

## Directors' report

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## ▶ Four more years with Liverpool FC ▶

This year we announced a four-year extension of our partnership with Liverpool Football Club and Liverpool Football Club Women.

We first became main sponsors in July 2010 and the extension runs until the end of 2026/27 UK football season. The extension includes increased investment in LFC Women.

As part of our partnership with the Reds, Liverpool plays an active role in our Goal programme - which aims to empower young girls through sport by providing financial education and life skills.



Read more online at [www.sc.com/lfc](http://www.sc.com/lfc)







# Group Chairman's governance overview



**Dr José Viñals**  
Group Chairman

“Good governance requires an awareness of the landscape, appropriate oversight, and a strong tone from the top, driven by an effective Board.”

In my opening letter, I referred to the uncertain backdrop to 2022, caused by ongoing economic, political and social dislocation, the continuing impact of COVID-19 and geopolitical tensions in many parts of the World. Despite the uncertainty, we have made strong progress across our portfolio. This progress is supported by the resilience of the business, which is in turn underpinned by our governance.

Good governance requires an awareness of the landscape, appropriate oversight, and a strong tone from the top, driven by an effective Board. A key focus of the Board this year was managing its own succession, with the loss of a number of very experienced non-executives and the appointment of some excellent replacements, as I mentioned in my statement on pages 7 and 8. I am very conscious that with the retirements of Naguib Kheraj, Byron Grote, Christine Hodgson and Jasmine Whitbread, we lose a wealth of experience and knowledge of the Group. Accordingly, we have accelerated the inductions of our new non-executives who have spent a lot of time with the outgoing non-executives. I was also pleased to welcome Adrian de Souza as Group Company Secretary in May 2022, who takes over from Scott Corrigan's interim tenure and I would like to take the opportunity to thank Scott for his wise counsel. Further detail regarding the changes made to our Board appears in the Governance and Nomination Committee report starting on page 179.

Another key area of focus was geopolitical risk. The Board received presentations from economists, strategists and geo-political commentators over a number of Board sessions and dinners. We considered carefully the impact on our business of China-US tensions and the Russia-Ukraine war, as well as those presented by Climate Risks. The conclusions of these sessions helped us challenge and shape our Corporate Plan. In April, we continued the

strengthening of our risk oversight through the reallocation of the work of the Board Financial Crime Risk Committee to a combination of the Board, Board Risk Committee and Audit Committee. The reallocation enables a more integrated review of risks that are closely associated, such as fraud, information and cyber security and financial crime. Financial and non-financial risks continue to receive substantial attention and focus at the Board Risk Committee and Board. In addition, the Audit Committee carefully scrutinised financial reporting matters and internal controls, cognisant of the challenging external environment.

The Corporate Plan is an important part of the Board's agenda each year and never more than this year, with so many economic and political headwinds. The Board considered a number of strategic opportunities for growth in the context of our risk appetite, receiving presentations from our front-line businesses and risk teams before approving the plan.

The easing of travel restrictions has meant that I have been able to visit a number of markets and we have additionally held Board meetings in Singapore and Dubai, where we hosted a subsidiary governance conference attended by the chairs of many of our banking subsidiaries. It was a great event and I welcomed the opportunity to engage with so many of my colleagues, both old and new. The Board is planning to visit several countries across our footprint this year as we continue to strengthen the linkages between the main and subsidiary boards. We also were pleased that shareholders could attend our 2022 Annual General Meeting (AGM) in person for the first time since 2019 given the easing of restrictions on public gatherings.

Recognising the impact on society and other stakeholders, the Board sought, and received, shareholder endorsement of our net zero pathway at the 2022 AGM. Market Forces and Friends Provident Foundation filed a resolution outlining a different approach, which did not pass. We appreciate the involvement of both organisations and share their commitment to the transition to net zero, but the Board preferred the Group's strategic approach to achieve this and recommended that shareholders support our advisory resolution and oppose the requisitioned resolution. The Board, whether directly or through our Culture and Sustainability Committee, is regularly apprised of the progress we are making against the commitments in the net zero pathway and continues to be actively involved, and I am pleased that we are meeting the milestones set out in our plan. Further information on this can be found on pages 64 to 124.

I was disappointed with the levels of support for our directors' remuneration policy and directors' remuneration report at last year's AGM, which was the subject of much Board and Remuneration Committee discussion. I am grateful to Christine for leading the engagement with many of our shareholders to better understand their views. This resulted in the updates announced in September which are detailed, along with the extensive engagement undertaken by the Committee, in the Directors' Remuneration Report starting on page 184.

The Board was heartened by the results of the externally facilitated effectiveness review of the Board and its committees. It assessed the Board's progress since the last external review in 2019 and concluded that the Board continues to operate effectively while also identifying some areas for improvement. More detail on process, outcomes and actions can be found on page 156.

Finally, the Board remains confident for the Group's future and is committed to our strategy, our purpose, and is laser focused on developing sustained and sustainable returns within our risk appetite.

**Dr José Viñals**  
Group Chairman



# Board at a glance

## Strategy

The Board approved actions to focus resources within its Africa and Middle East (AME) region to those areas where it can have the greatest scale and growth potential, in order to better support its clients.

→ See page 147

### Exits in 7 markets

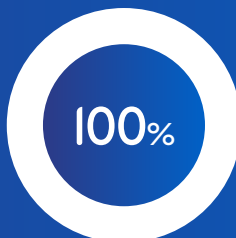
7

### Focus solely on our CCIB business in 2 markets

2

## Meetings

100% director attendance at scheduled Board meetings during 2022

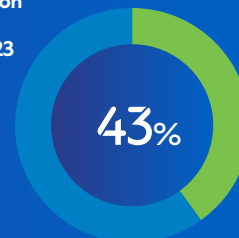


→ See page 152

## Diversity

43% female representation on the Board as at 10 February 2023

Female  
6  
Male  
8



→ See pages 179 to 183

## Succession

The Board planned for the transition of our long standing non-executive directors, ensuring that the Board and its committees remained well balanced with a strong pipeline of candidates with the appropriate skillsets, experience and capabilities.

→ See pages 179 to 183

### 4 new director appointments

Shirish Apte  
Robin Lawther, CBE

Jackie Hunt  
Dr Linda Yueh, CBE



### New Senior Independent Director

Maria Ramos



### 2 new committee Chairs

Maria Ramos  
Shirish Apte



## Effectiveness

The Board paid significant attention to enhancing its effectiveness and that of its committees. An externally facilitated Board effectiveness review was commissioned during 2022.

→ See page 156

### Review undertaken over 4 months.



## Engagement

Given the alleviation of travel restrictions in many of our markets we were able to reintroduce director visits across our footprint.

16 Directors, either collectively or individually, visited more than 16 markets in total during the year

→ See pages 158 to 162

Figures on this page cover the period 1 January 2022 to 10 February 2023

# 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
- R Remuneration Committee

### Dr José Viñals (68) 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 substantial experience in the international regulatory arena and has exceptional understanding of the economic, financial and political dynamics of our markets and of global trade. He has a broad network of decision-makers in the jurisdictions in our footprint.

**Career** Until 2016, José was the Financial Counsellor and the Director of the Monetary and Capital Markets Department at the International Monetary Fund (IMF) 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, 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. Prior to the IMF, José began his career as an economist and as a member of the faculty at Stanford University, before going to the Central Bank of Spain, where he was 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.

**External appointments** José is Co-Chair of the United Nations' Alliance of Global Investors for Sustainable Development (GISD). He is a board member of the Institute of International Finance (IIF), a member of the board of directors of the Bretton Woods Committee, member of the Advisory Council of CityUK, member of the World Economic Forum's Community of Chairpersons and board member of the Social Progress Initiative. He is a past President of the International Monetary Conference.

**Committees** N

### Bill Winters (61) 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 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. Bill is a director of Standard Chartered Holdings Limited.

**External appointments** Bill is an independent non-executive director of Novartis International AG. He is also an Advisory Group Member of the Integrity Council for Voluntary Carbon Markets and a member of the Steering Committee of the UK Voluntary Carbon Markets Forum.

+ Bill Winters leads the Management Team

**Andy Halford (63)**  
Group Chief Financial Officer

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



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

**Career** Andy was finance director at East Midlands Electricity plc prior to joining Vodafone in 1999 as financial director for Vodafone Limited, the UK operating company. Andy was later appointed financial director for Vodafone's Northern Europe, Middle East and Africa region, and later the chief financial officer of Verizon Wireless in the US. He was a member of the board of representatives of the Verizon Wireless Partnership. Andy was appointed Chief Financial Officer of Vodafone Group plc in 2005, a position he held for nine years. In 2013, he joined Marks and Spencer Group plc as an

independent non-executive director, becoming its Senior Independent Director in 2018 until stepping down on 31 December 2022.

As Group Chief Financial Officer at Standard Chartered, Andy is responsible for Finance, Treasury, Strategy, Corporate Development, Investor Relations, Property and Supply Chain Management functions. Andy is also director of Standard Chartered Holdings Limited and a trustee of the Standard Chartered Foundation.

**External appointments** None.

+ Andy Halford also sits on the Management Team

**Maria Ramos (64)**  
Senior Independent Director

**Appointed** January 2021. Maria was also appointed to the Court of Standard Chartered Bank in January 2021 and appointed Senior Independent Director in September 2022.



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

**Career** Based in South Africa, Maria served as chief executive officer of ABSA Group Limited (previously Barclays Africa Group), a diversified financial services group serving 12 African markets, from 2009 to 2019. Before joining ABSA, Maria was the group chief executive of Transnet Ltd, the state-owned freight transport and logistics service provider, for five years. Prior to her CEO career, Maria served for seven years as director-general of South Africa's National Treasury (formerly the Department of Finance), where she played a key role in transforming the National Treasury into one of the most effective and efficient state departments in

the post-apartheid administration. Maria has served on a number of international boards, including Sanlam Ltd, Remgro Ltd, and SABMiller plc and more recently was a non-executive director of The Saudi British Bank and Public Investment Corporation Limited before stepping down in December 2020.

**External appointments** Maria is Chair of AngloGold Ashanti Limited and a non-executive director of Compagnie Financière Richemont SA. She is also a member of the Group of Thirty, sits on the International Advisory Board of the Blavatnik School of Government at Oxford University and on the Wits Foundation Board of Governors.

**Committees** Ri A R N

**Shirish Apte (70)**  
Independent Non-Executive Director

**Appointed** May 2022. Shirish was appointed to the Court of Standard Chartered Bank in January 2023.



**Experience** Shirish has extensive corporate, investment banking, risk management, commercial and retail banking experience. He has a deep understanding of financial services, notably across the Asia Pacific, Middle East, Africa and Central and Eastern European regions.

**Career** Shirish spent over 30 years with Citigroup, where he focused on corporate and investment banking, and managed commercial and retail banking businesses at country and regional level. He has strong risk experience at country and regional level and was a Senior Credit Officer and a Senior Securities Officer at Citigroup. Shirish was Co-CEO for Citi's Europe, Middle East and Africa business from 2008 to 2009, and Regional CEO Asia Pacific from 2009 to 2011.

He was Chairman of Asia Pacific Banking from 2012 until his retirement in 2014. He was on the Executive and Operating Committees of Citigroup from 2008 to 2014. From June 2014, he was an independent non-executive director at the Commonwealth Bank of Australia until stepping down in October 2022.

**External appointments** Shirish is an independent non-executive director at Singapore Life Pte Ltd, and an independent non-executive director of Keppel Corporation Limited, where he is a member of its Audit and Board Risk Committees.

**Committees** R A Ri N

**Phil Rivett (67)**  
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.

**Committees** (A) (Ri) (N)

**Jasmine Whitbread (59)**  
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) (N) (R)

As announced in November 2022, Jasmine will step down from the Board at the 2023 Annual General Meeting (AGM).

**David Conner (74)**  
Independent Non-Executive Director

**Appointed** January 2016.



**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 Chair of the Barnard Cancer Institute and an emeritus trustee of Washington University in St Louis.

**Committees** (A) (Ri) (R)

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

**Gay Huey Evans, CBE (68)**  
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 UK 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 S&P Global, 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** (Ri)

**Jackie Hunt (54)**  
Independent Non-Executive Director

**Appointed** October 2022. Jackie was also appointed to the Court of Standard Chartered Bank in October 2022.



**Experience** Jackie is a Chartered Accountant and has spent most of her career within financial services. She brings significant UK and international financial services experience, including asset management, insurance, regulatory and accounting knowledge.

**Career** Jackie has held a number of senior management positions in companies including Aviva, Hibernian Group, Norwich Union Insurance, PwC and RSA Insurance. From 2016, Jackie was a member of the Allianz SE management Board with executive responsibility for the asset management and US life insurance divisions, a position she held until 2021. Prior to that, Jackie was an executive director of Prudential plc and CEO of Prudential UK, Europe and Africa. She was Group Chief Financial

Officer of Standard Life plc from 2010 to 2013, where she helped transform the life insurer into a diverse savings, pensions and asset management business. Jackie was previously the Senior Independent Director of National Express Group PLC, a non-executive director of TheCityUK and the Deputy Chair of the FCA Practitioner Panel.

**External appointments** Jackie is an independent non-executive director of Man Group PLC and Rothesay Life PLC. Ahead of commencing her role as an independent non-executive director of Willis Towers Watson plc from 1 April 2023, Jackie will step down from her role as an independent non-executive director of OneWeb Holdings Limited.

**Committees** (A) (S)

**Robin Lawther, CBE (61)**  
Independent Non-Executive Director

**Appointed** July 2022. Robin was appointed to the Court of Standard Chartered Bank in December 2022.



**Experience** Robin brings extensive international banking experience in global markets and financial institutions. In addition to a broad understanding of commercial banking, she has specialist knowledge in investment banking, mergers and acquisitions and capital raising.

**Career** Robin spent over 25 years at JP Morgan Chase in a number of senior executive positions. She has valuable executive and non-executive experience across global markets and has considerable understanding of regulatory and governance issues. From 2019 to 2021, she served as a non-executive director on the board of M&G plc. In January 2014, Robin joined Shareholder Executive, which later became UK Government Investments (UKGI), as a non-executive board

member until completing her term in May 2022. She received a CBE for services to finance and diversity in the Queen's Birthday Honours 2020.

**External appointments** Robin is an independent non-executive director of Nordea Bank Abp, the largest Nordic Bank, and a member of its Remuneration & People Committee. She is also an independent board member of Ashurst LLP and a member of the advisory board at Aon PLC.

**Committees** (Ri) (S) (R)

**David Tang (68)**  
Independent Non-Executive Director

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



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

**Career** David has more than 30 years of international and Chinese operational experience in the technology and venture capital industries, covering venture investments, sales, marketing, business development, research and development and manufacturing. From 1989 to 2004, David held a number of senior positions in Apple, Digital Equipment Corp and 3Com based in China and across the Asia Pacific region. From 2004 to 2010, David held various positions in Nokia, including corporate vice president, chairman of Nokia Telecommunications Ltd and vice chairman of Nokia (China) Investment Co.

Ltd. He went on to become corporate senior vice president and regional president of Advanced Micro Devices (AMD), Greater China, before joining NGP Capital (Nokia Growth Partners) in Beijing as managing director and partner in 2013, a position he held until retiring in June 2021.

**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 (68)**  
Independent Non-Executive Director

**Appointed** February 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. From 2017 until July 2020, Carlson was a non-executive director of the Hong Kong International Airport Authority. He was a member of the Hong Kong Human Resource Planning Commission from April 2020 until December 2022 and Chair of the Hong Kong University Grants Committee from January 2016 until he stepped down in December 2022.

**External appointments** Carlson is an independent non-executive director of MTR Corporation Limited, Chairman of its Audit & Risk Committee and a member of its Finance and Investment Committee. He sits on various Hong Kong SAR government bodies and is also an observer on behalf of the Hong Kong Government for Cathay Pacific Airways Limited.

**Committees** (A) (Ri)

**Dr Linda Yueh, CBE (51)**  
Independent Non-Executive Director

**Appointed** January 2023. Linda was also appointed to the Court of Standard Chartered Bank in January 2023.



**Experience** Linda is a renowned economist and financial broadcaster with a diverse range of skills and experience across financial services, technology, not-for-profit and business to business service sectors.

**Career** Linda has held various academic roles and acted in various advisory roles after starting her career as a corporate lawyer at Paul, Weiss, Rifkind, Wharton & Garrison. Linda was Economics Editor at Bloomberg News from 2010 to 2012 and Chief Business Correspondent for the BBC between 2013 and 2015. She was a Visiting Professor at LSE IDEAS at the London School of Economics and Political Science from 2019 to 2022 and served on the Independent Review Panel on Ring-Fencing and Proprietary Trading for HM Treasury. Between 2011 and 2013, Linda held non-executive directorships with Scottish Mortgage Investment Trust Plc, London & Partners Ltd and JPMorgan Asia Growth & Income Plc. She was Senior Independent

Director of Fidelity China Special Situations Plc from 2019 before stepping down in December 2022. Linda was awarded a CBE for Services to Economics in the New Year Honours List of 2023.

**External appointments** Linda is a Fellow at St Edmund Hall, Oxford University and Adjunct Professor of Economics at London Business School. She currently serves as an independent non-executive director of Rentokil Initial Plc and Segro Plc. She is Chair of the Baillie Gifford The Schiehallion Fund Ltd, an investment company listed on the Specialist Fund Segment of the London Stock Exchange Main Market. Linda is Executive Chair of the Royal Commonwealth Society, Trustee of the Coutts Foundation, Adviser to the UK Board of Trade and an Associate Fellow at Chatham House.

**Committees** (S) (R)

**Adrian de Souza (52)**  
Group Company Secretary

**Appointed** Adrian was appointed Group Company Secretary in May 2022.



**Career** Adrian qualified as a lawyer in 1997. Prior to joining Standard Chartered, he was General Counsel for Vivo Energy PLC, a FTSE-250 pan-African fuel retailer, where he was responsible for the: Company Secretarial, Governance, Ethics, Compliance and Forensic Investigations functions and was a member of the group's Executive Committee.

After working in private practice at international law firms Hogan Lovells and Clifford Chance, Adrian served as General Counsel and Company Secretary at IQSA Group (a Goldman Sachs private equity business); Company Secretary at Barclays Bank UK PLC, General Counsel and Company Secretary of the FTSE 100 company, Land

Securities Group PLC, where he was a member of the Group's Executive Committee and Head of Legal at SABMiller Europe.

Naguib Kheraj, Dr Byron Grote and Christine Hodgson, CBE stepped down from the Group as independent non-executive directors on 30 April 2022, 30 November 2022 and 31 January 2023 respectively.

Scott Corrigan stepped down as Interim Group Company Secretary on 5 May 2022.

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 2023.

# Management Team

**Bill Winters (61)**  
Group Chief Executive



**Andy Halford (63)**  
Group Chief Financial Officer



**Simon Cooper (55)**  
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 extensive experience in the areas of investment banking, corporate banking and transaction banking.

**External appointments** Simon is Chairman of the advisory board of the Lee Kong China School of Business.

**Claire Dixon (50)**  
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 latterly 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. Claire is Chair of the Standard Chartered Foundation.

**External appointments** None.

**Judy Hsu (59)**  
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. She was appointed to the board of CapitaLand Investment Limited as an Independent Director in June 2021.

**Benjamin Hung (58)**  
CEO, Asia



Ben was appointed CEO, Asia on 1 January 2021. He is the Chairman of Standard Chartered Bank (China) Limited and Standard Chartered Bank (Singapore) Limited.

**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. 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 adviser at the International Consultative Conference on the Future Economic Development of Guangdong Province, China.

**Tanuj Kapilashrami (45)**  
Group Head, Human Resources



Tanuj joined the Management Team as Group Head, Human Resources (HR) in November 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). Tanuj 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.

**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 (57)**  
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 (57)**  
Chief Technology, Operations and Transformation 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 commenced in 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 (53)**  
Group Head Conduct,  
Financial Crime and Compliance



Tracey has been the Group Head Conduct, Financial Crime and Compliance since January 2019.

**Career** Tracey 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. 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. She is a trustee of the Standard Chartered Foundation.

**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.

**Sandie Okoro (58)**  
Group General Counsel



Sandie Okoro joined the Bank as Group General Counsel in April 2022. In the role, she leads the Bank's Legal, Group Corporate Secretariat and Shared Investigative Services functions.

**Career** Sandie is a pre-eminent lawyer, having served as General Counsel and Senior Vice President, and Vice President for Compliance, at the World Bank Group. Prior to joining the World Bank, Sandie was General Counsel for HSBC Global Asset Management and Global General Counsel at Barings. Sandie is an Honorary Bencher of Middle Temple in the United Kingdom (2018) and was named one of the Upstanding 100 Leading Ethnic Minority Executives (2016), Top 20 Global General Counsel (2019) by the Financial Times,

and was recognised as Britain's 10th most influential person of African and African Caribbean heritage by Powerlist (2023).

Sandie received a lifetime achievement award from the UK Black Solicitors Network (2016), was named one of the Power 100 Women by City A.M. and 100 Women to Watch by Female FTSE Board.

**External appointments** Sandie was appointed inaugural Chair of the UK-based charity Women of the World Foundation in June 2021, she received an honorary lifetime Emeritus membership of the Law Societies' Compact and Forum for Sustainable Development Goal 16 in June 2022, and she is a Governor of the Royal Shakespeare Company.

**Sadia Ricke (52)**  
\*Group Chief Risk Officer,  
director of Standard Chartered Bank



Sadia Ricke joined the Bank in February 2023.

\*Subject to regulatory approval, she will be appointed Group Chief Risk Officer and a director of Standard Chartered Bank.

**Career** Sadia has a broad range of financial and risk experience and a thorough understanding of our footprint markets. She joined the Bank from Société Générale, where she started in 1994 in the Financial Institutions Credit department. She gained more than 13 years of structured finance experience in the Natural Resources and Energy Finance division where she was Co-Deputy Head, a position she held until 2010. She then became Head of Credit Risk for SG CIB in Paris, before moving to Hong Kong to take on the role of

Head of Global Finance for Asia Pacific in January 2015. She was appointed Group Country Head and Head of Coverage and Investment Banking for the UK in 2017. In 2019, Sadia became Deputy Chief Risk Officer and then Group Chief Risk Officer in January 2021.

**External appointments** None.

**Mary Huen (55)**  
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.

**Career** Mary has over 30 years of experience in business management and banking services. Prior to her current role, Mary was Regional Head of Retail Banking, Greater China & North Asia, and the Head of Retail Banking, Hong Kong. She is a board member of Standard Chartered Bank (Hong Kong) Limited. She is also chairperson of the Board of Standard Chartered Bank (Taiwan) Limited and Mox Bank Limited.

**External appointments** Mary is the vice 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 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.

Mark Smith, previously Group Chief Risk Officer and a director of Standard Chartered Bank, retired from the Group on 31 December 2022.  
Paul Day, Group Head of Internal Audit, attends Management Team meetings as an invitee.

# Corporate governance

## Key areas of Board discussion during 2022

This section offers an insight into key Board items and activities covered during the year, as well as the structure of the Board, its committees, and its meetings.

At the beginning of the year, and following approval of the Corporate Plan, the Board reviewed and updated its key priorities, as well as discussed potential Blue Sky topics, to help prepare its forward plan. This required careful consideration and regular review throughout the year to ensure standing items, strategic objectives, governance principles and risk and compliance requirements were appropriately addressed. Some of the areas detailed on the following pages formed part of the standing agenda for each meeting, while others were reviewed periodically during 2022.

Stakeholder consideration and engagement is central to the Board's priorities. We recognise the importance of promoting positive stakeholder relationships and the Board spends significant time interacting with them 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 perspectives 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 54 to 124, within spotlight items on the following pages and on pages 158 to 162.

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 (UK 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 2022.

The directors are pleased to confirm that Standard Chartered PLC (the Company) continued to comply with the provisions set out in the UK Code and the HK Code for the year.

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 UK 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.

- ➔ References to examples of UK Code application in the Annual Report can be found on **page 218**
- +
- ➔ Copies of the UK Code and the HK 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 218 to 230**

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

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



Clients

➔ Read more on **page 56**



Regulators and governments

➔ Read more on **page 57**



Investors

➔ Read more on **page 58**



Suppliers

➔ Read more on **page 59**



Society

➔ Read more on **page 59**



Employees

➔ Read more on **page 60**

## Strategy

- Reviewed and approved the 2023-2027 Corporate Plan as a basis for preparation of the 2023 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 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 following areas:
  - Financial Markets
  - Private Banking
  - Africa and Middle East
- Received and discussed regular corporate development updates
- Reviewed and approved changes to focus the Group's presence in the Africa and Middle East region. Further information on this can be found on page 57
- Discussed and reviewed the Group's sustainability strategy
- Discussed and reviewed the Group's Transformation, Technology & Operations strategy
- Received an update on the Group's investment in its associate China Bohai Bank
- Approved the corporate restructuring of the Ventures business segment
- Approved the Liverpool Football Club sponsorship renewal

### Spotlight

## Liverpool Football Club sponsorship renewal

The Group announced a four-year extension to their main sponsor agreement with Liverpool Football Club (LFC) and LFC Women in July 2022. The Board discussed and reviewed the proposed plans to renew the long-standing relationship and fully supported continuing the partnership through to the end of the 2026/27 season, including increased investment in LFC Women. LFC is a globally renowned football club, with many followers across our markets in Asia, Africa and the Middle East. The Board recognised this as a unique and valuable opportunity to help deliver our narrative and Stands. Continuing to invest in brand and business marketing where appropriate is an important part of the Group's Corporate Plan.

### Stakeholders



## Risk management

- Discussed and reviewed progress against the Group's Transformation and Remediation Portfolio and Information and Cyber Security Risk (ICS) profile
- Received and discussed briefings from management on ICS matters regularly throughout the year, including contributions from the independent adviser to the Board on cyber security and cyber threat management
- Discussed and endorsed the Group's ICS strategy
- Reviewed and discussed risk reports from the Group Chief Risk Officer
- Approved Sadia Ricke's appointment as Group Chief Risk Officer, subject to regulatory approval
- Discussed, reviewed and/or approved various activities relating to Resolvability
- Engaged with the Prudential Regulation Authority (PRA) on the findings of their 2022 Periodic Summary Meeting Letter
- Assessed progress in continuing to strengthen the Group's risk culture
- Approved the risk appetite validation of the 2023 Corporate Plan, which included a consideration of principal risks, including Climate Risk
- Approved the renewal of the Group's insurance policies for 2022/2023
- Approved material changes to the Enterprise Risk Management Framework
- 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

## Resolvability

Resolvability was a fundamental part of the Board's agenda for the year. They reviewed, challenged and approved enhancements to the updated Group's Resolvability Assessment Report provided to the Bank of England in February 2022 and approved the Group's Resolvability disclosure published in June 2022. In July 2022, the Board attended a teach-in session of the Master Resolution Playbook. It also participated in a Resolution simulation exercise with senior leaders and experts in December 2022 to role play a hypothetical scenario that could arise if Standard Chartered were to enter resolution.

→ Further information can be found on [page 173](#)

### Stakeholders





## Key areas of Board discussion during 2022 continued

### Financials and performance

- Monitored the Group's financial performance
- Approved the 2021 full year and 2022 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 a 2021 final dividend and 2022 interim dividend
- Approved two share buy-back programmes
- Received half yearly updates on, and discussed, the Group's major investment programmes in 2022
- Received half yearly updates on, and discussed, investor relations matters
- Approved the Group's 2021 Country-by-Country Reporting disclosures

#### Spotlight

### Dividend payments and share buy-backs

The Board approved two dividend payments in 2022, as well as two ordinary share buy-back programmes. As part of its decision-making process, the Board took account of the importance of approving distributions and other capital management activities within an appropriately prudent framework. The Board sought assurance from management that the proposed plans would not impact the Group's ability to provide sufficient support to the Group's key clients and other stakeholders.

#### Stakeholders



Clients



Regulators and governments



Investors

### People, culture and values

- Approved the Group's 2021 Modern Slavery Statement
- Discussed progress made against the Group's people strategy and culture aspirations
- 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 following a number of recent appointments
- Discussed the Group's diversity and inclusion initiatives
- Approved updates to the Board Diversity Policy
- Approved changes to the Group's operational resilience strategy
- Reviewed an annual report update on the operation and effectiveness of the Group's Speaking Up programme

#### Spotlight

### Culture

The Board considered the Group's culture aspirations, recognising that good progress had been made in a number of areas, including employee experience, psychological safety and leadership. They discussed with management the ambitions for the future, taking into account feedback from across the Group. The aspiration is to encourage greater innovation that is aligned to our strategy, enable the simplification of decision-making and drive client centricity through a culture of high performance and execution.

#### Stakeholders



Clients



Employees



Society

### 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:
  - global market trends
  - the global macro impact of the Russia-Ukraine war
  - geopolitical developments between the US and China
  - societal and business implications of global demographic trends
  - strategic insights into global markets, geopolitics and policy
  - regulatory developments and updates

#### Spotlight

### Global market trends

The Board invited a number of internal experts and guest speakers to attend Board dinners providing important and specialist insight and context to the Board discussion, on a variety of matters. A number covered global market trends, set against the backdrop of demographic, economic and technological developments.

#### Stakeholders



Clients



Suppliers



Regulators and governments



Society



Investors



Employees

## Governance

- Noted and/or approved changes to the membership of the Board's committees and chairs of the Remuneration Committee and Board Risk Committee
- Approved the appointment of the new Senior Independent Director
- 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
- Undertook training on director duties and the governance landscape
- Approved the reallocation of the work of the Board Financial Crime Risk Committee
- Discussed and reviewed the independence, performance and annual re-election of the non-executive directors
- Approved the continued independence of Christine Hodgson, an independent non-executive director (INED), up until she stepped down from the Board on 31 January 2023
- Approved the re-appointment of the independent advisers to the Board, on cyber security and cyber threats, and financial crime
- Authorised potential conflicts of interest relating to directors' external appointments
- Discussed the observations and themes arising from the 2022 external Board and committees' effectiveness review ahead of approving the 2023 Action Plan in early 2023
- 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 changes to the Group Sources of Authority Framework to support the reorganisation of certain client segments

### Spotlight

## Board Financial Crime Risk Committee

Given the progress made by the Board Financial Crime Risk Committee (BFCRC) in respect to financial crime risk management, the 2020 Board effectiveness review highlighted the potential for the work of the BFCRC to be reallocated to a combination of the Board Risk Committee, the Audit Committee and the Board. Feedback from the 2021 Board effectiveness review indicated broad support for this approach. In light of this, the Board agreed to reallocate the work with effect from 1 April 2022. The reallocation of BFCRC oversight enables a more holistic and efficient examination and discussion of risks that are closely linked, such as fraud, information and cyber security and financial crime. The BFCRC held one meeting in 2022 where it reviewed the agenda and confirmed the reallocation of each item into the new structure.

### Stakeholders



Regulators and governments



Investors



Society



Employees

## Shareholder and stakeholder engagement

- Engaged with investors, held meetings with brokers, discussed the views of institutional shareholders
- Discussed and reviewed the approach to engaging investors and other relevant stakeholders ahead of the 2022 Annual General Meeting (AGM) in relation to the Group's net zero pathway
- Held the 2022 AGM
- Held a hybrid stewardship event attended by investors representing a sizeable proportion of our equity as well as several shareholder representative bodies
- Engaged with employees, clients, shareholders and regulators
- As part of the Group's asset reunification programme, approved the donation of reclaimed assets to Futuremakers by Standard Chartered, a global initiative to tackle inequality and promote greater economic inclusion
- Met with shareholders to discuss remuneration proposals and outcomes, also following response to our directors' remuneration policy and directors' remuneration report at the 2022 AGM, to better understand their views
- Discussed support provided to clients, colleagues and communities during continued impact of COVID-19 in some markets
- Reviewed and discussed an investor sentiment survey
- Received bi-annual updates from Investor Relations, including share price and valuation analysis, market engagement and ownership analysis and sell-side sentiment

### Spotlight

## Investor sentiment survey

An external investor sentiment survey, on an anonymous basis, was conducted during the year with the intention of seeking insight into how the Group was perceived, to identify areas of focus for investors and understand how the Group could improve its investor communications. This was particularly important given the changes in the external environment and the evolution of the Group's strategy. The Board discussed key areas to focus on to address concerns investors had highlighted and which had emerged from the report.

