

Group Chairman's governance overview



Dr José Viñals
Group Chairman

“The Board remained resolute on delivering our strategic objectives through a culture that promotes transparency, good conduct and trust”

2021 has seen a mixed picture in terms of recovery from the pandemic across our markets. The Board continued to monitor the impact of COVID-19, alongside geopolitical and international developments, and sustained the 2020 approach to meeting more often, given restrictions on travel and usual meeting patterns. This ensured that effective Board oversight and strong corporate governance were maintained.

It was clear to the Board how important continued discussion, review and approval of our Corporate Plan and strategic priorities were, especially in light of an ever-evolving landscape. Our oversight focused on driving profitability while continuing to strengthen resilience, setting targets that balanced business opportunities against risks and controls. The Board remained resolute on delivering our strategic objectives through a culture that promotes transparency, good conduct and trust. The importance of resilience in delivering these objectives cannot be underestimated, with the Board focused on further strengthening our risk and control culture with the help of the Board Risk, Board Financial Crime Risk and Audit committees.

The Board also spent significant time during the year discussing the Group's sustainability approach. We recognise that climate change is one of the greatest challenges facing the world today and appreciate the complex trade-offs which come with climate action, meaning there are no simple answers. The Group's net zero pathway announced in the year was reviewed and approved at Board level, and consequently the Group has mobilised resources diligently to support these commitments. We plan to put the pathway to an advisory vote at Standard Chartered PLC's 2022 Annual General Meeting (AGM) in recognition of how important this is to our shareholders and other stakeholders. In addition, the Brand, Values and Conduct Committee (BVCC) was renamed the Culture and Sustainability Committee (CSC) following a refocus of its remit. Greater weight has been given to environmental, social and governance matters, and areas of duplication have been addressed. The CSC has been actively involved in supporting the Board and the business in relation to our net zero proposals. Further detail can be found in the Strategic report on pages 61 to 77 and the CSC report on pages 130 to 132 respectively.

The Board has continued to drive the transformational agenda. As the Group's Innovation and Digitisation event made clear, digital transformation is fundamental to establishing a solid

foundation for exponential growth and to driving positive change in some of the world's fastest-growing economies. New business models create shareholder value and provide a best-in-class experience for our clients. Alongside this, the Board continued to review, challenge and advise management on the Group's technology and innovation strategy more broadly.

The 2021 Board and committees' effectiveness review was conducted internally, facilitated by the Group Company Secretary, and in accordance with the UK Corporate Governance Code. The results were insightful and were reviewed with the Governance and Nomination Committee ahead of Board discussion. Key findings, recommendations and an Action Plan for 2022 were then presented and approved. Further detail is given on page 108.

The Board and its committees invested time in reviewing and approving the Group's Resolvability Assessment Report ahead of submission to the Bank of England in October 2021, with Resolvability remaining a focus area throughout 2022. Further detail can be found in the key areas of Board discussion section of this report on page 99 and in the Board Risk Committee report starting on page 123.

Stakeholder engagement is vital to Board discussion and decision-making. In addition to our net zero pathway being proposed to shareholders at the 2022 AGM, we are also requesting approval of our new directors' remuneration policy. Following consultation with major shareholders, the Remuneration Committee reviewed the existing policy, concluding it remains appropriate to support the delivery of our strategy, with no significant change proposed to the overall structure or quantum of the current executive directors' remuneration. Further detail can be found in the Remuneration Committee report on pages 160 to 166. During the year, we held our first ever AGM offering virtual participation, where our shareholders were able to vote on resolutions and engage with the Board. I also hosted a virtual stewardship event in November 2021 alongside several Board colleagues, allowing us to update institutional investors and shareholder representative bodies on key areas of focus for the Board as well as respond to their questions.

Overall, despite being unable to meet in our key markets this year, the Board has remained actively involved by virtually attending subsidiary board, committee and management meetings, and through employee and other stakeholder engagement sessions. Good progress was made to enhance and maintain effective subsidiary linkages through events such as our subsidiary chair meetings, as well as via formal reporting mechanisms. In addition to this, we continued to strengthen the Group's corporate structure through the creation of our consolidated ASEAN hub under Standard Chartered Bank (Singapore) Limited. Further detail on the Board's engagement with stakeholders can be found on pages 110 to 115.

We continued to make good progress with succession planning and evolution of the Board and its committees. Maria Ramos joined the Board, Audit Committee and Board Risk Committee in January 2021, and was appointed as a member of the Remuneration Committee in July 2021. Diversity remains key in succession planning, especially considering our business, network and footprint. While our female and ethnically diverse representation on the Board dropped following Dr Ngozi Okonjo-Iweala's departure last year, we remain committed to achieving our target of at least 33 per cent female and our ambition of 30 per cent from an ethnic minority background. Further detail on both Board changes and diversity can be found in the Governance and Nomination Committee report starting on page 133. Amanda Mellor left the Group on 23 December 2021 after nearly three years as our Group Company Secretary, and her contributions have been greatly appreciated, particularly in navigating complex governance arrangements throughout the pandemic's evolution. Scott Corrigan, Global Head of Disputes and Government Investigations, has been appointed as Interim Group Company Secretary until a permanent successor is confirmed.

2021, as with 2020, has been an exceptional year. The Board remains cautiously optimistic for the future and is committed to our strategy, our purpose, and is laser focused on improving returns.

Dr José Viñals
Group Chairman

Board of Directors

Committee key

- Committee Chair shown in green
- A Audit Committee
- Ri Board Risk Committee
- S Culture and Sustainability Committee
- N Governance and Nomination Committee
- C Board Financial Crime Risk Committee
- R Remuneration Committee

Dr José Viñals (67) 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, financial 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,

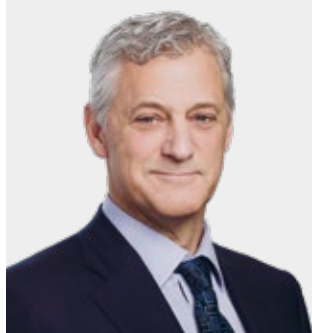
he was the Financial Counsellor and the Director of the Monetary and Capital Markets Department, and was responsible for the oversight and direction of the IMF's monetary and financial sector work. He was the IMF's chief spokesman on financial matters, including global financial stability. During his 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 Co-Chair of the United Nations Alliance of Global Investors for Sustainable Development (GISD) and a board member of the Institute of International Finance (IIF). He is also a member of the board of directors of the Bretton Woods Committee, a member of the Advisory Council of CityUK and a board member of the Social Progress Initiative.

Committees N

Bill Winters (60) 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.

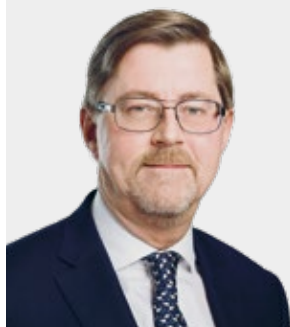
Bill was previously a non-executive director of Pension Insurance Corporation plc and RIT Capital Partners plc. He received a CBE in 2013.

External appointments Bill is an independent non-executive director of Novartis International AG. Bill recently chaired the Taskforce on Scaling Voluntary Carbon Markets.

+ Bill Winters leads the Management Team

Andy Halford (62) Group Chief Financial Officer

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



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 (57)
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. He is also Chairman of Petershill Partners plc and an independent board member of Gavi, The Vaccine Alliance. 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

Christine Hodgson, CBE (57)
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

Gay Huey Evans, CBE (67)
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. In 2016, she received an OBE for services to financial services and diversity and a CBE for services to the economy and philanthropy in the Queen's Birthday Honours list 2021.

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

Phil Rivett (66)
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 PwC's 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 and Chair of the Audit Committee at Nationwide Building Society, the world's largest building society.

Committees

Jasmine Whitbread (58)
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 and as chief executive of London First in March 2021, a business campaigning group with a mission to make London the best city in the world to do business.

External appointments Jasmine became Chair of Travis Perkins plc in March 2021 and is a non-executive director of WPP plc and Compagnie Financière Richemont SA.

Committees (S) (R) (N)

David Conner (73)
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.

External appointments David is a trustee of Washington University in St Louis where he also serves as chair of the Medical Affairs Committee.

Committees (A) (Ri) (S) (C)

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

Dr Byron Grote (73)
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 and 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)

Maria Ramos (63)
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 and sits on the International Advisory Board of the Blavatnik School of Government at Oxford University.

Committees (A) (Ri) (R)

David Tang (67)
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 senior 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 joined Kaiyun Motors, an electric vehicle start-up based in China, in June 2021 as Chief Value Officer. David is also a non-executive director of JOYY Inc., the Chinese live streaming social media platform listed on the Nasdaq Stock Market, and Kingsoft Corporation, a leading Chinese software and internet services company listed on the Hong Kong Stock Exchange.

Committees (Ri) (S)

Carlson Tong (67)
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)

Scott Corrigan (55)
Interim Group Company Secretary

Appointed Scott was appointed Interim Group Company Secretary in December 2021.

Experience Scott joined Standard Chartered in 2014 and he is currently Global Head of Disputes & Government Investigations, Legal. He previously served as an Enforcement Counsel for the Federal Reserve Bank of New York and as an Assistant District Attorney at the New York County District Attorney's Office. After leaving government service, Scott represented banks, other financial institutions and financial services executives in government investigations and civil litigation. He also served in a variety of managerial roles as a law firm partner.

Dr Ngozi Okonjo-Iweala was appointed as Director-General of the World Trade Organization on 1 March 2021 and stepped down from the Board on 28 February 2021.

Amanda Mellor stepped down as Group Company Secretary on 23 December 2021.

Contributions of how each director standing for re-election is, and continues to be, important to Standard Chartered PLC's long-term sustainable success will be included in the Notice of AGM 2022.

Management Team

Bill Winters (60)
Group Chief Executive



Andy Halford (62)
Group Chief Financial Officer



Simon Cooper (54)
CEO, Corporate, Commercial
& Institutional Banking and
Europe & Americas



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 China School of Business and a trustee of the Standard Chartered Foundation.

Claire Dixon (49)
Group Head of Corporate Affairs,
Brand & Marketing



Claire joined Standard Chartered as Group Head of Corporate Affairs, Brand & Marketing in March 2021.

Career Claire is a seasoned communications expert who has led teams at global brands in a variety of sectors, in Europe and the US. She spent nearly eight years living and working in Silicon Valley, including for eBay/PayPal and most recently as Chief Communications Officer at Intel. Throughout her career she has been a champion for creating positive global impact, including leading Global Corporate Responsibility at GlaxoSmithKline.

External appointments Claire is a trustee of the Standard Chartered Foundation.

Judy Hsu (58)
CEO, Consumer, Private
& Business Banking



Judy was appointed Regional CEO, Consumer, Private & Business Banking on 1 January 2021 and has been a member of the Group Management Team since 2018.

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.

External appointments Judy is serving as a board member of the Urban Redevelopment Authority Singapore as well as Workforce Singapore. She was appointed to the board of CapitaLand Investment Limited as an Independent Director in June 2021.

Benjamin Hung (57)
CEO, Asia



Ben was appointed CEO, Asia on 1 January 2021.

Career Ben 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. He is a strategic advisor at the International Consultative Conference on the Future Economic Development of Guangdong Province, China.

Tanuj Kapilashrami (44)
Group Head, Human Resources



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 (56)
CEO, Africa & Middle East



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

Career Prior to his current role, Sunil was regional CEO South Asia, responsible for Standard Chartered's operations in South Asia (which included India, Bangladesh, Sri Lanka, and Nepal). He has over 33 years of banking experience in diverse markets and has been with Standard Chartered for over 23 years, holding senior roles across the Wholesale and Consumer Bank. Sunil 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 Sunil is a Global Advisory Board member of MoneyTap, a leading Indian Fintech company.

Roel Louwhoff (56)
Chief Digital, Technology & Innovation Officer



Roel joined the Group as Chief Digital, Technology & Innovation Officer in November 2021 and is responsible for leading the digital transformation of the Group into an agile, digital and future-focused organisation. He spearheads the Group's technology strategy; the development of its technology systems and infrastructure, which support its customers and employees globally; and leads its innovation. Roel's expanded role as Chief Technology, Operations and Transformation Officer commences on 1 April 2022.

Career Prior to joining Standard Chartered, Roel was Chief Operations and Transformation Officer at ING Bank,

where he oversaw operations, technology and the broader transformation agenda. During his seven years in this role, Roel led the successful digital transformation of ING, seen by many as a trailblazer in digitising financial services. Before ING, Roel spent ten years at British Telecom ("BT"), latterly as CEO of BT-Operate based in the UK. At BT, he redefined the technology and operational approach and led the BT communication side of the 2012 Olympics before applying that learning in delivering turn-key digital and infrastructure solutions for major exhibition and sporting events.

External appointments None.

Tracey McDermott, CBE (52)
Group Head Conduct,
Financial Crime and Compliance



Tracey has been the Group Head Conduct, Financial Crime and Compliance since January 2019. She originally joined Standard Chartered as Group Head of Corporate, Public and Regulatory Affairs in March 2017, subsequently adding Brand and Marketing to her portfolio in December 2017 and Compliance in March 2018.

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 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 chairs the Net Zero Banking Alliance, is a member of the International Regulatory Strategy Group Council and chairs the Conduct and Ethics Committee of the Fixed Income, Currencies and Commodities Markets Standards Board. She is a trustee of the Standard Chartered Foundation.

Mark Smith (60)
Group Chief Risk Officer



Mark was appointed Group Chief Risk Officer in January 2016. Mark is responsible for Credit, Market, Operational and Technology, Information and Cyber Security, Reputational and Sustainability, Climate and Model 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 sits on the Foundation Board of the International Financial Risk Institute.

David Whiteing (53)
Group Chief Operating Officer



David joined Standard Chartered as Group Chief Operating Officer in September 2018 and will step down from the Group in March 2022.

Career David joined Standard Chartered from the Commonwealth Bank of Australia where he was the Group Chief Information Officer, 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 and a director of Zetaris Ltd.

Mary Huen (54)
CEO, Hong Kong and Cluster CEO,
Hong Kong, Taiwan and Macau



Mary was appointed Chief Executive Officer (CEO) for Hong Kong in March 2017, and took on an expanded role as Cluster CEO for Hong Kong, Taiwan and Macau in January 2021. She joined the Group's Management Team in December 2021.

Career Mary has over 30 years of experience in business management and banking services. Since joining the bank in 1991, she has held various key positions across balance sheet product management, wealth management and distribution. Prior to her current role, Mary was Regional Head of Retail Banking, Greater China & North Asia, and the Head of Retail Banking, Hong Kong.

External appointments Mary is the chairperson of the Hong Kong Association of Banks, a member of the Banking Advisory

Committee of the Hong Kong Monetary Authority, the Financial Infrastructure and Market Development Sub-Committee and the Currency Board Sub-Committee under the Exchange Fund Advisory Committee. She is also a representative of Hong Kong, China to the Asia-Pacific Economic Cooperation (APEC) Business Advisory Council, the chairperson of the Hong Kong Trade Development Council Financial Services Advisory Committee and the Asian Financial Forum Steering Committee, a board member of the Hong Kong Tourism Board and Hospital Authority.

Mary is not a Person Discharging Managerial Responsibilities ("PDMR") under the UK Market Abuse Regulation.

Dr Michael Gorris, previously Group Chief Information Officer, and David Fein, previously Group General Counsel, retired from the Group on 31 December 2021. It was announced on 13 January 2022 that Dr Sandie Okoro would join the Group as Group General Counsel in early April 2022.

Corporate governance

Key areas of Board discussion during 2021

The following pages offer an insight into key items covered by the Board during the year, as well as the structure of Board meetings and other activities.

The Board commences each year reviewing its key priorities to help formulate its forward plan, which requires a balance between standing items, governance requirements, and areas of strategic, operational and tactical focus. Board meetings help structure Board activities and facilitate discussion and action. In addition, they provide an important forum for oversight and challenge of management in respect to aspects of the Group's operations, performance and strategy. Some of the areas detailed on the following pages formed part of the standing agenda for each meeting, while others were reviewed periodically throughout the year.

Stakeholder consideration and open interaction are central to the Board's priorities, with the need to generate and promote positive stakeholder relationships of key importance. Significant time is spent interacting with key stakeholders to better understand their views, as well as the opportunities, challenges and the Group's impact across our diverse markets. In addition, the Board regularly discusses the impact on stakeholders, their views and their feedback, whether in Board and committee meetings, or as part of other interactions across the Group. Some examples of this can be found in the section 172 of the Companies Act 2006 (s.172) disclosure on pages 50 to 77, within spotlight items on the following pages and on pages 110 to 115.

Directors are alert to their statutory duties and obligations, including those outlined under s.172, and this forms an integral part of director induction and annual training. The Board will continue to focus on considering stakeholders as part of the Board's decision-making.

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 2021.

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.

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.

+ 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 181 to 190](#)

COVID-19 continued response

As was the case last year, the evolution of the pandemic continued to impact our colleagues, clients and communities during 2021. The Group operates across a diverse footprint, and the extent to which COVID-19 impacted each market varied. Despite the continued uncertainty, the Board maintained its oversight of effective governance across the Group. Board meetings continued to be held in a virtual or hybrid form throughout the year as a result of ongoing travel restrictions impacting many of the Group's geographies. While the Board was unable to meet in a number of key markets this year, it was actively involved in a virtual capacity. Further detail can be found later in this report.

The Board continues to play a key role in steering the Group's COVID-19 response, receiving regular updates at scheduled Board meetings. The Board's focus remained to protect stakeholder interests, including our colleagues' wellbeing, shareholder rights, customer and client needs, as well as support for our communities. In order to assist with this aim, the Board delegated specific responsibilities to its committees and the Management Team during 2020, and this framework remained in place through 2021. Where necessary, expert opinions were sourced, both externally and from inside the Group, which also helped ensure effective decision-making by the Board.

Our stakeholders, their interests: driving commerce and prosperity through our unique diversity

The Board spends significant time considering and interacting with its key stakeholders to better understand their views and perspectives. A summary of stakeholder interests can be found in the Strategic report on the pages identified below.



Clients

→ Read more on [page 52](#)



Regulators and governments

→ Read more on [page 53](#)



Investors

→ Read more on [page 54](#)



Suppliers

→ Read more on [page 55](#)



Society

→ Read more on [page 55](#)



Employees

→ Read more on [page 56](#)

Key areas of Board discussion during 2021 continued

Group strategy

- Reviewed and approved the 2022-2026 Corporate Plan as a basis for preparation of the 2022 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
- Discussed progress made against the Group's strategic priorities and critical enablers
- Reviewed the Group's Stands
- 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. This included deep dives into the follow areas:
 - China
 - Hong Kong
 - SME banking
 - Personal banking
- Discussed, reviewed and approved the Group's net zero pathway
- Received and discussed regular corporate development updates
- Reviewed and approved changes to certain property-related supplier relationships in line with the Group's property strategy
- Discussed and reviewed the Group's technology and innovation strategy
- Received an update on the Group's investment in China Bohai Bank
- Discussed SC Ventures, strategic investments and partnerships process

Spotlight

The Group's Stands

The Group launched a combined narrative for the organisation, bringing together what we stand for and aligning the strategy, priorities and actions to deliver on them. One of the key components of the narrative is the Stands. We have three Stands – Accelerating Zero, Lifting Participation and Resetting Globalisation. The Stands are not an add-on or separate from our strategy, but instead are executed through our strategy. During the year, the Board received feedback on colleagues' reactions to the Stands, as well as providing its own reflections and views. In addition, the Board highlighted areas of caution to management associated with this initiative. Further detail regarding the Stands can be found on pages 24 and 25.

Stakeholders

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

Risk management

- Reviewed and discussed risk reports from the Group Chief Risk Officer
- Received regular updates on the impact of COVID-19
- Engaged with the Prudential Regulation Authority (PRA) on the findings of their 2021 Periodic Summary Meeting Letter
- Discussed and reviewed the Group's risk culture
- Approved the risk appetite validation of the 2022 Corporate Plan
- Approved the renewal of the Group's insurance policies for 2021/2022
- Discussed many aspects of Resolvability, approved the Group's Resolvability Assessment Report and undertook a significant Board and management Resolvability scenario
- Discussed and reviewed the Group's Transformation and Remediation Portfolio and Information and Cyber Security (ICS) Risk profile
- Undertook blue sky thinking/horizon scanning discussions, which considered the potential risks and opportunities that the Group might be or could become exposed to

Spotlight

Group Chief Risk Officer's report

The Group Chief Risk Officer regularly presents reports at Board meetings. The content of the report covers the macroeconomic environment, geopolitical outlook and key risk trends, with a particular focus on Risk Appetite, the impact from the pandemic and other market events on our portfolio, markets and operations, updates on Principal and Integrated Risk Types, and key regulatory matters. The Board deliberates on the updates provided and engages in robust review and challenge where appropriate.

Stakeholders

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

Key areas of Board discussion during 2021 continued

Financials and performance

- Approved and reviewed the Group's 2022-2026 Corporate Plan and 2022 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 management and returns
- Approved 2020 final dividend and 2021 interim dividend
- Approved two share buy-back programmes
- Received bi-annual updates on and discussed the Group's major investment programmes in 2021 including an update on the Group's digital transformation agenda
- Received bi-annual updates on, and discussed, investor relations matters
- Discussed peer benchmarking against 2020 performance
- Approved the Group's 2020 Country-by-Country Reporting disclosures
- Received an update on new ways of working

Spotlight

Share buy-back programmes

In 2021 the Board approved, after engagement with the regulator, the re-commencement of a share buy-back programme that was suspended in March 2020 due to the impact of the pandemic and in response to a request by the PRA. The Board recognised the significance of balancing a cautious approach to capital management in light of the continued impact of the pandemic against returns to our shareholders, and this was reinforced by the decision to approve a further buy-back programme that completed in September 2021. The Board will continue to consider and engage with stakeholders in order to drive optimal ways of generating shareholder value.

Stakeholders



Regulators and governments



Investors

People, culture and values

- Approved the Group's 2020 Modern Slavery Statement
- Discussed progress made against the Group's people strategy
- Discussed and reviewed an update on the Group's culture
- Discussed aspects of the Group's global employee engagement survey, My Voice
- Received updates on the progression and evolution of the Management Team's and senior management's succession plans
- Discussed the Group's Global Diversity and Inclusion initiatives
- Discussed the Board Diversity Policy
- Reviewed an annual report update on the operation and effectiveness of the Group's Speaking Up programme
- Approved the adoption of the 2021 Standard Chartered Share Plan, subject to shareholder approval at the 2021 Annual General Meeting (AGM)

Spotlight

People strategy

The Board reviewed the progress made on the people strategy previously approved by the Board in the context of evolving client needs, the industry, and expectations of colleagues, particularly in light of the ongoing pandemic. The Board recognised the importance of providing constructive feedback on the strategy and discussed aspects of the people and culture agenda where they anticipated challenges.

Stakeholders



Clients



Society



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:
 - climate-related matters
 - net zero pathway methodology
 - developments in cloud technology, digital currencies and crypto assets
 - the global economic outlook
 - economic recovery, risks and opportunities
 - evolving geopolitical landscape
 - 'blue sky thinking'/'horizon scanning' discussions

Spotlight

Economic recovery, risks and opportunities

Similar to last year, the Board invited a number of external and internal speakers to attend Board sessions. The speakers provided expert, professional insights across a variety of matters, such as commentary on the economic recovery during 2021 and key risks to recovery in the future. These insights provided valuable context to Board discussions on how these risks and opportunities may impact the Group, what further actions may be prudent in response to these risks, and a consideration of other external risks. Briefings also helped shape Board decision-making more broadly.

Stakeholders



Clients



Suppliers



Regulators and governments



Investors



Society



Employees

Governance

- Noted and/or approved changes to the membership of the Audit and Remuneration committees
- Received reports at each scheduled 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
- Discussed the observations and themes arising from the 2021 internal Board and committees' effectiveness review and approved the 2022 Action Plan
- Reviewed, and approved updates where appropriate, to the Terms of Reference for each Board committee
- Further developed meaningful linkages between the Board and its subsidiaries at chair, board and committee level
- Approved the transition from the Brand, Values and Conduct Committee to the Culture and Sustainability Committee

Spotlight

Culture and Sustainability Committee

The Board approved the change from the Brand, Values and Conduct Committee (BVCC) to the Culture and Sustainability Committee (CSC) in May 2021 following a refocus of the Committee's remit. Greater weight has been given to environmental, social and governance (ESG) matters, and areas of duplication addressed. Detailed mapping work was conducted which resulted in the recommendation of a number of changes to the BVCC's Terms of Reference, including handing off areas of overlap to a combination of other Board committees, management and the Board. Further detail can be found in the CSC report on page 130.

Stakeholders



Shareholder and stakeholder engagement

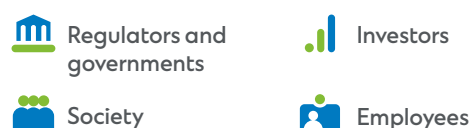
- Engaged virtually with investors, held meetings with brokers, discussed the views of institutional shareholders
- Held the 2021 AGM
- Held a virtual stewardship event attended by investors representing a sizeable proportion of our equity as well as several shareholder representative bodies
- Engaged with key clients, shareholders and regulators
- Discussed support provided to clients, colleagues and communities during continued impact of the pandemic
- Received bi-annual updates from Investor Relations, including share price and valuation analysis, market engagement and ownership analysis and sell-side sentiment
- Held six virtual employee engagement sessions across our markets

Spotlight

AGM

The Board's intention was to invite shareholders to attend the 2021 AGM in person, especially as this is regarded as an important opportunity for shareholders to engage with the Board. However, due to the continued challenge of the pandemic, including prevailing government guidelines on non-essential travel and public gatherings at the time, the Company's AGM on 12 May 2021 was held as a combined physical and electronic meeting. Shareholders were not permitted physical entry into the AGM venue but were able to attend the AGM electronically via a live web-portal. The meeting format ensured that shareholders could engage with the Board regarding the Company's recent performance and strategic priorities, while also protecting the health and safety of our shareholders, colleagues and other stakeholders. Further detail regarding the meeting can be found on page 112.

Stakeholders



→ For a detailed overview of our strategy see [pages 22 and 23](#)

→ Examples of how the Board considered stakeholder perspectives in some principal decisions during the year are provided on [pages 53 and 66](#)

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

Standard Chartered PLC 	The Board must act with integrity and 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 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 employees,	shareholders, regulators and governments, 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. Detail of how the Board fulfilled its responsibilities in 2021, as well as key topics discussed and considered by the Board committees, can be found in this Directors' report. Biographies for each director are set out on pages 91 to 94.
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 & Compliance, Group Internal Audit and the Group's Statutory Auditor, Ernst & Young LLP (EY).  Read more on page 116 Governance and Nomination Committee Oversight and review of Board and executive succession, overall Board effectiveness and corporate governance issues.  Read more on page 133	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, including Climate Risk, 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 123 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 138	Culture and Sustainability Committee Oversight and review of the Group's culture and key sustainability priorities.  Read more on page 130 Remuneration Committee Oversight and review of remuneration, share plans and other incentives.  Read more on page 141
Group Chief Executive 	The Group Chief Executive is 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 95 to 97.

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 composed 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 is committed to maintaining a comprehensive schedule of meetings and a rolling agenda to ensure its time is used most effectively and efficiently, and is supported by the Group Company Secretary to facilitate this. Flexibility in the programme is important and permits key items to be added to any agenda so that the Board can focus on evolving and important matters at the most appropriate time.

Performance against delivery of the agreed key financial priorities is reviewed at every scheduled 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, colleagues, relevant stakeholders, and regulatory and external developments at each scheduled meeting, and present comparative data and client insight. In addition, the Group Chief Risk Officer periodically attends meetings to update the Board on key risks.

The Group Chairman holds INED-only meetings ahead of each scheduled Board meeting, which provides the opportunity for discussion on key agenda items and other matters without the executive directors and management present.

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 2021, Sir Iain'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 2021, can be found in the Board committee reports starting on page 116.

Development of Board activities in 2021

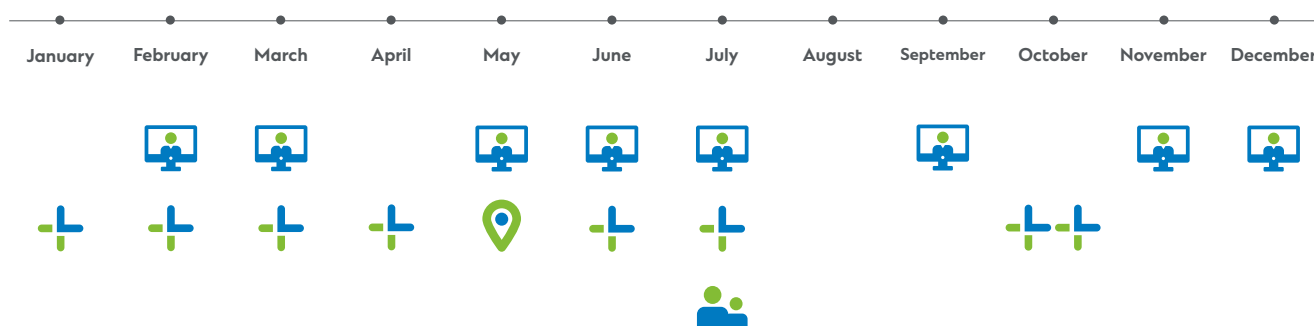
As the pandemic continued into 2021, the Board and its committees maintained their utilisation of interactive technology to ensure agile and authentic engagement. The most appropriate format for each Board meeting was assessed by the Group Chairman, with support from the Group Company Secretary, on a case-by-case basis. This was essential due to evolving external factors such as travel restrictions, with some meetings being held as a hybrid but the vast majority held entirely virtually.

Overall, the Board adjusted well to a fluid approach to meeting formats, and irrespective of physical location and time zone, each director was able to interact effectively with other Board members.

As was the case last year, the length of scheduled Board meetings was adjusted and a number of ad hoc meetings and informal sessions were organised. This enhancement to the Board's programme helped uphold and protect considered and collaborative discussion on key items.

The timeline on this page shows the Board's collective engagement throughout the year.

Board activities during 2021



Key



Scheduled meeting



Ad hoc meeting



Informal session



AGM

Board composition, roles and attendance in 2021

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 composed of a majority of independent non-executive directors.

→ Detail regarding Board diversity can be found within the Governance and Nomination Committee report on [pages 133 to 137](#)

Group Chairman

 **Group Chairman**
J Viñals

Responsibilities

Responsible for leading the Board, ensuring its effectiveness in all aspects of its role and developing the Group's culture with the Group Chief Executive. Promotes high standards of integrity and governance across the Group and ensures effective communication and understanding between the Board, management, shareholders and wider stakeholders.

	Attendance
AGM ¹	Y
Scheduled	8/8
Ad hoc	8/8

Executive directors

 **Group Chief Executive**
W T Winters

Responsibilities

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.

	Attendance
AGM ¹	Y
Scheduled	8/8
Ad hoc	8/8

 **Group Chief Financial Officer**
A N Halford²

Responsibilities

Responsible for Finance, Corporate Treasury, Strategy, Group Corporate Development, Group Investor Relations, Property and Supply Chain Management functions.

	Attendance
AGM ¹	Y
Scheduled	8/8
Ad hoc	7/8

Independent non-executive directors

 **Deputy Chairman**
N Kheraj

Responsibilities

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 the 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.

	Attendance
AGM ¹	Y
Scheduled	8/8
Ad hoc	8/8

 **Senior Independent Director**
C M Hodgson, CBE

Responsibilities

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.

	Attendance
AGM ¹	Y
Scheduled	8/8
Ad hoc	8/8

	Attendance		
	AGM ¹	Scheduled	Ad hoc
 D P Conner	Y	8/8	8/8
 B E Grote ²	Y	8/8	7/8
 G Huey Evans, CBE	Y	8/8	8/8
 P G Rivett ²	Y	8/8	7/8
 D Tang	Y	8/8	8/8
 C Tong	Y	8/8	8/8
 J M Whitbread	Y	8/8	8/8
 N Okonjo-Iweala	N/A	1/1	2/2
 M Ramos	Y	8/8	8/8

Responsibilities

Provide an independent perspective, constructive challenge, and monitor the performance and delivery of the strategy within the Risk Appetite and controls set by the Board.

INEDs that have stepped down

Ngozi Okonjo-Iweala stepped down from the Board on 28 February 2021.

INEDs that have joined

Maria Ramos joined the Board as an INED on 1 January 2021.

- Directors participated electronically at the AGM. Further detail can be found on page 112
- 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:
 - Andy Halford was unable to attend the ad hoc meeting held on 3 June 2021 due to a medical appointment
 - Byron Grote and Phil Rivett were unable to attend the ad hoc meeting held on 18 October 2021 as a result of long-standing external board commitments

→ The biographies of each director are set out on [pages 91 to 94](#)

+ 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

Director induction

All new Board members are given an extensive and robust induction programme which is tailored to reflect their skills and experience. This is to ensure all directors are in a strong position to make positive contributions from the outset of their tenures.

