



Standard Bank's  
**REPORT TO SOCIETY** 2017

**Moving Forward, Together**



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

Standard Bank's

# REPORT TO SOCIETY 2017

THIS REPORT COVERS THE STANDARD BANK GROUP, INCLUDING OUR SUBSIDIARIES. It excludes Liberty Holdings, which publishes its own annual integrated report and report to society. Unless indicated otherwise, references to Standard Bank and all the reported data falls within these parameters.

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## NAVIGATIONAL ICONS

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

RTS



Report to  
society  
website

RTS



Report to  
society  
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reference

TR



Transformation report  
<http://sustainability.standardbank.com/downloads/>





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# THE STANDARD BANK GROUP

## UNIVERSAL FINANCIAL SERVICES

### WE ARE A FINANCIAL SERVICES ORGANISATION IN, FOR AND ACROSS AFRICA

Our purpose is to drive Africa's growth. We are committed to being more than a provider of financial products and services – we are a catalyst for economic change in our countries of operation and we make life better for our fellow Africans by doing the right business the right way.

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.

### PERSONAL & BUSINESS BANKING (PBB)

provides banking and other financial services to individual clients and small and medium-sized enterprises (SMEs).

### CORPORATE & INVESTMENT BANKING (CIB)

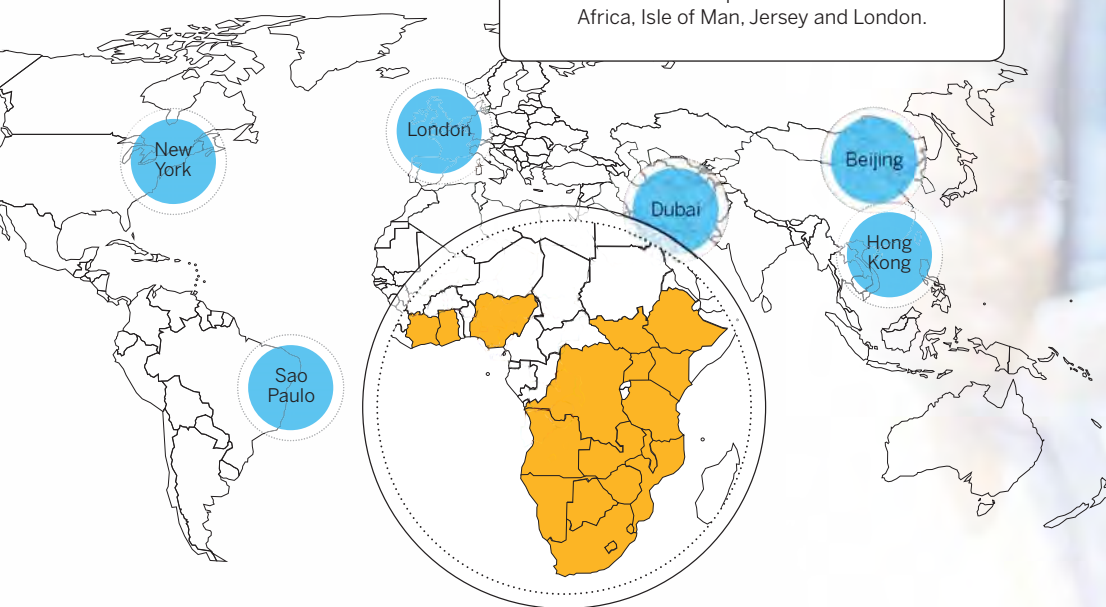
offers corporate and investment banking services to clients, including governments, parastatals, larger corporates, multinationals, financial institutions and international counterparties.

### LIBERTY

Life insurance and investment management activities of the group companies in the Liberty Holdings Group.

### WEALTH

offers insurance, investment, fiduciary, specialised banking and lending, and wealth preservation solutions to high net worth, retail, business and commercial and corporate clients across our operations in sub-Saharan Africa, Isle of Man, Jersey and London.



Our shares are publicly traded on the JSE. **47% of Standard Bank is owned by South Africans.** Of the local investors, 62% ownership is directly held by South African mandated institutions (asset managers of savings and retirement funds). As a result, many of our shareholders are ordinary South Africans who own a stake in Standard Bank through their pension funds, retirement annuities and savings.

Industrial and Commercial Bank of China Ltd (ICBC), the world's largest bank by assets, is a 20.1% shareholder. This strategic relationship enables us to work with ICBC to facilitate investment flows and commercial relationships between China and Africa, to the benefit of African countries. Our second largest shareholder is the Government Employees Pension Fund, which holds 12% of shares followed by other institutional investors which hold 11% and the rest is held by shareholders with less than 1% ownership.





## WHY A REPORT TO SOCIETY?

We publish several reports to provide our stakeholders with the information they need to assess our performance. Our **Annual Integrated Report**, our primary report, provides a complete view of our ability to create value over time. It considers the issues material to maintaining the commercial viability and social relevance required to achieve our strategy in the medium to long term, and covers both our financial performance and material non-financial information.

Our **Report to Society** aims to communicate with a broader group of stakeholders about how we impact on the societies, economies and environments in which we operate. For this reason, we structured our **Report to Society 2017** according to those areas in which we believe we can and do make a significant positive contribution to improving the lives for our fellow Africans – our ten impact areas.

### 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 82 of this report.



# WE ARE MORE THAN A BANK

## – A LETTER FROM OUR CEO

STANDARD BANK IS A UNIVERSAL FINANCIAL SERVICES GROUP. We provide a wide and diverse range of financial services, including large-scale project finance and transactional services for the biggest corporations; affordable banking and enterprise development support for small businesses; and personal banking services, including savings, current and card accounts, home loans, vehicle finance, insurance, estate planning, long-term savings and a great deal more. Over the past few years, we've worked to make sure that we provide these diverse services in a much more unified, client-focused way.

We want to ensure we're drawing from the wide range of skills and expertise available in our business to provide a tailor-made, comprehensive financial services solution for every client, in line with our commitment to place our clients at the centre of our business.

**Our sustainability and success are inextricably linked to the prosperity and wellbeing of the societies in which we operate.** We are clear that our core business activities must support and contribute to this prosperity and wellbeing. This understanding defines our purpose – **Africa is our home, we drive her growth.**

To assess how we're performing against our purpose, we identified these five critical measures of success:





We're working towards every part of our business measuring and reporting on its performance against these five measures. Over the past 18 months, we've started to identify measurable targets for each area, against which we aim to assess the performance of individual employees and teams as the value drivers mature. It's a challenging process. These are metrics not typically measured by businesses. It requires us to look beyond traditional financial indicators and deepen our understanding of the indirect impact of who and what we finance. For example, to understand our impact on the natural environment, including waste, emissions and pollution, we need to look beyond our own footprint in offices and branches, and assess the kinds of projects and firms we're financing and how they impact on the natural environment. Similarly, we want to get a sense of our impact on job creation, on working conditions in the projects we fund, and in the firms we bank. This requires us to partner our clients more closely and to better understand their businesses. It's a journey, and we still have a long way to travel, but this holistic understanding of our broader impacts and the associated deepening of client relationships is fundamental to becoming **more than a bank**.



As part of this journey, we're working to embed our SEE framework to help us assess the social, economic and environmental impacts of our decisions and how best to create value for the business in a way that also produces value for society.



**SEE IS CORE TO OUR PURPOSE AND COMMITMENT** of being a catalyst for economic change in Africa. It requires us to take a long-term view, and to assess the impacts of decisions not just for the bank, but for the communities in which we operate. It requires us to ensure that our stakeholder engagement processes are robust and inclusive.

**SEE HELPS DECISION-MAKERS ACROSS STANDARD BANK** think rigorously about the positive and negative social, economic and environmental impacts associated with our business, **to weigh up commercial and societal impacts and to make appropriate decisions** – be it to fund a new project, enter into a business relationship, select one supplier over another, or to foreclose on a debt or restructure it. SEE will also help us identify commercial opportunities to address societal, economic and environmental challenges. And it will strengthen our ability to provide a balanced and objective account of our impacts to our diverse stakeholders.



We are proud that the Standard Bank Group was recently certified as a Level 1 BEE company, under the newly revised Financial Sector Code.



**Sim Tshabalala**  
CEO

# IMPACT REPORTING

As part of our journey towards being more than a bank, **we identified <sup>TEN</sup> areas in which we can make a significant positive impact**, in line with our commitment to driving sustainable and inclusive economic growth in Africa.

To define these impact areas, we looked at the overlap between our core business as a provider of financial products and services and the needs of Africa's people, businesses, and economies.

We asked ourselves:  
what challenges are  
Africans  
trying to solve?

The priority issues and targets contained in the UN's Global Sustainable Development Goals (SDGs), the African Union's (AU) Agenda 2063 and South Africa's National Development Plan (NDP) informed our thinking. **This report provides a snapshot of our contribution in ten impact areas.**

SUSTAINABLE  
DEVELOPMENT  
GOALS



African Union  
a United and Strong Africa



## Innovation, entrepreneurship and enterprise development

South Africa's National Development Plan (NDP) calls for large-scale job creation in the small enterprise sector.

Across Africa, small and micro enterprises play a crucial role in employment creation. Many entrepreneurs and start-ups struggle to access finance to launch their businesses. Many fail within the first two years, making them a risky proposition for credit providers. Africa urgently needs innovative financial solutions for small and micro enterprises. Many of Africa's entrepreneurs and emerging business owners also need to develop their financial and business management skills, to build sustainable enterprises. We're working with our small enterprise clients to develop specific solutions that will enable them to grow, while minimising risk to depositors.

## Inclusive economic growth

SDG 8 prioritises the promotion of sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all. We all have a role to play in building a more equitable and sustainable society, broadening economic opportunity and supporting job creation. Standard Bank's core business supports inclusive economic growth by providing financial services that will enable individual businesses to grow and expand into new markets, invest in innovation, improve productivity, **create jobs** and evolve to meet changing customer needs. Our financial solutions enable individuals to grow their savings, buy homes, invest in their futures and insure the things that matter to them.



TWO

ONE







### Education, learning and development

SDG 4 calls for **inclusive, quality education and the promotion of lifelong learning opportunities for all**. At Standard Bank, we invest in developing our employees. Our people development programmes **drive continuous learning and development**, to ensure we're equipped to meet the demands of a rapidly changing, increasingly digital world of work. We create opportunities for learners and graduates to build careers with us. Our corporate social investment (CSI) programmes prioritise education, from early childhood development to tertiary level. We are working with clients in the education sector to address the challenge of affordable and accessible student finance.



### Employment

Africa's prosperity and potential for sustainable growth depends on **creating decent work opportunities on a large scale**. Countries that fail to tackle high levels of unemployment, particularly among the youth, risk social instability and will miss the opportunity to capitalise on Africa's demographic dividend. **Standard Bank is a major employer in Africa**. We're committed to establishing a diverse workforce and an inclusive working environment, with personal development opportunities for all employees. This stance aligns with the **SDG 5 and South African NDP commitment to gender equality and empowerment of women and girls**. We offer a variety of learnerships for school leavers and graduates, alongside in-house skills development and on-the-job training.



THREE



FOUR



FIVE



...continues on the next page.



### Financial inclusion

Across Africa, many people remain **excluded from the formal financial system**. They are limited to transacting in cash, rely on family and friends for credit, and have no personal or business insurance. **We are working to make the formal financial sector more accessible, attractive and affordable**. This requires low-cost, convenient, digital products and services accessible even without a bank account; alternatives to conventional systems of collateral; and consumer education to enable people to manage their finances more effectively.

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# IMPACT REPORTING

continued

## Combating financial crime

**Effective anti-money laundering controls are essential to protect the integrity of the financial system, which in turn is crucial to economic and social development.** The banking system is central to collecting and moving funds. Banks play a crucial role in identifying and preventing criminal activity, by detecting and reporting suspicious financial transactions that may be linked to fraud, corruption, criminal syndicates and terrorist organisations. As financial services become more digitised, cybersecurity is a growing concern. Standard Bank has robust controls in place to ensure the integrity of our systems and the security of our clients' funds.

SIX



SEVEN



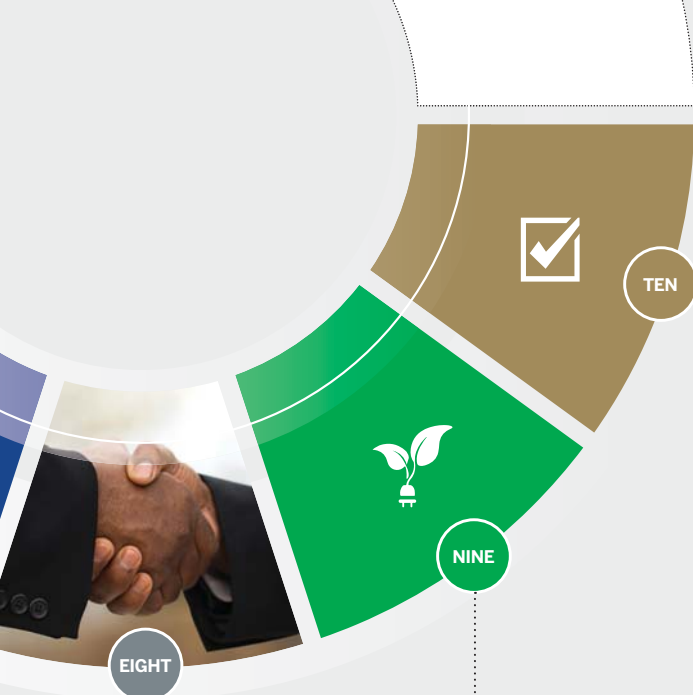
## Infrastructure

**SDG 7 prioritises access to affordable, reliable and sustainable energy for all, while SDG 9 focuses on the development of resilient infrastructure to enable inclusive and sustainable industrialisation.**

The African Development Bank estimates that Africa needs to invest at least US\$130 billion a year to address the infrastructure gaps that undermine economic growth and competitiveness across the continent. Most African capital markets lack the capacity to finance large-scale infrastructure projects. We're working with African governments and development institutions to enable **funding for crucial developmental infrastructure in the energy, transport, telecommunications and health sectors.**







### African economic development

The AU's Agenda 2063 highlights the importance of infrastructure to connect Africa. The deepening of trade and investment flows between African countries and emerging markets such as China, can potentially drive economic integration. This requires expanding manufacturing and processing capacity within African economies, reducing administrative and transaction costs of cross-border trade, and improving transportation, logistics and communication infrastructure to support intra-African trade. We're working with our strategic partners, ICBC, **to grow and deepen trade and investment links between African economies** and Chinese investors and businesses. We are also working with African governments to support the development of enabling infrastructure.

TEN

### Good governance

SDG 16 prioritises the building of effective, accountable and inclusive institutions at all levels. Standard Bank aims to set an example by **doing the right business the right way** and embedding ethical decision-making across the bank. We engage with government and regulators where we operate to support evidence-based policymaking and constructive dialogue between the public and private sectors. We're also working towards developing a more systematic approach to stakeholder engagement as part of our **responsible corporate citizenship**.

### Environmental sustainability and climate change mitigation and adaptation

SDG 13 prioritises urgent action to combat climate change and its impacts.

Africa is particularly vulnerable to the negative impacts of climate change – for instance, access to clean water, drought and flooding, and the impact of changing weather patterns on harvests. We're working with clients to develop appropriate solutions for mitigating the effects of climate change, especially in agriculture. **Standard Bank is a major investor in renewable energy technologies across Africa.**

We have also invested in renewable solutions to reduce our direct carbon footprint.





ONE

## INCLUSIVE ECONOMIC GROWTH

Standard Bank was recently certified as a **Level 1 BEE company**, under the newly revised Financial Sector Code.

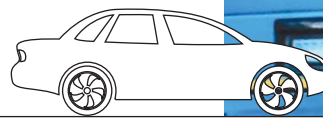


SDG 8 prioritises inclusive and sustainable economic growth, full and productive employment, and decent work for all. Our core business supports economic growth by providing financial services for the needs of businesses, enabling them to expand, be innovative and improve productivity, create jobs and meet changing customer needs. By providing financial solutions that meet diverse client needs, we enable individuals to grow their savings, buy homes, invest in their futures and insure their assets.

## COST EFFECTIVE TRANSPORT DRIVES JOBS AND BUSINESS GROWTH

  
**Finance for Uber drivers in Kenya**

**STANBIC KENYA** partnered with Uber to help driver-partners buy their own cars.



Just over **100 drivers** accessed the **loan facility** within the first three months. We expect uptake to continue growing in 2018.

The Vehicle Solutions Programme offers qualifying drivers up to **100% financing** for loans.

Loans are available for up to KES1 million.

Only Uber drivers with a passenger **rating above 4.6 out of 5** and who have made KES300 000 within the last three months qualify for the credit facility.



*Contributing towards Stanbic Bank achieving an impact in facilitating inclusive economic growth just makes good business sense and it is something I believe in. In order for us to remain sustainable in the long term, we must be relevant in the environment we operate in and should purposefully provide services and products that get the job done in meeting the needs of our stakeholders and that enhance the lives of the community as a whole.*

– **Lillian Mbindyo, Company secretary, Stanbic Kenya**





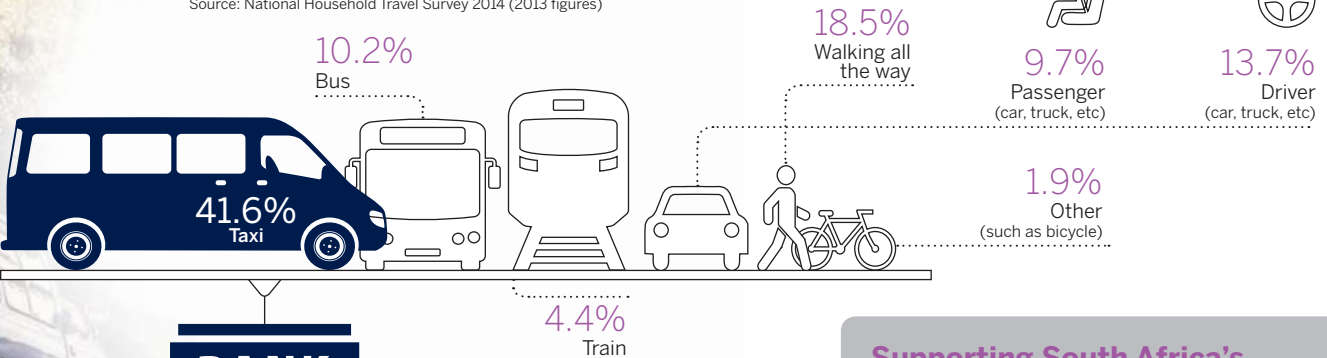
## A better deal for the taxi industry

In 2017, South Africa's Minister of Transport called on financial institutions to 'give taxi operators a better deal' in financing new vehicles. The taxi industry plays a significant role in Africa's economies, as an employer and as a primary provider of transportation for many.

### HOW SOUTH AFRICANS GET AROUND

#### Main modes of travel or transport used by households (%)

Source: National Household Travel Survey 2014 (2013 figures)



#### AFTER ENGAGEMENTS WITH THE TAXI INDUSTRY IN 2017:



We are refining our credit application processes to make accessing finance easier for taxi operators within South Africa's strict regulatory requirements.



Standard Bank has appointed a dedicated portfolio manager for the taxi industry.

We are working proactively to provide solutions, including: finance through taxi companies, cooperatives and taxi associations, which provide surety for people to purchase taxis.



Many applicants are drivers and queue marshals who want to become taxi operators.

### Supporting South Africa's black industrialists

**Enabling black economic empowerment over the past 15 years**

Standard Bank South Africa has made great strides enabling BEE through equity, debt lending and acquisition finance.

**Growing businesses**

These deals underpin the creation of medium and large businesses that help grow South Africa's economy.

**The next wave of empowerment**

We're now getting involved in the next wave of empowerment, ranging from emerging investment companies to black industrial firms.

**Identifying potential partners**

A multidisciplinary client service team identifies suitable candidates for capital lending and facilitation. The BEE transaction committee makes the final credit approvals.



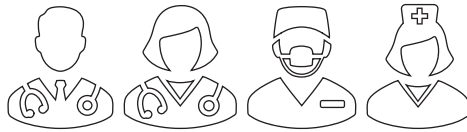
Transformation report  
<http://sustainability.standardbank.com/downloads/>

### Supporting better health services in Africa

**Healthcare is a priority in Africa.** Standard Bank and GE Healthcare are working together to develop more medical practices across Africa, staffed with growing numbers of local medical professionals.

In South Africa, Standard Bank and GE Healthcare are developing a country-first 'Health Accelerator' programme to provide technical, clinical and business support for South African healthcare professionals.

Announced in November 2016, the first intake of



## 30 participants

commenced training in February 2017.

The programme is aimed at medical practitioners who want to transition into private practice. Participants learn from experts in enterprise development, management, human resources, marketing and business governance. The programme has 24 modules, delivered weekly at the GE Africa Innovation Centre and at the Standard Bank Incubator. We support these through e-learning platforms and masterclasses.



