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

INTERNAL

EXTERNAL

Information gathered within the organisation:

- · Group leadership.
- Public events such as investor conferences and/or business summits.
- Internal events such as our annual Leadership Summit.
- · Group social and ethics committee.
- Stakeholder engagement undertaken by the group at various levels.
- Quarterly stakeholder engagement reports prepared for the group's board.
- Group risk reports prepared by the integrated operational risk function based on a consultative process run throughout the group.
- Reports prepared by the group's research and investor relations functions.
- Group internal audit.
- Employee engagement surveys.

INPUTS

Ongoing scanning of external sources of information to identify statements, concerns and perceptions raised by our stakeholders in relation to the banking sector in general and the group in particular:

- Shareholders at the annual general meeting.
- Requests, memos and complaints received from clients, political parties, civil society bodies and others.
- Media coverage.
- Research and risk reports issued by institutions such as the World Economic Forum and the International Institute of Finance.
- Issues raised in parliamentary committees and government speeches, statements and policy documents.
- Reports and statements by trade associations, business organisations and think tanks.
- · Reports and articles by industry analysts and investors.
- Global and regional development concerns such as the Sustainable Development Goals, South Africa's National Development Plan and the Africa Union Agenda 2063.



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



Managing economic headwinds 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.



Client focus



Risk and conduct



Financial outcome



SEE outcome



Understanding our clients

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.



Client focus



Employee engagement



Risk and conduct



Financial outcome



SEE outcome



Motivating our people

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.



Client focus



Employee engagement



Risk and conduct



Financial outcome



SEE outcome



Managing regulatory change

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.



Client focus



Risk and conduct



Financial outcome



SEE outcome



Embracing innovation

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.



Client focus



Employee engagement



Financial outcome



SEE outcome



Leveraging our investments in IT

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.



Client focus



Employee engagement



Risk and conduct



SEE outcome



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