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## STANDARD CHARTERED PLC

渣打集團有限公司

(Incorporated as a public limited company in England and Wales with registered number 966425)

(Stock Code: 02888)

# NOTICE OF ANNUAL GENERAL MEETING 2017

This year's Annual General Meeting (AGM) will be held at etc.venues, 200 Aldersgate, St Paul's, London, EC1A 4HD on Wednesday 3 May 2017 at 11:00am London time (6:00pm Hong Kong time). You will be asked to consider and, if thought fit, to pass the resolutions below.

Resolutions 1 to 22 (inclusive) are proposed as ordinary resolutions, which must each receive more than 50% of the votes cast in order to be passed. Resolutions 23 to 28 (inclusive) are proposed as special resolutions, which must each receive at least 75% of the votes cast in order to be passed.

Please note that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' or 'against' a resolution.

### Resolution Summary:

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### Ordinary Resolutions

#### Accounts and Remuneration

*Resolutions 1–2 are regarding the Company's annual report and accounts and the Directors' Remuneration Report*

- To receive the Company's annual report and accounts for the financial year ended 31 December 2016 together with the reports of the directors and auditors.**

The directors are required under the Companies Act 2006 to present, for each financial year, copies of the Company's annual report and accounts to shareholders at a general meeting.

**2. To approve the annual report on remuneration contained in the Directors' Remuneration Report for the year ended 31 December 2016 as set out on pages 93 to 123 of the annual report and accounts.**

Under section 439A of the Companies Act 2006, the Company is required to seek the approval of shareholders of its annual report on remuneration practice, which details the remuneration of the directors for the year under review. Shareholders are invited to vote on the annual report on remuneration for the year ended 31 December 2016 contained in the Directors' Remuneration Report found on pages 93 to 123 of the annual report and accounts. The vote on the annual report on remuneration will be advisory.

**Director's election/re-election**

*Resolutions 3–15 are regarding the election and re-election of the Company's directors. All directors are standing for election or re-election.*

**3. To elect José Viñals as Chairman, who has been appointed as a director by the Board since the last AGM of the Company.**

**Appointed:** October 2016 and Group Chairman in December 2016.

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

**Career:** José began his career as an economist and as a member of the faculty at Stanford University, before spending 25 years at the Central Bank of Spain, where he rose to be the Deputy Governor. José has held many other Board and advisory positions including Chair of Spain's Deposit Guarantee Fund, Chair of the International Relations Committee at the European Central Bank, member of the Economic and Financial Committee of the European Union, and Chair of the Working Group on Institutional Investors at the Bank for International Settlements. José joined the International Monetary Fund (IMF) in 2009 until he stepped down in September 2016 to join Standard Chartered PLC. He was the Financial Counsellor and the Director of the Monetary and Capital Markets Department and was responsible for the oversight and direction of the IMF's monetary and financial sector work. He was the IMF's chief spokesman on financial matters, including global financial stability. During his tenure at the IMF, José was a member of the Plenary and Steering Committee of the Financial Stability Board, playing a key role in the reform of international financial regulation. José holds a Bachelor's degree in Economics from the University of Valencia; a Master's degree in Economics from the London School of Economics; and Master's and Doctoral (Ph.D.) degrees in Economics from Harvard University. Age 62 at the date of the AGM.

**External Appointments:** None

**Committees:** Chair of Governance and Nomination Committee.

**4. To re-elect Om Bhatt, a non-executive director.**

**Appointed:** January 2013.

**Experience:** Om has extensive commercial and retail banking experience, financial services and leadership acumen, with deep knowledge and experience of India, one of our largest markets.

**Career:** Om had a career spanning 38 years with the State Bank of India (SBI), India's largest commercial bank, where he held a number of roles beginning with the lead bank department, which pioneered financial inclusion. He led the project team that pioneered SBI's technology initiative in the 1990s, undertook assignments at SBI's Washington and London offices and held general management roles between 2004 and 2006, becoming managing director of SBI in 2006, culminating in his appointment as chairman of the State Bank Group until he stepped down in 2011. Om was chairman of the Indian Banks' Association and was previously an independent non-executive director of Oil and Natural Gas Corporation. Om has a degree in Science and a post-graduate degree in English Literature. Age 66 at the date of the AGM.

**External Appointments:** Om is an independent non-executive director of Hindustan Unilever Ltd, Tata Consultancy Services, Tata Steel and chairman of Greenko Energy Holdings.

**Committees:** Member of Board Risk Committee; Brand, Values and Conduct Committee.

**5. To re-elect Dr Kurt Campbell, a non-executive director.**

**Appointed:** June 2013.

**Experience:** Kurt has a wealth of experience of the US political environment and significant experience of some of our key markets, notably across Asia. Kurt has served in several capacities in the US government, including deputy assistant secretary of defence for Asia and Pacific Affairs and director on the National Security Council Staff in the White House.

**Career:** Kurt was founder and chairman of StratAsia, a strategic advisory firm focused on Asia. From 2009 to 2013, Kurt served as the US Assistant Secretary of State for East Asian and Pacific Affairs. He was widely credited as being a key architect of the pivot to Asia policy. Kurt was a central figure in advancing the US-China relationship, building stronger ties to Asian allies, and in the opening up of Myanmar. Previously, Kurt was the chief executive officer and co-founder of the Center for a New American Security and associate professor at Harvard's John F Kennedy School of Government. Kurt holds a BA in science, technology and public affairs from the University of California. He also holds a Certificate in music and political philosophy from the University of Erevan in Soviet Armenia, and a Doctorate in international relations from Brasenose College, Oxford. He was a Post Doctoral and Graduate Research Fellow at Harvard University. Age 59 at the date of the AGM.

**External Appointments:** Kurt is chairman and chief executive officer of The Asian Group LLC, a strategic advisory and investment group specialising in the Asia Pacific region.

**Committees:** Member of Brand, Values and Conduct Committee.

**6. To re-elect Dr Louis Cheung, a non-executive director.**

**Appointed:** January 2013.

**Experience:** Louis has a wide breadth of knowledge and experience of financial services, particularly in a Greater China context.

**Career:** Louis was a global partner of McKinsey & Company and a leader in its Asia Pacific financial institutions practice prior to joining Ping An Insurance Group in 2000. Louis worked in several senior roles at Ping An, including chief financial officer, before becoming group president in 2003 and executive director from 2006 to 2011. Louis holds a BA and a PhD in Engineering from Corpus Christi College, Cambridge and was a post-doctoral research fellow at Cambridge. Age 53 at the date of the AGM.