## MAKING BANKING MORE ACCESSIBLE

### Affordable and value-adding alternatives to cash

Cash remains the preferred form of transacting in Africa, but it carries inherent security risks, and is not always accessible. Commercial banks have difficulty assessing individuals for credit worthiness when they transact in cash. Loans are then considered high risk, which raises interest rates on these loans to accommodate these risks.

Standard Bank is partnering with technology companies to develop digital payment solutions. Our digital wallets and apps – **SnapScan, Instant Money, Mastercard, Shyft and WeChat wallet**– enable our customers to transact efficiently, safely and conveniently. Customer data is protected and they can easily pay everyday household accounts such as electricity and airtime. We've also introduced a system that tracks individual customer behaviour and enables us to price products and services according to customer risk profiles. Those with good payment track records benefit from lower fees.

#### SnapScan

We introduced SnapScan in 2015 as our cashless, cardless payment app. It is now used by approximately 40 000 merchants across South Africa. Merchants can transact cost-effectively without needing to accept cash or pay for point of sale devices and card machines.

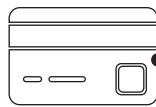
#### Shyft

Shyft makes it easy to transact forex in US and Australian dollars, euros and pounds, with live rates and funds available within 30 minutes after deposit.

Clients can make online purchases or pay international beneficiaries in a spread of currencies. They can also use the Shyft card in ATMs outside of South Africa. Users register online and transact in real time, eliminating unnecessary paperwork and fees associated with traditional fund transfers. Shyft won Gold in South Africa's #MTNAppAwards in October 2017.

The Standard Bank mobile banking app makes it easier for customers to manage their accounts. Using their cellphones, they can sign up for new products, get the latest forex rates, track vehicle loans and pay multiple beneficiaries. In 2017, Forrester Research's global mobile banking benchmark ranked Standard Bank 16 out of 53 banks; the highest ranking African bank. The survey noted our app's ease of use and accessibility to the bank website. The annual Intellidex-FM Investors Monthly named Standard Bank's online share trading platform as South Africa's Top Stockbroker in 2017. We received the first award in 2010 and again in 2014 and 2016.

#### CARD PAYMENTS (PBB)



NUMBER OF TRANSACTIONS  
IN 2017

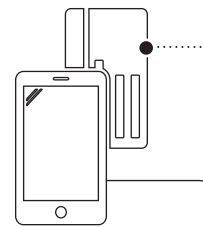
664 million



VALUE

R290 billion

#### SnapScan PAYMENTS (PBB)



NUMBER OF TRANSACTIONS  
IN 2017

4 million



VALUE

R585 million



## INCLUSIVE ECONOMIC GROWTH

Making banking more accessible Affordable and value-adding alternatives to cash continued

### OUR DIGITAL PLATFORMS' IMPACT ON ECONOMIC STABILITY

#### INTERNET BANKING



**1.0 billion**  
TRANSACTIONS  
IN 2017

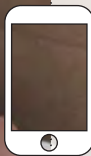


VALUE  
**R772 billion**

**72%**

OF ALL  
TRANSACTIONS  
CONDUCTED  
DIGITALLY

#### MOBILE BANKING



**1.4 billion**  
TRANSACTIONS  
IN 2017



VALUE  
**R197 billion**

AVERAGE VALUE  
OF FINANCIAL  
FLOW THROUGH  
DIGITAL CHANNELS  
PER DAY

**R2.6 billion**

**21%**

INCREASE YEAR-ON-  
YEAR IN VOLUME OF  
TRANSACTIONS  
THROUGH DIGITAL  
CHANNELS.

### CASHLESS PAYMENT OPTIONS



Organisations can make online payments from their Stanbic accounts to Tigo Pesa, Airtel Money, Ezypesa and M-Pesa, through the Mobile Bulk Payments option on the Business Online platform.



**Tanzania**



**Ghana**

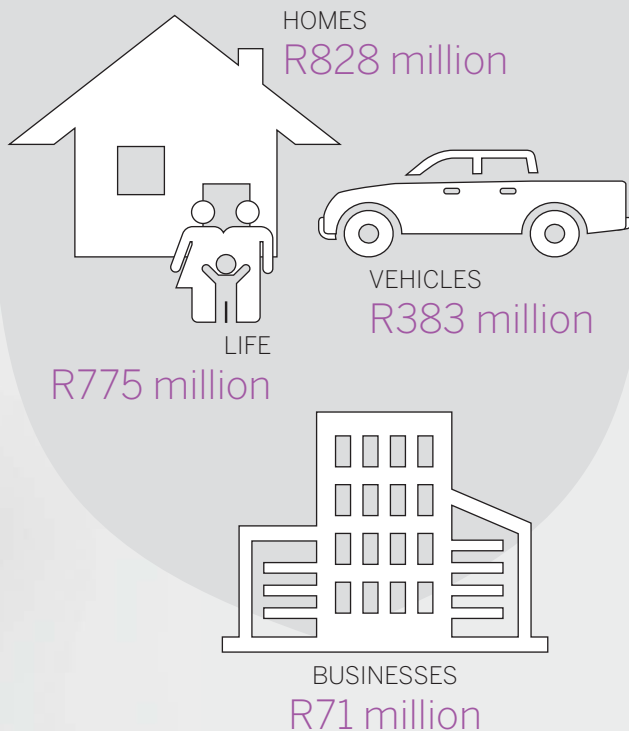


Cashless payment options include the Gold Visa Card, internet banking, Slydepay, E-ZWISH, and mobile money.

## Protecting people's wealth

Standard Bank's insurance business exists to protect our customers' families, livelihoods and property. We provide an insurance **safety net** to help them protect their wealth and dignity in the face of unforeseen circumstances, and to ensure their loved ones are financially secure. Many small business owners are underinsured or uninsured. For such individuals, a burglary or damage to premises or stock may be impossible to recover from. We're engaging with this market, particularly in township economies, to develop affordable and accessible plans to provide that safety net.

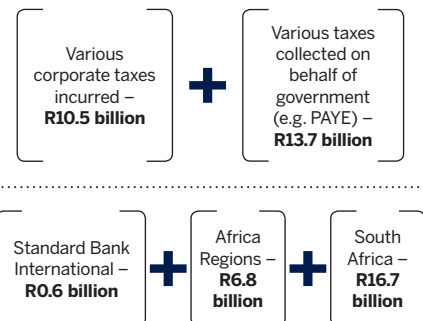
### WEALTH PROTECTED AND RESTORED THROUGH INSURANCE



## Generating revenues that drive economic growth

Standard Bank contributes towards the development and growth of the economies in which we operate by paying direct and indirect tax revenues to governments, salaries to our employees, payments to suppliers and dividends to our shareholders.

We are a major investor, taxpayer, employer and purchaser of goods and services. We contribute directly to public finances through corporate and employee taxes, as well as indirect taxes paid by the suppliers we support. We also collect other taxes, including withholding taxes, on behalf of revenue authorities. Standard Bank assists tax authorities with tax administration, collection processes and by obtaining independent verification of third-party data. We participate in industry forum meetings with revenue authorities to ensure tax policy objectives are achieved. In our dealings with tax authorities, we are committed to transparent and constructive relationships based on accurate, transparent and timely compliance with tax laws.



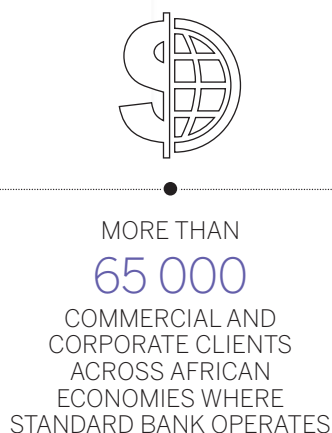
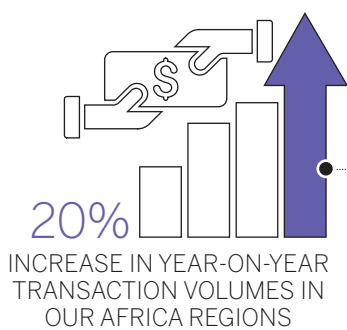
TOTAL TAX  
**= R24.2 billion**  
IN THE 2017 FINANCIAL YEAR



TWO

## INNOVATION, ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT

South Africa needs large-scale job creation in the small enterprise sector. Across Africa, entrepreneurs and start-ups struggle to access finance for launching and growing their businesses. They are a risky proposition for credit providers as many will fail in the first two years. We minimise depositor risk and support early sustainability through financial and business solutions developed specifically for small business clients.



### Business Online

**Business Online, a single online channel for clients to view and transact across all accounts, offers a comprehensive range of appropriate products and services.**

**CLIENTS USE A SINGLE INTERFACE TO:**

- pay creditors and salaries
- collect money from debtors
- trade in forex
- manage liquidity across local and foreign currency bank accounts.





Innovation,  
entrepreneurship and  
enterprise development



## INNOVATIVE SOLUTIONS FOR ENTERPRISES

### SMALL BUSINESS FINANCE

TOTAL VALUE OF SMALL  
ENTERPRISES FINANCED  
BY STANDARD BANK  
SOUTH AFRICA

**R4.7 billion**

NUMBER OF SMALL ENTERPRISES  
FINANCED BY STANDARD BANK  
SOUTH AFRICA

**132 963**

### Enterprise Online

Enterprise Online is a digital solution specially designed for small and medium-sized enterprises (SMEs). It enables SMEs to conveniently manage their business accounts online, anywhere, anytime – saving them time and making banking far more convenient.

#### SERVICES INCLUDE:

- transfers between accounts
- payments for up to 2 000 beneficiaries
- segregation of duties
- multiple levels of approval for each payment
- maintain accounts by authorising mandates online
- audit trail of transactions
- service requests.

#### IMPLEMENTED IN:



Botswana



Ghana



Kenya



Lesotho



Namibia



Nigeria



Swaziland



Uganda



Zambia



Zimbabwe



CASE STUDY

## STANBIC KENYA ENTERPRISE DIRECT



**Stanbic Kenya has over 28 000 SME customers.** Enterprise Direct enables them to do online banking and access products without leaving work or physically visiting a bank. The service enables banking interaction through digital banking, email and telephone communication, making it much easier for a relatively small number of business bankers to serve a large number of clients effectively.

Stanbic Kenya's BizConnect, run in partnership with Strathmore Business School, helps entrepreneurs develop skills in financial management, business management and problem solving. The school has strong partnerships with leading business schools in other countries, including GIBS in Johannesburg. The service is currently only available to Stanbic customers, although we hope to extend it more broadly in the future, as part of our commitment to building skills and empowering the communities in which we operate.

### STANBIC KENYA EMPOWERS BUSINESSES FOR SUCCESS

**28 000**

SME CLIENTS,  
SUPPORTED BY:

**15**

ENTERPRISE  
DIRECT  
BANKERS

**12**

ACQUISITION  
BANKERS

DISTRIBUTED  
BETWEEN

**26**  
BRANCHES







Innovation,  
entrepreneurship and  
enterprise development



115 women

BENEFITED FROM OUR THREE WOMEN  
IN BUSINESS PROGRAMMES IN 2017

## Support for women entrepreneurs

We are continuing to develop  
new black women-owned SMEs.

## SUPPORTING ENTREPRENEURS

Our SME Business Incubator and Mentorship Programmes develop and mentor Africa's entrepreneurs and would-be entrepreneurs, across our countries of operation.

We do this by  
**designing and  
implementing**  
business  
development  
support  
programmes in  
collaboration  
with our  
partners.

4 000+  
**entrepreneurs**  
participated in  
conferences

250+  
**businesses**  
reached through  
structured  
business  
development  
programmes

631  
**entrepreneurs**  
attended our  
boot camps and  
hackathons

RTS [48-49](#) Read more on  
developing  
entrepreneurs

Standard Bank and General Electric (GE) prioritise enterprise development, skills development and innovation as core business objectives. Both are strongly committed to supporting more inclusive growth and economic transformation. The Londvolota Trust, GE South Africa's B-BBEE partner, is collaborating with the Standard Bank Incubator to deliver the Women's High Growth Programme. This focuses on **building entrepreneurial capability and capacity within black-owned education sector companies, through mentoring and providing structured business and technical support.**

In South Africa, women make up more than half the workforce, yet only 20% of ICT professionals are women. Standard Bank is committed to bridging this gender gap. Our **Women in Technology** conference, held in October 2017 in partnership with Liberty, provided a platform for women in technology, and those aspiring to enter the field to exchange ideas and experiences. The conference was also a culmination of the Women In Technology business accelerator, which had graduated 20 tech businesses.

Lionesses of Africa is a public benefit organisation launched in 2014. This online community showcases the achievements of African women business builders and assists them to fulfil their potential by creating networking opportunities across national and international boundaries. Since Standard Bank partnered with Lionesses of Africa in 2016, the online community has grown from 4 000 to approximately 460 000 women across 49 countries. In 2017, the second annual Lionesses of Africa conference, co-sponsored by Liberty and Standard Bank, brought together businesswomen from across Africa. This conference celebrated the role of African businesswomen in sectors like manufacturing, green industries and African brands that had penetrated global markets. In mid-2017, 30 women entrepreneurs were selected to participate in the Lionesses of Africa Accelerator 2, also powered by Standard Bank and Liberty. These high growth potential women entrepreneurs are now working towards accessing corporate supply chains.





### Supporting women entrepreneurs in Zambia

GBA is a global consortium of financial institutions dedicated to supporting banks to **better serve women**

Building programmes specifically for **women in business**



**46**  
MEMBERS



**135**  
COUNTRIES

PROVIDING ACCESS TO:

CAPITAL

INFORMATION

EDUCATION

MARKETS



### Developing young entrepreneurs

Standard Bank's Youth Accelerator Programme, in collaboration with the **National Youth Development Agency**, held 15 boot camps for potential young entrepreneurs in 2017. The programme focuses on the mining and construction sectors.

In Olievenhoutbosch, the Giving Wings Youth Development Programme enabled us to encourage entrepreneurial thinking among 100 Grade 10 and Grade 11 learners.

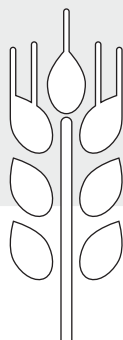
In 2017, Stanbic hosted Africa's first All-Stars Academy, which guides financial institutions in building services and products specifically for women. Stanbic's Anakazi Banking Programme offers specialised training, coaching and mentorship to Zambian women SME owners, as well as access to capital and markets.

Anakazi focuses particularly on **Zambian agriculture**



Zambian agriculture employs mainly women

AGRICULTURE  
SUPPORTS MORE THAN  
**70%**  
OF ZAMBIAN  
HOUSEHOLDS



**Township  
economic  
development**

In 2017, we hosted our first township accelerator in partnership with AmaVerkykers and Liberty.



Innovation,  
entrepreneurship and  
enterprise development

### Access to supply chains

We're working to improve entrepreneurs' access to supply chains, through preferential procurement initiatives and partnerships with our corporate clients. We are also engaging with government entities to explore job creating consortia and support black businesses within the value chains of larger businesses. Our partnership with the Liberty Blue Skies Enterprise and Supplier Development Programme actively supports transformation by helping SMEs link into corporate supply chains. Over 100 women-owned businesses have become participants.

### Nurturing business skills

**'Threads Stitched by Standard Bank' is specifically tailored for fashion professionals.** It aims to help South Africa's up-and-coming fashion designers develop into fashion chief executives, with profitable businesses capable of competing in international fashion. This initiative aims to create jobs and grow the South African economy. A 12-week, part-time programme is taught simultaneously in Cape Town, Johannesburg, Durban, and Port Elizabeth. Its curriculum takes participants through the business operations of a fashion enterprise – from financing and retaining employees, to lean manufacturing and eCommerce, logistics, procurement and marketing techniques. Threads Stitched by Standard Bank is presented in partnership with NONZ RO, the E4Impact Foundation and Università Cattolica del Sacro Cuore of Milan, corporate partner Mercedes Benz, and learning and development partners EOH and Mecer. Learn more about this programme by visiting



<https://wearethreads.com/home>

This pilot project was aimed at growing small enterprises in and around Mamelodi in Gauteng.

We conducted two boot camps to enhance entrepreneurial skills, provide practical tools to assess business ideas and accelerate existing products or services.

The 15 most promising entrepreneurs were selected for an intensive five-day accelerator programme delivered by industry experts.


This programme imparted practical skills and the confidence to grow their businesses.

These participants were invited to exhibit at business events to increase their visibility, and will receive ongoing mentorship with AmaVerkykers.

**Standard Bank is moving on to localise enterprise development** in the form of incubators and industrial parks using green technology. Initial developments are planned for Bushbuck Ridge in Mpumalanga, Umtata in the Eastern Cape, Vilakazi Street in Soweto, and Sol Plaatje University in the Northern Cape.

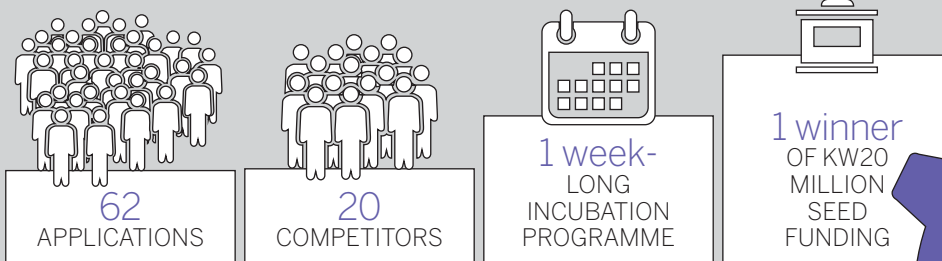
## Opening doors to funding


**Platform Business** is our partnership with South Africa's National Mentorship Movement. It's an electronic platform linking entrepreneurs and funders. Through [Websites for All](#), we helped to procure over 500 000 websites on behalf of entrepreneurs. We are also planning to develop e-learning content for entrepreneurs.

 In 2017, Stanbic Malawi partnered with the mHub technology incubation hub in the country's first Malawian entrepreneurship challenge, 'What Will You Do With 20 Million Kwacha'. This challenge was organised and run by mHub and the Her Liberty organisations. Standard Bank, National Bank and European Investment Bank provided financial support. This challenge was for emerging entrepreneurs who lack the funding to turn their business ideas into reality.

### 'What Will You Do With 20 Million Kwacha' entrepreneurship challenge

COMPETITION RESULTS:



 **Seedstars World** is a global seed-stage start-up competition for emerging markets. In 2017, Seedstars World returned to Uganda, with Stanbic as their main sponsor.

The **Seedstars World** initiative gives young and upcoming entrepreneurs across the country the opportunity to showcase creativity and innovation in business.

#### COMPETITOR COMPANIES NEED TO

- be less than two years old
- have raised less than US\$500 000 in funding
- have built a minimum viable product, ideally with existing traction.

Start-ups pitch against one another for the opportunity to represent their country at the global Seedstars Summit and win **US\$500 000 in equity investment.**





Innovation,  
entrepreneurship and  
enterprise development

### Branches as hubs for entrepreneurs

We've piloted a new branch design concept aimed at creating:

- a sense of community
- a welcoming space for entrepreneurs.

In Hatfield, Pretoria, we created co-working and business incubator spaces.

Enabling our customers to work from the branch, connect to free Wi-Fi, book meeting rooms and join networking and business upskilling events and seminars.

## Stanbic IBTC: Empowering young people



**Stanbic IBTC's Business Leadership Series brings together iconic leaders from the Nigerian community to address issues that interest business owners.**

This year, we featured the Youth Leadership Series. Our theme was 'Against The Odds', with three speakers – Kechi Okwuchi, Member Feese and Cobhams Asuquo, who are shining examples of what individuals can achieve with resilience, hard work and perseverance. Their messages reached thousands of young Nigerians.

Over 2 000 watched at the main venue and the #AgainstTheOdds hashtag was seen over 4.5 million times. Kechi Okwuchi survived the Sosoliso plane crash in 2005, going on to graduate with a university degree and reach the finals of 'America's Got Talent'. Member Feese survived the UN building bomb blast in Abuja in 2011. Cobhams Asuquo is a renowned music producer who was born blind. They became role models by overcoming major life challenges to succeed against the odds.



*The future of Nigeria and Africa is in the hands of the youth and there is no better time to arouse and deepen their knowledge and entrepreneurial skills than now.*

**– Yinka Sanni, Chief executive of Stanbic IBTC, Nigeria**

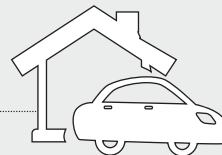
## TRANSFORMING OUR SUPPLY CHAIN

**In South Africa, more than 83% of our procurement spend is with B-BBEE compliant companies, with over 23% with black-owned companies and 15% with black women-owned companies.** We have revised our preferential procurement policy to accelerate transformation and inclusion within our supply chain.

We work with potential and current suppliers to identify appropriate opportunities, and we provide successful candidates with business development support. We also provide suppliers who meet specific criteria access to finance where needed. For example, we awarded grants to some of our suppliers to enable them to further develop their businesses. In other cases, we provided suppliers with credit facilities at lower than commercial rates.

