced the appointment of Maria Ramos who joined the Board on 1 January 2021. Female representation has increased significantly from 10 per cent in 2014 to 31 per cent today.
Ensuring that our Board reflects the diverse markets in which we operate	What sets Standard Chartered apart is our diversity of people, cultures and networks. The Board has representation from across the regions in which we operate, including the UK, North America, Asia and Africa. Many of the INEDs have additional experience of having worked and lived in many of the Group's markets. A significant number of INED candidates considered as part of the succession planning process this year were representative of some of our key regions and markets. Maria Ramos was recommended by the Committee to the Board as part of this process and joined the Board as an INED on 1 January 2021. Maria is based in South Africa and has significant emerging markets experience, particularly within Africa.
Ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds	Throughout the year the Committee has focused on identifying the skills and expertise required both immediately and in the medium to longer term. It has systematically reviewed candidate longlists to identify potentially suitable INED candidates. Areas of particular focus in 2020 included wide-ranging emerging markets, commercial, CEO, finance, banking and accounting experience, and geographical representation from across our key markets.
Only engaging search firms who are signed up to the Voluntary Code of Conduct for Executive Search firms	We continue to engage only search firms signed up to the Voluntary Code of Conduct. During 2020 the Committee engaged Egon Zehnder and Heidrick & Struggles to assist in identifying and building a pipeline of high-quality potential INED candidates. Egon Zehnder and Heidrick & Struggles are both signed up to the Voluntary Code and remain committed in supporting our ambitions to widen all aspects of diversity on the Board.
Reporting annually on the executive pipeline as well as the diversity of the Board, including progress being made on reaching the Board's gender target	The Committee takes an active role in reviewing the succession planning for the executive directors, Management Team and senior management one level below the Management Team. In recent years we have further improved our reporting of Board and senior talent succession planning as well as reporting on the importance of a diverse Board as a means of capturing differing perspectives and enhancing discussion.

Committee effectiveness review

As part of the 2020 internal Board evaluation, a review of the Committee was conducted. Broadly, members felt that the Committee's performance had improved this year, with a greater focus on timeliness of decisions, results, and clarity of agenda and purpose. A summary of the key observations and the subsequent recommendations can be found below.

Progress against the actions set out in the Committee's 2020 Action Plan has been positive; a summary of the progress against each of the actions is set out below.

Progress against the 2020 Action Plan

- The development of a Board manual in relation to succession plans is ongoing, with progress expected in the year ahead
- Introduced a formal template of Board skills and a matrix that tracks existing skills, knowledge, diversity and experience to support the Committee's succession planning processes
- Introduced a more robust and tailored Board induction programme, for new Board and committee members
- COVID-19 prevented the Board travelling through 2020, impacting the Committee's ability to ensure members of the Committee had sufficient time and contact with high-potential employees across the business. However, many of these individuals continued to have exposure to the Board through presentations to the Board and committees. In person contact will resume once visits to markets allow for interaction and more informal sessions

Key observations from the 2020 internal effectiveness review

The feedback from the 2020 internally conducted Governance and Nomination Committee effectiveness review was broadly positive. There was an overall feeling that the Committee's performance had improved during the year, with a greater focus on timeliness of decisions, results, and clarity of agenda and purpose. Some of the key findings highlighted that:

- The Committee was well chaired, with more purposeful discussion this year
- Despite the Committee having exercised diligent oversight of succession for key executive roles in recent years, there were not as many firm options in place as members would like
- The Committee could improve its management of search consultants to raise the quality of candidate lists coming through and to improve the reach into markets in Asia, Africa and the Middle East
- The Committee is broadly happy with its own composition, although there is some sensitivity around discussing succession for Committee Chairs as a result

2021 Action Plan

The 2021 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Continue to enhance the induction programme and ongoing training for directors
- Continue to ensure sufficient time is allocated in the annual calendar for the Committee to be exposed to internal high-potential individuals
- Commission external market mapping of candidates for key management roles
- Refresh the Board skills matrix and review succession plans for Committee chairs

Board Financial Crime Risk Committee

"The Group continues to strive to remain at the forefront of the ongoing fight against financial crime"

Committee composition

	Scheduled meetings
G Huey Evans, OBE (Chair)	**4/4**
D P Conner	**4/4**
C M Hodgson, CBE	**4/4**
N Kheraj	**4/4**
C Tong	**4/4**
External adviser members	
B H Khoo	**4/4**
Sir Iain Lobban	**4/4**

Other attendees at Committee meetings in 2020 included: Group Chairman; Group Chief Executive; Group Head, Conduct, Financial Crime and Compliance; Group General Counsel; Group Chief Risk Officer; Global Co-Heads, Financial Crime Compliance; Group Head of Internal Audit; the Global Head, Government Investigations and the Group Company Secretary.

Byron Grote, Jasmine Whitbread and Ngozi Okonjo-Iweala attended one Committee meeting in 2020 as part of their ongoing engagement programmes. David Tang and Phil Rivett attended two Committee meetings in 2020 as part of their induction programmes. As part of, and in addition to, each scheduled Committee meeting, the Committee held private members-only meetings.

The Committee's membership is currently comprised of five INEDs and two independent external adviser members who are neither directors nor employees of the Group, but who provide a valuable external perspective and have extensive experience in counter-terrorism, cyber security and international security.

Biographical details of the committee members can be viewed on **pages 83 to 86**

Main responsibilities of the Committee

The Committee provides oversight of the effectiveness of the Group's policies, procedures, systems, controls and assurance arrangements designed to identify, assess, manage, monitor and prevent and/or detect money laundering, non-compliance with sanctions, bribery, corruption and tax crime by third parties. The Committee reports to the Board on its key areas of focus following each Committee meeting.

The Committee has written Terms of Reference that can be viewed at **sc.com/termsofreference**

As Chair of the Board Financial Crime Risk Committee, I am pleased to present the Board Financial Crime Risk Committee's report for the year ended 31 December 2020.

The Committee has placed particular focus on the impacts of COVID-19 on Financial Crime Risk (FCR) and colleagues working from home (WFH). The Committee was pleased to note the establishment of a Financial Crime Working Group to identify COVID-related emerging risks and take action to address these. Furthermore, regular reporting from GIA has provided assurance on the effectiveness of controls during these unprecedented times. The Committee has continued to monitor the Group's control capability to ensure the Group is well protected against FCR.

The Committee has monitored the US Supervisory Remediation Programme and was pleased to note its closure at the end of 2020. Furthermore, in November 2020, Navigant and the New York Department of Financial Services completed their review activities related to US Demand Deposit Accounts, marking the end of the Bank's engagement with Navigant. Key lessons were learnt and the Committee has been focused to ensure that these are well embedded within the Group.

Attention has been placed on the US-China relationship and risks and challenges relating to Hong Kong/China sanctions and the Hong Kong National Security Law (NSL). The Committee discussed the Group's Sanctions Policy and sought and received assurance that the Group's approach is in line with industry peers and continues to drive compliance with all laws and regulations. The CEO of Standard Chartered Bank (Hong Kong) Limited attended one of the discussions, and the Committee found it useful to hear 'on the ground' perspective on the challenges faced locally.

At the request of the Committee, papers on SC Ventures and New Payment Method Oversight were received and discussed. With regard to SC Ventures, the Committee discussed the framework adopted to identify, manage and mitigate FCR within SC Ventures. The balance to be struck between enabling ventures to thrive and leveraging the Group's culture, governance framework, policies and processes was recognised by the Committee. A discussion was held on New Payment Method Oversight, with specific client examples of effective risk management. Both of these discussions provided useful assurance of how FCR is being managed in these areas.

The Committee has monitored the CFCC Transformation over the course of the year, which is intended to improve the efficiency of how the Group manages non-financial risk and to build on existing initiatives to reduce cost and improve effectiveness. Given the linkages of this to the Board Risk Committee and Audit Committee, Committee Chairs sessions were held to discuss this Transformation and ensure that associated risks are well managed, and change is implemented effectively.

One of the impacts of COVID-19 was restrictions on physical meetings. However, the Committee was pleased to note that Correspondent Banking Academies were held virtually and that management participated in a number of United for Wildlife hosted webinars on COVID-19 predictions, the risk of poaching and combatting illegal wildlife trade (IWT), which Committee members were invited to attend. The Committee fully supported these virtual forums to enable the Group to continue to play a leading role in Financial Crime Compliance (FCC) sharing initiatives. The Group continues to strive to remain at the forefront of the ongoing fight against financial crime.

The following pages provide insight and context into the Committee's work and activities during the year.

Gay Huey Evans
Chair of the Board Financial Crime Risk Committee

Activities during the year

US supervisory remediation programme	• Exercised oversight of the activity required to comply with the requirements of the various FCC-related Consent Agreements, Cease and Desist Orders and Deferred Prosecution Agreements with the US and UK authorities and discussed material risks and business strategy plans pertaining to the Group's businesses in the US
Assessment of financial crime risks	• Discussed reports on FCR faced by the Group across a number of the Group's client segments and geographies, with members of country and regional management attending meetings to provide perspective • Assurance was sought and received on the actions underway to strengthen controls in relation to these risks
Financial crime risk control environment	• Reviewed GIA's view on the Group's control environment relating to FCR. Discussions included the grading of audit reports across FCC Risk themes, gaps and deficiencies that have been identified. Assurance was sought and received concerning management's response and resulting management actions. Given WFH arrangements due to COVID-19 lockdowns, the Committee probed into how GIA was managing its audits and sought assurance that robust controls were being maintained • Discussed an annual report from the Money Laundering Reporting Officer covering: responsibilities across the Group for anti-money laundering systems and controls and the structure within which they operate; an overall assessment of the Financial Crime (FC) programme; an assessment on the operation of systems and controls; a summary of business strategy; a summary of key FCC Risk issues, conclusions and 2021 priorities; and a report from the Nominated Officer • Received regular reports from the Global Co-Heads, FCC setting out status updates on the FC programme, FC objectives and key risks involved. In particular, progress being made on the CFCC Transformation. The Co-Heads reports also provided updates on compliance with regulation including matters in relation to Politically Exposed Persons and EU Money Laundering Directives • At the request of the Committee, discussed an overview of the framework adopted by SC Ventures (SC Ventures is a business unit that provides a platform and catalyst for the Group to promote innovation, invest in disruptive financial technology and explore alternative business models) to identify, manage and mitigate financial crime risks within SC Ventures • At the request of the Committee, a paper setting out fintech/ New Payment Method segment oversight was received and discussed, which included specific client examples of effective risk management • Discussed an update on the progress being made on Group-level Anti-Money Laundering and Counter Terrorist Financing regulatory obligations • Following on from a discussion in 2019, received and discussed updates on data quality management relating to FCR in Retail Banking and Transaction Banking • Received and discussed updates on the US-China relationship on the risks and impacts of US sanctions • Discussed the leak of US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) files
Financial crime future threats	• At the request of the Committee, received and discussed a paper setting out lessons learned from key FCC investigations and emerging FCC threats and management's response • The Committee was pleased to note the establishment of a FC Working Group set up to identify COVID-related emerging risks and take action to address these. Areas of heightened exposure were noted as: health care-related procurement fraud; cyber-enabled crime and fraudulent scams; changes in behaviour in cash-intensive businesses; money-mule vulnerabilities and account use; charities and charitable giving scams; government corruption primarily in healthcare procurement and economic stimulus programmes; fraudulent investment schemes; and public assistance/unemployment fraud. The Committee reviewed and discussed these risks and probed into the sufficiency of the Group's response in managing these evolving financial crime risks
Group Risk Appetite Statement in relation to financial crime	• Reviewed and recommended to the Board the Group's Risk Appetite Statement, metrics and thresholds in relation to FCR, excluding Fraud Risk, which is overseen by the Board Risk Committee • Regularly reviewed metrics measuring against FC Risk Appetite
CFCC function	• Regularly discussed the engagement of people and the impacts of the CFCC Transformation Programme and actions to manage the risks and implement change
Financial crime compliance-related matters	• Received and discussed updates on significant FCC-related matters

Activities during the year continued

Financial crime compliance information sharing initiatives	• Discussed reports on FCC information sharing initiatives to which the Group contributes, in order to protect the integrity of the global financial system and improve the effectiveness of the contributions of financial institutions in fighting financial crime • Discussed how the Group contributes to industry thinking on reform and information sharing partnerships in a number of markets, as well as working with international fora such as the Wolfsberg Group • Discussed the Group's role in partnering with industry peers, non-governmental organisations and government officials, to engage in coordinated efforts to combat some of the world's most pernicious crimes, including human trafficking, terrorism, IWT and transnational organised money laundering networks
Ongoing engagement	• The Group participated in a number of United for Wildlife hosted webinars, on topics such as COVID-19 predictions, the risk of poaching and combatting IWT. These webinars brought together experts and stakeholders to share knowledge and perspective on these challenges and what the financial sector can do to combat these issues and discuss emerging IWT trends and threats. Committee members were invited to attend these webinars, as part of their ongoing engagement programmes • Technology training, which was provided to the entire Board, included artificial intelligence in FCC, at the request of the Committee

Committee effectiveness review

During 2020, an internally facilitated Board and Board committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2020 internal effectiveness review

The feedback on the Committee's functioning and effectiveness was positive and it specifically highlighted that:

- The Committee's effectiveness has remained constant over the year, and the Committee Chair is well prepared and effective
- Commentary was provided on the future role and focus of the Committee
- Extra training was suggested for Committee members

2021 Action Plan

The 2021 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Consideration to be given to inviting external speakers to Committee meetings/informal sessions to help inform and stimulate debate
- Review the forward-looking agenda to ensure efficiency of meetings and to focus on the key areas agreed for 2021
- Share existing online training modules with Committee members

Directors' remuneration report

"Supporting colleagues through challenging times, prioritising their wellbeing and providing fair remuneration"

Committee composition

	Scheduled meetings	Ad hoc
C M Hodgson, CBE (Chair)	**6/6**	1/1
L Cheung (Stepped down 25 March 2020)	**3/3**	0/0
B E Grote	**6/6**	1/1
N Kheraj	**6/6**	1/1
J M Whitbread	**6/6**	1/1

Other attendees for relevant parts of Committee meetings in 2020 included: Group Chairman; Group Chief Executive (CEO); Group Head, HR; Global Head, Performance, Reward and Employee Relations; Group Chief Financial Officer (CFO); Group Chief Risk Officer; Group General Counsel; Group Head, Conduct, Financial Crime and Compliance; Group Company Secretary.

Biographical details of the Committee members can be viewed on **pages 84 to 85**

Main responsibilities of the Committee

The Committee is responsible for setting the governance framework for remuneration for all employees, ensuring alignment with our culture and the requirements of the UK Corporate Governance Code. In particular, the Committee:

- Reviews and approves the Group's Fair Pay Charter which includes oversight of the development and implementation of workforce remuneration policies and practices, ensuring they are consistent with sound and effective risk management, the Group's culture and valued behaviours and long-term sustainable success
- Approves Group discretionary incentives, including adjustment for current and future risks
- Determines and agrees with the Board the remuneration framework and policies for the Group Chairman, executive directors and other senior executives, using the Fair Pay Charter principles and taking into account workforce remuneration and the alignment of incentives and reward with culture
- Oversees the identification of material risk takers and ensures their incentives are structured in accordance with the requirements of the prevailing remuneration rules

The Committee has written terms of reference that can be viewed at **sc.com/termsofreference**

Summary of 2020 remuneration decisions

- Total discretionary incentives down 23 per cent year-on-year
- Annual incentives for executive directors down almost 70 per cent year-on-year given voluntary waiver of cash portion
- No salary increases for executive directors
- Distribution of 2020 annual discretionary incentives and 2021 salary increases targeted at junior colleagues
- No UK Government support taken and no colleagues made redundant or furloughed due to the impact of COVID-19
- Prioritisation of health and wellbeing for all colleagues

Introduction

On behalf of the Remuneration Committee, I am pleased to present our directors' remuneration report for the year ended 31 December 2020. The report provides an overview of the Committee's work in the year on remuneration for executive directors and the wider workforce.

Supporting colleagues during the COVID-19 pandemic

The COVID-19 pandemic has had an extraordinary impact across the globe, not only in an economic sense but on the lives of everyone. Throughout the year we have supported our colleagues, prioritising their wellbeing, safety and security, and have accelerated the implementation of wellbeing initiatives. 91 per cent of colleagues who responded to our COVID-19 pulse survey in April believed that their health and wellbeing was a top priority for the Group and 80 per cent felt that our response to the pandemic had minimised stress for employees. We have supported colleagues to work both from home and safely from Group locations for essential roles, offering flexibility to provide the most positive outcome for them and for the Group.

We maintained pay for employees who were unable to work full hours as a result of family care requirements and provided flexibility for those whose return to their usual working location was impacted because of travel restrictions. We did not access UK Government support schemes and no colleagues were made redundant or furloughed due to the impact of COVID-19. Where business transformation that was underway before the pandemic impacted some roles, increased investment was made in redeployment and reskilling programmes and any employees leaving the Group received their full salary for 2020, in addition to severance pay.

Our Fair Pay Charter continues to guide our performance and reward decision-making globally and has been the compass in our approach to support colleagues fairly and consistently through the challenges of the pandemic. We have continued to implement changes to improve colleagues' experience, including launching our flexible benefit plan in Poland, as part of the phased roll-out, and expanding the use of salary ranges to cover 74 per cent of colleagues globally. In 2019 we introduced fair pay reporting and our 2020 Fair Pay Report provides an update of the progress made and summarises how we meet the principles of our Fair Pay Charter.

The 2020 Fair Pay Report can be viewed at **sc.com/fairpaycharter**

Impact of COVID-19 on remuneration during 2020

As the pandemic developed the Committee considered remuneration decisions very carefully, exercising judgement, taking account of the developing crisis situation and the impact of COVID-19 on our external stakeholders and our colleagues. This included the payment of annual discretionary incentives in respect of performance in 2019 which were communicated to colleagues in February and paid in March 2020. These decisions were made in good faith, and pre-dated the Prudential Regulation Authority's (PRA) statement at the end of March requesting that we suspend shareholder distributions due to the impact of COVID-19. There are no plans for these 2019 awards to be repaid or clawed back. The Committee considered the withdrawal of the recommendation to pay a final ordinary dividend for 2019 when making 2020 decisions.

Our performance in 2020

Throughout the year the Group has remained resilient and competitive, despite the economic and geopolitical challenges, even though our progress has inevitably slowed in some areas. The pandemic has been one of the most significant events in recent history and it materially impacted the financial performance of most banks, including us, in 2020.

The impact of COVID-19 has meant that some of the measures and targets set within the Group scorecard at the start of 2020 were unachievable. No changes were made to business performance criteria and targets for 2020 incentive outcomes.

Underlying profit before tax is down 40 per cent on 2019 and return on tangible equity (RoTE) is down 340 basis points to 3.0 per cent. The Group's capital is strong, with the Common Equity Tier 1 (CET1) ratio at a historically high level, demonstrating our resilience in the face of such an extraordinary economic shock.

The total scorecard outcome was 37 per cent with 13 per cent being based on financial achievements including effective cost management and growth in high performing liabilities and 24 per cent based on non-financial achievements including improved digital client onboarding, on-track development of new ventures and an improved employee net promoter score of 6 points to 17.5.

2020 annual discretionary incentives

Whilst the annual scorecard has been used as a starting point for determining the Group's discretionary incentives, the Committee has needed to exercise its judgement carefully.

The Committee considered several factors including the Group's underlying performance, the experience of our stakeholders, the withdrawal of the 2019 final ordinary dividend, the resilience of our business, inherent future risks, the significant contribution of our colleagues who have continued to serve clients whilst managing the crisis and the need to compete for talent globally across 59 markets.

The Committee also considered carefully, throughout the year and when incentives were determined, risk, control and conduct matters, reviewing material issues from across the Group.

Considering all factors, the Committee applied a downward adjustment of $160 million to total discretionary incentives of $1,150 million, resulting in overall discretionary incentives of $990 million, which is 23 per cent lower than 2019.

In allocating the discretionary incentives, focus was primarily placed on Group performance given the challenges created by COVID-19 in fairly and objectively assessing the relative performance of each business, function, region and country.

The one notable exception was within the Corporate & Institutional Banking (CIB) business, where discretionary incentives were differentiated for Financial Markets in order to reward colleagues for the strong performance in 2020.

Across the rest of the Group, at an individual level, focus was placed on protecting compensation levels for more junior colleagues as shown in the table below.

		Average year-on-year change (%)	
	Number of colleagues[1]	Annual discretionary incentives	Total compensation
Management Team	11	(43)	(23)
Managing Directors	1,055	(34)	(13)
Other senior leaders	2,621	(30)	(6)
All other colleagues	62,304	(27)	0

1 Number of colleagues eligible for annual discretionary incentives, excluding Financial Markets

Executive director remuneration in 2020

Annual incentives for executive directors

The annual incentives for Bill and Andy are directly linked to the Group scorecard outcome with potential to adjust upwards or downwards based on personal performance. In April 2020, Bill and Andy announced they will waive any cash portion of an annual incentive award in respect of 2020 performance, reducing any potential award for 2020 by 50 per cent. In addition, along with other members of the Management Team they made significant personal donations to the COVID-19 assistance fund.

Based on the scorecard assessment of 37 per cent, and the voluntary waiver of the cash element (50 per cent of the award), the Committee concluded that the annual incentives for 2020 set out below were appropriate:

Annual incentives for executive directors	Year-on-year change (%)	2020[1]	2019
% of maximum		18.5%	55%
Bill Winters (CEO)	(69)	£385,836	£1,251,360
Andy Halford (CFO)	(68)	£246,642	£776,600

1 All to be delivered in shares subject to a 12-month retention period

The approach impacts the annual incentive outcomes for Bill and Andy significantly more than for the wider workforce. The Committee considered the personal performance of both executive directors against their objectives and recognised their exceptional performance in leading the Group through the crisis. Taking account of the total discretionary incentive outcomes for the wider workforce, and the broader impact of the pandemic, no adjustment has been made for personal performance to the outcome.

2018-20 LTIP awards vesting in March 2021

The 2018-20 long-term incentive plan (LTIP) awards are due to vest in March 2021 based on performance over three years from 2018 to 2020. Following an assessment of the performance conditions, the expected levels of vesting are:

- Return on equity (RoE) – 0% vesting
- Total shareholder return (TSR) – 0% vesting
- Strategic priorities – 26% vesting underpinning our progress towards our target to deliver higher returns in the medium term, despite the challenging economic environment

We have not adjusted the performance targets to reflect the increased stretch in both the financial and strategic measures caused by the impact of the pandemic for existing LTIP awards.

