

Standard Bank Group - Policy

Name:	<i>Standard Bank Group Limited (SBG) / The Standard Bank of South Africa Limited (SBSA) Board Nomination and Appointment Policy (Policy)</i>
Level:	<i>SBG / SBSA Board</i>
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Classification

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1 Purpose and Overview

- 1.1 The business of the group is built on trust and integrity as perceived by our stakeholders, including our clients, employees, shareholders and regulators.
- 1.2 An important element of trust and integrity is ensuring that the group conducts its business in accordance with the values and Code of Ethics and Conduct that the group has adopted, and in compliance with applicable laws, rules and standards.
- 1.3 The Nomination and Appointment Policy (the Policy) promotes board continuity and provides guidance on the nomination and appointment process of directors to the boards of Standard Bank Group Limited (SBG/group) and The Standard Bank of South Africa Limited (SBSA).
- 1.4 The Policy is intended to reflect the requirements of the South African Companies Act, No 71 of 2008; the Johannesburg Stock Exchange (JSE) Listings Requirements and Debt Listings Requirements; the King IV Report on Corporate Governance for South Africa 2016 (King IV); the Memoranda of Incorporation (MOI) of SBG and SBSA, the South African Banks Act, 94 of 1990, and governance best practice.

2 Applicability

This Policy applies to:

- 2.1 The SBG and SBSA Boards of directors (Boards).
- 2.2 The SBG and SBSA Directors' Affairs Committees which is constituted as sub-committees of the Boards of SBG and SBSA.

3 Exceptions

This Policy excludes:

- 3.1 The nomination and appointment of directors to group subsidiaries (other than SBSA) and/or any other entities for which the group has the right to nominate and/or approve the appointment of directors.
- 3.2 The nomination and appointment of executive management.

4 Minimum requirements to comply with this Policy

- 4.1 The board should comprise individuals who are fit and proper, with an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
- 4.2 Procedures for the identification, nomination and appointment of directors should be formal, rigorous and transparent, and should be a matter reserved for the board, assisted by the Directors' Affairs Committee.
- 4.3 All nominations and appointments are to be made in compliance with all legislative and regulatory requirements, internal processes and procedures and in the spirit of the values of the group.

- 4.4 The selection process for directors should include reviewing whether candidates are fit and proper and meet the following minimum criteria:
- possess the knowledge, skills, experience and, particularly in the case of non-executive directors, independence of mind given their responsibilities on the board and in the light of the group/SBSA's business and risk profile;
 - have a record of integrity and good repute;
 - have the ability to uphold the values of the group and the code of ethics and conduct;
 - have sufficient time to fully carry out their responsibilities. The Directors' Affairs Committee shall assess and consider the candidate's circumstances, and the nature, scale, and complexity of other commitments and/or directorships held, in order to satisfy itself that the candidate would have sufficient time to duly discharge their responsibilities on the board;
 - are of good financial standing;
 - have an understanding of the risks to which group is exposed;
 - are free of material conflicts of interest;
 - have the ability to interact effectively with other board members; and
 - promote diversity and inclusion in the composition of the board.
- 4.5 As part of the SBG/SBSA director appointment and onboarding process, a fit and proper review should be conducted on the director which should include the following:
- reference check;
 - criminal check;
 - qualification check;
 - credit check;
 - anti-money laundering sanctions screening;
 - Politically Exposed Person (PEP) / Politically Influential Person (PIP) screening;
 - adverse media screening; and
 - any other checks deemed necessary from time to time.
- 4.5.1 All board appointments are subject to the South African Reserve Bank Prudential Authority (Prudential Authority) BA020 application process and no objection being raised by the Prudential Authority in relation to the appointment. The Prudential Authority has the right to object to the appointment of a director, or to terminate the service of an existing director if they believe that the director is not a fit and proper person or is not acting in the public interest. After appointment, directors will be subject to ongoing fit and proper screening which will include, amongst others, anti-money laundering sanctions screening, adverse media screening, PEP/PIP screening, periodic criminal background checks and an annual Honesty, Integrity and Good Standing attestation.
- 4.5.2 It is the responsibility of the director to inform the Chairman / Company Secretary immediately, should there be a change in their circumstances that adversely affect their fit and proper status. Any such change will need to be reported to the relevant Regulators within the prescribed time period.
- 4.6 The nomination and appointment of political exposed persons (PEPs) as non-executive directors will be considered on a case-by-case basis, following a risk-based approach. The appointments should meet domestic and foreign regulatory and/or legal requirements, as well as enhanced due diligence (EDD) requirements, including a cooling-off period, where deemed appropriate.
- 4.7 In line with Regulatory requirements, this Policy shall be published online on the group's website. Any amendments to this Policy shall be announced on SENS. In instances of any deviation from the Policy, such deviation shall be announced on SENS together with reasons for the deviation.

