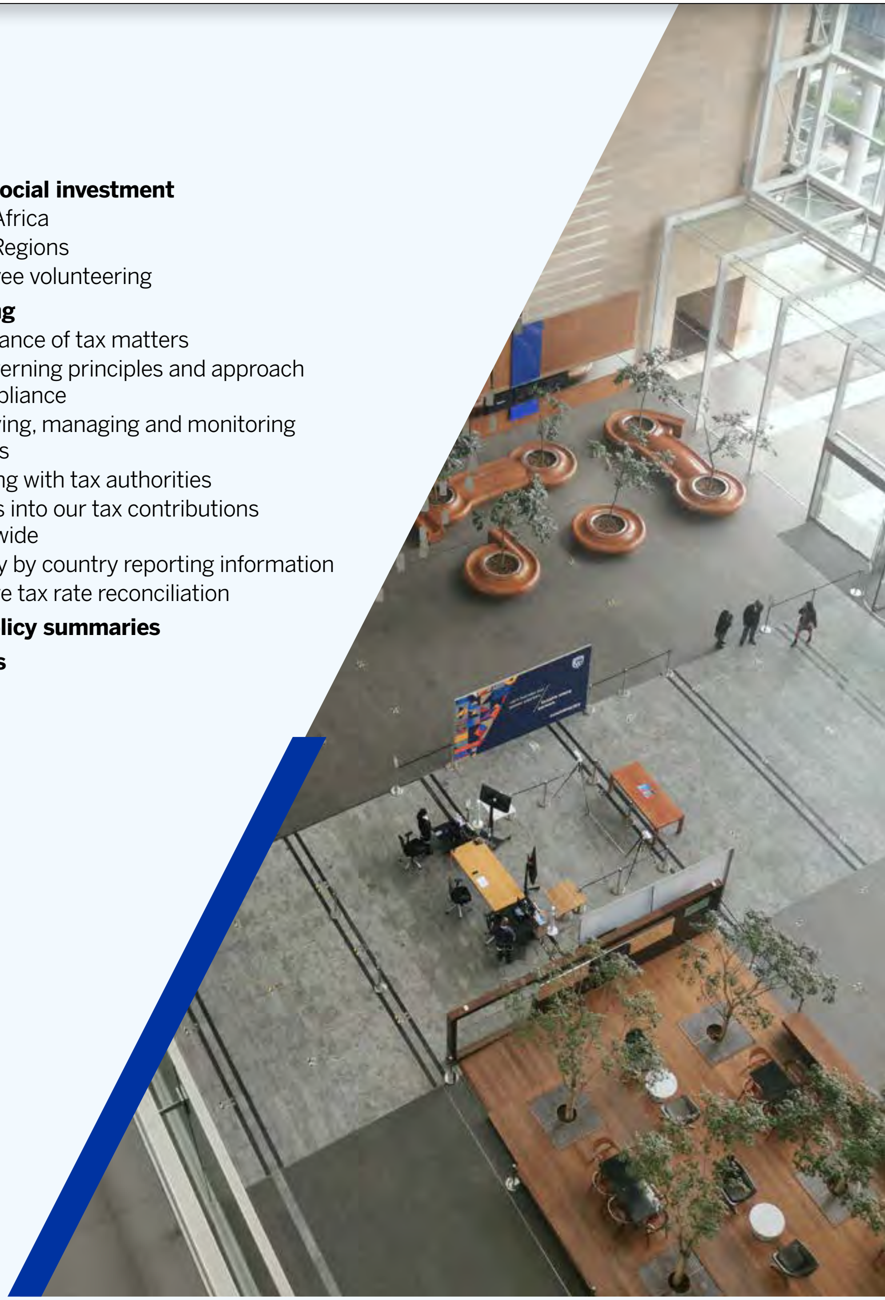
Standard Bank Group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

Standard Bank IT CAN BE™
Also trading as Stanbic Bank

Contents



Standard Bank Group

Africa is our home, we drive her growth. We aim to make life better for our fellow Africans by doing the right business, the right way, contributing to the financial wellbeing of our clients, and supporting sustainable and job-creating growth of the economies in which we operate.

We are more than a bank. We are an integrated financial services organisation, deeply rooted in Africa. We strive to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

We have a 158-year history in South Africa. Over the past 30 years, we have been building our franchises across sub-Saharan Africa, and extending into key international markets. We operate in 20 sub-Saharan African countries and are headquartered in Johannesburg. Our primary listing is on the Johannesburg Stock Exchange (JSE) in South Africa. We have a secondary listing in Namibia. Subsidiary banks are listed on exchanges in Kenya, Malawi, Namibia, Nigeria and Uganda.

We also have operations in Beijing, Dubai, London, New York and Sao Paulo, and offer international financial services from our offices in the Isle of Man, Jersey and Mauritius.

Standard Bank Group (SBG) is the largest African banking group by assets, with a market capitalisation of approximately R208 billion (USD14 billion) at 31 December 2020, offering a range of banking and related financial services across sub-Saharan Africa.

Standard Bank employs over 47 000 people (excluding Liberty). We have 1 124 branches (540 in South Africa, 584 in Africa Regions), and 6 774 ATMs across Africa (4 444 in South Africa, 2 330 in Africa Regions). This enables us to deliver a complete range of services across personal and business banking, corporate and investment banking and wealth management.

Standard Bank Group is 52% owned by South Africans and 48% by international investors, with China (20%), USA (13%), Namibia (2%) and UK (2%) comprising the top investors. Industrial and Commercial Bank of China Limited (ICBC), the world's largest bank by assets, is a 20.1% shareholder. This strategic relationship enables us to work with ICBC to facilitate investment flows and commercial relationships between China and Africa, to the benefit of African countries. Our second largest shareholder is the Government Employees Pension Fund of South Africa which holds 12.4% of shares.

We are committed to doing the right business the right way, in line with the UN Principles for Responsible Banking, South Africa's Code of Banking Practice, the Equator Principles, and Nigeria, Ghana and Kenya's Sustainable Banking Principles.

Integrated financial services

We are accelerating the modernisation of the group to better engage with our clients, strengthening our relationship with them. We have made internal structural changes to move the group from operating through our business lines, as described below, to a structure built round three core client segments, effective from 2021. A new **Client Solutions** business is being set up to deliver innovative and cost-effective solutions that deliver an improved client experience using technology.

Personal & business banking (PBB)
provides banking and other financial services to individual clients and small and medium-sized enterprises (SMEs)

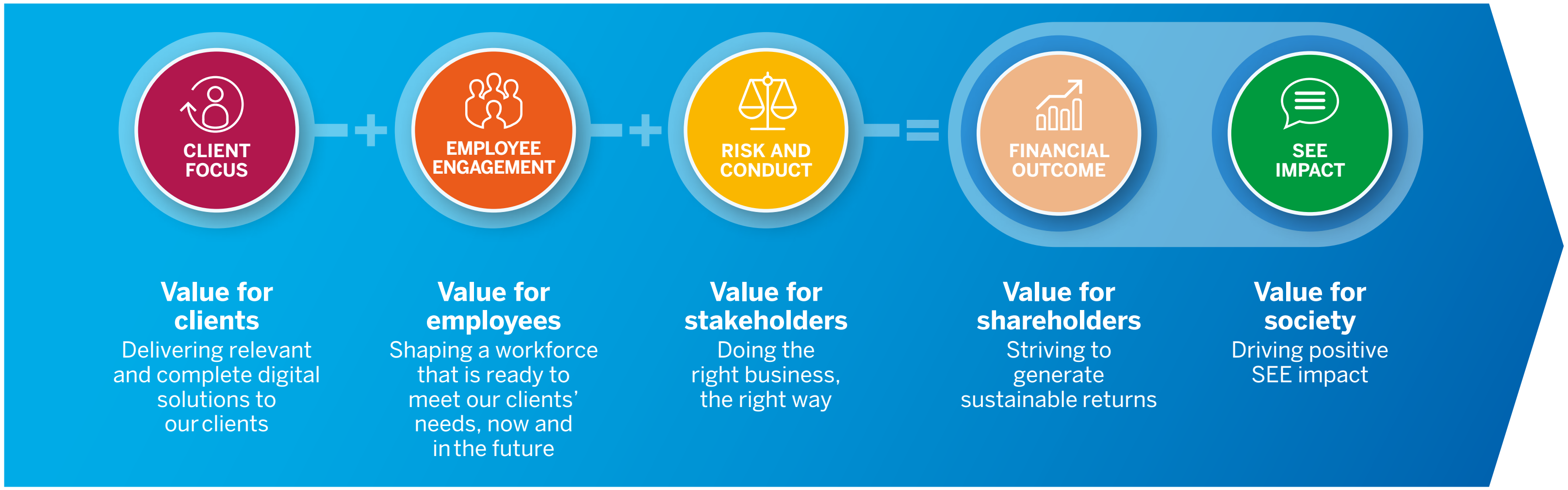
Corporate & investment banking (CIB)
offers corporate and investment banking services to clients, including governments, parastatals, larger corporates, multinationals and financial institutions

Wealth
offers insurance, investment, fiduciary, bespoke banking and multi-generational wealth preservation solutions to high net worth, retail, business and commercial and corporate clients across the group's footprint

Liberty,
our subsidiary, provides life insurance and investment management. Please refer to **www.libertyholdings.co.za** for more information

Our value creation

We create value by living our purpose and achieving our vision through the diligent execution of our strategy. Our strategic value drivers measure our strategic progress, allowing us to focus on the value we aspire to create for all our stakeholders.



Our reporting suite

Standard Bank Group's **ESG** (environmental, social and governance) report provides an overview of the processes and governance structures the group has in place to support our commitment to doing the right business, the right way.

It includes information about how we ensure that a strong ethical culture and appropriate conduct is embedded across the group, reflected in the way in which we treat our clients, suppliers and partners, how we impact the societies in which we operate with a specific focus on sustainable finance, and how we support and develop our people.

How to navigate our reports

The following icons refer readers to information across our suite of reports:

Refers readers to information elsewhere in this report.

Refers readers to information in our other reports, which are available online.

We produce a full suite of reports to cater for the diverse needs of our stakeholders.

Annual integrated report

– our primary report to stakeholders, providing a holistic view of our ability to create sustainable shared value in the short, medium and long term

Report to society
– assessment of the group's social, economic and environmental (SEE) impacts.

Governance and remuneration report
– discusses the group's governance approach and priorities, as well as the remuneration policy and implementation report. Includes information on how the group applies the principles of the King IV™ Report on Corporate Governance for South Africa

Risk and capital management
– sets out the group's approach to risk management, including the risk universe.

Annual financial statements
– sets out the group's full audited annual financial statements, including the report of the group audit committee.

Quarterly disclosures
– in accordance with the Basel Committee on Banking Supervision's revised pillar 3 disclosure requirements, the South African Reserve Bank (SARB) Directives 11/2015 and 1/2018 issued in terms of section 6(6) of the Banks Act No. 94 of 1990 and Regulation 43 of the regulations relating to banks.

Message from Sim Tshabalala, Chief Executive Officer, Standard Bank Group

Standard Bank is committed to driving sustainable and inclusive economic growth and human development across Africa, and to ensuring that our business activities create net positive social, economic and environmental (SEE) impacts. By adopting SEE as a value driver, we have made it clear that we take a long-term view, and that every decision we make needs to be based on an assessment of the positive and negative impacts not just for the group, but for the societies in which we operate. We make conscious and deliberate trade-offs to ensure we generate a net positive impact.

The Covid-19 pandemic has had a devastating impact not only on public health, but also on the economic viability of a great many businesses and sectors, resulting in business closures, job losses and disruption to millions of livelihoods. Standard Bank acted quickly to implement a range of client relief plans in the first half of 2020, including payment holidays for qualifying SMEs; waiving of transaction fees; short-term moratoriums on principle and interest for groups of clients; loan restructuring for severely impacted clients; and reduced banking fees. We continue to proactively engage with clients to provide tailored funding, liquidity and risk management solutions to help them manage through the pandemic.

The pandemic saw a surge in demand for digital transactional products across the group's countries of operation. We responded by developing and launching a range of new solutions in the first half of 2020 to expand the digital options available to clients.

We also acted quickly and effectively to protect our employees from the pandemic. Business continuity plans were invoked in March and remained in place throughout the year. We built on our existing technology capabilities to enhance remote-work capacity, further strengthen cyber resilience, and ensure employees were kept informed and connected. More than 75% of the group's employees continued to work productively from home through the end of 2020. Our employees adapted remarkably well. A mid-year survey showed that 95% said they had adapted well to working from home, and 89% were proud of the measures the group had taken to support staff, clients and communities during the pandemic.

We continue to work toward improving our understanding of our environmental and social impacts, in order to maximise positive impact. Over the past year, the group has reviewed and restructured our governance systems and processes to ensure we're aligned with global good practice in respect of ESG risk management, including climate-related risk management. ESG risk has been integrated into the group's enterprise risk management framework, and we've adopted a revised group ESG risk governance framework which addresses social, environmental and climate-related risk identification, classification, analysis, monitoring and reporting. We are embedding processes to improve identification and management of portfolio exposure to climate-risk across the group and are moving toward aligning our reporting with Task Force on Climate-related Financial Disclosures (TCFD) requirements. Full alignment with the TCFD principles is some time away, given the current lack of data needed to assess, price and manage climate-related risks. We continue to participate in the UN Environment Programme Finance Initiative's TCFD pilot programme, and we are working with the Banking Association South Africa and the National Business Initiative to enhance our data on climate risk.

We are committed to facilitating African economies' access to energy and other infrastructure essential for economic growth and human development, while aligning with the objectives of the Paris Agreement and minimising harmful environmental impacts associated with the use of fossil fuels. We are working to support a just transition to a low carbon economy in our countries of operation, but we recognise that this will take time, and will need careful consideration of the social impacts.

We adopted a **fossil fuel finance policy** in 2020, which sets parameters for our lending in this area, and which complements the **coal-fired power finance policy** and the **thermal coal mining finance policy** adopted by the group in 2019.

Our sustainable finance business unit hit the ground running in 2019. It launched our sustainable bond framework in early 2020 and has concluded several ESG-linked loan transactions over the past 18 months. Our Wealth and Investment teams have introduced new ESG-linked products. Our Insurance team has undertaken an ESG risk identification and assessment exercise and are working to enable the formalisation and proactive management of ESG risks going forward. We remain committed to consulting, engaging and partnering with our stakeholders, and to reporting transparently on progress as we work toward strengthening our ESG risk governance and management.

We participate in local and global business and industry forums and engage with civil society organisations with a focus on understanding our social and environmental impacts and stakeholder concerns and expectations. We choose to hold ourselves to a number of voluntary global standards regarding responsible business practice, including the UN Principles for Responsible Banking, the Equator Principles, the UN Women He4She initiative, and the UN Women Empowerment Principles. Through the UN Principles for Responsible Banking Board, we are working with other banks to develop impact measurement tools and methodologies that all 200 signatory banks will be able to use.

Our business is inherently about trade-offs. Every decision we make will have opportunity costs and will have positive and negative impacts. We cannot promise to satisfy all our stakeholders. But we do promise that every decision we take will be carefully considered and will aim to make Africa a better place now, and for the generations to come.

Standard Bank's ESG scores

2018–2020

Rating agencies and index providers provide various types of ESG performance information on publicly listed companies. Standard Bank Group aims to improve our score on selected ESG indices. We have included such improvements as a performance metric under our SEE value driver. We have prioritised six indices/ratings:

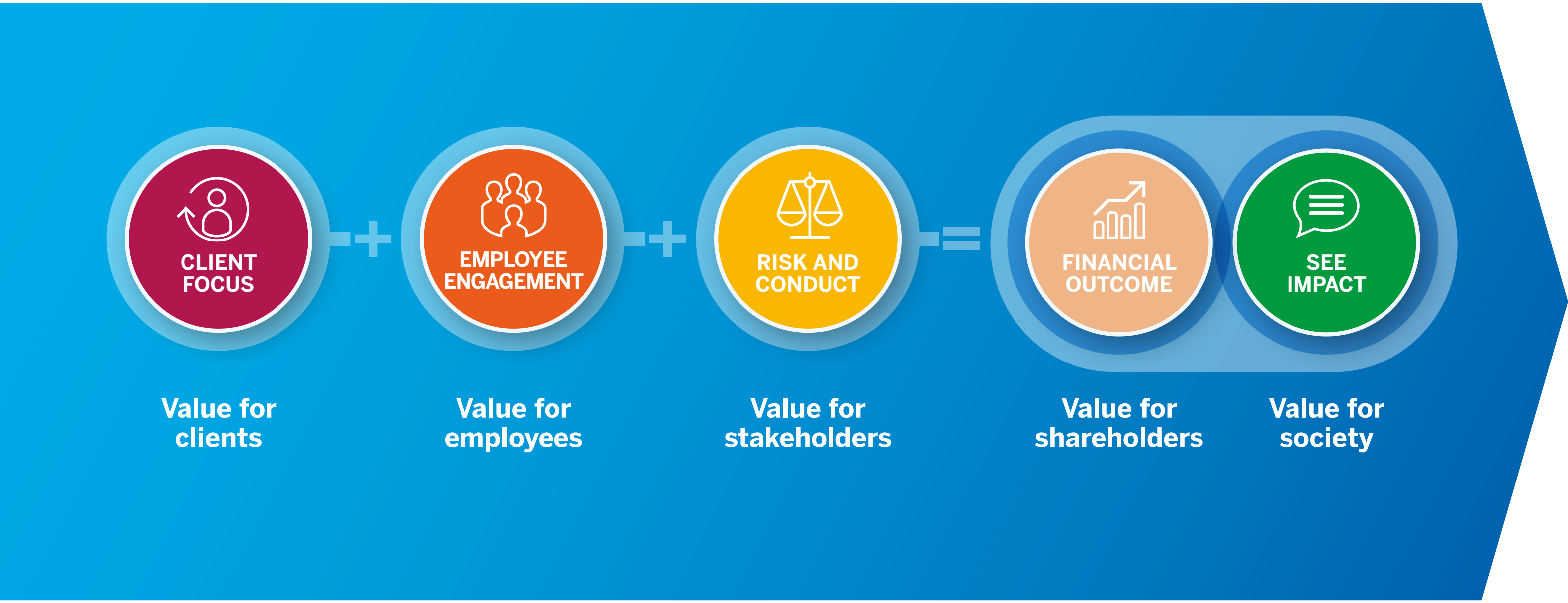
	SAM (Now a Part of S&P Global)	FTSE Russell	MSCI	CDP	Sustainalytics	Corporate Knights
2020	60	Included	AA	C	25.5 med risk (226 out of 975 banks)	53rd (1st in Africa)
2019	51	Included	AA	B-	29.9 med risk (339 out of 943 banks)	51st
2018	46	Included	AA	B-	32 med risk (226 out of 975 banks)	

Material issues during the reporting period

Standard Bank's material issues are those that matter most to our key stakeholders and providers of capital, and impact on our ability to create value in the short, medium and long term. 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 of our stakeholders, and the economic, social and environmental context in which we operate. They are categorised in terms of our five strategic value drivers.

Our material issues evolve over time, in response to changes in our operating environment and stakeholder expectations, although the broad themes tend to be relatively stable.



In tandem with our material issues process, the group undertakes an annual process to identify the risks that are expected to have a material impact on the group in the short, medium and long-term – key prevalent and emerging risks. The list is then refined and those which require additional focus are elevated and referred to as enterprise risks.

Our enterprise risks directly inform our material issues. The material issues are however broader in scope, in that they take into account the expectations and priorities of a diverse set of stakeholders.

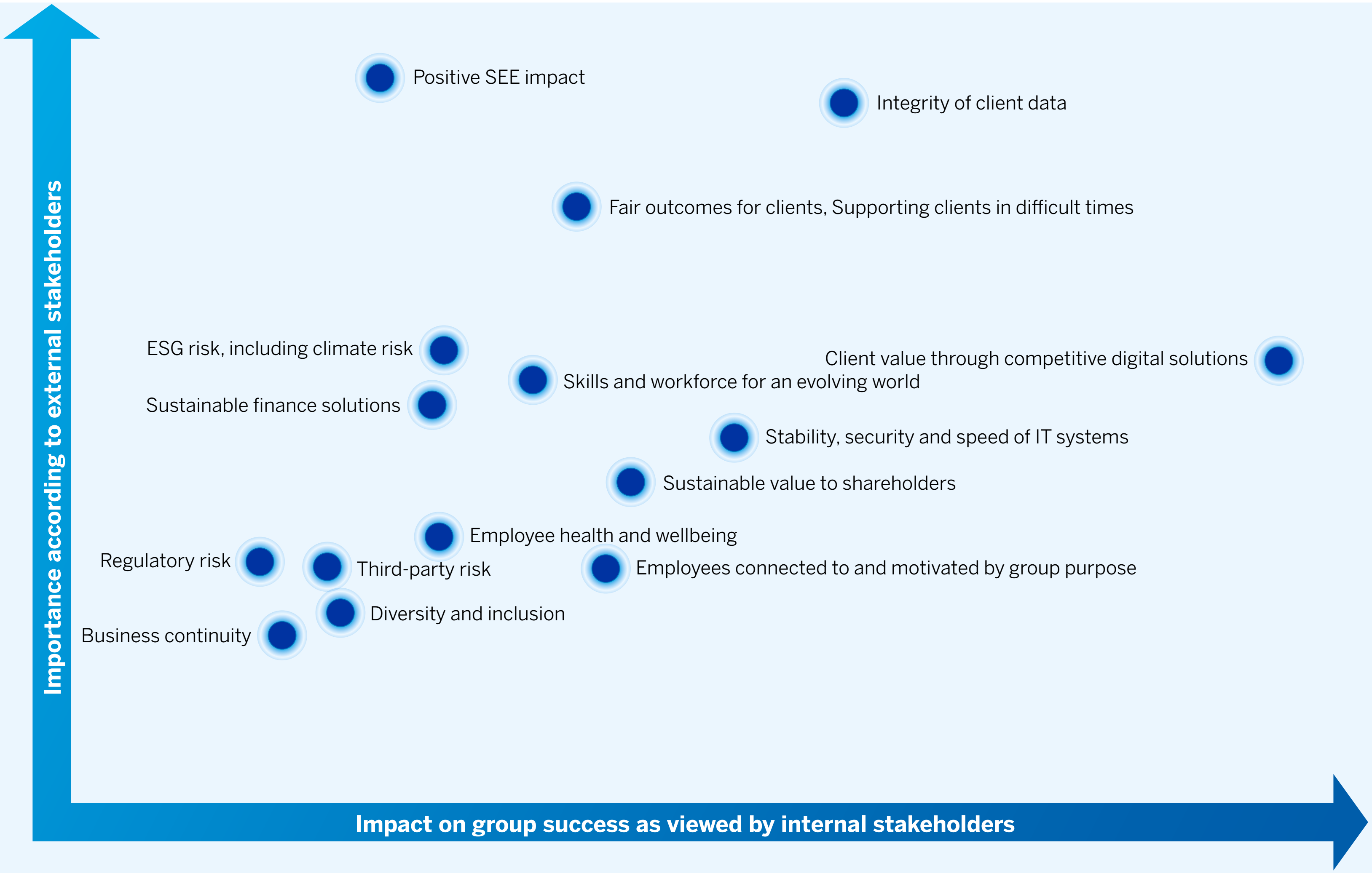
Standard Bank's material issues

SBG Material Issues 2020	Associated stakeholder priorities/enterprise risks
Our clients	
• Deliver client value through competitive digital solutions • Ensure fair outcomes for clients • Support clients during difficult times	• **SBG executives:** Economic impact of Covid-19, appropriate responses to client needs; ability to transform our business in current economic climate; behavioural and cultural shift required to transform our business • **Clients:** Impact of Covid-19 on finances; increased reliance on digital channels; information security, cyber-security, value for money, personalised solutions, customer service, allegations of racial bias in allocation of Covid-relief (South Africa) • **Investors:** Competitiveness in crowded market; speed/efficiency of digitisation journey • **Regulators:** Fair treatment of customers; affordability of and access to services; measures to relieve financial distress arising from Covid-19 (companies and individuals); efficiency of relief measures and allegations of racial bias in allocation of relief; management of customer complaints • **Associated enterprise risks:** Slow pace of implementation
Our employees	
• Deepen diversity and inclusion within the group • Build the skills and workforce for an evolving world • Support employee health and wellbeing • Ensure that employees feel connected to and motivated by our group purpose	• **SBG executives:** Employee safety and wellness; need for more flexible ways of working while retaining organisational identity and productivity • **Employees:** Safety, wellness, resilience, juggling multiple responsibilities while working from home; need for ongoing skills development; gender equity in senior and top management; employment equity in South Africa • **Regulators:** Business continuity and safety of employees; re-skilling for digital age; gender equity; employment equity (South Africa) • **Investors:** ESG performance in relation to diversity of board and management; diversity and anti-discrimination policies • **Shareholders:** Access to appropriate skills/talent, availability of specialised knowledge and skills
Our systems (risk and conduct)	
• Protect and maintain the integrity of our data and information assets • Stability, security and speed of our IT systems • Managing Third Party Risk as we transform our business to provide a wider range of services • Risk management across geographies with different regulatory frameworks • Effective business continuity in face of emerging risks	• **SBG executives:** Cyber security, risk of breach at third party impacting the group; information risk in context of people working remotely • **Clients:** Disruption caused by system outages • **Investors:** Governance, ethics, market conduct, internal controls • **Regulators:** Fraud and cyber-crime, third-party risk • **Industry associations:** Cyber security, financial crime, regulatory developments impacting cross-border banks; digital finance, sustainable finance, climate risk, evolving human capital governance, stakeholder capitalism • **Associated enterprise risks:** Ransomware attack, third party non-performance

Standard Bank's material issues continued

SBG Material Issues 2020	Associated stakeholder priorities/enterprise risks
Our financial outcomes	
• Deliver sustainable value to shareholders • Maintain the resilience of our balance sheet • Sustainable revenue growth	• **SBG executives:** Staying relevant and competitive; adapting fast enough to a rapidly changing landscape • **Investors & shareholders:** Revenue pressure from competition, poor macro outlook, ESG performance and associated reputational impact • **Associated enterprise risks:** Bigtech domination of financial services
Our impacts on society, economies and the environment	
• Deliver sustainable finance solutions across Africa • Demonstrate positive impact through our seven SEE impact areas – Financial inclusion – Job creation and enterprise growth – Infrastructure – Africa trade and investment – Climate change and sustainable finance – Education – Health • Effective management of ESG risk, with an emphasis on climate risk	• **SBG executives:** Role in driving economic recovery; expanding sustainable finance offering and managing climate risk, balanced by need for critical infrastructural development across Africa, including development of fossil fuel industries, financial inclusion, employment practices that drive equity, support for education and skills development • **Clients & Regulators:** Solutions for SMEs, entrepreneurs, informal sector; impacts/potential impacts of severe weather events; sustainable finance products • **Investors**: ESG performance, transparency on climate-related risk exposure and ESG impacts; TCFD; sustainable finance products • **Communities:** Social and environmental impacts of fossil fuel projects; perceptions re limited disbursement of Covid-19 loans (SA) • **Associated enterprise risk:** Extreme weather events.

SBG materiality matrix



Materiality process✓

1

Identify:

Identification of long list, analysis and refinement; stakeholder feedback (internal and external)

In 2020, we identified an initial list of 55 potential issues, drawing information from:

Desk research to identify stakeholder concerns

- Media, national and regional developments, stakeholder publications, trends reports
- Comparative review of material issues identified by relevant companies, including global and regional banks, Principles for Responsible Banking (PRB) signatory banks, and large corporates operating in Africa
- Analysis of guidance and research from supervisory and standard-setting bodies, including reporting standards and frameworks
- Civil society communications and campaigns.

Review of internal developments

- Standard Bank's Enterprise Risks report
- Standard Bank's Future Ready vision
- 2019 material issues and reporting suite
- Quarterly stakeholder engagement reports
- Group-wide 'Are you a fan' survey, which measures employee satisfaction and identification with Standard Bank brand; and 'How are you feeling' survey, which explored employees' experiences of changed working arrangements, and associated uncertainties and challenges, associated with the pandemic.

Engagement with internal stakeholders

- Survey of 30 Standard Bank executives
- Discussion at the social and ethics management committee.

2

Prioritise and develop:

materiality matrix

In determining issues for inclusion we considered stakeholder inclusiveness, sustainability context, materiality, and completeness. On this basis we identified a priority list of 18 material issues for 2020, grouped according to our value drivers.

We undertook external consultation with 30 external stakeholders, of whom 15 were based in South Africa and 15 in Africa Regions, to test perceptions of these issues from an external perspective. Stakeholders represented a diverse mix of financial institutions, regulatory authorities, civil society organisations and academic institutions. Consultations took place virtually, and included a survey and follow-up interviews.

On the basis of this feedback, we refined and prioritised the issues according to potential impact on the group and importance to internal and external stakeholders. The issues were presented to group executives and to the social and ethics management committee for discussion and approval.