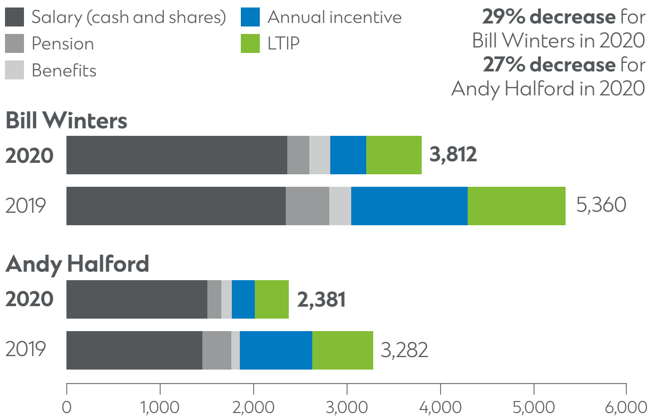
The value delivered by the 26 per cent vesting outcome and included in the single total figure of remuneration is based on a share price of £4.22 (the three-month average to 31 December 2020) compared with the share price at grant in 2018 of £7.78. This reduces the award outcome value by 46 per cent.

Single total figure of remuneration for 2020

The 2020 annual incentive and expected 2018-20 LTIP vesting results in a 2020 single figure for Bill of £3,812,000 and for Andy of £2,381,000. This represents a year-on-year decrease of 29 and 27 per cent respectively.

On 1 January 2020, the pension allowance for Bill and Andy was reduced from 20 per cent of salary to 10 per cent of salary, aligned with the UK workforce.

2020 single total figure of remuneration £000

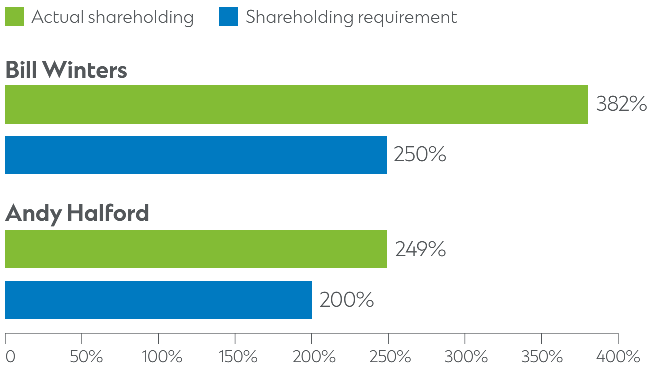


Executive directors' shareholdings

A significant portion of Bill and Andy's total remuneration is delivered in shares which will be released over the next eight years. The deferral, retention and recovery provisions of their pay reinforce continued alignment with shareholder interests and the Group's long-term performance. Alignment has been demonstrated in 2020 in particular through the reduction in the value of Bill and Andy's shareholdings, their unvested deferred remuneration and their extant LTIP awards.

As at 31 December 2020, both Bill and Andy had exceeded their shareholding requirement outlined below. Shares purchased voluntarily from their own funds are equivalent to 61 and 44 per cent of salary for Bill and Andy, respectively.

Executive director shareholdings (% of salary)



Executive directors' remuneration in 2021

The Group has adopted a highly targeted approach to salary increases for 2021 given affordability constraints and the challenging macroeconomic environment, prioritising junior colleagues who are behind market and in locations with high wage inflation. In line with this approach, fixed pay for Bill, Andy and the Management Team will not be increased in 2021.

2021-23 LTIP awards to be granted in March 2021

After considering 2020 performance, 2021-23 LTIP awards will be granted to both Bill and Andy of 120 per cent of fixed pay in line with our policy. Subject to performance over the next three years, awards will vest pro rata over years three to seven with an additional retention period of 12 months after vesting. Performance will be assessed based on RoTE with a CET1 underpin, TSR relative to a peer group, and the achievement of measures that are aligned to the Group's refreshed strategic priorities.

To reflect the Group's ambition to become the world's most sustainable and responsible bank and increased focus on sustainability, we are adjusting the weightings of the performance measures and including a standalone sustainability priority. The sustainability measures have been selected carefully from our broader range of sustainability aspirations based on their level of impact for the Group and wider society and ability to drive financial returns in the medium term. The other strategic measures have been adjusted to align with the refreshed strategic priorities. The Committee will assess progress against the specific targets and proof points for the strategic measures at the end of the three-year performance period and will disclose full details of their assessment of achievement against targets at vesting.

2021-23 LTIP performance measures and weightings summary

	Previous weighting	2021-23 weighting	Key measures/targets
RoTE	33%	30%	• 6 to 10 per cent
TSR	33%	30%	• Median to upper quartile
Sustainability	–	15%	• Grow our sustainable finance business and be a responsible company with targets to reduce our carbon footprint
Other strategic measures	33%	25%	• Grow across our client footprint and improve client satisfaction • Drive culture of innovation, adopt new ways of working and continue to increase diversity and culture of inclusion • Underpinned by risk and control management

RoTE is one of the financial KPIs used to measure progress against our strategy (see page 1). We consider target setting carefully before each grant and set targets that are challenging and act as an effective incentive for executive directors to execute our strategy.

The RoTE target range for 2021-23 LTIP awards is 6 to 10 per cent. This is a wider range than in previous years given the unusually uncertain macroeconomic environment, including the impact of severe economic dislocations and low interest rates on the Group's returns. It takes into account our expectation that our refreshed strategic priorities should allow us to improve our RoTE from the 3 per cent we delivered in 2020 to over 7 per cent by 2023 as we progressively advance to our target of over 10 per cent. The current market consensus estimate for RoTE in 2023 is 6.9 per cent.

We will assess the value of the 2021-23 LTIP on vesting and consider the share price when the awards were made to determine whether vesting is a result of genuine underlying performance and not just a market rebound from a recession.

Meetings with shareholders were held in December 2020 and January 2021 on the development of these performance measures and targets, and the helpful feedback was taken into account and contributed to the final decisions made by the Committee.

In the rest of this report we present the disclosures required by regulations, as well as additional information to explain how our executive remuneration aligns with our strategy, with shareholder interests and with wider workforce pay.

We hope shareholders recognise the way the Committee has endeavoured to achieve appropriate outcomes in extraordinary circumstances, and we strongly valued the continued engagement of shareholders as we sought to strike the appropriate balance in making remuneration decisions. We look forward to further engagement in 2021.

Christine Hodgson
Chair of the Remuneration Committee

Priorities for the Committee in 2021

Specific priorities for the Committee in 2021, in addition to its usual scheduled activities, will be to:

- Review and develop the directors' remuneration policy for approval and implementation in 2022
- Continue to review the implementation of our Fair Pay Charter and alignment of workforce policies and practices with its principles
- Monitor market trends to ensure the Group's remuneration remains competitive, in the context of improving performance and productivity
- Continue to assess the alignment between Group incentives and the delivery of the strategy and our desired performance-orientated, innovative culture, underpinned by conduct and sustainability
- Oversee compliance with the applicable remuneration rules following implementation of the European Capital Requirements Directive V

Committee effectiveness review

This year the Board effectiveness review comprised an internally facilitated, questionnaire-based evaluation for the Board and its Committees completed by every Board member.

Key observations from the 2020 internal effectiveness review

The review outcomes for the Remuneration Committee were very positive and highlighted that:

- The Committee continues to improve its efficiency, with clearer papers and presentations and that it is well supported by the Group Reward team
- In terms of composition, the Committee regards itself as well populated with members who have up-to-date and relevant experience, gained in their executive careers or on other boards
- The quality of the material for the Committee is regarded as excellent and members felt well briefed ahead of meetings
- Of note, members valued the strategy meeting, held jointly with the Brand, Values and Conduct Committee (BVCC) this year, to explore the interface between remuneration and environmental, social and governance (ESG) issues

2021 Action Plan

The 2021 Action Plan for the Committee reflects the feedback from the review and will focus on continuing to:

- Review the annual calendar and forward-planner to ensure efficiency of Committee time
- Develop the framework and measures including the use of ESG measures for future LTIP awards
- Strategically collaborate with BVCC on common topics around culture, values and ESG
- Consider specific areas of remuneration, including SC Ventures

All disclosures in the Directors' remuneration report are unaudited unless otherwise stated. Disclosures marked as audited should be considered audited in the context of the financial statements as a whole.

Remuneration alignment

How does our executive remuneration align to our strategy?

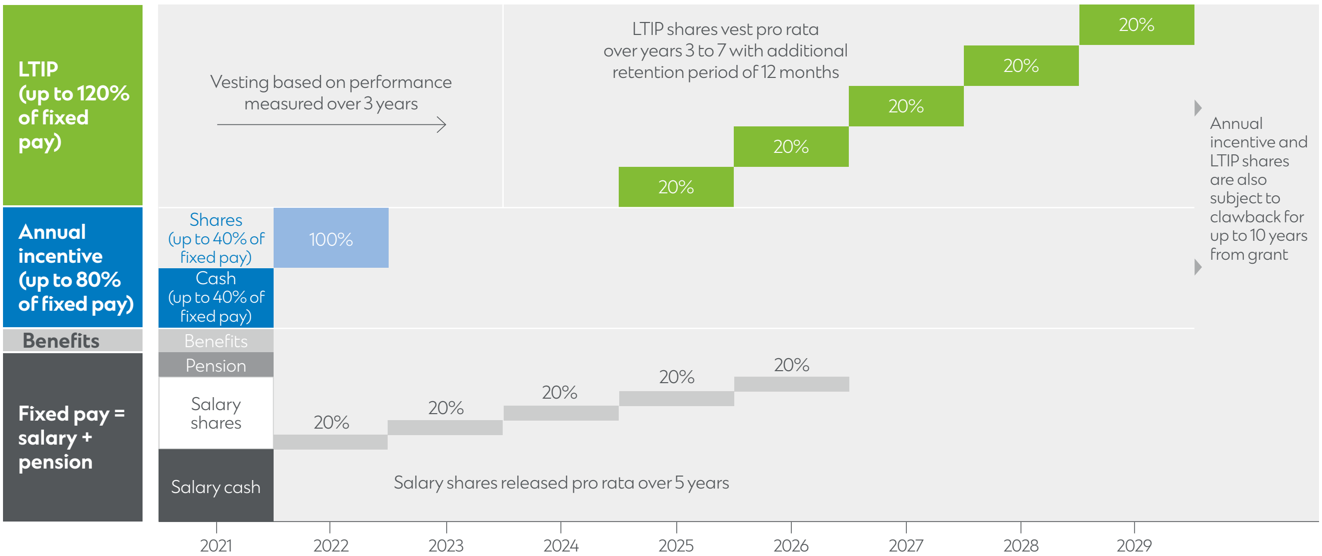
Remuneration decisions made across the Group and by the Committee align with our strategy, our shareholders' interests to deliver long-term sustainable value and with the wider workforce in line with the principles set out in our Fair Pay Charter.

We have refined our focus onto four strategic priorities and three enablers. The diagram below sets out how we have aligned our strategy with the measures that determine incentives for executive directors and the wider workforce.

How we align our strategy and remuneration measures	Strategic priorities		
	Clients		Sustainability
Annual and long-term incentive performance measures and targets sit under these priorities	Within our wholesale network, affluent client and mass retail businesses we will: • Improve client satisfaction • Deliver growth in clients and network income • Grow revenue from new ventures – key digital partnerships, platforms and technologies		• Deliver sustainable finance business growth: track progress against the Bank's Paris Alignment of Financing • Bank's carbon footprint: reduce and offset emission waste from flights, properties and suppliers
	The combination of these measures help us to deliver shareholder returns		
Driving shareholder returns	• Operating profit	• Total shareholder return	• Return on tangible equity
These priorities are driven by three critical enablers	**Through people and culture, new ways of working and innovation**		
Performance against the enablers is measured in the annual and long-term incentives	• Drive culture of innovation across the Group • Adopt new ways of working that results in quicker decision-making and delivery • Increase our culture of diversity and inclusion across the Group		
	Additional risk and control measures support the sustainability of our business through good management of risk		
Within our risk and control framework with targets included in the annual and long-term incentive plans	• Maintain risk profile within the Group's Risk Appetite • Successfully deliver milestones within the cyber risk management plan		

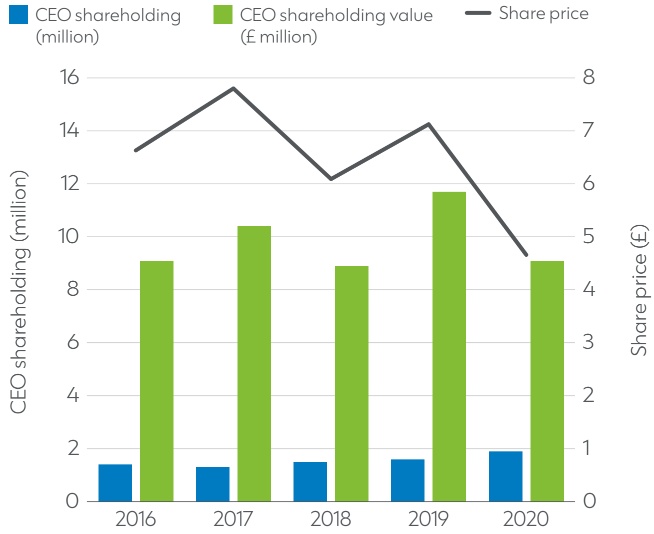
How does our executive remuneration align with shareholder interests?

The diagram below shows how a portion of fixed pay, annual incentive and long-term incentive is paid in shares which are released up to eight years following grant, so that the final component of pay granted in 2021 is released in 2029. This creates strong alignment between the interests of executives and shareholders to create long-term value. On a maximum opportunity basis, Bill's total remuneration is delivered 68 per cent in shares (including those subject to performance conditions) and 32 per cent in cash.



Alignment has been demonstrated in 2020 in particular through the reduction in the value of Bill and Andy's shareholdings, their unvested deferred remuneration and their extant LTIP awards. The chart on the next page shows Bill's increased shareholding since 2019 (increased by 19 per cent) and the decrease in value (decreased by 22 per cent).

Value of CEO shareholding



How does our executive remuneration align with the wider workforce?

Our approach to remuneration is consistent for all employees and is designed to help ensure pay is fair and competitive in line with our Fair Pay Charter principles which apply globally. As we say in Principle 6 of the Charter, pay structure varies according to location. The diagram below shows how our executive director remuneration aligns with our UK workforce, being the most relevant market, as this is where they are based.

In addition to our existing reward offering, during 2020 we have accelerated and implemented a variety of wellbeing initiatives to support colleagues with the range of challenges they faced due to the pandemic. Further information is on page 141 in our Group-wide remuneration in 2020 section.

All UK employees

Salary

- Salary is the contractually fixed amount paid and set based on role, skills and experience
- It is set and reviewed annually against relevant market benchmarks for all employees
- Executive director salary is paid in a combination of cash and shares to align with shareholder interests
- For other employees, salary is paid 100% in cash in line with market norms

Pension

- 10% of salary for all UK employees, aligned to the provisions of the UK Corporate Governance Code
- Pension is set as a percentage of salary for all employees
- For the executive directors both the cash and share elements of salary are pensionable
- In line with the UK Corporate Governance Code, only salary is pensionable
- Benefits and incentives are not pensionable

Annual incentive

- All UK employees are eligible for an annual incentive
- Annual incentives are based on Group performance against the annual Group scorecard and individual performance
- The same Group scorecard is used to determine incentives for executive directors and other UK employees
- Annual incentives are subject to risk adjustment provisions

Benefits

- The core benefits offered to executive directors and other employees are the same: private medical insurance, life assurance, income protection, accidental death and disability insurance and a cash benefits allowance
- Executive directors receive a lower cash benefits allowance than other UK employees as a percentage of their salary
- Executive directors have a role based provision of the use of a Company vehicle and driver on account of the security and privacy requirements of the role
- The CEO is entitled to a contribution to the preparation of his annual tax returns owing to the complexity of his tax affairs, in part due to his extensive travel on Group business
- Employees are eligible for tax return preparation in the year of an international relocation owing to the complexity of their returns in those years

Sharesave

All UK employees are eligible to participate in the Sharesave plan, which enables employees to share in the success of the Group at a discounted share price

Executive directors and the Management Team

LTIP

- LTIP awards are granted to senior executives who have clear line of sight to influence the targets linked to the long-term performance of the Group
- The grant of awards is dependent on performance in the year and the vesting of awards is dependent on performance over a three-year post-grant period
- Vested shares are subject to further retention periods
- LTIP awards are subject to risk adjustment provisions

Executive directors only

Shareholding requirement

- Executive directors have a shareholding requirement of 250% of salary for the CEO and 200% for the CFO
- A post employment shareholding requirement equal to the full shareholding requirement for one year and 50% for an additional year applies to the executive directors

The Remuneration Committee

The Committee is responsible for overseeing the remuneration of all employees, which includes determining the framework and policies for the remuneration of the Group Chairman, the executive directors and other senior management, and overseeing workforce remuneration, for alignment of reward, incentives and culture.

The Committee has written terms of reference that can be viewed at **sc.com/termsofreference**

Shareholder voting and shareholder engagement

The table below shows the votes cast[1] at our AGM in May 2020 on remuneration-related matters.

	For	Against	Withheld
Advisory vote on the 2019 remuneration report	**583,380,384** (96.96%)	**18,288,372** (3.04%)	6,824,454

1 Number of votes is equal to number of shares held

Our 2019 remuneration report was well supported, following comprehensive engagement with shareholders where we sought feedback on changes to our remuneration policy and our enhanced disclosures. We were grateful for the level of engagement and positive feedback received on the changes made to the executive directors' pension contributions and on the explanatory disclosures included in the report. We also engaged with shareholders on our recent remuneration decisions in relation to 2020 and received helpful feedback. Further information is on page 103 in our engaging with investors section.

Advice to the Committee

The Committee was assisted in its considerations by PwC who were formally re-appointed by the Committee as its remuneration adviser in 2020 for an additional year. The Committee will undertake a detailed review of potential advisers in 2021.

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 Committee considered PwC's role as an adviser to the Group and determined that there was no conflict or potential conflict arising. The Committee is satisfied that the advice the Committee receives is objective and independent. The total fee paid to PwC (on an agreed per diem fee basis) was £100,000 which includes advice to the Committee relating to executive directors' remuneration and regulatory matters.

The CFO and Group Chief Risk Officer provided the Committee with regular updates on finance and risk matters, respectively. The Committee recognises and manages any conflicts of interest when receiving views from executive directors or senior management on executive remuneration proposals and no individual is involved in deciding their own remuneration.

Committee activities in the year	14 January	29 January	25 February	16 July	30 September	26 November
Executive directors' remuneration						
Review of the directors' remuneration policy and implementation	✔	✔		✔		✔
Review of fixed and variable remuneration	✔	✔				✔
Senior management remuneration						
Review of recruitment and termination	✔			✔	✔	✔
Review of fixed and variable remuneration	✔			✔		✔
Identification of material risk takers	✔			✔		✔
All employee remuneration						
Group-wide discretionary incentives	✔			✔	✔	✔
Outcomes from the annual performance and reward review	✔	✔				
Incentive performance measures, targets and outcomes	✔	✔	✔			✔
Group-wide reward, the Fair Pay Charter and gender pay gap		✔		✔	✔	✔
Reward governance						
Consideration of risk, control and conduct matters	✔		✔	✔	✔	✔
Engagement with stakeholders and regulatory, investor and political matters	✔	✔		✔	✔	✔

The Committee held an additional strategy meeting, jointly with the BVCC, to discuss the Group's approach to sustainable reward. The Committee also held one additional meeting in April to discuss the PRA announcement relating to 2019 dividends and remuneration for material risk takers and COVID-19. Virtual Board meetings were held from April onwards due to COVID-19 restrictions.

The Committee dealt with certain less material matters on an ad hoc basis through email circulation. Details on how the Committee understands the views of the workforce can be found on pages 58 to 60.

Group-wide remuneration in 2020

Our Fair Pay Charter

Our Fair Pay Charter sets out 10 principles we use to guide performance and reward decision-making globally, and has been fundamental to our approach to supporting colleagues through the challenges of the pandemic, acting as a compass for consistent and fair decision-making as we rapidly adapted to support new ways of working.

In February 2020 we published our second internal Fair Pay Report to all colleagues 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. In addition we published our first external Fair Pay Report to share our progress with wider stakeholders. Both reports were well received.

How do we understand the views of our workforce?

There is a wide range of mechanisms the Group uses to seek feedback from colleagues on remuneration as well as other workforce policies and practices. Our 2020 engagement survey was completed by over 74,500 employees and 3,600 non-employed workers, answering questions on how they feel about different areas of reward. We also conducted an annual survey that asked employees about their experience of the performance and pay review process, including whether they understand variable pay, whether they believe performance and pay decisions are fair, and whether they understand the principles which form our Fair Pay Charter. The results from both of these engagement surveys are analysed by various demographics, and summary trends and key findings on year-on-year movements in sentiment are presented to the Committee for discussion. Results are also shared with the workforce along with relevant commentary on action being taken based on findings in our Fair Pay Reports.

The Board engages and listens to the views of employees, through several sources including the increased use of virtual, interactive regional engagement sessions, with four being held in 2020, and from information provided by senior management. More than 3,500 employees joined these sessions and asked about a range of people-related topics including business restructuring, remuneration, diversity and inclusion and the long-term impact of COVID-19.

Further information on our workforce engagement framework is included in our BVCC report on pages 121 to 124.

	Fair Pay Charter principles
1	We commit to pay a living wage in all our markets 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 for them
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

Responding to the views of the workforce

- In our annual survey employees told us that recognition is just as important to them as the financial reward they receive
- We have used this, along with dedicated research and focus group insights, to support the development of a refreshed approach to performance, reward, recognition and talent management. Through driving behaviour and mindset change we aim to deliver a performance orientated, inclusive and innovative culture focusing on both extrinsic and intrinsic motivation to drive individual performance

Wellbeing

Our wellbeing strategy was refreshed in 2019 and the challenges of the pandemic highlighted the importance of this work. We know we are moving in the right direction, with 87 per cent of respondents to our annual survey telling us they feel the Group supports their wellbeing (+4 percentage points since 2019), but we have more to do, particularly for the 40 per cent who told us they are experiencing a high level and frequency of work-related stress.

