

Our business

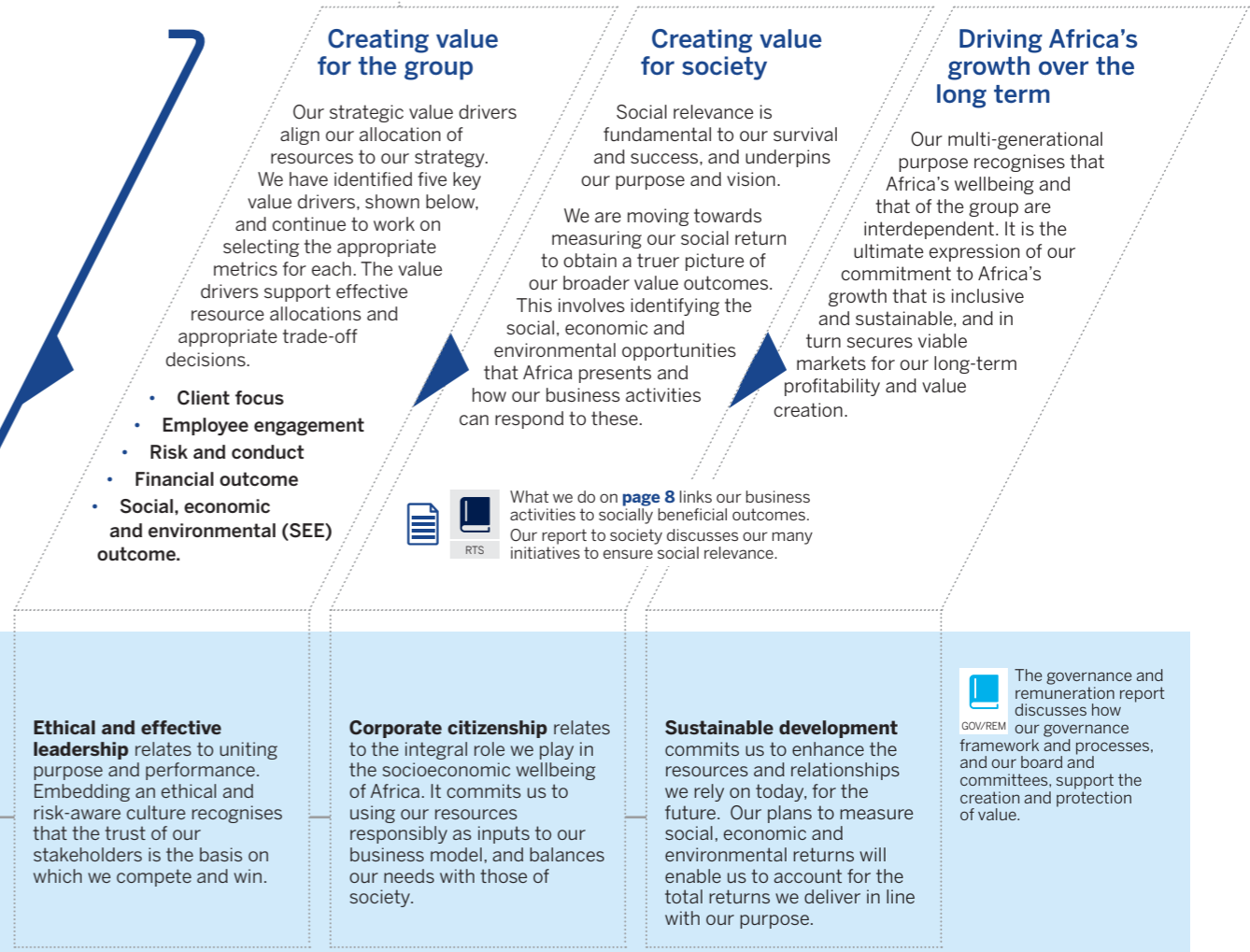
One of Africa's potential growth areas is renewable energy. McKinsey estimates Africa's potential capacity for solar energy as 10 terawatts, with hydro and wind at 350 gigawatts and 109 gigawatts respectively. Kenya is the world's ninth largest producer of geothermal energy, Ethiopia has one of Africa's largest wind farms, Ghana is building the world's fourth largest solar facility and South Africa is recognised for its fast rate of growth in renewable energy investment through the government's Renewable Energy Independent Power Producers (REIPP) programme. 85% of the power infrastructure projects funded by Standard Bank over the past four years have been solar, wind or hydro projects, with only 15% of our energy investment portfolio financing fossil fuel projects. In total, we've helped to finance 2 516 megawatts of energy across Africa since 2012.

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Our value creation story



The outline of our strategic value drivers is discussed on [page 12](#). The chief executives' review on [page 28](#) assesses our strategic performance for the year. The financial review on [page 74](#), analyses the key financial aspects of the group in the context of the group's medium-term aspirations and macroeconomic conditions.



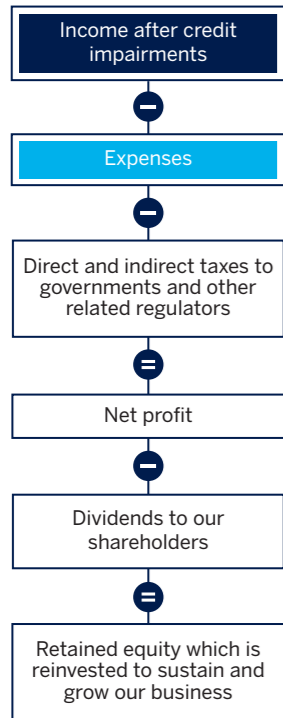
Governance approach to value creation over time