**External Appointments:** Louis is managing partner of Boyu Capital Advisory Co, a China-focused private equity investment firm, independent non-executive director of Fubon Financial Holding Company, and a Fellow and council member of the Hong Kong Management Association.

**Committees:** Member of Remuneration Committee.

**7. To re-elect David Conner, a 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 senior management Asian-based 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. David holds a BA from Washington University in St Louis and a MBA from Columbia University. Age 68 at the date of the AGM.

**External Appointments:** David is a non-executive director of GasLog Limited.

**Committees:** Chair of Board Risk Committee and member of Audit Committee, Governance and Nomination Committee, Board Financial Crime Risk Committee and the Combined US Operations Risk Committee of Standard Chartered Bank.

**8. To re-elect Dr Byron Grote, a non-executive director.**

**Appointed:** July 2014.

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

**Career:** From 1988 to 2000, Byron worked across BP in a variety of commercial, operational and executive roles. He was appointed as chief executive of BP Chemicals and a managing director of BP plc in 2000 and had regional group-level accountability for BP's activities in Asia from 2001 to 2006. Byron was chief financial officer of BP plc from 2002 until 2011, subsequently serving as BP's executive vice president, corporate business activities, from 2012 to 2013 with responsibility for the group's integrated supply and trading activities, alternative energy, shipping and technology. Byron was a non-executive director at Unilever plc and Unilever NV until he stepped down in 2015. Byron is a member of the European Audit Committee Leadership Network and an emeritus member of the Cornell Johnson School Advisory Council at Cornell University. Byron holds a PhD in Quantitative Analysis from Cornell University. Age 69 at the date of the AGM.

**External Appointments:** Byron is a non-executive director of Anglo American plc, Tesco plc and is deputy chairman of the supervisory board at Akzo Nobel NV. He is also a member of the European Audit Committee Leadership Network.

**Committees:** Member of Audit Committee and Remuneration Committee.

**9. To re-elect Andy Halford, an executive director.**

**Appointed:** July 2014. Andy is a director of Standard Chartered Bank and Standard Chartered Holdings Limited.

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

**Career:** Andy was finance director at East Midlands Electricity plc prior to joining Vodafone in 1999 as financial director for Vodafone Limited, the UK operating company. Andy was later appointed financial director for Vodafone's Northern Europe, Middle East and Africa region, and later the chief financial officer of Verizon Wireless in the US. He was a member of the board of representatives of the Verizon Wireless Partnership. Andy was appointed chief financial officer of Vodafone Group plc in 2005, a position he held for nine years. As Group Chief Financial Officer at Standard Chartered, Andy is responsible for Finance, Corporate Treasury, Group Corporate Development, Group Investor Relations, Property and Global Sourcing functions. He holds a bachelor degree in Industrial Economics from Nottingham University and is a Fellow of the Institute of Chartered Accountants in England and Wales. Age 58 at the date of the AGM.

**External Appointments:** Andy is a non-executive director at Marks and Spencer Group plc and a member of the Business Forum on Tax and Competitiveness.

**10. To re-elect Dr Han Seung-soo, KBE, a non-executive director.**

**Appointed:** January 2010.

**Experience:** Dr Han is a distinguished economist and has a strong geo-political background, with valuable knowledge of Asia and its economies.

**Career:** Dr Han is a former prime minister of the Republic of Korea. He has a distinguished political, diplomatic and administrative career, serving as deputy prime minister and minister of finance, foreign affairs, and industry and trade before serving as prime minister from 2008 to 2009. He also served as Korean ambassador to the US, chief of staff to the president, president of the 56th Session of the United Nations (UN) General Assembly, special envoy of the UN Secretary-General on Climate Change, and chairman of the 2009 Organisation for Economic Cooperation and Development Ministerial Council Meeting. Dr Han received his bachelor's degree from Yonsei University in 1960. He acquired his master's from Seoul National University in 1963 and his doctorate in economics from the University of York in 1968. Age 80 at the date of the AGM.

**External Appointments:** Dr Han sits on a number of advisory boards and is currently the UN Secretary-General's Special Envoy for Disaster Risk Reduction and Water, special advisor to the High Level Panel on Water co-convened by the UN and World Bank, chair of the High-Level Experts/Leaders Panel on Water and Disaster, chair of the Water Advisory Group at the Asian Development Bank and co-chair of the International Finance Forum of China. Dr Han is non-executive director at Seoul Semiconductor Inc (Stepping down with effect from 28 March 2017) and Doosan Infracore Co Ltd and senior advisor with the Kim & Chang law firm in Korea.

**Committees:** Member of Brand, Values and Conduct Committee.

**11. To re-elect Christine Hodgson, a non-executive director.**

**Appointed:** September 2013.

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

**Career:** Christine held a number of senior positions at Coopers & Lybrand and was corporate development director of Ronson plc before joining Capgemini in 1997, where she held a variety of roles including chief financial officer for Capgemini UK plc and chief executive officer of technology services for North West Europe. Christine was previously a trustee of MacIntyre Care before stepping down in September 2015. Christine is a fellow of the Institute of Chartered Accountants in England and Wales and holds a first class honours degree from Loughborough University. Age 52 at the date of the AGM.

**External Appointments:** Christine is chair of Capgemini UK plc, a non-executive director at Ladbrokes Coral Group plc (stepping down with effect from 4 May 2017) and sits on the board of The Prince of Wales' Business in the Community. Christine is also chair of The Careers & Enterprise Company Ltd., a government-backed company established to help inspire and prepare young people for the world of work.

**Committees:** Chair of Remuneration Committee and member of Audit Committee, Brand, Values and Conduct Committee, Governance and Nomination Committee and Board Financial Crime Risk Committee.

**12. To re-elect Gay Huey Evans, OBE, a non-executive director.**

**Appointed:** April 2015.

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

**Career:** Gay spent over 30 years working within the financial services industry, the international capital markets and with the financial regulator. Gay spent seven years with the Financial Services Authority from 1998 to 2005, where she was director of markets division, capital markets sector leader, with responsibility for establishing a market-facing division for the supervision of market infrastructure, oversight of market conduct and developing markets policy. From 2005 to 2008, Gay held a number of roles at Citibank, including head of governance, Citi Alternative Investments, EMEA, before joining Barclays Capital where she was vice chair of investment banking and investment management. She was previously a non-executive director at Aviva plc and the London Stock Exchange Group plc. She received an OBE for services to financial services and diversity in 2016. Gay holds a BA in Economics from Bucknell University. Age 62 at the date of the AGM.

**External Appointments:** Gay is a non-executive director of ConocoPhillips and Bank Itau BBA International plc, and is deputy chair of the Financial Reporting Council.

