

Group Individual Accountability Policy

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Version Control Table

Name	Changes made	Materiality	Approved by	Version number	Approval Date	Effective Date
Stuart Allan	Migration to Inline format- Non Material Change(No change to document content)	Non-Material	David Michael John Howes	3.2	04/12/2023	15/01/2024

The full version history is included at the end of the document.

1. PURPOSE AND SCOPE

The UK Individual Accountability (“IA”) Regime (“The Regime”) is made up of three distinct but interlinking elements:

- Senior Managers Regime
- Certification Regime
- Conduct Rules

The Regime’s thematic objectives are:

- (a) transforming the culture and raising standards of conduct in banking, by increasing clarity of who within an organisation is responsible for what; and
- (b) improving bank governance by requiring robust and well evidenced governance frameworks, including clear articulation of committee structures and roles and responsibilities of leaders.

Individuals within the scope of The Regime and therefore subject to this Policy include:

- Senior Managers (“SMs”) i.e., those allocated Senior Manager Functions (“SMF”) under the Senior Managers Regime (“SMR”);
- Non-Executive Directors of SC Bank Court (the management body of SC Bank) who have not been allocated a SMF (“Notified NEDs” or “N-NEDs”);
- SC PLC Directors (for fitness and propriety elements of the Policy/Standard)
- All Certified Persons (“CPs”) under the Certification Regime (“CR”) and their People Leaders; and
- Employees who are in the scope of the Conduct Rules breach reporting obligations (“Conduct Rules Staff”).

Failure to adhere to this Policy could result in disciplinary action and enforcement action against SC Bank and/or the individual(s) concerned by the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”) and is potentially disclosable in any regulatory reference to a future employer.

This Policy, and the supporting Group Individual Accountability Standard, are designed to address the risk of failing to comply with The Regime and are mapped to the risk sub-type ‘Regulatory Conduct’ within the Compliance Risk Type Framework.

2. MANDATORY POLICY STATEMENTS

2.1. Senior Managers Regime (“SMR”)

- (a) The Group Chief Executive (“GCE”) is accountable for SC Bank’s performance of its obligations under the SMR, including the identification and obtaining regulatory approval of SMs, allocation of Prescribed, Overall and Other responsibilities among the SM population. Whilst the Bank takes all efforts to avoid a gap in allocation of responsibilities, if this does occur, these responsibilities automatically default to the GCE. The GCE is also responsible for ensuring that executive SMs remain fit and proper before commencing an SM role, and on an ongoing basis.
- (b) The GCE delegates first line responsibilities for the SMR to the Group Chief Transformation, Technology & Operations Officer (i.e. managing and maintaining Management Responsibilities Maps (“MRMs”) and Statements of Responsibilities (“SORs”), preparing and submitting regulatory

applications and notifications (excluding conduct breach and Fit and Proper failure notifications), and supporting SMs on their Reasonable Steps regulatory requirement), and to the Group Head, HR (Hiring activities and associated fit and proper activities and growth plans). The GCE delegates responsibility for signing declarations on SMR application and notification forms to the Group Head, CFCC (excluding notifications related to the Group Head, CFCC). The Group Head, CFCC is responsible for Conduct breach regulatory reporting (including potential Senior Manager Fit and Proper failure notifications) to the PRA and FCA.