Assumptions

Standard Bank is headquartered in South Africa. The country accounts for our largest operational footprint and the largest share of our revenues. Issues considered material by stakeholders in the South African context therefore have a substantial impact on the group's ability to achieve our strategic objectives. With this in mind, the materiality consultation process was designed to elicit 50% of inputs from stakeholders in South Africa, and 50% from stakeholders across our other countries of operation on the continent.

3

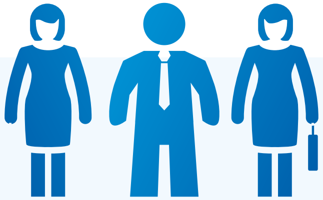
Approve:

Group social and ethics board committee and Group board

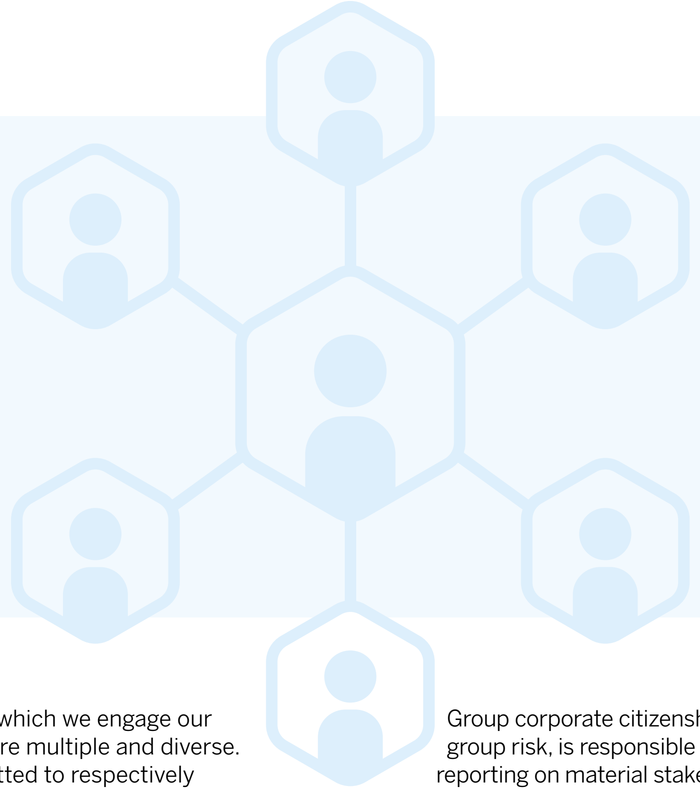
The issues were shared with the social and ethics board committee for approval, and finally with the full group board, which is responsible for finalising and approving management's bases for determining materiality, and ensuring that our external reporting enables stakeholders to make informed assessments of our performance and prospects.

Challenges

Standard Bank has a very wide range of stakeholders, with different priorities and perspectives on the role of the group. In determining our material issues, we had to assess these diverse perspectives in the context of the group's strategy and operating context, to achieve an appropriate balance.



Engaging our stakeholders



Stakeholder engagement is part of our everyday business. We depend on constructive relationships with our diverse stakeholders to achieve our purpose of driving Africa's growth, understand stakeholder expectations, and help us identify the material issues impacting our business.

Effective engagement builds trust, strengthens our legitimacy as a socially relevant and responsible corporate citizen and supports our efforts to develop and implement effective solutions to Africa's social, economic and environmental challenges.

Standard Bank's stakeholders are those individuals, groups, and organisations that materially affect or could be materially affected by our business activities, products, services and performance. They provide us with the resources and capital we need to achieve our strategy and purpose; influence the environment in which we operate our business; and confer legitimacy on our activities.

The issues on which we engage our stakeholders are multiple and diverse. We are committed to respectively listening to and constructively engaging with all legitimate stakeholders. Proactive engagement provides us with insights that help to inform the definition of our material issues and shape our business strategy and operations, while enabling us to manage and respond to stakeholder concerns and minimise reputational risk.

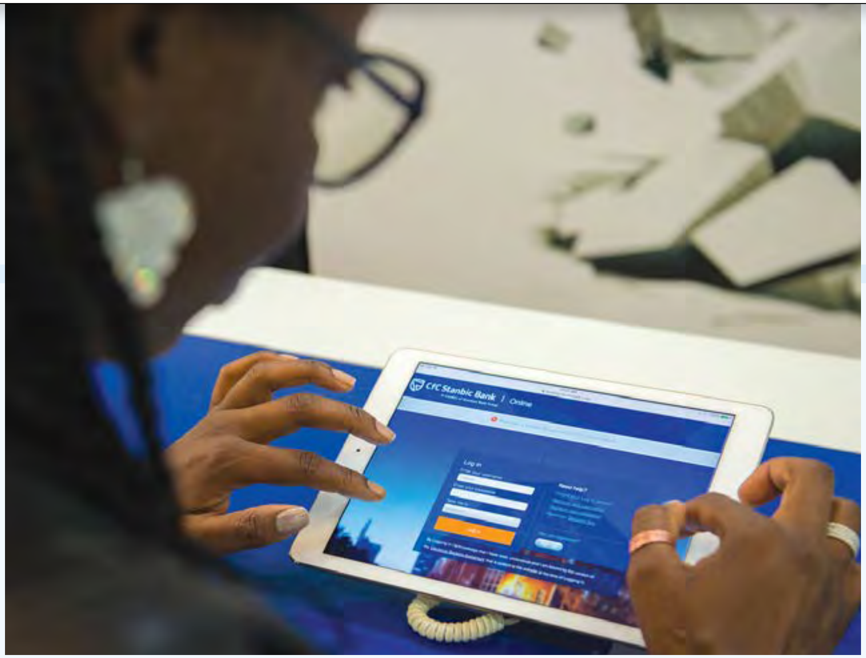
Group corporate citizenship, within group risk, is responsible for reporting on material stakeholder engagements to the group social and ethics committee, and for ensuring that material stakeholder concerns and issues are incorporated into Standard Bank's annual assessment of material issues. It also manages certain stakeholder engagements on behalf of Standard Bank Group.

Governance of stakeholder engagements

Stakeholder engagement is governed by our group stakeholder engagement principles, which were approved by the group social and ethics committee in 2018. The principles provide a guideline for our operations across geographical areas, while recognising the need to accommodate local contexts. We developed the principles in consultation with our regional and country chief executive officers across Africa.

We are committed to:

- Constructive engagement, listening to concerns and suggestions with an open mind
- Being accessible
- Responding appropriately to legitimate concerns
- Being transparent in our engagements
- Ensuring that our code of ethics and our values underpin and inform our engagements.



We engage with our different stakeholders in different ways and strive to be responsive to their concerns. Given the scale of our operations and the diversity of our stakeholders, we have adopted a de-centralised stakeholder engagement approach. Different teams within the bank meet with their stakeholders regularly on matters of mutual interest. At country level, accountability for oversight of stakeholder engagement lies with the country board or, in some cases, the country executive committee. Executives in country are responsible for managing engagement with material stakeholders in the country.

We have guidelines and policies in place to govern our engagements with specific groups of stakeholders. These ensure that bank representatives have an appropriate mandate for engagement, and that potential conduct and reputational risks are managed.

We categorise our stakeholders into two primary groups: those with a **contractual relationship** with the group, and those with a **non-contractual relationship.** The table describes some of the ways we engage with these different groups, and the relevant policies governing these engagements.

Governance of stakeholder engagements continued

Why we engage	How we engage	Governance of engagements
	Stakeholders with a contractual relationship with the group	
Our clients Our clients range from individuals and small businesses to large corporates, state entities and multinationals. We need a clear understanding of different clients' needs and preferences, to provide an appropriately tailored service offering.	• Direct engagements through various channels • Customer satisfaction surveys (NPS/CSI surveys; real-time client experience monthly measurement; app ratings, Satisfaction) • Feedback from complaint resolution processes • Engagement with and support to SMEs through our enterprise development teams/incubator services at country level	• Group **code of ethics, FAIS Code of Conduct** and the FSCA's **Conduct Standards** for Banks require that clients are provided with products, services and solutions tailored to suit their needs; clients are treated fairly and equitably; confidentiality of client information is protected; clients are provided with appropriate and timely information and processes are clear and simple.
Our people We rely on our people to achieve our purpose. Regular engagement with our people and their trade union representatives is vital in fostering constructive relationships and making Standard Bank a great place to work.	• Engagement between executives and senior management through Group Leadership Council • Regular engagements with employees' trade union representatives • Annual Are You a Fan group-wide employee survey • Targeted surveys to obtain input from their employees on strategic topics (e.g. coping with the 'new normal' in the context of Covid-19) • Executive communications via email, Yammer and video conferencing • Support for employees impacted by restructuring • Diversity and inclusion forums discuss matters of equity and wellbeing • Critical Conversations provide opportunities to engage with senior executives and thought leaders • Financial fitness sessions • Employee wellness initiatives • In SA, the political, economic transformation and BEE committee receives regular progress updates on transformation progress from SBSA management teams	• **Group code of ethics** includes commitments regarding skills development and opportunities for professional development; working environment; and objective performance evaluation. • **Group People Promise** is our commitment to support employee skills development and career progression. • Further information on policies pertaining to our employees is available in the **Our People section of this report**
Our shareholders Our shareholders provide the financial capital that allows our business to grow. We have a fiduciary duty to manage their investment with care and provide them with a compelling value proposition to retain their confidence and support.	• Investor meetings, calls and conferences • Interim and annual results announcements • Investor issues and concerns are communicated to relevant internal stakeholders including the board, and inform our planning and reporting	• Our group **values and code of ethics** commit us to delivering sustainable value to our shareholders.
We engage with our **suppliers and business partners** to protect the integrity of our supply chain and ensure we're aligned in terms of expectations and standards.	• We manage our relationships with suppliers through service level agreements and direct engagements.	• The **group's third-party code of conduct** is based on the group code of ethics. **See Procurement and third party contracting for more information**

Governance of stakeholder engagements continued

Why we engage	How we engage	Governance of engagements
	Stakeholders with a non-contractual relationship with the group	
We engage with **regulators, policymakers and legislators** on policy and regulatory matters that impact our operations and operating environment, to support evidence-based policy-making and dialogue and ensure effective compliance	• Regular formal engagements with central banks and other regulatory bodies on policy, regulatory and operational issues. See **here** for more information about engagements in South Africa • Engagement with tax and other regulatory authorities in the development of tax systems, legislation and administration • Engagement through trade associations • Attending deliberations in Parliament • Seminars, bilateral meetings and submissions on forthcoming policy changes	• **Group regulator interaction guidelines** aim to ensure engagements are conducted transparently and constructively and are aimed at highlighting the potential impact of policy and regulatory changes on our customers and the economy. Applicable to all employees.
We engage with **NGOs, environmental and human rights groups, research institutes, think tanks and community representatives** to access information and diverse perspectives on various issues and inform our decision-making and ensure we understand the potential social and environmental impacts of proposed and existing business practices and projects	• We partner with UN Women on their #HeForShe programme to promote gender equity • In South Africa we engage regularly with selected civil society organisations and think tanks through our Extended Democracy Support Programme • We engage with organisations on specific issues – see **here** for more information	• Group **code of ethics** provides that we seek to understand the perspectives of stakeholders in respect of issues that affect them, and factor these perspectives into our decision-making.
We engage with **trade associations and other industry bodies,** working through them to influence our regulatory and operating environment and working with them to agree industry standards and guidelines	• The group CEO serves on the board of the Institute of International Finance (IIF) We participate in regular global discussions on issues impacting the sector • We're an active member of the Equator Principles Association • We're co-chair of the PRB Board of the UN Environment Programme Finance Initiative (UNEP FI) • We're a founding signatory of the UN Principles for Responsible Banking • We're part of the International Chamber of Commerce's Banking Commission on Sustainable Trade Finance to equip banks to finance sustainable trade practices • We're active participants in various industry bodies in our countries of operation, including the Africa Industry Tax Association (AITA), which engages with ATAF (the African Tax Administration Forum)[1] on a regular basis, the relevant Banking Associations of the jurisdictions where we operate, and other appropriate in-country forums including the Chief Financial Officer (CFO) forum, Business Leadership South Africa (BLSA), the relevant in-country institutes of chartered accountants (e.g. the South African Institute of Charted Accountants) and the Association of Foreign Markets in Europe (AFME), as well as organisations such as Payments Association of South Africa, Financial Planning Institute and SABRIC.	**Participation in Trade Associations policy** aims to ensure: group's position and representation are managed and consistent across various associations; adequate internal consultation is undertaken to formulate positions; representatives are clearly mandated and supported to communicate bank-wide positions; developments and positions on material issues are appropriately reported to relevant stakeholders, and all representatives conduct themselves in a way that reflects the values and protects the reputation of Standard Bank. • Applies to membership of banking or insurance associations, broader business associations and industry workgroups set up by regulators or government • Sets out categories of representatives; process for nominating and appointing group representatives to new and existing committees; principles for participation; and criteria for an annual review of representatives • All representatives are required to undergo compulsory training on competition law provided by group compliance.

[1] ATAF is an international organisation, consisting of 37 member nations, which provides a platform for cooperation among African tax authorities.

Governance of stakeholder engagements continued

Why we engage	How we engage	Governance of engagements
Stakeholders with a non-contractual relationship with the group		
We engage with **political parties** to understand their expectations of our role in addressing societal challenges	• In South Africa, we regularly engage on a bilateral basis with political parties as part of our Democracy Support Programme	• **Group code of ethics** provides that designated bank representatives should engage, in a transparent and fair manner, with appropriate politicians and political parties, with a view to making a positive difference to the relevant country's wellbeing and Standard Bank's business environment. • Individual employees are free to engage in legal political activity in their personal capacity but should not make use of Standard Bank resources for this purpose. When personal relationships exist with political role players, employees should guard against those relationships being used to unfairly influence political decision-making or decision-making in Standard Bank.
We engage with the **media** to support accurate and well-informed reporting	• We have a dedicated team at head office in Johannesburg who oversees our engagements with the media.	
Academia	• We partner with various educational institutions to support skills development and access to education, and to help us shape our thought leadership in key areas such as ethics.	

Engaging our regulators

Risk management across geographies with different regulatory frameworks is a material issue for the group.

In South Africa, we've adopted an externally assured operating model for the process of monitoring policy and regulatory developments, assessing their impact and providing evidence-based submissions to stakeholders.

We maintain a schedule of policy and regulatory developments, which is shared with relevant internal stakeholders across the bank to ensure awareness and readiness for new regulatory requirements.

In 2020 we worked on

70✓ new regulatory issues,

and made

submissions on 33 issues

Issues on which we engaged with government departments and parliament included:

SBSA's approach to Covid-19 and associated relief measures with the Department of Trade, Industry and Competition, National Credit Regulator and Financial Sector Conduct Authority

Conduct standards for banks, with the FSCA: Discussions included complaints management and measuring and improving customer experience

Consumer credit and over-indebtedness with the Department of Trade, Industry and Competition and National Credit Regulator

Regulatory sandbox for fintech innovation with the Intergovernmental Fintech Working Group.

Submissions included comment on:

- 2nd Draft Conduct of Financial Institutions Bill
- Draft Debt Rearrangement Bill
- Draft Immigration Bill
- Draft Sustainable Finance Technical Paper
- Discussion Paper – Ensuring Appropriate Financial Consumer Education Initiatives
- Proposed Amendments to the JSE Debt Listing Requirements

The group maintains open and transparent relationships with regulators across Africa. In-country compliance functions are responsible for the management of the regulatory relationships, including receiving and providing feedback on all communications between regulators and banks. The group engages with regulators to provide input on bills and proposed regulations. We also arrange emerging issues symposiums. For example, in 2020, we arranged a cloud computing symposium with relevant regulators across Africa and participated in follow-up discussions to provide input to new regulations in this regard.

We engage with our regulators on tax proposals and draft tax legislation and attend tax authority and/or Treasury workshops to engage on such tax proposals. Our input is often submitted via in-country banking associations or other relevant industry forums. Examples of engagements in 2020 included providing assistance to the Federal Inland Revenue Service (FIRS) in Nigeria via AITA to introduce legislation to facilitate securities lending in that market, lobbying to ensure appropriate tax system development to cater for the introduction of VAT in Angola, active engagement with the South African Revenue Service (SARS) with regard to the introduction of country-by-country reporting (CbCR) and the discussion of tax implications on the introduction of IFRS 9 across various markets. The group also made submissions to the OECD through the International Banking Federation (IBFed), representing the combined views of its national banking associations, on the proposal of a unified approach under pillar 1 to address tax challenges of the digital economy as well as its global anti-base erosion (GloBE) proposal under pillar 2. Stanbic Bank Zambia volunteered to participate in a cooperative compliance agreement with the Zambia Revenue Authority (ZRA).

Engaging with civil society organisations

During 2020, Standard Bank was criticised by various environmental organisations for our involvement in financing the development of certain fossil fuel infrastructure projects.

Key areas of concern included the group's involvement in an advisory role for the **East African Crude Oil Pipeline**, and our planned financing of further **liquefied natural gas** (LNG) development in Mozambique.

In respect of the former, BankTrack, 350Africa.org, Inclusive Development International and local groups in Uganda and Tanzania launched a petition calling on Standard Bank and Stanbic to step aside from the project, which received 20 000 signatures. Concerns centred on the project's potentially damaging environmental, climatic and social impact, including emissions, corruption, large-scale land acquisition and resettlement, and threats to livelihoods, biodiversity and natural habitats.

Concerns in respect of LNG in Mozambique include whether financial gains from the project will benefit the local population, and environmental impacts.

Standard Bank believes that LNG is an important component of Africa's energy transition. Mozambique LNG compares favourably with global projects in terms of carbon intensity, with low CO_2 content of feed gas, relatively low methane losses and an efficient modern liquefaction plant. The development of Mozambique's LNG resources has the potential to transform the country's economy and drive sustainable economic development and job creation. Standard Bank is working with the oil and gas industry in Mozambique to ensure that locally owned small businesses benefit from the development of LNG. This includes the provision of capacity building and business development support services; access to mentoring and coaching; access to market opportunities in LNG value chain; and access to finance.

We have engaged with stakeholders to reiterate that the group's involvement in infrastructure finance projects is always subject to our comprehensive environmental and social risk management process. At the appropriate stage in the process, transaction screening and enhanced due diligence in line with the Equator Principles and the International Finance Corporation (IFC) Performance Standards is undertaken involving independent consultants.

Information provided by external stakeholders is given attention and due consideration during these screening processes.

Stakeholders also raised issues related to the governance of climate risk. In advance of the AGM, Just Share and the Raith Foundation proposed the tabling of a shareholder resolution requiring the group to adopt a policy on **lending to fossil fuel projects**, and one committing Standard Bank to a timetable for **climate-related risk disclosures**. After considering the matter and seeking legal opinion, the Board did not agree to this on the basis that the resolution did not deal with matters within the purview of shareholders as per the Companies Act. Furthermore, the substantive issues raised in the resolution were the focus of ongoing work within the group. The group published our interim TCFD report in October 2020, and our **fossil fuels policy** in December. We have consistently engaged with stakeholders on these issues and will continue to do so.

The group was also criticised for alleged conflicts of interest among board members, on the basis that some board members also hold board positions for companies in the fossil fuel sector. Standard Bank does not believe that this constitutes a conflict. The relevant board members were re-elected at the AGM.

Funding guidelines

The group has guidelines in place that govern the provision of funding to various categories of external stakeholders.

Type of funding	Governance of funding
Democracy support programme (political parties)	• Requests for funding of, or decisions to fund, any political party are referred to the group chief ethics officer. • We do not fund political parties outside of South Africa. • In South Africa, we provide funding for political parties under our *democracy support programme*. This board-approved funding policy is reviewed every five years. Political parties receive no other financial support from the bank. Guidelines are in place to guard against the risk that such contributions be used inappropriately, by the bank, its employees or third parties, to obtain business advantage. In 2020, we made no contributions to political parties – all funds budgeted for this purpose were redirected to Covid-19 relief efforts.
Extended democracy support programme (civil society organisations)	• Policies are determined at country level. • In South Africa, the *democracy support programme* guidelines govern the assessment of funding requests and the provision of financial support to civil society organisations. The guidelines aim to ensure consistency in the assessment, management and outcomes of funding requests and compliance with applicable statutory and regulatory obligations and the group values and code of ethics, while guarding against the risk that such contributions be used inappropriately to obtain business advantage. • In 2020, we disbursed R4 million towards the expanded democracy support programme. The beneficiary organisations (2019–2021) are Studies in Poverty and Inequality Institute (SPII), Africa Check, Institute for Poverty, Land and Agrarian Studies (PLAAS), Ahmed Kathrada Foundation, Section 27, Democracy Works Foundation, Corruption Watch, Mandela Institute for Development Studies.
Sponsorships	• **The group sponsorship policy** governs all sponsorships undertaken by the group and its subsidiaries • We define sponsorship as a commercially viable investment of cash, product or in-kind support with a rights holder, for which the bank receives quantifiable commercial rights in return. • Due diligence must be carried out on rights holders prior to contracting, to ensure entities are of impeccable integrity and are reputationally sound. • Total sponsorship spend is reported quarterly, to the social and ethics management committee and social and ethics board committee.
CSI	• Charitable donations on behalf of the group may only be offered or given in accordance with the principles set out in various policies and/or guidelines relevant to the offering or giving of charitable donations. Please see the **corporate social investment section** of this report, together with the **group's report to society** for information on the group's CSI strategy and spending.

How we do business

Achieving our group purpose and strategy depends on our reputation as a trusted partner across Africa. The group's code of ethics, organisational culture and values determine how we do business and with whom we do business.

UN Principles for Responsible Banking

Standard Bank is a founding signatory of the UNEP FI Principles for Responsible Banking (PRB), launched in September 2019. We are co-chair of the Banking Board, which is responsible for overseeing effective implementation of the Principles. The Principles set the global benchmark for what it means to be a responsible bank. They make it clear that banks' indicators of impact and success should be much broader than their financial results.

Our progress in relation to the six principles is summarised below. More information in relation to our performance is available **here**.

UN Principles for Responsible Banking continued

Principle	SBG Progress
1 **Alignment** We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, Paris Climate Agreement and relevant national and regional frameworks	SEE impact is one of five value drivers against which we measure our strategic progress **2018:** • Identified SEE impact areas, informed by the SDGs, aligned to NDP 2030 and AU Agenda 2063, and directly relevant to our core business **2019:** • Country level prioritisation of impact areas takes into account local context and opportunities, together with relevant national sustainable banking principles **2020:** • Developed performance dashboard to measure progress against our strategy; developed non-financial metrics for each of our five value drivers; developed country-led SEE strategies
2 **Impact and target setting** We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. We will set and publish targets where we can have the most significant impacts	**2019:** • Committed to tracking, assessing and reporting on our SEE impacts, positive and negative **2020:** • Defined SEE metrics to assess and track progress; participated in working group on collective progress
3 **Clients and customer** We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations	**2018:** • Adopted environmental and social (E&S) risk governance standard and policy **2019:** • Expanded integration of E&S screening, management and monitoring across business and credit functions (beyond CIB) • Established sustainable finance business unit mandated to partner with clients to develop tailored sustainable finance solutions • Expanded mandate of client risk committees to include assessment of ethics and E&S risks in relation to new and existing client relationships
4 **Stakeholders** We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals	Ongoing stakeholder engagement is part of everyday business **2020:** • Increased, regular engagement with investors on SEE impacts
5 **Governance and culture** We will implement our commitment to these Principles through effective governance and a culture of responsible banking	**2020:** • Adopted ESG governance framework, recognising ESG as separate risk type within non-financial risk and assigning clear accountability. Expanded board and management committee mandates to include oversight of ESG risk management • Integrated SEE metrics and ESG performance into SBG performance metrics • Included SEE and ESG considerations in executive performance assessment • Hosted internal PRB webinars for employees
6 **Transparency and accountability** We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals	**2020:** • Report to society shows activities under SEE impact areas • ESG report provides overview of the processes and governance structures to support commitment to doing the right business, the right way • Reports on PRB progress are submitted to group social and ethics committee.

ESG risk governance

During 2020, the group further strengthened and matured our management of non-financial risks, embedding oversight at group, risk type and business unit levels. As part of this process, ESG Risk was further integrated into the group's enterprise risk management (ERM) framework.

The group's revised ESG risk governance framework provides executive management with an integrated view of our ESG risks, thereby enabling effective risk management. It defines structures and accountability for the oversight, governance and execution of ESG risk management, including environmental issues and climate-related risks; social issues including labour practices, human rights, health and safety, financial inclusion and impacts on communities; and governance issues including ethics and conduct, prevention of financial crime, and stakeholder relations. Enhancements to the framework included strengthening our focus on climate-related risk, ensuring accountability for climate-related risk management, and embedding climate-related risk identification, classification, analysis, monitoring and reporting in our enterprise-wide risk management system. We continue to leverage data as an asset and develop intuitive risk management supported by digitisation.

Group risk committees oversee the implementation of the ESG Risk Governance Framework, and report to the relevant board committees. During 2020, the group board undertook dedicated ESG training, including sessions with external experts.

ESG risk governance continued

ESG risk governance

Group Leadership Council

- monitors adherence to group policies and standards, including values and code of ethics
- ensures appropriate governance structures, policies, procedures, practices are in place to identify risks, resolve issues and strengthen risk culture
- drives business alignment with conduct and ESG strategies ensures clear business ownership and accountability
- oversees conduct dashboards prepared by business units and corporate functions

SBG Board

Group risk and capital management committee (GRCMC)

oversees ESG risk, sets ESG risk appetite, approves group ESG risk standard and policy, considers risk associated with allocation of capital

Group social and ethics committee

- guides and monitors social, ethical, economic, environmental and transformation initiatives
- governs and oversees group activities relating to conduct, ethical standards and stakeholder engagement
- SEE impacts and stakeholder engagement
- ensures material stakeholder issues receive attention from board and management

Group risk oversight committee (GROC)

reports to the GRCMC, oversees all risk types, approves relevant risk governance policies, promotes risk management culture in the group, ensures effective ESG risk management, oversees processes implemented by business unit risk committees and mandated forums, including client and transaction screening and due diligence to assess potential human rights and environmental impacts

Group operational risk committee

- reviews non-financial risk as defined by the group non-financial risk governance framework
- includes all heads of operational risk: technology, cyber, information, fraud, ESG and tax risk

Portfolio risk management committee

subcommittee of CIB credit governance committee, sets concentration limits or thresholds of portfolios and risk appetite indicator guidelines for the group

Social and ethics management committee

reviews matters related to ethics, market conduct, personal conduct and societal conduct/SEE impact before these are submitted to the group social and ethics committee

Client risk committees

- assess issues related to ethics and conduct in relation to onboarding new clients, new client mandates, and existing client relationships, including conflicts of interest, anti-competitive behaviour and financial crime
- assess new and existing clients in relation to risk level and proposed activities with a focus on sanctions, terrorist financing, bribery and corruption, money laundering and fraud

Supplier risk committee

reviews issues related to ethics and conduct in relation to suppliers and third parties, including conflicts of interest, anti-competitive behaviour, human rights and conduct and environmental impacts

Business unit and corporate function heads

- prepare conduct dashboards for quarterly reporting
- integrate ESG risk management in client onboarding and review, transaction screening and monitoring, portfolio management, third party risk management and procurement

Ethics and conduct

Our approach to ethics is based on three pillars, linked to our purpose and values:

1. **In the market (business conduct)** – placing our clients at the centre of our business, treating clients fairly and treating competitors fairly
2. **In the group (personal conduct)** – how we treat one another as colleagues and create an inclusive and supportive culture, and how we empower our people to speak out against behaviours that go against our values and ethics
3. **In society (ESG risk, SEE, Citizenship)** – how we manage our impacts on diverse stakeholders, society and the environment

OUR VALUES

Respecting each other	Delivering to our shareholders	Growing our people	Being proactive
Serving our customers	Working in teams	Upholding the highest levels of integrity	Constantly raising the bar

The group board exercises oversight of executive management's efforts to foster a culture of ethics and appropriate conduct. The social and ethics board committee is responsible for ensuring that we adhere to our values, code of ethics, and human rights statement, and our commitments under the UN Principles for Responsible Banking. Executive management is responsible for continuously reinforcing and championing the group's ethics, conduct and culture. Our board and executive management set the tone from the top to inculcate a culture of treating customers fairly, achieving positive client outcomes and operating in an ethical and sound manner.

Our code of ethics requires all employees to act with integrity and to place the interests of our clients, and the communities impacted by our business, at the centre of our decision-making. It sets out clear principles to help our employees decide on the correct course of action. All employees must undertake annual mandatory training on the code of ethics. Regular training helps to ensure appropriate understanding and embedding of the bank's expectations in terms of ethics and conduct. We are currently in the process of updating the code to ensure that our focus on our social, economic and environmental impacts is reflected.

