

# 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"> <li>IT platform modernisation programme.</li> <li>Innovative digital services that provide relevant banking and wealth solutions per client segment.</li> <li>Empowering client-facing staff to make relevant decisions.</li> <li>Changing organisational structures and ways of working.</li> </ul>	<p>2</p> <p>5</p> <p>6</p>	<p> Business unit reviews and IT report: <b>pages 34 and 66.</b></p> <p> <b>Pages 36, 58, and 66.</b></p>
<p>Managing the impact of compliance requirements on client experience.</p>	<ul style="list-style-type: none"> <li>Technologically-enabled compliance and risk solutions.</li> <li>Digital services developed for client convenience and to meet regulatory requirements.</li> </ul>	<p>2 4</p> <p>5 6</p>	<p> IT report: <b>page 66.</b></p> <p> <b>Page 50.</b></p>
<p>Preserving multi-generational wealth and delivering solutions for younger high net worth individuals.</p>	<ul style="list-style-type: none"> <li>Integrated multi-generational wealth solutions.</li> <li>Leadership Academies to guide this client segment.</li> </ul>	<p>2 5</p>	<p> Wealth review: <b>page 52.</b></p>
<p>Higher expectations of personalised, relevant advice from financial advisors.</p>	<ul style="list-style-type: none"> <li>New client-focused operating model in Wealth.</li> <li>Goals-based investment philosophy where product and advisory services are aligned to the principles of the pending Retail Distribution Review.</li> </ul>	<p>2</p> <p>4</p>	<p> Wealth review: <b>page 52.</b></p>
<p>Concerns with respect to cybercrime and fraud.</p>	<ul style="list-style-type: none"> <li>Sophisticated fraud detection and mitigation tools.</li> <li>Regular client and staff awareness campaigns.</li> </ul>	<p>2</p> <p>5</p> <p>6</p>	<p> IT report: <b>page 66.</b></p> <p> <b>Pages 38 and 69.</b></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"> <li>• Wide range of continuous learning programmes.</li> <li>• Leadership, youth and specialised skills development programmes.</li> <li>• University partnerships to develop IT curricula.</li> <li>• 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.</li> </ul>	<p>3</p> <p>6</p>	<p> Human capital and IT reports: <b>pages 58 and 66.</b></p> <p> <b>Pages 42 to 49.</b></p> <p>RTS</p>
Driving diversity and inclusion to create a workforce that is locally relevant.	<ul style="list-style-type: none"> <li>• Diversity and inclusion framework.</li> <li>• Employment equity targets in South Africa.</li> <li>• Accelerate the development of local talent pipelines in operating countries, and the advancement of black employees in South Africa.</li> </ul>	<p>1</p> <p>3</p> <p>4</p>	<p> Human capital report: <b>page 58.</b></p> <p> <b>Page 46.</b></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"> <li>• Proactive and deliberate approach with clear targets to ensure the equitable participation of black-owned businesses in our supply chain.</li> <li>• Redirecting goods and services previously procured from foreign suppliers to local black suppliers, where feasible.</li> <li>• Supplier development programmes for small businesses, including access to financing, where relevant.</li> </ul>	<p>1</p> <p>4</p>	<p> <b>Page 73.</b></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"> <li>Adoption of global best-practice in financial standards.</li> <li>Strong relationships with local banking regulators and central bank officials.</li> <li>Standardised groupwide compliance model.</li> <li>Cooperation between compliance teams at group and country level.</li> <li>Skills sharing through cross-jurisdictional secondments.</li> <li>Automated compliance monitoring and reporting.</li> <li>Standardisation of the methodology to assess and prepare for the impact of new regulation.</li> </ul>	<p>1</p> <p>4</p> <p>6</p>	<p> Business unit reviews: <b>page 34.</b></p> <p> <b>Pages 50 to 57.</b></p>
<p>Embedding compliance and risk-aware behaviour.</p>	<ul style="list-style-type: none"> <li>Strong focus on employee conduct and values.</li> <li>Regulatory awareness initiatives and compulsory compliance training.</li> </ul>	<p>1</p> <p>3</p> <p>4</p>	<p> <b>Pages 18 and 55.</b></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"> <li>Leverage our diversified portfolio at sector, regional and client levels, by allocating capital to select growth opportunities.</li> <li>Regular risk assessments and adjustment of risk appetite.</li> <li>Retain quality client segments and grow select client segments in PBB.</li> <li>Increase CIB's exposure to growth sectors and economies, offsetting declines in commodity sectors.</li> <li>Support clients facing difficulties through appropriate debt restructuring.</li> </ul>	<p>1</p> <p>2</p>	<p> Group financial review and business unit reviews: <b>pages 74 and 34.</b></p> <p> <b>Pages 26 and 40.</b></p>
<p>Managing costs and improving the cost-to-income ratio.</p>	<ul style="list-style-type: none"> <li>Maintain disciplined cost management.</li> <li>Achieve global benchmarks for IT expenditure from 2018.</li> <li>Focus on delivering positive JAWs<sup>1</sup>.</li> </ul>	<p>1</p> <p>6</p>	<p> Group financial review and IT report: <b>pages 74 and 66.</b></p>

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

<sup>2</sup> CEO Initiative: [www.ceopledge.co.za](http://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"> <li>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.</li> </ul>	<p>1</p> <p>2</p>	<p> CIB review: <b>page 44.</b></p> <p> <b>Page 37.</b></p> <p><small>RTS</small></p>
Unclear executive pay and long- and short-term incentive structures.	<ul style="list-style-type: none"> <li>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.</li> </ul>	<p>3</p> <p>4</p>	<p> Remuneration report: <b>page 106.</b></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"> <li>Business activities facilitate financial inclusion, infrastructure investment, entrepreneurship, enterprise development and job creation.</li> <li>Contribute to the CEO Initiative<sup>2</sup> to address barriers to economic growth and avert a sovereign ratings downgrade in South Africa.</li> <li>Initiatives and digital solutions that support small businesses to become sustainable.</li> <li>Support for civil society organisations.</li> <li>Learnership programmes that provide on-the-job experience for matriculants and graduates.</li> <li>Standard Bank Tutuwa Community Foundation's focus on initiatives and projects that advance education.</li> </ul>	<p>1</p> <p>2</p> <p>5</p>	<p> PBB review: <b>page 34.</b></p> <p> <b>Pages 37, 45, 62, 64 and 75.</b></p> <p><small>RTS</small></p>
Funding for higher education in South Africa.	<ul style="list-style-type: none"> <li>Standard Bank bursary programmes.</li> <li>Work with government, corporates and universities to develop sustainable tertiary education funding solutions.</li> </ul>	<p>1</p> <p>3</p>	<p> Human capital report: <b>page 58.</b></p> <p> <b>Pages 45 and 64.</b></p> <p><small>RTS</small></p>
The group's efforts to mitigate the impact of climate change.	<ul style="list-style-type: none"> <li>Managing environmental and social risk related to financing activities.</li> <li>Standard Bank-financed renewable energy projects, including a funding agreement with ICBC for renewable energy projects in South Africa.</li> <li>Adoption of green building principles and measures to reduce the direct environmental impact of activities.</li> </ul>	<p>1</p> <p>2</p>	<p> <b>Pages 32, 40, 53 and 72.</b></p> <p><small>RTS</small></p>