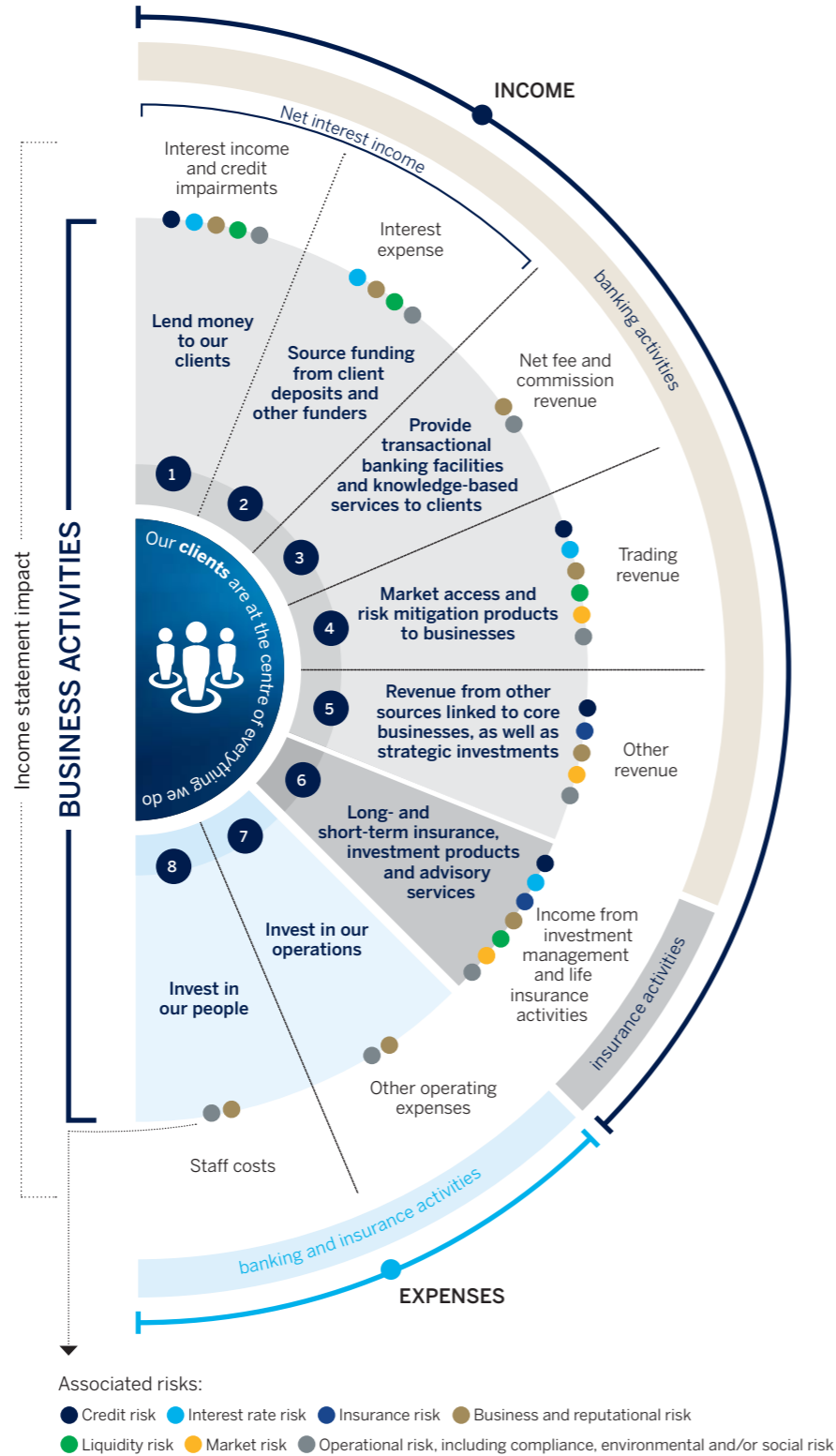
What we do

As a financial services organisation with a broad offering of products and services, our goal is for all of our business units and corporate functions to work together to seamlessly deliver on our clients' financial needs.

How we make money



Refer to **pages 82 to 85** for further detail.



