



# Standard Bank's **Report to Society** **2016**

Social, economic and  
environmental report

STANDARD BANK'S  
REPORT TO SOCIETY  
2016

SOCIAL, ECONOMIC  
AND ENVIRONMENTAL  
REPORT



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# ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

## Introduction

The Standard Bank Group (SBG) is committed to mitigating potential environmental and social risks to our business and our stakeholders, and ensuring the sustainability of our business.

As a member of the Banking Association of South Africa (BASA), we have adopted a Code of Conduct for Managing Environmental and Social Risk which codifies the role of financial institutions in protecting, promoting and fulfilling social, economic and environmental rights in South Africa. The code covers our operations, procurement, lending practices, products and services and sets a benchmark for effective management of these risks.

We are signatories of the Equator Principles (EP), a global standard for screening social and environmental risk. This requires us to ensure that, when we lend or provide advisory services to clients, actions are taken to evaluate and actively avoid and mitigate any negative social or environmental impacts.

Our values, code of ethics and human rights statement apply across all our operations and guide us in doing the right business, the right way. In South Africa, we are committed to upholding the principles of the Constitution, and the associated Bill of Rights. We comply with all applicable legislation in all our countries of operation.

## Monitoring mechanisms:

Below are the monitoring mechanisms that underpin the group's approach to sustainability governance. Liberty has its own environmental and social risk management frameworks.

- Equator Principles
- External assurance for projects financed, projects where we have played an advisory role and project-related corporate loans
- International Finance Corporation (IFC) Performance Standards
- World Bank Environmental Health and Safety (EHS) Guidelines
- United Nations Principles for Responsible Investment (UN PRI)
- Broad Based Black Economic Empowerment (BBBEE) – our BEE performance in South Africa is externally verified.

We also participate in a number of organisations and strategic partnerships to ensure we remain abreast of sustainability issues and good progress at global community level.

This includes membership of:

### South Africa:

Banking Association  
Sustainable Finance Forum;  
Business Unity South Africa;  
National Business Initiative;  
Green Buildings Council of  
South Africa (GBCSA)

### Globally:

Global Equator Principles  
Steering Committee;  
United Nations Environment  
Programme Finance  
Initiative (UNEP FI)

## Environmental and social risk appraisal

We are in the process of strengthening and broadening its Environmental and Social (E&S) Appraisal System. This includes broadening the remit of our E&S Risk and Finance team, who will be responsible for ensuring that all environmental, social and related risks are correctly identified, evaluated and managed, and for ensuring that green finance and carbon financing opportunities are identified and taken up.

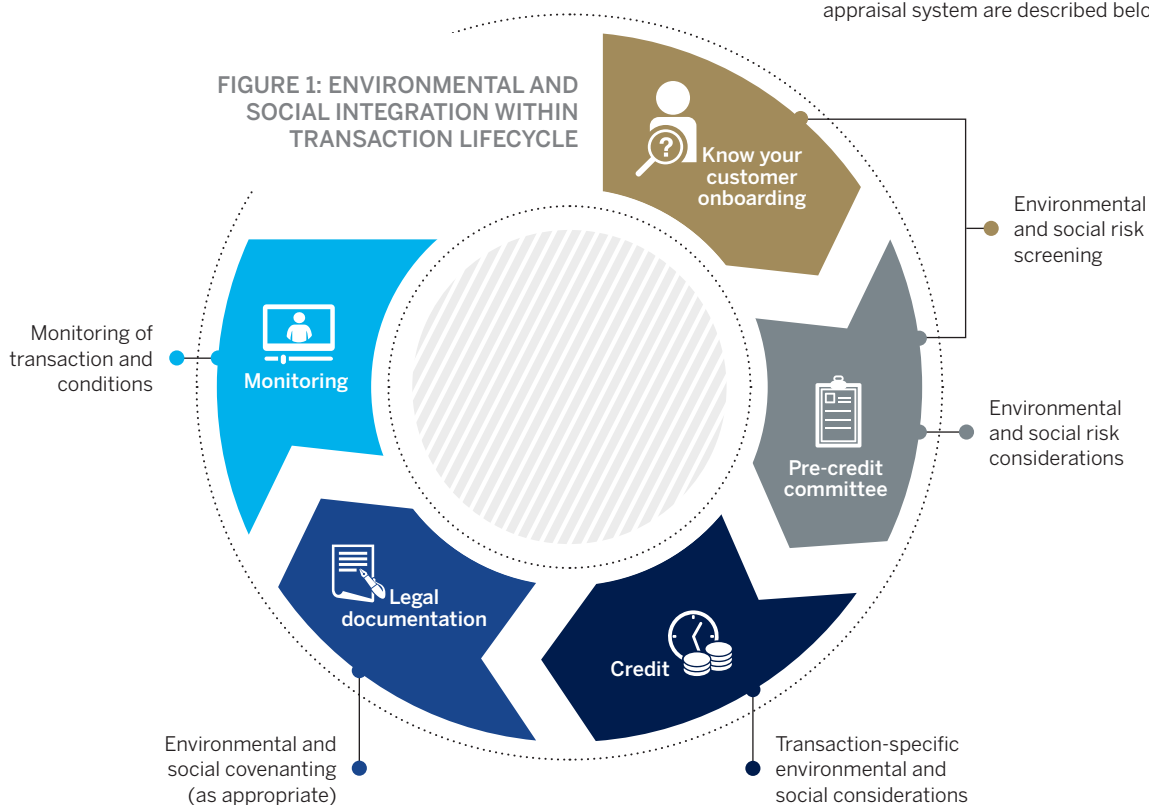
Historically, our E&S Business Unit focused predominately on Investment Banking and Corporate Investment Banking. During 2017, we are aiming to extend the scope of the E&S Appraisal System globally to include our Corporate and Investment Banking (CIB) business, Personal and Business Banking (PBB) businesses and our Wealth offering. The expansion of our risk management measures recognises that E&S issues increasingly form a key component of Standard Bank's credit, management and risk review process.

Our new, broader, E&S Appraisal System will enable us to:

- Better assess, mitigate, document and monitor impacts and risks associated with financing and investment globally
- Ensure that E&S risks and opportunities are appropriately screened, managed and monitored throughout the course of the engagement
- Develop new business areas by targeting environmental/green/ climate and social finance opportunities and/or sectors.

Currently within our Investment Banking, E&S considerations and tools are incorporated throughout the transaction process (see figure 1). The various stages of the current appraisal system are described below.

**FIGURE 1: ENVIRONMENTAL AND SOCIAL INTEGRATION WITHIN TRANSACTION LIFECYCLE**



## The environmental and social risk assessment process

The pre-credit committee is responsible for ensuring that E&S risks are correctly identified in the application phase, via the E&S electronic screening tool. All Investment Banking transactions go through this process. A preliminary check is undertaken to determine E&S risks, and to direct the transaction to the next phase of assessment based on the outcome of initial assessment and on the financial product type and sector. The E&S screening tool includes both a client risk and a transaction risk screening process. The client risk assessment (CRA) identifies risks associated with a client's ability to manage E&S issues. The transaction risk assessment (TRA) focuses on the sector and nature of the transaction or project's E&S impacts, and results in a categorisation of A, B or C:



### Category A –

Projects with potential significant adverse environmental and social risks/impacts that are diverse, irreversible or unprecedented.