- (c) In respect of Board level SMFs, the SC Bank Nominations Committee is responsible for recommending Board appointments to be ratified by the Board. The SC Bank Chairman is also the Chair of the SC Bank Nominations Committee, and is responsible for ensuring that non-Executive SMFs and N-NEDs are fit and proper prior to commencing a role, and on an ongoing basis. The Board delegates associated screening activities to HR (i.e. criminal, credit, reference checks).
- (d) Regulatory applications and notifications, and supporting documentation are reviewed and signed off by the relevant Senior Manager People Leader and/or their delegates, and the Group Head, CFCC prior to being submitted to the UK regulators.
- (e) Fit & Proper ("F&P") includes assessments of an individual's honesty and integrity, competence and capability, and financial soundness. As part of the F&P assessment a UK Disclosure and Barring Service ("DBS") criminal record check (and International criminal checks based on location where domiciled if permitted by local law) must be conducted on SMs and Notified NEDs and make best endeavours to obtain relevant regulatory references prior to submitting associated applications and notifications to the PRA and FCA.
- (f) All SMs must have an accurate and up to date Job Description ("JD") and SOR. SM People Leaders should ensure that changes to SORs are subject to formal handovers, competency assessment and/or growth plans for new area(s) of responsibility where required, and notification to the FCA and PRA as required.
- (g) All SMs must be able to demonstrate that they have taken 'Reasonable Steps' in discharging their responsibilities, for which they are individually accountable. To facilitate this, they must ensure that their JDs and SORs are accurate and up to date and that their Reasonable Steps Overview documents ("RSOs"). (applicable to Executive SMs only, as Non-Executive SMs are not required to maintain an RSO.) are updated when there are material changes to their SM responsibilities. The Global Head, SMR, Transformation, Technology & Operations ("TTO") is responsible for making best endeavours to ensure that all Executive SMFs have accurate and up to date RSOs.
- (h) The Head, Talent Management (for Executive SMs) and Group Company Secretary (for Non-Executives) must make best endeavours to ensure that SMs have formalised documented succession plans and have Emergency Cover arrangements in place.
- (i) In addition to taking reasonable steps to ensure that SMs remain continuously fit and proper, SM People Leaders must review and assess the fitness and propriety of SMs on an annual basis through a planned programme of certification, and at the time of a known potential or actual disciplinary matter. The Group Chairman needs perform the same for SC Bank's SMF NEDs, Notified Non-Executives, and PLC Board directors.

- (j) The Global Head SMR, TTO must implement an Annual Certification Framework to ensure that the F&P Annual Certification exercise is completed. Re-screening inputs into this process are provided by HR.

2.2. Certification Regime (“CR”)

- (a) The GCE is accountable for the Bank’s performance of its obligations under the Certification Regime, including identifying the criteria to be a Certified Person (“CP”), and the management and maintenance of the CP population and associated regulatory notification requirements. The GCE places a reliance on individual People Leaders to identify CP roles within their team, and assess their CP direct reports as fit and proper both at hiring, and on an ongoing basis i.e. changes in role.
- (b) The GCE delegates responsibilities for CP design criteria to the Group Head, CFCC, and the Global Head, Frameworks and Policies is responsible for managing and maintaining the IA Policy and Standard, and associated CP Design Principles and Certified Persons Identification (“CPID”) Framework.
- (c) The GCE delegates responsibility for the management and maintenance of the Bank’s CP population to the Group Chief Transformation, Technology & Operations Officer. The Global Head, SMR, TTO maintains the consolidated CP population Masterlist and must notify the FCA of changes to the CP population as set out in the Group Individual Accountability Standard.
- (d) People Leaders must identify CP roles, using the CPID Framework, and initiate the F&P assessment where they do identify a role that falls within the scope of the Certification Regime.
- (e) The Head, Executive Compensation and Reward Governance is responsible for the identification of Material Risk Takers (“MRT”) for remuneration purposes. The MRT criteria set out in the Regulation of Variable Compensation Standard is embedded into the CPID framework for the identification of MRTs for Certification Regime purposes.
- (f) The People Leader at the point of role creation (i.e. when a job requisition is raised), with the support of the Global Head of Talent & Resourcing, must ensure their CP direct reports have been assessed to be fit and proper and made best endeavours to obtain relevant regulatory references before commencing their Certification Function activities and the issuance a F&P Certificate, with the support of the Global Head, SMR, TTO.
- (g) CP People Leaders must make best endeavours to ensure that their direct report CPs are fit and proper at all times, and formally review and certify the fitness and propriety of CPs on an annual basis through a planned programme of certification, and at the time of a known disciplinary matter. Screening / Re-screening activities are performed by HR and should be considered by the People Leader as part of this assessment. The Global Head SMR, TTO must manage and monitor the Annual Certification Framework to ensure the F&P Annual Certification exercise is completed.
- (h) CP People Leaders must also make best endeavours to ensure that CPs have an up-to-date JD at all times. CP People Leaders should ensure that changes to their direct report CP roles and responsibilities are subject to formal handovers where required, and a fresh competency assessment and/or growth plans for new area(s) of responsibility are assessed where required.
- (i) The Global Head, SMR, TTO must make best endeavours to submit a FCA Directory notification within seven business days of the CP commencing performance of a certification function i.e. identified under a new certification function, the CP ceasing performance of a certification function or the Bank becoming aware of a change to the information last reported to the FCA in respect of that CP i.e.