Our group values, which underpin the code, are an integral part of our performance management process, which includes assessment of the extent to which employee behaviours align with our values. Our reward principles ensure we maintain a balance between financial and non-financial objectives.

We expect our third-party suppliers and service providers to abide by our code of ethics. All suppliers taking part in new requests for proposals (RFPs) receive a copy of our third-party code of conduct, which is based on the code of ethics, and are required to provide an attestation that they have read this. We are in the process of implementing a digital system which enables potential suppliers/service providers to provide their attestation to the requirements of the code digitally.

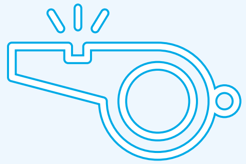
Our third-party contracts specify that Standard Bank may, by notice, immediately terminate an agreement if we determine that the third party has acted dishonestly or in bad faith in respect of the agreement; has engaged in any activity which may negatively affect our reputation; has offered, promised or made any gift or bribe to solicit any favour; is involved with any prohibited activity; or has made any intentional or negligent misrepresentation to Standard Bank.

We have a comprehensive process in place to enable employees and external stakeholders, including service providers and impacted communities, to raise concerns if they become aware of behaviours or actions that they believe are not in line with the group's values and code of ethics. If an employee has any concerns about a behaviour or incident that they believe deviates from the bank's values or code of ethics, they are required to report these.

Employees may raise concerns or report issues via:

- The chief ethics officer
- Business unit ethics officers
- Human capital
- Their line manager, or
- The group's independent, anonymous whistleblowing hotline

The whistleblowing hotline is also available to external stakeholders. More information about these processes is available in the **reporting concerns and whistleblowing** section.



Our code of ethics is supported by our comprehensive approach to **conduct risk management**. Conduct risk is the risk that detriment is caused to the group's clients, the market or the group itself because of inappropriate execution of business activities. Our approach to conduct aims to ensure that the group maintains a client-centric culture focused on achieving positive and fair client outcomes. Our conduct risk management framework integrates culture (the way we do things) and conduct risk (our business activities).

We have defined **six behaviours** which we expect our employees to exhibit to achieve positive and fair client outcomes.

1

Be fair

Customers can be confident that fair treatment is central to our culture

2

Meet the need

Products and services are designed to meet the needs of identified customer groups

3

Communicate

Customers are provided with clear information and are kept informed before, during and after the sale

4

The right fit

Advice to customers is suitable and considers their circumstances

5

Your word, your honour

Product performance and service meet the expectations that have been created

6

Make it easy

Customers do not face unreasonable barriers to change product, switch bank, claim or complain

Conduct risk management is embedded in our existing processes, procedures and practices. Our conduct risk management framework has been implemented across all our countries of operation. It gives effect to and defines the group's conduct risk appetite and informs the approach to managing and mitigating instances of conduct risk. Our conduct risk policy sets out the requirements for the timely identification, reporting, escalation, and remediation when conduct risk is identified.

Business areas submit monthly conduct dashboards to executive management. The dashboards include leading and lagging indicators and provide a balanced perspective of positive and negative culture indicators, categorised according to eight conduct pillars: strategy, culture, governance, product, quality sales and advice, service and post-sales, financial crime, and infrastructure. Metrics include operational, technology, compliance, regulatory and human capital risks. The dashboards are submitted quarterly to the group leadership council, social and ethics management committee and social and ethics board committee. We've introduced a number of automated solutions across our countries of operation to improve the efficiency of dashboard reporting. During 2020, we made additional enhancements to our conduct dashboards based on engagements with South Africa's Financial Sector Conduct Authority.

Governance and committee frameworks have been established to support effective conduct risk management from a controls and business perspective with clear lines of accountability and responsibilities assigned across the three lines of defence for managing conduct and its related risks. Conduct principles have been integrated into group leadership programmes.

Group social and ethics committee

Oversees and monitors approach to conduct

Business conduct committees

- Promote sound culture and conduct standards
- Identify emerging trends in conduct and behaviour
- Align conduct strategy and metrics at business unit level with regulatory requirements and business objectives
- Monitor and interrogate conduct risk management information and indicators
- Identify conduct risk specific to their business and take appropriate risk mitigating actions
- Report conduct risk management information and material control issues to enable the board and executive management to exercise oversight and management

Executive heads of business units/ corporate functions

- Ensure compliance with conduct risk policy, manage business conduct, identify associated risks, report according to conduct dashboards, escalate concerns as appropriate.

The group's ongoing *conduct training programme* was launched in July 2019. All employees must complete this mandatory training, which is available online and can be accessed via a computer or mobile device. Training uses case studies and includes practical scenarios designed to deepen employee understanding of our desired values and what good conduct means in practice by exploring and discussing judgement and decision-making. We also hold regular compliance interactions with a wider audience across the bank, including topics such as anti-bribery and corruption, anti-money laundering and combating the financing of terrorism, conflicts of interest and risk-based approaches to compliance documented in compliance policies. FAIS Representatives and Key Individuals are required to obtain accreditation to ensure appropriate awareness and management of conduct risk.

Conduct risk was potentially elevated in 2020, as over 75% of our workforce spent most of the year working from home. This was coupled with economic uncertainty arising from the pandemic, potentially raising the risk of misconduct and internal fraud. The group enhanced conduct awareness training for all employees. We continue to proactively monitor training completion rates and to actively cultivate a culture of compliance and doing the right business the right way.

Group compliance tracks compliance-related **fines and penalties** issued against the group to assist us to identify problems areas that need attention and to implement appropriate remedial action. We track the outcomes of regulatory inspections and interactions to ensure that required enhancements to our compliance management and control frameworks are implemented.

In 2020, none of the group's banking operational subsidiaries reported any breaches to the group chief compliance officer which were material at a group level or required reporting to the South African Reserve Bank Prudential Authority. None of the group's banking operational subsidiaries reported any regulatory/supervisory investigations/reviews that are considered to have a material impact on the group's compliance risk profile. No material fines were levied against the group.

All business units and corporate functions reported operating within acceptable tolerance levels for conduct risk throughout 2020. Tolerance is assessed by the various lines of business through key conduct risk indicators which are aggregated and provide an overall conduct culture rating (positive, negative or neutral). No material product or service-related issues materialised during 2020.

Respecting human rights

In keeping with our purpose, and our obligations as a responsible financial services firm in, for, and across Africa, Standard Bank Group is committed to respecting the human rights of people involved in and impacted by our business. We aim to achieve a consistent approach to respecting human rights across Standard Bank.

Human rights are the basic and universal rights that underpin each person's inherent freedom, dignity, and equality as outlined in the UN Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. We have used these universal benchmarks as our starting point for defining human rights.

Our commitment to respecting human rights is embedded in our Values and Code of Ethics and is fundamental to ensuring our legitimacy and reputation as a corporate citizen. While nation states have a primary responsibility to protect and promote human rights, we recognise that corporations are also obligated to respect human rights to respect human rights, as outlined by the UN Guiding Principles for Business and Human Rights.

We take any adverse human rights impacts seriously. We seek to avoid human rights infringements and being complicit in the human rights infringements of other parties. Our commitment to respecting human rights is included in many of our policies and standards. In this way, we seek to integrate respect for human rights into our day-to-day operations and in the way we do business.

We acknowledge that this is a journey, one that may differ across our regions and countries based on the institutional and regulatory setting of each country where we operate. Within our own operations, where local legislation may conflict legislation may conflict with Standard Bank's Statement on Human Rights, we will comply with the law while seeking, within our spheres of influence, to raise awareness of human rights and provide an example of good practice through our own conduct, while being mindful of the local context.

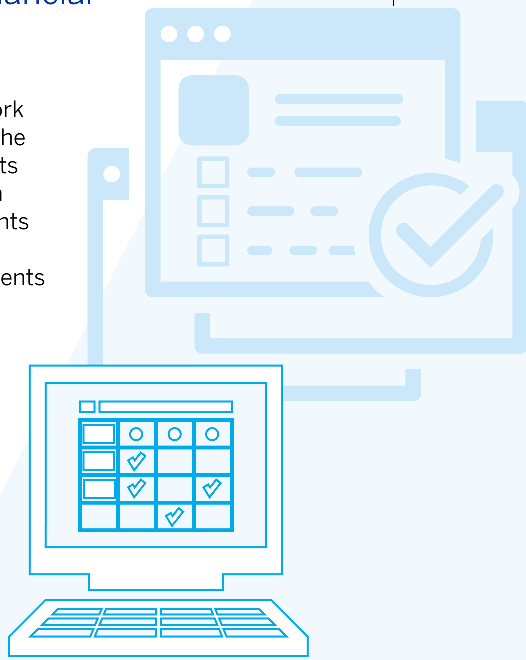
We are committed to:

- Providing a work environment for our people that respects their human rights and this commitment will be reflected in our people policies and practices
- Exercising due diligence in deciding who we do business with and understanding the potential human rights impacts of our business relationships, purchasing, lending and investing (for more information, see here)
- Taking appropriate steps where we discover, or are made aware, that we have caused or contributed to actual or perceived human rights abuses. This may include disciplinary action, exiting a business relationship, or constructive engagement with others to promote better practice
- Contributing to the combating of financial crime and corruption in all its forms, including extortion, bribery, and money laundering
- Adhering to the Equator Principles in project financing
- Encouraging our clients, suppliers and business partners to avoid human rights infringements in their businesses, and supporting their adoption of good practices to manage their human rights impacts
- Requiring our people to report any alleged or suspected human rights violations to the group's chief ethics officer or to make use of the group's whistleblowing hotline
- Communicating about and reporting on our activities in the human rights arena through our Report to Society, and engaging with our stakeholders regarding the responsibilities of business in respecting and upholding human rights
- Regularly reviewing our progress in meeting these commitments under the oversight of the group social and ethics committee.

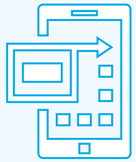
Procurement and third-party contracting

The group has identified the effective management of third-party risk as a material issue, particularly as we evolve to provide a comprehensive range of financial services and solutions.

Our third-party risk management framework provides principles to guide the group on the relevant due diligence and risk assessments required before entering relationships with third parties and suppliers. Key requirements relating to occupational health and safety, sustainability and environmental requirements are incorporated in the risk assessment process and evaluation process.



The group's third-party code of conduct is based on the group code of ethics. It aims to ensure that all third parties who engage with the group are aware of our minimum requirements and governing principles in relation to ethical conduct. The code stipulates that we require all our third parties to respect basic human rights and establish a clean and safe working environment. This includes not allowing forced labour, child labour or discrimination; paying appropriate wages; regulating working hours; and respecting everyone's freedom of association. The code also requires that suppliers, consultants and contractors to the group must comply with all applicable environmental and social legislation and must follow good environmental and social practices as it applies to their sector and to the goods or services supplied. The code of conduct is sent to all suppliers taking part in new requests for proposals. Attestation to the requirements of the code will be digitally enabled from 1 April 2021. The group supplier risk committee reviews third-party reputational risk matters relating to ethics, conduct, conflicts of interest, anti-competitive behaviour, human rights, and bribery and corruption.



Group procurement maintains policies and procedures concerning the appointment of third parties, to ensure they are appointed in a legal, ethical and professional manner. Our group procurement policy ensures that the highest procurement and ethical standards are applied internally. The policy requires that all procurement transactions are objective, transparent and fair, and in line with sound corporate governance principles. Our procurement policy aims to encourage support for local suppliers while at the same time ensuring alignment to Standard Bank Group standards for quality, sustainability and commerciality. The group strives to procure goods and services that have a lesser or reduced impact on the environment and on the health and safety of workers and communities.

Our primary third-party service providers are our technology partners, including Salesforce, Microsoft and Amazon Web Services. Other significant procurement includes software, traditional professional services, cash handling services, and premises-related services.

Information security, cybersecurity and data privacy

The group has identified the protection and maintenance of the confidentiality and integrity of our data and information assets as a material issue.

All group risk standards and group technology standards are underpinned by the group values, code of ethics, the group risk/ technology strategy (as applicable) and the exercise of good judgement by responsible individuals. The code of ethics requires employees to protect the confidentiality of client information, to protect Standard Bank's intellectual property as a valuable business asset and disclose information on Standard Bank's intellectual property to relevant parties on a need to know basis only. Under no circumstances may confidential or sensitive information be shared with unauthorised people or competitors.

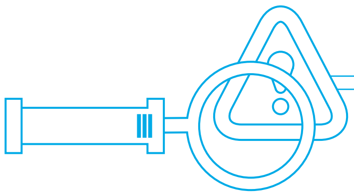
The group information risk governance standard sets out the minimum requirements for information risk management and the philosophy of information risk to be adopted across the group. It ensures alignment between information risk, information security, privacy risk, cyber risk and technology risk. The standard sets the foundation for the principle-based group information risk policy.

The group's information risk governance standard and cybersecurity strategy and programme are aligned with international best practice (ISO/IEC 27001 2013, ISO/IEC 27701 2019 and the Information Security Forum's Standard of Good Practice 2018). In 2019, the group certified the Africa shared core banking platform against ISO27001.

Information risk management

Standard Bank Group's information risk policy uses the following **definitions**:

Information risk is the risk of accidental or intentional unauthorised use, access, modification, disclosure or destruction of information resources, which would compromise the confidentiality, integrity and availability of information and which would potentially harm the business.



Data privacy risk is the operational, legal, technology and related risk associated with the processing of personal information. It is a sub-risk type of information risk and is included by default in all references to information risk in the policy.

The policy sets out **five key principles**:

1. **Information is a valuable asset to the group and must be protected according to its value, sensitivity and purpose.** Information assets must be identified and documented in the formal information asset register. Formal ownership for information assets must be assigned and accountability taken for protecting confidentiality, integrity and availability. Information must be protected throughout its lifecycle and retained and destroyed in accordance with laws and regulations. It must be classified into levels of sensitivity and protected accordingly, throughout its footprint (wherever it exists and whatever the form).

2. **Data Privacy Risk must be managed proactively and holistically (privacy-by-design) according to legislative requirements.** Legislative and regulative requirements per jurisdiction must be identified and embedded into applicable risk treatment processes. Information/privacy officers must be appointed to execute responsibilities regarding the Data Privacy and Promotion of Access to Information Act (PAIA).

3. **Access to information assets must be managed on a need-to-know and need-to-have basis.** Logical and physical access will be granted only to ensure the effective execution of official responsibilities and accordance with the role. Privileged access must be registered and monitored for any anomalies or misuse. Access must be removed/amended within a predetermined time after a change in role or on termination of service. Full accountability must be implemented for all identified high risk profiles and roles.

4. **Risks to information assets must be assessed and managed in accordance with the established information risk profile;** on all new programmes, projects and initiatives; prior to system development cycles; and during the normal course of business. People, process and technology controls must be implemented to mitigate information risks within risk appetite.

5. **All information risk incidents must be reported, escalated, and handled in accordance with group defined policies related to incident management.** Information events must be evaluated to determine if information incidents have occurred. Information incidents must be recorded, reported, monitored and addressed. Data privacy breaches must be reported in accordance with applicable legislation and regulation.

The policy applies to data and information, in audible, physical and electronic format owned by or entrusted to the group throughout the information lifecycle, including information in motion, information in use and information at rest. It applies across all group functions and entities, to all employees and third parties, including independent service providers.

The group's Information Risk Policy applies to all information requests. Group information risk manages and provides guidance on processing of information requests. Data privacy risk is incorporated in operational risk management tools, including risk and control self-assessments. Privacy impact assessments are conducted via various trigger points. These may include new business products or services, prior to system development cycles, or in line with changes in our platform environment.

Our information risk policy for third parties is closely aligned to the group policy and principles. All third parties processing or accessing group information are required to acknowledge and comply with this policy when doing business with the group.

Cybersecurity

We are committed to safeguarding clients' data, money and time from cyber threats. Cyber risk receives extensive focus at various governance and management committees across every level of the organisation. The Standard Bank Group board has delegated the management of cyber risk to the group chief information security officer (CISO), who is responsible for creating, executing, measuring and monitoring the cybersecurity strategy and programme across the group. The CISO provides regular updates to the board on the group's cyber risk posture. The board also gets assurance through an annual independent assessment of the strategy by external audit and cybersecurity experts.

The cyber resilience programme is governed by the cyber resilience standard, which has been approved by the group board. The standard covers people, process and technology and aligns to enterprise risk management strategies as well as international standards. It defines roles and responsibilities for managing cyber risk and allows for the accurate measurement and reporting of the status of cybersecurity controls.

The group information security function is responsible for upholding a culture of security across the group, fulfilling regulatory requirements and providing a robust control environment – all centred on maintaining our clients' trust in our digital platforms. We continue to invest in improved capabilities to predict, prevent, detect and respond to cyber incidents. We gather cyber threat intelligence, which is shared with appropriate staff to enable risk mitigation and inform improvements to the cyber resilience programme.

The cyber resilience programme employs a continuous testing/continuous monitoring strategy to ensure the security profile is maintained. Testing includes technology testing (vulnerability scanning, penetration testing), people testing (training and awareness) and response testing (cyber incident simulations, disaster recovery testing) to stress test security capabilities. Monitoring includes using machine learning and data analytics to continuously measure the effectiveness of controls and distribute usable cyber risk information and metrics across the group.

We contribute to the larger security community by participating in industry cyber risk forums, extending our cyber risk management experience to our service providers and third parties, as well as supporting both internal and industry-led security skills development initiatives to improve the shortfall of cybersecurity skills across the continent.

Standard Bank employs over 300 dedicated cybersecurity experts across the group, one of the largest corporate security teams on the continent. Security skills are continuously developed to keep up with the latest technology trends, tools and techniques used by attackers.

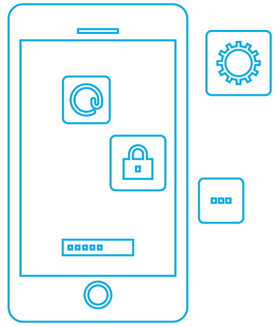
During 2020, the group detected and successfully mitigated several attempted cyber threats, leading to **zero material or client impacting incidents for the year.** The group maintains dedicated cyber insurance cover for additional protection against common cyber threats.

Protection of client privacy

Standard Bank is committed to protecting the personal information of clients, third parties and employees. We value our clients' right to privacy, which is a constitutional right. Our data privacy approach gives effect to this right and incorporates the requirements of all relevant privacy legislation and regulation and industry standards and codes, across our countries of operation. This includes South Africa's Protection of Personal Information Act, which came into full effect in 2020, and South Africa's Code of Banking Practice, and is aligned with the General Data Protection Regulation (GDPR)

Standard Bank Group has a principle-based **privacy statement**, which addresses the requirements of the various jurisdictions in which we operate.

Standard Bank South Africa has a longer and more detailed **privacy statement**, which incorporates national legislative and regulatory requirements.



Standard Bank Group privacy statement

Your privacy is important to us and we know that you are concerned about how we use your personal information. Standard Bank Group Limited, its subsidiaries and their subsidiaries collect and process your personal information according to the privacy principles set out below. These principles are in line with our code of ethics and comply with applicable laws, rules and standards:

- We maintain and continuously improve our data privacy culture by providing training and awareness sessions for all staff, and where relevant, for third-party service providers.
- All staff is made aware of their responsibilities in terms of laws and internal rules that apply to protecting personal information.
- We promote the protection of personal information.
- We will be transparent in our dealings with you and will tell you how we collect and use your personal information. These practices can be found in our privacy statements and all our product and services agreements.
- We process your personal information in a lawful and reasonable manner.
- We will update your personal information when you inform us of any changes.
- We take reasonable measures to maintain the quality and accuracy of your personal information.
- We will take note of the rights you have under applicable privacy and data protection laws and will make sure that we deal with queries about privacy issues quickly and transparently.
- In terms of our operating model, we may share your personal information with our subsidiaries and affiliates.
- We comply with data privacy and related laws and codes of conduct that apply in the countries where we operate.
- Our third-party service providers must have appropriate security measures in place and comply with our privacy principles when we outsource any services.
- We will take reasonable actions to make sure that appropriate measures are in place before we transfer your personal information to other countries if the transfer is necessary to provide services to you.
- When we process the personal information of minors, we will always do so with the consent of their parents, legal guardian or as allowed by law.

Governance of information and cyber risk

Specific responsibilities are assigned to committees and areas of business:

- **Group information risk management committee:** Provides governance and oversight on all matters relating to information risk, including data privacy
- **Group operational risk committee:** Exercises oversight on reports submitted and escalates material exposures and trends to the group risk oversight committee and group risk and capital management committee
- **Group information risk:** Oversees compliance, provides guidance, oversight, ongoing assurance and reporting on policy implementation, and ensures awareness and training on information risk, including data privacy risk, is conducted. Manages and provides guidance on processing of information requests
- **Integrated operational risk:** Promotes awareness and communication related to the policy and oversees implementation of the policy across the group
- **Enterprise data office:** Provides governance and guidance on the use and integration of the enterprise data environment
- **Data offices, at business unit and country level:** Identify, classify and ensure protection of information throughout its lifecycle
- **Group privacy officer (head of group information risk):** Heads the group privacy function, develops, maintains, monitors and oversees implementation of the group data privacy compliance framework. Privacy officers must maintain a data privacy regulatory universe for the relevant jurisdiction, identify compliance obligations and integrate these into existing frameworks, policies and procedures. They must ensure that data privacy breaches are reported to regulators in a timely manner and in accordance with the regulatory requirements; and cooperate with internal and external stakeholders on data privacy matters
- **Group technology and information board committee:** Provides and approves relevant standards and policies and monitors compliance
- **Chief information security officer (CISO):** Creates and executes the cybersecurity strategy and programme and reports to the board
- **Group technology:** Ensures policy principles are embedded in IT operations and technology and that technical solutions and infrastructure for internal and external (e.g. cloud) systems and associated security controls enable and give effect to the policy
- **Group procurement:** Ensures protection of information is included in all aspects of the procurement value chain
- **Third-party risk management:** Ensures protection of information is included in all aspects of the Third-Party Risk Management Framework
- **Group internal audit:** Provides independent assessment of the adequacy and effectiveness of the information risk management control environment
- **Group legal:** Monitors legislative and regulatory developments, drafts and implements clauses for information risk and data privacy risk based on the position taken by group information risk
- **Group compliance:** Supports compliance with legal and regulatory obligations regarding records; engages with regulators; and provides subject matter expertise.

Governance of information and cyber risk continued

Validation and audit

Internal audit conducts data privacy related reviews annually to test security and vulnerability of systems and processes affecting user data. Several such audits took place during 2020.

Standard Bank's joint external auditors, PWC and KPMG, undertook an audit of IT controls (June 2019 to March 2020), which included assessment of entity level controls (IT governance and risk management structure, policies and procedures); access to programmes and data (information security practices, access controls, physical access and segregation of duties); change management (planned, emergency and configuration changes to systems, applications and infrastructure components); computer operations (procedures to ensure continuous operation) and technical infrastructure (logical access).

During 2020, BSI undertook a surveillance assessment of the group's application of ISO27001 in respect of our information security management system of the Shared Core banking system. During the audit one minor non-conformity was identified. Based on the outcome of the assessment, Standard Bank was found to have fulfilled the requirements of ISO27001:2013 and was therefore recommended for continued certification.

Employee responsibilities

All employees are required to protect information, comply with the relevant policies, including the information risk management policy, acceptable use of information assets policy, the cyber-resilience standard and group privacy statement. Employees must use group information assets, including mobile devices, appropriately and responsibly, and report security violations and non-compliance with group policies.

The Information Risk Management Toolbox and the group intranet provides direct links to the relevant policies. Employees can also access support via group risk's chatbot, AskNala, which is able to answer various questions related to information risk and data privacy.

Employees must complete mandatory compliance training on the relevant policies. This includes regular information security/ cybersecurity awareness training, including courses on issues such as logical access management and phishing. Every time our employees log on to their Standard Bank computer, they must attest to having read and understood the group acceptable use of information assets policy and other applicable policies. The attestation includes confirmation that non-compliance with group policies may result in disciplinary action, including termination of employment.

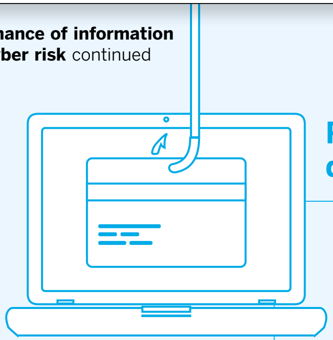
Management is responsible for ensuring that all employees are aware of the relevant policies and comply. We conduct regular awareness raising and training. Communication channels include email, video clips, and masterclasses and workshops in which we address specific business needs. Courses on topics such as information risk management, data privacy and card payment data protection are available to all employees on the Network Next system, and are required training for specific roles. Information and cyber related learning paths are also available to employees.

We continue to invest in developing cybersecurity skills. In 2019, we launched the Standard Bank Cyber Security Academy, which provides industry-recognised accreditation from various security vendors. Several of the Academy's graduates have been hired into the cybersecurity team.

Employees are encouraged to make use of the whistleblowing hotline to report any information risk or cybersecurity concerns. All employees have access to a 'report phishing' function in Microsoft Outlook, which they are regularly reminded to use if they receive a suspicious email.

Disciplinary or legal action may be taken against any employees or third parties who do not comply with group information risk and cyber risk policies. Where such non-compliance constitutes gross misconduct by an employee, it may result in dismissal.

Governance of information and cyber risk continued



Responding to data breaches

- Information risk incidents must be reported, escalated, and handled in accordance with group defined policies related to incident management.

- Information events must be evaluated to determine if information incidents have occurred.

- The operational risk management (ORM) policy requires that all operational risk incidents must be identified and reported within stipulated time frames and recorded in the ORM system. All employees are responsible for reporting Level 1 and 2 OR incidents as soon as possible and at least within 48 hours after the incident has been recognised. Other incidents must be reported within 30 days of discovery.

- Incidents are centrally recorded in the ORM system to enable root cause analysis, reporting and appropriate closure.

- The group privacy officer is responsible for engaging with relevant stakeholders to address privacy breaches and violations. This includes notifying impacted clients as soon as possible and reporting to regulators as per regulatory requirements and timelines.

We take customer concerns regarding privacy very seriously and investigate all reported incidents of privacy infringements/loss of customer data. Complaints received are addressed swiftly, with a focus on giving the best possible service to our clients. We have been proactive in notifying the South African Information Regulator regarding data privacy breaches while full compliance with Protection of Personal Information Act remains in the grace period.

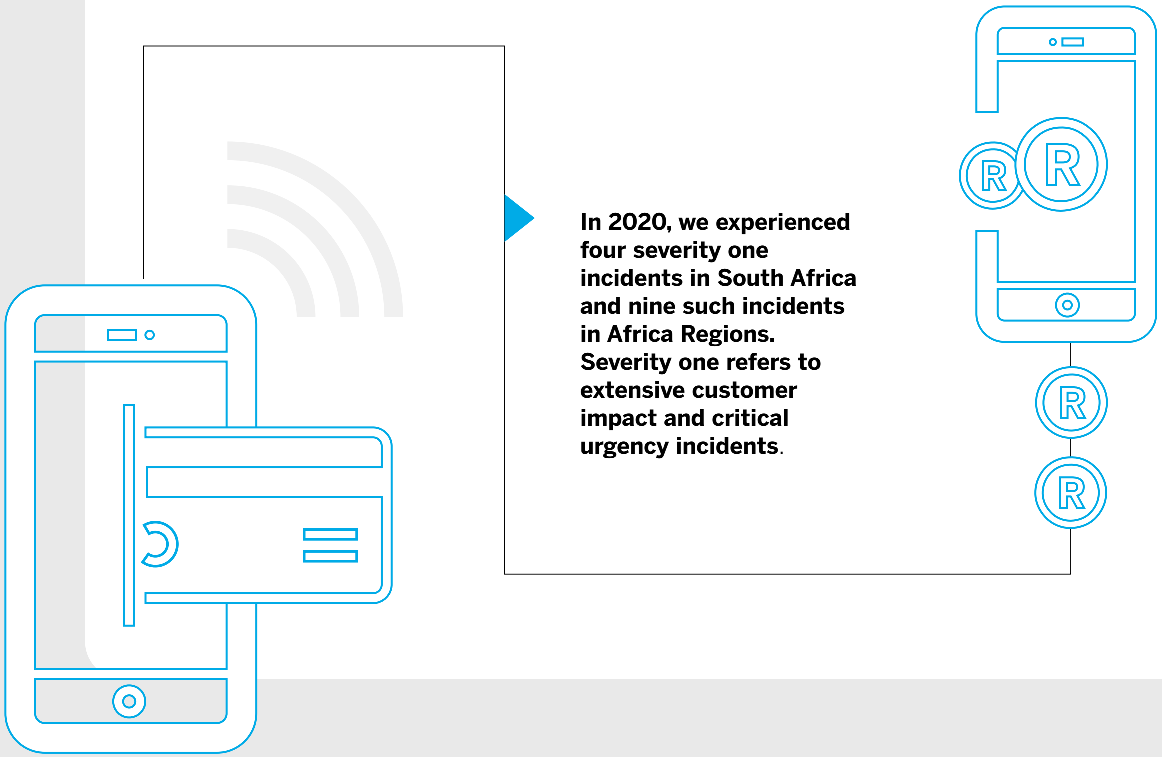
If an information risk incident/privacy breach occurs at a third-party supplier/service provider, Standard Bank will act to ensure that the necessary due diligence is done to mitigate impact to our clients.

