

Type:	<i>Policy</i>
Name:	<i>SBG/SBSA Board Nomination and Appointment Policy</i>
Level:	<i>Standard Bank Group Limited (SBG) and The Standard Bank of South Africa (SBSA)</i>
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## 1 Policy Statement

- 1.1 The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.
- 1.2 Procedures for the identification, nomination and appointment of directors should be formal, rigorous and transparent, and should be a matter reserved for the board, assisted by the Directors' Affairs Committee, subject to legislative and regulatory requirements and shareholder approval where appropriate.
- 1.3 The Standard Bank Group Limited (SBG) / The Standard Bank of South Africa Limited (SBSA) Board Nomination and Appointment Policy (the Policy) aims to comply with the relevant legislation and regulatory obligations, and best governance practices.
- 1.4 The purpose of this Policy is to:
  - 1.4.1 Provide guidance on the nomination and appointment process of directors to the boards of Standard Bank Group Limited and The Standard Bank of South Africa Limited.
  - 1.4.2 Promote board continuity and ensure that the boards comprise individuals who are fit and proper, possess the necessary skills, qualities and experience to collectively contribute to effective board governance.

## 2 Applicability

- 2.1 This Policy shall apply to:
  - 2.2 The Standard Bank Group Limited (SBG) and The Standard Bank of South Africa Limited (SBSA) boards of directors.
  - 2.3 The Directors' Affairs Committee constituted as a sub-committee of the boards of SBG and SBSA.
- 2.4 This Policy shall exclude:
  - 2.4.1 The nomination and appointment of directors to group companies and/or any other entities for which the group has the right to nominate and/or approve the appointment of directors.
  - 2.4.2 The nomination and appointment of executive management.

## 3 Minimum requirements to comply with this Policy

- 3.1 All nominations and appointments are to be made in compliance with all legislative and regulatory requirements, internal processes and procedures, and in the spirit of the values of the group.
- 3.2 This Policy applies to all nominations and appointments of board directors, and all appointments are subject to the authorisation of:
  - 3.2.1 Standard Bank Group Limited board; or
  - 3.2.2 The Standard Bank of South Africa Limited board; and
  - 3.2.3 On recommendation of the Group/SBSA Directors' Affairs Committee.

## 4 Roles and Responsibilities

### The Board

- 4.1 The boards of Standard Bank Group Limited, and/or The Standard Bank of South Africa Limited will:
- 4.1.1 After considering recommended nominations made by the Directors' Affairs Committee, the board shall approve the composition of the following:
- Board of Directors;
  - Group/SBSA Audit Committee;
  - Group Remuneration Committee;
  - Group/SBSA Risk and Capital Management Committee;
  - Group/SBSA Directors' Affairs Committee;
  - Group Technology and Information Committee;
  - Group Social and Ethics Committee;
  - Group Model Approval Committee; and
  - SBSA Large Exposures Committee.
- 4.1.2 On the recommendation of the Directors' Affairs Committee and in line with this policy, the board will appoint:
- a chairman of the board;
  - lead independent director of the board;
  - chairmen of all board committees;
  - members of all the board committees; and
  - consider the removal, resignation and retirement of directors.
- 4.2 Ensure the proper rotation of directors in line with the Memorandum of Incorporation, the Companies Act and King IV Code on Corporate Governance.
- 4.3 The appointment of every board director will be confirmed by shareholders at the next Annual General Meeting following their appointment to the board.
- 4.4 Directors have a responsibility to acquaint themselves with their fiduciary duties, and responsibilities, as well as with the issues pertaining to the operations and business environment of the group so that they are able to fulfil their duties. To assist them, the board shall ensure that there is an adequate induction programme for new directors, a mentorship programme where appropriate, and ongoing briefings on relevant new laws and changing commercial risks.
- 4.5 Adhere to all legislative and regulatory requirements, including the requirements of the JSE Listings Requirements and Debt Listings Requirements (DLR).