### Category B –

Projects with potential limited adverse environmental and social risks/impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.



### Category C –

Projects with minimal or no adverse environmental and social risks/impacts.



### The E&S Appraisal

**process** has been designed to ensure that the level of due diligence is commensurate with the potential level of E&S risk

associated with the underlying transaction.

The scale and scope of due diligence is undertaken on a transaction-specific process and is advised by the E&S Risk and finance team on a case-by-case basis. For example:

- A general corporate loan facility where the intended use of proceeds is unknown, would require broad due diligence, as any risk exposure for Standard Bank would arise from the nature of the client's business activities across all operations (rather than project specific impacts). The focus will therefore be on client-risk due diligence.
- A more detailed Equator Principles due diligence process is applied to all new project finance loans of USD10 million or more, across all industry sectors. A high degree of due diligence is required to ensure potentially significant E&S risks are appropriately identified, assessed and managed. Both the E&S risks of the project and the client are assessed.
- The Equator Principles process is also applied for project related corporate and bridge loans, where the total aggregate loan amount is at least USD100 million, our individual commitment is at least USD50 million and the loan tenure is at least two years.

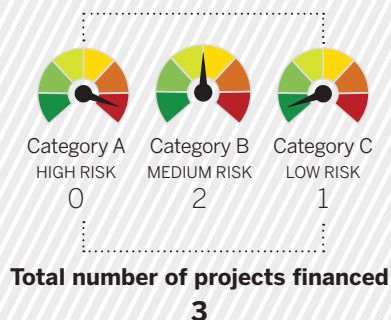
We are in the process of **adapting and customising these processes and systems across Standard Bank** more broadly, in line with our new operating model and broader **E&S Appraisal System**.

The Equator Principles provide a financial industry benchmark for determining, assessing and managing environmental and social risk in projects.

To date, 89 Financial Institutions in 37 countries have officially adopted the Principles.

Standard Bank adopted the Equator Principles in 2009. We were appointed the new chair of the Equator Principles Association in June 2015, thus becoming the first African bank to be elected to this position

### TOTAL NUMBER OF EQUATOR PRINCIPLE PROJECTS THAT REACHED FINANCIAL CLOSE WITHIN 2016



## ADDITIONAL PROJECT BREAKDOWN DETAILS (2016)

	PROJECTS FINANCED DURING 2016 (2)			ADVISORY PROJECTS COMPLETED IN 2016 (0)			PROJECT RELATED CORPORATE LOANS IN 2016 (2*)		
	CATEGORY			CATEGORY			CATEGORY		
TOTAL PROJECTS	A	B	C	A	B	C	A	B	C
Sector									
Oil and Gas									
Mining									
Power								1	
Infrastructure/Property Finance		1	1					1	
Others									
Region									
Americas									
Europe, Middle East and Africa		1	1					2	
Asia Pacific									
Country Designation									
Designated									
Non-Designated		1	1					2	
Independent Review									
Yes								1	
No		1	1					1	

\* Including one transaction that did not meet the Equator Principles III project-related corporate loan financial thresholds, however, treated as project-related corporate loans in terms of best practice.

Includes both project finance and project related corporate loans undertaken according to the Equator Principles process.

## Environmental and Social Risk

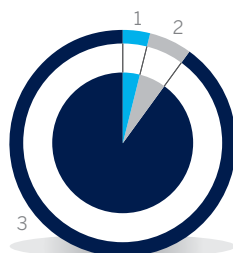
### E&S Appraisal



In total  
**457 transactions**  
in Investment Banking were  
screened\* in line with our internal  
E&S Appraisal System

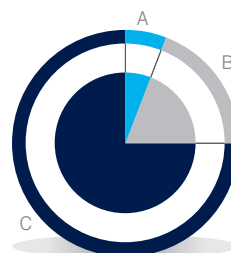
\* Screening numbers based on submissions  
to regional and global pre-credit committees

The outcomes of this E&S screening for client and transaction risks are shown below:



**E&S client risk outcome**

	2016
1 High risk	4%
2 Medium risk	6%
3 Low risk	90%



**E&S transaction risk outcome**

	2016
Category A – High risk	6%
Category B – Medium risk	19%
Category C – Low risk	75%

## 48 Project Finance

and project specific term loans were assessed according to our Equator Principles assessment process, of which 4 reached financial close during 2016.

## Management

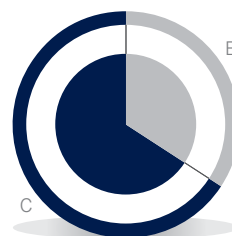
Elected as chair of the Equator Principles Association for 2015/2016 (first African bank to be elected to this position)

## Monitoring

All category A and where relevant category B projects financed, are monitored to ensure adherence to the social and environmental commitments set as part of the loan agreement. If required, independent external professionals monitor the implementation and progress of remedial actions on a semi-annual or annual basis for the tenure of the loan.

In addition, our Environmental and Social Advisory team undertakes site visits to ensure appropriate management of environmental and social issues. The frequency and duration of monitoring and site visits depends on the type of project being financed and the level of perceived risk.

In cases where clients do not comply with environmental and social requirements, we work with them to achieve the necessary standards. Should there be no progress towards meeting requirements within agreed timeframes, we would consider a number of avenues, including re-evaluation of the loan. During 2016, no deals were terminated due to non-compliance.



**Additional project finance transactions – percentage underwrite**

	2016	2015
Category A – High risk	0%	14%
Category B – Medium risk	34.2%	71%
Category C – Low risk	65.8%	15%



## Assessing environmental and social impact risk

### Biodiversity

Biodiversity considerations are included as part of our environmental and social appraisal process and are also addressed in detailed due diligence. Appraisal considerations are in line with the International Finance Corporation's (IFC's) Performance Standards, including factors such as ecosystems, critical habitats, legally protected areas and invasive alien species. Where applicable, rehabilitation is monitored and assessed in accordance with the rehabilitation and restoration requirements set out in the legally binding action plan.

Remediation of land may be addressed concurrently with project development. Where rehabilitation and restoration are part of corrective action, we use external specialists to verify the adequacy of the restoration.

### Scope 1 and 2 carbon dioxide emissions

The revised Equator Principles, applied to all new project finance transactions, require assessment of indirect emissions stemming from lending activities.

Where combined Scope 1 and Scope 2 emissions are expected to be more than 100 000 tons of carbon dioxide (tCO<sub>2</sub>) equivalent annually, an analysis must be undertaken to evaluate less greenhouse gas (GHG)-intensive alternatives. The alternatives analysis requires the evaluation of technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design, construction and operation of the project.