5 Independence

- 5.1 The chairmen of the board and board committees shall be independent non-executive directors unless prior exemption has been obtained from the Prudential Authority in line with SARB Directive 4/2018.
- 5.2 For the purpose of classifying non-executive directors as independent, the board shall consider the Prudential Authority's minimum objective and baseline criteria for independence as set out in Prudential Authority Directive 4/2018 as well as those captured in Prudential Standard FC04: Governance and Risk Management Requirements for Financial Conglomerates. Refer to Annexure A.
- 5.3 Independent non-executive directors who have served on the board in this capacity for nine (9) years, will no longer meet the criteria of independence and must comply with the SBG / SBSA Board independence tenure provisions as outlined in the SBG / SBSA Board mandate.
- 5.4 Independent non-executive directors should, at their first board meeting, and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the board-specified criteria of independence.
- 5.5 Unless approved by the Prudential Authority, the following persons shall not be appointed as non-executive directors if in the preceding twelve (12) months they held any of the following positions in SBG/SBSA:
 - executive director of the board;
 - chief executive of the company;
 - executive officer as defined in the Banks Act;
 - designated external auditor directly or indirectly responsible for performing statutory audit or key member of the external audit team directly or indirectly responsible for performing the statutory audit;
 - the company curator/ statutory manager; and
 - any other person the board deems relevant.
- 5.6 For the purposes of classifying persons mentioned in 5.5 above or any other person that previously served on the board as an independent non-executive director, a minimum period of three (3) years, together with the objective and baseline independence test should be considered when assessing non-executive director independence classification on appointment.
- 5.7 In the case of potential board candidates who have previously served as either an executive director, the chief executive officer or the curator/statutory manager, in respect of another eligible financial institution¹ / or its holding company (that is not a subsidiary of the group), an appropriate cooling-off period will be determined, at a minimum of three months, with due regard being given to the role held, nature and scope of the entity's operations, competitive landscape and other risk factors.

¹ An eligible financial institution in terms of the Financial Sector Regulation Act (FSRA) means each of the following:

(a) A financial institution licensed or required to be licensed as a bank in terms of the Banks Act;
 (b) a financial institution licensed or required to be licensed as a long term insurer in terms of the Long Term Insurance Act or a short term insurer in terms of the Short Term Insurance Act;
 (c) a market infrastructure; and
 (d) a financial institution prescribed in FSRA Regulations for the purposes of this definition (includes financial product provider, financial service provider and the holding company of a financial conglomerate).

6 Other Directorships and Interests

- 6.1 Non-executive directors should limit the number of board appointments to a maximum of four (4) directorships on listed entities or significant unlisted operating companies, including organisations such as non-governmental organisations (NGOs). The upper limit of four (4) directorships includes the SBG board. (SBG and SBSA directorships are considered as one directorship for purposes of this paragraph). The role of chairman on an external board of a material listed company may be considered to account for two external directorships, depending on the size and complexity of the organisation.
- 6.2 Directorships and/or non-executive governing body positions held in non-profit organisations, private investment companies or non-operating subsidiaries are excluded from this requirement.
- 6.3 Cross-directorships in entities not related to the group is limited to a maximum number of two (2) directors per entity.
- 6.4 Full disclosure of the nature of a director's interest on any matter before the board is required. A register of declarations of interest shall be kept. At the start of every meeting, directors should declare if they have any conflict of interests in respect of matters on the agenda.

7 Roles and responsibilities

The Board

- 7.1 The boards of SBG, and/or SBSA will:
 - 7.1.1 After considering recommended nominations made by the Directors' Affairs Committee, approve the composition of the board and all board committees.
 - 7.1.2 On the recommendation of the Directors' Affairs Committee and in line with this Policy, appoint:
 - a chairman of the board;
 - lead independent director of the board;
 - chairmen of all board committees;
 - members of all the board committees; and
 - consider the removal, resignation and retirement of directors.
 - 7.1.3 When making new appointments, take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the chairman.
 - 7.1.4 Ensure the proper rotation of directors in line with the Memorandum of Incorporation, the Companies Act and King IV.
 - 7.1.5 Ensure that the appointment of every board director will be confirmed by shareholders at the next Annual General Meeting following their appointment to the board.
 - 7.1.6 Directors have a responsibility to acquaint themselves with their fiduciary duties, and responsibilities, as well as with the issues pertaining to the operations and business environment of the group so that they are able to fulfil their duties. To assist them, the board shall ensure that there is an adequate induction programme for new directors, a mentorship programme where appropriate, and ongoing briefings on relevant laws and changing commercial risks.
- 7.2 Ensure that all legislative and regulatory requirements are fulfilled prior to director appointments and that notifications (SENS) are issued where necessary.