Standard Bank is working with suppliers that need to improve their B-BBEE ranking. We are also collaborating with strategic suppliers to second tier suppliers (suppliers of our suppliers). For example, Standard Bank's home loan teams are encouraging the conveyancing attorneys with whom we work to transform, if they haven't yet done so. We implemented a new scorecard in September 2017, which requires our suppliers to list their B-BBEE ratings. This indicator is allocated 20% on the scorecard.

The Standard Insurance Limited (SIL) team is committed to using locally-based, black-owned enterprises to service customer claims. We're growing our stable of black-owned small businesses, from panel beaters and electricians to plumbers and builders, and bringing these small enterprises into our formal supply chains. Simultaneously, we're growing township businesses to serve township customers. 98% of our insurance service providers are now BEE compliant.



VALUE OF CLAIMS DIRECTED TO 100% BLACK-OWNED BUSINESSES IN THE HOME AND MOTOR INDUSTRY FROM STANDARD INSURANCE LIMITED CLAIMS (SBSA)

**R262.4 million**



% OF ALL CLAIMS DIRECTED TO 100% BLACK-OWNED BUSINESSES AS PER ABOVE SERVICE PROVIDERS (SBSA)

**28.2%**



*As Standard Bank, we understand the fortunes of our organisation are linked to the fortunes of the country. We are deliberate about providing non-traditional funding, development and the creation of market opportunities for entrepreneurs operating within South Africa and other African value chains. We are privileged to be the ones who will ensure that African lives and aspirations are truly and significantly fulfilled through deliberate efforts to move this continent forward.*

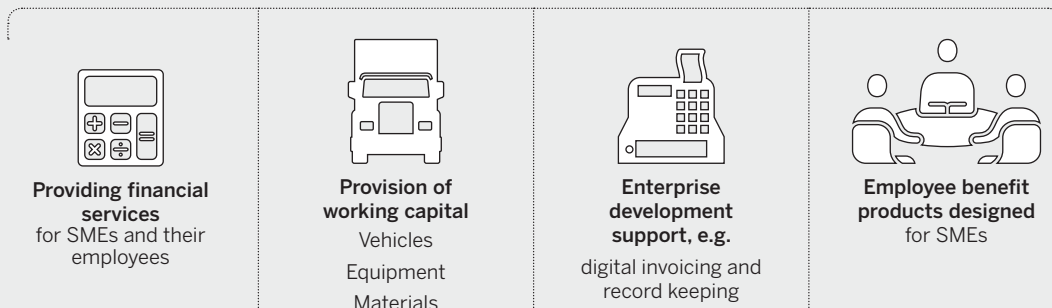
**– Mfanufikile Motha, Head of enterprise development (ED), Standard Bank South Africa**



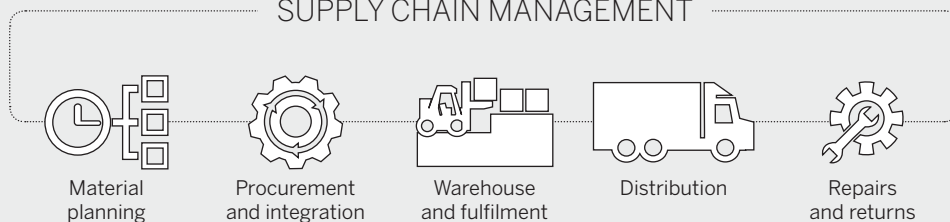
Innovation,  
entrepreneurship and  
enterprise development

Listing black-owned and black women-owned companies in  
our procurement database isn't enough on its own.  
**Many need assistance to enter into supply chains.**

## WE CREATE PARTNERSHIPS THROUGH:



## SUPPLY CHAIN MANAGEMENT



## PARTNERING WITH FINTECHS

**Standard Bank's Strategic Investments and Alliances (SIA) team works to identify innovative digital start-ups and products with the potential to help the bank deliver better value and convenience to our customers.** We've developed a global network of associates comprising fintechs, venture capital firms and non-competing partner banks.

An example is our 75% shareholding in FirePay, a fintech focused on mobile payments via proprietary QR code technology. FirePay conceptualised SnapScan mobile payments and brought it to market in partnership with the bank.

Another example is our 100% shareholding in Ecentric, a transaction switching company that specialises in developing

and marketing secure person-to-person payment solutions for people without formal access to financial services. Ecentric enables Shoprite Money Transfers – a system that facilitates over 60 million transactions per year, worth more than R20 billion. As Shoprite's money transfer provider, Ecentric is growing its services across the African continent.



**CASE STUDY**

RTS 13 Read more on SnapScan





THREE

## EDUCATION, LEARNING AND DEVELOPMENT



SDG 4 calls for inclusive, quality education and the promotion of lifelong learning opportunities for all. At Standard Bank, we invest in developing our employees.

Our people development programmes drive continuous learning and development, to ensure we're equipped to meet the demands of a rapidly changing, increasingly digital world of work. We create opportunities for learners and graduates to build careers with us. Our corporate social investment (CSI) programmes prioritise education, from early childhood development to tertiary level. We are working with clients in the education sector to address the challenge of affordable and accessible student finance.

### CONTINUOUS DEVELOPMENT OF OUR PEOPLE

**Standard Bank has developed an online learning system, through which employees develop their skills and knowledge at the pace they choose.**

**LEARNING CONTENT** is available to all employees, on their own devices, and can be accessed at any time. It offers easy access to more than 13 000 industry-leading e-learning, virtual and classroom training courses.

We offer skills development that is accredited and recognised within the group and outside the financial service sector.





Education,  
learning and  
development



SKILLS DEVELOPMENT  
INVESTMENT IN 2017

**R925 million**



NUMBER OF COURSES  
OFFERED ON OUR  
**ELECTRONIC LEARNING  
PLATFORM** IN 2017

**13 425**

UPTAKE OF COURSES  
BY JOB GRADE IN 2017

EXECUTIVE

**5%**

MANAGERIAL

**44%**

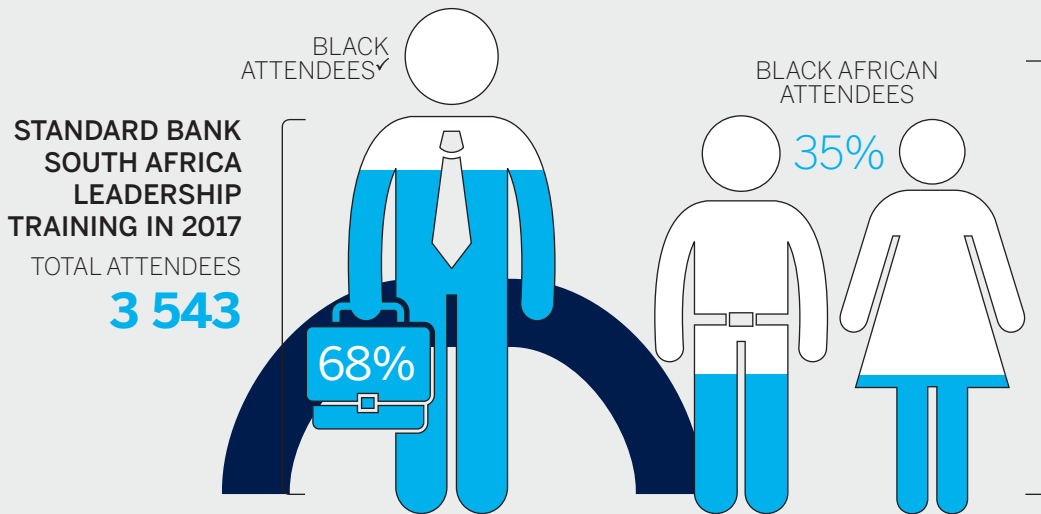
GENERAL

**85%**



## EDUCATION, LEARNING AND DEVELOPMENT

Continuous development of our people continued



### Developing future leaders

Developing our people is fundamental to the bank's sustainability. We're developing in-country talent and introducing specific programmes to address gaps that emerge in each country of operation.

In 2017, Standard Bank's senior executives developed a leadership identity to capture the expectations of our top leaders as they deliver on our strategy and aspirations into the future. This will inform the design of our leadership development programmes in 2018. We are nurturing leaders who can lead flexibly and confidently in a rapidly changing environment.

The bank offers a range of management development programmes at our Global Leadership Centre in Johannesburg. In 2017, our training facility introduced a strategic leadership programme and an MBA-based mid-career development programme for middle and senior managers. Executive or potential executive leaders are registered for appropriate courses at renowned institutions such as Harvard University and the Massachusetts Institute of Technology (MIT).

We're also experimenting with digital options for leadership development and building local capability to deliver junior manager programmes in each country.

WE DELIVERED  
**13**  
CUSTOMISED  
LEADERSHIP  
DEVELOPMENT  
PROGRAMMES IN  
2017, WITH  
**757**  
LEADERS FROM  
ACROSS AFRICA.



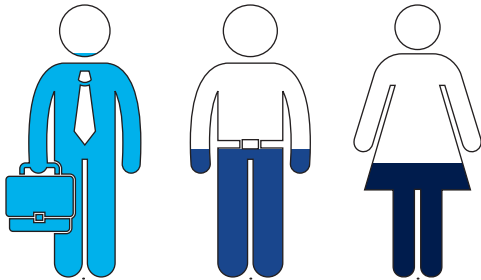


Education,  
learning and  
development

## PROMOTIONS IN SOUTH AFRICA INTO

JUNIOR AND MIDDLE MANAGEMENT  
TOTAL IN 2017

**796**



BLACK  
PEOPLE

**649**

82%

AFRICAN  
PEOPLE

**372**

47%

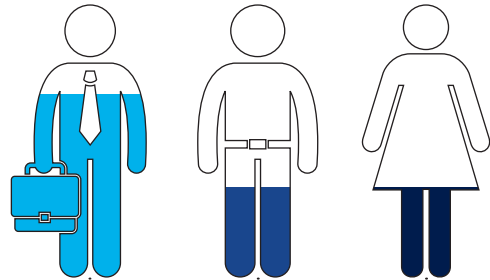
BLACK  
WOMEN

**333**

42%

SENIOR AND EXECUTIVE MANAGEMENT  
TOTAL IN 2017

**297**



BLACK  
PEOPLE

**199**

67%

AFRICAN  
PEOPLE

**98**

33%

BLACK  
WOMEN

**98**

33%

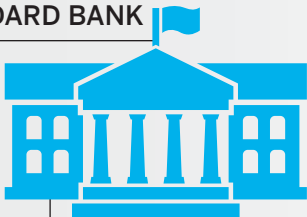
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Transformation report

<http://sustainability.standardbank.com/downloads/>

## EMPLOYEE BURSARIES IN STANDARD BANK



VALUE

**R22.7 million**

EMPLOYEES  
COMPLETING STUDIES  
TO GAIN FURTHER  
QUALIFICATIONS

**934**

## CORPORATE SOCIAL INVESTMENT (CSI) IN EDUCATION

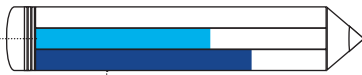
### Education at all levels – early childhood to tertiary

Our CSI initiatives in Africa are aimed at addressing social needs in a value-driven and sustainable manner. In South Africa, the bank focuses on opening access to quality education for all.

ALTHOUGH THE FINANCIAL SECTOR CODE SETS A TARGET OF

0.6%

NET PROFIT AFTER TAX (NPAT) FOR SPEND ON SOCIO-ECONOMIC DEVELOPMENT,



IN 2017 WE SPENT **0.74%** OF NPAT.

In 2017, our education spend accounted for just over R85 million, which is about 80% of our total CSI spend of R106 million.



EDUCATION SPEND  
80%

TOTAL CSI SPEND  
**R106 million**

JUST OVER  
**R85 million**  
SPEND ON EDUCATION

ESG

Environmental, social & governance report (online only)  
<http://sustainability.standardbank.com/esg/>

School level education challenges in South Africa are numerous, ranging from learners not being able to read or write in any language by the time they reach Grade 4, to the educators themselves not having adequate content knowledge to impart to children.

We have adopted the approach of **investing larger amounts of money in fewer projects, so we can assess and demonstrate impact.** As a result, we prefer entering CSI partnerships of at least three years' duration.

In 2016, the bank commissioned the Centre for Social Development in Africa at the University of Johannesburg to **independently assess the impact of three of our programmes.** This evaluation demonstrated significant positive impacts from our Edupeg and Ntataise programmes, with the third less effective due to inconsistent attendance and difficulties tracking the performance of the key participants. We will exit this programme at the end of 2018.



In Uganda, we invested US\$20 850 in building safe and inspirational early childhood development centres. Our London office invested a further £26 000 into Build Africa, a UK registered charity, which maintains two schools in rural Uganda.



In Malawi, Kenya and Zambia, we made investments ranging from US\$5 000 to US\$40 000 in funding for university students from underprivileged backgrounds.



Standard Bank Mauritius sponsors a scholarship scheme that pays university fees and provides monthly allowances to top performing students with limited financial means. In 2017, we were able to support 26 students.



### EDUCATION PROGRAMMES FUNDED BY STANDARD BANK SOUTH AFRICA

**Edupeg mentors classroom-based foundation stage teachers by providing:**

- content knowledge and creative teaching techniques
- boosting teacher confidence and motivation
- enabling better outcomes for pupils through improved teaching practices.

Independent evaluation of the programme found that participating teachers appeared more knowledgeable and planned better for lessons. School principals reported improved teacher commitment, while learners taught by the participating teachers improved their examination marks.





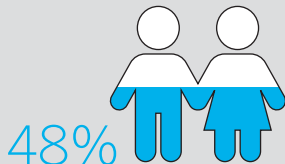
## THE NTATAISE LOWVELD TRUST



CASE STUDY

The Ntataise Lowveld Trust (Ntataise) in Mpumalanga, South Africa, focuses on early childhood development (ECD), providing training and support for professional and community ECD practitioners. Standard Bank has funded the training of 200 ECD practitioners to date and an independent evaluation of the programme found that:

- ECD practitioners clearly improved their skills delivery
- Involved practitioners were visibly more knowledgeable and resourceful in delivering their ECD lessons to children
- ECD practitioners understand the importance of maintaining positive relationships with parents
- Participants and beneficiaries appreciated Standard Bank as an active and involved funder.



of children in the care of ECD practitioners scored full marks on the development indicators assessed by their parents and their teacher.

Of the 98 ECD practitioners who completed the programme in 2017:

- 11 were employed by the Department of Basic Education
- 68 returned to their respective ECD centres
- eight opened their own ECD centres
- nine are still volunteering
- two are awaiting employment opportunities.

The 100 ECD practitioners selected for the second year of the programme will graduate in early 2018.

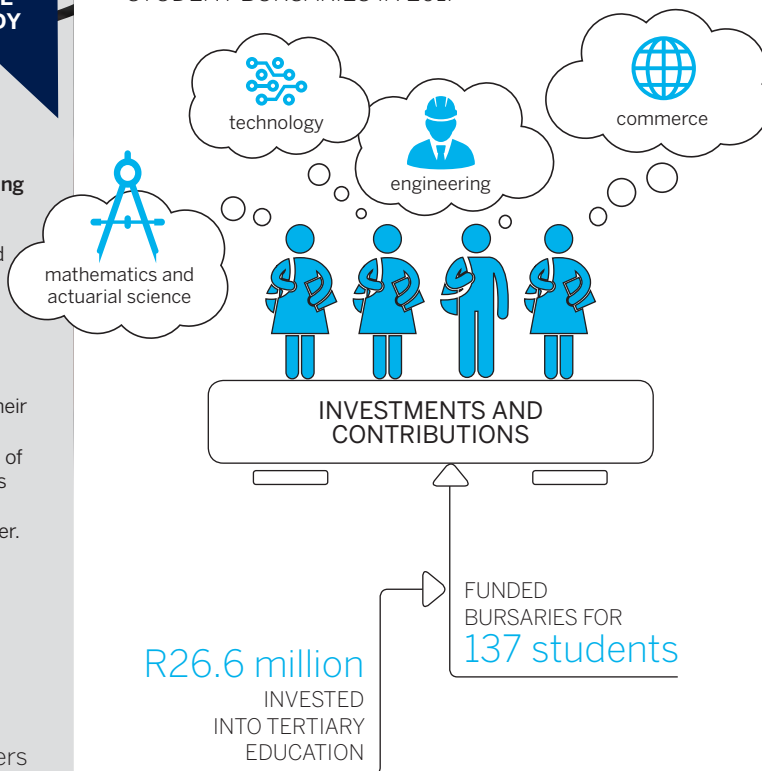


Education,  
learning and  
development

## Bursaries

In 2017, Standard Bank funded bursaries for 137 tertiary students in mathematics, actuarial science, technology, engineering and commerce. For 2017, we invested R26.6 million in tertiary education.

### STUDENT BURSARIES IN 2017



In 2017, our third intake of young leaders qualifying for the **Standard Bank Africa Derek Cooper Scholarship** commenced. As part of their training, the young scholars attended the One Young World Summit in Bogota, Columbia, hosted by world leaders and Nobel Peace Prize laureates where they engaged in global debate themed around peace and sustainability. Over the last three years, our scholars were drawn from:



South Africa  
(10)



Ghana  
(5)



Nigeria  
(3)



Tanzania  
(1)



Kenya  
(2)



Zimbabwe  
(1)



Zambia  
(1)



Uganda  
(1)



## SOCIAL BOND – IMPACT FINANCE FOR EARLY CHILDHOOD DEVELOPMENT



**UPFRONT INVESTOR:**  
STANDARD BANK TUTUWA TRUST

**R7 million**

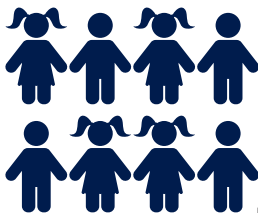


### IMPACT:

**IMPROVE THE HEALTH  
OUTCOMES OF  
2 300  
PREGNANT WOMEN**



**IMPROVE THE COGNITIVE  
AND SOCIO-EMOTIONAL  
OUTCOMES OF  
8 340  
CHILDREN**



**OUTCOME-BASED  
FUNDERS COMMITTED**

**R38.4 million**

**Planned early childhood development (ECD) is a primary contributor to healthy and productive societies.**

Standard Bank is a partner in the Impact Bond Innovation Fund (IBIF), a first-of-its-kind financing mechanism for ECD in South Africa. Aimed initially at low-income communities, this 30-month project will be conducted through ECD interventions at home and at community venues. The pilot rollout, overseen by the Departments of Social Development and Health in the Western Cape, seeks to improve the health outcomes of 2 300 pregnant women and the cognitive and socio-emotional development outcomes of 8 340 children.

These departments have entered into a matched funding arrangement based on social outcomes with ApexHi Charitable Trust and Discovery Trust. The 'social impact bond model' means that these outcomes funders, who together committed R38.4 million, will only release funding if predetermined outcomes are achieved.

Standard Bank's Tutuwa Community Foundation has committed R7 million to the project as an upfront investor, meaning that we provide the seed capital to get the bond underway. Our partner upfront investors are Future Growth Asset Managers and LGT Venture Philanthropy. This innovative funding model means that we will be repaid annually – with interest – if agreed social outcomes are achieved over the three and a half year term of the bond. These payments will be made by the outcomes funders. If successful, the IBIF model could be replicated across South Africa as a mechanism for funding social interventions through public-private partnerships.

## GREATER IMPACT FOR STUDENT FINANCE

**Education is vital to lifting families out of the cycle of poverty. The bank is working with business, government and universities to help young people access worthwhile tertiary education.**

### The Ikusasa Student Financial Aid Programme (ISFAP)

The Ikusasa Student Financial Aid Programme (ISFAP) is a public-private partnership between government and corporates. Standard Bank contributed R25 million to fund studies for 183 students in 2017. We will continue to fund the current cohort of students with R25 million in 2018 and, in principle, until they graduate.

### ISFAP PARTNERSHIP FUNDING STUDIES FOR:

**183  
STUDENTS**



**TO THE VALUE OF  
R25 million**



Education,  
learning and  
development

## Redesigning student loans

Standard Bank South Africa has developed a new student loan framework with revised funding criteria, broader parameters for sureties and repayment scheduling linked to employment and earnings. The outcome is a simplified application process supported by prompt and accurate communication with applicants. Students can apply directly to Standard Bank through our student loan website page.