Passport number, name change etc. In the event of changes being identified retrospectively, the Global Head, SMR, TTO should make these updates to the FCA as soon as practically possible and no later than seven business days.

2.3. Notified Non-Executive Directors (“N-NEDs”) and PLC Board Directors

- (a) Notified Non-Executive Directors do not need to be pre-approved by the Regulators, although SC Bank must submit a regulatory notification when a N-NED is appointed or leaves SC Bank.
- (b) The Group Chairman must ensure that N-NEDs are assessed as F&P to undertake their roles and the Group Corporate Secretary must inform the Global Head, SMR, TTO to notify the PRA and FCA of appointments and leavers immediately upon becoming aware of the change. A UK DBS criminal record check (in addition to International criminal check based on location where domiciled for non – UK based directors where required) must be conducted on the N-NEDs and made best endeavours obtain relevant regulatory references prior to appointment and the submission of the regulatory notification to the PRA.
- (c) The Group Chairman must also ensure that N-NEDs are assessed as F&P to undertake their roles where there is a relevant performance or disciplinary related matter. If there are any changes relating to the fitness and propriety of a N-NED, this will need to be reported to the regulators and any adverse fitness and propriety findings will be included in a regulatory reference provided by SC Bank where required.
- (d) The Global Head, SMR, TTO in respect of N-NEDs must submit a PRA Form M notification within seven business days of that person becoming a N-NED at the Bank; or a written notification to the PRA where at person is ceasing to be a N-NED at the Bank; or the Bank becoming aware of any other change to the information last reported to the PRA in respect of that individual. The Global Head, SMR, TTO must also reflect these changes in the FCA Directory within seven business days when required.
- (e) While PLC Board Directors who are not members of the SC Bank Court are not technically caught within the scope of the SMR, they are subject to the same fit and proper requirements and must be subject to the same assessment as N-NEDs in accordance with 2.3b – d above. The only exception is that non-UK based PLC Directors are not required to undertake a DBS check.

2.4. Conduct Rules

- (a) The Conduct Rules set out the PRA and the FCA's expectations on minimum standards of conduct. The Group Head, CFCC is responsible for SC Bank's obligations in relation to Conduct Rules for training and reporting.
- (b) There are two sets of Conduct Rules:
 - Six Individual Conduct Rules; and
 - Four Senior Manager Conduct Rules.
- (c) All SMs, CPs, N-NEDs, and Conduct Rules staff must comply with the Individual Conduct Rules.
- (d) All SMs must comply with the Senior Manager Conduct Rules and all N-NEDs must comply with Senior Manager Conduct Rule 4.
- (e) “Conduct Rules Staff” include all UK based staff excluding those who perform roles ancillary to

SC Bank's business activities (e.g. Security, Drivers, Cleaners, Catering). It also includes nonUK non-CP staff who deal with clients based in the UK from a non-UK establishment of SC Bank (i.e. one of its overseas branches or representative offices)¹.

- (f) The Global Head, Employee Relations must ensure that processes are in place to identify potential breaches of the Conduct Rules as part of all disciplinary review processes relating to Conduct Rules Staff likely to end in a First Written Warning, Final Written Warning or Dismissal (in accordance with the Group Disciplinary Standard). The Global Head, Employee Relations must also ensure that all such conduct breaches are captured in any regulatory references issued by the Bank.
- (g) The Risk and Accountability Forum must ensure that potential breaches of the Conduct Rules have been considered within the material event review process where the event is in scope of the Conduct Rules and the application of malus and clawback, and where appropriate other remuneration adjustments determined by the Remuneration Adjustment Committee ("RAC") is being considered as a result of the review.
- (h) The Head, Regulatory Regimes - CFCC must ensure any necessary reporting of Conduct Rule breaches resulting in disciplinary action defined as termination, suspension, formal written warning, malus and clawback, and where appropriate other remuneration adjustments determined by the RAC are made to the Regulators within the time limits defined under The Regime.