### Community health, safety and security

Community health, safety, and security are also assessed as part of the due diligence process. Community engagement and impact assessments take place on all projects involving large-scale physical development or expansion, especially Greenfields projects. Most power, infrastructure and mining projects have actual and potential negative effects, particularly in terms of increased pollution levels.

In such projects, the environmental consultant or client publicly discloses the results of the impact assessment during the public consultation processes. Where a community has a grievance, it may engage with the appointed community representative, chief leader or community liaison officer through an agreed grievance mechanism.

The client is obliged to report material grievances to us. The number and type of grievances raised are also assessed and reported on by the independent consultants if the project is subject to ongoing monitoring. During 2016 no such grievances were lodged.

### Human rights

Human rights issues, including discrimination, child labour, forced or compulsory labour and the rights of indigenous people are included in the environmental and social appraisal tool. Compliance with the IFC's Performance Standards is included in project financing contracts, which cover labour and working conditions with reference to human rights. Where human rights have been identified as a high-risk issue, this is specifically included in the loan contract. No incidents of discrimination or violations of human or indigenous rights were reported during 2016.





### Greater transparency and good governance

We have implemented a Money Laundering and Terrorist Financing Control Policy (the Policy), which has been approved by the Group Risk and Capital Management Committee, and is updated on an annual basis.

The Policy is designed to comply with applicable statutory and regulatory obligations across the Group, ensuring that:

- the risks arising from money laundering and terrorist financing (ML/TF) are well understood, mitigated and proactively managed
- the reputation and integrity of the Group is protected by taking all reasonable steps to prevent its use for ML/TF
- A framework is established that will enable the recognition, investigation and reporting of suspicious activity and all reportable transactions to competent authorities.

All Standard Bank entities and subsidiaries are required to implement the policy, and indeed this is a requirement of the permission to establish a subsidiary in another jurisdiction, granted by the South African Reserve Bank in terms of section 52 of the Banks Act, Act No. 94 of 1990.

In the event that customisation of the policy is required to fit in-country requirements, this is done in conjunction with Group Compliance.

Once the policy has been customised, it is placed before the relevant in-country governance committees for their approval.

All our people are required to complete on-line anti-money laundering training annually.

### Anti-Bribery and Corruption (ABC)

The business of Standard Bank is built on trust and integrity as perceived by our stakeholders, especially our clients, shareholders and regulators.

An important element of trust and integrity is ensuring that we conduct our business in accordance with the values and Code of Ethics that we adopted, in compliance with applicable laws, rules and standards.

Our Anti-Bribery and Corruption Policy (the Policy) is designed to comply with applicable statutory and regulatory obligations, as well as requirements designed to mitigate conduct risk across Standard Bank.

We will not condone any instance of bribery and corruption and are committed to:

- Prohibiting bribery and corruption
- Ensuring that an anti-bribery and corruption culture is established and maintained within Standard Bank
- Conducting business with integrity, transparency, openness and in compliance with applicable laws
- Conducting business in accordance with the values and Code of Ethics adopted by Standard Bank
- Establishing and maintaining reasonable and proportionate measures to predict and prevent bribery and corruption; and to detect, report, monitor and respond appropriately to any bribery and corruption that may occur.

# OUR CONTRIBUTION TO SOCIO-ECONOMIC DEVELOPMENT

We understand that, to become the leading financial services organisation in for and across Africa, we must contribute to the long-term viability and success of the communities and countries in which we operate, by facilitating inclusive economic growth and social development.

To do this effectively we must ensure our relevance to community needs and our capacity to help to advance national objectives. Our vision commits us to making a contribution to socio-economic development in a way that is consistent with the nature and size of our operations in the countries we serve.

## Inclusive growth and economic transformation

### South Africa

Broad Based Black Economic Empowerment (BBBEE) aims to provide redress for South Africans who were excluded from economic opportunity under apartheid. It targets African, Coloured and Indian South Africans with a specific emphasis on black women and black citizens with disabilities.

We recognise BEE as a moral and commercial imperative, crucial to secure a more sustainable growth path for the country, and the sustainability of our own business. We set annual BEE targets, which are approved by our Group Social and Ethics Committee. Accredited external auditors conduct independent

assessments of our BEE performance against the Financial Services Sector Codes for Broad-based Black Economic Empowerment (FS Codes). We continuously strive to ensure that we meet and exceed our targets and make a positive and meaningful contribution to the social and economic transformation of our country.

We continue to meet our employment equity targets for middle and junior management and general staff. Our revised EE plan plans to improve our African representation across all occupational levels through recruitment, development and promotions. We are committed to ensuring that our employee profile is more reflective of South Africa's demographics, across all levels of management.

### Other African countries

Several other African countries have also put processes in place to transform their economies and promote indigenisation (local ownership). We engage constructively in debates on these developments in an effort to balance the legitimate expectations of economic transformation with the reasonable rights of investors. As in South Africa, we are committed to making a positive contribution to transformation through our employee profile, and by contributing to socio-economic development, industry development and job creation. We also comply with legislation that requires local shareholders to hold a percentage of shares.

## THE STANDARD BANK OF SOUTH AFRICA (SBSA) BBBEE SCORECARD

		SBSA score		
	FSC Points	2016	2015	2014
Ownership	17	16.61	16.73	17
Management control	9	5.55	5.22	5.6
Employment equity	18	11.95	11.78	11.66
Skills development	10	9.05	8.18	8.36
Preferential procurement	16	16	16	16
Access to financial services	14	12.6	12.51	12.63
Empowerment financing	15	15	15	15
Enterprise development	5	4.8	5	5
Socio-economic development	3	3	3	3
<b>Total</b>	<b>107</b>	<b>94.56</b>	<b>93.42</b>	<b>94.25</b>

# R18.9 billion

SBSA weighted procurement spend with BEE suppliers



## Sustainability in the supply chain

### South Africa

#### Preferential procurement

We use preferential procurement to support black-owned and black women-owned businesses, particularly small and medium-sized enterprises (SMEs), to access procurement opportunities within our supply chain. We undertake monthly portfolio reviews to measure our progress against our preferential procurement plan and targets.

In 2016, SBG's procurement spend on BEE suppliers amounted to R18.90 billion – a 5% increase in black-owned SME procurement spend on 2015, including a 51% increase in black women-owned SME procurement spend. We achieved the top score of 16 for the preferential procurement pillar on our BEE scorecard.