During 2020, customer data was exposed following a breach at Experian credit information services agency. All impacted banks worked with Experian and the South African Banking Risk Centre to identify which of their customers may have been exposed to the breach, and to protect client information. Standard Bank South Africa acted quickly to communicate with clients and employees about how customers may have been affected and what was being done to protect them. Our communication noted that we had increased our authentication processes and fraud prevention and detection strategies to protect clients and urged clients to change passwords. We informed the SA Information Regulator of the breach.

Investigation undertaken on behalf of Experian indicated that the misappropriated data was intended to be used to create marketing leads to offer insurance and credit-related services. Experian obtained and executed an Anton Piller order, which allowed for the perpetrator's hardware to be impounded and the data relating to specific Experian key words on the hardware to be secured and deleted. Investigations did not identify the misappropriated data being offered for sale or used for fraudulent purposes.

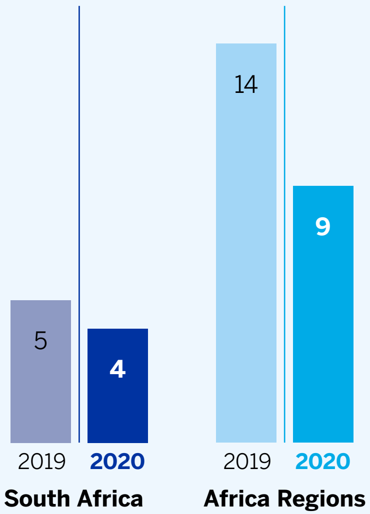
Reliability of digital transaction channels

The group prioritises the stability, security and speed of our IT systems as a material issue, central to our ability to deliver against our purpose and strategy. Work to improve the availability and reliability of our transaction channels is ongoing.



In 2020, we experienced four severity one incidents in South Africa and nine such incidents in Africa Regions. Severity one refers to extensive customer impact and critical urgency incidents.

Incidents in South Africa and Africa Regions

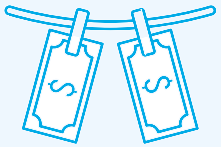


Combating financial crime

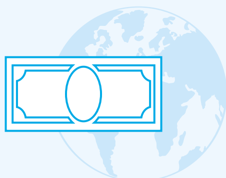
The group's programmes to combat financial crime are designed and managed by group anti-financial crime (GAFC) and are implemented in all jurisdictions where the group has business operations.

The functions of GAFC include oversight of the group's measures in respect of anti-money laundering (AML), counter terrorist financing (CTF), anti-bribery and corruption (ABC) and fraud risk advisory services.

Group policies and frameworks to combat financial crime include:



Money laundering control policy

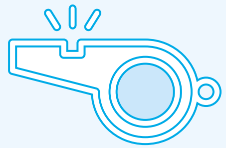


Financial sanctions and counter-terrorist financing policy

Anti-bribery and corruption policy

Prevention of the facilitation of tax evasion policy

Group anti-fraud policy



Group whistleblowing policy

Anti-money laundering and combating the financing of terrorism

Our AML and CTF frameworks and policies are informed by the Financial Action Task Force Recommendations and comply with statutory and regulatory obligations in all our countries of operation.

They ensure that:

- The risks arising from money laundering, terrorist financing and financial sanctions are well understood, mitigated and proactively managed.
- Standard Bank's reputation and integrity is protected by taking all reasonable measures to prevent the use of its products and services for money laundering and terrorist financing purposes, or for the circumvention of financial sanctions.
- Our framework enables the detection, investigation and reporting of suspicious activity and all other reportable transactions to competent authorities.

AML/CTF legislation in the countries in which we operate is continually evolving. Our operations align their AML/CTF risk management and compliance programmes to these changes as they occur. The group board and employees (permanent and non-permanent), together with contractors, third party agents and service providers are required to complete AML/CFT training and comply with AML/CFT requirements.

In South Africa, the Financial Intelligence Centre Act has been amended to incorporate a risk-based approach to compliance in respect of the AML/CTF regulatory framework. These amendments include the requirement to develop, document, maintain and implement a risk management and compliance programme, that must demonstrate the group's ability to effectively identify and mitigate money laundering and terrorist financing risk.

Group financial crime compliance participates in a forum comprising multiple regulators and other industry stakeholders, which is designing strategies to enhance the fight against the illicit flow of funds. Work is also being conducted to enhance control measures for facilitation of cross-border transactions between related parties, to guard against potential efforts to evade tax.

SBSA signed the South African Anti-Money Laundering Integrated Taskforce (SAMLIT) charter in October 2019. The Taskforce aims to promote the exchange of anti-money laundering information between members and participating competent authorities.

The group is involved in the United for Wildlife IWT Learning Academy, as a participant in discussions on the illegal wildlife trade (IWT) from a financial crime perspective. As the bank with the largest footprint in Africa, it is important that we are vigilant to the risks related to IWT, in particular the flow of funds derived from, or to promote such activities.

Anti-bribery and corruption (ABC)

We manage our anti-bribery and corruption (ABC) risk in accordance with the Organisation for Economic Co-operation and Development's Guidance for Multinational Enterprises and other applicable statutory and regulatory obligations.

The group's ABC policy commits us to:

- Prohibit bribery and corruption and ensure that an anti-bribery and corruption culture is established and maintained
- Conduct business with integrity, transparency and openness, and in compliance with applicable laws
- Conduct business in accordance with Standard Bank's values and code of ethics
- Establish and maintain reasonable and proportionate measures to prevent bribery and corruption, and to detect, report, monitor and respond appropriately to any incidents that may occur.

The policy applies to all entities and employees of the group. It reflects the group's minimum requirements in respect of ABC controls. It may be supplemented in a local jurisdiction or business area where more stringent legislative or regulatory requirements apply.

The policy emphasises that the group prohibits the giving or receiving of bribes, and the making of facilitation payments by any associated person. The policy provides guidance to employees regarding the appropriate response to payments extorted under duress.

All employees receive ABC general awareness training. Areas of the bank that are perceived as being more susceptible to the risk of bribery and corruption receive specialised training.

The group's corruption risk assessment processes and ABC policy is communicated to our contractors and suppliers. Risk-based due diligence is conducted prior to the appointment of any third party. ABC training and communication is made available to third parties, following a risk-based approach. Specific contractual clauses regulate adherence to relevant anti-corruption legislation by third parties of the group and provide the group with remedies to prevent and detect non-compliance with the ABC-related contractual clauses.

The group was not subjected to any legislative/regulatory sanction for ABC infringements during 2020.

Prevention of the facilitation of tax evasion

We are committed to the combating of financial crime and corruption in all its forms, including tax evasion and/or the facilitation of tax evasion.

The group prevention of **the facilitation of tax evasion policy** ensures that reasonable procedures to prevent the facilitation of tax evasion are in place. All employees receive prevention of the facilitation of tax evasion training. Areas of the bank that are perceived as being more susceptible to the risk of facilitation of tax evasion receive specialised training.

Employees are required to identify transactions identified as higher risk for tax evasion and refer these to the corporate offences advisory team within group financial crime compliance and group tax for consideration. Employees are further required to report suspicion of the facilitation of tax evasion to the group fraud investigations team directly or through the whistleblowing hotline. Allegations of facilitation of tax evasion are investigated and actioned. Employees also required to file a suspicious or unusual transaction report (STR) or suspicious activity report (SAR) where tax evasion or the facilitation of tax evasion is suspected or identified.

Combating fraud

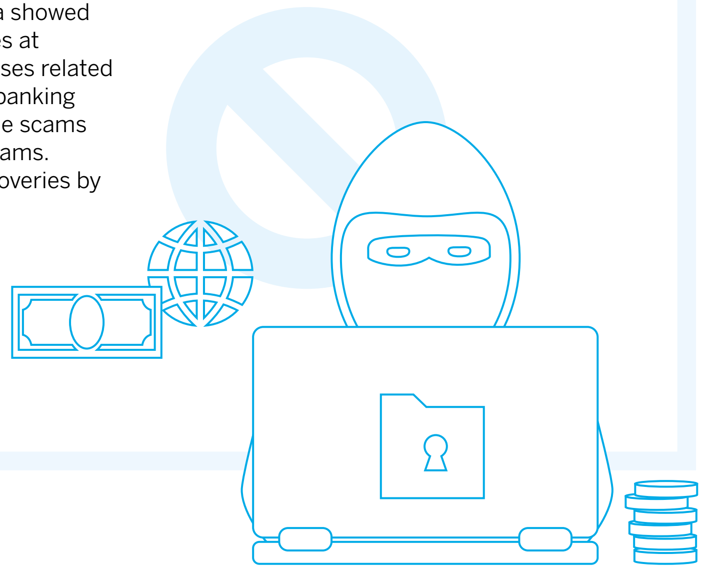
The group has measures in place to mitigate fraud risk and is committed to continual improvement of these measures. We define fraud as the unlawful and intentional misrepresentation committed to secure an unfair or unlawful gain. Fraud includes, but is not limited to, application fraud, card fraud, procurement fraud, employee fraud, digital fraud, insurance fraud and transaction fraud.

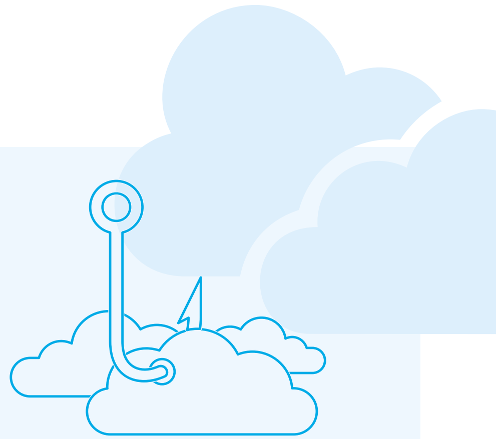
In 2020, we implemented a centralised fraud risk management capability, strengthening our proactive, preventative and responsive approach to fraud risk management and ensuring a consistent client experience across the group. Group fraud investigations investigates all fraud events (internally and externally reported) and provides recommendations on fraud controls to remediate gaps identified.

All employees, associated persons and third parties must raise concerns and report all attempted, suspected, and actual fraud via reporting channels defined in the policy directly to a line manager, to group fraud investigations, or via the anonymous whistleblowing line or the FraudStop process. We allow for anonymous reporting. We prohibit victimisation and protect anyone who reports fraud from suffering prejudice.

Standard Bank made significant investments in raising customer fraud awareness in 2020. We continue to work closely with the South African Banking Risk Information Centre (SABRIC) and banking industry to find innovative solutions to improve prevention of fraud trends.

Fraud losses declined across the group in 2020. However, customer losses in Personal & Business Banking South Africa showed an increase, with customer losses at R360 million. Most customer losses related to OTP vishing fraud, change of banking detail scams, buying goods online scams and Covid-19 phishing related scams. We have increased our fraud recoveries by 39%, driven by operational excellence and process automation. Our Intelligent Automation Card Fraud solution, implemented in 2019, has reduced call time for clients reporting card fraud from 30 minutes to 5 minutes, and has reduced the time taken to pay out from two weeks to the same day in many cases.





In Uganda, Pegasus Technologies, a fintech that provides financial solutions to banks, telecommunications and utilities companies, became aware of a system security breach whereby funds had been illicitly transferred to 755 unique mobile wallets at MTN and 876 mobile wallets at Airtel and, within 24 hours, had been cashed out at over 1 200 locations. Stanbic Uganda temporarily halted online transactions to enable the bank to investigate. Services were subsequently reinstated with enhanced security controls. A criminal investigation is on-going by police.

Market abuse control framework

The group seeks to maintain the highest standards of professional conduct when undertaking financial market transactions, communicating with market participants and when handling confidential information.

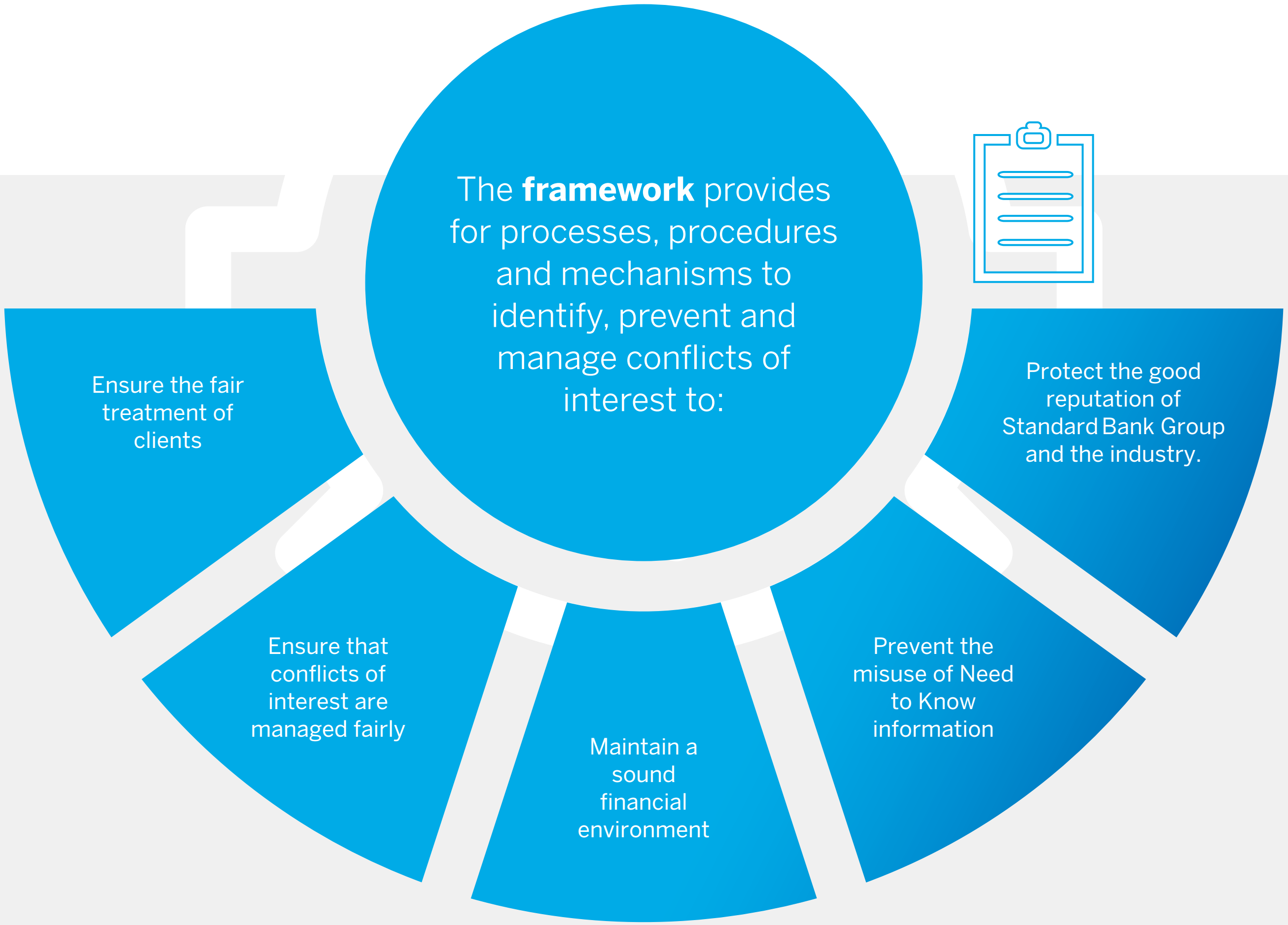
Our market abuse control framework aims to ensure that the group and its employees support the orderly, fair and transparent functioning of the financial markets, encourage its integrity and contribute to the enhancement of financial stability in the markets within which the group operates. The framework specifically seeks to ensure that there are adequate and effective controls in place to prevent, manage and/or mitigate market abuse risk.

In South Africa, the group is a party to a case lodged by the Competition Commission. On 15 February 2017, the Competition Commission lodged five complaints with the Competition Tribunal against 18 institutions, including one against SBSA and two against a former subsidiary of the group, Standard New York Securities (SNYS), in which it alleged unlawful collusion between those institutions in the trading of USD/ZAR.

The group has, with the help of external counsel, conducted its own internal investigations and found no evidence that supports the complaints. Both SBSA and SNYS, together with 12 of the other respondents, applied for dismissal of the complaint referral on various legal grounds. These applications were heard in July 2018. The complaint against SNYS was dismissed on the grounds that South Africa's competition regulators lack jurisdiction over it. In the case of SBSA, the Competition Tribunal upheld SBSA's legal challenges and the Competition Commission was directed to file a new complaint affidavit containing sufficient facts to evidence the collusion alleged within 40 business days of the ruling or risk dismissal of the complaint. The Competition Commission took the lack of jurisdiction finding on appeal to the Competition Appeal Court which upheld the appeal but also directed that the Competition Commission include, if it can, sufficient factual allegations showing that it does have jurisdiction over the foreign entities such as SNYS in its new complaint affidavit. On 1 June 2020, the Competition Commission filed a wholly new complaint affidavit in purported compliance with the order of the Competition Tribunal as affirmed by the Competition Appeal Court's order. In this new affidavit the Competition Commission purported to add new respondents one of which is Standard Americas Inc (another former subsidiary of the group). Based upon their own internal investigations and external legal advice each of Standard Americas Inc, SNYS and SBSA has applied to the Competition Tribunal for an order dismissing the complaint against them due to multiple procedural and substantive deficiencies in the Competition Commission's complaints that have not been cured by its new complaint affidavit. We await a date for the hearing of the applications.

Managing conflicts of interest

Standard Bank Group has a robust and stringent conflicts of interest control framework in place to ensure that conflict of interest risk is adequately managed.



The group has implemented a number of policies and procedures under the framework, including the group's **conflicts of interest policy** which aims to ensure that the group and all our employees comply with the applicable statutory and regulatory obligations by ensuring that all reasonable steps have been taken to prevent or fairly manage potential conflicts of interest, and thereby mitigate the effect that such conflicts could have on our clients and the group. The policy reflects the minimum requirements that need to be adhered to, to ensure that all reasonable steps are taken to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients. The group requires all employees, consultants, contractors, suppliers, other associated persons and other third parties to always act honestly and with integrity and to manage fairly all conflicts of interest.

Responding to customer complaints

The business of the group is built on trust and integrity as perceived by our stakeholders. An important element of trust and integrity is ensuring that the group conducts its business in accordance with the group's values and code of ethics, in compliance with applicable laws, rules and standards.

The group is committed to resolving complaints and treating complainants fairly. Our complaints management policy is designed to comply with applicable regulatory obligations across the group, ensuring that the roles and responsibilities of all stakeholders are clearly set out and the minimum requirements for complaints management procedures are documented. The policy applies to all employees of the group, regardless of location or business unit. It reflects the group's minimum requirements and may be supplemented in a local jurisdiction or business policy or procedure.

Each business area has a complaint resolution system (CRS) that enables the capturing and management of complaints. If a complainant is not satisfied with the resolution of a complaint by the business area, the matter must be escalated to the relevant complaints resolution centre or, if the complainant prefers, to the relevant ombudsman. The complaints resolution centre will acknowledge receipt of the complaint and provide a reference number within 24 hours, allocate a case manager to manage the complaint with the relevant business area or product teams, keep the customer updated on progress of the investigation, and resolve the complaint within eight working days. Regular progress reports (verbal or written) must be provided to the complainant until the complaint has been resolved. The case manager will let the customer know should additional information be required for the investigation. The customer will be notified of the complaint investigation outcome, using their preferred method of communication. Each business area's complaints management procedure is publicly available.

Business areas must maintain management information (MI) in respect of all complaints and use this for root cause analysis. These results should drive appropriate action to prevent trends in complaints from recurring. All employees responsible for the capturing, management and resolution of complaints receive training. When compensating a client, the business area must ensure that the principles of Treating Customers Fairly (TCF) and all other relevant legislation are considered before making a decision.

Standard Bank South Africa's retail business has an independent and impartial internal Customer Dispute Adjudicator (CDA), formerly known as the internal ombud, mandated to resolve disputes between the bank and customers by means of adjudication, taking into account the law, equity, industry codes and good banking practice.

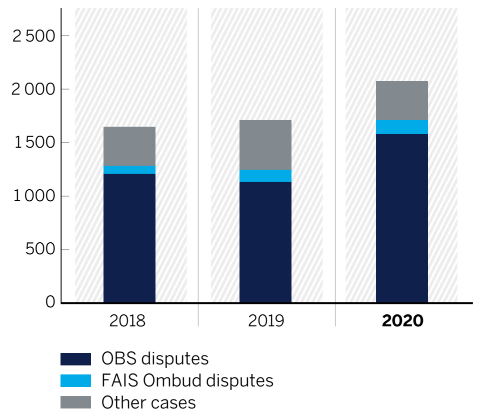
The CDA adjudicates on disputes in the retail banking environment. The CDA does not have jurisdiction in respect of decisions to grant credit (commercial discretion); pricing (fees and charges unless the complaint relates to the incorrect application of SBSA's fee structure); material disputes of fact that cannot be resolved on a balance of probabilities; disputes best suited to an alternative forum (such as a court of law due to complexity); corporate and investment banking related disputes; and offshore banking services and solutions unless the dispute is escalated by the FAIS Ombud's office.

The following are sources of disputes escalated to the office of the CDA:

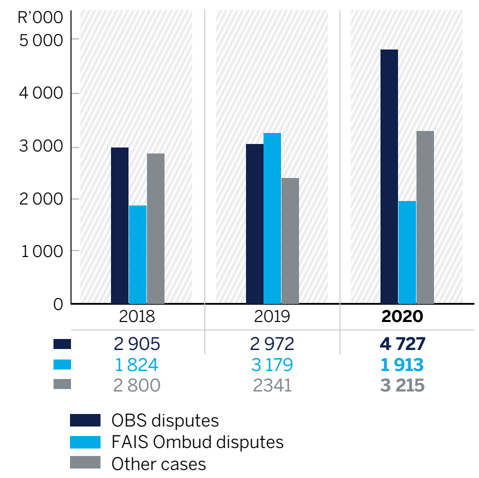
- Disputes referred by the Ombudsman for Banking Services (OBS)
- Disputes referred by the Ombudsman for Financial Services Providers (FAIS Ombud)
- Disputes referred by the Financial Sector Conduct Authority (FSCA)
- Disputes escalated by other regulatory bodies, consumer bodies and Ombud's offices, which the bank's Complaints Resolution Centre (CRC) cannot resolve
- Disputes escalated by SBSA customers, which could not be resolved by following the normal complaints handling process as an alternative before escalating it externally
- Disputes escalated or referred by internal customers (SBSA business units and executives)
- Disputes not limited by age, damages claimed and turnover in the case of a legal entity.

Cases managed by the CDA

NUMBER OF CASES (DISPUTE)



AMOUNTS PAID BY SBSA (DISPUTES)



Total number of ombudsman cases found in favour of the bank	Percentage	Number
2020	70	**1 063**
2019	71	**701**
2018	69	**879**

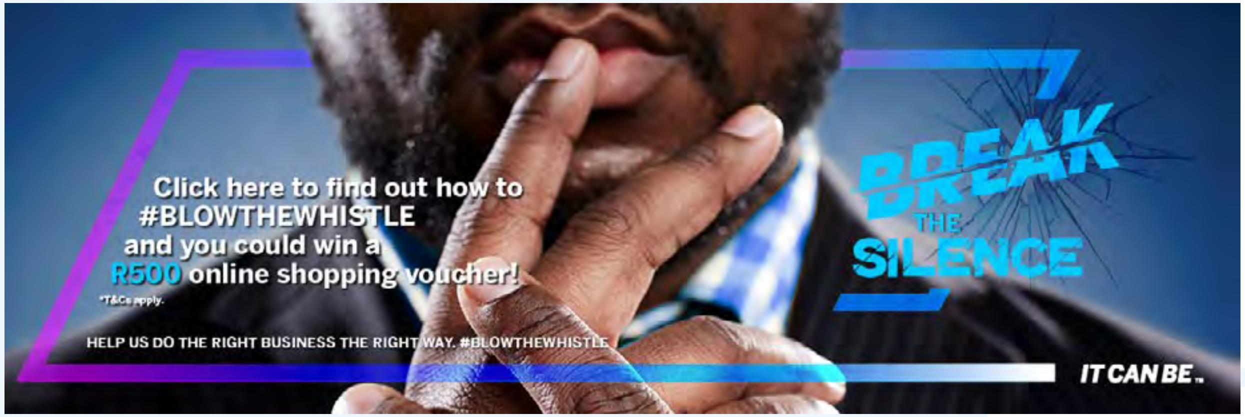
Total number of ombudsman cases found in favour of the client	Percentage	Number
2020	30	**456**
2019	29	**287**
2018	31	**403**

OBS data indicates that SBSA received the second highest complaint numbers, for both absolute and normalised number of complaints in 2020 (third position in 2019 and fourth position in 2018, out of a total of 22 banks). Overall, the OBS absolute numbers increased by 10%, whilst SBSA shows an increase in absolute numbers of 39%.

Credit card complaints (mostly fraud issues) remained the top complaint for SBSA at 19% of total complaints for SBSA. The industry top complaint category was current accounts at 18% of the total complaints received. In 2020, for OBS complaints, SBSA paid 6% more to aggrieved customers.

Reporting concerns and whistleblowing

All employees are responsible for ensuring that their behaviour, and that of the group, reflects the bank's values, code of ethics, and commitment to respecting human rights. If any internal or external stakeholder believes that the bank has contravened these commitments, they are encouraged to report this under the provisions of the bank's **whistleblowing policy**.



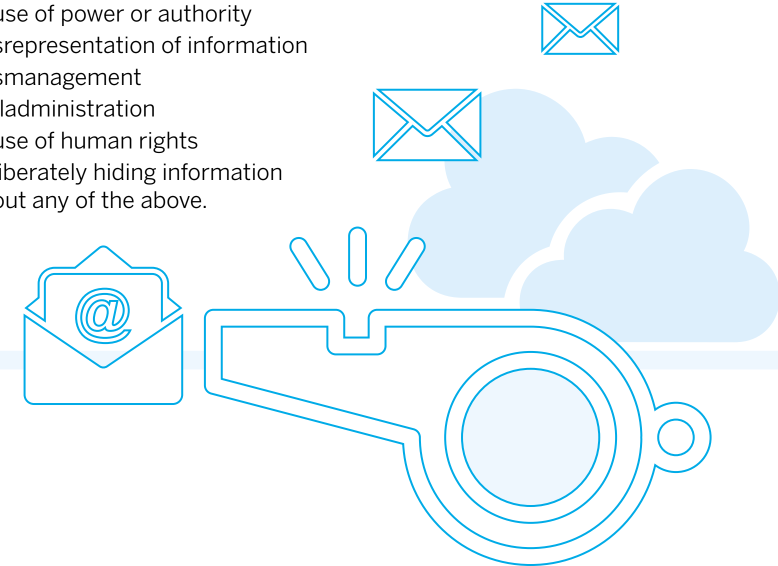
The policy aims to ensure that an ethical culture is maintained within the group, aligned to the group's principles and policies, and that our culture of openness, transparency and accountability is reinforced. We encourage our stakeholders to raise concerns relating to the group or its employees and to make disclosures in good faith, and in a transparent manner, without fear of victimisation or prejudice.

The group promotes the disclosure by employees and external stakeholders of any actual and/or suspected acts of unlawful, irregular or unethical behaviour. This includes employer or employee behaviour which is not in line with, or contravenes, any of the group's values, policies or procedures, including, but not limited to:

- fraud, embezzlement, theft, bribery or corruption
- behaviour that is likely to cause financial harm or reputational damage to the group, including breaches of group policies and procedures
- failure to comply with applicable national laws
- any instance or suspected instance of injustice
- danger to the health and safety of an individual
- environmental damage
- discrimination, harassment, victimisation, bullying or sexual misconduct
- abuse of company or client resources and assets
- abuse of power or authority
- misrepresentation of information
- mismanagement
- maladministration
- abuse of human rights
- deliberately hiding information about any of the above.

A whistleblower is not expected to prove the truth of an allegation but will need to show that there are enough grounds of concern that it is reasonable to suspect unlawful, irregular or unethical conduct. Whistleblowers are encouraged to use available reporting channels and provide sufficient information to enable an investigation to take place.

The group provides various channels for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour. Through regular email communications, we actively encourage employees to use these channels if they have any concerns.