### Group/SBSA Directors' Affairs Committee

- 4.6 The Directors' Affairs Committee will:
- 4.6.1 Set the criteria in line with statutory requirements and governance best practice for the nomination of directors and committee members of the board. The selection process for directors should include reviewing whether candidates are fit and proper and:
- possess the knowledge, skills, experience and, particularly in the case of non-executive directors, independence of mind given their responsibilities on the board and in the light of the group/SBSA's business and risk profile;
  - have a record of integrity and good repute;

- have the ability to uphold the values of the group and the code of ethics;
  - have sufficient time to fully carry out their responsibilities. The committee shall assess and consider the candidate's circumstances, and the nature, scale, and complexity of other commitments and/or directorships held, in order to satisfy itself that the candidate would have sufficient time to duly discharge their responsibilities on the board;
  - are of good financial standing;
  - have an understanding of the risks to which group is exposed;
  - are free of material conflicts of interest;
  - have the ability to interact effectively with other board members; and
  - promote diversity and inclusion in the composition of the board.
- 4.7 As part of the SBG/SBSA director appointment and onboarding process, the following governance checks are required to be conducted prior to the appointment of a director:
- reference checks;
  - criminal checks;
  - qualification checks;
  - credit checks;
  - anti-money laundering sanctions screening;
  - Politically Exposed Person (PEP) / Politically Influential Person (PIP) screening;
  - adverse media screening; and
  - and any other checks deemed necessary from time to time.
- 4.8 After appointment, directors will be subject to ongoing fit and proper screening which will include, amongst others, anti-money laundering sanctions screening, adverse media screening, PEP/PIP screening and an annual Honesty, Integrity and Good Standing attestation.
- 4.9 It is the responsibility of the director to inform the Chairman / Company Secretary immediately should there be a change in their circumstances that adversely affect their fit and proper status. Any such change will need to be reported to the relevant Regulators within the prescribed time period.
- 4.10 Establish and maintain a board directorship continuity programme which includes:
- a review of the performance of and planning for successors to executive directors;
  - measures to ensure the continuity of non-executive directors;
  - regular review of composition of skills, experience, geography, gender and race diversity and other qualities required for the effectiveness of the board; and
  - an annual self-assessment of the board, the contribution of each individual director and living the values of the group.
- 4.11 Review and evaluate candidates for the chief executive and other executive director appointments, in terms of this Policy and make recommendations to the board for approval.
- 4.12 Oversee that all board directors receive a formal letter of appointment setting out their roles and responsibilities, time commitments required to serve on the board and/or committee(s) and other outside commitments.
- 4.13 Annually review the implementation of the promotion of race and gender diversity

policy at board level, and report on the progress made in the corporate governance statement in line with the JSE Listings Requirements.

- 4.14 Annually review the structure, size and composition of the board taking into account the requirements of board committees to ensure size, demographics and diversity make it effective, and make recommendations to the board regarding any changes required.
- 4.15 Review and make recommendations on the re-election of directors retiring by rotation in terms of the Memorandum of Incorporation, Companies Act, King IV Code on Corporate Governance and continuing service as a director after having reached the retirement aged having due regard to their performance.
- 4.16 Assist the board in determining whether the services of any director should be terminated.
- 4.17 The group secretary shall assist the Directors' Affairs Committee to execute its responsibilities in terms of this Policy by:
  - Ensuring that the procedure for the appointment of directors is properly carried out;
  - assisting in the induction, orientation, ongoing training and education of directors, including assessing the specific training needs of directors and executive management in their fiduciary and other governance responsibilities;
  - providing guidance and advice to the board, and within the company, on matters of good governance and of changes in legislation;
  - providing comprehensive practical support and guidance to directors, with particular emphasis on supporting the non-executive directors, the chairmen of the board and board subcommittees and the audit committee.

**Other Specific requirements:**

- 4.18 The chairmen of the board and board subcommittees shall be independent non-executive directors, unless prior exemption has been obtained from the Prudential Authority in line with SARB Directive 4/2018.
- 4.19 For the purpose of classifying non-executive directors as independent, the board shall consider the Prudential Authority's minimum objective and baseline criteria for independence. Refer to Annexure A.
- 4.20 Independent non-executive directors should, at their first board meeting, and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the board-specified criteria of independence.
- 4.21 When making new appointments, the board should take into account other demands on directors' time. Prior to appointment, significant commitments should be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the chairman.
- 4.22 Non-executive directors should limit the number of board appointments to a maximum of four (4) directorships on listed entities or significant unlisted operating companies. The upper limit of four (4) directorships includes the SBG board. (SBG and SBSA directorships are considered as one directorship for purposes of this paragraph).

