

STANDARD CHARTERED PLC
(the “Company”)
AUDIT COMMITTEE

TERMS OF REFERENCE

- APPOINTED BY:** The Board of Standard Chartered PLC (the “Board”).
- MEMBERS:** The Audit Committee (the “Committee”) shall be appointed by the Board and comprise at least three members one of which shall be the Chair of the Board Risk Committee. All members of the Committee shall be independent Non-Executive Directors. The Chairman of the Board shall not be a member of the Committee. At least one member of the Committee should have recent and relevant financial experience. The Committee as a whole shall have competence to the banking sector.
- CHAIR:** The Committee Chair shall be one of the members of the Committee, recommended by the Governance and Nomination Committee and approved by the Board. Ad hoc meetings of the Committee will be chaired by the Committee Chair or his/her nominee. The Chair (or nominee) shall be an independent Non-Executive Director.
- ATTENDANCE:** Only members of the Committee have the right to attend Committee meetings. However, other individuals such the Chairman of the Board, the Group Chief Executive, the Group Chief Financial Officer, the Group Chief Risk Officer, the Group Head of Internal Audit, the Group Head of Compliance, Group Financial Controller, Chief Financial Officer, Group Finance and external auditors would normally be invited to attend all or part of any meeting by invitation from the Committee Chair.
- SECRETARY:** The Group Company Secretary or his/her nominee.
- QUORUM:** Any two one of whom must be the Committee Chair or his/her nominee.
- MEETINGS:** The Committee shall meet at least six times each year and on such other occasions as the Committee Chair deems necessary. Two meetings will coincide with the year-end and interim financial reporting cycles.
- The Committee will meet at least annually with the external auditors and at least annually on an individual basis with the Group Chief Financial Officer, Group Head of Internal Audit and Group Head of Compliance without other management

being present to discuss matters relating to the Committee's remit.

Outside of the formal meeting schedule, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the Group Chief Executive, the Group Chief Financial Officer, Group Chief Risk Officer, Head of Compliance, the external audit lead partner and the Group Head of Internal Audit.

The Committee may meet at any time with members only being present, should it consider this necessary or desirable.

External Auditors, Group Internal Audit or Group Compliance may request a meeting if they consider that one is necessary.

TRAINING:

The Committee members shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

AUTHORITY:

The Committee is concerned with the business of Standard Chartered PLC and its subsidiaries (the "Group") and is authorised by the Board to:

- Seek any information that it requires in connection with its purpose and responsibilities from any employee of the Group.
- Request the attendance of any employee at a meeting of the Committee as and when required.
- Seek appropriate independent professional advice on any matters within its Terms of Reference at the Company's expense as and when it considers it necessary but should consult the Board before material expenditure is incurred.

PURPOSE:

The Committee shall:

- Monitor the integrity of the financial statements and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them.
- Review the Company's internal financial controls.
- Monitor the effectiveness of the Company's Internal Audit function.

- Make recommendations to the Board, for it to be put to the shareholders for their approval at general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- Review and monitor the external auditors independence and objectivity and the effectiveness of the audit process taking into consideration relevant UK professional and regulatory requirements.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.
- Review and monitor the effectiveness of the Group's Whistleblowing systems and controls.
- Review and monitor the effectiveness of the Group's Compliance controls.

And act as the Audit Committee of Standard Chartered Bank.

RESPONSIBILITIES

The responsibilities of the Committee are:

1. FINANCIAL REPORTING

- (a) Review and report to the Board on significant financial reporting issues and judgements and provisions for losses made in connection with the preparation of financial statements of Standard Chartered PLC and Standard Chartered Bank, (having regard to matters communicated to it by the Group's external auditor) interim reports, preliminary announcements and related formal statements.
- (b) Receive reports from Management on compliance with accounting standards and other legal and regulatory requirements.
- (c) Receive reports from Management on any methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches. The audit committee should consider significant accounting policies and any changes to them and make recommendations to the Board.
- (d) Approve the Group Impairment Provisioning Policy at least every two years, subject to there being no material changes within this period.
- (e) Consider whether it is appropriate for the Group to adopt the going concern basis of accounting in preparation of the annual and half-yearly financial

statements, and identifying any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements.

