

Corporate governance overview

We believe that corporate governance can contribute to value creation through enhanced accountability, more effective risk management, clear performance management, greater transparency and effective leadership. Ultimately, this is about holistic decision making that takes into account long-term, as well as shorter-term outcomes.



Our board

The board of directors (board) is ultimately responsible for corporate governance across the group, and for providing ethical and effective leadership towards the achievement of the group's strategy. It dedicates time to oversee group culture and ensures that the group is managed within the agreed risk appetite. All directors meaningfully contribute to leading the group and dedicate sufficient time to fulfil their duties. The board monitors and holds the executive accountable for the group's operational and financial performance, and management is open and transparent with the board, bringing all significant matters to its attention.

The board is constituted in terms of the company's Memorandum of Incorporation (MOI) and in line with the provisions of the King Code of Governance Principles (King III). The majority of board members are independent non-executive directors who bring diverse perspectives to board deliberations and constructively challenge management. The board is effective and is considered to be of an appropriate size for the group.

The role of chairman is distinct and separate from that of the group chief executives and there is a clear division of responsibilities. In-depth interactions between the board and management strengthen the group's decision making and ensure an appropriate balance of power. A clear division of responsibilities at board level ensures that no one director has unfettered powers in decision making.

Our succession plans

The board ensures that it has robust succession plans that recognise the businesses' current and future needs, taking into account the group's strategy. In 2014, a board succession programme was implemented to ensure that, as existing directors approach retirement age, new directors are appointed before their departure. This ensures seamless transition and that the board constantly comprises directors who between them have sufficient breadth of understanding of the group's businesses to effectively challenge the group's executives. The programme serves the board well and has resulted in the appointment of five new non-executive directors since the group's last annual general meeting (AGM). In line with the company's MOI, these directors will retire at the next AGM and offer themselves for re-election by shareholders of the company. The details of the newly appointed directors are set out on page 27.

Process and policy

The board has a formal and transparent process and policy for the appointment of directors. While the board as a whole considers appointments, the authority to oversee nominations and carry out interview processes is delegated to the directors' affairs committee (DAC). Together with a candidate's experience, availability and likely fit, the DAC also considers their integrity, as well as other directorships and commitments to ensure that they will have sufficient time to discharge their role effectively. Race and gender diversity are also considered in this assessment. In addition, candidates must meet the fit and proper test, as required by the Banks Act.

To assess the board's effectiveness and that of its committees, we conduct an external board evaluation every three years and internal assessments in the intervening years. Due to the appointment of the new non-executive directors, we have decided to postpone our next internal assessment to 2017. This will enable the new directors to participate in the assessment following their induction and after having had suitable time at the board table.



Non-executive director tenure		2016
■ <3 years		60%
■ 3 – 6 years		15%
■ 6 – 9 years		5%
■ >9 years		20%


King III

The board is satisfied with the group's application of the principles of King III. Details of the instances of non-application which occurred throughout the reporting year can be found on page 25 of the governance and remuneration report. The full King III application register can be found on our website www.standardbank.com/reporting.

King IV

The board is wholly supportive of the revised King Code and work is underway to assess our adherence in relation to the specific practices and disclosure requirements attendant to the principles, ahead of the formal adoption in 2018.

Our board of directors

 The full governance report, including details of the board committee terms of reference and the curriculum vitae of the board directors, can be found in the governance and remuneration report available online.

The group has a unitary board structure with:

- 14 independent non-executive directors
 - 3 non-executive directors
 - 3 executive directors
 - chairman
- DAC** GROUP DIRECTORS' AFFAIRS COMMITTEE
 GAC GROUP AUDIT COMMITTEE
 GRCMC GROUP RISK AND CAPITAL MANAGEMENT COMMITTEE
 IT GROUP IT COMMITTEE
 LEC SBSA LARGE EXPOSURE CREDIT COMMITTEE*
 MAC GROUP MODEL APPROVAL COMMITTEE
 Rem GROUP REMUNERATION COMMITTEE
 SEC GROUP SOCIAL AND ETHICS COMMITTEE
 Committee chairman

* A sub committee of The Standard Bank of South Africa.