**Committees:** Chair of Board Financial Crime Risk Committee and member of Board Risk Committee.

**13. To re-elect Naguib Kheraj, a non-executive director.**

**Appointed:** January 2014, Senior Independent Director in June 2015 and Deputy Chairman in December 2016.

**Experience:** Naguib has significant banking and finance experience.

**Career:** Naguib began his career at Salomon Brothers in 1986 and went on to hold senior positions at Robert Fleming, Barclays, JP Morgan Cazenove and Lazard. Over the course of 12 years at Barclays, Naguib served as group finance director and vice-chairman and in various business leadership positions in Wealth Management, Institutional Asset Management and Investment Banking. Naguib was also a Barclays' nominated non-executive director of Absa Group in South Africa, and of First Caribbean International Bank. He also served as chief executive officer of JP Morgan Cazenove. Naguib is a former non executive director of NHS England and served as a senior advisor to Her Majesty's Revenue and Customs and to the Financial Services Authority in the UK. Naguib holds a degree in Economics from Cambridge University. Age 52 at the date of the AGM.

**External Appointments:** Naguib is a non-executive director of Rothesay Life, a specialist pensions insurer, and member of the investment committee of the Wellcome Trust. Naguib spends the majority of his time as a senior advisor to the Aga Khan Development Network and serves on the boards of various entities within its network.

**Committees:** Chair of Audit Committee and member of Board Risk Committee, Remuneration Committee, Governance and Nomination Committee and Board Financial Crime Risk Committee.

**14. To re-elect Jasmine Whitbread, a non-executive director.**

**Appointed:** April 2015.

**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, where she led the merger of 14 separate organisations into one management line of 15,000 people across seven regions and 60 countries, while aligning the federation behind a single mission and strategy. Jasmine stepped down from Save the Children in December 2015. Jasmine has a BA in English from Bristol University, and is a graduate from the Stanford University Executive Program. Age 53 at the date of the AGM.

**External Appointments:** Jasmine is chief executive of London First and a non-executive director of BT Group plc.

**Committees:** Chair of Brand, Values and Conduct Committee and a member of Remuneration Committee, Governance and Nomination Committee, and Board Financial Crime Risk Committee.

**15. To re-elect Bill Winters, an executive director.**

**Appointed:** June 2015. Bill is a director of Standard Chartered Bank and Standard Chartered Holdings Limited.

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

**Career:** Bill began his career with JP Morgan, where he went on to become one of its top five most senior executives and later co-chief executive officer at the investment bank from 2004 until he stepped down in 2009. Bill was invited to be a committee member of the Independent Commission on Banking, established in 2010 to recommend ways to improve competition and financial stability in banking. Subsequently, he served as an advisor 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 holds a Bachelor's degree in International Relations from Colgate University and an MBA from the Wharton School at the University of Pennsylvania. Age 55 at the date of the AGM.

**External Appointments:** Bill is an independent non-executive director of Novartis International AG.



## Re-appointment of Auditors

*Resolutions 16–17 are regarding the re-appointment and fees of the Company's auditors.*

### **16. To re-appoint KPMG LLP as auditor to the Company from the end of the AGM until the end of next year's AGM.**

It is proposed that KPMG LLP be re-appointed auditors of the Company and will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the company.

In accordance with The Auditing Practices Board requirement, the lead audit engagement partner was rotated in 2015, having held the role for five years. The new lead audit engagement partner has a background of auditing banks and understands the markets in which the Group operates.

The performance and effectiveness of the auditor, which included an assessment of the auditor's independence and objectivity, has been evaluated by the Company's Audit Committee which has recommended to the Board that KPMG LLP be re-appointed.

### **17. To authorise the Board to set the auditor's fees.**

Shareholders are asked to authorise the Board to set the auditor's fees.

## Political Donations

*Resolution 18 is regarding the setting of limits for political donations or expenditure incurred by the Company.*

### **18. That in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies that are its subsidiaries during the period for which this resolution has effect are authorised to:**

- (A) make donations to political parties and/or independent election candidates not exceeding £100,000 in total;**
- (B) make donations to political organisations other than political parties not exceeding £100,000 in total; and**
- (C) incur political expenditure not exceeding £100,000 in total,**

**(as such terms are defined in sections 363 to 365 of the Companies Act 2006) provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000 during the period beginning with the date of passing this resolution and expiring at the end of next year's AGM, unless such authority has been previously renewed, revoked or varied by the Company in a general meeting.**

It is not the Group's policy to make political donations. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the broad scope of the provisions controlling political donations and expenditure. Any political donations or expenditure regulated by the Companies Act 2006 must be approved by shareholders at a general meeting and be disclosed in the next year's annual report and accounts. Accordingly, the directors seek shareholders' approval to renew the authority for political donations and expenditure to be made by the Company. As permitted under the Companies Act 2006, the resolution covers any political donations made or political expenditure incurred by the Company's subsidiaries. The three categories set out in the Companies Act 2006 are: political parties and independent election candidates, political organisations and political expenditure. The resolution proposes a cap of £100,000 per category subject to an aggregate cap for authorised political donations or expenditure of £100,000. The authority being sought will be effective from Wednesday 3 May 2017 until the end of next year's AGM unless previously renewed, revoked or varied by the Company in a general meeting. The Companies Act 2006 permits shareholders to grant authority for up to four years. However, the directors will seek to renew this authority at each AGM.

## SCRIP Dividend

*Resolution 19 is regarding the renewal of the authorisation for the Board to offer a scrip dividend to shareholders.*

### **19. That the Board be authorised:**

- (i) to make an offer to the holders of ordinary shares (excluding any member holding shares as treasury shares) to elect to receive new ordinary shares in the capital of the Company in lieu of all or any part of any interim or final dividend paid in respect of any financial period of the Company ending on or prior to 31 December 2019 upon such terms as the Board may determine; and**
- (ii) in respect of any such dividend to capitalise such amount standing to the credit of the Company's reserves as may be necessary,**

**and the making by the Board of any such offer and any such capitalisation by the Board in each case in respect of any prior financial period is confirmed.**

Under the Company's Articles of Association, the Board may offer any holders of ordinary shares (excluding shares held in treasury) the option to take their dividends either in cash, entirely in the form of new ordinary shares of the Company (a 'scrip dividend') or partly in shares and partly in cash. Resolution 19 renews the Board's authority to make a scrip dividend alternative available in respect of any dividend (whether interim or final) declared and paid for any financial period of the Company ending on or before 31 December 2019. The making of any scrip dividend alternative offers in respect of any prior financial period is also confirmed. Under Investment Association guidelines shareholders will be asked to review this authority every three years.

