




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

Moving Forward, Together









**Standard Bank** Moving Forward™  
Also trading as Stanbic Bank

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# WHY A REPORT TO SOCIETY?

We recognise that we have a diverse set of stakeholders with different information needs. We seek to balance these needs with our regulatory requirements by preparing a number of reports (details of which can be found on pages 10 and 11). Our **annual integrated report**, our primary report for our shareholders, provides a holistic assessment of how our strategy, governance, performance and prospects create value over time.

This report, our **report to society**, is for a broader set of stakeholders. It aims to communicate, in a concise and accessible way, how we create shared value for you. Our focus is on the material issues that affect you, our stakeholders, and our ability to deliver on our purpose – Africa is our home, we drive her growth.

This report covers the group's banking activities, including our subsidiaries. It excludes Liberty Holdings which publishes its own annual integrated report and sustainability report. Unless indicated otherwise, references to Standard Bank and all the reported data falls within these parameters.

## NAVIGATIONAL ICONS

The following icons are applied throughout the report to improve usability and show the integration between the relevant elements of the report.



Website



Page reference



Annual integrated report



Special Edition: Report to Society  
<http://sustainability.standardbank.com/downloads.php>



## SOCIAL

The value Standard Bank creates for society, as measured by the value created for our people in areas such as skills development and transformation; the shared value our business generates for our customers and clients, and other stakeholders, through deepening financial inclusion, investing in infrastructure, and supporting job creation through enterprise development and financing entrepreneurs; and our investments in education that benefit communities and future generations.




# WE ARE OUR VALUES

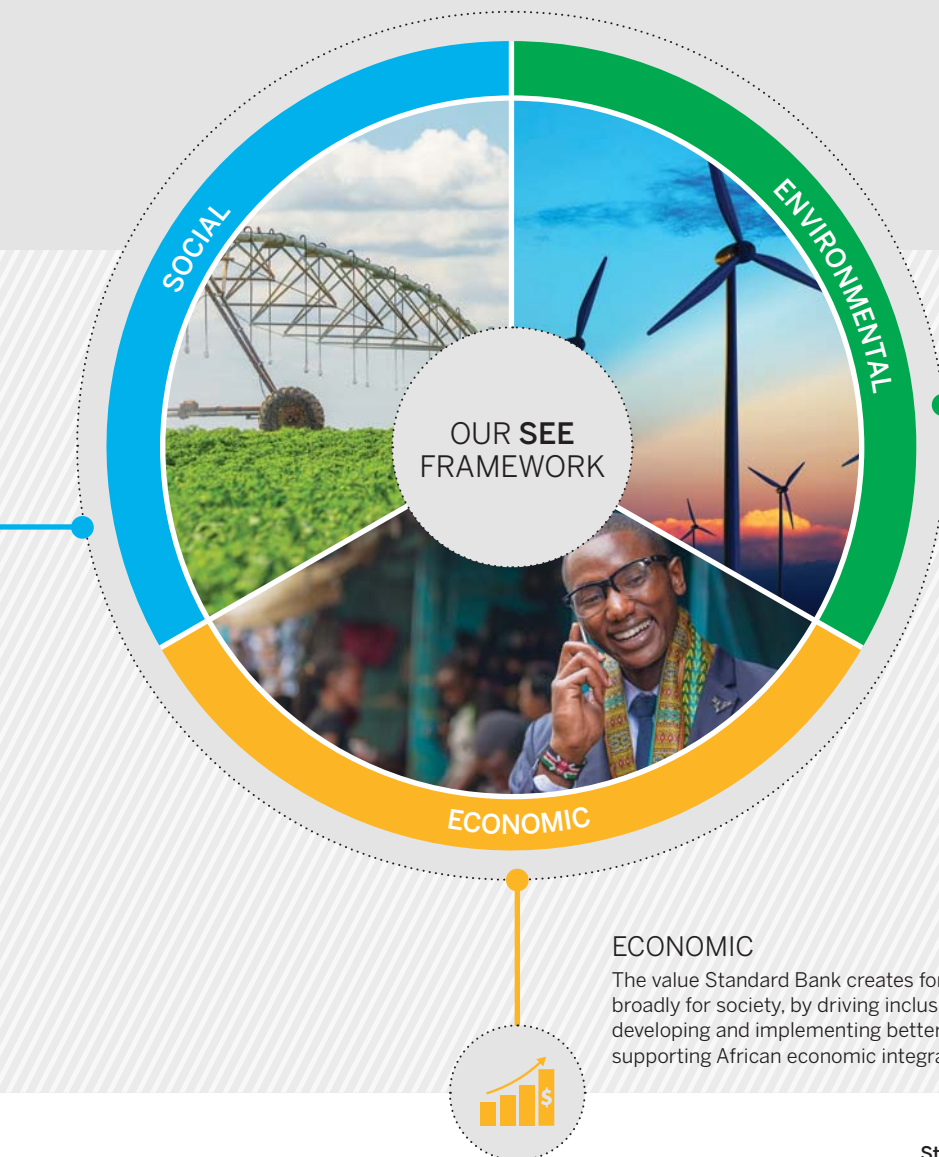
## SEE SHARED VALUE

We understand shared value quite simply: In order for us to continue as a successful and sustainable business we must measure value beyond financial outcomes.

**During 2016, we determined that our progress on our strategy is measured with strategic value drivers, as follows:**



 For more on our value drivers see our annual integrated report.



### ENVIRONMENTAL

The value Standard Bank creates for the natural environment, through businesses we finance or do not finance, investments towards reducing carbon emissions and any other environmental degradation, and by helping our customers to lessen and adapt to the impacts of climate change.

### ECONOMIC

The value Standard Bank creates for our shareholders and more broadly for society, by driving inclusive economic growth in Africa, developing and implementing better ways of doing business, and supporting African economic integration and development.



# SHARED VALUE FOR AFRICA

## OUR PEOPLE

Total number of employees by  
**type of employment contract**

54 348



**Permanent**  
48 622



**Non-permanent**  
5 726

28 128  20 494 

## Our strategy

### The reason we exist

#### Purpose

**Africa is our home, we drive her growth.**

### What we aspire to be

#### Vision

To be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

### The behaviours and qualities that define us at our best

#### Values

Our values support our legitimacy, and are the basis on which we earn the trust of our stakeholders:

- Being proactive
- Constantly raising the bar
- Delivering to our shareholders
- Serving our customers
- Growing our people
- Working in teams
- Respecting each other
- Upholding the highest levels of integrity

## directs and guides our business units and corporate functions

### BUSINESS UNITS

Corporate & Investment Banking	Wealth
Personal & Business Banking	
Liberty*	

\* Not covered in this report.

### CORPORATE FUNCTIONS

- Risk
- Finance
- IT
- Operations
- Human capital
- Marketing and communications
- Compliance
- Legal
- Internal audit
- Group real estate services

## who leverage our presence and diverse capabilities to deliver on our strategy

**Innovative technology**



**20**  
countries of operation in sub-Saharan Africa



**1**  
Brand\*

\* Brand Finance: Africa's most valuable banking brand, September 2016.

Our strategy is centred on our commitment to Africa and directs our growth and evolution for the shared benefit of our clients, our people and all our stakeholders. It drives us to lead with purpose, to build a better business, and to position our footprint and platform for the future.



## DISTRIBUTIONS SUPPORTING OUR ECONOMIES AND SOCIETIES



**Total income**  
R100.0 billion



**Suppliers and operational charges**  
R28.0 billion



**Bad debts**  
R9.5 billion  
cost of non-repayment



**Taxation** (direct only)  
R9.5 billion  
one of SA's largest taxpayers



**Remaining income**  
R90.5 billion



**Distributed as dividends**  
R11.5 billion



**Salaries**  
R31.0 billion  
to 54 348 employees



**Reinvested**  
R10.6 billion  
for growth on the African continent

## MORE ON THE ECONOMIC VALUE CREATED FOR AFRICA



Various corporate taxes incurred –  
**R9.9 billion**



Various taxes collected on behalf of government (e.g. PAYE) –  
**R12.4 billion**



**Total tax**  
**R22.3 billion**

Standard Bank International –  
**R0.5 billion**



Africa Regions –  
**R6.3 billion**



South Africa –  
**R15.5 billion**

**Corporate social investment (CSI)**  
**R173 million**

# ABOUT STANDARD BANK

Also trading as Stanbic Bank

We are a financial services company, in, for and across Africa. **We are more than just a bank**, our role in society is greater than simply the products and services we provide. We are a driver of inclusive economic growth in Africa and our success and long-term profitability depends on the stability and wellbeing of this continent that we call home.

**We strive to use the fundamental power of financial services to make a better life for fellow Africans** – giving people the

financial tools they need to grow as individuals and business owners. We believe we can, and do, make a positive difference to the lives of our fellow Africans, in a lasting and powerful manner.

We operate in 20 African countries and are headquartered in Johannesburg. Our primary listing is on the Johannesburg Stock Exchange (JSE) in South Africa, with a secondary listing in Namibia. Subsidiary banks are listed on exchanges in Kenya, Malawi, Nigeria and Uganda.

We serve three broad client groups:

## PERSONAL & BUSINESS

**BANKING (PBB)** provides banking and other financial services to individual customers and small and medium-sized enterprises (SMEs).

## CORPORATE & INVESTMENT

**BANKING (CIB)** offers corporate and investment banking services to clients, including governments, parastatals, big businesses, multinationals, financial institutions and international counterparties.

**WEALTH** (inclusive of Liberty and Stanlib) offers investment management, fiduciary services, long- and short-term insurance, and wealth management services for high net worth individuals. Currently, our Wealth services are available to our clients in South Africa, Ghana, Kenya, Mauritius, Nigeria, Jersey and London.

47% of Standard Bank is owned by South Africans, primarily through the South African Government Employees Pension Fund (GEPPF), which has a 12% stake, as well as other institutional shareholders representing retirement funds and ordinary savers. Industrial and Commercial Bank of China Ltd (ICBC), the world's largest bank by assets, is a 20% shareholder. This strategic relationship enables Standard Bank and ICBC to work together to facilitate investment flows and commercial relationships between China and Africa.



## DOING THE RIGHT BUSINESS, THE RIGHT WAY

**Our values and code of ethics** provide our framework for doing the right business in the right way and building trust with our stakeholders, and support values-based behaviour.

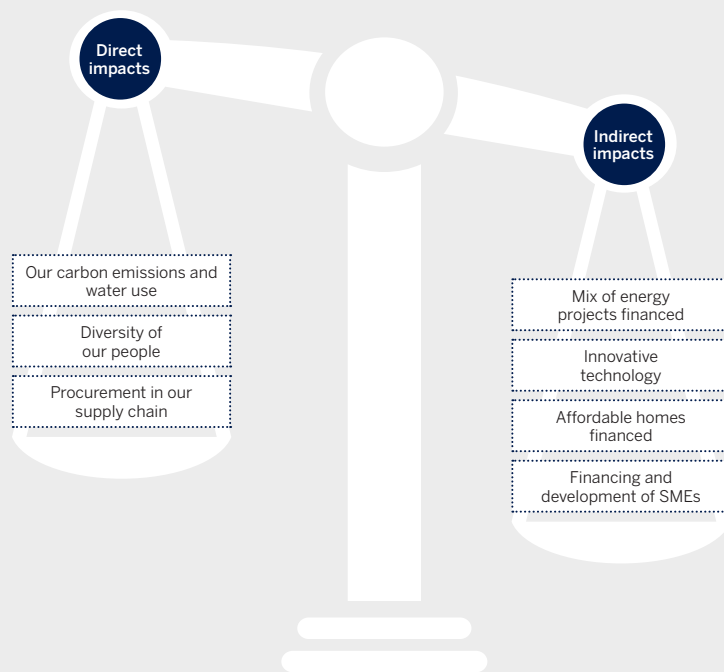
**Our code of ethics** is in line with globally recognised anti-corruption and corporate governance legislation and principles. It has been certified by the Ethics Institute of South Africa as conforming to the highest standards of international best practice.

**Our employee training and engagement programmes** place a strong emphasis on assessing behaviour in line with our ethics and values, which ultimately influences how people are rewarded.



## OUR CODE OF ETHICS ADDRESSES THE FOLLOWING:

- Treating customers fairly
- Providing secure banking facilities
- Providing professional development opportunities
- Evaluating performance objectively
- Sustainable value creation for shareholders
- Adhering to good corporate governance
- Engaging in political activities responsibly
- Protecting intellectual property
- Avoiding anti-competitive behaviour
- Rewarding innovation
- Working in unity
- Respecting human dignity
- Protecting our physical assets
- Honesty
- Addressing conflicts of interest
- Combating unethical and criminal activities
- Prohibiting giving and receiving of bribes
- Prohibiting facilitation payments
- Responsibly giving and receiving gifts.



## OUR IMPACT CAN BE DIRECT OR INDIRECT

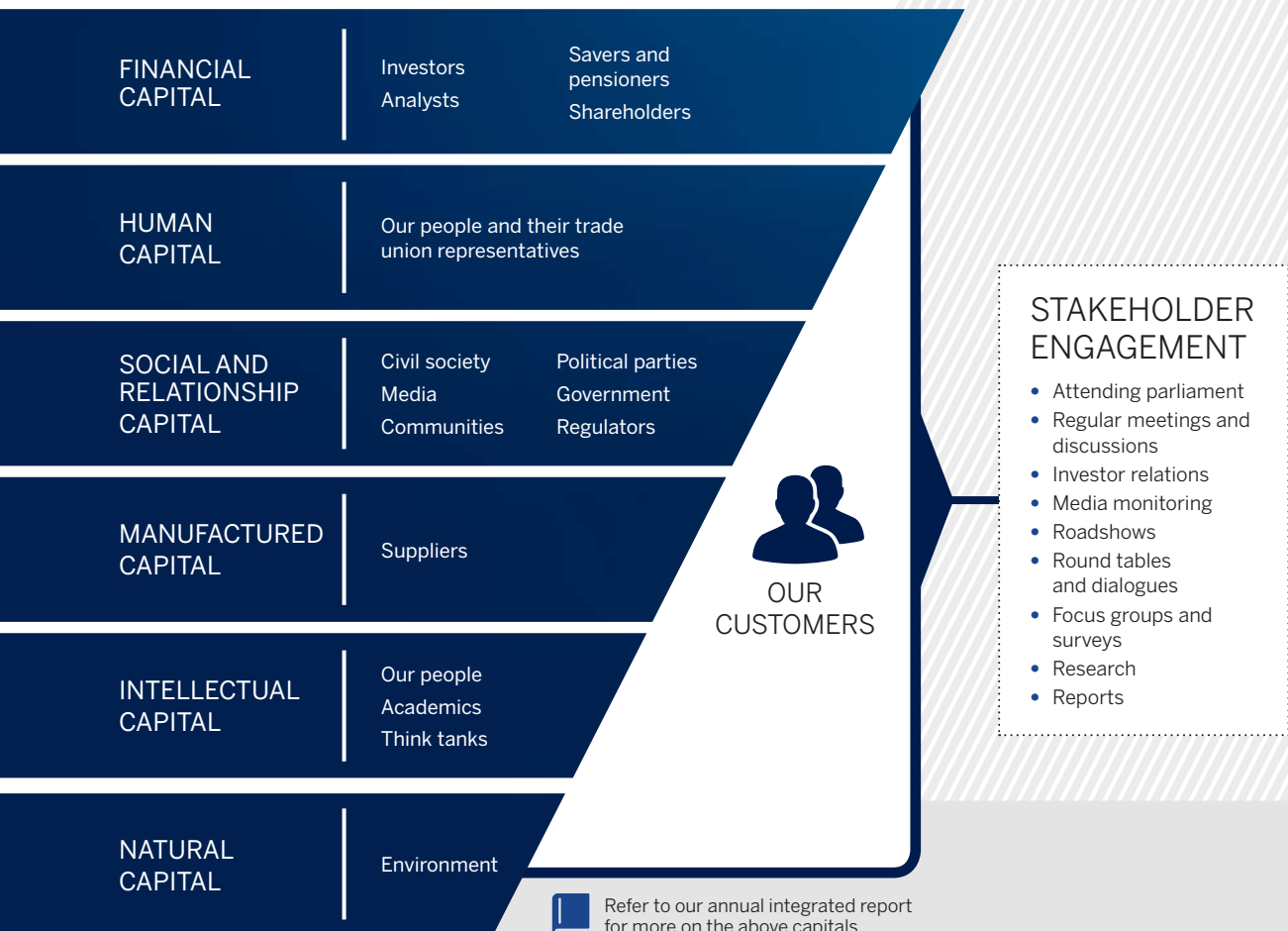
Assessing the impact that our decisions and operations have on our stakeholders is at the heart of **responsible finance and conscious risk-taking**. Our SEE framework helps us assess this impact on our stakeholders by enabling our people to be more aware of the social, economic and environmental aspects of our activities.

Our commitment to shared value is embedded in our values and code of ethics and is fundamental to the success of our vision and fulfilment of our purpose. This report illustrates our journey towards developing a systematic approach to measuring and reporting on the shared value we create, and in this way accounting to our stakeholders for our performance.

# WHAT CONCERNS OUR STAKEHOLDERS

If you're reading this report, you're a Standard Bank stakeholder. You're someone we recognise as a partner in driving Africa's growth. Whether you are a first-time home buyer looking for a home loan, a small business needing working capital, an employee growing your career, a shareholder wanting to better understand our strategy, a supplier in our value chain, a policymaker in government, a parliamentarian, a regulator overseeing our conduct, a student with a Standard Bank bursary, or a young professional considering a career in banking, you are affected by our activities.

We are working to better understand what matters to you and to create long-lasting shared value. We seek to do this by providing financial solutions tailored for African markets, which contribute to Africa's economic growth, support job creation, and help to economically empower individuals and businesses. In doing so, we simultaneously expand the market for our products and services, making Standard Bank a more viable and sustainable business.



# GROUP SOCIAL AND ETHICS COMMITTEE



Some of the issues that can influence Standard Bank or that we can have an impact on:



Distilled into six themes  
**OUR MATERIAL THEMES ARE**



Managing economic headwinds

Read more  
26



Understanding our clients

36



Motivating our people

42



Managing regulatory change

50



Embracing innovation

58



Leveraging our investments in IT

66

# BUILDING TRUST THROUGH STAKEHOLDER ENGAGEMENT

## GOVERNANCE AND REPORTING BACK TO STAKEHOLDERS

- Stakeholder engagement policy
- Quarterly reporting to board
- Annual general meeting
- Reporting suite.

We produce a full suite of reports to cater for the diverse needs of our broad stakeholder base. These reports account to our stakeholders for our progress against objectives and targets. The following reports supplement this report and are tailored to meet our readers' specific information requirements.



## 2 Governance and remuneration report

Provides a detailed review of the group's governance and remuneration practices, including the group's remuneration policy. The report also provides shareholders with the notice of the group's annual general meeting, together with the associated proxy forms.

**INTENDED READERS**  
providers of financial capital and regulators.



## 3 Risk and capital management report and annual financial statements

Provides a detailed discussion of the management of strategic risks related to the group's banking and insurance operations, and sets out the group's full audited annual financial statements, including the report of the group audit committee.

**INTENDED READERS**  
providers of financial capital and regulators.

## 1 Annual integrated report

As the group's primary report, our annual integrated report provides a holistic assessment of the group's ability to create value over time. It considers the issues that are material to maintaining the commercial viability and social relevance required to achieve our strategy in the medium to long term, including the macroeconomic conditions within which we operate. Where applicable, information has been extracted from the reports listed below.

### INTENDED READERS

principally providers of financial capital but also considered to be of interest to our other stakeholders.

## 4 Report to society

Provides an analysis of the issues material to the group's creation of shared value and our SEE framework.

### INTENDED READERS

the group's broad base of stakeholders, particularly clients, employees, business partners, regulators, government and civil society organisations.

**SE** There is also a Special Edition: Report to Society that provides insight into our transformation journey. Download it from <http://sustainability.standardbank.com/downloads.php>

This report covers the group's banking activities, including our subsidiaries. It excludes Liberty Holdings which publishes its own annual integrated report and sustainability report. Unless indicated otherwise, references to Standard Bank and all the reported data falls within these parameters.



## STAKEHOLDER RELATIONSHIP ASSESSMENT

### IDENTIFYING STAKEHOLDER CONCERNS



More information  
on **page 8**

#### What

Social capital is the intangible value that is created through the networks of relationships between people and organisations. Social capital underpins and supports a well-functioning society and productive economy.

#### How

Standard Bank supports various initiatives and engages with many organisations as an investment in social capital. In 2016, we piloted an assessment of our relationships with a number of important stakeholders to better understand their expectations of us, and whether or not these are being met.

#### Why

This approach helps us to focus on the quality of our stakeholder engagements, whether we are building social capital and trust, and where we need to improve.

#### Political economy work

After meeting with a wide range of South African stakeholders early in 2016, including political parties, black professional organisations and trade associations, and civil society groups, we embarked on a number of initiatives to meet their legitimate expectations of a leading South African bank. These initiatives fall within a strategy work stream that seeks to contribute to a changing political economy; one that supports inclusive growth and economic transformation.

#### Democracy support programme

We continue to fund political parties represented in the National Assembly as a contribution to a robust and maturing democracy in South Africa.

#### Black professional organisations

We regularly engage with several organisations to build linkages with black entrepreneurs, business owners and professionals including the Black Management Forum, the Association of Black Securities and Investment Professionals, and the Association for the Advancement of Black Accountants in South Africa.