#### PREFERENTIAL PROCUREMENT

		2016	2015	2014
<b>Preferential Procurement spend</b>				
<b>SBSA weighted procurement spend with BEE suppliers</b>	Rbn	<b>18.9</b>	21.6	19.2
BSME Procurement Spend – Weighted				
Black owned	Rbn	<b>1.8</b>	0.9	0.7
Black women owned	Rbn	<b>1.1</b>	0.5	0.3

#### AVAILABLE POINTS

		2016	2015	2014
All suppliers, level 1 to 8	score	<b>8.0</b>	8.0	8.0
Qualifying Small enterprises and exempted micro enterprises – level 1 to 8	score	<b>3.0</b>	3.0	3.0
Black Owned	score	<b>2.5</b>	2.5	2.5
Black Women Owned	score	<b>2.5</b>	2.5	2.5
<b>Total score</b>		<b>16.0</b>	16.0	16.0

Small businesses often lack access to funding, a sound business plan and the capacity to deliver to large organisations. Standard Bank runs a year-long Supplier Development Programme, to help potential black-owned and black women-owned suppliers navigate the tender process. A business development service provider, appointed by Standard Bank, assists SMEs in areas like marketing, credit professional services and physical security services, upgrading infrastructure, improving financial management and building capacity. This initiative not only helps the viability of

these businesses, it also helps mitigate supply chain risks and enables our business units to increase their use of black SME providers, leading to an overall 1.25% increase in weighted points.

#### Africa regions

While we aim to procure goods and services locally wherever possible, our ability to do so is in some cases constrained by the absence of appropriate suppliers, and/or challenges matching the cost of goods or services available with our defined technical and quality requirements.

Our procurement policy and guidelines clearly set out the products and services that can be sourced locally and those which must be sourced centrally through the Group Vendor Management and Procurement unit.

## Sustainable Procurement Framework

As part of our journey to sustainable procurement, we have developed a framework to assist our procurement department to assess ourselves against international best practise. This framework was implemented in South Africa in 2016, and will be rolled out to our other countries of operation in 2017, guiding decision making and the implementation of sustainable practices.

## Corporate social investment (CSI)

### South Africa

Our corporate social investment (CSI) strategy is aimed at creating meaningful and lasting mutual benefits for communities and for Standard Bank. Working to improve the socio-economic circumstances of the communities in which we operate enhances our reputation, demonstrates that we are locally relevant and responsive, positions

us favourably to compete for business and gives us the opportunity to grow in new markets. In addition, our employee matching programmes, which support our employees' altruism, are an important part of our employee value proposition.

### Africa regions

During 2016 we implemented a strengthened CSI governance processes across all our countries of operation. Our group-wide CSI framework requires each operation to develop and implement a CSI policy, inclusive of principles, governance structures, roles and responsibilities, reporting requirements and the prevention and management of conflicts of interest. The principles clearly define what constitutes CSI spend, and

this must be signed off by the chief executive of each operation.

We have a CSI expenditure target of 1% net profit after tax in each country of operation. In 2016, each operation submitted an annual CSI expenditure and activity report to the Group Social and Ethics Committee.

We recognise that each country has specific socio-economic challenges and priorities. We require each of our operations to select no more than three relevant focus areas, with at least one area being education or healthcare. We have a pan-African partnership with the Global Fund, and encourage our countries of operation to participate in this initiative.

### CSI SPEND (SA)

Project	2016	2015
Education	<b>R59.5m</b>	R59.5m
Standard Bank 150 Bursaries	<b>R7.5m</b>	R7.5m
Provincial Allocation	<b>R2.7m</b>	R2.6m
Staff Matching	<b>R1.6m</b>	R1.1m
Employee Community Involvement	<b>R11.6m</b>	R6.6m
Executive Discretionary Fund	<b>R1.8m</b>	R7.6
Humanitarian Relief	<b>N/A</b>	N/A
Arts & Culture	<b>R7.9m</b>	R7.9m
Total administration & Operational Costs	<b>R5.6m</b>	R4.4m
<b>Total CSI Spend (South Africa)</b>	<b>R95.7m</b>	R97.5m

### CSI Spend (SA) 2016 Projects

Education  
R59.5m



Standard Bank  
150 Bursaries  
R7.5m



Provincial  
Allocation  
R2.7m



Staff  
Matching  
R1.6m



Employee  
Community  
Involvement  
R11.6m



Arts & Culture  
R7.9m

Executive  
Discretionary  
Fund  
R1.8m



Total  
administration  
& Operational  
costs  
R5.6m

## Financial inclusion

We are committed to developing relevant and appropriate financial solutions for the millions of economically active people in Africa who currently fall outside the mainstream financial sector. This is not only important for our own sustained profitability, but also to the broader socio-economic development of the countries in which we operate.

### South Africa

The inclusive banking market in South Africa is estimated to account for 84% of the banked population.

Effectively reaching the unbanked or under-banked market depends on understanding the needs and requirements of these customers. Our Inclusive Banking unit conducts community needs assessments to determine the appropriateness of our products and services to the low-income market.

Our strategy is to provide banking products and services that are simple, transparent, convenient and affordable. We aim to increase volume and revenue in our Inclusive Banking business while driving down our acquisition, origination and servicing costs. We concentrate on providing products based on our customer needs.

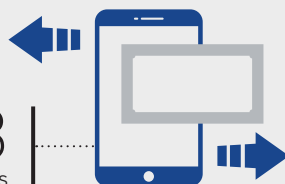
We focus on places of employment as channels to acquire new customers and offer a value proposition that is relevant to both employers and their employees.

#### INCLUSIVE BANKING

Input	Measure	2016	2015
<b>Number of AccessAccounts</b>	Number	<b>5 131 453</b>	6 661 459
<b>Number of AccessSave accounts</b>	Number	<b>785 445</b>	826 239
Value of AccessSave	Rm	<b>848</b>	801
<b>Number of society schemes (stokvels)</b>	Number	<b>69 648</b>	67 429
Value of society schemes (stokvels)	Rm	<b>1 487</b>	1 390

### Financial inclusion

5 131 453  
Number of AccessAccounts



785 445  
Number of  
AccessSave accounts

## Affordable housing

In the affordable housing market, we finance quality affordable housing units priced mainly between R350 000 and R670 000, with the average bond worth about R370 000. We are currently the biggest affordable housing mortgage lender in South Africa, holding a 35% share of the market.

We offer a voluntary borrower education course which provides first-time home buyers with information on the processes involved when buying a home and the obligations of the parties involved in a housing transaction, and also helps homeowners make sense of key terms. The course is delivered through face-to-face training and online. In 2016, 1 609 affordable housing customers took up the training.

In 2016 our accumulated affordable housing home loan book value increased to R25,1 billion from 102 895 accounts, up from R23,8 billion in 2015 from 103 824 accounts.

### HOUSING

		2016	2015	2014
Affordable housing market share	%	35	34	35
Total number of affordable housing accounts held	Number	98 477	103 824	99 959

Affordable housing

35%

Affordable housing market share

In 2016

1 609

customers attended Borrower education (affordable housing)



98 477

Total number of affordable housing accounts held

## Growing enterprises

SMEs in Africa face a range of challenges, including poor infrastructure, high interest rates, increasing regulation, poor access to markets, limited general business management skills, and high levels of competition, including from large-scale corporates. Currency fluctuations create challenges for importers and exporters. Most SMEs struggle to accessing start-up capital and growth finance because they lack reliable financial statements.

