

**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 significant, recent and relevant financial experience.
- CHAIR:** The Committee Chair shall be one of the members of the Committee, nominated by the Chairman of the Board and endorsed 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 as any director of the Company and/or Standard Chartered Bank, the Group Chief Executive, the Group Chief Financial Officer, the Chief Risk Officer, Group Head of Internal Audit, Group Head of Compliance, Group Financial Controller, Deputy Group Chief Financial Officer 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 twice 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, 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.

**EXTERNAL ADVICE:** The Committee may seek appropriate independent professional advice at the Company's expense as and when it considers it necessary but should consult the Board before material expenditure is incurred.

**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.

**PURPOSE:** The Committee shall review, on behalf of the Board, the company's internal financial controls to identify, assess, manage and monitor financial risks and to act as the Audit Committee of the Company and Standard Chartered Bank

**AUTHORITY:** The Committee is concerned with the business of the 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 independent Non-Executive Directors of the Company, employee of the Group and all employees are directed to co-operate with any request made by the Committee.

## **RESPONSIBILITIES**

The responsibilities of the Committee are:

1. to review and monitor the integrity of statutory accounts, published financial statements and circulars to shareholders of the Company and Standard Chartered Bank and any formal announcements relating to the Group's financial performance, including significant financial reporting judgements contained in them. In particular:
  - (a) to consider the quality, application and acceptability of the accounting policies and practices, the adequacy of accounting records and financial and governance reporting disclosures and changes thereto;
  - (b) to consider compliance with accounting standards and other legal and regulatory requirements in relation to financial reporting;

- (c) to consider all going concern assumptions and any qualifications and the viability statement;
  - (d) to consider recommendations of management in respect of provisions for bad and doubtful debts and for any other provisions for losses and charges;
  - (e) to consider reports, review and approve impairment provisioning and approve the Group Impairment Provisioning Policy;
  - (f) to consider recommendations of management in respect of significant financial reporting judgements for all material accounting issues, including significant accounting estimates and judgements made by management; and
  - (g) to advise the Board of Standard Chartered PLC (the "PLC Board") and the Court of Standard Chartered Bank ("the Court") whether such information 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;
2. to keep under review the appropriateness of the accounting policies of the Group and to consider changes to these;
  3. to review the Group's internal financial systems and controls;
  4. in relation to the accounting and financial reporting function:
    - (a) to seek assurance that the accounting and financial reporting function is adequately resourced; and
    - (b) to review the qualifications and experience of reporting accountants appointed under the Financial Services and Markets Act 2000 and their training programmes and budget;
  5. in relation to the Group's internal audit function:
    - (a) to consider the Group's internal audit annual programme and ensure that the audit function is adequately resourced;
    - (b) to review and monitor management's responsiveness to the Group's internal auditor's findings and recommendations;
    - (c) to meet with the Group Head of Internal Audit, from time to time as agreed, to discuss matters concerning the Group internal audit function;

- (d) to monitor and assess the role, effectiveness, independence and objectivity of the Group's internal audit function and to receive reports from the Group Head of Internal Audit on these matters;
- (e) to make recommendations to the Board on the appointment, resignation or dismissal of the Group Head of Internal Audit; and
- (f) to ensure that any material issues arising from the review of the effectiveness of the Group's internal audit function 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;

6. in relation to the external auditors:

- (a) to consider the appointment, reappointment, dismissal or resignation of the auditor and to directly oversee the process for selecting the external auditor and to make appropriate recommendations, through the Board, to shareholders to consider at the Annual General Meeting concerning the reappointment of the auditor;
- (b) to ensure that at least once every ten years the audit services contract is put out to tender and to oversee the tender selection process;
- (c) to approve the terms of engagement, nature and scope of their audit and the effectiveness of the audit process;
- (d) to review any representation letter(s) requested by the external auditor before they are signed by management;
- (e) to review the management letter and management's response to the auditor's findings and recommendations;
- (f) to review the independence and objectivity of the external auditors and to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- (g) 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;
- (h) agree the Company's policy for the employment of former employees of the external auditor;
- (i) to review the findings of their 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;

- (j) to review and monitor the cost effectiveness of the audit, taking into consideration relevant UK professional and regulatory requirements;
  - (k) in conjunction with management, the Committee Chair to be engaged with the negotiation of audit fees for subsequent approval by the Committee;
  - (l) evaluate the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of withdrawal of the Company's present auditor from the market in that evaluation;
  - (m) oversight of the co-ordination of the external audit function with the activities of the internal audit function; and
  - (n) if an external auditor resigns, to investigate the issues leading to this and decide whether any action is required;
7. in relation to the Group's compliance function:
- (a) to 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) to consider the Group's compliance annual programme and ensure that the compliance function is adequately resourced;
  - (c) to 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;
8. to review the Company's annual statement on internal control and its compliance with the Financial Reporting Council ("FRC") Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, prior to consideration by the Board;
9. to 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 FRC and UK Corporate Governance Code;
10. to consider:
- (a) any findings and other matters arising from the external auditors' interim and final audits; and
  - (b) Pillar 3 disclosures;

11. in adherence to the whistleblowing procedures and the Group's Conduct Management Framework, to review arrangements by which staff 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 (with the exception of financial crime related matters which fall under the responsibility of the Board Financial Crime Risk Committee);
12. to consider the findings from the Periodic Summary Meeting of the Prudential Regulation Authority 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 response by management to risks and issues identified in Section 166 reports (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);
13. to 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;
14. generally to 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;
15. to undertake an annual review of the effectiveness of the Committee;
16. to report any unresolved issues between the Committee and the Board as part of its disclosure on its responsibilities in the annual report;
17. for 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;
18. to give due consideration to laws, regulations and the requirements of the UK, Hong Kong and India Listing Rules as appropriate; and
19. to review the terms of reference of the Committee annually and propose any changes it considers necessary to the Board for approval.

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.