Reporting channels for employees

- Information on our whistleblowing policy and processes is readily available to all employees.
- Reports can be made directly to line managers, to group investigation and fraud risk (GIFR) or investigation and fraud risk in their country of operation, or via an independent, confidential whistleblowing hotline.
- All internal reports and disclosures are treated on a case-by-case basis. If the whistleblower requests that their identity be kept confidential, this request will be respected. The group will always protect the whistleblower's identity.
- Employees may also make reports to persons or bodies external to the group, as defined by the policy.

Reporting channels for external stakeholders

- External stakeholders are encouraged to use the independent whistleblowing hotline.
- Stakeholders may make a report to a legal representative, with the object of and while obtaining legal advice; relevant regulatory bodies, or a prescribed person/body who the whistleblower reasonably believes would usually deal with these matters.

Investigations process

- Group Investigations assesses all reports received and determines appropriate action. Where appropriate, cases may be referred to group human capital, or the relevant head of business unit or country.
- Group Investigations acknowledges receipt of disclosures made via the whistleblowing hotline in writing, informing the whistleblower (or the whistleblowing hotline if the matter was raised anonymously) of the decision to investigate the matter and, where possible, the timeframe in which investigations will be completed or updates provided.
- Group Investigations conducts investigations in an independent and objective manner and all reasonable steps are taken to ensure that all aspects of the matter and associated evidence are examined. Feedback is provided at the conclusion of the investigation.
- Where a decision is taken not to investigate, this will be communicated to the whistleblower, or to the whistleblowing hotline if the matter was raised anonymously.

Disclosures

In 2020, 344 disclosures were reported to the whistleblowing hotline.

The primary themes related to unethical behaviour, misconduct and fraud.

Following investigations, 18 employees were dismissed from the group

Whistleblowers are protected

- No whistleblower shall be disadvantaged when reporting legitimate concerns in good faith or on the basis of a reasonable belief.
- Our whistleblowing policy provides for the protected disclosure of any attempted, suspected or actual and/or unlawful, irregular or unethical behaviour that employees come across in the group in terms of South Africa's Protected Disclosures Act, 2014.
- Our policy includes the process to follow if the whistleblower encounters adverse reaction on making a disclosure.
- The group is not obliged to protect a whistleblower who makes a false disclosure in bad faith or maliciously, or who unfairly or unjustly discredits another person. Appropriate disciplinary action will be taken in these cases.

Independent whistleblowing hotline number

+27 12 543 5395

Sustainable finance

Standard Bank is committed to driving sustainable and inclusive economic growth across Africa, through the delivery of sustainable finance solutions. As Africa's largest banking group by assets, we recognise the impact of our business activities on the societies, economies and environments in which we operate. We have embedded social, economic and environmental considerations into our corporate strategy and day-to-day decisions, and we consistently work to maximise the positive impacts and mitigate any negative impacts arising from our business decisions and activities.

In 2019, we established a dedicated sustainable finance business unit. The unit is responsible for partnering with our business areas to better serve our clients by developing and delivering innovative and bespoke green, social and sustainable products and services, helping our clients and investors to achieve their social and environmental ambitions. The unit brings together the full range of knowledge, skills and experience necessary to cover this rapidly expanding and growing opportunity. Since establishing the unit, we have pioneered, developed and executed a broad spectrum of sustainable products and strategic advisory and support services across the group.

Our ESG lending and advisory service spans project finance, export credit and corporate clients. Our team of sustainable finance specialists provide ESG advisory services to clients and other financial institutions. We seek to help clients recognise ESG risk and benefits in order to better integrate ESG considerations into their corporate strategies and business activities, and improve their ESG performance.

ESG advisory services

- Requirements for international environmental and social compliance (Equator Principles, IFC and World Bank standards)
- Consultant interface, drafting scope of works, report review and negotiation
- Identification of opportunities within Carbon Tax, offsets, Clean Development Mechanism and other carbon related projects
- Coordination of development and multilateral agency financing and other commercial Equator Principle Financial Institutions

Agency services

- Managing and monitoring environmental and social covenants as stipulated in loan documentation
- Receiving and reviewing of environmental and social reporting for adequacy, accuracy and completeness, and providing feedback to the lender group
- Ensuring that non-compliance and partial compliance is adequately and correctly addressed in follow up action plans

ESG corporate advisory services

- Strategy and governance
- Policy and framework
- Benchmarking and measurement
- Actions and implementation
- Reporting and disclosure
- Advisory in relation to ESG ratings and investor positioning.

Accolades

Standard Bank is the African market leader in Sustainable Finance.

- **Global Finance: Best Investment Bank Award 2019**
  – Best Global Investment Bank for Sustainable Finance
  March 2020
- **Bonds, Loans & Sukuk Africa:**
  Local Currency Bank of the Year
  December 2019
  NGN 8.5bn Green Bond
  (North South Power)
- **Bonds, Loans & Sukuk Africa:**
  Project Finance Deal of the Year
  December 2019
  KES4.3bn Green Bond
  (Acorn).

Standard Bank's Sustainable Bond Framework

In February 2020, Standard Bank Group published its **Sustainable Bond Framework** (The Framework)

Our Framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines (2018 editions).

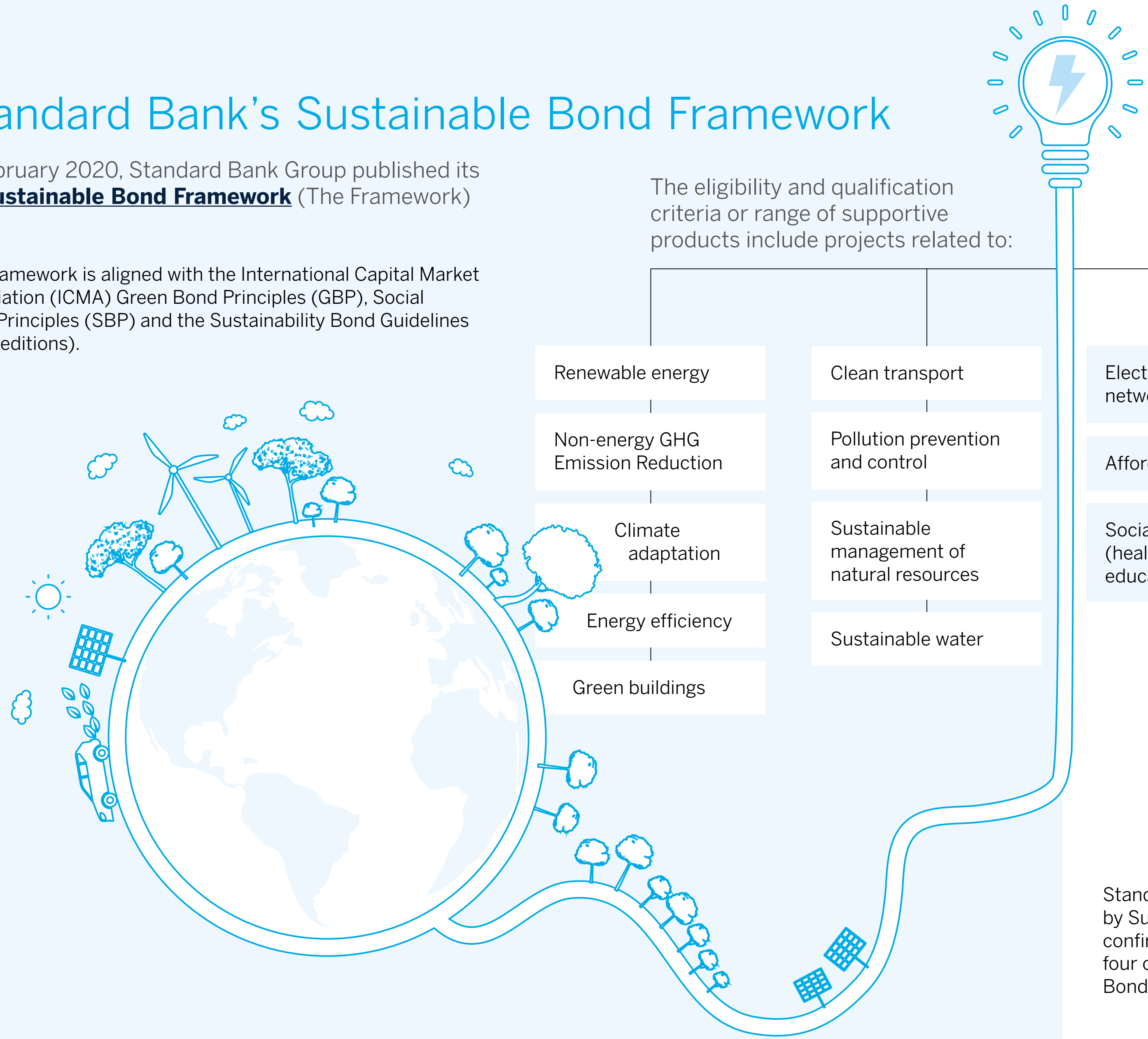
The eligibility and qualification criteria or range of supportive products include projects related to:

- Renewable energy
- Non-energy GHG Emission Reduction
- Climate adaptation
- Energy efficiency
- Green buildings

- Clean transport
- Pollution prevention and control
- Sustainable management of natural resources
- Sustainable water

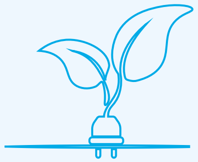
- Electricity distribution networks
- Affordable housing
- Social infrastructure (health and education)

- Improved access to funding for SMEs and micro-businesses
- Women in the economy



Standard Bank's Sustainable Bond Framework has been evaluated by Sustainalytics, whose **Second Party Opinion** has confirmed it to be credible and impactful and aligned with the four core components of the GBP 2018, SBP 2018 and Sustainable Bond Guidelines.

Standard Bank's Sustainable Bond Framework continued



Project selection and evaluation

Our objective is to allocate the net proceeds of the green, social or sustainable bonds issued under the framework to an eligible portfolio of new and/or existing loans/assets within categories aligned to our SEE impact areas. Potential loans/assets will already have been evaluated for adherence through Standard Bank's environmental and social risk management system and screened against the investment categories and eligibility criterion by the sustainable finance business unit. Suitable projects are presented to Standard Bank's asset and liability committee for selection and evaluation. The committee is also responsible for governing the framework to ensure consistency of approach and oversight. When identifying eligible projects and their non-financial impacts, Standard Bank may rely on external consultants and their data sources, and may require that clients sign a clarification letter confirming the use of proceeds.

A project may have both green and social benefits, thus qualifying for more than one type of bond. The sustainable finance business unit will decide whether the project uses proceeds from a green bond, or a social bond, or a sustainable bond. In select cases, a project may use proceeds from more than one bond, but the proceeds split will be determined and documented to avoid double counting.

Management of proceeds

Standard Bank intends to allocate the proceeds from the Green, Social or Sustainable Bond issuances to an Eligible Loan/Asset Portfolio which will be selected in accordance with the use of proceeds criteria and evaluation and selection process. We will track the receipt and use of proceeds via our internal reporting systems, ensuring Eligible Loans/Assets financed by our Green, Social and Sustainable Bonds are appropriately identified. We have established a register that contains all Eligible Loans/Assets financed by or able to be financed by our Green, Social and Sustainable Bonds on issue and their drawn value. The sustainable finance business unit is primarily responsible for the management of proceeds.

We will strive to achieve a level of allocation for the Eligible Loan/Asset Portfolio that matches or exceeds the balance of net proceeds from our outstanding Sustainable Bonds. Eligible Loans/Assets will be added to or removed from our Eligible Loan/Asset Portfolio to the extent required. If any proceeds remain unallocated, we will hold and/or invest those proceeds, at our discretion in our treasury liquidity portfolio, in cash or other short term and liquid instruments. We expect bond proceeds to be fully allocated to any Eligible Loan/Asset Portfolio within two years from the date of each issue.

Inaugural USD200 million Green Bond

On 2 March 2020, Standard Bank of South Africa issued its inaugural USD200 million green bond, via private placement with IFC. This 10-year facility is Africa's largest green bond and South Africa's first offshore green bond issuance. The capital raised as a result will be used to finance eligible green assets (renewable energy, energy efficiency, water efficiency and green buildings) aligned to SBG's Sustainable Bond Framework

IFC International Finance Corporation WORLD BANK GROUP

ISSUER
Standard Bank of South Africa Limited

ISSUER RATING
BB+/Baa3 (Fitch/Moody's)

STATUS OF NOTES
Unsubordinated notes

AMOUNT
USD200 million

PRICING DATE
25 February 2020

ISSUE DATE
2 March 2020

MATURITY DATE
2 March 2030

FORMAT
Regulation S

USE OF PROCEEDS
Financing of eligible green assets

STANDARD BANK ROLE
Lead arranger

UN SDG ADDRESSED:

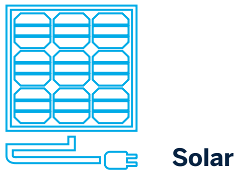
'This bond issue reflects SBG's strategic focus on sustainable finance in line with our SEE value driver and vision to drive Africa's growth with minimal adverse impact'.

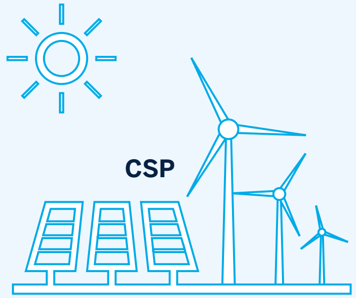
Sim Tshabalala, Chief Executive Officer, Standard Bank Group

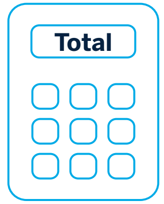
Impact measurement and reporting

Standard Bank prepares and publishes annual allocation and impact reporting with respect to the bonds issued under this framework. In 2020 we funded four✓ projects.

GREEN ASSETS







	Wind	Solar	CSP	Total
AMOUNT (ZAR)	R461 439 500	R1 099 041 092	R882 343 032	**R2 442 823 624**[2]✓
IMPACT INDICATORS (MW)	33	150	100	283
ANNUAL CO_2 EQUIVALENT EMISSIONS REDUCTION/ AVOIDANCE (TONS CO_2EQ/YEAR)	100 946.74	331 390.80	305 899.20	738 236.74
JOBS CREATED	399	2 210	3 842	6 451

2 Closing Dec 2020 exchange ZAR/USD14.6735143

Overview of sustainable finance deals closed in 2020

We are pioneering **sustainability-linked loans** in Africa. These loans are structured to incentivise borrowers to improve their sustainability or transformation profiles, by aligning loan terms to the borrower's performance against mutually agreed, material and ambitious, pre-determined sustainability performance targets.

Examples of landmark deals closed in 2020 include:

- **The first Technology, Media and Telecom (TMT) Sector sustainability-linked loan in South Africa:** Standard Bank acted as sustainability agent and sole lender to Vodacom Group for this loan. The terms of the R2 billion, three-year loan require Vodacom to achieve various ESG commitments across carbon management, corporate and product governance, business ethics and human rights in their supply chain. Vodacom achieved 5.7 points improvement in its overall ESG risk exposure score (19.8 in 2019 to 14.1 in 2020). The company improved its ranking in the Global Telecommunications Services Subindustry from 32nd to 2nd, rising from the 17th to the 2nd percentile in their subindustry. Vodacom's ESG performance has been independently verified. This improvement was driven by better performances in every category measured:
  - Carbon, own operations
  - Product governance
  - Human rights, supply chain
  - Human capital
  - Corporate governance
  - Business ethics
  - Data privacy and security.

IMPACT AREAS ADDRESSED:

- Climate change and sustainable finance

IMPACT UN SDGS:

8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

- **Sustainability-linked loan for the shipping sector:** We acted as joint lead arranger on a sustainability-linked facility for **Maersk**, that incentivises the company to meet its emission reduction targets. The margin of the facility will be adjusted based on Maersk's progress to meet its target of reducing CO_2 emissions per cargo moved by 60% by 2030, which is significantly more ambitious than the International Maritime Organisation (IMO) target of 40% by 2030 (2008 baseline). The IMO target is an internationally accepted benchmark for energy efficiency in the shipping industry.

IMPACT AREAS ADDRESSED:

- Climate change and sustainable finance

IMPACT UN SDGS:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Overview of sustainable finance deals closed in 2020 continued

- In June 2020, SBSA signed a loan agreement with IFC which saw the close of SBSA's first **Covid-19 loan**. The proceeds of the USD185 million, three-year loan facility are being used for immediate relief and ongoing support for eligible SMEs and corporates in South Africa that have been affected by Covid-19 including the healthcare industry.

IMPACT AREAS ADDRESSED:

- Financial inclusion
- Job creation and enterprise development
- Climate change and sustainable finance

IMPACT UN SDGS:

- **The first real-estate sustainability-linked loan in South Africa:** Standard Bank acted as sole arranger and sole lender on a R1.6 billion debt funding solution for Equites Property Fund. The loan includes an ESG pricing mechanism linking the all-in cost of debt to Equites' ESG risk rating score. Equites is required to achieve various ESG commitments across:
  - Corporate governance,
  - Product governance,
  - Human capital and
  - Business ethics.

IMPACT AREAS ADDRESSED:

- Climate change and sustainable finance

IMPACT UN SDGS:

- **The first BBBEE performance incentive linked loan globally:** In March 2020, Isanti Glass 1 completed the acquisition of Nampak Glass. Standard Bank acted as the financial advisor, mandated lead arranger and sustainability agent to Isanti Glass. The funding package included a BBBEE performance incentive linked loan, which is the first of its kind, structured under the group's sustainable finance framework. The margin of the loan is linked to the achievement of pre-agreed BBBEE targets. Isanti Glass is 60% owned by Kwande Capital (Pty) Ltd, a black-owned investment company, and 35% owned by SABSA Holdings Limited, a wholly owned subsidiary of AB InBev. Isanti Glass's purchase of Nampak Glass creates the first and only black-owned and controlled major glass container manufacturer in South Africa.

IMPACT AREAS ADDRESSED:

- Job creation and enterprise development
- Financial inclusion
- Climate change and sustainable finance.

IMPACT UN SDGS:

Overview of sustainable finance deals closed in 2020 continued

Group Sustainable Finance Performance

Treasury	2020
Quantum of Sustainable Finance raised – USDm	385
Sustainable Finance raised as a % of annual total funding raised	21.27

Lending	2020
Number of deals	6
Sustainable Finance credit lines as a % of IB Global Book	2.82

Arranging	2020
Number of Green Bonds arranged	1
Quantum of Green Bonds Arranged – USDm	200
Green Bonds arranged as a % of total bonds arranged by SBG in sub-Saharan Africa	2.41
Green Bonds arranged as a % of total Green Bonds issued in sub-Saharan Africa	36.43

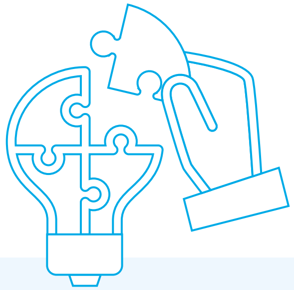
Sustainable investing

In 2017, the Melville Douglas Diversified investment team within Standard Bank Jersey launched a discretionary managed responsible portfolios proposition.

The range of multi-asset Responsible Portfolios reflect the Melville Douglas Diversified investment philosophy and process, and promote environmental and societal good, while avoiding companies and industries that cause harm, without sacrificing investment performance or taking additional risk. Current thematic exposures include renewable energy and sustainable infrastructure. Future thematic exposures include water and waste, and economic inclusion. Portfolios exclude exposure to controversial weapons, activities in oppressive regimes, exposure to fossil fuel extraction, animal testing unless there is a legal requirement, and exposure to companies with a core business in gambling, tobacco or adult content. The managers we select aim to achieve both strong risk-adjusted financial and non-financial returns by investing in companies that intentionally deliver a lower carbon footprint, higher levels of engagement, greater diversity and responsible business practices. We select managers that view the inclusion of socially responsible investment factors as an advantage rather than a hindrance, that is managers who:

- Put non-financial factors at the centre of their research process
- Have a track record of divesting from companies on falling sustainable and responsible investment (SRI) quality, regardless of financial performance
- View poor business practices as a risk and price businesses accordingly
- Show a clear record of active engagement with companies
- Show limited use of third-party agencies
- Demonstrate thought leadership in Responsible Investment.

Building on the growing international interest in ESG investing and indices, Standard Bank Isle of Man Limited and Standard Bank Jersey Limited successfully launched **ESG Deposit Issue 1** in October 2020. Return on the US dollar deposit is linked to the market performance of the S&P 500 ESG Index over the 5.5 year term. On the maturity date, investors receive their deposit plus any market linked return, which is 75% of the market performance. Returns are capped at a maximum of 17% and are based on the growth of the S&P 500 ESG Index. ESG Deposit Issue 1 has an overall risk rating of low to medium when considering both the risk of loss of capital and the risk of the returns being below the rate of inflation, both measured in deposit currency.



Sustainable trade finance

Standard Bank is committed to ensuring that our trade finance transactions actively support the production of goods or services in a manner that minimises adverse environmental and social impacts and promotes environmental and social benefits.

As lead for the ICC Banking Commission's Working Group on Sustainable Trade Finance, we contributed to the process of developing customer due diligence guidelines to promote sustainability in trade finance. The guidelines help banks to identify high ESG risks associated with commodities or other goods and services produced by a bank customer or within its supply chain, and to identify available mitigants. The objective is to strengthen banks' role in financing sustainable trade and encouraging sustainable practices.

Partnering with the ICC to develop standards and rules in trade, and encourage the adoption of best practice in sustainable trade finance, supports Standard Bank's purpose to facilitate trade and investment flows between African countries, and between African countries and global markets in a way that promotes sustainable and inclusive economic growth.

Green energy solutions for businesses and households

We work with our retail banking and business banking clients to provide sustainable finance solutions for their homes and businesses.

Small-scale embedded generation

Our commercial asset finance division provides bespoke solutions for solar PV projects, enabling residential property owners and businesses to achieve access to affordable and secure energy supply. Since 2018, we have funded 189 small-scale embedded generation commercial solar projects, amounting to over 32MW peak installed capacity. We have partnered with 30 solar PV companies to create a panel of approved solar PV engineering, procurement and construction partners (EPCs).

In 2020, we established a cross-functional team to identify challenges and opportunities to accelerate the adoption of decentralised energy solutions. Extensive client and industry engagement pointed to the need for a platform to connect business and industrial-scale energy users (off-takers) to solar PV EPCs. We created the PowerPulse platform to meet this need. The platform includes Standard Bank as a funding provider, able to facilitate and accelerate relationships. Additional funding providers will be added in the future.

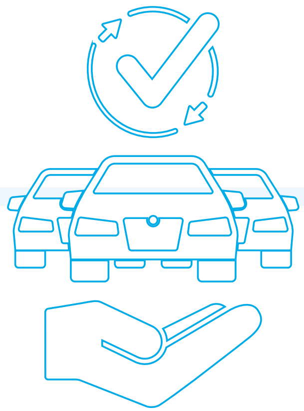
The PowerPulse platform will see a dedicated decentralised energy team working together with clients to co-create solutions that match off-takers' needs to the right service providers. This will reduce risk, friction, costs and delays for all participants, by ensuring the most suitable technical, legal and financial solutions are selected. The platform will be launched in South Africa in 2021, expanding into additional African countries thereafter. Future features such as measuring, reporting and system optimisation will be incorporated in due course.

The PowerPulse platform will bring together large amounts of data from client projects, enabling system analysis and assessment of energy usage trends. With sufficient scale, bulk procurement and supply chain solutions will also be possible. Standard Bank believes that PowerPulse has the potential to enable successful scaling of solar PV solutions in Africa, thereby making a significant contribution to the reduction of carbon emissions.

We continue to create awareness and educate clients about decentralised energy solutions and their merits. This is normally facilitated in collaboration and partnership with various industry stakeholders, from EPCs and DFIs as well as research and industry bodies such as CSIR, NCPC and SAPVIA. In 2020, we facilitated several client and industry engagements for this purpose. We will continue these efforts to support the growth of the sector.

Renewable energy

Standard Bank Group supports the expansion of affordable renewable energy solutions across Africa. Since 2012, we have financed the construction of new power projects to the value of USD2.77 billion in Africa. 86%✓ of this funding (USD2.38 billion) was for renewable energy. Lending to fossil fuel power projects represented 14%✓ of our investments (12% natural gas and 2% heavy fuel oil). We have not financed any new coal-fired power stations since 2009. We did not finance any large scale energy projects (green or brown) during 2020.



Fleet management

Effective fleet management provides a major opportunity to reduce a company's carbon footprint. Standard Bank South Africa offers our clients access to ECO_2Fleet, a web-based fleet management data collection and reporting service that enables users to accurately measure the carbon dioxide (CO_2) emissions and other gases emitted by each vehicle in their fleet. It includes online monitoring and vehicle emission reporting, aligned to the principles of the Greenhouse Gas Protocol, a globally recognised accounting tool used to measure carbon emissions. The data can be used for the calculation of Scope 1 GHG emissions in respect of company-owned vehicles. ECO_2Fleet also compares the actual carbon emissions of each vehicle in a fleet to a manufacturer-specified or default carbon emissions rating. This provides fleet managers with a clear indication of how each vehicle is performing and can help to identify trends and set objectives to reduce carbon emissions. Fleet managers can use the data to make drivers more aware of their driving habits and how these could be improved. This in turn supports savings on total fuel expenditure, thereby reducing operating costs. It can also inform improved maintenance practices – a vehicle that runs well has lower emissions.

Managing our environmental and social risks

We are committed to ensuring that the economic, environmental and social impacts of our business activities create a net positive impact. Our environmental and social risk management system (ESMS) integrates E&S screening, management and monitoring into business and credit functions, enabling us to assess, mitigate, document and monitor impacts and risks associated with financing and investments.

Our ESMS is supported by the group E&S risk governance standard and policy, which set out the principles under which we identify, measure, manage and report on E&S risk. The standard and policy aim to ensure that our operations effectively assess and manage E&S risk associated with all business transactions, particularly in relation to commercial and corporate clients, project finance, commercial debt and equity and short-term banking facilities. The standard and policy are supported by policy-related documents, including the group human rights statement, our exceptions list, and policies relating to the financing of fossil fuels, among others. We are currently reviewing the standard and policy, as part of the process of strengthening ESG governance and climate-related risk management across the group.

Environmental and social risk management is integrated in our credit risk frameworks and processes. Our dedicated group environmental and social risk (GESR) team ensures E&S risks, including climate-related risks, are correctly identified, evaluated and managed at transactional level. The team reviews all project-related transactions and medium and high-risk non-project related transactions and works with business and credit teams to assess and mitigate risks.

Our E&S risk assessment processes are based on international good practice, and are embedded from the early stages of the lending process.

Environmental and Social Management System (ESMS)

Group Environmental & Social Risk Governance Standard

Group Environmental & Social Risk Policy

Supporting position statements:
Human rights, fossil fuel finance policy, coal-fired power finance policy, thermal coal mining finance policy, exceptions list

Direct impacts

Identification of key impacts

- Carbon footprint
- Waste
- Water efficiency
- Energy usage
- Responsible procurement
- Emergency preparedness

Indirect impacts

- Identification of impacts associated with lending
- Assessment of high-risk sectors
  - International best practice
  - Equator principles
  - IFC performance standards
  - Principles for responsible banking

Implementation

- Screening process
- Escalation process
- Integration into pre-credit/credit processes

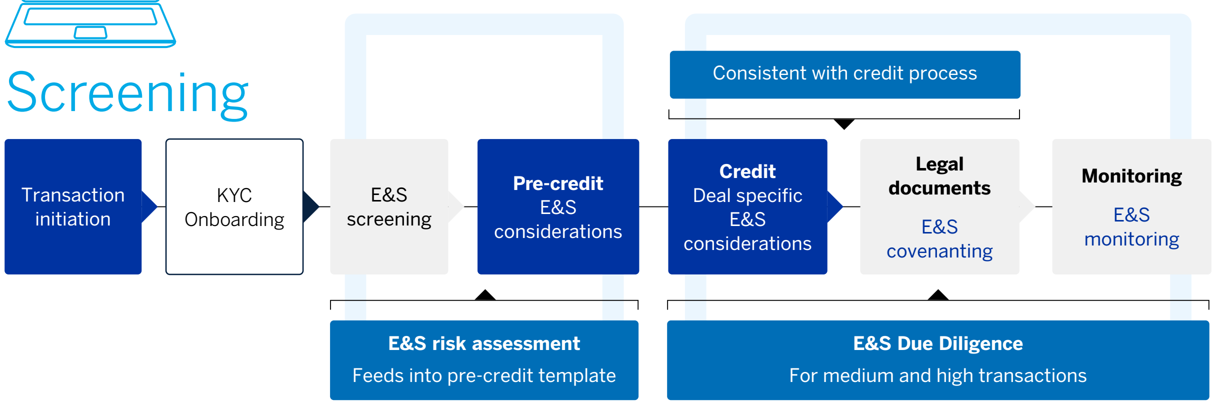
Tools

- Universal bank E&S process document
- E&S screening tool
- Process guidance notes
- Templates
- External tools

Staff Training

- Online training
- Classroom training

Screening



All new lending (excluding personal banking) is screened for compliance with national laws and standards, and Standard Bank's exceptions list and relevant policies. Where applicable, we also apply the IFC Performance Standards and the Equator Principles (an international benchmark for identifying and managing E&S risk).