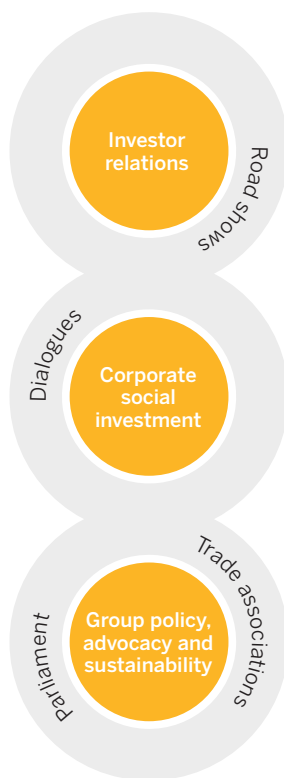
#### Civil society organisations and think tanks

Standard Bank values the critical role played in our society by organisations that build South Africa's social and intellectual capital. We support several organisations, including the Mapungubwe Institute for Strategic Reflection (MISTRA), and the Helen Suzman Foundation (HSF), the World Wildlife Fund (WWF) and Leadership for Conservation in Africa.

### STAKEHOLDER ENGAGEMENTS IN 2016

#### CEO Initiative

A number of Standard Bank's leaders have been working with government, organised labour, and other corporations, to enhance the competitiveness of the South African economy, and build investor confidence.



#### ASSURANCE OF THIS REPORT

SBG has a series of internal policies, procedures and controls in place to ensure that accurate data is provided. The SBG social and ethics committee provided oversight of this report. KPMG provided limited external assurance on selected performance data in this report, indicated by a ✓, in accordance with the International Standard on Assurance Engagements (ISAE 3000). The scope of the assurance engagement and the statement of assurance are provided on page 79 of this report.

#### LET US KNOW WHAT YOU THINK



We welcome your views on this report. Please email the group policy, advocacy and sustainability team at [GPAS@standardbank.co.za](mailto:GPAS@standardbank.co.za) with your feedback.

# DELIVERING SOCIAL, ECONOMIC AND ENVIRONMENTAL (SEE) VALUE

## SHARED VALUE FOR OUR STAKEHOLDERS

### VALUE DRIVERS

-  Client focus
-  Employee engagement
-  Risk and conduct
-  Financial outcome
-  Social, economic and environmental (SEE) outcome



See our annual integrated report for more information.









STANDARD  
BANK  
STRATEGY

To be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

**Africa is our home,**  
we drive her growth

This report explains how we create shared value, how we're responding to social, economic and environmental issues in Africa, the changes we're making within the bank to better meet the expectations and requirements of our stakeholders, and the steps we're taking to ensure the long-term sustainability of our business.

### MATERIALITY

-  Managing economic headwinds
-  Understanding our clients
-  Motivating our people
-  Managing regulatory change
-  Embracing innovation
-  Leveraging our investments in IT

**SEE MORE**  
SOCIAL • ECONOMIC • ENVIRONMENTAL

What are the social, economic and environmental (SEE) needs in Africa?

What contribution can financial services make to meeting these needs?

SEE our impacts:

SOCIAL, ECONOMIC AND ENVIRONMENTAL

Invest in infrastructure  
(energy, water,  
transport and ICT)



Contribute to  
employment creation



Promote environmental  
sustainability  
(and climate change  
mitigation and adaption)



Combat (financial  
and cyber) crime  
and corruption



Invest in financial  
inclusion



Invest in enterprise  
development,  
entrepreneurship, and  
innovation



Invest in education,  
learning and  
development



Facilitate inclusive  
economic growth



Advance African  
economic integration  
and development



Support good  
governance

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

A United Nations (UN)  
initiative with a set of  
17 aspirational "Global Goals".



**African Union**  
a United and Strong Africa

A strategic framework for  
the socioeconomic  
transformation of the African  
continent.

**NATIONAL  
DEVELOPMENT  
PLAN  
2030**

The National Development  
Plan of South Africa that  
aims to eliminate poverty  
and reduce inequality by  
2030.

**"We are more than a bank"**

Look out for these icons  
throughout the report

**SHARED VALUE**

# A MESSAGE FROM OUR LEADERSHIP

## JOINT LETTER FROM THE GROUP CHAIRMAN AND GROUP CHIEF EXECUTIVES

The sustainability and competitiveness of our company are inextricably linked to the prosperity and wellbeing of the societies in which we operate.

Our measures of success cannot be limited to our share price, or the return on equity achieved for our shareholders.

**Our measures of success include our relevance and value to our diverse stakeholder groups, including our shareholders, clients and customers, employees and regulators, and our ability to deliver our purpose – to drive Africa's growth.**

We fulfil this purpose by succeeding at our core function – providing useful financial services efficiently, fairly and sustainably across 20 African countries. We help people to transact reliably, safely and conveniently. We enable people to save for their futures.

By providing insurance, trade finance, and other finance options, we help people and companies to manage and reduce the risks they face. And by extending credit, we help people to accumulate income and wealth-generating assets, from education to homes. We assist companies to invest, expand and create jobs. We enable the kind of productive economic activity that helps to build a better future for all Africans.

When we reviewed and refined Standard Bank's strategy in 2014, we identified three critical priorities that had to be met in order to fulfil our purpose:

- Sharpen our focus on our home continent, where we have a large geographic footprint, on-the-ground presence and deep local knowledge.
- Place our customers' best interests at the centre of our business, and ensure that our organisational structures, decision-making processes, IT platforms, and measures of success reflect and support this.
- Take proactive steps to embed and sustain a culture that insists on doing the right business the right way; that prioritises compliance with the letter and the spirit of the law; and that emphasises the Standard Bank values as a standard of conduct across the group.

We've made good progress on all three points, as discussed further.



Chairman  
**Thulani  
Gcabashe**



Joint CEOs  
**Sim Tshabalala and  
Ben Kruger**





## AFRICA IS OUR HOME, WE DRIVE HER GROWTH

2016 was a tough year for sub-Saharan Africa, with GDP growth of just 1.4%. The region's largest economies fared particularly poorly – Nigeria slid into recession, while South Africa's economy grew by just 0.4%. The commodity price slump continued to hurt a number of countries that remain reliant on a single commodity export – although we are seeing encouraging moves toward diversification in some cases. African economies also had to contend with tighter global financing conditions, inflationary pressures arising from the strengthening US dollar, and, in many cases, high food prices due to the drought in eastern and southern Africa.

**Standard Bank's diversified portfolio at sector, regional and client level has enabled us to manage our exposures effectively.** We track and monitor our portfolio performance against risk appetite thresholds monthly, enabling

us to reduce exposures to underperforming sectors in good time, and to actively identify and pursue growth opportunities. On this basis, we've continued to grow our revenue in Africa, despite headwinds.

During 2016, **we continued to grow our businesses in South Africa and our Africa Regions franchise, which in the 2016 financial year contributed 30% to the group's total income and 25% to the group's headline earnings.** The group reported a 4% increase in headline earnings to R23 billion (December 2016). In retail banking, revenue growth was driven by a growing customer base, the introduction of new products and services, and more efficient ways of delivering these products and services.

Several of our countries of operation continue to experience weak economic growth, high levels of inflation, and low levels of business confidence. A number of countries also experienced severe foreign currency shortages during the year. Despite these challenges, Standard Bank maintained a relatively low credit loss and non-performing loan ratios across most of our business.

We continue to deepen our strategic partnership with ICBC, working together to connect sub-Saharan Africa and China. The relationship between China and Africa is increasingly focused on supporting economic diversification, and on identifying incentives to attract Chinese manufacturers and service providers to make long-term investments in African economies, thus creating sustainable jobs in both China and Africa. Trade relations are becoming deeper and more mature, and entirely new opportunities are opening up in a range of sectors. Standard Bank and ICBC are extremely well-positioned to support this evolution, to support African industrialisation and infrastructure development, and to derive additional competitive advantage and financial benefit in doing so. In 2016, for example, we committed to jointly raising R10 billion to support the development of South Africa's power generation infrastructure over the next five years.

The renminbi is on track to become a favoured currency in Africa. Standard Bank launched the Renminbi Internationalisation Initiative earlier this year to facilitate the development and delivery of RMB-denominated cross-border capabilities for our customers in China and Africa. Standard Bank and ICBC are working together to build and deliver further unique and competitive RMB capabilities for our clients.

## OUR CUSTOMERS ARE AT THE CENTRE OF OUR BUSINESS

**Our business depends on the trust our customers place in us, and on our ability to provide them with consistently excellent customer experiences.**

Our commitment to putting our customers first requires us to be able to provide them with a full set of financial products and services in a seamless and integrated manner – to be a “universal bank”. We understand how frustrating it is when different parts of the bank don’t seem to be talking to one another, and we’re working hard to make sure this doesn’t happen. We’re making changes to enable us to serve our customers more quickly, efficiently, reliably and seamlessly. We are well on our way to completing our core platform modernisation programmes, greatly improving our capacity to design and deliver innovative, customer focused solutions.

In addition, we have implemented major changes to our operational structure and the ways in which business units work together, to incentivise and facilitate collaboration and information sharing within Standard Bank, and to remove unnecessary duplication. We aim to be the byword for quality, reliability and convenience across the full range of financial services that our customers and clients require.

We’ve recognised that we’re far better equipped to achieve consistent excellence in service when we organise ourselves in multidisciplinary customer service teams. We expect every one of our people to cultivate a habit of continuous learning and evolution, become experts in their fields, but learn from one another and become adaptable to ongoing change. Our new ways of working bring together small teams of specialists, from business, IT, risk and compliance, who are jointly responsible for identifying, designing and implementing ways in which we can better fulfil our customers’ needs and expectations. We’ve devolved decision making and accountability, and we’ve empowered and enabled these teams, who interact directly with our customers and clients, to serve them more effectively.

We play to our strengths – our on-the-ground presence and local knowledge, and the face-to-face contact we have with our customers through our branch networks – building the trust needed to deliver superior client experiences. We know that the last thing you want to hear from the branch manager or call centre is that a query or issue needs to be referred to head office so we’re making changes to empower our branch and call centre employees to assist you more effectively.



**We’re integrating our systems to provide us with a single view of each customer.**

This includes the range of products each customer holds with us, and how they’ve managed their various accounts. This enables us to objectively assess their credit risk, and determine how we can best serve their individual needs. We’re making more of this information accessible to our frontline employees and call centre employees – to enable them to assist our customers more effectively at the first point of contact.



More and more of our **customers are transacting online**, primarily through their mobile devices. We're continually expanding our range of digital services and products, and developing more convenient, more individually targeted solutions.

In 2016, we continued to release new features and drive adoption of our universal mobile banking app. It was launched in Botswana, Ghana, Namibia, Swaziland, Uganda, Zambia and Zimbabwe, as well as our offshore financial services operations in Jersey and the Isle of Man. We continued to invest in our internet banking platform and implemented our internet banking solution for small enterprise clients in Namibia, Botswana, Uganda, Ghana, Swaziland, Zimbabwe and Nigeria.

Customers with Standard Bank car finance who are planning to drive across a national border are now able to instantly **request a cross-border letter** from Standard Bank.



Our customers can now make **forex payments to overseas accounts via the Standard Bank mobile app** and online banking.



Our **Online Fingerprint Verification Model**, and the digitisation of a number of compliance and risk processes, is also speeding up processing times and improving customer experience.



**Cybercrime** is ranked as one of the main risks to banks and our clients, which is why security is built into everything we do. We continue to substantially invest in our cybersecurity capability, to strengthen the protection of our customers and Standard Bank.

## OUR ETHICS AND VALUES

We've made a number of changes to embed our ethics and values across the group. All our people, from our executives to our front line, undertake regular, mandatory compliance training, covering a broad range of issues. We've piloted a new app that allows our people to do this training via their smart mobile devices, to maximise convenience and accessibility. The new training will be rolled out across the group during the first quarter of 2017. We ensure that we're in full compliance with global standards and local regulations in all our countries of operation, and we work hard to build positive relationships with our regulators to understand their concerns, and to provide constructive input on policy and regulatory developments.

**Doing the right business the right way** means being aware of the indirect impacts of our actions, including impacts on the societies in which we operate, and impacts on future generations. We are embedding an approach we refer to as **conscious risk-taking** – being very clear about the social, economic and environmental impacts of every project or deal in which we get involved. In 2017, we will begin the process of extending our measurement, monitoring and reporting of the environmental and social impacts of our business practices beyond corporate and investment banking to include business banking. We recognise that environmental and social issues are increasingly a significant aspect of the risk review process, and we're making changes to ensure that we manage these risks from the smallest to the largest forms of exposure. We also worked with executives across the group to strengthen our approach to human rights, in line with the UN Guiding Principles for Business and Human Rights.

## STANDARD BANK GROUP STATEMENT ON HUMAN RIGHTS

### **“Africa is our home, we drive her growth”**

In keeping with our purpose, and our obligations as a responsible financial services firm in, for, and across Africa, Standard Bank Group is committed to respecting the human rights of people involved in and impacted by our business. This statement aims to achieve a consistent approach to respecting human rights across the group.

Human rights are the basic and universal rights that underpin each person's inherent freedom, dignity, and equality as outlined in the United Nations Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We have used these universal benchmarks as our starting point for defining human rights.

Our commitment to respecting human rights is embedded in our values and code of ethics and is fundamental to ensuring our legitimacy and reputation as a corporate citizen. While nation states have a primary responsibility to protect and promote human rights, we recognise that corporations are also obligated to respect human rights.

We take any adverse human rights impacts seriously. We seek to avoid human rights infringements and being complicit in the human rights infringements of other parties. Our commitment to respecting human rights is included in many of our group policies and standards. In this way, we seek to integrate respect for human rights into our day-to-day operations and in the way we do business. Nevertheless, we acknowledge that this is a journey, one that may differ across our regions and countries based on the institutional and regulatory setting of each country where we operate. Where local legislation may conflict with Standard Bank's Statement on Human Rights, we will comply with the law while seeking, within our spheres of influence, to raise awareness of human rights and provide an example of good practice through our own conduct, while being mindful of the local context.



We are  
committed to:

Providing a work environment for our people that respects their human rights and this commitment is reflected in our people policies and practices

Exercising due diligence in deciding who we do business with and understanding the potential human rights impacts of our business relationships, purchasing, lending and investing

Taking appropriate steps where we discover, or are made aware, that we have caused or contributed to actual or perceived human rights abuses. This may include disciplinary action, exiting a particular business relationship, or constructive engagement with others to promote better practice

Contributing to the combating of financial crime and corruption in all its forms, including extortion, bribery, and money laundering

Adhering to the Equator Principles in project financing

Encouraging our clients, suppliers and business partners to avoid human rights infringements in their businesses, and supporting their adoption of good practices to manage their human rights impacts

Requiring our people to report any alleged or suspected human rights violations to the group's chief ethics officer or to make use of the group's whistleblowing hotline.

Communicating about and reporting on our activities in the human rights arena through our [report to society](#), and engaging with our stakeholders regarding the responsibilities of business in respecting and upholding human rights

Regularly reviewing our progress in meeting these commitments under the oversight of the group social and ethics committee.



## OUR ROLE AS A RESPONSIBLE CORPORATE CITIZEN

We continue to play a proactive role in policy and legislative consultation processes, engaging with government departments and making submissions to the South African Parliament. In South Africa, we've been closely involved in the CEO Initiative, through which the business sector has partnered with government and organised labour to identify structural and regulatory barriers to economic growth, and to develop solutions to address these. These and other efforts undertaken jointly by business and government were crucial to averting a sovereign ratings downgrade during 2016. We continue to work with our colleagues in government, business and organised labour to restore our economy to a path of more rapid and more inclusive growth.

In 2016, we joined with other business leaders in South Africa in the CEO Pledge – a commitment to the constitution, good governance, democracy, the rule of law, social justice, and inclusive growth. We recognise that the stark inequality that characterises societies around the world, and South Africa in particular, needs to be urgently addressed, and that we as Standard Bank need to ensure that the business we undertake and the investments we make, constitute a significant contribution to supporting inclusive growth and job creation.

The student protests that we've seen across South Africa over the past two years are part of a broader global phenomenon of anti-establishment and youth protest. We understand that we need to be part of the solution, in order to retain our legitimacy and relevance within our society. This isn't simply about providing more funding for students – although that too is an important contribution that we and the other banks are making. It's about understanding the underlying issues and challenges, and working with all the relevant social partners to try to address them.

Our business decisions are based on our legal obligations under national and global laws and standards and on our ethics and values. We are entirely confident that we have acted correctly and ethically at all times.

## LOOKING AHEAD

Despite the current headwinds, the factors that underpin Africa's long-term growth – including a young and growing population, greater urbanisation, improved governance and greater macroeconomic stability – remain firmly in place. Africa continues to offer a highly attractive investment environment for those with a long-term view. Growth is expected to recover to 3% in 2017, and to accelerate further in the medium term, powered by recovering commodity prices, urbanisation, investment in infrastructure and telecommunications, and growing intra-regional trade.

We're proud of the board appointments made in 2016. We've made five additions to the board, giving us a very strong team in terms of expertise and in terms of a broad representation of geographies, sectors, gender, age and race. We're working to improve alignment between the group board and our country boards. During 2016, we met with the board members in west, east and southern Africa, to engage on the group's strategy and to ensure the alignment of our priorities. We recognise the growing contribution that countries outside South Africa are making to achieving our purpose, and we are committed to ensuring that we have strong relationships between countries and the centre. Our group risk and audit functions are working more closely with their counterparts in country, and participating in committees at country level. We're also working to build stronger relationships between our teams at group level and our non-executives in country, to build closer relationships across the group.

We're confident in our Africa growth strategy, and that we'll continue to make good returns across the continent. We are also confident that our commitment to doing the right business, the right way, and placing our customers' best interests first, will ensure that we continue to make a positive and substantial contribution to supporting inclusive economic growth on this continent we call home.



Joint CEOs **Ben Kruger** and **Sim Tshabalala**, and chairman **Thulani Gcabashe**

What is the role of a bank in Africa in the twenty-first century?

What is the contribution that a bank can make to sustainable economic growth?

How should a bank work with its stakeholders to unleash Africa's potential?

# MESSAGE TO OUR STAKEHOLDERS:

## LET'S MOVE FORWARD TOGETHER

In 2014, we undertook a review of our strategy and purpose, in light of changes in the global macroeconomic environment, a desire to focus more deliberately on driving growth on our home continent, and a commitment to reshaping our organisational structures and ways of working to better serve the needs of our customers and clients. The outcome of this process was a redefined purpose: "Africa is our home, we drive her growth". Our purpose encapsulates our commitment to being more than a provider of financial products and services. We aim to be a catalyst for inclusive economic growth in our countries of operation. We are passionate about making life better for our fellow Africans through achieving our purpose.

As a bank that aspires to be socially relevant, we have been listening to our stakeholders and reflecting on these important questions. We have given considerable thought to our impact on society, the economy, and the environment; to balancing financial returns with social returns; and to demonstrating to our stakeholders how we are fulfilling our purpose.

This process of reflection has led to a number of interesting and exciting initiatives that give real substance to the concept of shared value, to being a responsible business, and living up to our

values. These initiatives show how our capabilities in delivering financial products and services across the continent contribute positively to addressing some of the social, economic, and environmental challenges confronting our continent. They also reflect how a corporation can make a positive difference through its core business, by doing the right business in the right way, and not only through its community and social investment programmes. **For Standard Bank, the right business is good business.**

This **report to society** is one way of reporting back to our stakeholders, and most especially our customers, our people, and the broader society in which we operate. It provides a snapshot of how we are responding to the issues that matter to you, as well as our first attempts to measure the shared value created for our stakeholders in a few selected areas of our business. We welcome and value your feedback, so that we can move forward together.



**Wendy Dobson**  
Head of group policy, advocacy and sustainability



Standard Bank's strategy is a sustainability strategy. We achieve our purpose of driving Africa's growth by SEEing the social, economic and environmental value.



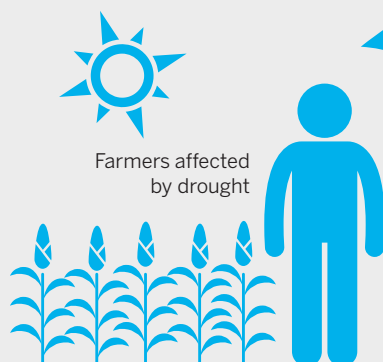
## WHAT IS SEE?

To SEE more means we can be more: a catalyst for change in Africa. Our success comes from using financial services to make life better for Africans, adding social, economic and environmental (SEE) value.

**The purpose of our SEE framework is to create shared value for our stakeholders and Standard Bank – using our corporate assets to address social needs, while simultaneously identifying and creating new business opportunities.**

SEE was launched in November 2016 to all our people in South Africa. We asked our people to let us know how they SEE what they do at Standard Bank differently and how they are part of our creation of shared value. Some of the responses can be found throughout the report. Just look out for the SEE More image. During 2017, our focus will be to take SEE to our Africa Regions.

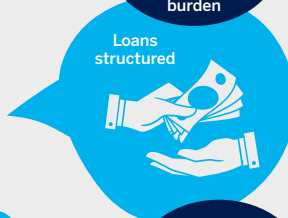




Farmers affected by drought



Eases financial burden



Loans structured



Stable food production in future



Workers and land retained



Driving Africa's growth



## ADDRESSING SOCIAL NEEDS TO HELP AFRICA GROW BY:

using our financial services to make life better for Africans.

### SEE shared value



## SOCIAL

This is the value Standard Bank creates for society, both internally with our people and externally with other stakeholders, such as clients, governments and the rest of civil society.

## IMPACT IN NUMBERS

Just under  
50 000 ha  
of land remains productive



Loans restructured for  
38<sup>+</sup> drought-impacted  
agriculture clients in  
in-land provinces in  
South Africa between  
2015 and 2016

Agricultural turnover totalling more than

R188 million  
sustained

More than  
700  
permanent jobs  
saved in 2016



Direct impact on the lives of  
more than

5 033  
South Africans



"I receive my wages digitally and send funds to my family using my mobile phone."