What this means for the group

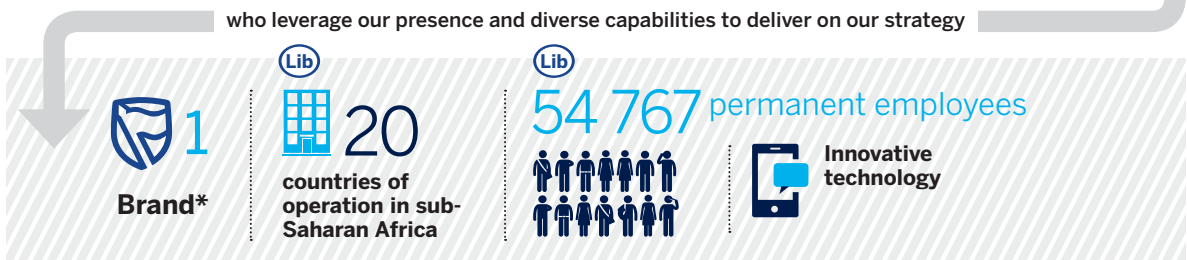
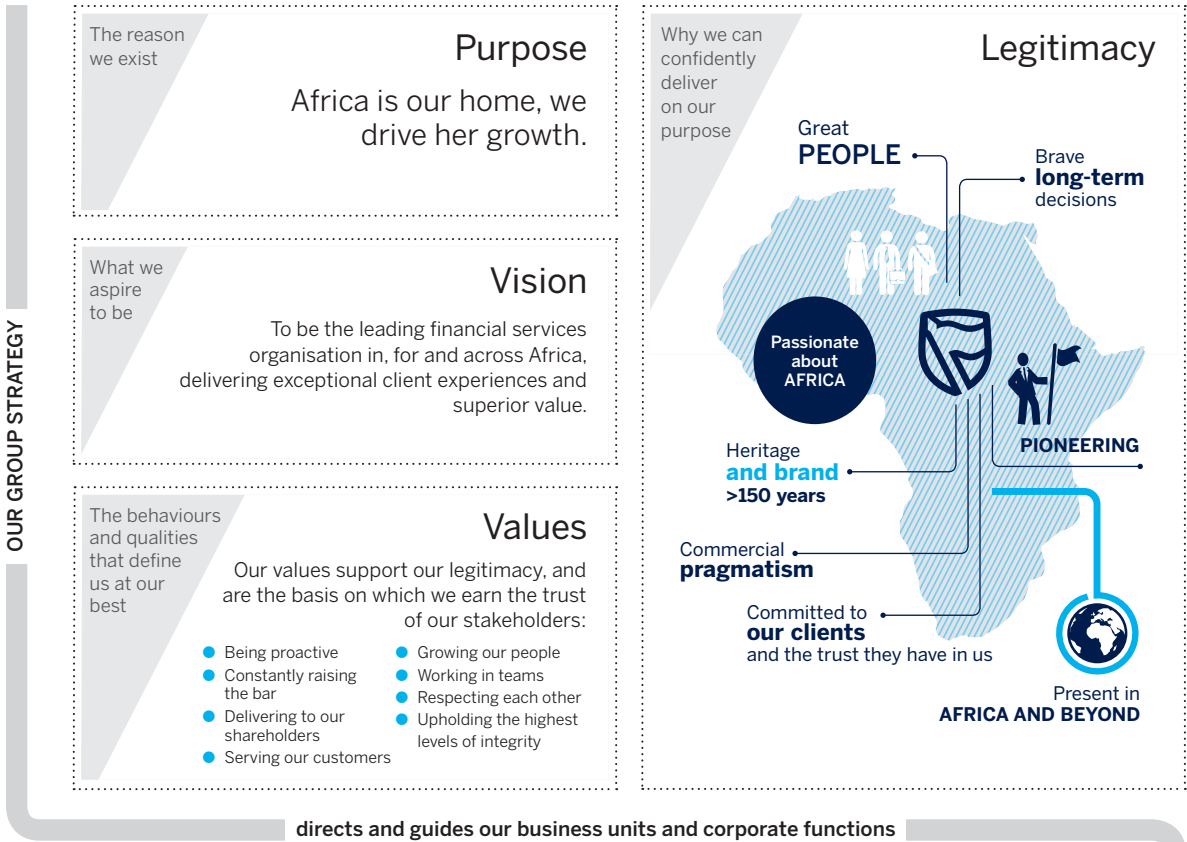
1. Creates assets from which we derive interest income over time.
2. Costs associated with funds raised from depositors and other funders, used to enable the bank to lend.
3. Generates income through fee and commission revenue.
4. Creates trading revenue through participation in foreign exchange, commodity, credit, interest rate and equity instruments.
5. Generates other sources of revenue, including income from property, private equity and investments.
6. Generates brokerage fees and underwriting profits from a comprehensive range of wealth offerings, as well as commission earned on Liberty and Stanlib risk and investment products.
7. Investment in strategic IT infrastructure, to enhance our capabilities and improve efficiency, deliver relevant products and services that meet our clients' needs and strengthen our competitive position.
8. Investment in our people to equip them to consistently deliver exceptional client experiences and to deal with a changing world of work.

What this means for society

- Enables individual clients to borrow to create wealth and generate income, helps business clients remain sustainable and supports employment and inclusive economic growth in Africa.
- Provides our depositors with long-term returns, while mitigating the erosion of their capital due to inflation.
- Transactional banking facilitates the movement of wealth, providing clients with convenient access to their funds. Our knowledge-based services, which include corporate advisory and loan structuring services, allow our clients to benefit from our experience and track record on the continent, and enables us to connect them to global pools of capital.
- Market access enables businesses to grow, provides a conduit for investment into Africa and helps economies monetise resources and diversify. Risk mitigation products enable financial protection and diversification through risk transfer.
- Strategic investments support inclusive economic activity and enable wealth creation, while also contributing to investments that drive the socioeconomic development of Africa.
- Insurance, investment products and advice enable clients to build, diversify and protect their wealth and offer protection from loss of income due to illness, retirement and death.
- Developing innovative products and meeting our clients' needs, supports our social relevance and legitimacy and maintains our positive contribution to African economies.
- We hire locally wherever possible and, through our activities, sustain other jobs in local economies. Training and development enhances the level of financial services and related skills in Africa.

Our strategy

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



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

Allocating our capital resources

In order to create a shared future for our clients, our people and our stakeholders, our strategy is consistent with integrated thinking, which we continue to deepen as we implement our strategy within the group. As part of this work, we have developed a formal approach that aligns our allocation of capital resources to our strategy.

The decision making framework at the centre of this approach, which is outlined alongside, guides us to efficiently deploy the resources and effectively direct the relationships required to create shared value.



The capitals we depend on are outlined below, both in terms of the inputs to our activities and our strategy, and the outcomes that we aspire to in fulfilling the expectations of our stakeholders.



How the capitals link to our strategic value drivers are shown on [pages 12 and 13](#).

Social and relationship capital / SRC

The relationships with our clients, capital providers, regulators and other stakeholders required to remain commercially and socially relevant. The quality of these relationships underpins our legitimacy, our reputation and the trust our stakeholders have in us, forming the basis on which we compete and win.

Human capital / HC

Our people are our strongest competitive advantage. We focus on selecting, managing and developing, and inspiring them to apply their expertise to serve our diverse clients and fulfil the expectations of our other stakeholders, within the boundaries of risk appetite and compliance. This correlates directly to our ability to create and protect value.

Intellectual capital / IC

Our intellectual property – the products and services we develop to meet our clients' evolving needs. The new ways of working that combine the capabilities of our people and our technology to place our clients at the centre of everything we do. It also pertains to our high-performance and ethical culture – the ultimate determinant of our sustainability.

Manufactured capital / MFC

The tangible and intangible infrastructure that we use to conduct our business activities, which relates to our modernised IT platforms and digital channels, our extensive fit-for-purpose branch networks, and the national infrastructure of the countries in which we operate.

Natural capital / NC

Our indirect impact on natural resources through our financing activities. We work with our clients to promote the preservation of natural capital in their projects, and invest in renewable energy projects. As a responsible corporate citizen, we work to minimise our direct environmental impact wherever possible, within the constraints of a stable supply of national utilities in Africa.

Financial capital / FC

The funding from the providers of capital used to run our business and invest in our strategy, which includes reserves generated through share capital, other equity-related funding and retained profits, and debt capital. As an outcome, it includes interest payments to debt providers, and returns to shareholders in the form of share price appreciation and dividends.