### Stakeholders



Investors

## 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. It is also responsible for promoting its culture and overseeing its conduct and affairs for promoting the long-term success of the Group, as well as 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 we operate.

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 2022, as well as key topics discussed and considered by the Board committees, can be found in this Directors' report.

Biographies for Board members are set out on pages 138 to 142.

#### Audit Committee

Oversight and review of matters relating to financial reporting, the Group's internal controls, including 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 163](#)

#### 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 170](#)

#### Culture and Sustainability Committee

Oversight and review of the Group's culture and sustainability priorities.



[Read more on page 176](#)

#### Governance and Nomination Committee

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



[Read more on page 179](#)

#### Remuneration Committee

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



[Read more on page 184](#)

### 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 143 to 145**.

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 (as amended).

With the exception of the Governance and Nomination Committee (where the Group Chairman is its Chair) all of the Board committees are composed of 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/termsreference](https://www.sc.com/termsreference)



## Our Board meetings

The Board is committed to maintaining a comprehensive schedule of meetings and a forward 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 and Paul Khoo, who are engaged by the Board to act as independent advisers to the Board and its committees on cyber security and cyber threat management, and financial crime respectively, attended a combination 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 and Paul's inputs valuable and renewed their appointments for a further 12 months.

## 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 2022, can be found in the Board committee reports starting on page 163.

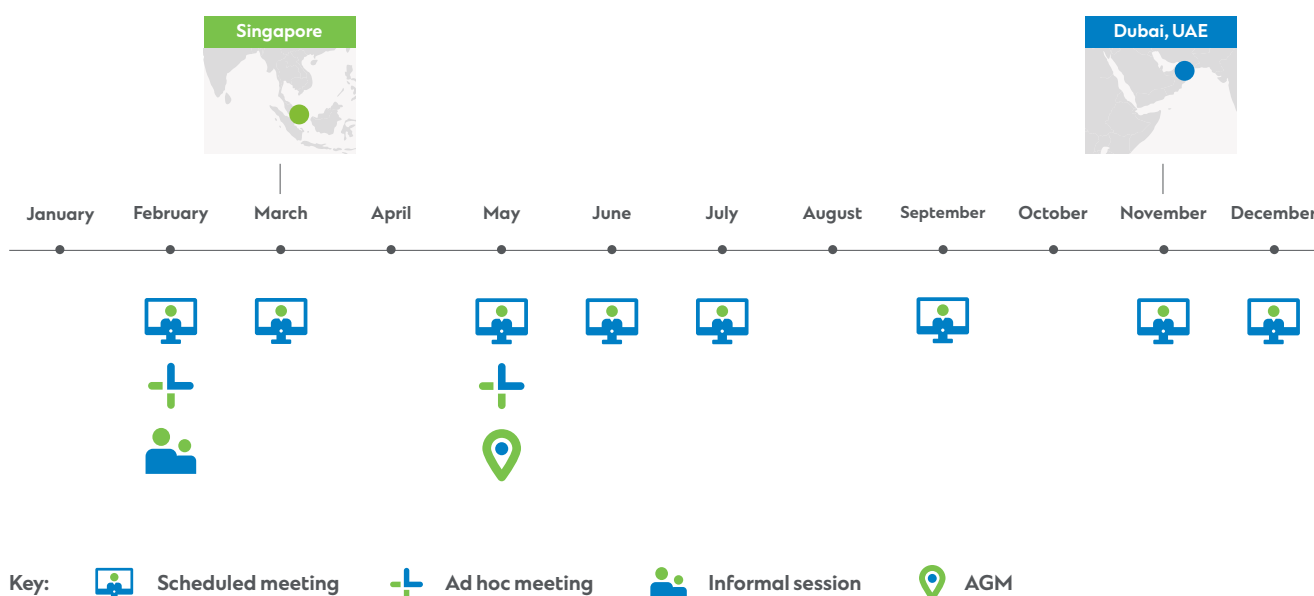
## Development of Board activities in 2022

Given the easing of travel restrictions during 2022, the Board and its committees were pleased to hold a greater number of in-person meetings than seen in the previous couple of years. However, as a global Board that reflects our diverse footprint, some directors continued to face challenges with travel, and as such it was important to continue to utilise interactive technology where required.

As in previous years, the most appropriate format for each Board and committee meeting was assessed by the Group Chairman or respective committee chair, with support from the Group Company Secretary, to ensure inclusivity and agility and to protect authentic engagement. This resulted in some meetings being held in person, virtually or a combination of the two. Irrespective of location and time zone, each director was able to interact effectively with other attendees.

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

## Board activities during 2022



## Board composition, roles and attendance in 2022

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 who 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.

→ Detail regarding Board diversity can be found within the Governance and Nomination Committee report on [pages 179 to 183](#)

### Group Chairman

 **Group Chairman**  
José 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	Y
Scheduled	8/8
Ad hoc	2/2

### Executive directors

 **Group Chief Executive**  
Bill 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	Y
Scheduled	8/8
Ad hoc	2/2

 **Group Chief Financial Officer**  
Andy Halford

#### Responsibilities

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

	Attendance
AGM	Y
Scheduled	8/8
Ad hoc	2/2









### Independent non-executive directors

 **Senior Independent Director**  
Maria Ramos

#### 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. Maria Ramos took over from Christine Hodgson as Senior Independent Director on 1 September 2022.

	Attendance
AGM	Y
Scheduled	8/8
Ad hoc	2/2

		Attendance		
		AGM <sup>1</sup>	Scheduled	Ad hoc
	David Conner	Y	8/8	2/2
	Christine Hodgson, CBE <sup>1</sup>	Y	8/8	2/2
	Gay Huey Evans, CBE	Y	8/8	2/2
	Phil Rivett	Y	8/8	2/2
	David Tang	Y	8/8	2/2
	Carlson Tong	Y	8/8	2/2
	Jasmine Whitbread	Y	8/8	2/2
	Naguib Kheraj	N/A	2/2	1/1
	Byron Grote	Y	7/7	2/2
	Shirish Apte	Y	6/6	1/1
	Robin Lawther, CBE	N/A	4/4	N/A
	Jackie Hunt	N/A	2/2	N/A

#### INEDs that have stepped down in 2022

Naguib Kheraj and Byron Grote stepped down from the Board on 30 April and 30 November 2022 respectively.

#### INEDs that joined in 2022

Shirish Apte, Robin Lawther and Jackie Hunt joined the Board on 4 May, 1 July and 1 October 2022 respectively.

→ Board committee roles and attendance can be found in the committee sections starting from page 163. Prior to the retirement of the Board Financial Crime Risk Committee on 1 April 2022, it held one meeting during 2022 with all members in attendance

→ The biographies of each director are set out on [pages 138 to 142](#)

+ 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](https://www.sc.com/roledescriptions)

<sup>1</sup> Christine Hodgson stepped down from the Board on 31 January 2023.

→ Linda Yueh joined the Board on 1 January 2023. Further information can be found on [page 142](#)

## Director induction

Three new directors were appointed to the Board during the year. Shirish Apte, Robin Lawther and Jackie Hunt possess a range of skills and a breadth of knowledge relevant to the Board debate. Details regarding their experience can be found in their biographies on pages 139 to 141.

All new Board members are given a comprehensive, formalised induction programme. Prior to taking up their respective Board and committee positions, the three new directors were provided with a number of induction sessions to ensure a smooth transition into their roles and positive contributions from the outset. In addition, Shirish Apte and Maria Ramos received in-depth handovers from Christine Hodgson and Naguib Kheraj before succeeding them as Chair of the Remuneration Committee and Board Risk Committee respectively. This included a period of shadowing Christine Hodgson and Naguib Kheraj through discussions and meetings in the lead-up to becoming committee chairs. Phil Rivett was appointed interim Board Risk Committee Chair following the retirement of Naguib Kheraj and pending Maria Ramos' appointment as Chair receiving regulatory approval. He was actively involved in the handover process for Maria Ramos.

While a proportion of the induction is relevant to all new Board members, the content of the programme is tailored to meet each director's individual level of experience and expertise. Shirish Apte, Robin Lawther and Jackie Hunt participated or will participate in deep-dive sessions on a number of key topics. Examples include: the role and responsibilities of a director; our strategic priorities; the critical enablers and the Stands; the markets in which we operate; client groups and product segments and principal risks. In addition, learning and development sessions have taken place or have been arranged to ensure they are well versed with the significant issues unique to each of their committee memberships.

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 stakeholders, including investors and clients. Visits to key markets across our footprint were limited due to the variation of travel restrictions but opened up as the year progressed. As such, there was a combination of in person and virtual engagements.

Linda Yueh joined the Board on 1 January 2023; her experience can be found in her biography on page 142. She has made good progress in respect to her induction plan so far this year, visiting two of our markets.

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 and progress is reviewed by the Governance and Nomination Committee after six months. The programmes are regularly reviewed and take into account directors' feedback to ensure continuous development and improvement.

## 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' fitness and propriety assessments as required 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 and were held either in person, virtually or a combination of the two. The table on the next page 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.



## 2022 director training overview

	Induction <sup>1</sup>	Directors' duties and regulatory updates	Data management <sup>2</sup>	Supply chain ICS threats	Cloud technology	Global demographic trends	Resolvability	Cyber attacks	Climate risk <sup>2</sup>	ICS deep dive: Threat Scenario-Led Risk Assessment <sup>5</sup>
José Viñals	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bill Winters	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Andy Halford	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shirish Apte <sup>3</sup>	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓
David Conner	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Byron Grote <sup>4</sup>	N/A	✓	✓	✓	✓	✓	N/A	✓	✓	✓
Christine Hodgson, CBE	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gay Huey Evans, CBE	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jackie Hunt <sup>3</sup>	✓	N/A	N/A	N/A	N/A	N/A	✓	✓	N/A	N/A
Naguib Kheraj <sup>4</sup>	N/A	N/A	N/A	✓	N/A	N/A	N/A	N/A	N/A	N/A
Robin Lawther, CBE <sup>3</sup>	✓	✓	N/A	N/A	N/A	✓	✓	✓	✓	✓
Maria Ramos	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Phil Rivett	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
David Tang	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Carlson Tong	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jasmine Whitbread	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓

1 Applicable to directors who received induction training during 2022

2 Training sessions were circulated as online video tutorials

3 Shirish Apte, Robin Lawther and Jackie Hunt joined the Board on 4 May 2022, 1 July 2022 and 1 October 2022 respectively. A number of training sessions took place before their appointments

4 Naguib Kheraj and Byron Grote stepped down from the Board on 30 April 2022 and 30 November 2022 respectively. Certain training sessions took place after these dates

5 Director attendance was not mandatory

✓ Director attended the session

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

## Directors' performance

The Group Chairman led the evaluation of individual director performance during 2022. These one-to-one sessions considered:

- 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 2023 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 and no issues in relation to fitness and propriety were identified.

## Group Chairman's performance

Maria Ramos, as Senior Independent Director, assisted by Christine Hodgson, who was Senior Independent Director for part of the year, and Ffion Hague, who facilitated the Board evaluation this year, reviewed José Viñals' performance as Group Chairman. Consolidated feedback was shared with him.

## 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 40 to 70 days on Board-related duties, and considerably more for those who chair or are members of multiple committees.

## Spotlight

# Interview with Robin Lawther

An insight into one of our new INEDs

Robin Lawther, CBE  
Independent  
Non-Executive Director



## Q. What drew you to Standard Chartered and how do your initial impressions align to your expectations?

**A.** As an entrepreneur at heart, I was delighted with the opportunity to join a global bank that serves businesses that promote trade and innovation and puts clients at the heart of everything they do. Standard Chartered's drive to be diverse and inclusive as well as giving back to communities in which they work was also a big draw, particularly as these are important concepts I've championed throughout my career. Since joining Standard Chartered in July my initial impressions have been great. I've enjoyed getting to know my colleagues, as well as other stakeholders, and the Board's visit to Dubai in November is a good example of this. We were hosted by an excellent team who ran a comprehensive agenda and were very welcoming.

## Q. How effective have you found your induction programme in preparing you as an INED and for the Standard Chartered Board and committee discussions?

**A.** My induction programme has been very useful so far and has covered a broad range of different topics relevant to my role. I've also engaged with members of our leadership team across the Group who've provided valuable insight into their roles, the business and the functions. As part of the programme, I recently visited Malaysia and Singapore, along with two of my fellow new directors. This was a fascinating experience where I spoke to many different people from across the business, including our colleagues in the Global Business Service centre, Malaysia as well as our partners in Singapore who work on our digital banking solutions. I was really encouraged to see how focused everyone is on driving the client experience and supporting the younger demographic. I'm looking forward to the remainder of the induction process.

## Q. What are the key skills and experience you bring to the Board?

**A.** I've thoroughly enjoyed my executive and non-executive roles over the years at organisations such as JP Morgan, UK Government Investments, Nordea Bank Abp, M&G plc, Ashurst LLP and Aon PLC. I'm truly thankful for the opportunities and great experiences these roles have provided, which have helped deepen my comprehensive knowledge across global markets and the financial, regulatory and governance landscape more broadly. I enjoy acting as a sounding board and helping to problem-solve on many issues, as well as having the chance to get to know the teams with whom I have worked. I believe very strongly in being respectful to everyone and embracing inclusivity. Whilst I seek to improve diversity in all aspects, I have chosen to focus on gender. This has been important to me throughout my career, and I feel it's crucial for women to empower and support each other. In addition, I think that mentoring and reverse mentoring are critical and I am happy to say that I have just been assigned a colleague in Hong Kong as my first reverse mentor and I am learning loads.

## Q. How important is a company's culture to you and what are your views on the culture at Standard Chartered?

**A.** This is incredibly important. In my experience a company that focuses on embedding the right behaviours, and taking actions to make this culture a reality, will have a better chance at achieving success in the long-term. I'm impressed by how many people at Standard Chartered are invested in delivering on the Group's ambitions through collaboration and innovation, while continuing to strengthen an inclusive, high performance, risk-aware culture.

## Q. How do you build connections with key stakeholders?

**A.** I believe respect, empathy and a steely determination to do the right thing are key ingredients in building connections and relationships. We have a wealth of stakeholders to consider at Standard Chartered, including clients, suppliers, colleagues, shareholders, regulators and the communities in which we operate. Listening and responding to their priorities and concerns is so important and helps to deliver on our strategic priorities. As I mentioned before, diversity and inclusion are important to me. Earlier in my career I set up an annual women's networking event which has really grown over the years. I now host this more regularly and I'm delighted by the high turnout and enthusiasm to support one another.

## Q. What do you see as some of the key priorities for Standard Chartered over the next 5 years?

**A.** This is an important aspect of the Board's agenda, and we discuss this with management in depth. I believe continuing to put clients at the heart of all that we do to be vital, as well as developing our talent and youth, aiming to increase shareholder returns, giving back to the communities and environments in which we operate, maintaining a risk aware strategy, and leveraging off our diverse and unique network.

# Board effectiveness

This year, the Board Effectiveness Review comprised an externally facilitated evaluation in accordance with the UK Corporate Governance Code. It was conducted by Ffion Hague of Independent Board Evaluation (IBE). The Board's five committees were also observed as part of the review. Neither Ffion Hague nor IBE has any other connection with the Company or any individual directors. This was the third external evaluation the Board has undertaken during José Viñals' tenure as Group Chairman.

## Board effectiveness review format

A comprehensive brief was provided to the assessment team at IBE by the Group Chairman and the assessment team observed the Board and its committees between July and October. The review took the form of detailed interviews with every board member, members from the Management Team and other key non-board contributors, some 26 people in total. All participants were interviewed thoroughly in accordance with a tailored agenda. The evaluation team also observed Board and committee meetings, reviewed papers from these meetings, as well as more static documentation provided.

A report was compiled by the evaluation team based on the information and views supplied by those interviewed and observations from the Board and committee meetings. Draft conclusions were discussed with the Group Chairman and subsequently the whole board in December 2022, with Ffion Hague present. Following the Board discussion, IBE provided feedback to each committee chair on the performance of their committee and also discussed the report on the Group Chairman's performance with the current and previous Senior Independent Director.

In addition, the Group Chairman received a report with feedback on individual directors which was used to support the individual Fit and Proper and annual assessments conducted with directors. Key observations were discussed by the Governance and Nomination Committee ahead of the Board and its committees finalising their 2023 action plans. Key observations and action plans for the Board's five committees can be found in the Board committee reports starting on page 163.

## Progress against the 2022 Action Plan

The 2022 Action Plan set out a number of actions to be achieved following the internal Board evaluation conducted in 2021. The 2022 Action Plan was regularly reviewed during the year and good progress had been made against actions as evidenced by this year's external Board effectiveness review.

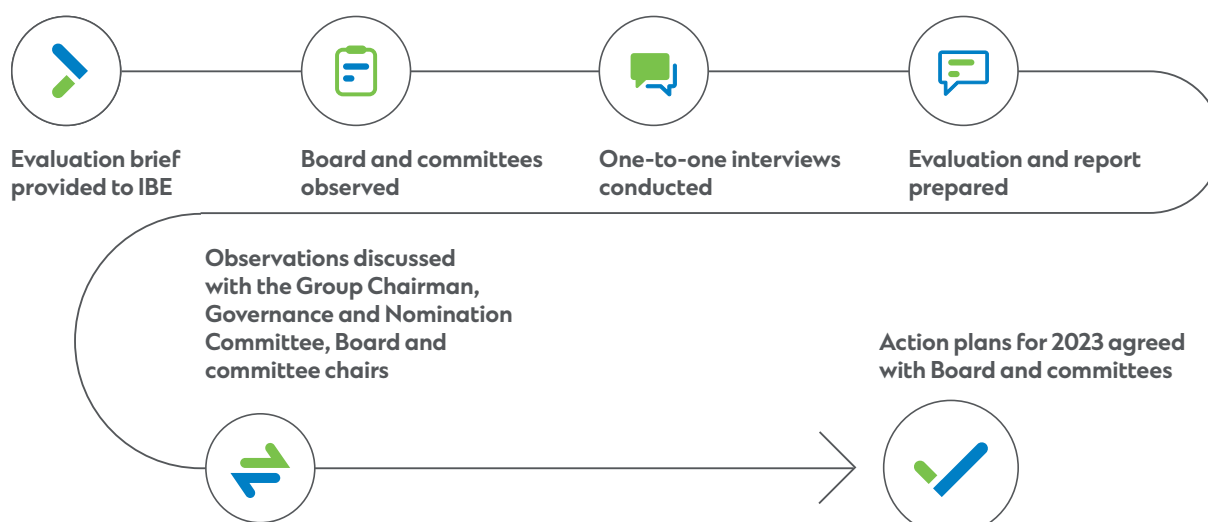
### Key observations from the 2022 external effectiveness review

- The Board has shown considerable progress since the last external evaluation and believes in continuous improvement.
- The Board is regarded as well constructed overall, with plenty of listed experience and good diversity ratios, although slightly larger than most market peers.
- The Board considered the importance of creating more space on the Board agendas and creating a mechanism to take papers by exception.
- That the standard tenure of INEDs needed further consideration in order to smooth succession.

### 2023 Action Plan

- Review agendas of the Board and its committees to reduce overlaps and create efficiencies.
- Revise key performance indicators and regular reports to focus attention on outcomes rather than activity and completed steps.
- Enhance peer benchmarking information and data.
- Improve INED appointment process by increasing pace of recruitment and decision making.
- Clarify the timetable and those responsible for Board appointments within that framework.
- Enhance new director induction packs to assist them in understanding how strategy, risk appetite and the organisation fit together.
- Rebalance the Board agendas to create more time for linked strategic discussions.
- Review the mechanism for Board workforce engagement.
- Enhance the framework for ensuring reputational risk is appropriately escalated to the Board and its committees.

## External evaluation process





## 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 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 INEDs' judgement.

## Christine Hodgson independence

At the request of the Company, Christine, who had signalled her intention to retire from the Board at the end of her nine-year term as an independent non-executive director in September 2022, agreed to remain on the Board until 31 January 2023. This enabled Christine to facilitate the orderly transition of her role as Chair of the Remuneration Committee to her successor, Shirish Apte, as well as lead the shareholder consultation required following a significant minority vote against the Company's remuneration policy and report resolutions at the 2022 AGM.

The Board, taking into account the provisions set out in the UK Code and the Hong Kong Listing Rules, considered Christine independent up until she stepped down from the Board despite her serving for a period of more than nine years and concluded that there were no relationships or circumstances likely to impair her judgement. This was based on a number of factors, including:

- Christine's strong record in making objective decisions and holding management to account and remaining willing and able to do so
- her clear independence demonstrated in terms of her participation at meetings with management and her interactions with shareholders and proxy agencies
- her arm's-length approach to dealing with executive directors and continued challenge where appropriate
- none of Christine's external directorship appointments conflicted or potentially conflicted with those of the Company
- the broader composition of the Board, including the fact that no other director had a tenure in excess of nine years.

## 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 INEDs are permitted to hold.

Details of the directors' external directorships can be found in their biographies on pages 138 to 142. 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, four were regarded as significant directorships (appointed to the board of a listed company) and as such were announced to the market in line with our listing obligations. Further detail on the specific appointments are provided below:

- Gay Huey Evans was appointed to the board of S&P Global as a non-executive director and member of its audit committee on 28 February 2022, following the closing of the merger between S&P Global and IHS Markit. Gay resigned as an independent director of IHS Markit on the same day
- Carlson Tong was appointed to the board of MTR Corporation Limited as an independent non-executive director, chairman of its audit and risk committee and a member of its finance and investment committee on 25 May 2022
- Byron Grote was appointed to the board of InterContinental Hotels Group PLC (IHG) as a non-executive director and member of its audit and remuneration committees on 1 July 2022
- Jackie Hunt will join the Board of Willis Towers Watson plc (WTW) as an independent non-executive director on 1 April 2023.

All four directors discussed their respective appointments with the Group Chairman in advance of accepting the positions. Each director confirmed the existence of any potential or actual conflicts; provided assurance that the respective roles would not breach their limits as set out by the PRA; and confirmed that their appointments would not impact their abilities to devote sufficient time and focus to both their Board and committee responsibilities.

The Board's executive directors are permitted to hold only one non-executive directorship. Of our executive directors, Andy Halford, was until 31 December 2022, 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



The Board recognises the importance of stakeholder consideration and interaction. It forms a crucial part of Board decisions and discussions, as well as the review of our purpose, values and strategy.

As the impact of COVID-19 started to lessen across many of our markets, overseas travel was gradually reintroduced during the year. This was an opportunity for directors, either collectively or individually, to engage in person with a wide range of stakeholders, some for the first time since early 2020.

## Ensuring authentic engagement across our markets

Some of our markets continued to face COVID-19-related restrictions during 2022, particularly in the early stages. Certain visits were either limited or replaced with virtual engagements. Dialogue via interactive technology ensured authentic engagement, but did at times prevent the meeting engagement the Board would usually undertake if it were in-person. Despite this, the Board is aware that a combination of both virtual and in-person meetings is an effective way of driving stakeholder engagement as it provides flexibility and the opportunity to tailor interactions depending on the participants.

Regardless of the format, Board activities led to a number of invaluable opportunities to engage 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 individually. Independent adviser members to the Board, Board Risk Committee and Audit Committee also engaged directly with them.

Informal and formal sessions with stakeholders across our footprint help provide INEDs and independent 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 activities.

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 163.



Members of the Board, Management Team, directors from the Group's banking subsidiaries and other colleagues during a market visit to Dubai in November 2022

## Engagement with investors

### Our approach

Aiming to deliver robust returns and long-term, sustainable value for shareholders is of key importance to the Board. We continuously reflect on how the Board engages with our investors, openly seeking feedback and reviewing previous activities. We believe this strengthens engagements and helps support the Board's focus on developing open and trusted relationships with investors.

Although travel restrictions in some markets limited in-person engagement at times, the Board was able to physically meet with shareholders on a number of occasions. Where directors could not meet with shareholders in person, a virtual approach was taken. As with last year, this provided the opportunity to participate in events where extensive travel may have restricted investors in the past.

During the year, we maintained a comprehensive programme of engagement, 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 had direct contact with investors and advisory voting bodies during the year, and received regular updates from the Investor Relations team, including reports on market and investor sentiment. An external independent investor perception study was commissioned, which was then considered by the Board. The Group Chairman, as part of his role, leads engagement with shareholders and hosted the 2022 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 up until 31 December 2022, led the shareholder consultation required following a significant minority vote against the Company directors' remuneration policy and report resolutions at the 2022 AGM. Maria Ramos took over from Christine Hodgson as Senior Independent Director in September 2022. The Senior Independent Director was available to shareholders if they had concerns that could not be resolved or for which the normal channels were 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 meetings and conferences, either in person or virtually. In addition, each member of the Management Team responsible for a client segment or a geographic region, as well as the Group Treasurer, engaged 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](https://sc.com/investors)

### Investor stewardship event

The Group Chairman hosted a stewardship event in November 2022 alongside the Senior Independent Director and chairs of the Board Risk, Audit, and Remuneration Committees. Given the easing of travel restrictions in the UK, the event was held as a hybrid meeting which offered flexibility regarding how investors could engage. The Group Chairman provided a strategic update regarding Board and committee activities during the year which was supplemented by opening remarks from the Remuneration Committee Chair. This was followed by a question and answer (Q&A) session. Questions could be submitted in advance of the event, asked live in person or via a web-based platform for those who joined electronically.

### 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 2022, management met 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.

### Engagement with investors: what we did during 2022



#### February

2021 full year results and roadshows



#### March

Conferences and roadshows



#### April

2022 first quarter results and conferences



#### May

AGM and conferences



#### June

Financial Markets event and conferences



#### July

2022 half year results



#### August

Roadshows



#### September

Conferences and roadshows



#### October

2022 third quarter results



#### November

Stewardship event, Consumer, Private & Business Banking event and conferences



#### December

Conferences



## Engagement with investors continued



Further information can be viewed at [sc.com/investors](https://sc.com/investors)

### Retail shareholders

The Group Company Secretary oversees communication with our retail shareholders.

#### AGM

The meeting was held on 4 May 2022. We were pleased that shareholders could attend in person for the first time since 2019 given the easing of restrictions on public gatherings. In addition, in light of the success of last year's digitally enabled meeting, we also offered shareholders the opportunity to participate electronically via a live web-portal. 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. Shareholders who attended the meeting in person were able to submit voting instructions and ask questions directly.

The AGM is a key date in the Board's calendar and the hybrid format ensured that shareholders could engage with them regarding the Company's recent performance and strategic priorities. Questions received from shareholders covered a diverse range of topics, including climate and the Group's net zero pathway; diversity; the Group's strategy; shareholder engagement; share price and regulatory developments.

All Board-proposed resolutions were passed, with shareholder support for each ranging from 68.81 per cent to 100 per cent. We proposed our net zero pathway as a shareholder advisory resolution at the AGM. Market Forces and Friends Provident Foundation filed a resolution outlining a different approach. The Board appreciate the involvement of both of these organisations and share their commitment to the transition to net zero, however the Board supported the Group's strategic approach to achieve this and recommended that shareholders support our advisory resolution and oppose the requisitioned resolution. In line with the Board's recommendation the advisory resolution was endorsed with 83 per cent of shareholder support at the 2022 AGM, and the requisitioned resolution did not pass. We remain very grateful for the support of our shareholders.

Detail regarding the directors' remuneration report and directors remuneration policy resolutions can be found in the Directors' Remuneration Report starting on page 184.



Voting results from the 2022 AGM can be viewed at [sc.com/investors](https://sc.com/investors)



A summary of responses to questions on key themes raised by shareholders was made available on our website after the meeting and can be found at [sc.com/agm](https://sc.com/agm)

## Engagement with clients and suppliers



Clients are central to everything we do and promoting productive, sustainable relationships with them is a key priority. Prior to the COVID-19 pandemic, customer engagement was built into Board and director visits across our footprint and given the alleviation of travel restrictions in certain markets, this method of interaction was gradually reintroduced during the year. Board members, either collectively or individually, met clients face-to-face or virtually to keep abreast of developing client trends, experiences and needs. This also formed and will continue to form a part of the director induction programme. In addition, updates on clients' insights form 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 met with them during the year. Detail on how the Group more generally engaged with clients and suppliers can be found on pages 55, 56, 58 and 59 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 2022, this took place via a number of virtual and physical forums. Topics varied, including recovery from the pandemic, geopolitical developments, resolution planning, digitisation and innovation, climate-related matters and cyber security. 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 page 57 of the Strategic report.

## Engagement with society



The Board receives regular updates from management concerning the communities and environment in which we operate.

Either collectively or individually, directors were able to visit some of the Group's markets this year given the easing of travel restrictions in certain markets. This provided a productive opportunity to meet stakeholders in civil society. In addition, external and internal speakers provided input to the Board's discussions, which covered key societal issues such as climate change, the evolving geopolitical landscape, and the continued impact of the pandemic in some of our markets. Further detail on how the Group engaged with society more generally can be found on page 59.

## 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 2021, 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 video-enabled chair and committee chair engagement sessions, as well as other forms of interaction.

### Global subsidiary governance conference

During the Board's visit to Dubai in November, we held our third global subsidiary governance conference. This two-day event was attended by members of the Board, Management Team and directors from the Group's banking subsidiaries. The conference presented the opportunity for the Board to strengthen and reconnect its linkages with the Group's subsidiary chairs, hear their views on the progress of the Group's strategy and discuss what improvements could be made in their markets, as well as a range of other topics. It also enabled the Board and Management Team to gain a better appreciation of some of the challenges and opportunities the Group faces across its subsidiary markets. Items discussed across the two days included:

- Group strategy, financial performance and governance structure
- The transformation taking place in the UAE from a policy perspective
- Regional CEOs strategy session
- Building resilient business models and ecosystems for the new economy
- Strategic oversight of sustainability
- Talent opportunity and changing workforce expectations
- Overview of the Dubai International Financial Centre (DIFC) Fintech hive.

The Group Chairman also hosted two subsidiary chair engagement sessions during 2022, both held virtually. Each event opened with specific topics introduced by the Group Chairman, followed by a Q&A session. José Viñals was encouraged by the high level of interaction and sharing of best practices by our subsidiary chairs. Items discussed across the sessions included:

- Group performance, strategy and investor reaction
- 2022 Board priorities
- UK Corporate Governance update
- New ways of working for certain markets post COVID-19
- Areas of focus for the Group's boards, including board transformation and overseeing culture
- Sustainability.

### Committee chair engagement

The Audit Committee held its annual videoconference during the year, followed by a Q&A session. This was hosted by the Audit Committee Chair and attended by the chairs of subsidiary audit committees. The Group Financial Controller; Group Head, Internal Audit; Regional Head, Audit, Europe and the Americas and Africa and the Middle East; Group Head, Conduct, Financial Crime and Compliance; members of the Group's statutory auditor, EY, including the lead audit partner; the Group Company Secretary and the Committee Secretary also participated in the call. Items discussed during the call included:

- 2022 Audit Committee focus areas
- Group Finance update, which featured financial results, IFRS 9 models, overlays and a status report on the Group's Aspire Programme
- Conduct, financial crime and compliance update
- Group Internal Audit reporting to subsidiary audit committees
- Group statutory audit update from EY.