I SEE economic shared value

"My transactions are fast, cost effective and don't need a trip to a branch."

I SEE environmental value



"I can quickly and efficiently send money to my family without a bank account."

I SEE social value through safer transactions



## ECONOMIC

Standard Bank drives economic growth in Africa through creating social and environmental value, which also leads to more innovative and profitable ways of doing business.

DEVELOPING FINANCIAL TOOLS TO HELP YOU ADVANCE ECONOMICALLY BY:  
being a catalyst for economic change in Africa.

### SEE shared value



## IMPACT IN NUMBERS

More than

14.6 million



transactions were processed in 2016 on our Instant Money app at an average value of

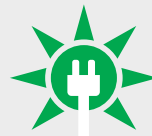
R630 per voucher



In 2016, the Instant Money app had led to economic activity amounting to

R9.2 billion

by South Africans who in the past may have had to rely on cash transactions only



Investing in renewable energy provides a sustainable carbon neutral option.

**Only 24% of sub-Saharan Africans have access to energy**  
– World Bank

Provides energy with the least environmental impact and the longest shelf-life.



## FINANCING SUSTAINABLE ENERGY SOLUTIONS BY:

knowing that our long-term profitability depends on the stability and wellbeing of our continent.



## ENVIRONMENTAL

Standard Bank's success depends on creating value for the environment through conscious and responsible lending.

### SEE shared value



## IMPACT IN NUMBERS

Partnering with solar energy providers, Standard Bank facilitated the generation of

**190MW** of solar photovoltaic energy



This has the ability to provide



**92 500** homes with sustainable electricity and improve energy security.

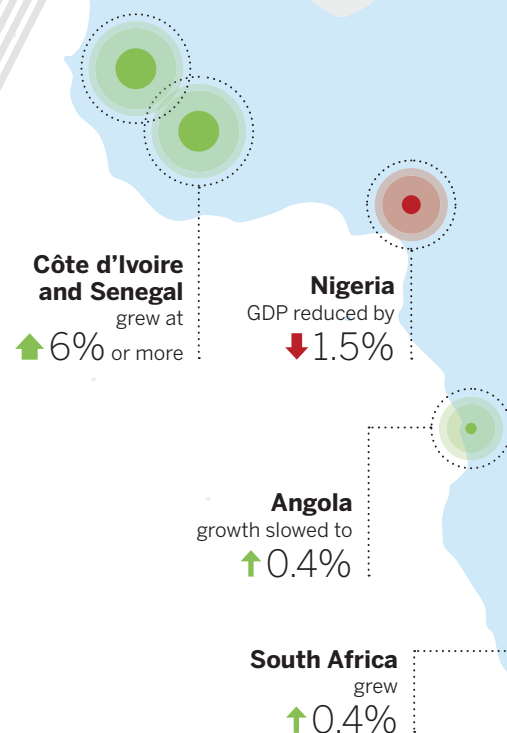


# MANAGING ECONOMIC HEADWINDS

Africa is our home and we are committed to the expansion and deepening of our business across the continent. Economic growth has slowed significantly in several of our countries of operation. By carefully managing risk across of our portfolio, limiting our exposure to the commodities sector, and successfully identifying and investing in growth sectors at national and regional level, we have continued to grow in Africa, and support African growth.

We remain confident of Africa's long-term prospects, driven primarily by improving educational and health outcomes, a growing middle class, and ongoing infrastructure investment. We continue to work with our clients and regulators to support job-creating, inclusive economic growth. This includes investment in infrastructure development, support for the broadening and diversification of trade relationships, and investment in Africa's emerging manufacturing and services industries.

## Global and African economy challenges





Managing economic headwinds



## MANAGING RISK IN A LOW GROWTH ENVIRONMENT

2016 was a challenging year for the global economy. Sub-Saharan Africa's growth averaged just 1.4% – the lowest in 22 years. Regional per capita GDP is estimated to have contracted 1.1% in 2016, following an expansion of 0.4% in 2015.

Low commodity prices drove down growth in the region's largest economies. South Africa grew by just 0.4% in 2016. Nigeria's GDP contracted by 1.5%, while Angola's growth slowed to 0.4%. Growth also slowed significantly in metal and mineral dependent economies such as the DRC, Mozambique, Botswana and Zambia. In contrast, many agricultural exporters, including Côte d'Ivoire, Senegal and Ethiopia continued to grow at 6% or more, supported by strong public infrastructure investment and buoyant private consumption.

Consumers in several countries were put under pressure by rising inflation, linked in some cases to high food prices caused by the severe drought in eastern and southern Africa. Large currency depreciations against the dollar were experienced in Angola, Ghana, Uganda,

Mozambique, Nigeria and Zambia. Tough economic conditions heightened credit risk, and therefore interest rates.

In the face of these headwinds, we identified new investment opportunities in sectors with potential for growth and job creation, while decreasing our exposure to the commodity sector. During 2016, we expanded our offering in the consumer sector, in east African countries focused on growing their manufacturing and services sectors, and in local currency products. We used our large geographic footprint and our understanding of local markets to manage foreign currency liquidity shortages and grow our business with local and multinational customers.

We're recognised as a bank with a deep understanding of the risks and opportunities in the 20 African countries we operate in, such as being awarded the **Best Bank for Financial Risk Management in Africa by the Global Finance magazine** – making us a partner of choice for businesses looking to expand into new markets. We work closely with businesses and insurers to identify and assemble competent risk mitigation arrangements, allowing us to underwrite and place risk for longer time periods in these markets.

### Sub-Saharan Africa

growth only  
↑ 1.4%

### Ethiopia

grew at  
↑ 6%  
or more

### East Africa

grew at an  
average of  
↑ 6%  
or more

**WE TAKE A LONG-TERM VIEW.** Our commitment to achieving positive outcomes for our customers requires us to stand by them during difficult times, doing all we can to see them through to better days, while fulfilling our fiduciary duty to shareholders. It's an approach that benefits the bank and all our stakeholders, especially our clients.

For example, we have worked with our customers to **extend their mortgages** where necessary – keeping existing customers in their homes, and helping new customers to access the market through careful credit risk management.



Read more on **page 39**

Similarly, we've been working with South Africa's farmers to see them through the prolonged drought, **restructuring their debt where necessary.**



Read more on **page 40**

Our systems enable us to respond quickly and appropriately to any changes in risk appetite or exposure, in ways that protect our customers and our brand.





## GROWTH PROSPECTS IN 2017

We expect increased economic activity in sub-Saharan Africa in 2017, driven by a gradual recovery in commodity prices, ongoing investment in infrastructure development, and new government spending on the development of non-commodity sectors. The factors that underpinned Africa's growth surge, including a young and growing population, greater urbanisation, improved governance and greater macroeconomic stability, remain in place in many countries and medium-term growth prospects remain favourable. Economic diversification is beginning to take place in some economies. Consumer-focused sectors, including food, IT, tourism, finance and retail, are attracting increasing investment.

**East Africa remains a highly attractive investment destination**, with average national growth rates of 6% or more. This growth is driven largely through tourism, agriculture, and manufacturing, together with substantial public investment in transport and energy infrastructure and effective regional integration. At the beginning of 2016, **we officially opened our representative office in Ethiopia**, further strengthening our presence in this region.



## MAXIMISING THE IMPACT OF ENTERPRISE DEVELOPMENT (ED) AND EMPOWERMENT FINANCING

Supporting the start-up of new enterprises is the best way to create new jobs. In South Africa, the Financial Sector Code requires that we spend 0.2% of our profit after tax to support enterprise development, the beneficiaries of which are primarily black-owned SMEs (BSMEs). For 2016, we had R27.5 million (non-recoverable funds) available to support ED initiatives. However, we recognised that we could do so much more for ED if we were innovative with the use of these funds.

Commercial banks operate within strict regulatory constraints and risk parameters, which makes providing loans to SMEs and start-ups very difficult. A major criticism of banks has been that the lending we do to small businesses is limited to those who can fulfil our standard collateralised lending requirements. We mobilised our ED funds to support "business unusual" BSME lending. We did this by establishing an independent trust whose mandate is to provide collateral and related support to enable BSMEs to access finance from commercial banks. In 2016, we directed approximately R16 million of our ED funds to the trust. The trust used this money to assist ED beneficiaries to access approximately R90 million worth of lending, which they would not have otherwise been able to access. We leverage the funds available in the trust to reduce the associated risk, enabling the BSMEs to qualify for interest rates much lower than they would have otherwise qualified for.

**FOR EXAMPLE**, a client providing a transport service might have a vehicle which she can use as 70% of the collateral needed. She can apply to the trust for the remaining 30% of the collateral, and qualify for the loan at an advantageous rate.

We used our remaining ED funds, approximately R11.5 million in 2016, to provide capacity development support to qualifying



## Côte d'Ivoire licence to operate

In 2016, we were awarded a full banking licence in Côte d'Ivoire, allowing us to commence banking operations in the Francophone West African market. The West African Economic and Monetary Union has substantial business advantages stemming from its stable single currency, shared central bank and stock exchange, as well as its increasingly harmonised business legal structures and burgeoning population. Côte d'Ivoire is ideally positioned as a hub for the region, which also includes Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal and Togo. The country has one of Africa's fastest GDP growth rates, and is expected to

maintain growth of about 6 – 7% or more over the next three years. Its rapid economic growth is based on public-investment led initiatives in power and infrastructure in conjunction with successful public-private partnerships, natural resources (oil, gas and mining), agriculture, telecommunications, and the country's consumer market – all important sectors of activity for Standard Bank. Establishing a banking presence in this market provides us with an important growth opportunity, strengthening our ability to drive Africa's growth.



Managing economic headwinds

beneficiary companies, paying for specialists to provide them with general business and financial competencies, as well as technical assistance. For example, if a business can't qualify for a loan because it lacks adequate financial records, we'll provide an accountant to help get the records up to scratch. Or, if a construction business has landed a contract but lacks experience, we'll provide a construction expert to help them ensure the success of the project. We use our core competence to deploy funding into the economy in support of BSME growth and development. We strengthen the viability of these enterprises through the support we offer, which makes them a better candidate for a commercial bank loan. In total in 2016, we dispersed an amount of approximately R502 million ✓ in loans to BSMEs, of which R90 million was provided through the trust.

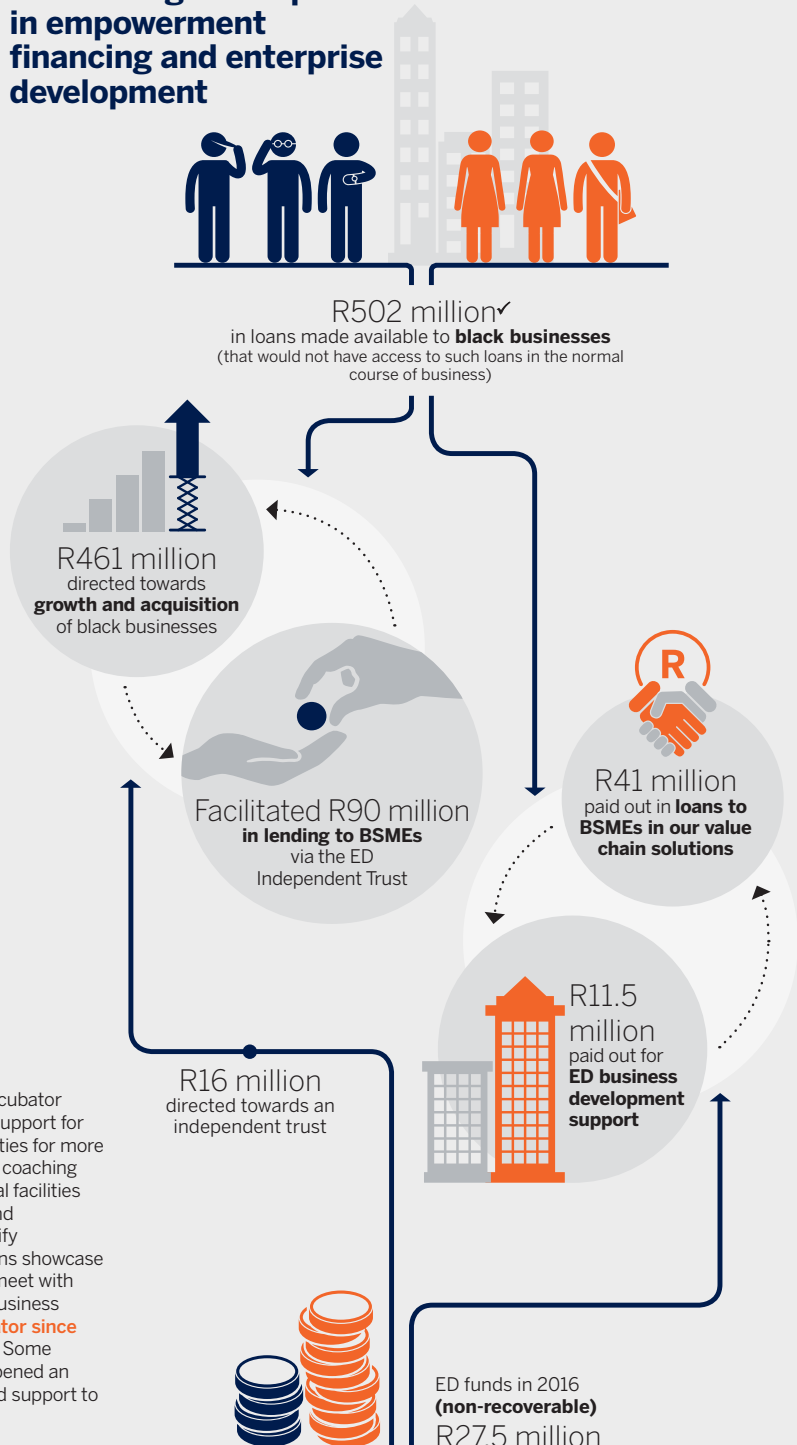
Our model has enabled us to assist far more BSMEs than would otherwise have been possible – in the process, supporting enterprise growth, sustainability and job creation. We create shared value by mitigating lending risk, while providing the tools needed by the BSME. **Our success rate since implementing this model in 2014 has been 100% performance on loans to BSMEs.**

Our BizLaunch product is designed for start-up businesses, and 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.

The BizConnect 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 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 invites our corporate clients to meet with participating SMEs and explore opportunities to do business together. **6 000 SMEs have made use of the Incubator since 2015, and 150 start-ups became sustainable firms.** Some received international recognition. In 2016, we also opened an SME hub in Pretoria, to further increase our reach and support to local entrepreneurs.

## Maximising our impact in empowerment financing and enterprise development





## PARTNERING WITH GOVERNMENTS TO DELIVER DEVELOPMENTAL INFRASTRUCTURE

Standard Bank partnered with governments across Africa to deliver a number of major infrastructure deals during 2016.

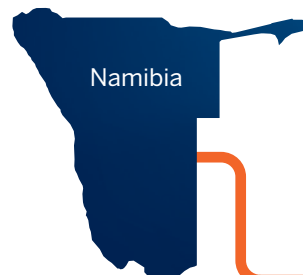


### Ghana

In Ghana, we were a joint transaction arranger of a new five-year domestic bond that raised

**US\$193 million,**

to finance government programmes in the 2016 budget.



### South Africa



In South Africa, we financed **renewable energy projects** that are producing more than 40% of the 1 760 MW produced by independent power producers, under the Renewable Energy Independent Power Producers Programme (REIPPP). The bank also co-financed 75% of Solar Capital's **R5 billion** De Aar solar farm project.



**In the transport sector,** we and two other SA banks committed to provide **R3 billion** each to Transnet for the procurement of locomotives.



**And in the IT sector,** we partnered with Vumatel to finance delivery of broadband internet services, in one of the largest ever debt capital raising-based deals of its kind in the fibre-to-household industry. Vumatel plans to invest **R3 billion** in the project over two years.



Managing economic headwinds



## Kenya

In Kenya, we and two other global banks issued the National Treasury with a

# US\$600 million

syndicated loan to fund infrastructure development projects, and we partnered with General Electric East Africa to finance the procurement of digitised medical equipment to be distributed in public hospitals across the country.



## Tanzania

In Tanzania, we finalised a **US\$95 million** equivalent upsizing of the syndicated term loan facilities for Helios Towers Tanzania, to finance the **next phase of expansion of its network of telecommunications** towers across Tanzania.



## Zambia

And in Zambia, we approved a

# US\$75 million

facility to fund medium-term facilities in sectors, including SMEs, energy, agriculture, infrastructure development and other projects to boost growth. We also, in partnership with another institution, extended a \$163 million loan to Zesco Ltd, to connect Zambia's north-western province to the national grid.



## Namibia

In Namibia, we provided a

# N\$170 million

term loan facility for HopSol Power Generation, making us the first commercial bank to finance a solar power generation project in the country.





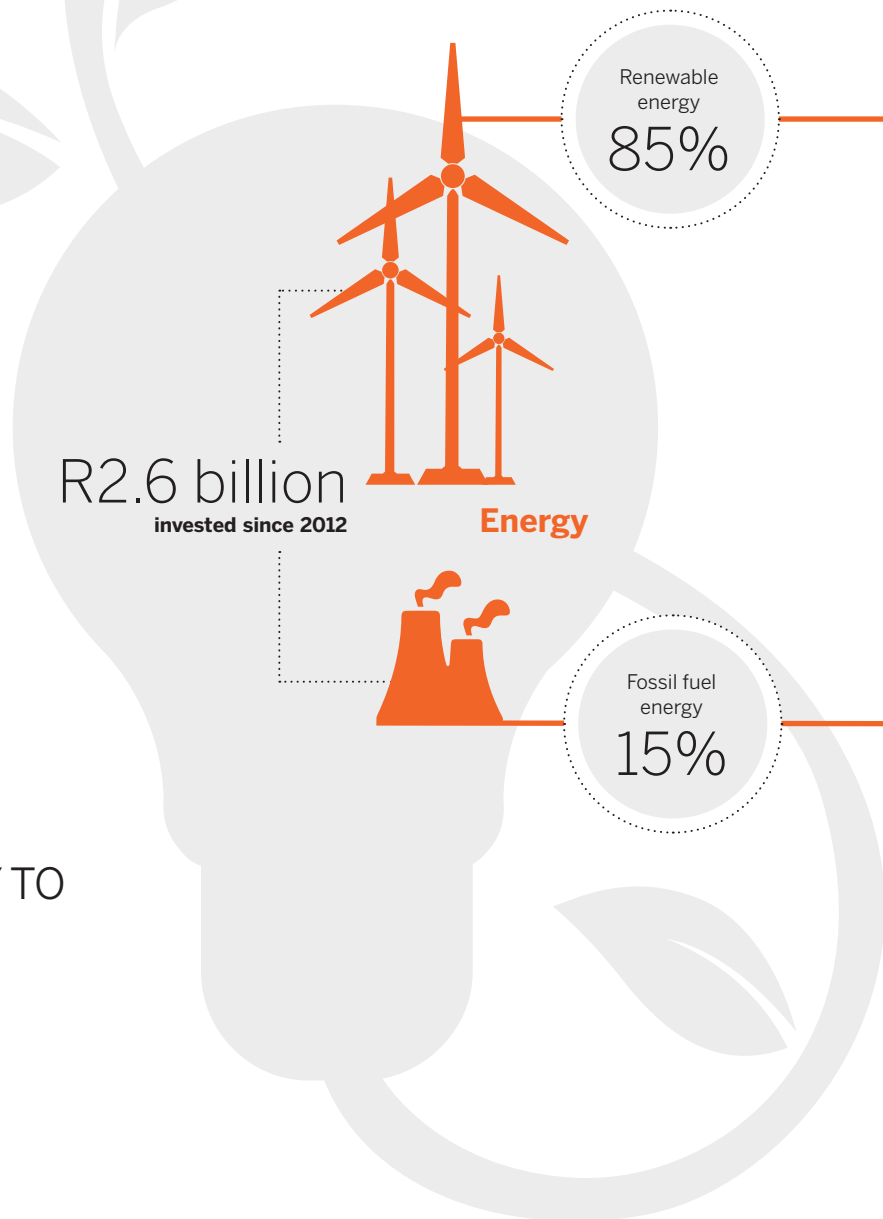
## INVESTING IN RENEWABLE ENERGY TO DRIVE SUSTAINABLE ECONOMIC GROWTH

Renewable energy is a huge potential growth area for Africa. Research done by McKinsey estimates that Africa has 10 terawatts of potential energy capacity, mostly solar, and a potential of 350 GW of hydro, 109 GW of wind capacity, and 15 GW of geothermal. Kenya is the world's ninth largest producer of geothermal energy, and is rapidly developing its wind power resources. Ethiopia has one of Africa's largest wind farms. Ghana is building the world's fourth largest solar facility. South Africa has been recognised for one of the fastest rates of growth in the world for renewable energy investment through the Renewable Energy Independent Power Producers (REIPP) Programme, inclusive of wind, solar power and biogas.

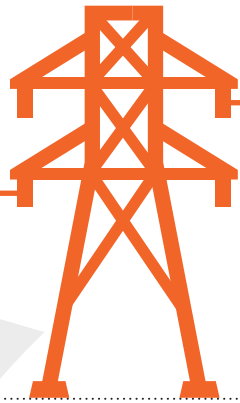
Since 2012, we have dramatically increased the proportion of our energy investments directed toward renewable energy.

**85% of the power infrastructure projects we have funded in the past four years have been solar, wind or hydro projects**, while only 15% of our energy investment portfolio has been on fossil fuel projects. As a result of this shift, we've helped to finance 2 516 MW of energy across Africa since 2012.