A formalised framework for induction programmes guarantees key topics are covered, including information on a diverse range of matters relating to the role and responsibilities of a director as well as our businesses and markets. Each induction typically consists of a combination of meetings with existing Board members and senior staff. New Board members are also given the opportunity to attend key management meetings and engage with key stakeholders such as investors and clients. In light of the continued impact of the pandemic, visits to key markets across our footprint have been restricted and typically replaced with virtual engagements.

The Group Corporate Secretariat function supports the INEDs as they undertake their induction programmes, which are typically completed within the first six to nine months of an INED appointment. The programmes are regularly reviewed and take into account directors' feedback to ensure continuous development and improvement.

One new director, Maria Ramos, was appointed to the Board in January 2021. Maria brings highly applicable skills and a range of knowledge relevant to Board debate and discussion. She possesses deep CEO, banking, commercial, financial, policy and international experience, as well as considerable non-executive experience, having served on international boards. Prior to being appointed to the Board, the Audit and Board Risk committees, and later the Remuneration committee, Maria was given a number of induction sessions to ensure a smooth transition into taking up her roles. On joining the Board and committees, she undertook a detailed induction programme. Further detail can be found on page 106 and 107.

Ongoing development plans

Continuous training and development beyond a director's induction plan is essential to maintaining a highly engaged, effective and well-informed Board. Ongoing development plans also help ensure directors lead with integrity and promote the Group's culture, purpose and values.

Mandatory learning and training are important 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 wide 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 respective committees. The format of ongoing training varied, including formal refresher sessions and informal meetings. The training covered a variety of topics throughout the year, the majority of which were held virtually in light of the continued impact of the pandemic. The table below gives further detail on who received these briefings.

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.

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.

2021 director training overview

	Induction ¹	Directors' duties and regulatory updates ²	Activism ³	Digital currencies	Technology	Climate-related matters	Climate Risk	Global economic outlook
J Viñals	N/A	✓	✓	✓	✓	✓	✓	✓
W T Winters	N/A	✓	N/A	✓	✓	✓	✓	✓
A N Halford	N/A	✓	N/A	✓	✓	✓	✓	✓
D P Conner	N/A	✓	✓	✓	✓	✓	✓	✓
B E Grote	N/A	✓	✓	✓	✓	✓	✓	✓
C M Hodgson, CBE	N/A	✓	✓	✓	✓	✓	✓	✓
G Huey Evans, CBE	N/A	✓	✓	✓	✓	✓	✓	✓
N Kheraj	N/A	✓	✓	✓	✓	✓	✓	✓
N Okonjo-Iweala ⁴	N/A	N/A	N/A	N/A	N/A	✓	N/A	N/A
M Ramos ⁵	✓	✓	✓	✓	✓	✓	✓	✓
P G Rivett	N/A	✓	✓	✓	✓	✓	✓	✓
D Tang	N/A	✓	✓	✓	✓	✓	✓	✓
C Tong	N/A	✓	✓	✓	✓	✓	✓	✓
J M Whitbread	N/A	✓	✓	✓	✓	✓	✓	✓

1 Applicable to directors who received induction training during 2021

2 Training took place via circulation of material and opportunity to raise questions with external counsel and the Group Company Secretary

3 Training was specifically designed for non-executive directors

4 Ngozi Okonjo-Iweala stepped down from the Board on 28 February 2021. Most training sessions identified above took place after this date

5 Maria Ramos joined the Board on 1 January 2021

✓ 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

Spotlight

Board induction

An insight into Maria Ramos' tailored Board programme

Key topics	The induction programme covered a wide range of activities, including:
Board, Board committees and strategy	- held regular meetings with Group Chairman and Group Company Secretary, which included an overview of the Board as well as the Governance and Nomination Committee - held one-to-one meetings with Group Chief Executive, Audit Committee Chair, Board Risk Committee Chair, Senior Independent Director and Remuneration Committee Chair - briefing on overview of Board committees with Culture and Sustainability Committee Chair and Board Financial Crime Risk Committee Chair - held one-to-one engagements with INEDs - briefing on the Group's strategic agenda and core strategic projects from Global Head, Strategy - separate committee inductions were also undertaken during the year
Conduct, financial crime and compliance	- briefings on overview of and introduction to Compliance with Group Head Conduct, Financial Crime and Compliance and Group Chief Risk Officer - Speak up/whistleblowing discussion with Compliance team - meeting with Global Head of Financial Crime Compliance, Conduct & Compliance Framework concerning Financial Crime Compliance Programme - regulatory requirements and conduct training with Group Regulatory Advisor and Compliance team - briefings on regulatory affairs, Senior Managers Regime, systems and controls, treating customers fairly and conduct of business with Group Regulatory Advisor and Compliance team - discussion on internal governance including changes connected to hub entity structure with Group Regulatory Advisor - meetings with Financial Conduct Authority and Prudential Regulation Authority - briefing on the Group's Conduct programme and Code of Conduct with Group Head Conduct, Financial Crime and Compliance - meeting with Global Head, Sanctions Compliance
Corporate governance	- overview of the UK and HK corporate governance landscape with Group Company Secretary - meeting with external counsel on directors' responsibilities and duties as well as UK and Hong Kong legal frameworks - briefing on Board, Board committee and individual director evaluation with Group Company Secretary - discussion on Board training and development programme with Group Company Secretary - discussion on key governance issues affecting the Company and shareholder feedback from 2020 AGM - briefing on market, including shape of the share register and understanding the views of major institutional investors with Global Head, Investor Relations - overview of executive remuneration, including policy, trends and issues affecting the Group with Global Head, Performance and Reward

Interview with Maria Ramos



M Ramos
Independent Non-Executive Director

Q. In light of the continued impact of the pandemic your induction programme had to be undertaken remotely. How did you find that worked?

A. The extensive challenges including travel restrictions imposed by COVID-19 meant that the induction programme for an INED such as myself had to be adapted to new ways of working. The extensive programme of induction was structured so that it could be undertaken entirely remotely through the use of electronic facilities. The programme was completed over a six month period.

A significant amount of thought and planning went into the design of the programme to prioritise the key areas of work and responsibility so that I could participate appropriately in Board and committee work, no matter where I was physically located.

Key topics	The induction programme covered a wide range of activities, including:
Client segments, product groups and regional businesses	- meetings with Management Team members responsible for Corporate, Commercial and Institutional Banking, including Corporate Finance; Financial Markets; Transaction Banking; Retail Banking and Wealth Management; and Private Banking - meeting with Management Team members responsible for Africa and Middle East region; ASEAN and South Asia region; Greater China and North Asia region; and Europe and Americas region
Risk and control	- meeting with the Group Chief Risk Officer - briefing on anti-bribery and corruption (ABC) with Head ABC, Strategy, Governance and Programme Management - meeting with Group Chief Operating Officer
Legal	- session on Legal function, regulatory environment and government investigations with Group General Counsel - briefing on litigation matters with Senior Legal Counsel, Dispute Resolution
Finance, taxation, capital and liquidity	- meeting with Group Chief Financial Officer - session with Group Treasurer
Audit	- discussion with Group Head, Internal Audit - meeting with external auditors, EY - briefing on Audit Committee with Audit Committee Secretary
People	- briefing with Global Head, Human Resources on the Group's people strategy, culture and My Voice survey - meeting with Global Head, Performance and Reward on reward matters
Corporate activity, brand and marketing	- briefing on role of Corporate and Public Affairs with Group Head, Corporate Affairs, Brand and Marketing - corporate social responsibility overview with Group Head, Corporate Affairs, Brand and Marketing - meeting with Economic Research team, including macro-economic overview - corporate development overview with Global Head, Corporate Development - overview of Brand and Marketing with Group Head, Corporate Affairs, Brand and Marketing
Technology, operations and innovation	- briefing from Group Chief Information Officer on technology, operations, digital, cyber and innovation agenda - meeting with Group Chief Information Security Risk Officer - meeting with Global Head of SC Ventures
Visits to key markets	due to the continued impact of the pandemic, visits to key markets were substituted with virtual stakeholder engagements. Visits to markets will take place once global travel restrictions lessen

Q. How successful did you view your induction programme in preparing you for Board and committee discussions?

A. The induction programme was exceedingly successful in preparing me for the work of the Board and committees. The materials prepared were focused and dealt with relevant issues. Importantly, I had the opportunity to meet (virtually) a lot of the executive leadership of the Bank around the world and interact with them.

Q. To what extent did your induction programme provide an insight into the Group's culture?

A. Although the interactions were all virtual, they provided me with important insights into the Bank's culture. The sense of purpose was visible, the commitment to sustainability, the resilience, care and respect for people were evident. Moreover, a culture of openness and transparency prevailed in my interactions with everyone I engaged with.

Q. How flexible did you find the induction programme?

A. The programme is flexible and each director elects topics for deep dives as necessary. I was able to balance this against a broad range of subjects.

Q. How effectively has your induction programme transitioned into ongoing engagement?

A. The programme provided me with the necessary base for engagement with key stakeholders, both internal and external.

Board effectiveness

The 2021 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 2021 Action Plan

The 2021 Action Plan set out a number of actions to be achieved following the internal Board evaluation conducted in 2020 and built on those ambitions set following the externally facilitated reviews by Independent Board Evaluation and the PRA in 2019. The 2021 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. The continued limitations to travel during the year have impacted on the delivery of some specific actions which have been carried forward to 2022.

2021 Board effectiveness review

Questionnaires were sent to each director for completion in respect of the Board and relevant committees. These questionnaires sought to draw out and explore some of the themes for the previous year's review as well as pose some more 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. At the Board, the key findings and recommendations were presented along with an Action Plan for 2022, which was then approved. 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 being circulated to each of the committees and action plans for 2022 approved. Details of the key observations and action plans for each of the committees can be found within each of the committees' reports.

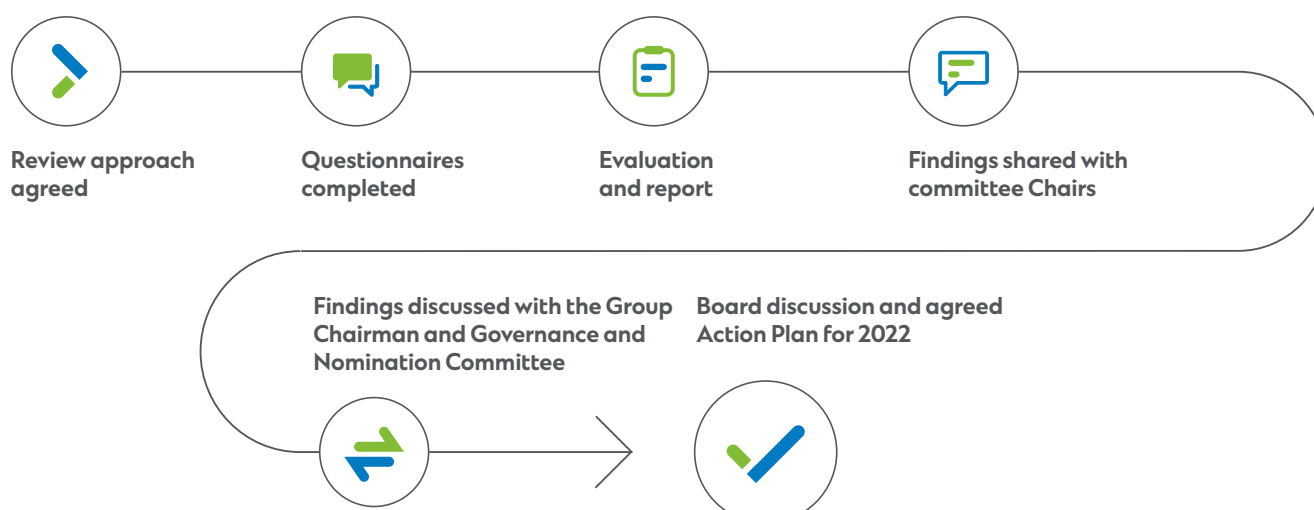
Key observations from the 2021 internal effectiveness review

- The Board has continued to remain effective in meeting its priorities despite the continued COVID-constrained environment
- Recognition of the positive challenge provided to the strategy and helpful additional perspective on a range of issues from guest speakers and the 'blue sky sessions'
- Good progress made on understanding of the Group's Resolvability plans but a need to ensure they continue to develop and remain part of the forward agenda
- Support for the reallocation of the work of the Board Financial Crime Risk Committee (BFCRC) into a combination of the Audit Committee, Board Risk Committee (BRC) and Board
- Scope to continue training on the rapidly changing landscape of emerging technology and risks

2022 Action Plan

- Enhance the Board's insights into what customer/product numbers drive revenue growth, how customers view the Bank and its brand, and how our initiatives are perceived relative to competitors
- Devote Board time to a broader discussion of the business enabling greater consideration of social trends, demographics and technology, as well as our competitors and trends from non-bank/financial services competitors
- Consider reallocating the work of the BFCRC to the BRC, Audit Committee and Board in 2022, maintaining strong oversight of financial crime risks
- Continue to focus on Resolvability and ensure this is embedded into the Board's forward agenda
- Review the key performance indicators and their scope to ensure new drivers of business growth and sustainability are measured, within an appropriate dashboard
- Continue to build the Board's training programme, scheduling further sessions on emerging technology and risks, digital assets, data, and current uses of artificial intelligence (AI). Explore the use of online modules and podcasts to enable greater flexibility and maximise the use of directors' time

Internal evaluation process



Directors' performance

The Group Chairman led the evaluation of individual director performance during 2021. These one-to-one sessions provided an important opportunity for each of the INEDs to discuss with José Viñals, among other things:

- their performance against 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 and training needs
- the Board's composition, taking into account when each INED envisaged stepping down from the Board
- the current and future committee membership and structure
- their engagement across the Group

These performance reviews are used as the basis for recommending the re-election of directors by shareholders at the 2022 AGM and to assist the Group Chairman with his assessment of the INEDs' competencies. In addition, the Group Chairman has responsibility for assessing annually 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 2021.

Group Chairman's performance

The Senior Independent Director, Christine Hodgson, oversaw the process of reviewing the Group Chairman's performance.

Without the Group Chairman present, she spoke with the INEDs separately 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.

Director independence

The Governance and Nomination Committee reviews the independence of each of the non-executive directors, taking into account any circumstances likely to impair, or which could impair, their independence. Recommendations are then made to the Board for further consideration.

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, concluding 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 broader boardroom exposure provides for our directors. However, we closely monitor the nature and quantity 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 91 to 94. 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. All directors continue to hold no more than the maximum number of directorships permitted under the PRA rules.

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, three 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:

- Jasmine Whitbread, independent non-executive director, was appointed Chair of the board of Travis Perkins plc with effect from 31 March 2021, and to the board of Compagnie Financière Richemont SA as a non-executive director and a member of its nominations committee with effect from 8 September 2021
- Following Petershill Partners plc's Initial Public Offering in London on 28 September 2021, Naguib Kheraj, Deputy Chairman, became Chairman of another public quoted company

Both directors 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. Naguib Kheraj streamlined his committee responsibilities by stepping down as a member of the Remuneration and Audit committees

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, Chair of the Audit Committee and member of the Nomination 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 authentic engagement across our markets



Stakeholder consideration and engagement form a crucial aspect of Board decision-making and discussions. The Board also recognises this as significant in its continued review of the Group's purpose, values and strategy. Adjustment to the format of traditional engagement continued to be essential in 2021, as was the case during the preceding year.

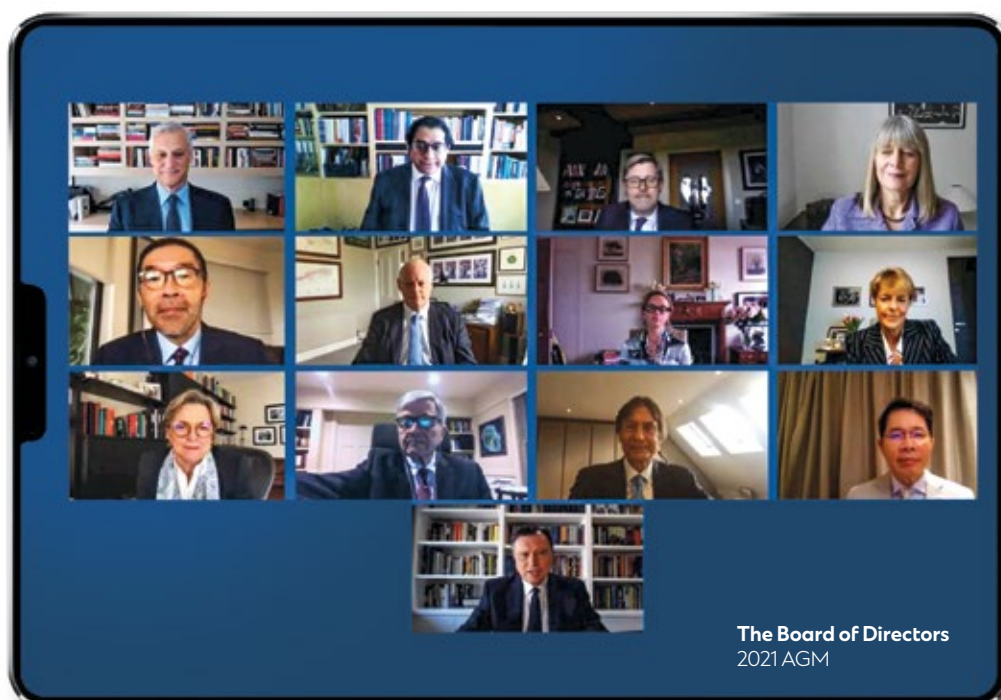
Prior to the pandemic, the Board would visit different markets across the Group's footprint. This was a key enabler of stakeholder engagement as it provided detailed understanding of the markets, opportunities and risks the Group faces, as well as the opportunity to meet internal and external stakeholders. The Board hopes to be able to engage with stakeholders in person during 2022.

Board visits to markets were replaced with virtual engagements in 2021 due to the continued restrictions on travel. However, the Board recognises the mutual benefits to both stakeholders and itself from engagement activities.

While facilitating two-way dialogue via interactive technology was productive and effective, in some areas it did prevent the breadth of engagement which the Board would usually undertake. Despite this, authentic engagement led to a number of invaluable opportunities for the Board to meet with stakeholders across the Group's diverse network, including those identified on the following pages. Directors did not just engage collectively with stakeholders, but also communicated with some of them individually. External adviser members to the Board Financial Crime Risk Committee also engaged directly with stakeholders.

Informal and formal sessions with individual stakeholders and stakeholder groups across our footprint help provide INEDs and external adviser members with a comprehensive understanding of the Group's market operations, implementation of strategy, and the external and internal impact of the Group's services.

Further detail regarding the Board's engagement with our stakeholders can be found on the following pages. Detail regarding how Board Committees and their members engaged with stakeholders can be found in the committee report sections starting from page 116.





Our approach

Increasing shareholder value by delivering robust returns and a long-term, sustainable share price is of key importance to the Board. Continuously looking to improve engagements helps support the Board's focus on developing open and trusted relationships with investors. This is underpinned by openly seeking feedback and reviewing previous activities.

As was the case for all forms of stakeholder engagement, the pandemic limited the Board's ability to physically meet with shareholders during the year. A virtual approach in most instances was taken. This restricted the on-the-ground benefits of Board members engaging with shareholders face-to-face but did offer shareholders the opportunity to participate in events where extensive travel may have restricted them in the past.

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.

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. The Group Chairman, as part of his role, leads engagement with shareholders and hosted the 2021 AGM alongside fellow Board members. The Group Chairman and certain Board members also held an Investor Stewardship Event similar to last year.

Christine Hodgson, Chair of the Remuneration Committee, continued to discuss with and collect feedback from shareholders on a range of remuneration matters, including the Group's new Directors Remuneration Policy. In her role as Senior Independent Director she is also available to shareholders should they have concerns that cannot be resolved or for which the normal channels would be inappropriate.

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



Investor stewardship event

The Group Chairman; Deputy Chairman and Chair of the Board Risk Committee; the Senior Independent Director and Chair of the Remuneration Committee; and the Chair of the Culture and Sustainability Committee hosted the stewardship event on 22 November 2021. The event was attended by investors representing a sizeable proportion of our equity as well as several shareholder representative bodies. As a result of feedback last year, the opening section of the event was streamlined, with the Group Chairman providing a strategic update regarding Board and committee activities during the year, as well as opening remarks from the Chair of the Remuneration Committee. This was followed by a question and answer session (Q&A). The event was held virtually, with live Q&A facilitated through a web-based platform, which permitted written and verbal communications.

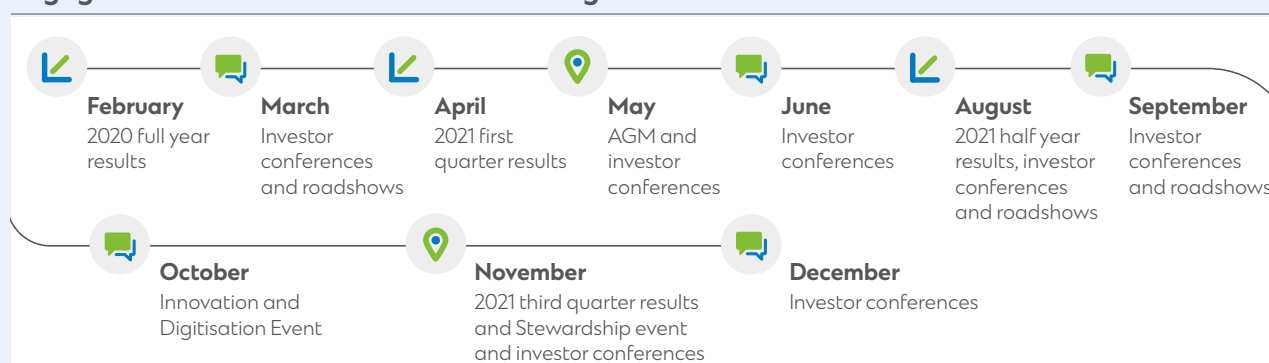
Debt investors and credit rating agencies

Our Debt Investor Relations 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 2021, management met virtually with debt investors across Europe, North America and Asia, and maintained a regular dialogue with the 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

Engagement with investors: what we did during 2021



Engagement with investors continued



Retail shareholders

The Group Company Secretary oversees communication with our retail shareholders.



AGM

The Board's intention was to invite shareholders to attend the 2021 AGM in person, especially as this is seen as an important opportunity for shareholders to engage with the Board in a face-to-face setting. However, due to the continued challenge of the pandemic, including prevailing government guidelines on non-essential travel and public gatherings at the time, the Company's AGM on 12 May 2021 was held as a combined physical and electronic meeting. Shareholders were not permitted physical entry into the AGM venue.

Shareholders were able to attend the AGM electronically via a live web-portal. The meeting format ensured that shareholders could engage with the Board regarding the Company's recent performance and strategic priorities, while also protecting the health and safety of our shareholders, colleagues and other stakeholders. Within this portal, shareholders were able to view a live video feed of the AGM, submit voting instructions and questions in writing or ask them through an audio line.

Questions received from shareholders covered a diverse range of matters, including climate/environmental issues, geopolitical developments, strategy, shareholder engagement and share price. All proposed resolutions were passed, with shareholder support for each ranging from 95.22 per cent to 99.97 per cent.

Shareholder uptake for the AGM was low in comparison to our last purely physical AGM in 2019; however, the Board received positive feedback regarding the web-portal functionality.



The results of the voting at the 2021 AGM can be viewed at sc.com/investors



A summary of responses to questions on key themes was made available on our website to shareholders after the meeting and can be found at sc.com/agm

Engagement with clients and suppliers



Clients are central to everything we do in the Group and the Board recognises the importance of promoting productive, sustainable relationships with them. Prior to the pandemic, a large proportion of key customer engagements were built into Board and director visits to the Group's markets. Continued limitations on international travel meant that our usual approach could not be carried out during 2021. Instead, certain Board members engaged with clients virtually to keep abreast of developing client trends,

experiences and needs. In addition, updates on clients' insights formed part of deep dives into product segment strategy at Board meetings. Suppliers provide efficient and sustainable goods and services for our business and certain members of the Board also virtually engaged with them during the year. Detail on how the Group more generally engaged with clients and suppliers can be found on pages 51, 52 and 54 of the Strategic report.

Engagement with regulators and governments



The Board, either collectively or individually, engages with relevant authorities both in the UK and across our footprint on a regular basis. During 2021 this took place via a number of virtual forums. Topics varied, including recovery from the pandemic, international trade, climate-related matters, cyber security and digital and technological developments.

Certain regulators attended Board meetings during the year, which provided the opportunity to discuss key items and developments. Further detail on how the Group engaged with regulators and governments more generally can be found on pages 52 and 53 of the Strategic report.

Engagement with society



The Board receives regular updates from management concerning the communities and environment in which we operate. This year the Board reviewed, discussed, and approved the Group's pathway to net zero. As part of this decision the Board took into account the potential impact of the pathway on civil society, including those from non-governmental organisations, as well as other stakeholder groups. Further detail can be found regarding the Board's principal decision on page 66 of the Strategic report.

Due to continued travel restrictions in place throughout most of 2021, the Board was unable to 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 such as climate-related matters, the evolving geopolitical landscape in certain markets, and the impact of the pandemic on the health and wellbeing of the communities in which the Group operates.



The Board values the opportunity to engage with our workforce. It is acutely aware of the importance of possessing a comprehensive understanding of issues that are important to colleagues in each market, learning more about the on-the-ground realities of working at Standard Chartered, hearing about what is working well and understanding the challenges that need to be addressed.

The Board also recognises the role it has in upholding a genuine and transparent two-way dialogue with the workforce. As it is distinct to the role of management, and composed of diverse members with individual voices, it is uniquely placed to oversee, guide, support and, where necessary, challenge the Management Team in implementing the Bank's strategy. This distinction was a key point communicated by Board members to colleagues as part of engagement throughout 2021.

Similar to last year, the Board continued to adopt an alternative 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 88,000 colleagues 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.

The Board took every opportunity to engage with employees, either collectively or individually during the year, in order to gain a true understanding of their views, ideas and concerns. As with other forms of stakeholder interaction this year and last year, traditional forms of employee engagement were adapted in light of the pandemic.

The events were facilitated through a videoconference with a live Q&A session accessed via a web-based platform. Six sessions covering the below geographical regions were hosted by the Group Chairman, who was joined by a combination of INEDs. The composition of the INEDs who attended was carefully considered in order to ensure a good balance of skills, experience, knowledge and perspectives for each geographical group, promoting insightful and tailored engagement.

Review of employee engagement

Changes to the framework of formal Board engagement with colleagues was enhanced during the year, based on Board and employee feedback and experience in 2020. These changes included using video technology (rather than audio-only) so that colleagues could see Board members, using a moderator outside of management to help ensure the questions were asked in an authentic and unfiltered way, and breaking up four regions into six more granular geographical groups to enable closer discussion of local topics.

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, authentic interactions.



Further detail regarding employee engagement this year can be found within the Culture and Sustainability Committee report starting on [page 131](#)

Board engagement sessions with employees



Africa and Middle East



Africa cluster 30 November 2021

Angola, Botswana, Cameroon, Côte d'Ivoire, The Gambia, Ghana, Kenya, Mauritius, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda, Zambia, Zimbabwe

Participating Board members: José Viñals, Maria Ramos and David Conner

MENAP markets 23 November 2021

Middle East, North Africa and Pakistan

Participating Board members: José Viñals, Maria Ramos and Byron Grote

Europe and the Americas



EA markets 15 July 2021

Europe and the Americas

Participating Board members: José Viñals, Phil Rivett and Gay Huey Evans

Asia



India and South Asia 24 November 2021

India, Bangladesh, Nepal, Sri Lanka

Participating Board members: José Viñals, Christine Hodgson and Naguib Kheraj

Asia cluster 12 July 2021

Australia, Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

Participating Board members: José Viñals, Jasmine Whitbread and Naguib Kheraj

GCNA markets 28 September 2021

China, Hong Kong, Japan, Korea, Macau, Taiwan

Participating Board members: José Viñals, Carlson Tong and David Tang

Engagement with employees continued



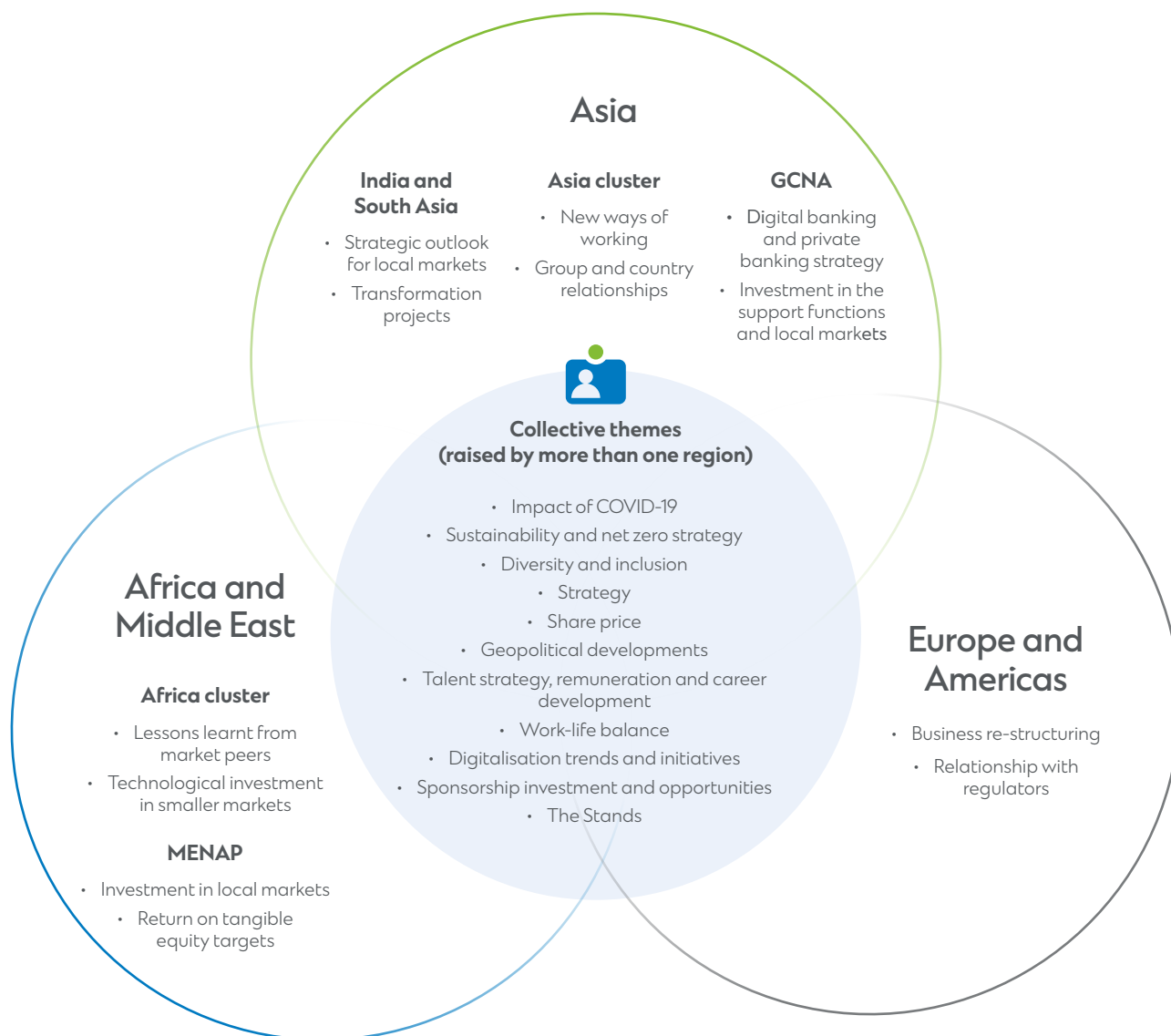
Key themes covered by employees and Board members during engagement sessions

Employees were asked during the sessions which areas they would like to see the Board have greater impact. The top responses received included keeping strategy relevant, protecting and encouraging stakeholder interests, championing diversity and inclusion, promoting a culture of greater empowerment and accountability, simplifying processes, balancing costs against business performance, and further investment in the Africa and Middle East region.

As parts of the world begin to emerge from the pandemic, colleagues were asked what had changed for the better at Standard Chartered, and whether they had any concerns.

The benefits of 'going digital' was a common theme, with colleagues pleased with the accessibility to collaborate virtually across our diverse markets, as well as a greater acceptance of flexible working. In contrast to this, concerns were raised by colleagues regarding work-life balance, as well as the transparency and cohesion of certain initiatives between different departments in the Group.

The Q&A element of the sessions provided the Board with deep insight into employee views, concerns and interests. As in previous years, colleagues were encouraged to ask the Board anything, and the dialogue covered a diverse range of topics, some of which 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. Similar to 2020, the Board's ability to physically meet with people from across the Group's footprint remained 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.