<https://youth-applications.standardbank.co.za>

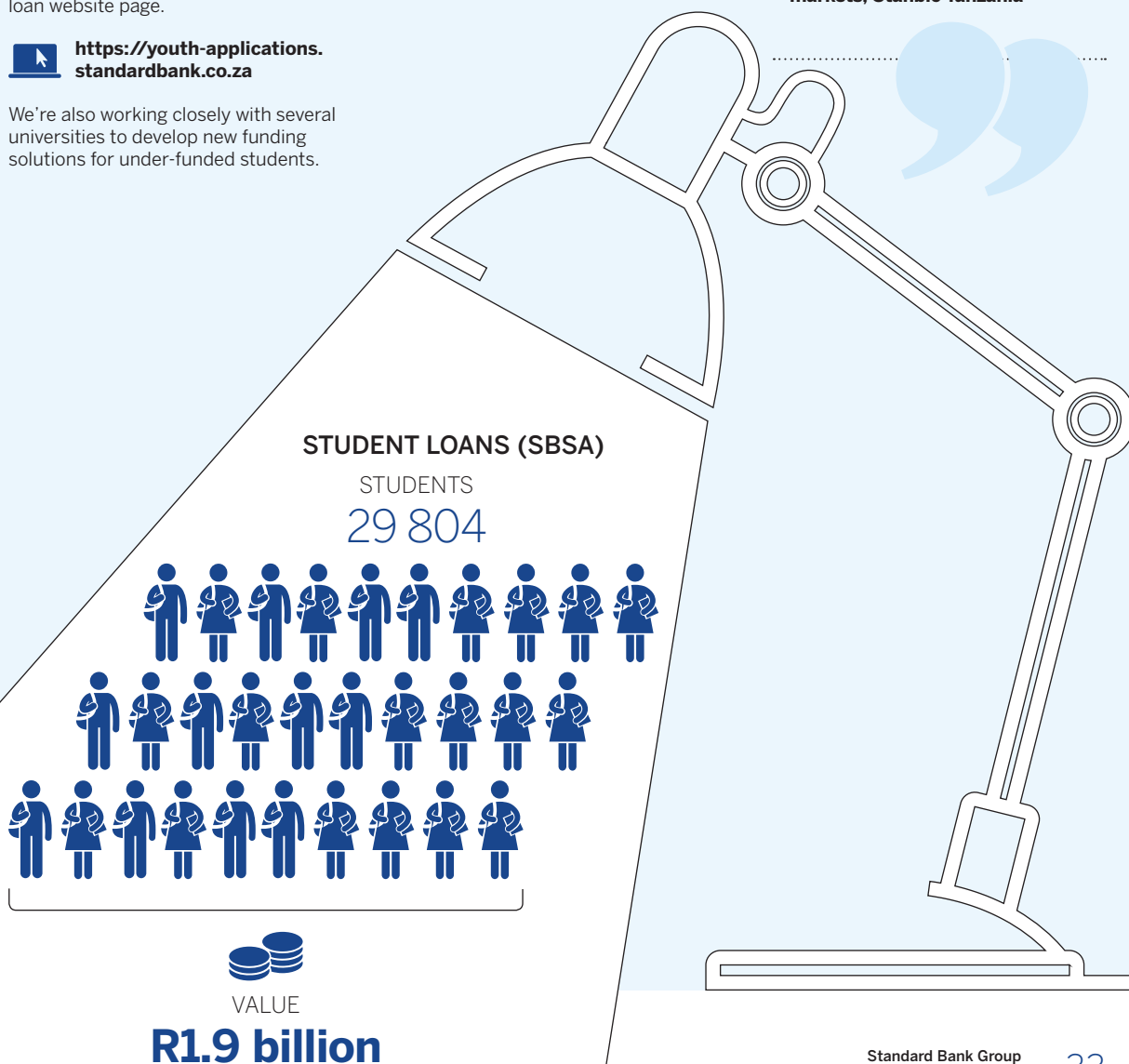
We're also working closely with several universities to develop new funding solutions for under-funded students.

In 2017, Stanbic Tanzania launched a new product for students seeking financial assistance for university studies. This loan covers fees, books and accommodation. Parents or guardians can apply for the loans, which are offered at preferential terms and conditions. The bank also offers a cost-free transactional account for students to manage their own finances and learn to take responsibility for their money.



*We want to support students in their journey to acquire knowledge and skills and at the same time support them in managing their personal finances. Stanbic is a customer-centric bank that continues to offer tailor-made solutions that meet the needs of our customers and enable them to succeed.*

**– Lilian Mtali, Head of personal markets, Stanbic Tanzania**





CASE  
STUDY

## LOANS TO UNDER-FUNDED STUDENTS

**Students often struggle to raise sureties for loans, which prompted the bank to seek out alternatives.** We entered a partnership with the Discovery Foundation to provide loans to applicants who are unlikely to qualify for student loans or governments grants.

The Discovery Foundation has set aside R10 million for sureties, which enabled us to disburse R11.5 million worth of student loans to 104 'under-funded' medical students at the University of Pretoria.

This alternative surety model opens the door to a wider selection of students qualifying for study loans.



## R10 million

CAPITAL THAT PROVIDES  
SURETY TO UNDER-FUNDED  
STUDENTS IN 2017

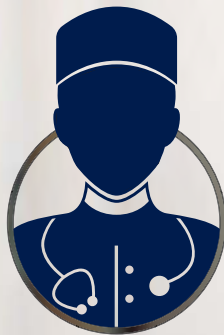
## R11.5 million

IN STUDENT LOANS  
DISPERSED



## 104

MEDICAL  
STUDENTS



**Contributes to the supply  
of young doctors into  
South Africa's  
healthcare system**





Education,  
learning and  
development



## Feenix

Standard Bank launched the Feenix Trust (Feenix) NPO in June 2017 as a crowd-funding initiative that allows individuals and enterprises to donate money directly to students for their studies. Recognising how many young South Africans need funded education, a diverse team of young developers created this platform with Standard Bank participating as financier and enabler.

The platform enables individuals and enterprises to donate money directly to universities on behalf of selected students. The bank funded its set-up costs and will cover any shortfall between the total operating costs and the income received for an initial 36 months. **Feenix is intended to become self-sustaining and will allocate 75% of its funding to black applicants, with at least 50% of all funding being channelled to female applicants.** Feenix is aiming to fund at least 3 000 students over the next 12 months.

Feenix was nominated for the Efma-Accenture Innovation Awards 2017, as one of six best global innovations in the New Business Ecosystem category. It was also highly commended in the Private Banker International Outstanding Philanthropy Offering 2017.

STUDENTS ON  
THE PLATFORM

1 068

FUNDERS  
ON THE  
PLATFORM

744

Fully  
funded  
students  
85

Partially  
funded  
students  
168

Independent  
providers  
439

Business  
funders  
62

Standard  
Bank  
funders  
243



STANDARD BANK  
FUNDED  
R1.8 million



MOST POPULAR  
FACULTIES FUNDED  
Sciences and  
Engineering



UNIVERSITIES  
REPRESENTED  
24/26



TOTAL FUNDING  
RAISED IN 2017  
R4.3 million



BIGGEST DONATION  
Medicine



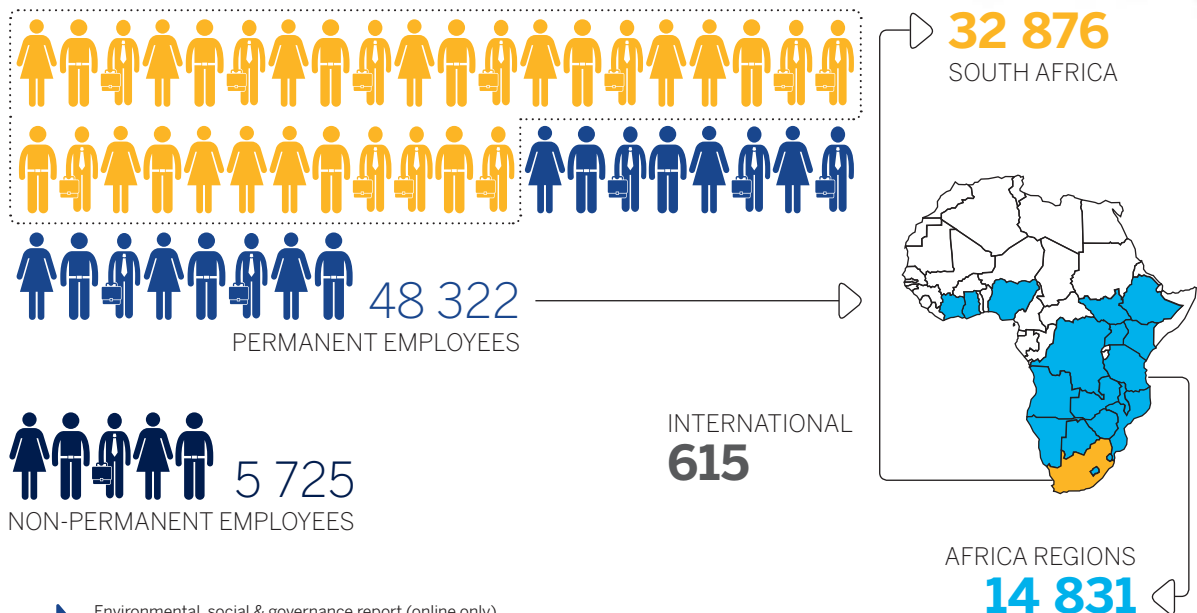
FOUR

## EMPLOYMENT



Africa's prosperity and potential for sustainable growth depends on creating decent work opportunities on a large scale. Countries that fail to tackle high levels of unemployment, particularly among the youth, risk social instability and will miss the opportunity to capitalise on Africa's demographic dividend. Standard Bank is a major employer in Africa. We're committed to establishing a diverse workforce and an inclusive working environment, with personal development opportunities for all employees. This stance aligns with the SDG 5 and South African NDP commitment to gender equality and empowerment of women and girls. We offer a variety of learnerships for school leavers and graduates, alongside in-house skills development and on-the-job training.

### STANDARD BANK AS AN EMPLOYER





## Employment



*As an employer, we need to think differently about the future of work in a digital world and develop solutions to address the systemic impact of digitisation. We need to keep pushing the boundaries to introduce innovative and accredited learning solutions for our people, to help them remain relevant and employable now and in the future.*

**– Sharon Taylor, Head of human capital, Standard Bank Group**



We encourage our employees to build their careers with us. Our voluntary staff turnover remains stable and well below international financial services industry benchmarks of 9.9%\*\*.

Employment in one sector of the economy generally supports jobs in other sectors.

IN SOUTH AFRICA, THE EMPLOYMENT MULTIPLIER IN THE FINANCIAL SECTOR IS ABOUT THREE, WHICH MEANS THE

**32 876**

STANDARD BANK EMPLOYEES IN SOUTH AFRICA SUPPORT ANOTHER

**98 628**

JOB IN THE COUNTRY.



**5.5%**✓

VOLUNTARY  
TURNOVER  
(2016: 5.6%)



**2.3%**

VOLUNTARY  
REGRETTABLE  
TURNOVER\*  
(2016: 2.1%)

\* Employees that are considered high performers that have left as a percentage of average headcount.

\*\* Based on Gartner Executive Board's 2016 benchmark for Global Financial Services.



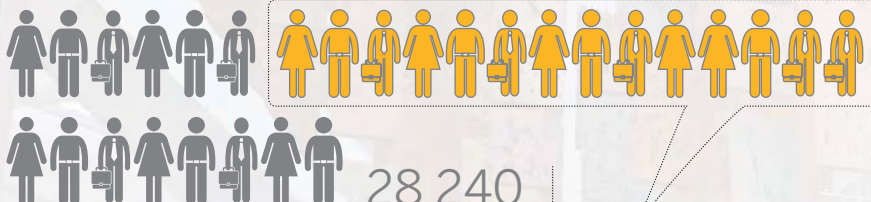
## Standard Bank 'Are you a fan?' employee survey

Employee engagement is one of our five value drivers and a fundamental contributor to the bank achieving its aspirations. We engage regularly with employees through various channels and conduct regular surveys.

In 2017, our employees participated in our 'Are you a fan?' survey, which collected their insights and views into their working relationships with Standard Bank.

The insights and views from the survey are encouraging, reflecting positive trends that provide a solid foundation for us to further build and improve on this year. Here are some highlights of these findings:

WHO  
PARTICIPATED IN  
THE SURVEY?

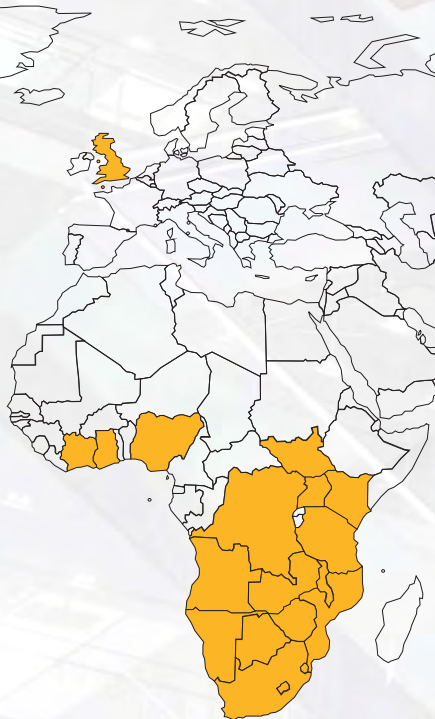


OF OUR EMPLOYEES  
PARTICIPATED IN THE SURVEY

**56%**  
PARTICIPATION RATE

**22**  
countries

PARTICIPATED,  
INCLUDING OUR  
INTERNATIONAL  
OPERATIONS



In line with global best practice, a new survey methodology was introduced in 2017 to calculate eNPS for Standard Bank.

eNPS provides an indication of how likely an employee would be to recommend Standard Bank as a good place to work.

eNPS is calculated by subtracting the percentage of detractors from the percentage of promoters. This value can range from -100 (if every employee is a detractor) to +100 (if every employee is a promoter).

**Any score above zero is a positive result as this means there are more promoters than detractors.**



## Employment

We asked

# 10 questions

which provided insight into our employees' thoughts and feelings about working at Standard Bank.

## WHAT OUR EMPLOYEES TOLD US

# +14

EMPLOYEE NET PROMOTER SCORE (eNPS)

## I would recommend the Standard Bank Group as a good place to work

Score can vary from (-100 to +100)

### Fast facts

The employee engagement survey provided rich insights on how employees think and feel about working for the group:

Our score compares well with benchmarks and serves as a baseline for further improvement to support our employee engagement value driver.

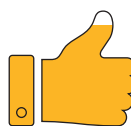


91%

of respondents understand how they contribute to the broader Standard Bank purpose.

An area for future focus is to better enable employees to grow and advance their careers – only 67% of respondents indicated that they have had adequate opportunities in this regard.

The majority of respondents have good relationships with their colleagues and immediate leader and there is a general sense of satisfaction with the work that they do.

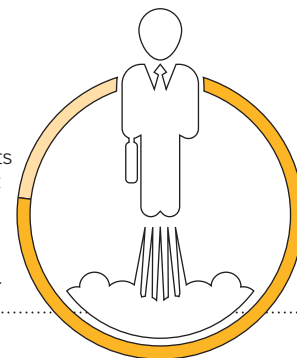


# 87%

of respondents are proud to be associated with Standard Bank.

# 77%

of respondents indicated that they have access to development opportunities.



## WHAT HAPPENS NOW?

During the first quarter of 2018 the survey results will be cascaded to different levels of our business to consider **what's going well and needs to be continued** as well as the **areas that need improvement**.

**These insights will inform business strategy and people plans to ensure continued focus on employee engagement.** There is plenty of evidence to suggest that higher engagement levels lead to better client service and business results.

**The Group Management team will also reflect on the overall results,** share key trends and insights with the board and publish headline results in the annual report.

## EMPLOYMENT

Standard Bank as an employer continued

### Strengthening diversity and inclusion

In 2017, we continued strengthening our culture of diversity and inclusion. We held regional diversity and inclusion workshops across all our African operations, and in London.

Our diversity and inclusion team worked closely with Human Capital teams in various locales to identify specific issues at country level. We are developing structured plans on diversity and inclusion linked to employee learning and development plans.

Growing the number of women at executive level is a top priority. Each of our countries of operation is developing specific plans to address this.

WE INTRODUCED A RANGE OF **WOMEN'S DEVELOPMENT PROGRAMMES** IN 2017, WHICH ATTRACTED CLOSE TO 700 PARTICIPANTS.



Our Corporate & Investment Banking (CIB) business launched the **IGNITE women's development programme** in August 2017, aimed at preparing women in middle and senior management for executive positions.



Our Personal and Business Banking (PBB) **Blue Heels** programme for women in middle management builds skills and confidence and builds networks across countries and business units. Participants engage with and learn from leaders and colleagues (within the bank). In 2017, 600 women employees from 16 countries participated in the programme.



In East Africa, the **SHIFT.ALT** initiative aims to develop senior female leaders through building authentic leadership, networking and capacity building. A senior leadership circle was launched in January 2017, comprising 69 senior women across Tanzania, Uganda and Kenya, with involvement of senior male staff, clients and board members.



In 2018, we will develop a framework for women's programmes to ensure they all lead towards the same outcomes, while still allowing for diverse approaches. We'll also be developing more programmes that cut across business and corporate functions.



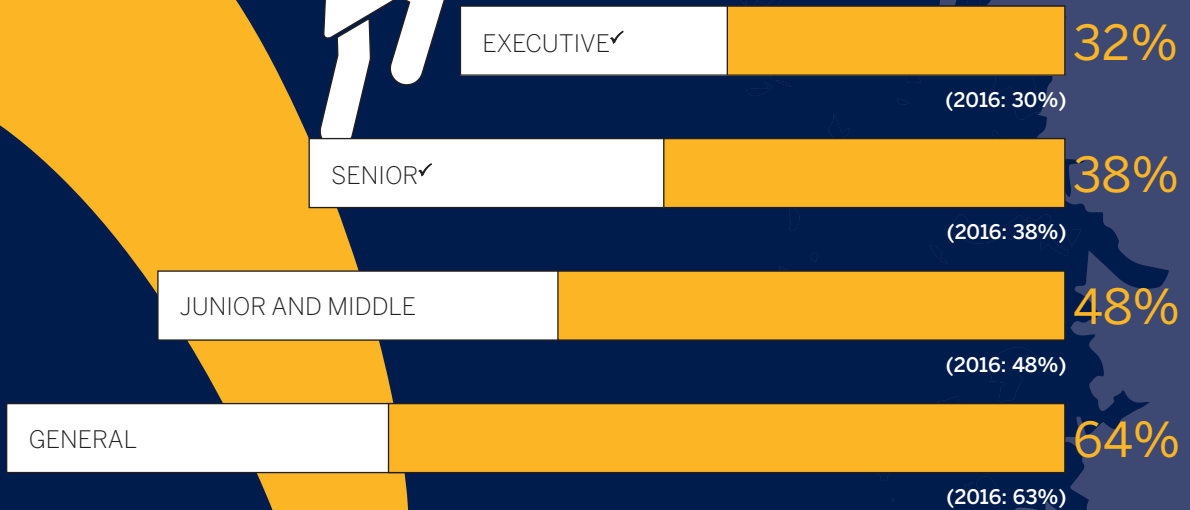
In 2018, PBB is launching an **accelerated development programme for African and black women**. This 12- to 18-month programme will recruit internal and external candidates.

In South Africa, we established employee diversity and inclusion forums in every business and corporate function. These are fundamental to achieving a broad and united approach to diversity and inclusion. In 2017 we launched Prism, a forum for **LGBT+** employees that provides support and guidance to line management and staff on understanding sexual orientation in the workplace. We also implemented a 'Critical Conversations' series, which provides a platform for engagement on topics that are relevant in the current socio-political context.

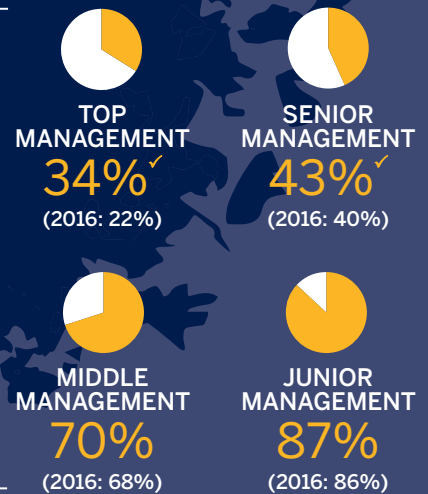


## SHIFTS IN REPRESENTATION OF WOMEN: 2016 – 2017

### REPRESENTATION OF WOMEN IN JOB BANDS



### SBSA DIVERSITY AND INCLUSION – BLACK EMPLOYEES (SOUTH AFRICAN CITIZENS)



TR Transformation report  
<http://sustainability.standardbank.com/downloads/>

ESG Environmental, social & governance report (online only)  
<http://sustainability.standardbank.com/esg/>

## CAREER OPPORTUNITIES FOR YOUNG PEOPLE

### Standard Bank graduate programme

We recognise how difficult it is for young people – university graduates included – to secure their first job. Since 1997, the bank has launched the careers of 1 591 graduates through our graduate programme. About 52% of these graduates are still Standard Bank employees, and 85% of our graduates stay with us for six years or more. **Our 2017 intake featured 116 South African graduates, of whom 89% were black and 46% were female.** We also welcomed 23 graduates from Botswana, Mozambique, Namibia, Nigeria, Swaziland, Tanzania and Uganda.

STANDARD BANK WAS AWARDED THE AFRICAN EXCELLENCE AWARD for best graduate recruitment campaign by Communication Director, a magazine for global decision-makers in corporate communications, PR and public affairs. We were again rated as the top company in the commercial and retail category in the South African Graduate Employers Association (SAGEA) Employer awards 2017. The bank was nominated in the Top 3 companies in the categories of 'most innovative campaign', 'best recruitment process' and 'best personality on campus'.