We recognise, however, that coal continues to play a crucial role in Africa's energy mix, both as a major source of affordable energy and a key employment sector. We are therefore working with our stakeholders in industry and government to implement a gradual shift away from investment in fossil fuels, towards renewable energy projects.







2 516 MW  
of energy into African grids



## Considering environmental and social risks

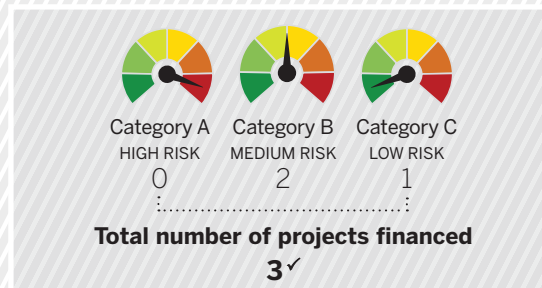
Our environmental and social (E&S) risk approach is centred mainly on large qualifying transactions in corporate and investment banking (CIB), and is managed according to the Equator Principles (EP). Standard Bank became a signatory of the EP in 2009, and was appointed chair of the EP Association in 2015.

During 2016,



Three Equator Principle projects<sup>✓</sup>  
that reached financial close within 2016

**Total number of Equator Principle projects that reached financial close within 2016 per category**



457 transactions  
screened overall for social and environmental associated risks.



For more information on our E&S risk screening and EP projects for 2016, please refer to our additional online content at <http://sustainability.standardbank.com>



## INVESTING IN HEALTHCARE SUPPORTS SUSTAINABLE GROWTH

General Electric East Africa tendered for and won a contract with the Kenyan Government to finance, supply and maintain radiology equipment in 98 public hospitals throughout Kenya. Stanbic Bank Kenya and General Electric have developed a strong working partnership over the past four years, collaborating on a number of projects in the energy sector in Africa. We were therefore General Electric's partner of choice in financing the radiology equipment contract. General Electric East Africa appointed Stanbic Bank Kenya as the joint-mandated lead arranger to arrange a club deal financing of the transaction, to the value of \$80 million with a tenor of seven years. We developed a cost-efficient financial structure, led the negotiation and clarification of the transaction documents, and arranged the funding required, underwriting \$40 million of the debt.

### Health

Radiology equipment for **98 Kenyan hospitals**  
Collaboration with General Electric

Stanbic Kenya: **Lead arranger of \$80 million**  
\$40 million underwritten by Stanbic Kenya

Economic  
development  
of rural communities in Africa



## SEE THE VALUE OF FINANCING ECOTOURISM

During 2016, our corporate and investment teams were proud to play a crucial part in the growth of one of the largest ecotourism businesses in Africa, Wilderness Safaris. Our Botswana operation went into a

**US\$35 million finance deal with Wilderness Safaris which will enable them to extend their positive impacts on conservation and rural development through nature-based tourism.**

Wilderness Safaris are custodians of over 2.3 million hectares of prime African wilderness, which includes a variety of ownership arrangements with rural communities in Africa, as well as some public-private partnerships, including various national parks. This loan has enabled their growth into East Africa, as well as enabled investment into the other eight African countries in which they operate, particularly Botswana, strengthening the impact they have on conservation and the economic development of rural communities in Africa.

## Conservation and rural development in Africa through ecotourism by Wilderness Safaris

Expansion of  
positive impact  
from nature-based tourism into East Africa

Wilderness Safaris  
conserve over

2.3 million hectares  
of African wilderness



Managing economic headwinds

## Education

Building blocks for **sustainable economic growth**

**257 university students** on Standard Bank bursaries since 2011 valued at R70 million

NECT\* – **R34 million** since 2013

**Future employees**

\* National Education Collaboration Trust

**Entrepreneurs of tomorrow**

Employees and clients of our future



## INVESTING IN EDUCATION ENABLES INCLUSIVE ECONOMIC GROWTH

We believe that investment in improving educational outcomes is a crucial part of the effort to unleash Africa's potential and drive her growth. We invest in education – from early childhood development to tertiary level – to nurture and develop our future employees, the young entrepreneurs who will start new businesses, and the girls and boys who will one day be the next generation of Africa's leaders. We invest in their future, knowing that in generations to come they'll be Standard Bankers – as executives, as new clients, as suppliers, and as shareholders.



For more information on our education investments, please see **page 64** and visit our website: <http://sustainability.standardbank.com>



**SEE MORE**  
SOCIAL • ECONOMIC • ENVIRONMENTAL

## US\$35 million

finance arrangement with Wilderness Safaris

## I SEE MY JOB DIFFERENTLY...

**Kgubudi Breyten Mojapelo**  
– **Environmental Management Systems (EMS) analyst**

I SEE things differently in the management of the risk in the environmental space. Africa Being our Home, we must ensure that the bank is an excellent corporate citizen, to ensure our sustainability in business. I participate in the direct management of environmental factors that can affect the bank. These factors include resource use (energy, water, paper, waste), regulations and legislation (carbon tax, environmental impact assessments (EIA), waste pricing), responsible procurement and carbon footprint. The risk posed by these factors can include reputational risk and financial risk (penalties and fines). Driving Africa's growth means I can help the bank look at opportunities in the green space, which includes opportunities in carbon trades, carbon offsets and assisting in climate finance for the facilitation of a green economy.





# UNDERSTANDING OUR CLIENTS

We want to make our customers' interactions with the bank as simple, convenient and satisfying as possible.

As part of this commitment, we're continually improving our services, in person, online and on mobile devices. We put the best interests of our customers first in every decision we take, and aspire to treat our clients fairly at all times.

We help our clients to



Manage, grow and protect their savings, assets and wealth

Borrow safely and affordably to expand their businesses

Buy homes, study and fulfil their personal ambitions

Make provisions to ensure their financial wellbeing in retirement, or in the event of unplanned events



## TAILORING PRODUCTS AND SERVICES TO MEET DIVERSE NEEDS

As a "universal bank", we are able to serve the full range of our customers' financial services requirements. We help them to manage, grow and protect their savings, assets and wealth, borrow safely and affordably to expand their businesses, buy homes, study and fulfil their personal ambitions, and to make provisions to ensure their financial wellbeing in retirement, or in the event of unplanned events. While our customers might access any of these individual services from a competitor, we aim to ensure we're their first choice delivering a fully integrated service that meets the full range of their needs. This is based on our understanding of their unique circumstances, the relationship of trust we've built with them, and the convenience and accessibility of our offering.

In a highly competitive environment, it's imperative for us to put our customers at the centre of what we do and the products we design. If we fail to do so, they will certainly go elsewhere.

This means **developing and delivering solutions tailored to their individual needs and preferences**. And it means putting what's most convenient and appropriate to the customer ahead of what's most convenient or profitable for the bank.



Understanding  
our clients

## Partnering with fintechs

In 2015, executives across the group participated in a process which brought us much closer to our customers, and helped us to understand their perspectives and frustrations. Standard Bank's senior leaders, across the business, spent a week at the frontline – in our branches and call centres. Our collective learning from this programme has informed various changes over the past year – changes designed to minimise customer frustrations, and to deliver a far more customer focused service. We've made changes to a number of processes, products and delivery channels, improving response times and enabling more issues and queries to be resolved at the first point of contact.

Our presence across 20 African countries, and our strategic partnership with ICBC, enables us to connect our business and corporate clients with business opportunities across the continent, and to facilitate partnerships between Africa and China, while simultaneously providing seamless banking services across national borders. During 2016, we've worked closely with ICBC to structure joint financial solutions for a number of our multinational clients. With ICBC, we have committed and syndicated loans to Chinese companies for a total project size of \$3.8 billion in Africa in 2016, as well as another \$5 billion in the short to medium term.



## Masterpass

– virtual wallet service

A large proportion of Africans remain unbanked. Working in partnership with mobile companies and other fintech services, we're developing new, low-cost products that meet basic banking needs, while maximising customer convenience, such as our **masterpass virtual wallet service**.

We're also developing new payment solutions that make it easier for small businesses to process non-cash payments – and to reduce the security risks associated with cash handling.



An example is our **SnapScan app**, with 500 000 registered customers, which enables **customers to pay at point of sale using their phones**, using Quick Read (QR) technology to process the payments. The benefit of SnapScan is twofold, consumers can pay for goods without having to physically present their cards (ensuring a heightened degree of safety), and customers who register can register online and are able to transact using the QR code (avoiding the need for expensive point of sale device fees). Both making transactional banking more accessible, affordable and safe.

## SnapScan

– using cell phones to pay at point of sale

We've also been working with our business clients to make banking services more convenient and accessible for their employees. We've established mini 'branches' within some of our clients' offices, with access to a device or kiosk enabling electronic transactions. These kiosks are staffed by Standard Bank employees for a limited number of hours per week, enabling people to bank without leaving their workplace. In some companies, we've also installed ATMs onsite.





## KEEPING OUR CUSTOMERS SAFE FROM FRAUD

Fraud, like cybercrime, is a significant risk to our customers and to Standard Bank. Fraud can be committed using bank cards, for example, at point of sale; digitally, for example, through online transactions; and by making false applications, for example, for home loans or vehicle finance. We continue to have improved success in fighting card fraud and application fraud, where technology and manual processes make it somewhat easier to detect fraudulent activity and intervene. Digital fraud is more challenging, in that it is more difficult for us to ensure that the person undertaking a transaction is in fact our client. The safety of our customers comes first and foremost in any decision we take. During 2016, we considered moving to real time clearing, enabling an electronic transaction to be immediately cleared, to improve convenience for our customers. However, after careful consideration, we decided that the risk of immediate clearing is too high, and that our customers are better served by delayed clearing, which allows us to verify the authenticity of the transaction using fraud detection technology, and gives us time to reverse or stop the transaction, if we suspect fraudulent activity, before the money leaves our customer's account.

In addition to this, Standard Bank has continued to invest heavily in anti-fraud technology. These tools identify potentially suspicious transactions and proactively alert customers (and the bank) of these behaviours preventing unnecessary fraudulent transactions and associated losses.

Our focus on keeping our customers safe from fraud has resulted in **approximately 90% of fraud being prevented or recovered**.

Our Fraudstop and Whistleblowing programmes contributed significantly to this success. The Financial Crime and Cyber teams work in close collaboration to harden the environment and mitigate cyber-fraud risk.



Read more about the Japan card fraud incident in our annual integrated report



## Community Banking in Uganda

During 2016, Stanbic Bank Uganda launched Community Banking, an affordable banking offering aimed at NGOs. It provides a secure online platform which allows administrators to access and monitor their account anytime. The platform is free and allows for segregation of duties for different users. It also has

## Keeping customers safe from fraud



Delayed clearing of transactions keeps our clients' wealth safe

Allows detection and reversal of potential fraud



Approximately

**90%**

of fraudulent transactions prevented/recovered





Understanding  
our clients



## STANDING BY OUR CUSTOMERS IN TOUGH ECONOMIC TIMES

a mobile money option, allowing organisations to pay beneficiaries directly into mobile money wallets. There are no transaction fees for internal transfers, cheque and cash deposits, and no account maintenance fees on accounts with a balance of at least one million shillings.

We understand that our sustainability as a business depends on the financial health of our customers and clients. We're committed to building long-term relationships with the people and businesses that we bank. This commitment requires us to find ways to support them through tough times.

Tough economic conditions in several of our countries of operation have heightened credit risk and levels of consumer and business debt. Banking sectors in several of our countries of operation, including Ghana, Nigeria, Tanzania and Uganda, saw a significant rise in non-performing loans (NPLs) during 2016. This resulted in a tightening of credit, particularly for customers deemed to be high risk such as small businesses and entrepreneurs.

In South Africa, over the past few years financial pressures have impacted affordable homeowners, many of whom are finding it more difficult to make regular payments on their loans, including mortgages. We believe in partnering with our customers and doing our best to keep them in their homes. In 2016, our affordable housing loan book volume grew to 98 477 homes. We understand the economic challenges with which our customers are grappling, and we've worked hard to assist as many homeowners as we could to keep them in their homes without jeopardising Standard Bank's sustainability. **During 2016, we were able to assist 5 662<sup>✓</sup> affordable housing owners in financial distress** through restructuring their loans to ease their financial pressures.



In South Africa, **a number of our corporate clients encountered serious financial difficulties during 2016.**

In each case, **we partnered with our clients and other financial institutions** to ensure that these businesses were able to stay in business, protecting thousands of jobs, while managing risk responsibly.



Read more about Access to credit in our Special Edition: Report to Society on **pages 28 – 29.**  
<http://sustainability.standardbank.com/downloads.php>

### Housing

98 477

affordable homes financed  
by 2016

5 662<sup>✓</sup>

affordable housing owners  
assisted through  
restructuring their loans



Read more about affordable housing online: <http://sustainability.standardbank.com>



## Partnering with our agri-business clients to get through the drought

The WEF Global Risk Report 2016 identified the failure of climate change mitigation and adaptation as the top risk facing the globe in the near term. The related risk of water crisis was ranked third. Africa, with our high dependence on rain-fed agriculture, and the unevenness of adequate water and sanitation infrastructure, is particularly vulnerable to climate change and to negative impacts on water and food security. We urgently need mitigation strategies, including the cultivation of more drought-resistant crops and the establishment of appropriate financing and insurance schemes, to help cope with the social, economic and environmental aspects of climate change.

Much of south-eastern Africa suffered the damaging impacts of

long-term drought during 2015 to 2016, with severe impacts on food inflation and food security. Madagascar, Mozambique, South Africa, Zambia and Zimbabwe were worst affected. Reports in June 2016, said more than 41.4 million people in the SADC region were food insecure, with about half needing urgent help, following the worst regional drought in 35 years. The region was about 28% short in terms of average cereal production, and livestock breeders had to cull stock owing to lack of food and water. Food insecurity was expected to peak from October 2016 to March 2017.

These conditions placed commercial, small-scale and subsistence farmers under enormous pressure. In South Africa, Agbiz and AgriSA revealed that a significant number of commercial farmers were struggling to service their loans with large commercial banks. There were also

reports of a rise in bankruptcy cases among small-scale emerging farmers.

### **38✓ of Standard Bank South Africa's agri-business clients' loans were restructured owing to the severe impact of the drought.**

We worked with them to restructure their loans and keep their farms solvent – in the process saving 706 permanent and seasonal farm labourer jobs, and keeping just under 50 000 hectares of land agriculturally productive. In terms of the economic activity and contribution towards GDP and food prices, these farms had a total turnover of more than R180 million.

Our efforts to develop innovative solutions to support our agriculture clients and impact positively on society more broadly have been central in informing our understanding of how we create shared value – how we ensure we're more than just a bank. This supported the successful launch of our SEE More campaign.



### **Agriculture**

38 drought-impacted clients'✓  
loans restructured in in-land provinces between 2015 and 2016

Over R180 million |  
in turnover kept economically active



Over 700 jobs saved



Understanding  
our clients

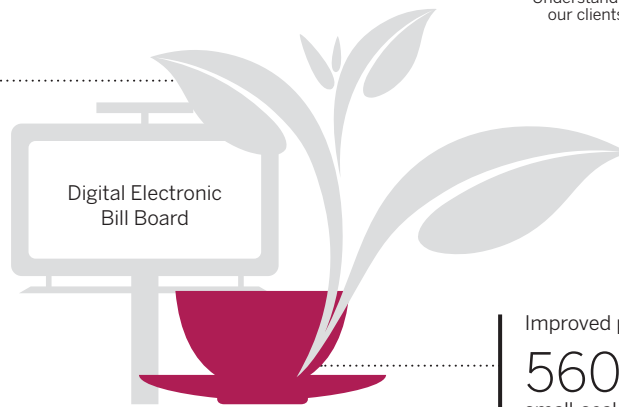
Kenya Tea Development  
Agency (KTDA):

70%  
of Kenya's tea production



## ENABLING PAYMENT FOR SMALL-SCALE FARMERS IN EAST AFRICA

The tea industry in Kenya is the second largest income earner in the country and has a rich history dating back to 1903. The Kenyan Tea Development Agency (KTDA) plays a crucial role with 70% of Kenya's tea production coming from the 54 tea companies and 560 000 small-scale tea farmers that make up the KTDA. Tea is sold at auctions in Mombasa where brokers auction the tea on behalf of the producers. In the past, the tea settlement after the auction was done manually. This manual process would take a lot of time to reconcile and allowed some brokers to siphon producer payments for their own gain. The KTDA approached Stanbic Kenya to provide a solution as the farmers were losing out, especially the small-scale farmers. Stanbic Kenya banks the KTDA and many of the businesses within.



Improved payments to

560 000  
small-scale tea farmers

We used this relationship to create a **Digital Electronic Bill Board which makes the payments at auctions transparent and fair.** The funds from the sales are distributed fairly to brokers, warehousemen and producers through this system, settling accounts within 10 days as per the rules of the East African Tea Trade Association (EATTA). This collaborative solution with the KTDA has resulted in a much stronger economic base from which to transact ethically and transparently, resulting in the improved payments of small-scale tea farmers in East Africa.

Just under

50 000 ha of land kept productive



## I SEE MY JOB DIFFERENTLY...

**Siphesihle Budaza – Debt review officer**

As a debt review officer and a customer, I understand that being overindebted is frustrating and can lead to depression and anxiety. It is therefore my duty to help customers to restructure their debt with the bank so that their financial burden is decreased and their lives can carry on knowing they don't have to stress too much about their debts. Through my work, people have more disposable income and I lend them a stepping stone in fixing their financial wellbeing.



## MOTIVATING OUR PEOPLE

We believe that our people want more from work than a daily routine and a monthly salary. We want them to feel connected to our purpose, driving Africa's growth; to our commitment to delivering the solutions with the best fit for our individual customers and clients; and to our promise to do the right business the right way.

We ensure that our people are empowered and recognised for delivering against our strategic objectives. And we work to ensure that they have every opportunity to achieve their full potential, and to develop the skills and adaptability needed to thrive in a rapidly changing world of work.

### FEEDBACK FROM OUR PEOPLE

In order to understand what motivates and inspires our people, and where we can improve the work environment, we use insights obtained from employee surveys and additional research tools. We conducted the **Experience@Work** survey in South Africa and Uganda in 2016 and will continue to track employee feedback and insights in relation to our strategic priorities through a range of surveys in 2017.

Voluntary  
attrition rate  
**5.6%** ✓

The industry average global  
financial services voluntary  
attrition rate: 14.3%



### ENHANCING OUR PEOPLE'S EXPERIENCE AT WORK

In order for us to provide the best solutions for our customers, we need our people to be motivated to give of their best and go above and beyond what is usually expected to deliver an exceptional client service.



In South Africa, we piloted a new exit interview process in 2016 to deepen our understanding of why people choose to leave the bank. These insights help inform our efforts to continuously evolve the culture and working environment to meet the changing needs of our people. This process will be implemented across our operations in 2017.

55% and 75% of our employees in South Africa and Uganda respectively participated in the Experience@Work survey. One of the measures of the survey is the Employee Promoter Score, which is calculated by aggregating employee responses to three questions:



The 2016 survey indicated an **Employee Promoter Score** of **86% in South Africa**, and **89% in Uganda**.



## Fostering a deeper connection with our purpose and vision

In May 2016, we launched a new employee brand across the group. The key focus was to foster a deeper connection with Standard Bank's purpose and show our people that each of them has an important role to play in driving Africa's growth by seeing, being and doing more. The initial launch was followed by business area specific communication and a continuous drive to link the overall messaging to employees more closely to their immediate business context. Great examples of this are evident across our operations. Stanbic Nigeria introduced a comprehensive programme to encourage employees to commit to "doing more and being more", while in Mozambique we have implemented a culture programme, aligned to the employee brand messaging. The SEE More campaign followed on to position the contribution of our people to society.



Read about the SEE More campaign on **pages 22 – 25**.

## Employee experience Employee Promoter Score

**VOLUNTARY ATTRITION RATE**  
Employees that left Standard Bank as a percentage of our average headcount.

**REGRETTABLE VOLUNTARY ATTRITION RATE**  
Employees that are considered high performers that left Standard Bank as a percentage of our average headcount.





## BUILDING AN AGILE, ADAPTIVE AND DIVERSE WORKFORCE

The workforce of the future will require very different skills from the workforce of today. The "Fourth Industrial Revolution" refers to the transformation of systems of production, management, and governance currently underway, driven by technology, and by the opportunities created by the unprecedented manner in which people across the globe are now connected, via the internet and mobile devices. This "revolution" is likely to disrupt labour markets with increased demand for different sets of skills and experience than what are required today.

We are committed to contributing to the future employability of our employees by offering market-ready learning that is accredited and recognised within Standard Bank and outside the financial services sector. In 2016, we've implemented learning programmes on a range of client service and sales solutions relating to specific client segments and to support key client management systems, empowering our people to better serve our clients.