The Group Chairman hosted three subsidiary chair engagement sessions during 2021, all held virtually. Each event opened with remarks from the Group Chairman, followed by a Q&A session, with Bill Winters joining one of the sessions. The Group Chairman was encouraged by the high level of interaction and sharing of best practices by our subsidiary chairs. Items discussed across the three sessions included:

- Group performance and strategy
- sustainability and the Group's net zero pathway
- Resolution Framework
- areas of focus for the Group's boards
- Board effectiveness
- governance best practice

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 Chairman; Group Head, Central Finance; Group Financial Controller; Group Head of Internal Audit; Global Head, Audit, Quality Assurance; Group Head, Conduct, Financial Crime and Compliance; members of the Group's statutory auditor, EY, including the lead audit partner; and the Group Company Secretary also participated in the call. Items discussed during the call included:

- Group Finance update, which featured IFRS 9 models and overlays, as well as a status report on the Group's Aspire Programme
- conduct, financial crime and compliance developments
- Group Internal Audit reporting to subsidiary audit committees
- Quality Assurance review of subsidiary audit committees
- Group statutory audit update from EY

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, Conduct, Financial Crime and Compliance; Global Head of Financial Crime and Compliance; and the Group Company Secretary also participated in the call. Items discussed during the call included:

- 2021 Board Risk Committee and Board Financial Crime Risk Committee focus areas
- Group Chief Risk Officer's 2021 priorities
- financial crime compliance 2021 priorities

The Remuneration Committee Chair held a conference call attended by the subsidiary remuneration committee chairs and the chairs of subsidiary boards that have remuneration responsibilities. The Group Chairman; members 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. These annual calls are important as remuneration governance continues to be under the spotlight as the regulatory landscape evolves across our markets. The calls also foster knowledge sharing and best practice between the PLC Remuneration Committee and the subsidiary remuneration committees and raise awareness as remuneration committees are increasingly expected to have oversight over the approach to remuneration for the wider workforce. The topics that were discussed included:

- 2021 Remuneration Committee focus areas
- 2021 to 2022 Performance, Reward and Benefits priorities
- continuing to monitor the long-term impact of the pandemic
- renewing the directors' remuneration policy, which will be subject to a shareholder vote at the AGM in May 2022
- the impact of regulatory changes on remuneration
- our refreshed approach to performance management
- ensuring progress with ongoing performance and reward initiatives (for example embedding of the Fair Pay Charter, Wellbeing, Benefits Transformation)

Other activities which took place during 2021 to further strengthen the linkages across the Group included:

- the Group Chairman attended a number of subsidiary board meetings including banking subsidiaries in Hong Kong, Singapore, Pakistan, Kenya and Malaysia.
- the Group Chairman attended the East Africa Cluster Board Forum and the Southern Africa Cluster Board Forum.
- the Chairs of the Group Audit Committee and the Board Risk Committee attended some of the subsidiary audit and risk committee meetings and some of the subsidiary audit and risk committee Chairs attended a meeting of the respective Group Committee.



Further detail regarding how the Group engages with its stakeholders can be found on [pages 50 to 77](#)

Audit Committee



“As was the case in 2020, the impacts of COVID-19 have remained of significant focus for the Committee”

Committee composition

	Scheduled meetings
P G Rivett (Chair)	8/8
D P Conner	8/8
B E Grote	8/8
C M Hodgson, CBE	8/8
N Kheraj*	4/4
M Ramos	8/8
C Tong	8/8

* Naguib Kheraj stepped down from the Committee on 5 July 2021

Other attendees at Committee meetings in 2021 included:

the Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group General Counsel; Group Head of Internal Audit; Group Head of Conduct, Financial Crime & Compliance; Group Head, Central Finance; representatives from Group Finance; Group Statutory Auditor; and Group Company Secretary.

As part of her ongoing engagement plan in 2021, Jasmine Whitbread attended one Committee meeting as an observer.

As part of, and in addition to most scheduled Committee meetings, 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 91 to 94](#)

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 & 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/termsreference](https://www.sc.com/termsreference)

I am pleased to present the Audit Committee's report for the year ended 31 December 2021.

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.

Maria Ramos joined the Committee on 1 January 2021 and Naguib Kheraj stepped down from the Committee on 5 July 2021. I would like to convey the Committee's gratitude to Naguib for his considerable contribution as both a member and Chair over many years.

As was the case in 2020, the impacts of COVID-19 have remained of significant focus for the Committee. This has comprised reviewing and challenging credit impairment provisions, including overlays to deal with the impact of COVID-19, key accounting issues and significant accounting estimates and judgements made by management, to ensure they are sufficient, appropriate and that the Group's public disclosures in regard to this are transparent. The Committee reviewed and considered judgemental post model adjustments (PMAs) and management overlays in both the wholesale and retail portfolios on a quarterly basis, required in order to estimate expected credit loss (ECL), intended to take into account the impacts of COVID-19. Focus has also been placed on accounting treatment and value in use (VIU) of the Group's equity accounted investment in China Bohai Bank.

Cognisant of the ever-increasing importance of data, the Committee has kept a close watch on the Group's approach to data management, the challenges in place and action plans to address these. Towards the end of 2021, the Committee held a deep dive discussion into data management. The Committee recognised the pace of regulatory change pertaining to this and probed into how the businesses and functions are prioritising their data management action plans and the governance in place to manage this. Data management will remain an area of focus for the Committee and the Board in 2022 and beyond.

In mid-2021, with the renaming of the Brand, Values and Conduct Committee to the Culture and Sustainability Committee (CSC), Conduct Risk was transferred to this Committee. Cognisant of the overarching nature of this risk, the Committee discussed the progress made during 2021 to bring together the new Conduct Risk management approach, areas of emerging risk and the roadmap for 2022. The Financial Conduct Authority's (FCA) consultation on a new Consumer Duty was discussed and this will feature in the Committee's deliberations in 2022.

Following on from 2020, the Committee has been receiving regular updates from management and EY on the work under way to improve the Group's Information Technology (IT) access controls and remediate weaknesses identified during prior year audits. The Committee has been monitoring the progress being made on this, given its importance in protecting the Group's systems security. This will be a continued priority for 2022.

This is EY's second year as the Group's Statutory Auditor and it has been useful to have input from regional and specialist partners on the Committee's agenda. By way of example, discussions on regional/country overviews, the Group's IT access controls and tax have all benefitted from EY partner input. EY continues to provide fresh perspective, independent challenge and subject matter expertise to the Committee's deliberations.

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, functions and the Group's network 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 2021, 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 regard to implementation of ECL suggested by the Prudential Regulation Authority (PRA) and Financial Reporting Council (FRC) publications on aspects of UK reporting and disclosure requirements from the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) with regard to sustainability
- 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 2021 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 316.

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 PMAs and management overlays in both the wholesale and retail portfolios on a quarterly basis that were required to estimate ECL. In the case of PMAs, some models' performance breached monitoring standards or validation standards necessitating adjustments. In the case of management overlays mainly to deal with the impact of COVID-19, the amount of loans placed on non-purely precautionary early alert remains elevated compared with the pre-COVID-19 period and the economic dislocation observed in 2020 and 2021 has not yet been fully observed in customers' financial performance, in part due to ongoing government support measures across the Group's markets. The Committee challenged the completeness of these overlays and the overlays relating to uncertainties in the China commercial real estate sector. The Committee also reviewed and considered when such management overlays would be released. Reviewed the appropriateness of management's economic forecasts and the adjustments to provisions to incorporate the effect of multiple economic scenarios. The Committee was briefed on the performance of the International Financial Reporting Standard (IFRS) 9 models and the remediation plans in place to address material non-performance issues, where these had been identified. The Committee considered the appropriateness of the staging of higher-risk loans, as well as the expectation of elevated losses in industries and locations that have been particularly affected by COVID-19. 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 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 travel restrictions 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 goodwill impairment, covering key assumptions (including forecasts, discount rate and significant changes from the previous year), headroom availability and sensitivities to possible changes in key assumptions.

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 considered the limited public information available on China Bohai Bank, upon which to base a VIU assessment, and the impact of China Bohai Bank's exposures to China commercial real estate in the sensitivity analysis with regard to the VIU assessment. The Committee also reviewed management's assessment that the Group maintained significant influence and satisfied itself that it remained appropriate to continue to equity account for the investment.
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.
IT – user access management	Received an update from management and EY where new and existing IT observations had been identified relating 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.
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 explanation and rationale for any significant movements.

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 and the remaining Principal Finance investments.
Restructuring costs	Reviewed and considered, on a quarterly basis, income statement charges and credits classified as restructuring.
Hedge accounting	Reviewed the ineffectiveness reported in operating income from hedge accounting and significant hedge terminations and the reasons for this.
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 understanding 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.
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 Note 26 on page 390.

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 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 318, 86 and 87](#).

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

Activities during the year continued

Examples of deeper discussions into specific topics

- **EY regional partner overviews:** Received overviews and topical updates from EY's local regional partners from Malaysia, Germany and the UAE. 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 2021. These EY regional partner overviews will continue in 2022 and beyond
- **Financial regulatory reporting:** Received and discussed updates on the Group's financial regulatory reporting remediation programme. Discussion focused on the challenges involved with resourcing, given the specialist skills required and financial/liquidity reporting in the Group's network
- **Aspire programme:** Discussed a paper which set out an update on the Group's Aspire programme (a programme launched in 2018 to deliver a modern technology systems and data landscape). Discussion focused on resources, timelines and the impact that COVID-19 was having on delivery of the programme
- **Information technology access controls:** Received and discussed reports on the work under way to improve the Group's IT access controls and remediate weaknesses identified during prior year audits. The Committee discussed how management is working to remediate the observations raised by EY and sought assurance that this matter is receiving senior management attention. EY's Technology Risk Partner was invited to join these discussions. This will continue to be an area of focus for 2022
- **Internal financial controls:** Received and discussed a paper setting out the approach taken to safeguard the production of the Group's financial books and records
- **Department for Business, Energy & Industrial Strategy (BEIS) consultation paper:** At the Committee's request, received and discussed a paper setting out the proposals and recommendations from the BEIS consultation paper entitled: 'Restoring Trust in Audit and Corporate Governance'. Discussion focused on the recommendations in their current form that might be challenging for the Group to implement and also the approach the Group would take during the consultation period. A sub-committee was formed to finalise oversight of the Group's written response to the BEIS consultation paper
- **Data management:** Received and discussed papers on the Group's Data Management Framework, following on from discussions held in 2020. The H1 2021 discussion focused on the resource, timeline, risks and budget allocated to this. The H2 2021 discussion focused on the forward-looking timelines, how the businesses and functions are embedding their data management action plans and the governance in place to monitor and manage this embedding
- **Conduct:** With the transfer of oversight of Conduct Risk from the CSC to the Committee, received and discussed a paper setting out the progress made on the implementation of a new Conduct Risk management approach, key themes across the first line of defence Conduct agenda, areas of emerging risk, external developments and the roadmap for 2022. A briefing was received on the FCA's new Consumer Duty consultation and emerging global developments regarding surveillance and transaction reporting
- **Tax update:** Received and discussed a paper setting out improvements that had been made to the Group's tax reporting, which included detail on transfer pricing. EY's Tax Partner was invited to join this discussion to add perspective
- **IFRS 9 models:** Received and discussed updates on the Group's use of IFRS 9 ECL models. In May 2021, discussion focused on non-performing models and the remediation work under way to rectify the performance issues. It was acknowledged that the impact of COVID-19 would likely challenge the credit behaviours built into the Group's models, resulting in more of the existing models falling into the non-performing category. In December 2021, the Committee noted the significant progress being made with regard to the remediation of non-performing models
- **Major disputes and significant non-financial crime compliance-related regulatory government investigations:** Received and discussed two updates on major disputes and significant non-Financial Crime Compliance-related regulatory government investigations facing the Group
- **MiFID II Implementation and Significant Transaction Reporting Obligations (STORs):** Received a paper on the Group's compliance with all obligations within MiFID II and the Group's STORs, their current risk profile and remediation plans
- **Finance resourcing:** Reviewed and discussed a paper providing assurance that: the Accounting and Financial Reporting function is adequately and appropriately resourced; the qualifications, experience and training of colleagues is appropriate; and the budget allocated is sufficient to maintain external reporting obligations
- **2020 Audit Quality Assurance Review (AQR) Inspection Report:** Reviewed and discussed the AQR Inspection Report issued in May 2021 for KPMG's audit of the Group's financial statements for the year-ended 31 December 2019. Ahead of this, the Committee Chair held discussions with the FRC and KPMG on the key findings, which were also shared with the Committee
- **FRC's observations on the Group's 2020 Annual Report:** Reviewed and discussed the Group's responses to the FRC's observations on the Group's 2020 Annual Report
- **Volcker compliance report:** Noted the change in Board Committee responsibilities in respect of the Volcker Rule

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 and reviewed the findings from the audit work undertaken
- 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
- conducted an annual performance and effectiveness review of EY. Input was received from Committee members, chairs of subsidiary audit committees, the Group 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. The Committee agreed to propose to the Board that the re-appointment of EY as the Group's Statutory Auditor for a further year be recommended to shareholders at the 2022 AGM. This recommendation was made without any influence from a third party and free from any contractual obligation to do so, including for the avoidance of doubt, any contractual term described in Article 16(6) of the Audit Regulation
- reviewed and discussed EY's audit planning report and any updates, audit results reports and interim reviews
- received and discussed a paper setting out EY's control themes and observations from the 31 December 2020 year-end audit. EY's Technology Risk Partner was invited to join this discussion
- reviewed and discussed EY's 2021 approach to the private Written Auditor Report to the PRA for the year ended 31 December 2021.

The Committee met privately with EY at the end of certain Committee meetings, without management being present.

Phil Rivett met regularly with the EY partners leading the Group's audit 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 two years. In accordance with the Audit Practices Board's requirements, the lead audit engagement partner has held the role for two years. The lead engagement partner, David Canning-Jones, has a background of auditing banks and understands the markets in which the Group operates.

Following the 2017 audit tender, EY was re-appointed as the Group's Statutory Auditor for the financial year ending 31 December 2021.

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 2021, the Group spent \$3.9 million on non-audit services provided by EY and \$5.3 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 417](#) and the Group's approach to non-audit services on [page 190](#)

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 identified by GIA and areas of thematic interest that have arisen as part of the audits and warrant the Committee's attention. On a quarterly basis, GIA reports on any overdue remediation of findings. The Board Risk Committee, the Board Financial Crime Risk Committee and the CSC 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.
- 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.

 Further details on internal controls can be found on [page 185](#)

Activities during the year continued

Group Internal Audit

In 2021, GIA moved back to a more business as usual approach, utilising a 6 + 6 months Audit Plan with a detailed review and refresh at six months to ensure the 2021 Audit Plan remained relevant and focused on the Group's changing risk profile. In Group markets where COVID-19 impacts were felt more heavily during the year, such as the Delta variant impact on India from May 2021, GIA focused, as required, on the revised approach that had been adopted during 2020, utilising short, sharp reviews to provide timely opinions on the Group, incorporating agile principles into ways of working. The Committee was updated with these required changes in a timely manner. This enabled the Committee to be provided with assurance that the Group's response to and operations during COVID-19 remained appropriate for our shareholders, customers and colleagues and aligned to the Group's Here for good brand promise. The Committee sought and received assurance from management that this agile approach was adding value to the business, continued to focus on the effectiveness of controls and processes, and factored in emerging risks.

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 and in 2021 it noted that all actions were closed with no further additional work required.

In 2021, for the most significant matters identified by GIA, business and/or regional management were invited to attend Committee 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 the 2021 Audit Plan and the review and monitoring of post-audit actions. Changes to the Audit Plan, in particular COVID-19-related changes, and people changes, were also discussed by the Committee
- reviewed and approved GIA's 2022 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
- scrutinised any long overdue GIA issues and requested management to develop risk reduction plans for items with long closure periods to be monitored by GIA.

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

Over the course of the year, Phil Rivett met regularly with the Group Head of Internal Audit and the GIA Management Team. Phil Rivett will engage with the incoming Group Head of Internal Audit, due to take up the role as Group Head of Internal Audit with effect from 1 April 2022.

Group compliance

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

In 2021, the Committee was updated on and discussed:

- key supervisory areas of focus, regulatory updates and forward-looking themes, the status of the Group's core college regulatory relationships and enforcement matters
- the importance of continuing to strengthen the Group's risk culture
- the function's operating model, including an overview of the CFCC budget and organisational changes to simplify the function. In conjunction with the Board Financial Crime Risk Committee, the Committee has discussed the Group's Risk and CFCC Productivity Programme, and the Financial Crime Surveillance Operations (FCSO) Transformation
- conduct, with a focus on WFH arrangements and the risk and control environment in place in response to COVID-19
- updates from CFCC Assurance.

The Committee reviewed a paper on compliance resourcing and confirmation was received from management that the function is adequately resourced and that a close watch was being kept on this, given the buoyant external hiring market in some of the Group's territories.

The Committee also reviewed the 2022 Compliance Plan, budget and priorities.

Phil Rivett 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.

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 and the focus areas for 2022.

In 2021, the Committee Chair received updates on Speak Up issues and incidents as necessary.

[Further details on Speaking Up can be found on page 72](#)

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 meeting did not occur in 2021 due to COVID-19 restrictions; however, it is anticipated that this will resume once things return to normality.

Phil Rivett attended trilateral meetings with EY and the PRA over the course of the year and also met with the PRA 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 2021, Phil Rivett attended a Standard Chartered Bank (Hong Kong) Limited (SCB Hong Kong) audit committee meeting and a Standard Chartered Bank (Singapore) Limited (SCB Singapore) audit committee meeting. The audit committee chair of SCB Hong Kong and SCB Singapore respectively attended one Standard Chartered PLC Audit Committee meeting. This practice will continue in 2022 to reinforce these important linkages.

Phil Rivett hosted an annual video-conference call with the chairs of subsidiary audit committees and INEDs in March 2021.

[Details of this call can be found on page 115](#)

Committee effectiveness review

During 2021, an internal Board and Board Committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2021 internal effectiveness review

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

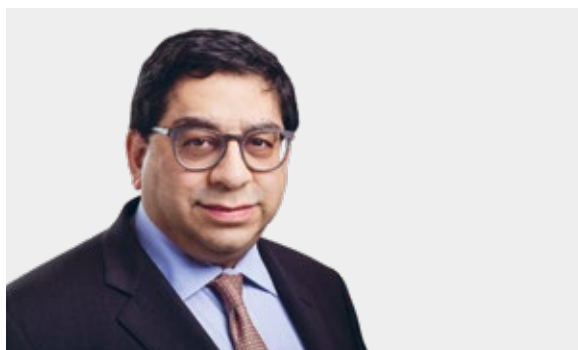
- The Committee has maintained a high standard of work, and the Committee Chair is well prepared and effective in ensuring open discussions
- In terms of composition, it was felt that there is a good balance of banking, accounting and control skills
- The contributions of EY, as the Group's Statutory Auditor, were well rated
- Suggestions were provided on potential topics for training sessions

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Consider including an annual Committee strategy session to review specific issues or forthcoming changes
- Consider a dedicated session on internal controls and additional expectations for the Committee arising from the BEIS consultation
- Consider scheduling additional training on audit aspects relating to Climate, Net Zero and Data Risk

Board Risk Committee



"The Committee was again very active this year and engaged across a wide range of risk management issues"

Committee composition

	Scheduled meetings	Ad hoc
N Kheraj (Chair)	8/8	2/2
D P Conner	8/8	2/2
G Huey Evans, CBE	8/8	1/2*
M Ramos	8/8	2/2
P G Rivett	8/8	2/2
D Tang	8/8	2/2
C Tong	8/8	2/2

* Gay Huey Evans was unable to attend one ad hoc meeting due to a prior business commitment

Other attendees at Committee meetings in 2021 included: the Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group General Counsel; Treasurer; Group Head, Conduct, Financial Crime & Compliance; Group Head of Internal Audit; the Group's Statutory Auditor and Group Company Secretary.

As part of their ongoing engagement plans in 2021, Byron Grote attended one Committee meeting, Christine Hodgson attended discussions on specific topics and Jasmine Whitbread attended two Committee meetings and discussions on Resolvability.

Sir Iain Lobban, Cyber Adviser to the Board, regularly attends discussions on Information and Cyber Security (ICS) Risk and technology.

EY attended all Committee meetings in 2021.

As part of, and in addition to, some scheduled Committee meetings, 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 91 to 94](#)

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 Enterprise Risk Management Framework (ERMF) 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, including Climate Risk, 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/termsreference](https://www.sc.com/termsreference)

I am pleased to present the Board Risk Committee's report for the year ended 31 December 2021.

The Committee was again very active this year and engaged across a wide range of risk management issues. From a regulatory perspective, the Committee has held a number of discussions on important topics. These included the Bank of England's (BoE) Resolvability Assessment Framework, the Climate Biennial Exploratory Scenario (CBES) stress test, operational resilience including Important Business Services and Impact Tolerance Statements, the BoE Solvency stress test and the Interbank Offered Rate (IBOR) transition.

In particular, the Committee invested time and focus to review, discuss, probe and challenge the Group's Resolvability Assessment Report, including the key assumptions made by management, ahead of the Board-approved submission to the BoE in October 2021. Resolvability will remain a key area of focus, scrutiny and discussion for the Committee and the Board throughout 2022.

Similarly, the Committee reviewed, discussed and challenged the CBES submission to the BoE. As a result of this, the Committee requested management to consider how the outcomes from this useful exercise can be leveraged further by the Group and incorporated into existing risk management and stress testing processes, which management has taken onboard. Climate Risk remains an important area of focus for the Committee and the Group more broadly.

ICS remained a key priority in 2021, with continued reporting from management in the first, second and third lines of defence. The ICS Board Risk Appetite metrics have been pivotal this year in enabling the Committee to track the progress being made and delve deeper into areas that require continued focus. ICS remains an ongoing priority for the Committee.

There has been a good level of representation from the businesses and functions at Committee meetings, and also from a regional and country level, which has enabled the Committee to explore how risks are being managed on the ground in this ever-changing environment. In particular, the risks associated with working from home (WFH) have been assessed in a number of different areas, given the impacts of COVID-19 and also the Group's transition to a hybrid working model.

The Committee met virtually throughout 2021, due to COVID-19 restrictions; however, regular meetings and careful review of all agendas and papers have ensured that the Committee has been able to focus on the right areas and maintain engagement in the virtual environment. Outside of Committee meetings, I held regular calls with the Group Chief Risk Officer (GCRO), a wide range of other members of the Risk function, and the senior management of the Group, to ensure that I was kept abreast of key risks and emerging developments as they occurred, which in turn, ensured that Committee members were notified of significant events in a timely manner.

In March 2021, we held a blue sky thinking/horizon scanning session, which considered the potential risks that the Group might be or could become exposed to. This session informed our forward-looking agenda and resulted in the Committee reviewing papers and holding deeper discussions involving key markets such as: China, including the outlook for the Chinese banking sector and challenges faced; operational stability issues and remediation under way in Hong Kong; and Korea, including the Group's mortgage portfolio. All of these discussions focused on the controls in place to manage the key risks and impacts arising from COVID-19. We also covered matters such as Digital Asset Risk, Interest Rate Risk including the Group's structural hedging programme, Exchange Rate Risk and Credit Fraud Risk. We have just held our 2022 blue sky thinking/horizon scanning session, which will assist in prioritising our 2022 agenda.

In 2021, the Committee held informal sessions covering Model Risk and x-valuation adjustment (XVA). These briefing sessions were opened up to all Board members, and provided dedicated time and space to engage on these topics in a more informal setting.

Cognisant of the rapidly evolving external environment, the Committee continues to discuss key macroeconomic and geopolitical risks and challenges faced by the Group, and assess 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 2021, the following key proposed changes were made to the Risk Appetite effective in 2022:

- **Board and Group Management Team (MT) Risk Appetite:** In order to increase clarity and focus, it was proposed that the Risk Appetite be split into Board and MT Risk Appetite, in order to streamline the volume of risk metrics considered by the Board and better align to peers. All breaches would continue to be reported to the Committee in line with the current approach, in order that the Committee and Board continue to have visibility of this
- **Integration of new categories of risks:** Consideration was given to specific parameters for Climate, Digital Asset and Third-Party risks, and additional metrics for Technology & Innovation. Discussion is under way on the inclusion of Digital Asset related metrics.

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 Risk 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 260](#)

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 2021 annual review, and recommended these changes to the Board for approval
- considered the approach and key outcomes of the 2021 annual effectiveness 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.

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.

Principal risks are risks inherent in the Group's strategy and business model. Principal Risk Types are formally defined in the ERMF, which provides a structure for monitoring and controlling these risks through the Board-approved Risk Appetite.

→ Further details on Principal Risk Types are set out on [pages 44, 261 and 264 to 279](#)

• 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).

The Committee:

- discussed updates on Technology Risk reduction and the initiatives under way to manage and reduce Technology Risk
- received a paper setting out an analysis of whether the cumulative impact of COVID-19 and the Group's change programmes have the potential to increase the risk of operational errors outside of the Group's Risk Appetite. Discussion focused on the impacts of WFH and controls in place, given the expectations of a hybrid working model
- discussed a paper setting out a status report on Operational and Technology Risk
- discussed a paper setting out how the Group compares to peers with regard to system recovery capabilities
- received updates on the Group's approach to Information Technology (IT) governance and management's plans to strengthen this. As part of the blue sky thinking/horizon scanning session in Q1 2021, emerging technology risks and opportunities were discussed using an external consultant for input
- received and discussed a paper on technology obsolescence.

Activities during the year continued

Principal Risk Types continued

• 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 throughout 2021
- attended teach-in sessions on regulatory models and Model Risk to obtain a deeper understanding of the Group's approach to Model Risk management.

• 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 within the first, second and third lines of defence, on the work under way to strengthen the Group's defences and create stronger control frameworks, focusing on what had gone well and what could have gone better throughout the year. Such reports enabled the Committee to probe that the Group's three lines of defence are aligned in advancing the Group's ICS strategy and key priorities. Senior managers from the business were invited to these discussions to provide on-the-ground perspective and detail on any challenges faced
- 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 control domains
- reviewed and discussed ICS Board Risk Appetite metrics and controls testing, which have been pivotal in enabling the Committee to track the progress being made and delve deeper into areas that require continued focus
- reviewed and discussed an external report on the Group's ICS programme and management's response
- continued to probe the sufficiency of funding and resource to support the Group's ICS programme, cognisant of COVID-19 impacts and other books of work under way in the Group.

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. Committee members also regularly attend meetings of the Group's Cyber Security Advisory Forum.

• Treasury Risk

Treasury Risk is formed of Capital and Liquidity Risk, and Interest Rate Risk in the banking book.

Capital Risk is the potential for insufficient level, composition or distribution of capital, own funds and eligible liabilities 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.

Interest Rate Risk in the banking book is the potential for a reduction in earnings or economic value due to movements in interest rates on banking book assets, liabilities and off-balance sheet items.

The Committee receives a Treasurer's report, at each scheduled meeting, which covers market developments, capital, liquidity and funding, recovery and resolution planning, regulatory updates and 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).



Further details on Treasury Risk are set out on [pages 269 and 270](#)

Activities during the year continued

Principal Risk Types continued

• 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, details of which are set out in examples of deeper discussions on specific topics.

The Committee specifically focused on the Credit Risk impact of COVID-19.

• Traded Risk

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

The Committee:

- received and discussed a paper setting out the major Traded Risk developments and changes which had occurred in the Financial Markets business over the last year. Focus was placed on the Traded Risk environment and controls in place
- received and discussed a paper setting out the major Traded Risk developments and changes which had occurred in the Treasury Portfolios over the last year. Focus was placed on the decision-making process for realisations
- attended a teach-in session on XVA to obtain a deeper understanding of why XVA is needed and how it impacts Financial Markets trading operations.

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, where required, approval for:

- the scenario and stress test results for the 2021 Group ILAAP stress test
- the scenarios and results for the 2021 Group ICAAP stress test and reverse stress test
- the results for the BoE Solvency stress test
- the results for the Group's Recovery Plan stress test
- the Group's Recovery Plan
- the results for the Climate Biennial Exploratory Scenario (CBES) stress test.



Further details of stress testing are set out on [page 260 and 261](#)

Internal controls

Discussed reports from the Group Head of Internal Audit which provided summaries of Group Internal Audit's (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 Culture and Sustainability Committee (CSC) 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.

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 is set out in the Directors' remuneration report.

Activities during the year continued

Regulatory

Resolvability

The Committee held a number of discussions on resolvability over the course of the year, including scheduling an ad hoc meeting, to enable dedicated time and space to discuss this important matter. All Board members were invited to attend resolvability discussions, along with the chairs and board risk committee chairs of the Group's material subsidiaries in China, Hong Kong, Korea and Singapore. The Committee Chair, Group Chairman and Audit Committee Chair also participated in a number of additional meetings related to resolvability with the internal team, external advisers and regulators.

The Committee reviewed, discussed and challenged the Group's Resolvability Assessment Report, ahead of approval by the Board for submission to the BoE. In particular, focus and challenge was placed on the key assumptions made by management, how feedback provided by external consultants, the BoE and GIA had been addressed, and the mechanisms planned and timing for the Group's holistic testing. Resolvability will remain a key priority for 2022.

Climate Biennial Exploratory Scenario stress test

The Committee reviewed, discussed and challenged the Group's CBES stress test results, ahead of submission to the BoE. All Board members were invited to attend this discussion. In particular, focus and challenge was placed on the key learnings from this exercise, the linkages to the Group's net zero approach and how data collected for this exercise would be used from a modelling perspective. The Committee requested management to consider how the outcomes from the CBES stress test could be leveraged further by the Group and incorporated into existing risk management and stress testing processes.

 Further detail on Climate Risk can be found on [pages 278 and 279](#)

IBOR transition

Received updates from an industry and Group perspective on the IBOR transition. The Committee continues to seek assurance that this transition programme remains on track and is adequately resourced. This will continue to be discussed in 2022.

BCBS 239 Principles

In May 2021, the Committee received and discussed an update on the outcome of the BCBS 239 self-assessment as of end 2020 and the roadmap for compliance with BCBS 239.

At the end of the year, the Committee received an update on 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 2021), once the outcome of the self-assessment is available on 28 February 2022.

Group regulator communications

The Committee discussed key communications from the PRA and FCA, where risk and resolvability were the main themes.

Examples of deeper discussions into specific topics

- **Blue sky thinking/horizon scanning:** Discussed a horizon scan of Technology Risk, with input from an external consultant, and agreed the deep dive topics to be discussed by the Committee in 2021
- **China Bank exposure management:** Received and discussed a paper covering the outlook for the Chinese banking sector and the Group's risk management approach. Some of the challenges faced by the Chinese banking sector were discussed and the Group's relationship and engagement with a number of these banks
- **Credit portfolio management (CPM):** Discussed an overview of CPM activities, including leveraged protection transactions (LPTs). Cognisant of the PRA's industry-wide concern with regard to 'cliff risk' in LPTs, the Committee noted the Group's conservative proportion and processes in place to mitigate the associated risks and confirmed its support of the Group's strategy in place to manage this
- **Hong Kong operational stability issues:** Discussed a paper setting out an analysis of system incidents in Hong Kong and targeted remediation, alongside stability initiatives under way. In conjunction with relevant management, the chairs of Standard Chartered Bank (Hong Kong) Limited board and board risk committee were invited to this discussion to provide historical background and perspective
- **Korea deep dive (including mortgage portfolio):** Received and discussed a paper setting out an overview of the key risks associated with the business activities in Korea. In conjunction with relevant management, the chair of Standard Chartered Bank Korea Limited was invited to this discussion to provide context on the controls in place to manage the key risks
- **Corporate, Commercial & Institutional Banking (CCIB) Risk deep dive:** Received and discussed papers covering the CCIB Risk review, Aviation deep dive and Early Alert process and its effectiveness. The impacts and challenges posed by COVID-19 were focused on and market idiosyncratic risk was discussed
- **Consumer, Private & Business Banking (CPBB) Risk review:** Received and discussed papers covering the CPBB Risk review and managing risks arising from partnership-driven business models. Focus was placed on partnership governance and the risks arising from and associated with partnerships. The Committee will remain focused on this in 2022
- **CPBB Fraud Risk deep dive:** Received and discussed a paper updating on the CPBB Fraud Risk landscape. Discussion focused on payment fraud and how this had been exacerbated by COVID-19. Furthermore, how training for colleagues is being conducted and how the risks associated with WFH are being managed were discussed

Activities during the year continued

Examples of deeper discussions into specific topics continued

- **Operational resilience – Important Business Services and Impact Tolerance Statements:** In line with regulatory objectives, reviewed and recommended the list of identified Group Important Business Services to the Board for approval. The Committee also reviewed and provided feedback on the Group's Impact Tolerance Statements, which will return to the Committee in February 2022, for further review and discussion
- **Interest Rate Risk deep dive:** Discussed a paper setting out the importance of Interest Rate Risk, the key drivers of this risk and how the Group manages its structural Interest Rate Risk. The Committee confirmed its support of the Group's structural hedging programme
- **Approach to crypto assets management:** Received and discussed a paper setting out the Group's approach towards emerging opportunities and governance in digital assets. Discussion focused on the governance of digital assets and the pace of change in regulatory developments with regard to digital assets
- **Third-Party Risk management with a focus on ICS Risk:** Received and discussed a paper on the Third Party Risk Management Framework and Third-Party ICS Risk. Discussion focused on controls testing, no-right-to-audit third parties and the security onboarding process
- **Management, control and governance of SC PLC:** Received and discussed a paper on the measures to enable effective management, control and governance of Standard Chartered PLC, ahead of submission to the Board for endorsement
- **Safety and Security Risk:** Received an update on safety and security issues over the last 12 months. Discussion focused on how data security is being managed at drop-in offices and how the physical risks are being managed with regard to cash holdings in branches and cash vaults
- **UAE Risk review:** Received and discussed a paper covering the material risks to the UAE portfolio, cognisant of COVID-19 impacts and changes in GDP. In particular, Climate Risk and Credit Risk were focused on
- **Structural Foreign Exchange Risk deep dive:** Received and discussed a paper setting out the importance of Structural Foreign Exchange Risk, the key driver pertaining to the risk and impending changes to the Group's hedging strategy with regard to capital requirements
- **Enterprise Risk review:** Reviewed progress reports from the Liquidity Risk review function and Credit Risk review function, which set out key themes from the 2021 reviews and the review plan for 2022

Committee effectiveness review

During 2021, an internal Board and Board Committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2021 internal effectiveness review

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

- Overall performance has made further progress during the year, and the Committee Chair is well prepared and effective in ensuring clear prioritisation and meeting management
- In terms of composition, this was considered to be strong, with good regional representation and dedicated members with banking risk experience
- Committee members would like papers to provide greater clarity around key issues
- Committee members provided feedback on key areas of focus and topics for future training sessions

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the further progress made last year:

- Consider how best to include key suggested areas of focus within the forward-looking rolling agenda, including continued focus on resolvability
- Keep under review the quality and length of papers and ensure they provide greater clarity on drawing out the key issues
- Schedule training sessions to include models, second order risks from climate change and emerging technology risks

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. Regular updates on COVID-19 impacts, country risk and geopolitical 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 in 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

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 prudential-focused topics. This meeting did not occur in 2021 due to COVID-19 restrictions; however, it is anticipated that this will resume once things return to normality.