Voting in favour of the resolution will not prevent you, should you so wish, from electing to receive your dividends in cash in any of the next three years in which a scrip dividend alternative is offered.

## **Share Allotment Authorities**

*Resolutions 20–25 are regarding the allotment of the Company's securities. The authorities can be summarised as:*

- Resolution 20 authorises the Board to allot ordinary shares for various circumstances (scrip dividends, employee share schemes and corporate actions such as rights issues) subject to specified limits and conditions;*
- Resolution 21 authorises the Board to extend the authority from resolution 20 to include any ordinary shares repurchased by the Company under resolution 26;*
- Resolution 22 authorises the Board to allot shares in relation to ECAT1 Securities subject to a specified limit. ECAT1 Securities automatically convert into shares in prescribed circumstances;*
- Resolutions 23, 24 and 25 are special resolutions and authorise the Board to disapply existing shareholder pre-emption rights in certain circumstances when allotting shares or ECAT1 Securities.*

20. That the Board be authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) up to a nominal amount of US\$328,742,861 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (B) or (C) so that in total no more than US\$547,904,768.50 can be allotted under paragraphs (A) and (B) and no more than US\$1,095,809,537 can be allotted under paragraphs (A), (B) and (C);

(B) up to a nominal amount of US\$547,904,768.50 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (A) or (C) so that in total no more than US\$547,904,768.50 can be allotted under paragraphs (A) and (B) and no more than US\$1,095,809,537 can be allotted under paragraphs (A), (B) and (C)) in connection with:

(i) an offer or invitation:

(a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(ii) a scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company;

(C) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of US\$1,095,809,537 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (A) or (B) so that in total no more than US\$1,095,809,537 can be allotted under paragraphs (A), (B) and (C)) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(D) pursuant to the terms of any existing share scheme of the Company or any of its subsidiaries or subsidiary undertakings adopted prior to the date of this meeting.

Such authorities to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but, in each such case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Under section 551 of the Companies Act 2006, the directors may only allot shares, or grant rights to subscribe for or convert any security into shares, if shareholders in general meeting have given them authority to do so. The authority given to the directors at last year's AGM to allot ordinary shares or grant rights to subscribe for or convert any security into such shares will expire at the end of this year's AGM. Accordingly, resolution 20 seeks shareholders' approval to renew this authority.

Paragraph (A) of resolution 20 asks for a new authority to be given to allow the directors to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount equal to US\$328,742,861 (representing 657,485,722 ordinary shares of US\$0.50 each), such amount to be reduced to take into account amounts allotted or granted under paragraphs (B) and (C) of resolution 20. This amount represents approximately 20 per cent of the issued ordinary share capital of US\$1,643,714,306 as at 14 March 2017, (the latest practicable date prior to the publication of this document.) The Hong Kong Listing Rules do not permit the directors to allot, on a non pre-emptive basis, shares or rights to shares that would represent more than 20 per cent of the issued ordinary share capital as at the date on which the resolution granting them a general authority to allot is passed. Accordingly, paragraph (A) of resolution 20 restricts the authority of the directors to the 20 per cent threshold.

Paragraph (B) of resolution 20 would give the directors the authority to make allotments which exceed the 20 per cent authority under paragraph (A) of resolution 20 in connection with offers to ordinary shareholders or by way of scrip dividend, up to an aggregate nominal amount (when combined with any allotments made under the authority in paragraph (A)) equal to US\$547,904,768.50 (representing 1,095,809,537 ordinary shares of US\$0.50 each), such amount to be reduced to take into account amounts allotted or granted under paragraphs (A) and (C) of resolution 20. This amount represents approximately one-third of the issued ordinary share capital of the Company as at 14 March 2017 (the latest practicable date prior to the publication of this document).

In line with guidance issued by the Investment Association, paragraph (C) of resolution 20 would give the directors authority to allot shares or grant rights to subscribe for or convert any security into shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to US\$1,095,809,537 (representing 2,191,619,074 ordinary shares of US\$0.50 each), as reduced by the nominal amount of any shares issued under paragraphs (A) or (B) of resolution 20. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 14 March 2017, the latest practicable date prior to the publication of this document.

Under Rule 7.19(6) of the Hong Kong Listing Rules, if a proposed rights issue would increase either the number of issued shares or the market capitalisation of the Company by more than 50 per cent (on its own or when aggregated with any other rights issues or open offers announced within the previous 12 months or prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period), then the issue must ordinarily be made conditional on approval by shareholders in a general meeting by a resolution on which the executive directors and their associates must abstain from voting. However, The Stock Exchange of Hong Kong Limited has granted a waiver to the Company from strict compliance with Rule 7.19(6) of the Hong Kong Listing Rules on 6 March 2009 in order to place the Company on an equal footing with other UK listed companies. The waiver has been granted on the basis that:

1. the executive directors and their associates would abstain from voting on the relevant resolution in their capacity as shareholders; and
2. if the Company were to do a rights issue, the Company would not need to obtain shareholder approval under Rule 7.19(6) of the Hong Kong Listing Rules provided that:
  - (i) the market capitalisation of the Company will not increase by more than 50 per cent as a result of the proposed rights issue; and

- (ii) the votes of any new directors appointed to the Board since the AGM would not have made a difference to the outcome of the relevant resolution at the AGM if they had been shareholders at the time and they had in fact abstained from voting.

Under the Hong Kong Listing Rules the directors are required to seek authority from shareholders to allot shares and grant rights to subscribe for or convert any security into shares pursuant to the Company's existing share schemes or those of its subsidiaries or subsidiary undertakings. Paragraph (D) of resolution 20 seeks such authority for schemes adopted prior to the date of the AGM.

The authorities sought in paragraphs (A), (B), (C) and (D) of resolution 20 will expire at the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018).

The directors intend to use the authorities sought under resolution 20 to allot ordinary shares as scrip dividends instead of cash dividends and following the exercise of options and awards under the Company's share schemes. Otherwise, the authorities will also give the directors flexibility to issue shares where they believe it is in the interests of shareholders to do so.

As at the date of this document, no shares are held by the Company in treasury.

- 21. That the authority granted to the Board to allot shares or grant rights to subscribe for or convert securities into shares up to a nominal amount of US\$328,742,861 pursuant to paragraph (A) of resolution 20 be extended by the addition of such number of ordinary shares of US\$0.50 each representing the nominal amount of the Company's share capital repurchased by the Company under the authority granted pursuant to resolution 26, to the extent that such extension would not result in the authority to allot shares or grant rights to subscribe for or convert securities into shares pursuant to resolution 20 exceeding US\$1,095,809,537.**

As permitted by the Hong Kong Listing Rules, resolution 21 seeks to extend the directors' authority to allot shares and grant rights to subscribe for or convert any security into shares pursuant to paragraph (A) of resolution 20 to include the shares repurchased by the Company under the authority sought by resolution 26.

