



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 Chairman 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.

CHAIRMAN: The Committee Chairman 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 Chairman or their nominee.

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, Chief Risk Officer, Group Head of Internal Audit, Group Head of Compliance, Group Financial Controller, Deputy Group Finance Director and external auditors would normally be invited to attend all or part of any meeting by invitation from the Committee Chairman.

The Committee will meet twice annually with the external auditors and at least annually on an individual basis with the Group Finance Director, Group Head of Internal Audit and Group Head of Compliance without other management being present to discuss matters relating to the auditors’ remit and any issues arising from the audit.

SECRETARY: The Group Company Secretary or his/her nominee.

QUORUM: Any two one of which must be the Committee Chairman or their nominee.

MEETINGS: The Committee shall meet at least six times each year and on such other occasions the Committee Chairman deems necessary. Two meetings will coincide with the year-end and interim financial reporting cycles.

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

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

MINUTES: Full minutes of Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary). Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.

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, Standard Chartered Bank and any other subsidiary, as appropriate.

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 Group, 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 appropriateness and completeness 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 recommendations of management in respect of provisions for bad and doubtful debts and for any other provisions for losses and charges; and
 - (c) 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 controls and to review the Group’s internal control systems and report to the Board;
- 4. in relation to the accounting and financial reporting function:
 - (a) to ensure 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 monitor and assess the role and effectiveness of the Group’s internal audit function and to receive reports from the Group Head of Internal Audit on these matters; and
 - (d) to consider the appointment, resignation or removal of the Group Head of Internal Audit;

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 approve the terms of engagement, nature and scope of their audit and the effectiveness of the audit process;
 - (c) to review any representation letter(s) requested by the external auditor before they are signed by management;
 - (d) to review the management letter and management's response to the auditor's findings and recommendations;
 - (e) 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;
 - (f) agree the Company's policy for the employment of former employees of the external auditor;
 - (g) 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; and
 - (h) to review and monitor the cost effectiveness of the audit taking into consideration relevant UK professional and regulatory requirements and to approve the audit fee;
7. to review the Company's annual statement on internal control and its compliance with the Turnbull guidance prior to consideration by the Board;
8. to consider the disclosures in the annual report including:
 - (a) the role of the Committee its activities and how it has discharged its responsibilities, membership of the Committee, number of Committee meetings, attendance over the course of the year and whether or not external advice was taken and its source;
 - (b) the explanation in the annual report on how auditor independence and objectivity has been safeguarded in the event of the external auditors providing non-audit services;

- (c) any findings and other matters arising from the external auditors' interim and final audits;
 - (d) Pillar 3 disclosures;
9. to consider the explanation in the annual report on how auditor independence and objectivity has been safeguarded in the event of the external auditors providing non-audit services;
 10. to consider the annual report and discuss any findings and other matters arising from the external auditors' interim and final audits;
 11. 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. The Committee shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
 12. to consider the results of the Financial Services Authority risk assessment letter under its Advance, Risk Responsive Operating Framework ("ARROW") and the resulting Risk Mitigation Plan ("RMP"), in so far as they relate to non prudential matters, 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 the RMP or Section 166 reports .
 13. to consider reports, review and approve impairment provisioning and approve the Group Impairment Provisioning Policy;
 14. to review and evaluate, at least annually, the report on money laundering and financial crime produced by the Group's Money Laundering Reporting Officer and the action taken by senior management in relation to the report;
 15. to review reports from the Group Heads of Legal and 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.
 16. 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;
 17. 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;
 18. to receive reports from subsidiary audit committees in accordance with Group policy;
 19. to report any unresolved issues between the Committee and the Board as part of its disclosure on its responsibilities in the annual report;

20. for the Chairman 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;
21. to give due consideration to laws, regulations and the requirements of the UK, Hong Kong and India Listing Rules as appropriate;
22. 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 and the Brand and Values Committee, the respective Committee Chairmen 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 or the Brand and Values Committee will be deemed by the Board of Directors to have been fulfilled providing it is dealt with by any of the Audit Committee, the Board Risk Committee and the Brand and Values Committee.

(These revised Terms of Reference were approved by the Board on 13 December 2012.)