Measuring our strategic progress

Strategic value drivers

 **CLIENT FOCUS**



 **EMPLOYEE ENGAGEMENT**



What this means

Placing clients at the centre of everything we do

Creating a great place to work

Connection to the capitals

/FC – WE INVEST IN:

- /SRC** • Strong client relationships based on trust
- /HC** • Providing exceptional client experiences
- /IC** • Client-focused ways of working
 - Digitisation and innovation
- /MFC** • A fit-for-purpose branch network
- /NC** • Utilities (direct) and financing activities (indirect).

- /HC** • Strongly engaged and capable employees
- /SRC** • Good relationships with employee representatives
- /IC** • Aligning human capital management to strategy
 - A high-performance, ethical culture
 - Client-focused ways of working
- /MFC** • Physical work environment
- /NC** • The utilities (direct).

How the driver aligns with our strategy

Clients are at the heart of our business and by focusing on our clients we will achieve a profitable and sustainable business. Our focus is to consistently create excellent client experiences, by understanding our clients and by offering the products, services and solutions they need.

We strive to create a great place to work where our people feel deeply connected with our purpose and our clients, are empowered and recognised for delivering against our strategic objectives, and given opportunities to reach their full potential. How our people think and feel about work directly correlates with our client satisfaction levels and our ability to deliver our strategy.

How we measure our progress and performance

To understand our clients better we measure their satisfaction in terms of:

- Net promoter score (NPS) for PBB
- Client satisfaction index (CSI) for CIB.

These scores are determined from client surveys conducted in phases throughout the year to obtain an annual result.

To determine engagement levels, we consider the following:

- Employee promoter score, determined through our Experience@Work survey*
- Voluntary employee turnover rate (VET)**
- Voluntary regrettable employee turnover rate (VRET)**.

What we are working toward

Over and above these existing measures, the group is looking to develop a holistic client experience measure across segments, business units and geographies. This will provide more detail on accessibility, ease of doing business, personalised offerings, staff engagement, brand value and reputation, executional excellence and value for money.

To inform and enhance the effectiveness of our employee engagement, the Experience@Work survey will be conducted annually across the group, and the VET and VRET will continue to be tracked monthly.

The premise for our shared value strategy is the need to connect commercial and social realities in a dynamic environment of competing stakeholder expectations, complex competitive forces and fluid regulatory changes. Our ability to deliver sustainable returns to our shareholders is contingent on this holistic view of value creation and includes defining and measuring the key strategic value drivers required to generate a suitable financial outcome, as well as positive broader social outcomes.

RISK AND CONDUCT

Doing the right business the right way


/FC – WE INVEST IN:

- /SRC** • Constructive relationships with regulators
- /HC** • Embedding risk-aware, compliant and ethical conduct
- /IC** • Risk and compliance frameworks, standards and policies
• Embedding an ethical and risk-aware culture, and internal control systems.

Governments and central banks in the markets in which we operate, create and enforce regulatory frameworks to ensure a safe financial system, conducive to economic development, while protecting our clients. We undertake to ensure compliance with all regulatory requirements, relevant to different parts of our business.

All employees are required to complete compliance training and follow group policies and procedures, to maintain and strengthen our control environment, and to operate within our risk appetite. In addition to this, we consider the following measures for compliance:

- Common equity tier 1 ratio (CET 1)**
- Liquidity coverage ratio (LCR)**
- Average risk-weighted assets (RWA)
- Return on risk-weighted assets (RoRWA).

 Refer to the risk and capital management report for additional detail on these measures.
RCM/AFS

These metrics will continue to evolve as a result of both accounting and regulatory changes, such as IFRS 9 Financial Instruments, Basel III, and other regulatory changes. These ratios will continue to be used to monitor the resilience of the group's balance sheet.

FINANCIAL OUTCOME

Delivering value to our shareholders

- /HC** • Rewarding our employees for the value they deliver
- /SRC** • Our good standing in the investment community
- /FC** • Returns to shareholders.

Value creation for our shareholders is an important part of our strategy and this is measured by the group's financial outcomes which are directly driven by and dependent on client satisfaction, employee engagement and risk value drivers.

The primary measures describing our financial outcome include:

- Headline earnings (HE)
- Return on equity (ROE)
- Cost-to-income ratio (CTI)**
- Credit loss ratio (CLR)**

 Refer to the group financial review on [page 74](#) for further detail.

The financial outcomes remain key measures to assess our value creation for our shareholders. Our focus is to maintain the CTI at acceptable levels and the CLR within the group's risk appetite, and to continuously drive growth in HE and ultimately, our ROE to deliver superior returns to our shareholders.

SEE OUTCOME

Creating and maintaining shared value

- /SRC** • Supporting socioeconomic development
- /NC** • Managing environmental risk.

Our strategy centres on sustainability. We achieve our purpose of driving Africa's growth by delivering social, economic and environmental value.

Social value:


This is the value for society, both internally with staff and externally with other stakeholders.

Economic value:

We drive economic growth in Africa through supporting innovative and profitable ways of doing business.

Environmental value:

This is the value for the environment, created through conscious and responsible lending.

 Refer to the report to society for a detailed explanation of our SEE strategy and the progress we have made during the year.
RTS

All measures relate to the group's banking activities only, unless indicated otherwise.

* Currently, SBSA and Uganda only. ** Definitions of these metrics are available online.

✓ Satisfactory results ⚡ Progress to be made

Strategic value drivers

CLIENT FOCUS

Our performance against our strategic value drivers

- ✓ Client satisfaction scores have indicated that we have improved in servicing our clients:
 - PBB client satisfaction scores have improved in focused client segments in South Africa, as well as in most geographies in the Africa Regions. Scores were, however, below our target, indicating the need to accelerate change. We are, therefore, intensifying our efforts to respond more rapidly to our clients' needs and improving overall client experience.
 - CIB client satisfaction scores have improved in terms of client service levels and stronger relationships with client service teams. A number of key focus areas have been identified to further improve overall client experience.