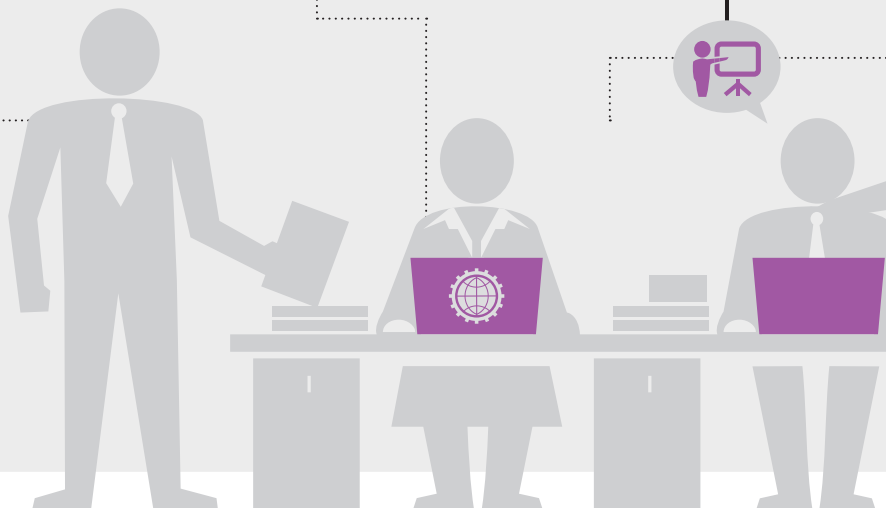


We invested more than  
**R890 million** ✓  
 in developing our people\* in 2016  
 (R828 million in 2015)

Our **learning management system** provides employees with access to a wide range of continuous learning opportunities, using innovative platforms tailored to their individual preferences and schedules, enabling individuals to access training options that are most relevant to them.



Further **training opportunities** are also offered, ranging from executive development to specialised skills development programmes.



\* Applicable only to our permanent employees

To make **qualifications more relevant** and enable our people to take their qualifications outside of Standard Bank, several of our courses are accredited with external industry bodies.



## Nurturing young talent

We aim to attract and retain smart, independent thinkers who are focused, tenacious and energetic, and who will keep our business agile and innovative. We invest in hiring and developing young people with specialised skills and with the potential to become future leaders.

Standard Bank is recognised as an employer of choice among graduates. In 2016, the South African Graduate Employers Association placed Standard Bank South Africa (SBSA) first as Employer of Choice in the Retail and Commercial Banking sector, and third for Most Aspirational Employer for 2016 across all participating organisations. We took second place in the Best Integrated Recruitment Campaign category for use of diverse means of engagement.

For many young graduates, securing their first job is a daunting challenge. In 2016, we employed 207 graduates across a variety of development programmes. We employed 33 graduates across Botswana, Ghana, Kenya, Mozambique, Nigeria and Zambia. In South Africa, we employed 174 graduates, of whom 81% were black and 46% were women. In 2017, we celebrate the 20th anniversary of our graduate programme and the bank's unwavering commitment to investing in young talent.

In South Africa, we offer learnerships for black matriculants and graduates, providing them with work experience and access to development opportunities and the possibility of full-time employment. In 2016, we assisted 1 516 learners in South Africa to gain workplace experience and the possibility of full-time employment. SBSA achieved the maximum score for our skills development scorecard for black people on learnerships, internships and/or apprenticeships. We also provided bursaries to 140 deserving tertiary students studying for degrees in the fields of mathematical and actuarial science, technology, engineering and commerce in South Africa in 2016.



We are committed to developing young employees with future leadership potential, and invest in ongoing management and leadership development programmes to accelerate their career growth.



## STRENGTH IN DIVERSITY

Diversity is critical to the success of our business strategy, as it drives innovation and enables us to remain socially relevant in a fast-changing world.

We seek to employ a diverse workforce that is able to understand and serve our equally diverse customer base. We aim to build an inclusive culture, where all of our people feel empowered and motivated, and we expect all our people to embrace and value diversity.

In South Africa, our Experience@Work survey asked employees whether they had seen progress in our efforts to support diversity, and if the group's commitment to employment equity has become more visible over the last two years. 83% of participating employees agreed that the group is making progress in this regard, with a more visible commitment to employment equity, zero tolerance for racism and sexism in the workplace, and support for diversity.

In 2016, we reviewed our group Diversity and Inclusion strategy to align it with our group purpose and strategy and to ensure relevance across all of our

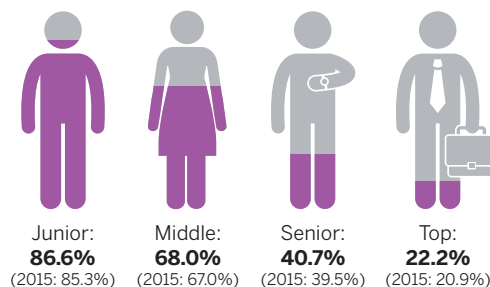
**83%**  
felt Standard Bank  
was a diverse  
and inclusive  
business



## Leadership development and employment equity in South Africa

1

### BLACK SOUTH AFRICAN REPRESENTATION IN MANAGEMENT



2

### TRAINING SPEND FOR SKILLS DEVELOPMENT: R890 MILLION



operations. In 2017, we will be re-examining our Diversity and Inclusion governance structures. We're committed to the development of local senior management and leadership teams in all our countries of operation to maximise our competitive advantage as a bank with deep local knowledge and skills. We're also working toward improving gender diversity and the representation of people with disabilities across the group.

In South Africa, we align our Diversity and Inclusion initiatives to the regulatory frameworks in place and are working to improve the representation of black (African, Coloured and Indian) employees and women in senior and top management roles. We have also put a number of initiatives in place to create

an inclusive environment for people with disabilities. As at the end of December 2016, in South Africa 40.7% of our senior managers are black (2015: 39.5%), while our top management is 22.2% black (2015: 20.9%). Women constitute 33.3% (2015: 21.7%) and 36.4% (2015: 36.7%) of top and senior management respectively. Development and advancement of our people is a critical contributor to diversification of the demography of our senior and top management levels, and in 2016, **over 50% of people promoted into top and senior management were black** (2015: 50%). Middle management is 68% black (2015: 67%). In 2016, we retained level 2 broad-based black economic empowerment status under South African legislation.

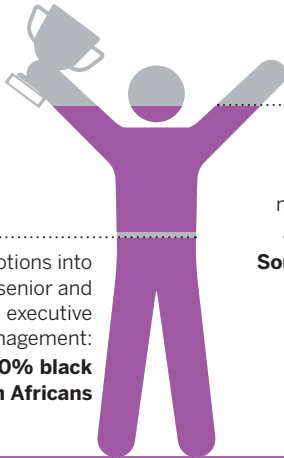
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Read more on our transformation journey with our people in the Special Edition: Report to Society **pages 16 – 19**.  
<http://sustainability.standardbank.com/downloads.php>



Motivating  
our people

## PROMOTION DURING 2016



Promotions into  
senior and  
executive  
management:  
**+50% black  
South Africans**

Promotions  
into junior  
and middle  
management:  
**+90% black  
South Africans**

3

We are also focused on improving the representation of women in executive positions. By the end of 2016, we had improved the representation of women in executive positions across the group to 30.1%, compared to 28.1% in 2015. This compares very favourably to the global average of only 24% women in senior management roles in 2016.<sup>1</sup>

**From 2017, we'll be implementing a new performance management approach,** informed by global research, as well as feedback from our people and leadership teams. This approach will align individual goals to our key value drivers and ensure more regular performance discussions. There will be more emphasis on coaching for improvement and personal growth.

**We're also reviewing our approach to reward** to ensure that we incentivise our people to put the best interests of our clients first and work collaboratively across the bank.



## RECOGNISING AND REWARDING OUR PEOPLE

**We constantly strive to ensure that the benefits we offer our people are competitive while also ensuring compliance with local regulatory requirements.**

As the workplace evolves, our employees increasingly expect that we take note of and accommodate their personal needs and preferences. We aim to provide more choice in what we offer to our people and we're working towards a range of flexible benefits options to be introduced in 2017, to better suit individual preferences.

**Our Beyond Excellence and Mark of Excellence initiatives** ensure that individuals and teams are recognised for exceptional contributions that add value to the business. These programmes support a culture where success is celebrated and our people feel valued for their contribution to the business.

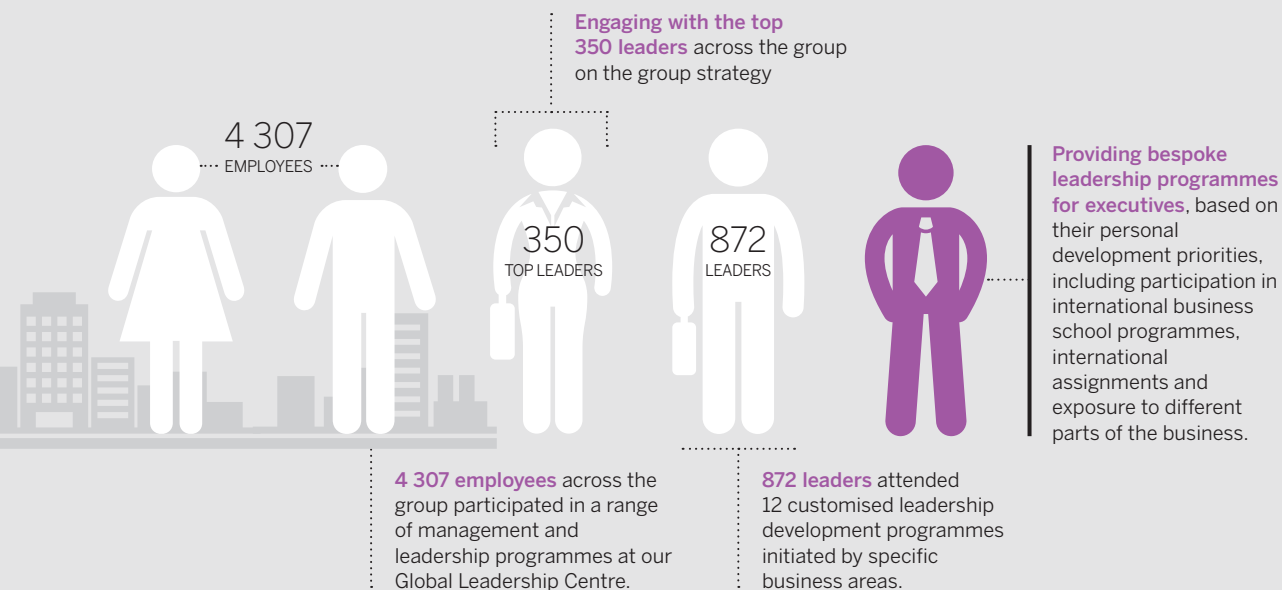
<sup>1</sup> Grant Thornton, Women in Business: Turning Promise into Practice (2016)



## ENABLING BOLD AND INSPIRATIONAL LEADERSHIP TO DELIVER ON OUR PURPOSE

We pride ourselves in attracting and retaining world-class leaders. We recognise the need to capacitate leadership to adapt quickly to a rapidly changing operating environment, to lead an increasingly diverse workforce, and to inspire our people.

### OUR INVESTMENT IN THE LEADERSHIP TEAM HAS INCLUDED



In 2016, a number of our chief executives were awarded accolades by various global and local industry bodies. Sola David-Borha, chief executive of Stanbic IBTC in Nigeria, won Businesswoman of the Year West Africa, at the 2016 All Africa Business Leaders Awards held in Lagos in October. Stanbic Bank Uganda chief executive Patrick Mweheire won the Ai 50 SRI CEO of the Year at the ninth annual African Investor Awards. And in South Africa, PBB South Africa chief executive Funeka Montjane was recognised as Businesswoman of the Year in the Corporate Category at the 2016 Businesswoman of the Year Awards.

We have healthy succession coverage for top leadership roles. Annualised voluntary turnover at executive level is 5.6%. We support a philosophy of promoting from within, thereby building a strong track record of career development for our people. 51% of appointments made in the group in 2016 were internal transfers and promotions.



## THE WELLBEING OF OUR PEOPLE

We provide a wide range of health and wellness services, and encourage our employees to take responsibility for their wellbeing through seeking advice and assistance on health, wellness and/or financial challenges. We provide individual and team counselling services to our employees to help them with personal problems, work stress, indebtedness, and illness among others. We train managers in managing absenteeism. In South Africa, we've been using the cost of total sick leave as a percentage of total payroll as our key measure of absenteeism since 2015. In 2016, this equated to 1.2% (2015: 1.3%) which is below the South African financial sector norm of 1.7%<sup>2</sup>. We will be extending our Sick Absence Management Framework to our other countries of operation during 2017. Other interventions during 2016 included wellness days, a range of training and upskilling initiatives, completion of online training modules on financial fitness and sick absence management and our Get Active challenge.

<sup>2</sup> Source: Alexander Forbes

The difficult economic conditions, including inflationary pressures in a number of our countries of operation have created financial strain for some of our employees. During 2016, we continued to provide financial wellness training and access to counselling services for our employees. Where feasible, we made available specific product and benefits offerings to assist employees.



We have developed a financial fitness framework for the bank which includes providing employees with financial coaching, focusing on budgeting and improving behaviour related to personal money management.



An online financial fitness programme which provides effective tools for improved personal money management is available to employees.



## I SEE MY JOB DIFFERENTLY...

**Lesiba Victor Mosoete – Small and medium-sized enterprises (SME) manager**

Our existence is justified by how relevant we are to the community we operate in. Our success is defined by how many present and future lives we are improving and impacting positively.





# MANAGING REGULATORY CHANGE

We believe in a regulatory system that contributes to a safer financial system for all and that facilitates sustainable economic growth in Africa. We support the move towards a more principles-based regulatory framework that focuses on fair and beneficial outcomes for clients, as well as the stability and integrity of the financial system.

The pace, volume and scope of changes in regulation remains a concern for us, and we work with policymakers and regulators to identify the likely effects of regulatory reform and potential unintended consequences. We continue to invest in our capabilities to understand and comply with the multiplicity of regulatory requirements facing a universal bank operating in more than 20 countries.



## RETHINKING REGULATION

In the past 12 months, there has been no lessening of the pace, volume, and scope of regulatory change impacting the bank. In South Africa, for example, the authorities publish, on average, one new regulation, directive, or draft law, every week. Changes in public policy, legislation and regulation affect every part of the group. For our South African operation, managing rapid regulatory change is “business-as-usual”, as the processes of assessing, influencing, and implementing new regulatory requirements is embedded in normal operations. The focus has now shifted to embedding similar processes and capabilities across all our operations.

**Our ability to effectively manage regulatory change is central to the trust that our stakeholders place in us:** our clients want to know that their interests are protected; our people want to do the right business the right way; governments want to ensure that policy problems are solved and unintended consequences avoided; our regulators want to know we are compliant; and our shareholders are keen to minimise the costs of disruptive change programmes.



We support a regulatory framework that is appropriately balanced between promoting financial stability, protecting clients, ensuring a sustainable banking sector, and promoting economic growth. The characteristics of an effective regulatory framework are:

- Evidence-based regulatory impact assessments
- Clarity in what is required
- Consistency of application
- Appropriate to local conditions
- Efficiently and economically administered.



## FORESIGHT AND INSIGHT: WHAT'S ON THE REGULATORY CHANGE RADAR?

### Financial stability and making the financial system safer

The central challenge confronting policymakers and regulators is how best to manage competing policy imperatives: the need for economic growth and financial stability, the need for greater financial inclusion and better consumer protection, and the need to allow for national discretion within globally consistent standards. Getting this balancing act wrong can have adverse consequences for developing economies. For example, proposed changes to the Basel Capital Framework, that require global banks to hold considerably more capital, could contribute to disinvestment from some African countries by some banks, restricting access to much-needed finance for infrastructure investment, cross-border trade, and renewable energy.

Global standard-setting bodies such as the Basel Committee on Banking Supervision and the Financial Stability Board continue to consider ways to strengthen the safety of the financial system. Current proposals include revisions to the assessment of credit and operational risk, and changes to how much capital banks are required to hold.

### Our approach to managing regulatory change is based on three pillars:



#### FORESIGHT AND INSIGHT

anticipating  
policy, legislative  
and regulatory  
changes



#### ENGAGE

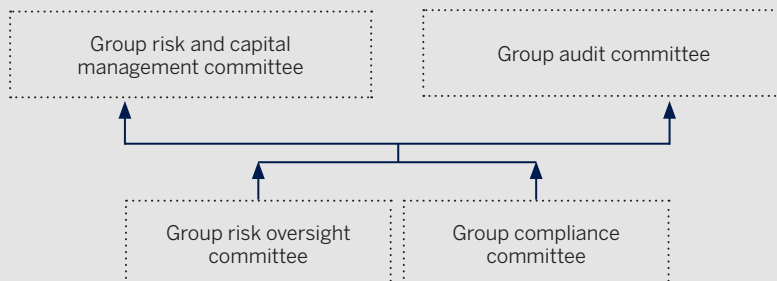
responsibly  
influencing the  
design of  
regulation in  
support of an  
effective  
regulatory  
framework



#### COMPLIANCE

supporting our  
people in doing  
the right business  
the right way  
through advising,  
training,  
monitoring, and  
reporting

### This work is overseen by several board and management committees in the bank, including:





## The Twin Peaks system is a game-changer for South African banks

The “Twin Peaks” model of financial sector regulation is being implemented in South Africa through the Financial Sector Regulation Bill. Once enacted, it will usher in substantial changes to the way in which banks and other financial services providers are supervised. Large financial firms – like ourselves – will be subject to conglomerate supervision by a new Prudential Authority. This means that the regulator will look at all the different businesses we have, both individually and in combination, to assess the health of the group as a whole and ensure that it is not “too big to fail”. The conduct of banks towards their customers will now be supervised by the Financial Services Conduct Authority – a new supervisor to be established in place of the Financial Services Board that will focus on financial inclusion, the integrity of financial markets, and Treating Customers Fairly.

Following on the Financial Sector Regulation Bill in 2017, will be the much-anticipated Conduct of Financial Institutions Bill which will outline the regulatory standards in relation to Treating Customers Fairly and market conduct for all financial services providers. The social partners in Nedlac discussed the policy imperatives underpinning this Bill during 2016, and Standard Bank was part of this process.

Principles-based standards for regulating a wide range of matters are expected from the new regulatory authorities in 2017, including how the information customers receive about products and services is disclosed, how fees are disclosed, what fees can be charged, ensuring the fair treatment of customers, how conflicts of interest should be dealt with, improving the complaints management process, what conduct principles need to be in place for financial advisors, what levels of capital need to be held, how shadow banking should be managed, and what the recovery and resolution plans should contain.

## Other significant regulatory changes on our radar

**Consumer credit regulation** remained a focus in 2016 as policymakers sought ways to tackle levels of indebtedness. Recent developments have seen specific proposals to assist vulnerable indebted customers, such as retrenched workers in the mining and manufacturing sectors. There are plans to improve the debt mediation and debt counselling system, clarify laws on debt collection, and increase the powers of the credit regulator to enforce the law. A cap on the amount which could be charged for fees and interest rates on loans was set in 2016, and the cap on the charge for credit life insurance will be released early in 2017.

The Financial Sector Regulation Bill is the start of South Africa’s move to the Twin Peaks system of regulation. Policymakers have started working on phase two of the move to Twin Peaks, which is making sure all other laws and regulations align with the Twin Peaks system. One of these is the **Insurance Bill**, which sets out the safety and stability requirements for the insurance sector, but also puts in place the regulation for micro-insurance, to increase insurance cover to more people.

The **Retail Distribution Review** makes the provision of financial products more transparent and fair by improving the way in which financial institutions provide information to customers, ensuring there is no conflict of interest within an institution, and requiring principles of good conduct for providers.

Globally there is a move to improve and strengthen the monitoring and control of money laundering and countering terrorist financing. In South Africa, the **Financial Intelligence Centre Amendment Bill** improves the country’s monitoring systems by making sure banks’ know-your-customer processes include being able to identify who a payment goes to, and increased due diligence for politically influential persons.

One of the greatest risks banks and their customers face is cybercrime. South Africa



## ENGAGE:

# EMERGING REGULATORY FRAMEWORKS FOR CLIMATE CHANGE AND SUSTAINABILITY RISKS

is far along in developing laws to improve cybersecurity and criminalise cyber-fraud and hacking. The draft **Cybercrime and Cybersecurity Bill** is designed to increase the cyber-safety of both the country and bank customers by, for instance, ensuring critical online systems are protected and crimes such as hacking and phishing can be prosecuted.

In South Africa, policymakers have outlined the **Macroprudential Policy Framework** that will be used to develop the **Special Resolution Act**, designed to manage financial system events such as a financial crisis. Depositor Insurance is a proposed protection tool under this framework, with policymakers discussing the most appropriate way to implement it. Standard Bank continues to work on and ensure there are Recovery and Resolution plans for operations across the group.

## Regulatory trends in broader Africa

The scope and volume of regulatory change is similarly high in our other countries of operation in Africa. Areas of focus for policymakers include increasing access to financial services, conduct of financial firms, corporate governance, strengthening the detection and management of financial crime, and exchange control.

Several countries have introduced legislation to enhance consumer protection, particularly in respect of bank fees. Malawi, Kenya, Swaziland, Zimbabwe, Namibia, Lesotho and Tanzania have introduced legislation capping fees and/or interest charged, and/or prescribing the interest paid on deposits. **Kenya's Banking Amendment Act**, for example, caps the interest that banks may charge.

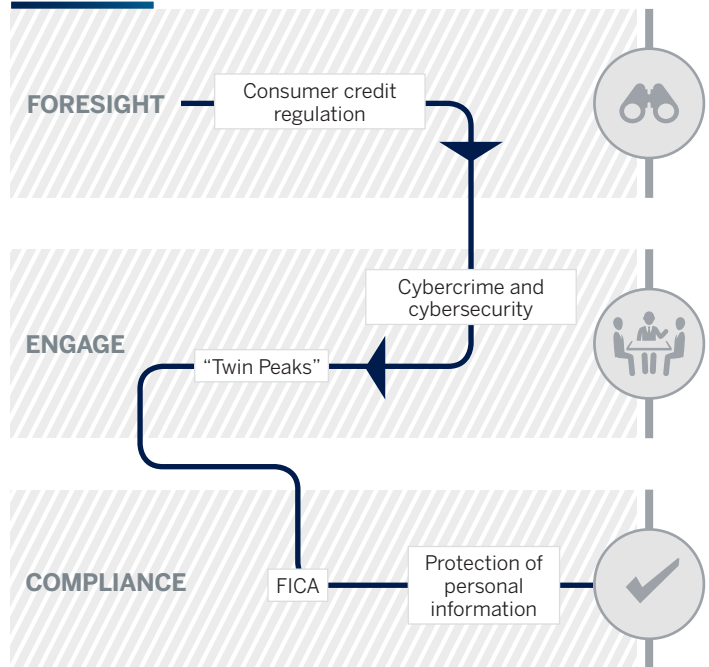
Regulators remain focused on preventing money laundering and terrorist financing. Cross-border payment regulations have focused on **exchange control** rules, as well as improving the reporting of these.