Naguib Kheraj attended calls with the PRA and the BoE over the course of the year.

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 CSC has oversight of culture and sustainability-related matters. 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 reviewed and discussed a paper setting out an overview of the changes to the Risk function in 2021, management's assessment of the adequacy of people resources and the 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, Naguib Kheraj co-hosted an annual video-conference call with the chairs of subsidiary board risk committees and INEDs in July 2021. Naguib Kheraj also attended a board risk committee of Standard Chartered Bank (Hong Kong) Limited as an observer. The board risk committee chairs of our subsidiaries in China, Hong Kong, Korea and Singapore attended a number of Standard Chartered PLC Board Risk Committee discussions on matters such as resolvability and Hong Kong operational stability. The chair of Standard Chartered Bank (Singapore) Limited attended one Standard Chartered PLC Board Risk Committee meeting as an observer.



Details of this call can be found on [page 115](#)

Culture and Sustainability Committee



“The Committee’s remit now represents the Group’s heightened focus on delivering sustainability as a strategic priority”

Committee composition

	Scheduled meetings
J M Whitbread (Chair)	5/5
C M Hodgson, CBE	5/5
N Okonjo-Iweala*	1/1
D Tang	5/5
D Conner	5/5

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

Other attendees at Committee meetings in 2021 included:

The Group Chairman; Group Chief Executive; Group Head, Human Resources; Group Head Corporate Affairs, Brand & Marketing; and Group Company Secretary.



Biographical details of committee members can be found on [pages 91 to 94](#).

Main responsibilities of the Committee

The Committee is responsible for exercising oversight and advice to the Board on the Group’s culture and key sustainability priorities.

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](https://www.sc.com/termsofreference)

In an ever-changing world, it is important that the Group, as well as the Committee, keeps pace and this year the Brand, Values and Conduct Committee continued its evolution to ensure ongoing alignment with the Group’s strategic priorities. This evolution resulted in a change of name to the Culture and Sustainability Committee, the Committee’s remit now represents the Group’s heightened focus on delivering sustainability as a strategic priority.

The Committee will monitor the development and implementation of the framework to align financial services with net zero emissions by 2050 and will oversee the Group’s progress to deliver on intermediate targets. The Committee will keep under review the Group’s overall sustainability strategy based on the three pillars of the sustainability framework: Business, Operations and Communities, and will assess progress against the Group’s externally committed targets, sustainability aspirations and delivery against key sustainability priorities.

While the Committee has retained its oversight of the Group’s culture, including values, diversity and inclusion and employee engagement and workforce policies; oversight of brand positioning now sits within the remit of the Management Team. The Audit Committee has taken responsibility for Conduct Risk.

The latest chapter of the Group’s transformation agenda includes a focus on becoming truly purpose-led, by defining three Stands of focus: Accelerating Zero (the Climate Stand), Lifting Participation (the Equality Stand) and Resetting Globalisation (the Globalisation Stand). The Stands are not an add-on or separate from the strategy, but instead are aligned and executed through the strategy and business priorities. During the year, the Committee reviewed and supported the Management Team’s proposals on how the Stands would be embedded across the organisation and will continue to monitor the progress of leaders in delivering on the Stands.

This year, the Committee organised an additional session to focus on climate change. This session provided Committee members the opportunity to gain further insight into the global challenges faced in achieving net zero and, in particular, the challenges faced by the Group given its unique footprint across emerging markets. To achieve success will mean significant change for all and the Committee will have a key role to play in supporting delivery of the Group’s targets as well as monitoring progress of cultural change across the organisation in order to achieve this target.

The Committee oversees the Group’s commitment to upholding human rights and this year reflected on how the Group should respond to human rights issues in jurisdictions across our footprint. The Committee hosted a session on ethics and ethical decision-making that was delivered by a pre-eminent industry expert in this field. All Board directors were invited to attend this thought-provoking session.

The Committee continued to focus on the Group’s culture and its diversity and inclusion initiatives, and I am pleased to report that the Group has achieved its commitment to the UK HM Treasury Women in Finance Charter with over 30 per cent women in senior leadership roles. The Group has, this year, further expanded its commitment to increasing representation of underrepresented groups in senior leadership roles and the Committee will continue to monitor the delivery and outcomes of these initiatives.

During the year, we agreed that the Group must ensure all generations of colleagues are fully engaged, motivated and supported during pivotal life stages in order to fully contribute to the success of the organisation. As such, the Committee supported the launch of a new initiative that addresses generational diversity in order to increase the retention and development of older colleagues as well as to become an employer of choice for younger generations.

The Committee also reflected on the inclusive leadership initiative which empowers employees to challenge cognitive bias to enable such biases to be raised and addressed. The Committee was encouraged to see such management initiatives that will ensure that the Group’s culture continues to evolve to support delivery of strategic priorities.

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

Jasmine Whitbread

Chair of the Culture and Sustainability Committee

Activities during the year

Remit of the Committee	As a result of output from the Board and committees' effectiveness review undertaken at the end of 2020, and in light of refreshed strategic priorities, the Committee reflected on its purpose and remit and proposed a number of changes to its Terms of Reference, including a change of name, in order to align with emerging priorities. The Board approved the revised Terms of Reference on 25 May 2021. The Committee has retained oversight of how the Group develops and manages its culture (including its values, diversity and inclusion, employee engagement, and workforce policies and practices). The Committee continues to monitor the Group's sustainability strategy, including execution, and will review progress against the Group's external commitments. This responsibility includes monitoring the development and implementation of the framework to align financial services with net zero emissions by 2050 and deliver intermediate targets, the first being in 2023, consistent with that plan.
Sustainability – climate	The Committee held a session on net zero and discussed the challenges faced both globally and by the Group as a result of the Group's unique footprint in many emerging markets. It reviewed and provided challenge to management's plan and targets set out in order for the Group to achieve its net zero target by 2050.
Environmental, social and governance (ESG) matters	The Committee: - received an update on the delivery of the Group's community engagement strategy. This included an update on the 'Futuremakers by Standard Chartered' programme, the work of the Standard Chartered Foundation (SCF) and employee volunteering projects - discussed the Group's thematic position statements on human rights, sector statements, the framework and how the framework should be applied in a practical sense to support decision-making and escalation of issues to the Board - discussed how the Group could stay abreast of emerging best practice in governance around human rights - 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.
Stands	The Committee commenced a series of conversations with senior leaders on how the Stands would be embedded across the organisation. A number of deep dives are planned for 2022.
Culture, diversity and inclusion	The Committee: - discussed the My Voice employee survey results and the action plans to be developed by management once the data had been interpreted - reviewed the Group's approach to diversity and inclusion and discussed the initiatives being developed in order to create a more inclusive workplace
Conduct	In the first half of 2021, prior to its change in remit, the Committee: - received an update on Conduct Risk and a demonstration of the Conduct Dashboard - Chair held a session with the Audit Committee Chair to transition responsibility for the oversight of Conduct Risk
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 recognised the need to continue adapting working practices to meet the needs of the workforce during the ongoing COVID-19 pandemic while enhancing our Board-workforce engagement. New hybrid working arrangements were introduced across a number of key markets, with further roll-out planned. The Committee has committed to reviewing the success of hybrid working arrangements and has requested a series of deep dives on the impact of hybrid working arrangements, productivity and work-life balance to be scheduled in due course. Technology has continued to play a central role in ensuring interactive and two-way engagement between colleagues and Board members across the global footprint at a time when travel remains unprecedentedly restricted. The Committee has overseen the following activity: - Continued to support changes to working practices during the ongoing pandemic, including investment in wellbeing support, and the 'Future Workplace, Now' project to capitalise on the strategic opportunities created by the pandemic and address employee questions about future flexibility and ways of working - The Board hosted six regional engagement meetings covering the Africa cluster; the Middle East, North Africa and Pakistan; India and South Asia; Europe and the Americas; the Asia cluster; and Greater China and North Asia, facilitated by an online Q&A platform and polling tools, 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 new ways of working, diversity and inclusion, remuneration and work-life balance, as well as strategic topics such as the Bank's share price, investment strategy, digitalisation, geopolitical environment and banking competition.

Board – workforce engagement and workforce policies and practices

Workforce engagement framework: how we engaged during 2021



My Voice
employee
engagement
survey



Regional calls
hosted by Board
members



Continuation of
wellbeing support
initiatives



Continued
dialogue on
ways of working
and Future
Workplace, Now



Speak Up
data



Committee effectiveness review

As part of the 2021 internal Board evaluation, a review of the Committee's effectiveness was conducted. Overall, members agreed that the Committee continued to perform well and that the transition to the refreshed remit had been effective.

Progress against the actions set out in the Committee's 2021 Action Plan has been positive; a summary of the progress against each of the actions is set out below.

Progress against the 2021 Action Plan:

- During the year, the Committee participated in a two-hour session on net zero provided by Boston Consulting and Baringa Partners. This provided committee members with the opportunity to gain further insight into the global challenges faced in achieving net zero and, in particular, the challenges faced by the Group given its unique footprint across emerging markets
- The Committee hosted a session on ethics and ethical decision-making that was delivered by a pre-eminent industry expert in this field. All Board directors were invited to this session. In addition, a number of speakers are also being lined up for 2022 and beyond
- As a result of the Committee's revised remit, responsibility for Conduct and the conduct dashboard were transferred to the Audit Committee. The Committee Chairs held a handover session with management present and the Audit Committee Chair had a fulsome Conduct Risk induction

Key observations from the 2021 internal effectiveness review

- The Committee had increased its focus on culture and sustainability and held insightful discussions on culture and values, community engagement strategy, the Stands, sustainability and ESG. Committee members had also appreciated the deep dive sessions on the roadmap to net zero and human rights
- The Chair was rated as very effective and members noted the Chair's diligence and thoughtfulness with regards to the agenda, preparation for the meetings and valuable input into draft Committee papers
- Members rated the Committee composition as good with members being committed and engaged and offering different perspectives
- The Committee was well supported by the Sustainability and Human Resources (HR) Teams, and Committee papers were usually thorough and of a high quality

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation drawn together with the Committee's forward-looking agenda for next year:

- Continue to monitor improvements on risk culture and also developments on auditing culture more generally
- Arrange for external speakers to provide the Asia/China perspective on topics within the Committee's remit
- Focus on the delivery of the Bank's net zero plans

Governance and Nomination Committee



“During the year, the Committee has been focused on the medium to long-term composition of the Board”

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
P G Rivett	4/4	2/2

Other attendees at Committee meetings in 2021 included:

The Group Chief Executive; Group Head, HR; and Group Company Secretary.



Biographical details of the committee members can be viewed on [pages 91 to 94](#)

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/termsreference](https://www.sc.com/termsreference)

During the year, the Committee has been focused on the medium to long-term composition of the Board, cognisant that a number of the Board's independent non-executive directors (INEDs) will be reaching their nine-year tenure over the course of the next few years. At the beginning of the year, we carried out a comprehensive formal assessment of search firms that could assist the Committee in undertaking this next phase of the Board's succession planning. This process resulted in the appointment of Russell Reynolds to assist us in identifying candidates with a diverse range of skills, experience, backgrounds, gender and capabilities to enhance the Board's effective oversight of the strategy.

Maria Ramos joined the Board at the start of January 2021, and has extensive CEO, banking, commercial, financial, policy and international experience. Maria's induction onto the Board and the Board Risk and Audit committees, although conducted almost entirely virtually, remained robust and effective and Maria is adding significant value to the Board and committee discussions. Further insight into Maria's induction programme can be found on pages 106 and 107.

In light of Naguib Kheraj's decision to step down from the Audit and Remuneration committees in the summer, we undertook a refresh of the committees' membership and recommended the appointment of Maria to the Remuneration Committee. In addition to the significant focus on Board and committee succession planning we also spent a great deal of time discussing succession readiness and plans for the executive directors, the Management Team and other key senior executives, as well as programmes under way to develop talent internally. Despite the number of roles which have recently been filled externally, we looked at and assured ourselves that all key roles have credible succession plans with suitable flexibility for the immediate to longer term.

Detail of the Committee's annual review of the Board Diversity Policy and its assessment of progress against it can be found on pages 135 and 136. Following the realignment of the Policy last year, no further changes were recommended in 2021; however, we did discuss the importance of further balancing female representation on the Board and the Financial Conduct Authority's (FCA) consultation on changes to the Listing Rules in this area and agreed to keep our current target under review.

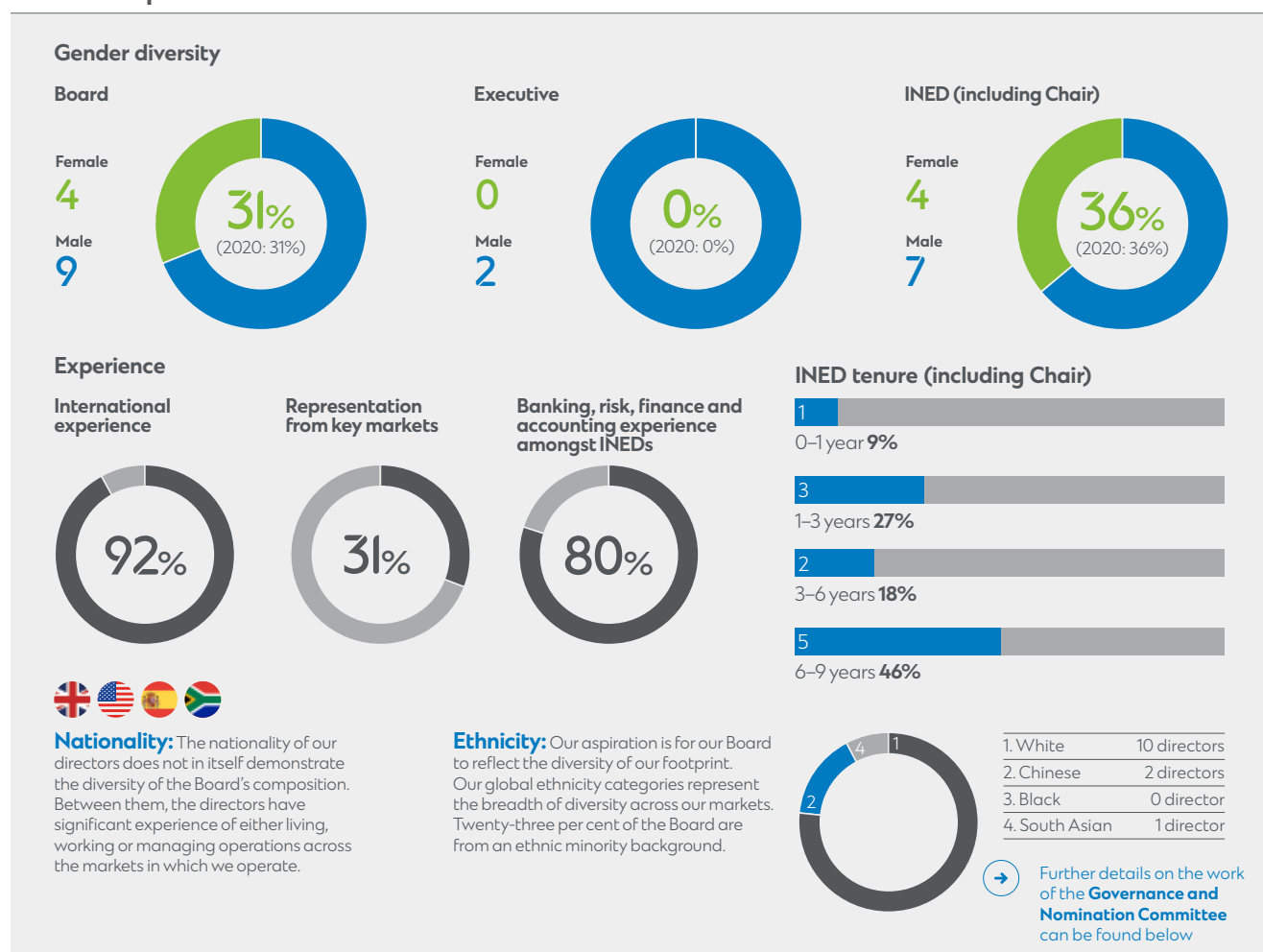
As part of the Committee's governance oversight role, we continued to receive updates from the three regional CEOs who each have responsibility for the subsidiary governance processes across their regions, and provide a holistic view of the governance framework and challenges faced across the Group's footprint. The Committee also spent time reviewing the governance structures around the growing SC Ventures entities.

Once again the Committee oversaw progress made in meeting the actions recommended in last year's internally conducted Board effectiveness review and agreed the approach for another internally run evaluation this year. Details of both are set out on page 108. We also spent time discussing the progress the Committee has made against those actions highlighted in its own effectiveness review. A summary of those reflections and of this year's Committee effectiveness review and actions for 2022 can be found on page 137.

Dr José Viñals

Chair of the Governance and Nomination Committee

Board composition as at 31 December 2021



Activities during the year

Board and senior talent succession planning

- Undertook a comprehensive and thorough formal assessment of search firms to assist the Committee in undertaking the next phase of its Board succession planning. Following a long and short-listing process, Russell Reynolds was chosen as the successful firm. Russell Reynolds is a signatory to the voluntary code of conduct for executive search firms. Russell Reynolds also supplies senior resourcing to the Group
- Engaged Russell Reynolds to review the market for future INED candidates with deep global banking and financial services experience, strong understanding of the remuneration environment, significant commercial experience and with representation from our key markets
- 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
- Maintained oversight of the progress made by Phil Rivett and Maria Ramos against their tailored Board and committee induction programmes
- Provided oversight of the detailed executive and senior management (level below Management Team) succession plans, alongside other critical roles, including the oversight of a process of external market mapping of key management roles
- 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 to the Board the appointment of Maria Ramos as a member of the Remuneration Committee

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 2021 Action Plan, which addressed the key observations from the 2020 effectiveness review. Two particular outputs included the recommendation that the Terms of Reference of the Brand, Values and Conduct Committee were refocused, giving more weight to environmental, social and governance (ESG) matters and renaming it the Culture and Sustainability Committee, and the recommendation, subject to a number of milestones being met, that the Board Financial Crime Risk Committee is folded into a combination of the Audit Committee, Board Risk Committee and the Board in 2021 or early 2022
- Discussed the observations and recommendations which flowed from the 2021 internally facilitated Board and committees' review and discussed the shape of the Board's 2022 Action Plan



Details of this year's Board and committees' evaluation, including the process which we followed, observations from the review and the resulting 2022 Action Plan can be found on [page 108](#)

Board Diversity Policy

- Reviewed progress made in 2021 against the agreed objectives set out in the Board Diversity Policy
- Conducted a review of the Board Diversity Policy to ensure that it continued to drive diversity in its broadest sense, while continuing to take account of best practice, specifically in the area of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience
- Discussed the Board's commitment to ensure a minimum of 33 per cent female representation on the Board. Cognisant of the FCA consulting on raising ambitions in this area, which includes a proposed target of at least 40 per cent female representation on boards, the Committee took the decision to wait for the outcome of this consultation and its proposal in respect to gender targets and ethnicity before recommending any further changes to the Policy or targets



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

- Recommended the extension, for a further 12 months, of Sir Iain Lobban's appointment as independent advisor to the Board and its committees on cyber security and cyber threats

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 three regional CEOs on the Group's approach to subsidiary governance. Received assurance of effective oversight and compliance with the Group's Subsidiary Governance Policy and discussed material regulatory trends, initiatives, and considerations likely to impact the current or future governance of the Group's banking subsidiaries; the key actions arising from banking subsidiary board effectiveness reviews; and linkages between banking subsidiaries and the Group
- Discussed governance projects within SC Ventures and, in particular, the approach to governance of the Venture entities
- Approved the appointment of a new Chair to Standard Chartered Bank (Singapore) Limited, a regional hub board

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 2021, 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. 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.

While positive progress has been made in improving the balance of female directors on the Board in recent years, female representation on the Board remains just below the current industry target of 33 per cent. We are cognisant of the growing pressure on boards to set longer-term and more ambitious gender aspirations, including moving towards 40 per cent female representation or gender parity and as a Committee we spent time discussing the FCA's consultation on changes to the Listing Rules in this area. While acknowledging the importance of gender diversity around the board table and ultimately gender parity on the Board, we also recognise the importance of balancing gender diversity within the broader context of diversity, which is particularly relevant given the Group's diverse geographical representation. While we remain committed to do more to increase the gender diversity on the Board, the Committee took the decision not to raise its target in this area above the current 33 per cent, pending the outcome of ongoing external consultations and to ensure progress is sustainable.

Aligned to the Policy's broad ambition, this year we report on the progress made against the seven objectives, including the two additional commitments made at the end of 2020, 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
- engaging only search firms that 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 91 to 94 of this report, and that of the Management Team can be found on pages 95 to 97

→ 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 pages 55 to 59 of this report

+ A copy of the full Board Diversity Policy can be viewed at [sc.com/boarddiversitypolicy](https://www.sc.com/boarddiversitypolicy) and further details on the Group's approach to Diversity and Inclusion can be viewed at [sc.com/diversity-and-inclusion](https://www.sc.com/diversity-and-inclusion)

Progress against the key objectives set out in the Board Diversity Policy is set out below.

Board Diversity Policy objectives	Progress
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 remains 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 2021 (appointment of Maria Ramos and the retirement of Ngozi Okonjo-Iweala) ensured that the percentage of female representation on the Board remained unchanged at 31 per cent. The Board continues to strive to ensure greater female representation and is cognisant of the initiatives to further raise aspirations in this area.
Adopting an ethnicity aspiration of a minimum of 30 per cent from an ethnic minority background	Following changes to the composition of the Board in early 2021, representation from ethnic minority backgrounds dropped from 30 per cent to 23 per cent as a result of Ngozi Okonjo-Iweala's departure from the Board in February 2021. We remain committed to our ethnicity aspiration and to ensuring a broad representation of our directors from across our markets.
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. As part of the Committee's succession planning in 2021, it has considered a significant number of potential future INED candidates who are representative of some of our key regions and markets, with a particular focus on ASEAN.
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 collective experience, skills and attributes required both immediately and in the medium to longer term. The Committee has systematically reviewed candidate longlists and shortlists to identify potentially suitable INED candidates. Areas of particular focus in 2021 included: • corporate institutional and commercial banking • technology risks • remuneration • previous CEO/CFO experience • ASEAN experience • regulatory understanding
Ensuring that we consider the Group's aspirations in relation to disability, sexual orientation, gender identity and gender expression	We remain committed to all aspects of diversity as we undertake any Board succession process.
Engaging only search firms that 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 2021 the Committee conducted a review of its key requirements from its search firm and after a tender process appointed Russell Reynolds to assist in identifying and building a pipeline of high-quality potential INED candidates for the next stage of its Board succession process. Russell Reynolds is signed up to the Voluntary Code and is committed to supporting our ambitions to widen all aspects of diversity on the Board.
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.	The Committee takes an active role in reviewing the succession planning for the executive, Management Team and senior management one level below the Management Team. We continue to improve 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 2021 internal Board evaluation, a review of the Committee was conducted. Broadly, members felt that the Committee had made good progress in a number of areas this year, highlighting progress with executive and non-executive succession plans, more thorough reviews of induction plans and oversight of progress, and a more systematic review and tracking of Board and Committee effectiveness review action plans. A summary of the key observations and the subsequent recommendations can be found below.

Progress against the actions set out in the Committee's 2021 Action Plan has been positive; a summary of the progress against each of the actions is set out below.

Progress against the 2021 Action Plan:

- Continued to enhance and tailor the Board induction programme for new Board and Committee members, providing greater oversight of progress. Maintained a significant programme of ongoing training for directors during the year
- While effort was made during the year to continue building in time within the Board calendar for members to meet internal high-potential individuals in person, continued COVID-19 restrictions impacted Committee members' ability to reach as many across the business as they had hoped. Despite this, many of the individuals continued to have exposure to the Board through presentations to the Board and its committees. In person contact will resume once visits to markets allow for interaction and more informal sessions
- As part of the Committee's succession planning process, provided oversight of an external market mapping of candidates for key management roles
- Refreshed the Board skills matrix, to assist the succession planning process, giving particular focus to the succession plans for the Chairs of the Board committees

Key observations from the 2021 internal effectiveness review

The feedback from the 2021 internally conducted Governance and Nomination Committee effectiveness review was broadly positive. The overall feeling was that good progress had been made in many areas, including succession for key executive roles and plans for non-executive succession, oversight and progress against induction plans, and a more systematic review and tracking of Board and committee effectiveness review action plans. Some of the key findings highlighted that:

- the Committee was well chaired and that communications and follow-ups on the outcomes from meetings had improved
- the new search consultant had strengthened the identification process of new INEDs as part of succession planning; however, there was a feeling that further pace and decisiveness could be injected into the process
- the Committee saw a benefit to spending more time on ensuring suitable succession plans are in place for key Management Team roles, with a greater focus on enhancing an internal pipeline of candidates
- the Committee is broadly happy with its composition, which it considered to be balanced and collegiate with a good cross-section of skills and diversity of views and perspectives. However, there was a sense that the Committee would further benefit from additional CFO and financial services experience
- the Committee was keen to have further external insight on the senior talent pool in the global banking sector

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Schedule a session with an external party to gain some external insight on the broader senior talent pool in the global banking sector
- Schedule a focused session on Management Team succession plans, particularly focused on a number of key positions
- Ensure the pace is maintained in the INED succession planning process, focusing on increasing the level of banking/CEO experience
- Continue to review emergency succession plans for key Board roles

Board Financial Crime Risk Committee



“The Committee is pleased to note the progress made against the Group’s oversight of financial crime priorities”

Committee composition

	Scheduled meetings
G Huey Evans, CBE (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 2021 included:

the Group Chairman; Group Chief Executive; Group Head, Conduct, Financial Crime & Compliance; Group General Counsel; Group Chief Risk Officer; Global Head, Financial Crime Compliance, Conduct & Compliance Frameworks; Group Head of Internal Audit; Global Head, Disputes & Government Investigations; and Group Company Secretary.

As part of their ongoing engagement plans in 2021, Phil Rivett attended two Committee meetings, Maria Ramos attended three Committee meetings and Byron Grote attended the majority of one Committee meeting.

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

The Committee’s membership currently comprises 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 91 to 94](#)

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](https://www.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 2021.

The Committee is pleased to note the progress made against the Group’s oversight of financial crime priorities, including the expiry of the Group’s 2019 US Deferred Prosecution Agreements and completion of the Group’s Financial Crime (FC)-related remediation programmes. While this progress is notable, we shall not become complacent and recognise that Financial Crime Risk (FCR) remains an important ongoing risk for the Group.

The Committee has kept a close watch on the progress being made to enhance financial crime compliance (FCC)-related technology. The Group began work to upgrade core data and technology infrastructure for Customer Due Diligence and FC in 2013, and the Committee was pleased to note at the end of 2021 that the major enhancements have now been deployed to all relevant markets across the Group. The Committee was assured that the Group continues to assess how to improve the effectiveness of its tools and consider next-generation surveillance and FC monitoring infrastructure and machine learning.

The Committee has received and discussed the FCR environment, controls in place and ongoing risks for a number of the Group’s key markets including: India, Bangladesh, Germany and the US. The local CEOs were invited to attend these discussions, which provided opportunities for the Committee to probe how the challenges are being managed on the ground.

Following discussions held in 2020, the Committee discussed the Group’s Risk and CFCC Productivity Programme, with Audit Committee members being invited to join this discussion. Focus was placed on the need to ensure that the right balance is struck between achieving cost-efficiencies and maintaining effective risk management.

A key priority for the Committee this year has been the Financial Crime Surveillance Operations (FCSO) Transformation Programme, which was discussed at each meeting. This Transformation Programme is responsible for transferring agreed in-scope surveillance activities from the second line of defence to the first line, with the objective of moving risk management closer to the source of risk and to promote better decision-making.

The Committee has regularly discussed external developments, emerging risks and threats, including how COVID-19-related FCR is evolving. Furthermore, focus has been placed on the impacts of colleagues working from home (WFH) and the associated risks. Regular reporting from management and Group Internal Audit (GIA) has provided assurance as to the effectiveness of controls in place, which will be important as the external environment normalises and as the Group transitions to a hybrid working model. The Committee has continued to monitor the Group’s control capability and probed that the Group is well protected against FCR.

At the request of the Committee, a paper on FCR in new technologies including crypto assets was received and discussed. The capabilities, skills and resources required to manage these risks were discussed and management was able to provide assurance that opportunities are being assessed in a measured way, ensuring that all relevant stakeholders are engaged. Furthermore, a paper was received on the Group’s Sanctions Compliance Programme. The Committee sought and received assurance that the Group continues to build this programme to be sustainable and adapt to the evolving risks that the Group faces. The Committee also discussed a paper on the Group’s Anti-Bribery and Corruption (ABC) Programme, including an analysis of key risks and management actions.

The Group continues to partner to lead the fight against financial crime through information-sharing and public-private partnerships. Despite restrictions on physical meetings during COVID-19, the Committee was pleased to note that management continued to participate in information partnerships and industry work to address FCR, including through United for Wildlife hosted webinars focusing on illegal wildlife trade (IWT), the work of the Wolfsberg Group of which the Group is an active member, and with public-private partnerships in multiple markets. The Committee fully supported these virtual forums to enable the Group to continue to play a leading role in FCC sharing initiatives.

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

Completion of technology remediation programme	Exercised oversight of the activity required to comply with the requirements of the various FCC-related resolutions 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 risk control environment	- Discussed reports on FCR faced by the Group across a number of client segments and geographies, with members of country and regional management attending meetings to provide perspective - Assurance was sought and received on the actions under way to strengthen controls in relation to FCR - Reviewed reports on GIA's work and opinion 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 how GIA is managing its audits and sought assurance that appropriate controls were being maintained - Discussed an annual report from the Group's 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 FCC programme; an assessment of the operation of systems and controls; a summary of business issues and strategy; conclusions and recommendations for action; reporting from the Nominated Officer - At each meeting, received a report from the Global Head of FCC, Conduct and Compliance Frameworks setting out status reports on the FC programme, FC objectives, regulatory matters, significant investigations, external threats and technology enhancements being rolled out across the Group - At the request of the Committee, a paper setting out the key extant and emerging FC risks from technology-enabled financial innovation, focusing on the Group's digital assets strategy was discussed - Discussed the Group's ABC Programme focusing on the key risks and actions taken by management to address these. In particular, discussion focused on the control processes for intermediaries and new partnerships, for example, with SC Ventures-related initiatives - Discussed a paper setting out the nature of FCR inherent in the CCIB business, potential new FCR in light of CCIB's strategy, mitigating actions and remaining challenges
Financial crime future threats	- Discussed external development and emerging threats at each Committee meeting - Reviewed and provided feedback on the main areas of FCR threat for the Group, with the Committee providing insights on what is being seen elsewhere. In particular, discussed how the threat of COVID-19-related FC is evolving - Received and discussed papers providing an assessment of the underlying FC threats arising with most frequency in recent and ongoing significant investigations. Discussion focused on how management is responding to the various thematic risks and horizon scanning emerging 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 - Regularly reviewed metrics measuring against the FC Risk Appetite
CFCC function	Regularly discussed the engagement of people and the impacts of the FCSO 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
Active engagement in industry and public-private initiatives	- Discussed reports on FCC-related public-private 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 the transnational organised money laundering network
Ongoing engagement	The Group participated in a number of United for Wildlife hosted webinars, which 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
Linkages with subsidiaries	In conjunction with the Chair of the Board Risk Committee, Gay Huey Evans co-hosted an annual video-conference call with the chairs of subsidiary board risk committees and INEDs in July 2021
	 Details of this call can be found on page 115

Committee effectiveness review

During 2021, an internal Board and Board Committee effectiveness review was facilitated by the Group Company Secretary.