Refer to the business unit reviews starting on **page 34** for further detail.

EMPLOYEE ENGAGEMENT

- ✓ Our Experience@Work survey provided pleasing results for South Africa and Uganda, with an overall employee promoter score of 86% (2015: 77%), and 89% respectively. This will be used as the base to compare results going forward. The survey will be extended to the rest of the group in 2017.
- ✓ Our VET and VRET rates have both decreased marginally from the prior year and are well within the industry average.

Refer to the human capital report on **page 58** for a detailed discussion on our performance for the year.

RISK AND CONDUCT

- ✓ We are compliant with laws and regulations and have built a resilient balance sheet and reputational capital, allowing us to take carefully considered risks in the search for alternative opportunities for growth and the continuation of doing the right business the right way. **Lib**
 - CET 1: 13.9% (2015: 12.9%) **Lib**
 - LCR: 117.1% (2015: 93.7%)
 - Average RWA: R839 billion (2015: R819 billion)
 - RoRWA: 2.7% (2015: 2.7%).

FINANCIAL OUTCOME

Our results demonstrate the group's resilience during the year despite the global and local economic challenges.

CTI: **56.3%**
(2015: 56.5%)

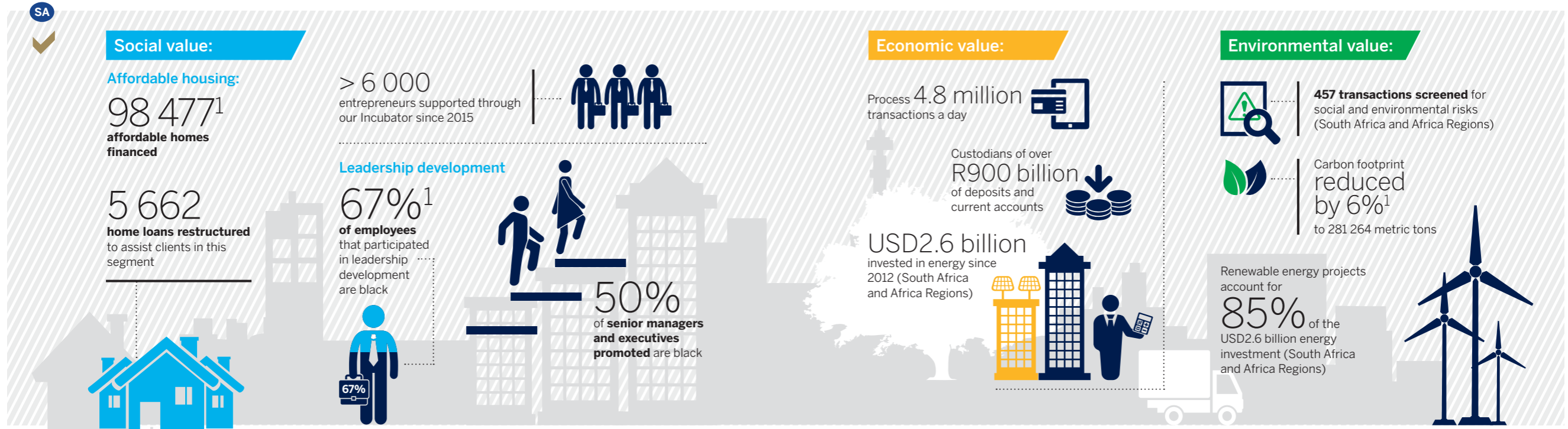
CLR: **0.86%**
(2015: 0.87%)

ROE: **15.3%**
(2015: 15.6%) **Lib**

HEADLINE EARNINGS: **R23 009 million**
(2015: R22 187 million) **Lib**

Refer to the group financial review on **page 74** for a detailed discussion on our performance.

OUR KEY STRATEGIC VALUE DRIVERS AND FINANCIAL OUTCOME SUPPORTS OUR SEE OUTCOME, SUMMARISED BELOW.



¹ KPMG provided limited external assurance on selected performance data in the report to society. The scope of the assurance engagement and the statement of assurance are provided on pages 79 to 80 in the report to society.

In, for and across Africa

Our purpose-led strategy is designed to realise the opportunities presented by Africa's longer-term structural trends.

Our diverse portfolio of operations has demonstrated resilience in withstanding cyclical pressures of generally slower economic growth and low commodity prices, and the spill-over effects of currency dislocation, regulatory reactivity and socio-political instability. Our contribution to driving more inclusive growth and promoting policy reform that supports economic diversification and development over the long term, will assist in extending Africa's structural growth path notwithstanding the immediate economic challenges.

Driving Africa's growth
 We are well-positioned to drive and facilitate the growing interregional trade and investment flows across the continent, to assist the economic growth of African countries and the expansion of multinationals into Africa.

50% of Africans will live in cities by 2030¹

Africa's rapid rate of urbanisation is expected to continue rising from 36% in 2010 to 50% in 2030. This conglomeration of people provides governments and businesses with an opportunity to lower the cost of providing products and services.



28.7% of Africans are online²

Africa's relative underdevelopment enables the implementation of the latest technologies, leapfrogging older technologies such as fixed-line communications with mobile networks, and coal-fired power with renewable energy.

1.5 billion Africans will be of working age (15 to 64) by 2050³

Africa's working population is currently 659 million people, expected to grow to 861 million by 2020 and 1.5 billion by 2050.

200 million Africans will be aged 15 to 24 by 2050⁴

Africa's population is expected to double by 2050. With an estimated median age of 20, Africa's youthful population will place increasing pressure on governments and businesses to drive employment growth as a greater number of Africans reach working age.

136% increase in inter-Africa trade from 2005 to 2015⁵

Inter-Africa trade increased from USD28.8 billion in 2005 to USD68 billion in 2015.

5.4% average GDP growth in sub-Saharan Africa from 2005 to 2015⁶

GDP growth in Africa as a whole for the same period was slightly lower at 4.0%. This compares to the global average of 3.8% and 1.5% growth in developed economies over the same period.