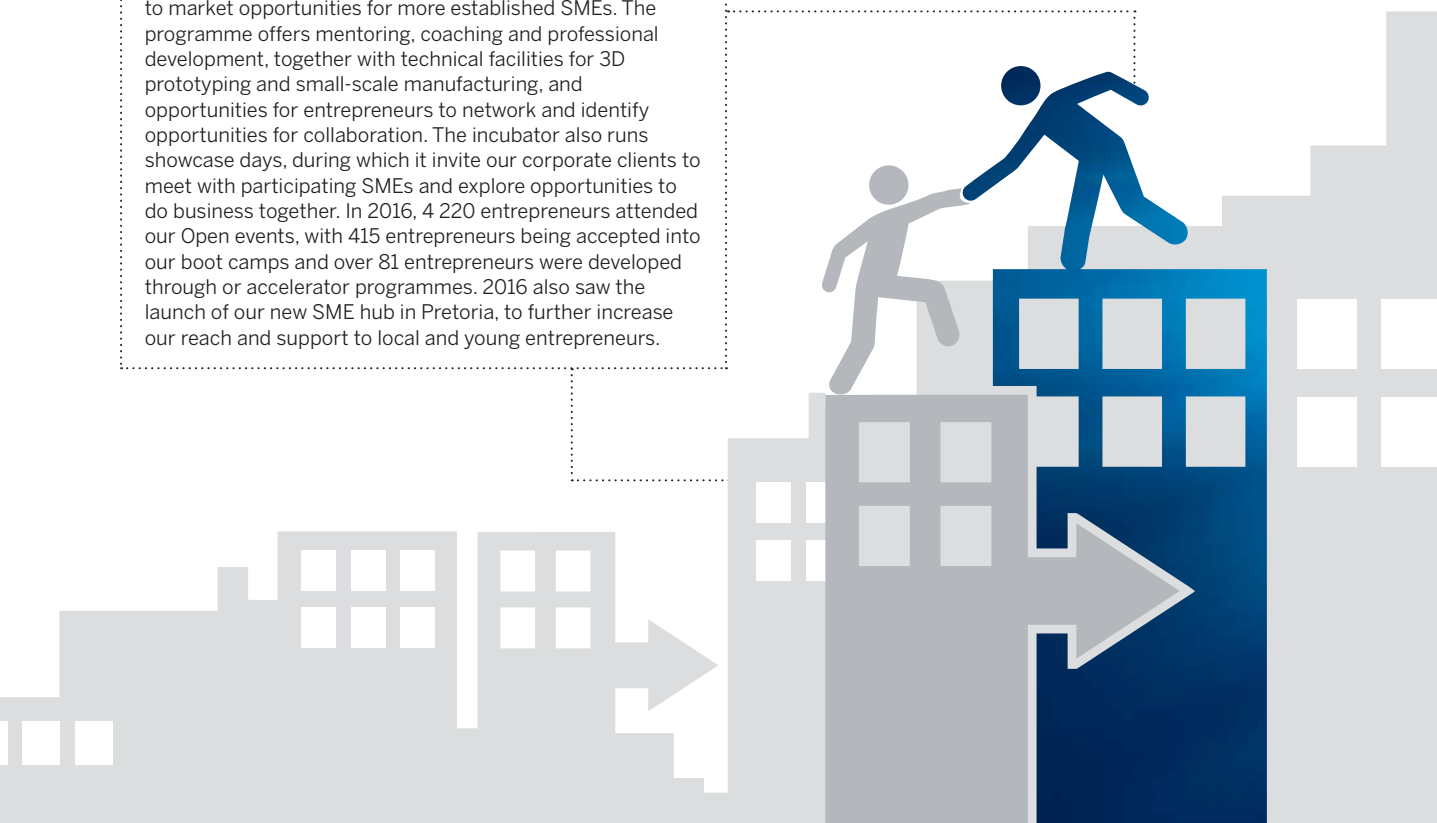
We are committed to developing solutions that help our SME customers address these challenges and optimise their cash flow.

### South Africa

The SME sector accounts for more than half of South Africa's GDP and is the biggest private sector employer and job creator in the economy, making it essential to the country's long-term growth and transformation.

Our aim is to play a competitive role in effectively banking and developing this market. A key focus is to assist SMEs in fast-developing sectors such as business and financial services, computer and IT services and the construction industry. These SMEs tend to be highly computer literate, and can benefit from digitally-based banking services.

We also support SMEs through the **Standard Bank incubator programme**. The incubator provides developmental support for start-up enterprises, and access to market opportunities for more established SMEs. The programme offers mentoring, coaching and professional development, together with technical facilities for 3D prototyping and small-scale manufacturing, and opportunities for entrepreneurs to network and identify opportunities for collaboration. The incubator also runs showcase days, during which it invite our corporate clients to meet with participating SMEs and explore opportunities to do business together. In 2016, 4 220 entrepreneurs attended our Open events, with 415 entrepreneurs being accepted into our boot camps and over 81 entrepreneurs were developed through our accelerator programmes. 2016 also saw the launch of our new SME hub in Pretoria, to further increase our reach and support to local and young entrepreneurs.





## REACH OF THE INCUBATOR PROGRAMME

		2016	Black	2015	Black
Measure					
<b>SBSA Incubator</b>					
<b>Input and outputs</b>					
Number of Entrepreneurs that Applied for Bootcamps	Number	1 434	51%	638	29%
Number of Entrepreneurs accepted on Bootcamps		415	69%	189	67%
Number of Entrepreneurs that were developed through Acceleration Programmes		81		56	
<b>Business activities</b>					
Number of Entrepreneurs that received Mentoring and Coaching	Number	81	81%	56	84%
Number of Entrepreneurs that accessed Open Mentoring Sessions		140	80%		
Number of Entrepreneurs that attended open events (Masters and Mentors, Start Up Grind, LOA Lean In, THUD)		4 220	84%	850	81%
<b>Outcomes</b>					
Number of Entrepreneurs that were Showcased	Number	46			
Number of Entrepreneurs that pitched through Global Start-up Competitions (Seedstars)		30	46%	30	40%