We use our E&S screening tool to assess E&S risk for different risk categories of transactions across Standard Bank Group. Screening includes assessment of potential risks such as:

- Impacts on biodiversity, water, air, community health and safety, worker health and safety, indigenous peoples, cultural heritage and climate-related risks
- Human rights impacts, in line with Standard Bank's Human Rights Statement (issues such as discrimination, child labour, forced or compulsory labour and the rights of indigenous people)
- Resettlement and livelihood impacts
- Existing environmental liabilities
- Sustainable use of natural resources.

By embedding E&S risk assessment processes into lending practices at an early stage, we ensure E&S consideration and accountability in decision-making and monitoring. We are also able to assist clients to manage their material E&S impacts and risks and, in so doing, improve their performance and guard against unforeseen risk. We work with our clients to meet relevant internationally accepted environmental and social risk standards and to develop action plans to close any gaps between these and their current performance.

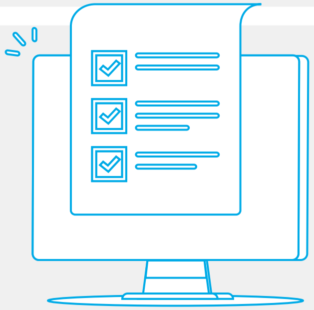
Screening new clients and transactions:

- Pre-credit committees ensure E&S risks are appropriately screened at application phase.
- Screening determines whether to proceed with a transaction, and whether further assessment is required.
- We use three levels of assessment for new transactions, which are applied according to the type of financial product, the quantum and tenor of the transaction.
- Each level of assessment includes likely E&S risk, sector and client considerations, client's ability to manage E&S risk and historical track record.
- Risks are rated low, medium or high.
- The GESR team evaluates all project-related transactions and medium and high-risk non-project related transactions and works with business and credit teams to assess and mitigate risks.
- Approval of transactions rated as high E&S risk requires sign-off from the head of GESR prior to credit approval.

Screening existing transactions:

- Credit managers apply the E&S screening tool as part of the process of regular review of existing transactions and clients.
- E&S risks that emerge after financial close are flagged and assessed through this process.
- Transactions or clients identified as high E&S risk are reviewed annually by the GESR team.
- Where required, GESR team members engage with clients to explore the issues.
- We may require implementation of mitigating actions, monitoring and/or reporting by clients to address E&S risks.

Screening continued



Exceptions list

Our exceptions list has several general exclusions with respect to the type of activities for which we will not provide banking or lending facilities. It specifies group-wide exclusions, as well as regional/operational restrictions for which the group has specific procedures, balance sheet thresholds at country level, or regional or national exclusions. Group-wide exclusions include:

- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans
- Production or trade in radioactive materials excluding uranium mining, medical equipment, quality control equipment or equipment where the radioactive source is understood to be trivial and/or adequately shielded
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
- Production or trade in weapons or munitions, excluding hunting and sports equipment
- Production and distribution of racist and/or neo-Nazi media
- Illegal logging or purchase of illegally harvested timber
- Mountaintop removal
- Mining or trading of diamonds not certified under the Kimberley Process Certification Scheme

Our geographies of activities limit any potential involvement outside of the African continent and therefore oil and gas activities in the Arctic and the Amazon are not funded by the group.

Screening continued

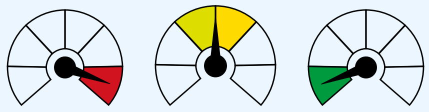
The Equator Principles

Standard Bank is a member of the Equator Principles (EP) Association, a global risk management framework for determining, assessing and managing environmental and social risk in project related transactions. The EP Association provides a minimum standard for due diligence and monitoring to support responsible decision-making in project financing. When we lend or provide advisory services to a project, we are required to evaluate and actively avoid and mitigate any negative social or environmental impacts.

EP financing institutions categorise projects proposed for financing based on the magnitude of potential environmental and social risks and impacts (Category A, B or C). GESR provides the categorisation for EP transactions and is involved in ongoing due diligence for all Category A and B projects. GESR applies the EP and associated IFC Performance Standards on Environmental and Social Sustainability and the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) to all relevant project-related financing or transactions. In 2020, no active EP deals were terminated due to E&S non-compliance.

TRANSACTIONS SCREENED AGAINST THE EQUATOR PRINCIPLES

Total number of Equator Principle projects that reached financial close within 2020



Category A High risk	Category B Medium risk	Category C Low risk
0	1✓	0

Total number of projects financed

1

Relevant polices

Coal-fired power finance policy

- Aligned with the principles and standards for coal-fired power finance contained in the OECD Annex VI
- Applies to direct finance of new coal-fired electricity generation plants without operational carbon capture and storage or carbon capture and utilisation technology
- Coal-fired power plants requiring finance must meet maximum emission and plant size parameters linked to the level of development of the country in question
- Enhanced due diligence must include an assessment of: technology choice; analysis of technically and financially feasible and cost-effective power generation alternatives available in the same industry and country; current energy situation in the region and future energy demand in relation to government energy strategy, carbon commitments and adaptation plans; compliance with host country environmental and social laws, regulations and permits; compliance with international conventions, standards and treaties regarding GHG emissions in the host country and region; IFC Performance Standards & EHS Guidelines (application of Equator Principles) and IFC Industry Guidelines on thermal power plants, electrical power transmission and distribution
- Requires post-finance monitoring on an ongoing basis.

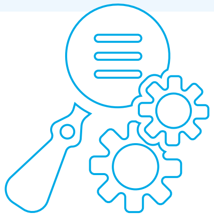
Screening continued

Thermal coal mining finance policy

- Applies to provision of financial products and services to thermal coal mining projects (new and expansions); and to provision of financial products and services to existing and new thermal coal mining corporates
- Requires compliance with domestic mining laws and license provisions
- Standard Bank will consider the extent to which the client complies with relevant industry good practice, and other applicable standards that aim to minimise the adverse ESG impacts of thermal coal mining activities
- Excludes finance for mountaintop removal mining activities
- Requires enhanced due diligence including consideration of the energy situation in the region and future energy demand in relation to government energy strategy, climate change, carbon commitments, and adaptation plans; analysis of technically and financially feasible and cost-effective power generation alternatives that are available in the same industry and country; compliance with host country environmental and social laws, regulations and permits, including rehabilitation and closure planning and financial provision requirements; compliance with international conventions, standards and treaties regarding GHG emissions in host country/region and impact on human settlements, natural habitats and resources, as well as protected areas and how such impacts are mitigated; effectiveness of mechanisms for tailings disposal, rock dumps, emissions and waste management; health and safety practices and track record; adequacy of environmental rehabilitation provisions; accommodation and transportation of staff to and from mine site; opportunities for involvement of local communities and establishment of initiatives to benefit local communities as well as effective ongoing community stakeholder engagement; level of disclosure and transparency towards all stakeholders; and ESG policies and performance track record, including review of ESG controversies
- Requires post-finance monitoring on an ongoing basis
- Expectation that Standard Bank will reduce financing of thermal coal mining over time in line with the expected reduction in the contribution of thermal coal to the energy mix, as countries implement national determined contributions to reducing GHG emissions as per the Paris Agreement.

Fossil fuels policy

- Sets parameters and minimum standards for group financing of companies and projects in the fossil fuels sector, specifically coal, and oil and gas
- Standard Bank will continue to develop and increase its sustainable finance offering for carbon capture and carbon offsets, off-grid renewable solutions, energy efficiency, water efficiency and ecological rehabilitation and offsets initiatives in support of the transition to a low carbon economy and climate change adaptation
- Standard Bank will continue to play a role in the financing of oil and gas investments in support of national governments' energy and economic development strategies
- Standard Bank will not provide financial products and services to tar sands and tight oil
- Our geographic presence limits any potential involvement in the Arctic and the Amazon
- Standard Bank will only provide financial products and services to counterparties that: meet the group's normal lending requirements, including the development of projects in compliance with the Equator Principles, IFC Performance Standards and World Bank Group EHS Guidelines, and applicable laws and standards; commit to minimising/reducing GHG emissions; target zero-routine production flaring for new assets and have a time-bound plan to implement economically viable solutions to eliminate legacy flaring for existing assets; have policies in place to protect their workers' health and safety and disclose or provide their track record at company level; have policies in place regarding prevention of child labour or forced labour in their operations and associated activities; have implemented appropriate asset-level health, safety and environmental management policies, management plans and systems or have committed to implementing these within a reasonable timeline; have implemented oil spill preparedness and response plans; operate offshore service vessels or tankers compliant with International Maritime Organisation (IMO) requirements; where applicable, have established appropriate decommissioning plans for oil activities; have established, where required, processes to align with the UN Voluntary Principles on Security and Human Rights; have headquarters located in countries that are not under financial sanctions from UK, the European Union, the USA or the UN; and disclose or provide information at company level on their performance related to water use, waste generation, energy consumption, greenhouse gas emissions, and land reclamation strategy
- Requires post-finance monitoring on an ongoing basis.



Due diligence

- We rate E&S risks as low, medium or high.
- The GESR team works with the business and credit teams to undertake appropriate due diligence for all project-related transactions and transactions identified as medium and high-risk.
- GESR determines the required scale and scope of due diligence per transaction, commensurate with the potential level of E&S risk associated with a transaction.
- Enhanced due diligence is undertaken for transactions that represent significant risk to the bank, society and environment.
- Due diligence may include sector or issue specific questions, direct client engagement and site visits, or engagement of independent external consultants. GESR determines whether a full due diligence process using independent external consultants is required.
- Due diligence highlights issues requiring mitigation or management, and actions required to ensure transactions comply with relevant international and national standards and legislation, including IFC performance standards where applicable.
- No deals were declined due to E&S risk indicators during 2020.

Environmental and social screening 2020

In CIB, a total of 282 transactions were screened in line with our internal screening process. The outcome of this is illustrated below in terms of client risk and transaction risk (screening numbers based on submissions to regional and global pre-credit committee).

RISK TYPE	CLIENT RISK	TRANSACTION RISK
 Low risk	92%	80%
 Medium risk	5%	15%
 High risk	3%	5%

Assessment of human rights risks is an integral part of the due diligence process

- For Category A and where appropriate Category B project finance, human rights due diligence is part of the E&S due diligence by the lender group.
- For non-project financing, transactors and credit managers pick up potential human rights issues based on general monitoring of negative media and campaigns against clients.
- Our E&S screening tool, which incorporates human rights questions, applies to all lending in CIB and is being rolled out in PBB. Critical issues for which we screen include forced labour, child labour, freedom of collective bargaining, indigenous peoples/marginalised communities, and any resettlement, economic displacement or livelihood impacts.
- Where human rights risks can be mitigated, we include controls in client legal agreements (e.g. client labour policies to address human rights issues, provide for collective bargaining, supply chain management and monitoring, compliance with IFC performance standards and ILO conventions). Where relevant, clients implement independently verified monitoring of supply chain or certification processes that address human rights, (examples include the Roundtable on Sustainable Palm Oil, or Better Cotton Initiative).
- Where necessary, we commission independent specialist audits to confirm implementation of mitigation plans and require clients to implement project specific grievance mechanisms for workers and communities. In some instances, we require human rights assessment and monitoring by specialist consultants, and annual feedback from clients on progress with action plan and mitigation processes.
- In cases where human rights issues are not readily mitigatable, we may decline the deal.

Monitoring

- GESR participates in portfolio-wide reviews of specific sectors, (such as coal, oil and gas), where E&S risks are considered high.
- We monitor all project-related transactions and medium and high non-project-related transactions to ensure clients meet their E&S commitments.
- Frequency and type of monitoring is determined according to the type of transaction and the level of risk.
- High-risk transactions, and transactions categorised as Category A and Category B under the Equator Principles, are monitored more actively.
- Where necessary, GESR undertakes site visits to ensure that E&S performance is being managed appropriately.
- Independent external consultants may be used to monitor implementation and progress if required.

Escalation

- If clients are not compliant with E&S requirements, we work with them to achieve the necessary standards. If there is no progress toward meeting requirements within agreed timeframes, remedies may include additional monitoring and revised, action plans; specialist/independent intervention; or re-evaluation of the loan.
- We are committed to taking appropriate steps where we discover, or are made aware, that we have caused or contributed to actual or perceived human rights abuses or environmental damage. This may include disciplinary action, exiting a particular business relationship, or constructive engagement to promote better practice.

Employee training

- Targeted areas (business, credit, legal and coverage) across the group undergo mandatory training on environmental and social risk awareness, Standard Bank's environmental and social risk management process, and relevant environmental guidelines, standards and requirements.
- Training includes classroom training and online training using the group's in-house training platform. We're investigating ESG tools to assist credit managers, country risk and portfolio risk teams to assist these teams with more ESG risk information that matches well with our portfolio characteristics.

Standard Bank employees who have received environmental and social risk training:

Classroom training:

2 188

CIB and PBB Commercial and Business Banking employees across the group since 2017, amounting to 81% of targeted employees

Online training:

7 846

CIB and PBB Commercial and Business Banking employees across the group since 2019, amounting to 78% of targeted employees.

Aligning with TCFD recommendations

The group has identified effective management of ESG risk, with an emphasis on climate risk, as a material issue.

Climate-related risk in the form of extreme weather events is recognised as an emerging risk to the group, with the potential to have a substantial negative impact across our countries of operation. Africa has already seen an increase in heat waves, erratic rainfall patterns and drought, impacting agriculture production. Studies indicate that under the worst-case climate change scenario, crop mean yields could decline 13% in West and Central Africa, 11% in North Africa, and 8% in East and Southern Africa by 2050. African countries are already spending between 2% and 9% of their GDP on climate adaptation and mitigation measures[3].

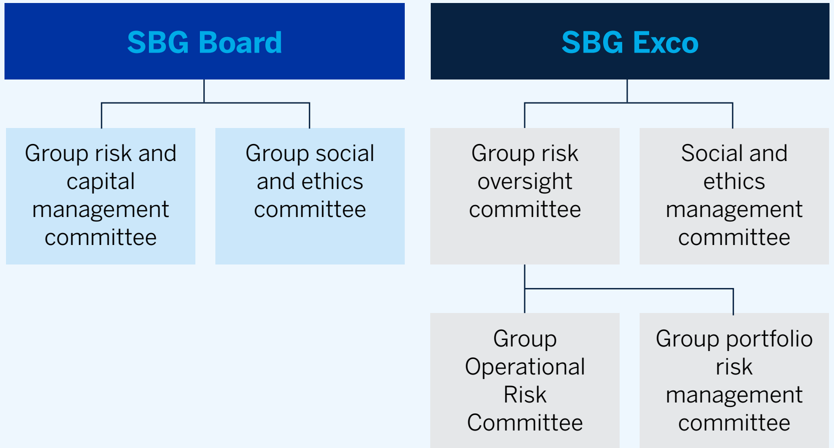
We are working toward aligning our climate risk reporting with the principles of the TCFD. While we believe we have made good progress, we recognise that we have a considerable way still to travel, as we work toward developing a deeper understanding of the direct and indirect impacts of our business activities.

SUMMARY OF PROGRESS AGAINST TCFD RECOMMENDATIONS

TCFD Focus Area	Recommended Disclosure	SBG Progress/Status
Governance	Board oversight of climate-related risks and opportunities	Board oversight of climate-related risk management is in place. Group risk and capital management committee oversees climate-related financial risk and the group's own operational climate-related risk. Group social and ethics committee oversees social and environmental impacts of business activities, including climate related impacts. A comprehensive review of the group's risk governance committee mandates, standards, frameworks and policies has identified areas for further alignment with the TCFD recommendations – work is underway to implement this.
	Management role in assessing and managing climate-related risks and opportunities	We updated our ESG Risk Governance Framework in 2020 to strengthen processes and accountability for climate-related risk identification, classification, analysis, monitoring and reporting.
Strategy	Climate-related risks and opportunities (short, medium, and long term) and impact on strategy and financial planning. Resilience of strategy under different climate-related scenarios.	We engaged with the UNEP FI TCFD Pilot Phase 2 to determine data requirements and reporting standards. We have identified high risk sectors and developed metrics. We are developing capability for modelling and portfolio analysis. The Sustainable Finance business unit has expanded our business offering and is working with business and clients to investigate additional opportunities for climate adaptation and mitigation. We are reviewing our policies to appropriately support ESG risk management, including climate risk. Our fossil fuel finance policy provides guidance on our lending practice and ESG risk management for coal, oil and gas.
Risk management	How we identify, assess and manage climate-related risks and how this is integrated into overall risk management	Climate-related risk is a sub-type of ESG risk, governed under our ESG Risk Framework. We use our ESMS to assess, mitigate, document and monitor E&S impacts and risks, including climate-related risks associated with transactions and clients. We undertake E&S risk screening, inclusive of climate-related risk, at transactional and client level for pre-credit and credit committees We are in the process of assessing climate-related risk in our portfolio, including trial testing of commercially available analytical solutions.
Metrics and targets	Metrics to assess and manage climate-related risks and opportunities Scope 1, 2 and 3 GHG emissions and related risks Targets to manage climate-related risks and opportunities and performance against targets	We are measuring credit exposure of identified high risk sectors, within context of group exposure, as our initial focus. We are developing climate risk metrics and related to lending practices. We report on green, social, sustainable financing. We report on operational footprint metrics for South Africa.

3 World Meteorological Organisation's State of the Climate in Africa report

Governance



Board's role

The Standard Bank Group board has oversight of risk management, including climate-related financial risk and climate risk associated with our own operations. The board has delegated this oversight role to the group risk and capital management committee, which oversees financial and operational climate-related risk; and the group social and ethics committee which oversees social and environmental impacts of business activities, including climate related impacts. These board committees meet on a quarterly basis. During 2020, the group board and executive management engaged on climate-related risk in relation to issues raised by investors and climate activists and how the group should respond to these; and approved the group's fossil fuel policy.

Management's role

- Group chief risk officer has overall accountability for non-financial and financial risk management related to ESG, including climate risk
- Group risk oversight committee (GROC) & social and ethics management committee (SEMC)
  - Approve E&S policies, standards and guidelines, including climate-related
  - Report to their respective board committees
- Group operational risk committee (GORC) reports to GROC on operational and reputational risk
- Group portfolio risk management committee (GPRMC) reviews the results of portfolio reviews, stress testing, appetite and strategy assessments for the group's portfolio. The committee will review results of scenario testing for climate-related risk sensitivities in the group portfolio
- Business is responsible for considering ESG issues, including climate-risk issues, in the process of client onboarding, regular client reviews, lending decisions, and investment
- Sustainable finance unit is responsible for partnering with clients to develop solutions that promote positive social and environmental impacts and mitigate climate-related risk
- Corporate functions, including group risk, group compliance, group procurement and others, are responsible for managing ESG issues associated with their areas of responsibility, including operational footprint, responsible procurement
- Group environmental & social risk (GESR) ensures environmental and social risks, including climate-related risks, are correctly identified, evaluated and managed at transactional level.

The group's ESG risk governance framework is embedded within our wider enterprise-wide risk management system. It aims to ensure that executive management has an integrated view of our ESG risks, thereby enabling effective risk management. The framework explicitly incorporates climate-related risk, and provides processes and accountability for climate-related risk identification, classification, analysis, monitoring and reporting. Group risk committees are responsible for operational implementation of the framework.

Strategy

We recognise our role in influencing the transition to a lower carbon economy. Our strategy incorporates the development of new sustainable products and services for our clients. We are examining international standards and frameworks and working with experts in the area, to explore scenario development and assess future business strategy in the context of climate-change-informed scenarios.

In line with the Paris Agreement, we believe that climate change mitigation objectives should be fulfilled in the context of sustainable development and efforts to eradicate poverty.

The transition away from non-renewable energy sources will necessarily be a gradual and measured process, given the widespread energy poverty across sub-Saharan Africa, where less than 43% of the population have access to a national grid[4]. Many African economies remain heavily dependent on fossil fuels. While Africa's extensive solar, hydro and wind resources, together with increasingly cost-effective renewable energy and new storage technologies, provide great potential for African energy utilities, renewable energy generation currently remains limited, with over 80% of energy demand provided by fossil fuels. The transition to cleaner energy solutions is underway but will take time.

We will gradually reduce our exposure to thermal coal – but will do so in a way that facilitates a just transition for the communities and individual workers who currently depend on coal for their livelihoods, and in a manner that recognises the deep energy poverty across African economies. We view natural gas (and liquified natural gas – LNG) as critical components of Africa's energy transition.

In 2019, we adopted a policy governing new investment in **coal-powered power stations**, and in 2020, a **policy governing new investment in coal mining** and **fossil fuels**. More broadly, we have begun to assess our policies and processes to ensure that climate-related issues are appropriately incorporated and inform decision-making. Where appropriate, risk appetite will be adjusted based on the results of scenario assessments performed on the group's portfolio. Frameworks will ensure that risk is identified from top-down by executive management, and bottom-up by business units.

Opportunities

The transition to a low carbon future creates substantial opportunities for the group.

- We are actively working to expand our suite of sustainable finance products and services. We established a sustainable finance business unit in 2019 and have concluded a number of pioneering deals over the past 18 months. Details are available here **link to sustainable finance section**.
- We have significantly increased the proportion of our energy loan book committed to green energy and decreased the proportion of finance committed to fossil fuels. Since 2012, we have financed the construction of new power projects to the value of USD2.77 billion in Africa. 86% of this funding was for renewable energy. We have provided an estimated 984 900 equivalent homes with renewable power from Standard Bank-financed projects in South Africa (PV 399 091, CSP 71 147, Wind 514 661)
- We support the expansion of affordable renewable energy solutions across Africa, and will continue to work with governments, renewable energy companies and development finance institutions to facilitate large-scale infrastructural development.
- Lending to fossil fuel power projects represents 14% of our investments since 2012 (12% Natural Gas and 2% Heavy Fuel Oil, 0% coal). We have not project financed any new coal-fired power stations since 2009.
- We are expanding our suite of green, social and sustainable products for individual and business customers. We are committed to working with our clients, particularly in high risk sectors, to identify and implement appropriate financial solutions to enable climate risk mitigation and adaptation.

Risks

Standard Bank has undertaken a preliminary assessment of sectors with elevated physical and transition risk in our portfolio and identified our sectoral risk exposure. We are developing short- and medium-term actions to manage this risk. In the medium term, we will use scenario-planning and stress-testing methodologies to ensure mitigation actions have sustainable outcomes. Management actions will cover risk mitigation and opportunity development.

We are engaging with our clients in these sectors to encourage the adoption climate-risk mitigation solutions, with a particular focus on energy and water efficiency measures. We actively seek opportunities to finance infrastructure that improves adaptation and resilience, such as flood control, water efficiency and water storage. In South Africa, we are working with partners such as National Treasury, the Banking Association of South Africa (BASA), and National Business Initiative (NBI) to develop appropriate solutions to help manage transition.

4 https://www.iea.org/reports/africa-energy-outlook-2019

Sectors that potentially face significant climate-related risks:

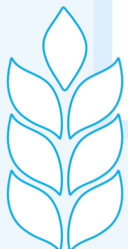
- **Heavy industry (including mining and metals)**
  - Physical risk: Increasing pressure on water supply resources, occupational health and safety risk associated with rising temperatures and risk to infrastructure due to increasing frequency of extreme weather events
  - Transition risk: Moves toward decarbonising, managing costs associated with changing processes to be more energy efficient and moving to more renewable power sources
  - Potential mitigation measures: water efficiency measures, desalination/water treatment projects.

- **Coal mining and coal-fired power**
  - Physical risk: Increasing pressure on water supply resources, declining air quality impacting local communities
  - Transition risk: Uncertain long-term demand for coal owing to regulatory changes (climate policies, carbon tax), changing consumer, investor and shareholder sentiment, shifts to renewable energy creates risk of stranded assets for the group. Job losses, skills shortages, and the decline of local economies that have traditionally depended on coal mining create risks to social instability and public policy (risks of short-termism)
  - Potential mitigation measures: Water efficiency measures, desalination/water treatment projects, collaboration with government and industry to identify just transition pathways and develop appropriate solutions. The latter include skills development, development of appropriate technologies, adoption of appropriate policies and governance processes, engagement with impacted communities.

- **Oil & Gas**
  - Physical risk: Increasing pressure on water supply resources
  - Transition risk: Uncertain long-term demand due to renewable energy alternatives, climate policies and adjusting consumer, investor and shareholder sentiment, but its relatively lower carbon footprint makes LNG a more resilient fossil fuel under decarbonisation scenarios
  - Potential mitigation measures: LNG will continue to play an important role in reducing carbon emissions in regions which still depend heavily on coal.

- **Urban development/ infrastructure**
  - Physical risk: Floods, drought, wildfires and extreme events; and for coastal developments, rising sea levels and extreme weather events
  - Transition risk: Carbon-intensive energy impacting on urban developments and infrastructure
  - Potential mitigation measures: Flood management, energy and water efficiency

- **Agriculture**
  - Physical risk: Floods, drought, temperature changes, non-viability of traditional crops in some areas
  - Transition risk: Cost of moving to sustainable cropping and forestry practices, managing carbon tax costs related to methane emissions
  - Potential mitigation measures: We assess each of our agriculture clients in terms of the role water plays in their business, identifying the risk and how the risk is mitigated, as well as checking for legal water use and registration with authorities. We have categorised our book to better understand our risk exposure. We are working with clients to develop medium to long-term business plans inclusive of climate adaptation and resilience considerations – diversification of crops and products, food security, water efficiencies, flood mitigation, temperature/ecosystem mitigation. Identifying opportunities to finance infrastructure that improves adaptation and resilience, such as flood control, water efficiency, water storage and energy efficiency. For farms dependent on dryland crop production (rain-dependent), we have piloted remote sensing to monitor crop performance during the production season to obtain better information about drought stress. When we provide production credit, we require drought insurance as a condition of approval (a product offered through the group). For irrigation crop framers, we provide asset finance solutions for those wanting to convert to more efficient irrigation systems.



Understanding climate related models and scenarios

Our strategy is informed by our evolving understanding of the application of climate models and climate related scenarios. We continue to develop our understanding of the application of generally accepted emissions scenarios such as those published by the Intergovernmental Panel on Climate Change (IPCC), the Potsdam Institute for Climate Impact Research (PIK) and the International Institute for Applied Systems Analysis (IIASA), all of which are included in the Phase II project. These scenarios need to be refined for African climatic and socioeconomic conditions and expectations. The group is working with the Banking Association South Africa's TCFD Working Group and the Climate Risk Forum, and the NBI, in this regard.

We continue to refine our definitions of what constitutes climate risk exposures, and our understanding of our sectors and sub-sectors, aggregated across our presence countries, in terms of their inherent climate-related risk (physical and transition). We are significantly dependent on the development of standardised metrics and an associated taxonomy, together with the provision of reliable and relevant climate-related risk information from our clients. Availability of and access to this information remains in a nascent stage in our countries of operation. Our assessment and reporting process will therefore evolve over time, as this information becomes more accessible.

Risk management

Climate-related risk encompasses the risk of financial loss, loss of shareholder value, investor pressure, reputation and regulatory sanctions due to the negative impacts of climate change, directly to the group and/or its subsidiaries and other group entities, or indirectly through increased financial and reputational exposure to our clients.

We treat climate risk as a component of ESG risk. It is governed under the ESG Risk Governance Framework and embedded within our wider Enterprise-wide Risk Management system, and specifically our ESMS. This is described in **detail here**. Our dedicated group environmental and social risk (GESR) team ensures environmental and social risks, including climate-related risks, are correctly identified, evaluated and managed at transactional level. The team reviews all project-related transactions and medium and high-risk non-project related transactions and works with business and credit teams to examine and mitigate risks.

We are participating in the UNEP FI TCFD programme. Phase II included developing skills in both physical and transition risk analysis. A range of climate scenario tools were tested; methodologies were reviewed for applying heat-map approaches to qualitatively assess portfolios for climate vulnerabilities; correlations between asset values and climate hazards were examined; and investment opportunities assessed. Phase III will include the roll-out of the pilot programme for banks. We also participate in South Africa's National Treasury-Banking Association working groups on TCFD and climate change risk. We regularly engage with investors and civil society organisations on climate-related issues.

Through our participation on the UNEP FI TCFD Phase II pilot project, Standard Bank has begun to trial different climate risk measurement tools and analytical solutions for both physical and transition risk.