Key observations from the 2021 internal effectiveness review

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

- The Committee has performed well with sustained focus on the key challenges faced for FCC. The Committee Chair is well prepared and manages the agenda effectively
- Good progress had been made in completing oversight of the key milestones and priorities agreed in last year's effectiveness review, and commentary was provided on the future role and focus of the Committee
- A suggestion was made that additional FCR training be offered to Committee and non-Committee members

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation:

- Consideration will be given to the future role and focus of the Committee, ensuring that FCR continues to have sufficient oversight
- Additional FCR training for Committee and non-Committee members to be organised in 2022

Directors' remuneration report



“Delivering competitive reward in recognition of resilient performance achieved in challenging circumstances”

Committee composition

	Scheduled meetings
C M Hodgson, CBE (Chair)	5/5
B E Grote	5/5
N Kheraj (Stepped down as Member of the Committee on 5 July 2021)	2/2
M Ramos (Appointed as Member of the Committee on 5 July 2021)	3/3
J M Whitbread	5/5

→ Biographical details of the Committee members can be viewed on [pages 92 to 93](#)

Other attendees for relevant parts of Committee meetings in 2021 included:

Group Chairman; Group Chief Executive (CEO); Group Chief Financial Officer (CFO); Group Chief Risk Officer; Group Head, HR; Global Head, Performance, Reward and Benefits; Group General Counsel; Group Head, Conduct, Financial Crime and Compliance; Group Company Secretary.

Main responsibilities of the Committee

The Committee is responsible for setting the governance framework for remuneration for all employees, ensuring alignment with our culture, the requirements of the UK Corporate Governance Code and any other relevant regulations. Key responsibilities of the Committee include:

- Oversight of the Group's Fair Pay Charter including the development and implementation of workforce remuneration policies and practices that are consistent with sound and effective risk management to support the Group's strategic priorities and enable long-term sustainable success.
- Approval of Group discretionary incentives, including adjustment for current and future risks.
- Together with the Board, determining and agreeing the remuneration framework and policies for the Group Chairman, executive directors and other senior executives, using the Fair Pay Charter principles, taking into account wider workforce remuneration, and ensuring the alignment of reward with culture and conduct.

+ The Committee has written terms of reference that can be viewed at [sc.com/termsofreference](#)

Summary of 2021 remuneration decisions

- Following significantly reduced remuneration outcomes in 2020, Group discretionary incentives for 2021 are \$1,367 million; up 38 per cent on 2020 and slightly up on 2019, reflecting resilient performance in 2021.
- Annual incentive awards for the executive directors are directly linked to the Group scorecard with an outcome of 57 per cent of the maximum.
- Salary increases of 2.7 per cent will be implemented in April 2022 for both executive directors, in line with the average salary increase for the Group's UK workforce and below the average salary increase for the Group (4.8 per cent).
- A new directors' remuneration policy is proposed for implementation in 2022, subject to shareholder approval at the AGM. There are no material changes as the policy continues to support the delivery of our strategy.
- Greater alignment is introduced between reward and the Group's strategic priorities, including our Stands, through direct links to annual and long-term incentive measures.

Introduction

On behalf of the Remuneration Committee, I am pleased to present our directors' remuneration report for the year ended 31 December 2021. The report provides an overview of the Committee's work in the year on remuneration for the executive directors and the wider workforce.

During 2021 we have continued to support colleagues through the COVID-19 pandemic, recognising the fatigue and ongoing challenges created by the prolonged nature of the crisis. We are sensitive to the difficulties many continue to face and are investing heavily in our people and culture, being committed to developing the bank for the new economy – one that is inclusive, collaborative and innovative.

Across more than 50 markets we have built a bank with diverse experience, capabilities and culture. We are dedicated to making remuneration decisions that are fair, transparent and competitive in order to enable a future-ready workforce and build a workplace that helps our colleagues perform at their best. Our Fair Pay Charter continues to guide our performance and reward decision-making globally. Our 2021 Fair Pay Report provides an update on the progress made and summarises how we meet the principles of our Fair Pay Charter. Highlights this year include taking the first steps to incorporate living wages into our supply chain and continuing to increase consistency of benefits across our markets.

+ The 2021 Fair Pay Report can be viewed at [sc.com/fairpaycharter](#)

As part of this report we are presenting our new directors' remuneration policy (the policy) which, if approved, will apply from the date of the 2022 AGM for up to three years. No material changes are proposed to the policy as the Committee is confident that it remains fit for purpose and continues to support the delivery of our strategy. In arriving at this conclusion, we have consulted with shareholders and considered the experience of our wider stakeholder group. A summary of the proposed changes is included below and the full policy is set out on pages 161 to 166.

Our performance in 2021

Throughout the year, the Group has demonstrated resilient performance against a challenging backdrop. Underlying profit before tax is up 55 per cent on 2020, driven by low levels of credit impairment and good progress across our strategic priorities. Return on tangible equity (RoTE) is up 300 basis points to 6.0 per cent and the Group remains strongly capitalised, with the Common Equity Tier 1 (CET1) ratio at 14.1 per cent, demonstrating resilience.

The formulaic Group scorecard outcome was 64 per cent with 37 per cent based on financial achievements including effective cost management, low levels of credit impairment and growth in high-performing liabilities and 27 per cent based on non-financial achievements, including digital adoption, increased innovation, speed to market (from idea formation to client delivery) and delivery on our commitment to the Women in Finance Charter.

Group-wide remuneration

2021 annual discretionary incentives

Following significantly reduced discretionary incentives and limited pay increases in 2020, remuneration outcomes have increased in 2021 in line with performance.

The Group scorecard assessment of 64 per cent was used as a starting point for determining discretionary incentives. The Committee also considered carefully risk, control and conduct matters, reviewing material issues and fines, including the penalty received from the Prudential Regulation Authority (PRA) in respect of liquidity reporting issues.

Considering all factors, and to ensure the outcome reflects underlying performance, the Committee determined that a reduction of 7 percentage points was appropriate, resulting in an outcome of 57 per cent for the purposes of discretionary incentives. This results in aggregate incentives of \$1,367 million, which is 38 per cent higher than 2020 and slightly above 2019. Further detail is set out on page 153.

2022 salaries

At the start of 2021 we limited salary increases in recognition of the prevailing circumstances. However, through the year we saw an increase in competition for talent in the global labour market. In response to this, and wage inflation across several of the markets we operate in, our average global salary increase is 4.8 per cent for 2022.

Executive director remuneration in 2021

Annual incentives for executive directors

Annual incentives for Bill and Andy reflect the Group scorecard outcome with potential to adjust upwards or downwards based on personal performance. For 2021, the Committee determined that the annual incentive for Bill and Andy should be unadjusted from the Group outcome, at 57 per cent of the maximum.

In 2020, the Group scorecard outcome was 37 per cent, which was then reduced by Bill's and Andy's voluntary waiver of the cash portion (i.e. 50 per cent), resulting in an overall annual incentive outcome of 18.5 per cent of the maximum.

The 2021 scorecard results in annual incentive outcomes for the executive directors that are 54 per cent higher than 2020 (before the voluntary waiver of the cash portion) and slightly lower than 2019, which is a more comparable year given the material impact of COVID-19.

2019–21 LTIP awards vesting in March 2022

The 2019–21 long-term incentive plan (LTIP) awards are due to vest in March 2022. Following an assessment of the performance conditions, the expected levels of vesting are:

- RoTE – 0% vesting
- Total shareholder return (TSR) – 0% vesting
- Strategic priorities – 23% vesting

We have not adjusted the performance targets as a result of the pandemic. The value delivered by the 23 per cent vesting outcome and included in the single total figure of remuneration is based on a share price of £4.55 (the three-month average to 31 December 2021) compared with the share price of £6.11 at grant in 2019. This reduces the award outcome value by 25 per cent.

Single total figure of remuneration for 2021

The 2021 annual incentive and expected 2019–21 LTIP vesting results in a 2021 single figure for Bill of £4,657,000 and for Andy of £2,979,000. This represents a year-on-year increase of 19 and 21 per cent respectively, which partially reflects the impact of the executive directors' voluntary waiver of the cash portion of their annual incentive in 2020.

2021 single total figure of remuneration (£000)

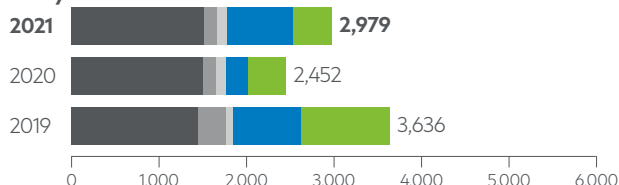
■ Salary (cash and shares) ■ Annual incentive
■ Pension ■ LTIP

19% increase for Bill Winters in 2021
21% increase for Andy Halford in 2021

Bill Winters



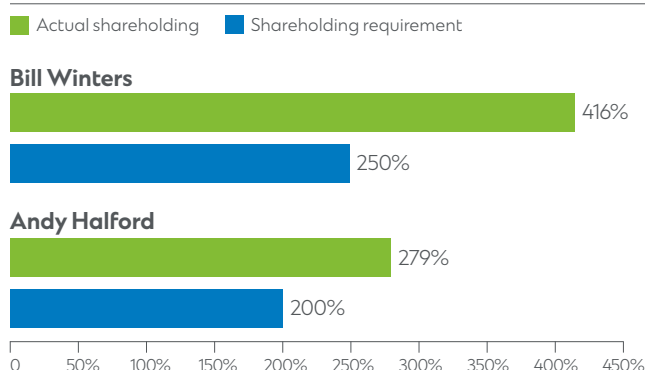
Andy Halford



Executive directors' shareholdings

A significant portion of Bill's 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. As of 31 December 2021, both Bill and Andy had exceeded their shareholding requirements as outlined below.

Executive director shareholdings (% of salary)



Directors' remuneration policy

The Committee is seeking shareholder approval for a new remuneration policy for the executive directors, as the term for the existing policy comes to an end at the 2022 AGM. We have undertaken an extensive review of the existing policy, including consulting with our major shareholders, and we believe it remains appropriate to support the delivery of our strategy. As such, no significant change to the overall structure or quantum of the current executive directors' remuneration is being proposed in the new policy. Further detail is set out on pages 160 to 166.

As a reminder, at the AGM in 2019 the directors' remuneration policy received the support of 63.8 per cent of shareholders. The Committee re-engaged with shareholders to seek feedback and address concerns relating to the pension allowance. Following these discussions, with effect from 1 January 2020, the pension allowance for the current executive directors was reduced from 20 per cent of salary to 10 per cent of salary, aligning with UK employees. The subsequent directors' remuneration reports received shareholder support of 97.0 per cent and 98.6 per cent at the 2020 and 2021 AGMs respectively.

Two developments to the directors' remuneration policy are proposed to align with market practice, which has evolved since 2019:

- Without changing the value of the maximum opportunity, the calculation of variable pay will be based on salary (cash and shares) only and will no longer include the pension allowance. This is purely a presentational change.

Basis of calculation	Maximum opportunity	
	Annual incentive	LTIP
Current: fixed pay – salary and pension	80%	120%
Proposed: salary	88%	132%

- The post-employment shareholding requirement will be increased to 100 per cent of the shareholding requirement for two years following the cessation of employment.

In addition, to recognise market practice and the views of some of our shareholders, the pension allowance for new directors will be based on the cash element of salary only. The Committee considered carefully whether the pension allowance for Bill and Andy should also be based on the cash element of salary only. However, the pension reductions in 2020 had a direct impact on the variable pay opportunity (8 per cent lower for both Bill and Andy) in addition to the reduction in fixed pay. Therefore, to avoid further reducing the opportunity, we believe the current policy (10 per cent of salary) continues to be appropriate for Bill and Andy and remains consistent with the approach for the rest of the UK workforce. In making this decision, the Committee also took into account the high level of shareholder support expressed for the current arrangements at the 2020 and 2021 AGMs, and in recent engagement sessions.

Executive directors' remuneration in 2022

For 2022, the assessment of personal performance will be embedded into the annual incentive scorecard assessment, accounting for a maximum weighting of 10 per cent. Financial measures will continue to make up 50 per cent of the annual incentive scorecard. Further detail is set out on page 169.

Under the remuneration policy, the Committee considers salary increases annually for the executive directors and takes account of increases in scope or responsibility, the individual's development in role, market competitiveness, and salary increases across the Group. This is in line with the approach taken for all Group employees.

Taking into account the average 2022 salary increase awarded to the Group's UK and global workforce, the Committee has determined that an increase is appropriate. The Committee has awarded salary increases of 2.7 per cent to Bill and Andy, from £2,370,000 to £2,434,000 and from £1,515,000 to £1,556,000 respectively. This is the second salary increase awarded to Bill and the third to Andy since their appointments in 2015 and 2014 respectively.

2022-24 LTIP awards to be granted in March 2022

After considering 2021 performance, 2022-24 LTIP awards will be granted to both Bill and Andy with a value of 120 per cent of fixed pay, in line with our current 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 with the Group's strategic priorities.

Last year we adjusted the weightings of the performance measures and included a standalone sustainability pillar to recognise its importance. This year we are retaining this pillar and increasing the focus on the broader impact of client activity, rather than on our internal operations. To enhance the alignment between executive remuneration and our strategy, measures relating to all three Stands are included in the 2022-24 LTIP. More information on our Stands is set out on pages 24 and 25.

Discussions with shareholders were held in January 2022 on the development of these performance measures and targets, and were factored into final decisions made by the Committee. Further details on the 2022-24 LTIP and the performance targets are set out on pages 157 and 158.

This directors' remuneration report is subject to two shareholder votes at the 2022 AGM:

- An advisory vote on the application of the existing directors' remuneration policy in 2021.
- A binding vote on the proposed directors' remuneration policy which, if approved, will apply from the date of the AGM. The policy sets out the framework for directors' remuneration for up to three years.

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

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.

In making remuneration decisions for 2021 and beyond, we have been mindful of the experience of our wider stakeholder group. I would like to thank personally our shareholders and my fellow Committee members for their ongoing support and engagement as we sought to strike the appropriate balance.



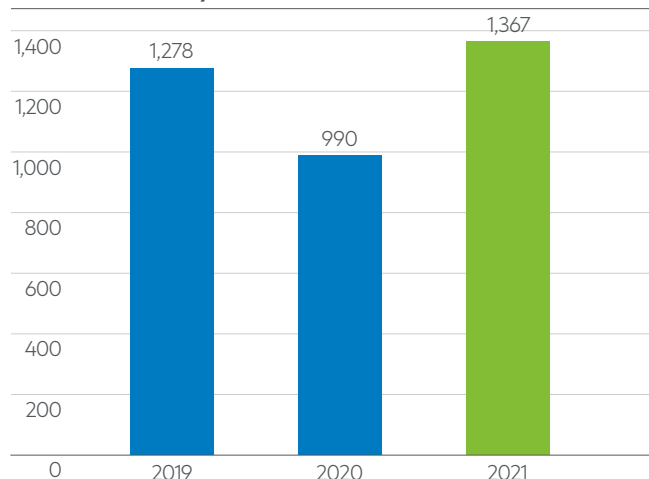
Christine Hodgson

Chair of the Remuneration Committee

Remuneration at a glance

Group-wide remuneration

Total discretionary incentives, 2019–2021 (\$m)



2021 Group scorecard outcome



2021 Group scorecard outcome

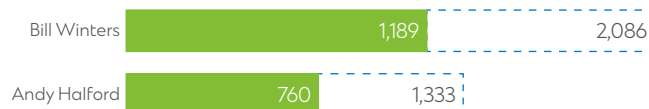
57%

¹ Considering all factors, the Committee determined that a reduction of 7 percentage points (ppt) to the formulaic outcome (64 per cent) was appropriate, resulting in an outcome of 57 per cent for the purposes of discretionary incentives

Executive directors' remuneration

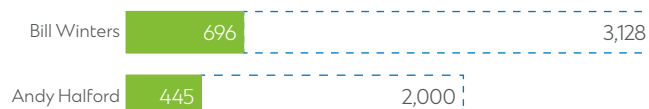
2021 annual incentive (£000)

57% of maximum



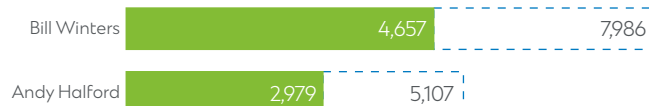
2019–21 LTIP outcome (£000)

23% of maximum



2021 single figure (£000)

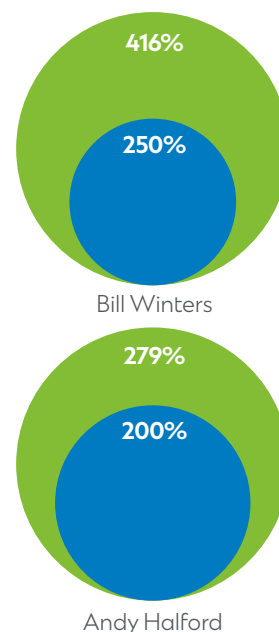
58% of maximum



■ 2021 outcome □ Maximum opportunity

Share ownership as % of salary (at 31 December 2021)

■ Requirement
■ Actual



Financial KPIs

Profit before tax

\$3,896m

↑ 55%

Common Equity Tier 1 ratio

14.1%

↓ 28bps
Above our target range of 13–14%

Return on tangible equity

6.0%

↑ 300bps
Underlying basis

Total shareholder return

(32.6)%

↓ 2.0%

Non-financial KPIs

Diversity and inclusion: women in senior roles

30.7%

↑ 1.3ppt

Sustainability Aspirations met or on track

82.9%

↑ 4.5ppt

Summary of the proposed new executive directors' remuneration policy

Our policy on remuneration for directors was last reviewed in 2018 and approved by shareholders at the May 2019 AGM. During 2021 we have carried out a review of executive director remuneration and at our May 2022 AGM we will propose a new directors' remuneration policy.

Taking into account feedback received from our major shareholders and proxy advisers, the Committee considers that the current directors' remuneration policy remains appropriate and continues to support the delivery of our strategy. Therefore, no significant changes to the overall structure or quantum of the current executive directors' remuneration packages are being proposed. The key elements of the proposed policy and an explanation of the proposed changes are set out below. Full details of the new directors' remuneration policy are set out on pages 160 to 166.

Element	Current policy	Proposed changes to policy and rationale
Fixed remuneration		
Salary	Delivered part in cash (paid monthly) and part in shares (20 per cent released annually over five years)	No change Why? Delivering salary part in cash and part in shares continues to reinforce long-term alignment with shareholders.
Pension	Maximum of 20 per cent of salary, implemented at 10 per cent of salary for current executive directors Paid as a cash allowance and/or contribution to a defined contribution scheme	Change: Maximum will reduce to 10 per cent of salary in line with current implementation. Why? With effect from 1 January 2020, the pension allowance for the current executive directors was reduced from 20 per cent of salary to 10 per cent of salary. This reduced the variable pay opportunity by 8 per cent for both Bill and Andy. To avoid a further reduction in remuneration, pension for the current executive directors is being maintained as a percentage of the cash and share elements of salary. Change: For new directors pension will be based on the cash element of salary only. Why? To recognise feedback from shareholders and to align further with market practice.
Benefits	A range of benefits are provided which support directors to carry out their duties effectively	No change Why? Core benefits continue to be aligned with the wider workforce.
Variable remuneration		
Total variable remuneration cannot exceed regulatory limits		
Annual incentive	Based on the Group scorecard of financial and strategic targets and personal performance, measured over one year Maximum opportunity of 80 per cent of fixed pay (defined as salary and pension) to be delivered as a combination of cash and shares subject to holding requirements	Change: The annual incentive opportunity will be re-expressed as a percentage of salary only, changing from a percentage of fixed pay. The maximum opportunity, as a percentage of salary, will be 88 per cent and results in the same value of opportunity. Why? The basis for calculation of variable remuneration is changing to align with market practice and to recognise shareholder preference.
Long-term incentive plan (LTIP)	Share awards to be granted annually and subject to performance measured over three years Maximum opportunity of 120 per cent of fixed pay (defined as salary and pension) with phased vesting over three to seven years and subject to holding requirements	Change: The LTIP will be re-expressed as a percentage of salary only, changing from a percentage of fixed pay. The maximum opportunity, as a percentage of salary, will be 132 per cent and results in the same value of opportunity. Why? The basis for calculation of variable remuneration is changing to align with market practice and to recognise shareholder preference.
Shareholding requirements	Executive directors are required to hold a specified level of shares expressed as a percentage of salary During the current policy the requirements have been 250 per cent of salary for the CEO and 200 per cent of salary for the CFO	No change Why? The shareholding requirements remain appropriate and aligned to the interests of shareholders and market practice.
Post-employment shareholding requirement	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	Change: The post-employment shareholding requirement will be 100 per cent of the shareholding requirement for the full two years following the cessation of employment. Why? The requirements are changing to align with market practice and shareholder guidance.
Leaver provisions	On a case-by-case basis, the Committee has the discretion to disapply the proration of vesting LTIP awards for time not served during the performance period (e.g. in retirement situations) when specific criteria are met	No change Why? This provision is being retained to provide the Committee flexibility, if the specific criteria set out in the full policy on page 165 are met, to enable smooth leadership transition and to retain alignment of the retiring executives with the long-term interests of the Group and shareholders.

Remuneration alignment

How does remuneration for our executive directors align with our strategy?

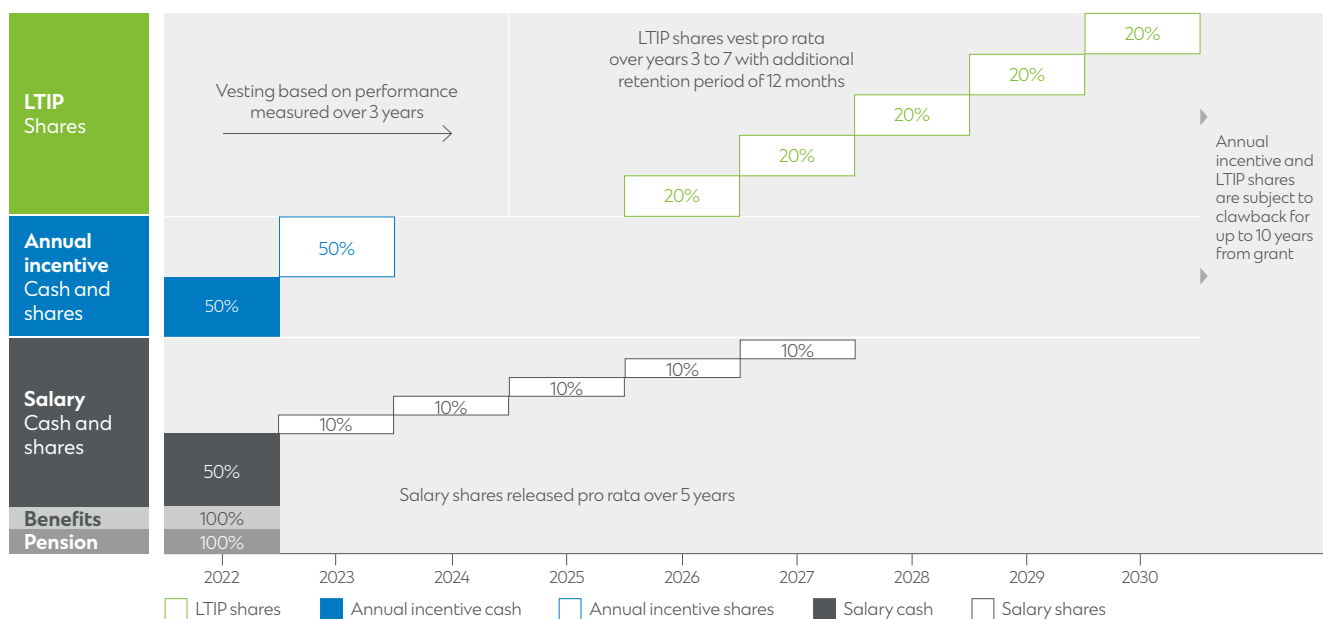
Remuneration decisions made across the Group and by the Committee align with our strategy and Stands, our stakeholders' interests in our delivery of long-term sustainable value and with the wider workforce in line with the principles set out in our Fair Pay Charter.

The table below sets out how we have aligned the measures and targets in our Group annual and long-term incentives with our strategy and Stands, and other reward elements that achieve further alignment.

			Group annual and long-term incentive performance measures	Other reward elements
Strategic priorities	Clients	Network	• Improve client satisfaction rating • Deliver network income growth in Corporate, Commercial & Institutional Banking • Grow digital ventures values • Grow affluent wealth client activity	• Targets in individual balanced scorecards
		Affluent		
		Mass retail		
	Sustainability and Stands		• Progress against the Group's aim to achieve net zero for 2050 • Deliver strong progress towards our green and transition finance target • Lift participation of small businesses through increasing access to financial services • Support companies to improve working and environmental standards	• Employee volunteering • Futuremakers
Strategic enablers	People and culture		• 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	• Fair Pay Charter • Living wages • Gender pay reporting • Salary ranges • Recognition
	New ways of working			
	Innovation			
Shareholder returns			• Operating profit • Return on tangible equity • Total shareholder return	• All employee share schemes • Holding periods • Shareholding requirements
Risk and controls			• Improve effectiveness of risk and control governance • Successfully deliver milestones within the cyber risk management plan	• Deferral • Malus and clawback • Individual performance adjustments

How does remuneration for our executive directors align with shareholder interests?

The diagram below, based on the new directors' remuneration policy, shows how a portion of Bill's salary, 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 2022 is released in 2030. 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 67 per cent in shares (including those subject to performance conditions) and 33 per cent in cash.



How does remuneration for our executive directors align with the wider workforce?

Our approach to remuneration is consistent for all employees and is designed to create alignment with our Fair Pay Charter principles which apply globally.

Pay structure varies according to location. The table below demonstrates remuneration alignment between the executive directors and our UK workforce, being the most relevant market.

All UK employees			Executive directors and the Management Team	Executive directors only
Salary	Pension	Annual incentive	LTIP	Shareholding requirement
- Salary is a contractually fixed amount and is set based on role, skills and experience. - Salary is reviewed annually against relevant market benchmarks for both the executive directors and other UK employees. - The executive directors' salaries are paid in a combination of cash and shares to align with shareholder interests. - For UK employees, salary is paid 100 per cent in cash in line with the market.	- Pension is set at 10 per cent of salary for both the executive directors and other UK employees, aligned with the provisions of the UK Corporate Governance Code. - In line with the UK Corporate Governance Code, only salary is pensionable. - Benefits and incentives are not pensionable.	- All UK employees are eligible for an annual incentive. - Annual incentives are based on Group performance (measured 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.	- LTIP awards are granted to senior executives who have the ability to influence 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 have a shareholding requirement of 250 per cent of salary for the CEO and 200 per cent for the CFO. - Executive directors have a post-employment shareholding requirement. Under the proposed policy, the shareholding requirement will be equal to the full shareholding requirement for two years.
Benefits		Sharesave		
- The core benefits offered 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. - Executive directors have the use of a vehicle and driver. This is a role-based provision due to security and privacy requirements. - 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 travel requirements for 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.		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.		

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. The Committee also oversees workforce remuneration and the alignment of reward, culture and the strategic priorities.



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

Shareholder voting

The table below shows the votes cast¹ at our AGM in May 2021 on the 2020 directors' remuneration report. The resolution on the directors' remuneration policy at the May 2019 AGM received a binding vote in favour of 64 per cent.

	For	Against	Withheld
Advisory vote on the 2020 remuneration report	596,685,018 (98.59%)	8,508,938 (1.41%)	7,673,691

¹ Number of votes is equal to number of shares held

Advice to the Committee

The Committee was assisted in its considerations by PwC, who was formally reappointed by the Committee as its remuneration adviser in June 2021 following a review of potential advisors and the quality of advice received. It is the Committee's practice to undertake a detailed review of potential advisers every three to four years.

PwC is a signatory to the voluntary Code of Conduct in relation to remuneration consulting in the UK. PwC also provides professional services to the Group in the ordinary course of business including assurance, advisory, tax advice and certain services relating to Human Resources. The 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 fee basis) was £137,450 which includes advice to the Committee relating to executive directors' remuneration and regulatory matters.

The Group Chief Financial Officer 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 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 2021 internal effectiveness review

The review outcomes for the Remuneration Committee, which are summarised below, were very positive:

- Members highlighted the good process around preparation for the 2022 policy vote.
- Members rated the Committee composition as strong with a good understanding of remuneration. The Committee welcomes the addition of Maria Ramos and the skills and experience she brings.
- Information received by the Committee is considered clear and comprehensive. Meetings are considered efficient and proactively managed with well-structured agendas.
- Management incentives are considered well aligned with the Group's strategic aims and investor expectations, with metrics clearly defined and measurable.

2022 Action Plan

The 2022 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the further progress made last year:

- Implement the 2022 directors' remuneration policy for executive directors.
- Continue to review the implementation of the Group's Fair Pay Charter and alignment of workforce policies and practices with its principles.
- Monitor market trends to ensure that 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 PRA and Financial Conduct Authority (FCA) remuneration rules, including applicable elements of the Capital Requirements Directive V.
- Consider joint horizon-scanning sessions with the Culture and Sustainability Committee.

Committee activities in the year	18-Jan	01-Feb	28-Jul	05-Oct	29-Nov
Executive directors' remuneration					
Review of the directors' remuneration policy and implementation	✓	✓	✓	✓	✓
Fixed and variable remuneration	✓	✓			✓
Senior management remuneration					
Recruitment and termination	✓		✓	✓	✓
Fixed and variable remuneration	✓		✓	✓	✓
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	✓	✓	✓	✓	✓
Identification of material risk takers	✓		✓		
Engagement with stakeholders and regulatory, investor and political matters	✓	✓	✓	✓	✓

The Committee held an additional strategy meeting to discuss the Group's approach to compensation costs and the impact of UK/EU remuneration rules on competition for talent with domestic banks not subject to the same regulatory requirements.

The Committee dealt with certain less material matters on an ad hoc basis through email circulation.

Understanding the views of our workforce

The Committee recognises the importance of seeking feedback from colleagues on remuneration to inform decision-making. This year, 92 per cent of colleagues responded to the Group's engagement survey, which sought to understand colleague sentiment in respect of reward, flexible working and wellbeing. Key insights were presented to the Committee for discussion, and results were shared with the workforce along with a summary of actions being taken.

The Board engages with and listens to the views of employees. In 2021, six interactive engagement sessions took place virtually, with participation from more than 2,600 colleagues. A range of people-related topics were discussed, including new ways of working, diversity and inclusion, remuneration and work-life balance.

Further information on our workforce engagement framework is included in our Culture and Sustainability Committee report on pages 130 to 132.

Group-wide remuneration in 2021

Our Fair Pay Charter

As we navigate new ways of working, our Fair Pay Charter enables us to continue to build a culture of sustainable high performance where everyone can be at their best and feel their contributions are fairly rewarded.

Our Fair Pay Charter principles guide performance and reward decision-making globally and continue to be our compass in developing a reward strategy that responds to colleagues' changing needs.

In February 2022 we publish our third Fair Pay Report which explains how our reward practices currently meet our principles and summarises progress made to enhance alignment in 2021.

Progress against the Fair Pay Charter in 2021

We are proud of the progress we have made against the principles of our Charter since its launch in 2018. Implementation continues as new ways of working evolve; work in 2021 has been in the following areas:

- On an annual basis we complete assurance activity to ensure that all colleagues are paid a living wage, as measured by the benchmarks in place through our work with the Fair Wage Network.
- We have taken initial steps to integrate fair pay into our supply chain, which is a multi-year undertaking. This year we published the Standard Chartered Supplier Charter which sets out how suppliers can develop their understanding of living wages and encourages the adoption of fair pay practices.
- In some markets that were acutely impacted by the pandemic during 2021, such as India, the Philippines, Sri Lanka, Nigeria and Zimbabwe, we provided additional financial assistance to employees, including access to increased credit facilities.
- During the pandemic, we have raised limits on medical benefits in several markets in Asia and Africa and the Middle East to supplement state coverage for COVID-19 treatment, and procure vaccines for colleagues and their dependents in support of government-led initiatives.
- To improve the transparency and fairness of fixed pay decision-making, we provide people leaders with Group-wide principles guided by market data and salary ranges. We have continued to expand the coverage of salary ranges in 2021, up to 76 per cent. This reduces the potential risk of bias by shifting focus away from an individual's past or current compensation.
- We continue to improve consistency in our benefits approach for colleagues across 50 markets. Flexible benefits was launched in Malaysia in March 2021, enabling greater freedom of choice based on individual circumstances.

