



Standard Bank Group

UN PRINCIPLES FOR RESPONSIBLE BANKING REPORTING AND SELF- ASSESSMENT

Standard Bank **IT CAN BE™**

Also trading as Stanbic Bank

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Reporting and Self-Assessment

Standard Bank is a founding signatory of the UNEP FI Principles for Responsible Banking (PRB), launched in September 2019.

We are co-chair of the Banking Board, which is responsible for overseeing effective implementation of the Principles. The Principles set the global benchmark for what it means to be a responsible bank. They make it clear that banks' indicators of impact and success should be much broader than their financial results.

This is Standard Bank's second annual report setting out our progress in implementing the Principles.

Definitions

- a. Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended and short-term or long-term.
- b. Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of materiality.



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The following icons refer readers to information across our suite of reports:



Refers readers to information elsewhere in this report.



Refers readers to information in our other reports, which are available online.

Reporting and Self-Assessment Requirements

Summary of Standard Bank's response

Links to further information



Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.

Standard Bank Group (SBG) is an integrated financial services provider. We are the largest African banking group by assets, with a market capitalisation of approximately R229 billion (USD15 billion) at 31 December 2021. We operate in 20 sub-Saharan African countries. We also have operations in Beijing, Dubai, London, New York and Sao Paulo and offer international financial services from our offices in the Isle of Man, Jersey and Mauritius. We are headquartered in Johannesburg, South Africa.

Client segments

- **Consumer & High Net Worth (CHNW):**

Main market, affluent and high net worth retail clients

- South Africa (SA): 10.2 million active clients; leading market share in mortgages (35%) and credit card (26%)
- Africa Regions (AR): 5.5 million active clients

- **Business & Consumer Clients (BCC):**

Small, medium and large commercial Businesses



- SA: 500 000 clients, 25% of the market share for business and commercial clients, 20% for enterprises
- AR: 261 000 clients

- **Corporate & Investment Banking (CIB):**

Large companies, governments, parastatals and institutional clients, in Africa and internationally.

- Portfolio includes sovereign/public sector (32%), financial institutions (21%), consumer (10%), industrials (10%), real estate (10%), power and infrastructure (7%), mining and metals (5%) and oil and gas (5%).

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<p><i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We have six value drivers against which we measure our strategic progress:</p> <ol style="list-style-type: none"> 1. Value for clients 2. Value for employees 3. Value for stakeholders 4. Operational excellence 5. Financial outcomes 6. Social, economic and environmental (SEE) impact. <p>We have developed non-financial metrics for each of our six value drivers, including SEE impact. Each of our countries of operation is responsible for aligning their SEE strategies and tailoring their impact metrics to their context, national priorities and commitments.</p> <p>To assess progress against our SEE value driver, we have identified seven SEE impact areas, which are directly relevant to our core business as a provider of financial products and services.</p> <p>They encompass:</p> <ul style="list-style-type: none"> • Financial inclusion • Job creation and enterprise growth • Infrastructure • Africa trade and investment • Climate change and sustainable finance • Education • Health. <p>These are the core areas of our business in which we believe we have the greatest impact on society and the environment, and in which we commit to maximise benefit and minimise harm. We selected these impact areas based on their relevance to and alignment with our core business activities, the most pressing needs of Africa's people, businesses and economies, the UN SDGs and the African Union's Agenda 2023, as well as the urgent imperative to lower carbon emissions to slow climate change, and to support mitigation and adaptation strategies.</p>	<p> 2021 ESG Report Value drivers Page 6</p> <p> 2021 Report to Society Impact Areas Page 10</p>



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impact.

Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts/reduction of negative impacts

We engage with our clients, regulators and other stakeholders to ensure we understand their priorities, expectations and challenges and are able to create and deliver solutions to address these. Our seven SEE impact areas encompass our core business areas, client segments and markets. They are described in detail in our Report to Society. In summary:

- We support **financial inclusion** by providing accessible, affordable and relevant products and services to unbanked and under-banked consumers, including enterprises operating in the informal sector, together with financial literacy/financial fitness programmes for clients and communities.
- Our targeted financial solutions and enterprise development support enable **SMEs to grow their businesses and create jobs**. Our solutions for small-scale farmers improve their access to finance and markets.
- We provide **sustainable finance** solutions to enable clients to transition to a low carbon future and to support climate change mitigation and adaptation.
- We provide **infrastructure finance**, delivering economic benefits while minimising and mitigating negative social and environmental impacts.
- We facilitate **trade and investment** within Africa and between African countries and other global markets.
- We support improved access to **education and healthcare** through provision of finance, CSI support and employee skills development and wellbeing.