- 4.23 Directorships and/or non-executive governing body positions held in non-profit organisations, private investment companies or non-operating subsidiaries are excluded from this requirement.
- 4.24 Cross-directorships in entities not related to the group is limited to a maximum number of two directors per entity.
- 4.25 Unless approved by the Prudential Authority, the following persons shall not be appointed as non-executive directors if in the preceding twelve (12) months they held any of the following positions in SBG/SBSA:
- executive director of the board,
  - chief executive of the company,
  - executive officer as defined in the Banks Act,
  - designated external auditor directly or indirectly responsible for performing statutory audit or key member of the external audit team directly or indirectly responsible for performing the statutory audit,
  - the company curator, and
  - any other person the board deems relevant.
- 4.26 For the purposes of classifying persons mentioned in 4.8 above or any other person that previously served on the board as an independent non-executive director, a minimum period of three (3) years, together with the objective and baseline independence test should be considered when assessing non-executive director independence classification on appointment.
- 4.27 Full disclosure of the nature of a director's interest on any matter before the board is required. A register of declarations of interest shall be kept. At the start of every meeting, directors should declare if they have any conflict of interests in respect of matters on the agenda.
- 4.28 The Prudential Authority has the right to object to the appointment of a director, or to terminate the service of an existing director if he/she believes that they are not fit and proper persons or are not acting in the public interest.
- 4.29 The board undertake to:
- Ensure that all legislative and regulatory requirements are fulfilled prior to director appointments and that the necessary notifications (SENS) are issued where necessary.
- 4.30 In line with Regulatory Requirements, this Policy shall be published online on the group's website. Any amendments to this Policy shall be announced on SENS. In instances of any deviation from the Policy, such deviation shall be announced on SENS together with reasons for the deviation.

## 5 Related policies and procedures

- 5.1 This Policy should be read together with:
- 5.1.1 The South African Companies Act 71 of 2008;
  - 5.1.2 The Banks Act 94 of 1990;
  - 5.1.3 The JSE Listing Requirements, including the Debt Listings Requirements;
  - 5.1.4 The King IV Report on Corporate Governance for South Africa 2016;
  - 5.1.5 SBG /SBSA Memorandum of Incorporation;
  - 5.1.6 SBG/SBSA Board Mandate;
  - 5.1.7 SBG/SBSA Directors' Affairs Committee Mandate;
  - 5.1.8 The Promotion of Gender and Race Diversity Policy;
  - 5.1.9 Board Management of Conflicts of Interests Policy;
  - 5.1.10 The Standard Bank Group Values and Code of Ethics
  - 5.1.11 People and Culture policies in place from time to time;
  - 5.1.12 The Nomination and Appointment Matrix; and
  - 5.1.13 Any other relevant policy from time to time.

## 6 Definitions

<i>Board</i>	<i>Refers to the board of Standard Bank Group Limited and/or The Standard Bank of South Africa Limited board.</i>
<i>Director</i>	<i>A member of the board of a company, as contemplated in section 66 of the Companies Act 71 of 2008, or an alternate director of a company and includes any person occupying the position of a director or alternate director, by whatever name designated. For purposes of this policy a director includes an Executive and Non-Executive Director.</i>
<i>Executive Director</i>	<i>Means a director who is involved in the day-to-day management of the company or being in the full-time salaried employment of the company.</i>
<i>Executive Officer</i>	<i>In relation to a bank, means an employee who is a director or who is in charge of a risk management function of the bank, the compliance officer, the secretary of the company or any manager of the bank who is responsible, or reports directly to the chief executive officer of the bank.</i>
<i>Fit and Proper</i>	<i>In relation to a director of a financial institution means that the director embodies and exhibits in their conduct the characteristics set out in the King IV Code on Corporate Governance and possesses the attributes of a fit and proper director, which include:</i> <ul style="list-style-type: none"> <li>• <i>the relevant knowledge, skills and experience;</i></li> <li>• <i>honesty, integrity and good standing;</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>competence and capability;</i></li> <li>• <i>financial soundness;</i></li> <li>• <i>sufficient time to carry out their duties; and</i></li> <li>• <i>freedom of conflicts of interests.</i></li> </ul> <p><i>These criteria are in line with the Prudential Authority's BA020 process as well as the fit and proper requirements set out in FSCA Conduct Standard 1 of 2018 on Criteria for Authorisation of OTC Derivatives Providers.</i></p>
<i>Non-Executive Director</i>	<i>Means a director who is not involved in the day-to-day management of the company.</i>
<i>Nominator</i>	<i>The person or forum nominating a candidate for purposes of being considered for appointment as a Director.</i>

## 7 Policy Administration

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