Exploration of new physical risk measurement tools and data sources

In respect of **physical risk,** we tested the incremental climate change methodology piloted by the UNEP FI in Phase I of its pilot project which references scientific forecast estimates for changes in production output for a range of commodities under various incremental warming scenarios. The test was performed on a small sample of our agriculture customers and the potential changes in yield under different warming pathways was noted for possibly future extension to the balance of the portfolio. We also examined the association between natural hazards potentially exacerbated by climate change (in this case wildfires) and real estate asset values (using a sample of our property portfolio in a region known for prolonged droughts) to ascertain the strength of the correlation between extreme environmental impacts and movements in asset values. Satellite data on the positions of both financed properties and historical fire zones was used to identify asset locations nearer to areas impacted by fires. Movements in valuations before and after wildfire events were then reviewed to determine the extent to which nearness to the fire zone informed value changes after a fire event. Our conclusions were that there was a deceleration in price increases after a major fire event for properties located close to the wildfire zone. Our findings for these case studies were included in the UNEP FI's Phase II physical risk report[5]. We anticipate applying more of these analytical techniques to improve our understanding of the extent of our portfolio's exposure to physical risk.

Exploration of transition risk measurement tools

In respect of **transition risk**, our participation on the Phase II program facilitated the application of the UNEP FI's Transition Check tool[6]. As noted, we identify and classify climate-related risk as a stand-alone risk sub-type of ESG risk, governed under the ESG Risk Management Framework, specifically the ESMS. It manifests in potentially higher frequency and intensity of credit, market and operational risks losses, and is therefore measured and managed within our existing risk type management frameworks.

5 To read our case study on physical risk correlation analysis refer to page 80 of the UNEP FI Phase II physical risk report to be found at https://www.unepfi.org/wordpress/wp-content/uploads/2020/09/Charting-a-New-Climate-UNEP-FI-TCFD-Banking-Physical-Risk.pdf

6 https://www.climatetransitioncheck.com/#/home

Metrics

Credit portfolio exposures of elevated climate-related risk sectors

In line with the recommendations of the TCFD, we are committed to disclosing metrics which reflect the impact of climate-related risks and opportunities in our credit portfolio. We have undertaken an initial assessment of our exposure through our lending activities in sectors which we have identified as being the most vulnerable and sensitive to physical and transition risks. This work is ongoing and is informed by our participation on the UNEP FI's Phase II and Phase III pilot project.

The table alongside reflects the group credit exposure for lending to sectors we have identified as having elevated climate-related risk (either physical or transition risk). It should be noted that for each of these sectors, a range of possible climate related sensitivities will be present, which are in the process of being assessed. These metrics represent an aggregation of sector exposures across the group based on our current data classification structures. We expect that as the methodology for the calculation of climate-related indicators and metrics continues to evolve, the ongoing refinement of our internal reporting data, particularly for counterparty sector classification, will improve our capacity to report more granular concentrations. Further work is needed, for example, to map non-utilities exposures in the power generation sub-sector and to include other sectors such as consumer goods, transportation and non-electrical utilities.

The exposure measure used is a group banking book aggregation of gross (i.e. before the effects of hedging, collateral and risk transfer) loans and advances at amortised cost, plus off balance sheet loan commitments, to identified elevated risk sectors, expressed as a percentage of group total gross loans and advances plus loan commitments. These metrics are reflected for the year ended 31 December 2020[7].

Generally, exposures have declined in the past year, mostly due to the economic climate. Where increases have occurred, these are due to pipeline projects and data refinement. Data quality improvement, based on ESG categorisation, is an ongoing effort.

PORTFOLIO SEGMENTS WITH ELEVATED CLIMATE-RELATED RISK

ZARm As at 31 December 2020	On Balance Sheet Loans and Advances at Amortised Cost[8]	Off Balance Sheet Loan Commitments[9]	Total	Balance Sheet Exposure extended as % Loan & Advances plus Loan Commitments[10]
Sectors with elevated transition risk				
Coal fired power generation[a]	1 830	901	2 731	0.17%
Coal mining (extractors)[b]	5 069	2 632	7 700	0.47%
Oil & Gas (Exploration and Production)	8 593	1 718	10 312	0.62%
Oil & Gas (Integrated)	3 211	9 075	12 286	0.74%
Oil & Gas (Midstream, Services)	2 722	5 843	8 566	0.52%
Oil & Gas (Trading & Retail)	13 977	7 961	21 938	1.33%
Sectors with elevated physical risk				
Agriculture[c]	77 625	36 527	114 151	6.91%
Renewables sector which represents climate mitigation				
Renewables[d]	12 001	1 823	13 824	0.84%

a –power utilities that own and operate coal-fired power plants
b –counterparties that own and operate coal extractive assets only, excluding bulk commodity and diversified mining counterparties that may have coal extractive assets and excluding suppliers, contractors that operate in the coal extractive sector.
c –agriculture, forestry, commodity traders, food & beverages and related consumer sectors
d –solar, wind, hydropower, geothermal and biomass power generation utilities and IPPs

7 In our 2019 ESG report, the metrics disclosed for Coal-Fired Power generation and for Renewable Power Generation, were calculated based on gross limits extended as a percentage of total banking assets. In our Interim TCFD report, the current measure was used.
8 Includes all loans and advances, bonds and investment securities in the banking book, but excludes all trading book exposures, reverse repurchase agreements and equity investments in the banking book
9 Includes all contractual unutilised limits of facilities and other commitments to extend credit pursuant to a customer agreement
10 Total loans and advances and loan commitments at 31 December 2020 were R1 651 906 million.

Our operational footprint

Our impact on the environment, including GHG emissions, is primarily indirect, driven by the businesses and projects for which we provide finance. Our direct impacts arise mainly from energy use at our head office and branch buildings across our countries of operation and, to a lesser extent, from water use and waste generation at these buildings and employee travel.

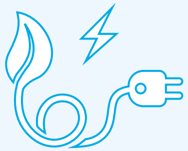
We are committed to reducing these impacts across our countries of operation, with a specific focus on South Africa, which accounts for our largest physical presence.

We have tracked our South African Scope 1 and 2 emissions since 2010, as a member of CDP. We also report some Scope 3 emissions for our South African operations (which constitute the large majority of these emissions), together with water usage and waste in our direct operations in South Africa.

In 2018, we sought to set a science-based target (SBT) toward reducing our carbon footprint by 2040. We piloted the Equity Method proposed by South African based Promethium Carbon. We sought to set an initial target for our South African operations, to be expanded to all our African operations as part of our improvement journey.

The method defined a target for Standard Bank operations in South Africa to reduce direct emissions by 79% by 2040 when compared to the 2014 base year, using a model aligned to limit global temperature rises to below 1.5°C. Our process was unfortunately not recognised as compliant with the SBT system, owing to data challenges and resourcing constraints.

The collection and analysis of accurate and comprehensive Scope 1 and 2 data across our multiple countries of operation remains a challenge for the group. We have identified the need to improve metering, data capture and analysis systems in our countries outside South Africa to enable tracking of progress and assist in setting accurate and realistic reduction targets. This is a medium-term target, with considerable resource implications.



75% of our employees worked from home for much of the year during 2020. As a result, we saw large reductions in water and waste across our premises.

While Scope 2 carbon emissions from our direct energy use also decreased, the reduction was less significant. This is in part owing to operational changes implemented to improve the air quality within head office facilities.

As part of SBSA's Covid-19 response, we increased the amount of fresh air circulating in our facilities, reduced the amount of re-circulated air and included air quality sensors to track and ensure the maintenance of healthy air quality.

Several employees received training to become Wellness Accredited Professionals, aligned with the IBWI, in 2020.

Our operational footprint continued

Operational footprint metrics for Standard Bank's South Africa operations

GHG emissions inventory - tCO_2e (tonnes)	2020	2019	2018
Scope 1: Direct emissions[11]			
Diesel generators	**1 491**	1 900	1 153
Fleet vehicles	**802**	1 600	1 969
Natural gas	**3 633**	3 829	3 742
Refrigerants	**2 537**	1 895	3 350
Total Scope 1	**8 463**	9 224	10 215
Scope 2: Indirect emissions from purchased electricity[12]			
Purchased electricity – SA	**172 648**	197 771	202 586
Total Scope 1 and 2 emissions	**181 111**	206 995	212 801
Scope 3: Indirect emissions[13]			
Flights	**4 334**	21 066	29 107
Rental cars	**116**	351	422
Paper	**395**	698	337
Waste disposed	**259**	782	802
Total Scope 3	**5 104**	22 897	30 684
Total emissions	**186 215**✓	229 892	243 485
Split of Standard Bank (SBSA) carbon emissions (tCO_2e)			
Scope 1 (%)	**4**	4	4
Scope 2 (%)	**93**	86	83
Scope 1 and 2 (%)	**97**	90	87
Scope 3 – Standard Bank operations (%)	**3**	10	13
Emissions per m^2 of office space	**0.23**	0.28	0.28
Emissions per employee	**3.99**	n/a	n/a
CDP Score	**C**	B-	B-
Energy			
Consumption in MWh	**192 027**	215 146.3	235 428.97
Total non-renewable energy consumption	**189 341**	212 388	232 042
Energy produced through SBSA renewable energy systems	**2 686**✓	2 758	3 101

[11] GHG emissions that are the direct result of owned or controlled sources
[12] GHG emissions indirectly resulting from the generation of purchased energy
[13] GHG emissions indirectly resulting from the extraction of purchased materials and fuels, transport-related activities

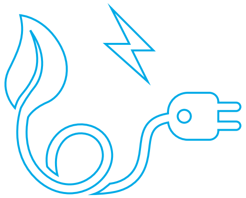
Our operational footprint continued

	2020	2019	2018
Material consumption and waste			
Paper			
Paper (tonnes)	**379.5**	732.9	353.5
Paper carbon emissions in kg CO_2e (ton CO_2e)	**395.3**	698.3	337.3
Paper recycled (tonnes)	**99**	998	
Water			
Total water consumption (kl)[14]	**495 829**	627 632	680 559
Reduction target (%)	**8**	8	6
Waste[15]			
General waste (tonnes)	**565**	1 332.4	1 365.23
Hazardous waste (tonnes)	**1.05**	1.5723	1.37
Waste to landfill (tonnes)	**566.08**	1 333.9	1 366.61
Recyclable waste (tonnes)	**50.9**	226.9	170.30
Total waste	**616**	1 560	1 536

14 100% of use is municipal water
15 SBSA has introduced an updated waste measurement and data collection methodology, which has highlighted additional information to be included in our calculations. 2019 data waste has been recalculated on this basis, resulting in changes to SBSA's scope 3 emissions and total emissions as reported in 2019.

	2020	2019	2018
Green buildings			
Funding for the construction of green buildings (Rbn)	**0**	0	0
Investment in Energy Efficiency (Rm)	**12**	28.6	34.1
Number of Green Star-rated buildings occupied	**14**	15	16

All our new buildings are aligned with the Green Building Council of South Africa's (GBCSA) sustainability rules. Our head offices in Rosebank, Johannesburg, and in Windhoek, Namibia, have a 5-star Green Star rating. In South Africa, 12 of our branches have a 4-green star interior rating, and we're working to introduce more efficient energy and water solutions across all our newly built facilities. Our parking facility at No. 1 Simmonds, Johannesburg, produces more renewable energy than it consumes, making it net positive carbon. Our Global Leadership Centre in Johannesburg is the first commercial facility in Africa to be awarded an ISO 50001 Energy Management certification. 71% of our commercial office space (excluding branches) uses LED lighting.



Carbon and energy management

Electricity comprises the major contributor to the group's direct carbon footprint. Our energy management system aligns with ISO 50001, an international standard designed to conserve resources, tackle climate change and save money.

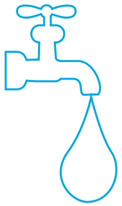
The total energy consumed in 2020 in our South African operations was around 192GWh, well below the 307GWh consumed in 2014. Our renewable energy plants generated about 2.7GWh which is equivalent to 1.4% of our total energy mix. In 2020, we continued our efforts to reduce purchased electricity consumed in our South African data centres, headquarters, branches, cash centres, automated teller machines, and learning facilities, with a specific focus on air-conditioning, lighting and IT systems.

The health of our employees, particularly in the context of the Covid-19 pandemic, is of utmost importance. To improve indoor air quality, we increased filtration, increased air ventilation rates, reduced recycled air, investigated innovative ultraviolet technologies, and invested in portable air sanitisers. Some of these interventions, on top of a cold winter, increased our energy consumption in some facilities. We invested just over R12 million in increasing our energy efficiency, energy security, and environmental sustainability in South Africa in 2020.

Our 2020 electricity consumption reduction target was 6.8GWh. We were able to exceed this target, achieving a reduction of 21.8GWh by:

- Inactivating energy consuming devices on floors that were sparsely populated owing to employees working from home
- Continuing our drive to retrofit fluorescent lighting systems with LED lighting systems
- Installing presence sensors in some of our buildings that support our bigger Intelligent Building strategy
- Investigating in technologies that support our circadian rhythm.

We benchmarked our major facilities and they performed better than the industry average.



Water management

We have put measures in place to ensure that our strategic facilities across South Africa are water efficient, have a reliable source of water when there is an interruption to supply from the municipality and water wastage is minimised. Since 2016, we've installed water meters in these strategic facilities to enable accurate monitoring of water usage and benchmarking across locations and against industry benchmarks. For facilities with high usage, we've set targets to reduce and prioritise water reduction efforts.

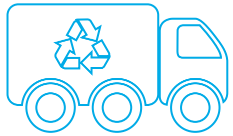
In 2018, we set a target to reduce water usage by 110,000 kl (16%) at metered sites in South Africa by 2021. In 2019, we prioritised sites displaying high-use and sites at significant water risk, for installation of back-up water storage tanks and water efficiency projects, including low-flow bathroom taps and showers.

We reduced our water consumption from 680 559kl in 2018 to 495 829 kl in 2020 – a reduction of 184 730kl. This was largely a result of the majority of our employees working from home for much of the year. We have reassessed the scale of water savings required and have benchmarked our facilities with the Energy and Water Performance tool of the Green Building Councils of South Africa. On this basis we have developed a new target and have revised our facility rating system to drive facility performance.

We initiated a portfolio wide replacement of taps to a single touch solution in 2020, to support our Covid-19 response. We are integrating these replacements with a more efficient water delivery. We have also started testing and monitoring the quality of our drinking water.

CDP score for water management: C in 2018; B- in 2019; C in 2020

Waste management



We effectively manage our waste and what is sent to landfill sites, by reducing, reusing and recycling. Our waste includes paper, which is mostly recycled, and hazardous and wet waste from our canteens and restaurants, which is mostly sent to landfill sites.

We reduced total waste to landfill from 1 333,9 tonnes in 2019 to 566 tonnes in 2020. Hazardous was reduced from 1.57 tonnes in 2019 to 1.05 tonnes in 2020. Recyclable waste saw a reduction of 78%, to 50.9 tonnes. The reductions were largely driven by the much-reduced number of employees working from offices and the closure of on-site restaurants and canteens.

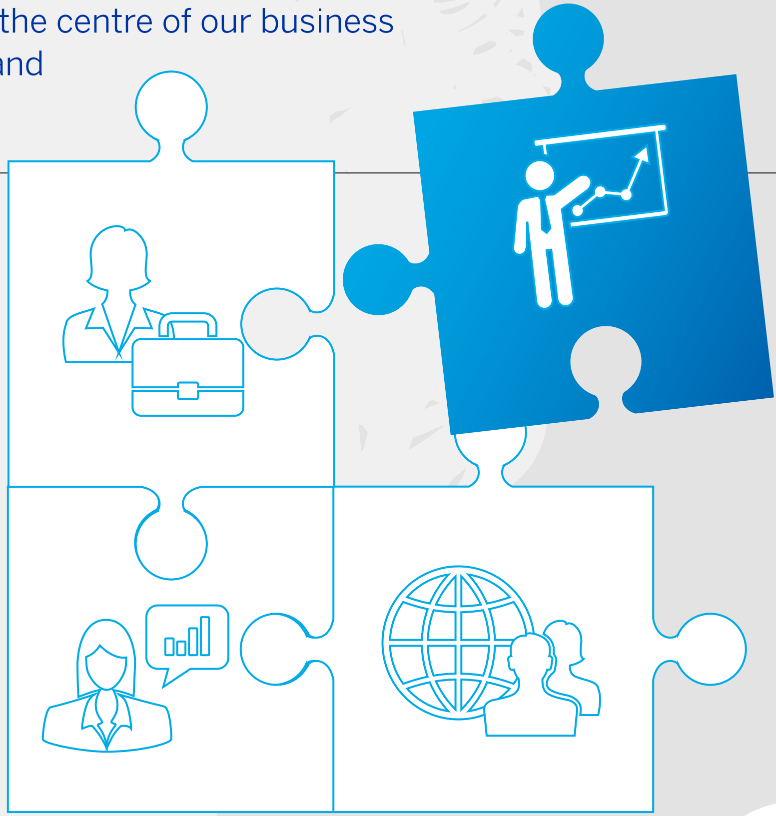
Looking ahead

We aim to mitigate our exposure to climate-related risk by better understanding and managing our portfolio exposure and working with our clients to help them to implement appropriate responses. This includes:

	Objectives:
Helping clients with financial solutions to enable mitigation and adaptation	Work with clients to pioneer ESG-linked lending deals in Africa Expand lending to green/social/sustainable projects Expand small-scale solar solutions Expand ESG-linked offerings for individual clients
Aligning our services and lending practices with the objectives contained in the Paris Agreement	Further assess portfolio for risk-exposure in line with our understanding of climate related risk Engage in National Treasury-led sustainable finance policy development (South Africa)
Reducing our own emissions and, to the extent possible, managing emissions within our value chain	Expand reporting of Scope 1 and 2 GHG emissions calculations to include selected countries in Africa Regions.

Our people

Standard Bank employs over 47 000 people (excluding Liberty). We strive to create a work environment in which our people feel deeply connected to our purpose, their colleagues and our clients. We place our clients at the centre of our business and aim to ensure that our employees are empowered and incentivised to deliver excellent client outcomes.



Our workforce and skills requirements are changing as we embrace the fourth industrial revolution. We are working with our employees to support new ways of working and skills development, including scarce skills such as data science. We encourage our employees to innovate, be creative, and speak up.

Our recruitment, on-boarding and training processes are designed to entrench our values, ethics and conduct standards across the group.

We assess our performance on employee engagement through improving employee net promoter scores, reducing regrettable turnover rates and increasing employee diversity.

Keeping our people safe during the pandemic

When the first cases of what came to be known as Covid-19 were reported in January 2020, we immediately took steps to protect our employees in China. As it became clear that the situation was worsening, and with the declaration of a Public Health Emergency of International Concern by the WHO, we moved rapidly to develop appropriate travel and other safety protocols. By the time the first cases were detected in South Africa, we were well placed to take additional steps to protect the health, safety and wellbeing of our employees and clients.

With the support of our board and executive leadership team, and in dialogue with stakeholders, including our trade unions, we implemented critical Covid-19 safety protocols and provided ongoing employee education, guidance and support. We introduced a number of special benefit and leave provisions for employees, including parental leave for school closures, additional Covid-19 sick leave and leave for self-quarantine. We arranged repatriation of international assignees to their home countries ahead of border closures, provided special transport for essential services employees during the hard phases of lockdown, and supplied extensive personal protective equipment. We also provided support and tools to line managers and their human capital partners.

Employees who needed to be in the office were split across multiple locations to reduce risk and enable physical distancing. We implemented extensive measures to safeguard their health and safety, including the introduction of enhanced hygiene and cleaning protocols across all bank premises, use of multiple sites and shifts, and implementation of limits on branch occupancy. We followed the World Health Organisation's guidelines to the greatest extent possible. We granted a special National Service Appreciation Award for all our employees who worked outside the safety of their homes to ensure continued delivery of essential services during strict lockdowns.

From March onwards, 75% of our employees across the group worked from home. We provided more than 27 800 mobile data sim cards to our employees in South Africa, up from 8 600 in 2019. Interactive meetings hosted on Microsoft Teams grew from 20 000 to 500 000 meetings a month on average across the group as our employees connected in new ways.

Group leadership and management held regular virtual check-ins with employees. By staying connected to their teams and understanding their personal needs and concerns, they were able to initiate or recommend support interventions where needed. All employees were regularly updated on our ongoing response to the crisis and our support for employees and clients.

Human Capital provided support to manage anxiety and stress created by the 'new normal'. All employees were encouraged to attend online sessions about health and wellbeing, including topics such as healthy eating and exercise, building resilience, preventing burn-out, and parenting in the context of school closures and remote learning.

We created a Covid-19 information hub on the intranet, to help keep employees informed of medical advice and developments in relation to the pandemic, with links to sources of support, including advice on wellbeing, precautionary measures, and symptom checks. We developed a Covid-19 mobile application and asked all employees to use the app to keep line managers informed of their location and health. 83% of our employees accessed content and tools via the information hub and the app.

The impact of Covid-19 on the mental wellbeing of our employees was evident in short-term incapacity and temporary incapacity leave. Feelings of severe anxiety and depression were amongst the key issues addressed. The complexity of cases increased during the year and the recovery period required for employees to return to work lengthened.

In June 2020, we engaged with all employees to better understand how we could best support them in ongoing efforts to put their health, safety and wellbeing first, and any uncertainty or challenges they were grappling with.

- 95% of employees reported that they were adapting well to the new circumstances.
- The top 3 sentiments expressed by employees were 'grateful', 'positive' and 'appreciative' of the group's efforts to keep them safe and connected.
- We received very positive feedback on the ability of group leadership to empower and enable teams to deliver on expected outcomes, while showing real care for the personal wellbeing of our employees.
- 89% of employees expressed their pride in the measures taken by the group to support our employees and clients.

Many of our employees have indicated that they would value a balance between home-based and office-based working in the future.

Connecting our people to our purpose

Standard Bank places a premium on employee engagement and the importance of our people in delivering to our clients. We prioritise the importance of ensuring that our employees feel connected to and motivated by our group purpose – this has been recognised as a material issue for the group.

We know that the world of work is changing, and so are the expectations of employees. Standard Bank's brand is evolving and 2020 saw us make a commitment to our customers to find new ways to make their dreams possible. Equally we believe that our people's dreams matter – we depend on them to show up at their best to enable our customers' dreams and achieve our purpose of driving Africa's growth. In 2020, we launched our **people promise** – a commitment to our employees based on what they've told us they expect from an employer of choice. We are driven to win, we are deeply human, and we have Africa's growth at the core of our purpose.

For the past four years, Standard Bank has run an annual Are You a Fan Survey. In 2020, 83% of employees participated (39 403 people), up from 74% in 2019 and 62% in 2018. We saw a significant increase in all our results across the board. The survey results are shared with employees, executives and the Board. The leadership team uses these results to shape our people plans and future initiatives to continuously improve employees' experience of their work environment.

Our eNPS rose by 26 points to +44 and our Emotional Promoter Score was up 18 points to +66. We saw a positive shift in responses to all questions, with no obvious areas of concern (items scoring below 70%). Improvements were clearly influenced by the group's response to Covid-19. Employee feedback from group-wide surveys reflects a caring culture that embraces change; an attitude of hopefulness and resilience; and a sense of authentic connection between leaders and their teams during this time of rapid adjustment. Employees expressed their pride in the group and their appreciation for the extent to which the group has prioritised their safety and wellbeing while communicating effectively and providing strong leadership during this unprecedented period.

Connecting our people to our purpose continued

eNPS
(I would recommend Standard Bank Group as a good place to work)
+44
(up 26 points from 2019)

Emotional Promoter Score
(How do you feel about working for Standard Bank Group?)
+66
(up 18 points from 2019)

Purpose

I understand my contribution to the broader Standard Bank Group's purpose
▲4% 96%

I am proud to be associated with Standard Bank Group
▲6% 94%

I am satisfied with the work I do
▲6% 87%

I feel energised and effective when delivering on my current work demands
▲4% 84%

Career and development

I have opportunities for development
▲7% 84%

I have opportunities to grow and advance my career
▲8% 78%

Innovation

I feel empowered to shape the way I deliver my work
▲6% 83%

I have opportunities to promote and try new ways of doing things in my work
▲7% 82%

Leadership

I trust my immediate leader to act with integrity
▲5% 86%

I have a caring immediate leader
▲6% 84%

I feel heard when voicing my views
▲2% 75%

Noted as an area for improvement

Teams (new questions)

The teams I am part of work well together to achieve common or aligned goals
88%

The teams I am part of are adaptable when priorities change
87%

Mutual trusts exists between myself and my colleagues
85%

In Nigeria, the Stanbic IBTC People & Culture team won four 2020 HR Magazine awards in September including Best Training and Development, Best Human Resources Team, Best Work-Life Harmony and Manager of the Year.

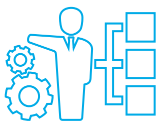
Building our workforce for an evolving world

Leadership development

We remain committed to developing and empowering our current and emerging leaders

6 348 employees

across all geographies took part in leadership development initiatives in 2020 (up from 3 781 in 2019). Of these, **3 470** were women (59%).



5 548 employees

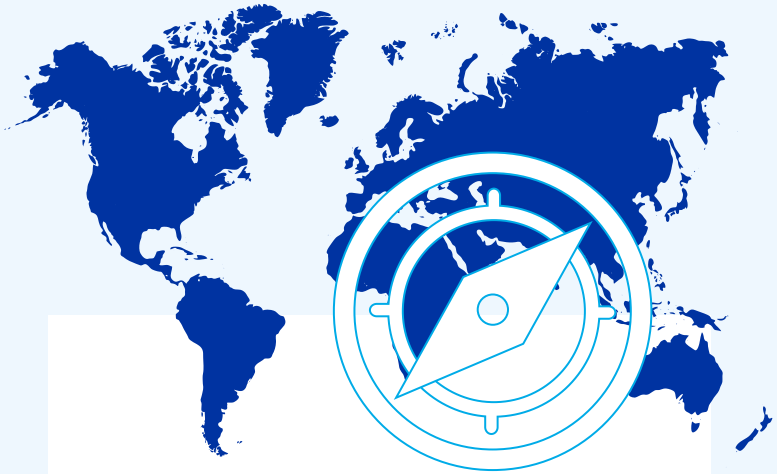
participated in bespoke leadership development initiatives that were customised to meet specific requirements in line with the group's business and capability build priorities (up from 2 815 in 2019).

The group's leadership team entered the crisis in a strong position to lead remotely, having already taken various steps to improve our 'digital savviness' so as to better guide the digital transformation of the business. These initiatives included completing a study module facilitated by the Massachusetts Institute of Technology (MIT), and executing digital projects where directors were paired with younger members of staff.

The Covid-19 pandemic required a shift away from face-to-face training. All leadership initiatives were delivered using virtual solutions. This significantly increased opportunities for cross-country collaboration, as employees from all our countries of operation were able to participate in the same programmes and events, without being hampered by travel restrictions. Our people embraced virtual delivery, with many indicating surprise at how impactful virtual interventions are. We used our on-line learning platform, My Learning, to ensure that employees had access to world class leadership content to support them on their learning journey.

We provide ongoing opportunities for senior executives and managers to gain international exposure through the Leadercast programme (delivered digitally), virtual conferences and online international business school programmes.

In 2019, we launched our tailored leadership programme, Journey to Greatness, for our top 167 leaders, bringing together leaders from across our geographies and business areas, driving strategic alignment and developing behaviours aligned to our leadership Identity. In January, our goal was for another 850 leaders to participate in this programme. Prior to lockdown measures being introduced, the first group consisting of 55 delegates attended the programme. To maintain momentum during lockdown, a virtual speaker series was run for the participants on topical themes. Due to the extent of the pandemic, the learning approach was subsequently adjusted to include a series of virtual sessions. Five 2-hour modules have been delivered so far with approximately 500 delegates attending each module. The programme will be completed in 2021.



Standard Bank and our delivery partners (GIBS and Henley Business School) won the 2020 EFMD Excellence in Practice Gold Award for our Strategic Leadership Programme in the category of executive development.

The EFMD is a global, non-profit, membership-driven organisation dedicated to management development with more than 900 members across 91 countries. The EFMD Excellence in Practice Awards (EiP) recognise outstanding case studies describing an effective and impactful Leadership and Development intervention between partner organisations.

Employee development

R677.5 million has been invested in learning across the group. This equates to 1.9% of staff cost, and to an average of R14 275 per employee

14% of all employees attended management and leadership development programmes

52% of positions were filled internally

Human capital 2.32 return on investment

We encourage continuous learning and development to ensure our people are equipped to meet the demands of a rapidly changing and increasingly digital world of work. We invest in training and development at all levels, enabling us to build a strong succession pipeline of future leaders. We invest in our people to help them become future-ready, developing their skills as the financial industry evolves.