In 2020 we provided colleagues with a range of support and tools, detailed below. In addition, we provided support for transport and meals for colleagues who continued to work at Group locations during periods of restrictions, financial support towards purchasing necessary equipment for working from home and maintained pay for those who were unable to work full hours as a result of family care requirements. We also provided flexibility for those whose return to their usual working location was impacted because of travel restrictions. In April we conducted a pulse survey to understand how employees were coping with the impact of COVID-19 and what support they needed. 91 per cent of respondents believed that their health and wellbeing was a top priority for the Group and 80 per cent felt that our response to the pandemic had minimised stress for employees.

Support for colleagues suffering wellbeing challenges	• Launched a new global employee assistance programme, enabling all colleagues and their household members to access confidential counselling and guidance, available 24/7 • Mental health first aider (MHFA) programme expanded, increasing the number of trained MHFAs globally by 133%, whilst centralising support and introducing a Group Standard for Mental Health First Aid • Group Standard for Tackling Domestic Violence and Abuse launched, offering a broad range of help and support to colleagues who are experiencing domestic violence and abuse
Preventative wellbeing support to help colleagues in building skills for the future	• Introduced a new three-year wellbeing strategy, supporting colleagues in developing the skills needed for the future, building resilience, agility and inclusive leadership into the organisation to support us in realising our strategic ambitions • Launched Unmind, a digital application and platform that enables colleagues to assess their wellbeing needs and receive personalised recommendations and coaching on simple steps to develop healthier habits • Launched the Switch+ platform, providing access to hundreds of live and on-demand classes dedicated to improving wellbeing. Over 6,000 colleagues from 57 countries have signed up • Launched a mental health and resilience learning programme, equipping colleagues and people leaders with the core skills they need to support others including recognising signs of poor wellbeing, to increase psychological flexibility and create sustainable high performance
Regular practical support and communications for colleagues through the pandemic	• Provided guidance on how to manage wellbeing, productivity and social connection whilst working from home • Ran webinars on expected challenge areas while working at home including parenting, mindfulness and finding purpose • Shared helpful guidance and practical tips across our wellbeing framework through a colleague toolkit, with over 10,000 views to date • Ran global and local multi-media campaigns for World Mental Health Day focused on building resilience

Transforming our business

We have continued to transform our Group which has affected some colleagues. This was no change from our pre-pandemic plans. Where business transformation was already underway before the pandemic, we entirely paused all restructuring activity for the first half of the year. Once activity resumed, increased investment was made in redeployment and reskilling programmes. Given the unique circumstances, we adjusted our redundancy approach and all colleagues impacted in 2020 received enhanced support, ensuring they received their full salary for the year, in addition to severance pay and improved outplacement support.

Future ready workforce

Consistent with Principle 8 of the Fair Pay Charter, we are focused on how we adapt and remain future-ready in response to the evolving nature of work and changing expectations from clients and colleagues.

Continuous learning is central to this, ensuring colleagues are able to adapt, upskill, reskill and retool not only to be better at their current jobs but to ensure they can develop and grow for new roles to best serve our clients in the future. In March 2020 we launched a new digital learning platform, actively encouraging colleagues to adopt a learning mindset through setting and pursuing 'aspirational' goals and developing their careers. Since the launch more than 55,000 colleagues have accessed learning content and engagement in our second global learning week (over 400 events) spurred this on.

The pandemic has brought into focus the way in which our business and the ways of working are rapidly changing. Throughout the year we have listened to colleagues' preferences for greater flexibility in working arrangements as we come out of the pandemic. Responses to our 2020 annual survey highlighted that 74 per cent of colleagues would choose to work from home or another non-primary workplace for at least 50 per cent of the time and 77 per cent told us they feel able to choose a reasonable balance between personal and work life. Rather than simply offering flexible working (which we had in all markets before COVID-19) we intend to implement a hybrid approach combining virtual and office-based working with greater flexibility in working patterns and locations, balancing colleague preference and business demands. A review of all roles (where and how they can be done) showed that more than 80 per cent of roles are suitable for some form of flexible working. Beginning in 2021, employees in eight markets will be able to apply for formal flexi-working arrangements, with subsequent markets expected through 2021 to mid-2022.

Other fair pay developments in 2020

We have made good progress in implementing the principles of our Charter since its launch in 2018 and implementation continues as our new ways of working evolve. During 2020 we have made further progress to improve colleagues' experience, including:

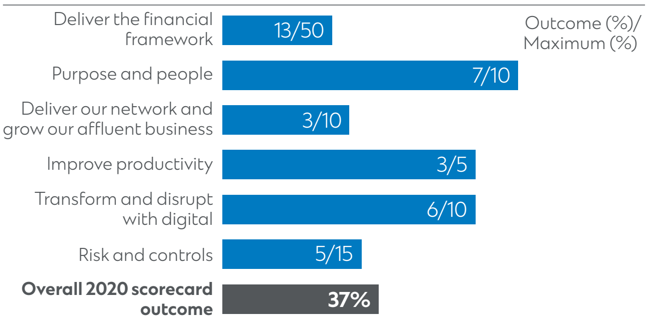
- Assurance that all colleagues are paid a living wage, as measured by the benchmarks in place through our work with Fair Wage Network. In addition, we have taken the first steps in assessing the feasibility of incorporating living wages into our supply chain, which is a multi-year undertaking. During 2021, we will focus on specific actions for non-employed workers
- We have Group-wide principles, guided by market data, for making salary decisions to help us balance what is right for colleagues with the Group's financial position. During 2020, we expanded the use of salary ranges to cover 74 per cent of colleagues globally (increased from 25 per cent in 2019). We expect salary ranges to improve further the transparency and fairness of fixed pay decision-making
- Our multi-year review of benefits is progressing, increasing the consistency of the structure of pay and benefits by country, including the removal of differentiation of allowances and benefits solely by band, age, tenure and dependent status. The phased roll-out of our flexible benefits plan which enables colleagues to choose benefits which best suit their individual needs continues, with the introduction in Poland in September 2020 and preparation work completed for launch in Malaysia in March 2021
- Work in additional markets continues to align benefits more closely to the Charter and to increase inclusivity. For example, in India, medical benefits and domestic relocation benefits were extended from 2020 to LGBT+ partners of colleagues

Our Strategic report contains further information on colleagues, including a summary of our gender pay gap on **page 61**

Determining Group-wide 2020 discretionary incentives

The Group delivered a resilient performance in 2020 in conditions that became extremely challenging. Strong and broad-based growth in the initial months was followed by lower income year-on-year in the second half and for the year overall driven by the effects of COVID-19, which led to severe global economic contraction and substantially reduced interest rates. As a result, pre-provision operating profit declined despite lower expenses. Underlying profit fell because of substantially higher credit impairments due mainly to provisions against credit losses booked in the first half driven by the deterioration in the macroeconomic outlook. The Group remains strongly capitalised despite the external challenges, with a CET1 ratio of 14.4 per cent above the top of the medium-term target range enabling recommencement of shareholder distributions.

The total scorecard outcome was 37 per cent with 13 per cent being based on financial achievements including effective cost management and growth in high-performing liabilities, and 24 per cent based on non-financial achievements including improved digital client onboarding, on-track development of new ventures and an improved employee net promoter score of 6 points to 17.5.

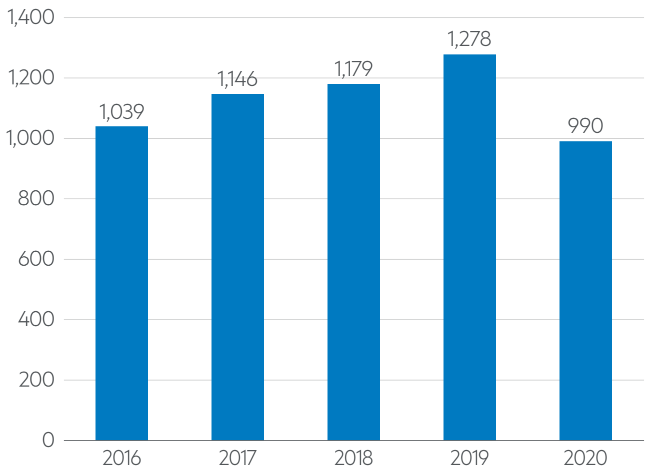


The annual scorecard is the starting point for determining the Group's annual discretionary incentives. Based on the 37 per cent outcome, and without any discretionary adjustment, total 2020 discretionary incentives would have been $1,150 million.

However the Committee has exercised its judgement carefully for 2020 and considered several factors including the Group's underlying performance, the experience of our stakeholders, the withdrawal of the 2019 final ordinary dividend, the resilience of our business, inherent future risks, the significant contribution of our colleagues whilst managing the crisis and the need to compete for talent globally across 59 markets.

Considering all factors, the Committee applied a downward adjustment of $160 million, resulting in total discretionary incentives of $990 million, which is 23 per cent lower than 2019 and the lowest in the last five years. $129 million of the total discretionary incentives is deferred and charged in future years, including $21 million in LTIP awards for senior management, the value of which will be determined by Group performance over the period 2021 to 2023.

Total discretionary incentives – last five years ($ million)



In allocating discretionary incentives for 2020, we thought carefully about how to reflect the challenges of the pandemic and the need to recognise the collective contribution of colleagues to the Group's performance. Focus was primarily placed on Group performance given the challenges created by COVID-19 in fairly and objectively assessing the relative performance of each business, function, region and country. The one notable exception was within the CIB business, where incentives were differentiated for Financial Markets in order to reward colleagues for the strong performance in 2020.

Across the rest of the Group, at an individual level, focus was placed on protecting compensation levels for junior colleagues, as shown in the table below.

		Average year-on-year change (%)	
	Number of colleagues[1]	Annual discretionary incentives	Total compensation
Management Team	11	(43)	(23)
Managing Directors	1,055	(34)	(13)
Other senior leaders	2,621	(30)	(6)
All other colleagues	62,304	(27)	0

1 Number of colleagues eligible for annual discretionary incentives, excluding Financial Markets

Directors' remuneration in 2020

This section sets out how remuneration was delivered to the executive directors in 2020 under the remuneration policy approved by shareholders in 2019. It also sets out the 2020 fees paid to the Group Chairman and the independent non-executive directors (INEDs). This section is subject to an advisory shareholder vote at the 2021 AGM.

The Group's executive directors' remuneration policy was approved at the AGM held on 8 May 2019 and applies to the executive directors, the Group Chairman and INEDs for three years from that date. A summary is set out on pages 155 to 156. The full policy can be found on pages 108 to 115 of the 2018 Annual Report and on the Group's website.

Annual incentive awards for the executive directors (audited)

Annual incentive awards for executive directors are based on the assessment of the Group scorecard and an assessment of individual performance. We use the same Group scorecard for all eligible employees, including the executive directors.

For Bill and Andy, the Committee considered Group performance, their individual performance, and risk, control and conduct-related matters (with input from Risk and other control functions). The Committee followed a three-step process for determining annual incentive awards.

1. **Consider eligibility:** The Committee considered that each director had exhibited an appropriate level of conduct against targets set and was deemed to have met the gateway requirement to be eligible for an incentive.
2. **Evaluate performance against the Group's scorecard:** Throughout the year the Group has remained resilient and competitive, despite the economic and geopolitical challenges, even though our progress has inevitably slowed in some areas. The impact of COVID-19 has meant that some of the measures and targets set within the Group scorecard at the start of 2020 were unachievable. No changes were made to performance criteria and targets for 2020 incentive outcomes. Underlying profit before tax is down 40 per cent on 2019 and RoTE is down 340 basis points to 3.0 per cent. The Group's capital is strong, with the CET1 ratio at a historically high level, demonstrating our resilience in the face of such an extraordinary economic shock. Full details of the scorecard outcome can be seen on page 144.
3. **Assess personal performance and finalise awards:** As outlined in the policy, the Committee can make an upwards or downwards adjustment to the scorecard outcome for personal performance, consistent with the approach for other employees who are eligible to be considered for discretionary incentives. When considering whether such an adjustment is appropriate, the Committee considers the particular areas of responsibility of the executive director together with the objectives that they were asked to prioritise for the year and their personal contribution to the scorecard outcome. The adjustment will usually be in the range of +/- 10 percentage points to the scorecard outcome.

Assessment of personal performance and finalised awards

Bill Winters

A summary of some of Bill's 2020 achievements against his key personal objectives is set out as follows:

- Bill has led the Group exceptionally well through difficult circumstances in 2020
- Bill has delivered resilient performance in light of the pandemic, building on the foundations he has laid since his appointment which put the Group in a position to absorb large shocks such as COVID-19
- Bill has been the ultimate driver of change for digital partnerships, data and artificial intelligence, and SC Ventures
- Bill recently assumed the role as a Chair of the Taskforce on Scaling Voluntary Carbon Markets, helping increase the Group's standing around sustainability

The Committee considered Bill's performance in the context of the significant challenges of 2020 and noted his performance against his key objectives in the year. Taking into account his request to waive the cash portion of any incentive in respect of 2020 (representing 50 per cent of any annual incentive), the Committee determined that despite the exceptional personal performance leading the Group through the crisis, no upward adjustment should be made. This results in an award of £385,836 (£1,251,360 in 2019) which equates to 18.5 per cent of the maximum opportunity and 15 per cent of fixed pay (44 per cent in 2019).

Andy Halford

A summary of some of Andy's 2020 achievements against his key personal objectives and in response to the pandemic crisis is set out below:

- Andy led the completion of the restructuring of the Group's legal entities during the year, which has resulted in realised benefits being contributed to the delivery of our strategy
- Andy delivered the completion of the sale of the Group's interest in PT Bank Permata Tbk, demonstrating significant progress on our strategic priorities and placing the Group in a strong position to give us confidence through the crisis period
- Andy responded effectively to the liquidity challenges resulting from COVID-19, demonstrating the resilience of the Group
- Andy chaired the Crisis Management Team and oversaw the Property function in response to the pandemic
- Andy continued to deliver improvements in efficiency, with an ongoing focus that has continued to flow through to financial results
- Andy has been key in the new ways of working initiative, enabling the Group's drive for productivity with effective ways to measure and track our progress, critical for our success

The Committee considered Andy's performance in the context of the significant challenges of 2020 and noted his performance against his key objectives in the year. Taking into account his request to waive the cash portion of any incentive in respect of 2020 (representing 50 per cent of any annual incentive), the Committee determined that despite the exceptional personal performance leading the Group through the crisis, no upward adjustment should be made. This results in an award of £246,642 (£776,600 in 2019) which equates to 18.5 per cent of the maximum opportunity and 15 per cent of fixed pay (44 per cent in 2019).

Assessment of the 2020 Group scorecard

Financial measures	Weighting	Threshold (0%)	Mid-point of target range	Maximum (100%)	Achievement	Outcome
Income[1]	7%	$15.4bn	$16.0bn	$16.7bn	$14.8bn	0%
Costs	7%	$10.6bn	$10.3bn	$10.0bn	$9.8bn	7%
Operating profit	10%	$4.0bn	$4.4bn	$4.9bn	$2.5bn	0%
RoTE[2] **plus CET1 underpin**	20%	6.1%	6.8%	7.5%	3.0%	0%
Growth of high-quality liabilities[3]	6%	$5.0bn	$9.9bn	$14.9bn	$46.2bn	6%

Other strategic measures[4]	Weighting	Target	Assessment of achievement	Outcome
Purpose and people	10%	• Develop human capital by improving employee engagement, diversity and inclusion • Successfully embed sustainable and responsible practices in relation to climate, infrastructure, environment and community engagement	• Employee net promoter and inclusion metrics materially exceeded set performance targets • Progress made in senior female diversity to 29.5%, which is slightly below the 2020 target of 30% • Exceeded our 2020 target in financing services for renewable energy projects and on track to the sustainability aspiration target of $35 billion. All other sustainability measures also at or above target	7%
Deliver our network and grow our affluent business	10%	• Improve client satisfaction rating • Deliver network growth in target segments • Deliver affluent growth in target markets	• Improved client satisfaction across all segments, targets exceeded in CIB and Private Banking • Network growth in CIB and affluent growth in Retail and Private Banking were adversely impacted by the difficult macroeconomic conditions (including the impact of COVID-19)	3%
Improve productivity	5%	• Improve efficiency and quality of client transformation experience • Improve working profit per full-time equivalent (FTE)	• Programmes to improve efficiency and quality of client transformation experience exceeded target • Working profit per FTE ratio of $56,000 was affected by the adverse impact of the difficult macroeconomic conditions on our financial performance and was behind threshold level	3%
Transform and disrupt with digital	10%	• Grow cash transactions initiated by clients through digital channels • Manage key digital platforms and partnerships to improve client experience • Improve data analytics to develop new products and attract new clients	• Materially exceeded target for cash transactions digitally initiated • Development of new ventures on track, target met for new products and services commercialised internally and externally • Targeted improvement in use of data analytics achieved	6%
Risk and control	15%	• Manage elevated residual risks with effective controls in place • Successfully deliver milestones within the risk management plan • Maintain effective risk and control governance • Maintain the risk profile within the Group Risk Appetite boundaries • Maintain an effective Conduct Risk Management Framework to ensure there is a continuous process to identify and manage conduct risks	• Slightly behind target on the management of elevated residual risk and delivery of milestones within the risk management plan • Met targets on risk and control governance effectiveness measured via audit management control approach • The Group continues to operate within Risk Appetite • Exceeded conduct risk management targets	5%
Total	**100%**		**Total scorecard assessment**	**37%**

1 Total income and operating profit are on an underlying basis. Certain items are presented as restructuring and other items that are excluded from the underlying results of the Group. These are income, costs and impairment and resulting operating profit relating to identifiable business units, products or portfolios from the relevant dates that they have been approved for restructuring, disposal, wind down or redundancy. This includes realised and unrealised gains and losses from management's decisions to dispose of assets as well as residual income, direct costs and impairment of related legacy assets of those identifiable business units, products or portfolios. See Note 2 page 306

2 Normalised RoTE represents the ratio of the current year's profit available for distribution to ordinary shareholders, to the weighted average ordinary shareholders' equity less the average goodwill and intangibles for the reporting period. The CET1 underpin was set at the higher of 13 per cent or the minimum regulatory level as at 31 December 2020 (taking into account any transition rules or material changes in regulatory rules)

3 Initiative that targets growth of efficient and regulatory friendly deposits to improve our quality funding mix (liabilities) to support the Group's growth aspirations

4 A maximum/minimum performance threshold was set for each performance measure. For strategic measures, the Committee used its judgement to determine scorecard outcomes within this range (with a higher than 50 per cent outcome for performance above target and a lower than 50 per cent outcome for below target performance)

Performance outcome for 2018-20 LTIP awards (audited)

The single total figure of remuneration table shows that LTIP awards will vest in March 2021 with an estimated value of £594,000 and £368,000 for Bill and Andy, respectively. These LTIP awards were granted to Bill and Andy in 2018 with a face value of 120 per cent of fixed pay, to incentivise the continued execution of the strategy over the three-year period 2018 to 2020.

The awards were share-based and subject to the satisfaction of stretching performance measures over three years. The conduct gateway requirement must be met before any awards would vest. The awards were then subject to RoE and relative TSR targets and a qualitative and quantitative assessment of the strategic measures.

The Committee concluded that Bill and Andy exhibited appropriate conduct during the performance period and therefore the conduct gateway was met. The threshold RoE target has not been achieved and the relative TSR threshold target will be measured in March 2021 but is estimated not to have been achieved and, therefore, there will be no vesting for the 66.6 per cent of the awards subject to these measures.

The Committee considered performance against the proof points as set out in the table below and determined that the overall vesting of the LTIP would be 26 per cent. The table below sets out the performance required, the 2018-20 performance achieved and the LTIP vesting outcome. The share price used to estimate the value of vesting of the 2018-20 LTIP awards is lower than the share price on the award date of £7.78 and therefore the value attributable to share price growth is nil. The value of the awards vesting is reduced by 46 per cent when compared to the value at grant.

No discretion has been applied to the vesting outcome of the LTIP in respect of performance targets or share price movement. The awards will vest pro rata over 2021 to 2025 and shares will be subject to a 12-month retention period post-vesting. Malus and clawback provisions apply.

Measure	Weighting	Performance for minimum vesting (25%)	Performance for maximum vesting (100%)	Assessment of achievement	Vesting outcome
RoE[1] in 2020 with CET1 underpin	One-third	6.0%	9.0%	RoE 2.6% and CET1 14.4% therefore 0% vesting	0%
Relative TSR performance against the peer group	One-third	Median	Upper quartile	Performance currently estimated below median. TSR performance will be measured in March 2021	0%
Strategic measures	One-third			Improved performance against our strategic priorities	26%
Total 2018-20 LTIP awards vesting outcome					**26%**

Strategic measure	Proof point	Assessment
Strengthen foundations in risk and control	Maintain effective and sustainable anti-money laundering and sanctions controls	The Group successfully delivered on its commitments to remediate deficiencies and regulatory gaps. Following seven years of additional oversight, the New York Department of Financial Services (DFS) Independent Consultant was not extended by the DFS at end of 2019. Over the plan period, the Group's Financial Crime Risk and Control environment has strengthened, and the Group continue to deliver sustainable, effective financial crime regulatory compliance programs in all markets.
	Successfully deliver cyber risk management plan	Over the plan period, with significant investment and focus, core information and cyber security controls have been established and significant improvement has been made in managing information and Cyber Security Risk. For 2020, projects enabling risk reduction in high risk domains were prioritised for protection and mitigation.
Focus on clients and growth, and drive cross-bank collaboration	Improve client satisfaction rating	CIB and Private Banking client satisfaction metrics have exceeded the targets set in each year. Material improvement in retail client satisfaction measures over the plan period, meeting target in 2020.
	Deliver client growth in target segments	The segmental targets are driven by year-on-year client growth and acquisition in CIB, Private and Retail Banking. Despite being adversely impacted by the difficult macroeconomic conditions (including the impact of COVID-19), improvement has been made in Retail and Private Banking, and some progress in CIB over the plan period.
Improve efficiency, productivity, and service quality	Improve productivity	Productivity gains were made in 2018 and 2019 as FTE reduced and profitability rose. Despite further reduction in FTE in 2020, productivity measures were impacted due to the impact of COVID-19 on financial performance.
	Deliver growth in digital volumes	Continued online adoption growth and digital sourcing initiatives achieved against the target set in each year. In 2020 the target for cash transactions digitally initiated was materially exceeded.
Embed innovation, digitisation, and analytics	Drive innovation through new products, solutions and services for clients	Significant progress made in driving innovation to improve the client experience. Measured via an innovation index, performance exceeded the targets set in 2018 and 2019. The 2020 delivery of key digital platforms (including Mox) was in line with plan.
Invest in people, strengthen culture and conduct	Improve scores against employee engagement and culture of inclusion metrics	Material improvement in employee net promoter score (up from +11.3 in 2018 to +17.5 in 2020) and culture of inclusion score (up from 72.9% in 2018 to 81.7% in 2020) exceeding set targets.
	Improve management diversity	Material progress has been made in senior female diversity, improving from 25.7% at the start of the period to 29.5% at the end of 2020. However, despite this progress we are slightly below the target of 30% by 2020 year end.