Standard Bank
 Representative office

Facilitating China-Africa trade and investment

China remains Africa's largest trading partner and an increasingly important source of foreign investment across Africa. Our strategic partnership with ICBC provides us with a unique opportunity to provide financial services to clients operating in the China-Africa corridor.

47.8% growth in China-Africa foreign direct investment (FDI)⁷

FDI into Africa from China is shifting from extraction to manufacturing industries.

Connecting Africa to developed world economic centres

Our presence in, and connection with, global financial centres enables us to facilitate investment and development flows into Africa, and to access international capital to facilitate growth, diversification and development in Africa.

USD929 billion in world trade with Africa in 2015⁷

This represents a 178% increase from USD334 billion a decade ago. About 70% of Africa's exports are metals and minerals, indicating the need for economic diversification.

31% of capital flowing into Africa is from worker remittances⁸

Remittances replaced foreign aid as the largest external inflow to Africa in 2009, as Africa's dependence on official development assistance eased by 18.7% to USD83.7 billion in 2015 from USD103 billion in 2014.



38.4% less Africans living below the international poverty line over the last decade¹⁰

Africans living below USD1.9 a day has fallen to 39.1% compared to 63.5% a decade ago.

60% of the world's arable land is in Africa⁹

The underutilisation of arable land across the continent holds vast potential for increased commercial agriculture and production of agricultural goods. Mitigating the impact of climate change will be an essential part of realising this potential.

1/3 of the world's mineral reserves are in Africa¹¹

The continent also has 10% of world oil reserves, the largest cobalt and diamond reserves in the world, and 95% of the world's platinum reserves are located in South Africa. Commodities remain fundamental to modern economies, and Africa's resources remain largely either undiscovered or underexploited.

- 1 African Development Bank – Urbanization in Africa (2012).
- 2 Internet World Stats (June 2016) – www.internetworldstats.com.
- 3 UN Population Statistics.
- 4 Africa Economic Outlook – Promoting Youth Employment in Africa (2012).
- 5 International Trade Centre.
- 6 International Monetary Fund; Standard Bank Research.
- 7 Annualised compound growth Overseas Development Institute (ODI, 2016).
- 8 African Development Bank – Organisation for Economic Cooperation and Development.
- 9 World Bank.
- 10 African Development Bank.
- 11 Economics Intelligence Unit – African Development Bank.

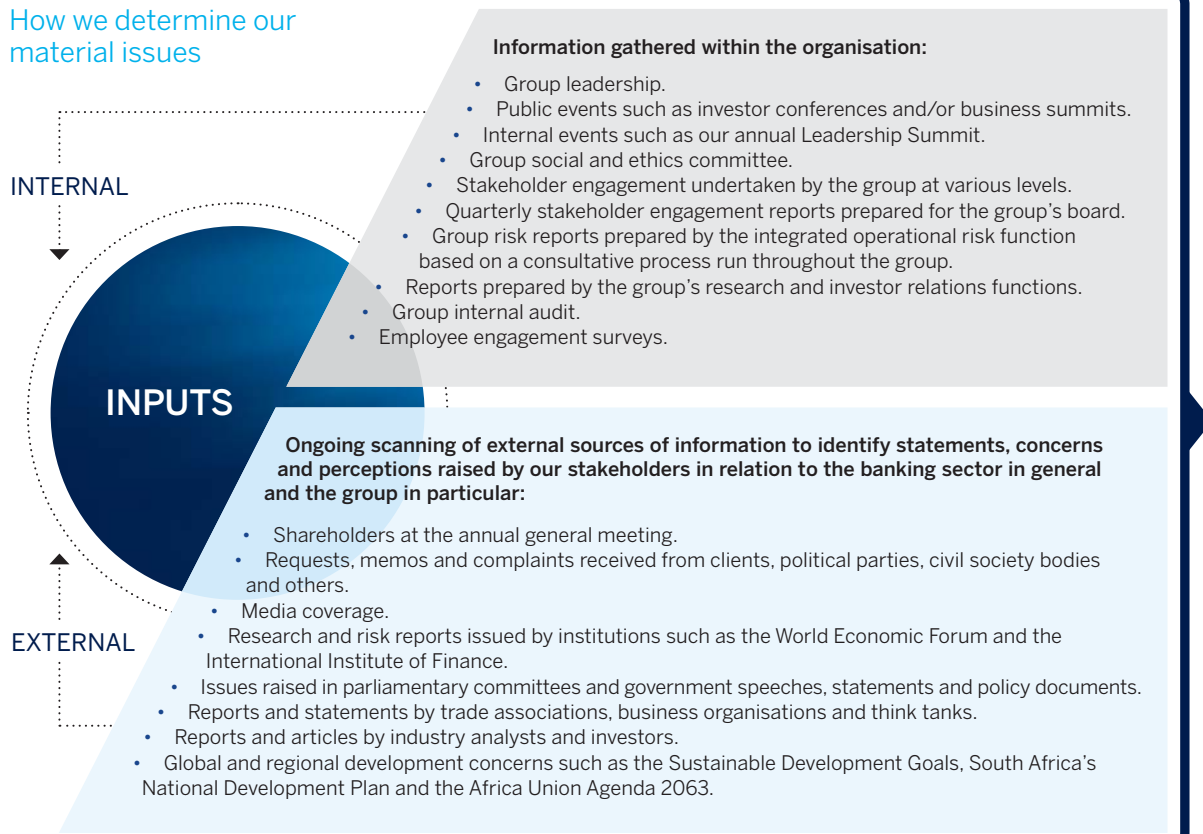
Our material issues


We consider an issue to be material if it has the potential to substantially impact on our commercial viability, our social relevance and our relationships with our stakeholders. Our material issues are informed by the expectations and concerns of our stakeholders, and the social, economic and environmental context in which we operate.

We view the materiality determination process as a business tool that facilitates integrated thinking. The process draws on our ongoing stakeholder engagements, for instance, with clients and regulators, and the work we are doing to revise the measures that underpin our strategic value drivers –

specifically our assessments of client and employee satisfaction. It also considers the views of key stakeholders, obtained through engagements undertaken to assess the quality of our relationships with them.