The Board Risk Committee Chair hosted its annual videoconference with chairs of the subsidiary board risk committees, followed by a Q&A session. The Group Chairman; Group Chief Risk Officer; Global Head of Enterprise Risk Management and Deputy Chief Risk Officer Standard Chartered Bank; the Group Company Secretary and Committee Secretary also participated in the call.

Items discussed during the call included:


- 2022 Board Risk Committee focus areas
- Group Chief Risk Officer's 2022 priorities
- Update on Model Risk
- Management scenarios undertaken during the year, including stagflation.

The Remuneration Committee Chair also held a videoconference 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; Group Head, Human Resources; Global Head, Performance, Reward and Benefits; Head, Executive Compensation and Reward Governance; the regional, functional and business heads of Pensions, Rewards and Benefits; and the Group Company Secretary also participated in the call. The calls foster knowledge sharing and best practice between the Company 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:

- 2022 Remuneration Committee focus areas
- Framework for subsidiary interaction
- 2022 total variable compensation and ensuring strong differentiation
- 2023 compensation in light of inflation and cost of living pressures.

Other activities which took place during 2022 to further strengthen the linkages across the Group included:

- the Group Chairman attended a Standard Chartered Bank (Hong Kong) Limited (SCBHK) board meeting
- the Chair of the Group Audit Committee attended a SCBHK audit committee meeting and the audit committee chair of Standard Chartered Bank (Singapore) Limited attended one Group Audit Committee Meeting
- the Chair of the Board Risk Committee attended a SCBHK board risk committee meeting.

 Further detail regarding how the Group engages with its stakeholders can be found on [pages 54 to 124](#)

# Engagement with employees


The Board places great importance on workforce engagement and values its interactions at all levels of the Group. Two-way dialogue through a variety of forums helps build the Board's understanding of key issues and developments around its markets, as well as providing an insight into the hands-on experiences of colleagues.

The role of the Board is distinct from management, and the directors are aware of the importance of overseeing, supporting and, where necessary, challenging management in implementing its people strategy. In light of this, the Board tasked the Culture and Sustainability Committee to oversee a review of the existing framework with management, considering certain adjustments aimed to enhance the Board workforce engagement.

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 83,000 employees across 59 diverse markets, it is vital that any Board engagement should gather unfiltered feedback which is representative of the whole workforce in order to be truly effective.

Given the easing of travel restrictions the Board was able to meet colleagues across parts of our footprint, both collectively and individually. The diagram below illustrates which markets were visited. During the year, directors appreciated being able to meet face-to-face with a number of employees, whether through formal meetings or informal discussions. The opportunity to resume meeting the workforce in person is something directors found highly beneficial and will continue to form part of the approach for 2023.

Through our comprehensive employee listening programme, the Board has an opportunity to understand diverse employee perspectives. This is comprised of an annual engagement survey, a continuous listening programme, lifecycle surveys and diagnostic research on specific areas of focus, such as flexible working, wellbeing and performance management. The Board can also access data on employee issues through our Speak Up channel.

 Further detail regarding employee engagement this year can be found within the Culture and Sustainability Committee report starting on [page 176](#)

## Director travel: an opportunity to engage with the workforce and other stakeholders

Directors, either together or individually, visited a range of markets.

### ● Europe and the Americas

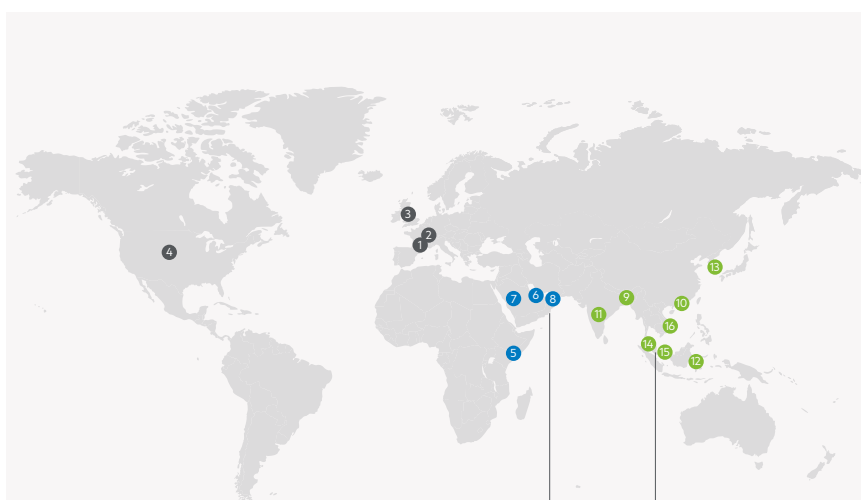
1. France
2. Germany
3. UK
4. US

### ● Africa and Middle East

5. Kenya
6. Qatar
7. Saudi Arabia
8. UAE

### ● Asia

9. Bangladesh
10. Hong Kong
11. India
12. Indonesia
13. Korea
14. Malaysia
15. Singapore
16. Vietnam



### Dubai, UAE

On 10 November, the Board hosted an informal lunch with the UAE talent. They invited a number of top talents who came from various business segments, support functions and backgrounds, representing the diversity of the UAE franchise. José Viñals and Maria Ramos also hosted a townhall for all employees, alongside members of the Management Team.

### Singapore

The Board travelled to Singapore in March 2022. Although pandemic-related restrictions on social gatherings remained in place, which limited the amount of engagement permitted, the Board took advantage of meeting with a wide range of stakeholders where possible, including informal discussions with senior leaders and other colleagues.

# Audit Committee

"As you would expect, the challenging external environment and lingering impacts of COVID-19 have been significant focus areas for the Committee this year."



## Committee composition

Scheduled meetings

Phil Rivett (Chair)	8/8
David Conner	8/8
Byron Grote <sup>1</sup>	7/7
Christine Hodgson, CBE	8/8
Shirish Apte <sup>2</sup>	5/5
Jackie Hunt <sup>3</sup>	2/2
Maria Ramos	8/8
Carlson Tong	8/8

1 Byron stepped down from the Committee on 30 November 2022

2 Shirish joined the Committee on 4 May 2022

3 Jackie joined the Committee on 1 October 2022

## Who else attended 2022 Committee meetings?

The Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer; Group General Counsel; Group Head, Internal Audit; Group Head of Conduct, Financial Crime & Compliance; Group Head, Central Finance; representatives from Group Finance; Group Statutory Auditor; and Group Company Secretary. Sir Iain Lobban and Paul Khoo, independent advisers to the Board, attend discussions on Financial Crime Compliance (FCC)-related matters. As part of his induction plan in 2022, Shirish Apte attended one Committee meeting as an observer prior to joining.

As part of, and in addition to most scheduled Committee meetings, the Committee held private members-only meetings. The Committee also met with the Group's Statutory Auditor, Ernst & Young LLP (EY) and the Group Head, Internal Audit, without management being present. 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. Phil is a chartered accountant with over forty years' experience of professional accountancy and audit focused on banks and insurance companies. He led the audits of a number of leading banks during his career as senior audit partner of PricewaterhouseCoopers (PwC). He is also Chair of the Audit Committee for Nationwide Building Society.



Biographical details of the committee members can be viewed on [pages 138 to 142](#)

## What are the 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, including internal financial controls. The Committee has exercised oversight of the work undertaken by Conduct, Financial Crime & Compliance (CFCC), Group Internal Audit (GIA) and EY. The Committee Chair reports to the Board on the Committee's key areas of focus following each meeting.



The Committee has written Terms of Reference that can be viewed at [sc.com/termsofreference](https://sc.com/termsofreference)

I am pleased to present the Audit Committee report for the year ended 31 December 2022. The report sets out the areas of significant focus for the Committee and its activities over the course of the year. I have enjoyed working with Committee members, management, EY, regulators and colleagues, in what has been a strong year of performance for the Group.

There have been some changes to the Committee's composition in 2022. We welcomed Shirish Apte and Jackie Hunt as Committee members in May and October respectively. Dr Byron Grote stepped down as a Committee member in November, and I would like to convey the Committee's gratitude to Byron for his significant contributions over the years. Paul Day, Group Head, Internal Audit, joined the Committee as a permanent invitee, replacing the previous incumbent.

As you would expect, the challenging external environment and lingering impacts of COVID-19 have been significant focus areas for the Committee this year. The Committee has carefully scrutinised and challenged credit impairment provisions, including the continued appropriateness or release of COVID-19-related overlays, key accounting issues and significant accounting estimates and judgements made by management, to ensure that they are sufficient, appropriate and clearly communicated in the Group's public disclosures. The Group's investment in China Bohai Bank (Bohai) has continued to be an area warranting ongoing attention, including the assumptions and judgements made around the Group's significant influence over Bohai; and further impairment of the investment to reflect the challenges and uncertainty in the outlook for the banking industry and property markets in China. China Commercial Real Estate (CRE) has been reviewed, discussed and challenged throughout the year, in light of the Chinese economy and the continued impacts of COVID-19. Sovereign downgrades have also been reviewed and discussed, including Sri Lanka, Pakistan and Ghana. Given the complex external landscape, this level of scrutiny will continue in 2023.

The Committee has continued to place oversight on the Group's Conduct Programme and the Group's Speak Up Programme. We observed regulatory developments in the use of private communication channels and the actions under way by management to protect the Group against the associated risks. The Committee invested time and attention in scrutinising Standard Chartered Bank's implementation plans for Financial Conduct Authority (FCA) Consumer Duty, which comes into effect on 31 July 2023. In 2022, I was appointed as the FCA Consumer Duty Board Champion. As part of this role, I meet regularly with the Accountable Executive and receive monthly updates on the progress of the implementation plans, whereby I then update the Group Chairman and Group Chief Executive, as required.

Given the retirement of the Board Financial Crime Risk Committee on 1 April 2022, the Group Money Laundering Reporting Officer's annual report was transferred to the Audit Committee for review and discussion, which took place in December 2022. We had the benefit of Sir Iain Lobban and Paul Khoo, our Board independent advisers, join this discussion to provide independent and specialist perspective. In conjunction with the Board Risk Committee, we continue to ensure that FC Risk is sufficiently covered in Board committee discussions.

The Committee continues to receive regular updates from management and EY on the steps being taken by the Group to improve Information Technology (IT) access controls and remediate weaknesses identified in prior year statutory audits. The Committee has kept a close watch on the work under way to improve controls and protect the Group's security systems.

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, including Climate, and this report sets out the material matters that it has considered in these deliberations.

As a result of the Committee's work in 2022, assurance has been provided to the Board on the quality and appropriateness of the Group's financial reporting, 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, in particular, that they are fair, balanced and understandable.
- 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, estimates and accounting issues.
- 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 (ECL), 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).

Significant accounting judgements considered during 2022 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 348.

Key area	Action taken
<b>Impairment of loans and advances</b>	<p>Reviewed and challenged, on a quarterly basis, reports detailing the composition and credit quality of the loan book, concentrations of risk and provisioning levels.</p> <p>Reviewed, considered and challenged judgemental Post Model Adjustments (PMAs) and management overlays in both the wholesale and retail portfolios on a quarterly basis that were required to estimate ECL. Careful consideration, review and challenge were placed on the China CRE overlay. 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 COVID-19 overlay for Corporate, Commercial and Institutional Banking (CCIB) has been fully released and for Consumer, Private and Business Banking (CPBB) has been significantly reduced, as the outlook has improved during 2022.</p> <p>As well as the expectation of elevated losses in industries and locations, paid particular attention to the China CRE sector and certain sovereigns, including Sri Lanka, Pakistan and Ghana, which have deteriorated during 2022. 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. The Committee challenged the completeness of these overlays and reviewed and considered when such management overlays would be released.</p> <p>Reviewed the appropriateness of management's economic forecasts and the adjustments to provisions to incorporate the effect of multiple economic scenarios.</p> <p>The Committee was briefed on the redevelopment of the Group's Monte Carlo model in Q4 2022 to incorporate a wider range of scenario outcomes than the previous model with the effect of increasing non-linearity in the model output. The Committee reviewed and challenged the judgement to release the previously held PMA for the CCIB portfolios and retain the PMA for CPBB as a result of the output of these model changes.</p> <p>The Committee reviewed the Group's high-level quantitative assessment of the impact of Climate Risk on the Group's ECL and considered the materiality of the impact and the judgement to disclose a potential range of impact rather than adjust the ECL given the limited impact.</p> <p>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.</p> <p>The Committee considered the appropriateness of the staging of higher-risk loans.</p>
<b>Goodwill impairment</b>	<p>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 and related disclosures.</p>

## Activities during the year continued

<b>Carrying value of investments in associates</b>	<p>Reviewed and challenged management's carrying value assessments on the Group's investment in Bohai, considering carefully key assumptions and their potential sensitivity to changes. Given Bohai is a public company, with limited forecasted profit information, the Group is required to prepare its own forecasts, making prudent estimates of future profitability. The Committee considered the basis of the preparation of the Value-in-Use (VIU) assessment, and the challenges and uncertainty in the outlook for the banking industry and property markets in China that may impact credit losses in the VIU assessment and reviewed the related disclosures for Bohai.</p> <p>The Committee also reviewed and challenged management's assessment that the Group maintained significant influence and satisfied itself that it remained appropriate to continue to equity account for the investment.</p>
<b>Recoverability of parent company's investment in subsidiaries</b>	Discussed and received confirmation from management that it had adequately assessed the recoverability of investments in subsidiaries, together with any intercompany indebtedness.
<b>IT – user access management</b>	Received an update from management and EY on new and pre-existing IT observations identified by EY and GLA, relating to user access management, including privileged access, user access reviews and other user access controls. The Committee sought and received assurance this matter is receiving senior management attention, and also discussed EY's audit response.
<b>Valuation of financial instruments held at fair value</b>	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:

<b>Impairment of aircraft</b>	<p>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.</p> <p>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.</p>
<b>Classification of assets as held for sale</b>	Reviewed management's assessment of whether certain assets or disposal groups should be reclassified as held for sale. This included reviewing the facts and circumstances for the proposed sale of the business exits in the AME region, the proposed sale of the aircraft leasing business, shipping assets and remaining Principal Finance investments.
<b>Restructuring costs</b>	Reviewed and considered, on a quarterly basis, income statement charges and credits classified as restructuring.
<b>Taxation</b>	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.
<b>Provisions for legal and regulatory matters</b>	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 420.

## Activities during the year continued

### Going concern assessment and viability statement

- Reviewed management's process, assessment and conclusions with respect to the Group's going concern assessment and viability statement, including the forward-looking Corporate Plan cashflows, the results of stress tests that explore the resilience of the Group to shocks to its balance sheet and business model, 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 350, 219 and 231](#)

### Fair, balanced and understandable

- The Committee considered, satisfied itself and recommended to the Board, that the processes and procedures in place ensure that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and the business risks it faces. The statement is underpinned by the Committee's, and the Board's, belief that all important elements have been disclosed; and that the descriptions of the Group's business as set out in the Strategic report are consistent with those used for financial reporting in the Group's financial statements.

### Examples of deeper discussions into specific topics

- EY regional partner overviews:** Received country/regional overviews from EY's local regional partners from China, Hong Kong, Korea and Taiwan. These 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 views on internal controls, as well as perspectives on how the Group compares against local peers. The overviews also provided insight into local regulatory developments, engagement with local regulators and areas of focus for 2022. This year, a technical discussion on IFRS 9 ECL – Credit Update was also held, with EY's Specialist Partners providing perspective and peer comparison. These EY regional partner overviews and technical topics will continue in 2023 and beyond.
- UK audit and corporate governance reforms implementation approach:** Received and discussed papers setting out the key components of the proposed UK audit and corporate governance reforms, the work completed by the Group and the work to be undertaken to strengthen the control environment within Finance in advance of the final rules being published. Discussion focused on the importance of end-to-end controls gap analysis, including clear hand-offs and hand-ins and the changes that will need to be managed as a result of a strengthened control environment. The proposed approach for an Audit and Assurance Policy was also discussed, with the Committee providing feedback on this.
- 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 an update on the Group's Aspire programme (a programme launched in 2018 to deliver a modern technology systems and data landscape for financial management and reporting). Discussion focused on resources, timelines and the impacts of migration to the cloud.
- 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.
- IFRS 9 models:** Received and discussed updates on the Group's use of IFRS 9 ECL models.
- 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, including climate disclosures.
- Tax update:** Received and discussed a paper setting out an update on international tax reform and a review of tax exposures and deferred tax assets. EY's Tax Partner was invited to join this discussion to add perspective.
- Information technology access controls:** Received and discussed reports on the work under way to improve the Group's IT access controls in light of weaknesses identified during prior years' 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. We had the benefit of EY's Technology Risk Partner join these discussions, to provide independent perspective and peer comparison. This will continue to be an area of focus for 2023.
- Data management:** Received and discussed papers on the Group's Data Management Framework, following on from discussions held in 2021. The H1 2022 discussion focused on the reporting on of timelines, with feedback provided as to how this would be more useful for the Committee to track progress. The H2 2022 discussion focused on what had gone well and less well throughout the year, and challenges involved with cross-border data transfer in the Group's footprint and managing competing national requirements. Further feedback was provided on the reporting of timelines which will return to the Committee in 2023.
- Conduct:** Received and discussed an annual report on the Group Conduct Programme.
- Use of Private Communication Channels:** Several discussions were held on the risks faced by the Group from inappropriate use of private communication channels such as WhatsApp and WeChat, the actions being taken, the reliance on colleagues' personal judgement and the increased regulatory scrutiny on this. Data sovereignty changes, for example, in China, were discussed. The Committee counselled on the need to undertake a prioritised approach, to ensure that training and Group-wide communications are clear and the importance of managing the expectations of clients.
- FCA Consumer Duty:** Reviewed, discussed and scrutinised Standard Chartered Bank's implementation plans. Particular focus was placed on vulnerable customers and how this legislation might impact the Group's wider footprint. Phil Rivett was appointed as the FCA Consumer Duty Board Champion.
- Major disputes, significant regulatory and government investigations:** Received and discussed two updates on major disputes and significant regulatory government investigations facing the Group.

## 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 senior leadership. The results of this input were 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 2023 Annual General Meeting (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 review reports
- received and discussed a paper setting out EY's control themes and observations from the 31 December 2022 year-end audit, as well as an update on these matters later in the year
- reviewed and discussed EY's 2022 approach to the private Written Auditor Report to the PRA for the year ended 31 December 2022.

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 three years. In accordance with the Audit Practices Board's requirements, the lead audit engagement partner has held the role for three 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 appointed as the Group's Statutory Auditor for the financial year ended 31 December 2020. EY has been re-appointed as the Group's Statutory Auditor for the financial year ended 31 December 2022 at the 2022 AGM.

### 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 EY, while taking into account the relevant ethical guidance.
- In 2022, the Group spent \$4.7 million on non-audit services provided by EY and \$5.5 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 448](#) and the Group's approach to non-audit services on [page 229](#)

### 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 periodic basis, GIA reports on any overdue remediation of findings. The Board Risk Committee and the Culture and Sustainability Committee discussed separate reports from the Group Head, Internal Audit on GIA's appraisal of controls across key risks, subject to each Committee's oversight.

→ Further details on internal controls can be found on [pages 222 and 223](#)



## Activities during the year continued

### Group Internal Audit

Provides independent assurance on the effectiveness of controls that support first line's risk management of business activities, and the processes maintained by the second line. GIA adopts a risk-based audit approach that focuses on the key risks that impact its clients, businesses and regulators. This supports the long-term objectives of the Group and its stakeholders and increases GIA's productivity by creating an integrated and collaborative Audit Plan that is aligned to both the Group's strategic objectives and individual country requirements (including regulatory obligations), and that is effective and efficient in delivering an opinion on the Group's key risks and controls. Changes to the Audit Plan were approved by the Audit Committee on a quarterly basis.

In 2022, for the most significant matters identified by GIA, management was 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:

- assessed the role and effectiveness of the GIA function, and reviewed and monitored GIA's progress against the 2022 Audit Plan and the review and monitoring of post-audit themes, trends and significant issues. Significant changes to the Audit Plan were also discussed by the Committee
- reviewed and approved GIA's 2023 Audit Plan, resourcing and budget, and is satisfied that these are appropriate
- 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
- reviewed and approved GIA's functional strategy, including GIA's mission, vision and priorities.

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

Over the course of the year, Phil Rivett met regularly with the Group Head, Internal Audit and the GIA Management Team. The Group Head of Internal Audit also met privately with the Committee.

### Conduct, Financial Crime & 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 2022, the Committee was updated on and discussed:

- regulators' supervisory focus areas, regulatory updates and forward-looking themes, the status of the Group's core college regulatory relationships and enforcement matters
- topical compliance issues, for example, the Committee was updated on transaction reporting, recognising progress made to date and issues faced by the Group
- 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.

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 2023 Compliance strategy, budget and priorities.

Phil Rivett met regularly throughout the year with the Group Head, CFCC.

### 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. Focus was placed on the level of colleague confidence in the Programme, key areas of enhancement and the focus areas for 2023.

In 2022, the Committee Chair received updates on Speak Up issues and incidents as necessary.

 Further details on Speaking Up can be found on [page 120](#)

# Activities during the year continued

<b>Interaction with regulators</b>	Phil Rivett attended a trilateral meeting with EY and the PRA and also met with the PRA in his capacity as Audit Committee Chair.
<b>Linkages with subsidiary audit committees</b>	<p>There are strong linkages and interactions in place between the Committee, regional hub audit committees and banking subsidiary audit committees. In 2022, Phil Rivett attended a Standard Chartered Bank (Hong Kong) Limited (SCB Hong Kong) audit committee meeting. The audit committee chair of SCB Singapore attended one Standard Chartered PLC Audit Committee meeting. This practice will continue in 2023 to reinforce these important linkages.</p> <p>Phil Rivett hosted an annual video-conference with the chairs of subsidiary audit committees and INEDs in March 2022.</p> <p>  <a href="#">Details of the call can be found on page 161</a> </p>

## Committee effectiveness review

During 2022, an external Board and Board Committee effectiveness review was facilitated by Independent Board Evaluation.

### Key observations from the 2022 external effectiveness review

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

- In terms of composition, it was felt that there is a good level of financial and accounting knowledge among Committee members
- The contributions from EY and Finance were well rated
- Non-Committee members feel well informed of the key issues and areas of discussion.

### 2023 Action Plan

The 2023 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Consider spending more time on internal controls and on the interface with the Board Risk Committee
- Consider how some long-standing high-risk control issues could be remediated more quickly by management to reduce the level of risk.

# Board Risk Committee

"The Committee has carefully considered the challenges posed by inflation, commodity prices, interest rates, FX and the lingering effects of COVID-19"



## Committee composition

Scheduled meetings	Ad hoc
Maria Ramos (Chair)	6/6 2/2
David Conner	6/6 2/2
Gay Huey Evans, CBE	6/6 2/2
Naguib Kheraj <sup>1</sup>	2/2 1/1
Phil Rivett	6/6 2/2
David Tang <sup>2</sup>	6/6 1/2
Carlson Tong	6/6 2/2
Shirish Apte <sup>3</sup>	3/3 1/1
Robin Lawther, CBE <sup>4</sup>	3/3 N/A

- 1 Naguib stepped down from the Committee on 30 April 2022
- 2 David was unable to attend one ad hoc meeting due to a prior business commitment
- 3 Shirish joined the Committee on 4 May 2022
- 4 Robin joined the Committee on 1 July 2022

## Who else attended Committee meetings in 2022?

The Group Chairman; Group Chief Executive; Group Chief Financial Officer; Group Chief Risk Officer (GCRO); Group General Counsel; Group Treasurer; Group Head, Conduct, Financial Crime & Compliance; Group Head, Internal Audit; the Group's Statutory Auditor and Group Company Secretary. Sir Iain Lobban, independent adviser to the Board, regularly attends discussions on Information and Cyber Security (ICS) Risk, technology and Financial Crime (FC) Risk-related matters. Paul Khoo, an independent adviser to the Board, attends discussions on FC Risk-related matters. EY attended all Committee meetings in 2022. As part of, and in addition to 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, including geopolitical, economic, IT, FC and general business risks.

→ Biographical details of the Committee members can be viewed on [pages 138 to 142](#)

## What are the 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 Chair reports to the Board on the Committee's key areas of focus following each 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 2022. The Committee has been immersed in a broad range of financial and non-financial risk management issues pertinent to the Group, set against the backdrop of a volatile, challenging and complex operating environment. Cognisant of this evolving external landscape, the Committee has paid attention to key macroeconomic issues, geopolitical and emerging risks, as well as key evolving regulatory themes. The current and future implications for the Group have been discussed and challenged, including the actions being taken and planned by management to mitigate these risks. The Committee has carefully considered the challenges posed by inflation, commodity prices, interest rates, FX and the lingering effects of COVID-19, including lockdowns in China and Hong Kong. The impacts of this on sovereign risk and credit risk, in particular, China CRE, have been reviewed and challenged regularly, to ensure that all associated risks are being adequately managed. We have also continued to seek assurances that sufficient resources are in place to manage these complex risks.

There have been a number of changes to the composition of the Committee in 2022. Naguib Kheraj stepped down as Chair on 30 April, upon which Phil Rivett was appointed Interim Chair. Following receipt of the necessary regulatory approvals, I became Chair on 1 August. Shirish Apte and Robin Lawther joined the Committee on 4 May and 1 July respectively. I would like to convey the Committee's gratitude to Naguib for his immense contribution and leadership as both a member and Chair. Mark Smith, our GCRO, retired from the Group at the end of the year, and I would like to express our thanks to Mark for his dedication and valuable contributions to the Committee's deliberations and to the Group more broadly, over the last seven years. Mark's replacement, Sadia Ricke joined the Group on 1 February, (currently awaiting regulatory approval), after successfully completing a rigorous selection process. She brings a broad range of financial and risk experience, as well as a good understanding of our footprint markets. I also want to thank our regulators, for their constructive approach, advice and sharing of best practice, which assists to make the Group more resilient.

Resolvability has been a key area of focus. At the beginning of the year, we held a dedicated meeting to focus on the Group's Resolution self-assessment report, ahead of approval by the Board and submission to the PRA and Bank of England (BoE). Furthermore, regular discussions on Resolvability have taken place throughout the year. The Committee and Board remained focused on Resolvability and enhancements have been made to our Resolution capabilities, in terms of addressing shortcomings and developing our areas of enhancement. We have also paid close attention as to how the expectations of the UK regulators are being met. Board and Committee engagements have taken place via formal discussions and training sessions, including a simulation exercise, which was useful to understand the various implications for the Group and a number of its key subsidiaries. Resolvability will remain a key agenda item throughout 2023.

ICS Risk management is presented to the Committee by management four times a year. While significant progress has been made, we acknowledge that there is still more work to be done to reach our desired sustainable control environment and defensive position. We have had the benefit of Sir Iain Lobban, our Board independent adviser, attend all ICS discussions to provide independent and specialist perspective. The Committee reviewed the Group's ICS Strategy ahead of approval by the Board; and we also reviewed the findings of the CBEST Threat Intelligence-Led exercise. Given the evolution of ICS Risk, this will remain an area of focus for 2023.

With the retirement of the Board Financial Crime Risk Committee on 1 April 2022, we have placed focus on FC Risk to ensure that this continues to receive sufficient oversight and scrutiny. The Committee received reports from CCIB and CPBB on their strategy, top risks and how these are being mitigated and managed with focused discussion on FC risk.

We have placed increased attention on stress testing and tail risks, for example running scenarios on stagflation, sovereign default and commodity prices as well as our key regulatory stresses, such as during the 2022 BoE Stress Test results. We have reviewed and discussed geopolitical risks, including China and Russia. We are mindful of the need to continue to probe into the dark corners, and as the economy shows signs of recovery, to maintain the Group's credit discipline. As a result, we have had a renewed focus on implementing an appropriate Risk Appetite framework. The following pages provide insight and context into the Committee's work and activities during the year.

Maria Ramos

**Maria Ramos**  
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.

**Annual review of Risk Appetite:** After review and recommendation by the Committee, the Board approved a revised set of Risk Appetite metrics which provided a sharper focus on the strategic measures of risk and streamlined the number of metrics reported to the Board. Some metrics were moved for oversight to the Group Risk Committee, ensuring a comprehensive coverage of risk is maintained.

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.

Attended a Risk Appetite teach-in session ahead of the annual review discussion, which was helpful in providing dedicated time and space to discuss the sufficiency of the Group's Risk Appetite, statements and metrics in detail. This will be an annual pre-brief discussion going forward.

→ Further details of the Group's Risk Appetite are set out on [page 297](#)

### 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 2022 annual review, and recommended these changes to the Board for approval
- considered the approach and key outcomes of the 2022 annual effectiveness of the ERMF. Affirmation was received from the Interim GCRO (in situ at the time of the review as the new GCRO awaited regulatory approval) 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 298 and 301 to 319](#)

#### 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 Technology Risk reduction and the initiatives under way to manage and reduce Technology Risk and obsolescence
- discussed a status report on Operational and Technology Risk
- discussed an update on the embedding of Risk and Control Self-Assessment for effective management of key risks
- discussed the Operational Risk issues in the transition to becoming a digitally focused bank.

#### 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
- provided review and challenge on the Group Model Risk Appetite
- received updates on the Group Model Risk profile, including a breakdown of active models across model families, associated model risk ratings and model validation outcomes
- received updates on the progress of model risk strategic initiatives
- reviewed and discussed progress on Group-related regulatory model submissions and any ongoing regulatory dialogue relating to the progress in establishing a robust model risk management framework
- attended a teach-in session on Model Risk, focusing on the framework and key regulatory capital related model types.



## Activities during the year continued

### Principal Risk Types continued

#### 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 underway 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. Relevant management was 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. Reports are received and discussed by the Committee at least four times and a year
- 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
- reviewed and discussed the findings from the CBEST Threat Intelligence-Led Assessment.

Sir Iain Lobban joined Committee meetings for these discussions, together with the Chief Transformation, Technology & Operations Officer; the Group Chief Information Security Officer, the Group Chief Information Security Risk Officer and representation from Group Internal Audit (GIA). Committee members also regularly attend meetings of the Group's Cyber Security Advisory Forum.

#### Treasury Risk

Treasury Risk is the potential for insufficient capital, liquidity or funding to support our operations, the risk of reductions in earnings or value from movements in interest rates impacting banking book items and the potential for losses from a shortfall in the Group's pensions plans.

The Committee receives the Group 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 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).

The Committee also reviewed, discussed and challenged the Group's stress test results for the BoE's Annual Cyclical Scenario (ACS).

→ The Committee's work on Resolvability is set out on [page 173](#)

→ Further details on Treasury Risk are set out on [pages 306 and 307](#)

#### 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.

#### 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 sufficiency of resources and funding to support the enhanced infrastructure; and assurance was received that Financial Market's growth aspirations are being managed safely. A discussion was also held on Treasury Portfolios and changes which had occurred over the last year.