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.

A bank for the new economy

Flexible working

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. In 2020, we committed to implementing a hybrid working approach, combining virtual and office-based working with greater flexibility in working patterns and locations, balancing colleague preference and business demands.

As we emerge from the pandemic, the office is becoming a space where we will go to connect, collaborate, innovate and learn with others – clients and colleagues alike. At the root of these changes is an appetite for autonomy, flexibility and choice. We are transforming our spaces into communities curated to enhance business performance, connectivity, collaboration and wellbeing. We have also created a Near Home solution to implement colleagues' hybrid working arrangements, giving choices about when, where and how we work.

Driven by the continuation of pandemic-related restrictions and by our new flexible working initiative, based on the results of the 2021 My Voice survey, 42 per cent of colleagues were working fully from home, 26 per cent fully from the office, and 32 per cent a combination of home and office (hybrid).

In 2021, our flexi-working model went live in 28 markets: 73 per cent of colleagues in these markets agreed formal flexi-working arrangements. The Group's remaining countries will transition over 2022 and 2023.

We continue to monitor feedback received and provide support to colleagues working both in the office, at home, or both. Plans are in place to collect insights from the programme in order to support leadership decisions. To identify ways to work more effectively, insights will be sought to understand how work is being performed in the new hybrid world and whether there is a correlation with performance, productivity, people and culture.

Redefining performance management

Similar to last year, there was no formulaic link between performance ratings and annual incentive outcomes for colleagues. People leaders continued to have the flexibility to adjust outcomes for individuals with very strong performance and for individuals whose performance fell short of expectations, with management reviews of decisions for fairness and consistency.

As we continue to transform the Group to achieve our strategic ambitions, we are making changes to the way we manage and recognise performance in 2022, to help create the culture needed for success. Our new approach to performance and talent management hinges upon continuous performance conversations and will further support our principle of clear communication of expectations and regular, real-time feedback. We will place greater emphasis on recognising outperformance driven by collaboration and innovation, encourage more flexibility and aspiration during goal setting and remove individual performance ratings. During 2021, we piloted facets of our new approach with a population of first adopters, which helped us refine the design and implementation.

Upskilling/reskilling

In today's rapidly changing world, we want to build a workforce for the future by enabling colleagues to develop their skills and their own career path in a more transparent, agile and inclusive way. To enable this, we have been experimenting with an internal virtual marketplace where colleagues can connect skills, experience and aspirations with suitable short-term, on-the-job learning opportunities, creating possibilities for upskilling and reskilling. We will roll out our internal virtual talent marketplace to the rest of the Group in 2022.

Wellbeing

Our ambition is to create a workplace and culture that has a positive impact on colleague wellbeing, enabling colleagues to manage their wellbeing proactively and bring their best selves to work.

Initiatives launched in the first year of our three-year wellbeing strategy have started to have a positive impact. The number of colleagues experiencing a high level of work-related stress reduced between 2019 and 2020, and nearly three-quarters of all colleagues feel comfortable sharing these concerns with their people leaders. To understand more about the cause of work-related stress, we introduced new questions into the 2021 engagement survey, enabling us to take further meaningful action.

In 2021 the following wellbeing initiatives were progressed:

- Launch of Mental Wellbeing Philosophy and Aspirations, to underpin our three-year wellbeing strategy, to support colleagues in developing the skills needed for the future, (e.g. building resilience, supporting others and inclusive leadership).
- Embedding 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.
- Partnering with clinical psychiatrists and psychologists to launch the Building Resilience programme, helping colleagues to understand the neuroscience of common mental health issues, teaching how to build resilience to cope with disruption and rapid change.
- Expansion of the mental health first aider (MHFA) programme, increasing the number of trained MHFAs to offer in-country coverage to 98 per cent of the our colleagues.
- Launch of Wellbeing Experiments to spark fun, inclusion and collaboration around wellbeing at team level. The experiments align with our focus on preventative and proactive wellbeing support in order to create healthier and more sustainable habits for the future.
- Driving local initiatives through Wellbeing Weeks in countries and regions.

We are increasing the prominence of wellbeing further in 2022 with an emphasis on financial wellbeing initiatives. Priorities include encouraging uptake amongst colleagues of new and existing wellbeing programmes; further listening and measurement of initiatives through feedback channels; and increased localisation to maximise effectiveness in countries and regions.

Directors' remuneration in 2021

This section, which is subject to an advisory vote at the 2022 AGM, sets out how remuneration was delivered to the executive directors in 2021 under the remuneration policy approved by shareholders in 2019. It also sets out the 2021 fees paid to the Group Chairman and the independent non-executive directors (INEDs).

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. The Group scorecard is used for all eligible employees, including the executive directors, to maintain alignment and a shared sense of purpose.

For Bill and Andy, the Committee considered Group performance, individual performance, and risk, control and conduct-related matters (with input from Risk and other control functions). The Committee follows 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 and was deemed to have met the gateway requirement to be eligible for an incentive.

2. Evaluate performance against the Group's scorecard:

The Group reported steady progress against both financial and strategic measures in the scorecard, demonstrating resilient performance throughout 2021 despite a challenging backdrop. Underlying profit before tax is up 55 per cent on 2020, helped by low levels of credit impairment and strong underlying business momentum. RoTE is up 300 basis points to 6.0 per cent and the Group's capital remains strong, with the CET1 ratio at 14.1 per cent, demonstrating resilience. Full details of the scorecard outcome can be seen on page 145.

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 (usually in the range of +/- 10 per cent), 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 areas of responsibility together with progress against key objectives for the year and personal contribution to the Group scorecard outcome.

Assessment of personal performance and finalised awards

Bill Winters

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

- Throughout the challenging circumstances of 2021, Bill has demonstrated exceptional leadership, navigating the Group and its colleagues through this uncertain period with skill and determination.
- Bill has delivered steady progress on financial performance, although it is noted that there is the need to continue to improve the RoTE to achieve a significantly better valuation. This should be accompanied by further strengthening of the Group's risk and control framework in light of the evolving landscape.

- Bill remains committed to the achievement of the Group's ambitious medium and long-term goals; a key priority for Bill during 2021 has been delivery against the strategic priorities. Progress has been made in pushing forward the agenda on our Stands and setting the roadmap for achieving our net zero ambition.
- Bill continues to drive innovation and collaboration, ensuring that new ways of working are becoming gradually embedded across the organisation to support this.
- During 2021, Bill has been focused on strengthening the Management Team through key strategic hires.
- Bill consistently role-models our valued behaviours in his interactions with the Management Team and Board. His transparency and loyalty inspire a shared sense of purpose and vision during challenging times.

The Committee determined that neither an upwards nor downwards adjustment to the overall Group scorecard outcome was appropriate for 2021. Bill's annual incentive is aligned with the Group scorecard outcome at 57 per cent of the maximum opportunity, which equates to £1,188,792 and is 46 per cent of fixed pay (15 per cent in 2020 and 44 per cent in 2019).

Andy Halford

A summary of key achievements against Andy's personal objectives is set out as follows:

- Andy has played an instrumental part in achieving steady progress across a range of financial and strategic objectives which has in turn enabled the Group to demonstrate resilient performance despite continuing adverse operational and economic challenges.
- Andy has been key to the delivery of new ways of working, enabling our drive for productivity by improving the synchronisation of financials with the concept of client-centred end-to-end processes.
- Andy continues to demonstrate strong leadership in the restructuring of the Group's legal entities and the delivery of a radical change programme within the Property function.
- Andy has supported structural improvements in Treasury management with further work planned.
- Andy has been a great partner to the Management Team, providing balanced perspectives across strategy, investment, productivity and transformation initiatives. Andy consistently demonstrates objectivity, transparency and integrity.
- Andy will continue to refine our dialogue with stakeholders to effectively communicate our strategy and execution progress. Consistent with that, Andy will continue to evolve internal performance measures to align with our strategic priorities.

The Committee considered Andy's performance against his key objectives in the year and areas for further improvement, determining that neither an upwards nor downwards adjustment to the overall Group scorecard outcome was appropriate for 2021. Andy's annual incentive is 57 per cent of the maximum opportunity, which equates to £759,924 and is 46 per cent of fixed pay (15 per cent in 2020 and 44 per cent in 2019).

Assessment of the 2021 Group scorecard

Financial measures ¹	Weighting	Threshold (0%)	Target	Maximum (100%)	Achievement	Outcome
Income	10%	\$14.5bn	\$15.1bn	\$15.8bn	\$14.7bn	2%
Costs	10%	\$10.8bn	\$10.4bn	\$10.0bn	\$10.3bn	5%
Operating profit	5%	\$2.9bn	\$3.2bn	\$3.5bn	\$3.9bn	5%
RoTE ² with a CET1 ³ underpin of the higher of 13% or the minimum regulatory requirement	20%	3.8%	4.3%	4.7%	6.0%	20%
Growth of high-quality liabilities ⁴	5%	\$5.3bn	\$10.6bn	\$15.9bn	\$19.9bn	5%
Other strategic measures ^{5,6}	Weighting	Target	Assessment of achievement			Outcome
Clients (network, affluent, mass)	10%	- Improve client satisfaction rating - Deliver growth in qualified clients across Private Banking, Priority Banking and Premium Banking, and Wealth Management activity across top 11 affluent countries - Deliver network income growth in Corporate, Commercial & Institutional Banking - Deliver client growth in key digital partnerships, platforms and technologies	- Client satisfaction targets exceeded across all segments - Affluent growth slightly behind target due to slower growth in assets under management and Wealth Management active clients in Hong Kong and Taiwan - Slow Network income growth despite pipeline deals and tactical actions adopted to deepen network opportunities - Strong client growth in digital banking initiatives in Hong Kong and Africa offset by delays with launch of the Nexus e-commerce platform			5%
Sustainability	10%	- Progress against our Paris Agreement client commitment - Reduce and offset emission waste from flights, properties and suppliers	- Established the methodology and targets to support our path to net zero by 2050 - Strong performance in emission reduction largely driven by the impact of COVID-19 restrictions on flight and property emissions			7%
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 and diversity and inclusion	- Innovation targets exceeded primarily due to successful partnerships (e.g. Ali Pay, Asia Miles), and new business proof of concepts - New ways of working and digital adoption targets exceeded, including the successful roll-out of the client onboarding portal, Chatbot and Digital Client Assist - Employee net promoter and inclusion metrics reduced in 2021 following the strong outcomes in 2020 during the onset of the pandemic - Senior female diversity of 30.7%, ahead of the 30% target			12%
Risk and controls	15%	- Maintain effective risk and control governance - Successfully deliver milestones within the cyber risk management plan	- Further improvement required on timeliness of risk treatment plans and related risk reduction - Good progress in cyber risk reduction, but some delays in achieving planned milestones			3%
Total	100%	Total scorecard assessment				64%

The Committee considered carefully risk, control and conduct matters, reviewing material issues and fines, including the penalty received from the PRA in respect of liquidity reporting issues. Considering all factors, the Committee determined that a reduction of 7 percentage points was appropriate, resulting in an outcome of 57% for the purposes of discretionary incentives.

Final Group scorecard outcome for determining annual incentives for executive directors and other employees **57%**

- 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 318
- 2 Underlying 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. Underlying RoTE normally excludes regulatory fines but, for remuneration purposes, this would be subject to review by the Committee
- 3 The CET1 underpin was dynamically set at the higher of 13 per cent or the minimum regulatory level at 31 December 2021. 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 quality of our funding mix (liabilities) to support the Group's growth aspirations
- 5 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)
- 6 The Committee considered the performance against the ESG metrics within the people and purpose element of the annual incentive scorecard and 2019-21 LTIP strategic measures, as well as the Group's wider progress on ESG metrics, and determined that the outcomes were appropriate and that the incentive structures do not raise ESG risks by motivating irresponsible behaviour.

Performance outcome for 2019–21 LTIP awards (audited)

The single total figure of remuneration table shows that LTIP awards will vest in March 2022 with an estimated value of £696,000 and £445,000 for Bill and Andy, respectively. These LTIP awards were granted to Bill and Andy in 2019 with a face value of 120 per cent of fixed pay, to incentivise the continued execution of the strategy over the three-year period 2019 to 2021. The awards are share-based and subject to the satisfaction of stretching performance measures over three years. The conduct gateway requirement must be met before any awards vest. The awards are then subject to RoTE 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 RoTE target has not been achieved and the relative TSR threshold target will be measured in March 2022 but is estimated not to have been achieved and, therefore, there will be no vesting of 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 23 per cent. The table below sets out the performance required, the 2019–21 performance achieved and the LTIP vesting outcome. The share price used to estimate the value of vesting of the 2019–21 LTIP awards is lower than the share price on the award date of £6.11 and, therefore, the value attributable to share price growth is nil. The value of the awards vesting is reduced by 25 per cent when compared with 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 2022 to 2026 and the 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
RoTE ¹ in 2021 with a CET1 underpin	One-third	8%	11%	RoTE 6.0% and CET1 14.1% therefore 0% vesting	0%
Relative TSR performance against peer group	One-third	Median	Upper quartile	Performance currently estimated below median. TSR performance will be measured in March 2022	0%
Strategic measures	One-third			Improved performance against our strategic priorities	23%
Total 2019–21 LTIP awards vesting outcome					23%

Strategic measure	Proof point	Assessment
Deliver our network and grow our affluent business	Improve client satisfaction rating	Client satisfaction metrics across Corporate, Commercial & Institutional Banking, Private Bank and Retail Bank have met or exceeded targets across each year of the plan
	Deliver client growth in target segments	Corporate, Commercial & Institutional Banking network income growth and affluent wealth outcomes were slightly behind targets across the three-year period
	Capitalise on China opportunities including through renminbi and mainland wealth growth	Strong performance in China with increased revenue and client growth, and maintained position as the number one ranked foreign bank for Bond Connect trading
	Develop Africa through digital growth, increasing the number of clients and improving client satisfaction	Harnessing of digital opportunities in Africa has led to increased client growth, including the creation of mobile investment options for mass and emerging affluent clients. Client satisfaction targets have been achieved
	Maintain credit quality	Targets exceeded, evaluated with reference to exposure originated over the period and the credit quality of new business
Transform and disrupt with digital	Use partnership, platforms and technologies to improve client experience	Launch of Nexus e-commerce platform delayed due to the impact of COVID-19. Strong performance in digital banking initiatives in Hong Kong and Africa
	Deliver progression through growth in digital volumes	Targets met for digitally initiated transactions in Corporate, Commercial & Institutional Banking. Targets exceeded for digital sales growth in Consumer, Private & Business Banking
Purpose and people	Enhance compliance and financial crime compliance controls	Continuing progress made including the increased use of technology, data and analytics in enhancing effective and sustainable financial crime compliance controls
	Successfully deliver cyber risk management plan milestones	Good progress in cyber risk reduction, but some delays in achieving planned milestones
	Develop human capital by improving diversity, employee engagement and culture of inclusion metrics and by delivering conduct plans	Employee net promoter and inclusion metrics have increased over the period despite a reduction from 2020 to 2021. Strong progress in senior female diversity which has increased to 30.7% in 2021

¹ RoTE 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 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)

Single total figure of remuneration for 2021 (audited)

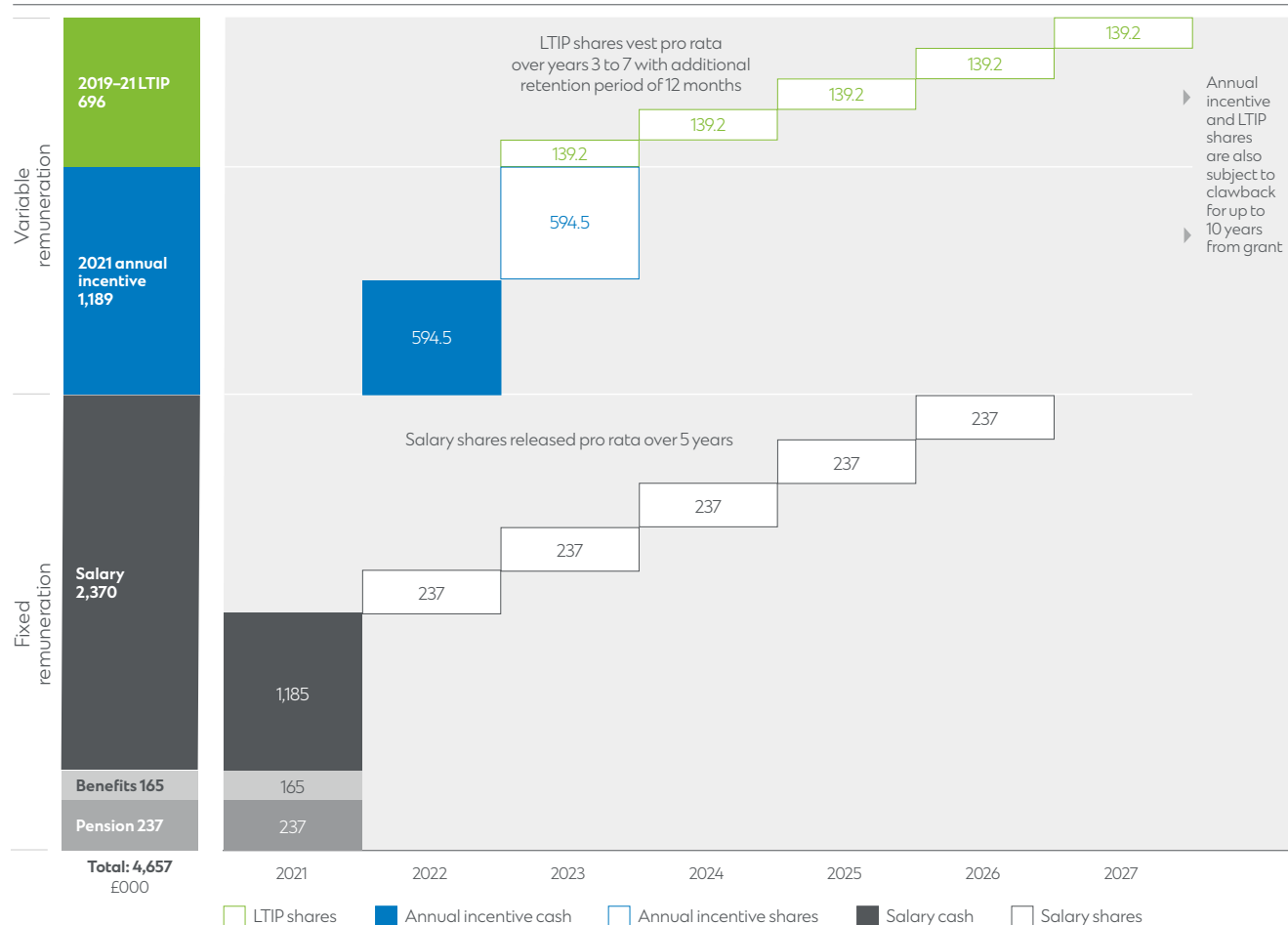
The following table sets out the single total figure of remuneration for 2021 for the CEO and the CFO. The single figure consists of salary, pension, benefits and annual incentives receivable in respect of 2021 and the estimated values of 2019–21 LTIP awards vesting. The LTIP value is based on the outcome of awards made in 2019 and does not include the forward-looking awards to be made in March 2022, in respect of 2021 performance and based on further three-year performance measures, due to vest in early 2025. The single figure for Bill and Andy represents a year-on-year increase of 19 and 21 per cent respectively, which partially reflects the impact of the executive directors' voluntary waiver of the cash element of their 2020 annual incentive, which reduced the award by 50 per cent.

£000	Bill Winters		Andy Halford	
	2021	2020	2021	2020
Salary	2,370	2,370	1,515	1,504
Pension	237	237	152	150
Benefits	165	225	107	113
Total fixed remuneration	2,772	2,832	1,774	1,767
Annual incentive award	1,189	386	760	246
Vesting of LTIP award				
Value of vesting awards based on performance	696	708	445	439
Value of vesting awards based on share price growth	–	–	–	–
Total variable remuneration	1,885	1,094	1,205	685
Single total figure of remuneration	4,657	3,926	2,979	2,452

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 with 20 per cent released annually over a period of five years. - 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. - Andy's salary was increased three 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, Bill has the use of a vehicle and driver. In line with principle six 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 private vehicle 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 travel requirements for Group business. - The benefits figures refer to UK tax years 2020/21 and 2019/20 respectively. - The decrease in Bill's benefits figure reflects a reduction in the use of a vehicle and driver in the 2020/21 tax year, partially offset by a payment for sale of holiday under our flexible benefits plan.
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. - The detail of how directors' annual incentive awards are determined is set out on page 152. Awards are subject to clawback for up to 10 years. - The executive directors elected to voluntarily waive the cash element of their 2020 annual incentive which reduced the award by 50 per cent (£386,000 for Bill and £246,000 for Andy).
Vesting of LTIP awards	- The LTIP awards granted in March 2019 are due to vest in March 2022, based on performance over the years 2019 to 2021. Following an estimated assessment of the performance measures (RoTE with CET1 underpin, relative TSR and strategic measures), 23 per cent of these awards are expected to vest. The final assessment of relative TSR performance will be conducted in March 2022, the end of the three-year performance period. Based on a share price of £4.55, the three-month average to 31 December 2021, the estimated value to be delivered is £0.7m to Bill and £0.4m to Andy. The final value will be restated in the 2022 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 on the performance outcome for the 2019–21 LTIP are provided on page 154. - The value of the LTIP 2019–21 awards vesting is reduced by £238,000 and £152,000 for Bill and Andy, respectively, when compared with the value at grant. The values of the LTIP 2018–20 vesting awards for 2020 have been restated based on the actual share price of £5.03 when the awards vested in March 2021.

Bill Winters' 2021 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 requirement 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 2021 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 of 31 December 2021, both Bill and Andy exceeded their shareholding requirement. Shares purchased voluntarily from their own funds are equivalent to 59 and 42 per cent of salary for Bill and Andy, respectively.

The following table summarises the executive directors' shareholdings and share interests:

	Shares held beneficially ^{1,2,3}	Unvested share awards not subject to performance measures (net of tax) ⁴	Total shares counting towards shareholding requirement	Shareholding requirement as a percentage of salary	Salary ²	Value of shares counting towards shareholding requirement as a percentage of salary ¹	Unvested share awards subject to performance measures
B Winters	2,031,032	166,883	2,197,915	250%	£2,370,000	416%	2,223,907
A Halford	838,344	104,348	942,692	200%	£1,515,000	279%	1,406,768

1 All figures are as of 31 December 2021. There were no changes to any executive directors' interests in shares between 31 December 2021 and 16 February 2022. 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 2021 was £4.484.

2 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.

3 The salary and shares held beneficially include shares awarded to deliver the executive directors' salary shares.

4 As Bill and Andy are both UK taxpayers: zero 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 two per cent) – rates may change.

LTIP awards for the executive directors to be granted in 2022

The size of the LTIP award has been determined on Group and individual performance during the year. Awards for the 2021 performance year will be granted to Bill and Andy in March 2022 with a value of 120 per cent of fixed pay (£3.1 million and £2.0 million, respectively), the maximum amount under the 2019 directors' remuneration policy. 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.

The performance measures and targets are aligned with our strategic priorities, and we have also incorporated measures that reflect our three Stands – our long-term ambitions on societal challenges: Accelerating Zero; Lifting Participation; Resetting Globalisation.

We are retaining the standalone sustainability measure introduced last year and increasing the focus on the broader impact of client activity, rather than on our internal operations. 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.

Details of the sustainability and other strategic measures and targets are shown in the table below and are disclosed prospectively, except where the internal targets are considered commercially sensitive. Details of achievement against targets will be disclosed retrospectively at the end of the performance period.

The RoTE target range for 2022–24 LTIP awards is 7 to 11 per cent which retains a 4 percentage point range as for the prior year award, but is further stretched by 1 percentage point at both the threshold and maximum target levels. This reflects the progress in RoTE achieved in 2021 and our target to deliver returns above 10 per cent in the medium term.

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 we compete for investor funds and talent. The peer group is intended to be representative of our 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 the 2022–24 LTIP awards will be the same as for the 2021–23 LTIP and is detailed below. 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 UK banks prohibit the award of dividend equivalent shares 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 2025 to March 2029) subject to meeting the performance measures set out below at the end of 2024. All vested shares are subject to a 12 month retention period.

The performance measures for the 2022–24 LTIP awards are set out in the table below.

Performance measures for 2022–24 LTIP awards

Measure	Weighting	Amount vesting (as a % of total award)	Threshold performance target	Maximum performance target
1. RoTE ¹ in 2024 with a CET1 ² underpin of the higher of 13% or the minimum regulatory requirement	30%	Maximum – 30% Threshold – 7.5% Below threshold – 0%	7%	11%
If RoTE reaches 7 per cent then 7.5 per cent of the award vests. If RoTE reaches 11 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%	- Implement roadmap to achieve aim of net zero by 2050 - Progress towards target of \$300bn in green and transition finance between 2021 and 2030 aligned with our Green and Sustainable Product Framework and Transition Finance Framework - Progress on goal for clients in carbon-intensive industries to have a strategy to transition their business in line with the Paris Agreement	
4. Other strategic measures	25%	Maximum – 25% Minimum – 0%		
Stands			- Lift participation of small businesses through increasing access to financial services - Support companies to improve working and environmental standards	
Clients			- Improve client satisfaction rating evidenced in surveys and internal benchmarks - Deliver growth in affluent wealth client activity and increase the number of active personal clients - Deliver network income growth in Corporate, Commercial & Institutional Banking - Grow value of Digital Ventures	
Enablers (innovation, new ways of working and people)			- Improve proportion of new revenues - Increase senior female representation to 34% - Improve employee engagement and increase our culture of inclusion score (internal index) - Improve employee perception of innovation	
Risk and controls			- Improve effectiveness of risk and control governance - Successfully deliver milestones within the information and cyber security risk management plan	

1 Underlying RoTE represents the ratio of the current year's underlying operating profit attributable to ordinary shareholders to the weighted average ordinary shareholders' equity less the average goodwill and intangibles for the reporting period. Underlying RoTE normally excludes regulatory fines and certain other adjustments but, for remuneration purposes, such adjustments are 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 of 31 December 2024. 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 2022–24 LTIP is unchanged from the 2021–23 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 2021 (audited)

	Bill Winters		Andy Halford	
	2021	2020	2021	2020
Annual incentive (£000) ¹	1,189	386	760	246
Annual incentive as a percentage of fixed pay	46%	15%	46%	15%
LTIP award (value of shares subject to performance conditions) (£000)	3,128	3,128	2,000	2,000
LTIP award as a percentage of fixed pay	120%	120%	120%	120%
Total variable remuneration (£000)	4,317	3,514	2,760	2,246
Total variable remuneration as a percentage of fixed pay	166%	135%	166%	135%

1 The 2020 annual incentive values reflect the voluntarily waivers of the cash element which reduced the awards by 50 per cent (£386,000 for Bill and £246,000 for Andy)

LTIP awards for the 2021 performance year will be granted to executive directors in March 2022 and are based on 2021 fixed pay.

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. 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 as set out below.

	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	CHF360,000
Andy Halford	1 January 2020	Marks and Spencer Group plc	£102,857

Single figure of remuneration for the Chairman and independent non-executive directors' (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 2021 and 2020. The INEDs' 2021 benefit figures are in respect of the 2020/21 tax year and the 2020 benefit figures are in respect of the 2019/20 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 2021 ⁵
	2021	2020	2021	2020	2021	2020	
Group Chairman							
J Viñals	1,250	1,250	17	43	1,267	1,293	30,000
Current INEDs							
D P Conner ¹	255	273	1	1	256	274	10,000
B E Grote	170	170	–	–	170	170	90,041
C M Hodgson, CBE	325	325	–	3	325	328	2,571
G Huey Evans, CBE	200	200	–	7	200	207	2,615
N Kheraj	328	360	–	4	328	364	150,571
N Okonjo-Iweala ²	23	135	1	7	24	142	–
M Ramos ³	190	–	–	–	190	–	2,000
P G Rivett	225	119	–	–	225	119	2,128
D Tang	170	144	1	5	171	149	2,000
C Tong	205	205	–	6	205	211	2,000
J M Whitbread	210	210	–	1	210	211	3,615

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

2 Ngozi Okonjo-Iweala stepped down from the Board on 28 February 2021. Her reported fee for 2021 of £23,000 is in respect of the period of 1 January 2021 to 28 February 2021. Her benefits for 2021 of £900 are in respect of the period from 6 April 2020 to 28 February 2021, in line with the approach to disclose INED benefits in respect of the relevant tax year

3 Maria Ramos was appointed to the Board on 1 January 2021

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 of 31 December 2021 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 91 to 94. INEDs are appointed for a period of one year, unless terminated by either party with three months' notice.

Directors' remuneration policy

This section sets out the revised directors' remuneration policy which will be put forward to shareholders at the 2022 AGM for a binding vote and, if approved, will apply from 4 May 2022 for up to three years.

The current remuneration policy for executive directors, the Chairman and independent non-executive directors was approved at the AGM held on 8 May 2019 and has applied for three years from that date. The policy has continued to support the delivery of our strategy.

Changes made to the current policy since the 2019 shareholder vote

At the AGM in 2019 the directors' remuneration policy received the support of 64 per cent of shareholders. The Committee re-engaged with shareholders to seek feedback and address concerns relating to the pension allowance. Following these discussions, with effect from 1 January 2020 the pension allowance for the current executive directors was reduced from 20 per cent of salary to 10 per cent of salary, aligning with all UK employees. The subsequent directors' remuneration reports received support from shareholders of 97.0 per cent and 98.6 per cent of shareholders at the 2020 and 2021 AGMs respectively.

The Board and Committee conducted a detailed review of the policy in 2021 considering the views of stakeholders, the strategic objectives of the Group, the remuneration framework applicable to all colleagues, market benchmarking and best practice. Following careful consideration, the Committee decided to retain a broadly unchanged policy, making some small changes in order to align with market practice, increase shareholder alignment and reinforce sustained long-term focus on our strategic goals. Maintaining a similar policy will continue to support the delivery of the Group's purpose and strategy, reinforce the achievement of shareholder value creation, and ensure continued regulatory compliance.

To recognise shareholder views and further align with market practice, the pension allowance for new directors will be based on the cash element of salary only. The Committee considered carefully whether the pension allowance for the current directors should also be based on the cash element of salary only. However, the pension reductions in 2020 had a direct impact on the variable pay opportunity (8 per cent lower for both Bill and Andy), in addition to the reduction on fixed pay. Therefore, to avoid further reducing remuneration, for the current directors the pension is not changing and will continue to be based on the cash and share elements of salary.

The basis of calculation of variable remuneration will be re-expressed as a percentage of salary (cash and shares) only changing from a percentage of fixed pay (salary and pension). This is purely a presentational change with no impact on the value of opportunity.

The Committee Chair maintains regular contact with the Group's major shareholders on remuneration and informs the Committee of their views. In 2021, shareholders representing approximately 55 per cent of our share register and the main proxy advisory agencies were engaged to discuss the proposals for the new directors' remuneration policy. Consideration was given to the views expressed and the proposed policy reflects the feedback received.

The remuneration of the Group Chairman, executive directors, senior management and all colleagues was considered in the development of the refreshed policy. Alignment with the wider workforce and with Group-wide remuneration arrangements was critical in the development of the policy which is designed to reflect the Group's purpose as well as following the principles of our Fair Pay Charter which guides reward decisions.

During the review and development of the refreshed remuneration policy, no individual participated in decisions that would impact the determination of their own remuneration.

Proposed executive directors' remuneration policy

The proposed executive directors' remuneration policy, to be effective from the date of the Group's AGM on 4 May 2022, for up to three years, is set out below.