81

Number of Entrepreneurs  
that received  
**Mentoring and Coaching**

46

Number of **Entrepreneurs**  
that were **Showcased**

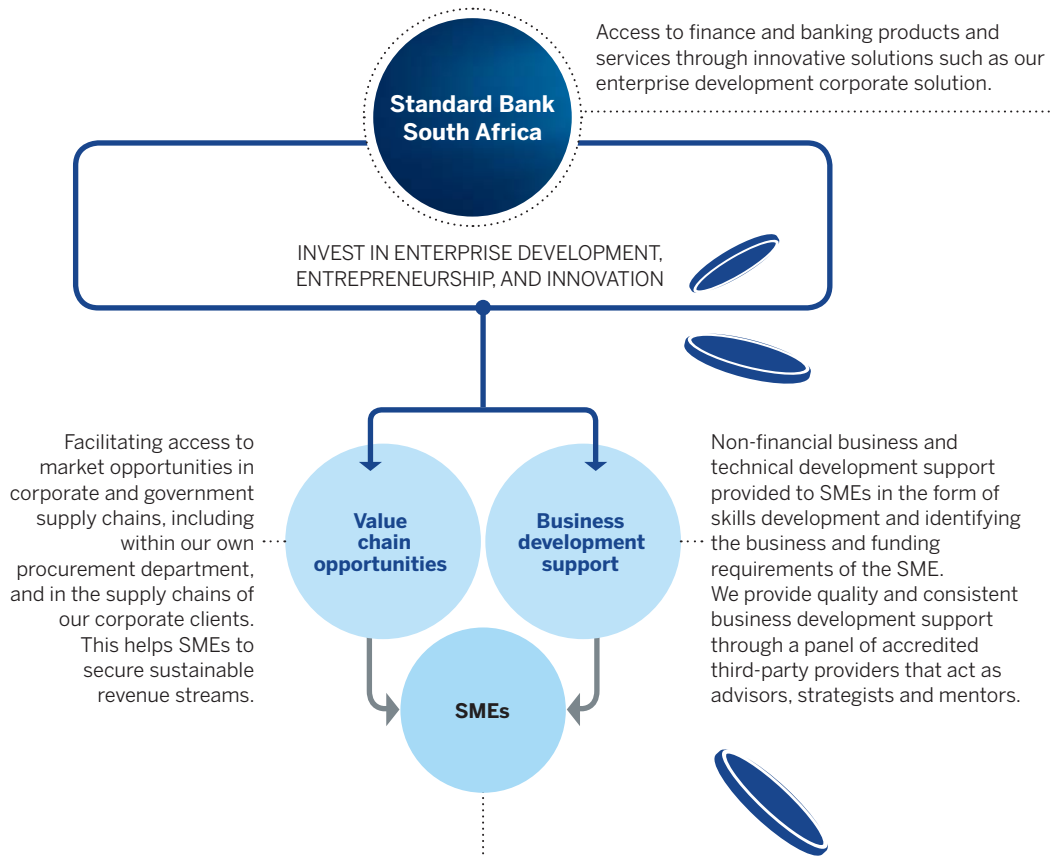
140

Number of **Entrepreneurs**  
that accessed **Open**  
**Mentoring Sessions**

## Enterprise development

Enterprise development is about ensuring that SMEs have meaningful opportunities to access markets, finance and long-term business development. We aim to develop innovative, commercially viable interventions that provide support to black-owned and black women-owned SMEs. This includes helping SMEs to navigate complex tender and compliance requirements in corporate supply chains, and providing business development and technical support to ensure they can deliver to the required quality standards.

### Our enterprise development model



### South Africa

The South African government requires us to direct 0.2% of our profit after tax towards Enterprise Development. In 2016 we had R27.5 million available to support ED initiatives. We allocated these funds through two channels, designed to maximise value creation. We channelled a significant portion of our ED funds to an independent trust, to provide financial support for BEE companies in need of finance, who would not qualify for a commercial bank loan. The remaining funds were used to provide non-financial support, business development support to SMEs. Both channels create shared value – mitigating lending risk for SBG, and building capacity to strengthen the viability and sustainability of beneficiary SMEs – and increasing their prospects of making a meaningful contribution to economic growth and job creation in South Africa.



## Value-adding services for South African small and start-up businesses



### BizLaunch

This full service banking product, designed for start-up businesses, offers simple, efficient solutions to make and receive payments. It also enables business owners to insure their personal investment in the business. BizLaunch is available to any new business, including sole proprietors with no trading history, as well as informal enterprises that previously used personal accounts to trade. It includes value-adding services and products.



### BizConnect

This online platform for SMEs provides expert advice on developing systems, streamlining operations, improving the day-to-day running of a business and improving its growth prospects. It also offers the latest news, trends, statistics and solutions on general business, finance, agriculture and franchising, and allows users to interact with other business owners online.



We provide financial services to  
**330 498 SMEs**  
across our African businesses outside South Africa.

## Other African countries

We offer SME products and services in all our countries of operation, with particular emphasis on Ghana, Kenya, Malawi, Nigeria, Tanzania, Uganda and Zambia. The Business Banking sales app for tablets enables our sales force and relationship managers to update customer information timeously and to digitally conduct a needs analysis with SME owners, providing financial recommendations based on the customer's specific business. We provide financial services to 330 498 SMEs across our African businesses outside South Africa. During the year, we focused on banking the formalised SME segment and the upper end of the SME market.

# OUR ENVIRONMENTAL AND SOCIAL IMPACT

The financial services industry generally has a low direct impact, but potentially large indirect impacts, on the environment. We aim to mitigate potential negative impacts related to our financing activities, and are proactive in our approach to environmental and social risk management – going beyond minimum compliance.

## Our direct impact

Given the large number of premises we occupy and manage, our investment in resource efficiency projects is making a positive difference to our direct impact.

### Resource consumption and emissions

We have systems in place to track and manage our direct impact on the environment in terms of energy, water, carbon emissions and waste, and have put processes in place to reduce our environmental footprint. We continue to improve the integrity of our data for all environmental indicators.



### Energy

Energy use within our property portfolio is our primary focus. Managing and reducing our energy consumption reduces our direct environmental impact and lowers operational costs. Actively managing our energy consumption also mitigates the impact of climate change, rising electricity costs, pending carbon tax costs and energy supply concerns. In-line of these challenges Standard bank has developed an Energy Management Strategy aligned with international best practices. We have set ourselves an ambitious target to reduce our overall energy consumption by 15% by 2020 compared to our 2014 consumption.

In support thereof, our online Energy Monitoring System is constantly improved to monitor the increasing number of our facilities in a more detailed manner in order to reduce uncertainty. We expanded on our metered sites to represent just over half of our property portfolio.

Our commitment to minimising our direct carbon footprint is evident by us adopting green building principles in our new build projects. In 2016 we won the Energy Efficiency Award at the 2015-16 Eco-Logic Award for our head office building in Baker Street, Rosebank, and Johannesburg. Ten of our branches are currently in the Green Building Council of South Africa certification process.

We also embarked on implementing Energy Management Systems aligned to the principles of ISO50001 in some of our headquarters and our data centres. Our Global Leadership Centre in Morningside was the first commercial facility in South Africa to receive an ISO50001 certification in 2016. This achievement was awarded the Sub-Saharan Energy Project of the Year in 2016 by the American Association of Energy Engineers.