## Activities during the year continued

<b>Principal Risk Types</b> continued	<p><b>Financial Crime Risk</b></p> <p>Financial Crime Risk is the potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to international sanctions, anti-money laundering, anti-bribery and corruption and fraud.</p> <p>Given the progress made on the Board Financial Crime Risk Committee's (BFCRC) purpose with respect to Financial Crime Risk management, the Board reallocated the work of the BFCRC to the Audit Committee, Board Risk Committee and Board with effect from 1 April 2022. The reallocation of BFCRC oversight enables a more holistic and efficient examination and discussion of risks that are closely linked.</p> <p>The Committee discussed Financial Crime issues as part of its regular business deep dives. It also considered a paper setting out emerging Financial Crime threats for the Group and what is being done to mitigate and manage these threats. Specific risks related to sanctions, particularly in relation to Russia, were also discussed.</p>
<b>Stress testing</b>	<p>The objective of stress testing is to support the Group in assessing that it:</p> <ul style="list-style-type: none"> <li>• does not have a portfolio with excessive risk concentration that could produce unacceptably high losses under severe but plausible scenarios</li> <li>• has sufficient financial resources to withstand severe but plausible scenarios</li> <li>• has the financial flexibility to respond to extreme but plausible scenarios</li> <li>• 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.</li> </ul> <p>The Committee provided oversight, challenge and, where required, approval for:</p> <ul style="list-style-type: none"> <li>• the scenario and stress test results for the 2022 Group ILAAP stress test</li> <li>• the scenarios and results for the 2022 Group ICAAP stress test and reverse stress test</li> <li>• the results for the BoE ACS stress test</li> <li>• the results for the Group's Recovery Plan stress test</li> <li>• the Group's Recovery Plan</li> <li>• a number of internal management defined scenarios were reviewed.</li> </ul> <p>→ Further details of stress testing are set out on <a href="#">pages 298 and 299</a></p>
<b>Internal controls</b>	<p>Discussed reports from the Group Head, Internal Audit which provided summaries of GIA's appraisals of controls across key risks, subject to the Committee's oversight, together with the key risk issues identified by GIA's work and management actions put in place to address the findings.</p> <p>The Audit Committee and the Culture and Sustainability Committee discuss separate reports from the Group Head, Internal Audit on GIA's appraisal of controls across key risk types, subject to each respective Committee's oversight.</p>
<b>Remuneration as a risk management tool</b>	<p>Considered advice provided by the Interim 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.</p> <p>→ Further details concerning the Group's approach to using remuneration as a risk management tool is set out in the <a href="#">Directors' remuneration report</a>.</p>
<b>Regulatory</b>	<p><b>Resolvability</b></p> <p>The Committee held a number of discussions on Resolvability over the course of the year, including scheduling an ad hoc meeting earlier in the year to review and challenge the Group's Resolution self-assessment report, ahead of Board approval and submission to the PRA and BoE. Non-Committee members attended this ad hoc meeting, as well as the Group's external consultants.</p> <p>Resolvability is discussed at most Committee meetings with representation from the three lines of defence, so that the Committee receives a holistic overview of progress being made and items being worked on. The Committee has also had the benefit of enhanced reporting and metrics to assist its oversight. Furthermore, there have been more informal training sessions and briefings held at Board-level to ensure that Committee members have the opportunity to discuss some of the more complex issues that Resolvability presents for the Group.</p> <p>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. Resolvability will remain a key priority for 2023.</p> <p><b>Climate Biennial Exploratory Scenario (CBES) stress test</b></p> <p>The Committee reviewed, discussed and challenged the Group's CBES response, ahead of submission to the BoE. In particular, focus and challenge was placed on the assumptions made by management and the supporting numbers.</p> <p>Later in the year, the Committee received a paper setting out the results of the Group's first set of management scenarios, focused on the impact of Climate Risk on the Group's portfolio and the next steps.</p> <p>→ Further detail on Climate Risk can be found on <a href="#">pages 316 and 317</a></p>

## Activities during the year continued

### Regulatory continued

#### Operational resilience – Important Business Services and Impact Tolerance Statements

In line with regulatory objectives, the Committee reviewed and recommended to the Board for approval:

- changes to the Group's Important Business Services arising from the annual review
- changes to the Group's Impact Tolerance Statements arising from the annual review
- the Group's Operational Resilience self-assessment.

#### 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, delivery risks are adequately managed and that it is sufficiently resourced. This will continue to be reviewed and discussed throughout 2023.

#### BCBS 239 Principles

In May 2022, the Committee received and discussed an update on the outcome of the BCBS 239 self-assessment as of end 2021 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 2022), once the outcome of the self-assessment is available on 28 February 2023.

### 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:** Held a horizon scanning session where risk perspectives were sought from three Group senior colleagues. There were a number of outputs from this session, which were incorporated into our rolling agenda.
- **CCIB Risk deep dive:** Received and discussed papers covering the CCIB Risk review, and ICS Risk and FC Risk in CCIB. The top risk issues for CCIB were discussed, with specific focus placed on ICS and FC risks.
- **Stressed Assets Risk (SAR):** Reviewed and discussed the transfer of responsibility from the second line of defence to the first line. The Committee monitored how this transition is working and its overall effectiveness.
- **Review of the Commodity Traders Framework:** Reviewed and provided feedback on the workplan responding to the PRA's observations.
- **Credit Portfolio Management (CPM) Annual Review:** Reviewed and discussed the risks relating to CPM activities and the progress made in optimising asset quality and liquidity and the effective use of distribution.
- **Cloud governance:** The Committee has received regular updates on cloud material deployments and enhanced reporting was discussed and agreed.
- **Reputational and Sustainability Risk:** Discussed a paper setting out the Group's approach to Environmental, Social and Governance risk and key enhancements made and planned.
- **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, the risks arising from and associated with partnerships and controls in Business Banking. A separate paper on ICS Risk and FC Risk was received and discussed, to ensure that these important risks are receiving sufficient focus and attention.
- **Change Management:** Received a paper on change management. Discussion focused on effective prioritisation.
- **Safety and Security Risk:** Received an update on safety and security issues over the last 12 months.
- **Credit Risk review:** Reviewed progress reports from the Credit Risk review function, which set out key themes from the 2022 reviews and the review plan for 2023. Discussion focused on the sufficiency of resources and the importance of site-visits now that COVID-19-related restrictions are lifting in many of the Group's markets.
- **Chief Risk Officer Treasury report:** Discussed a paper from the Treasury Chief Risk Officer following the establishment of the function within Enterprise Risk Management in January 2022. This included risk observations and recommendations around the current balance sheet and management of capital and liquidity.
- **SC Ventures Risk and Governance:** Discussed the paper setting out an overview of the business activities, risk profile and governance model of the SC Ventures business unit.
- **Taiwan:** Discussed a paper on Taiwan tensions, impact analysis and stress testing and reviewed the actions that had been proposed by management.
- **Appointment of new GCRO:** The Committee carefully reviewed, scrutinised and challenged the appointment of the new GCRO, ahead of recommendation to the Board for approval.

## Committee effectiveness review

During 2022, an external Board and Board Committee effectiveness review was facilitated by Independent Board Evaluation.

### Key observations from the 2022 external effectiveness review

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

- The Committee has a broad remit with a potentially long list of issues
- The risks associated with the change in GCRO and Committee Chair were acknowledged; however, the Committee feels that these have been mitigated by the continuity of Committee members and strong Finance and Risk teams.

### 2023 Action Plan

The 2023 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Consider how best to reduce the volume of the Committee pack, with more succinct papers and better use of appendices and non-essential reading materials
- Keep under review how FC Risk features in the rolling agenda, given the retirement of the Board Financial Crime Risk Committee in April 2022
- Strengthen the focus on Risk Appetite work to be more forward-looking and continued focus on Resolvability
- Consider how individual Committee members might take responsibility for leading on particularly complex issues, including regulatory matters, so as to improve the Committee's deliberations
- Schedule a Blue Sky Thinking session for the Board Risk Committee and Audit Committee to consider which key risks could derail the Group's strategy.

## 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 events and 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

Maria Ramos attended meetings 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 reviews the Group's internal financial controls and has oversight of regulatory compliance and the Culture and Sustainability Committee 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 2022, management's assessment of the adequacy of people resources within the function and the forward-looking view of the Risk function.

## Linkages with subsidiary board risk committees

Maria Ramos hosted an annual video-conference with the chairs of subsidiary board risk committees and INEDs in October 2022. Maria Ramos also attended a board risk committee of Standard Chartered Bank (Hong Kong) Limited as an observer.



Details of the video-conference can be found on [page 161](#)



# Culture and Sustainability Committee

“The Committee has overseen the redefining of the Group’s culture aspiration to better reflect the desire for high performance and excellence.”



## Committee composition

### Scheduled meetings

Jasmine Whitbread (Chair)	4/4
Christine Hodgson, CBE	4/4
David Tang	4/4
David Conner <sup>1</sup>	3/3
Jackie Hunt <sup>2</sup>	1/1
Robin Lawther, CBE <sup>2</sup>	1/1

- 1 David stepped down from the Committee on 1 October 2022.
- 2 Jackie and Robin joined the Committee on 1 October 2022.

## Who else attended Committee meetings in 2022?

The Group Chairman; Group Chief Executive; Group Head, Human Resources; Group Head, Corporate Affairs, Brand and Marketing; Chief Sustainability Officer; Group General Counsel and Group Company Secretary.

→ Biographical details of committee members can be found on [pages 138 to 142](#)

## What are the main responsibilities of the Committee?

The Committee was formed by the Board to oversee the Group’s culture and sustainability priorities.

+ The Committee has written [Terms of Reference](#) that can be viewed at [sc.com/termsofreference](https://sc.com/termsofreference)

At the 2022 AGM, the Group pledged to follow a roadmap that aims to see it achieve its net zero goal by 2050 and the Committee, alongside the Board, is tracking progress against this roadmap. The Group is well placed to assist clients in transitioning away from carbon-intensive industries. This is particularly pertinent as a number of countries in the Group’s footprint do not yet have a net zero pledge. I am pleased to report that this programme is on track, with the milestones outlined in the Group’s public net zero roadmap having been met for 2022.

In my last report I described the latest chapter of the Group’s transformation agenda, which includes a focus on becoming truly purpose-led by taking three Stands: Accelerating Zero, Lifting Participation and Resetting Globalisation. During this year, the Committee monitored progress on how the Stands were coming to life across the organisation, including deep dives with business leaders who shared the initiatives currently in place and plans for the future.

This year, the Committee has overseen the redefining of the Group’s culture aspiration to better reflect the desire for high performance and excellence, the need for transparent management of risk and a ‘One Bank’ mindset. The new cultural definition is framed around ambition, action and accountability.

Exemplary leadership within the Group is essential to the Committee’s agenda, such as embedding the Group’s culture and ensuring we deliver on our Purpose. It’s therefore important for the Committee to oversee the work that the Group is doing to engage our leaders at all levels to aspire, inspire and execute. The Committee heard from a Leadership Council member who gave first-hand experience of how investment in our leaders is being implemented in practice and, more importantly, the impact this was having.

The Committee is responsible for the Board workforce engagement programme and this year kicked off a review of the current framework, to determine if an alternate model could enhance the Board-colleague connection. This will be concluded and implemented in 2023.

Focus on the Group’s diversity and inclusion initiatives continued, and the Committee was pleased with progress across all three strands of work: Best Place to Work (colleagues), Best Place to Bank (clients) and Prosperous Communities (supply chain and communities). The Committee asked the team to increase focus on ethnic diversity to ensure our leadership is representative of our client base and footprint.

We continued our practice of inviting external speakers to challenge our thinking. This year, the Committee hosted a thought-provoking session on how sustainability is viewed in China, delivered by a pre-eminent industry leader. All Board directors were invited to this session.

This will be my last report from the Committee as I stand down from the Board at the 2023 AGM. It has been a real pleasure to chair this Committee (and its previous incarnation) over eight years, during which time our agenda has developed very meaningfully along with the Group’s strategy and the wider environment. I’d like to thank all my colleagues past and present who should feel proud of what they have achieved. Particular thanks to Christine Hodgson, who stood down from the Board and the Committee on 31 January 2023, for her unwavering dedication and significant contribution to the Committee’s evolution over the past nine years.

Finally, I’d like to welcome the two new members of the Committee, Robin Lawther and Jackie Hunt, who have already started to make a positive impact in the Committee’s deliberations, and I wish them well as they take the Committee forward.

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

### Sustainability and environmental, social and governance (ESG) matters

The Committee:

- Continued to oversee the Group's progress on the net zero pledge made at the 2022 AGM, and while the Group has a number of challenges due to its diverse footprint, the ambition is progressing
- Monitored the assessment of the Group's performance by the various external agencies on its approach to ESG matters, focusing on the agencies that the investors prioritised
- Received a progress update on the current five-year Global Community Engagement Strategy, 'Futuremakers' and the priorities due by the end of 2023; and a look forward to the Futuremakers Phase 2 Strategy for 2024 to 2030, which will be presented to the Committee in March 2023
- Welcomed the Group's inaugural Chief Sustainability Officer as a standing attendee, who presented a refreshed Sustainability Strategy to the Board in Q4.

### Stands

Following the launch of the three stands of focus: Accelerating Zero, Lifting Participation and Resetting Globalisation in 2021, there were two deep dives at which business leaders presented to the Committee on how the Stands were being 'lived' in practice:

- The first was from CPBB and focused on four key areas: mass market to lift participation; initiatives in small and medium enterprises (SME); ESG Products/Sustainable Finance; and Talent development initiatives. A number of initiatives were ongoing and a progress update from CPBB will be given to the Committee in 2023
- The second was from the new Chief Sustainability Officer and focused on the work taking place on the Accelerating Zero Stand, consolidation of the Group's sustainability aspirations and the Group's performance against the Group Sustainability Scorecard Metrics.

More deep dives are planned for 2023.

### Culture and Diversity and Inclusion

The Committee:

- Oversaw the redefining of the Group's cultural aspiration to ensure that it sufficiently reflects the need for high performance and excellence in all we do
- Reviewed the Group's approach to diversity and inclusion and discussed the various strands of diversity and the progress that was being made for each
- Worked with Group Internal Audit to establish an approach to assessing behavioural risk during audit activities and received the first report of the output of this enhanced audit approach at the meeting in December 2022.

### Board workforce engagement and workforce policies and practices

The Committee has responsibility for overseeing the Board's workforce engagement programme and ensuring workforce policies and practices remain consistent with the Group's valued behaviours.

The Committee is overseeing a review of the existing framework and considering certain adjustments aimed to enhance Board workforce engagement.

During the year, the Committee has overseen the following activity:

- The annual employee engagement survey, My Voice, and probed the results to understand what was driving the scores and challenged the team on areas for improvement. More information on listening to our employees can be found on pages 60 to 63
- Monitored the impact of hybrid working on team members, particularly in relation to learning and career development for more junior team members and how changes in working patterns could be affecting mental health
- The continued implementation of a Leadership Agreement, which all leaders will need to pledge to in 2023. More information on the Leadership Agreement can be found on page 61
- Reviewed the initiatives for the development and assessment of leaders throughout the Group
- Reviewed the initiatives ongoing to improve psychological safety across the Group and the importance of strong leadership from both the top and throughout the layers of management
- An informal lunch, hosted by the Board, with the UAE talent which provided an opportunity for the Board to hear directly from staff on how the Group's direction and strategy was lived and embedded in different parts of the Group
- An interactive UAE townhall, hosted by the Group Chairman with members of the Board and Management Team. Over 500 colleagues attended in person and were encouraged to ask questions directly to the panel. In addition, it was live-streamed and facilitated by an online question and answer platform to enable engagement across the business.



Further detail regarding Board workforce engagement can be found on [page 162](#)

## Committee effectiveness review

During 2022, an external Board and Board Committee effectiveness review was facilitated by Independent Board Evaluation.

### Progress against the 2022 Action Plan:

- Following a challenge by the Committee, Group Internal Audit has enhanced its audit approach to include a behavioural risk assessment with the development of testing plans and the recruitment of a specialist in this field; and by the end of 2022 had started reporting on the outcomes of this enhanced audit approach.
- In June, the Committee hosted a session on developments in China that was delivered by a pre-eminent industry expert in this field. All Board directors were invited to this session.
- The Committee has been tracking the Group's progress against the net zero milestones.

### Key observations from the 2022 external effectiveness review

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

- The Committee Chair was rated as highly effective, and members noted that meetings ran to time and had an inclusive and participative tone. The Chair took a keen interest in the agenda and was felt to be extremely well qualified for the role
- Members report that the topics discussed at the Committee were both interesting and challenging. They noted that the committee Chair had done a good job of bringing rigour and data to potentially nebulous subjects and that debates were well founded and balanced as a result.

### 2023 Action Plan

The 2023 Action Plan for the Committee reflects suggestions from the evaluation and continues to build on the solid progress made last year:

- Review strengthening the links between the Committee and the business
- Consider the remit of the Committee and the overlap between the Board and other Board Committees
- Review of the Board/employee engagement tool
- Continue to focus on the net zero strategy and milestones.

# Governance and Nomination Committee

"The Committee has been focused on planning for the transition of our long-standing non-executive directors, ensuring that the Board remains well balanced."



## Committee composition

Scheduled meetings	Ad hoc
José Viñals (Chair)	4/4 2/2
Naguib Kheraj <sup>1</sup>	2/2 N/A
Maria Ramos <sup>2</sup>	1/1 1/1
Christine Hodgson, CBE <sup>3</sup>	4/4 2/2
Jasmine Whitbread <sup>4</sup>	3/4 1/2
Phil Rivett	4/4 2/2

Shirish Apte observed a number of meetings in 2022 ahead of his appointment to the Committee on 1 January 2023

- 1 Naguib stepped down from the Committee on 30 April 2022
- 2 Maria joined the Committee on 1 August 2022
- 3 Christine stepped down from the Committee on 31 December 2022
- 4 Jasmine was unable to attend one scheduled meeting and one ad hoc held on 8 November 2022 and 21 July 2022 respectively as a result of long-standing external board commitments

## Who else attended Committee meetings in 2022?

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

→ Biographical details of the committee members can be viewed on [pages 138 to 142](#)

## What are the 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://sc.com/termsreference)

This year has seen a number of significant changes to the composition of the Board, following the retirement of a number of our long-standing and valued independent non-executive directors. I would like to thank Naguib Kheraj, former Deputy Chairman and Chair of the Board Risk Committee who retired from the Board in April for his dedication and significant and impactful contributions to the Board and Committee discussions. My thanks also go to Byron Grote who retired from the Board in November for his many contributions to the Board and its Committees. I would also like to thank Christine Hodgson, former Senior Independent Director and Chair of the Remuneration Committee for her insightful contributions as well as for agreeing to remain on the Board until 31 January 2023 to ensure a smooth transition to a new Remuneration Committee Chair, Shirish Apte. Before recommending the short extension beyond her nine-year term, the Committee conducted a robust assessment of her independence. We also announced that Jasmine Whitbread would not be seeking re-election at the 2023 AGM and would retire from the Board at that time.

The Committee has been focused on planning for the transition of our long-standing non-executive directors, ensuring that the Board remains well balanced with a strong pipeline of candidates with the appropriate skillsets, experience and capabilities, specifically across banking and financial services; executive and non-executive global listed experience; remuneration committee experience; and broad market and gender diversity. Over the course of 2022, and with the assistance of an external search firm we shortlisted and recommended to the Board the appointment of four experienced independent non-executive directors, Shirish Apte, Robin Lawther, Jackie Hunt and Linda Yueh, each of whom bring elements of these key attributes to the Board discussion. Details on each of the new directors can be found on pages 139, 141 and 142.

As well as focusing on the search for new directors, we also spent a great deal of time refreshing the committees' succession, notably the Chairs of the Board Risk and Remuneration Committees. This resulted in the appointment of Maria Ramos and Shirish Apte taking on the respective roles. Maria Ramos also took on the Senior Independent Director role from Christine Hodgson upon her reaching her nine-year tenure.

Earlier in the year, the Committee considered the significant progress which had been made by the Board Financial Crime Risk Committee in the area of financial crime risk since it was formed, and in line with the recommendations of the 2020 Board effectiveness review, recommended to the Board that its work was reallocated to a combination of the Board Risk Committee, Audit Committee and the Board, signalling a significant milestone in this area for the Group.

Detail of the Committee's annual review of the Board Diversity Policy and its assessment of progress against it can be found on pages 180 to 182. Following the significant realignment of the Policy a couple of years ago, only one material change was recommended in 2022, to increase the representation of women on the Board to at least 40 per cent, reflecting the Board's continued commitment to further balancing female representation on the Board and to align to the Financial Conduct Authority's (FCA) changes to the Listing Rules in this area.

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. This was further reinforced with the return of the Global Subsidiary Conference in Dubai in November, attended by members of the Board and Management Team and the Chairs and selected INEDs from across the Group's diverse footprint. This conference provided an important opportunity for creating and maintaining appropriate linkages with the Group's subsidiaries, as well as sharing best practice.

The Committee also paid significant attention to enhancing the effectiveness of the Board and its committees. An externally facilitated Board effectiveness review was commissioned in the autumn which concluded that the Board continues to operate effectively while also signalling several areas for improvement, details of which can be found on page 156.

Dr José Viñals

Chair of the Governance and Nomination Committee

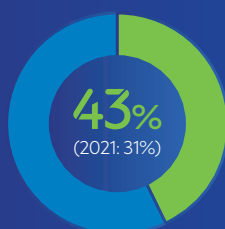


## Board composition as at 31 December 2022

### Gender diversity

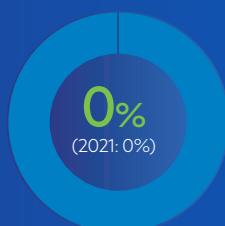
#### Board

Female  
**6**  
Male  
**8**



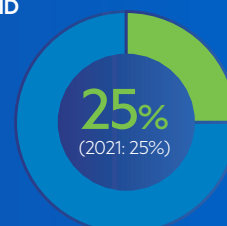
#### Executive

Female  
**0**  
Male  
**2**



#### Number of senior positions (CEO, CFO, SID and Chair)

Female  
**1**  
Male  
**3**

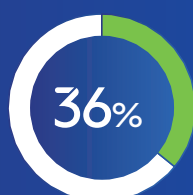


### Experience

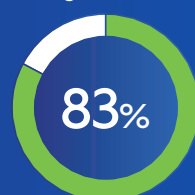
#### International experience



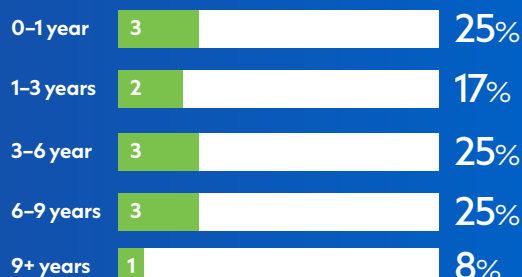
#### Representation from key markets



#### Banking, risk, finance and accounting experience among INEDs and Chair



#### INED tenure (including Chair)

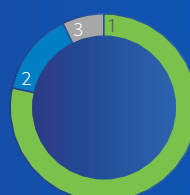


#### Nationality

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

#### Ethnicity

Our aspiration is for our Board to reflect the diversity of our footprint. Our global ethnicity categories represent the breadth of diversity across our markets. Twenty-one per cent of the Board were from an ethnic minority background as at the end of the year.



1. White  
11 directors
2. Chinese  
2 directors
3. South Asian  
1 director



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

## Activities during the year

### Board and senior talent succession planning

- Engaged Russell Reynolds, a signatory to the voluntary code of conduct for executive search firms who also supplies senior resourcing to the Group, 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. This process resulted in the Committee recommending to the Board the appointments of Shirish Apte, Robin Lawther, Jackie Hunt and Linda Yueh.
- Maintained oversight of the progress made by Shirish Apte, against his 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. Following this process, the Committee recommended to the Board the appointment of:
  - Maria Ramos as Senior Independent Director, Chair of the Board Risk Committee and a member of the Governance and Nomination Committee
  - Shirish Apte as a member and subsequently Chair of the Remuneration Committee and a member of the Governance and Nomination Committee
  - David Conner as a member of the Remuneration Committee
  - Robin Lawther as a member of the Remuneration Committee and Culture and Sustainability Committee
  - Jackie Hunt as a member of the Culture and Sustainability Committee and Audit Committee.

## Activities during the year continued

<b>Board and committees' effectiveness review</b>	<ul style="list-style-type: none"> <li>Considered and recommended the appointment of Ffion Hague of Independent Board Evaluation to conduct the 2022 external evaluation of the Board and its committees. Provided oversight of the Board and committees' evaluation, and monitored progress against the 2022 Action Plan, which addressed the key observations from the 2021 effectiveness review.</li> <li>Discussed the observations and recommendations which flowed from the 2022 externally facilitated Board and committees' review and discussed the shape of the Board's 2023 Action Plan.</li> </ul> <p>→ Details of this year's Board and committees' external evaluation, including the process which we followed, observations from the review and the resulting 2023 Action Plan can be found on <a href="#">page 156</a></p>
<b>Board Diversity Policy</b>	<ul style="list-style-type: none"> <li>Reviewed progress made in 2022 against the agreed commitments set out in the Board Diversity Policy.</li> <li>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.</li> <li>Discussed the Board's commitment to ensuring female representation on the Board and increased its target from a minimum of 33 per cent to at least 40 per cent female in order to align with the changes to the UK Listing Rules in this area.</li> <li>Reviewed the outcome of the FCA consultation on changes to the UK Listing Rules and Disclosure Guidance and Transparency Rules (DTRs) in relation to diversity and inclusion on company boards and considered the Company's current and projected compliance against the new targets.</li> </ul> <p>→ Further details of progress the Board has made against the key objectives set out in the <a href="#">Board Diversity Policy</a> are set out on <a href="#">page 182</a></p>
<b>Independent advisers</b>	<ul style="list-style-type: none"> <li>Recommended to the Board the extension, for a further 12 months, of Sir Iain Lobban's appointment as independent adviser to the Board and its committees on cyber security and cyber threats.</li> <li>Recommended to the Board the extension, for a further 12 months, of Paul Khoo's appointment as independent adviser to the Board and its Committees on Financial Crime.</li> </ul>
<b>Conflicts of interest</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Assessment of the non-executive directors' independence</b>	<ul style="list-style-type: none"> <li>Conducted a robust assessment of Christine Hodgson's independence ahead of taking the decision that she remain on the Board for a short period beyond her nine-year tenure, to enable her to lead the shareholder consultation required in the wake of a significant minority vote against the remuneration policy in 2022, and to facilitate an orderly transition to Shirish Apte as the incoming Remuneration Committee Chair.</li> <li>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.</li> </ul>
<b>Subsidiary governance</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Approved the appointments of a new Chair and an independent non-executive director of Standard Chartered (Hong Kong) Limited.</li> </ul>
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>Considered the progress made by the Board Financial Crime Risk Committee, discussed the proposed future oversight of Financial Crime and recommended that its remit was allocated into a combination of the Audit Committee, Board Risk Committee and the Board's Terms of Reference.</li> <li>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.</li> </ul>

### Implementation of the Board Diversity Policy

The Committee conducted its annual review of the Board Diversity Policy (the Policy) during 2022, to ensure that it continues to promote and drive diversity in its broadest sense, while continuing to take account of best practice initiatives. 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.

We made good progress in improving the balance of female directors on the Board this year, with female representation on the Board at 43 per cent, above the new target being incorporated into the UK Listing Rules in 2023, of 40 per cent. However, this will continue to move around in the short term as the composition of the Board continues to change.

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 diverse markets in which the Group operates.

Aligned to the Policy's broad ambition, this year we report on the progress made against the seven objectives, including the updated commitments on female representation made at the end of 2022, 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 40 per cent female representation
- adopting an ethnicity aspiration of a minimum of 30 per cent from an ethnic minority background
- ensuring that our Board diversity better reflects the diverse markets in which we operate
- ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds

- ensuring that we consider the Group's aspirations in relation to disability, sexual orientation, gender identity and gender expression
- only engaging search firms 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 138 to 142](#) of this report, and that of the Management Team can be found on [pages 143 to 145](#)

→ 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 60 to 63](#) of this report

+ A copy of the full Board Diversity Policy can be viewed at [sc.com/boarddiversitypolicy](https://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://sc.com/diversity-and-inclusion)

Progress made in 2022 against the key objectives set out in the Board Diversity Policy is set out below.

Board Diversity Policy objectives	Progress
<b>Increasing the representation of women on the Board with an aim to have a minimum of 33 per cent female representation</b>	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. A number of changes to the composition of the Board were announced during 2022: the appointment of Shirish Apte, Robin Lawther, Jackie Hunt and Linda Yueh as well as the retirement of Naguib Kheraj, Byron Grote, Jasmine Whitbread and Christine Hodgson. The Board continues to strive to ensure that female representation continues to increase and the Committee recommended raising the Board's target for women's representation to 40 per cent, in line with the forthcoming changes to the Listing Rules. Compliance against new targets under the Listing Rules can be seen on page 180.
<b>Adopting an ethnicity aspiration of a minimum of 30 per cent from an ethnic minority background</b>	Despite changes to the composition of the Board during the year, representation from ethnic minority background remained steady at 21 per cent. We remain committed to our ethnicity aspiration and to ensuring a broad representation. Compliance against new targets under the Listing Rules can be seen on page 180.
<b>Ensuring that our Board reflects the diverse markets in which we operate</b>	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, the EU, 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 2022, it has considered a significant number of potential future INED candidates who are representative of some of our key regions and markets.
<b>Ensuring that the Board is comprised of a good balance of skills, experience, knowledge, perspective and varied backgrounds</b>	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 long and short lists to identify potentially suitable INED candidates. Areas of particular focus in 2022 included: <ul style="list-style-type: none"> <li>• Corporate institutional and commercial banking</li> <li>• Technology risks</li> <li>• Remuneration</li> <li>• Previous CEO/CFO experience</li> <li>• ASEAN experience</li> <li>• Regulatory understanding.</li> </ul>
<b>Ensuring that we consider the Group's aspirations in relation to disability, sexual orientation, gender identity and gender expression</b>	We remain committed to all aspects of diversity as we undertake any Board succession process.
<b>Engaging only search firms that are signed up to the Voluntary Code of Conduct for executive search firms</b>	We continue to engage only search firms signed up to the Voluntary Code of Conduct. We worked with Russell Reynolds to assist us in identifying and building a pipeline of high-quality potential INED candidates for a number of assignments. Russell Reynolds is signed up to the Voluntary Code and is committed in supporting our ambitions to widen all aspects of diversity on the Board.
<b>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.</b>	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. Progress in enhancing diversity along with the Board's gender and ethnicity aspirations will continue to be developed in line with the forthcoming changes to diversity reporting in the UK Listing Rules.

## Committee effectiveness review

This year's Committee Effectiveness Review was conducted simultaneously with that of the Board and comprised an externally facilitated evaluation conducted by Ffion Hague of Independent Board Evaluation. Broadly, members and other contributors felt that the Committee is well chaired, methodical and diligent in its work. There has been significant focus on delivering more Board appointments during the year, although there was a sense that the process could be speeded up over the coming year as well as ensuring an orderly succession of key Board roles over the next few years. A summary of the key observations and the subsequent actions can be found below.

### Key observations from the 2022 external effectiveness review

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

- Members continued to feel that the Committee was well Chaired and the Board was kept well informed of its activities
- There was a sense from existing and new INEDs that the recruitment process could be streamlined and more pace and efficiency injected into the process
- Members supported greater flexibility in the tenure of INEDs on the Board, to create greater option in succession planning
- Confidence in the quality of the new joiners is high, but it is inevitable that some of the Board is in induction mode at present
- The succession plans for the years ahead should be discussed more widely.

## Progress against the 2022 Action Plan:

The 2022 Action Plan set out a number of actions from the internally facilitated Committee evaluation conducted in 2021. The 2022 Action Plan was reviewed during the year and good progress had been made against the actions.