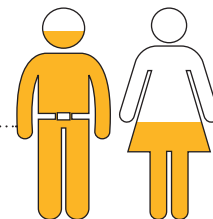
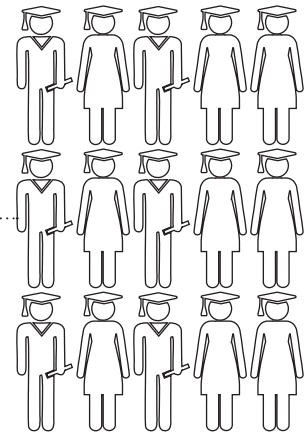
IN THE LAST 20 YEARS, WE'VE LAUNCHED THE CAREERS OF  
**1 591**  
GRADUATES

IN 2017, **139**  
NEW GRADUATES  
JOINED THE  
PROGRAMME

**52%**  
ARE STILL WORKING  
AT STANDARD BANK

**89%**  
OF 2017  
GRADUATE INTAKE  
WERE BLACK

**46%**  
WERE FEMALE



We are compiling a database of all the graduates who hold student loans with us, have completed their qualifications, but have not yet been able to secure a job. As a result, they have not yet begun to pay off their loans. In 2018, we'll be launching a learnership programme that will be able to accommodate up to 250 of these graduates after an interview and selection process.

IMPORTANT ROLE WE CAN PLAY FOR  
**YOUTH EMPLOYMENT**



## Employment

### Learnerships

**To build a bridge for young people entering the world of work, we introduced our learnership programme in 2007.** Since then, approximately 5 000 learners have participated in the programme, with many still with the bank. From relatively small beginnings, the programme currently **employs about 700 young people per year.** These learnerships are aimed at addressing racial, gender and geographical challenges to educational advancement, while also developing the kind of skills needed by Standard Bank.

We offer learnerships in many banking disciplines. Applicants undergo a rigorous assessment process which allows us to steer successful learners to the roles they suit best. Each student is assigned a coach, mentor and line manager for support and to guide each individual through the curriculum.



"I joined Standard Bank in 2008 as part of the Mafisa Learnership Programme, which was rolled out specifically within the Branch Network. I went on to work in the learnerships department, and in time to run my own learnership projects for the bank. To see individuals who sat in front of you five to seven years ago, being interviewed by you, now as senior professionals within the organisation and still implementing some of the things you shared with them in terms of shaping their mindset, having the right attitude and doing more than simply enough – that's extraordinary."

– **Brandon Brown**

"Our learnerships combine theory and practical experience, creating skilled people who tend to work more independently, require less supervision and possess enhanced problem-solving capabilities."

– **Wally Fisher, Head of operations, PBB, South Africa**



"Having been an unemployed 20-year old, being selected for this learnership was an absolute dream come true for me. In 2009, I was selected for the Banking Skills learnership and since then, my career has bloomed into something phenomenal."

– **Kimesha Pillay**

"In 2008, I was straight out of matric with no plans and definitely no idea how to put my life together. I was surfing the internet and stumbled upon the Mafisa Learnership Programme. When I got accepted into the programme, it was like a dream come true.

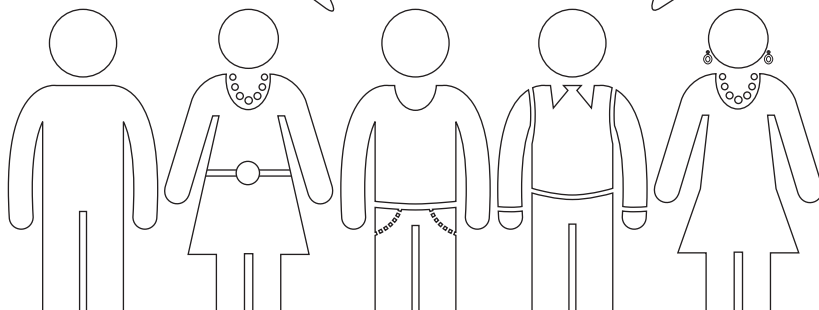
The learnership lasted for 12 months, and no permanent employment was guaranteed. Because of this, I pushed myself to work very hard to ensure that my placement was secured. In 2009, I received a permanent post as a teller. The assistance of my mentor and my boss gave me the courage to take risks and gave me the confidence to upskill myself.

In 2012, I applied for a team leader role at a service centre, and the following year I was responsible for managing five consultants. I was able to grow, and to continue with my studies. In 2015, I was appointed as a regional service centre branch manager. Thank you SBSA learnership for opening the door for me."

– **Ishmael Tsime**

"I will forever be grateful to the learnership team for making us learners feel and believe that, if we worked hard, opportunities in this organisation are endless."

– **Thembelani Masiteng**





## EMPLOYMENT

Career opportunities for young people continued



### Partnering with Harambee

**More than 50% of South Africa's young people are not in education, employment or training opportunities.** Many grow up in households where no one is formally employed. For others, dysfunctional school systems have not effectively prepared them for work. Without marketable skills, they stand little chance of being noticed by potential employers.

Employers, on the other hand, often struggle to find people who are 'ready for work' in entry-level jobs – motivated, self-confident individuals who can communicate clearly and understand the importance of punctuality and reliability.

Harambee Youth Employment Accelerator (Harambee) is a not-for-profit social enterprise that creates solutions to address the mismatch of demand and supply in the youth labour market. Harambee has offices in South Africa's major cities and partners with over 400 employers. Young people can simply register online at [www.harambee.mobi](http://www.harambee.mobi) and get invited to visit Harambee facilities and access advice, including how to write a professional CV, how to present themselves in interviews and where to look for job opportunities.

Individuals, based on their matching to opportunities, are invited to participate in Harambee's eight-week work readiness programme. Those who complete the programme successfully are matched with potential work opportunities at employers. Harambee also provides mentoring for both candidates and line managers to support candidate integration, retention and performance in their first job.

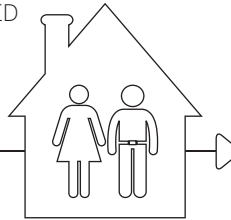
Standard Bank began our partnership with Harambee in 2012.

## OVER THE PAST FIVE YEARS

WE HAVE PLACED

**654**

HARAMBEE CANDIDATES



**Harambee candidates** are generally from households of between five and 11 people, who are grant dependent or have an income earner in low-paid or at-risk employment, or have no income. Providing decent work to a young person makes a significant impact on the household as a whole; not least through sharing skills and experience, developing networks and creating opportunities for others in the household.

IN 12-MONTH LEARNERSHIPS WITHIN THE BANK, AS

- call centre agents
- tellers in our cash centres
- fraud investigation consultants
- travel centre consultants
- frontline consultants in our branch network.



OF THESE YOUNG PEOPLE

- more than **90%** successfully completed the learnership
- just under **90%** were offered ongoing contracts at the bank
- about **15%** became permanent members of staff.

## THE CHALLENGE

ACCORDING TO STATISTICS SOUTH AFRICA\*:

**26.7%**

OF PEOPLE ARE UNEMPLOYED

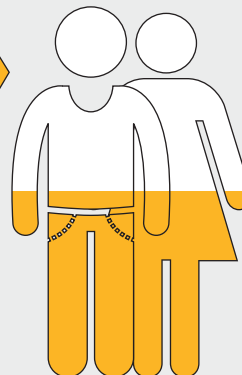
**15.5 million**

ARE NOT ECONOMICALLY ACTIVE

**2.5 million**

ARE DISCOURAGED WORK-SEEKERS

**UNEMPLOYMENT IS HIGHEST AMONG OUR YOUTH.**



**51.1%**

OF OUR YOUTH (15 – 24 YEARS IN AGE) ARE UNEMPLOYED

**9.0 million**

ARE UNEMPLOYED OR NOT ECONOMICALLY ACTIVE

\* Based on Stats SA Quarterly Labour Force Survey (Quarter 4: 2017).



## Employment



*Alex completed the eight-week Harambee bridging programme and joined Standard Bank on a 12-month learnership in June 2013. He describes the key to his success as "Working hard, determination, and keeping the positivity I learnt from Harambee. Harambee motivates people from backgrounds like mine to do good in life. Not many people from where I come from actually work at an office. I want to change that and motivate others. I have also been motivated by mentors at Standard Bank, who have taught me a lot about staying positive. I'm working towards becoming a coach for learnership employees within my area of the bank. This will open more doors to develop other people who are starting where I started and make sure they move up in life, just as I did."*

– Alex Sithole – Harambee alumni

## COLLABORATIVE SOLUTION

### HARAMBEE YOUTH EMPLOYMENT ACCELERATOR

#### BENEFITS TO STANDARD BANK

Expands the recruitment pool to include historically excluded young people

Higher retention and success rate because candidates are screened, matched and bridged by Harambee's rigorous process

Requires commitment and buy-in from team leaders to make it work

High conversion rate from learnership to contract staff

Inclusive recruitment  
High retention of talent  
Commitment to transformation  
Committed staff

#### BENEFITS TO HARAMBEE CANDIDATES

1

Have the opportunity to access the formal economy and gain meaningful employment

2

Take skills, networks and positive attitude back into their households and communities

## THE IMPACT

### MEANINGFUL EMPLOYMENT AND TALENT RETENTION



First job opportunity

Gateway to employment for unemployed youth from highly impoverished households – over 45 000 South African youth found their first job through Harambee



Work ready

Free training to young people to become 'work ready'



Remove socio-economic barriers

Understands and addresses typical barriers, e.g. cost of transport and exclusionary assessment tools and processes



Match potential with opportunity

Assesses potential and matches candidates to entry level opportunities



Impacts economic transformation

Supports long-term economic transformation



FIVE

## FINANCIAL INCLUSION

Many Africans remain excluded from formal financial systems. They are limited to transacting in cash, rely on family and friends for credit, and have no personal or business insurance. Standard Bank is working to open up the formal financial sector to the unbanked. Making this possible requires low-cost, convenient digital applications that can be accessed without having a bank account; alternative forms of collateral; and effective consumer education to enable people to manage their finances more effectively.

### INNOVATION TO IMPROVE ACCESS AND AFFORDABILITY

#### Instant Money

= ACCESS TO FINANCIAL SERVICES WITHOUT BANK ACCOUNTS



Affordable, safe and reliable



48% year-on-year growth in volumes

#### New Instant Money Wallet

ENTRY POINT INTO FORMAL BANKING WITHOUT THE USUAL FEES



17.5 million  
vouchers in 2017



Average transaction is  
R669

TR  Transformation report  
<http://sustainability.standardbank.com/downloads/>





Financial  
inclusion

## Instant Money

MORE THAN **2 MILLION** PEOPLE ACROSS SOUTH AFRICA USE STANDARD BANK'S INSTANT MONEY EVERY MONTH.

- An affordable, safe and reliable way to send money to anyone with a basic cellphone.
- Money can be sent instantly from an ATM, via the banking app, online banking, cellphone banking or through our retail partners.
- Neither the sender nor recipients need a bank account.

Instant Money is also available in Botswana, Lesotho, Namibia, Uganda and Zambia.



MOST FREQUENT TRANSACTIONS WAS PURCHASING OF  
**airtime,  
electricity  
and data**

## Instant Money Wallet

INSTANT MONEY WALLET IS AN ENTRY POINT INTO FORMAL BANKING, **PROVIDING USERS WITH MANY BANK ACCOUNT FUNCTIONS, WITHOUT ANY FEES.**

- We engaged our customers to understand what more they need from the Instant Money product and how it could be improved.
- Based on their input, we created the Instant Money Wallet, which can be operated on a basic cellphone (a smartphone is not required).
- Users have the option to withdraw a portion of their funds or the full value of a voucher.
- They can use their wallet to buy pre-paid airtime, electricity, and data.
- They can also send money to another wallet, free of charge.



**6.5 million**  
USERS IN 2017



### Nigeria

**Stanbic IBTC** offers an instant online account opening service. Once a simple form is completed and submitted online, the account holder can instantly access the account.

Stanbic IBTC has implemented a new digital payment solution to make it easier to pay school fees. The multi-platform, multi-bank solution enables educational institutions to provide automated payment channels for students and parents. The system features online, real-time payment and collection of fees and real-time issuance of electronic receipts.



### Zambia

**Stanbic Zambia** introduced a 'Bank for Free' service, in partnership with MTN. Stanbic account holders who are MTN customers have free access to an internet banking and mobile banking smart application.



### South Africa and Mozambique

**Standard Bank** has partnered with Mukuru money transfer service to enable affordable transfers from South Africa to Mozambique. Amounts transferred from Mukuru in South Africa are credited to current accounts at Standard Bank in Mozambique, or collected at no cost from a branch of the bank. The fixed rate of 10% for a transfer is significantly lower than the average of 16.3% on money transfers between the countries.



## ALTERNATIVES TO TRADITIONAL FORMS OF COLLATERAL

**Standard Bank South Africa provides dedicated funding for black-owned small and micro enterprises as part of our commitment to transformation in terms of the Financial Sector Code.** Our criteria for funding under this programme include 51% black ownership, or 30% black female-owned, with an annual turnover under R50 million. Our offering to the sector combines enterprise development and supplier development, funding and market access. Successful applicants can borrow up to R50 million.

**We provide grant funding for early start-up black businesses.** Our approach draws on the learning from our Feenix model of crowd funding. This entails attracting funding from national and international donors, to be pooled with our own enterprise development funds and those of participating Standard Bank corporate clients.

The bank offers finance tailored for applicants with verified contracts or purchase orders. We have developed three lending solutions specifically for participating government departments and agencies. At the time of publication, we were assessing 118 cooperatives for lending and development opportunities through partnerships.

In 2018, we plan to **significantly increase our support to SMEs** both in monetary and non-monetary ways to a **value of R1 billion**, using favourable rates to encourage access to financial services.

Standard Bank established an independent NPO called the Tshwaranang Trust to provide collateral against which loans can be extended to small businesses. This NPO enabled R215 million to be lent to black businesses. The total value of Standard Bank loans provided to black-owned businesses, including Tshwaranang Trust collateral collaboration, amounts to approximately R556 million. 53% of these loans are in good standing. We're working with underperforming borrowers to address these challenges and learn from them. The Tshwaranang Trust financing mechanism facilitated funding in the first six months of 2017. A revised model will be considered going forward.

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Transformation report  
<http://sustainability.standardbank.com/downloads/>



Financial  
inclusion

## STANDARD BANK DEVELOPING ENTREPRENEURS IN 2017

### ACCESS TO MARKETS

CONNECTING TO OUR  
**corporate clients**

#### Job creation

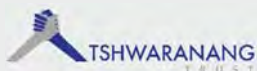
PARTNERSHIPS WITH  
OUR STATE-OWNED  
ENTERPRISE (SOE)  
CLIENTS



APPROXIMATELY  
**2 000**  
JOBS CREATED  
BY OUR CLIENTS

### ACCESS TO FUNDING

TSHWARANANG TRUST –  
STANDARD BANK COLLABORATION:



**R13.58 million**✓

COLLATERAL RESERVED TO  
ENABLE ACCESS TO FINANCIAL  
SERVICES FOR OUR CLIENTS

**R50.98 million**✓

LOANED TO SEVEN CLIENTS



### BUSINESS DEVELOPMENT SUPPORT

**4 000+**

ENTREPRENEURS  
PARTICIPATED IN  
CONFERENCES

**250+**

BUSINESSES  
REACHED  
THROUGH  
STRUCTURED  
BUSINESS  
DEVELOPMENT  
PROGRAMMES



**631**

ENTREPRENEURS  
ATTENDED OUR  
BOOT CAMPS AND  
HACKATHONS

GRANT FUNDING –

**R50 million**

PURCHASE ORDER FINANCING –

**R5 million**

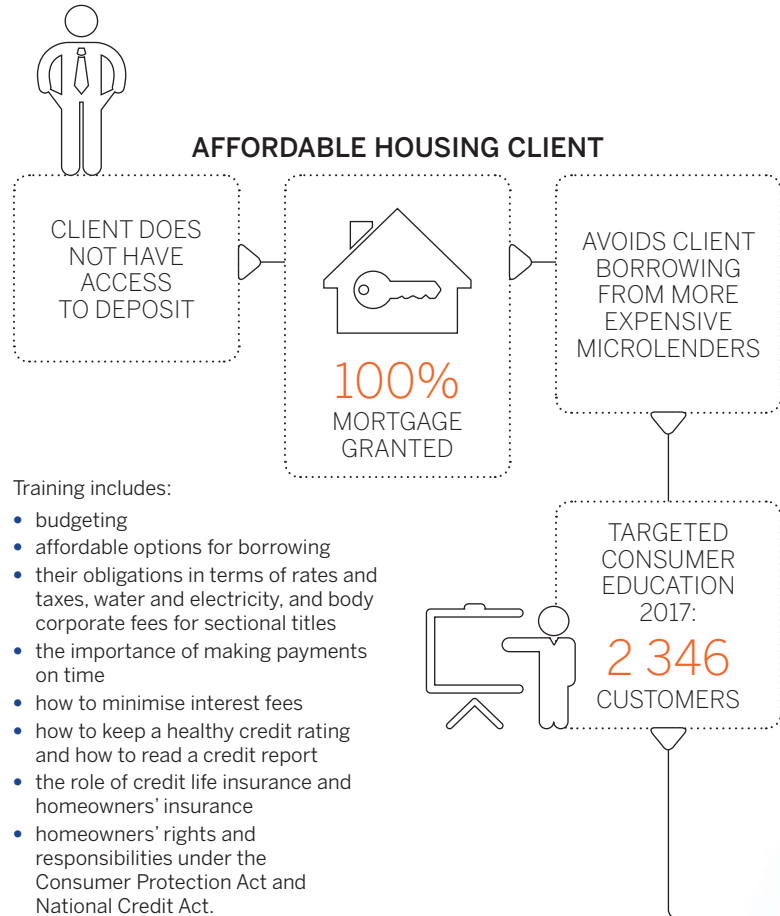
### Helping people buy homes – affordable housing in South Africa

Helping people to buy a home is one of the most important roles a bank plays in society. A home provides shelter and dignity for families, and the opportunity to build wealth.

Standard Bank is a major provider of home loans in South Africa, with a 33% market share. Our South African affordable housing book – i.e. the money we've lent to households earning between R3 501 and R23 500 per month – is valued at about R25 billion. As the largest lender in the affordable sector, **we have assisted almost 100 000 lower-income families purchase a home.**

We work closely with the Department of Human Settlements and provincial housing departments to help our customers access the Finance Linked Individual Subsidy Programme (FLISP) offered by government. The programme targets the 'gap market' – households earning more than the R3 501 per month but less than R15 000 per month. These families find it hard to qualify for housing finance, as their income is regarded as too low for traditional mortgage finance from banks, but too high to qualify for the government free basic house subsidy scheme. Qualifying households can access a FLISP subsidy, ranging between R20 000 and R87 000, depending on the applicant's monthly income.

We offer our affordable housing mortgage clients online or classroom-based training to help manage their home ownership obligations.



Training includes:

- budgeting
- affordable options for borrowing
- their obligations in terms of rates and taxes, water and electricity, and body corporate fees for sectional titles
- the importance of making payments on time
- how to minimise interest fees
- how to keep a healthy credit rating and how to read a credit report
- the role of credit life insurance and homeowners' insurance
- homeowners' rights and responsibilities under the Consumer Protection Act and National Credit Act.

Training is provided by external service providers and funded by the bank. In 2017, 2 346 customers participated in this programme. Although South Africa's economic slowdown has increased pressure on low-income households, 88% of our affordable housing clients continued repaying their loans within agreed timeframes. We're working with the 7% of clients in early arrears to get back on track, with 2 316✓ home loans restructured to keep people in their homes. The bank has entered legal processes to resolve the 5% of clients in a default situation. Chapter 10 provides more information about this process.

RTS 78 Read more on sales in execution

TR Transformation report <http://sustainability.standardbank.com/downloads/>





Financial  
inclusion

**88%**

SUCCESSFULLY SERVICE DEBT



**7%** IN EARLY  
ARREARS



**5%** IN  
DEFAULT

**2 316**✓

HOME LOANS  
RESTRUCTURED

**90**

HOMES  
REGRETTABLY  
ENTERED SALES  
IN EXECUTION

**99 158**

TOTAL  
AFFORDABLE  
HOMES FINANCED

**4 752**

AFFORDABLE  
HOMES FINANCED  
IN 2017





*This is an important step towards giving many more people in South Africa the full benefits, security and pride associated with owning a home. There is a long journey ahead to achieving decent housing for all in our country, but if more people get involved we can make significant strides together in uplifting the lives of South African citizens.*

– **Andrew van der Hoven, Head of home loans, Standard Bank South Africa**



**CASE  
STUDY**

### ACCESS TO TITLE DEEDS

A TITLE DEED IS A CRUCIAL MECHANISM OF ECONOMIC EMPOWERMENT.

#### The benefits of homeownership include

a sense of **security and belonging**

financial agency created by having a **form of collateral**

**access to credit** for student loans, vehicle loans, or to start or grow a business.

Without a title deed, selling, renovating or borrowing against a home is not possible.