Group/SBSA Directors' Affairs Committee

7.3 The Directors' Affairs Committee will:

- 7.3.1 Set the minimum criteria in line with statutory requirements and governance best practice for the nomination of directors and committee members of the board.
- 7.3.2 Consider director candidates and make recommendations to the board.
- 7.3.3 Establish and maintain a board directorship continuity programme which includes:
 - a review of the performance of and planning for successors to executive directors;
 - measures to ensure the continuity of non-executive directors;
 - regular review of composition of skills, experience, geography, gender and race diversity and other qualities required for the effectiveness of the board; and
 - an annual self-assessment of the board, the contribution of each individual director and living the values of the group.
- 7.3.4 Review and evaluate candidates for the chief executive and other executive director appointments, in terms of this Policy and make recommendations to the board for approval.
- 7.3.5 Annually review the implementation of the promotion of race and gender diversity policy, and report on the progress made in the corporate governance statement in line with the JSE Listings Requirements.
- 7.3.6 Annually review the structure, size and composition of the board taking into account the requirements of board committees to ensure size, demographics and diversity make it effective, and make recommendations to the board regarding any changes required.
- 7.3.7 Review and make recommendations on the re-election of directors retiring by rotation in terms of the MOI, Companies Act, King IV and continuing service as a director after having reached the retirement age (70), having due regard to their performance.
- 7.3.8 Assist the board in determining whether the services of any director should be terminated.

Group Secretary

- 7.4 The group secretary shall assist the board and the Directors' Affairs Committee to execute its responsibilities in terms of this Policy by:
 - 7.4.1 Ensuring that the procedure for the appointment of directors is properly carried out and that all legislative and regulatory requirements are met;
 - 7.4.2 Assisting in the induction programme for newly-appointed directors, ongoing director development and board training and awareness programmes, including assessing the specific training needs of directors and executive management in their fiduciary and other governance responsibilities;
 - 7.4.3 Ensuring that all board directors receive a formal letter of appointment setting out their roles and responsibilities, time commitments required to serve on the board and/or committee(s) and requirements in respect of other outside commitments.

- 7.4.4 Providing guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation;
- 7.4.5 Providing comprehensive practical support and guidance to directors, with particular emphasis on supporting the non-executive directors, the chairmen of the board and board committees and the audit committee.

8 Related governance documents

This Policy should be read together with the following:

No.	Document Name
1.	The South African Companies Act 71 of 2008
2.	The Banks Act 94 of 1990 and its Regulations
3.	Prudential Standard FC04: Governance and risk management requirements for financial conglomerates
4.	The JSE Listing Requirements, including the Debt Listings Requirements
5.	The King IV Report on Corporate Governance for South Africa 2016.
6.	SBG/SBSA Executive Management and Subsidiary Boards Nomination and Appointment Policy and Matrix
7.	SBG/SBSA Board Mandate
8.	SBG/SBSA Directors' Affairs Committee Mandate
9.	Promotion of Gender and Race Diversity Policy
10.	SBG Fit and Proper Policy for Key Persons
11.	SBG / SBSA Managing Conflicts of Interest Policy
12.	SBG Values and Code of Ethics and Conduct
13.	People and Culture policies in place from time to time
14.	Any other relevant policy from time to time

9 Definitions

The following defined terms shall apply to this Policy:

<i>Board</i>	<i>Refers to the board of Standard Bank Group Limited and/or The Standard Bank of South Africa Limited board.</i>
<i>Director</i>	<i>A member of the board of a company, as contemplated in section 66 of the Companies Act 71 of 2008, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated. For purposes of this Policy a director includes an Executive and Non-Executive Director.</i>

<i>Executive Director</i>	<i>Means a director who is involved in the day-to-day management of the company or being in the full-time salaried employment of the company.</i>
<i>Executive Officer</i>	<i>In relation to a bank, means an employee who is a director or who is in charge of a risk management function of the bank, the compliance officer, the secretary of the company or any manager of the bank who is responsible, or reports directly to the chief executive officer of the bank.</i>
<i>Fit and Proper</i>	<p><i>In relation to a director of a financial institution means that the director embodies and exhibits in their conduct the characteristics set out in King IV and possesses the attributes of a fit and proper director, which include:</i></p> <ul style="list-style-type: none"> <i>• the relevant knowledge, skills and experience;</i> <i>• honesty, integrity and good standing;</i> <i>• competence and capability;</i> <i>• financial soundness;</i> <i>• sufficient time to carry out their duties; and</i> <i>• freedom of conflicts of interests.</i>
<i>Non-Executive Director</i>	<i>Means a director who is not involved in the day-to-day management of the company.</i>