### 2023 Action Plan

The 2023 Action Plan for the Committee reflects suggestions from the Board evaluation and continues to build on the solid progress made last year:

- Increase the pace of the INED appointment process
- Focus on increasing the level of technology experience on the Board
- Improve diversity by increasing representation from across our markets
- Continue to enhance the comprehensive induction programmes for new Board and Committee members, by including additional written information and scheduling a follow-up induction at the end of the first year
- Continue to oversee the development of the executive talent pipeline with a view to increasing the proportion on senior internal appointments.



# Directors' remuneration report

Proportionate remuneration outcomes in the context of strong Group performance



## Committee composition

Scheduled meetings

Shirish Apte <sup>1</sup> (Chair)	2/2
David Conner <sup>2</sup>	1/1
Byron Grote <sup>3</sup>	5/5
Christine Hodgson <sup>4</sup> , CBE	5/5
Robin Lawther, CBE <sup>5</sup>	1/1
Maria Ramos	5/5
Jasmine Whitbread	5/5

- 1 Shirish joined the Committee on 1 August 2022 and was appointed as Committee Chair on 1 January 2023.
- 2 David joined the Committee on 1 October 2022.
- 3 Byron stepped down from the Committee on 30 November 2022.
- 4 Christine stepped down as Committee Chair on 31 December 2022 and from the Committee on 31 January 2023.
- 5 Robin joined the Committee on 1 October 2022.

## Who else attended Committee meetings in 2022?

The 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.

→ Biographical details of the Committee members can be viewed on [pages 139 to 141](#)

## What are the 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 our Fair Pay Charter including the development and implementation of 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 remuneration, including adjustment for risk, control and conduct matters.
- 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 2022 remuneration decisions

- The current economic environment remains challenging, with rising inflation across large parts of our network. In order to support our staff, especially junior colleagues, we are implementing salary increases in April 2023, at a global average of 6.6 per cent.
- Salary increases for executive directors and senior management, at 3.4 per cent, are 50 per cent lower than the average increase for other UK employees.
- Group performance in 2022 was strong, across financial and non-financial metrics, as measured through the Group balanced scorecard. As such, the approved aggregate discretionary remuneration for the year is USD1,589 million, up 16 per cent on 2021.
- Annual incentive awards for executive directors, Bill Winters (CEO) and Andy Halford (CFO), were assessed at 70 per cent of the maximum for Bill and at 69 per cent of the maximum for Andy.
- Reward for all Group employees, including executive directors, continues to be aligned to the Group's strategic priorities, through the annual and long-term incentive scorecards.

I am pleased to present our directors' remuneration report for the year ended 31 December 2022. I joined the Committee on 1 August 2022 and assumed responsibility as Committee Chair on 1 January 2023, after receiving all necessary regulatory approvals. I have the honour of taking over as Chair of the Remuneration Committee from Christine Hodgson, who has been the Committee Chair from May 2015 until December 2022. I would like to thank Christine for the significant contribution she has made to the Committee as Chair and for working with me through a very comprehensive handover process.

The Group has performed well in 2022, despite continuing challenges in the external environment, such as the ongoing impact of the pandemic, the Russia-Ukraine conflict and rising inflation. This report provides an overview of the Committee's work during 2022 with respect to remuneration for executive directors and the wider workforce. The decisions we have taken were based upon careful consideration of a broad range of factors such as rising inflation in several of our markets, economic difficulties faced by our colleagues, and the need for appropriate and fair reward for our workforce. The directors' remuneration policy has been operated as intended, to incentivise performance linked to the Group's strategy and to be aligned with shareholder interests.

## Response to 2022 AGM remuneration votes

### 2022 directors' remuneration policy

The Committee engaged with shareholders during 2021 and early 2022 and feedback from this consultation was used as an input into the development of the 2022 directors' remuneration policy. At the AGM, the directors' remuneration policy received the support of 69 per cent of shareholders. In view of the number of opposing votes, the Committee continued to engage with shareholders to understand their concerns.

During this engagement, it was clear that the key issue impacting the vote outcome was the provision which provides the Committee the flexibility to disapply time proration on the vesting of long-term incentive plan (LTIP) awards for retiring executive directors. While we recognise that this provision is not standard practice in the UK, we have confirmed to shareholders that its application, if used, will not be automatic. Each case will be considered on its own merit by the Committee taking into account the Group's financial and non-financial performance and any other relevant circumstances. The directors' remuneration report at that time will contain full disclosure on the Committee's decision and rationale, and shareholders will then have the opportunity, through the AGM vote, to express their view on whether the specific disapplication was appropriately applied or not.

The shareholders we met with confirmed that they would consider the circumstances and explanation very carefully if the provision is ever used and vote accordingly.

### 2021 directors' remuneration report

The resolution to approve the directors' remuneration report for 2021 received the support of 73 per cent of shareholders. The main concern related to our response to the fine on the Group in December 2021 by the Prudential Regulation Authority (PRA) for liquidity reporting and governance failings.

A detailed review of the issues connected with the fine had been undertaken at the end of 2019, when the matter was first identified and a further review was carried out in 2021 when the fine was imposed. Remuneration actions were taken at a collective and individual level. We acknowledge that we should have provided more information on the significant steps taken by the Committee since 2019 to address this matter. We will take this feedback into account in our disclosures going forward.

Having reflected on the views expressed by shareholders during the engagement process, we remain satisfied that the remuneration adjustments made were appropriate. The Committee continues to be updated on risk matters at all its meetings.

### Our performance in 2022

The Group delivered a strong set of results for the year. Underlying profit before tax is up 15 per cent on 2021, reflecting our resilient and improving financial performance. Return on tangible equity (RoTE) is up 120 basis points to 8 per cent, and on track to meet our increased ambition of 11 per cent by 2024. The Group remains well capitalised with Common Equity Tier 1 (CET1) ratio at 14 per cent, the top of our stated range of 13-14 per cent.

The formulaic outcome for Group performance, based on the balanced scorecard, was 71 per cent. Of this, 39 per cent (out of a possible 50 per cent) related to financial performance, including strong underlying income growth, income from new business and the increase in RoTE. The remaining 32 per cent related to achieving non-financial goals, including significant improvement in client satisfaction, strong performance against our engagement, diversity and inclusion targets and progress on our Stands (more information on our Stands can be found on page 24).

## Group-wide remuneration

### 2022 discretionary annual incentives

Our strong performance in 2022, in the face of ongoing external challenges, is reflected in increased remuneration outcomes for the year.

The Group scorecard assessment of 71 per cent is a starting point for determining discretionary remuneration. In arriving at a distributable pool, the Committee considers additional factors such as share price performance, the impact of rising interest rates and overall affordability. The Committee also considers carefully all risk, control and conduct matters, including ongoing investigations and any matters raised by regulators. As ever, the Committee's assessment also takes into account our Fair Pay principles.

Following its review of these factors, the Committee determined that a reduction of 4 percentage points from the initial scorecard outcome was appropriate. This resulted in a final Group scorecard outcome of 67 per cent for the purposes of discretionary remuneration and an aggregate incentive pool of USD1,589 million, 16 per cent higher than 2021 on a reported basis and 28 per cent higher on a same store basis. Further details can be found on page 187.

### 2023 salaries

During 2022, we have seen high inflation in many of our markets due to global economic challenges. In response to this, we made targeted changes to salaries in 2022 to support colleagues in markets faced with the most extreme economic conditions.

As a result of ongoing cost of living pressures in many of our markets, average global salary increases of 6.6 per cent are being awarded in 2023. Increases have been weighted towards our junior colleagues and colleagues in countries where cost of living pressures are most significant. Executive director and senior management salary increases will be discounted by 50 per cent from the rate applicable in their respective market.

## Executive director remuneration in 2022

### Annual incentives for executive directors

In 2021, the Committee approved a change to the executive directors' scorecard by including an individual performance assessment measure of 10 per cent. Financial measures continue to make up 50 per cent of the total scorecard, while strategic and non-financial measures make up the balance of 40 per cent. These changes were covered in the 2021 report.

For the year 2022, the Committee approved scorecard outcomes, including individual performance assessments, of 70 per cent of the maximum for Bill, and 69 per cent of the maximum for Andy. Applying these scores to the annual incentive maximum, the Committee approved annual incentives of GBP1,499,344 for Bill, a 26 per cent increase over 2021, and GBP944,803 for Andy, a 24 per cent increase over 2021. The Committee is satisfied that these are appropriate given the strong performance of the Group in 2022 and the significant personal contributions from Bill and Andy. Further detail can be found on pages 194 to 196.

## 2020-22 LTIP awards vesting in March 2023

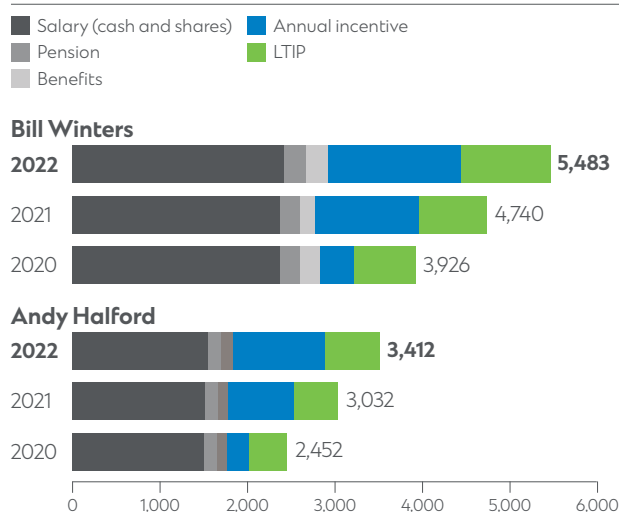
The 2020-22 LTIP awards are due to vest in March 2023 with the expected vesting currently at 22 per cent, based on performance against strategic measures. The final total shareholder return (TSR) performance will be assessed in March 2023. The projected values delivered by the 22 per cent outcome and included in the single total figures of remuneration for Bill and Andy are GBP1,024,408 and GBP634,488 respectively and are based on a share price of GBP5.78 (three-month average to 31 December 2022) compared with the share price on award of GBP5.20, an increase of 11 per cent.

The Committee considered the question of windfall gains from awards granted in 2020. The share price when the awards were granted was 15 per cent lower than the grant price in the prior year. The Committee decided not to make any adjustment at grant for the lower share price at the start of the pandemic. Instead the Committee opted to review any potential windfall gains at the end of the performance period. Having considered the position now, the Committee is comfortable that the share price increase over the performance period has been broadly consistent with improvement in underlying financial performance.

## Single total figure of remuneration for 2022

The 2022 annual incentive and expected 2020-22 LTIP vesting results in a 2022 single figure for Bill of GBP5,483,442 and for Andy of GBP3,412,390. This represents a year-on-year increase of 16 and 13 per cent, respectively, reflecting the strong Group performance in 2022.

### 2022 single total figure of remuneration (£000)



A significant portion of both 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 continue to reinforce alignment of their incentives with shareholder interests and the Group's long-term performance. Both Bill and Andy continue to exceed their shareholding requirements (see page 199 for further details).

## Executive directors' remuneration in 2023

In accordance with the approved remuneration policy, the Committee considers annual salary increases for executive directors taking account of any increase in scope or responsibility, market competitiveness, and salary increases across the Group.

In line with our approach for all senior management, the Committee has awarded salary increases of 3.4 per cent to Bill and Andy, 50 per cent lower than the average increase awarded to the other UK employees. This increases their salaries in 2023 from GBP2,434,000 to GBP2,517,000 and from GBP1,556,000 to GBP1,609,000 respectively, effective from 1 April.

In September 2022, the UK Government announced measures to remove the cap on banker incentives imposed in 2014. On 19 December 2022, the PRA issued a consultative paper on this subject. Should the cap be removed as is expected we will consult extensively with shareholders before making changes to our remuneration policy.

## 2023-25 LTIP awards to be granted in March 2023

Having considered 2022 performance, the Committee has approved LTIP awards for the period 2023-25 of GBP3,212,880 and GBP2,053,920 to Bill and Andy respectively, representing 132 per cent of their salary. As in the past, these are performance linked awards, and vesting will depend upon achieving specified performance targets by the end of the three year review period (2025). Following the review period, the shares will vest pro-rata from years three to seven. There is an additional retention period of 12 months after vesting. Performance will be assessed based on RoTE with a CET1 underpin, TSR relative to a defined peer group, and the achievement of sustainability and other measures, including our Stands, that are aligned with the Group's strategic priorities.

Discussions with shareholders were held in January 2023 on the development of these performance measures and targets and the input received was incorporated into the final decisions by the Committee. Further details on the 2023-25 LTIP awards and the performance measures and targets can be found on pages 199 and 200.

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. In making remuneration decisions for 2022 and beyond, we have also been mindful of the experience of our wider stakeholder group.

I would like to thank Christine for her very significant contributions as Chair of the Committee. I would also like to thank my fellow Committee members for the work they have put into the Committee, and our shareholders for their ongoing support and engagement.

**Shirish Apte**

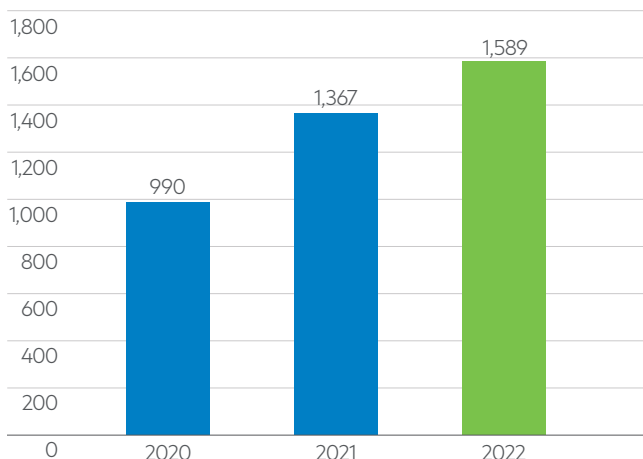
Chair of the Remuneration Committee

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

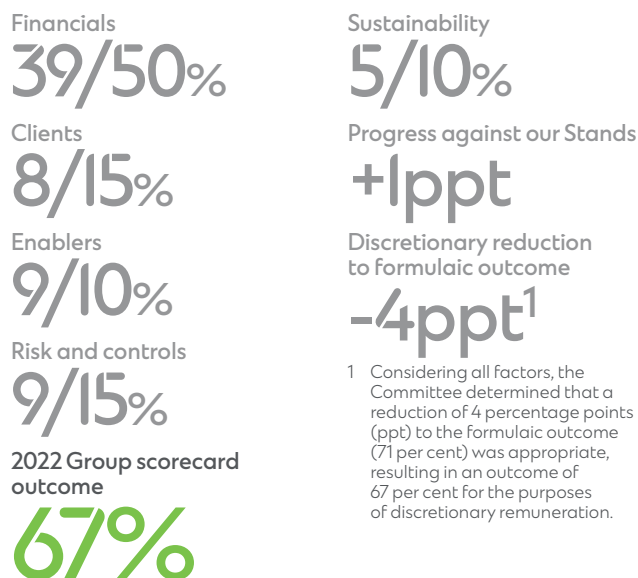
# Remuneration at a glance

## Group-wide remuneration

### Total discretionary remuneration, 2020–2022 (\$m)

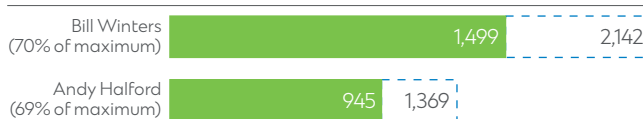


### 2022 Group scorecard outcome

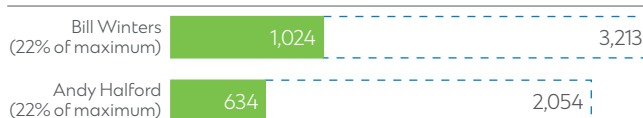


## Executive directors' remuneration

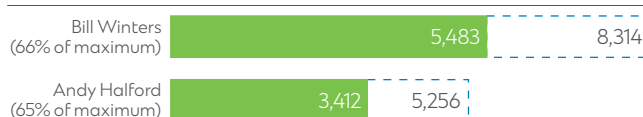
### 2022 annual incentive (£000)



### 2020–22 LTIP outcome (£000)

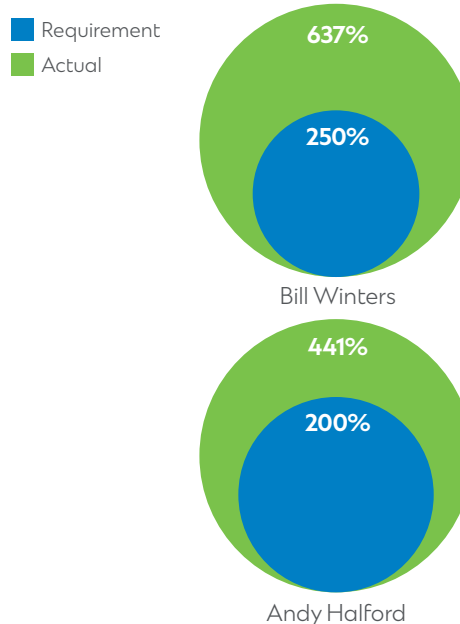


### 2022 single figure (£000)



■ 2022 outcome □ Maximum opportunity

### Share ownership as % of salary (at 31 December 2022)



## Financial KPIs

### Profit before tax

**\$4,762m**  
↑15%

### Common Equity Tier 1 ratio

**14.0%**  
↓19bps  
The top of our target range of 13–14%

### Return on tangible equity

**8.0%**  
↑120bps  
Underlying basis

### Total shareholder return

**41.4%**  
↑43.4ppt

## Non-financial KPIs

### Diversity and inclusion: women in senior roles

**32.1%**  
↑1.4ppt

### Sustainability Aspirations met or on track

**85.7%**  
↑2.8ppt



# Summary of the directors' remuneration policy

The forward-looking remuneration policy for executive directors and independent non-executive directors (INEDs) was approved at the AGM held on 4 May 2022 and applies for three years from that date. A summary of the executive director policy, including the key remuneration elements, is set out below and is provided for information only. The full policy, including recruitment and leaver provisions, can be found on pages 161 to 166 of the 2021 Annual Report and on our website.

Our approach to remuneration is consistent for all employees and is designed to create alignment with our Fair Pay Charter principles, which apply globally. However, our pay structures may vary according to location (to comply with local requirements) and, therefore, the table below explains the alignment between the executive directors and our UK workforce, being the most relevant market.

 The full policy is available on our website at [sc.com](https://www.sc.com)

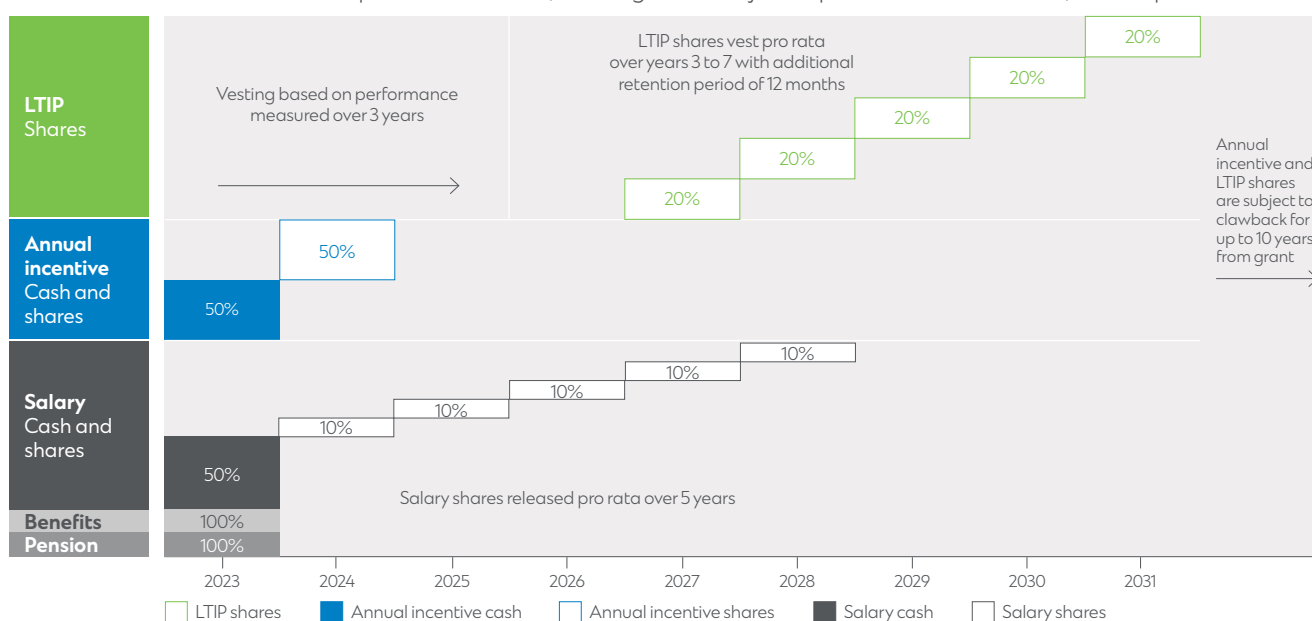
Fixed remuneration	Policy	Alignment with UK employees
<b>Salary</b> Set to reflect the role, and the skills and experience of the individual.	<ul style="list-style-type: none"> <li>Delivered part in cash and part in shares.</li> <li>To maintain alignment with shareholders, the share element is subject to a holding period of five years, with 20 per cent being released annually.</li> </ul>	<ul style="list-style-type: none"> <li>The process of setting and annually reviewing salaries against market information is the same for all employees.</li> <li>For all other UK employees, salary is paid 100 per cent in cash in line with market practice.</li> </ul>
<b>Pension</b> To facilitate long-term retirement savings.	<ul style="list-style-type: none"> <li>For current directors, an annual pension allowance or contribution of 10 per cent of salary is payable.</li> <li>For new executive directors, 10 per cent of the cash element of salary only will be payable.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Benefits</b> A competitive benefits package to support executives to carry out their duties effectively.	<ul style="list-style-type: none"> <li>A range of benefits is provided including holiday and sick pay, a benefits cash allowance, private medical insurance, life insurance, financial advice and tax return preparation. A car and driver or other car-related service is available to executive directors, which is a role-based provision due to security requirements.</li> <li>Executive directors receive a lower cash benefits allowance than other UK employees as a percentage of their salary.</li> </ul>	<ul style="list-style-type: none"> <li>Core benefits are aligned with all employees. Some additional, role-specific benefits are received by the current executive directors.</li> <li>Employees are eligible for tax return preparation in the year of an international relocation.</li> </ul>

Variable remuneration	Policy	Alignment with UK employees
<b>Annual incentive</b> Remuneration based on measurable performance criteria linked to the Group's strategy and assessed over a period of one year.	<ul style="list-style-type: none"> <li>Annual incentive awards are delivered as a combination of cash and shares subject to holding requirements, and deferred shares.</li> <li>The maximum value of an annual incentive award cannot exceed 88 per cent of salary and can be any amount from zero to the maximum.</li> <li>Awards are determined by the Committee, based on the assessment of the Group scorecard which contains financial (at least 50 per cent of the scorecard) and strategic measures, as well as the personal performance of the individual.</li> </ul>	<ul style="list-style-type: none"> <li>The annual incentive plan is operated for all employees, paid in cash to certain limits with the balance deferred over at least three years in shares and/or cash.</li> <li>The same Group scorecard is used in assessing incentives for executive directors and other UK employees.</li> </ul>
<b>LTIP</b> LTIP awards are granted to senior executives who have the ability to influence the long-term performance of the Group. Awards are performance dependent based on measurable, long-term criteria.	<ul style="list-style-type: none"> <li>LTIP awards are granted annually, based on performance in the relevant year.</li> <li>The maximum value of an LTIP award cannot exceed 132 per cent of salary and can be any amount from zero to the maximum.</li> <li>Following the grant of awards, performance is measured over three years with no award vesting before the third anniversary of the grant.</li> <li>LTIP awards are delivered in shares and subject to holding requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Members of the Management Team are also eligible for LTIP awards, granted annually and assessed on the same performance measures and targets, with awards typically at a lower level.</li> <li>LTIP awards may also be granted to other employees in the Group which may be subject to the same or different performance conditions.</li> </ul>

Other remuneration	Policy	Alignment with UK employees
<b>Sharesave</b> Provides an opportunity for all employees to invest voluntarily in the Group.	<ul style="list-style-type: none"> <li>Participants are able to open a savings contract to fund the exercise of an option over shares.</li> <li>The option price is set at a discount of up to 20 per cent of the share price at the date of the invitation to participate.</li> <li>Savings per month of between £5 and the maximum set by the Group, which is currently £250.</li> </ul>	<ul style="list-style-type: none"> <li>All 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.</li> </ul>
<b>Shareholding requirements</b> Provides alignment with the interests of shareholders during employment.	<ul style="list-style-type: none"> <li>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.</li> <li>Under the policy, in 2022, the CEO and the CFO are required to hold 250 per cent and 200 per cent of salary in shares, respectively.</li> <li>Post-employment shareholding requirement in place for two years following cessation of employment. The amount to be held is as described above or, if lower, the actual shareholding on departure.</li> </ul>	<ul style="list-style-type: none"> <li>Formal shareholding and post-employment shareholding requirements are operated for the executive directors only.</li> <li>However, other employees hold shares as part of the deferral and retention requirements.</li> </ul>

## Delivery of executive remuneration over time

The diagram 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, with the final component of pay granted in 2023 being released in 2031. This creates strong alignment of interests between 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.



# Remuneration alignment

## Alignment with our culture

Our performance and reward framework supports us in embedding a high-performance culture and aligns with our principle that colleagues should share in the success of the Group. For example:

- All remuneration decisions are grounded in our Fair Pay Charter, with one consistent set of principles for the wider workforce and executive directors (further details on our Fair Charter are on page 193).
- Employee performance is assessed based on what is achieved and how it is achieved in line with our valued behaviours. Our remuneration structure and policies ensure that behaviours consistent with these values are appropriately recognised and rewarded.
- To support this approach, the wider workforce and our executive directors participate in continuous performance management and feedback.
- Our LTIP assessment measures include a conduct gateway to further support this.

## Alignment with our strategy

Remuneration decisions made across the Group, including for our executive directors, align with our strategic priorities and our Stands, including our commitment to sustainable social and economic development through:

- Performance measures in our Group and LTIP scorecards are designed to drive achievement of the financial and strategic goals that will deliver long-term sustainable value for our stakeholders.
- Sustainability and our Stands are key considerations for setting and measuring financial and strategic targets.

## Alignment with our approach to risk and control

The determination of remuneration policy and outcomes align with the Group's risk and control framework (see page 211 for further details). In particular:

- The Group and LTIP scorecards include risk and control measures.
- In addition, the Committee considers further discretionary risk adjustment in respect of the Group scorecard outcome and has a track record of applying discretion appropriately.
- The rules of the LTIP also give the Committee necessary discretion to further adjust vesting outcomes if the Committee considers that the outcome is inconsistent with underlying business performance.
- Long-term sustainable performance is supported through the ability to make adjustments to variable remuneration for risk, control and conduct behaviours, the deferral of variable remuneration, and the ability to apply malus and clawback where appropriate.
- The incentives for employees engaged in Audit, Risk and Compliance functions are set independent of the businesses they oversee.

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

### 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' interests are further aligned with long-term shareholder interests through the deferred release of salary, annual incentive and LTIP awards over a period ranging from one to eight years. Incentive awards are also subject to clawback provisions for up to 10 years from grant.
- Additional shareholding requirements are in place for executive directors requiring them to build and maintain a significant shareholding in Company shares while in employment and, for a period of two years post-employment. Both executive directors currently exceed their respective shareholding requirements.

### Predictability

- The range of possible rewards to individual executive directors is set out in the scenario charts on page 203 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 for all incentives are capped at 220 per cent of salary and cannot exceed regulatory limits. Other than vesting levels which are driven by performance outcomes, the only source of variation in final payouts is that a significant part of incentive awards is delivered in shares and is linked to the share price.

### Simplicity and clarity

- Simplicity is a key driver for the structure of our executive pay, subject to regulatory requirements arising from operating as a UK regulated bank.
- Additional information is included on the alignment of executive and wider workforce pay on pages 188 and 189 in the summary of the directors' remuneration policy in support of our commitment to clarity.

# The Remuneration Committee

The Committee is responsible for setting the principles, parameters and governance framework for the Group's remuneration policy and overseeing its implementation. This includes determining the framework and policies for the remuneration of the Group Chairman, the executive directors and other senior management. The Committee also oversees the alignment of reward, culture, the strategic priorities and our Stands.



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

## Shareholder voting

The table below shows the votes cast<sup>1</sup> at the AGM in May 2022 on remuneration related matters.

	For	Against	Withheld
Advisory vote on the 2021 remuneration report	<b>408,108,378</b> 73.24%	<b>149,094,072</b> 26.76%	55,027,858
Binding vote to approve the 2022 directors' remuneration policy	<b>404,531,068</b> 68.81%	<b>183,344,607</b> 31.19%	24,340,637

<sup>1</sup> Number of votes is equal to number of shares held

The Remuneration Committee engaged extensively with shareholders on the development of the directors' remuneration policy in 2021 and early 2022. Subsequently, following the voting outcome at the AGM, the Committee re-engaged with shareholders as explained on pages 184 and 185 and in our update statement in September 2022.

## Advice to the Committee

The Committee was assisted in its considerations by PwC, who were formally re-appointed as the Committee's remuneration adviser in 2021. It is the Committee's practice to undertake a detailed review of potential advisers every three or 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 it receives is objective and independent. The total fee paid to PwC (on an agreed fee basis) was £104,208, 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. The Committee recognises and manages any conflicts of interest when receiving views from executive directors or senior management on remuneration proposals and no individual is involved in deciding their own remuneration.

## Committee effectiveness review

The feedback from the externally conducted 2022 Committee effectiveness review was positive. The key points raised and the action plan for 2023 are summarised below.

### Key observations from the 2022 external effectiveness review

The key points highlighted by the review include:

- The Committee is recognised for dealing with difficult and sensitive issues, and the work the Committee Chair does in consulting with investors and attending subsidiary RemCo meetings is appreciated.
- The close coordination of remuneration and sustainability issues, strengthened by cross-membership of the Remuneration Committee and Culture and Sustainability Committee provides helpful alignment.
- Positive commentary was given on the support received from internal specialists (e.g. human resources, finance, risk) and PwC (the external advisers).
- Non-Committee members feel well informed of the key issues and areas of discussion.

### 2023 Action Plan

The 2023 Action Plan for the Committee reflects the recommendations from the effectiveness review and continues to build on the progress made last year:

- Consider how PwC can best provide further insight on how the Group's more sensitive remuneration proposals will be received by investors.
- Consider how non-Committee members can become more informed on the Committee's debate, while protecting confidentiality.



Committee activities in the year	19 Jan	31 Jan	27 Jul	29 Sep	24 Nov
<b>Executive directors' remuneration</b>					
Review of the directors' remuneration policy and implementation	✓	✓		✓	✓
Fixed and variable remuneration	✓	✓			✓
<b>Senior management remuneration</b>					
Joiners and leavers	✓			✓	✓
Fixed and variable remuneration	✓				✓
<b>All employee remuneration</b>					
Group-wide discretionary remuneration	✓			✓	✓
Outcomes from the annual performance and reward review	✓	✓			
Incentive performance measures, targets and outcomes	✓	✓		✓	✓
Group-wide reward, and the Fair Pay Charter	✓		✓	✓	✓
<b>Reward governance</b>					
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 progress of the Group's Future of Work initiative, its Employee Value Proposition and to identify ongoing areas of focus and further development. The Committee considered the changes to traditional ways of working and discussed approaches to attracting and retaining future talent to drive a high-performance culture.