1 RoE was based on profit attributed to ordinary shareholders, adjusted, on a tax-effected basis, for profits or losses of a capital nature, restructuring charges, amounts consequent to investment transactions driven by strategic intent and infrequent/exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period. The CET1 underpin was set at the higher of 12 per cent or the minimum regulatory level as at 31 December 2020 (taking into account any transition rules or material changes in regulatory rules)

The Committee considered the performance against the ESG metrics within the people and purpose element of the annual incentive scorecard and 2018-20 LTIP strategic measures, as well as the Group's wider progress on ESG metrics (further details on pages 54 to 71), and determined that the outcomes were appropriate and that the incentive structures do not raise ESG risks by motivating irresponsible behaviour.

Single total figure of remuneration for 2020 (audited)

The following table sets out the single total figure of remuneration for 2020 for the CEO and the CFO. The single figure consists of salary, pension, benefits and annual incentives receivable in respect of 2020 and the estimated values of 2018-20 LTIP awards vesting. All figures are in £000s. The LTIP value is based on the outcome of awards made in 2018 and does not include the forward looking awards to be made in March 2021, in respect of 2020 performance and based on further three-year performance measures, due to vest in early 2024.

	Bill Winters		Andy Halford	
	2020	2019	2020	2019
Salary	**2,370**	2,353	**1,504**	1,450
Pension	**237**	470	**150**	315
Benefits	**225**	231	**113**	87
Total fixed remuneration	**2,832**	3,054	**1,767**	1,852
Annual incentive award	**386**	1,251	**246**	777
Vesting of LTIP award				
Value of vesting awards based on performance	**594**	1,055	**368**	653
Value of vesting awards based on share price growth	**–**	–	**–**	–
Total variable remuneration	**980**	2,306	**614**	1,430
Single total figure of remuneration	**3,812**	5,360	**2,381**	3,282

Notes to the single total figure of remuneration table

Salary
- For executive directors part of salary is paid in cash and part is paid in shares, to align with shareholder interests
- The salary shares are subject to a retention period of five years with 20 per cent released annually
- The number of shares allocated is determined by the monetary value and the prevailing market price of the Company's shares on the date of allocation
- Bill's salary is paid 50 per cent in cash and 50 per cent in shares and Andy's salary is paid 67 per cent in cash and 33 per cent in shares
- As disclosed last year, Andy's salary was increased 3 per cent effective 1 April 2020

Pension
- Pension is set as a percentage of salary and can be delivered as a contribution to the UK pension fund or paid as a cash allowance
- Pension for Bill is delivered as a cash allowance and a £4,000 contribution to the UK pension fund and for Andy, the pension is delivered as a cash allowance
- In line with the UK Corporate Governance Code, only salary is pensionable

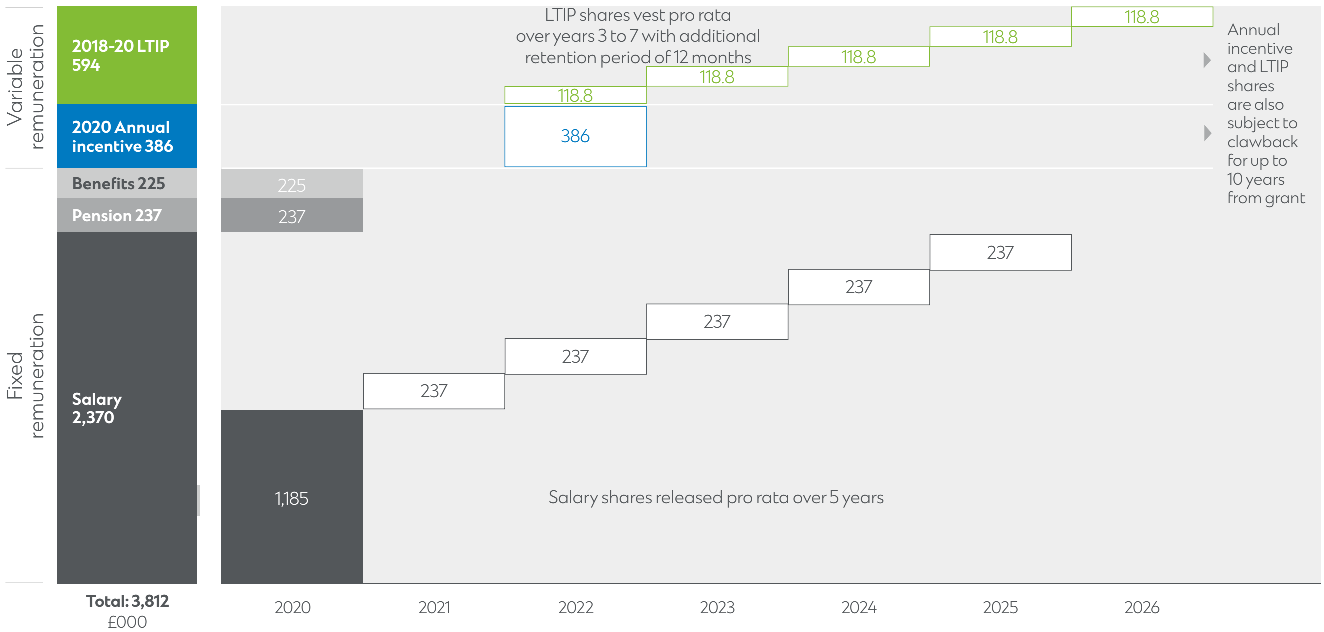
Benefits
- The core benefits provided to executive directors and other UK employees are the same: private medical insurance, life assurance, income protection, accidental death and disability insurance and a cash benefits allowance
- Executive directors receive a lower cash benefits allowance than other UK employees as a percentage of their salary. In addition, the executive directors have the use of a Company vehicle and driver. In line with Principle 6 of our Fair Pay Charter, this is a role-based provision given their executive role and the associated security and privacy requirements
- Executive directors occasionally use a Group car service for travelling and their partners may travel to accompany attendance at Board or other similar events. The Group covers any tax liability that arises on these benefits
- Bill is entitled to a contribution to the preparation of his annual tax returns owing to the complexity of his tax affairs, in part due to his extensive travel on Group business
- The benefits figures refer to UK tax years 2019/20 and 2018/19 respectively

Fixed remuneration
- Fixed remuneration is the total of salary, pension and benefits

Annual incentive
- Executive directors' annual incentive awards are delivered 50 per cent in cash and 50 per cent in shares, subject to a minimum 12-month retention period
- For 2020, both executive directors waived the cash element of their annual incentive awards
- The detail of how directors' annual incentive awards are determined is set out on pages 143 to 144. Awards are subject to clawback for up to 10 years

Vesting of LTIP awards
- The LTIP awards granted in March 2018 are due to vest in March 2021, based on performance over the years 2018 to 2020. Following an estimated assessment of the performance measures (RoE with CET1 underpin, relative TSR and strategic measures), 26 per cent of these awards are expected to vest. The final assessment of relative TSR performance will be conducted in March 2021, the end of the three-year performance period. Based on a share price of £4.22, the three-month average to 31 December 2020, the estimated value to be delivered is £594,000 to Bill and £368,000 to Andy. The final value will be restated in the 2021 directors' remuneration report based on final TSR performance and the share price at vesting. Awards are subject to malus and clawback for up to 10 years from grant. Further details are provided on page 145
- The value of the awards vesting is reduced by £267,000 and £165,000 for Bill and Andy, respectively, when compared to the value at grant. The values of vesting awards for 2019 have been restated based on the actual share price of £4.49 when the awards vested in March 2020

Bill Winters' 2020 single total figure of remuneration



Executive directors' shareholdings and share interests including share awards (audited)

Executive directors are required to hold a specified level of shares, to be built up over a reasonable time frame from the date of appointment as an executive director (or, if later, from the date of any change to the terms of the shareholding requirement). Shares that count towards the requirements are beneficially owned shares, including vested share awards subject to a retention period, and unvested share awards for which performance conditions have been satisfied (on a net-of-tax basis). The shareholding requirement for 2020 was expressed as a percentage of salary, set as 250 per cent of salary for the CEO and 200 per cent of salary for the CFO. As at 31 December 2020, both Bill and Andy exceeded their shareholding requirement. Shares purchased voluntarily from their own funds are equivalent to 61 and 44 per cent of salary for Bill and Andy, respectively. The following table summarises the executive directors' shareholdings and share interests:

	Vested	Unvested	Total
	Shares held beneficially (including shares awarded to deliver executive directors' salaries)	Not subject to performance measures (net of tax)	Total towards shareholding requirements
Bill Winters	1,795,610	148,778	1,944,388
Andy Halford	718,535	92,743	811,278

- All figures are as at 31 December 2020 unless stated otherwise. There were no changes to any executive directors' interests in shares between 31 December 2020 and 25 February 2021. No director has either (i) an interest in Company preference shares or loan stocks of any subsidiary or associated undertaking of the Group or (ii) any corporate interests in Company ordinary shares. The closing share price on 31 December 2020 was £4.66
- The beneficial interests of directors and connected persons in the shares of the Company are set out above. The executive directors do not have any non-beneficial interests in the Company's shares. None of the executive directors used shares as collateral for any loans
- As Bill and Andy are both UK taxpayers: 0 per cent tax is assumed to apply to Sharesave (as Sharesave is a UK tax qualified share plan) and 47 per cent tax is assumed to apply to other unvested share awards (marginal combined PAYE rate of income tax at 45 per cent and employee National Insurance contributions at 2 per cent) – rates may change

LTIP awards for the executive directors to be granted in 2021

The size of the LTIP award has been determined based on Group and individual performance during the year. Awards for the 2020 performance year will be granted to Bill and Andy in March 2021 with a value of 120 per cent of fixed pay (£3.1 million and £2.0 million, respectively). This is the maximum amount receivable, unless the share price appreciates. The amount that the executive directors will receive at the end of the three-year performance period will be based on the level of performance achieved against the performance measures and the future share price.

We consider target setting carefully before each grant and set targets that are challenging and act as an effective incentive for executive directors to execute our strategy. To reflect the Group's ambition to become the world's most sustainable and responsible bank and increased focus on sustainability, we are adjusting the weightings of the performance measures and including a standalone sustainability measure.

The sustainability measures have been selected carefully from our broader range of sustainability aspirations based on their level of impact for the Group and wider society and ability to drive financial returns in the medium term. The other strategic measures have been adjusted to align with the refreshed strategic priorities. Details of the sustainability and other strategic measures and targets are shown in the table on the next page and are disclosed prospectively, except where the internal targets are considered commercially sensitive. Detailed disclosure of achievement against all internal targets will be disclosed retrospectively at the end of the performance period.

The RoTE target range for 2021–23 LTIP awards is 6 to 10 per cent. This is a wider range than in previous years given the unusually uncertain macroeconomic environment, including the impact of severe economic dislocations and low interest rates on the Group's returns. It takes into account our expectation that our refreshed strategic priorities should allow us to improve our RoTE from the 3 per cent we delivered in 2020 to over 7 per cent by 2023 as we progressively advance to our target of over 10 per cent. The current market consensus estimate for RoTE in 2023 is 6.9 per cent.

The peer group of companies selected for the calculation of the relative TSR performance are companies with generally comparable business activities, size or geographic spread to Standard Chartered or companies with which the Group competes for investor funds and talent. The peer group is intended to be representative of the Group's geographic presence and business operations. The companies that make up the peer group are reviewed annually, prior to each new LTIP grant.

The TSR peer group for 2021-23 LTIP awards will be the same as for the 2020-22 LTIP and is detailed on the next page. TSR is measured in sterling for each company and the TSR data is averaged over a month at the start and end of the three-year measurement period which starts from the date of grant.

Remuneration regulations for European banks mean that dividend equivalent shares are not permitted to be awarded on vesting. The number of shares awarded in respect of the LTIP will take into account the lack of dividend equivalents (calculated by reference to market consensus dividend yield) such that the overall market value of the award is maintained.

These awards will vest in five annual tranches beginning after the third anniversary of the grant (i.e. March 2024 to March 2028) subject to meeting the performance measures set out below at the end of 2023. All vested shares are subject to a 12-month retention period.

The performance measures for the 2021-23 LTIP awards are set out in the table on the next page.

Performance measures for 2021-23 LTIP awards

Measure	Weighting	Amount vesting (as a % of total award)	Threshold performance target	Maximum performance target
1. RoTE[1] in 2023 plus CET1[2] underpin of the higher of 13% or the minimum regulatory requirement	30%	Maximum – 30% Threshold – 7.5% Below threshold – 0%	6%	10%
If RoTE reaches 6 per cent then 7.5 per cent of the award vests. If RoTE reaches 10 per cent then 30 per cent of the award vests. If RoTE is between the threshold and maximum, vesting is calculated on a straight-line basis between these two points				
2. Relative TSR against the peer group	30%	Maximum – 30% Threshold – 7.5% Below threshold – 0%	Median	Upper quartile
Relative TSR is measured against a peer group of companies. If the Group's TSR performance is at least equivalent to the median ranked company then 7.5 per cent of the award vests. If the Group's TSR performance is at least equal to the upper quartile ranked company then 30 per cent of the award vests. Between these points, the Group's TSR is compared with that of the peer companies positioned immediately above and below it and straight-line vesting applies				
3. Sustainability	15%	Maximum – 15% Minimum – 0%	**Sustainable finance** • Develop and implement a framework to align our financial services with net zero emissions by 2050, and deliver 2023 targets consistent with that plan • Provide $35 billion (cumulative) worth of project financing services, M&A advisory, debt structuring, transaction banking and lending services for renewable energy that align to our verified Green and Sustainable Product Framework • Only provide financial services to clients who are less than 80% dependent on earnings from thermal coal (based on % EBITDA at group level) **Responsible company** • Reduction in property emissions of 10% annually • Reduction of flight emissions of 25% • Offset 95% of all residual emissions from our operations	
4. Other strategic measures Clients	25%	Maximum – 25% Minimum – 0%	• Improve client satisfaction rating evidenced in surveys and internal benchmarks • Deliver growth in qualified clients across Private, Priority & Premium Banking, and Wealth Management • Deliver network income growth in Corporate, Commercial and Institutional Banking (CCIB) • Add more than 2 million new customers via digital partnerships, platforms and technologies	
Enablers (innovation, new ways of working and people)			• Drive culture of innovation to generate new revenues • Adopt new ways of working that result in quicker decision-making and delivery • Increase senior female representation to 33% • Increase our culture of inclusion score from 81% to 84% (internal index)	
Risk and control			• Maintain effective risk and control governance • Successfully deliver milestones within the cyber risk management plan	

1 Normalised RoTE represents the ratio of the current year's profit available for distribution to ordinary shareholders, to the weighted average ordinary shareholders' equity less the average goodwill and intangibles for the reporting period. Normalised RoTE normally excludes regulatory fines but, for remuneration purposes, this would be subject to review by the Committee

2 The CET1 underpin will be dynamically set at the higher of 13 per cent or the minimum regulatory level as at 31 December 2023 (taking into account any transition rules or material changes in regulatory rules). In addition, the Committee has the discretion to take into account at the end of the performance period any changes in regulatory capital and risk-weighted asset requirements that might have been announced and implemented after the start of the performance period, for example, in relation to Basel IV

The peer group for the TSR measure in the 2021-23 LTIP is unchanged from the 2020-22 award and is set out below:

Banco Santander	Credit Suisse	KB Financial Group
Bank of America	DBS Group	Oversea Chinese Banking Corporation
Bank of China	Deutsche Bank	Société Générale
Bank of East Asia	HSBC	Standard Bank
Barclays	ICBC	State Bank of India
BNP Paribas	ICICI	UBS
Citigroup	JPMorgan Chase	United Overseas Bank

Total variable remuneration awarded to directors in respect of 2020 (audited)

	Bill Winters		Andy Halford	
	2020	2019	2020	2019
Annual incentive (£000)	**386**	1,251	**246**	777
Annual incentive as a percentage of fixed pay	**15%**	44%	**15%**	44%
LTIP award (value of shares subject to performance conditions) (£000)	**3,128**	3,413	**2,000**	2,118
LTIP award as a percentage of fixed pay	**120%**	120%	**120%**	120%
Total variable remuneration as a percentage of fixed pay	**135%**	164%	**135%**	164%
Total variable remuneration (£000)	**3,514**	4,664	**2,246**	2,895

LTIP awards for the 2020 performance year will be granted to executive directors in March 2021 and are based on their 2020 fixed pay (as at December 2020).

Service contracts for executive directors

Copies of the executive directors' service contracts are available for inspection at the Group's registered office. These contracts have rolling 12-month notice periods and the dates of the executive directors' current service contracts are shown below. The contracts were updated effective 1 January 2020 to reflect the changes made following the implementation of the 2019 remuneration policy and the change to pension contribution. Executive directors are permitted to hold non-executive directorship positions in other organisations (but no more than one position with a FTSE 100 company). Where such appointments are agreed with the Board, the executive directors may retain any fees payable for their services. Both executive directors served as non-executive directors elsewhere and received fees for the period covered by this report.

	Date of Standard Chartered employment contract	Details of any non-executive directorship	Fees retained for any non-executive directorship (local currency)
Bill Winters	1 January 2020	Novartis International AG	CHF353,333
Andy Halford	1 January 2020	Marks and Spencer Group plc	£102,500

Single figure of remuneration for the Chairman and INEDs (audited)

The Chairman and INEDs were paid in monthly instalments during the year. The INEDs are required to hold shares with a nominal value of $1,000.

The table below shows the fees and benefits received by the Chairman and INEDs in 2020 and 2019. The INEDs' 2020 benefit figures are in respect of the 2019/20 tax year and the 2019 benefit figures are in respect of the 2018/19 tax year to provide consistency with the reporting of similar benefits in previous years and with those received by executive directors.

	Fees £000		Benefits £000[4]		Total £000		Shares beneficially held as at 31 December[5]
	2020	2019	2020	2019	2020	2019	2020
Group Chairman							
J Viñals	**1,250**	1,250	**43**	49	**1,293**	1,299	**18,500**
Current INEDs							
L Cheung[1]	**31**	135	**6**	9	**37**	144	**2,571**
D P Conner[2]	**273**	275	**1**	2	**274**	277	**10,000**
B E Grote	**170**	170	**–**	–	**170**	170	**80,041**
C M Hodgson, CBE	**325**	325	**3**	2	**328**	327	**2,571**
G Huey Evans, OBE	**200**	200	**7**	2	**207**	202	**2,615**
N Kheraj	**360**	360	**4**	4	**364**	364	**40,571**
N Okonjo-Iweala	**135**	135	**7**	4	**142**	139	**2,034**
P Rivett[3]	**119**	–	**–**	–	**119**	–	**2,128**
D Tang	**144**	75	**5**	–	**149**	75	**2,000**
C Tong	**205**	176	**6**	1	**211**	177	**2,000**
J M Whitbread	**210**	210	**1**	2	**211**	212	**3,615**

1 Louis Cheung stepped down from the Board on 25 March 2020. His reported fee for 2020 of £31,000 is in respect of the period of 1 January 2020 to 25 March 2020. His benefits for 2020 of £6,000 are in respect of the period from 6 April 2019 to 25 March 2020, in line with the approach to disclose INED benefits in respect of the relevant tax year

2 David Conner's fee includes his role on the Combined US Operations Risk Committee

3 Phil Rivett was appointed to the Board on 6 May 2020

4 The costs of benefits (and any associated tax costs) are paid by the Group

5 The beneficial interests of Chairman and INEDs, and connected persons in the shares of the Company are set out above. These directors do not have any non-beneficial interests in the Company's shares. None of these directors used shares as collateral for any loans. No director had either (i) an interest in the Company's preference shares or loan stocks of any subsidiary or associated undertaking of the Group or (ii) any corporate interests in the Company's ordinary shares. All figures are as at 31 December 2020 or on the retirement of a director unless otherwise stated

Independent non-executive directors' letters of appointment

The INEDs have letters of appointment, which are available for inspection at the Group's registered office. Details of the INEDs' appointments are set out on pages 84 to 86. INEDs are appointed for a period of one year, unless terminated by either party with three months' notice.

2021 policy implementation for directors

Remuneration for the executive directors in 2021 will be in line with our directors' remuneration policy as summarised on pages 155 to 156 of this report and set out in full on pages 108 to 115 of the 2018 Annual Report with the exception of the implementation of the pension provision.

+ The policy is also set out on our website: **sc.com**

The key elements of remuneration for 2021 include salary (delivered in cash and shares), pension, benefits, an annual incentive and an LTIP award. Bill's pension is delivered as a contribution to a defined contribution plan and as a cash allowance. Andy's pension is delivered as a cash allowance. A portion of executive directors' salaries is paid in shares to strengthen shareholder alignment. The pension allowance is set as a percentage of salary (both the cash and shares components).

The Committee reviews the salaries of the executive directors on an annual basis, after considering any changes to the scope or responsibility of the role, the individual's development in the role, and alignment to market-competitive levels.