THULANI GCABASHE /59
Chairman and independent non-executive director, SBG and SBSA
Appointed: 2003
Appointed chairman: 2015

DAC **GRCMC** **LEC** **Rem** **SEC** 



GERALDINE FRASER-MOLEKETI /56
Independent non-executive director, SBG and SBSA
Appointed: 2016

DAC **GRCMC** **SEC** 



SHU GU /49
Deputy chairman, SBG and non-executive director, SBG and SBSA
Appointed: 2014

DAC **GRCMC** **IT** 



GESINA (TRIX) KENNEALY /58
Independent non-executive director, SBG and SBSA
Appointed: 2016

GAC **GRCMC** **Rem** 



JACKO MAREE /61
Deputy chairman, SBG and non-executive director, SBG and SBSA
Appointed: 2016

LEC **MAC** **Rem** **SEC** 



BEN KRUGER /57
Group chief executive, SBG and executive director, SBSA
Appointed: 2013

IT **LEC** **MAC** **SEC** 



ARNO DAEHNKE /49
Group financial director, SBG and executive director, SBSA
Appointed: 2016

IT **LEC** **MAC** 



NOMGANDO MATYUMZA /54
Independent non-executive director, SBG and SBSA
Appointed: 2016

GRCMC **MAC** **Rem** 



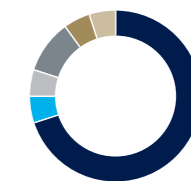
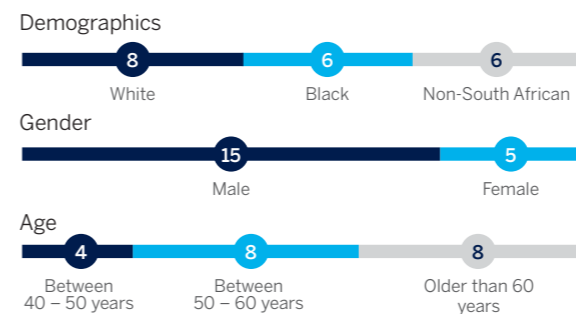
RICHARD DUNNE /68
Independent non-executive director, SBG and SBSA
Appointed: 2009

IT **GAC** **GRCMC** 



KGOMOTSO MOROKA /62
Independent non-executive director, SBG and SBSA
Appointed: 2003

DAC **GRCMC** **SEC** 



Director nationalities 2016

South African	14
Australian	1
British	1
Chinese	2
Kenyan	1
Nigerian	1



MARTIN ODUOR-OTIENO /60
Independent non-executive director, SBG and SBSA
Appointed: 2016

GAC **MAC** **SEC** 



SIM TSHABALALA /49
Group chief executive, SBG and chief executive, SBSA
Appointed: 2013

IT **LEC** **MAC** **SEC** 



ANDRÉ PARKER /65
Independent non-executive director, SBG and SBSA
Appointed: 2014

DAC **LEC** **IT** **Rem** 



SWAZI TSHABALALA /51
Independent non-executive director, SBG and SBSA
Appointed: 2014

GAC **GRCMC** **MAC** 



ATEDO PETERSIDE con /61
Independent non-executive director, SBG and SBSA
Appointed: 2014

GAC **IT** **Rem** 



JOHN VICE /64
Independent non-executive director, SBG and SBSA
Appointed: 2016

GAC **GRCMC** **IT** 



MYLES RUCK /61
Independent non-executive director, SBG and SBSA
Appointed: 2002

DAC **GRCMC** **LEC** 



WENBIN WANG /41
Non-executive director, SBG and SBSA
Appointed: 2014

DAC **GRCMC** **IT** 



PETER SULLIVAN /68
Independent non-executive director, SBG and SBSA
Appointed: 2013

GAC **GRCMC** **IT** **Rem** 



TED WOODS /70
Independent non-executive director, SBG and SBSA
Appointed: 2007

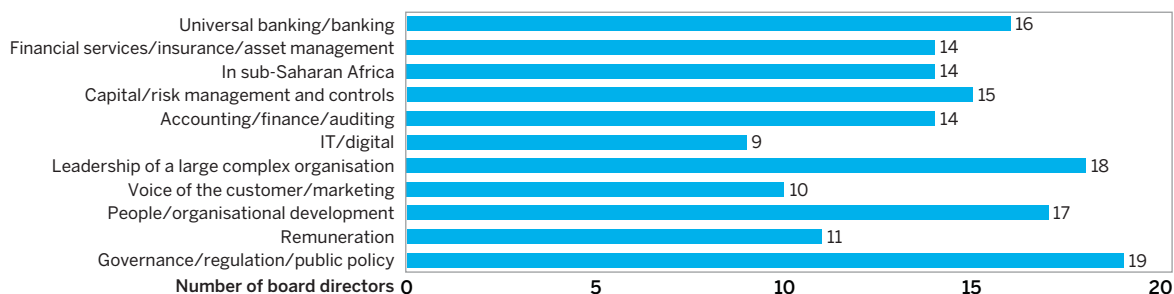
GAC **GRCMC** **Rem** 

SBG: Standard Bank Group.
SBSA: The Standard Bank of South Africa.

Board skills and experience

The collective background of the board members provides for a balanced mix of attributes and skills that enable the board to fulfil its duties and responsibilities. The board's breadth of experience is set out in the graph below and includes experience in relevant sectors and business knowledge, with several directors having chief executive experience.

Board experience



The table below sets out the director's attendance at board meetings during 2016, and attendance at committee meetings is disclosed on page 103.