### Understanding the views of our workforce

The Committee recognises the importance of seeking feedback from colleagues on remuneration to inform decision-making. This year, 87 per cent of colleagues responded to the Group's engagement survey, which sought to understand colleague sentiment in respect of performance management, the process of giving and receiving feedback and reward. 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 2022, the Board hosted informal events with employees which provided an opportunity for the Board to understand how the Bank's strategy and culture are being lived and embedded across the Group.

Further information on our workforce engagement framework is included in our Culture and Sustainability Committee report on pages 176 to 178.

# Group-wide remuneration

## Our Fair Pay Charter

The Fair Pay Charter is the compass for our performance and reward strategy and outlines how we aim to ensure fairness in our approach to reward. It sets out the principles that underpin our performance and reward strategy and associated decisions – including providing a sufficient level of financial security, being competitive against the market, paying for performance, ensuring consistency and transparency in outcomes, supporting flexibility and wellbeing of colleagues, and rewarding colleagues in a way that is free from unjust bias.

Together with broader human resources initiatives supporting diversity and inclusion, organisational and individual development and the recognition of high performance, we are building a culture of excellence where, through innovation and continuous improvement, each and every one of our colleagues can fulfil their potential.

Full details of the Charter can be found in our Fair Pay Report here: [sc.com/fairpayreport](https://sc.com/fairpayreport)

Key highlights include:

### Financial security during the cost of living crisis

During 2022, supporting colleagues' financial security in the face of widespread cost of living challenges has been a priority. We have taken a number of actions to support this, including intervening in markets faced by the most extreme economic circumstances, such as Sri Lanka, Pakistan and Zimbabwe, to address the challenges facing our more junior employees in particular. We have also set aside additional funding for 2023 salary increases, again prioritising junior colleagues.

### Redefining our approach to manage and reward performance

In 2022, we launched a new approach to motivate outperformance and deliver a culture of excellence by redefining how we manage, recognise and reward performance across the Group. With this approach we are creating a more transparent, real-time feedback culture underpinned by continuous feedback, coaching, and open two-way performance and development conversations with people leaders.

We also introduced our Leadership Agreement, designed to set clear expectations of the leadership standards needed to drive and accelerate our performance, focused around behaviours that aspire, inspire and drive execution.

### Diversity and pay

Since 2017, we have published gender pay gap analysis for the UK, Hong Kong, Singapore, UAE and the US. In 2022, for the first time, we have extended our diversity pay analysis to include ethnicity pay gap reporting in the UK and US. These analytics, which are included in our Fair Pay Report, combined with local insights on the unique dynamics and talent context of each market, enable us to better understand the strengths and gaps in the organisation, and to develop action plans to tap into the potential of a truly diverse and inclusive workforce.

### 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.

# Directors' remuneration in 2022

This section, which is subject to an advisory vote at the 2023 AGM, sets out how remuneration was delivered to the executive directors in 2022 under the remuneration policy approved by shareholders in 2022. It also sets out the 2022 fees paid to the Group Chairman and the 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 personal performance, embedded into the scorecard assessment for the executive directors in 2022, in line with the remuneration policy.

The personal element accounts for a maximum weighting of 10 per cent, with financial measures continuing to make up to 50 per cent and the strategic measures accounting for up to 40 per cent. The Committee has also considered progress demonstrated against our Stands in the determination of the overall scorecard outcome. 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 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.

The annual incentive scorecard outcome for Bill and Andy is summarised below:

### Executive director scorecard outcomes

	Weighting	Bill Winters outcome	Andy Halford outcome
Financial	50%	39%	39%
Strategic	40%	25%	25%
Personal performance	10%	9%	8%
Our Stands		1%	1%
<b>Total</b>		<b>74%</b>	<b>73%</b>
Committee adjustment (see page 185 for further details)		(4%)	(4%)
<b>Final scorecard for determining annual incentives</b>		<b>70%</b>	<b>69%</b>
Maximum annual incentive opportunity (£000)		2,142	1,369
<b>Annual incentive outcome (£000)</b>		<b>1,499</b>	<b>945</b>

Set out below are the assessments of performance in 2022 for the Group (financial, strategic and our Stands) and for Bill and Andy.

### Assessment of the 2022 scorecard – financial measures<sup>1</sup>

	Weighting	Threshold (0%)	Target	Maximum (100%)	Achievement	Outcome
<b>Income</b>	10%	\$14.4bn	\$15.0bn	\$15.6bn	\$16.3bn	<b>10%</b>
<b>Costs<sup>2</sup></b>	10%	\$10.7bn	\$10.2bn	\$9.9bn	\$10.4bn	<b>4%</b>
<b>Operating profit</b>	5%	\$3.6bn	\$4.0bn	\$4.4bn	\$4.8bn	<b>5%</b>
<b>RoTE<sup>3</sup> with a CET1<sup>4</sup> underpin of the higher of 13% or the minimum regulatory requirement</b>	20%	5.8%	6.4%	7.0%	8%	<b>20%</b>
<b>Growth of high-quality liabilities mix<sup>5</sup></b>	5%	\$3.8bn	\$7.7bn	\$11.5bn	\$(17.8)bn	<b>0%</b>

<sup>1</sup> 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 on page 350.

<sup>2</sup> Cost achievement has been adjusted by USD0.2 billion, to exclude additional performance related pay in relation specifically to overachievement of profit target, which was highlighted in our Q1 earnings release.

<sup>3</sup> 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.

<sup>4</sup> The CET1 underpin was set at the higher of 13 per cent or the minimum regulatory level 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.

<sup>5</sup> 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. The definition of high quality liabilities within the 2022 scorecard excludes term deposits, therefore the achievement of USD(17.8) billion excludes the migration to Term Deposits from CASA balances driven by the high interest rate environment.

## Assessment of the 2022 scorecard – strategic measures<sup>1,2</sup>

Clients (network, affluent, mass)			
Target	Assessment		
<ul style="list-style-type: none"> <li>Improve client satisfaction rating.</li> <li>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.</li> <li>Deliver network income growth in Corporate, Commercial &amp; Institutional Banking.</li> <li>Grow value of Digital Ventures.</li> </ul>	<ul style="list-style-type: none"> <li>Client satisfaction outperformed across all businesses.</li> <li>Affluent and Wealth Management adversely impacted by the pandemic restrictions, the onset of the Russia-Ukraine conflict and increases in interest rates to tackle inflation.</li> <li>Network income growth exceeded targets.</li> <li>Digital Ventures impacted by market volatility and delays in external approvals.</li> </ul>		
Weighting	12%	Outcome	7%
Sustainability			
Target	Assessment		
<ul style="list-style-type: none"> <li>Progress against the Group's aim to achieve net zero by 2050.</li> <li>Improve community engagement through employee volunteering participation.</li> </ul>	<ul style="list-style-type: none"> <li>Net zero targets progressing well with delivery of green and transition finance on track.</li> <li>Outperformance of community engagement from all markets including regional campaigns.</li> </ul>		
Weighting	8%	Outcome	4%
Enablers (innovation, new ways of working and people)			
Target	Assessment		
<ul style="list-style-type: none"> <li>Grow proportion of digitally initiated transactions and digital sales adoption.</li> <li>Improve end-to-end speed to deliver change (from idea formation to commercialisation).</li> <li>Develop human capital by improving employee engagement, diversity and inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Digital adoption below target impacted by external approvals and go live delays.</li> <li>Speed to deliver targets achieved.</li> <li>Improved employee inclusion and engagement outcomes and an increase in number of females in senior roles by 1.4ppt.</li> </ul>		
Weighting	8%	Outcome	7%
Risk and controls			
Target	Assessment		
<ul style="list-style-type: none"> <li>Improve risk and control governance effectiveness.</li> <li>Successfully deliver milestones within the cyber risk management plan.</li> </ul>	<ul style="list-style-type: none"> <li>Non-financial risk index improved in 2022, reflecting a reduction in non-financial risk existing in the Bank.</li> <li>Progress made in reducing risk across key information and cyber security domains.</li> </ul>		
Weighting	12%	Outcome	7%

1 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).

2 The Committee considered the performance against the ESG metrics within the people and purpose element of the annual incentive scorecard and 2020–22 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.

## Assessment of the 2022 scorecard – our Stands

### Our Stands: Accelerating Zero; Lifting Participation; Resetting Globalisation

A holistic assessment of the embedding of our Stands showed good progress has been made across the Group. See page 24 for further details and examples of the initiatives and programmes that have been implemented.

1%

## Assessment of the 2022 scorecard – personal performance

The Committee considers areas of responsibility together with progress against key objectives for the year and personal contribution to the Group scorecard outcome. This element focuses on measures that reflect real personal impact, such as transformation of processes and improving the culture within the Bank. Key achievements against Bill's and Andy's personal objectives are summarised in the table below.

### Bill Winters

Bill has continued to deliver as an authentic and trusted leader. The strong financial and strategic performance delivered by the Bank in 2022, our best performance over the past five years despite challenging circumstances, has been significantly influenced by Bill's personal drive and contribution throughout the year.

Goal	Assessment
<b>Execution and prioritisation</b> <ul style="list-style-type: none"> <li>Champion new ways of working across the Group to maximise productivity gains</li> </ul>	<ul style="list-style-type: none"> <li>Bill has taken action throughout the year to simplify and champion new, collaborative ways of working and to drive ambition and execution.</li> <li>His personal focus results in success for the Group with proven examples including performance in China, UAE, India and Korea.</li> <li>He also led the strategic effort to realign the bank's Africa and Middle East footprint by exiting some markets and entering or increasing our presence in high potential markets, such as Saudi Arabia and Egypt.</li> <li>He has overseen and influenced many enhancements in our internal capabilities which are contributing to improved performance.</li> <li>For example, Bill set up a Global Strategy Delivery Squad, comprised of senior and experienced leaders from across the organisation, to accelerate progress against our strategic objectives and find solutions to embed other enterprise-wide strategic enablers.</li> </ul>



<b>Culture and transformation</b> <ul style="list-style-type: none"><li>• Simplify processes and instil a high-performance culture.</li><li>• Increase diversity and inclusion profile and promote action, both internally and externally.</li></ul>	<ul style="list-style-type: none"><li>• Bill drives our culture, promoting the core values of the bank, including diversity and inclusion, sustainability and our Stands.</li><li>• He was instrumental in the development of our new performance management process, driving our ambition for a truly high-performance environment.</li><li>• Bill has been a key advocate of our drive towards a culture of excellence, leading by example and maintaining a focus on risk and control issues, ensuring risk ownership across the business.</li><li>• Our Group Management Team is more than 50% female with Mary Huen joining in 2022 and Sadia Ricke joining as Chief Risk Officer in 2023.</li><li>• Through our employee survey, we have seen our Manager Net Promotor Score (mNPS) at its highest ever; there has also been an increase in the employee Net Promoter Score (eNPS) and scores related to the Bank exceeding employees' expectations.</li></ul>	
<b>Innovation</b> <ul style="list-style-type: none"><li>• Drive innovation in new and core businesses.</li></ul>	<ul style="list-style-type: none"><li>• Bill has driven innovation in new and core businesses, both in our new ventures and in the success of our digital assets.</li><li>• 30+ ventures in the portfolio across 10+ markets, 7 of which were commercialised in 2022. Examples include the successful launch of Nexus (Indonesia), Solv (Kenya) and Trust Bank (Singapore).</li><li>• Digital capabilities have been launched in CPBB to support wealth education.</li><li>• During 2022, both Zodia Custody and Zodia Markets commenced business as a key step in providing institutional client support for digital assets.</li></ul>	
<b>Key stakeholder interaction</b> <ul style="list-style-type: none"><li>• Spend more time with clients and investors to increase impact</li><li>• Fulfil external roles to improve credentials on global issues.</li></ul>	<ul style="list-style-type: none"><li>• Bill has successfully increased his level of engagement with key clients, investors and other stakeholders throughout the year. Investors are very supportive of him as evidenced by a recent investor perception survey.</li><li>• Bill holds roles in various important external fora which enhances the Bank's international image and reputation, positioning us as a thought leader and relevant actor in sustainable finance, innovation and digital assets, in particular.</li><li>• He currently co-chairs the B20 India Taskforce on Financing for Global Economic Recovery and is UK Chair of the India-UK Financial Partnership.</li></ul>	
<b>Sustainability</b> <ul style="list-style-type: none"><li>• Promote our sustainability credentials.</li></ul>	<ul style="list-style-type: none"><li>• Bill takes a leadership position in various banking and markets efforts to address the climate challenge.</li><li>• He has maintained a high-profile focus on sustainability generally and on carbon markets in particular. Partnerships include Advanced Market Commitment for the African Carbon Markets Initiative (ACMI), acting as a principal in the Glasgow Financial Alliance for Net Zero (GFANZ) and involvement in the Indonesian and Vietnamese Just Energy Transition Partnerships (JETPs).</li><li>• Bill created the Group's Chief Sustainability Officer role and played a key role in hiring Marisa Drew for the position, and in refreshing our sustainability strategy.</li></ul>	
Weighting	10%	Outcome <b>9%</b>

## Andy Halford

During 2022, Andy has continued to be a strong partner to Bill, the Management Team and the Board. The strong financial results delivered by the Bank in 2022, despite challenging conditions, have been significantly influenced by Andy's focus and commitment to improve the bank.

Goal	Assessment
<b>Transformation and execution</b> <ul style="list-style-type: none"><li>Deliver major programmes.</li></ul>	<ul style="list-style-type: none"><li>Andy led on the implementation of the strategic actions we set out publicly in February 2022.</li><li>Significant progress made within our strategy function resulting in an enhanced focus on strategy across the Group.</li><li>He was instrumental in the assessment that resulted in the decision to streamline the bank's African presence.</li><li>Andy has personally driven the implementation of a multi-year programme to fundamentally upgrade the quality of the financial systems being used across the Group.</li></ul>
<b>Stakeholder management</b> <ul style="list-style-type: none"><li>Increase investor confidence in the Group's refreshed strategy.</li></ul>	<ul style="list-style-type: none"><li>Andy played a key role in sharpening the externally communicated goals and the progress of the Bank both with the investor community and the external media, building trust and confidence externally.</li><li>He has been an active board member contributing on multiple fronts both within and outside his core areas of finance expertise, including process improvements and efficiencies and governance and financial control improvements for new businesses in and around SC Ventures.</li></ul>
<b>Risk and controls</b> <ul style="list-style-type: none"><li>Delivery of regulatory reporting remediation programme.</li><li>Deliver the Resolvability Assessment Framework.</li></ul>	<ul style="list-style-type: none"><li>Andy has given considerable attention to upgrading the quality of the Group's regulatory reporting, with notable improvements in the overall financial control environment.</li><li>He has coordinated a significant multidisciplinary team to ensure that the Group is compliant with its Resolution responsibilities.</li><li>Andy created a new team to manage the verification and reporting of many of the new ESG metrics.</li></ul>
<b>Financial performance</b> <ul style="list-style-type: none"><li>Contribute to delivery of Group financial performance, including through management of cost base.</li></ul>	<ul style="list-style-type: none"><li>Andy actively managed the Group's cost base throughout the year, which enabled the rate of income growth to exceed the rate of cost growth by the largest margin in recent years.</li><li>Through his chairing of the Group Asset and Liability Committee during an unparalleled period of economic volatility, Andy ensured that the bank appropriately managed the resultant risks and realised many of the opportunities.</li></ul>
Weighting	10%
Outcome <b>8%</b>	

## Performance outcome for 2020–22 LTIP awards (audited)

The single total figure of remuneration table on page 198 shows that LTIP awards will vest in March 2023 with an estimated value of GBP1,024,408 and GBP634,488 for Bill and Andy, respectively. These LTIP awards were granted in 2020 with a face value of 120 per cent of fixed pay, to incentivise the achievement of the Group's refreshed strategic priorities over the three-year period 2020 to 2022. The awards are share-based and were subject to the satisfaction of stretching RoTE, TSR and strategic performance measures over three years. The targets for these measures were set at the beginning of 2020 and have not been adjusted to reflect the challenges caused by the onset of the pandemic. A conduct gateway requirement must be met before any awards vest.

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 2023 but is estimated not to have been achieved. The Committee considered performance against the strategic proof points set out in the table below and determined that vesting of 22 per cent was appropriate.

The share price used to estimate the value of vesting of the 2020–22 LTIP awards is higher than the share price on the award date of GBP5.196 and the value attributable to share price growth for Bill and Andy can be seen in the single total figure of remuneration on the next page.

The Committee considered carefully the vesting of the LTIP awards, taking account of the share price at grant, which was 15 per cent lower than the share price of the awards made in the previous year. The stretching targets set at the beginning of 2020 were not adjusted to reflect the impact of the pandemic, and the share price increase to the end of the performance period has been broadly consistent with the improvement in underlying performance. Therefore, the Committee considers the values to be delivered remain appropriate, and are not a windfall.

The awards will vest pro rata over 2023 to 2027 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 <sup>1</sup> in 2022 with a CET1 underpin	One-third	8.5%	11.0%	RoTE 8% and CET1 14%	0%
Relative TSR performance against peer group	One-third	Median	Upper quartile	Performance currently estimated below median. TSR performance will be measured in March 2023	0%
Strategic measures	One-third			Improved performance against our strategic priorities	22%
<b>Total 2020–22 LTIP awards vesting outcome</b>					<b>22%</b>

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 and Consumer, Private & Business Banking have met or exceeded targets in each year of the plan.
	Deliver network growth in target segments	Exceeded targets in 2022, with good performance in areas of strategic focus, following slower progress in 2021 and 2020.
	Deliver affluent growth in target markets	Progress made in 2022 but metric impacted by the pandemic restrictions and the onset of the Russia-Ukraine conflict during the performance period.
Transform and disrupt with digital	Successfully deliver key digital partnerships, platforms and technologies	Digital ventures adversely impacted in 2022 by market volatility and delays in external approvals. Strong performance in earlier years.
	Improve data analytics to develop new products and attract new clients	Strong performance across the three year period, with targets achieved in advance of the performance period end.
Purpose and people	Improve diversity, employee engagement and culture of inclusion	Improved employee inclusion and engagement outcomes in 2022. Increase in the number of females in senior roles by 3.6ppt over the three years.
	Successfully embed sustainable and responsible practices in relation to climate, infrastructure, environment and community engagements	Significant outperformance in sustainable finance revenues delivering USD500m in challenging markets, making material progress towards USD300bn target. Delivered on 2022 net zero public commitment milestones, fulfilled leading roles in key industry initiatives/standards setting and received A- 'leadership status' from CDP, recognising Standard Chartered among very few banks for its climate action.
Risk and controls	Successfully deliver milestones within the risk management plan	A significant push in 2022 to improve risk and controls following two years of slower progress. Non-financial risk reduction reflects a strong performance in 2022 against stretching targets and an improvement on previous years.
	Enhance compliance control effectiveness	Information and cyber security remedial actions from earlier years were extended in subsequent periods; however, an improvement in 2022 with risk reduction across key control domains. Audit targets were achieved in all years.
	Maintain risk profile within Group's risk appetite	

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 2022 (taking into account any transition rules or material changes in regulatory rules).

## Single total figure of remuneration for 2022 (audited)

The following table sets out the single total figure of remuneration for 2022 for the CEO and the CFO. The single figure consists of salary, pension, benefits and annual incentives receivable in respect of 2022 and the estimated values of 2020–22 LTIP awards vesting. The LTIP value is based on the outcome of awards made in 2020 and does not include the forward-looking awards to be made in March 2023, due to vest in early 2026. The single figure for Bill and Andy represents a year-on-year increase of 16 and 13 per cent respectively, reflecting the improved performance achieved.

£000	Bill Winters		Andy Halford	
	2022	2021	2022	2021
Salary	2,418	2,370	1,546	1,515
Pension	245	237	154	152
Benefits	297	165	133	107
<b>Total fixed remuneration</b>	<b>2,960</b>	<b>2,772</b>	<b>1,833</b>	<b>1,774</b>
Annual incentive award	1,499	1,189	945	760
Vesting of LTIP award				
Value of vesting awards based on performance	921	779	570	498
Value of vesting awards based on share price growth	103		64	
<b>Total variable remuneration</b>	<b>2,523</b>	<b>1,968</b>	<b>1,579</b>	<b>1,258</b>
<b>Single total figure of remuneration</b>	<b>5,483</b>	<b>4,740</b>	<b>3,412</b>	<b>3,032</b>

### Notes to the single total figure of remuneration table

<b>Salary</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Bill and Andy's salaries were increased 2.7 per cent effective 1 April 2022.</li> </ul>
<b>Pension</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Pension for Bill is delivered as a cash allowance and a GBP4,000 contribution to the UK pension fund, and for Andy the pension is delivered as a cash allowance.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Bill has the use of a vehicle and driver. This is a role-based provision given the executive role and the associated security and privacy requirements.</li> <li>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.</li> <li>The benefits figures refer to UK tax years 2021/22 and 2020/21 respectively.</li> <li>The increase in benefits compared with 2021 reflects the resumption of business travel to pre-pandemic levels, an increase in tax preparation assistance given the complexity in filings and an increase in benefit premiums.</li> </ul>
<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>Fixed remuneration is the total of salary, pension and benefits.</li> </ul>
<b>Annual incentive</b>	<ul style="list-style-type: none"> <li>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.</li> <li>The detail of how directors' annual incentive awards are determined is set out on pages 194 to 196.</li> </ul>
<b>Vesting of LTIP awards</b>	<ul style="list-style-type: none"> <li>Further details on the performance outcome for the 2020–22 LTIP are provided on page 197.</li> <li>The values of the LTIP 2019–21 vesting awards for 2021 have been restated based on the actual share price of £5.09 when the awards vested in March 2022.</li> </ul>

No payments were made to, or in respect of, past directors in the year in excess of the minimum threshold of GBP50,000, set for this purpose.

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

Shares that count towards the executive director shareholding requirements are beneficially owned shares, including vested share awards subject to a retention period, and unvested share awards for which performance conditions have been satisfied (on a net-of-tax basis). As of 31 December 2022, both Bill and Andy significantly exceeded their shareholding requirement. Shares purchased voluntarily from their own funds are equivalent to 79 and 58 per cent of salary for Bill and Andy, respectively.

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

	Shares held beneficially <sup>1,2,3</sup>	Unvested share awards not subject to performance measures (net of tax) <sup>4,5</sup>	Total shares counting towards shareholding requirement	Shareholding requirement as a percentage of salary	Salary	Value of shares counting towards shareholding requirement as a percentage of salary <sup>1</sup>	Unvested share awards subject to performance measures
Bill Winters	2,315,677	175,196	2,490,873	250%	£2,434,000	637%	2,315,512
Andy Halford	989,936	111,527	1,101,463	200%	£1,556,000	441%	1,465,157

- All figures are as of 31 December 2022. There were no changes to any executive directors' interests in shares between 31 December 2022 and 15 February 2023. 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 2022 was £6.224.
- 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.
- The salary and shares held beneficially include shares awarded to deliver the executive directors' salary shares.
- 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 2 per cent) – rates may change.
- The figures reported in the 2022 half year report were calculated assuming 48.25 per cent tax (marginal combined PAYE rate of income tax at 45 per cent and employee social security contributions at 3.25 per cent). As the Health and Social Care Levy was cancelled on 6 November 2022 the tax rate assumed to apply to unvested share awards of 47 per cent has been used.

## LTIP awards for the executive directors to be granted in 2023

The size of the LTIP award has been determined based on Group and individual performance during the year. Awards for the 2022 performance year will be granted to Bill and Andy in March 2023 with a value of 132 per cent of salary (GBP3.2 million and GBP2.1 million, respectively), the maximum amount under the 2022 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 continue to incorporate measures that reflect our three Stands. The sustainability measures have been selected 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 the awards is increased to 10 to 12.5 per cent, from 7 to 11 per cent for the 2022–24 awards. A narrower range of 2.5 ppts is considered appropriate due to the increase in target range which reflects the progress in RoTE achieved in 2022 and our increased ambition of 11 per cent by 2024.

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 TSR peer group for the 2023–25 LTIP awards will be the same as for the 2022–24 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 2026 to March 2030) subject to meeting the performance measures set out below at the end of 2025. All vested shares are subject to a 12 month retention period.

The performance measures for the 2023–25 LTIP awards are set out in the table on page 200.

### Peer group for the TSR measure in the 2023–25 LTIP

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



## Performance measures for 2023–25 LTIP awards

Measure	Weighting	Amount vesting (as a % of total award)	Threshold performance target	Maximum performance target
1. RoTE <sup>1</sup> in 2025 with a CET1 <sup>2</sup> underpin of the higher of 13% or the minimum regulatory requirement	30%	Maximum – 30% Threshold – 7.5% Below threshold – 0%	10%	12.5%
If RoTE reaches 10 per cent then 7.5 per cent of the award vests. If RoTE reaches 12.5 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%	<ul style="list-style-type: none"> <li>Sustainable finance revenues in excess of \$1bn by 2025</li> <li>Delivery of the net zero roadmap</li> <li>Contribution to the advancement of the sustainability ecosystem</li> </ul>	
4. Other strategic measures	25%	Maximum – 25% Minimum – 0%	<ul style="list-style-type: none"> <li>Uplifting participation: increase access to financial services and lending to female entrepreneurs and SMEs</li> <li>Resetting globalisation: create diversity and inclusion supplier plans; bank an increased proportion of our clients' international and domestic networks of suppliers and buyers</li> <li>Improve client satisfaction rating evidenced in surveys and internal benchmarks</li> <li>Deliver growth in affluent wealth client activity</li> <li>Deliver network income growth in Corporate, Commercial &amp; Institutional Banking</li> <li>Increase China onshore and offshore profit before tax in line with externally disclosed targets</li> <li>Drive digital ventures growth with meaningful value from digital creations</li> <li>Ways of working: organisational effectiveness – reducing complexity</li> <li>People: improve employee net promoter score; increase diversity; increase our culture of inclusion</li> <li>Reduction in non-financial risk, evaluating the elevated residual risks to allow for effective prioritisation and give credit for risk reduction</li> <li>An assessment of the proportion of audit issues identified by the business/region/function compared to total issues raised, reflecting drive to improve risk awareness and culture across the Bank</li> </ul>	
Our Stands				
Clients				
Enablers (Ways of working and people)				
Risk and controls				

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 set at the higher of 13 per cent or the minimum regulatory level as of 31 December 2025. 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.

## Total variable remuneration awarded to directors in respect of 2022 (audited)

	Bill Winters		Andy Halford	
	2022	2021 <sup>1</sup>	2022	2021 <sup>1</sup>
Annual incentive (£000)	1,499	1,189	945	760
Annual incentive as a percentage of salary	62%	50%	61%	50%
LTIP award (value of shares subject to performance conditions) (£000) <sup>2</sup>	3,213	3,128	2,054	2,000
LTIP award as a percentage of salary	132%	132%	132%	132%
<b>Total variable remuneration (£000)</b>	<b>4,712</b>	<b>4,317</b>	<b>2,999</b>	<b>2,760</b>
<b>Total variable remuneration as a percentage of salary</b>	<b>194%</b>	<b>182%</b>	<b>193%</b>	<b>182%</b>

1. 2021 variable remuneration figures have been recalculated as a percentage of salary, in line with the 2022 Directors' remuneration policy approach.

2. LTIP awards for the 2022 performance year will be granted to executive directors in March 2023 and are based on 2022 salary.

## 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. Andy stepped down from the Board of Marks and Spencer Group plc on 31 December 2022.

	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	GBP104,298

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

The Chairman and INEDs were paid in monthly instalments during the year. The INEDs are required to hold shares with a nominal value of \$1,000. The table below shows the fees and benefits received by the Chairman and INEDs in 2022 and 2021. The INEDs' 2022 benefit figures are in respect of the 2021/22 tax year and the 2021 benefit figures are in respect of the 2020/21 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 <sup>1</sup>		Total £000		Shares beneficially held as at 31 December 2022 <sup>2</sup>
	2022	2021	2022	2021	2022	2021	
<b>Group Chairman</b>							
José Viñals	1,250	1,250	45	17	1,295	1,267	45,000
<b>Current INEDs</b>							
Shirish Apte <sup>3</sup>	128	0	0	0	128	0	2,000
David Conner <sup>4</sup>	233	255	1	1	234	256	10,000
Byron Grote <sup>5</sup>	156	170	0	0	156	170	–
Christine Hodgson, CBE	289	325	0	0	289	325	2,571
Gay Huey Evans, CBE	155	200	1	0	156	200	2,615
Jackie Hunt <sup>6</sup>	43	0	0	0	43	0	2,000
Naguib Kheraj <sup>7</sup>	96	328	1	0	97	328	–
Robin Lawther, CBE <sup>8</sup>	93	0	0	0	93	0	2,000
Maria Ramos <sup>9</sup>	239	190	0	0	239	190	2,000
Phil Rivett	234	225	0	0	234	225	2,128
David Tang	170	170	1	1	171	171	2,000
Carlson Tong	183	205	0	0	183	205	2,000
Jasmine Whitbread	210	210	0	0	210	210	3,615

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

2. 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 2022 or on the retirement of a director unless otherwise stated.

3. Shirish Apte was appointed to the Board on 4 May 2022.

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

5. Byron Grote stepped down from the Board on 30 November 2022 and we are no longer tracking his shareholding. His reported fee for 2022 of £156,000 is in respect of the period of 1 January 2022 to 30 November 2022.

6. Jackie Hunt was appointed to the Board on 1 October 2022.

7. Naguib Kheraj stepped down from the Board on 30 April 2022 and we are no longer tracking his shareholding. His reported fee for 2022 of £96,000 is in respect of the period of 1 January 2022 to 30 April 2022. His benefits for 2022 of £1,000 are in respect of the period from 6 April 2021 to 5 April 2022, in line with the approach to disclose INED benefits in respect of the relevant tax year.

8. Robin Lawther was appointed to the Board on 1 July 2022.

9. The increase in fees for Maria Ramos is due to changes in Board and Committee responsibilities during the year.

## INEDs' 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 138 to 142. INEDs are appointed for a period of one year, unless terminated by either party with three months' notice.

# 2023 policy implementation for directors

Remuneration for the executive directors in 2023 will be in line with our directors' remuneration policy, approved at the AGM in May 2022, as summarised on pages 188 and 189 of this report and set out in full on pages 161 to 166 of the 2021 Annual Report.

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

The key elements of remuneration for 2023 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, alignment with market-competitive levels, and consideration of the average salary increases made across the Group.

In response to the global cost of living challenges, salary increases across the Group have been focused towards junior employees and are generally higher than in 2022. Taking into account the average 2023 salary increase awarded to the Group's UK and global workforce, the Committee has determined that an increase is appropriate and has awarded salary increases of 3.4 per cent to Bill and Andy. In line with the approach used for all senior roles, these increases are 50 per cent lower than the average increase awarded to other UK employees. This increases their salaries from GBP2,434,000 to GBP2,517,000 and from GBP1,556,000 to GBP1,609,000 respectively. Details of fixed pay for Bill and Andy with effect from 1 April 2023 are set out below.