2.5. Mandatory Training

The Head, Regulatory Regimes, CFCC must ensure that all SMs, N-NEDs, CPs and Conduct Rules staff undertake through periodic training specific to their respective roles, responsibilities, and regulatory obligations under The Regime.

2.6. Record Retention

The Global Head, SMR, TTO must ensure records of MRM and SoRs are maintained for a minimum of 10 years. All GPOs impacted by this policy must ensure that all other SMF and CP related records relevant to The Regime are retained for a minimum of 6 years.

3. RESPONSIBLE ROLES FOR IMPLEMENTING THE MANDATORY POLICY STATEMENTS

The following roles are responsible for the implementation of the mandatory policy statement

- Senior Managers (those allocated a SMF) under the SMR and their People Leaders
- Non-Executive Directors of SC Bank Court and their People Leader
- Employees who have been identified as CPs under the CR and their People Leader
- Conduct Rules Staff and their People Leader
- The CFCC IA team, including the Head, Regulatory Regimes, CFCC
- The SMR team, including the Global Head, SMR, TTO
- Group Corporate Secretariat team, including Group Company Secretary
- Global Head, Talent & Resourcing

¹ ICR 6: The territorial scope of ICR 6 will be aligned with the agreed Bank scope for Consumer Duty. Further guidance will be provided on how this rule is to be applied.

- Global Head, Employee Relations
- Head, Executive Compensation and Reward Governance
- Global Head, Organisation & People Capability
- Global Head Talent Management

The following roles are responsible for the oversight of the policy execution:

- Global Head, Frameworks and Policies
- Head, Regulatory Regimes, CFCC

4. POLICY RELATED AUTHORITIES

Dispersations to this policy must be approved by the Policy Owner.

5. CONNECTED PROCESSES AND ACTIVITIES

5.1 Embedded in the Group Process Universe

The processes stated here are broadly aligned to the HR Processes, Group Corporate Secretariat Process and SMR Process Universe documents. The following processes and activities are impacted by the policy requirements:

- Human Resources – Talent & Resourcing - Experienced Hires - Identify Hiring Needs
- Human Resources – Talent & Resourcing – Experienced Hires – Manage Screening
- Human Resources – Talent & Resourcing – Experienced Hires - Integrate New Hire
- Human Resources – Talent & Resourcing – Talent Management – Manage Succession Planning
- Human Resources – Talent & Resourcing – Talent Solutions – Manage Skills & Competencies
- Human Resources – Talent & Resourcing – Talent Solutions – Manage Job Description
- Human Resources – Talent & Resourcing – Talent Management – Manage Emergency Cover
- Human Resources – Employee Advocacy - Manage Employee Relations –Manage References
- Human Resources – Employee Advocacy – Manage Employee Relations – Manage Disciplinary
- Human Resources – Performance, Reward & Benefits – Manage Reward Governance – Manage Material Risk Takers (MRTs)
- Group TTO – Senior Managers and Certification Regime
- Group Corporate Secretariat – Notified NEDs Lifecycle
- CFCC - Conduct Breach Reporting

5.2 Outside the Group Process Universe

The following process outside the Group Process Universe are operationally effective:

Human Resources – Performance, Reward & Benefits – Manage Reward Governance – Material Events

6. POLICY EFFECTIVENESS REVIEW

The Head, Regulatory Regimes, CFCC will monitor effectiveness of this Policy through the following:

- Evidence gathered through Control Sample Tests (CSTs) performed by the respective Global Process Owners for processes connected to this policy, risk acceptance, Operational Risk reviews, root cause reviews and Operational Risk Events, e-learning / training completion.
- An overall assessment of compliance with the IA regime requirements is reported in a management information pack produced by the Global Head, SMR, TTO and the Head, Regulatory Regimes, CFCC to the Group Heads, HR and CFCC, and Chief TTO Officer or delegate bi-annually and the Group Chief Executive annually, along with an overall assessment of compliance with the regime's regulatory requirements. The MI pack includes material exceptions from control testing results as well as any other material elevated or crystallised risk in relation to IA regime obligations.
- Outcomes from assurance reviews and deep dives conducted by CFCC, the Risk Function and/or Group Internal Audit.