Board meeting attendance

BOARD MEMBER	2016 BOARD MEETING ATTENDANCE/6 MEETINGS		DATE OF APPOINTMENT TO THE BOARD
	ELIGIBLE TO ATTEND	ATTENDED	
Thulani Gcabashe (chairman)	6	6	1 July 2003, appointed chairman on 28 May 2015
Shu Gu (deputy chairman)	6	5*	10 December 2014
Jacko Maree (deputy chairman)	1	1	21 November 2016
Arno Daehnke	5	5	1 May 2016
Richard Dunne	6	6	3 December 2009
Geraldine Fraser-Moleketi	1	0#	21 November 2016
Trix Kennealy	1	1	21 November 2016
Ben Kruger	6	6	7 March 2013
Nomgando Matyumza	1	1	21 November 2016
Kgomotso Moroka	6	6	1 July 2003
Martin Luke Oduor-Otieno	6	6	1 January 2016
André Parker	6	6	14 March 2014
Atedo Peterside con	6	6	22 August 2014
Myles Ruck	6	6	18 January 2002
Peter Sullivan	6	6	15 January 2013
Sim Tshabalala	6	6	7 March 2013
Swazi Tshabalala	6	6	14 March 2014
John Vice	1	1	21 November 2016
Wenbin Wang	6	6	16 January 2014
Ted Woods	6	6	1 February 2007

* Shu Gu could not attend the board meeting held on 25 May 2016 owing to an outside engagement which could not be rescheduled. An apology was received.

Geraldine Fraser-Moleketi was unable to attend the board meeting held on 30 November 2016 owing to commitments which predated her appointment to the board in November 2016. An apology was received.

Key focus areas for the board in 2016

STRATEGY AND BUSINESS FOCUS

- Held the annual two-day strategy session and received feedback on the strategy work streams and strategy execution from work stream heads.
- Approved management plans to achieve key metrics relating to the refreshed strategy in the light of the competitive environment.
- Considered global and Chinese economies and their implications for Africa.
- Considered detailed competitor analysis reports.
- Considered the group's IT investments.
- Considered the strategies of the group's key subsidiaries, including Stanbic IBTC (Nigeria) and Liberty.
- Approved the group's four-year strategy plan.
- Approved the 2017 group budget.

RISK AND OVERSIGHT

- Reviewed quarterly financial performance reports against the agreed budget.
- Received quarterly feedback from the committee chairmen on its activities.
- Considered risk management, group capital and liquidity and group IT reports.
- Approved the group's annual integrated report, annual financial statements, interim and final results announcements and financial results.
- In line with the Companies Act, reviewed the group's solvency, liquidity and going concern status and agreed dividend payments.
- Monitored corporate activities and conducted in-depth performance reviews of key group subsidiaries.
- Considered the potential impact of a South African sovereign rating downgrade.

GOVERNANCE

- Finalised the appointment of the group financial director, Arno Daehnke, following the retirement of Simon Ridley.
- Approved the appointment of five new non-executive directors in line with the board's succession plans.
- Considered the 2015 board evaluation report and implemented its action plans.
- Approved the board's promotion of gender diversity policy.
- Approved the 2016 corporate governance, risk and capital management process and objectives.
- Considered the King IV report for which disclosure on the application will be effective for the group's 2018 financial year.

STAKEHOLDER ENGAGEMENT

- Engaged with the Registrar of Banks and the supervisory team in line with the South African Reserve Bank's (SARB) annual supervisory programme.
- Reviewed the quarterly stakeholder engagement reports.
- Through the chairman of the group, the remuneration committee chairman and executive directors engaged with various stakeholders and participated in investor roadshows. Feedback from these engagements was considered by the relevant board committees.
- Approved the convening of the 2016 AGM and notice to shareholders.
- Under the leadership of the group chief executive, Sim Tshabalala, participated in the CEO Initiative in partnership with government, business and labour.