£000	Bill Winters			Andy Halford		
	2023	2022	% change	2023	2022	% change
<b>Salary</b>	<b>2,517</b>	2,434	3.4	<b>1,609</b>	1,556	3.4
of which cash	<b>1,258</b>	1,217	3.4	<b>1,078</b>	1,043	3.4
of which shares	<b>1,259</b>	1,217	3.4	<b>531</b>	513	3.4
<b>Pension</b>	<b>252</b>	243	3.4	<b>161</b>	156	3.4
<b>Total fixed pay</b>	<b>2,769</b>	2,677	3.4	<b>1,770</b>	1,712	3.4
Proportion of total fixed pay paid in cash	<b>55%</b>	55%	0	<b>70%</b>	70%	0
Proportion of total fixed pay paid in shares	<b>45%</b>	45%	0	<b>30%</b>	30%	0

## Illustration of application of the 2023 remuneration policy

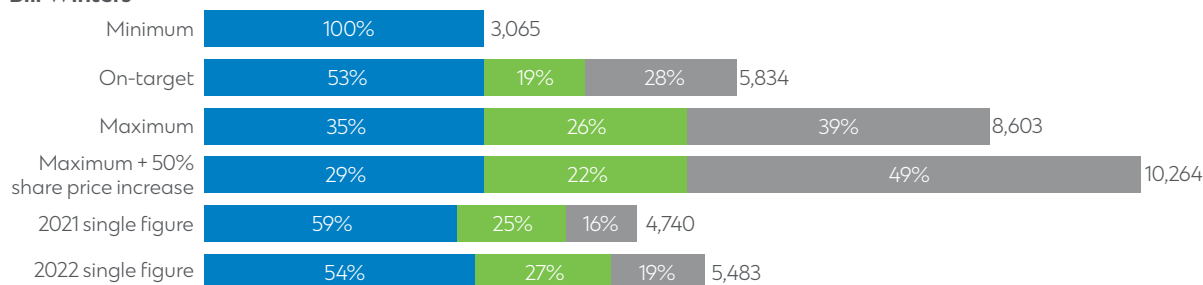
The charts below illustrate the potential outcomes under our directors' remuneration policy (i.e. for awards that would be made in March 2023, based on 2022 performance and fixed remuneration with effect from 1 April 2023).

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 2021 and 2022 single total figures of remuneration for Bill and Andy.

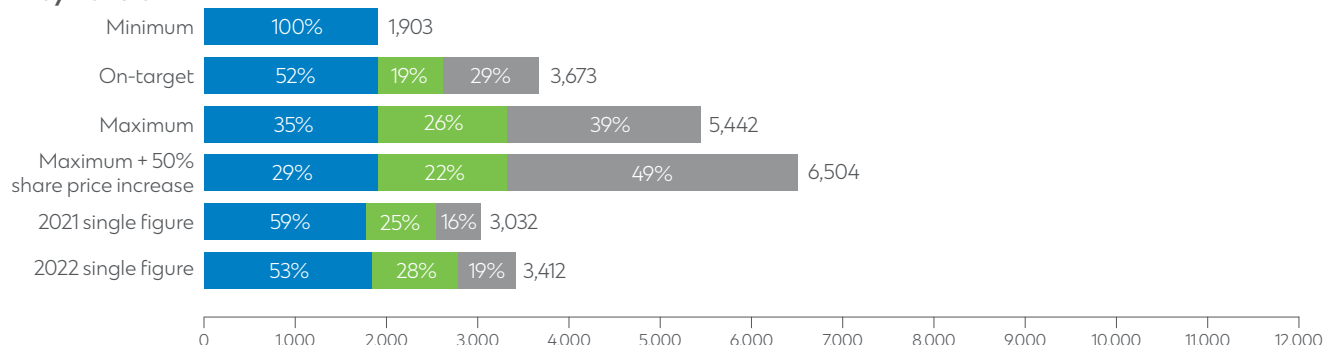
## Executive director remuneration (£000)

■ Fixed remuneration ■ Annual incentive ■ LTIP

### Bill Winters



### Andy Halford



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

<b>Fixed remuneration</b>	<b>All scenarios</b>	<ul style="list-style-type: none"> <li>Consists of total fixed remuneration – salary, benefits and pension</li> <li>Salary – salary as of 1 April 2023</li> <li>Benefits – based on 2022 single figure, actual fixed remuneration in 2023 will be dependent on the cost of benefits</li> <li>Pension – 10 per cent of salary as of 1 April 2023</li> </ul>
	<b>Incentives</b>	<ul style="list-style-type: none"> <li>No annual incentive is awarded</li> <li>No LTIP award vests</li> </ul>
	<b>Minimum</b>	<ul style="list-style-type: none"> <li>No annual incentive is awarded</li> <li>No LTIP award vests</li> </ul>
	<b>On-target</b>	<ul style="list-style-type: none"> <li>Annual incentive of 50 per cent of target (44 per cent of salary)</li> <li>LTIP award vests at 50 per cent total award (66 per cent of salary)</li> </ul>
<b>2021 single figure</b>	<b>Maximum</b>	<ul style="list-style-type: none"> <li>Annual incentive of 100 per cent of target (88 per cent of salary)</li> <li>LTIP award vests at 100 per cent total award (132 per cent of salary)</li> </ul>
	<b>Maximum + 50% share price increase</b>	<ul style="list-style-type: none"> <li>Annual incentive of 100 per cent of target (88 per cent of salary)</li> <li>LTIP award vests at 100 per cent total award (132 per cent of salary)</li> <li>50 per cent share price appreciation in the value of the vested LTIP award since time of grant</li> </ul>
	<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>Salary – received in 2021</li> <li>Benefits – received in 2020/21 tax year</li> <li>Pension – contribution/cash allowance received in 2021</li> </ul>
	<b>Incentives</b>	<ul style="list-style-type: none"> <li>Annual incentive – received in respect of 2021 performance year</li> <li>LTIP – actual vesting of 2019–21 LTIP award</li> </ul>
<b>2022 single figure</b>	<b>Fixed remuneration</b>	<ul style="list-style-type: none"> <li>Salary – received in 2022</li> <li>Benefits – received in 2021/22 tax year</li> <li>Pension – contribution/cash allowance received in 2022</li> </ul>
	<b>Incentives</b>	<ul style="list-style-type: none"> <li>Annual incentive – received in respect of 2022 performance year</li> <li>LTIP – expected vesting of 2020–22 LTIP award</li> </ul>

## 2023 annual incentive scorecard

Our annual incentive scorecard reflects our strategic priorities. 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 our Stands in the determination of the overall scorecard outcome.

From 2022, to simplify the process, the Committee embedded 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. 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 2023 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 <sup>1</sup>	10%	
Costs	10%	
RoTE <sup>2</sup> with a CET1 <sup>3</sup> underpin of the higher of 13% or the minimum regulatory requirement	30%	<ul style="list-style-type: none"> <li>Targets to be disclosed retrospectively</li> </ul>
Other strategic measures	Weighting	Target
Clients (network, affluent, mass, ventures)	12%	<ul style="list-style-type: none"> <li>Improve client satisfaction and client experience ratings.</li> <li>Deliver growth in qualified clients across Affluent, Private Banking, and Wealth Management activity.</li> <li>Deliver network income growth in Corporate, Commercial &amp; Institutional Banking.</li> <li>Grow value of Digital Ventures.</li> <li>Mass market Retail growth through new to bank personal customers.</li> </ul>
Sustainability	8%	<ul style="list-style-type: none"> <li>Progress against the Group's sustainable finance revenue targets and its aim to achieve net zero by 2050.</li> <li>Improve community engagement through employee volunteering participation.</li> </ul>
Enablers (ways of working and people)	8%	<ul style="list-style-type: none"> <li>Grow proportion of digitally initiated transactions and digital sales adoption.</li> <li>Improve end-to-end speed to deliver change (from idea formation to commercialisation).</li> <li>Improve organisational effectiveness.</li> <li>Improve employee engagement, diversity and inclusion.</li> </ul>
Risk and controls	12%	<ul style="list-style-type: none"> <li>Non-financial risk reduction.</li> <li>Self-identification of audit issues.</li> </ul>
Personal performance measures	Weighting	Target
Bill - performance goals	10%	<ul style="list-style-type: none"> <li>Continue personal push for innovation and simplification across the Group, and grow other sources of income in our footprint.</li> <li>Further improve the Group's risk and control framework, accelerating progress and embedding a robust preventative risk culture.</li> <li>Continue drive for a high-performance culture, including the development of internal talent and effective succession planning.</li> </ul>
Andy - performance goals		<ul style="list-style-type: none"> <li>Drive collaboration within the Finance function across segments and markets.</li> <li>Continue to improve financial reporting procedures.</li> <li>Deliver the focus on achieving target RoTE and other strategic objectives.</li> </ul>

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 set at the higher of 13 per cent or the minimum regulatory level as at 31 December 2023. 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.



## INED fees

The Board regularly reviews the fee levels, considering market data and the duties, time commitment and contribution expected for the PLC Board and, where appropriate, subsidiary boards, with the last increase taking place in 2019. The Chairman's fee has remained unchanged since his appointment in 2016. In recent years, the demands made of our Chairman and INEDs has increased in line with greater regulatory expectations, and an increase in the amount of learning and training required.

Considering this alongside the high inflationary pressures being faced in a number of our markets the Board determined an increase in fee levels was appropriate. The revised fees are set out in the table below. The Chairman and the INEDs are eligible for benefits in line with the directors' remuneration policy. Neither the Chairman nor the INEDs receive any performance-related remuneration.

	1 January 2022 £000	1 January 2023 £000
Group Chairman <sup>1</sup>	1,250	1,293
Board Member	105	110
<b>Additional responsibilities</b>		
Deputy Chairman <sup>2</sup>	75	–
Senior Independent Director	40	45
<b>Chair</b>		
Audit Committee	70	80
Board Risk Committee	70	80
Remuneration Committee	70	80
Board Financial Crime Risk Committee <sup>3</sup>	60	–
Culture and Sustainability Committee	60	70
<b>Membership</b>		
Audit Committee	35	40
Board Risk Committee	35	40
Remuneration Committee	30	40
Board Financial Crime Risk Committee <sup>3</sup>	30	–
Culture and Sustainability Committee	30	35
Governance and Nomination Committee	15	17

1 The Group Chairman receives a stand-alone fee which is inclusive of all services (including Board and Committee responsibilities).

2 The Group does not currently utilise the role of Deputy Chairman and does not plan to do so.

3 The Board Financial Crime Risk Committee was retired during 2022, with responsibilities reallocated to a combination of the Board, Audit and Board Risk Committees.

# 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, financial services 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 pages 188 and 189.

Measure	Approach
<b>External market data</b>	<ul style="list-style-type: none"> <li>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.</li> <li>In addition, we consider their remuneration against FTSE30 companies, with data sourced from an external provider.</li> </ul>
<b>Internal measures</b>	<ul style="list-style-type: none"> <li>As with all employees, executive directors' salaries are reviewed annually. In addition, we review annually the year-on-year percentage change in remuneration for the executive directors and the wider employee population.</li> <li>Our incentive plans have a clear link to Group and business performance, through published scorecards. The same Group scorecard is used in the assessment of incentives for colleagues including the executive directors.</li> <li>Incentive decisions for colleagues, including the executive directors, are also driven by the assessment of individual performance including achievements against personal objectives and conduct.</li> <li>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.</li> </ul>
<b>CEO pay ratio</b>	<ul style="list-style-type: none"> <li>In line with UK regulations, we annually report pay ratios comparing CEO remuneration to all UK employees.</li> <li>We review year-on-year ratio changes to understand the reasons and appropriateness for such movements.</li> <li>In addition, we review the median ratio against UK FTSE and industry peer averages.</li> </ul>

## 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
2022	A	5,483	95	145	228	58:1	38:1	24:1
2021	A	4,740	92	139	215	52:1	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

The ratio will depend materially on long-term incentive outcomes each year for the CEO, and accordingly may fluctuate. Therefore, the Committee also discloses the pay ratios covering salary and salary plus annual incentive, as the majority of UK employees do not typically receive LTIP awards.

### 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
2022	2,418	72	87	138	34:1	28:1	18:1
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

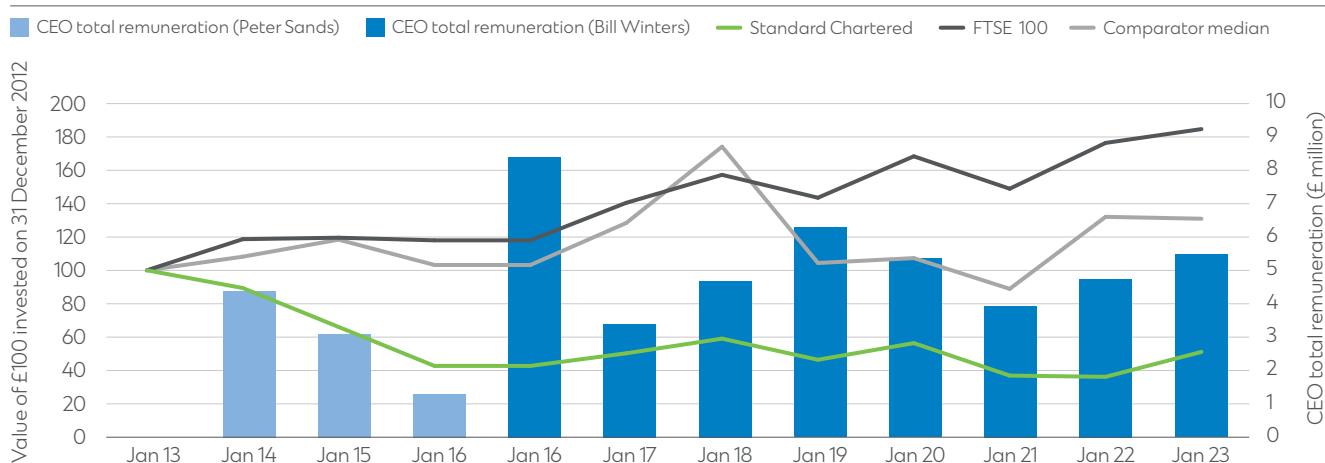
### Salary plus annual incentive

2022	3,917	84	123	202	47:1	32:1	19:1
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 premiums. No other calculation adjustments or assumptions have been made.
- CEO pay is as per the single total figure of remuneration for 2022 and restated for 2021 to take account of the actual LTIP vesting in 2022. Further information on the single total figure is on page 198. The 2022 ratio will be restated in the 2023 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 2022 and believes that it is a fair reflection of pay among the UK employee population. Each individual 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.

### 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 2022 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 2013 and the variable remuneration delivered as a percentage of maximum opportunity.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Single figure of total remuneration £000</b>										
Peter Sands (CEO until 10 June 2015)	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	4,740	<b>5,483</b>
<b>Annual incentive as a percentage of maximum opportunity</b>										
Peter Sands	50%	0%	0%	–	–	–	–	–	–	–
Bill Winters	–	–	0%	45%	76%	63%	55%	18.5%	57%	<b>70%</b>
<b>Vesting of LTIP awards as a percentage of maximum opportunity</b>										
Peter Sands	33%	10%	0%	0%	–	–	–	–	–	–
Bill Winters	–	–	–	–	–	27%	38%	26%	23%	<b>22%</b>

- 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 2021 single figure for Bill has been restated based on the actual vesting and share price when the 2019–21 LTIP awards vested in March 2022.

## Annual percentage change in remuneration of directors and UK employees

In line with our Fair Pay Charter, we monitor year-on-year changes in salary, benefits and annual incentives for the CEO and the wider workforce.

In addition, 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		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>CEO Bill Winters<sup>1</sup></b>	<b>2.0</b>	0.0	0.7	<b>79.8</b>	(26.5)	(2.9)	<b>26.1</b>	208.1	(69.2)
<b>CFO Andy Halford</b>	<b>2.0</b>	0.7	3.7	<b>23.9</b>	(5.6)	30.2	<b>24.3</b>	208.9	(68.2)
<b>Group Chairman José Viñals<sup>1</sup></b>	<b>0.0</b>	0.0	0.0	<b>170.2</b>	(61.5)	(11.7)	–	–	–
<b>Current INEDs</b>							–	–	–
Shirish Apte <sup>2</sup>	–	–	–	–	–	–	–	–	–
David Conner	(8.8)	(6.7)	(0.6)	11.1	5.9	(57.5)	–	–	–
Byron Grote <sup>2</sup>	–	0.0	0.0	–	0.0	0.0	–	–	–
Christine Hodgson, CBE	(11.0)	0.0	0.0	0.0	(100.0)	28.2	–	–	–
Gay Huey Evans, CBE	(22.5)	0.0	0.0	100.0	(100.0)	233.9	–	–	–
Jackie Hunt <sup>2</sup>	–	–	–	–	–	–	–	–	–
Naguib Kheraj <sup>2</sup>	–	(9.0)	0.0	–	(100.0)	7.9	–	–	–
Robin Lawther, CBE <sup>2</sup>	–	–	–	–	–	–	–	–	–
Maria Ramos <sup>3</sup>	25.9	–	–	0.0	–	–	–	–	–
Phil Rivett	3.9	–	–	0.0	–	–	–	–	–
David Tang	0.0	18.3	–	11.1	(82.3)	–	–	–	–
Carlson Tong	(11.0)	0.0	–	0.0	(100.0)	–	–	–	–
Jasmine Whitbread	0.0	0.0	0.0	0.0	(100.0)	(49.2)	–	–	–
<b>Workforce Average FTE UK employee<sup>4,5</sup></b>	<b>3.3</b>	3.1	3.8	<b>(7.0)</b>	(2.0)	2.9	<b>14.3</b>	38.2	(22.1)

1. The increase in 2022 taxable benefits for Bill Winters and José Viñals are primarily due to the resumption of business travel to pre-pandemic levels.
2. In 2022, Naguib Kheraj and Byron Grote stepped down from the Board on 30 April and 30 November respectively. Shirish Apte, Robin Lawther and Jackie Hunt were appointed to the Board on 4 May, 1 July and 1 October respectively.
3. The increase in fees for Maria Ramos is due to changes in Board and Committee responsibilities during the year.
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 2021 and implemented in 2022.
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.

For the CEO, CFO, the Group Chairman and INEDs, the data the changes relate to are set out on pages 198 and 201, respectively. The change in taxable benefits relates to the change in the values for the 2021/20, 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 2022 (set out on page 201), 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	Performance outcome	Accrues notional dividends? <sup>1</sup>	No. of tranches	Tranche splits
2016–18 LTIP	33% RoE 33% TSR	27%	Yes	5	Tranche 1: 50% Tranches 2–5: 12.5%
2017–19 LTIP	33% Strategic	38%	Yes	5	5 equal tranches
2018–20 LTIP		26%	No	5	5 equal tranches
2019–21 LTIP	33% RoTE	23%	No	5	5 equal tranches
2020–22 LTIP	33% TSR 33% Strategic	22%	No	5	5 equal tranches
2021–23 LTIP	30% RoTE	To be assessed at the end of 2023	No	5	5 equal tranches
2022–24 LTIP	30% TSR 15% Sustainability 25% Strategic	To be assessed at the end of 2024	No	5	5 equal tranches

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, 2021–23 and 2022–24 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 2022 (audited)

	Share award price (£)	As of 1 January	Awarded <sup>1</sup>	Dividends awarded <sup>2</sup>	Vested/ exercised <sup>3,4</sup>	Lapsed	As of 31 December	Performance period end	Vesting date
<b>Bill Winters<sup>5</sup></b>									
2016–18 LTIP	5.560	33,506	–	2,517	36,023	–	–	11 Mar 2019	4 May 2022
		33,507	–	–	–	–	33,507		4 May 2023
2017–19 LTIP	7.450	45,049	–	3,380	48,428	–	–	13 Mar 2020	13 Mar 2022
		45,049	–	–	–	–	45,049		13 Mar 2023
		45,049	–	–	–	–	45,049		13 Mar 2024
2018–20 LTIP	7.782	28,178	–	–	28,178	–	–	9 Mar 2021	9 Mar 2022
		28,178	–	–	–	–	28,178		9 Mar 2023
		28,178	–	–	–	–	28,178		9 Mar 2024
		28,179	–	–	–	–	28,179		9 Mar 2025
2019–21 LTIP	6.105	133,065	–	–	30,604	102,461	–	11 Mar 2022	11 Mar 2022
		133,065	–	–	–	102,461	30,604		11 Mar 2023
		133,065	–	–	–	102,461	30,604		11 Mar 2024
		133,065	–	–	–	102,461	30,604		11 Mar 2025
		133,067	–	–	–	102,462	30,605		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
2022–24 LTIP	4.876	–	151,386	–	–	–	151,386	14 Mar 2025	14 Mar 2026
		–	151,386	–	–	–	151,386		14 Mar 2027
		–	151,386	–	–	–	151,386		14 Mar 2028
		–	151,386	–	–	–	151,386		14 Mar 2029
		–	151,388	–	–	–	151,388		14 Mar 2030
<b>Andy Halford<sup>4,5</sup></b>									
2016–18 LTIP	5.560	20,008	–	1,502	21,510	–	–	11 Mar 2019	4 May 2022
		20,009	–	–	–	–	20,009		4 May 2023
2017–19 LTIP	7.450	27,888	–	2,094	29,982	–	–	13 Mar 2020	13 Mar 2022
		27,888	–	–	–	–	27,888		13 Mar 2023
		27,890	–	–	–	–	27,890		13 Mar 2024
2018–20 LTIP	7.782	17,448	–	–	17,448	–	–	9 Mar 2021	9 Mar 2022
		17,448	–	–	–	–	17,448		9 Mar 2023
		17,448	–	–	–	–	17,448		9 Mar 2024
		17,448	–	–	–	–	17,448		9 Mar 2025
2019–21 LTIP	6.105	85,094	–	–	19,571	65,523	–	11 Mar 2022	11 Mar 2022
		85,094	–	–	–	65,523	19,571		11 Mar 2023
		85,094	–	–	–	65,523	19,571		11 Mar 2024
		85,094	–	–	–	65,523	19,571		11 Mar 2025
		85,096	–	–	–	65,524	19,572		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
2022–24 LTIP	4.876	–	96,772	–	–	–	96,772	14 Mar 2025	14 Mar 2026
		–	96,772	–	–	–	96,772		14 Mar 2027
		–	96,772	–	–	–	96,772		14 Mar 2028
		–	96,772	–	–	–	96,772		14 Mar 2029
		–	96,773	–	–	–	96,773		14 Mar 2030
2019 Sharesave <sup>6</sup>	4.980	1,807	–	–	1,807	–	–	–	1 Dec 2022
2022 Sharesave <sup>6</sup>	4.230	–	2,127	–	–	–	2,127	–	1 Feb 2026



1. For the 2022-24 LTIP awards granted to Bill Winters and Andy Halford on 14 March 2022, 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 2022-24 LTIP awards. The closing price on the day before grant was £4.876.
2. Dividend equivalent shares may be awarded on vesting for awards granted prior to 1 January 2018. 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. Dividend equivalent shares allocated to the 2016-18 LTIP and 2017-19 awards vesting in 2022 did not include any shares relating to the cancelled dividend.
3. Shares (before tax) were delivered to Bill Winters and Andy Halford from the vesting element of LTIP awards. The number of shares and the closing share price on the day before the shares were delivered were as follows:  
2016-18 LTIP: 6 May 2022, 36,023 shares delivered to Bill Winters and 21,510 shares delivered to Andy Halford. Previous day closing share price: £5.65.  
2017-19 LTIP: 14 March 2022, 48,428 shares delivered to Bill Winters and 29,982 shares delivered to Andy Halford. Previous day closing share price: £4.876.  
2018-20 LTIP: 10 March 2022, 28,178 shares delivered to Bill Winters and 17,448 shares delivered to Andy Halford. Previous day closing share price: £4.931.  
2019-21 LTIP: 21 March 2022, 30,604 shares delivered to Bill Winters and 19,571 shares delivered to Andy Halford. Previous day closing share price: £5.064.
4. Andy Halford chose to participate in the 2022 Sharesave. This unvested option was granted on 28 November 2022 under the 2013 Plan – to exercise this option, Andy has to pay an exercise price of £4.23 per share, which has been discounted by 20 per cent. On 29 December 2022, Andy Halford exercised his 2019 Sharesave option under the 2013 Plan at an exercise price of £4.98 per share. The closing share price on the day before exercise was £6.292.
5. The unvested LTIP awards held by Bill Winters and Andy Halford are conditional rights. They do not have to pay towards these awards. Under these awards, shares are delivered on vesting or as soon as practicable thereafter.
6. The vesting date relates to the end of the savings contract and the start of the six month exercise window.

As at 31 December 2022, 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.

## Historical LTIP awards

The current position on projected vesting for unvested LTIP awards from the 2020 and 2021 performance years based on current performance and share price as of 31 December 2022 is set out in the tables below. The TSR peer group for both awards is as set out on page 199.

### 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 2022
RoTE in 2023 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	30%	6.0%	10.0%	RoTE between threshold and maximum therefore indicative partial vesting
Relative TSR performance against the peer group	30%	Median	Upper quartile	TSR positioned between median and upper quartile therefore indicative partial 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

### Current position on the 2022-24 LTIP award: projected partial vesting

Measure	Weighting	Performance for minimum vesting (25%)	Performance for maximum vesting (100%)	2022-24 LTIP assessment as of 31 December 2022
RoTE in 2024 plus CET1 underpin of the higher of 13% or the minimum regulatory requirement	30%	7.0%	11.0%	RoTE between threshold and maximum therefore indicative partial vesting
Relative TSR performance against the peer group	30%	Median	Upper quartile	TSR positioned above upper quartile therefore indicative full 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 2022 is explained on page 185 of this report. The following tables show the income statement charge for these incentives.

### Income statement charge for Group discretionary incentives

	2022 \$m	2021 \$m
Total discretionary incentives	1,589	1,367
Less: discretionary incentives that will be charged in future years	(242)	(195)
Plus: current year charge for discretionary incentives from prior years	150	124
<b>Total</b>	<b>1,497</b>	<b>1,296</b>

Year in which income statement is expected to reflect discretionary incentives	Actual		Expected	
	2021 \$m	2022 \$m	2023 \$m	2024 and beyond \$m
Discretionary incentives awarded for 2020 and earlier	107	65	24	16
Discretionary incentives awarded for 2021	64	85	46	48
Discretionary incentives awarded for 2022	–	77	117	125
<b>Total</b>	<b>171</b>	<b>227</b>	<b>187</b>	<b>189</b>

### 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				
	2022 \$m	2021 \$m	2020 \$m	2019 \$m	2018 \$m	2022 %	2021 %	2020 %	2019 %	2018 %
Staff costs	7,618	7,668	6,886	7,122	7,074	80	84	85	74	75
Corporate taxation including levy	1,486	1,138	1,193	1,720	1,763	16	12	15	18	19
Paid to shareholders in dividends	393	375	0	720	561	4	4	0	8	6

### Approach to risk adjustment

Remuneration is aligned with our long-term interests and the time frame over which financial risks crystallise. All colleagues have a duty to do the right thing and understand which behaviours are acceptable and unacceptable. Risk, control and conduct behaviours are considered and assessed as part of continuous performance management.

Risk adjustment	What and how?	When?
Collective adjustments	<ul style="list-style-type: none"> <li>At a collective level, the Group annual scorecard and LTIP performance criteria include risk and control measures.</li> <li>In addition, the Committee carries out a detailed review of all risk, control and conduct matters including ongoing investigations and any matters raised by regulators, and may use its discretion to adjust scorecard outcomes or remuneration to reflect matters not adequately captured by the scorecards.</li> </ul>	<ul style="list-style-type: none"> <li>Material restatement of the Group's financials</li> <li>Significant failure in risk management.</li> <li>Discovery of endemic problems in financial reporting.</li> <li>Financial losses, due to a material breach of regulatory guidelines.</li> <li>The exercise of regulatory or government action to recapitalise the Group following material financial losses.</li> </ul>
Individual adjustments	<ul style="list-style-type: none"> <li>Individual risk adjustments to variable remuneration are considered based on the materiality of the issue.</li> <li>At an individual level, risk adjustments can be applied through the reduction in the value of current year variable remuneration or the application of malus or clawback to unpaid or paid variable remuneration as appropriate, at the Committee's discretion.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The individual failed to meet appropriate standards of fitness and propriety.</li> </ul>

## 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 (MRTs) in line with the qualitative and quantitative criteria set by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). MRTs are identified on both a: (i) Standard Chartered PLC (Group) basis; and (ii) solo level consolidated entities under Standard Chartered Bank UK (Solo) basis.

### Qualitative criteria

The qualitative criteria broadly identifies the following colleagues as Group MRTs:

- directors (both executive and non-executive) of Standard Chartered PLC
- a member of senior management
- senior colleagues within the audit, compliance, legal and risk functions
- senior colleagues within Material Business Units (MBUs)
- colleagues who are members of specific committees
- colleagues 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
- colleagues whose professional activities may have a significant impact on the risk profile of a MBU and are above certain pay thresholds
- traders and senior colleagues in Financial Markets who earn above certain pay thresholds.

### Quantitative criteria

The quantitative criteria identifies colleagues:

- who have been awarded total remuneration of GBP660,000 or more in the previous financial year
- whose total remuneration in the preceding year is within the top 0.3 per cent of the Group or Solo entity.

For the purpose of the Pillar 3 tables on pages 213 to 215, supervisory function is defined as non-executive directors of Standard Chartered PLC, management function is defined as executive directors of Standard Chartered PLC and other senior management is defined as senior managers under the Senior Manager and Certification Regime and members of the Group Management Team.

Solo MRTs are identified based on similar criteria applied to the Solo entity.

### MRT remuneration delivery

Remuneration for MRTs was delivered in 2022 through a combination of salary, pension, benefits and variable remuneration.

Variable remuneration for MRTs is structured in line with the PRA and FCA's remuneration rules. For the 2022 performance year, the following structure applies:

- At least 40 per cent of an MRT's variable remuneration will be deferred over a minimum period of four years and a maximum of seven years depending on the applicable identification criteria.
- 60 per cent of an MRT's variable remuneration will be deferred if variable remuneration exceeds GBP500,000.
- 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 higher paid MRTs, which are subject to a six month minimum retention period in line with the regulations).
- For some MRTs, part of their 2022 variable remuneration may be in LTIP share awards which are released after a minimum of four years, subject to the satisfaction of performance measures and holding periods.
- As explained on page 211, all variable remuneration is 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.

Remuneration awarded to MRTs for the financial year (REM1)

	Management body		Other senior management \$m	Other identified staff \$m
	Supervisory function \$m	Management function \$m		
Fixed remuneration				
Number of identified staff	14	2	16	580
Total fixed remuneration	4.35	5.86	31.62	306.95
Cash-based	4.35	3.74	31.62	306.95
Shares or equivalent ownership interests	-	2.12	-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-	-
Other instruments	-	-	-	-
Other forms	-	-	-	-
Variable remuneration				
Number of identified staff	14	2	16	580
Total variable remuneration	-	9.52	45.64	315.74
Cash-based	-	1.51	18.14	160.03
Of which deferred	-	-	9.01	82.78
Shares or equivalent ownership interests	-	8.01	27.50	155.71
Of which deferred	-	6.50	18.38	82.79
Share-linked instruments or equivalent non-cash instruments	-	-	-	-
Of which deferred	-	-	-	-
Other instruments	-	-	-	-
Of which deferred	-	-	-	-
Other forms	-	-	-	-
Of which deferred	-	-	-	-
Total remuneration	4.35	15.38	77.26	622.69

Special payments to staff whose professional activities have a material impact on institutions' risk profile (MRTs) (REM2)

No special payments were made during the period.