- 22. That, in addition to any authority granted pursuant to resolution 20 (if passed), the Board be authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of US\$328,742,861 (or 657,485,722 shares), representing approximately 20 per cent of the Company's nominal issued ordinary share capital as at 14 March 2017, in relation to any issue by the Company or any subsidiary or subsidiary undertaking of the Company (together, the "Group") of Equity Convertible Additional Tier 1 Securities ("ECAT1 Securities") that automatically convert into or are exchanged for ordinary shares in the Company in prescribed circumstances where the Board considers that such an issuance of ECAT1 Securities would be desirable in connection with, or for the purposes of complying with or maintaining compliance with the regulatory capital requirements or targets applicable to the Group from time to time, such authority to apply until the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018) but so that, in the period before the authority ends, the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.**

The effect of resolution 22 is to give the Board the authority to allot shares and grant rights to subscribe for or to convert any security into ordinary shares in the Company up to an aggregate nominal amount of US\$328,742,861 (or 657,485,722 shares), representing approximately 20 per cent of the Company's issued ordinary share capital as at 14 March 2017 (the latest practicable date prior to publication of this document), such authority to be exercised in connection with the issue of ECAT1 Securities. Please see Appendix 1 for more information on ECAT1 Securities.

This authority is in addition to the authority proposed under resolution 20. The latter authority proposed under resolution 20 is the usual authority sought on an annual basis in line with guidance issued by the Investment Association.

The authority sought under resolution 22 is not contemplated by the guidance issued by the Investment Association. The authority sought under resolution 22 will be utilised as considered desirable to comply with or maintain compliance with regulatory capital requirements or targets applicable to the Group.

The 20 per cent limit under the authority proposed in resolution 22 is independent of any use of the authorities granted at the 2014, 2015 and 2016 AGM, which authorities each expired (to the extent unused) at the end of the following year's AGM. The total ECAT1 Securities issued by the Company to date under the previous mandates have utilised less than 20 per cent. of the issued capital in aggregate. However, given the increase in regulatory requirements and other external factors, it is currently expected that further issuance of ECAT1 Securities, if undertaken, may over time utilise more than 20 per cent of the issued capital on an aggregate basis.

The authority sought under resolution 22 will expire at the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018).

## **Special Resolutions**

**23. That if resolution 20 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to such allotment or sale, such power to be limited:**

**(A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (C) of resolution 20, by way of a rights issue only):**

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and**
- (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,**

**and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and**

**(B) in the case of the authority granted under paragraph (A) of resolution 20 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of US\$82,185,715,**

**such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.**

This resolution would give the directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise

considers necessary, or otherwise up to an aggregate nominal amount of US\$82,185,715 (representing 164,371,430 ordinary shares of US\$0.50 each). This aggregate nominal amount represents approximately five per cent of the issued ordinary share capital of the Company as at 14 March 2017 (the latest practicable date prior to the publication of this document). In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles (the 'Principles') regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5 per cent should not take place without prior consultation with shareholders. The authorities sought pursuant to resolution 23 will expire at the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018).

**24. That if resolution 20 is passed, the Board be given power in addition to any power granted under resolution 23 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority granted under paragraph (A) of resolution 20 and/or sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to such allotment or sale, such power to be:**

**(A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of US\$82,185,715; and**

**(B) used only for the purposes of financing a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice or for the purposes of refinancing such a transaction within six months of its taking place,**

**such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.**

This resolution is intended to give the Company flexibility to make non pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Pre-Emption Group's Statement of Principles. The power under this resolution is in addition to that proposed by resolution 23 and would be limited to allotments or sales of up to an aggregate nominal amount of US\$82,185,715 (representing 164,371,430 ordinary shares of US\$0.50 each). This aggregate nominal amount represents an additional five per cent of the issued ordinary share capital of the Company as at 14 March 2017 (the latest practicable date prior to publication of this document). In accordance with the Pre-Emption Group's Statement of Principles, the directors confirm that this authority will only be used in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The authority sought pursuant to resolution 24 will expire at the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018).

**25. That, in addition to the powers granted pursuant to resolutions 23 and 24 (if passed), and if resolution 22 is passed, the Board be given the power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by resolution 22 as if section 561 of the Companies Act 2006 did not apply, such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.**

The effect of resolution 25 is to give the Board authority to allot ECAT1 Securities, or shares issued upon conversion or exchange of ECAT1 Securities, without first offering them to existing shareholders. This will allow the Company to manage its capital in the most efficient and economic way for the benefit of shareholders.

If passed, resolution 25 will authorise the Board to allot shares and grant rights to subscribe for or to convert any security into shares in the Company on a non pre-emptive basis up to an aggregate nominal amount of US\$328,742,861 (or 657,485,722 shares), representing approximately 20 per cent of the Company's issued ordinary share capital as at 14 March 2017 (the latest practicable date prior to publication of this document), such authority to be exercised in connection with the issue of ECAT1 Securities.

Should a Trigger Event occur (please see Appendix 1 for more information on ECAT1 Securities and their Trigger Events) the ECAT1 Securities will convert into or be exchanged for shares in the Company. The Board may or may not give shareholders the opportunity to purchase the ordinary shares created on conversion or exchange of any ECAT1 Securities on a pro rata basis, where practicable and subject to applicable laws and regulations, such decision to be made on a transaction by transaction basis.

The authority sought under resolution 25 will expire on at the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018).

### **Purchase of own Ordinary Shares or Preference Shares**

*Resolutions 26 and 27 are regarding the purchase by the Company of its own ordinary shares or preference shares subject to specified limits and conditions.*

**26. That the Company be authorised to make market purchases (as defined in the Companies Act 2006) of its ordinary shares of US\$0.50 each provided that:**

- (A) the Company does not purchase more than 328,742,861 shares under this authority;**
- (B) the Company does not pay less for each share (before expenses) than US\$0.50 (or the equivalent in the currency in which the purchase is made, calculated by reference to a spot exchange rate for the purchase of US dollars with such other currency as displayed on the appropriate page of the Reuters screen at or around 11.00am London time on the business day before the day the Company agrees to buy the shares); and**
- (C) the Company does not pay more for each share (before expenses) than the higher of (i) five per cent over the average of the middle market prices of the ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company agrees to buy the shares and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out (including when the shares are traded on different trading venues),**

**such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and the Company may make a purchase of ordinary shares in accordance with any such agreement as if the authority had not ended.**

The effect of this resolution is to renew the authority granted to the Company to purchase its own shares up to a maximum of 328,742,861 ordinary shares until the AGM in 2018 (or, if earlier, until the close of business on 2 August 2018) at, or between, the minimum and maximum prices specified in this resolution. This is approximately 10 per cent of the Company's issued ordinary share capital as at 14 March 2017 (the latest practicable date prior to the publication of this document). No repurchases of shares will be conducted on The Stock Exchange of Hong Kong Limited.