The Financial Stability Board at the request of the G20 is developing a framework for reporting on climate-related financial risks. The framework sets out principles for all public companies – not only those in the financial sector – to use when identifying and describing such risks, as well as risk mitigation actions that have been taken. The responsibility to disclose and manage climate-related financial risks is increasing in prominence globally, with the aim that investors, analysts, and bank supervisors consider this risk along with traditional risk types such as credit

risk or operational risk. There is a growing concern that the lack of information about climate-related financial risks could undermine financial stability. For example, Michael Carney, the Governor of the Bank of England and Chairman of the G20's Financial Stability Board, was quoted as saying: "This must change if financial markets are going to do what they do best: allocate capital to manage risks and seize new opportunities. Without the necessary information, market adjustments to climate change will be incomplete, late and potentially destabilising."



## Pipeline of Regulatory Change



## ENGAGE:

### ADVOCATING FOR AN EFFECTIVE REGULATORY FRAMEWORK

We regularly engage with government departments, regulators, and members of parliament to provide input and feedback on policy and regulation. **Our intention is to provide evidence-based analysis that will support policymakers in identifying and minimising unintended consequences** associated with particular proposals, while remaining true to the intention of the proposed interventions.

In South Africa, one of the ways we engage with our stakeholders is through round-table discussions and policy dialogues, which bring leaders within the bank together with government leaders and officials, regulators,

and policy analysts to discuss and understand the drivers behind policy and regulatory changes. In 2016, dialogues took place on property rights, and consumer credit. We are also active participants in various trade associations and business organisations, including the Banking Association of South Africa and Business Leadership South Africa.

We are currently working to extend this capability to our other countries of operation, and have visited several countries to gain insight into their policy systems and legislative processes, including Tanzania, Uganda, Nigeria, and Ghana.



## Regulatory advocacy



\* Deemed material to Standard Bank, that were issued for comment, screened and finalised within 2016



## COMPLIANCE:

# SUPPORTING OUR PEOPLE IN DOING THE RIGHT BUSINESS THE RIGHT WAY

## Strengthening our compliance capability

We've standardised our compliance model across the group, and have strengthened our compliance teams at both group and country level. This includes investing significantly in our compliance surveillance and training, and employing more compliance officers across our countries of operation. This supports the requirement to advise, train, monitor and report.

Compliance teams are playing a bigger role in executive level business decisions. Group internal audit and integrated operational risk are represented on the group compliance committee, and compliance is represented on various business and governance committees. Compliance meets regularly with internal audit to ensure that there is no duplication of effort, while increasing compliance coverage. The compliance monitoring team adopts a combined compliance monitoring assurance approach in its planning and reviews, including group internal audit, integrated operational risk, and the review teams of group compliance. This includes business compliance officers, exchange control compliance monitoring and financial services monitoring. Group compliance also works with integrated operational risk on ensuring that compliance incidents are loaded on the bank's operational risk incident system, to support appropriate risk management.

Conglomerate supervision is expected to increase in 2017. This will require enhanced compliance cooperation with our businesses in our various countries of operation. Collaboration with Liberty on compliance-related matters has been enhanced, particularly in the area of anti-money laundering (AML) and combating the financing of terrorism. There will be a strong focus on anti-bribery and corruption programmes in 2017.

During 2016, our compliance team enhanced the support it provides to board members and management teams in all our countries of operation. We undertook various visits to our operations across Africa, meeting with board members and executives to ensure a clear understanding of the issues, ensuring our compliance culture is effectively embedded across the group, and providing training to support the integration of compliance with risk and management activities.

We've introduced a number of technology solutions in the past year, to support more effective compliance surveillance and reporting. These include:







## Helping our people keep up with regulatory change

Over the past year, we've worked hard to encourage regulatory awareness and a culture of compliance among all our employees, using innovative technology to make compliance integral to how we think and work.

Since 2015, we've had a dedicated **compliance training unit** that focuses strongly on technology and innovation. Compliance training is compulsory, with consequences if training is not completed by all our people – including non-permanent employees, contractors and third party service providers.

**Training and assessments** are easy to access – everything is available online, and our system automatically sends individualised reminders of training requirements to our people, as well as user-friendly reports to enable line managers and business areas to track employee completion rates. We're currently in the process of refreshing all of our compliance training modules and these will be rolled out in the second quarter of 2017.

The **new training modules will be available on our people's smart devices**, enabling them to ensure that their training is up to date even if they're out of the office.



## Standard Bank's impact on combating crime

Know your customer (KYC) is a crucial compliance requirement for banks the world over. It's how we ensure that our services are not being used to process fraudulent, illegal or corrupt transactions, or used to channel funds to support terrorism or other illegal activities. But it's often the source of frustration for customers, who might be unable to proceed with a transaction, or might find their bank account frozen, because they have failed to comply with KYC requirements. The KYC process has been particularly challenging in countries that don't use a national identification system. In such cases, banks have relied on documents such as passports and drivers' licences to ascertain a client's identity. But these documents expire – creating challenges for the process. Over the past several years, we've been implementing electronic document management in all our countries of operation, to make the KYC process more efficient, and less of an inconvenience for our customers. The aim is to have only one digital record per client, and we've completed the scanning of all existing documents. We're now in the



Managing regulatory  
change

## Know your customer (KYC)



New electronic  
document management



More efficient and less  
hassle for customers

SE

Read more about why and how we close accounts in the  
Special Edition: Report to Society on **pages 30 – 31**.  
<http://sustainability.standardbank.com/downloads.php>

process of implementing automatic  
document scanning in branches for  
all new clients.

One of the challenges faced by  
African financial markets in 2016  
was the withdrawal of several  
international banks from some  
countries as a result of de-risking  
decisions. During the course of the  
year, a number of Standard Bank's  
clearing banks informed us that  
they could no longer act as our  
clearing bank for US dollars in  
certain African jurisdictions. **We  
tackled the challenge proactively,  
with the support of the South  
African Reserve Bank, and we  
believe we're well-placed to  
manage any further developments  
in this area in 2017.** We also believe  
that our stringent compliance with  
anti-money laundering  
requirements is a competitive  
advantage, as it positions us as a  
favoured correspondent bank.



## I SEE MY JOB DIFFERENTLY...

**Lerato Moloi – Regulatory advocacy manager**

As a member of the group policy, advocacy and sustainability  
(GPAS) team, the basis of my work, from day-to-day, is about  
SEEing things differently. The work we do includes scanning the  
socioeconomic, political and legislative landscape and providing  
analysis on developments of this nature. This allows the bank to  
remain ahead of the curve on any potential risks and opportunities.

Our work requires the ability to SEE things differently by understanding  
the nuances and thus connecting dots where it may seem like there is no  
connection to be made. This ability is especially important in light of the  
bank's purpose – Africa is our home, we drive her growth – as it is critical to  
understand the different environments within which we operate so that we can  
do business effectively and provide shared growth and value for all our  
stakeholders the continent through.



## EMBRACING INNOVATION

We understand the scale of disruption that is currently sweeping through the financial services industry. We recognise that banks need to work hard to maintain their relevance in an increasingly digital world.

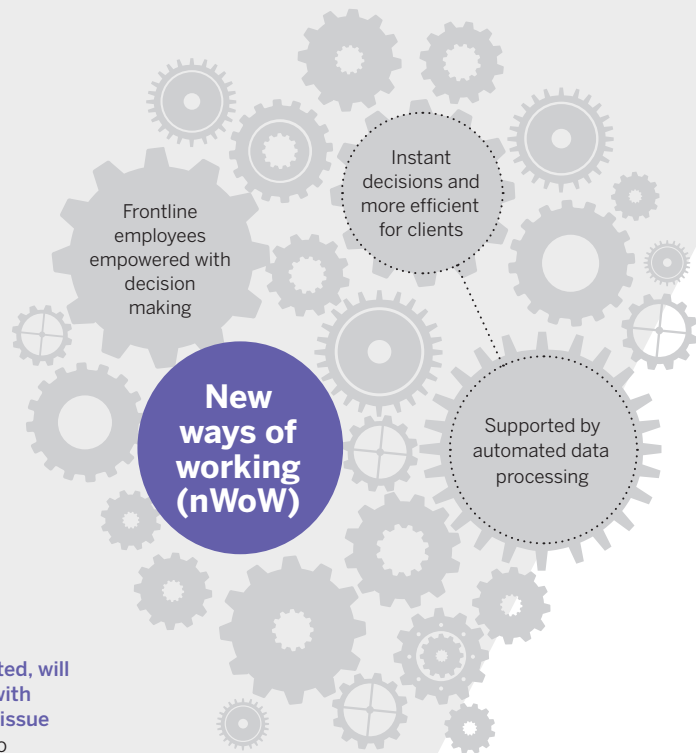
We believe in rising to the challenge, by actively embracing disruption and innovation, by working with innovation partners to deliver better value for customers and clients, and by adopting a commitment to continuous engagement, experimentation, innovation and improvement. For us, the purpose of innovation is to find ways to make financial services more cost-effective, convenient, and relevant, to tailor solutions to meet diverse needs and preferences, and to make life easier and better for Africa's people.



## NEW WAYS OF WORKING

**INNOVATION helps us to be the trusted first choice for our customers and clients, able to service the full range of their financial services requirements in a holistic manner.**

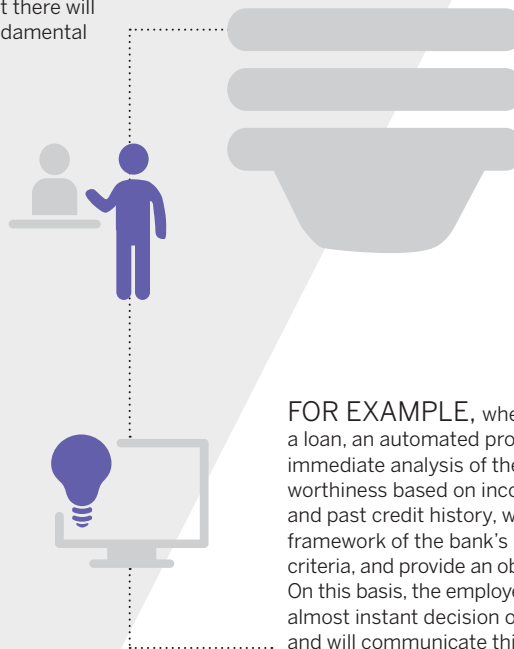
We recognise that our customers' needs and expectations are evolving as rapidly as new technologies are developed. The evolution and spread of internet and mobile technologies has created an "always on" mindset – customers and clients expect to be able to transact and engage with their financial services providers whenever and wherever it is convenient and necessary for them to do so. We need to meet these expectations across all our areas of business, efficiently and cost-effectively.



**TECHNOLOGY**, no matter how sophisticated, will never fully replace the need to be able to sit with a customer, face-to-face, and talk through an issue when required. We don't expect our branches to disappear altogether, but we do recognise that there will be fewer of them, and that they'll undergo fundamental changes in the coming few years.

Our customers want to deal with people who are able to take accountability for solving problems and achieving outcomes, at the initial point of contact. Our branch and call centre employees must be able to listen, understand and be empathetic. And they need to be capable and empowered to make decisions and assist the customer, there and then.

As part of the lessons learnt and the restructuring of our Personal & Business Banking (PBB) offering, we're in the process of devolving more decision-making power to the frontline, supported by automated data processing capabilities. Frontline employees will have quick and convenient access to a customer's transactional history with the bank, enabling them to assist customers at the initial point of contact.



**FOR EXAMPLE**, when a customer requests a loan, an automated programme will run an immediate analysis of the customer's credit-worthiness based on income, spending patterns and past credit history, will assess this within the framework of the bank's risk appetite and lending criteria, and provide an objective recommendation. On this basis, the employee will be able to make an almost instant decision on whether to grant a loan, and will communicate this directly to the customer.



## BECOMING A DISRUPTER

Our non-traditional competitors are gaining momentum. M-PESA in Kenya, for example, has become the most successful mobile phone-based financial service in the developing world, offering financial services at very low unit costs. We recognised this as an opportunity to extend our services to small businesses.



In 2014, we introduced **Till2Bank** in Kenya. The solution, a partnership between Stanbic, M-PESA, and Kopo Kopo, enables merchants, shops, supermarkets and SMEs to accept payments on M-PESA. The payments reflect immediately in their bank accounts, without them needing to physically visit a branch to deposit cash or fill any forms. It also gives us a better understanding of their financial status, enabling us to offer them broader banking services and products, according to their needs and risk profile.

We're harnessing the ability of fintechs to offer a bespoke, customer-driven service, at a competitive price, coupled with our 154-year track record and our commitment to building long-term customer relationships built on trust, to provide a more accessible, more affordable and more attractive service to our customers. We've partnered with China's Tencent to launch the WeChat mobile wallet service, which enables users to make person-to-person payments from their bank account or credit card to another person's account using smartphones. In South Africa, our partnership with MoneyGram – EcoCash – enables Zimbabweans living in South Africa to remit funds back home. We're continually exploring new opportunities for viable partnerships. Our Pathfinders Challenge, for example, offers fintech entrepreneurs the chance to win R500 000 in prizes and business support.



Collaboration  
with M-PESA  
in Kenya  
enable retail cashless  
transactions



In October 2016, our Shyft app was awarded a bronze international award in the Most Disruptive Innovation category at the 2016 EFMA-Accenture Distribution and Marketing Innovation Awards, in Barcelona. **Shyft enables forex transactions while eliminating paperwork and queues.** By accessing a "foreign exchange mobile wallet", customers can buy a number of different currencies at a live rate, store the funds in eWallets, and make purchases using physical or virtual card capability, or make international transfers using the cross-border payments capability.



**Slydepay**  
– Ghana's leading online  
payment application



**Shyft**  
– foreign exchange  
mobile wallet

We embrace the opportunity to learn from disruptors, and are always alert to the potential to forge partnerships with innovators. Stanbic Ghana, for example, partnered with DreamOval to implement their Slydepay app – which has gone on to establish itself as Ghana's **leading online payment application**. Slydepay serves both individuals and businesses, with solutions tailored for the local Ghanaian market. Individual customers are able to monitor their finances, make free payments by scanning QR codes or entering an email address, top up their accounts using VISA, Airtel Money, First Capital Plus Speedbanking vouchers and MTN Mobile Money. Businesses benefit from a cashless payment system, which allows payments to be conveniently collected and tracked. At the 2016 Ghana Banking Awards, Slydepay won Product Innovation of the Year 2015, and Stanbic Ghana came second in the categories Most Cashless Bank, and Best Bank for Savings and Deposits.

In Uganda, we used to experience long queues in our bank branches whenever it was time for school fees to be paid. Parents would queue for hours at the bank to withdraw cash, then hours at the school to pay their fees. The Pay+ solution has introduced quick and easy payments and collections, which have been taken up not only by schools, but also utility companies and insurance companies. Schools and companies are able to integrate the solution into their existing systems, and to track payments and reconcile accounts with minimum hassle. The platform is highly secure, signing on for collections is free, and financial reports generated by the system can be customised according to the business' particular needs.





## SUPPORTING ENTREPRENEURS: THE STANDARD BANK INCUBATOR

The Incubator team is small, but is able to make a big impact by drawing on skills and expertise within other parts of Standard Bank, and by partnering with external organisations dedicated to nurturing entrepreneurs and small businesses.

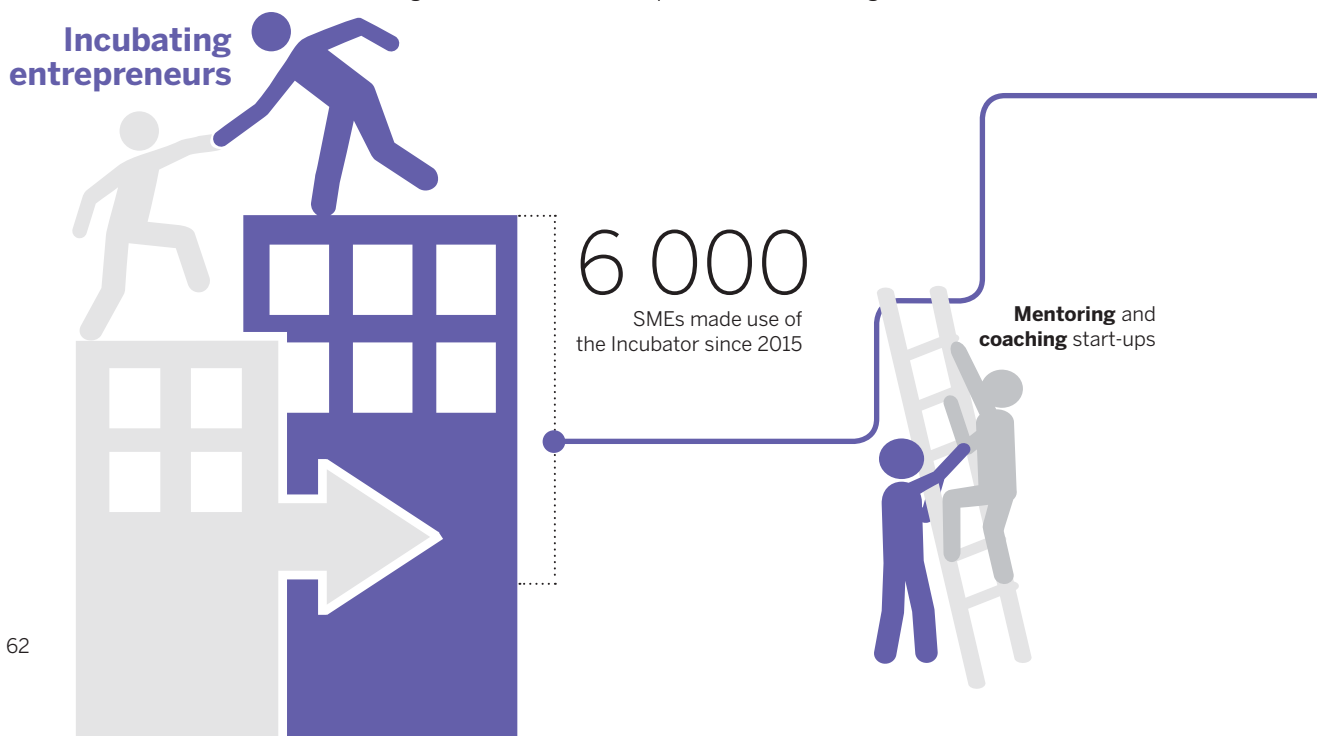
Visit our Incubator at:

**5 Cradock Avenue,  
Rosebank, Johannesburg**

**LIONESSES OF AFRICA**, for example, is the digital home for a rapidly growing audience of over 300 000 women entrepreneurs across 49 African countries. We've partnered with Lionesses on their monthly Lioness Lean In Breakfast series, which feature inspirational women speakers, and are co-hosted by the CEO of Lionesses and a senior Standard Bank representative. We aim to host 20 of these events across Africa during 2016/2017. We also sponsor Good Morning Lionesses, the organisation's daily electronic newsletter that is available at no cost to entrepreneurs and Standard Bank customers. And we run a structured three-month Women's Accelerator Programme, sponsored by Liberty. We sponsored the first Lionesses of Africa Conference, which attracted over 300 of Africa's leading women entrepreneurs and influencers, in which women entrepreneurs shared their start-up stories, addressed key challenges, and provided inspiration for the next generation of women entrepreneurs.

Our **IGNITOR BOOTCAMP AND ACCELERATE PROGRAMME** helps entrepreneurs to take their businesses to the next level. Entrepreneurs attend a weekend boot camp, at which we assess and provide advice on their business proposals. The most promising candidates are selected for three months of acceleration and support. Start-ups can apply for the weekend boot camp at <http://www.ignitor.co.za/>. We ran six accelerate programmes in 2016, and we've begun partnering with our corporate clients to structure sector-specific accelerators.

We host monthly **MASTERS AND MENTORS** events in Johannesburg, Cape Town and Durban. Each event attracts over a hundred entrepreneurs, across industries and from every walk of life. Our guest speakers are seasoned entrepreneurs and knowledgeable experts that speak on various topics, from funding to B-BEEE, marketing, scaling and more.





Embracing  
innovation



**ROAST REPUBLIC**, the onsite coffee shop at the Johannesburg Incubator, is a great example of how creating shared value with our clients helps us to drive Africa's growth. It gives away 50% of its profits to an NGO called Youthzones, which provides youth development programmes across 43 communities. Since launching, it has opened three new coffee shops, including a coffee shop in a box concept, and has created an additional 16 jobs.

The Incubator also engages with corporate clients to encourage innovation. In January 2017, for example, in a global first, we partnered with **GENERAL ELECTRIC** to launch a joint Healthcare Professional Accelerator, to build the business and technical skills of healthcare professionals. In 2016, we presented our Incubator Framework to the Global Innovation Conference/EFMA in Barcelona, and to the World Bank, as a model that could be replicated to support entrepreneurs around the world.