- Across Africa, lack of access to title deeds undermines the extent to which homes can become a **real wealth-creating asset**.
- In South Africa, an estimated **5 million to 7 million black families still do not have ownership rights** to houses they have lived in for generations.

- In 2017, Standard Bank helped 100 residents of Kwakwatsi Koppies in the Free State to secure title deeds for their homes.
- The individuals were all tenants of council properties.
- Standard Bank partnered with the local municipality and the Khaya Lam (My Home) Land Reform Project.
- Standard Bank funded the legal process for issuing title deeds, at a cost of about R2 100 per person.



Financial  
inclusion

## EFFECTIVE CONSUMER EDUCATION

Under South Africa's Financial Sector Code, banks are required to allocate 0.4% of net profits to consumer education. At Standard Bank, we have allocated these funds to educate consumers about effective management of their personal finances through the **WalletWise** programme.

### WalletWise

The programme drives awareness through edutainment by using print media, social media, radio and television, and classroom training in selected communities.

Content is provided in nine of South Africa's official languages.

#### Topics covered through WalletWise:

- savings
- insurance
- customer rights and responsibilities
- how to access your credit record
- cybercrime
- ways to making banking cost effective
- the functionality of cellphone banking
- withdrawing cash at retail till points as alternatives to in-branch banking.

We encourage customers to provide feedback on these initiatives, and to inform us on topics that interest them.

We also commission external independent measurement of the impact, effectiveness and reach of the campaign.

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Transformation report  
<http://sustainability.standardbank.com/downloads/>

## OTHER CUSTOMER AWARENESS PROGRAMMES IN 2017 INCLUDED:



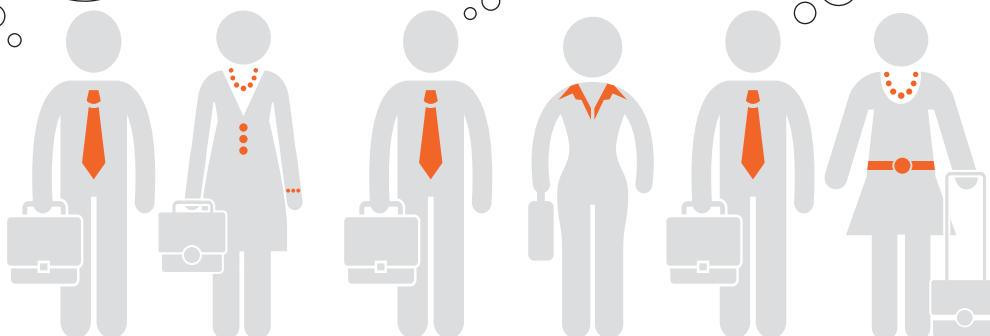
**Consumer education for young people**, targeting university students and young working people, and incorporating the Banking Association South Africa Star Saver initiative.



**A campaign for small enterprises** to support improved financial management. Classroom training was provided and selected participants also took part in a bank-run 'Basics of Business' course designed for small enterprises.



**Raising awareness of government's Finance Linked Individual Subsidy Programme (FLISP)** for affordable housing, and training for mortgage customers.





SIX

## COMBATING FINANCIAL CRIME

Effective anti-money laundering systems protect the integrity of the financial system, which is crucial to economic and social development. The banking system plays a central role in collecting and moving funds. Banks detect and report suspicious financial transactions, which is vital in preventing fraud, corruption and money flows to criminal syndicates and terrorist organisations. Cybersecurity is a growing concern. Standard Bank has robust controls to protect system integrity and the security of our clients' funds.

### PREVENTING FINANCIAL CRIMES

**Our role as a trusted partner depends on the reliability of our services and our clients' confidence in our ability to protect and grow their assets.** In 2017, Global Finance Magazine named Standard Bank as the Safest Bank in Africa in its annual ranking of the World's Safest Banks. We were also named Safest Bank by Country in Kenya and South Africa.



"I'm proud I was able to protect my bank from reputational damage."

**– FraudStop winner 2017: Sibongile Dube, team leader of personal markets, Vanderbijlpark, Standard Bank South Africa**



#### Preventing and mitigating fraud

**In South Africa, we're introducing fingerprint verification to strengthen the security of our authentication process and better protect customers from impersonation fraud.** We've partnered with the Department of Home Affairs to improve the accuracy of our client records. When a new customer opens an account with us, we copy and store their fingerprint, and check it against the Department's population register for authentication.

Our employees are our first line of defence in identifying, reporting and exposing suspected fraud. FraudStop is an ongoing campaign within the bank, to raise awareness and to reward employees who successfully prevent financial crime by reporting fraud. In 2017, Sibongile Dube won the R1 million prize for her quick thinking and immediate action that protected a customer from fraud.

#### Avoiding debit order fraud

**Debit order fraud has become a significant concern in South Africa, leading to disputes between clients and banks.** The South African Reserve Bank instructed the Payments Association of South Africa and South African banks to address this issue. The result is DebiCheck, a controlled debit order system intended to ensure fair management of debit orders and customer security.





Combating  
financial  
crime



*Protecting our clients and business partners' assets and data is a priority for us. This is an industry-wide and societal issue, and collaboration is crucial. We actively contribute to SABRIC forums for collaboration between banks on combating cybercrime.*

– **Graham Blain, Head of IT governance, Standard Bank Group**



## Fighting cybercrime

2017 saw a continued focus on improving cybersecurity capabilities.

### THE GLOBAL CHALLENGE

- Increasing cybercrime incidents
- Sophistication of attacks.

Cybercrime includes:

- cyberfraud
- data theft
- extortion (ransomware)
- malicious business disruption.

**The escalation in the scale and sophistication of cybercrime is amplified by:**

- growing digitisation of businesses
- ageing and vulnerable IT systems.

Cyber regulation is evolving worldwide. Most banking regulators will probably issue cyber regulations in 2018. The South African Reserve Bank (SARB) issued guidelines to banks for developing resilient systems that can recover quickly in the event of a cyber incident. In 2017, Kenya's Central Bank has also issued similar guidelines.

The banking sector and the relevant authorities are collaborating well. We regularly send security tips to our clients, and contribute to the growing of awareness on cybercrime topics.

### OUR SOLUTION

- Extensive focus on cyber risk at every level of the organisation
- Investing in enhanced security capabilities.

### THE IMPACT

**In 2017, we mitigated several attempted attacks, without any impact on our operations or customers.**

**Many of these incidents were prevented as a direct result of the advanced cyber defence capabilities introduced in 2016 and 2017.**

The international shortage of cybersecurity skills is well documented. We have employed eight graduates who will be guided through specialised training towards becoming cybercrime specialists.

The number of phishing sites targeting Standard Bank clients reduced significantly in 2017, as did the number of online banking fraud incidents reported. We believe this was largely due to implementing new prevention and detection controls.

### The Cybercrime and Cybersecurity Bill

During 2017, the Department of Justice (DoJ) led the drafting of the Cybercrime and Cybersecurity Bill. Standard Bank worked closely with industry bodies, particularly the Banking Association of South Africa and the South African Banking Risk Information Centre, to provide feedback on drafts, towards helping ensure that the legislative objectives are fulfilled, while minimising unintended impacts.

Following constructive engagements between the DoJ and various stakeholders, including the banking sector, we are confident that the Bill aligns well with the current realities of cybersecurity, and will be useful in preventing cyber-related crime.

## Money laundering, terrorist financing, illicit financial flows

**We're piloting an enhanced compliance management and monitoring capability using an integrated data analytics capability.** The bank is automating parts of the high traffic processing operations for anti-money laundering controls. This will enable real-time data analytic problem-solving capability during 2018. Our Money Laundering Surveillance Unit has established a dedicated team to track adverse information linked to Standard Bank clients. This team will identify risks introduced to the bank by clients and respond quickly to analyse and address these, as necessary.



SEVEN

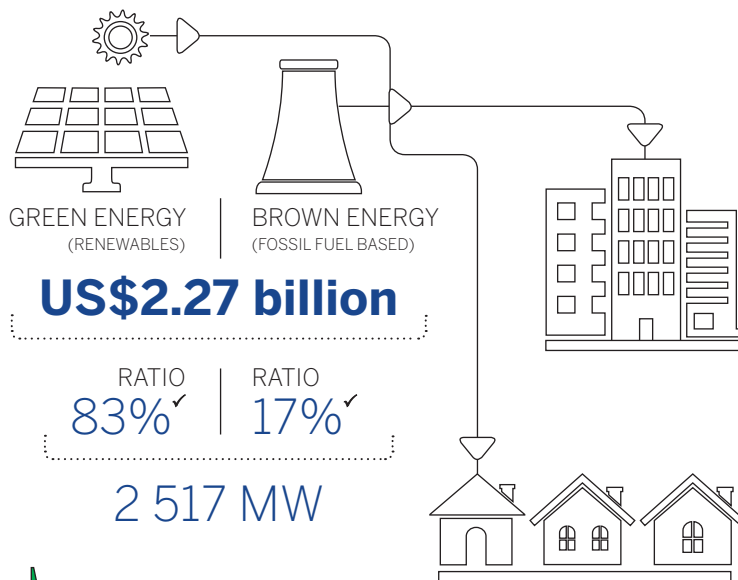
# INFRASTRUCTURE



SDG 7 prioritises access to affordable, reliable and sustainable energy. SDG 9 is concerned with developing

infrastructure to enable inclusive and sustainable industrialisation. The African Development Bank estimates that Africa needs to invest at least \$130 billion a year to address the infrastructure gaps undermining economic growth. Standard Bank works with African governments and development institutions to structure funding instruments and mobilise funding for energy, transport, telecommunications and health infrastructure.

## ENERGY PROJECTS FINANCED – SINCE 2012 (SBG)



**GREEN** – Clean, non-polluting and renewable energy sources that are naturally replenished over time, such as solar or wind.



**BROWN** – Fossil fuel-based energy sources that release pollutants during processing and are not replenished over time, such as coal, oil or natural gas.

## POWER INFRASTRUCTURE

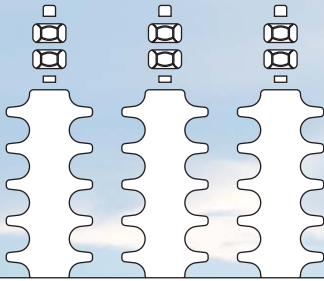
**Affordable energy supply is critical for economic growth in Africa, but existing energy infrastructure is limited.** During 2017, Standard Bank funded several large-scale energy infrastructure projects across Africa. For example, we partnered The Eastern and Southern African Trade and Development Bank (PTA Bank) in a US\$120 million financing package for the Zimbabwe Power Company (ZPC) and Namibia Power Corporation (NamPower). Our local presence, relationships with stakeholders and technical expertise enabled a deal that effectively supports regional power integration and creates value for ZPC and NamPower. We worked closely with four policymakers and four ministries in Namibia and Zimbabwe to structure the deal, which will fund the rehabilitation of existing power infrastructure such as the Kariba South Hydro Power Station.



In late 2016, we concluded a US\$104 million funding transaction with Ethiopian Electric Power to finance the upgrade of approximately 30 km of power transmission lines and electricity sub-stations in Addis Ababa. This is Standard Bank's first transaction in Ethiopia, and was supported by the Ethiopian government.

RTS 66 Read more on our energy financing and environmental impacts

ESG Environment, social & governance report (online only)  
<http://sustainability.standardbank.com/esg/>



## ZAMBIA'S ZESCO POWER INFRASTRUCTURE EXPANSION

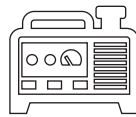
### CASE STUDY

#### THE CHALLENGE

Zambia's government has prioritised universal access to clean, reliable and affordable energy.



In 2014, it arranged a funding deal to broaden access to reliable and affordable power in provinces with limited access to the national grid.

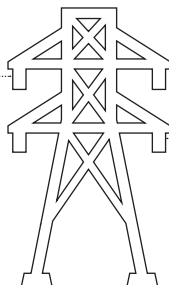


These areas historically relied on diesel generators, which are unreliable, provide expensive power, and emit high levels of carbon.

#### THE SOLUTION

Stanbic Zambia co-arranged the US\$164 million funding required.

#### THE IMPACT



Development of 790 km of transmission lines.

Construction of eight substations.

Expanded grid infrastructure distributes affordable energy access into more Zambian communities.

Enhanced energy access should stimulate economic activity in the mining, agriculture and tourism sectors.



Completed in 2017, Standard Bank worked closely with the client to ensure that environmental standards were met and implementation aligned with international good practice.





## RENEWABLE ENERGY – FROM SMALL- TO LARGE-SCALE

### THE CHALLENGE

#### Access to energy in rural areas

In Kenya, about half the population has access to electricity, with the average decreasing to only 5% in rural areas.

In Uganda, the average is 14% overall, down to 7% in rural areas.

Building and maintaining expensive distribution networks in sparsely populated areas does not make practical or economic sense.

### THE SOLUTION

#### Rooftop off-grid power

Standard Bank has been working with M-KOPA Solar, a leading pay-as-you-go energy provider, to deliver off-grid power supply to these areas.

During 2017, Stanbic Kenya acted as arranger and book runner on a US\$55 million local currency debt facility for the company.

M-KOPA will use the funding over the next three years to finance pay-as-you-go solar installations in one million homes in Kenya and Uganda.

Stanbic leads the debt facility and has committed US\$9 million.

The debt is backed by customer receivables, paid over mobile money payment plans.

It's the largest commercial debt facility to date in the pay-as-you-go off-grid energy sector.



*Stanbic Bank arranged US\$55 million funding in Kenya and Uganda for M-KOPA, the world's leading off-grid pay-as-you-go energy company, showing how rapidly and effectively new disruptive off-grid energy solutions can provide affordable energy when coupled with innovative financial solutions.*

– **Stephen Lovell, Head of corporate financing solutions, Stanbic Kenya**





*I returned to Ghana to be part of the effort to develop our country. At this stage in our nation's growth, there is nothing more impactful than the provision of power and infrastructure to the populace, whether in small villages or in the urban centres. I am privileged to be in a position to contribute to the decisions ultimately made by Stanbic to commit our financial capital and human resources to projects that enhance our energy sources and industrial infrastructure.*

– **Randolph Rodrigues, Head of investment banking, Stanbic Ghana**

## THE IMPACT

### Affordable, clean and safe energy



Access to affordable energy drives economic growth and increases quality of living for everyone – from business owners to school children doing their homework and parents preparing dinner.

Standard Bank expects off-grid solutions to supply higher volumes as technology and funding mechanisms become more accessible.

To date, M-KOPA has connected well over **700 000 homes** in East Africa.

M-KOPA customers now enjoy more than **62.5 million hours** of kerosene-free lighting per month and will save at least **600 000 tonnes of CO<sub>2</sub>** over four years.



Its predominantly low-income customers can access lighting, phone charging, radio and TV on daily mobile money payment plans that are typically lower than kerosene fuelled power.

M-KOPA customers with limited access to formal financial services can now develop credit histories through establishing payment track records.



Standard Bank co-arranged **US\$623 million funding for Kenya's Lake Turkana wind farm**, the largest in Africa with a capacity of 310 MW. This will power up to one million homes, and will account for about 15% of Kenya's total power capacity. Construction of the wind farm is complete. A delay in finalising the grid transmission line is being addressed by an inter-ministerial committee.

## TRANSPORT INFRASTRUCTURE

**Gauteng is South Africa's primary economic hub.** Growing road congestion requires urgent solutions as people and goods mobility slows. Standard Bank has partnered with the Gautrain since the project's inception and was one of two joint arrangers when construction began in 2006. Along with Rand Merchant Bank, we were the underwriter and sole lender for R3.1 billion of commercial debt funding. We remain Gautrain's biggest commercial lender. The 80 km rapid transport system, launched in 2012, links Johannesburg, Tshwane, Ekurhuleni and O.R. Tambo International Airport. Gautrain is changing the face of the city, with neighbourhoods surrounding the ten Gautrain stations becoming high-density, mixed-use areas, enabling people to live, work and shop along convenient routes.

### SOUTH AFRICA – GAUTRAIN



#### IMPACTS SINCE INITIAL INVESTMENT

**52 400** PASSENGERS  
PER WEEKDAY



#### Growth and upliftment

IN AREAS SURROUNDING STATIONS



**HIGH  
DENSITY  
MIXED USE  
SUBURBS**



**OFFICE AND  
OTHER  
COMMERCIAL  
DEVELOP-  
MENTS**



**SHOPPING  
CENTRES**







## HEALTH INFRASTRUCTURE

**Busamed is a black-owned and operated private hospital network.** In 2013, Standard Bank partnered with Busamed to build South Africa's first project-financed private sector hospital development. We have since arranged approximately R1 billion for the construction of four new private hospitals in the Western Cape, the Free State and Gauteng, and a new oncology centre in Gauteng. **Busamed's hospitals are doctor-designed, owned and managed, supporting the development and transformation of South Africa's healthcare sector.** We've also arranged financing for Busamed's acquisition of two private hospitals in KwaZulu-Natal.

Acting as sole-mandated lead arranger, we provided a R230 million project finance facility for the 100-bed Paardevlei Private Hospital in the Western Cape, which opened its doors in 2015 – the first newly constructed hospital in the Busamed stable. The balance of Paardevlei's R420 million cost was contributed by the National Empowerment Fund (NEF) and from shareholder funds. We subsequently played a lead structuring and financing role in Busamed's Modderfontein Private Hospital Orthopaedic & Oncology Centre, an acute and sub-acute facility opened in 2016, followed by the Busamed Harrismith Private Hospital.

In 2017, we financed the 110-bed Busamed Bram Fischer Private Hospital in Bloemfontein, scheduled to open in 2018. Paardevlei, Harrismith and Bram Fischer were all structured in a co-financing arrangement with Futuregrowth Asset Management. During 2016, we supported Busamed in its acquisition of the operations of the Gateway and Hillcrest private hospitals in a R1.7 billion transaction. Standard Bank provided financial advisory services, structuring advisory, equity finance and asset finance. Busamed now owns three of the top ten private hospitals in South Africa.

## WATER INFRASTRUCTURE

### THE CHALLENGE ACCESS TO SAFE WATER

Water scarcity across Africa is often exacerbated by poor water management and inadequate water infrastructure.

Over the last two years, these infrastructural deficiencies were compounded by severe drought, particularly affecting east and southern Africa.

While rainfall returned over much of the region during 2017, some areas, including South Africa's western and eastern Cape provinces, continue to battle severe water shortages.

### THE SOLUTION DESALINATION PLANTS

We recently approved finance for installing desalination plants in Monwabisi and Strandfontein in Cape Town, to service contracts with the City of Cape Town. These plants will be set up in containers and can be relocated to new sites as needed.

### THE IMPACT POTABLE WATER

Desalination plants at Monwabisi and Strandfontein will each produce

**7 million**  
LITRES OF POTABLE WATER A DAY

## AFRICAN ECONOMIC DEVELOPMENT

The AU's Agenda 2063 highlights the importance of infrastructure to connect Africa. The deepening of trade and investment flows between African countries, and emerging markets such as China, can potentially drive economic integration. This requires expanding manufacturing and processing capacity within African economies, reducing administrative and transaction costs of cross-border trade, and improving transportation, logistics and communication infrastructure to support intra-African trade. We're working with our strategic partners, ICBC, to grow and deepen trade and investment links between African economies and Chinese investors and businesses. We are also working with African governments to support the development of enabling infrastructure.

### FACILITATING INTRA-AFRICAN DIALOGUE

Standard Bank is working to bring together government, the diplomatic community and the private sector to discuss ways in which we can work together to deepen intra-African trade and integration, solidify trade and investment links between African economies and Chinese investors and businesses. We held the first dialogue in October 2017, focused on the movement of people within Africa, and will continue these discussions in 2018.







African economic  
development



*Improving access to trade finance helps us to drive inclusive economic growth. Surveys undertaken by the Asian Development Bank (ADB) have found that, if firms were able to access the trade finance they require, they'd invest in production and productivity improvements, grow their exports, employ more people, and invest in other businesses. **The ADB estimates that a 15% increase in the availability of trade finance translates into a 17% increase in employment.***

**– Vinod Madhavan, Head of trade, Standard Bank Group**

## INTRA-AFRICAN TRADE AND INVESTMENT FLOWS

**Limited availability of trade finance is a key barrier to growing intra-African trade and driving trade-based economic value creation.** The International Chamber of Commerce estimates the gap in trade finance in Africa at around US\$100 billion. Due to the perceived risk of conducting business in Africa significantly outweighing real risk, African companies – particularly small enterprises – are faced with a high trade finance proposal rejection rate.

Standard Bank works with corporate investors and financial institutions to correct misconceptions, reduce the gap between perceived risk and real risk, and improve access to trade finance. To fully understand the real operational and credit risks the client is exposed to, we assess their operating ecosystems – from suppliers to distributors, both local and cross-border. This allows us to offer customised risk mitigation and financing solutions, allowing them to realise their growth opportunities.