The directors believe that it is in the best interests of the Company and all of its shareholders to have a general authority for the Company to buy back its ordinary shares in the market. The directors intend to keep under review the potential to purchase ordinary shares. Purchases will only be made if the directors consider that the purchase would be for the benefit of the Company and of its shareholders generally, taking into account relevant factors and circumstances at that time, for example the effect on earnings per share. The Companies Act 2006 permits the Company to hold any such bought back shares in treasury as an alternative to cancelling them immediately. If the Company purchases any of its ordinary shares and holds them in treasury, the Company may sell these shares (or any of them) for cash, transfer these shares (or any of them) for the purposes of or pursuant to an employee share scheme, cancel these shares (or any of them) or continue to hold them in treasury. Holding such shares in treasury gives the Company the ability to reissue them quickly and cost effectively and provides additional flexibility in the management of the Company's capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, shares held in treasury. The directors intend to decide whether to cancel shares purchased pursuant to this authority or hold them in treasury based on the interests of the Company and shareholders as a whole at the relevant time.

The total number of options to subscribe for ordinary shares outstanding at 14 March 2017 (the latest practicable date prior to the publication of this document), was 75,269,726, which represented 2.29 per cent of the issued ordinary share capital at that date. If the Company were to purchase the maximum number of ordinary shares permitted under the existing authority given at the 2016 AGM and by this resolution, the options outstanding at 14 March 2017 would represent approximately 2.86 per cent of the issued ordinary share capital.

**27. That the Company be authorised to make market purchases (as defined in the Companies Act 2006) of up to 15,000 preference shares of US\$5.00 each and up to 195,285,000 preference shares of £1.00 each provided that:**

- (A) the Company does not pay less for each share (before expenses) than the nominal value of the share (or the equivalent in the currency in which the purchase is made, calculated by reference to the spot exchange rate for the purchase of the currency in which the relevant share is denominated with such other currency as displayed on the appropriate page of the Reuters screen at or around 11.00am London time on the business day before the day the Company agrees to buy the shares); and**
- (B) the Company does not pay more for each share (before expenses) than 25 per cent over the average of the middle market prices of such shares according to the Daily Official List of the London Stock Exchange for the 10 business days immediately before the date on which the Company agrees to buy the shares,**

**such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 2 August 2018) but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and the Company may make a purchase of shares in accordance with any such agreement as if the authority had not ended.**

The effect of this resolution is to renew the authority granted to the Company to purchase up to 195,285,000 sterling preference shares and up to 15,000 US dollar preference shares. No preference shares have been repurchased since the last AGM.

Whilst it is important to have a capital base which is adequate to allow the business to grow in all areas and which appears to offer an appropriate balance between risk and profitability, it is equally important that the Company does not carry excessive amounts of capital and that it uses the most appropriate mix of capital instruments on the balance sheet. Having the authority to buy back all the issued preference shares would provide the Company with further flexibility in managing the capital base. Accordingly, the directors believe that it is in the best interests of the Company and its shareholders as a whole to have the authority sought by this resolution.

The directors intend to keep under review the potential to buy back preference shares, taking into account other investment and funding opportunities. The authority will be exercised only if the directors believe that to do so would be in the interests of shareholders generally. As noted above, the Companies Act 2006 permits the Company to hold any such bought back shares in treasury as an alternative to cancelling them immediately. Accordingly, if the Company purchases any of its preference shares, those shares may be cancelled or held in treasury by the Company. The directors intend to make such decision at the time of purchase based on the interests of the Company and shareholders generally.

## **General Meeting Notice**

*Resolution 28 is in regards to the notice that the Company will give shareholders when calling a general meeting other than an annual general meeting.*

### **28. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.**

The notice period required for general meetings of the Company is 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days (AGMs are still required to be held on at least 21 clear days' notice).

Resolution 28 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Note that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

**In accordance with Rule 7.19(6) of the Hong Kong Listing Rules, the executive directors and their respective associates will abstain from voting in favour of resolution 20 for the reasons set out on pages 10 and 11 of this document.**

**The Board recommends all shareholders vote in favour of all the resolutions, as the directors intend to do in respect of their own shares (with the exception of resolution 20) and consider that the resolutions are in the best interests of the Company and shareholders as a whole.**

By order of the Board

**Elizabeth Lloyd, CBE**  
Group Company Secretary

24 March 2017

## Appendix 1

### Equity Convertible Additional Tier 1 Securities

The Company must meet minimum regulatory capital requirements in the jurisdictions in which it operates.

Under the EU Capital Requirements Regulation (CRR), the Company must hold a minimum amount of Tier 1 capital, defined as a percentage of its Risk Weighted Assets on a consolidated basis. To maintain an efficient capital structure that protects the interests of ordinary shareholders under prudential regulatory requirements, the Company can choose to meet part of that minimum requirement by holding up to 2.0 per cent of its Risk Weighted Assets in the form of Additional Tier 1 instruments (AT1 Securities) instead of Common Equity Tier 1 capital (CET1).

In order for securities to qualify as Tier 1 capital, the terms and conditions of the AT1 Securities must contain a "Trigger Event". A "Trigger Event" is the breach of a pre-determined capital ratio specified in the terms of the AT1 Securities which automatically results in the principal amount of the AT1 Securities either being written down or being converted into CET1, as specified in the terms of the AT1 Securities. Under the CRR, AT1 Securities must convert to equity or be written down when the issuer's CET1 ratio is below 5.125% or a higher level as the issuer may determine. The Trigger Event ratio would be determined in conjunction with the Prudential Regulation Authority (the PRA) of the UK before the issue of any AT1 Securities.

The Company will take into account various factors when deciding whether to issue AT1 Securities, including the capital position of the Company at the time, the prevailing regulatory capital requirements and its view of the likely capital requirements in the longer term. The timing and terms of issuance of AT1 Securities will be determined by the Company in consultation with the PRA.

The flexibility to issue AT1 Securities enables the Company to achieve diversification and efficiency in its capital base. Shareholder approval is being sought in resolutions 22 and 25 to authorise the issue of AT1 Securities which convert into ordinary shares on the occurrence of a Trigger Event (Equity Convertible Additional Tier 1 Securities or ECAT1 Securities) and/or shares to be issued on conversion or exchange of those ECAT1 Securities.