**The 2016 winner, ID Works**, is a digital platform for artisans to showcase their skills, get rated and receive payment for jobs completed. In March 2016, Giraffe Jobs, the winner of the 2015 South African title, went on to compete with other 63 start-ups from around the world for the title of Seedstars World Global Winner. Giraffe took the top prize, winning \$500 000. Its automated mobile recruitment app enables businesses to recruit employees faster and cheaper, and connects medium-skilled jobseekers with opportunities for free. Since launching in February 2015, Giraffe has attracted over 75 000 jobseekers and has placed candidates with hundreds of employers. Their story and others can be found on Standard Bank's [#EntrepreneurialSpirit](#) blog.

We sponsor several global competitions for start-ups. Through the Incubator, we've partnered with **START-UP GRIND**, a global start-up community powered by Google for Entrepreneurs, as the country sponsor in South Africa. It's designed to educate, inspire, and connect entrepreneurs. Start-up Grind and Standard Bank host monthly events in Cape Town, Johannesburg and Durban, featuring successful local founders, innovators, educators and investors who share personal stories and lessons learnt on the road to building great companies.

150

sustainable  
businesses  
since opening

Expanding to  
**Kenya, Ghana  
and Nigeria**



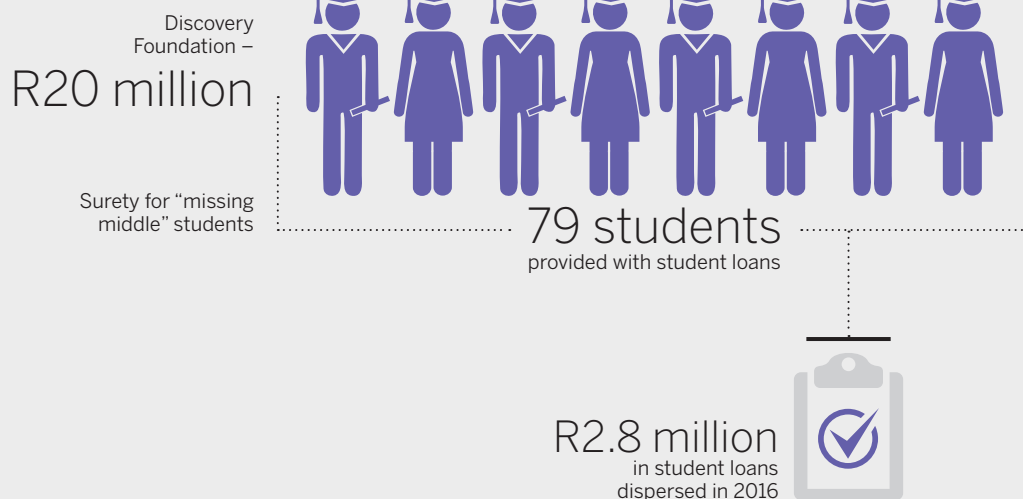
Expanded to  
**Mozambique**

We're also the South African sponsor of **SEEDSTARS**, a global competition that invites technology entrepreneurs to pitch their business proposals. Start-ups have to get through an initial selection round, and are then invited to pitch to an investment panel and compete for the title of most promising seed-stage start-up. 12 competitors are selected from each of Cape Town, Johannesburg and Durban, and three per city advance to the final round at the Standard Bank Incubator. The competition provides participants with exposure to disruptive technology, inspirational discussions and networking sessions. The winner joins the global Seedstars Family and takes part in the regional and global Seedstars Summits with the opportunity to win up to \$1.5 million in investment prizes.

**Incubator  
survey**

130 unique jobs  
created from 56 businesses  
accelerated and graduated from  
the Incubator

## Social innovation in education



## INNOVATION THAT MEETS SOCIAL NEEDS

In South Africa, the #FeesMustFall movement saw protests at campuses across the country in 2015 and 2016, causing severe disruption at many of the country’s tertiary institutions, resulting in extensive damage to and closure of some campuses, and putting the academic year at risk. Standard Bank is actively engaged in working with government and universities to develop and implement workable and sustainable solutions for affordable, accessible, quality higher education. We are working with the Ministerial Task Team mandated to develop a comprehensive funding and student support model for poor and “missing middle” students.

We have been closely involved in the development of the Ikusasa Student Financial Aid Programme (ISFAP), which aims to mobilise a range of funding sources, including developmental finance institutions,

corporate funding, individual contributions and social impact bonds, to provide loans and/or grants to “missing middle” students. The pilot was launched in February 2017 for selected new university and college entrants. We have committed R25 million to the initiative, covering the total cost of funding for approximately 250 students, inclusive of fees, accommodation, travel, books, meals, social support, life skills training and medical support as required.

Standard Bank is also engaging with universities and corporate donors to develop alternatives to the surety traditionally required by students to obtain a loan. We are currently piloting a programme in conjunction with the University of Pretoria’s medical school and the Discovery Foundation. In 2016, the initial year, we dispersed R2.8 million to 79 students. This collaboration enables the Foundation to have a

greater impact, as the **funds can be used as surety to provide student loans**, at a total value greater than that of the fund’s value, to students who do not usually qualify for typical student loans or government grants – commonly known as the “missing middle” students. We believe this solution has the potential to substantially expand the number of students that could qualify for an affordable loan, on a sustainable basis.



## MORE THAN A BANK...

Bank branches tend to be far more numerous, and far more conveniently located, than Home Affairs offices. During 2015, Standard Bank, along with South Africa's other big banks, ran a pilot with the Department of Home Affairs, in which we hosted satellite Home Affairs offices within selected head office buildings. Bank employees were able to visit the Home Affairs offices and apply for passports and Smart ID documents. The pilots proceeded smoothly, responses from employees were extremely positive, and applications were processed and delivered within weeks. In 2016, we rolled the service out to the broader public. Home Affairs satellite offices have been established in selected bank branches around South Africa. Members of the public are able to apply for Smart ID cards and passports online, and to collect them from the branch – minimising time spent in queues, and providing a more convenient experience.



**Another first was the introduction of the Standard Bank Kidz Banking app**, launched in September 2016 in South Africa. The app which is accessible on smartphone or tablet, is targeted at children between the ages of six and 11; it makes the concept of money management more tangible for kids while enabling parents to create healthy financial habits for their children. It uses entertaining concepts such as animation and games.



## I SEE MY JOB DIFFERENTLY...

**Emile du Plessis – Economics insights manager**

I see things differently, because I analyse and understand the market, before I recommend strategies and products. Every day, I see what the people of South Africa are experiencing. Their life stages, accomplishments, discontent and economic behaviour. I pick up where firms are starting, when they are struggling or expanding. I translate it to our business partners, by providing advice on how best to respond. This gives us a competitive advantage to be first in supporting new businesses, helping students and assisting families. Simultaneously, we grow revenue and market share. I see things differently, because I look from outside in, the market is the sum of our current and future customers. Now we can understand and bank our customers better.



# LEVERAGING OUR INVESTMENTS IN IT

Through our significant strategic investments we have established the foundation to enable us to become a first-class universal and digital bank in Africa. The investments we've made in our core platforms provide a significant competitive advantage enabling us to rapidly respond to customer needs and continue to leverage the investments to deliver leading digital banking solutions, driving benefits for client centricity, agility, integration of operations and risk optimisation.

We've replaced ageing systems with modern, integrated, agile and secure solutions. We've greatly enhanced our capacity to offer digital solutions across our products and services. We've strengthened our capacity for data analytics, enabling us to improve and personalise the service we provide to our customers; we've strengthened our resilience against cybercrime; and we've improved integration across our business units and countries of operation. Our IT modernisation programmes are on track for completion by the end of 2017, with our aim to have more than 95% of our customers on the platform. Our focus going forward is to derive maximum value from our investments.

## CREATING SHARED VALUE THROUGH IT

The creation of shared value is achieved through the **four key pillars** of our IT strategy:

- 1 Quality of service through brilliant basics:**  
Achieving continuous improvements in the quality of service to customers in terms of availability, reliability and security
- 2 Responsiveness to market:**  
Leveraging innovative technology and new ways of working to achieve higher levels of agility, flexibility and responsiveness
- 3 Affordability:**  
Managing costs by driving a lean IT operation and by embedding commercial pragmatism
- 4 Sustainability as the foundation of client excellence:**  
Making Standard Bank IT an aspirational destination for IT professionals and embracing our diversity, social and ethical responsibility.



## IT PLATFORM MODERNISATION

**Fully digitising platforms across the group paves the way for a great customer experience across countries and products.** Our strategic investments in IT are driving benefits for client centricity, agility, integration of operations and risk reduction. The investments have realised significant benefits to date and ongoing investments from 2017 will enable further improvements to customer service. The customer is at the heart of everything we do and we will continue to use our investments to further drive digitisation, make greater use of data analytics, and continue to strengthen cybersecurity to protect our customers and our assets.

A major component of our modernisation has been the implementation of our SAP core banking platform in South Africa. It currently comprises close to 6.5 million customers and over R30 billion in customer balances, and processes almost 60 million customer transactions a month. It provides us with a single source of customer data, giving us a holistic view of each customer's various products and relationships with different parts of the group. We're able to open new customer accounts more quickly, to serve

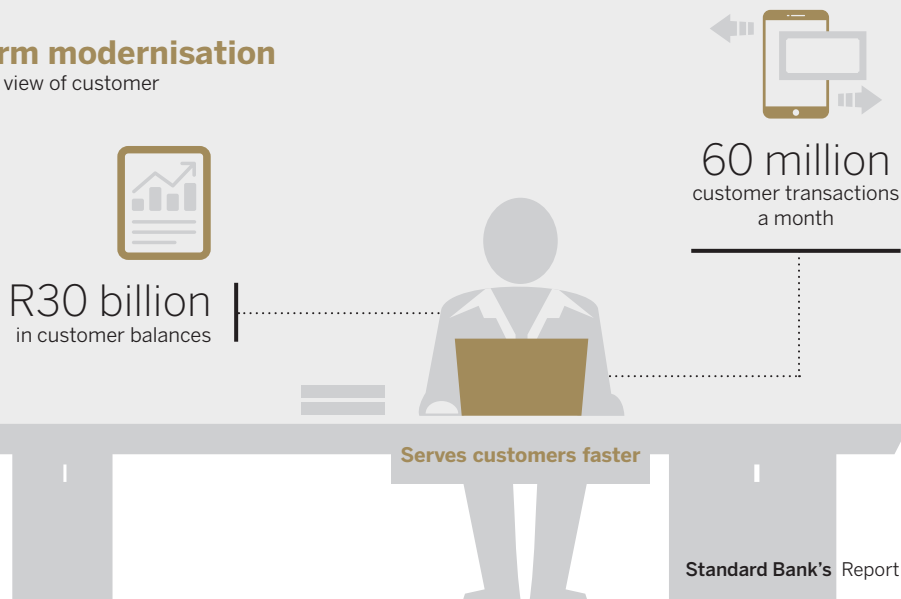
existing customers more efficiently, and to undertake more accurate credit scoring. We've also strengthened our anti-money laundering controls.

Our SAP platform has enabled us to reduce product development costs and speed up the process of product development. During 2016, we've delivered several new products using the platform, including Shariah banking; a Lottery Solution; a tax-free fixed deposit; Money Market Select; and Flexi Deposit.

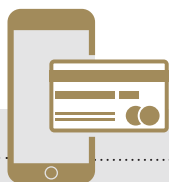
The Finacle Core Banking system is fully operational in Botswana, Ghana, Nigeria, Namibia, Swaziland, Tanzania, Uganda, Zimbabwe and Zambia. It currently comprises over two million transacting customers. Like SAP, Finacle offers a single view of each customer, quicker processing and turn-around times, quicker time to market for new products, the elimination of manual interfaces and the automation of bulk processes, which reduces room for error. The balance of our African operations will be migrated to the new platform by the end of 2017, with the exception of South Africa, which uses SAP, and Angola, Kenya and Mozambique, which use T24 Temenos.

### Platform modernisation

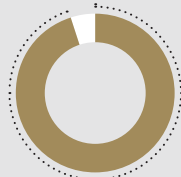
SAP single view of customer







Mobile Banking platform –  
726 million transactions



95% transactions  
are electronic



Internet Banking –  
over 1 billion transactions



## A DIGITAL BANK

Standard Bank is committed to being available to our customers anywhere, at any time – online and on mobile. In South Africa, 95% of the transactions conducted by our Personal & Business Banking (PBB) clients are done electronically – with ATM and branch transactions comprising less than 5% of total transactions. Last year, our South African customers undertook 726 million transactions through our Mobile Banking platform and over one billion transactions through Internet Banking, which represents an increase of 11%. This provides convenience and cost-savings for our customers – **72% of customers rated their digital banking experience with Standard Bank as very good or excellent**. We're working to support a similar shift toward digital channels across all our countries of operation. Card transactions remain a crucial part of our offering, increasing by 18% to 569 million transactions in 2016.

We rolled out our Universal Banking app to 11 countries during 2016. Our online banking features and smartphone apps have transformed the way that customers engage with the bank, enabling them to bank on their terms, wherever and whenever this suits them. Customers can open accounts online, manage their ATM limits, buy pre-paid airtime and electricity, make payments and transfers across borders quickly and easily, trade shares internationally on 29 stock exchanges and lodge homeowner insurance claims – all from their mobile phone. Our digital payments solutions are secure and convenient, affordable, and fully compliant with regulatory requirements. We also developed and implemented innovative Payment solutions like SnapScan and Masterpass, and Omnisure – an insurance technology solution – during 2016.

We also introduced a new Internet Banking platform for customers in South Africa in 2016, which will be extended to our other countries of operation in 2017.

We've expanded our digital offering for our corporate and investment clients across all our countries of operation. One example is Business Online, which has over 60 000 registered clients and is used by more than 70% of the top 40 JSE companies. Clients sign in through a single portal, and are able to access self-service banking and bank delivered administration. They can view their transaction activity and access Standard Bank products, 24/7. The platform can be integrated with a majority of accounting packages. It uses dual authentication (the provision of two passwords) to ensure enhanced security. Another example is Global Markets eCommerce, a single dealer platform available in 16 African countries across 70 global currencies. It enables immediate, secure and user-friendly forex trading, 24/7. Customers can obtain forex through Internet Banking or mobile. A third example is International Trade and Payments, which enables the reliable and efficient processing of international payments and trade transactions. The service offers full functionality in South Africa and Nigeria, and selected functionality in 10 other countries.

Business online

60 000 clients



70% of top 40 JSE  
companies are registered users





# CYBERCRIME

Inherent in the advances of digitisation is the growing risk of cybercrime; the increasing sophistication and extent of cybercrime affecting our industry, which has resulted in a review of our cybersecurity strategy. The emphasis is on accelerating the delivery of security capabilities to counter the growing sophistication of cybercrime. A number of actions have already been completed and there is a focused programme to enhance security defences in response to the heightened risk. This is an area that we take extremely seriously and is considered a top priority.

Like all banks, we rely on our customers to take reasonable measures to protect themselves, including choosing strong pin numbers (not ones that are easy to guess, like birthdates, or consecutive numbers), keeping their cards within sight at all times, being vigilant when withdrawing cash at ATMs, never responding to phishing emails, and promptly reporting such emails to the bank.

We run regular awareness campaigns by email, SMS, banners and videos on the Standard Bank websites and intranet about what to look out for and how to avoid phishing attacks. In South Africa, we participate along with the other banks in SABRIC's awareness campaigns, which focuses on a range of topics guided by fraud and crime trends in the banking sector.

The shortage of cybersecurity skills is a global challenge. As part of Standard Bank's ongoing initiatives to develop our in-house cybersecurity skills, we've established a graduate programme specifically focused on this area.

## Cybercrime

10 graduates developing cyber skills



Collaboration in fighting cybercrime

SARB – Financial Sector Contingency Forum (FSCF)

Strengthen resilience against cyber-attacks



Central cybersecurity operations developed at Standard Bank



## Industry collaboration in fighting cybercrime

Effective information sharing and collaboration, across the industry and across geographies, is crucial to improve prevention, detection and mitigation of cybercrime.

In South Africa, the South African Reserve Bank (SARB) has committed itself to deepening cyber resilience in the sector – recognising the importance of stronger collaboration across the industry to improve prevention and detection. In August 2016, SARB established the Financial Sector Contingency Forum (FSCF), representing all major financial sector stakeholders, including Standard Bank. One of FSCF's responsibilities is to put contingency plans in place in the event of a cyber-attack. We are also participating in industry level initiatives to strengthen resilience against cyber-attacks through the South African Banking Risk Information Centre (SABRIC) and Banking Association of South Africa (BASA). SABRIC has established a computer security incident response team (CSIRT), in which Standard Bank plays an active role. We liaise with the international cybersecurity community through our membership of bodies such as the Forum for Incident Response and Security Teams (FIRST), the International Security Forum (ISF); Gartner; Forrester; CEB Inc.; the Financial Services Information Sharing and Analysis Centre (FS-ISAC); European Network and Information Security Agency (ENISA); and strategic vendor partnerships. We have also implemented strategic security solutions such as Noknok, Inetco, MWR Info Security, Risk Minder and Trusteer to ensure the safety of our customers and their banking transactions.

Similar collaborative efforts are increasingly necessary in our other countries of operation, and we'll be engaging with industry bodies and regulators in this regard during 2017.

## IT RESILIENCE



Quality of service, comprising availability, reliability and security, remains our top priority. Customers' expectations of anywhere, anytime and always on banking continue to grow, and we are committed to fulfilling these expectations. We understand that system outages can cause delays in salary deposits, debit orders and the many other transactions that support economic activity.

During the year, we established our IT resilience programme to drive resilience engineering, identify and mitigate risks affecting system stability and recovery abilities. The primary focus of the resilience programme is to **identify technology, process and people constraints that may be affecting the reliability, resilience and recovery time of critical systems**. Issues identified are prioritised and remediated. This initiative has yielded positive outcomes in the form of a reduction in IT-related incidents over the year and improved recovery times when incidents did occur. This will continue to receive specific focus going forward.

While improving the reliability of the power and infrastructure remains challenging in many countries with some disruption to business services. Investment into redundant power and telecommunication services remains a priority, ensuring we service our customers even during times of disruption.

We have successfully implemented the "DevOps" philosophy where teams carry accountability for both development and effective operation of systems that they own. This philosophy has a proven track record of positively influencing system reliability, and will underpin our drive to maximise stability and the quality of our customers' experience.



## OUR IT CULTURE

In 2013, our organisational health was relatively weak, with the organisational health index ranking us in the bottom quartile. A number of initiatives to improve this metric have taken place over the last three years; and through these the overall Health Index has improved placing us in the second quartile when compared to other global organisations.

An engaged workforce is a critical success factor in the delivery of our sustainability objectives, and there has been a strong drive to enhance the culture in group IT and to make it a great place to work. There are several different initiatives that support this drive; examples include leadership development, lean IT, continuous improvement initiatives, innovation campaigns and our drive to elevate the status of engineering skill.

In 2016, we have moved from a project-based delivery model to a continuous delivery model through the utilisation of smaller integrated, collaborative multi-disciplinary teams working together to continuously deliver value to our customers. This transition was cemented during 2016 and has become our new way of working for system engineering which encompasses a number of frameworks, including the internationally recognised Scaled Agile Framework with Agile, Lean and DevOps principles.

We have invested extensively in **reskilling for the future** through building capability on three levels; internally to group IT with customised skills development programmes, partnering with universities to influence and align the IT curricula, and industry level collaboration on the agile and DevOps methodologies. Our ambition is to ignite our people to a common purpose (the customer), and to re-skill and "future proof" for emerging technologies and new ways of working.

Our new ways of working have yielded substantial efficiencies in the development and enhancement of systems. In areas where this approach has matured we have measured reductions of over 80% in the cost of delivering features, creating capacity for more features to be delivered.



## BUILDING SKILLS IN THE IT INDUSTRY



We've forged partnerships with a number of universities, to help to align their IT curriculums with emerging industry requirements. Several of our IT executives participate on university IT advisory boards, and meet regularly with universities to identify gaps in curricula and improve the business relevance of courses. We're represented on the advisory boards of the Universities of Fort Hare and Pretoria, and we're part of the Faculty of Science quality review process at the University of Johannesburg.

Our involvement in training initiatives includes a three-day training course, which was run at the University of Johannesburg in 2016 and which is on the radar for the University of the North West in 2017 – Standard Bank employees teach technical IT skills to students, with a focus on continuous delivery skills, continuous integration skills and agility. We have also co-hosted a digital conference with the University of Pretoria to build capacity within academia and the bank. We've forged a partnership with "We think Code" to build coding skills for Africa – the initiative commenced in South Africa and will be expanded to other African countries in 2017.

During 2016, **we sponsored the building of a computer lab at the University of Pretoria;** and sponsored 10 students undertaking an Honours course on Big Data at Wits University. We employed 28 new graduates in 2016, identified through our code-jam initiatives.

We've also partnered with Africa Teen Geek, on their "#GirlGeek"

initiative, which aims to attract female learners to careers in IT. The initiative provides mentoring to selected girls between the ages of eight and 18 years, together with real-life coding experience, and guides them through a basic JAVA programming skills qualification.

Standard Bank hosted 31 girls for a day during 2016, to expose them to corporate life and IT.

We're collaborating at industry level on agile and DevOps methodologies. We founded the DevOps initiative, which aims to develop Lean, Agile and DevOps skills in South Africa and to build the local IT industry, and we sponsored one of the two DevOps events held in South Africa in 2016.



## I SEE MY JOB DIFFERENTLY...

**Reshika Dayaram – Head of group finance change and strategic projects**

By incorporating SEE metrics in monthly reporting, we have increased awareness. Our next challenge is to incorporate into performance management so that SEE becomes part of our everyday lives.