The bank plays an active role in international bodies working towards improving trade flows. The International Chamber of Commerce (ICC) Banking Commission, of which our group head of trade is a member of the Advisory Board, works to maintain and build frameworks and rules to enable financial institutions to better support global



THE INTERNATIONAL CHAMBER  
OF COMMERCE ESTIMATES THE GAP IN  
TRADE FINANCE IN AFRICA AT AROUND  
**US\$100 billion**

trade flows. We also participate in the ICC Banking Commission's Working Group on Sustainable Trade Finance, which aims to encourage and support sustainable practices in trade and supply chain finance, while paying careful attention to environmental and social risk management. It is developing sustainability guidelines, enhanced due diligence at client level and assisting banks to identify high risk transactions. The Working Group is divided into three streams, one of which is led by Standard Bank's group head of environmental and social risk and finance.

## CONNECTING BUSINESSES TO INVESTMENT OPPORTUNITIES IN AFRICA

The purpose of our international business is to connect Africa to the world in a manner that supports the continent's sustainable economic growth. Across our six international locations – London, New York, Sao Paulo, Dubai, Hong Kong and Beijing – we serve international clients as they pursue business in Africa. Our global reach combined with our African footprint means we can support our African clients as they pursue growth ambitions internationally or need access to international pools of capital and liquidity.

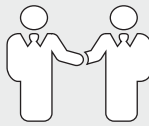


### HELPING GHANA SECURE A FACILITY OF US\$1.3 BILLION OF FOREIGN INVESTMENT



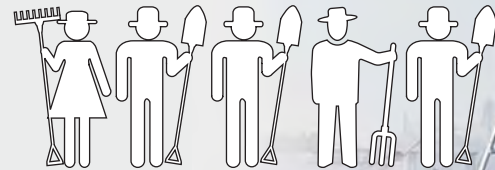
#### THE CHALLENGE

Helping the Ghana Cocoa Board tap into and access international capital needed to meet its financing needs for the 2017/2018 cocoa crop.



#### THE SOLUTION

Our teams in London and Ghana worked closely together on the transaction, achieving a successful syndication that was significantly oversubscribed.



#### THE IMPACT

The deal is the largest soft commodity pre-export financing transaction in Africa, supporting more than 800 000 cocoa farmers in Ghana.

In 2017, Standard International helped raise over **US\$7 billion** for our African clients.



#### Our strategic partnership with ICBC to drive Africa's growth

With our strategic partner, ICBC, Standard Bank is working on a unified offering to Chinese clients with businesses in Africa, collaborating to find better ways to support trade flows between Africa and China, including facilitating renminbi-based transactions. For example, during 2017, Standard Bank and ICBC announced a partnership to encourage investment by Chinese companies in Mozambique, providing clients with the financial support to import products from China and pay for them in renminbi.



African economic  
development

## CONNECTING COUNTRIES THROUGH INVESTMENT IN INFRASTRUCTURE

A vital component of enabling African businesses to trade regionally and internationally is improving the road, rail, port, logistics and telecoms infrastructure between African countries. Investing in these improvements will reduce the cost of doing business and improve the efficiency of accessing material and getting goods to market for African businesses of all sizes.

Standard Bank has been a significant contributor and facilitator to major transport and communications projects across Africa, one of them being the Port of Maputo project which commenced in 2003.



### INFRASTRUCTURE DEVELOPMENT DRIVES GROWTH IN AFRICA

#### Port of Maputo

In Mozambique, Standard Bank acted as **original arranger and primary bank to enable the concessioning of the Port of Maputo in 2003**. Maputo Port Development Company was subsequently set-up to manage and develop the Port. Since then, we've facilitated funding for capital expansions at the Port. **Recently, we financed the Maputo Port access channel dredging operation, a project of US\$85 million, of which US\$35 million was made available by Standard Bank.** Dredging of the 76 km navigational channel was completed in early 2017.

During the dredging process, the sediments were analysed to determine the concentrations of any metals and organic chemicals to ensure that no contaminants were released which could potentially compromise the aquatic ecology.



#### THE IMPACT

NEW  
NAVIGATIONAL  
CHANNEL

Receives larger  
vessels and  
capacity to  
load 120 000  
tons of cargo

More  
regionally and  
internationally  
competitive

### Investment in telecommunications

Investment in telecommunications infrastructure across Africa is crucial to:

- improve connectivity
- bring down data costs
- facilitate economic activity.

**Standard Bank is a major funder of fibre and tower networks, raising private equity for game changing telecommunications and technology players.**

### Partnership with Liquid Telecom

In 2017, we partnered with Liquid Telecom, owned by Zimbabwe's Econet Group, on its R6.6 billion acquisition of South Africa's Neotel, providing debt issuance and loan syndication.

**The deal creates a contiguous cross-border fibre network, stretching 40 000 km from Uganda to South Africa.**

### Bringing connectivity to more Africans

Standard Bank's ability to provide multi-product, cross-border advisory and funding solutions was instrumental in making possible Liquid Telecom's unrivalled reach across Eastern, Central and southern Africa.

**As the lead advisor to Liquid Telecom on a new US\$600 million, five-year bond, we are supporting the expansion of Neotel's data centres, wireless networks and fixed-line broadband infrastructure, bringing connectivity to more Africans.**



NINE

## ENVIRONMENTAL SUSTAINABILITY, AND CLIMATE CHANGE MITIGATION AND ADAPTATION



SDG 13 prioritises urgent action to combat climate change and its impacts. Africa is vulnerable to the impacts of climate change – for instance, reduced access to clean water,

drought and flooding, and the impact of changing weather patterns on harvests. We're working with clients to develop appropriate solutions for mitigating the effects of climate change, especially in agriculture. Standard Bank is a major investor in renewable energy technologies across Africa, while also making internal investments to reduce the bank's own direct carbon footprint.

**R4.9 million**

INVESTED INTO ENERGY EFFICIENCY IMPROVEMENTS, PRODUCING 1 978 KW FROM RENEWABLE ENERGY IN 2017

SINCE 2014, SBSA'S CARBON FOOTPRINT REDUCED BY 21.7% TO  
**260 721 CO<sub>2</sub>e<sup>✓</sup> metric tons**  
IN 2017

IN 2017, RENEWABLE ENERGY PROVIDED APPROXIMATELY  
**2.7 MWH**

ESG



Environmental, social & governance report (online only)  
<http://sustainability.standardbank.com/esg/>

## MINIMISING OUR DIRECT ENVIRONMENTAL IMPACTS

Standard Bank is investing in greening our offices and branches across Africa. All new buildings are aligned with the Green Building Council of South Africa's (GBCSA) sustainability rules, while our energy management system aligns with ISO 50001, an international standard designed to conserve resources, tackle climate change and save money.

**In 2017, we reduced Standard Bank's energy consumption by 21.7% against the 2014 baseline, exceeding the target we set for 2020. These efforts attracted numerous awards.**

IN JOHANNESBURG, our renewable energy parking facility at No. 1 Simmonds Street produces more carbon-free electricity than it consumes.

Our Global Leadership Centre is the first commercial facility in Africa to be awarded an ISO 50001 Energy Management certification, and in 2017 won an Insight Award from the Clean Energy Ministerial.





Environmental sustainability,  
and climate change  
mitigation and adaptation

## SOUTH AFRICA

We play a strong advocacy role with representation on the boards of the Southern African Energy Efficiency Confederation and the Green Building Council of South Africa.

- Standard Bank South Africa won the 2017 Energy Management Insight Award from the Energy Management Working Group.
- During 2017, 12 of our branches were awarded a 4-star Green Interior rating. We're working to introduce more efficient energy and water solutions across all our newly-built facilities.

## INTERNATIONAL

- In 2017, the international Association of Energy Engineers (AEE) awarded us the 2017 Africa Energy Manager of the Year Award, and Young Energy Professional of the Year.

Our head office in Malawi follows eco-efficient design, while new facilities in Windhoek in Namibia and Maputo in Mozambique are energy and water wise.

Looking ahead, we are **investigating Science-Based Targets (SBT) to reduce our GHG emissions** and conducting a water usage review across our South African operations.



## DOING OUR BIT FOR CAPE TOWN'S WATER CRISIS

Since mid-2017, we've been substantially reducing water consumption in our Cape Town offices, with two major office buildings reducing consumption by over 50%. Water saving measures include:

- awareness campaigns in all our buildings
- cutting toilet flushing water by a third
- installing waterless hand sanitisers in all bathrooms
- installing water tanks for emergency drinking and flushing water
- investigating technological solutions such as air to water generators
- switching from water-cooled to air-cooled air-conditioning
- engaging with our catering and cleaning service providers to minimise water use.

## BEING PROACTIVE ABOUT THE DROUGHT IN THE WESTERN CAPE

The Western Cape drought is financially harming many of our clients in the commercial, agriculture, retail and small business sectors. We're proactively engaging with them to minimise their risk of defaulting on loan payments.

We've assisted **several commercial clients to finance contingency plans** that reduce their dependency on municipal water, with one commercial property client reducing water consumption by 70%.

In the agriculture sector, **we've restructured clients' debts to maintain the viability of their businesses.**

While most of our high revenue business and SME clients have plans for the next 12 months, smaller businesses are more seriously affected. We're working on a case-by-case basis with them to provide what support we can.

Among retail clients, the lower to middle segments of the market are likely to be most affected, and the risk of job losses is significant if the drought persists. We're **engaging with these clients to work out plans for their debt management** going forward.



CASE STUDY

MINIMISING THE  
NEGATIVE SOCIAL  
IMPACTS OF  
INFRASTRUCTURE  
DEVELOPMENTS

During 2017, we were approached to fund a major power infrastructure deal in an African country. While our client had performed an Environmental Social Impact Assessment (ESIA), we requested an independent review to ensure all environmental and social impacts were correctly identified and the correct mitigating actions proposed. It became clear that the project could potentially harm the livelihoods and homes of nearby communities. These factors had not been sufficiently identified in our client's ESIA. As the finance provider for the project, we requested that the client take measures to avoid these negative socio-economic impacts. We subsequently reached an agreement with our client on mitigating this risk, and to maximise the project's positive social and economic impacts by supplying energy responsibly.

Names and other details have not been disclosed in line with Standard Bank client confidentiality.

ASSESSING OUR INDIRECT IMPACTS AND  
MAKING APPROPRIATE TRADE-OFFS

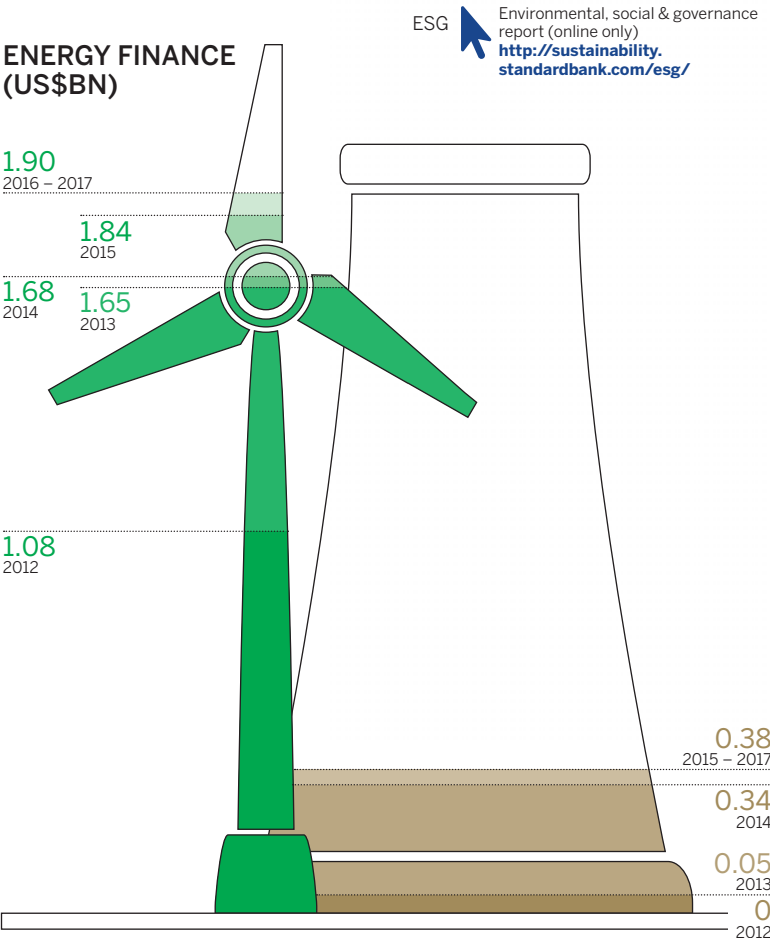
While minimising our direct environmental impacts is important, we must also consider the indirect impacts from businesses and projects we fund.

Coal finance – balancing affordable power  
and environmental impacts

Access to affordable energy is crucial to economic development. However, the financing of thermal coal projects may present both credit and reputational risks for financial institutions. Standard Bank is committed to balancing the challenges posed by climate change and Africa's urgent energy needs and we are developing lending parameters in this regard.

We have steadily grown our financing of renewable energy, while our fossil fuel investments have slowed down. From 2012 to 2017, 83% of our power project financing was directed towards renewable energy, while lending to fossil fuel power projects represented only 17% of our investments in energy production in Africa.

ENERGY FINANCE  
(US\$BN)





Environmental sustainability,  
and climate change  
mitigation and adaptation



*The relevance of environmental and social impacts/opportunities (including climate change) is no longer a point of discussion. These are mainstream within the DNA of Standard Bank Group, as we seek to achieve our shared goal of moving Africa forward sustainably.*

**– Nigel Beck, Head of environmental and social risk and finance, Standard Bank Group**

## Coal-fired power in South Africa

During 2017, Standard Bank engaged with the Centre for Environmental Rights (CER) and other environmental organisations regarding our potential financing of coal-fired projects.

Concerns raised included the impacts of such projects on climate change, water stress, the health of local communities, and South Africa's commitments to international climate agreements. For each potential project, Standard Bank undertakes detailed due diligence that includes an assessment of climate change risks and alignment with the Equator Principles. Following project approval, post-financing decision monitoring, including against International Finance Corporation (IFC) performance standards, is done. We will continue engaging with environmental organisations and other stakeholders on this issue.

ESG



Environmental, social & governance report  
(online only)

<http://sustainability.standardbank.com/esg/>



**GREEN** – Clean, non-polluting and renewable energy sources that are naturally replenished over time, such as solar or wind.



**BROWN** – Fossil fuel-based energy sources that release pollutants during processing and are not replenished over time, such as coal, oil or natural gas.



## PARTICIPATION IN GLOBAL INDUSTRY INITIATIVES

### The Equator Principles Association

The Equator Principles are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. These are based on the IFC performance standards on social and environmental sustainability and World Bank Environmental, Health and Safety general guidelines. The principles are managed by the Equator Principles Association (EPA), which includes financial institutions across 37 countries.

Standard Bank adopted the Equator Principles in 2009 and was elected to the Steering Committee of the EPA in the following year. **Standard Bank was elected as chair in 2015, a position we continue to hold.** In 2017, the EPA announced a process to update the Equator Principles. The 'EP4' revision process will include consultation with external stakeholders and is scheduled to be concluded by June 2019. In the run-up to this announcement, 65 civil society organisations, including major environmental groups and indigenous peoples' organisations, launched the 'Equator Banks, Act!' campaign which calls on the EPA members to:

- fully consider project impacts on climate change
- fully respect the rights of indigenous peoples who will be impacted by projects.

### STANDARD BANK'S EQUATOR PRINCIPLE TRANSACTIONS IN 2017

#### CONSIDERING ENVIRONMENTAL AND SOCIAL RISKS

Our current risk and finance approach to environmental and social issues is being extended systematically across all business units and will impact on all commercial transactions. We have initiated phase one within our corporate investment business bank (CIB), with phase two due for rollout within Personal and Business Banking (PBB) in 2018. Financing for large projects continues to be managed according to the Equator Principles.



DURING 2017, THERE WERE  
**FIVE EQUATOR PRINCIPLE PROJECTS**✓  
that reached financial close



Environmental, social & governance report (online only)  
<http://sustainability.standardbank.com/esg/>

Total number of Equator Principle projects that reached financial close within 2017 per category



CATEGORY A  
**HIGH RISK**  
(SBG)

1



CATEGORY B  
**MEDIUM RISK**  
(SBG)

4



CATEGORY C  
**LOW RISK**  
(SBG)

0

TOTAL NUMBER OF PROJECTS FINANCED

5✓

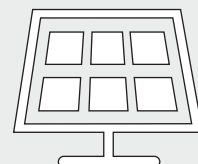




Environmental sustainability,  
and climate change  
mitigation and adaptation

## GREEN SOLUTIONS IN ASSET FINANCE

Standard Bank's vehicle and asset finance team **works with our clients to find ways to improve efficiencies** – including through greener solutions.



In 2016, we launched a finance solution to assist South African businesses to install solar power. While upfront solar installation costs are significant, businesses can benefit from long-term costs savings, while substantially reducing their carbon footprint.



Our '**green your fleet**' solution provides accurate data monitoring for companies to calculate the emissions of their vehicles and manage their environmental impacts better.



When we provide vehicle funding to companies, we want to ensure they'll look after the vehicles and drivers. We work with our logistics clients to support Road Transport Management System (RTMS), an industry-led, government-supported, voluntary self-regulation scheme for implementing vehicle management systems that preserve road infrastructure and improves road safety. We host and sponsor regular events to raise awareness of what companies can do to take better care of their drivers.



## THE UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE (UNEPFI)

The UNEPFI raises awareness about how the financial sector impacts society and how a shift in priorities and ways of working is crucial to remaining relevant in the future. Standard Bank's head of group policy, advocacy and sustainability was elected as the Vice Chair of the UNEPFI Banking Committee in 2017 and we were the main sponsor of the inaugural UNEPFI Africa Regional Roundtable held in Johannesburg in November. The event brought together people from across Africa and the rest of the world to deepen the understanding of what sustainable finance needs to look like in an African context, what African institutions can do to help us take this agenda forward, and what mechanisms African institutions and communities can use to hold the rest of the world to account. This event included the regional launch of the Positive Impact Initiative, which calls for collaborative action and innovation to fund and attain Sustainable Development Goals.



## SUPPORTING CLIMATE ADAPTATION AND RESILIENCE IN AGRICULTURE

**Agriculture remains a crucial sector in many African economies, contributing as much as 30% of GDP and 50% of employment in some countries.** But the extreme drought across Africa's southern part over the past two years, combined with changing weather patterns associated with climate change, placed many of Africa's farmers under considerable pressure.

### Supporting climate adaptation

**Across Africa, crop diversification is needed to protect against changing weather patterns and price shocks.** In Zambia, for example, changing rainfall patterns have caused the agriculture belt to shift northward. Zambia's southern and eastern provinces have lost production due to lower rainfall. Stanbic Zambia is engaging with our agri-customers to encourage them to invest in diversifying their businesses to remain sustainable.



In 2016, we were declared the Best Agribusiness Bank in Zambia by the Global Banking and Finance Review.

IN 2017, WE INVESTED  
**US\$200 million**  
IN ZAMBIA'S AGRICULTURE SECTOR.







Environmental sustainability,  
and climate change  
mitigation and adaptation

## Supporting our clients throughout drought

In 2016, we reported how 38 agriculture clients in South Africa were at risk of defaulting on their loans, due to prolonged drought. We restructured their loans and the good rains of 2017 enabled our clients to revive their farms, producing R176 million in field crops, horticulture and livestock.

26<sup>✓</sup>

FARMERS STILL IN  
PRODUCTION AFTER DEBT  
RESTRUCTURED DUE TO  
CLIMATIC IMPACTS IN 2017



POSITIVELY  
IMPACT FOOD  
STABILITY AND  
FOOD PRICE

## ECONOMIC VALUE OF PRODUCTION:



**R132.1 million**

FIELD CROPS



**R2.4 million**

HORTICULTURE



**R41.7 million**

LIVESTOCK

REMAIN AS STANDARD BANK CLIENTS  
AND CONTINUE TO

contribute to our earnings

SHORT-TERM EARNINGS LOSS BUT  
long-term revenue gains  
for Standard Bank



TEN

## GOOD GOVERNANCE



The prospects for sustainable and inclusive economic growth improve when strong and

independent regulatory institutions are in place and laws are applied fairly and consistently. SDG 16 prioritises building effective, accountable and inclusive institutions. Standard Bank leads by doing good business the right way within an ethical approach to decision-making. We engage government and regulators to support evidence-based policymaking and dialogue between the public and private sectors.

We're working towards developing a more systematic approach to broader stakeholder engagement, as part of our commitment to responsible corporate citizenship.