Board committees

Board Committee	Committee purpose
GAC Group audit committee	<p>Assists the board in discharging its duties relating to the safe-guarding of assets, evaluation of internal control frameworks and ensuring that financial and non-financial risks are managed.</p> <p>The committee assesses the adequacy and effectiveness of the established accounting, financial, financial reporting, compliance and other internal control systems which are consistent with the nature and complexity of risks inherent in the group's on- and off-balance sheet activities.</p>
GRCMC Group risk and capital management committee	<p>Provides independent and objective oversight of risk and capital management across the group.</p> <p>The committee ensures that risk and capital management standards and policies are well-documented and support group strategies by being fit-for-purpose and effective in operation. It supports a climate of discipline and control that will reduce the risk of fraud.</p>
DAC Group directors' affairs committee	<p>Responsible for determining the appropriate group corporate governance structures and practices. The committee establishes and maintains the board directorship continuity programme, and it ensures compliance with all applicable laws, regulations and codes of conduct and practices. It also assists the board and board committees with their effectiveness reviews.</p>
IT Group IT committee	<p>Assists the board in fulfilling its corporate governance responsibilities with respect to IT.</p>
SEC Group social and ethics committee	<p>Ensures the development of appropriate policies that act as the group's social conscience and recognise that stakeholder perceptions affect the group's reputation.</p> <p>The committee guides and monitors the group's social, ethical, economic, environmental, transformation and consumer relationship initiatives in line with relevant legislation, codes and regulation.</p>
Rem Group remuneration committee	<p>Assists the board in discharging its responsibilities to ensure fair and responsible remuneration of the group's executive management and employees.</p> <p>The committee is responsible for developing a remuneration philosophy and policy statement to enable a reasonable assessment by stakeholders of reward practices and governance processes.</p>
MAC Group model approval committee	<p>Assists the board in discharging its obligations in terms of model risk.</p> <p>The committee's mandate is subject to the provisions of the Banks Act. It performs such functions as may be prescribed by regulation, from time-to-time, including the assessment and approval of risk evaluation models to calculate a regulatory capital charge.</p>

	Group audit committee	Group risk and capital management committee	Group directors' affairs committee	Group IT committee	Group social and ethics committee	Group remuneration committee	Group model approval committee
	8 meetings	4 meetings	4 meetings	4 meetings	4 meetings	4 meetings	3 meetings
Thulani Gcabashe ⁴		4/4	4/4 C		4/4	4/4	
Shu Gu ¹		3/4	3/4	3/4			
Jacko Maree ¹					– ³	– ³	– C ³
Arno Daehnke ⁷				2/2 ²			2/2 ²
Richard Dunne ⁴	8/8 C	4/4		4/4			
Geraldine Fraser-Moleketi ⁴		– ³	– ³		– ³		
Trix Kennealy ⁴	– ³	– ³				– ³	
Ben Kruger ⁷				4/4	3/4		3/3
Nomgando Matyumza ⁴		– ³				– ³	– ³
Kgomotso Moroka ⁴		4/4	4/4		4/4 C		
Martin Oduor-Otieno ⁴	3/4 ²				2/2 ²		– ³
André Parker ⁴			4/4	4/4		4/4	
Atedo Peterside ⁴ CON	8/8			4/4		– ³	
Myles Ruck ⁴		4/4 C	4/4				
Peter Sullivan ⁴	8/8	4/4		4/4		4/4 C ⁵	
Sim Tshabalala ⁷				4/4	4/4		2/3
Swazi Tshabalala ⁴	7/8	4/4					3/3
John Vice ⁴	– ³	– ³		– C ³			
Wenbin Wang ^{1,6}		4/4	4/4	4/4			
Ted Woods ⁴	8/8	4/4				4/4	
Peter Schlebusch				– ³			1/3
Dave Munro							2/3
Neil Surgey							3/3

¹ Non-executive director

² Appointed 25 May 2016

³ Appointed 30 November 2016

⁴ Independent non-executive director

⁵ Appointed chairman 17 August 2016

⁶ Alternate to Shu Gu

⁷ Executive director

C Chairman

Group executive committee

The board has delegated management of the day-to-day business and affairs of the group to the group chief executives, with full power on behalf of and in the name of the group. The group chief executives, who are held jointly and severally accountable for the performance of the group, have in turn established a group executive committee (group exco). The committee provides counsel to the group chief executives, acts as a sounding board and ensures overall coordination across the universal financial services group, legal entities, and other key stakeholders. Ultimate decision making powers remain vested with the group chief executives and all members of the committee exercise powers in accordance with their delegated authority.

In the reporting period, the committee was reconstituted with a view to ensuring consistency and greater alignment with the group architecture. Members of the committee are depicted below.



The curriculum vitae of group exco can be found in the governance and remuneration report available online.



ARNO DAEHNKE/49
Group financial director



ISABEL LAWRENCE/48
Group chief compliance officer



MARGARET NIENABER/43
Chief executive, Wealth



ZOLA STEPHEN/42
Group secretary, SBG and SBSA



SOLA DAVID-BORHA/56
Chief executive, Africa Regions



FUNEKA MONTJANE/38
Chief executive,
PBB South Africa



ROD POOLE/55
Group head of change and
business transformation



NEIL SURGEY/57
Group chief risk officer



KENNY FIHLA/49
Deputy chief executive, CIB and
head of CIB South Africa



DAVID MUNRO/45
Chief executive, CIB



PETER SCHLEBUSCH/50
Chief executive, PBB and head
of digitisation



SIM TSHABALALA/49
Chief executive, SBG and SBSA



BEN KRUGER/57
Chief executive, SBG



BRENDA NIEHAUS/56
Group chief information officer
and head of data management