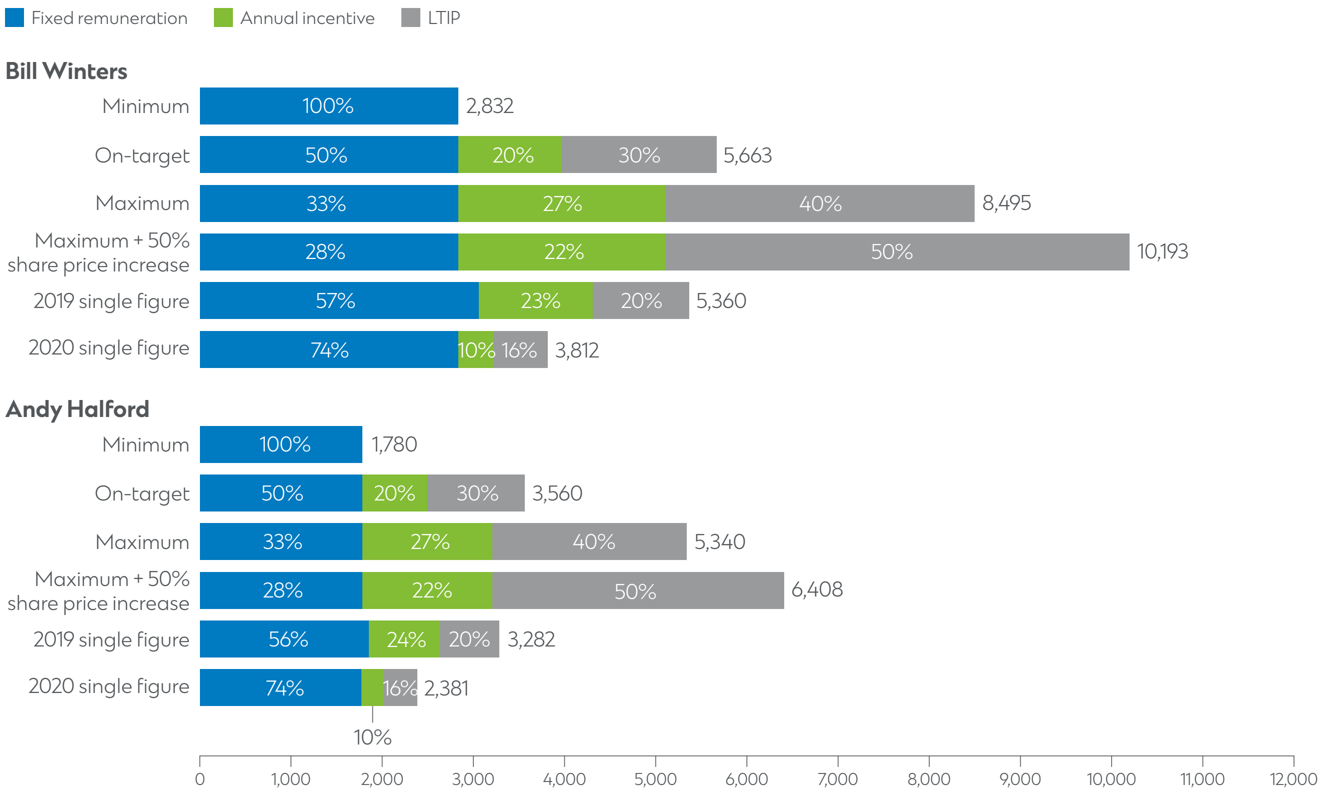
Details of fixed pay for Bill and Andy with effect from 1 April 2021 are set out below. All figures are in £000s.

	Bill Winters			Andy Halford		
	2021	2020	% change	**2021**	2020	% change
Salary	**2,370**	2,370	0	**1,515**	1,515	0
of which cash	**1,185**	1,185	0	**1,015**	1,015	0
of which shares	**1,185**	1,185	0	**500**	500	0
Pension	**237**	237	0	**151**	151	0
Total fixed pay	**2,607**	2,607	0	**1,666**	1,666	0
Proportion of total fixed pay paid in cash	**55%**	55%	0	**70%**	70%	0
Proportion of total fixed pay paid in shares	**45%**	45%	0	**30%**	30%	0

Illustration of application of remuneration policy in 2021
The charts below illustrate the potential outcomes under our directors' remuneration policy approved by shareholders at the AGM in May 2019 based on the implementation of the policy in 2021 (i.e. for awards that would be made in March 2022, based on 2021 fixed pay) and fixed remuneration with effect from 1 April 2021.

The charts show potential remuneration outcomes for each executive director in four performance scenarios: minimum, on-target, maximum performance and maximum performance with 50 per cent share price appreciation in line with reporting requirements. The percentages shown in each bar represent the amount of remuneration provided by each element of pay. Also shown are the 2019 and 2020 single total figures of remuneration for Bill and Andy.

Executive director remuneration



Fixed remuneration	**All scenarios**	• Consists of total fixed remuneration – salary, benefits and pension • Salary – salary as at 1 April 2021 • Benefits – based on 2020 single figure, actual fixed remuneration in 2021 will be dependent on the cost of benefits • Pension – 10 per cent of salary as at 1 April 2021
Incentives	**Minimum**	• No annual incentive is awarded • No LTIP award vests
	On-target	• Annual incentive of 50 per cent of target (40 per cent of fixed pay) • LTIP award vests at 50 per cent total award (60 per cent of fixed pay)
	Maximum	• Annual incentive of 100 per cent of target (80 per cent of fixed pay) • LTIP award vests at 100 per cent total award (120 per cent of fixed pay)
	Maximum + 50% share price increase	• Annual incentive of 100 per cent of target (80 per cent of fixed pay) • LTIP award vests at 100 per cent total award (120 per cent of fixed pay) with 50 per cent share price appreciation in the value of the vested LTIP award since time of grant
2019 single figure	**Fixed remuneration**	• Salary – received in 2019 • Benefits – received in 2018/19 tax year • Pension – contribution/cash allowance received in 2019
	Incentives	• Annual incentive – received in respect of 2019 performance year • LTIP – vesting of 2017-19 LTIP award
2020 single figure	**Fixed remuneration**	• Salary – received in 2020 • Benefits – received in 2019/20 tax year • Pension – contribution/cash allowance received in 2020
	Incentives	• Annual incentive – received in respect of 2020 performance year (50% cash portion waived) • LTIP – vesting of 2018-20 LTIP award

2021 annual incentive scorecard

Our annual incentive scorecard reflects the refreshed strategic priorities set out in February 2021. The targets are set annually by the Committee and take into account the Group's annual financial plan, strategy and its priorities for the next few years within the context of the economic environment. The Committee considers such targets to be commercially sensitive and that it would be detrimental to the interests of the Group to disclose them before the end of the financial year. Targets will be disclosed in the 2021 Annual Report alongside the level of performance achieved.

Financial measures make up 50 per cent of the annual incentive scorecard. Strategic measures are assessed by the Committee using a quantitative and qualitative framework.

Step 1: Conduct gateway requirement to be met in order to be eligible for any annual incentive

Appropriate level of individual valued behaviours and conduct exhibited during the course of the year

Step 2: Measurement of performance against financial and other strategic measures

Financial measures	Weighting	Target
Income[1]	10%	• Targets to be disclosed to shareholders retrospectively
Costs	10%	
Operating profit	5%	
RoTE[2] plus CET1[3] underpin of the higher of 13% or the minimum regulatory requirement	20%	
Growth of high-quality liabilities[4]	5%	
Other strategic measures	**Weighting**	**Target**
Clients (network, affluent, mass)	10%	• Improve client satisfaction rating • Deliver growth in qualified clients across Private, Priority & Premium Banking, and Wealth Management activity across top 11 affluent countries • Deliver network income growth in CCIB • Deliver client growth in key digital partnerships, platforms and technologies
Sustainability	10%	• Progress against the Group's Paris Agreement client commitment • Reduce and offset emission waste from flights, properties and supplier
Enablers (innovation, new ways of working and people)	15%	• Drive culture of innovation to generate new revenues • Adopt new ways of working that result in quicker decision-making and delivery • Develop human capital by improving employee engagement, diversity and inclusion
Risk and controls	15%	• Maintain effective risk and control governance • Successfully deliver milestones within the cyber risk management plan

1 Income, costs and impairment and resulting operating profit relating to identifiable business units, products or portfolios from the date that have been approved for restructuring, disposal, wind down or redundancy are presented as restructuring and excluded from the underlying results of the Group. This includes realised and unrealised gains and losses from management's decisions to dispose of assets as well as residual income, direct costs and impairment of related legacy assets of those identifiable business units, products or portfolios

2 Normalised RoTE represents the ratio of the current year's profit available for distribution to ordinary shareholders, to the weighted average ordinary shareholders' equity less the average goodwill and intangibles for the reporting period. Normalised RoTE normally excludes regulatory fines but, for remuneration purposes, this would be subject to review by the Committee

3 The CET1 underpin will be dynamically set at the higher of 13 per cent or the minimum regulatory level as at 31 December 2021 (taking into account any transition rules or material changes in regulatory rules). In addition, the Committee has the discretion to take into account at the end of the performance period any changes in regulatory capital and risk-weighted asset requirements that might have been announced and implemented after the start of the performance period

4 Initiative that targets growth of efficient and regulatory friendly deposits to improve our quality funding mix (liabilities) to support the Group's growth aspirations

Step 3: Assessment of personal performance

The Committee reviews the individual performance of each executive director in their areas of personal responsibility. Consistent with the Group's treatment of all employees, the Committee can make an adjustment to the annual incentive if the executive director's performance is considered improved and is not fully reflected in the scorecard outcome (and vice versa), if appropriate. The Committee will generally consider personal performance adjustments in the range of up to +/- 10 percentage points on the scorecard outcome.

Independent non-executive director fees

The fee levels are based on market data and the duties, time commitments and contribution expected for the PLC Board and, where appropriate, subsidiary boards. The Chairman and the INEDs are eligible for benefits in line with the directors' remuneration policy. Neither the Chairman or the INEDs receive any performance related remuneration.

	Effective 1 January 2020 £000
Board member	105
Additional responsibilities	
Deputy Chairman	75
Senior Independent Director	40
Chair	
– Audit Committee	70
– Board Risk Committee	70
– Remuneration Committee	70
– Board Financial Crime Risk Committee	60
– Brand, Values and Conduct Committee	60
Membership	
– Audit Committee	35
– Board Risk Committee	35
– Remuneration Committee	30
– Board Financial Crime Risk Committee	30
– Brand, Values and Conduct Committee	30
– Governance and Nomination Committee	15

How does our directors' remuneration policy address the key features set out in the UK Corporate Governance Code?

Risk

- The Committee considers risk adjustment in respect of the Group scorecard and has a track record of applying discretion appropriately
- The rules of the LTIP give the Committee the necessary discretion to adjust vesting outcomes if it considers that they are inconsistent with underlying business performance
- We operate malus and clawback in respect of our annual incentive and LTIP
- We set the incentives of employees in Audit, Risk and Compliance functions independently of the business they oversee

Alignment to culture

- As set out on page 137, the performance metrics used to determine incentive outcomes directly align with our business strategy
- In line with our Fair Pay Charter, our incentive plans support us in embedding a performance-orientated culture and our principle that colleagues should share in the success of the Group. Our scorecard includes financial and strategic measures and all employees' performance is assessed by what is achieved and how it is achieved in line with our valued behaviours
- In combination with our risk procedures, our remuneration structure ensures that our valued behaviours are appropriately recognised and rewarded

Proportionality

- In line with our commitment to pay for performance, a significant proportion of executive director pay is delivered through incentives based on performance metrics aligned to our strategy
- Executive directors are further aligned to long-term shareholder interests through the deferred release of salary, annual incentive and LTIP share awards over a period of one to eight years with incentive awards also being subject to clawback for up to 10 years from grant
- Additional shareholding requirements are in place for executive directors to build and maintain a significant shareholding in Company shares whilst in employment and post-employment for two years. Both executive directors currently exceed the shareholding requirements

Predictability

- The range of possible rewards to individual executive directors is set out in the scenario charts on page 151 where we also demonstrate the impact of a 50 per cent share price appreciation over the three-year performance period of the LTIP
- Maximum awards levels under all incentives are capped at twice fixed pay. Other than vesting levels which are driven by performance outcomes, the only source of variation in final payouts is the fact that a significant part of incentive awards is delivered in shares and so linked to the share price

Simplicity and clarity

- Simplicity is a key driver for the structure of our executive pay as far as possible, notwithstanding the complexity of operating as a UK regulated bank
- Additional information is included on the alignment of executive and wider workforce pay on page 138 in support of our commitment to clarity.

Summary of the directors' remuneration policy

The forward-looking remuneration policy for executive directors and INEDs was approved at the AGM held on 8 May 2019 and applies for three years from that date. A summary of the policy, including the key remuneration elements, is set out below and is provided for information only. The full policy, including recruitment and leaver provisions, can be found on pages 108 to 115 of the 2018 Annual Report and on our website.

+ The full policy is available on our website at **sc.com**

Directors' report

Summary of the remuneration policy for executive directors

Fixed remuneration

Remuneration element	Operation	Opportunity	Performance required	Alignment with UK employees
Salary Set to reflect the role, and the skills and experience of the individual, following the Group-wide principles which apply to all employees	Delivered part in cash and part in shares To maintain alignment with shareholders, the share element is subject to a holding period of five years, with 20 per cent being released annually The same approach would be followed on the recruitment of an executive director	Increases may occur where there is a role change, increased responsibility or to ensure market competitiveness	Any increase to salary is set in the context of the annual performance assessment of the individual	The process of setting and annually reviewing salaries against market information is the same for all employees The only difference for executive directors is that part of executive director salaries is delivered in shares For other employees salary is delivered only as cash
Pension The pension arrangements comprise part of a competitive remuneration package and facilitate long-term retirement savings for directors	Normally paid as a cash allowance or contribution to a defined contribution scheme For the current directors, from 2020, an annual pension allowance or contribution of 10 per cent of salary will be payable	For new executive directors the maximum is an annual pension allowance or contribution of 10 per cent of salary	N/A	The contribution rate of 10 per cent of salary applied in 2020 for the current executive directors is aligned with UK employees
Fixed pay for determining variable remuneration	The combined value of salary and pension form fixed pay on which variable remuneration is calculated			
Benefits A competitive benefits package to support executives to carry out their duties effectively	A range of benefits are provided (e.g. standard benefits such as holiday and sick pay, a benefits cash allowance, a car and driver or other car-related service, private medical insurance, permanent health insurance, life insurance, financial advice and tax preparation and tax return assistance)	The opportunity for benefits depends on the type of benefit and the cost of providing it, which may vary according to the market, individual circumstances and other factors	N/A	Core benefits are aligned with all employees Some additional, role-specific benefits are received by the current executive directors (see page 146 for details)

Variable remuneration

Remuneration element	Operation	Opportunity	Performance required	Alignment with UK employees
Annual incentive Performance dependent remuneration based on measurable performance criteria linked to the Group's strategy and assessed over a period of one year	Annual incentive awards are delivered as a combination of cash and shares subject to holding requirements and deferred shares	The maximum value of an annual incentive award cannot exceed 80 per cent of fixed pay (defined as salary and pension) and can be any amount from zero to the maximum	Awards are determined by the Committee, based on the assessment of the Group scorecard which contains a mix of financial (at least 50 per cent of the scorecard) and strategic measures, as well as the personal performance of the individual	The annual incentive plan is operated for all employees, paid in cash to certain limits with the balance deferred over at least three years in shares and/or cash
LTIP Performance dependent remuneration based on measurable, long-term performance criteria	LTIP awards are granted annually, based on the assessment of performance of the Group and the individual in the relevant year to determine the award size LTIP awards are delivered in shares and may be subject to holding requirements Following the grant of awards, Group performance is measured over three years with no award vesting before the third anniversary of the grant	The maximum value of an LTIP award cannot exceed 120 per cent of fixed pay and can be any amount from zero to the maximum	The long-term performance measures may be a mix of financial measures and other long-term strategic measures. Financial measures will comprise at least 50 per cent of the performance measures	Members of the Management Team are also eligible for LTIP awards, assessed on the same performance measures and targets, with awards typically at a lower level
Total variable remuneration (annual incentive and LTIP)	The combined maximum variable opportunity of the annual incentive and the LTIP cannot exceed 200 per cent of fixed pay. The LTIP forms at least 60 per cent of the maximum variable remuneration opportunity so that the majority of variable remuneration is based on long-term performance The same approach for variable remuneration would be followed on the recruitment of an executive director			

Other remuneration

Remuneration element	Operation	Opportunity	Performance required	Alignment with UK employees
Sharesave Provides an opportunity for all employees to invest voluntarily in the Group	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 the invitation to participate	Savings per month of between £5 and the maximum set by the Group which is currently £250	N/A	All employees are eligible to participate on the same basis
Shareholding requirements A requirement for executive directors to hold a specified value of shares for alignment with the interests of shareholders during employment	Executive directors are required to hold a specified level of shares, to be built up over a reasonable time frame from the date of appointment. Under the policy, in 2019 and 2020, the CEO and the CFO are required to hold 250 per cent and 200 per cent of salary in shares, respectively	N/A	N/A	Formal shareholding requirements are operated for the executive directors only. However, other employees hold shares as part of the deferral and retention requirements
Post-employment shareholding requirement	Shares to be held of 100 per cent of the shareholding requirement in place for one year and 50 per cent of the requirement in place for the second year following cessation of employment	N/A	N/A	Policy applies to executive directors only

Additional remuneration disclosures

The following disclosures provide further information and context in relation to executive director remuneration and remuneration for the wider workforce as required by company reporting regulations, corporate governance guidance and institutional investor guidelines. These include the Directors' Remuneration Report Regulations, the UK Corporate Governance Code, Pillar 3 disclosure requirements and the requirements of the Stock Exchange of Hong Kong Limited.

Appropriateness of executive directors' remuneration

Our approach to remuneration is consistent for all employees and is designed to help ensure pay is fair and competitive in line with our Fair Pay Charter. Remuneration for the executive directors, in line with other employees, is reviewed annually against internal and external measures to ensure that levels are appropriate. Further details on the alignment of executive director and wider workforce remuneration is set out on page 138.

Measure	Approach
External market data	• We compete for talent in a global marketplace, with many of our key competitors based outside the UK. We review executive director fixed and variable remuneration levels against a peer group of UK and international banks to ensure that it remains appropriately competitive. Market data used in benchmarking is based on the latest published report and accounts • In addition, we consider their remuneration against FTSE30 companies, with data sourced from an external provider
Internal measures	• As with all employees, executive directors' fixed pay levels are reviewed annually in line with the Group-wide salary increase principles. In addition, we review annually the year-on-year percentage change in remuneration for the executive directors and the wider employee population • Our incentive plans have a clear link to Group and business performance, through published scorecards. The same Group scorecard is set to determine incentives for colleagues including the executive directors • Incentive decisions for colleagues, including the executive directors, are driven by the assessment of individual performance including achievements against personal objectives and conduct • The remuneration structure for executive directors is considered as part of the broader directors' remuneration policy review, which will next be reviewed in 2021
CEO pay ratio	• In line with UK regulations, we annually report pay ratios comparing CEO remuneration to all UK employees • We review year-on-year ratio changes to understand the reasons and appropriateness for such movements • In addition, we review the median ratio against UK FTSE and industry peer averages

The relationship between the remuneration of the Group Chief Executive (CEO) and all UK employees

Ratio of the total remuneration of the CEO to that of the UK lower quartile, median and upper quartile employees

			UK employee remuneration – £000			Pay ratio		
Year	Method	CEO £000	P25	P50	P75	P25	P50	P75
2020	A	3,812	84	128	199	45:1	30:1	19:1
2019	A	5,360	83	128	212	65:1	42:1	25:1
2018	A	6,287	78	124	208	80:1	51:1	30:1
2017	A	4,683	76	121	203	61:1	39:1	23:1

It is expected that the ratio will depend materially on long-term incentive outcomes each year, and accordingly may fluctuate. Therefore, the Committee also discloses the pay ratios covering salary and salary plus annual incentive, as UK employees are eligible to be considered for an annual incentive based on Group, business and individual performance. These show a more consistent ratio over time.

Additional ratios of pay based on salary and salary plus annual incentive

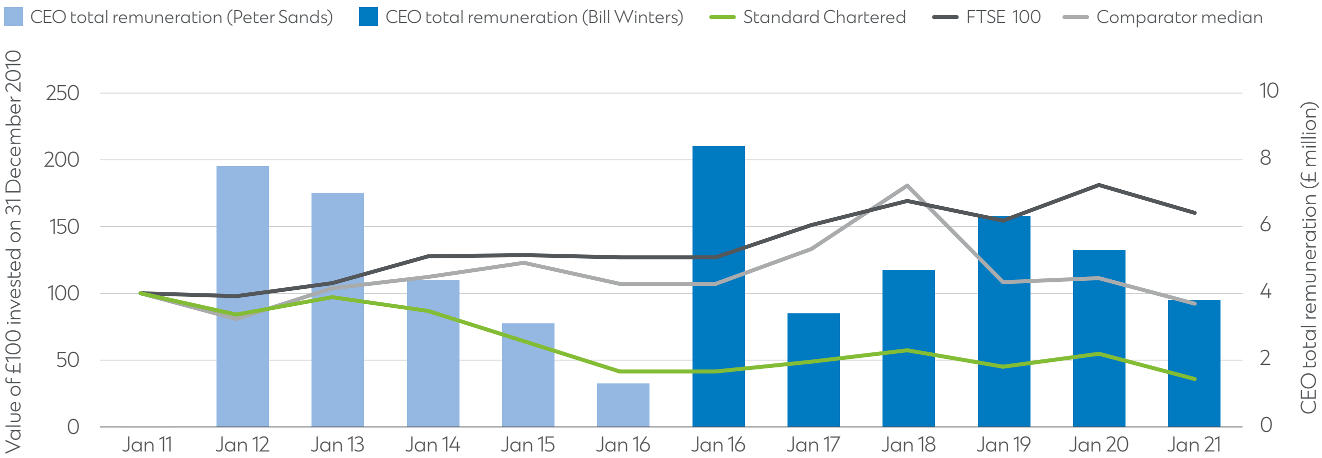
		£000			Pay ratio		
Salary	CEO £000	P25	P50	P75	P25	P50	P75
2020	2,370	63	93	116	38:1	25:1	20:1
2019	2,353	65	90	128	36:1	26:1	18:1
2018	2,300	59	86	142	39:1	27:1	16:1
2017	2,300	55	81	124	42:1	28:1	19:1
Salary plus annual incentive							
2020	2,756	74	104	175	37:1	26:1	16:1
2019	3,604	73	109	187	49:1	33:1	19:1
2018	3,691	72	105	183	52:1	35:1	20:1
2017	3,978	69	103	182	58:1	39:1	22:1

- The pay ratios are calculated using Option A published methodology, in line with investor guidance preference for this option

- Employee pay data is based on full-time equivalent pay for UK employees as at 31 December for the relevant year and excludes leavers, joiners, and employee transfers in or out of the UK during the year, to help ensure data is on a like-for-like basis. Total pay is calculated in line with the single figure methodology (i.e. fixed remuneration accrued during the financial year and variable remuneration relating to the performance year) and data for insured benefits are based on notional premia. No other calculation adjustments or assumptions have been made
- CEO pay is as per the single total figure of remuneration for 2020 and restated for 2019 to take account of the actual LTIP vesting in 2020. Further information on the single total figure is on page 146. The 2020 ratio will be restated in the 2021 directors' remuneration report to take account of the final LTIP vesting data for eligible employees and for the CEO
- The Committee has considered the data for the three individuals identified for 2020 and believes that it is a fair reflection of pay at the relevant quartiles among the UK employee population. Each of the individuals identified was a full-time employee during the year and received remuneration in line with the Group remuneration policy, and none received exceptional pay
- Our LTIP is intended to link total remuneration to the achievement of the Group's long-term strategy and to reinforce alignment between executive remuneration and shareholder interest. As set out on page 138, participation is therefore typically senior employees who have line of sight to influence directly the performance targets on the awards. The lower quartile, median and upper quartile employees identified this year are not participants in the LTIP
- The year-on-year decrease is due to the CEO receiving lower variable remuneration in relation to 2020: an annual incentive award of 18.5 per cent of maximum (55 per cent in 2019) and an LTIP award vesting at 26 per cent (38 per cent in 2019)

Group performance versus the CEO's remuneration

The graph below shows the Group's TSR performance on a cumulative basis over the past 10 years alongside that of the FTSE 100 and peer banks. The graph also shows historical levels of remuneration of the CEO over the 10 years ended 31 December 2020 for comparison. The FTSE 100 provides a broad comparison group against which shareholders may measure their relative returns.