7. INTERCONNECTED POLICIES & STANDARDS

Policy Name	Risk Type/Risk sub-type	Policy Owner	Area of connection
Group Staff Screening Policy & Standard (Escalation approval matrix)	Operational Risk – People Management	Head, Quality Assurance Talent & Resourcing	Sets out the requirements for screening / rescreening of SM, N-NED and CP Regulated roles and escalation approach for discrepancies and cases where screening is unable to be verified.

Standard Name	Risk Type / Risk sub-type	Standard Owner	Area of connection
Group Record Keeping Standard	Compliance Risk – Records Management	Executive Director, Records Management SME	All records relevant to The Regime will be maintained in accordance with the requirements of this policy, subject to any relevant regulatory retention periods (i.e. a minimum of 10 years for MRM and SoR and 6 years for all other SMF and CP records relevant to The Regime).

Regulation of Variable Compensation Policy & Standard	Operational Risk – People Management	Global Head, Performance, Reward & Benefits	Sets out the criteria for identifying all Colleagues whose professional activities could have a material impact on the firm's risk profile (i.e. at either a Group level and/or a Solo entity level). These identified colleagues will be MRTs for Remuneration purposes. These colleagues will also be captured as CPs under the Certification Regime except for those who are employed by Standard Bank Hong Kong Limited, and their role does not have a nexus to SC Bank or one of its overseas branches. Sets out the criteria for consideration of risk adjustment to remuneration for material events.
Group Investigations Standard	Enterprise Risk Management Framework	Global Head, SIS and Employment Law	Ensures that potential fitness and propriety and/or Conduct Rule breaches by SMs and CPs are considered as part of SIS investigations.
Group Disciplinary Standard	Operational Risk – People Management	Global Head, Employee Relations	Ensures that where the conduct or performance of a Colleague fails to meet expected standards they are managed in a fair, timely and consistent way and in accordance with the Group's Fair Accountability Principles.
Group Privacy Standard	Compliance Risk – Privacy	Global Head, CFCC Data Conduct	All Records containing Personal Data are maintained in accordance with the requirements of the Standard.

People Leader Standard	Operational Risk – People Management	Global Head, Organisation and People Capability	Sets out requirements for all People Leaders. People Leaders of SMs and CPs play a key role in ensuring that the Bank fulfils its regulatory obligations under The Regime.
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8. STANDARDS MAPPED TO THIS POLICY

Standard Name	Risk Type	Standard Owner	Standard Approver
Compliance Risk	Group Individual Accountability Standard	Head, Regulatory Regimes, CFCC	Global Head, Frameworks and Policies

9. Version Control Table

Name	Changes made	Approved by	Version number
Yema Tucker	New	CRRC	1.0
Lorraine Taylor	Lessons learnt from 2016 and new regulatory requirements	CRRC	1.0
Lorraine Taylor	The roll-out of a new template for Policy and Standards under ERMF required the Group Individual Accountability Policy to be refreshed in H2 2018. Compliance with the Banking Reform Act is a specific sub-risk type under the principal risk of Compliance Risk	Group Head, Compliance	2.0
Victoria Madley	A complete “Blank Page” refresh of the Group Individual Accountability Policy and Standard to better clarify in scope activities, 1LOD and 2LOD roles and responsibilities, and minimum standards required by impacted Group Process Owners and Risk Framework Owners, and other impacted stakeholders across the Group.	Global Head, Frameworks and Policies	3.0
Victoria Madley	Minor additions following traceability exercise with OBR. Handover Standard references removed as this has been retired.	Global Head, Frameworks and Policies	3.1

10. Digitised Document Version Control History

Name	Changes made	Materiality	Approved by	Version number	Approval Date	Effective Date
Narinderjit Kaur		Material	MetricStream Administrator	2.0	11/06/2022	08/03/2019