Our three biggest energy consumers in our facilities are heating, ventilation and air-conditioning (HVAC) systems; lighting and information technology (IT). To address these areas, we are replacing fluorescent lighting with LED lighting, we are installing motion sensors to optimize our working environment, we are optimising our HVAC systems, and we utilize computer software to minimize night-time IT related electricity wastage.

Since 2016, we have invested over R25 million in energy efficiency improvements and renewable energy solutions. Our energy consumption across our South African operations reduced by 6% to 263 gigawatt hours in 2016.

Our renewable energy solutions provided 1 471 megawatt hours of renewable energy during 2016, reducing carbon emissions. Our total installed capacity of 1.7MW of Rooftop Solar PV was integrated with electric car charging stations, boasting the largest private green charging network in Africa.



281 264  
metric tons  
Total carbon footprint



## Carbon footprint

Our carbon footprint has been calculated according to the International Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard. We use the operational control approach to determine what is included in our scope of reporting. SBSA's CO<sub>2</sub> equivalent for 2016 was 281 264 metric tons, 6% lower than 2015.

Key indicators	Metric	2016	2015
<b>Energy – SBSA</b>			
Diesel (generators)	kWh	3 304 819.91	8 659 398
Electricity purchased: premises	kWh	179 600 352	193 979 353
Electricity purchased: ATMs	kWh	4 116 713	3 881 348
Electricity purchased: datacentres	kWh	47 082 081	48 108 233
Natural gas purchased	kWh	21 651 441.9	23 875 788
Renewable energy generated	kWh	1 470 750	782 320
<b>Paper consumption – SBSA</b>			
Paper consumed	tons	1 404	1 925
Paper recycled	tons	351	676
<b>Water consumption – SBSA</b>			
Standard bank South Africa	kilolitres	653 581	698 018



## Water consumption

We have made progress in improving the scope and accuracy of our water consumption in South Africa. During 2016, we installed additional meters at key sites in South Africa and gathered historic consumption patterns. A total of 53 sites are now being metered – up from 44 in 2015.

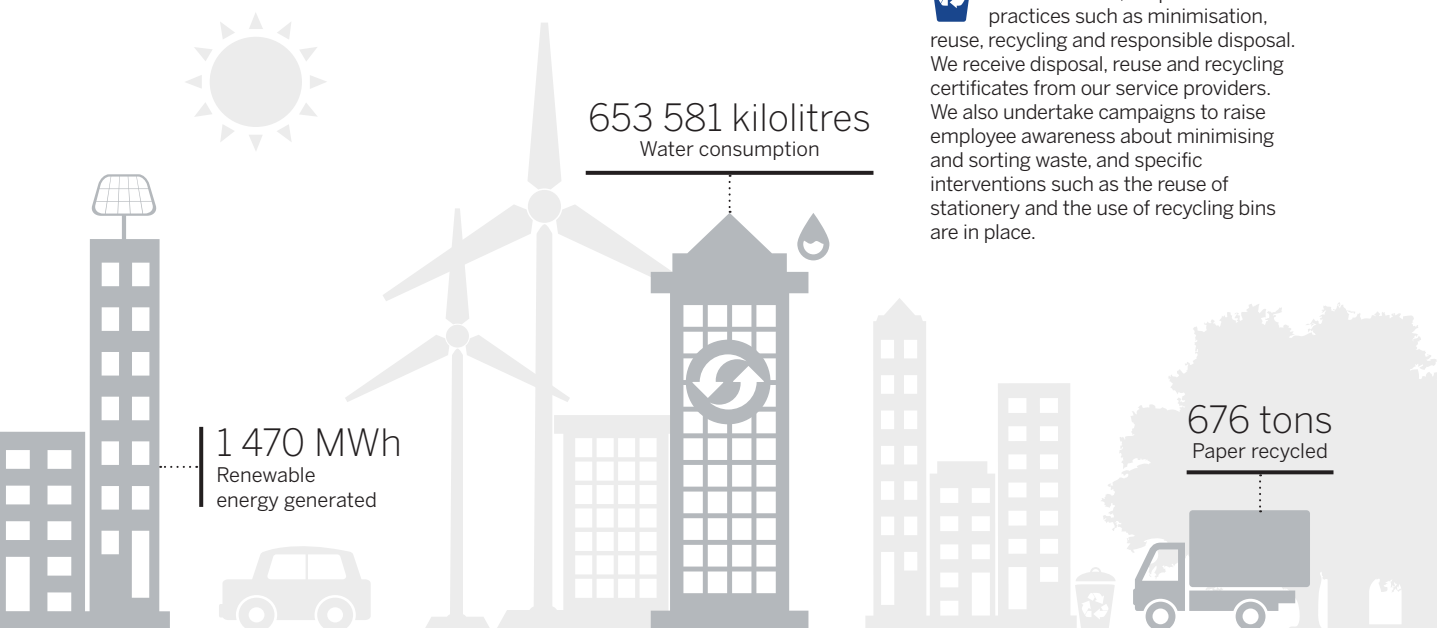
Using this data, we have developed a methodology similar to that used to measure electricity, which has enabled us to extrapolate water consumption for all our local premises. Water saving initiatives include the retrofit of water-cooled equipment with air-coolers, the installation of low flush toilets and low flow showerheads, timers for bathroom taps, rain water harvesting systems for irrigation and monitoring equipment that eliminates the need for garden sprinklers during the rainy season.

These water efficiency improvements, together with better measurement systems, resulted in a reduced water consumption in 2016 of 176 209 kilolitres or 21%.



## Waste generated

In South Africa, we prioritise waste practices such as minimisation, reuse, recycling and responsible disposal. We receive disposal, reuse and recycling certificates from our service providers. We also undertake campaigns to raise employee awareness about minimising and sorting waste, and specific interventions such as the reuse of stationery and the use of recycling bins are in place.



# OUR PEOPLE

Our people are critical to the successful delivery of our strategy. We are committed to supporting our people to reach their full potential and remain effective and motivated. Recruiting, retaining and motivating great people is at the core of driving business value.

## How we SEE more in our people

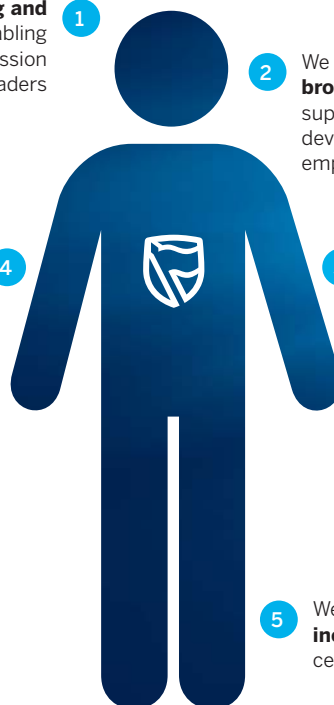
**1** We **invest in training and development at all levels**, enabling us to build a strong succession pipeline of future leaders

**2** We **build skills in the broader economy**, supporting the development of potential employees and customers

**3** We **operate wellness programmes** aim to promote a healthy workforce, lowering absenteeism and building the resilience and productivity of our employees

**4** **Performance assessment and development reviews** enable us to monitor our skills set and identify and address gaps

**5** We are **committed to inclusion** and we celebrate diversity



## Our people in a snapshot

**Permanent**  
48 622



**Non-permanent**  
5 726



## OUR EMPLOYEE BASE NUMBER OF EMPLOYEES

	2016	2015	2014
Permanent employees	48 622	47 954 <sup>1</sup>	42 642 <sup>1</sup>
Non-permanent employees	5 726	8 135	12 595

<sup>1</sup> Restated to exclude Liberty and now covers banking operations only.