The table below shows the single figure of total remuneration for the CEO since 2011 and the variable remuneration delivered as a percentage of maximum opportunity.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single figure of total remuneration £000										
Peter Sands (CEO until 10 June 2015)	7,779	6,951	4,378	3,093	1,290	–	–	–	–	**–**
Bill Winters (appointed CEO on 10 June 2015)	–	–	–	–	8,399	3,392	4,683	6,287	5,360	**3,812**
Annual incentive as a percentage of maximum opportunity										
Peter Sands	70%	63%	50%	0%	0%	–	–	–	–	**–**
Bill Winters	–	–	–	–	0%	45%	76%	63%	55%	**18.5%**
Vesting of LTIP awards as a percentage of maximum opportunity										
Peter Sands	90%	77%	33%	10%	0%	0%	–	–	–	**–**
Bill Winters	–	–	–	–	–	–	–	27%	38%	**26%**

- Bill's single figure of total remuneration in 2015 includes his buyout award of £6.5 million to compensate for the forfeiture of share interests on joining from his previous employment
- The 2019 single figure for Bill has been restated based on the actual vesting and share price when the 2017-19 LTIP awards vested in March 2020

Annual percentage change in remuneration of directors and employees

UK percentage change in remuneration

In line with our Fair Pay Charter, we monitor year-on-year changes between the movement in salary, benefits and annual incentives for the CEO between performance years compared to the wider workforce. As required under the revised Shareholder Rights Directive we have expanded this to compare the directors of the PLC Board against an average full-time equivalent UK employee. The Shareholder Rights Directive requires this analysis to be undertaken for all individuals employed by Standard Chartered PLC (the parent company). As no individuals are employed by Standard Chartered PLC (they are employed by legal entities which sit below the parent company) we have voluntarily disclosed the comparisons against UK employees as we feel this provides a representative comparison.

	Salary/fees % change 2020	Taxable benefits % change 2020	Annual incentive % change 2020
CEO			
B Winters	**0.7**	**(2.9)**	**(69.2)**
CFO			
A Halford	**3.7**	**30.2**	**(68.2)**
Group Chairman			
J Viñals	**0.0**	**(11.7)**	**–**
Current INEDs			
L Cheung[1]	**–**	**–**	**–**
D P Conner	**(0.6)**	**(57.5)**	**–**
B E Grote	**0.0**	**0.0**	**–**
C M Hodgson, CBE	**0.0**	**28.2**	**–**
G Huey Evans, OBE	**0.0**	**233.9**	**–**
N Kheraj	**0.0**	**7.9**	**–**
N Okonjo-Iweala	**0.0**	**63.6**	**–**
P Rivett[1]	**–**	**–**	**–**
D Tang[2]	**–**	**–**	**–**
C Tong[2]	**–**	**–**	**–**
J M Whitbread	**0.0**	**(49.2)**	**–**
Workforce			
Average FTE UK employee[3,4]	**3.8**	**2.9**	**(22.1)**

1 In 2020: Louis Cheung stepped down from the Board on 25 March and Phil Rivett was appointed to the Board on 6 May

2 In 2019: Carlson Tong and David Tang were appointed to the Board on 21 February and 12 June, respectively

3 Employee data is based on full-time equivalent pay for UK employees as at 31 December of the relevant year. This data excludes leavers, joiners and employee transfers in or out of the UK during the year to help ensure data is on a like-for-like basis. Salary percentage change reflects increases decided at the end of 2019 and implemented in 2020

4 Average FTE UK employee percentage change has been calculated on a mean basis. As the employee population will change yearly and the mean average considers the full range of data, it is expected this will provide a more consistent year-on-year comparison. Any percentage changes impacted by extremes at either end of the data set will be explained in the supporting commentary

For the CEO and CFO and the Group Chairman and INEDs, the data the changes relate to are set out on pages 146 and 150, respectively. The change in taxable benefits relates to the change in the values for the 2019/20 and 2018/19 tax years.

Due to the low value of the taxable benefits received by INEDs, which have not exceeded £7,000 in 2020 (set out on page 150), small changes to these values are expected to cause the percentage change to fluctuate year-on-year.

Scheme interests awarded, exercised and lapsed during the year

Employees, including executive directors, are not permitted to engage in any personal investment strategies with regards to their Company shares, including hedging against the share price of Company shares. The main features of the outstanding shares and awards are summarised below:

Award	Performance measures	Accrues notional dividends?[1]	No. of tranches	Tranche splits	Performance outcome
2016-18	33% – RoE 33% – TSR 33% – Strategic	Yes	5	50% tranche 1 12.5% tranches 2-5	27%
2017-19		Yes	5	5 equal tranches	38%
2018-20		No	5		26%
2019-21	33% – RoTE 33% – TSR 33% – Strategic	No	5		To be assessed at end of 2021
2020-22		No	5		To be assessed at end of 2022

1 2016-18 and 2017-19 LTIP awards may receive dividend equivalent shares based on dividends declared between grant and vest. From 1 January 2017 remuneration regulations for European banks mean that dividend equivalent shares are not permitted to be awarded therefore the number of shares awarded in respect of the 2018-20, 2019-21 and 2020-22 LTIP awards took into account the lack of dividend equivalents (calculated by reference to market consensus dividend yield) such that the overall value of the award was maintained

The following table shows the changes in share interests (audited).

	Share award price (£)	As at 1 January	Awarded[1]	Dividends awarded[2]	Exercised[3]	Lapsed	As at 31 December	Performance period end	Vesting date
		Change in interests during the period 1 January to 31 December 2020							
B Winters[4]									
2016-18 LTIP	5.560	33,506	–	1,466	34,972	–	**–**	11 Mar 2019	4 May 2020
		33,506	–	–	–	–	**33,506**		4 May 2021
		33,506	–	–	–	–	**33,506**		4 May 2022
		33,507	–	–	–	–	**33,507**		4 May 2023
2017-19 LTIP	7.450	118,550	–	3,169	48,218	73,501	**–**	13 Mar 2020	13 Mar 2020
		118,550	–	–	–	73,501	**45,049**		13 Mar 2021
		118,550	–	–	–	73,501	**45,049**		13 Mar 2022
		118,550	–	–	–	73,501	**45,049**		13 Mar 2023
		118,551	–	–	–	73,502	**45,049**		13 Mar 2024
2018-20 LTIP	7.782	108,378	–	–	–	–	**108,378**	9 Mar 2021	9 Mar 2021
		108,378	–	–	–	–	**108,378**		9 Mar 2022
		108,378	–	–	–	–	**108,378**		9 Mar 2023
		108,378	–	–	–	–	**108,378**		9 Mar 2024
		108,379	–	–	–	–	**108,379**		9 Mar 2025
2019-21 LTIP	6.105	133,065	–	–	–	–	**133,065**	11 Mar 2022	11 Mar 2022
		133,065	–	–	–	–	**133,065**		11 Mar 2023
		133,065	–	–	–	–	**133,065**		11 Mar 2024
		133,065	–	–	–	–	**133,065**		11 Mar 2025
		133,067	–	–	–	–	**133,067**		11 Mar 2026
2020-22 LTIP	5.196	–	161,095	–	–	–	**161,095**	9 Mar 2023	9 Mar 2023
		–	161,095	–	–	–	**161,095**		9 Mar 2024
		–	161,095	–	–	–	**161,095**		9 Mar 2025
		–	161,095	–	–	–	**161,095**		9 Mar 2026
		–	161,095	–	–	–	**161,095**		9 Mar 2027
A Halford[4,5]									
2016-18 LTIP	5.560	20,008	–	874	20,882	–	**–**	11 Mar 2019	4 May 2020
		20,008	–	–	–	–	**20,008**		4 May 2021
		20,008	–	–	–	–	**20,008**		4 May 2022
		20,009	–	–	–	–	**20,009**		4 May 2023
2017-19 LTIP	7.450	73,390	–	1,962	29,850	45,502	**–**	13 Mar 2020	13 Mar 2020
		73,390	–	–	–	45,502	**27,888**		13 Mar 2021
		73,390	–	–	–	45,502	**27,888**		13 Mar 2022
		73,390	–	–	–	45,502	**27,888**		13 Mar 2023
		73,394	–	–	–	45,504	**27,890**		13 Mar 2024
2018-20 LTIP	7.782	67,108	–	–	–	–	**67,108**	9 Mar 2021	9 Mar 2021
		67,108	–	–	–	–	**67,108**		9 Mar 2022
		67,108	–	–	–	–	**67,108**		9 Mar 2023
		67,108	–	–	–	–	**67,108**		9 Mar 2024
		67,108	–	–	–	–	**67,108**		9 Mar 2025
2019-21 LTIP	6.105	85,094	–	–	–	–	**85,094**	11 Mar 2022	11 Mar 2022
		85,094	–	–	–	–	**85,094**		11 Mar 2023
		85,094	–	–	–	–	**85,094**		11 Mar 2024
		85,094	–	–	–	–	**85,094**		11 Mar 2025
		85,096	–	–	–	–	**85,096**		11 Mar 2026
2020-22 LTIP	5.196	–	99,976	–	–	–	**99,976**	9 Mar 2023	9 Mar 2023
		–	99,976	–	–	–	**99,976**		9 Mar 2024
		–	99,976	–	–	–	**99,976**		9 Mar 2025
		–	99,976	–	–	–	**99,976**		9 Mar 2026
		–	99,977	–	–	–	**99,977**		9 Mar 2027
Sharesave	4.980	1,807	–	–	–	–	**1,807**	–	1 Dec 2022

1 For the 2020-22 LTIP awards granted to Bill Winters and Andy Halford on 9 March 2020; the values granted were Bill Winters: £3.4 million; Andy Halford: £2.1 million. Performance measures apply to 2020-22 LTIP awards. The share price at grant was the closing price on the day before the grant date (further details are included in Note 31, Share-based payments on pages 392 to 396)

2 On 31 March 2020 Standard Chartered announced that in response to the request from the PRA and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, the Board decided to withdraw the recommendation to pay a final dividend for 2019. 1,200 dividend equivalent shares allocated to Bill's 2017-19 LTIP award tranche vesting in March 2020 and 742 allocated to Andy's 2017-19 LTIP award tranche vesting in March 2020 relating to the cancelled dividend will therefore be deducted from the calculation of dividend equivalent shares to be allocated to shares vesting in March 2021. Dividend equivalent shares allocated to the 2016-18 LTIP award tranche vesting in May 2020 did not include any shares relating to the cancelled dividend

3 On 20 March 2020, Bill Winters exercised the 2017-19 LTIP award over a total of 48,218 shares. On 20 March 2020, Andy Halford exercised the 2017-19 LTIP award over a total of 29,850 shares. The closing share price on the day before exercise was £4.512. On 4 May 2020, Bill Winters exercised the 2016-18 LTIP award over a total of 34,972 shares. On 4 May 2020, Andy Halford exercised the 2016-18 LTIP award over a total of 20,882 shares. The closing share price on the day before exercise was £4.085

4 The unvested share awards held by Bill Winters and Andy Halford are conditional rights under the 2011 Plan. They do not have to pay towards these awards

5 The unvested Sharesave option held by Andy Halford is an option granted on 1 October 2019 under the 2013 Plan – to exercise this option, Andy has to pay an exercise price of £4.98 per share, which has been discounted by 20 per cent

As at 31 December 2020, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Shareholder dilution

All awards vesting under the Group's share plans are satisfied by the transfer of existing shares or, where appropriate, the issuance of new shares. The Group's share plans contain monitored limits that govern both the aggregate amount of awards that may be granted and the amount of shares that may be issued to satisfy any subsequent exercise of awards. These limits are in line with those stated in the Investment Association's Principles of Remuneration and the terms of our listing on The Stock Exchange of Hong Kong Limited.

The Group has two employee benefit trusts that are administered by independent trustees and which hold shares to meet various obligations under the Group's share plans. As each executive director is within the class of beneficiary of these trusts, they are deemed, for the purposes of the Companies Act 2006, to have an interest in the trusts' shares.

Details of the trusts' shareholdings are set out in Note 28 to the financial statements on **page 383**

Historical LTIP awards

The current position on vesting for all unvested LTIP awards from the 2018 and 2019 performance years based on current performance and share price as at 31 December 2020 is set out in the tables below. The TSR peer group for both awards is as set out on page 149.

Current position on the 2019-21 LTIP award: projected partial vesting

Measure	Weighting	Performance for minimum vesting (25%)	Performance for maximum vesting (100%)	2019-21 LTIP assessment as at 31 December 2020
RoTE in 2021 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	One-third	8.0%	11.0%	RoTE below threshold therefore indicative 0% vesting
Relative TSR performance against the peer group	One-third	Median	Upper quartile	TSR positioned below the median therefore indicative 0% vesting
Strategic measures	One-third	Targets set for strategic measures linked to the business strategy		Tracking above target performance therefore indicative partial vesting

Current position on the 2020-22 LTIP award: projected partial vesting

Measure	Weighting	Performance for minimum vesting (25%)	Performance for maximum vesting (100%)	2020-22 LTIP assessment as at 31 December 2020
RoTE in 2022 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	One-third	8.5%	11.0%	RoTE below threshold therefore indicative 0% vesting
Relative TSR performance against the peer group	One-third	Median	Upper quartile	TSR positioned below the median therefore indicative 0% vesting
Strategic measures	One-third	Targets set for strategic measures linked to the business strategy		Tracking above target performance therefore indicative partial vesting

The Committee assesses the value of LTIP awards on vesting and has the flexibility to adjust if the formulaic outcome is not considered to be an appropriate reflection of the performance achieved and to avoid windfall gains.

The approach used to determine Group-wide total discretionary incentives in 2020 is explained on page 142 of this report. The following tables show the income statement charge for these incentives.

Income statement charge for Group discretionary incentives

	2020 $million	2019 $million
Total discretionary incentives	**990**	1,278
Less: deferred discretionary incentives that will be charges in future years	**(129)**	(155)
Plus: current year charge for deferred discretionary incentives from prior years	**122**	123
Total	**983**	1,246

	Actual		Expected	
Year in which income statement is expected to reflect deferred discretionary incentives	2019 $million	2020 $million	2021 $million	2022 and beyond $million
Discretionary incentives deferred from 2018 and earlier	113	**38**	24	16
Discretionary incentives deferred from 2019	64	**63**	40	33
Discretionary incentives deferred from 2020		**43**	53	68
Total	177	**144**	117	117

Allocation of the Group's earnings between stakeholders

When considering Group variable remuneration, the Committee takes account of shareholders' concerns about relative expenditure on pay and determines the allocation of earnings to expenditure on remuneration carefully, and has approached this allocation in a disciplined way over the past five years. The table below shows the distribution of earnings between stakeholders over the past five years. The amount of corporate tax, including the bank levy, is included in the table because it is a significant payment and illustrates the Group's contribution through the tax system.

	Actual					Allocation				
	2020 $million	2019 $million	2018 $million	2017 $million	2016 $million	2020 %	2019 %	2018 %	2017 %	2016 %
Staff costs	**6,886**	7,122	7,074	6,758	6,303	**85**	74	75	83	87
Corporate taxation including levy	**1,193**	1,720	1,763	1,367	983	**15**	18	19	17	13
Paid to shareholders in dividends	**0**	720	561	0	0	**0**	8	6	0	0

Approach to risk adjustment

Individual remuneration is aligned with our long-term interests and the time frame over which financial risks crystallise:

- For relevant colleagues, a proportion of variable remuneration being delivered in the form of deferred awards: having an appropriate level of variable remuneration deferred for a sufficient period of time to which risk adjustments can be applied
- The potential application of performance adjustment through: diminution in the value of any deferred variable remuneration award through non-vesting due to performance measures and share price movement until vesting

The operation of in-year adjustments, malus and clawback is summarised in the following table:

	Criteria includes	Application
Individual level	• Deemed to have (i) caused in full or in part a material loss for the Group as a result of reckless, negligent or wilful actions or (ii) exhibited inappropriate behaviours or (iii) applied a lack of appropriate supervision and due diligence • The individual failed to meet appropriate standards of fitness and propriety	• In-year adjustment, malus and clawback may be applied to all or part of an award at the Committee's discretion
Business unit and/or Group level	• Material restatement of the Group's financials • Significant failure in risk management • Discovery of endemic problems in financial reporting • Financial losses, due to a material breach of regulatory guidelines • The exercise of regulatory or government action to recapitalise the Group following material financial losses	• In-year adjustment, malus and clawback may be applied to all or part of an award at the Committee's discretion

Pillar 3 disclosures on material risk takers' remuneration and disclosures on the highest-paid employees

Identification of material risk takers

Individuals have been identified as material risk takers in accordance with the quantitative and qualitative criteria set out in the European Banking Authority's Regulatory Technical Standard (EU 604/2014 adopted by the PRA that came into force in June 2014). Material risk takers are identified on a (i) Standard Chartered PLC (Group) and (ii) solo level consolidated entities under Standard Chartered Bank UK (Solo) basis.

Quantitative criteria

The quantitative criteria identify employees 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 employees on a Group or Solo 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 employees

Employees identified by only the quantitative criteria can be excluded from being identified as material risk takers if it can be evidenced that they do not have the ability to have a material impact on the risk profile of the Group or the Solo entity.

Qualitative criteria

The qualitative criteria broadly identifies the following employees:

- Directors (both executive 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 or Financial Conduct Authority (FCA) Senior Manager Regime
  - A member of the Group Management Team and the Solo Management Team
- The level beneath the Management Teams
- Senior employees within the Audit, Compliance, Legal and Risk functions
- Senior employees within material business units
- Employees who are members of specific committees
- Employees 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

For the purpose of the Pillar 3 tables on pages 164 and 165, unless otherwise stated, senior management is defined as directors of Standard Chartered PLC (both executive and non-executive), senior managers under the PRA or FCA Senior Manager Regime and members of the Group Management Team.

Material risk takers' remuneration delivery

Remuneration for material risk takers was delivered in 2020 through a combination of salary, pension, benefits and variable remuneration.

Variable remuneration for material risk takers is structured in line with the PRA and FCA's remuneration rules. For the 2020 performance year, the following structure applies to variable remuneration awarded to material risk takers in accordance with the regulations:

- At least 40 per cent of a material risk taker's variable remuneration will be deferred over a minimum period of three years depending on the category of material risk taker
- Non-deferred variable remuneration will be delivered 50 per cent in shares, subject to a minimum 12-month retention period, and 50 per cent in cash
- At least 50 per cent of deferred variable remuneration will be delivered entirely in shares, subject to a minimum 12-month retention period (with the exception of deferred shares awarded to risk managers, which are subject to a six-month minimum retention period) in line with the regulations
- For some material risk takers, part of their 2020 variable remuneration may be in share awards which vest after a minimum of three years, subject to the satisfaction of performance measures
- Variable remuneration awards are subject to remuneration adjustment provisions. 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
- Material risk takers are subject to the 2:1 maximum ratio of variable to fixed remuneration

Some material risk takers had been scheduled to receive the cash portion of their incentives after 31 March 2020, when the PRA issued their statement in relation to cash bonuses in response to COVID-19. This was after the main scheduled delivery of cash incentives in the March 2020 payroll. Where this was the case, share-based payments replaced outstanding cash incentive awards that would otherwise have been paid to material risk takers in the period April to December 2020. Such share-based payments were funded through existing shares held in the employee benefit trust.

Material risk takers' deferred variable remuneration delivery

	Year 0 (grant) March 2021	Year 1 March 2022	Year 2 March 2023	Year 3 March 2024	Year 4 March 2025	Year 5 March 2026	Year 6 March 2027	Year 7 March 2028
Senior managers				Minimum of 40% of 2020 variable remuneration				
Risk managers		Minimum of 40% of 2020 variable remuneration						
Other material risk takers		Minimum of 40% of 2020 variable remuneration						

Material risk takers' deferred remuneration in 2020

	Senior management $000			All other material risk takers $000		
	Total	Cash	Shares	**Total**	Cash	Shares
Start of the year (1 January):						
Unvested	**95,828**	11,240	84,588	**274,009**	96,046	177,963
Vested and unexercised	**119**	–	119	**6,685**	–	6,685
Impact of changes to material risk taker population including leavers during 2019 and joiners in 2020	**(6,004)**	(704)	(5,300)	**(5,686)**	(1,455)	(4,231)
Start of the year (1 January) (after adjustments):						
Unvested	**89,943**	10,536	79,407	**268,075**	94,591	173,484
Vested and unexercised	**–**	–	–	**6,933**	–	6,933
Awarded during the year	**37,849**	6,171	31,678	**187,048**	71,949	115,099
Total reduction during the year due to malus or clawback; or performance measures not being met	**(6,361)**	–	(6,361)	**(5,371)**	(2,959)	(2,412)
Total deferred remuneration paid out in the financial year	**(6,788)**	(696)	(6,092)	**(98,208)**	(36,788)	(61,420)
Close of the year (31 December):						
Unvested	**114,643**	16,011	98,632	**351,097**	126,793	224,304
Vested and unexercised	**–**	–	–	**7,380**	–	7,380

Material risk takers' 2020 fixed and variable remuneration

	Senior management $000	All other material risk takers $000
Fixed remuneration[1]		
Number of employees	27	778
Total fixed remuneration	36,712	349,588
Cash-based	34,566	349,588
Of which deferred	–	–
Shares or other share-linked instruments	2,146	–
Of which deferred	–	–
Other forms	–	–
Of which deferred	–	–
Variable remuneration[2,3]		
Number of employees	16	739
Total variable remuneration	41,302	224,869
Cash-based	9,703	121,459
Of which deferred	2,868	49,956
Shares or other share-linked instruments	31,599	103,410
Of which deferred	23,957	49,776
Other forms	–	–
Of which deferred	–	–
Total remuneration	**78,014**	**574,457**

1 Fixed remuneration includes salary, cash allowances, benefits and pension, in the case of the Chairman and INEDs, any fees

2 For some material risk takers, part of their 2020 variable remuneration may be delivered in share awards, with vesting subject to performance measures. These awards are shown on a face value basis. As the Chairman and INEDs are not eligible to receive variable remuneration they are not included in this data

3 The ratio between fixed and variable remuneration for all material risk takers in 2020 was 1:0.69

Material risk takers' aggregate 2020 remuneration by business

	Corporate & Institutional Banking $000	Commercial Banking $000	Private Banking[1] $000	Retail Banking $000	Central management & other[2] $000
2020	**327,895**	**5,134**	**24,159**	**14,556**	**280,727**

1 Private Banking includes Wealth Management

2 Central management & other includes Group executive directors, the Chairman, INEDs, control functions, support functions and central roles

Material risk takers' sign-on and severance payments in 2020

	Senior management		All other material risk takers	
	Number of employees	Total amount $000	Number of employees	Total amount $000
Sign-on payments	–	–	–	–
Guaranteed incentives	–	–	–	–
Severance payments	–	–	–	–

Remuneration at or above EUR1 million

The table below is prepared in accordance with Article 450 of the Capital Requirements Regulation.