### DOING THE RIGHT BUSINESS THE RIGHT WAY

Building a strong ethical culture requires ongoing awareness-raising and reinforcement. Our **code of ethics** provides guidance on practically living our eight values, including upholding the highest levels of integrity. The group social and ethics committee is responsible for ensuring that we act ethically in relation to internal and

#### OUR VALUES



BEING PROACTIVE



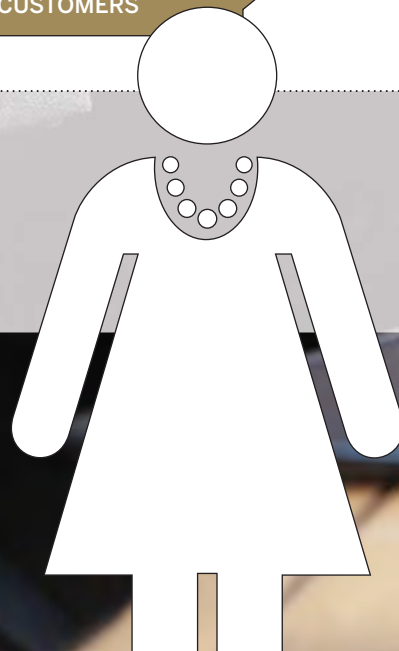
CONSTANTLY RAISING THE BAR



DELIVERING TO OUR SHAREHOLDERS



SERVING OUR CUSTOMERS







Good  
governance

external stakeholders, and society more broadly. We track fines and penalties issued against the bank to assist us to identify problems and implement appropriate remedial action.

We recognise that our success in upholding an ethical culture needs to be measured on outcomes rather than adherence to policies. This application of **outcomes – based ethical decision-making** will continue in 2018.

GROWING  
OUR PEOPLE



WORKING  
IN TEAMS



RESPECTING  
EACH OTHER



UPHOLDING THE  
HIGHEST LEVELS OF  
INTEGRITY



## Responding to customer complaints

**Standard Bank South Africa received the Ombudsman Award 2017 for fair customer treatment and redress in dispute resolution.** During 2017, our customers made 1 670 complaints to the Banking Ombudsman. While this was the highest absolute number among South Africa's banks, it amounts to 14.2 per 100 000 customers – the second-lowest number of complaints per 100 000 customers among the big five banks. 27% of complaints were related to internet banking, 16% to mortgage finance, 12% to ATMs, 12% to credit cards, and 11% to current accounts – broadly in line with industry averages. Trends revealed that our customers may need more information on avoiding scams, and on their own responsibility for protecting their personal information. They sometimes also need reminding to honour their debt obligations. We always want to do more to ensure fair customer outcomes at all times, and we continue to work to improve customer experience.

**In 2017, Standard Bank South Africa held an internal competition to encourage our employees to 'SEE' the group's positive impacts.** We wanted our people to grasp our commitment to making positive SEE impacts, and to think about what this means for their own roles and how we are more than a bank. More than 4 300 employees entered the competition, and over 80% correctly answered the competition questions. The prize was a stay at Mogale's Gate Nature Reserve in Magaliesburg. Read more about Mogale's Gate in our ESG report online.

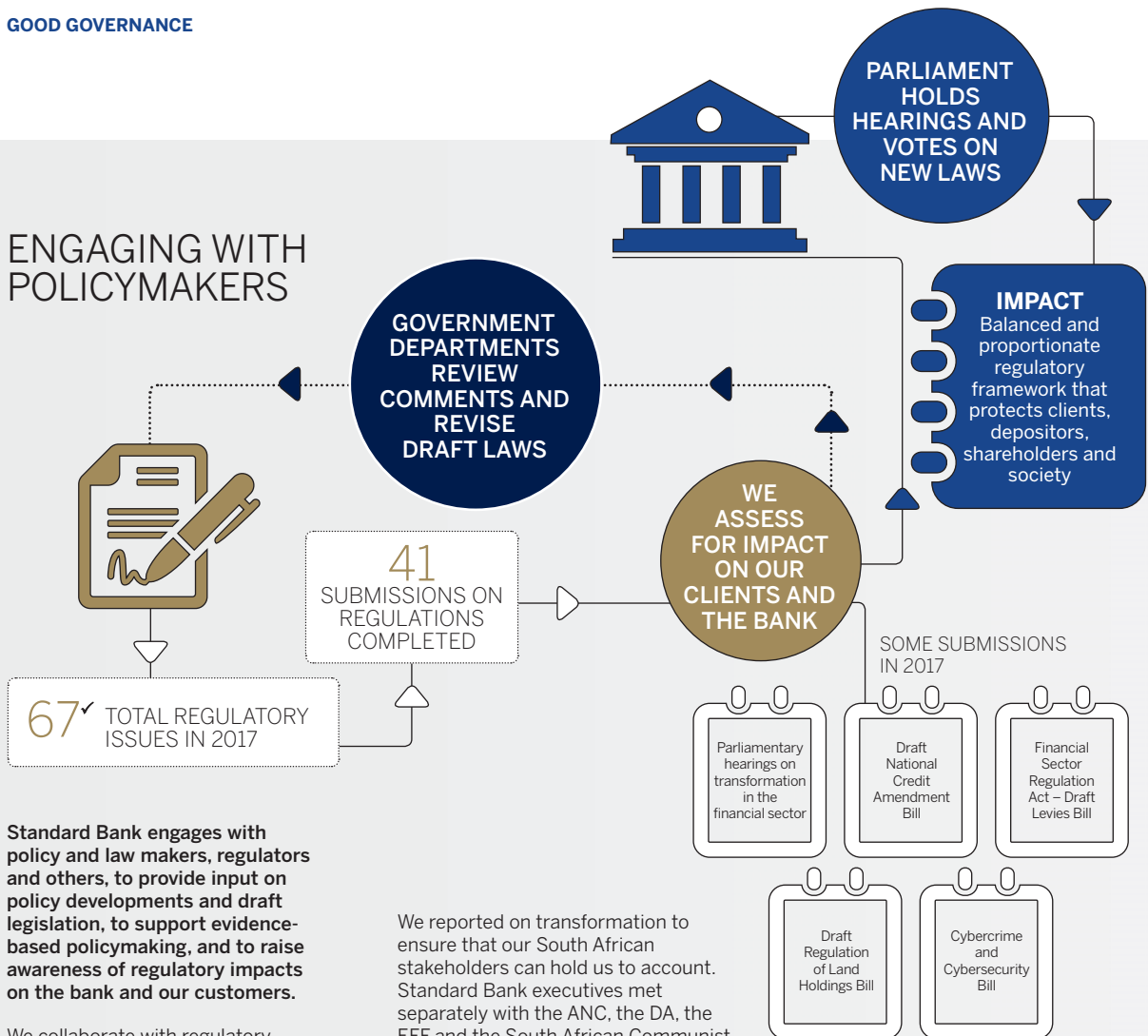


ESG



Environmental, social & governance report  
(online only)  
<http://sustainability.standardbank.com/esg/>

## ENGAGING WITH POLICYMAKERS



**Standard Bank engages with policy and law makers, regulators and others, to provide input on policy developments and draft legislation, to support evidence-based policymaking, and to raise awareness of regulatory impacts on the bank and our customers.**

We collaborate with regulatory authorities to facilitate information sharing across jurisdictions. In 2017, for example, we hosted a Revenue Authority Roundtable, drawing together tax authorities from ten African countries, along with industry experts, to share ideas on improving efficiencies in tax collection.

Led by our CEO, Standard Bank executives participated in parliamentary hearings on transformation in 2017. Our submission to Parliament included a Standard Bank Transformation Report, which covered progress against the Financial Sector B-BBEE Code and our contribution to economic transformation more broadly.

We reported on transformation to ensure that our South African stakeholders can hold us to account. Standard Bank executives met separately with the ANC, the DA, the EFF and the South African Communist Party, to discuss transformation and related issues in the financial sector.

We hosted a roundtable on the role of banks in transforming society to provide a platform for a robust discussion, with panellists from National Treasury, the Banking Association of South Africa, and the University of Johannesburg. We set-up a new executive committee to drive economic transformation. We look forward to participating in the Nedlac Financial Sector Summit, scheduled for 2018, which will bring together representatives from government, the financial sector, the labour movement and civil society, to take these critical issues forward.

## ENGAGING WITH OUR STAKEHOLDERS

Standard Bank interacts regularly with a wide range of stakeholders. Issues arising from these interactions are reported to the board on a quarterly basis.

More information on this process and the insights gained can be found in the 2017 Annual Integrated Report.

AIR 5 11



*The South African Communist Party (SACP) wishes to take this opportunity to thank Standard Bank SA for their proactive engagements on the key issues affecting society. Effectively, the SACP has been in the forefront of the campaign to achieve transformation of the financial sector, particularly its banking segment. Therefore, we are pleased to see one of the big financial services organisations deliberate intentions for a transformed, inclusive and people-friendly financial sector.*



### DIRECT ENGAGEMENT WITH CIVIL SOCIETY IN SOUTH AFRICA



#### CASE STUDY

During 2017, some civil society organisations and political parties presented memoranda of demands to Standard Bank, at both head office and branch level:

Memorandum of Demands from  
**SANCO**  
received at Jabulani Mall Soweto, regarding home evictions

Memorandum of Demands from  
**Ilungelo Lethu Human Rights Foundation**  
received at Johannesburg High Court, regarding home evictions

Memorandum of Demands from  
**SANTACO**  
regarding access to affordable credit for the purchase of taxis, and support for South Africa's taxi industry more broadly

Memorandum of Demands from  
**COSATU**  
received in Johannesburg, regarding transformation of banking and home evictions

Memorandum of Demands from  
**SACP**  
received at Bloemfontein Regional Office, regarding transformation of banking, and home evictions

Demands from  
**Centre for Environmental Rights**  
raised concerns over coal-fired projects' impact on climate change, water stress and health of local communities

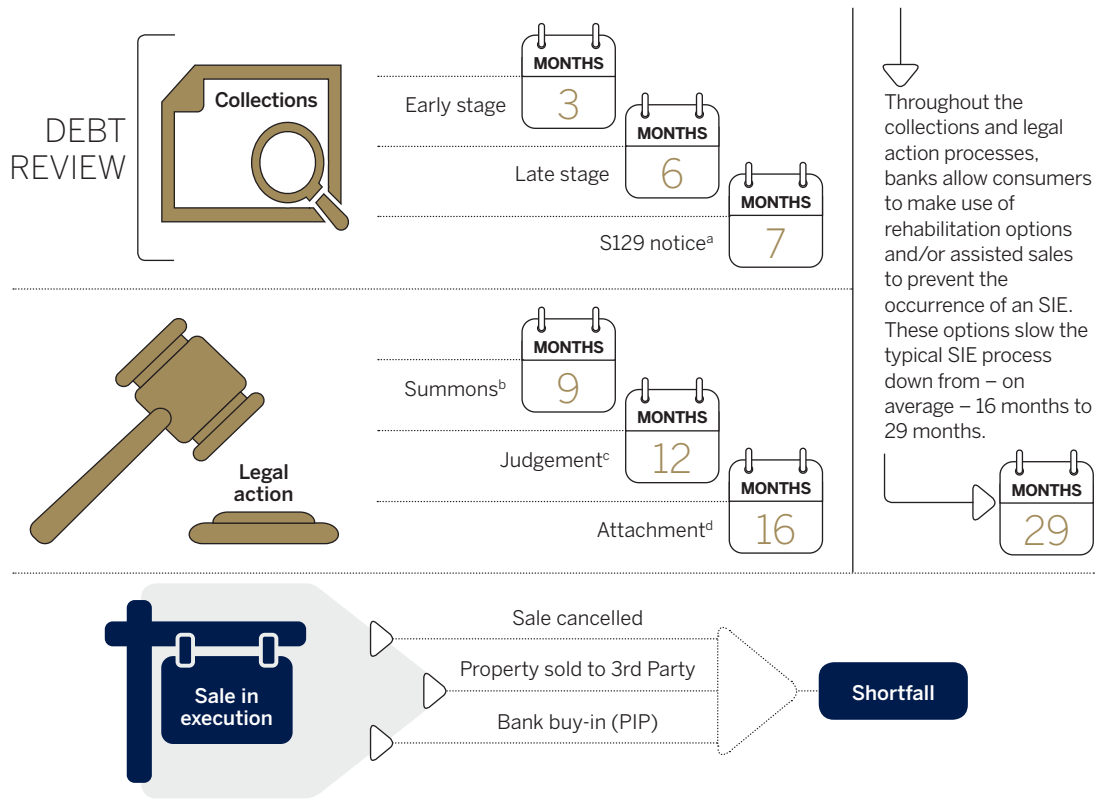
In all cases, Standard Bank conducted follow-up engagements with the relevant parties.



## CASE STUDY

## KEEPING PEOPLE IN THEIR HOMES

## STEPS AND CUMULATIVE DURATION (WHEN UNINTERRUPTED) OF SIE PROCESS, FROM DEFAULT TO SALE



a. An S129 notice is the first step in the legal process when one has defaulted on a loan repayment. It is the notice issued in terms of Section 129 of the National Credit Act (NCA), advising a consumer that they are in arrears of a certain amount in unpaid instalment(s) at a given date. A credit provider, or an attorney appointed by the credit provider, may issue notice according to Section 129 of the NCA at any time after the client has been in arrears for more than 20 business days. The credit provider may not proceed with any legal action without having fully complied with NCA requirements as contemplated in Sections 129 and 130.

b. An order to appear before a judge or magistrate.

c. Decision by the court.

d. The transfer of the property to the creditor or the sale of such property to recover outstanding debt.





Good  
governance



# 572 978 mortgages

2017 FINANCIAL YEAR IN  
SOUTH AFRICA

24 258  
in default

3.7%  
entered  
into the SIE  
process

2 095  
cancelled  
cases prior  
to sale

905  
homes that  
entered into  
SIE were sold



In South Africa, during the 2017 financial year, we had 572 978 mortgages on our books, of which 24 258 were in default. Of these, 3 043 homes – or 3.7% – entered into the SIE process. We were able to cancel 2 095 of these cases prior to sale, keeping these customers in their homes. With all options exhausted, 905 homes that entered into SIE were sold.

Families were evicted from 32 properties. Each case was deeply regrettable and went through a long and careful process before reaching the SIE stage. We expect our employees and service providers to always act with professionalism, empathy and dignity. If we are alerted to any instances where this has not been the case, we expect to be held accountable.

We also recognise the need to raise awareness of the rights and responsibilities of mortgage holders, and to engage with communities to understand their perspectives on challenges in relation to repossessions and SIE. We held robust and constructive discussions with representatives of the South African Communist Party and iLungelo Lethu Human Rights Foundation on the issue during 2017, where the bank was able to clarify our residential property payment management process. More needs to be done to inform consumers about how the process works, and what their options are. iLungelo Lethu and Standard Bank agreed to work together on this issue.

## Social partnership to drive inclusive growth

In South Africa, we allocate considerable executive time and resources to engaging on how economic policy and the business environment impacts financial services. In doing so, we're guided by non-partisanship and constitutionalism, and we are committed to transparent, rational and evidence-based policymaking. We continually engage with government and organised labour through our membership of Business Leadership South Africa (BLSA) and Business Unity South Africa (BUSA). Standard Bank also engaged through Nedlac on implementing a national minimum wage and measures to improve industrial relations.

BLSA and BUSA's 'Business Approach to Black Economic Transformation for Inclusive Growth', launched in 2017, recommit business to collaborating with government in seeking solutions to socio-economic problems, acknowledges that business has not done enough to promote transformation, and commits to working with government to address this. Standard Bank participates in the Steering Committee of the **CE Initiative** established in early 2016, which works towards strengthening accountability and promoting inclusive growth. Among other projects, the CE Initiative is involved in the **Vaal Triangle Revitalisation** programme.

In pursuit of diverse and inclusive workplaces, we hosted a meeting with the **International Labour Organisation (ILO) Global Business and Disability** network in 2017. Participants included multinational corporates and networks and organisations representing the interests of people with disabilities from Namibia, South Africa, Swaziland and Uganda.

## STRENGTHENING DEMOCRACY THROUGH POLITICAL PARTY FUNDING

Since 2004, Standard Bank has sought to strengthen democracy and political participation in South Africa by supporting political parties guided by the Independent Electoral Commission (IEC) funding formula. Every five years our board reviews our funding policy.

### FUNDING

#### Political parties

Standard Bank funds parties in the National Assembly based on an Independent Electoral Committee (IEC) funding formula:

- 10% of the annual disbursement is divided equally between all parties represented in the National Assembly
- 90% is assigned in proportion to the number of seats held by each party.

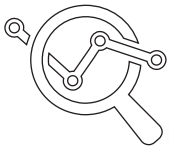
The bank meets the leadership of each party annually for a report-back on how funds were used.

### IMPACT

Funding enables political parties to:

- formulate policy proposals
- conduct research
- prepare for parliamentary debates.

In 2017, Standard Bank South Africa allocated **R2.5 million** to funding political parties.



#### Research

The bank also funds research organisations and organised business.

Research facilitates:

- evidence-based policymaking
- conducive and sustainable business environments
- transformation and inclusive growth
- social dialogue.

In 2017, we disbursed **R5.2 million** to research organisations.





Good  
governance



*Our nine-year partnership with The Global Fund to Fight AIDS, tuberculosis and malaria goes beyond providing prevention, treatment and care services to millions of people. It revitalises communities, strengthens health systems and improves economies.*

– Sola David-Borha, Chief executive of Africa regions, Standard Bank Group

## BUILDING FINANCIAL MANAGEMENT CAPACITY IN PARTNER ORGANISATIONS

**The Global Fund is a charitable financial institution that mobilises and invests nearly US\$4 billion a year to support programmes for eradicating HIV/AIDS, tuberculosis and malaria across the globe. Standard Bank first partnered with The Global Fund in 2008. Over the past ten years, we've been working with the fund to improve the financial and management skills of government agencies and NGOs that implement programmes, to deliver better health returns.**

In 2016, we committed US\$2 million over three years to Global Fund programmes in Africa, including the HER Campaign (HIV Epidemic Response: Empowering Women and Girls to end AIDS in Africa).

We're also working with the fund to find better ways to distribute funds, particularly in underserved rural areas that could benefit from digital distribution solutions.



Stanbic Malawi is working to strengthen business relationships with local fund implementing partners to improve risk management among donor recipients and facilitate skills development of their beneficiaries. In 2017, we held financial training workshops in Malawi for their beneficiaries.

Principal recipients include government agencies and non-profit organisations responsible for dispensing funds at community level. The training we provided included management of grant agreements; budgeting for Global Fund projects; cash transfer and risk; cash and bank management; and expenditure, taxation and taxation reporting. We encourage our employees to participate in these initiatives and share their time and skills to help improve health outcomes.



CASE  
STUDY

# 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 2017 Report to Society of Standard Bank Group Limited ("Standard Bank") for the year ended 31 December 2017 (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.

### 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.



**TABLE 1: SCOPE OF THE 2017 LIMITED ASSURANCE ENGAGEMENT**

<b>Selected Sustainability Information</b>	<b>Indicator description</b>	<b>Unit of measure</b>	<b>Coverage/ reporting boundary</b>
<b>Education, Learning and Development</b>			
Black leadership training	Percentage of black staff attending SBSA Leadership Training FY2017	%	SBSA
<b>Employment</b>			
Employee Turnover	Employee voluntary turnover rate for year ending December 2017	%	SBG
SBSA Diversity and Inclusion	The percentage of black employees Top and Senior Management in SBSA	%	SBSA
SBSA Diversity and Inclusion	Percentage of women in Executive and Senior Management in SBG	%	SBG
<b>Financial Inclusion</b>			
Black business enterprise development	Collateral provided by the Tshwaranang trust	Rand Value (ZAR)	Tshwaranang Trust
Black business enterprise development	Credit facilities provided by (through) Standard Bank	Rand Value (ZAR)	SBSA
Affordable housing	Number of affordable housing clients where their debt was restructured within FY17	#	SBSA
<b>Infrastructure</b>			
Fossil fuel vs Renewable Energy power project finance	Ratio US\$ underwrite of Fossil fuel and Renewable Energy power project financings (2012 – 2017)	USD	SBG
<b>Environmental, Sustainability and Climate Change Mitigation and Adaption</b>			
Total Carbon Footprint	Total Carbon Footprint for year ending 31 December 2017	tCO <sub>2</sub> e	SBSA
Equator Principles	Total number of Equator Principle projects that reached financial close within year ending 31 December 2017	#	SBG
Agribusinesses	Number of Agribusiness accounts in restructure to support climate change adaptation and resilience in agriculture	#	SBSA
<b>Good Governance</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	#	SBSA

\* This can include documents not formally issued.

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

**13 April 2018**

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Please direct all shareholder  
queries and comments to:

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This document contains certain statements that are 'forward-looking' with respect to certain of the group's plans, goals and expectations relating to its future performance, results, strategies and objectives. Words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "predict" or similar expressions typically identify forward-looking statements. These forward-looking statements are not statements of fact or guarantees of future performance, results, strategies and objectives, and by their nature, involve risk and uncertainty because they relate to future events and circumstances which are difficult to predict and are beyond the group's control, including but not limited to, domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities (including changes related to capital and solvency requirements), the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of changes in domestic and global legislation and regulations in the jurisdictions in which the group and its affiliates operate. The group's actual future performance, results, strategies and objectives may differ materially from the plans, goals and expectations expressed or implied in the forward-looking statements. The group makes no representations or warranty, express or implied, that these forward-looking statements will be achieved and undue reliance should not be placed on such statements. The group undertakes no obligation to update the historical information or forward-looking statements in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon.

STUDIO 5



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