- (f) Advise the Board of Standard Chartered PLC (the "PLC Board") and the Court of Standard Chartered Bank ("the Court") whether the information presented in the financial statements presents a fair, balanced and understandable assessment of the position and prospects of Standard Chartered PLC and Standard Chartered Bank and in particular, for the purposes of the PLC Board's and the Court's statements on these matters, whether the content of the annual report and accounts as a whole for Standard Chartered PLC and Standard Chartered Bank are fair, balanced and understandable and provide the information necessary for shareholders to assess the Standard Chartered PLC's and Standard Chartered Bank's performance, business model and strategy.
- (g) Review and ensure that the Pillar 3 disclosures have been prepared in accordance with the Group's internal control processes and approve the publication of Pillar 3 disclosures.

2. INTERNAL FINANCIAL CONTROL

Review the Group's internal financial systems and controls including:

- (a) The effectiveness of the Group's internal financial controls to identify, assess, manage and monitor financial risks.
- (b) The findings of any testing carried out by the internal or external auditors on the Group's internal financial controls.
- (c) Review and recommend to the Board the disclosures included in the Annual Report in relation to internal control and the viability statement.

3. ACCOUNTING AND FINANCE REPORTING FUNCTION

To seek assurance that the accounting and financial reporting function is adequately resourced.

4. GROUP INTERNAL AUDIT FUNCTION

In relation to the Group's Internal Audit function:

- (a) Monitor and review the effectiveness, independence and objectivity of the Group's Internal Audit function.
- (b) Ensure that Group Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors.

- (c) Approve the annual Group Internal Audit Plan and monitor and review the effectiveness of Group Internal Audit. Ensure that the Group Internal Audit Plan is aligned to the key risks of the business.
- (d) Annually approve Group Internal Audit's Charter ensuring it is appropriate for the current needs of the Group.
- (e) Review and monitor management's responsiveness to Group Internal Audit's GIA's findings and recommendations.
- (f) Meet with the Group Head of Internal Audit, to discuss the effectiveness of the Group Internal Audit function.
- (g) Approve the appointment or termination of appointment of the Group Head of Internal Audit.
- (h) Ensure that any material issues arising from the review of the effectiveness of Group Internal Audit relating to matters which are within the remit of the Board Risk Committee and the Board Financial Crime Risk Committee are communicated to such Committees for their consideration.
- (i) Consider whether an that an external assessment of Group Internal Audit is conducted as least every five years by a qualified, independent assessor or assessment team from outside the Group.
- (j) Ensure that Group Internal Audit has a reporting line which enables it to be independent of Management and so be able to exercise independent judgement.

5. EXTERNAL AUDITORS

In relation to the external auditors:

The Committee has primary responsibility for the appointment of the external auditor. This includes negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations on the appointment, reappointment (through the Board to shareholders to consider at the Annual General meeting) and removal of the external auditors.

- (a) Ensure that at least once every ten years the audit services contract is put out to tender and to oversee the tender selection process.
- (b) Be responsible for the selection procedure for the appointment of audit firms, overseeing the selection process and ensuring that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process.