Fixed remuneration

Salary	
Changes	No change to policy.
Purpose and link to strategy	Set to reflect the role, and the skills and experience of the individual, following the Group-wide principles which apply to all employees.
Operation	- Delivered part in cash and part in shares. - To maintain alignment with shareholders, the share element is released over a period of five years (20 per cent annually). - Reviewed annually in line with the wider workforce with potential increases applying from April. - Salary for new executive directors will be subject to the same policy.
Maximum potential	- Increases may be made at the Committee's discretion to take account of circumstances such as: - increase in scope or responsibility - individual's development in role (e.g. for a new appointment where salary may be increased over time rather than set at the level of the previous incumbent or market level from appointment) - salary increases across the Group - alignment to market-competitive levels.
Alignment with UK workforce	- The process of setting and annually reviewing salaries against market information is in line with the approach for all employees. - For other employees, salary is delivered only as cash.
Pension	
Changes	- For new executive directors pension will be based on the cash element of salary only. This change is to recognise feedback from shareholders and to align with market practice. - For the current executive directors pension is not changing. This is to avoid a further reduction in fixed pay and variable pay opportunity following the reduction in pension implemented in 2020. - The maximum pension is being reduced from 20 per cent to 10 per cent, in line with implementation for the current executive directors since January 2020.
Purpose and link to strategy	The pension arrangements comprise part of a competitive remuneration package and facilitate long-term retirement savings for executive directors.
Operation	- Paid as a cash allowance and/or contribution to a defined contribution scheme. - Pension contributions may also be made in lieu of any waived salary (and the cash amount of any annual incentive).
Maximum potential	- For current executive directors, 10 per cent of salary. - For new executive directors, 10 per cent of the cash element of salary only.
Alignment with UK workforce	The contribution rate of 10 per cent of salary is aligned with UK employees.
Benefits	
Changes	No change to policy.
Purpose and link to strategy	A competitive benefits package to support executives to carry out their duties effectively.
Operation	- A range of benefits may be provided, including standard benefits such as holiday and sick pay, and may also include the provision of 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. - Additional benefits may also be provided where an executive director is relocated or spends a substantial portion of their time in more than one jurisdiction for business purposes. Benefits may include, but are not limited to, relocation, shipping and storage, housing allowance, education fees and tax and social security costs. - Other benefits may be offered if considered appropriate and reasonable by the Committee. - Executive directors are reimbursed for expenses, such as travel and subsistence, and any associated tax incurred in the performance of their duties. - The executive directors may be accompanied by their spouse or partner to meetings/events. In exceptional circumstances, the costs (and any associated tax) will be met by the Group.
Maximum potential	- The maximum opportunity for benefits will vary according to the market, individual circumstances and other factors. - Set at a level that the Committee considers appropriate based on the role and individual circumstances.
Alignment with UK workforce	- Core benefits are aligned with the approach for all employees. - Some additional, role-specific benefits are provided as appropriate based on the roles and responsibilities of the executive directors.

Variable remuneration

	Annual incentive	LTIP
Changes	- The basis for calculation of variable remuneration (annual incentives and LTIP awards) is changing from a percentage of fixed pay (salary and pension) to a percentage of salary only. This does not impact the total quantum opportunity. This is to align with market practice and to recognise feedback from shareholders. - This is a change from a maximum of 80 per cent of fixed pay to 88 per cent of salary.	This is a change from a maximum of 120 per cent of fixed pay to 132 per cent of salary.
Purpose and link to strategy	Incentivise performance linked to the Group's strategy and aligned to shareholder interests.	
Operation	- Annual incentive awards are determined based on Group and individual performance over the preceding financial year. - Annual incentives are delivered as a combination of cash and shares subject to holding requirements and deferred shares.	- LTIP awards are granted annually with performance of the Group and of the individual considered in determining the award level. - LTIP awards will be subject to long-term performance measures, measured over a period of at least three years. - LTIP awards are delivered in shares and are subject to holding requirements.
	- Deferral and vesting of the annual and long-term incentive awards are structured so that, in combination: - The proportion of variable remuneration that is deferred is no less than required by the relevant remuneration regulations (currently 60 per cent). - The deferred remuneration vests no faster than permitted under the relevant remuneration regulations (currently pro rata over years three to seven after award). - The Committee can, in specified circumstances, apply malus or clawback to all or part of annual incentive and/or any LTIP awards. Details on how malus and clawback operate currently are provided on page 176. - Deferred annual incentive awards and LTIP awards will be granted as conditional share awards or nil-cost options. - On the occurrence of corporate events and other reorganisation events, the Committee may apply discretion to adjust: - the vesting of deferred annual incentive awards and/or the number of shares underlying a deferred annual incentive award - the vesting of LTIP awards and/or the number of shares underlying an LTIP award.	
Maximum potential	The maximum value of an annual incentive award granted to any executive director cannot exceed 88 per cent of that executive director's salary (cash and shares).	- The maximum value of an LTIP award granted to any executive director cannot exceed 132 per cent of that executive director's salary (cash and shares). - For this purpose, LTIP awards may be valued in line with the relevant remuneration regulations.
	- The maximum value of the combined annual incentive opportunity and LTIP award cannot exceed regulatory limits. - Variable remuneration awards can be any amount from zero to the maximum.	
Performance measures	- The determination of an executive director's annual incentive is made by the Committee based on an assessment of a balanced Group scorecard containing a mix of financial and other long-term strategic measures and personal performance. Financial measures will comprise at least 50 per cent of the annual scorecard. - The targets, together with an assessment of performance against those targets, will be disclosed retrospectively. - The Committee will review the scorecard annually and may vary the measures, weightings and targets each year. - Discretion may be exercised by the Committee to ensure that the annual incentive outcome is a fair and accurate reflection of business and individual performance and any risk-related issues (but it will not exceed the maximum opportunity).	- 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. Weightings and targets will be set in advance of each grant by the Committee and disclosed prospectively, and performance against those measures will be disclosed retrospectively. - For financial measures, vesting will be on a sliding-scale basis between threshold and maximum with no more than 25 per cent vesting at threshold performance.
Alignment with UK workforce	The annual incentive plan is operated for all employees, paid in cash to certain limits with the remaining balance deferred over at least three years in shares and/or cash.	Members of the Management Team are also eligible for LTIP awards, assessed on the same performance measures and targets.

Other

Shareholding requirements	
Changes	• No change to policy.
Purpose and link to strategy	• A requirement for executive directors to hold a specified value of shares for alignment with the interests of shareholders during employment.
Operation	• 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 changes to the terms of the shareholding requirement). • The shareholding requirement is expressed as a percentage of salary and is reviewed by the Committee as appropriate. • Shares that count towards the requirement are beneficially owned shares including the share element of salary, 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). • On implementation of the policy, in 2022, the CEO and the CFO will be required to hold 250 per cent and 200 per cent of salary in shares, respectively.
Alignment with UK workforce	• Formal shareholding requirements are operated for the executive directors only • However, other employees may hold shares as part of the deferral and retention requirements
Sharesave	
Changes	• No change to policy.
Purpose and link to strategy	• Provides an opportunity for all employees to invest voluntarily in the Group.
Operation	• Sharesave is an all-employee plan where participants (including executive directors) are able to open a savings contract to fund the exercise of an option over shares. • Savings per month of between £5 and the maximum set by the Group which is currently £250. • The option price is set at a discount of up to 20 per cent of the share price at the date of invitation, or such other discount as may be determined by the Committee. • An equivalent cash or share plan is offered in some countries where Sharesave may not be offered (typically due to tax, regulatory or securities law issues).
Alignment with UK workforce	• All employees are eligible to participate on the same basis.
Legacy arrangements	
Changes	• No change to policy.
Purpose and link to strategy	• Honour existing commitments.
Operation	• Any previous commitments or arrangements entered into with current or former executive directors will be honoured, including remuneration arrangements entered into under the previously approved directors' remuneration policy.
External roles	
Changes	• No change to policy.
Purpose and link to strategy	• To encourage self-development and allow for the introduction of external insight and practice.
Operation	• Executive directors may accept appointments in other organisations subject to relevant Board approval. Executive directors tend to be limited to one non-executive directorship in another listed company. Fees may be retained by the executive director.

Executive directors' policy on recruitment

The Committee's approach to recruitment is to attract diverse experience and expertise by paying competitive remuneration that reflects our international nature and enables us to attract and retain key talent from a global marketplace. Any new executive director's remuneration package would include the same elements and be subject to the same variable remuneration maximums as those for the existing executive directors with the exception of the pension provision. The policy is summarised below.

Element	Details
Salary	Set to reflect the role and the skills and experience of the candidate. Salary is delivered part in cash and part in shares with the shares being released to the executive director in equal tranches over five years.
Benefits	Dependent on circumstances but in line with the policy on page 161.
Pension	10 per cent of the cash element of salary.
Variable remuneration	Dependent on circumstances but in line with the policy on page 162 and regulatory limits.
Shareholding requirements	In line with the policy on page 163.
Buy-out awards	- The Committee may consider buying out forfeited remuneration and forfeited opportunities and/or compensating for losses incurred as a result of joining the Group subject to proof of forfeiture or loss. - The value of any buy-out award will not exceed, in broad terms, the value of the remuneration forfeited. - Any award will be structured within the requirements of the applicable remuneration regulations, and will be no more generous overall than the remuneration forfeited in terms of the existence of performance measures, timing of vesting and form of delivery. - The value of buy-out awards is not included within the maximum variable remuneration level where it relates to forfeited remuneration from a previous role or employer.
Legacy matters	Where a senior executive is promoted to the Board, his or her existing contractual commitments agreed prior to their appointment may still be honoured in accordance with the terms of the relevant commitment, including vesting of any pre-existing deferred or long-term incentive awards.

Notes to the remuneration policy for executive directors

Committee's judgement and discretion

In addition to assessing performance and making judgements on the appropriate levels of annual incentive awards and LTIP awards, the Committee has certain operational discretions that it may exercise when considering executive directors' remuneration, including but not limited to:

- determining whether a leaver is an eligible leaver under the Group's share plans and treatment of remuneration arrangements
- amending LTIP performance measures following a corporate event to ensure a fair and consistent assessment of performance
- deciding whether to apply malus or clawback to an award.

Ability for the Committee to amend the policy for emerging and future regulatory requirements

The Committee retains the discretion to make reasonable and proportionate changes to the remuneration policy if the Committee considers this appropriate in order to respond to changing legal or regulatory requirements or guidelines (including but not limited to any FCA or PRA revisions to its remuneration rules and any changes to regulations caused by, or following, the UK leaving the European Union). This includes the ability to make administrative changes to benefit the operation of the remuneration policy and/or to implement such changes ahead of any formal effective date, ensuring timely compliance. Where proposed changes are considered by the Committee to be material, the Group will engage with its major shareholders and any changes would be formally incorporated into the policy when it is next put to shareholders for approval.

Executive directors' policy on contracts, outside appointments and payments on loss of office

Executive directors' service contracts	
Changes	No change to policy.
Purpose and link to strategy	Maximum of 12 months' notice from the company and the executive director.
Operation	May be required to work and/or serve a period of garden leave during the notice period and/or may be paid in lieu of notice if not required to remain in employment for the whole notice period.
Compensation for loss of office in service contracts	
Changes	No change to policy.
Purpose and link to strategy	Dependent on an individual's contract but in any event no more than 12 months' salary, pension and benefits.
Operation	- Payable quarterly (other than the share element of salary which is released annually) and subject to mitigation if the executive director seeks alternative employment. - Not in addition to any payment in lieu of notice or if the individual remains in employment for the whole notice period. - In the event of a settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims, including potential entitlement to compensation in respect of statutory rights under employment protection legislation. - The Committee may also include in such payments reasonable reimbursement of professional fees, such as legal fees and tax advice (and any associated tax), in connection with such arrangements. Career transition support may also be provided.
Treatment of variable remuneration on termination	
Changes	No change to policy.
Purpose and link to strategy	Variable remuneration is awarded at the Committee's discretion.
Operation	- Eligible leavers (as determined by the Committee) may be eligible for variable remuneration although there is no automatic entitlement. - The Committee has discretion to reduce the entitlement of an eligible leaver in line with performance and the circumstances of the termination. - On a change of control, the amount is pro rata to the period of service during the year. The Committee may alter the performance period, measures and targets to ensure the performance measures remain relevant but challenging.
Treatment of unvested awards on termination under the share plan rules	
Changes	No change to policy.
Purpose and link to strategy	- The Committee has the discretion under the relevant plan rules to determine how eligible leaver status should be applied on termination. - The current approach is that eligible leaver status will generally be given in cases such as death, disability, retirement and redundancy. Discretion is applied as to awarding eligible leaver status in cases of mutual separation. - In addition, eligible leaver status will be given (other than in cases of termination for cause) where the date of termination is five years or more after the date of grant.
Operation	- For eligible leavers, awards not subject to long-term performance measures vest in full over the original timescale and remain subject to the Group's clawback arrangements. The Committee has discretion to reduce the level of vesting. - Awards subject to long-term performance measures will vest subject to those performance measures and on a pro rata basis (reflecting the proportion of the relevant financial performance period that the executive director has been employed) and remain subject to the Group's clawback arrangements. - Vesting may be subject to non-solicit and non-compete requirements. - Awards lapse for employees not designated eligible leavers. - On a change of control, awards become exercisable and vest to the extent performance measures are met (either at the change of control or later). The Committee may allow awards to continue or roll-over in agreement with the acquirer, taking into account the circumstances, and may alter the performance period, measures and targets to ensure the performance measures remain relevant. - The Committee has the flexibility to disapply time proration on the vesting of LTIP awards in certain circumstances, assessed on a case-by-case basis, taking into account all of the circumstances at that time. The following minimum criteria need to be met before the Committee can consider using this flexibility: - The executive director has more than five years' service on the Board. - The executive director is retiring from full-time employment in financial services and comparable roles in other industries. - The executive director has demonstrated satisfactory conduct and has achieved their performance objectives. - A clear, Board-approved, handover plan is in place to transition to an identified successor. - If the flexibility were to be used, there would be no LTIP award in the final year of employment or additional payments in lieu of notice. - If an individual leaves and subsequently takes up an executive role, unvested awards that had proration disappplied will lapse and the executive will be expected to re-pay any vested awards.

Post-employment shareholding requirement	
Changes	To align with shareholder guidance and market practice, the post-employment shareholding requirement is increasing to 100 per cent of the shareholding requirement for two years following the cessation of employment. The requirement in the previous policy was 100 per cent of the shareholding requirement for one year and 50 per cent of the requirement for the second year following the cessation of employment.
Purpose and link to strategy	To align executive directors' interests with the Group's long-term strategy and the interests of shareholders following employment there is a requirement for executive directors to hold a specified value of shares after they have left the employment of the Group.
Operation	On cessation of employment executive directors will be required to hold 100 per cent of the shareholding requirement in place for two years (or, if lower, the actual shareholding on departure).

Chairman and independent non-executive directors' remuneration policy

The Board has reviewed the remuneration policy for independent non-executive directors (INEDs) and determined there would be no change to the fee structure.

Fees	
Changes	No change to policy.
Purpose and link to strategy	Attract a Chairman and INEDs who, together with the Board as a whole, have a broad range of skills and experience to determine Group strategy and oversee its implementation.
Operation	- The INEDs are paid fees for chairmanship and membership of Board committees and for the Deputy Chairman and Senior Independent Director roles. - Fees are paid in cash or shares. Post-tax fees may be used to acquire shares. - The Chairman and INED fees are reviewed periodically. The Board sets INED fees and the Committee sets the Chairman's fees. The Chairman and INEDs excuse themselves from any discussion on their fees. - INEDs may also receive fees as directors of subsidiaries of Standard Chartered PLC, to the extent permitted by regulation. - Overall aggregate base fees paid to the Chairman and all INEDs will remain within the limit stated in the Articles of Association (currently £1.5 million per annum). - Fees are set at a level which reflect the duties, time commitment and contribution expected from the Chairman and INEDs. - Fees are reviewed and appropriately positioned against those for the Chairman and INEDs in banks and other companies of a similar scale and complexity. - There are no recovery provisions or performance measures.
Benefits	
Changes	No change to policy.
Purpose and link to strategy	Appropriate benefits package to support the Chairman and INEDs to carry out their duties effectively.
Operation	- The Chairman is provided with benefits associated with the role, including a car and driver and private medical insurance, permanent health insurance and life insurance. Any tax costs associated with these benefits are paid by the Group. Any future Chairman based outside of the UK may receive assistance with their relocation consistent with the support offered to individuals under the Group's international mobility policies. - The Chairman and INEDs are reimbursed for expenses, such as travel and subsistence (and including any associated tax), incurred in the performance of their duties, and may receive tax preparation and tax return assistance. - In exceptional circumstances the Chairman and INEDs may be accompanied by their spouse or partner to meetings or events. The costs (and any associated tax) are paid by the Group.

Approach on recruitment for Chairman or INEDs

Fees and benefits for a new Chairman or INED will be in line with the Chairman and independent non-executive directors' remuneration policy.

Service contracts and policy on payment for loss of office for the Chairman and INEDs

Chairman	The Chairman is provided a notice period of up to 12 months and is entitled to a payment in lieu of notice in respect of any unexpired part of the notice period at the point of termination.
INEDs	INEDs are appointed for a period of one year unless terminated earlier by either party with three months' written notice. No entitlement to the payment of fees or provision of benefits continues beyond termination of the appointment and INEDs are not entitled to any payments for loss of office (other than entitlements under contract law, such as a payment in lieu of notice if notice is not served).

2022 policy implementation for directors

Remuneration for the executive directors in 2022 will be in line with our new directors' remuneration policy as detailed on pages 161 to 166 of this report, subject to shareholder approval at the May 2022 AGM.

+ The 2022 policy is also set out on our website: [sc.com](https://www.sc.com)

The key elements of remuneration for 2022 include salary (delivered in cash and shares), pension, benefits, an annual incentive and an LTIP award. A portion of the executive directors' salaries is paid in shares to strengthen shareholder alignment. 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. 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, alignment with market-competitive levels, and consideration of the average salary increases made across the Group.

Taking into account the average 2022 salary increase awarded to the Group's UK and global workforce, the Committee determined to increase salary for Bill from £2,370,000 to £2,434,000 and to increase salary for Andy from £1,515,000 to £1,556,000 (increases of 2.7 per cent), effective from 1 April 2022.

Details of fixed pay for Bill and Andy with effect from 1 April 2022 are set out below.

£000	Bill Winters			Andy Halford		
	2022	2021	% change	2022	2021	% change
Salary	2,434	2,370	2.7	1,556	1,515	2.7
of which cash	1,217	1,185	2.7	1,043	1,015	2.7
of which shares	1,217	1,185	2.7	513	500	2.7
Pension	243	237	2.7	156	151	2.7
Total fixed pay	2,677	2,607	2.7	1,712	1,666	2.7
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 the 2022 remuneration policy

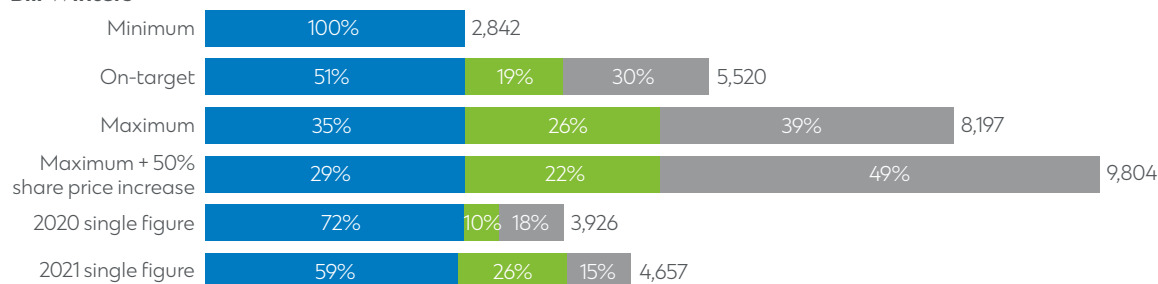
The charts below illustrate the potential outcomes under the proposed directors' remuneration policy being put to shareholders for approval at the AGM in May 2022 (i.e. for awards that would be made in March 2023, based on 2022 performance and fixed remuneration with effect from 1 April 2022).

The charts show potential remuneration outcomes for each executive director in four performance scenarios: minimum, on-target, maximum and maximum 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 2020 and 2021 single total figures of remuneration for Bill and Andy.

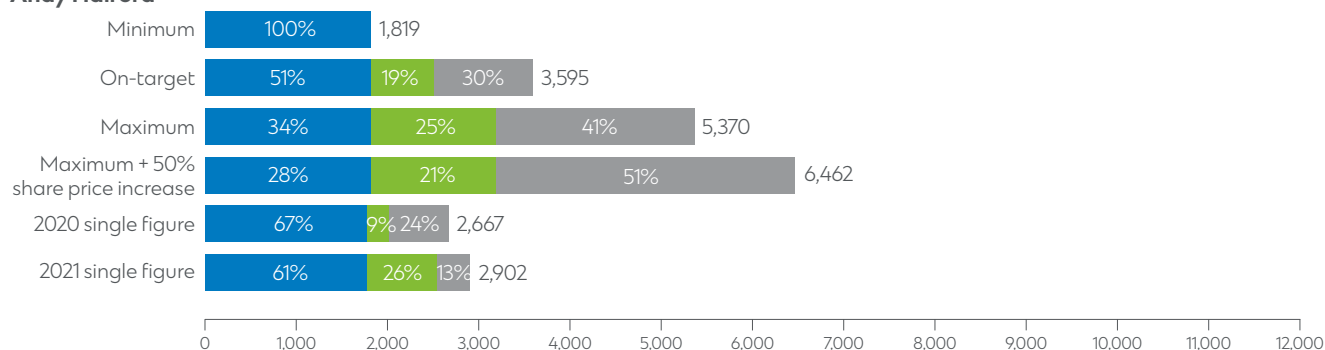
Executive director remuneration (£000)

■ Fixed remuneration ■ Annual incentive ■ LTIP

Bill Winters



Andy Halford



Definitions for the chart on page 167 showing potential remuneration outcomes for each executive director in four performance scenarios:

Fixed remuneration	All scenarios	- Consists of total fixed remuneration – salary, benefits and pension - Salary – salary as of 1 April 2022 - Benefits – based on 2021 single figure, actual fixed remuneration in 2022 will be dependent on the cost of benefits - Pension – 10 per cent of salary as of 1 April 2022
Incentives	Minimum	- No annual incentive is awarded - No LTIP award vests
	On-target	- Annual incentive of 50 per cent of target (44 per cent of salary) - LTIP award vests at 50 per cent total award (66 per cent of salary)
	Maximum	- Annual incentive of 100 per cent of target (88 per cent of salary) - LTIP award vests at 100 per cent total award (132 per cent of salary)
	Maximum + 50% share price increase	- Annual incentive of 100 per cent of target (88 per cent of salary) - LTIP award vests at 100 per cent total award (132 per cent of salary) 50 per cent share price appreciation in the value of the vested LTIP award since time of grant
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 per cent cash portion waived) - LTIP – vesting of 2018–20 LTIP award
2021 single figure	Fixed remuneration	- Salary – received in 2021 - Benefits – received in 2020/21 tax year - Pension – contribution/cash allowance received in 2021
	Incentives	- Annual incentive – received in respect of 2021 performance year - LTIP – vesting of 2019–21 LTIP award

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.

	1 January 2021 £000	1 January 2022 £000
Group Chairman ¹	1,250	1,250
Board Member	105	105
Additional responsibilities		
Deputy Chairman	75	75
Senior Independent Director	40	40
Chair		
Audit Committee	70	70
Board Risk Committee	70	70
Remuneration Committee	70	70
Board Financial Crime Risk Committee	60	60
Culture and Sustainability Committee	60	60
Membership		
Audit Committee	35	35
Board Risk Committee	35	35
Remuneration Committee	30	30
Board Financial Crime Risk Committee	30	30
Culture and Sustainability Committee	30	30
Governance and Nomination Committee	15	15

¹ The Group Chairman receives a standalone fee which is inclusive of all services (e.g. Board and Committee responsibilities)

2022 annual incentive scorecard

Our annual incentive scorecard reflects our strategic priorities, refreshed at the beginning of 2021. The targets are set annually by the Committee and take into account the Group's annual financial plan and strategic priorities for the next few years which reflect the evolving macroeconomic outlook. The Committee will also consider progress demonstrated against the Stands in the determination of the overall scorecard outcome.

For 2022, to simplify the process, the Committee has determined to embed the assessment of personal performance into the annual incentive scorecard assessment, accounting for a maximum weighting of 10 per cent. Financial measures continue to make up 50 per cent of the annual incentive scorecard. Previously, personal performance was assessed independently following the assessment of the scorecard when the Committee could apply an adjustment of +/- 10 percentage points to the award outcome. Strategic and personal measures are assessed by the Committee using a quantitative and qualitative framework.

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. As such, targets will be disclosed retrospectively in the 2022 Annual Report alongside the level of performance achieved.

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 and personal measures

Financial measures	Weighting	Target
Income ¹	10%	
Costs	10%	
Operating profit	5%	
RoTE ² with a CET1 ³ underpin of the higher of 13% or the minimum regulatory requirement	20%	Targets to be disclosed retrospectively
Growth of high-quality liabilities mix ⁴	5%	
Other strategic measures	Weighting	Target
Clients (network, affluent, mass, ventures)	12%	- Improve client satisfaction and client experience rating - Deliver growth in qualified clients across Affluent, Private Banking, and Wealth Management activity across top 11 affluent countries and increase the number of active personal clients - Deliver network income growth in Corporate, Commercial & Institutional Banking - Grow value of Digital Ventures
Sustainability	8%	- Progress against the Group's aim to achieve net zero by 2050 - Improve community engagement through employee volunteering participation
Enablers (innovation, new ways of working and people)	8%	- Grow proportion of digitally initiated transactions and digital sales adoption - Improve end-to-end speed to deliver change (from idea formation to commercialisation) - Develop human capital by improving employee engagement, diversity and inclusion
Risk and controls	12%	- Improve risk and control governance effectiveness - Successfully deliver milestones within the information and cyber risk management plan
Personal performance measures	Weighting	Target
Individual objectives	10%	- For Bill, this includes executing plans to accelerate the delivery of key financial targets and maintaining focus on innovation and our core business products - For Andy, this includes development of the Resolvability Assessment Framework and evolving internal performance measures to align with our strategic priorities

1 The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing underlying performance period by period

2 Underlying RoTE represents the ratio of the current year's underlying operating profit attributable to ordinary shareholders to the weighted average ordinary shareholders' equity less the average goodwill and intangibles for the reporting period. Underlying RoTE normally excludes regulatory fines and certain other adjustments but, for remuneration purposes, such adjustments are 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 2022. 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

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 businesses they oversee.

Alignment with culture

- 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 with our strategy.
- Executive directors are further aligned with 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 while 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 167 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 two times 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 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 147 in support of our commitment to clarity.

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 competitive and in line with the principles of 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 147.

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' salaries 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 was considered as part of the broader directors' remuneration policy review during 2021, taking account of the remuneration framework applicable to all colleagues.
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 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

Year	Method	CEO £000	UK employee – £000			Pay ratio		
			P25	P50	P75	P25	P50	P75
2021	A	4,657	92	139	215	51:1	34:1	22:1
2020	A	3,926	84	128	199	46:1	31:1	20:1
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.

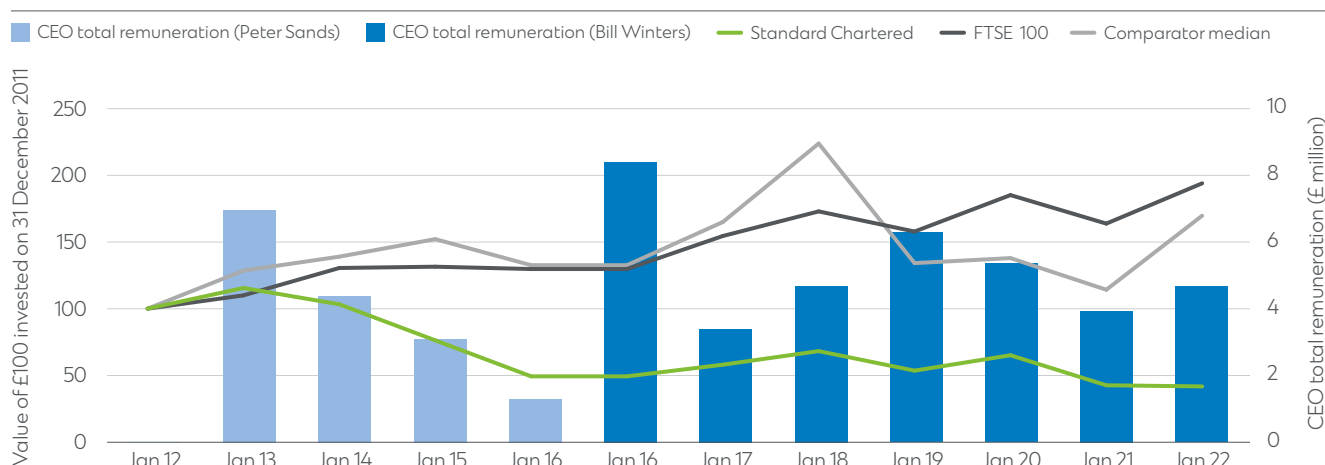
Additional ratios of pay based on salary and salary plus annual incentive

Salary	CEO £000	UK employee – £000			Pay ratio		
		P25	P50	P75	P25	P50	P75
2021	2,370	68	100	136	35:1	24:1	17:1
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							
2021	3,559	79	122	186	45:1	29:1	19:1
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.
- Employee pay data is based on full-time equivalent pay for UK employees as of 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 2021 and restated for 2020 to take account of the actual LTIP vesting in 2021. Further information on the single total figure is on page 155. The 2021 ratio will be restated in the 2022 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 at the lower quartile, median and upper quartile for 2021 and believes that it is a fair reflection of pay 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. Participation is 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 increase is due to the CEO receiving a higher annual incentive for 2021 (57 per cent of maximum compared with the reduced award of 18.5 per cent in 2020 following the voluntary waiver of the cash portion).

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 2012 and the variable remuneration delivered as a percentage of maximum opportunity.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single figure of total remuneration £000										
Peter Sands (CEO until 10 June 2015)	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	3,926	4,657
Annual incentive as a percentage of maximum opportunity										
Peter Sands	63%	50%	0%	0%	–	–	–	–	–	–
Bill Winters	–	–	–	0%	45%	76%	63%	55%	18.5%	57%
Vesting of LTIP awards as a percentage of maximum opportunity										
Peter Sands	77%	33%	10%	0%	0%	–	–	–	–	–
Bill Winters	–	–	–	–	–	–	27%	38%	26%	23%

- 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 2020 single figure for Bill has been restated based on the actual vesting and share price when the 2018–20 LTIP awards vested in March 2021.

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 with the wider workforce. As required under the Shareholder Rights Directive (part of UK Companies regulations), we compare the directors of the PLC Board against an average full-time equivalent UK employee. The regulations require 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 voluntarily disclose the comparisons against UK employees as we feel this provides a representative comparison.

	Salary/fees % change		Taxable benefits % change		Annual incentive % change ¹	
	2021	2020	2021	2020	2021	2020
CEO B Winters	0.0	0.7	(26.5)	(2.9)	208.1	(69.2)
CFO A Halford	0.7	3.7	(5.6)	30.2	208.9	(68.2)
Group Chairman J Viñals	0.0	0.0	(61.5)	(11.7)	–	–
Current INEDs						
D P Conner	(6.7)	(0.6)	5.9	(57.5)	–	–
B E Grote	0.0	0.0	0.0	0.0	–	–
C M Hodgson, CBE	0.0	0.0	(100.0)	28.2	–	–
G Huey Evans, CBE	0.0	0.0	(100.0)	233.9	–	–
N Kheraj	(9.0)	0.0	(100.0)	7.9	–	–
N Okonjo-Iweala ²	–	0.0	–	63.6	–	–
M Ramos ²	–	–	–	–	–	–
P G Rivett ³	–	–	–	–	–	–
D Tang	18.3	–	(82.3)	–	–	–
C Tong	0.0	–	(100.0)	–	–	–
J M Whitbread	0.0	0.0	(100.0)	(49.2)	–	–
Workforce Average FTE UK employee ^{4,5,6}	3.1	3.8	(2.0)	2.9	38.2	(22.1)

1 The increases in annual incentives for Bill Winters and Andy Halford are reflective of the impact of the voluntary waiver of the cash element of their 2020 annual incentives, which reduced the awards by 50 per cent

2 In 2021: Ngozi Okonjo-Iweala stepped down from the Board on 28 February and Maria Ramos was appointed to the Board on 1 January

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

4 Employee data is based on full-time equivalent pay for UK employees as of 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 2020 and implemented in 2021

5 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

6 The reduction in taxable benefits for UK employees reflects the impact of leavers during 2021, who would have typically received higher legacy benefits arrangements. On a matched sample basis, benefits increased by 1.6 per cent year-on-year

For the CEO and CFO and the Group Chairman and INEDs, the data the changes relate to are set out on pages 155 and 159, respectively. The change in taxable benefits relates to the change in the values for the 2020/21 and 2019/20 tax years.