[2021 Report to Society](#)
Our SEE Impact at a Glance
Pages 13–16


Statement regarding impact analysis:





The group's seven SEE impact areas are informed by the SDGs, aligned to NDP 2030, AU Agenda 2063, and the Paris Agreement and are directly relevant to our core business. The leadership team in each country of operation is responsible for developing a SEE strategy, within the group framework, but taking into account local context, priorities, opportunities, and relevant standards and guidelines, including national-level sustainable banking principles.

We have developed performance dashboards to measure progress against our strategy and have developed non-financial metrics for each of our six value drivers, including SEE impact.

We continue to develop and strengthen our SEE impact measurement framework to enable effective tracking, measurement, monitoring and reporting on SEE impacts (positive and negative), as we mature from qualitative toward quantitative assessment measures. We continue to participate in peer learning activities and align to industry best practice where possible to enhance our impact metrics.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
<p>Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified 'areas of most significant impact', resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Target 1: Sustainable finance Mobilise a cumulative amount of R250 billion to R300 billion for sustainable finance by 2026.</p> <p>Target 2: Infrastructure finance Provide an additional R50 billion financing for renewable energy solutions and underwrite financing of additional R15 billion by end of 2024, as part of the overall sustainable finance target.</p> <p>The group is working toward the development of targets in other SEE impact areas. In the interim, we have defined SEE metrics to assess and track progress.</p> <p>In addition to our SEE targets, we have adopted targets for gender diversity for the group board and executive management. We have exceeded our 2021 target for female representation on the group board (target 33%, actual representation 35%) and have set a new target of 40% female representation on the board by 2025. We continue to work toward our target of 40% female representation in executive positions across the group by 2023 (current representation 34%).</p>	<p> 2021 Report to Society SEE Metrics Pages 14 and 15</p> <p> 2021 ESG Report Workforce: Gender Page 74</p>
<p>Statement regarding target setting: The group's climate policy, published in March 2022, includes quantified, time-bound targets for the provision of sustainable finance and for the provision of finance for renewable energy infrastructure. These targets support the group's commitment to achieve net zero carbon emissions from our portfolio of financed emissions by 2050.</p>		
<p>Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Our Report to Society describes our current activities in relation to sustainable finance and renewable energy finance. Our climate-related financial disclosures report provides details regarding our commitments to monitor and review progress against our targets and to report annually in this regard.</p>	<p> 2021 Report to Society Pages 50–59, and page 63 and 64</p> <p> Climate-related financial disclosures report Pages 21 and 29</p>
<p>Statement regarding plans for target implementation and monitoring: We will monitor progress on the achievement of climate targets and commitments annually. We will disclose our progress in the Standard Bank Group's annual reporting suite. We will review our climate targets and commitments at a minimum on a three-year cycle from the date of adoption. We will review and revise our overall climate policy whenever necessary and at a minimum of every three years.</p>		

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<p>Progress on Implementing Targets</p> <p>For each target: <i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target; or <i>explain</i> why actions could not be implemented/needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report</i> on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible include quantitative disclosures)</p>	<p>Our targets were defined during late 2021 and included in the group's climate policy, published in March 2022. Implementation and monitoring of progress will take place from 2022.</p>	<p> Climate-related financial disclosures report Pages 21 and 29</p>
<p>Statement regarding requirements regarding progress on implementing targets:</p> <p>We will monitor our progress on implementing our sustainable finance and renewable energy targets as part of the overall monitoring and review to be undertaken of our climate targets and commitments more broadly. From March 2022, we will review and revise our overall climate policy and targets whenever necessary and at a minimum of every three years.</p>		

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
 Principle 3: Clients and Customers We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
<p><i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Our approach to conduct aims to ensure that the group maintains a client-centric culture focused on achieving positive and fair client outcomes. Our ESG report describes the governance processes, policies and frameworks we have in place to achieve fair client outcomes.</p> <p>Our client risk committees assess issues related to ethics and conduct in relation to new and existing client relationships.</p> <p>We undertake environmental and social risk screening, management and monitoring in relation to clients and transactions, and particularly in relation to commercial and corporate clients, project finance, commercial debt and equity and short-term banking facilities.</p>	<p> 2021 ESG Report Conduct Pages 28–29</p> <p>ESG risk governance Pages 12–14</p> <p>Managing our environmental and social risks Pages 57–63</p>
<p><i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>We partner with our clients to develop and implement sustainable finance solutions. We have pioneered, developed and executed a range of sustainable products, as described in our Report to Society. We also provide environmental, social and governance (ESG) advisory services, agency services and ESG corporate advisory services for our clients.</p> <p>We offer sustainable investing products through Melville Douglas and Standard Bank International.</p> <p>Our PowerPulse digital platform helps our clients source alternative green energy solutions from a database of vetted providers.</p>	<p> 2021 ESG Report Sustainable finance Page 51–56</p> <p> 2021 Report to Society Sustainable finance Pages 50–58</p>

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Principle 4: Stakeholders


We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.