How we determine our material issues




 The identified concerns of our stakeholders and how we are responding are discussed on **pages 20 to 24**.

Based on this review, we identify the themes and issues that appear to be of greatest interest and concern to our stakeholders, and summarise, consolidate and align these as a list of material issues. In 2016, we undertook a fresh assessment of the issues and concerns raised by our stakeholders, which confirmed that the themes identified in our 2015 annual integrated report, remain pertinent. The group social and ethics committee examined and confirmed our material issues in July 2016.

LINK TO VALUE DRIVERS

<p>1</p> <p>Managing economic headwinds</p>	<p>We remain confident in Africa's long-term prospects, despite slower economic growth in certain countries in which we operate, and are committed to the expansion and deepening of our business across the continent. Slower economic growth in certain countries in which we operate, has been a headwind. We support Africa's growth by carefully managing risk across our portfolio, and we work with our stakeholders to support job creation and inclusive economic growth. This includes investment in infrastructure development and emerging manufacturing and services industries, and support for the broadening and diversification of trade relationships.</p>	<ul style="list-style-type: none">  Client focus  Risk and conduct  Financial outcome  SEE outcome
<p>2</p> <p>Understanding our clients</p>	<p>We aspire to build long-term, fulfilling relationships with our clients by understanding, and effectively and efficiently responding to their needs. We strive to continually improve the client experience at our branches, and on our online and mobile banking platforms. Our culture, underpinned by our values, aims to ensure that our clients are treated fairly at all times and that their best interests are placed first in every decision we take.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome
<p>3</p> <p>Motivating our people</p>	<p>We must ensure that our people are empowered and recognised for living our values and for delivering on our strategic objectives: to drive Africa's growth, to treat our clients as individuals and deliver relevant solutions that fulfil their needs and to do the right business the right way. We provide our people with the opportunity to realise their full potential, and to develop the skills and adaptability needed to thrive in a rapidly changing world of work.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome
<p>4</p> <p>Managing regulatory change</p>	<p>Global regulatory frameworks are becoming far more principles-based and outcomes-driven, requiring banks to ensure that every decision they take is appropriate to individual client interests, while maintaining the stability and integrity of financial markets. We are committed to treating clients fairly, lending responsibly, exercising effective risk management controls and being transparent and accountable in all our business dealings. We support regulatory reform that contributes to stable financial systems and that facilitates inclusive economic growth in Africa.</p>	<ul style="list-style-type: none">  Client focus  Risk and conduct  Financial outcome  SEE outcome
<p>5</p> <p>Embracing innovation</p>	<p>The technological revolution sweeping through the financial services industry is causing profound disruption. To prove our relevance in an increasingly digital world, we are actively embracing disruption and innovation, and working with innovation partners to deliver better value for our clients. We strive to find ways that make financial services more cost-effective, convenient and relevant. This includes tailoring solutions to meet diverse needs and preferences, and delivering services that make life easier and better for Africa's people.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Financial outcome  SEE outcome
<p>6</p> <p>Leveraging our investments in IT</p>	<p>We want to be Africa's leading full-service digital bank. Over the past couple of years we have made major investments in modernising our IT platforms, replacing our ageing systems with best-of-breed, integrated solutions. This has enhanced our capacity to offer digital products and services, and has strengthened our capacity for data analytics which enables us to improve and personalise the service we provide to our clients. It has also strengthened our resilience against cybercrime and improved integration across our business units and countries of operation.</p>	<ul style="list-style-type: none">  Client focus  Employee engagement  Risk and conduct  Financial outcome  SEE outcome

 Our material issues and how they are managed are comprehensively discussed in the report to society.

RTS

Responding to our stakeholders

To protect our legitimacy, which is necessary to compete effectively and create value, we work hard to build and maintain relationships of trust with our stakeholders based on open and proactive engagement.

Our stakeholders are those individuals or organisations that have an interest in our success or failure and whose opinions and actions can impact on our ability to execute our strategy and conduct our business activities. Outlined below are the top issues raised by our key stakeholders and our strategic initiatives that respond to these concerns.



Clients			
CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
<p>Improving client service levels and providing cheaper, more convenient banking options.</p> <p>Increasing process efficiency and automation of payments to reduce delays, errors and complexity.</p>	<p>Groupwide focus on enhancing client experience through:</p> <ul style="list-style-type: none"> IT platform modernisation programme. Innovative digital services that provide relevant banking and wealth solutions per client segment. Empowering client-facing staff to make relevant decisions. Changing organisational structures and ways of working. 	<p>2</p> <p>5</p> <p>6</p>	<p> Business unit reviews and IT report: pages 34 and 66.</p> <p> Pages 36, 58, and 66.</p>
<p>Managing the impact of compliance requirements on client experience.</p>	<ul style="list-style-type: none"> Technologically-enabled compliance and risk solutions. Digital services developed for client convenience and to meet regulatory requirements. 	<p>2 4</p> <p>5 6</p>	<p> IT report: page 66.</p> <p> Page 50.</p>
<p>Preserving multi-generational wealth and delivering solutions for younger high net worth individuals.</p>	<ul style="list-style-type: none"> Integrated multi-generational wealth solutions. Leadership Academies to guide this client segment. 	<p>2 5</p>	<p> Wealth review: page 52.</p>
<p>Higher expectations of personalised, relevant advice from financial advisors.</p>	<ul style="list-style-type: none"> New client-focused operating model in Wealth. Goals-based investment philosophy where product and advisory services are aligned to the principles of the pending Retail Distribution Review. 	<p>2</p> <p>4</p>	<p> Wealth review: page 52.</p>
<p>Concerns with respect to cybercrime and fraud.</p>	<ul style="list-style-type: none"> Sophisticated fraud detection and mitigation tools. Regular client and staff awareness campaigns. 	<p>2</p> <p>5</p> <p>6</p>	<p> IT report: page 66.</p> <p> Pages 38 and 69.</p>



Our ongoing stakeholder engagement initiatives and those specifically related to determining the group's material issues are outlined on **page 18**, and discussed comprehensively in the report to society.