# MORE ON OUR SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT

SBSA's carbon footprint reduced by 6% to  
281 264 CO<sub>2</sub>e metric tons ✓



## Playing our part in reducing our carbon footprint

Standard Bank is committed to minimising our direct carbon footprint, by adopting green building principles in our new build projects, and by retrofitting more sustainable and efficient solutions to existing premises where possible. In 2016, we **won the Energy Efficiency Award at the 2015-16 Eco-Logic Awards, for our head office building in Baker Street, Rosebank, Johannesburg**, while our Canal Walk branch in Cape Town achieved a 4-Star Green Star Interiors v1 as Built rating. We report on our direct carbon footprint through the Carbon Disclosure Project (CDP). We're also very conscious of our indirect carbon footprint, which derives from the projects we finance, and are exploring appropriate methods of measuring and disclosing this in future.



## Understanding our water and waste impact

In 2016, we installed new water meters at buildings and other key areas in our South African operations to enable us to better understand our consumption of water, especially considering the drought in 2016. This led us to make significant water use efficiency improvements in areas such as water-cooled equipment, low flush toilets, shower heads and taps and more efficient irrigation systems using rain water harvesting. This resulted in reducing our consumption by 21% to 653 581 kilolitres in 2016.

In South Africa, we have made good progress on managing waste more effectively, reusing and recycling waste wherever possible, receiving certificates from our service providers. One of our main programmes completed this year was to make electronic statements available and paperless branches to reduce the need for printing. Since 2014, our paper consumption has reduced by 27% to 1 404 tons.

### SEE MORE ONLINE



For more information on our social, economic and environmental impacts, please refer to our full report on our website:  
<http://sustainability.standardbank.com>

## Our energy story in 2016



R25 million

invested into energy efficiency improvements  
reduced energy use by 6% to 263 GWH

Renewable energy  
provided approximately

1 471 MWH



### Procuring goods and services that empowers local businesses and supports economic transformation

Standard Bank made a number of changes to our procurement policies and practices during 2016. Under the banner of Project Ignite, we strengthened and standardised procurement capability in our countries of operation, introduced a Group Sustainable Procurement Standard, and implemented steps to encourage sustainable practices within our value chain. These efforts were recognised at the Chartered Institute of Procurement and Supply annual awards, in May 2016, where Standard Bank Africa Procurement won **Best Procurement and Supply Consultancy Project of the Year**, and Procurement and Supply Chain Management Professional of the Year, and was noted for “sustainable procurement excellence”.



### Understanding the economic value of Natural Capital

The economic value that nature and its diverse ecosystems freely provides society is not well-understood or quantified, mostly because it is taken for granted. Standard Bank owns a small property called Mogale's Gate Biodiversity Centre (MGBC), near Magaliesburg in South Africa. This operates as a nature reserve, although not commercially. In 2015, we commissioned a study to determine the “Natural Capital” value of the property, that is, its biodiversity, including wildlife species, stored carbon and so on; and its ecosystem services, such as water flow, grazing and carbon sequestration. The value of the Natural Capital stocks of wildlife and stored carbon was found to be US\$3million. The value provided by the water flows, climate regulation and grazing was US\$1.65 million. Taking into account all the Natural Capital flows and management costs, Mogale's Gate's Natural Capital value to society represents US\$15.5 to US\$41 million – 25 to 67 times greater than the property value. We continue to work with the researchers, to further develop the understanding of the value of natural capital and its broader benefits for society.



Standard Bank South Africa  
BEE total score

94.56



## Inclusive growth and economic transformation

### South Africa

Black Economic Empowerment (BEE) is a moral and commercial imperative for South Africa's long-term future and the bank's sustainability. Independent, 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 exceed the targets set down in the codes in order to be significant roleplayers in the transformation of our country. We achieved a BEE score of \*94.56 in 2016, and improvement of 1.14 over our 2015 score of 93.42.

### Africa Regions

Many African countries are increasingly putting processes in place to transform their economies, by promoting 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. We take a multi-faceted approach to localisation and our relevance in the market, taking into account what we do for our people, our contribution to socioeconomic development, industry development and job creation. Ownership is an important element of this, and we comply fully with legislation that requires local shareholders to hold a percentage of shares.

In Nigeria, we support the Central Bank's Financial Inclusion Strategy, as well as the Nigerian sustainability banking principles. In Uganda, we focus on aligning with the local government's transformation priorities as set out in the country's National Development Plan. In Namibia, we have transferred an initial 10% shareholding to our employees and a community trust, in line with regulatory requirements to increase local participation in the financial sector. The Zimbabwean Government is also embarking on policy implementation that will focus on the broad-based empowerment of its citizens.

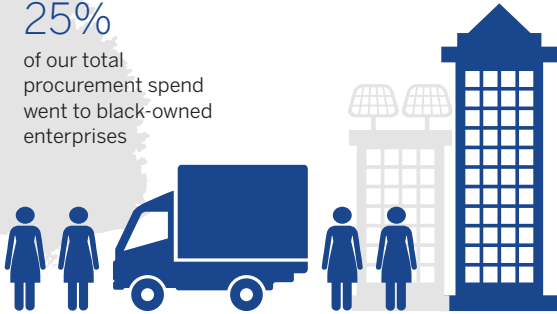


\* For more information on our BEE performance and our full scorecard, please download our Special Edition: Report to Society  
<http://sustainability.standardbank.com/downloads.php>

Achieved maximum of  
**16 points**  
for preferential  
procurement on our  
B-BBEE scorecard

**25%**

of our total  
procurement spend  
went to black-owned  
enterprises



### Promoting enterprise development (ED) through the supply chain

At Standard Bank, we promote enterprise development (ED) through our supply chain. In South Africa, our preferential procurement and supplier development initiatives focus on small black-owned and black women-owned suppliers in our supply chain. We work with potential suppliers to identify appropriate opportunities, and provide successful candidates with business development support. We also give qualifying suppliers access finance where needed. **We've approved a R250 million fund, from which credit will be provided to support the development of small businesses within our supply chain**, over a three- to five-year period. In 2016, we achieved the maximum of 16 points for preferential procurement on our B-BBEE scorecard. 25% of our total procurement spend went to black-owned enterprises, and 27% to Qualifying Small Enterprises (QSEs)\* and Exempt Micro Enterprises (EMEs)\*\*. 14% of total procurement spend went to black women-owned suppliers. In 2016, we reduced our foreign procurement suppliers by 13% in our efforts to shift from foreign suppliers to local suppliers where possible, and where appropriate, redirected in favour of black-owned and black women-owned suppliers.

\* A business with an annual turnover more than R10 million but less than R50 million qualifies as a Qualifying Smaller Enterprise (QSE).

\*\* Start-up companies qualify as an Exempted Micro Enterprise (EME) and are exempt from being measured on a BEE scorecard.



## The Siyakha Programme – CSI means business

Every year in South Africa, young people exit the schooling system and begin their journey towards finding a career. Those who have come from middle class and privileged backgrounds may make the transition from school to higher education – and on to employment – relatively seamlessly. Most, however, are caught in a struggle to access post-secondary education or training, or to get their first job. This creates a barrier where these youth feel locked out of the labour market and ultimately locked out of inclusion into the economy. The Siyakha Programme is a partnership between The Centre for Social Development in Africa at the University of Johannesburg and Standard Bank. **It is aimed to better understand the barriers that young people face when seeking work, and to assess how programmes offering workplace training affect outcomes for youth.** In addition, the programme developed a plan that will improve transformation and financial inclusion in South Africa.

The programme studied various aspects that impact on young people's ability to access work. One of the main barriers they face is the high costs of work seeking. The programme required a bank to partner with, who could provide the youth participating in the study with savings accounts. Globally, evidence suggests that savings helps young people to see a future for themselves and better transition to work. The programme tests whether having a savings account helps youth to transition to work. **We were the only bank to offer our services, providing the youth with savings accounts where we waived the opening account bank fees.** Although this request came from our CSI department, it was collaboration with our business that enabled us to provide the accounts needed.

Early results suggest that participants that received an account and the financial literacy training had a higher sense of employability than those who did not. The savings intervention was also associated with young people feeling more positive about their future prospects.

The study is ongoing and will contribute to a dialogue between the financial institutions, looking at how we structure our products, and government, informing their interventions of youth unemployment and financial inclusion. We are proud to have played a role in this research, seeing the youth in the project not only as participants in the study, but Standard Bank long-standing customers that we hope to see grow in their careers.



## WE WELCOME YOUR FEEDBACK

Standard Bank's commitment to supporting inclusive economic growth and prosperity in Africa is deep-rooted, long term and sincere. Inevitably, we do make mistakes. But we're committed to learning from them, and doing better in the future.

To effectively assess our performance in terms of delivering shared value, we need to engage directly with you, our stakeholders. We need to ensure that we understand your needs and expectations. This understanding enables us to build trust, and to enhance the sustainability of the bank and the shared value we have the privilege of creating with and for you. We need to hear your perspectives about how we're delivering, what we've got wrong, what we've got right, and how we can do better. Our doors are open. We're listening. Please let us know how we're doing and how we can continue to move forward, together.

Email us at [GPAS@standardbank.co.za](mailto:GPAS@standardbank.co.za)

## GLOSSARY

<b>ABASA</b>	Advancement of Black Accountants in South Africa	<b>HSF</b>	Helen Suzman Foundation	<b>SEE</b>	Social, economic and environmental
<b>AML</b>	Anti-money laundering	<b>ISFAP</b>	Ikusasa Student Financial Aid Programme	<b>SA</b>	South Africa
<b>ABSIP</b>	Association of Black Securities and Investment Professionals	<b>IRBA</b>	Independent Regulatory Board for Auditors	<b>SABRIC</b>	South African Banking Risk Information Centre
<b>BASA</b>	Banking Association of South Africa	<b>ICBC</b>	Industrial and Commercial Bank of China Limited	<b>SARB</b>	South African Reserve Bank
<b>BMF</b>	Black Management Forum	<b>ICT</b>	Information and communication technology	<b>SBG</b>	Standard Bank Group
<b>BSME</b>	Black-owned small and medium enterprises	<b>IT</b>	Information technology	<b>SBSA</b>	The Standard Bank of South Africa
<b>BBBEE</b>	Broad-based black economic empowerment	<b>ILO</b>	International Labour Organisation	<b>UN</b>	United Nations
<b>CIB</b>	Corporate & Investment Banking	<b>IMF</b>	International Monetary Fund	<b>WWF</b>	World Wildlife Fund
<b>CSI</b>	Corporate social investment	<b>ISF</b>	International Security Forum		
<b>ED</b>	Enterprise development	<b>ISAE</b>	International Standard on Assurance Engagements		
<b>E&amp;S</b>	Environmental and social	<b>JSE</b>	Johannesburg Stock Exchange		
<b>EP</b>	Equator Principles	<b>KTDA</b>	Kenyan Tea Development Agency		
<b>EMEs</b>	Exempt Micro Enterprises	<b>KYC</b>	Know your customer		
<b>FSCF</b>	Financial Sector Contingency Forum	<b>MISTRA</b>	Mapungubwe Institute for Strategic Reflection		
<b>FS</b>	Financial Services	<b>NCR</b>	National Credit Regulator		
<b>FSB</b>	Financial Services Board	<b>NDP</b>	National Development Plan		
<b>GEPF</b>	Government Employees Pension Fund	<b>NGO</b>	Non-governmental organisation		
<b>GDP</b>	Gross domestic product	<b>PBB</b>	Personal & Business Banking		
<b>G20</b>	Group of Twenty countries, an international forum for the governments and central bank governors from 20 major economies.	<b>QSEs</b>	Qualifying Small Enterprises		
		<b>REIPPP</b>	Renewable Energy Independent Power Producers Programme		
		<b>SMEs</b>	Small and medium-sized enterprises		



# ACHIEVEMENTS

## **Banker Africa Awards**

Best Regional Bank, South Africa  
Best Investment Bank, southern Africa  
Best Investment Bank, Tanzania  
Best Retail Bank, South Africa  
Best Retail Bank, Uganda  
Best Corporate Bank, southern Africa  
Best Corporate Bank, Kenya  
The Banker's 2016 list of Top 500 banks in the world: Most valuable African banking brand  
+ *Seven other awards*

## **The Banker**

(Investment Banking Awards 2016):  
Debt Primary Markets team: Most innovative team

## **The Banker**

(Transaction Banking Awards 2016):  
Best Transactional Bank in Africa

**EMEA Finance magazine named us the Best Investment Bank in Africa for the ninth consecutive year**

## **EMEA Finance African Banking 2016**

Best Investment Bank in Africa  
+ *15 regional awards*

## **EMEA Finance Treasury Service 2016**

Best Cash Management Services in Africa  
Best FX Services in Africa  
Best Transactional Bank for FI's in Africa

## **Euromoney Awards of Excellence 2016**

Africa's Best Bank for Markets  
Africa's Best Bank for Wealth  
+ *two regional awards*

## **Euromoney Award of Excellence**

Africa's Best Bank for Markets  
Africa's Best Bank for Wealth  
Best Bank, Uganda  
Best Bank, Zambia

## **Euromoney 2016: Best South African Trade Bank**

## **Euromoney's Real Estate Survey 2015 – ranked first**

## **Euromoney Real Estate Survey Awards**

(Standard Bank Group voted for fourth consecutive year):  
Best Overall Bank in Africa in 2016

# ACHIEVEMENTS

## CONTINUED

### **Global Finance magazine**

(Best Overall Bank for Cash Management in Africa 2016)

Best Bank for Financial Risk Management in Africa

Country Awards for Best Treasury and Cash Management Provider in Angola, Kenya and South Africa

### **Global Finance magazine**

(Best Foreign Exchange Provider in Africa 2016)

Best Foreign Exchange Provider in Africa

Best FX Provider Awards for Angola, Botswana, Kenya, South Africa and Zambia

### **Global Finance magazine**

Best Investment Bank in Africa

+ *three other awards*

### **Global Finance World's Best Emerging Markets Banks in Africa 2016**

Best Bank in Africa

+ *five other awards*

### **Global Finance World's Best FX Providers 2016**

Best Foreign Exchange Provider in Africa

+ *five other awards*

### **Global Finance World's Best Trade Finance Banks 2016**

Best Trade Finance Provider in Africa

+ *three regional awards*

### **Global Finance World's Best Sub-Custodian Banks 2016**

Best Sub-custodian Bank in Africa

+ *four regional awards*

### **Global Finance World's Best Securities Services Providers 2016**

Best Securities Lender in Africa

### **Annual Ubuntu Awards: Ubuntu Economic Diplomacy (Africa) Award**

#### **Brand Finance:**

South Africa's Most Valuable Banking Brand

### **Banker Africa Southern Africa Awards 2016**

Best Corporate Bank – southern Africa

Best Retail bank – southern Africa

Best Regional Bank

### **Trade Finance Awards 2016: Best South African Trade Bank**

### **Global Custodian 2016 Leaders in Custody Awards:**

Global Custodian Best Agent Bank in South Africa (Standard Bank Investor Services South Africa)

### **Visa Premium Award:**

Best Visa Platinum Card launch in Tanzania (Stanbic Bank Tanzania)

### **African Banking Awards 2016:**

16 awards won in 2016

### **Private Banker International:**

Named Africa's Most Outstanding Private Bank for the second year running

# ASSURANCE

## INDEPENDENT ASSURANCE PROVIDER'S LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

### To the Directors of Standard Bank Group Limited

We have undertaken a limited assurance engagement on selected sustainability information, as described below, and presented in the 2016 Report to Society of Standard Bank Group Limited ("Standard Bank") for the year ended 31 December 2016 (the Report). This engagement was conducted by a multidisciplinary team including social, environmental, carbon and assurance specialists with relevant experience in sustainability reporting.

### Subject Matter

We are required to provide limited assurance on the following selected sustainability information marked with a '✓' on the relevant pages in the Report, prepared in accordance with Standard Bank's internally developed guidelines.

### Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected sustainability information through:

- Ensuring that the selected sustainability information is presented in accordance with Standard Bank's internally developed guidelines;

- Confirming the measurement or evaluation of the selected sustainability information against Standard Bank's internally developed guidelines, including that all relevant matters are reflected in the selected sustainability information;
- Designing, establishing and maintaining internal controls to ensure that the Report is free from material misstatement, whether due to fraud or error; and
- Identification of stakeholders and stakeholder requirements, material issues and commitments with respect to sustainability performance.

**Table 1: Scope of the 2016 limited assurance engagement**

SELECTED SUSTAINABILITY INFORMATION	INDICATOR DESCRIPTION	UNIT OF MEASURE	COVERAGE/ REPORTING BOUNDARY
<b>MANAGING ECONOMIC HEADWINDS</b>			
Equator Principles	Total number of Equator Principle projects that reached financial close within FY16	#	SBG
<b>UNDERSTANDING OUR CLIENTS</b>			
Drought impacted agribusinesses	Total number of drought impacted agricultural customers that received restructured loans (for the period January 2015 to December 2016) for the in-land provinces	#	SBSA
Affordable housing	Number of affordable housing* owners assisted (restructure granted) in 2016 (regardless of if account is still closed/open) *A household is defined as an account	#	SBSA
Black business enterprise development	Total value of [ED] loans made available to black businesses (that would not have access to such loans in the normal course of business)	ZAR	SBSA
<b>MOTIVATING OUR PEOPLE</b>			
Employee Turnover	Employee voluntary turnover rate for FY16	%	SBG
Training spend	Total ZAR spent on permanent employee training within FY16	ZAR	SBG
Black leadership training	The percentage of black management of total management that completed leadership training within FY16	%	SBSA
<b>EMBRACING INNOVATION</b>			
Total Carbon Footprint	Total Carbon Footprint for FY16	tCO <sub>2</sub> e	SBSA
<b>MANAGING REGULATORY CHANGE</b>			
Regulatory change	Number of regulations, policies or discussion documents, deemed material to Standard Bank, that are issued for comment, screened and finalised* within the reporting year *This can include documents not formally issued	#	SBSA



### Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services Proprietary Limited applies the International Standard on Quality Control 1 and accordingly maintain comprehensive systems of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Standard Bank's use of its internally developed guidelines as the basis of preparation for the selected sustainability information, assessing the risks of material misstatement of the selected sustainability information whether due to fraud or error, responding to the assessed areas as necessary in the circumstances, and evaluating the overall presentation of the selected sustainability information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk

assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management to obtain an understanding of the control environment related to sustainability reporting.
- Tested the processes and systems at group level which generate, collate, aggregate, monitor and report selected key performance indicators and inspected related documentation, more specifically:
  - Interviewed and discussed with relevant management, key personnel and/or stakeholders of Standard Bank the definitions and boundaries for selected performance information, and gathered information on the data collection and report preparation processes.
  - Evaluated internal data management controls based on system walkthroughs.
  - Inspected selected internally and externally generated documents and records and performed comprehensive data analyses.
  - Re-calculated the selected sustainability information, where relevant.
- Evaluated whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Standard Bank and is not materially inconsistent with information contained in the Report.

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Standard

Bank's selected sustainability information is prepared, in all material respects, in accordance with Standard Bank's internally developed guidelines.

### Limited Assurance Conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the selected sustainability information set out in the subject matter paragraph above for the year ended 31 December 2016 is not prepared, in all material respects, in accordance with Standard Bank's internally developed guidelines.

### Other Matters

The maintenance and integrity of the Standard Bank's Website is the responsibility of Standard Bank's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Standard Bank's website.

### Restriction of Liability

Our work has been undertaken to enable us to express limited assurance conclusions on the selected sustainability information to the Directors of Standard Bank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Standard Bank, for our work, for this report, or for the conclusions we have reached.



Per Neil Morris

**KPMG Services  
Proprietary Limited**

Chartered Accountant (SA)  
Registered Auditor  
Director

KPMG Crescent, 85 Empire Road  
Parktown, 2193

7 April 2017

### Policy Board:

**Chief Executive:** TH Hoole

**Other Directors:** ZA Beseti, ZH De Beer, LP Fourie, N Fubu, AH Jaffer (Chairman of the Board), FA Karreem, ME Magondo, F Mall, GM Pickering, JN Pierce, T Rossouw, GCC Smith

**Executive Directors:** N Dlom, M Letsitsi, SL Louw, NKS Malaba, M Oddy, M Saloojee, CAT Smit

**The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection**

# CONTACT DETAILS

## Standard Bank Group Limited

Registration No. 1969/017128/06  
Incorporated in the  
Republic of South Africa  
Website: [www.standardbank.co.za](http://www.standardbank.co.za)

## Investor relations

Sarah Rivett-Carnac  
Tel: +27 11 631 6897

## Group secretary

Zola Stephen  
Tel: +27 11 631 9106

## Group financial director

Arno Daehnke  
Tel: +27 11 636 3756

## Head of group policy, advocacy and sustainability

Wendy Dobson  
Tel: +27 11 636 4087

## Registered address

9th Floor  
Standard Bank Centre  
5 Simmonds Street  
Johannesburg, 2001  
PO Box 7725  
Johannesburg, 2000

## Head office switchboard

Tel: +27 11 636 9111



PLEASE DIRECT ALL FEEDBACK ON  
THIS REPORT TO:

**[GPAS@standardbank.co.za](mailto:GPAS@standardbank.co.za)**

PLEASE DIRECT ALL CUSTOMER  
QUERIES AND COMMENTS TO:  
**[information@standardbank.co.za](mailto:information@standardbank.co.za)**

PLEASE DIRECT ALL SHAREHOLDER  
QUERIES AND COMMENTS TO:  
**[InvestorRelations@standardbank.co.za](mailto:InvestorRelations@standardbank.co.za)**

## Disclaimer

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