### Why is the Company seeking a specific mandate to issue ECAT1 Securities?

The Company is seeking a specific mandate under resolution 22 to enable it to issue ECAT1 Securities and the mandate would be used for that sole purpose (i.e. the Company could not use this specific mandate to issue new shares for any other purpose). The general mandate under resolution 20 may be used by the Company to issue new shares at any time on a non pre-emptive basis, subject to the limits under that resolution and restrictions under the UK and Hong Kong Listing Rules and Investment Association guidelines. The specific mandate for ECAT1 Securities will provide greater flexibility for the Company in allowing it to maintain a general mandate for other purposes (e.g. issuing consideration shares). By the same token, the general mandate under resolution 20 would not be used in connection with the issue of ECAT1 Securities.

The Company believes it would not be practical to obtain a specific mandate from shareholders to issue ECAT1 Securities only when the need arises, primarily due to the time it would take to prepare the relevant circular to shareholders, obtain pre-clearance for the circular from the authorities, and then print and despatch the relevant circular to shareholders convening the general meeting to seek shareholder approval. Having a pre-approved mandate will enable the Company to act on a timely basis to satisfy the capital requirements when market conditions are conducive to launching the issue.

## **What steps can the Company take before or on a Trigger Event?**

In advance of and after a Trigger Event the Company's management can be expected to take certain actions:

- (i) **Recovery Planning** – the Company is required by its regulators to develop and maintain a Recovery Plan to be implemented in the event that the Company's capital position comes under pressure. Should the Company's capital ratios fall, the Company is likely to be required to implement those planned recovery actions to improve its capital position (e.g. by reducing Risk Weighted Assets or through a rights issue of ordinary shares) in advance of a Trigger Event. Were a rights issue to be launched, the Company's ordinary shareholders would be offered the opportunity to acquire new ordinary shares in proportion to their existing shareholding in the Company (subject to legal, regulatory or practical restrictions).
- (ii) **Shareholder Participation** – should a Trigger Event occur (despite taking recovery actions), the Board may give shareholders the opportunity to purchase the ordinary shares issued on conversion or exchange of any ECAT1 Securities on a pro rata basis, where practicable and subject to applicable laws and regulations, at the same price as the holders of the ECAT1 Securities would otherwise have acquired those ordinary shares (i.e. the conversion price described below). This will be determined on a transaction-by-transaction basis and the mechanism for shareholder participation will be written into the terms and conditions of the ECAT1 Securities where applicable.

The circumstances in which a Trigger Event might be expected to occur are considered to be remote given the level of capital the Company currently holds in excess of the expected Trigger Event ratio and the recovery actions that it has available to it should such a situation seem likely to arise.

As at 31 December 2016, the Company had US\$36.6 billion of Common Equity Tier 1 Capital and a Common Equity Tier 1 ratio of 13.6%. This level of capital is considerably in excess of the expected Trigger Event ratio.

## **How do ECAT1 Securities provide a more efficient capital structure?**

To the extent permitted, ECAT1 Securities are expected to be a cheaper form of eligible regulatory capital for meeting Tier 1 capital and leverage ratio requirements than CET1 capital and so would lower the Company's ongoing costs for the benefit of all shareholders.

Under the Company's accounting policies, it is expected that the ECAT1 Securities will be recorded as equity securities in the financial statements; however, this will be determined at the time of issuance.

## **At what price will the ECAT1 Securities be issued?**

The pricing mechanism for ECAT1 Securities is similar to other fixed income capital instruments that the Company would issue. The issue price of the ECAT1 Securities will be fixed immediately prior to issuance taking into account prevailing market convention.

## **At what price will the ECAT1 Securities be converted into or exchanged for ordinary shares?**

The terms and conditions of the ECAT1 Securities will specify a Conversion Price or a mechanism for setting a Conversion Price for the ECAT1 Securities. The "Conversion Price" is the rate at which the ECAT1 Securities will be exchanged for ordinary shares on the occurrence of a Trigger Event. This may be set at a discount to the price of the Company's ordinary shares immediately prior to issuance of the ECAT1 Securities. The extent of the discount will be determined in consultation with the PRA and taking into account prevailing market convention.

## **Will the ECAT1 Securities be redeemable?**

Yes. The CRR requires AT1 capital instruments to be perpetual with a minimum of five years before the first optional call date. The ECAT1 Securities will include redemption terms consistent with regulatory requirements and market practice. For example, the Company may redeem the ECAT1 Securities (i) after a fixed period of time (minimum five years) upon an interest rate reset date (Optional Redemption); (ii) in the event of a change in the regulatory classification of the ECAT1 Securities such that they can no longer be included in the Company's Tier 1 capital (Regulatory Event Redemption); or (iii) as a result of a change in the tax treatment of the ECAT1 Securities (Tax Redemption). In each case, redemption can only take place with the prior consent of the PRA.

## **How have you calculated the size of the authorities you are seeking?**

The size of the authorities reflected in resolutions 22 and 25 has been calculated based on anticipated capital requirements to provide flexibility in capital management. The resolutions give the Board authority to set the specific terms of the ECAT1 Securities, which may provide for write-down or conversion on the occurrence of a Trigger Event. The authorities sought are set at a level to provide full flexibility to the Company in managing its capital structure efficiently given the uncertainties that remain in both the precise regulatory requirements and the market for this form of capital instrument. The specific mandate will give the Board authority to allot ordinary shares and grant rights to subscribe for or convert any security into ordinary shares in the Company representing up to 20 per cent of the Company's issued ordinary share capital as at 14 March 2017. This limit has been calculated based on internal modelling to provide flexibility to the Company to issue a sufficient nominal amount of ECAT1 Securities to satisfy the requirements under the CRR taking into account potential fluctuations in the Company's share price and the GBP/USD exchange rates and modelled on a hypothetical conversion price discount factor of 10%. The previous issue of ECAT1 Securities of the Company made pursuant to the 2014 Mandate was made at a conversion price discount factor of 30% and the two issues of ECAT1 Securities of the Company made pursuant to the 2016 Mandate were made at a conversion price discount factor of 10%. The Company expects that any issue of ECAT1 Securities made pursuant to the 2017 Mandate will be made at a similar conversion price discount factor to the issues made pursuant to the 2016 Mandate. However, the price discount factor will ultimately depend on the prevailing market conditions at the time of issuance.