Remuneration band EUR	Number of employees
1,000,000 – 1,500,000	90
1,500,001 – 2,000,000	21
2,000,001 – 2,500,000	12
2,500,001 – 3,000,000	6
3,000,001 – 3,500,000	3
3,500,001 – 4,000,000	7
4,000,001 – 4,500,000	1
5,000,001 – 6,000,000	1
7,000,001 – 8,000,000	1
8,000,001 – 9,000,000	1
9,000,001 – 10,000,000	1
Total	**144**

Remuneration of the five highest-paid individuals and the remuneration of senior management

In line with the requirements of the Stock Exchange of Hong Kong Limited, the following table sets out, on an aggregate basis, the annual remuneration of (i) the five highest-paid employees; and (ii) senior management for the year ended 31 December 2020.

Components of remuneration	Five highest paid[1] $000	Senior management[2] $000
Salary, cash allowances and benefits in kind	14,650	24,342
Pension contributions	351	1,400
Variable remuneration awards paid or receivable	22,669	33,953
Payments made on appointment	3,125	–
Remuneration for loss of office (contractual or other)	–	–
Other	–	–
Total	**40,795**	**59,695**
Total HK dollar equivalent	**316,415**	**463,011**

1 The five highest-paid individuals include Bill Winters

2 Senior management comprises the executive directors and the members of the Group Management Team at any point during 2020

The table below shows the emoluments of (i) the five highest-paid employees; and (ii) senior management for the year ended 31 December 2020.

		Number of employees	
Remuneration band HKD	**Remuneration band USD equivalent**	**Five highest paid**	**Senior management[1]**
18,500,001 – 19,000,000	2,385,158 – 2,449,622	–	1
21,000,001 – 21,500,000	2,707,477 – 2,771,940	–	1
24,000,001 – 24,500,000	3,094,259 – 3,158,723	–	1
25,000,001 – 25,500,000	3,223,186 – 3,287,650	–	1
27,500,001 – 28,000,000	3,545,505 – 3,609,969	–	1
29,500,001 – 30,000,000	3,803,360 – 3,867,824	–	1
33,000,001 – 33,500,000	4,254,606 – 4,319,070	–	1
33,500,001 – 34,000,000	4,319,070 – 4,383,533	–	1
34,500,001 – 35,000,000	4,447,997 – 4,512,461	–	2
39,500,001 – 40,000,000	5,092,634 – 5,157,098	–	1
45,500,001 – 46,000,000	5,866,199 – 5,930,663	1	–
48,500,001 – 49,000,000	6,252,981 – 6,317,445	1	–
62,500,001 – 63,000,000	8,057,966 – 8,122,429	1	1
76,500,001 – 77,000,000	9,862,950 – 9,927,414	1	1
82,000,001 – 82,500,000	10,572,051 – 10,636,515	1	–
Total		**5**	**13**

1 Senior management comprises the executive directors and the members of the Group Management Team at any point during 2020

The exchange rates used in this report

Unless an alternative exchange rate is detailed in the notes to the relevant table, the exchange rates used to convert the disclosures to US dollars are set out in the table below.

	2020	2019
EUR	**0.8827**	0.8930
GBP	**0.7833**	0.7858
HKD	**7.7563**	7.8387

C Hodgson

Christine Hodgson
Chair of the Remuneration Committee

25 February 2021

Other disclosures

The Directors' report for the year ended 31 December 2020 comprises pages 82 to 177 of this report (together with the sections of the Annual Report incorporated by reference). The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its Strategic report that would otherwise be disclosed in this Directors' report. Both the Strategic report and the Directors' report have been drawn up and presented in accordance with English company law, and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law. Other information to be disclosed in the Directors' report is given in this section. In addition to the requirements set out in the Disclosure Guidance and Transparency Rules relating to the Annual Report, information required by UK Listing Rule 9.8.4 to be included in the Annual Report, where applicable, is set out in the table below and cross-referenced.

Information to be included in the Annual Report (UK Listing Rules 9.8.4)

Relevant Listing Rule	Pages
LR 9.8.4 (1) (2) (5-14) (A) (B)	**N/A**
LR 9.8.4 (4)	**145, 148 and 149**

Principal activities

Standard Chartered is a leading international banking group, with over 160 years of history in some of the world's most dynamic markets. Our purpose is driving commerce and prosperity through our unique diversity. The Group's roots in trade finance and commercial banking have been at the core of its success throughout its history, but the Group is now more broadly based across Retail Banking in its footprint markets in Asia, Africa and the Middle East. The Group operates in the UK and overseas through a number of subsidiaries, branches and offices.

Further details on our business, including key performance indicators, can be found within the **Strategic report**

Fair, balanced and understandable

On behalf of the Board, the Audit Committee has reviewed the Annual Report and the process by which the Group believes that the Annual Report, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position and performance, strategy and business model of the Group. Following its review, the Audit Committee has advised the Board that such a statement can be made in the Annual Report.

Events after the balance sheet date

For details on post balance sheet events, see Note 37 to the financial statements.

Code for Financial Reporting Disclosure

The Group's 2020 financial statements have been prepared in accordance with the principles of the UK Finance Disclosure Code for Financial Reporting Disclosure.

Disclosure of information to auditor

As far as the directors are aware, there is no relevant audit information of which the Group statutory auditor, EY is unaware. The directors have taken all reasonable steps to ascertain any relevant audit information and ensure that the Group statutory auditors are aware of such information.

Viability and going concern

Having made appropriate enquiries, the Board is satisfied that the Company and the Group as a whole have adequate resources to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of this report and therefore continue to adopt the going concern basis in preparing the financial statements.

The directors' viability statement in respect to the Group can be found in the Strategic report on pages 78 and 79, while the directors' going concern considerations of the Group can be found on page 306.

Sufficiency of public float

As at the date of this report, the Company has maintained the prescribed public float under the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the Hong Kong Listing Rules), based on the information publicly available to the Company and within the knowledge of the directors.

Research and development

During the year, the Group invested $1.59 billion (2019: $1.60 billion) in research and development, primarily relating to the planning, analysis, design, development, testing, integration, deployment and initial support of technology systems.

Political donations

The Group has a policy in place which prohibits donations being made that would: (i) improperly influence legislation or regulation, (ii) promote political views or ideologies, and (iii) fund political causes. In alignment to this, no political donations were made in the year ended 31 December 2020.

Directors and their interests

The membership of the Board, together with their biographical details, are given on pages 83 to 86. Details of the directors' beneficial and non-beneficial interests in the ordinary shares of the Company are shown in the Directors' remuneration report on pages 133 to 166. The Group operates a number of share-based arrangements for its directors and employees.

Details of these arrangements are included in the Directors' remuneration report and in Note 31 to the financial statements

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Hong Kong Listing Rules and still considers all of the non-executive directors to be independent.

At no time during the year did any director hold a material interest in any contracts of significance with the Company or any of its subsidiary undertakings.

In accordance with the Companies Act 2006, we have established a process requiring directors to disclose proposed outside business interests before any are entered into. This enables prior assessment of any conflict or potential conflict of interest and any impact on time commitment. On behalf of the Board, the Governance and Nomination Committee reviews existing conflicts of interest annually to consider if they continue to be conflicts of interest, and also to revisit the terms upon which they were determined to be. The Board is satisfied that our processes in this respect continue to operate effectively.

Subject to company law, the Articles of Association and the authority granted to directors in general meeting, the directors may exercise all the powers of the Company and may delegate authorities to committees. The Articles of Association contain provisions relating to the appointment, re-election and removal of directors. Newly appointed directors retire at the AGM following appointment and are eligible for election. All directors are nominated for annual re-election by shareholders subject to continued satisfactory performance based upon their annual assessment.

Non-executive directors are appointed for an initial period of one year and, subject to (re)election by shareholders at AGMs. In line with the UK Corporate Governance Code 2018, all directors will stand for annual (re)election at the 2021 AGM.

The Company has granted indemnities to all of its directors on terms consistent with the applicable statutory provisions. Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the financial year ended 31 December 2020 and remain in force at the date of this report.

Qualifying pension scheme indemnities

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2020 for the benefit of the UK's pension fund corporate trustee (Standard Chartered Trustees (UK) Limited), and remain in force at the date of this report.

Significant agreements

The Company is not party to any significant agreements that would take effect, alter or terminate following a change of control of the Company. The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share schemes and plans may cause options and awards granted to employees under such schemes and plans to vest on a takeover.

Future developments in the business of the Group

An indication of likely future developments in the business of the Group is provided in the Strategic report.

Results and dividends

2020: no interim dividend paid (2019: paid interim dividend of 7 cents per ordinary share)
2020: proposed final dividend of 9 cents per ordinary share (2019: no final dividend paid)
2020: total dividend of 9 cents per ordinary share (2019: total dividend, 7 cents per ordinary share)

Share capital

The issued ordinary share capital of the Company was reduced by a total of 40,029,585 over the course of 2020. This was due to the cancellation of ordinary shares as part of the Company's share buy-back programme. No ordinary shares were issued during the year. The Company has one class of ordinary shares, which carries no rights to fixed income. On a show of hands, each member present has the right to one vote at our general meetings. On a poll, each member is entitled to one vote for every $2 nominal value of share capital held.

The issued nominal value of the ordinary shares represents 85.5 per cent of the total issued nominal value of all share capital. The remaining 14.5 per cent comprises preference shares, which have preferential rights to income and capital but which, in general, do not confer a right to attend and vote at our general meetings.

Further details of the Group's share capital can be found in Note 28 to the financial statements

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. There are no specific restrictions on voting rights and the directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Articles of Association

The Articles of Association may be amended by special resolution of the shareholders. Shareholders approved, by special resolution, new Articles of Association at the 2020 AGM.

A copy of the Company's new Articles of Association can be found on our website here **sc.com/investors**

The principal changes to the Company's Articles of Association are summarised in Appendix 2 of the Notice of AGM 2020 which can be found on our website here **sc.com/agm**

Authority to purchase own shares

At the AGM held on 6 May 2020, our shareholders renewed the Company's authority to make market purchases of up to 317,956,410 ordinary shares, equivalent to approximately 10 per cent of issued ordinary shares as at 13 March 2020, and up to all of the issued preference share capital.

The authority to make market purchases up to 10 per cent of issued ordinary share capital was used during the year through the buy-back programme announced in February 2020. This was utilised to reduce the number of ordinary shares in issue and as part of the Group's approach to dividend growth and capital returns. In response to a request from the PRA and as a consequence of the impact of the COVID-19 pandemic, the Board decided to suspend the buy-back programme in March 2020. The share buy-back programme was launched on 2 March 2020 and ended on 31 March 2020. A total of 40,029,585 ordinary shares with a nominal value of $0.50 were re-purchased for an approximate aggregate consideration paid of $242 million.

A monthly breakdown of the shares purchased during the period including the lowest and highest price paid per share is set out in Note 28 to the financial statements. All ordinary shares which were bought back were cancelled.

In accordance with the terms of a waiver granted by The Stock Exchange of Hong Kong Limited (HKSE) as subsequently modified, the Company will comply with the applicable law and regulation in the UK in relation to holding of any shares in treasury and with the conditions of granting the waiver by the HKSE. No treasury shares were held during the year.

Further details can be found in Note 28 to the financial statements

Authority to issue shares

The Company is granted authority to issue shares by the shareholders at its AGM. The size of the authorities granted depends on the purposes for which shares are to be issued and is within applicable legal and regulatory requirements.

Major interests in shares and voting rights

As at 31 December 2020, Temasek Holdings (Private) Limited (Temasek) is the only shareholder that has an interest of more than 10 per cent in the Company's issued ordinary share capital carrying a right to vote at any general meeting.

Information provided to the Company pursuant to the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website.

As at 19 February 2021, the Company has been notified of the following information, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital. The information provided in the table below was correct at the date of notification; however, the date received may not have been within 2020. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Shareholder rights

Under the Companies Act 2006, shareholders holding 5 per cent or more of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company are able to require the directors to hold a general meeting.

A request may be in hard copy or electronic form and must be authenticated by the shareholders making it. Where such a request has been duly lodged with the Company, the directors are obliged to call a general meeting within 21 days of becoming subject to the request and must set a date for the meeting not more than 28 days from the date of the issue of the notice convening the meeting.

Under the Companies Act 2006, shareholders holding 5 per cent or more of the total voting rights at an AGM of the Company, or 100 shareholders entitled to vote at the AGM with an average of at least £100 paid-up share capital per shareholder, are entitled to require the Company to circulate a resolution intended to be moved at the Company's next AGM. Such a request must be made not later than six weeks before the AGM to which the request relates or, if later, the time notice is given of the AGM. The request may be in hard copy or electronic form, must identify the resolution of which notice is to be given and must be authenticated by the shareholders making it.

Shareholders are also able to put forward proposals to shareholder meetings and enquiries to the Board and/or the Senior Independent Director by using the 'contact us' information on the Company's website **sc.com** or by emailing the Group Corporate Secretariat at **group-corporate.secretariat@sc.com**

Notifiable interests	Ordinary shares	Percentage of capital disclosed	Nature of holding as per disclosure
Temasek Holdings (Private) Limited	**510,451,383**	**16.01**	**Indirect**
BlackRock Inc.	**183,640,172**	**5.55**	**Indirect (5.01%)** **Securities Lending (0.39%)** **Contracts for Difference (0.14%)**
Norges Bank	**123,929,776**	**3.93**	**Direct**

Related party transactions

Details of transactions with directors and officers and other related parties are set out in Note 36 to the financial statements.

Connected/continuing connected transactions

By virtue of its shareholding of over 10 per cent in the Company, Temasek and its associates are related parties and connected persons of the Company for the purposes of the UK Listing Rules and the Hong Kong Listing Rules, respectively (together 'the Rules'). The Rules are intended to ensure that there is no favourable treatment to Temasek or its associates to the detriment of other shareholders in the Company. Unless transactions between the Group and Temasek or its associates are specifically exempt under the Rules or are subject to a specific waiver, they may require a combination of announcements, reporting and independent shareholders' approval.

On 27 December 2018, the HKSE extended a waiver ('the Waiver') it previously granted to the Company for the revenue banking transactions with Temasek which do not fall under the passive investor exemption (the Passive Investor Exemption) under Rules 14A.99 and 14A.100. Under the Waiver, the HKSE agreed to waive the announcement requirement, the requirement to enter into a written agreement and set an annual cap and the reporting (including annual review) requirements under Chapter 14A for the three-year period ending 31 December 2021 on the conditions that:

a) The Company will disclose details of the Waiver (including nature of the revenue banking transactions with Temasek and reasons for the Waiver) in subsequent annual reports, and

b) The Company will continue to monitor the revenue banking transactions with Temasek during the three years ending 31 December 2021 to ensure that the 5 per cent threshold for the revenue ratio will not be exceeded

The main reasons for seeking the Waiver were:

- The nature and terms of revenue banking transactions may vary and evolve over time; having fixed-term written agreements would not be suitable to accommodate the various banking needs of the Company's customers (including Temasek) and would be impractical and unduly burdensome
- It would be impracticable to estimate and determine an annual cap on the revenue banking transactions with Temasek as the volume and aggregate value of each transaction are uncertain and unknown to the Company as a banking group due to multiple factors including market driven factors
- The revenues generated from revenue banking transactions were insignificant. Without a waiver from the HKSE or an applicable exemption, these transactions would be subject to various percentage ratio tests which cater for different types of connected transactions and as such may produce anomalous results

For the year ended 31 December 2020, the Group provided Temasek with money market placement products and services that were revenue transactions in nature. As a result of the Passive Investor Exemption and the Waiver, the vast majority of the Company's transactions with Temasek and its associates fall outside of the connected transactions regime. However, non-revenue transactions with Temasek or any of its associates continue to be subject to monitoring for connected transaction issues. The Company confirms that:

- The revenue banking transactions entered into with Temasek in 2020 were below the 5 per cent threshold for the revenue ratio test under the Hong Kong Listing Rules, and
- It will continue to monitor revenue banking transactions with Temasek during the three years ending 31 December 2021 to ensure that the 5 per cent threshold for the revenue ratio will not be exceeded

The Company therefore satisfied the conditions of the Waiver.

Non-revenue transaction with Temasek

Temasek and the Group entered into the following non-revenue transaction during the year ended 31 December 2020, in respect of which an announcement was published by the Company on 26 March 2020 (the Announcement).

On 26 March 2020, the Company, through its wholly-owned subsidiary, Standard Chartered Bank (Singapore) Limited (SCBSL), entered into the investment agreement (Investment Agreement) with Clifford Capital Holdings Pte. Ltd. (CCH), the special purpose vehicles wholly owned by Temasek, namely, Kovan Investments Pte. Ltd. and Aranda Investments Pte. Ltd. (Temasek SPVs) and DBS Bank Ltd., Sumitomo Mitsui Banking Corporation, Prudential Assurance Company Singapore (Pte) Limited, John Hancock Life Insurance Company (U.S.A.) (collectively the Other Transaction Parties), pursuant to which SCBSL (i) agreed to swap its existing shares in Clifford Capital Pte. Ltd. (CCPL) for ordinary shares in the capital of CCH (CCH Shares) at a 1:1 exchange ratio and (ii) committed to contribute additional funds to CCH up to a total amount of $43,438,824 by way of subscription for CCH Shares as and when called by CCH within the period commencing on 26 March 2020 and ending on 31 December 2025 (the Commitment Period) at a price of $1.6775 per CCH Share. Such additional funds will be utilised to support further business growth at CCPL and the expansion of new business lines under CCH.

The principal terms of the Investment Agreement are as follows:

i. SCBSL will sell its shares in CCPL to CCH for the aggregate amount of $33,705,585.94, such amount to be wholly satisfied by (i) the allotment and issue of 22,770,000 CCH Shares to SCBSL and (ii) the transfer of 99 incorporation CCH Shares from the CCH company secretary to SCBSL;

ii. SCBSL undertakes to contribute additional funds in the total amount of $43,438,824 to CCH by way of subscription for CCH Shares as and when called by CCH during the Commitment Period;

iii. SCBSL currently holds 9.9% of CCPL. Following completion of the steps in (i) above, SCBSL will hold 9.9% of CCH. Following completion of the steps in (ii) above, SCBSL is anticipated to maintain a 9.9% holding in CCH; and

iv. failure to subscribe for CCH Shares as and when called by CCH will result in SCBSL's shareholding in CCH being diluted and will entitle other shareholders to acquire its CCH Shares at a discount to the lower of fair market value and book value.

On 26 March 2020, SCBSL also entered into the shareholders' agreement (Shareholders' Agreement) between CCH, the Temasek SPVs and the Other Transaction Parties. The Shareholders' Agreement contains terms and shareholder rights customary for transactions of this nature, including as to board representation, voting, transfer restrictions and exit provisions. SCBSL's material rights in this regard include:

i. the right to appoint a director for so long as it holds 5% or more of the CCH Shares (see subsequent changes to this right below);

ii. customary pre-emptive rights to subscribe, on a pro rata basis, for new equity securities to be issued by CCH;

iii. a right of first refusal in respect of the transfer of CCH Shares by other shareholders; and

iv. a tag along right in the event of a sale by one of the Temasek SPVs that would result in the occurrence of certain events.

Any sale of CCH Shares by SCBSL will be subject to customary pre-emptive rights in favour of the other shareholders. As Temasek and its associates are connected persons of the Company, and by virtue of Temasek holding more than 30% of the issued share capital of CCH and CCPL, CCH and CCPL are connected persons of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the entry into the Investment Agreement and the Shareholders' Agreement between SCBSL, CCH, the Temasek SPVs and the Other Transaction Parties constitutes a connected transaction for the Company.

Subsequent to the Announcement, Asian Development Bank (ADB) made a commitment to invest $95 million into CCH on 8 September 2020, pursuant to which SCBSL entered into a restated and amended Investment Agreement and Shareholders' Agreement with CCH, the Temasek SPVs, ADB and the Other Transaction Parties. SCBSL's rights and obligations remain unchanged in all material respects, except that under the restated and amended Shareholders' Agreement, at any time on or before 31 December 2024, SCBSL's right to appoint a director would only be retained for so long as it holds 7.5% of the CCH shares, as opposed to the previous threshold of 5%. On or after 1 January 2025, the shareholding percentage threshold to trigger SCBSL's right to appoint a director would revert to 5%.

Since CCH is also an associate and a related party of the Group for the purposes of IAS 24, the above transaction constitutes a related party transaction. Please see Note 36 to the financial statements for further details.

Fixed assets

Details of additions to fixed assets are presented in Note 18 to the financial statements.

Loan capital

Details of the loan capital of the Company and its subsidiaries are set out in Notes 22 and 27 to the financial statements.

Debenture issues and equity-linked agreements

During the financial year ended 31 December 2020, the Company made no issuance of debentures or equity-linked agreements.

Risk management

The Board is responsible for maintaining and reviewing the effectiveness of the risk management system. An ongoing process for identifying, evaluating and managing the significant risks that we face is in place. The Board is satisfied that this process constitutes a robust assessment of all of the principal risks, emerging risks and material cross-cutting risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Risk review and Capital review on **pages 180 to 283** sets out the principal risks, emerging risks and material cross-cutting risks, our approach to risk management, including our risk management principles, an overview of our Enterprise Risk Management Framework and the risk management and governance practices for each principal risk type. The Board-approved Risk Appetite Statement can be found on **page 250**

In accordance with Article 435(e) of the Capital Requirements Regulation, the Board Risk Committee, on behalf of the Board, has considered the adequacy of the risk management arrangements of the Group and has sought and received assurance that the risk management systems in place are adequate with regard to the Group's profile and strategy.