- (c) Where a subsidiary of Standard Chartered PLC or a branch of Standard Chartered Bank is required to rotate its external auditor at a date different from Standard Chartered PLC, to receive reports from the subsidiary Audit Committee (or the executive committee of a branch) on the rotation requirement and to subsequently note the appointment of new auditors.
- (d) Annually assess, and report to the Board on, the qualification, expertise and resources, and independence of the external auditors and the effectiveness of the audit process, with a recommendation on whether to propose to shareholders that the external auditor be reappointed.
- (e) If the external auditor resigns, the Committee should investigate the issues giving rise to such resignation and consider whether any action is required.
- (f) Approve the terms of engagement, review and agree the engagement letter issued at the start of each audit and approve the remuneration to be paid to the external auditor in respect of audit services provided. The Committee should satisfy itself that the level of fee payable in respect of the audit services provided is appropriate and that an effective, high quality, audit can be conducted for such a fee.
- (g) Review any representation letter(s) requested by the external auditor before they are signed by management.
- (h) Review the management letter and management's response to the auditor's findings and recommendations.
- (i) Agree the Group's policy for the employment of former employees of the external auditor taking into account the Financial Reporting Council Ethical Standard and legal requirements, and receive reports on the application of this policy.
- (j) Review the findings of the external auditor's audit including any major issues that arose during the course of the audit that have subsequently been resolved and any unresolved audit issues. To consider key accounting and audit judgements, the level of errors identified during the audit, obtain explanations from Management and, where necessary, the external auditors as to why audit differences remain unadjusted.
- (k) to evaluate the risks to the quality and effectiveness of the financial reporting process especially in the light of the auditor's communications with the Committee.
- (l) to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account the relevant Financial Reporting Council Ethical Standard and legal requirements regarding the provision of non-audit services by the external audit firm; and to review and approve any changes proposed by Management to

the Group Non-audit Services Policy and continue to seek assurance regarding the implementation of this Policy.

6. GROUP COMPLIANCE FUNCTION

In relation to the Group's compliance function:

- (a) Have oversight of the compliance function of the Group and to meet with the Group Head of Compliance, from time to time as agreed, to discuss matters concerning the Group compliance function.
- (b) Consider the Group's compliance annual programme and ensure that the compliance function is adequately resourced.
- (c) Review reports from the Group Head of Compliance on the arrangements established by Management for ensuring adherence to internal compliance policies and procedures and compliance with specific laws and regulations, as requested by the Committee or required by laws and regulations.

7. WHISTLEBLOWING

- (a) Review the operation and effectiveness of its systems and controls in relation to whistleblowing, by which employees, contractors and suppliers of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and review the effectiveness of these whistleblowing procedures. The Committee shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
- (b) Prior to submission to the Board, review the annual report from the management concerning the operation and effectiveness of whistleblowing systems and controls.

8. REGULATORY

Consider the findings from the Periodic Summary Meeting of the Prudential Regulation Authority and responses by Management in so far as points identified relate to non prudential matters and any reports prepared by third-parties appointed under the Financial Services and Markets Act 2000 (Section 166 reports) and the response by management to risks and issues identified (with the exception of Section 166 reports which concern financial crime related matters which fall under the responsibility of the Board Financial Crime Risk Committee).

9. OPERATION OF THE COMMITTEE

- (a) Consider the disclosures in the annual report regarding how the Committee has discharged its responsibilities under its Terms of

Reference and the disclosure requirements as set out by the Financial Reporting Council and UK Corporate Governance Code.

- (b) Consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and to make recommendations or reports to the Board as appropriate.
- (c) Undertake an annual review of the effectiveness of the Committee.
- (d) Report any unresolved issues between the Committee and the Board as part of its disclosure on its responsibilities in the annual report.
- (e) Give due consideration to laws, regulations and the requirements of the UK, Hong Kong and India Listing Rules as appropriate.
- (f) Annually review the Committee's Terms of Reference and propose any changes it considers necessary to the Board for approval.
- (g) Report to the Board on its consideration of the above matters, identifying those areas where action or improvement is needed, and making recommendations as appropriate.
- (h) The Chair of the Committee to attend the Annual General Meeting and answer any questions, through the Chairman of the Board, on the Committee's activities and its responsibilities.
- (i) Where there is a perceived overlap of responsibilities between the Audit Committee, the Board Risk Committee, the Brand, Values and Conduct Committee and the Board Financial Crime Risk Committee, the respective Committee Chairs shall have the discretion to agree the most appropriate Committee to fulfil any obligation. An obligation under the terms of reference of the Audit Committee, the Board Risk Committee, the Brand, Values and Conduct Committee or the Board Financial Crime Risk Committee will be deemed by the Board of Directors to have been fulfilled providing it is dealt with by either the Audit Committee, the Board Risk Committee, the Brand, Values and Conduct Committee or the Board Financial Crime Risk Committee.