### Length of service



< 3 years 38%



3 – 5 years 16%



6 – 10 years 23%



> 10 years 23%

### OUR EMPLOYEE BASE EMPLOYEE TURNOVER<sup>2</sup>

	2016	2015	2014
Overall turnover	<b>9.1%</b>	9.9% <sup>1</sup>	10.5%
Voluntary turnover	<b>5.6%</b>	6.7% <sup>1</sup>	7.4% <sup>1</sup>
Voluntary regrettable turnover	<b>2.1%</b>	2.9%	3.0%
Voluntary turnover at executive level	<b>5.6%</b>	7.7%	10.3%

### GEOGRAPHICAL BREAKDOWN<sup>2</sup>

	2016	2015	2014
South Africa	<b>33 332</b>	33 057 <sup>1</sup>	27 926 <sup>1</sup>
Rest of Africa	<b>14 693</b>	14 321 <sup>1</sup>	13 371 <sup>1</sup>
Outside of Africa	<b>597</b>	576	1 345

### LENGTH OF SERVICE<sup>2</sup>

	2016	2015	2014
< 3 years	<b>38%</b>	38%	30%
3 – 5 years	<b>16%</b>	16%	18%
6 – 10 years	<b>23%</b>	23%	26%
> 10 years	<b>23%</b>	23%	26%

<sup>1</sup> Restated to exclude Liberty and now covers banking operations only.

<sup>2</sup> Calculated for permanent employees only.

### Training investment

#### Number of employees trained

46 488



#### Number of women employees trained

27 458

### Caring and fair work practices

We respect the individual and collective rights of our people in the workplace and adhere to local and international labour regulations and legislation. We actively engage with recognised trade unions in all our countries of operation. In South Africa, we have an open and robust relationship with Sasbo – The Finance Union, whom we view as a partner in our long-term success and sustainability.

### Developing and managing talent

To deliver our strategy we need the right people, in the right roles, at the right time, with the required skills and capabilities.

We work in a fast-paced, highly competitive industry with ever-changing demands as we build a digital bank. Our people must be equipped with the necessary skills to drive a client-focused approach now and into the future. Our culture is one of continuous professional development and adaptability.

In 2016, we invested more than R890 million, in developing our people, and assisted 724 employees with bursaries to further their studies.

Our preference is to promote from within. These appointments made in 2016 were internal transfers and promotions. Our internal careers website provides our people with access to information on potential career opportunities in the group.

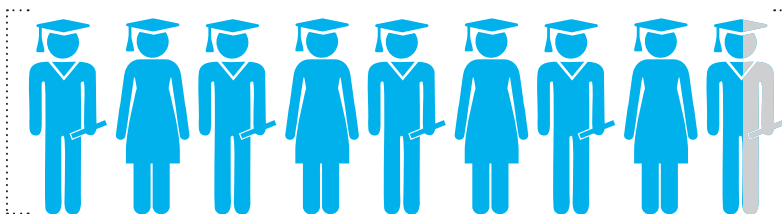
We are investing in our leadership pipeline across our various business lines and geographies, and successfully promoted a number of our people into key leadership positions across the group during the year.

	2016	2015	2014
Training spend (Rm)	<b>890</b>	828 <sup>1</sup>	699 <sup>1</sup>
Number of employees trained	<b>46 488</b>	42 529	41 756
Number of women employees trained	<b>27 458</b>	24 411	23 770
Participants on leadership development programmes	<b>4 307</b>	2 928	3 188

<sup>1</sup> Restated to exclude Liberty and now covers banking entities only.



## Investment in young talent



	2016	2015	2014
Bursary spend on employees (Rm)	14,1	10,7	12,2
Total number of employees assisted	724	594	695

## Bursary support

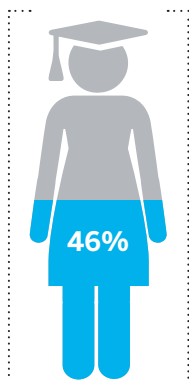
R31,7 million

Invested in our bursary programmes, benefiting 864 students including Standard Bank employees.

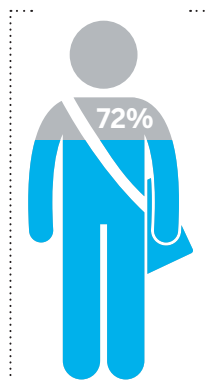
(2015: R32,3 million assisting 736 students)

## GRADUATE PROGRAMMES

	2016	2015	2014
Total graduate development programme participants	207	163	148
Women as a % of total graduate participants	46%	43%	49%
% black graduate participants (SBSA only)	81%	71%	68%



Women as a % of total graduate participants



% of learners subsequently employed by SBSA

## Learnership programmes for matriculants and graduates (SBSA only)

	2016	2015
Successfully completed learnerships	660	400
% of learners subsequently employed by SBSA	72%	92%
Number of unemployed learners that started a learnership	856	571

DIVERSITY – PAGE PROFILE<sup>1</sup>

	2016	2015	2014
< 30 years old	30%	30%	27%
30 – 50 years old	62%	62%	64%
> 50 years old	8%	8%	9%

<sup>1</sup> Calculated for permanent employees only.

## BLACK REPRESENTATION (SBSA only)

	2016	2015
Black representation		
Top management	22.2%	20.9%
Senior management	40.7%	39.5%
Middle management	68.0%	67.0%
Junior management	86.6%	85.3%

**Gender profile<sup>1</sup>**

Gender	2016	2015	2014
Women	28 128	27 680	24 153
% of employees that are women	57.9%	57.7%	56.6%
% of management that are women	45.4%	45.6%	44.9%

% of employees that are women **57.9%**



% of management that are women **45.4%**



<sup>1</sup> Calculated for permanent employees only.

**Diversity and inclusion**

**In South Africa, our Experience@Work survey asked employees whether they had seen progress in our efforts to support diversity, and if the bank's commitment to employment equity had become more visible over the last two years. 83% of participants in the survey agreed that progress is being made, and that there is a discernible increase in the commitment to employment equity, zero tolerance for racism and sexism in the workplace, and support for diversity.**

**83%**  
felt Standard Bank  
was a diverse and  
inclusive business





# CONTACT DETAILS

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