Internal control

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system. Its effectiveness is reviewed regularly by the Board, its committees, the Management Team and Group Internal Audit.

For the year ended 31 December 2020, the Board Risk Committee has reviewed the effectiveness of the Group's system of internal control. As part of this review, confirmation was received that the Group Chief Risk Officer is satisfied that the Group's risk management and internal control framework is materially effective and adequately highlights risks and improvement areas for management attention. Group Internal Audit represents the third line of defence and provides 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 audit programme includes obtaining an understanding of the processes and systems under audit review, evaluating the design of controls, and testing the operating effectiveness and outcomes of key controls. The work of Group Internal Audit is focused on the areas of greatest risk as determined by a risk-based assessment methodology. The Board considers the internal control systems of the Company to be effective and adequate.

Group Internal Audit reports regularly to the Audit Committee, the Group Chairman and the Group Chief Executive; and the Group Head, Internal Audit reports directly to the Chair of the Audit Committee and administratively to the Group Chief Executive. The findings of all adverse audits are reported to the Audit Committee, the Chairman and the Group Chief Executive where immediate corrective action is required. The Board Risk Committee has responsibility for overseeing the management of the Company's fundamental risks as well as reviewing the effectiveness of the Company's Enterprise Risk Management Framework. The Audit Committee monitors the integrity of the Company's financial reporting, compliance and internal control environment.

The risk management approach starting on **page 248** describes the Group's risk management oversight committee structure.

Our business is conducted within a developed control framework, underpinned by policy statements and written procedures. There are written policies and procedures designed to ensure the identification and management of risk, including Credit Risk, Traded Risk, Capital and Liquidity Risk, Operational and Technology Risk, Reputational and Sustainability Risk, Compliance Risk, Information and Cyber Security Risk, Financial Crime Risk and Model Risk. The Board has established a management structure that clearly defines roles, responsibilities and reporting lines.

Delegated authorities are documented and communicated. Executive risk committees regularly review the Group's risk profile. The performance of the Group's businesses is reported regularly to senior management and the Board. Performance trends and forecasts, as well as actual performance against budgets and prior periods, are monitored closely. Financial information is prepared using appropriate accounting policies, which are applied consistently.

Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. These controls include appropriate segregation of duties, the regular reconciliation of accounts and the valuation of assets and positions. In respect of handling inside information, we have applied relevant controls on employees who are subject to handling inside information, including controls over the dissemination of such information and their dealings in the Company's shares. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Employee policies and engagement

We work hard to ensure that our employees are kept informed about matters affecting or of interest to them, but more importantly to provide opportunities for feedback and dialogue.

We continue to listen and act on feedback from colleagues to ensure internal communications remain impactful and meaningful, in support of the Group's strategy and transformation. In addition to the Bridge (our business collaboration platform) which allows colleagues to receive key updates, exchange ideas and provide feedback, we also leverage a range of channels including email broadcasts, newsletters with customised content for each employee, audio and video calls, town halls and other engagement events. To continue to improve the way we communicate and ensure our employee communications remain relevant we periodically analyse and measure the impact of our communications.

Our senior leaders and people leaders continue to have a critical role to play in engaging our people, ensuring that they are kept up to date on key business information, our performance and strategy, their role in executing the strategy and ensuring that they consult and listen to their teams' views, feedback and concerns. Naturally COVID-19 was a major element of communication with our employees in 2020 and pleasingly 91% of those surveyed in April said they were satisfied with the communication they were getting from the organisation about its response to the pandemic, and 90% felt senior leadership were effective in leading. More information on this engagement survey and our annual My Voice survey can be found within the employee's section of the Strategic report.

Across the organisation, team meetings with people leaders, one-to-one discussions, and management meetings enable our people to discuss and clarify matters of concern to them as employees. There are global communications from our Group Chief Executive, supported by local meetings with regional and country CEOs to discuss the annual financial results and overall performance. Performance conversations provide the opportunity to discuss how individuals, the team and the business area have contributed to our overall performance and, in full year conversations, how any compensation awards relate to this.

The Board listens to the view of workforce through several sources, including information reported from senior management on culture and directly via workforce engagement sessions. More information can be found on pages 105 and 106 in the Directors' report.

Employees, past, present and future can follow our progress through the Group's LinkedIn network and Facebook page, and other social network channels, which collectively have over 1.8 million followers.

This mix of channels ensures that all our colleagues receive relevant information promptly regardless of how they prefer to be communicated with and regardless of where they sit in the organisation.

The wellbeing of our employees is central to our thinking about benefits and support, so they can thrive at work and in their personal lives. Our Group minimum standards provide employees with a range of flexible working options, and, in terms of leave, at least 30 days' leave (through annual leave and public holidays), a minimum of 20 calendar weeks' fully paid maternity leave, a minimum of two calendar weeks of leave for spouses or partners, and two calendar weeks for adoption leave. Combined, this is above the International Labour Organisation minimum standards.

We seek to build productive and enduring partnerships with various employee representative bodies (including unions and work councils). In our recognition and interactions, we are heavily influenced by the 1948 United Nations Universal Declaration of Human Rights (UDHR), and several International Labour Organisation (ILO) conventions including the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) and the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87). Additionally, we abide by all local country labour laws and regulations that protect employees' rights to organise.

The Group Grievance Standard provides a formal framework to deal with concerns that employees have in relation to their employment or another colleague, which affects them directly, and cannot be resolved through informal mechanisms, e.g. counselling, coaching or mediation. This can include bullying, harassment or discrimination situations, and concerns around conditions of employment (e.g. health and safety, work relations, new working practices or working environment). There is a distinct Group Speaking Up Policy which covers instances where an employee wishes to 'blow the whistle' on actual, planned or potential (non-employment related) wrongdoing by another employee or the Group.

The Group is committed to creating a fair, consistent, and transparent approach to making decisions in a disciplinary context. This commitment is codified in our Fair Accountability Principles, which underpin our Group Disciplinary Standard.

Dismissals due to misconduct issues and/or performance (where required by law to follow a disciplinary process) are governed by the Group Disciplinary Standard. Where local law or regulation requires a different process with regards to dismissals and other disciplinary outcomes, we have country variances in place.

Our Group Diversity and Inclusion Standard (the Standard) has been developed to ensure a respectful workplace, with fair and equal treatment, diversity and inclusion, and the provision of opportunities for employees to participate fully and reach their full potential in an appropriate working environment. All individuals are entitled to be treated with dignity and respect, and to be free from harassment, bullying, discrimination and victimisation. This helps support effective and productive working conditions, decreased staff attrition, high morale and engagement, maintains employee wellbeing, and reduced risk.

The Group aims to operate diversity and inclusion policies, standards and practices that provide equality of opportunity for all, protect the dignity of employees and promote respect at work. All employees and contractors are required to take personal and individual responsibility to comply with the Standard, behave in a non-discriminatory way and not to participate in acts of inappropriate behaviour or conduct, harassment or bullying.

The Group is committed to provide equal opportunities and fair treatment in employment. We do not accept unlawful discrimination in our recruitment or employment practices on any grounds including but not limited to; sex, race, colour, nationality, ethnic, national or indigenous origin, disability, age, marital or civil partner status, pregnancy or maternity, sexual orientation, gender identity, expression or reassignment, HIV or AIDS status, parental status, military and veterans status, flexibility of working arrangements, religion or belief.

We strive for recruitment, appraisals, pay and conditions, training, development, succession planning, promotion, grievance/disciplinary procedures and employment termination practices that are free of barriers, both systemic and deliberate; and that do not directly or indirectly discriminate.

Recruitment, employment, training, development and promotion decisions are based on the existing skills, knowledge and behaviour required to perform the role to the Group's standards. Implied in all employment terms is the commitment to equal pay for equal work. We will also make reasonable workplace adjustments (including during hiring), inclusive for disabilities and religious practices. If employees become disabled, all reasonable efforts are made to ensure their employment continues, with appropriate training and workplace adjustments where possible.

As part of our engagement with the 'Valuable 500', each country with 50 or more employees in our network has completed an internal disability assessment and incorporated areas of improvement into their local diversity and inclusion plans. This disability benchmark will help every market measure and demonstrate progress towards becoming disability confident by reviewing inclusive processes and practices, infrastructure accessibility, client accessibility and impact in communities.

Health and safety

Our Health, Safety and wellbeing (H&S) programme covers both mental and physical wellbeing. The Group complies with both external regulatory requirements and internal policy and standards for H&S in all markets. It is Group policy to ensure that the more stringent of the two requirements is always met, ensuring our H&S practices meet or exceed the regulatory minimum. Compliance rates are reported quarterly to each country's management team. H&S performance and risks are reported annually to the Group Risk Committee and the Board Risk Committee. Based on our risk profile, our H&S standards define our requirements for H&S governance and assurance, workstation ergonomics, fire safety, first aid and mental health first aid, indoor air quality and the work environment, vehicle and driving safety, incident reporting and investigation, and accessible design and wellbeing.

Major customers

Our five largest customers together accounted for 1.9 per cent of our total operating income in the year ended 31 December 2020.

Major suppliers

Our five largest suppliers together accounted for 15 per cent of purchases in the year ended 31 December 2020.

Supply chain management

For information about how the Group engages with suppliers on environmental and social matters, please see our Supplier Charter and Supplier Diversity and Inclusion Standard.

As set out under the UK Modern Slavery Act 2015, the Group is required to publish a Modern Slavery Statement annually. The Group's 2020 Modern Slavery Statement will be issued at the same time as the Annual Report. This document will give further detail on how the Group has managed modern slavery and human trafficking in its operations, financing and supply chain during 2020.

Our Supplier Charter and Supplier Diversity and Inclusion Standard can be viewed at **sc.com/suppliercharter**

Details of how we create value for our stakeholder groups can be found on **pages 54 to 71**

Product responsibility

We aim to design and offer products based on client needs to ensure fair treatment and outcomes for clients.

The Group has in place a risk framework, comprising policies and standards, to support these objectives in alignment with our Conduct Risk Framework. This Framework covers sales practices, client communications, appropriateness and suitability, and post-sales practice. As part of this, we ensure products sold are suitable for clients and comply with relevant laws and regulations.

We have processes and guidelines specific to each of our client businesses, to promptly resolve client complaints, understand and respond to client issues. Conduct considerations are given significant weighting in front-line incentive structures to drive the right behaviours.

Group Code of Conduct

The Board has adopted a Group Code of Conduct (the Code) relating to the lawful and ethical conduct of business and this is supported by the Group's valued behaviours. It has been communicated to all directors and employees, all of whom are expected to observe high standards of integrity and fair dealing in relation to customers, employees and regulators in the communities in which the Group operates. Directors and employees are asked to recommit to the Code annually, and 99.8 per cent have completed the 2020 recommitment. All Board members have recommitted to the Code.

Managing environmental and social risk

The Board is responsible for ensuring that high standards of responsible business are maintained and that an effective control framework is in place. This encompasses risk associated with clients' operations and their potential impact on the environment, including climate change, and local communities.

The Board recognises its responsibility to manage these risks and that failure to manage them adequately could have adverse impact on stakeholders as well as the Group. The Board, via the Brand, Values and Conduct Committee, reviews sustainability priorities, and oversees the development of, and delivery against, public commitments regarding the activities and/or businesses that the Group will or will not accept in alignment with our Here for good brand promise.

At a management level, the CEO, Corporate & Institutional Banking is responsible for sustainable finance, which incorporates E&S risk management. In 2020, this included the release of our first Sustainability Bond Impact Report and managing our COVID-19 $1 billion facility. The Group Head, Corporate Affairs, Brand & Marketing, Conduct, Financial Crime and Compliance leads a cross-business Sustainability Forum to develop and deliver the Group's broader sustainability strategy. In addition, climate change is integrated into the Group-wide approach to risk management as a material cross-cutting risk to be considered.

The Board welcomed the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The Group has set out how climate change considerations are being incorporated into its governance, strategy, risk management and target-setting activities in its stand-alone TCFD report. This was approved by the Board before publication.

The Group's TCFD report can be read at **sc.com/tcfd**

Community engagement

We collaborate with local partners to support social and economic development in communities across our markets. For more on how we engage with communities go to page 70 of the Sustainable and Responsible Business section.

ESG reporting guide

We comply with the requirements for environmental, social and governance reporting under Appendix 27 of the Hong Kong Listing Rules with the exception of A1.3 on hazardous waste and A1.6 on production and handling of hazardous waste and A2.5 on packaging. As an office-based financial services provider, we generate minimal hazardous waste or packaging material. As such, these issues are not material and we do not report them.

Environmental impact of our operations

We aim to minimise the environmental impact of our operations as part of our commitment to be a responsible company. We report on energy, water, paper and non-hazardous waste data that are the basis of our Greenhouse Gas (GHG) emissions management, as well as the targets we have set to reduce energy, water and paper use.

Our reporting criteria document sets out the principles and methodology used to calculate the GHG emissions of the Group. For more information, review the reporting criteria at sc.com/environmentcriteria

Disclosures related to the Group's environmental policies and performance are included in the Sustainable and responsible business section of the Strategic report on page 68.

Our reporting methodology is based upon the World Resources Institute/ World Business Council for Sustainable Development Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition). We report on all emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations. Using conversion factors from the International Energy Agency 2019 Emissions Factors and the UK Government's Department for Environment, Food and Rural Affairs (DEFRA), emissions are reported in metric tonnes of carbon dioxide equivalent (CO_2e), encompassing the six Kyoto gases. Our definition of different emission sources is provided below.

Scope 1 Scope 1 emissions are defined as arising from the consumption of energy from direct sources, such as by burning diesel within generators, during the use of property occupied by the Group.

Scope 2 Scope 2 emissions are defined as arising from the consumption of indirect sources of energy, such as consumption of purchased electricity and heat, during the use of property occupied by the Group. Considering the amendment issued to the GHG Protocol in 2015, we report Scope 2 emissions under location-based and market-based methods. We continue to monitor the development of Scope 2 Quality Criteria, as well as the development of residual mixes by national agencies. We have recently added market-based reporting as we have found data has become more available on emissions. The Group does not currently use any form of offset such as carbon credits to offset Scope 1 or Scope 2 emissions; however, we will instigate an offset programme in 2021.

Scope 3 Scope 3 emissions are defined as occurring as a consequence of the Group's activities but arising from sources not controlled by us. The Group currently reports on Scope 3 emissions arising from air travel and our outsourced data centres globally.

Reporting period

The reporting period of our environmental data is from 1 October 2019 to 30 September 2020. This allows sufficient time for independent assurance to be gained prior to the publication of results. Accordingly, the operating income used in this inventory corresponds to the same time period rather than the calendar year used in financial reporting.

Assurance

Our Scope 1 and 2 emissions are assured by an independent body, Global Documentation, against the requirements of ISO14064.

Indicator	2020	2019	2018	Units
Headcount	**83,657**	84,398	85,402	Headcount
Net internal area of occupied property covered by reporting	**1,050,414**	1,154,999	1,185,929	m^2
Annual operating income from 1 October to 30 September	**15,233**	15,200	14,958	$m
Greenhouse gas emissions				
Scope 1 emissions (combustion of fuels)	**3,988**	4,542	8,584	tonnes CO_2 eq/year
Scope 2 emissions (purchased electricity)	**113,870**	141,771	139,366	tonnes CO_2eq/year
Scope 1 and 2 emissions	**117,858**	146,313	147,950	tonnes CO_2eq/year
Scope 3 emissions with distance uplift (air travel)	**33,811**	94,043	121,464	tonnes CO_2eq/year
Scope 3 emissions (Global Data Centre)	**29,562**	46,362	21,523	tonnes CO_2eq/year
Total Scope 1, 2 and 3 emissions	**181,231**	286,718	290,937	tonnes CO_2eq/year
Total Scope 1, 2 and 3 emissions/Headcount	**2.17**	3.40	3.41	tonnes CO_2eq/ Headcount/year
Total Scope 1, 2 and 3 emissions/m^2	**173**	248	245	kg CO_2eq/m^2/year
Total Scope 1, 2 and 3 emissions/operating income	**11.90**	18.86	19.45	tonnes CO_2eq/$m/year

Electronic communication

The Board recognises the importance of good communications with all shareholders. Directors are in regular contact with our institutional shareholders and general presentations are made when we announce our financial results. The AGM presents an opportunity to communicate with all shareholders. Our shareholders are encouraged to receive our corporate documents electronically. The annual and interim financial statements, Notice of AGM and any dividend circulars are all available electronically. If you do not already receive your corporate documents electronically and would like to do so in future, please contact our registrars at the address on page 442.

Shareholders are also able to vote electronically on the resolutions being put to the AGM through our registrars' website at investorcentre.co.uk.

Annual General Meeting

Our 2021 AGM will be held at 11:00am (UK time) (6:00pm Hong Kong time) on 12 May 2021. Further details regarding the format, location and business to be transacted will be disclosed within the 2021 Notice of AGM.

Our 2020 AGM was held on 6 May 2020 at 11:00am (UK time) (6:00pm Hong Kong time) at 1 Basinghall Avenue, London, EC2V 5DD, United Kingdom. Special business at the meeting included the approval of the power to allot ECAT1 Securities for cash without certain formalities.

All resolutions were passed at the meeting, the details of which can be viewed on our website.

Termination of Indian Depository Receipt (IDR) programme

In March 2020, the Group announced the termination of the IDR programme. The termination notice period ended on 15 June 2020. The approximately 750,000 underlying Standard Chartered PLC ordinary shares that these IDRs represented were sold on the London Stock Exchange on 22 June 2020 and the net sale proceeds distributed to the relevant IDR holders. The IDR programme was formally delisted from the BSE Limited (formerly the Bombay Stock Exchange) and National Stock Exchange of India Limited with effect from 22 July 2020.

Non-audit services

The Group's non-audit services policy (the policy) was reviewed and approved by the Audit Committee on 27 July 2020. The policy is based on an overriding principle that, to avoid any actual or perceived conflicts of interest, the Group's auditor should only be used when either there is evidence that there is no alternative in terms of quality and there is no conflict with their duties as auditor. EY can be used where the work is required by a regulator or competent authority.

The policy clearly sets out the criteria for when the Audit Committee's prior written approval is required. The policy requires a conservative approach to be taken to the assessment of requests for EY to provide non-audit services. Subject to the overriding principle, the Audit Committee's view is that EY can be of value in a range of non-audit service activities and should be allowed to tender subject to the terms of the policy. The Group is required to take a conservative approach to interpreting the potential threats to auditor independence and requires commensurately robust safeguards against them.

EU legislation and guidance from the FRC sets out threats to audit independence including self-interest, self-review, familiarity, taking of a management role or conducting advocacy. In particular, maintaining EY's independence from the Group requires EY to avoid taking decisions on the Group's behalf. It is also recognised as essential that management retains the decision-making capability as to whether to act on advice given by EY as part of a non-audit service. This means not just the ability to action the advice given, but to have sufficient knowledge of the subject matter to be able to make a reasoned and independent judgement as to its validity. All of this is contained within the policy.

By way of (non-exhaustive) illustration of the application of the principles set out in the policy, the following types of non-audit services are likely to be permissible under the policy:

- Reviews of interim financial information and verification of interim profits – the Group would also extend this to work on investor circulars in most foreseeable circumstances
- Extended audit or assurance work on financial information and/or financial or operational controls, where this work is closely linked to the audit engagement
- Agreed upon procedures on materials within or referenced in the annual report of the Group or an entity within the Group
- Internal control review services

Strictly prohibited under the policy:

- Bookkeeping, information technology and valuation services
- Internal audit, litigation support or corporate finance services
- Tax or regulatory structuring proposals
- Services where fees are paid on a contingent basis (in whole or in part)
- Consulting services that actively assist in running the business in place of management as opposed to providing or validating information, which management then utilises in the operation of the business

The policy is not a prescribed list of non-audit services that EY is permitted to provide. Rather, each request for EY to provide non-audit services will be assessed on its own merits. The Audit Committee believes that such a case-by-case approach best accommodates (i) the need for the appropriate rigour and challenge to be applied to each request for EY to provide non-audit services while (ii) preserving sufficient flexibility for the Group to engage EY to provide non-audit services where they are able to deliver particular value to the Group and where the proposed services can be provided without compromising EY's objectivity and independence. To ensure that the Group will comply with a cap that limits fees on non-audit services provided by EY to under 70 per cent of the average Group audit fee from the previous three consecutive financial years, (which will apply from EY's fourth year of being the Group's external auditor), the policy requires that annual non-audit service fees are lower than 70 per cent of the average annual Group audit fee up to this time. The caps exclude audit related non-audit services and services carried out pursuant to legislation. For 2020 the ratio, without deducting non-audit service fees which were required by law or regulation and performed by EY, was 36 per cent. Details relating to EY's remuneration as the Group statutory auditor and a description of the broad categories of the types of non-audit services provided by EY are given in Note 38 to the financial statements.

Auditor

The Audit Committee reviews the appointment of the Group's statutory auditor, its effectiveness and its relationship with the Group, which includes monitoring our use of the auditors for non-audit services and the balance of audit and non-audit fees paid.

Following an annual performance and effectiveness review of EY, it was felt that EY is considered to be effective, objective and independent in its role as Group statutory auditor.

Each director believes that there is no relevant information of which our Group statutory auditor is unaware. Each has taken all steps necessary as a director to be aware of any relevant audit information and to establish that the Group statutory auditor is made aware of any pertinent information.

EY will be available at the 2021 AGM to answer any questions about their audit of the financial statements. In view of the external audit tender conducted in 2017, where it was agreed that EY be appointed as the Group's statutory auditor for the financial year ending 31 December 2020, KPMG resigned as the Group's statutory auditor from the conclusion of the 2019 audit; and, the Board resolved to appoint EY to fill the casual vacancy. A resolution to appoint EY as auditor was proposed at the Company's 2020 AGM and was successfully passed.

EY is a Public Interest Entity Auditor recognised in accordance to the Hong Kong Financial Reporting Council Ordinance.

By order of the Board

Amanda Mellor

Group Company Secretary

25 February 2021

Standard Chartered PLC

Registered No. 966425

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (EU IFRS) and applicable law, and the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with EU IFRS
- Assess the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the emerging risks and uncertainties that they face

We consider the Annual Report, taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Andy Halford
Group Chief Financial Officer

25 February 2021