Describe which stakeholders your bank has consulted, engaged, collaborated, partnered with for the purpose of implementing these Principles and improving your bank's impacts. Include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Standard Bank undertakes ongoing engagement with our stakeholders, defined as those individuals, groups and organisations that may materially affect or could be materially affected by our business activities, products, services and performance. Our ESG report describes how we identify and engage with our stakeholders. It also provides a description of stakeholder priorities, how we responded, and our related material issues for each of our priority stakeholder categories. It includes information on key engagements with regulators, civil society and industry.

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Engaging our stakeholders and understanding our material issues
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Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
 Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
<p><i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Our sustainability strategy is based on two pillars:</p> <ul style="list-style-type: none"> • Achieving positive SEE impact linked to the UN SDGs by focusing on seven impact areas linked to our core business activities • Upholding good ESG practices by doing business in a way that minimises harm to others and meets our responsibilities as a responsible corporate citizen. <p>Our ESG report provides overview of the processes and governance structures the group has in place to support our commitment to doing the right business, in the right way.</p> <p>The board is responsible for fostering a culture of ethics and appropriate conduct, ensuring that we adhere to our human rights statement and overseeing risk management.</p>	<p> 2021 ESG Report Page 9</p> <p>Pages 12–14</p> <p>Pages 26–30</p>

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<p><i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our ESG report provides an overview of the processes and governance structures the group has in place to support our commitment to doing the right business, in the right way. Our board is responsible for providing effective leadership based on an ethical foundation, ensuring that the group is seen to be a responsible corporate citizen and striving to achieve a balance between the interests of the group and its various stakeholders. Our code of ethics and conduct requires all employees to act with integrity and to place the interests of our clients and the communities impacted by our business at the centre of our decision-making.</p> <p>Our recruitment, on-boarding and training processes are designed to entrench our values, ethics and conduct standards across the group. Individual and team goals are aligned to the group's strategic value drivers and associated metrics (including SEE). These metrics are cascaded through the performance management process so that employees know exactly how their goals and efforts need to translate and contribute to measurable results and value for our clients, partners, colleagues and broader stakeholders. The group remuneration committee assesses SEE metrics and ESG performance as part of the process of assessing executive performance.</p> <p>All employees are responsible for ensuring that their behaviour, and that of the group, reflects the bank's values, code of ethics, and commitment to respecting human rights. If any stakeholder, internal or external, believes that the bank has contravened these commitments, they are encouraged to report this under the provisions of the group's whistleblowing policy.</p>	<p> 2021 ESG Report Pages 12–14</p> <p>Ethics and conduct Pages 26–30</p> <p>Culture and performance Page 72</p> <p>Whistleblowing Pages 33–34</p>

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
<p>Governance Structure for implementation of the Principles</p> <p><i>Show that your bank has a governance structure in place for the implementation of the PRB, including:</i></p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>The group social and ethics committee (GSEC) oversees group activities relating to ethics and conduct, stakeholder engagement and social and environmental impacts. This committee ensures alignment between group strategy and commitment to create positive SEE impact and monitors metrics and targets related to SEE impact, in line with PRB commitments, including group climate policy and targets.</p> <p>At management level, the social and ethics management committee oversees the social and environmental impacts of the group's business activities, including climate related impacts, alignment with ESG standards and good practice, ethics, conduct and human rights impacts. It monitors stakeholder issues and concerns based on group-wide input. It is responsible for management review and approval of climate policy and targets and monitoring of implementation.</p>	<p> 2021 ESG Report Pages 12–13 Page 27</p>
<p>Statement regarding governance structure for implementation of the Principles:</p> <p>Both the social and ethics board and social and ethics management committee provide oversight over PRB implementation. These committees are also responsible for oversight of the implementation of the group's climate policy and monitoring of progress toward the climate targets.</p>		

Reporting and Self-Assessment Requirements

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Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

We have adopted positive SEE impact as one of six value drivers against which we measure our strategic progress; We measure our progress in seven SEE impact areas, using quantitative metrics where possible.

We undertake E&S screening, management and monitoring across business and credit functions. We partner with clients to develop tailored sustainable finance solutions. Our client risk committees assess ethics and E&S risks in relation to new and existing client relationships.

We have regular engagement with investors on SEE impacts.

We manage ESG as a risk type within non-financial risk and have established clear accountabilities for ESG risk management. SEE metrics and ESG performance are integrated into SBG performance metrics and are considered in executive performance assessments.

We report publicly on our SEE impacts and ESG risk management.

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