Employees and their representatives

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
The need to develop new skills in a changing operating environment due to the rise of digitisation and automation.	<ul style="list-style-type: none"> • Wide range of continuous learning programmes. • Leadership, youth and specialised skills development programmes. • University partnerships to develop IT curricula. • Initiatives such as upskilling, retraining and redeployment to assist employees affected by changes to business operating models and the introduction of new ways of working. 	<p>3</p> <p>6</p>	<p> Human capital and IT reports: pages 58 and 66.</p> <p> Pages 42 to 49.</p> <p>RTS</p>
Driving diversity and inclusion to create a workforce that is locally relevant.	<ul style="list-style-type: none"> • Diversity and inclusion framework. • Employment equity targets in South Africa. • Accelerate the development of local talent pipelines in operating countries, and the advancement of black employees in South Africa. 	<p>1</p> <p>3</p> <p>4</p>	<p> Human capital report: page 58.</p> <p> Page 46.</p> <p>RTS</p>



Suppliers

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
Aligning the group's procurement practices to support transformation in South Africa.	<ul style="list-style-type: none"> • Proactive and deliberate approach with clear targets to ensure the equitable participation of black-owned businesses in our supply chain. • Redirecting goods and services previously procured from foreign suppliers to local black suppliers, where feasible. • Supplier development programmes for small businesses, including access to financing, where relevant. 	<p>1</p> <p>4</p>	<p> Page 73.</p> <p>RTS</p>






Governments and regulators

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
<p>Rebuilding trust and maintaining stability in the financial sector, and compliance with various legislative changes.</p> <p>Improving the control environment in the Africa Regions.</p>	<ul style="list-style-type: none"> Adoption of global best-practice in financial standards. Strong relationships with local banking regulators and central bank officials. Standardised groupwide compliance model. Cooperation between compliance teams at group and country level. Skills sharing through cross-jurisdictional secondments. Automated compliance monitoring and reporting. Standardisation of the methodology to assess and prepare for the impact of new regulation. 	<p>1</p> <p>4</p> <p>6</p>	<p> Business unit reviews: page 34.</p> <p> Pages 50 to 57.</p>
<p>Embedding compliance and risk-aware behaviour.</p>	<ul style="list-style-type: none"> Strong focus on employee conduct and values. Regulatory awareness initiatives and compulsory compliance training. 	<p>1</p> <p>3</p> <p>4</p>	<p> Pages 18 and 55.</p>



Shareholders and investment analysts

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
<p>The group's resilience to challenging economic conditions.</p> <p>Managing asset quality and impairments.</p>	<ul style="list-style-type: none"> Leverage our diversified portfolio at sector, regional and client levels, by allocating capital to select growth opportunities. Regular risk assessments and adjustment of risk appetite. Retain quality client segments and grow select client segments in PBB. Increase CIB's exposure to growth sectors and economies, offsetting declines in commodity sectors. Support clients facing difficulties through appropriate debt restructuring. 	<p>1</p> <p>2</p>	<p> Group financial review and business unit reviews: pages 74 and 34.</p> <p> Pages 26 and 40.</p>
<p>Managing costs and improving the cost-to-income ratio.</p>	<ul style="list-style-type: none"> Maintain disciplined cost management. Achieve global benchmarks for IT expenditure from 2018. Focus on delivering positive JAWs¹. 	<p>1</p> <p>6</p>	<p> Group financial review and IT report: pages 74 and 66.</p>

¹ JAWs is a measure of the extent to which the total income growth rate exceeds the operating expense growth rate.

² CEO Initiative: www.ceopledge.co.za.








Shareholders and investment analysts continued

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
Strategic value of other banking interests.	<ul style="list-style-type: none"> The strategic cooperation agreement with ICBC remains an important element in both our Africa strategy and in the future of the group's other banking interests. 	<p>1</p> <p>2</p>	<p> CIB review: page 44.</p> <p> Page 37.</p> <p><small>RTS</small></p>
Unclear executive pay and long- and short-term incentive structures.	<ul style="list-style-type: none"> Review the current remuneration policy and how it links to the group's strategic value drivers to provide stakeholders with a better understanding of executive remuneration structures. 	<p>3</p> <p>4</p>	<p> Remuneration report: page 106.</p>



Communities and civil society

CONCERN	OUR STRATEGIC INITIATIVES	MATERIAL ISSUE	DETAILED INFORMATION
<p>Contributing to alleviating societal challenges across the continent.</p> <p>Contributing to initiatives that address unemployment, inequality and education in South Africa.</p> <p>Contributing to initiatives that address South Africa's macroeconomic and socio-political challenges.</p>	<ul style="list-style-type: none"> Business activities facilitate financial inclusion, infrastructure investment, entrepreneurship, enterprise development and job creation. Contribute to the CEO Initiative² to address barriers to economic growth and avert a sovereign ratings downgrade in South Africa. Initiatives and digital solutions that support small businesses to become sustainable. Support for civil society organisations. Learnership programmes that provide on-the-job experience for matriculants and graduates. Standard Bank Tutuwa Community Foundation's focus on initiatives and projects that advance education. 	<p>1</p> <p>2</p> <p>5</p>	<p> PBB review: page 34.</p> <p> Pages 37, 45, 62, 64 and 75.</p> <p><small>RTS</small></p>
Funding for higher education in South Africa.	<ul style="list-style-type: none"> Standard Bank bursary programmes. Work with government, corporates and universities to develop sustainable tertiary education funding solutions. 	<p>1</p> <p>3</p>	<p> Human capital report: page 58.</p> <p> Pages 45 and 64.</p> <p><small>RTS</small></p>
The group's efforts to mitigate the impact of climate change.	<ul style="list-style-type: none"> Managing environmental and social risk related to financing activities. Standard Bank-financed renewable energy projects, including a funding agreement with ICBC for renewable energy projects in South Africa. Adoption of green building principles and measures to reduce the direct environmental impact of activities. 	<p>1</p> <p>2</p>	<p> Pages 32, 40, 53 and 72.</p> <p><small>RTS</small></p>