## MRT deferred remuneration in 2022 (REM3)

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods \$m	Of which due to vest in the financial year \$m	Of which vesting in subsequent financial years \$m	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year <sup>1</sup> \$m	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years \$m	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) \$m	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year \$m	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods \$m
<b>Management body</b>								
<b>Supervisory function</b>	–	–	–	–	–	–	–	–
Cash-based	–	–	–	–	–	–	–	–
Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
Other instruments	–	–	–	–	–	–	–	–
Other forms	–	–	–	–	–	–	–	–
<b>Management body</b>								
<b>Management function</b>	45.75	16.68	29.07	(6.33)		11.73	10.35	4.98
Cash-based	–	–	–	–	–	–	–	–
Shares or equivalent ownership interests	45.75	16.68	29.07	(6.33)		11.73	10.35	4.98
Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
Other instruments	–	–	–	–	–	–	–	–
Other forms	–	–	–	–	–	–	–	–
<b>Other senior management</b>	128.14	24.52	103.62	(11.48)		26.75	13.04	6.69
Cash-based	23.82	2.62	21.21	–	–	–	2.62	–
Shares or equivalent ownership interests	104.32	21.90	82.41	(11.48)		26.75	10.42	6.69
Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
Other instruments	–	–	–	–	–	–	–	–
Other forms	–	–	–	–	–	–	–	–
<b>Other identified staff</b>	505.15	159.06	346.09	(0.18)	–	86.09	152.98	56.08
Cash-based	169.43	43.69	125.73	–	–	–	40.63	–
Shares or equivalent ownership interests	296.05	104.80	191.26	(0.18)	–	75.92	101.78	56.08
Share-linked instruments or equivalent non-cash instruments	39.67	10.57	29.10	–	–	10.17	10.57	–
Other instruments	–	–	–	–	–	–	–	–
Other forms	–	–	–	–	–	–	–	–
<b>Total amount</b>	679.04	200.26	478.78	(17.99)	–	124.57	176.37	67.75

1 Includes LTIP award lapse following testing of performance conditions



## Remuneration of 1 million EUR or more per year (REM4)<sup>1</sup>

Remuneration band EUR	Number of employees
1,000,000 to below 1,500,000	148
1,500,000 to below 2,000,000	44
2,000,000 to below 2,500,000	20
2,500,000 to below 3,000,000	14
3,000,000 to below 3,500,000	8
3,500,000 to below 4,000,000	4
4,000,000 to below 4,500,000	–
4,500,000 to below 5,000,000	5
5,000,000 to below 6,000,000	2
6,000,000 to below 7,000,000	1
7,000,000 to below 8,000,000	–
8,000,000 to below 8,500,000	–
8,500,000 to below 9,000,000	1
9,000,000 to below 9,500,000	1
9,500,000 to below 10,000,000	–
10,000,000 to below 10,500,000	1
13,000,000 to below 13,500,000	1
<b>Total</b>	<b>250</b>

<sup>1</sup> Data presented in EUR in accordance with the requirements of CRR Article 450, converted at the exchange rates used by European Commission for financial programming and the budget for December of the reporting year, as published on its website

## Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (MRTs) (REM5)

	Management body remuneration			Business areas						
	Supervisory function	Management function	Total	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
<b>Total number of identified staff</b>	<b>14</b>	<b>2</b>	<b>16</b>	<b>263</b>	<b>32</b>	<b>8</b>	<b>163</b>	<b>133</b>	<b>13</b>	<b>612</b>
Of which: members of the management body	14	2	16	–	–	–	16	–	–	16
Of which: other senior management	–	–	–	3	1	–	9	3	–	16
Of which: other identified staff	–	–	–	260	31	8	138	130	13	580
<b>Total remuneration of identified staff \$m</b>	<b>4.35</b>	<b>15.38</b>	<b>19.73</b>	<b>373.56</b>	<b>45.65</b>	<b>7.09</b>	<b>197.75</b>	<b>84.84</b>	<b>10.80</b>	<b>719.69</b>
Of which: variable remuneration	–	9.51	9.51	208.92	25.68	3.10	94.67	33.75	4.78	370.90
Of which: fixed remuneration	4.35	5.87	10.22	164.64	19.97	3.99	103.08	51.09	6.02	348.79

## 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 2022.

Components of remuneration	Five highest paid <sup>1</sup> \$000	Senior management <sup>2</sup> \$000
Salary, cash allowances and benefits in kind	19,110	28,317
Pension contributions	349	1,417
Variable remuneration awards paid or receivable	31,235	42,254
Payments made on appointment	–	–
Remuneration for loss of office (contractual or other) <sup>3</sup>	–	243
Other	–	–
<b>Total</b>	<b>50,694</b>	<b>72,231</b>
<b>Total HKD equivalent</b>	<b>397,190</b>	<b>565,953</b>

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 2022.

3 Value reported relates to contractual payments made for loss of office.

## Share award movements for the five highest paid individuals for the year to 31 December 2022<sup>1</sup>

	LTIP <sup>2</sup>	Deferred /Restricted shares <sup>2</sup>	Sharesave
Outstanding at 1 January 2022	4,272,880	2,283,710	–
Granted <sup>3,4,5</sup>	1,454,130	1,347,609	4,246
Lapsed	1,064,794	–	–
Vested/Exercised	178,688	533,892	–
<b>Outstanding at 31 December 2022</b>	<b>4,483,528</b>	<b>3,097,427</b>	<b>4,246</b>
<b>Exercisable as at 31 December 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>

1 The five highest paid individuals include Bill Winters.

2 Granted under the 2021 Plan and 2011 Plan. Employees do not contribute to the cost of these awards.

3 1,448,057 (LTIP) granted on 14 March 2022, 4,989 (LTIP) granted as a notional dividend on 1 March 2022, 1,084 (LTIP) granted as a notional dividend on 8 August 2022, 1,346,460 (Deferred/Restricted shares) granted on 14 March 2022, 774 (Deferred/Restricted shares) granted as a notional dividend on 1 March 2022, 375 (Deferred/Restricted shares) granted as a notional dividend on 8 August 2022 under the 2021 Share Plan. 4,246 (Sharesave) granted on 28 November 2022 under the 2013 Sharesave Plan.

4 LTIP and deferred/restricted shares were granted at a share price of £4.876, being the closing price on the last trading day preceding the grant date. The vesting period for these awards ranges from 1 to 7 years.

5 For Sharesave granted in 2022 the exercise price is £4.23 per share, a 20% discount from the closing price on 1 November 2022. The closing price on 1 November 2022 was £5.282.

For details of awards and options for Bill Winters and Andy Halford refer to pages 209 and 210.

For a view of share awards and options for all employees refer to page 436.

The accounting standard adopted for share awards is IFRS2: please refer to page 434 for details.

The table below shows the emoluments of: (i) the five highest paid employees; and (ii) senior management for the year ended 31 December 2022.

Remuneration band HKD	Remuneration band USD equivalent	Number of employees	
		Five highest paid	Senior management <sup>1</sup>
11,000,001 - 11,500,000	1,403,921 - 1,467,735	-	1
20,000,001 - 20,500,000	2,552,583 - 2,616,398	-	1
20,500,001 - 21,000,000	2,616,398 - 2,680,212	-	1
21,000,001 - 21,500,000	2,680,212 - 2,744,027	-	1
23,500,001 - 24,000,000	2,999,285 - 3,063,100	-	1
25,000,001 - 25,500,000	3,190,729 - 3,254,544	-	1
25,500,001 - 26,000,000	3,254,544 - 3,318,358	-	1
28,500,001 - 29,000,000	3,637,431 - 3,701,246	-	1
29,500,001 - 30,000,000	3,765,060 - 3,828,875	-	1
39,000,001 - 39,500,000	4,977,537 - 5,041,352	-	1
40,000,001 - 40,500,000	5,105,167 - 5,168,981	-	1
46,500,001 - 47,000,000	5,934,756 - 5,998,571	-	1
52,500,001 - 53,000,000	6,700,531 - 6,764,345	1	-
73,500,001 - 74,000,000	9,380,743 - 9,444,558	1	1
75,500,001 - 76,000,000	9,636,002 - 9,699,816	1	1
83,500,001 - 84,000,000	10,657,035 - 10,720,849	1	1
110,500,001 - 111,000,000	14,103,022 - 14,166,837	1	-
<b>Total</b>		<b>5</b>	<b>15</b>

1 Senior management comprises the executive directors and the members of the Group Management Team at any point during 2022

### 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.

	2022	2021
EUR	0.9520	0.8421
GBP	0.8106	0.7246
HKD	7.8352	7.7704



**Shirish Apte**

Chair of the Remuneration Committee

16 February 2023

# Other disclosures

The Directors' report for the year ended 31 December 2022 comprises 134 to 231 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)	197, 199 and 200

## 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 and Ventures 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 133.

## 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.

## UK Corporate Governance Code compliance

The table below contains examples of where the Company has applied the principles of the UK Corporate Governance Code in this Annual Report.

+ A copy of the UK Corporate Governance Code can be found at [frc.org.uk](https://www.frc.org.uk)

	Principles	Pages/reference
<b>Board leadership and company purpose</b>	A – Promoting long-term sustainable success and value	2 to 133, 136 to 230
	B – Purpose, value, strategy and alignment with culture	2 to 133, 136 to 230
	C – Performance measures, controls and risk management	136, 147 to 150 and 163 to 175
	D – Shareholder and other stakeholder engagement	54 to 124, 136, 149 and 158 to 162
	E – Workforce policies and practices	60 to 124, 168 and 177
<b>Division of responsibilities</b>	F – Chair role and responsibilities	138, 150 and 152
	G – Board roles and responsibilities	138 to 142, 150, 152, 157, 179 to 183
	H – Non-executive directors role and capacity	150, 152, 157 and 181
	I – Board effectiveness and efficiency	156
<b>Composition, succession and evaluation</b>	J – Board appointments and succession plans	179 to 183
	K – Board skills, experience, knowledge and tenure	138 to 142, 179 to 183
	L – Board evaluation of composition, diversity and effectiveness	154, 156, 169, 175, 178, 183, 191
<b>Audit, risk and internal control</b>	M – Independence and effectiveness of internal and external audit functions, integrity of financial and narrative statements	163 to 169
	N – Fair, balanced and understandable assessment of the Company's position and prospects	218
	O – Risk management and internal controls	147, 163 to 175
<b>Remuneration</b>	P – Remuneration policies and practices	184 to 217
	Q – Procedure for developing remuneration policy	Committee terms of reference
	R – Independent judgement and discretion when authorising remuneration outcomes	Committee terms of reference

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

## 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 2022 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 at least 12 months from 16 February 2023 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 132 and 133, while the directors' going concern considerations of the Group can be found on page 350.

## 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 \$1.98 billion (2021: \$1.89 billion) in research and development, of which \$0.94 billion (2021: \$0.94 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 2022.

## Directors and their interests

The membership of the Board, together with their biographical details, are given on pages 138 to 142. 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 184 to 217. 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 2022 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 2022 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

**2022: paid interim dividend of 4 cents per ordinary share**

(2021: paid interim dividend of 3 cents per ordinary share)

**2022: proposed final dividend of 14 cents per ordinary share**

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

**2022: total dividend of 18 cents per ordinary share**

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

## Share capital

The issued ordinary share capital of the Company was reduced by a total of 184,369,245 over the course of 2022. 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 86.8 per cent of the total issued nominal value of all share capital. The remaining 13.2 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://sc.com/investors)

## Authority to purchase own shares

At the AGM held on 4 May 2022, our shareholders renewed the Company's authority to make market purchases of up to 302,578,862 ordinary shares, equivalent to approximately 10 per cent of issued ordinary shares as at 21 March 2022, 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 July 2022. 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 21 February 2022 and ended on 19 May 2022. The second share buy-back programme was launched on 1 August 2022 and ended on

10 October 2022. A total of 184,369,245 ordinary shares with a nominal value of \$0.50 were re-purchased for an approximate aggregate consideration paid of \$1,250 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](https://sc.com) or by emailing the Group Corporate Secretariat at [group-corporate.secretariat@sc.com](mailto:group-corporate.secretariat@sc.com)

## Major interests in shares and voting rights

As at 31 December 2022, 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 10 February 2023, 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 2022. It should be noted that these holdings are likely to have changed since the Company was notified.

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	474,751,383	16.00	Indirect
BlackRock Inc.	183,640,172	5.55	Indirect (5.01%) Securities Lending (0.39%) Contracts for Difference (0.14%)
Dodge & Cox	150,620,884	5.08	Indirect

## 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx") ("the HK 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 HKEx 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 HK Listing Rules. Under the Waiver, the HKEx agreed to waive the announcement requirement, the requirement to enter into a written agreement and set annual caps, and the annual report disclosure (including annual review) requirements under Chapter 14A of the HK Listing Rules for the three-year period ending 31 December 2024 on the conditions that:

- 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
- 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.

However, notification of any change is not required until the next notifiable threshold is crossed.

Ahead of joining the Group in May 2022, Shirish Apte stepped down as an independent non-executive director of Pierfront Capital Mezzanine Fund, a 90 per cent owned subsidiary of Temasek.

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 HKEx 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 2022, the Group provided Temasek with money market and foreign exchange revenue transactions 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 2022 were below the 5 per cent threshold for the revenue ratio test under the HK 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.

## Non-revenue transaction with Temasek

The following non-revenue transaction between Temasek and the Group was entered into and during the year ended 31 December 2022 and relevant announcement had been made by the Company on 3 November 2022 in accordance with the HK Listing Rules:

On 3 November 2022, the Company's wholly owned subsidiary, Standard Chartered Overseas Holdings Limited ("SCOHL"), entered into a share subscription agreement with Partior Pte. Ltd. ("Partior") ("Share Subscription Agreement"), pursuant to which SCOHL agreed to subscribe for 31,923 ordinary shares and 9,036,404 Series A preference shares in Partior (collectively the "Subscription Shares") at a price of US\$2.573 per Subscription Share, and for a total subscription price of US\$23,332,806 in order to acquire 25% shareholding in Partior, subject to the satisfaction of certain conditions.

On completion of the Share Subscription Agreement, SCOHL will enter into a shareholders' agreement ("Shareholders' Agreement") with Partior, Silverheels Investments Pte. Ltd. ("Silverheels"), DBS Finnovation Pte. Ltd. and JPMC Strategic Investments I Corporation (with the latter two collectively the "Other Transaction Parties"). The Shareholders' Agreement contains terms and shareholder rights customary for transactions of this nature, including as to board representation, voting, transfer restrictions and exit provisions. Regarding the Other Transaction Parties, to the best of the Company's knowledge, information and belief having made all reasonable enquiry, save for DBS Finnovation Pte. Ltd. in which Temasek is an indirect substantial shareholder, JPMC Strategic Investments I Corporation and its ultimate beneficial owner are both independent third parties of the Company and connected persons of the Company. Immediately before the signing of the Share Subscription Agreement, Partior's shares were held by Silverheels and the Other Transaction Parties in equal proportion.

The equity investment in Partior builds on the Company's desire to shape the Future of Payments by assuring the Company could provide a payment foundation that is able to meet its clients' emerging needs. It allows the Company to deepen its blockchain innovation capabilities and ramp up its commitment to building a more transparent, efficient and secure infrastructure for global value movement.

As Temasek is a substantial shareholder of the Company as defined under the HK Listing Rules, Temasek is a connected person of the Company. By virtue of Temasek holding more than 30% of its issued share capital, via Silverheels, Temasek's indirect wholly-owned subsidiary, Partior is also a connected person of the Company. Pursuant to Chapter 14A of the HK Listing Rules, SCOHL's entry into the Share Subscription Agreement between SCOHL and Partior and the Shareholders' Agreement between SCOHL, Partior, Silverheels and the Other Transaction Parties constitutes a connected transaction for the Company.

As at 31 December 2022, Standard Chartered Overseas Holdings Limited had changed its name to Standard Chartered Strategic Investments Limited.

## 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 2022, the Company made no issuance of debentures or equity-linked agreements.

## Risk management<sup>1</sup>

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, topical and emerging risks and Integrated risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

<sup>1</sup> 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 pages 164 and 165.



The Risk review and Capital review on **pages 236 and 325** sets out the principal risks, topical and 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 301 to 309**

In accordance with Article 435(1)(e) of the UK onshored Capital Requirements Regulation, and the Disclosure (CRR) Part of the PRA Rulebook, the Board Risk Committee, on behalf of the Board, has considered the adequacy of the risk management arrangements of the Group and has sought and received assurance that the risk management systems in place are adequate with regard to the Group's profile and strategy.

## Internal control<sup>1</sup>

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 2022, the Board Risk Committee has reviewed the effectiveness of the Group's system of internal control. As part of this review, affirmation was received from the Interim GCRO (in situ at the time of the review as the new GCRO awaited regulatory approval) that the Group's risk management and internal control framework is materially effective and improvement areas were highlighted 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.

<sup>1</sup> 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.

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 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 and makes recommendations to the Board. The Audit 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 including internal financial controls.



The risk management approach starting on [page 295](#) 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, Climate Risk and Reputational and Sustainability Risk. The Board has established a management structure that clearly defines roles, responsibilities and reporting lines.

Delegated authorities are documented and communicated. Executive risk committees regularly review the Group's risk profile. The performance of the Group's businesses is reported regularly to senior management and the Board. Performance trends and forecasts, as well as actual performance against budgets and prior periods, are monitored closely. Financial information is prepared using appropriate accounting policies, which are applied consistently.

Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. These controls include appropriate segregation of duties, the regular reconciliation of accounts and the valuation of assets and positions. In respect of handling inside information, we have applied relevant controls on employees who may handle 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, and more importantly have the opportunities to provide feedback and engage in a dialogue.

We continue to listen and act on feedback from colleagues to ensure internal communications are timely, informative, meaningful, and in support of the Group's strategy and transformation. In addition to the Bridge (our primary internal communications platform) which allows colleagues to receive key updates, exchange ideas and provide feedback, we also leverage a range of channels including email, digital newsletters with customised content for each employee segment, audio and video calls, virtual and face-to-face townhalls, 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. We are currently assessing our suite of communication channels as we prepare to launch improved solutions and discontinue those that are less effective.

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. We provide additional support to our people leaders with specific calls and communications packs to help them provide context and guidance to their team members to better understand their role in executing and delivering the Group's strategy.

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 how any compensation awards relate to this. The Group's senior leadership also regularly share global, business, function, region and market updates on performance, strategy, structural changes, HR programmes, community involvement and other campaigns.

The Board engages with and listens to the views of the workforce through several sources, including through interactive engagement sessions. More information can be found on pages 162 and 177 in the Directors' report.

Employees, past, present and future can follow our progress through the Group's LinkedIn network and Facebook page, as well as other social network channels including Instagram, which collectively have over 2.4 million followers.

The diverse range of internal and external communication tools and channels we have put in place ensure that all our colleagues receive timely and relevant information to support their effectiveness.

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, in relation to both location and working patterns. In terms of leave, employees are provided with 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 per cent of employees across 19 markets have collective representation through unions or employee representative bodies. The working conditions and terms of employment of other employees are based on our Group and country policies, and in accordance with individual employment contracts issued by the Group.

The Group Grievance Standard provides a formal framework for dealing 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 concerns related to bullying, harassment, discrimination and victimisation, as well as concerns regarding 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 for addressing 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 colleague who is 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 is taken 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, as well as to more proactive mental health support through our holistic wellbeing app and wellbeing platform.

Furthermore, we consider and treat mental health in the same way that we would treat physical health. Our global Mental Health First Aid (MHFA) programme 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. To date we have trained over 500 mental health first aiders in 48 markets, covering more than 99 per cent of colleagues.

In 2022, we recorded one work-related fatality where a contractor was fatally injured when crossing a road in Pakistan. Major injuries (per the UK Health & Safety Executive definition) decreased from 24 in 2021 to 21, with fractures the most common type of major injury (21%).

Overall, reported injuries increased by 5.1% 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 increased 23% per cent between 2021 and 2022, and all premises are inspected at least annually to identify any hazards, risks, and incidences of non-compliance. The overall increase in accidents and incidents was due to the large increase in staff returning to office locations in 2022 after the lockdowns and restrictions of 2021.

One hundred and twenty of our largest premises were certified with the WELL Health & Safety Rating; an evidence-based, third-party certification that validates our efforts to address the hygiene and safety of our workspaces during COVID-19 and prepare our buildings for re-entry post-pandemic.

Our regular Workplace Experience survey, conducted across 60 countries, returned our highest ever H&S and security satisfaction scores. The Health and Wellbeing index increased by 7%, and staff reported improved scores for work-life balance, wellbeing at home, and overall wellbeing. Staff also reported that our workplace design better supports their wellbeing and physical health compared with previous years.

Throughout 2022, the COVID-19 pandemic reduced its impact, with lockdowns and restrictions easing across most markets and staff returning to the office in greater numbers. That said, we still encourage flexible and hybrid work arrangements as part of our Future Work Now programme. A H&S online assessment tool is available for staff to assess their home working area for hazards, with a virtual assessments of the individual's work environment. All staff opting to work flexibly received an allowance to purchase ergonomic office equipment. Our work injury insurance covers all staff working from home.

Health, Safety & Security training is mandatory for all colleagues' training, and 2022 saw both our initial and annual refresher training packages completely updated and refreshed, with emphasis on mental health and wellbeing, as well as work from home aspects.

## Major customers

Our five largest customers together accounted for 1.9 per cent of our total operating income in the year ended 31 December 2022.

## Major suppliers

In 2022, \$4.3 billion was spent with approximately 11,700 suppliers. Of this, 74 per cent of the total spend was spent in the Asia region, with 18 per cent in Europe and the Americas, and 8 per cent in Africa and the Middle East.

Furthermore, 80 per cent of total spend in 2022 was with 465 suppliers. In addition, 80 per cent of carbon emissions were with 652 suppliers. In 2022, our five largest suppliers together accounted for 14 per cent of total spend, with the largest ten amounting to 21 per cent of total spend.

## Supply chain management

To support the operation of our businesses we source a variety of goods and services governed through a third-party risk management framework which ensures that we follow the highest standards in terms of vendor selection, due diligence, and contract management.

For information about how the Group engages with suppliers on environmental and social matters, please see our Supplier Charter and Supplier Diversity and Inclusion Standard.

As set out under the UK Modern Slavery Act 2015, the Group is required to publish a Modern Slavery Statement annually. The Group's 2022 Modern Slavery Statement is issued at the same time as the Annual Report. This document gives further detail on the actions the Group has taken as it seeks to prevent modern slavery and human trafficking in its operations, financing and supply chain during 2022.



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



Details of how we create value for our suppliers and other stakeholder groups can be found on [pages 54 to 63](#)

## 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 practices. There are controls across all activities above and the controls are tested on a regular basis to provide assurance on the framework. As part of this, we ensure products sold are suitable for clients and comply with relevant laws and regulations. We also review our products on a periodic basis and refine them to keep them relevant to the changing needs of clients and regulators.

We have processes and guidelines specific to each of our client industries, to promptly resolve client complaints and understand and respond to client issues. Conduct considerations are given significant weighting in frontline incentive structures to drive the right behaviours.

For more information on our approach to product design, product pricing, treating customers fairly and protecting customers, and incentivising our frontline employees, see pages 55 and 56. For more information on fraud identification see page 121.

## Safeguarding intellectual property rights

The Group has processes in place to manage the Group's trade mark rights and it respects third party intellectual property rights.

## 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 99.5 per cent have completed the 2022 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 Chief Sustainability Officer is responsible for Sustainable Finance, which incorporates E&S risk management. A cross-business Sustainability Forum is responsible for developing and delivering the Group's sustainability strategy, and in 2022 this Forum was chaired by the Group Head, Corporate Affairs, Brand & Marketing from January to July, and from August onwards 2022 by the Chief Sustainability Officer.

The Group Responsibility and Reputational Risk Committee (GRRRC), chaired by the Group Head, Conduct, Financial Crime and Compliance, oversees management of the Reputational and Sustainability Risk profile for the Group, including oversight of our Position Statements and associated risk tolerance thresholds.

## 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 initiatives 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 122 to 123 in the 'Sustainability' section and page 492.

## ESG reporting guide

### Compliance with Listing Rules

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 and B2.2 on lost days due to work injury. 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.

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.

## Compliance with Task Force on Climate-related Financial Disclosures (TCFD)

In line with our 'comply or explain' obligation under the UK's Financial Conduct Authority's Listing Rules, we can confirm that we have made disclosures consistent with the TCFD Recommendations and Recommended Disclosures in this Annual Report, except for one area: we do not fully disclose Scope 3 greenhouse gas emissions as we currently focus on the sectors which are most carbon intensive. Further information is available on pages 79 to 80.

In line with the current UK Listing Rules requirements, our TCFD disclosures also take into account the implementation guidance included in the TCFD 2021 Annex.

## EU Taxonomy

The European Union Sustainable Finance Taxonomy ("EU Taxonomy") is a classification system that establishes a list of environmentally sustainable economic activities. It has come into force as of 1 January 2022 for entities falling within the scope of disclosures.

Standard Chartered Bank AG has assessed that implementation of the EU Taxonomy is not mandatory for Standard Chartered Bank AG at this stage given certain qualification thresholds; however, given the amendments introduced by the Corporate Sustainability Reporting Directive ("CSRD") Standard Chartered Bank AG and Standard Chartered PLC (the Group) have commenced preparation to embed EU Taxonomy classifications and metrics and will continue to monitor expected policy developments from the European Commission concerning guidance on Taxonomy Alignment and Technical Screening Criteria to incrementally enhance our assessment and support reporting as required.

In this regard, the Group is developing digital capability to help facilitate reporting against the different taxonomies that are being developed across the jurisdictions in which the Group operates. As the EU Taxonomy is the most advanced, the digital solution will adopt a rules-based approach to assess if a client and any client activity with the Group is in-scope and eligible for EU Taxonomy reporting. The intention is to expand this digital capability to include local taxonomy reporting and climate-related financial disclosures requirements.

The Group will consider taxonomy alignment in our business decisions, including at a client and transaction level, as well as more broadly at a sector strategy level. Given our footprint across Europe/UK, Asia, Africa and the Middle East, we need to continually review our ability to assess taxonomy-alignment based on information available from clients and through our due diligence process.

## 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 Sustainability section of the Strategic Report on pages 74 and 75, and in the Supplementary Environment Data table on pages 489 to 491.

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 (tCO<sub>2</sub>e), 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 vendors' 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, Category 1.

Scope 3 emissions occur as a consequence of the Group's activities but arising from sources not controlled by us. We have made great strides to enhance our Scope 3 GHG reporting for both upstream and downstream categories. Further information on the principles and methodologies used to calculate the GHG emissions of the Group can be found on pages 74 to 83 within the Strategic Report and in our reporting criteria document at [sc.com/environmentcriteria](https://www.sc.com/environmentcriteria).

## Reporting period

The reporting period of our Scope 1 and 2, Scope 3 Category 6 (business flights), Scope 3 Category 1 (data centres) and environmental resource efficiency data is from 1 October 2021 to 30 September 2022. This allows sufficient time for independent assurance to be gained on our Scope 1 and 2 emissions prior to the publication of results. Our Scope 1 and 2 emissions are assured by an independent body, Global Documentation, against the requirements of ISO14064.

Accordingly, the operating income used in this inventory corresponds to the same time period rather than the calendar year used in financial reporting.

It is noted that there is a one year lag on data used for financed emissions. This is a result of time taken for our clients to report their financial and carbon emission information. Therefore, the Group's baseline as released in 2021 utilised the 2020 year-end balance sheet date for client exposures, financial and carbon information and the 2022 updated financed emissions utilises the 2021 year end balances. We still refer to these as the 2022 and 2021 updates.

## Assurance

Our Scope 1 and 2 emissions are independently assured by Global Documentation, in accordance with ISO 14064.

	Units	2022	2021	2020
<b>Reporting coverage of data</b>				
Headcount	No. of employees	83,266	81,957	83,657
Annual operating income from 1 October to 30 September	\$ million	15,863	14,541	15,233
Net internal area of occupied property	m <sup>2</sup>	946,234	998,571	1,050,414
<b>Greenhouse gas emissions (location based)<sup>1</sup></b>				
<b>Scope 1 &amp; 2:</b>				
Scope 1 emissions (combustion of fuels)	tCO <sub>2</sub> e	2,071	2,902	3,988
Scope 2 emissions (purchased electricity – location based)	tCO <sub>2</sub> e	47,363	82,761	113,870
Scope 1 & 2 emissions (location based)	tCO <sub>2</sub> e	49,434	85,662	117,858
Scope 1 & 2 emissions (UK and offshore area only)	tCO <sub>2</sub> e	–	–	–
<b>Scope 3:</b>				
Purchased goods (Global data centres)	tCO <sub>2</sub> e	706	43,132	29,562
Business travel (Air travel)	tCO <sub>2</sub> e	39,107	3,654	33,930
<b>Total scope 1,2 and 3</b>	tCO <sub>2</sub> e	89,247	132,448	181,350
<b>T GHG emissions – Intensity:</b>				
Total Scope 1, 2 & 3 emissions/headcount	tCO <sub>2</sub> e/headcount/year	1.07	1.62	2.17
Total Scope 1, 2 & 3 emissions/operating income	tCO <sub>2</sub> e/\$m	5.63	9.11	11.91
<b>Environmental resource efficiency</b>				
<b>Energy</b>				
Indirect non-renewable energy consumption	GWh/year	142	142	184
Indirect renewable energy consumption	GWh/year	24	28	14
Direct non-renewable energy consumption	GWh/year	10	12	17
Direct renewable energy consumption	GWh/year	1	1	1
Energy consumption <sup>3</sup>	GWh/year	177	183	216
Energy consumption (UK and offshore area only)	GWh/year	6	5	–
Energy consumption/Headcount	kWh/headcount/year	2,129	2,233	2,544

1 Standard Chartered measures greenhouse gas emissions using the Greenhouse Gas emissions protocol

2 Despite only a 5 per cent reduction in our measured real estate, we reduced our Scope 1 and 2 emissions by more than 42 per cent to 49,434 tonnes during 2022. This has been possible through a consumption reduction of 3 per cent to 177.3 GWh through energy-efficient investment, plus a 12 per cent increase in renewable energy (being through direct power purchase agreements, green utilities and renewable energy certificates) across the portfolio.

3 Included in energy consumption is our scope 1 emissions from the combustion of fuel. This energy usage has been measured in litres of fuel and converted to GWh/year using an energy intensity factor



Further detail on our environment performance, as well as associated assumptions and methodologies can be found on pages 74 to 83 within the Strategic Report and in our reporting criteria document at [sc.com/environmentcriteria](https://www.sc.com/environmentcriteria).

## 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 509. Shareholders are also able to vote electronically on the resolutions being put to the AGM through our registrars' website at [investorcentre.co.uk](https://investorcentre.co.uk).

## Annual General Meeting

Our 2023 AGM will be held at 11:00am (UK time) (6:00pm Hong Kong time) on 3 May 2023. Further details regarding the format, location and business to be transacted will be disclosed within the 2023 Notice of AGM.

Our 2022 AGM was held on 4 May 2022 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 Board recommended resolutions were passed at the meeting; a shareholder requisitioned resolution concerning a proposed revision to the Group's net-zero pathway was not passed, the details of which can be viewed on our website at [sc.com/agm](https://sc.com/agm)

## Non-audit services

The Group's non-audit services policy ("the policy") was reviewed and approved by the Audit Committee on 22 September 2022. 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 2022, without deducting non-audit service fees which were required by law or regulation and performed by EY, the ratio was 0.3:1. 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 2023 AGM. A resolution to re-appoint EY as auditor was proposed at the Company's 2022 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



## Adrian de Souza

Group Company Secretary

16 February 2023

Standard Chartered PLC  
Registered No. 966425

# Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law:

- The Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards as adopted by the European Union;
- The Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards as adopted by the European Union;
- Assess the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control<sup>1</sup> as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements differ from legislation in other jurisdictions.

## Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the emerging risks and uncertainties that they face

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board



**Andy Halford**

Group Chief Financial Officer

16 February 2023

<sup>1</sup> 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