Due to the low value of the taxable benefits received by INEDs, which have not exceeded £1,000 in 2021 (set out on page 159), 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	Yes	5	50% tranche 1 12.5% tranches 2-5	27%
2017–19	33% – Strategic	Yes	5	5 equal tranches	38%
2018–20		No	5		26%
2019–21	33% – RoTE	No	5		23%
2020–22	33% – TSR 33% – Strategic	No	5		To be assessed at end of 2022
2021–23	30% – RoTE 30% – TSR 15% – Sustainability 25% – Strategic	No	5		To be assessed at end of 2023

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 prohibited the award of dividend equivalent shares. Therefore, the number of shares awarded in respect of the 2018–20, 2019–21, 2020–22 and 2021–23 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

Change in interests during the period 1 January to 31 December 2021 (audited)

	Share award price (£)	As of 1 January	Awarded ¹	Dividends awarded ²	Exercised ³	Lapsed	As of 31 December	Performance period end	Vesting date
B Winters ⁴									
2016-18 LTIP	5.560	33,506	–	1,915	35,421	–	–	11 Mar 2019	4 May 2021
		33,506	–	–	–	–	33,506		4 May 2022
		33,507	–	–	–	–	33,507		4 May 2023
2017-19 LTIP	7.450	45,049	–	1,355	46,404	–	–	13 Mar 2020	13 Mar 2021
		45,049	–	–	–	–	45,049		13 Mar 2022
		45,049	–	–	–	–	45,049		13 Mar 2023
		45,049	–	–	–	–	45,049		13 Mar 2024
2018-20 LTIP	7.782	108,378	–	–	28,178	80,200	–	9 Mar 2021	9 Mar 2021
		108,378	–	–	–	80,200	28,178		9 Mar 2022
		108,378	–	–	–	80,200	28,178		9 Mar 2023
		108,378	–	–	–	80,200	28,178		9 Mar 2024
		108,379	–	–	–	80,200	28,179		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
2021-23 LTIP	4.901	–	150,621	–	–	–	150,621	15 Mar 2024	15 Mar 2024
		–	150,621	–	–	–	150,621		15 Mar 2025
		–	150,621	–	–	–	150,621		15 Mar 2026
		–	150,621	–	–	–	150,621		15 Mar 2027
		–	150,621	–	–	–	150,621		15 Mar 2028
A Halford ^{4,5}									
2016-18 LTIP	5.560	20,008	–	1,142	21,150	–	–	11 Mar 2019	4 May 2021
		20,008	–	–	–	–	20,008		4 May 2022
		20,009	–	–	–	–	20,009		4 May 2023
2017-19 LTIP	7.450	27,888	–	838	28,726	–	–	13 Mar 2020	13 Mar 2021
		27,888	–	–	–	–	27,888		13 Mar 2022
		27,888	–	–	–	–	27,888		13 Mar 2023
		27,890	–	–	–	–	27,890		13 Mar 2024
2018-20 LTIP	7.782	67,108	–	–	17,448	49,660	–	9 Mar 2021	9 Mar 2021
		67,108	–	–	–	49,660	17,448		9 Mar 2022
		67,108	–	–	–	49,660	17,448		9 Mar 2023
		67,108	–	–	–	49,660	17,448		9 Mar 2024
		67,108	–	–	–	49,660	17,448		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
2021-23 LTIP	4.901	–	96,283	–	–	–	96,283	15 Mar 2024	15 Mar 2024
		–	96,283	–	–	–	96,283		15 Mar 2025
		–	96,283	–	–	–	96,283		15 Mar 2026
		–	96,283	–	–	–	96,283		15 Mar 2027
		–	96,283	–	–	–	96,283		15 Mar 2028
Sharesave	4.980	1,807	–	–	–	–	1,807	–	1 Dec 2022

- 1 For the 2021–23 LTIP awards granted to Bill Winters and Andy Halford on 15 March 2021, the values granted were: Bill Winters: £3.1 million; Andy Halford £2.0 million. The number of shares awarded in respect of the LTIP 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. Performance measures apply to 2021–23 LTIP awards. The closing share price on the day before grant was £4.901 (further details are included in Note 31, Share-based payments on pages 403 to 407)
- 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 which vested in March 2020 and 742 allocated to Andy's 2017–19 LTIP award tranche which vested in March 2020 relating to the cancelled dividend were deducted from the calculation of dividend equivalent shares allocated to shares vesting in March 2021. Dividend equivalent shares allocated to the 2016–18 LTIP award tranche vesting in May 2021 did not include any shares relating to the cancelled dividend
- 3 On 15 March 2021, Bill Winters exercised the 2017–19 LTIP award over a total of 46,404 shares and Andy Halford exercised the 2017–19 LTIP award over a total of 28,726 shares. The closing share price on the day before the exercise was £4.901. On 17 March 2021, Bill Winters exercised the 2018–20 LTIP award over a total of 28,178 shares and Andy Halford exercised the 2018–20 LTIP award over a total of 17,448 shares. The closing share price on the day before the exercise was £4.913. On 4 May 2021, Bill Winters exercised the 2016–18 LTIP award over a total of 35,421 shares and Andy Halford exercised the 2016–18 LTIP award over a total of 21,150 shares. The closing share price on the day before the exercise was £5.196
- 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 of 31 December 2021, 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 Stock Exchange of Hong Kong Limited 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 392](#)

Historical LTIP awards

The current position on vesting for unvested LTIP awards from the 2019 and 2020 performance years based on current performance and share price as of 31 December 2021 is set out in the tables below. The TSR peer group for both awards is as set out on page 158.

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 of 31 December 2021
RoTE in 2022 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	33%	8.5%	11.0%	RoTE below threshold therefore indicative 0% vesting
Relative TSR performance against the peer group	33%	Median	Upper quartile	TSR positioned below the median therefore indicative 0% vesting
Strategic measures	33%	Targets set for strategic measures linked to the business strategy		Tracking above target performance therefore indicative partial vesting

Current position on the 2021–23 LTIP award: projected partial vesting

Measure	Weighting	Performance for minimum vesting (25%)	Performance for maximum vesting (100%)	2021–23 LTIP assessment as of 31 December 2021
RoTE in 2023 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	30%	6.0%	10.0%	RoTE at threshold therefore indicative partial vesting
Relative TSR performance against the peer group	30%	Median	Upper quartile	TSR positioned below the median therefore indicative 0% vesting
Sustainability	15%	Targets set for sustainability measures linked to the business strategy		Tracking above target performance therefore indicative partial vesting
Strategic measures	25%	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 2021 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

	2021 \$m	2020 \$m
Total discretionary incentives	1,367	990
Less: deferred discretionary incentives that will be charges in future years	(195)	(129)
Plus: current year charge for deferred discretionary incentives from prior years	124	122
Total	1,296	983

Year in which income statement is expected to reflect deferred discretionary incentives	Actual		Expected	
	2020 \$m	2021 \$m	2022 \$m	2023 and beyond \$m
Discretionary incentives deferred from 2019 and earlier	101	59	28	17
Discretionary incentives deferred from 2020	43	48	30	26
Discretionary incentives deferred from 2021	–	64	89	106
Total	144	171	147	149

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				
	2021 \$m	2020 \$m	2019 \$m	2018 \$m	2017 \$m	2021 %	2020 %	2019 %	2018 %	2017 %
Staff costs	7,668	6,886	7,122	7,074	6,758	84	85	74	75	83
Corporate taxation including levy	1,138	1,193	1,720	1,763	1,367	12	15	18	19	17
Paid to shareholders in dividends	375	0	720	561	0	4	0	8	6	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 is delivered in the form of awards that are deferred for a sufficient period of time during which risk adjustments can be applied.
- The ability to apply performance adjustment through the reduction in the value of any deferred variable remuneration award through non-vesting due to performance considerations and share price movement over the deferral period.

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) and the Remuneration Part of the PRA Rulebook in which updated identification criteria relating to the Capital Requirements Directive V have been transposed. 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 £658,000 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 designated 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 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 178 and 180, 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 2021 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 2021 performance year, the following structure applies:

- At least 40 per cent of a material risk taker's variable remuneration will be deferred over a minimum period of four 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 2021 variable remuneration may be in share awards which vest after a minimum of four 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 a 2:1 maximum ratio of variable to fixed remuneration.

Material risk takers' deferred variable remuneration delivery

	Year 0 (grant) March 2022	Year 1 March 2023	Year 2 March 2024	Year 3 March 2025	Year 4 March 2026	Year 5 March 2027	Year 6 March 2028	Year 7 March 2029
Senior managers		Minimum of 40% of 2021 variable remuneration						
Risk managers ¹								
Higher paid		Minimum of 40% of 2021 variable remuneration						
Non-higher paid		Minimum of 40% of 2021 variable remuneration						
Other material risk takers ²		Minimum of 40% of 2021 variable remuneration						

1 Material risk takers with 2021 total remuneration equal to or greater than £500,000 or with variable compensation equal to or greater than 33 per cent of total remuneration are classified as 'higher paid'. Material risk takers below this threshold are classified as 'non-higher paid'

2 Deferral is five years for 'other material risk takers' who are: i) higher paid; and ii) members or chairs of relevant risk committees

Material risk takers' deferred remuneration in 2021

	Senior management \$'000			All other material risk takers \$'000		
	Total	Cash	Shares	Total	Cash	Shares
Start of the year (1 January):						
Unvested	114,643	16,011	98,632	351,097	126,793	224,304
Vested and unexercised	–	–	–	7,380	–	7,380
Impact of changes to material risk taker population including leavers during 2020 and joiners in 2021	(3,995)	(1,769)	(2,226)	(21,569)	(11,303)	(10,266)
Start of the year (1 January) (after adjustments):						
Unvested	110,648	14,242	96,406	330,027	115,490	214,537
Vested and unexercised	–	–	–	6,881	–	6,881
Awarded during the year	34,906	2,858	32,048	140,888	52,268	88,620
Total reduction during the year due to malus or clawback; or performance measures not being met	(15,138)	–	(15,138)	(36,474)	(2,026)	(34,448)
Total deferred remuneration paid out in the financial year	(10,358)	(1,225)	(9,133)	(121,907)	(44,868)	(77,039)
Close of the year (31 December):						
Unvested	120,058	15,875	104,183	314,135	120,864	193,271
Vested and unexercised	–	–	–	5,280	–	5,280

Material risk takers' 2021 fixed and variable remuneration

	Senior management \$'000	All other material risk takers \$'000
Fixed remuneration¹		
Number of employees	28	608
Total fixed remuneration	39,094	322,917
Cash-based	36,768	322,917
Of which deferred	–	–
Shares or other share-linked instruments	2,325	–
Of which deferred	–	–
Other forms	–	–
Of which deferred	–	–
Variable remuneration^{2,3}		
Number of employees	17	547
Total variable remuneration	50,584	272,218
Cash-based	17,007	138,735
Of which deferred	7,435	66,858
Shares or other share-linked instruments	33,577	133,483
Of which deferred	24,006	66,761
Other forms	–	–
Of which deferred	–	–
Total remuneration	89,678	595,134

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 2021 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 2021 was 1:0.89

Material risk takers' aggregate 2021 remuneration by business

	Corporate, Commercial & Institutional Banking \$000	Consumer, Private ¹ & Business Banking \$000	Central management & other ² \$000
2021	351,769	50,030	283,013

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 2021

	Senior management		All other material risk takers	
	Number of employees	Total amount \$000	Number of employees	Total amount employees \$000
Sign-on payments	–	–	–	–
Guaranteed incentives	1	2,683	1	116
Severance payments	–	–	–	–

Remuneration at or above EUR1 million

The table below is prepared in accordance with Article 450 of the EU Capital Requirements Regulation as it forms part of UK domestic law.

Remuneration band EUR	Number of employees
1,000,000–1,500,000	96
1,500,001–2,000,000	40
2,000,001–2,500,000	13
2,500,001–3,000,000	10
3,000,001–3,500,000	3
3,500,001–4,000,000	3
4,000,001–4,500,000	4
4,500,001–5,000,000	1
5,000,001–5,500,000	2
5,500,001–6,000,000	–
6,000,001–6,500,000	–
6,500,001–7,000,000	–
7,000,001–7,500,000	–
7,500,001–8,000,000	–
8,000,001–8,500,000	1
8,500,001–9,000,000	1
9,000,001–9,500,000	–
9,500,001–10,000,000	–
10,000,001–10,500,000	1
Total	175

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 2021.

Components of remuneration	Five highest paid ¹ \$000	Senior management ² \$000
Salary, cash allowances and benefits in kind	16,710	25,594
Pension contributions	561	1,441
Variable remuneration awards paid or receivable	26,494	41,697
Payments made on appointment	–	999
Remuneration for loss of office (contractual or other)	–	–
Other	–	–
Total	43,765	69,732
Total HKD equivalent	34,070	541,848

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 2021

The table below shows the emoluments of: (i) the five highest paid employees; and (ii) senior management for the year ended 31 December 2021.

Remuneration band HKD	Remuneration band USD equivalent	Number of employees	
		Five highest paid	Senior management ¹
21,000,001–21,500,000	2,702,564–2,766,910	–	1
23,500,001–24,000,000	3,024,297–3,088,644	–	1
25,000,001–25,500,000	3,217,338–3,281,684	–	1
26,000,001–26,500,000	3,346,031–3,410,378	–	1
26,500,001–27,000,000	3,410,378–3,474,725	–	1
27,500,001–28,000,000	3,539,071–3,603,418	–	1
30,500,001–31,000,000	3,925,152–3,989,499	–	1
36,000,001–36,500,000	4,632,966–4,697,313	–	1
36,500,001–37,000,000	4,697,313–4,761,660	–	1
39,500,001–40,000,000	5,083,394–5,147,740	–	1
46,000,001–46,500,000	5,919,901–5,984,248	–	1
47,000,001–47,500,000	6,048,595–6,112,941	1	–
48,000,001–48,500,000	6,177,288–6,241,635	1	1
75,500,001–76,000,000	9,716,360–9,780,706	1	1
77,000,001–77,500,000	9,909,400–9,973,747	1	1
91,000,001–91,500,000	11,711,109–11,775,456	1	–
Total		5	14

1 Senior management comprises the executive directors and the members of the Group Management Team at any point during 2021

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.

	2021	2020
EUR	0.8421	0.8827
GBP	0.7246	0.7833
HKD	7.7704	7.7563



Christine Hodgson

Chair of the Remuneration Committee

17 February 2022

Other disclosures

The Directors' report for the year ended 31 December 2021 comprises pages 90 to 191 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)	154, 157 and 158

Principal activities

We are a leading international banking group, with over 160 years of history in some of the world's most dynamic markets. Our purpose is to drive 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 Consumer, Private and Business 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](#) on pages 1 to 30.

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 2021 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 has adequate resources to continue in operation and meet its liabilities as they fall due for a period of 12 months from 17 February 2022 and therefore continues 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 86 and 87, while the directors' going concern considerations of the Group can be found on page 318.

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 \$1.89 billion (2020: \$1.59 billion) in research and development, of which \$0.94 billion (2020: \$0.78 billion) was recognised as an expense. The research and development investment primarily related 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 2021.

Directors and their interests

The membership of the Board, together with their biographical details, are given on pages 91 to 94. 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 141 to 180. 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.

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 2021 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 2021 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

2021: paid interim dividend of 3 cents per ordinary share
(2020: no interim dividend paid)

2021: proposed final dividend of 9 cents per ordinary share
(2020: paid final dividend of 9 cents per ordinary share)

2021: total dividend of 12 cents per ordinary share
(2020: total dividend, 9 cents per ordinary share)

Share capital

The issued ordinary share capital of the Company was reduced by a total of 77,063,162 over the course of 2021. This was due to the cancellation of ordinary shares as part of the Company's two share buy-back programmes. 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 85.3 per cent of the total issued nominal value of all share capital. The remaining 14.7 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.



A copy of the Company's Articles of Association can be found on our website here [sc.com/investors](https://www.sc.com/investors)

Authority to purchase own shares

At the AGM held on 12 May 2021, our shareholders renewed the Company's authority to make market purchases of up to 312,143,771 ordinary shares, equivalent to approximately 10 per cent of issued ordinary shares as at 25 March 2021, 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 two buy-back programmes announced in February and August 2021. These were utilised to reduce the number of ordinary shares in issue and as part of the Group's approach to dividend growth and capital returns. The first share buy-back programme was launched on 1 March 2021 and ended on 29 March 2021. The second share buy-back programme was launched on 4 August 2021 and ended on 16 September 2021. A total of 77,063,162 ordinary shares with a nominal value of \$0.50 were re-purchased for an approximate aggregate consideration paid of \$504 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.

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

Major interests in shares and voting rights

As at 31 December 2021, 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 11 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 2021. 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.

Notifiable interests	Interest in ordinary shares (based on voting rights disclosed)	Percentage of capital disclosed	Nature of holding as per disclosure
Temasek Holdings (Private) Limited	510,451,383	16.01	Indirect
Schroders plc	176,127,832	5.64687	Indirect (5.63174%) Contracts for Difference (0.01513%)
BlackRock Inc.	183,640,172	5.55	Indirect (5.01%) Securities Lending (0.39%) Contracts for Difference (0.14%)

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 12 November 2021, 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 of the Hong Kong Listing Rules. 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 2024 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 2024 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 2021, the Group provided Temasek with money market and capital markets 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 2021 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 2024 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.

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 2021, the Company made no issuance of debentures or equity-linked agreements.

Risk management¹

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.

¹ The Group's Risk Management Framework and System of Internal Control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group.

Key areas of risk on financial instruments for the directors included the impairment of loans and advances and valuation of financial instruments held at fair value. This risk assessment and management is explained further in the Audit Committee Key areas and Action taken on page 120.



The Risk review and Capital review on [pages 194 to 293](#) sets out the principal risks, emerging risks and integrated 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 [pages 264 to 279](#)

In accordance with Article 435(1)(e) of the UK onshored 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 control¹

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 2021, the Board Risk Committee has reviewed the effectiveness of the Group's system of internal control. As part of this review, affirmation 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 Group 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 principal risks as well as reviewing the effectiveness of the Group'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 258](#) describes the Group's risk management oversight committee structure.

Our business is conducted within a developed control framework, underpinned by policy statements and standards. There are written policies and standards designed to ensure the identification and management of risk, including Credit Risk, Traded Risk, Treasury Risk, Operational and Technology Risk, Information and Cyber Security Risk, Compliance Risk, Financial Crime Risk, Model Risk and Reputational and Sustainability Risk. The Board has established a management structure that clearly defines roles, responsibilities and reporting lines.

¹ The Group's Risk Management Framework and System of Internal Control applies only to wholly controlled subsidiaries of the Group, and not to Associates, Joint Ventures or Structured Entities of the Group.

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 internal 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 segment, audio and video calls, town halls and other staff engagement and recognition events. To continue to improve the way we communicate and ensure our employee communications remain relevant, we also periodically analyse and measure the impact of our communications through a range of survey and feedback tools.

Our senior leaders and People Leaders continue to play a critical role in engaging our teams across the network, ensuring that they are kept up to date on key business developments related to our performance and strategy. Our People Leaders also provide guidance and help colleagues understand their role in executing and delivering on the Bank's strategy. With the ongoing impact of the global pandemic, the Bank has also endeavoured to disseminate timely information that has enabled our colleagues to stay informed of the various national/international developments and more importantly, to ensure they are supported in terms of their physical and mental safety and wellbeing.

Across the organisation, regular team meetings with People Leaders, one-to-ones and various management meetings provide an important platform for colleagues to discuss and clarify key issues. Regular performance conversations provide the opportunity to discuss how individuals, the team and the business area have contributed to our overall performance and, in year-end conversations, how any compensation awards relate to this. The Bank's senior leadership (Group Chairman, CEO, Board) also regularly shares global, regional and country updates on financial performance, strategy, structural changes, HR programmes, performance reviews and campaigns.

The Board engages with and listens to the views of the workforce through several sources, including through virtual, interactive engagement sessions. More information can be found on pages 113 and 114 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 2.2 million followers.

The diverse range of communication tools and channels we have put in place, ensures that all our colleagues regardless of where they sit within our organisational network receive timely and relevant information (in channels of their choosing) to support them in being effective in their various roles.

The wellbeing of our employees is central to our thinking about benefits and support, so that 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 thirty days' leave (through annual leave and public holidays), a minimum of twenty 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). 14.3 per cent of employees across 21 markets are covered by collective bargaining agreements and for employees not covered by collective bargaining agreements, their working conditions and terms of employment are based on the Bank's Group & Country policies and as per individual employment contracts issued by the Bank.

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, such as counselling, coaching or mediation. This can include issues of bullying, harassment, discrimination and victimisation, as well as concerns around conditions of employment (for example, health and safety, new working practices or the working environment). Employees can raise grievances to their People Leader or a Human Resources (HR) Representative. The global process to address grievances involves an HR representative and a member of the business reviewing the grievance, conducting fact finding into the grievance and providing a written outcome to the aggrieved employee. If a grievance is upheld, the next steps might include remedying a policy or process, or initiating a disciplinary review of the conduct of the subject of the grievance. The Group Grievance Standard and accompanying process is reviewed on a periodic basis in consultation with stakeholders across HR, Legal, Compliance and Shared Investigative Services. Grievance trends are reviewed on a quarterly basis and action plans are developed to address any concerning trends.

There is a distinct Group Speaking Up Policy which covers instances where an employee wishes to 'blow the whistle' on actual, planned or potential 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 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. The Group aims to provide equality of opportunity for all, protect the dignity of employees and promote respect at work. All individuals are entitled to be treated with dignity and respect, and to be free from harassment, bullying, discrimination and victimisation. This helps to support productive working conditions, decreased staff attrition, positive employee morale and engagement, maintains employee wellbeing, and reduces people-related risk. All employees and contractors are required to take personal responsibility to comply with the Standard, including conducting themselves in a manner that demonstrates appropriate, non-discriminatory behaviours.

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, ethnicity, 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 inclusive and accessible; and that do not directly or indirectly discriminate.

Recruitment, employment, training, development and promotion decisions are based on the 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 the hiring process) to ensure all individuals feel supported and are able to participate fully and reach their potential. If employees become disabled, we will proactively seek to support them with appropriate training and workplace adjustments where possible and explore every opportunity to ensure their employment continues.

Health and safety

Our Health, Safety and Wellbeing (HSW) programme covers both mental and physical health and wellbeing. The Group complies with both external regulatory requirements and internal policy and standards for HSW in all markets. It is Group policy to ensure that the more stringent of the two requirements is always met, ensuring our HSW practices meet or exceed the regulatory minimum. Compliance rates are reported at least biannually to each country's Management Team.

We follow the ILO code of practice on recording and notification of occupational accidents and diseases, as well as aligning to UK Health and Safety Executive, and ensuring we meet all local H&S regulatory reporting requirements. We record and report all work-related illness and injuries, including sub-contractors, visitors and clients.

HSW performance and risks are reported annually to the Group Risk Committee and Board Risk Committee. We use a health and safety management system across all countries to ensure a consistently high level of health and safety reporting for all our colleagues and clients.

The Bank sponsors medical and healthcare services for all employees, except in markets where cover is provided through State-mandated healthcare, which represent less than 0.5 per cent of the Group's employees. All staff also have access to professional counselling via our Employee Assistance Program.

Furthermore, we consider and treat mental health issues requiring first aid in the same way that we would treat physical injuries. Our global Mental Health First Aid (MHFA) program offers help to someone developing a mental health problem, experiencing a worsening of an existing mental illness or a mental health crisis. The mental health support is given until appropriate professional help is received, or the crisis resolved.

In 2021, we worked with an external certified provider to develop our previously classroom-based MHFA training program into a virtual program which can be accessed by any colleague regardless of their location. To date we have trained over 400 mental health first aiders in 42 markets, covering 95 per cent of colleagues.

In 2021, we recorded no work-related fatalities or serious long-term work-related health issues in our staff, although 68 colleagues passed away from COVID-19 in non-work-related situations. Whilst not mandatory, we 'strongly encourage' vaccination against COVID-19 for employees and have held vaccination drives where possible to assist colleagues and their families to access vaccinations.

Major injuries (per the UK Health & Safety Executive definition) increased slightly from 23 in 2020 to 24, with fractures the most common type of major injury (52 per cent). Overall, reported injuries reduced by six per cent, with 'slips/trips/falls' and 'transport/commuting' remaining the most common causes of injury. Our injury rates remain aligned to, or better than industry benchmarks.

Hazards and near miss reports decreased 42 per cent between 2020 and 2021, and all premises are inspected at least annually to identify any hazards, risks and incidences of non-compliance.

Throughout 2021, the COVID-19 pandemic continued to impact health, safety and wellbeing. With lockdowns and restrictions continuing across our markets throughout the year, we accelerated our Future Workplace Now plans and approximately 80 per cent of colleagues adopted working from home arrangements. Workplace closures and restricted operations resulted in a reduction in workplace accidents and incidents; however, home working introduced new and emerging risks to manage across health, safety and wellbeing. A H&S inspection checklist is available for staff to assess their working area for hazards, and virtual assessments by H&S experts are organised if required. All staff opting to work flexibly receive an allowance to purchase ergonomic office equipment. Our work injury insurance covers all staff working from home.

Major customers

Our five largest customers together accounted for 1.7 per cent of our total operating income in the year ended 31 December 2021.

Major suppliers

In 2021, \$4.1 billion was spent with approximately 12,100 first tier suppliers. Of this, 73 per cent of the total spend was spent in the Asia region, with 19 per cent in Europe and the Americas, and eight per cent in Africa and the Middle East.

Our five largest suppliers together accounted for 16 per cent of total spend, with the largest ten amounting to 24 per cent of total spend.

Supply chain management

To support the operation of our branches, offices, businesses and functions we source a variety of goods and services. The majority of our expenditure is on services and is managed through a third-party governance framework which ensures that we follow the highest standards in terms of sourcing, awarding and onboarding suppliers.

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 2021 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 prevented modern slavery and human trafficking in its operations, financing and supply chain during 2021.



Our Supplier Charter and Supplier Diversity and Inclusion standard can be viewed at [sc.com/en/group/suppliers/](https://www.sc.com/en/group/suppliers/)



Details of how we create value for our suppliers and other stakeholder groups can be found on [pages 51 to 59](#)

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. The Group does not manufacture products and therefore does not have a defined quality assurance process or recall procedures; nor does it sell or ship products that would be liable for return on health and safety grounds.

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.

For more information on our approach to product design, product pricing, treating customers fairly and protecting vulnerable customers, and incentivising our frontline employees, see pages 51 and 52. For more information on fraud identification see pages 72 and 73.

Safeguarding intellectual property rights

The Group has processes in place to manage the Group's intellectual property rights and respect third party intellectual property rights. The Group has complied with applicable intellectual property laws and regulations.

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. This 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 99.6 per cent have completed the 2021 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 Culture and Sustainability 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, CCIB is responsible for sustainable finance, which incorporates E&S risk management. Led in 2021 by the Group Head, Conduct, Financial Crime and Compliance, a cross-business Sustainability Forum is responsible for developing and delivering the Group's broader sustainability strategy.

Standard Chartered has publicly committed to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations since 2017.

Our comprehensive TCFD disclosure is published in a standalone report which provides information in a readily identifiable and accessible format for all interested stakeholders.



A summary of the TCFD report can be found on pages 67 to 69, with the full report available at [sc.com/tcfcd](https://www.sc.com/tcfcd)

Community engagement

We collaborate with local partners to support social and economic development in communities across our markets. We are committed to sustainable social and economic development through our business, operations and communities. We aim to create more inclusive economies by sharing our skills and expertise and developing community programmes that transform lives. We continue to support our communities through Futuremakers by Standard Chartered, our global initiative to tackle youth economic inclusion and enable the next generation to learn, earn and grow. For more information on Futuremakers, as well as our employee volunteering and community investment expenditure, please see pages 76 and 77 in 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 and non-hazardous waste data which become the basis of our Greenhouse Gas (GHG) emissions management, as well as the targets we have set to reduce energy, water and waste consumption.

Disclosures related to the Group's environmental policies as well as GHG, energy efficiency, water and waste performance metrics are included in the sustainable and responsible business section of the Strategic report on pages 74 and 75, and in the supplementary environment data table on page 451.

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 2021 Emissions Factors and the UK Government's Department for Business, Energy & Industrial Strategy, emissions are reported in metric tonnes of carbon dioxide equivalent (CO₂e), encompassing the six Kyoto gases.

Scope 1 emissions are defined as arising from the consumption of energy from direct sources, during the use of property occupied by the Group. On-site combustion of fuels including diesel, liquefied petroleum gas (LPG) and natural gas, is recorded using meters, or where metering is not available, collated from fuel vendor's invoices. Emissions from the combustion of fuel in Group-operated transportation devices, as well as fugitive emissions, are excluded as being immaterial.

Scope 2 emissions are defined as arising from the consumption of indirect sources of energy, during the use of property occupied by the Group. Energy generated off-site in the form of purchased electricity, heat, steam or cooling, is collected as kilowatt hours consumed using meters or where metering is not available, collated from vendor's invoices.

Applicable to both Scope 1 and 2 emissions, we include all indirect and direct sources of energy consumed by building services (amongst other activities) within the space occupied by the Group, leased or owned. This can include base building services under landlord control, but over which we typically hold a reasonable degree of influence.

All data centre facilities with conditioning systems and hardware remaining under the operational control of the Group are included in the reporting. This does not include energy used at outsourced data centre facilities which are captured under Scope 3.

Scope 3 emissions occur as a consequence of the Group's activities but arising from sources not controlled by us. Business air travel data is collected as person kilometres travelled by seating class, by employees of the Group.

Data is drawn from country operations that have processes in place to gather accurate employee air travel data from travel management companies. Flights are categorised between short, medium and long-haul trips.

Emissions from other potential Scope 3 sources such as electricity transmission and distribution line losses are not currently accounted for on the basis that they cannot be calculated with an acceptable level of reliability or consistency. We do however capture Scope 3 emissions from outsourced data centres and business air travel exclusively in terms of carbon emissions, both managed by third parties.

Assurance

Our Scope 1 and 2 emissions are assured by an independent body, Global Documentation, against the requirements of ISO14064.

Indicator	2021	2020	2019	Units
Headcount (at year end)	81,957	83,657	84,398	Headcount
Net internal area of occupied property covered by reporting	998,571	1,050,414	1,154,999	m ²
Annual operating income from 1 October to 30 September	14,541	15,233	15,200	\$million
Greenhouse gas emissions (location based)				
Scope 1 emissions (combustion of fuels)	2,902	3,988	4,542	tonnes CO ₂ eq/year
Scope 2 emissions (purchased electricity)	82,761	113,870	141,771	tonnes CO ₂ eq/year
Scope 1 & 2 emissions	85,662	117,858	146,313	tonnes CO ₂ eq/year
Scope 1 & 2 emissions (UK and offshore area only)	–	–	–	tonnes CO ₂ eq/year
Scope 3 emissions with distance uplift (air travel)	3,654	33,930	94,043	tonnes CO ₂ eq/year
Scope 3 emissions (Global Data Centre)	43,132	29,562	46,362	tonnes CO ₂ eq/year
Total Scope 1, 2 & 3 emissions	132,448	181,350	286,718	tonnes CO ₂ eq/year
Total Scope 1, 2 & 3 emissions/headcount	1.62	2.17	3.40	tonnes CO ₂ eq/headcount/year
Total Scope 1, 2 & 3 emissions/operating income	9.11	11.91	18.86	tonnes CO ₂ eq/\$m/year
Environmental resource efficiency				
Indirect non-renewable energy consumption	142.4	184.2	222.6	GWh/year
Indirect renewable energy consumption	27.5	14.1	17.0	GWh/year
Direct non-renewable energy consumption	12.4	16.5	18.8	GWh/year
Direct renewable energy consumption	0.7	0.80	0.80	GWh/year
Energy consumption (Group)	183	215.6	258.3	GWh/year
Energy consumption (UK and offshore area only)	5			GWh/year



Further detail on our environment performance, as well as associated assumptions and methodologies can be found on [pages 451 and 452](#).

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 457.

Shareholders are also able to vote electronically on the resolutions being put to the AGM through our registrars' website at investorcentre.co.uk.

Further information on the principles and methodologies used to calculate the GHG emissions of the Group can be found in our reporting criteria document at sc.com/environmentcriteria

Reporting period

The reporting period of our environmental data is from 1 October 2020 to 30 September 2021. 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.

Annual General Meeting

Our 2022 AGM will be held at 11:00am (UK time) (6:00pm Hong Kong time) on 4 May 2022. Further details regarding the format, location and business to be transacted will be disclosed within the 2022 Notice of AGM.

Our 2021 AGM was held on 12 May 2021 at 11:00am (UK time) (6:00pm Hong Kong time). 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.

Non-audit services

The Group's non-audit services policy ("the policy") was reviewed and approved by the Audit Committee on 28 October 2021. 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.

UK 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 internal audit services
- Corporate finance services, valuation services or litigation support
- 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 law or regulation. For 2021, without deducting non-audit service fees which were required by law or regulation and performed by EY, the ratio was 0.4:1. 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 in attendance at the 2022 AGM. A resolution to re-appoint EY as auditor was proposed at the Company's 2021 AGM and was successfully passed.

EY is a Public Interest Entity Auditor recognised in accordance with the Hong Kong Financial Reporting Council Ordinance.

By order of the Board



Scott Corrigan

Interim Group Company Secretary

17 February 2022

Standard Chartered PLC

Registered No. 966425