## **Hong Kong Stock Exchange waiver**

Under Rule 13.36(1) of the Hong Kong Listing Rules, the directors of a company must obtain the consent of shareholders in a general meeting prior to allotting or issuing shares or securities convertible into shares except as set out under Rule 13.36(2)(b). Rule 13.36(2)(b) of the Hong Kong Listing Rules allows the directors to seek a general mandate from shareholders to allot or issue shares on a non pre-emptive basis. As explained above, the Company is seeking this specific mandate from shareholders in addition to the general mandate under Rule 13.36(2)(b) of the Hong Kong Listing Rules for the sole purpose of issuing ECAT1 Securities. This specific mandate would require a dispensation from Rule 13.36(1) of the Hong Kong Listing Rules. The Company has therefore applied for, and the Hong Kong Stock Exchange has granted, a waiver from compliance with Rule 13.36(1) to allow the directors to seek the authority under resolution 22 in relation to issuing ECAT1 Securities subject to the limits set out in that resolution.

On 17 February 2017, the Hong Kong Stock Exchange granted a waiver of Rule 13.36(1) to the Company to allow it to seek the specific mandate which, if approved by shareholders, would continue in force until:

- (i) the end of next year's AGM (or, if earlier, at the close of business on 2 August 2018) at which time it will lapse unless the specific mandate is renewed, either unconditionally or subject to conditions; or
- (ii) revoked or varied by ordinary resolution of the shareholders in a general meeting.

## Notes

### Right to attend the AGM

If you want to attend the AGM and vote, you must be on the Company's register of members in the UK at 10.00pm London time on 28 April 2017 or on the Company's branch register of members in Hong Kong at 5.00am Hong Kong time on 28 April 2017. This will enable us to determine how many votes you have on a poll. If the AGM is adjourned to a time after 10.00pm London time on Wednesday 3 May 2017, you must be on the appropriate register of members of the Company 48 hours before the time of the adjourned meeting. This will also allow us to confirm how many votes you will have on a poll at such a meeting. If we give you notice of an adjourned meeting we will tell you in the notice when you need to be on the register to be able to attend and vote. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Right to ask questions at the AGM

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

### Proxy appointments

If you are an ordinary shareholder you may attend, speak and vote at the AGM or appoint one or more proxy(ies) to exercise all or any of your rights to attend and to speak and vote on your behalf at the Company's AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy may be appointed by any of the following methods:

- Electronic proxy — shareholders on the Hong Kong branch register of members may appoint a proxy electronically, which is a quicker, simpler and more efficient method of appointment. If you wish to submit your proxy form electronically, you will need an internet-enabled PC. For best results we recommend that you use the latest vendor supported release of your internet browser. You can then appoint your proxy online at [www.eproxyappointment.com/STDH](http://www.eproxyappointment.com/STDH). You will need your Shareholder Reference Number (SRN), and Personal Identification Number (PIN), which are stated on the accompanying proxy form to access the service. Your PIN will expire at 6:00pm Hong Kong time on 28 April 2017. Before you can appoint a proxy electronically, you will be asked to agree to the terms and conditions for electronic proxy appointment. It is important that you read these terms and conditions carefully as they will govern the electronic appointment of your proxy; or
- Completing and returning the enclosed proxy form to our branch registrar Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

**IMPORTANT:** Whichever method you choose, any proxy form or other instrument appointing a proxy must be received by the Company's registrar no later than 6:00pm Hong Kong time on 28 April 2017 to be valid.

Appointing a proxy electronically or the return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person if s/he wishes to do so.

## **Nominated persons**

Any person to whom this document is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom s/he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, s/he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements under the paragraphs headed 'Proxy appointments' do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by ordinary shareholders (or by proxy(ies) appointed to act on their behalf) at a general meeting of the Company.

## **Corporate representatives**

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

## **Poll voting procedure**

The Company will call a poll on all resolutions at the AGM. This allows the votes of both shareholders who have lodged proxies and shareholders who attend the meeting to be taken into account. On arrival at the AGM, all those entitled to vote will be required to register and be given a personalised poll card with details of your shareholding to be used for the poll vote. At the end of the AGM, the Chairman will ask you to cast your vote by completing the poll card. All the votes present will be counted and added to those received by proxy and the provisional final votes. If you have already voted by proxy you will still be able to vote using the poll card and your vote on the day will replace your proxy vote lodged previously. To facilitate these arrangements, it would be helpful if you could please arrive at the AGM venue in good time and have your attendance pass to hand. If you have submitted your votes online you will need to print the attendance pass provided within the site.

On a poll, every ordinary shareholder present in person or by proxy has one vote for every US\$2.00 nominal value of ordinary shares held. The nominal value of each ordinary share being US\$0.50 means that a member needs to hold four ordinary shares to register one vote on a poll, and Indian Depository Receipts (IDRs) holders have one vote for every forty IDRs they hold. As at 14 March 2017 (the latest practicable date prior to the publication of this document), the Company had 3,287,428,612 ordinary shares of US\$0.50 each in issue, none of which were held in treasury. The ordinary shares carry in aggregate 821,857,153 voting rights on a poll.

You can obtain the results of the poll by telephoning our branch registrar on or after Thursday 4 May 2017. The results of the poll will be announced to the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited and will appear on our website at <http://investors.sc.com/en/releases.cfm> on Thursday 4 May 2017.

## **Audit statement**

Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

## **Website**

A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at <http://investors.sc.com/en/downloads.cfm>.

## **Inspection of documents**

The following documents will be available for inspection at 1 Basinghall Avenue, London, EC2V 5DD and at the offices of Slaughter and May, 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong from the date of this document until the end of the AGM and at the AGM venue from 15 minutes before the AGM until it ends.

- Copies of the executive directors' contracts of employment.
- Copies of the Chairman's contract for services and the letters of appointment of independent non-executive directors.

In the case of any conflict between any translation and this English text, this English text shall prevail.

## **Explanatory Notes**

Further notes giving an explanation of the resolutions proposed in this notice will be contained in the Notice of Annual General Meeting 2017 circular which will be sent to shareholders together with the Company's Annual Report 2016.

As at the date of this announcement, the Board of Directors of Standard Chartered PLC comprises:

### *Chairman:*

José María Viñals Iñiguez

### *Executive Directors:*

William Thomas Winters and Andrew Nigel Halford

### *Independent Non-Executive Directors:*

Om Prakash Bhatt; Dr Kurt Michael Campbell; Dr Louis Chi-Yan Cheung; David Philbrick Conner; Dr Byron Elmer Grote; Dr Han Seung-soo, KBE; Christine Mary Hodgson; Gay Huey Evans, OBE; Naguib Kheraj (Deputy Chairman and Senior Independent Director) and Jasmine Mary Whitbread