2020 has been a watershed year as remote work, organisational modernisation, and digital acceleration have all helped to fuel a culture of learning. Building on the pilot of 2019, we launched our first online learning experience platform in April called My Learning, powered by Degreed. It provides employees with access to learning content on a range of our existing content libraries, as well as all freely available sources of knowledge on the internet. Using machine learning, the solution continuously analyses employees' behaviour and interests to personalise development pathways based on their unique skills, roles and learning goals. Each employee can generate and share a record of his/her completed learning. Its accessibility and use in the flow of daily work, offers relevant learning to all employees and it has contributed to a dramatic increase in learning activity during 2020.

The uptake of My Learning as a platform to access learning continues to gain momentum. Over 40 000 employees (86%) are active on the platform with 5 million learning items completed in 2020.

We researched, crafted and communicated a future skills priority list, directing employees to well-researched and globally critical skills which are expected to be increasingly important in years to come. This responds to a direct request from employees for guidance about what to learn to keep them future fit. New learning paths have been built on the My Learning platform to help our people develop these future skills.

A wide range of capability academies have been established across the group with a specific focus on building key capabilities, including new future skills and core banking skills. The academies include, for example, a focus on data science, behavioural science, automation and engineering, from a future skills perspective, and a focus on client coverage, personal banking and retail banking core skills in terms of core banking skills. There has been an increased uptake of future skills learning opportunities provided through these academies. For example, 12 639 employees have enrolled in the data and analytics literacy course in the Data Academy, of whom 64% have completed the course. 145% more employees are developing data analytics as a skill on LinkedIn Learning than in 2019. We also have hundreds of people participating in our Out of the Blue innovation competition and in our Wakuunda Hackathon.

We piloted a process to review and assess the skills of our people. We anticipate this will provide a group-wide view of our employees' skill strengths and gaps and the extent to which they are proficient in priority future skills. The review tool also allows employees to share their proficiency as a way of qualifying for stretch assignments, deployments and new roles.

Employee bursaries and learnerships

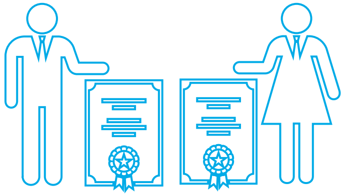
Standard Bank is committed to growing and developing our employees to their full potential. One of the ways we do this is by supporting them to get a formal qualification or a formal occupational qualification that will give them professional recognition. Whereas most development initiatives focus on role-specific development, the bursary scheme allows employees to apply for study support for courses they want to pursue as part of their career development. Bursaries for under- and post-graduate studies in 2020 amounted to R51 million and benefitted 1 831 employees. The bursary scheme is currently under review, to accommodate the changing landscape of learning and learning solutions, as we see more funding applications shift from long-form qualifications to shorter form certificate programmes.

A digitally enabled workforce

Our transition toward a more digitised workplace has been underway for the past couple of years. The requirement for the majority of our employees to work from home owing to the pandemic greatly accelerated this transition.

Traditional ways of working came to a halt, almost overnight. The shift to remote working could have been disruptive and challenging. But with our digital infrastructure firmly established and new ways of working well understood, it was exceptionally smooth.

We worked rapidly to further enhance our existing technology capabilities, enhancing our remote-work capacity, further strengthening cyber resilience, and developing tools to keep employees informed and connected. To facilitate remote working for employees with unreliable home internet connections, the group provided about 23 000 mobile broadband devices to its employees in South Africa (from 6 000 pre-Covid-19). Through Standard Bank Mobile, we offered employees a fixed LTE data connectivity solution, which provides an alternative to 3G service as the primary connectivity solution for employees.



Talent attraction, retention and development

Our group strategy articulates the need to attract, develop and retain committed people, who are passionate about Africa, are motivated to deliver exceptional client experiences, and can embrace an innovative mindset to deliver on our future ambitions.

In support of this, we remain committed to:

- **strengthening our talent pools** and succession pipelines to ensure sufficient depth and breadth in line with the capabilities we need to succeed.
- **accelerating the development of black talent** in South Africa and ensuring a greater depth of local talent in our Africa Regions, countries with specific emphasis on increasing female representation at senior leadership levels.

Talent attraction

The pandemic significantly impacted how we approach the hiring process across the group, serving as a catalyst to digitise the process from end-to-end. We used existing systems and new technology solutions to experiment with AI solutions for pre-screening and introduced a seamless digital employee onboarding approach. We deployed tailored talent attraction strategies using digital platforms and channels and undertook extensive market mapping to attract scarce skills. Internal hiring and mobility remained a focus across the group, and approximately 52% of vacancies were filled internally across the group.

Talent management and retention

The group's refreshed talent management philosophy and framework provided a solid foundation on which to implement our people strategy, focusing on the critical skills and capabilities which will drive the future of our business. Our key leadership teams have remained stable. Most appointments this year constituted internal appointments and transfers which bears testimony to our succession depth and ability to deploy talent across different areas of our business.

The identification of potential successors for executive roles forms an integral part of our annual talent review process. Over the past two years, the Africa Regions team has developed and begun implementing the Last Mile, a bespoke development programme to support selected individuals to take the step from executive to chief executive, with a particular focus on increasing the representation of women chief executives at country and regional level. A notable success this year is the number of country chief executives that have been appointed as a result of our deliberate focus on accelerating the development of these leaders through the Last Mile programme. To date, 25 individuals, 12 of whom are women, have enrolled in the programme. From this pool, we have successfully appointed six incumbents into chief executive roles, of whom two are women.

Employee retention and turnover

Overall turnover decreased to 6%, from 10.8%. Voluntary employee turnover declined year-on-year and our voluntary regrettable turnover also declined from 2.3% to 1.4%. Our overall and voluntary turnover remain well below global financial industry benchmarks of 13% and 9% respectively (Source: Gartner CEB Global benchmarks: 2019).

Standard Bank Group Turnover (%)	**2020**	2019	2018
Voluntary Turnover rate	**3**✓	4.8	4.9
Overall turnover	**6**	10.8	8.3
Voluntary regrettable turnover[16]	**1.4**	2.3	2.3
Voluntary turnover at executive level	**3.3**	3.8	4.8

[16] High-performing permanent employees leaving the group on a voluntary basis.

Exchange programmes and secondments

As a bank with an extensive footprint across Africa, we value multi-country experience and offer international training opportunities for our people. 132 employees participated in international assignments in 2020. The cross-cultural awareness that results from the programme facilitates our ability to conduct business across Africa. At the same time, international assignments support succession planning for key roles, with a strong focus on strengthening the diversity of our senior leadership teams across Standard Bank and building a diverse medium to long-term succession pipeline. Due the pandemic and travel restrictions in many countries, 47 new assignments were put on hold. The Mobility team facilitated 35 repatriations and two medical evacuations for assignees and their families to return to their home countries.

Standard Bank and ICBC established a staff exchange programme in 2016, which enables selected employees from both our banks to spend time in headquarters and branches across Africa and China. Since inception, 45 assignees have participated in the staff exchange programme. The programme supports collaboration and relationship building between ICBC and Standard Bank, enabling the sharing of knowledge and resources particularly in relation to learning and development. The pandemic has not stopped us from sharing knowledge. Three ICBC–SBG exchange assignments proceeded successfully and a knowledge sharing session between our PBB business and ICBC was held on effective operational measures to be taken during the pandemic.

Young talent development

During 2020, we further refined our integrated youth development and employment strategy, which encompasses bursaries, learnerships, internships and our flagship graduate programme. The strategy also includes our commitment to the YES Campaign, initiated by the South African government.

Our investment in youth development programmes continued despite the lockdown restrictions. Specific emphasis was placed on building a strong pipeline of new and emerging skills such as data science, behavioural economics and cloud computing, together with core banking and financial services roles.

Graduate programme

Our graduate programme saw 199 graduates join the group this year – 150 in South Africa and 49 from countries in Africa Regions. The programme comprises individualised learning journeys, action learning projects, executive sponsorship, and accelerated work experience, ensuring that we build a strong succession pipeline for core, critical and scarce roles in our bank. Our signature programmes have a strong focus on future fit skills including data science, actuarial science, behavioural economics and relationship banking.

In 2020, we were awarded the SA Graduate Employers Association, Employer of Choice in Retail Banking for the 11th year. We were also first runners up in the Gradstar Student Choice Awards.

Internships and learnerships for unemployed young people

Our internship and learnership programmes provide an opportunity for graduates and matriculants to enter the world of work while enabling the group to develop core and emerging skills. The pandemic had significant impact on our programmes.

We introduced a medical aid benefit for all our learners, a benefit we will continue to offer going forward. We provided all our learners with devices and data, and migrated all our classroom training to digital platforms, enabling our learners to continue their learning journeys during lockdown. We also extended many of our existing programmes to cater for the impact of Covid-19 on the learning and workplace experience of our learners.

As the pandemic worsened mid-year, we explored the option of restructuring our programmes to enable learners and interns to complete the academic component of their programmes over 12 months and then join us thereafter for their workplace experience. Learning was done on digital/virtual platforms and each participant was provided with a device and data to enable this. 987 young people completed either a learnership or an internship at Standard Bank in 2020. 55% of these individuals were offered permanent employment opportunities at Standard Bank.

Student bursary programmes

Our bursary beneficiaries have become a vital pool of candidates for our graduate, learnership and internship programmes. In 2020, we sponsored 36 students. Our bursaries cover tuition, textbooks, accommodation and stipends for the students. We extended the benefit to include the costs of a laptop and data to ensure minimal disruption to the beneficiaries' studies.

Employed learnerships

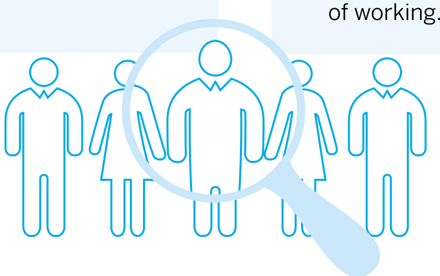
We also offer employees the opportunity to participate in learnership opportunities to build key skills. A virtual solution was introduced for the 987 employees who registered for learnerships in 2020.

Individual performance management

Our 'perform to grow' philosophy is founded on the principle that more regular and constructive performance coaching conversations help drive personal improvement, growth and business contribution.

Our approach to performance management includes:

- Agreement on clear and measurable performance goals, so our people know what's expected and can focus their energy and efforts on what matters most
- Regular informal and formal performance coaching conversations, throughout the year, to ensure every employee knows what they are doing well and what needs more attention
- Line managers serving as performance coaches to guide and support each of their team members on their personal performance and growth journey to help them reach their full potential
- Clear rating descriptors which provide our employees with an indication of where they stand in their personal performance and growth journey
- Talent and succession planning, including prioritisation of learning and development opportunities
- A global, online performance management system, which includes the ability to give and receive feedback
- Flexibility for fit-for-purpose application to support specific ways of working.



All employees are expected to uphold the group's eight values. Living our values is a significant element of individual performance management. Our remuneration committee governs our remuneration policy and its application and ensures reward and remuneration decisions and processes consider and promote desired behaviours and conduct.

2020 required us to make substantial changes to how we serve our clients, support our colleagues, and deliver to our stakeholders – emphasising the importance of our values being centre stage in our performance management approach. Our values-based behaviours were integrated into our performance management review cycle in a very real and practical way. This included a review on how frequently the behaviours were demonstrated and observed through a frequency rating scale.

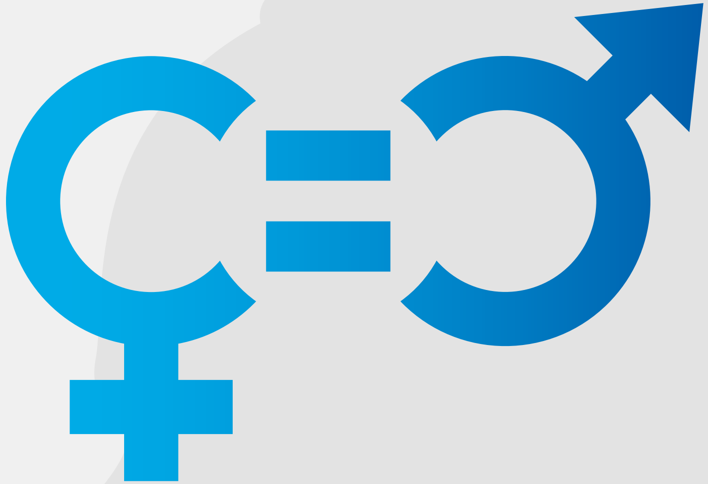
The shift to working in a digital world, with virtual teams in remote and hybrid settings, meant an even bigger focus on productivity, output and value. To support our teams in managing performance remotely, we developed a productivity toolkit with clear and practical guidelines on productivity metrics. We also provided guidance on how to do all our performance management practices virtually and remotely, from goal setting and tracking, to continuous feedback and check-in conversations, on-the-job coaching and stakeholder engagement. We delivered numerous productivity webinars to encourage uptake of the relevant tools and support managers to ensure their teams were enabled to be productive and that teams stayed connected to their colleagues and our group purpose, despite being physically apart.

Our mid-year reflection process is an important checkpoint in our performance management cycle to review how far we have come, to review our goals, realign our priorities and to plan for the remainder of the year. In 2020, it served as a much-needed opportunity to reconnect on what matters. Over 80% of our teams conducted formal mid-year conversations and reviews on their goals. We also saw a steady trend on our 'request feedback' functionality on our performance management system, highlighting the need for team members to know how they are doing and stay connected to the business.

The group created a guiding framework of strategic value driver metrics to guide the alignment of all our goals towards the critical expectations against which we will measure our achievements. The group metrics are cascaded through our performance management process so that our people and teams know exactly how their goals and efforts need to translate and contribute to measurable results and value for our clients, our beneficiaries, stakeholders and partners.

Deepening diversity and inclusion

At Standard Bank we value diversity because it makes us stronger as an organisation and helps us to drive Africa's growth. We treat each other with dignity and respect. We appreciate individuals for their unique qualities, which reflect the amazing diversity of the people of Africa.



Our diversity and inclusion strategy, adopted in 2016, supports our efforts to employ people who reflect the diversity of Africa's people, and to create an inclusive, engaging and high-performance culture that enables all our employees to perform to their full potential. We aim to ensure that all our employees feel valued, empowered and motivated to work together to create solutions for our clients and the communities in which we operate.

Building on the diversity and inclusion (D&I) framework developed for Africa Regions in 2019, in 2020 each country in Africa Regions developed a three to five-year D&I plan, setting targets for the representation of women at senior management and executive levels, and outlining specific interventions to support the achievement of those targets. These interventions address the entire people value-chain, with a focus on learning and development, with a view to establishing strong succession pipelines in which women are well represented. The plans also have strong monitoring and evaluation components.

In South Africa, while we have employment equity targets and plans in place, as required by legislation, we see diversity and inclusion as going well beyond numbers and legislative compliance. In 2020, we improved the representation of under-represented groups across all management levels. The Covid-19 pandemic challenged us to think differently about how we engage employees on D&I issues, and we successfully used the virtual platforms available to us to host webinars and conversations about a range of diversity issues.

Gender equity

We are continuously working to increase the representation of women in senior positions across the group. Measured against the 2020 McKinsey Women in the Workplace Report, Standard Bank Group compares favourably in respect of the representation of women in both executive and senior management positions. Because the pandemic has resulted in limited recruitment, we are focusing in particular on the development of women in the group to ensure succession pipelines in which women are adequately represented. The table below shows the goals we've set as part of our HeForShe commitment, and the progress we've made to date. Women account for 46.3% of managers in revenue-generating functions

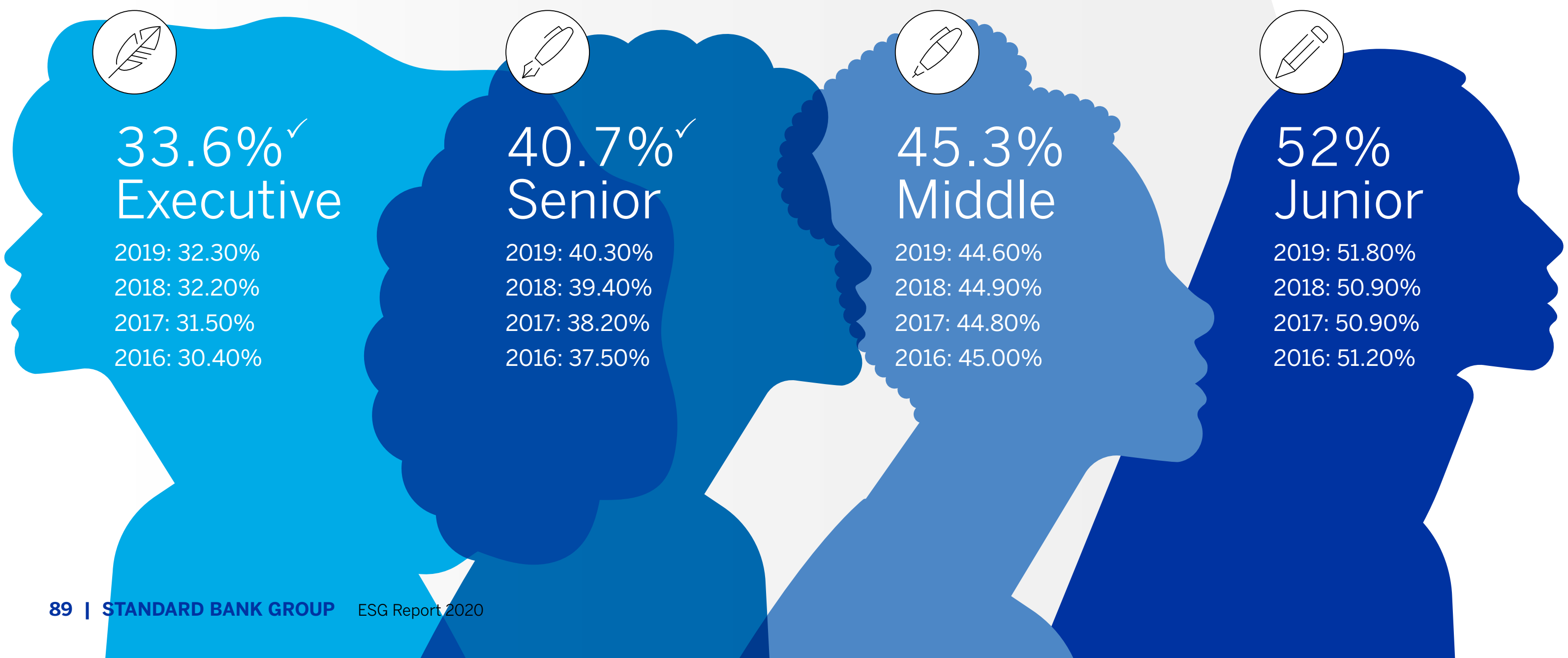
HeForShe targets	Target	2020	2019	2018
Women on SBG Board	33% 2021	**35.3%**✓	29.4%	22%
Women in executive positions in SBG	40% 2023	**33.6%**✓	32.3%	32%
Women in executive positions in SBSA	40% 2021	**36.3%**	35.0%	35%
Women CEs (country/regional) in Africa Regions	20% 2021	**13.6%**✓	10.5%	10%

Deepening diversity and inclusion continued

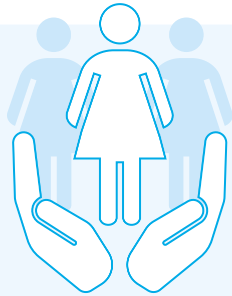
Our People (SBG)	Measure	2020	2019	2018
Total number of employees by type of employment contract[17]	Employees	**47 460**	48 614	52 147
Permanent	Employees	**44 450**	44 996	47 419
Non-permanent	Employees	**3 010**	3 618	4 728
Total number of employees by gender (permanent)	Employees	**44 450**	44 996	47 419
Male	Employees	**18 895**	19 155	20 032
Female	Employees	**25 555**	25 841	27 387
Total number of employees by region (permanent)	Employees	**44 450**	44 996	47 419
South Africa	Employees	**29 581**	30 102	32 162
Africa Regions	Employees	**14 247**	14 274	14 618
International	Employees	**622**	620	639

17 Numbers exclude Liberty.

Percentage of women in management (SBG)



Standard Bank is a signatory to the **UN Women Empowerment Principles** (WEPs), a commitment to advancing gender equality and women empowerment in the workplace, market place and community. Sim Tshabalala, our group CEO, is a Thematic Champion of the UN Women HeForShe movement, a global campaign for the advancement of gender equality.



UN Women's Empowerment Principles

- Establish high-level corporate leadership
- Treat all women and men fairly at work without discrimination
- Ensure the health, safety and wellbeing of all women and men workers
- Promote education, training and professional development for women
- Implement enterprise development, supply chain and marketing practices that empower women
- Promote equality through community initiatives and advocacy
- Measure and publicly report on progress to achieve gender equality

Deepening diversity and inclusion continued

HeForShe is rooted in the understanding that gender equality will only be achieved with the involvement of men. The movement invites all people to stand together to create a gender equal world. It recognises that fairness is not about treating everyone the same, but about treating people in a way which enables them to achieve their full potential.

In support of

HeForShe

UN Women Solidarity Movement for Gender Equality

In September 2019, Mozambique launched a local HeForShe programme called ELAS (Excellence, Leadership, Attitude and Success), designed for top female leadership including board members.

In 2020, ELAS gave birth to DIVAS (determination, innovation, vitality, attitude and success), a programme that invites all the other women in the organisation to join the journey towards becoming a more gender balanced organisation. DIVAS was launched in October with an online session that attracted 220 participants. Mozambique also launched ELES (excellence, leadership, empathy and success), an all-male session that invited the men in the organisation to partner with their female counterparts in this journey by showing support and empathy and taking deliberate action including mentoring. 110 male employees participated.

We are working to entrench a culture of equality and respect across the group, through initiatives like Critical Conversations, deliberately engaging men in relevant forums and discussions. We launched virtual men's Barbershop Sessions in 2020, which were a series of facilitated conversations with men and for men about critical issues like toxic masculinity, male allyship and gender-based violence. A group of Standard Bank men were trained as Barbershop facilitators and empowered to run their own men's discussion groups in the organisation. We also hosted online sessions for women to enable connection, sharing of lockdown experiences and coping strategies.

We aim to address workplace barriers to gender equity. This includes making it easier for all employees, men and women, to manage the often-conflicting demands of work and home life, making it easier for women to integrate back into their positions after maternity leave, and offering opportunities for employees to take sabbaticals and extended leave periods under certain circumstances.

Equal pay

Standard Bank has a policy of equal pay for work of equal value, ensuring that employees doing similar jobs at the same level are paid equitably. This principle, which is entrenched in South African labour law, is applied across the group. South Africa's Employment Equity legislation requires all employers to submit an annual income differential report, in order to identify whether there is any unfair discrimination in remuneration on the basis of race and/or gender. Following a pilot run in 2019, we have adopted a multivariate regression analysis methodology for conducting pay equity analysis on the grounds of gender and race. This analysis covers both fixed and variable remuneration. Our analysis in 2020 indicates a more balanced gender equity pay distribution across the group as well as a more balanced race pay distribution in South Africa. The analysis indicates there are no systematic or entrenched issues. Any gaps are addressed during the annual remuneration review and when promotions take place. We are confident that our approach produces fair outcomes and we will continue to robustly address any risk of unconscious bias.

LGBT+

PRISM is a LGBT+ forum established within Standard Bank South Africa as a sub-committee of the Diversity and Inclusion Forum. It assists management in identifying and addressing issues of concern in respect to sexual orientation and gender identity in the workplace, particularly as those may relate to perceived or actual discrimination. It is a platform for networking, providing a unique perspective on supporting the bank's purpose and increasing understanding of sexual orientation and gender identity issues. Any employee of SBSA can join PRISM, as either a full member or affiliate member.

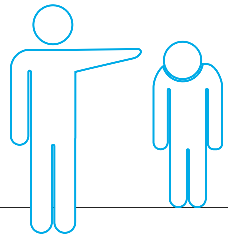
Disability

In South Africa, the bank has appropriate processes and support systems in place to assist people with disabilities to perform to their full potential. We aim to ensure that employees with disabilities have equal opportunities in the workplace, that we offer a safe and accessible workplace, and that we maximise the contribution that people with disabilities are able to make. We have revised our disability strategy and we are including targets for the representation of persons with disabilities in all business area employment equity plans.

Employees can apply for reasonable accommodation to address specific workplace requirements. We raise awareness of disability declaration and reasonable accommodation application processes, through internal communications to all employees. While our employees are not obliged to declare a disability if they have one, we actively encourage disclosure, to ensure we can provide reasonable accommodation if required.

The group has held a series of internal webinars for employees to raise awareness around disability and how all employees can contribute to creating organisations and communities that are fully inclusive of persons with disabilities.

In 2020, Standard Bank South Africa re-established a Disability Network, led by employees with disabilities. The Network aims to ensure that disability inclusion remains top of mind in our diversity and inclusion initiatives, and to increase the participation of employees with disabilities in conversations about disability and inclusion. Through creating a platform to enable employees with disabilities to share their views and experiences, we can enhance our disability inclusion interventions.



Discrimination and harassment

Standard Bank employees are governed and protected by group policies on **harassment**, **sexual harassment and unfair discrimination**. These policies establish non-negotiable principles and standards on these issues, whilst allowing for in-country adaptations for dealing with complaints. We have zero-tolerance for harassment and unfair discrimination. All reported cases are taken seriously, and promptly and justly handled. Victims of abuse are provided with the necessary support, and we ensure that they are not in any way prejudiced or disadvantaged as a result of having laid a bona fide complaint. We do, however, view malicious and frivolous complaints in an extremely serious light.

Supporting employee health and wellbeing

Wellbeing services

We provide a wide range of wellbeing services to our employees. We believe it is important to adopt a holistic approach to wellbeing – our service offerings cover physical, mental, social, emotional and financial wellbeing.

Our Employee Wellbeing Programme (EWP) provides confidential, personal support and information to help employees deal with everyday stressors and more serious concerns. Services are provided through an independent, external organisation in each country. Counsellors follow a strict, professional code of ethics to protect personal privacy. All Standard Bank employees and their immediate dependants can use EWP services, at no cost to the employee.

Employees can also participate in wellness days, medical assessments for executives and senior managers, and a range of training and upskilling initiatives focusing on financial wellbeing and building personal resilience and coping skills.

In 2020, we worked with each country to ensure that they appointed an EWP service provider that could meet the minimum standards articulated in the framework which was developed in 2019. During 2020, 16% of employees from across Standard Bank Group accessed these services, (15.6% in 2019).

We train managers in managing sick absenteeism and appropriately supporting employees who display symptoms of psychosocial or health challenges. We use the cost of total sick leave as a percentage of total payroll as our primary metric of sick absenteeism. In 2020, this was 0.47% for Standard Bank Group (0.66% in 2019). The average sick days per employee decreased to 3.1 in 2020, compared to 4.1 in 2019. This is below the benchmark for the financial services sector of 4.5 days per employee (Alexander Forbes, 2019).

The absentee rate for employees and contractors is equivalent to 1.2% of total days scheduled.

Working conditions

Our employees have the right to enjoy fair and just conditions of work. The Standard Bank Group **Employee Relations Governance Framework** provides for constructive employer-employee relationship practices in Standard Bank and all its operations. The framework is founded on our international and national regulations and obligations, our values and code of ethics, and our commitment to maintaining and developing fair employment practices in all our countries of operation. The framework provides a general set of employee relations operating principles, which should be incorporated into the policies and procedures of group entities as applicable in their country of operation.

It includes our commitment to ensuring, in respect of all our employees:

- **Protection of human rights**, fair employment practices, and the principles of non-discrimination
- Freedom of association, and the freedom not to associate, including the right to collective organisation and representation
- Freedom to express concerns arising in the workplace through established **whistleblowing procedures** without fear of retaliation or victimisation
- The right to a safe and healthy working environment and the expectation of decent work that is productive and delivers a fair income
- Protection against discrimination in employment and occupation including recognition of the principle of equal remuneration for work of equal value
- The right to fair labour practices in the employment of employees and throughout the duration of their employment with the group.

The observance of **freedom of association** provides for, amongst others:

- Recognition of collective organisation for employees to form and join unions of their choice, (or the right not to), and to exercise organisational rights (or the right not to) as provided for in terms of the relevant laws
- Collective bargaining through representatives of choice for the purposes of reaching agreement on terms and conditions of employment in terms of the relevant laws and country level agreements
- The structure and form of collective bargaining will be determined by labour market factors within the country and the bank and will require agreement between the bank and the recognised union. Collective bargaining by custom and agreement is restricted to general staff.
- In South Africa, 46.64% of our people belong to a trade union. Of our general staff complement of 18 380, 63.4% are recognised by the bank for the purposes of collective bargaining.
- In African countries other than South Africa, 25.61% of employees of our employee complement of 14 207 belong to a trade union, recognised by the bank for the purposes of collective bargaining.

Occupational health and safety

Standard Bank is committed to providing a healthy and safe working environment for our employees. We do so by complying with all applicable legislation and regulatory and supervisory requirements.

Our Occupational Health and Safety Policy seeks to achieve high standards of care and provide a healthy and safe workplace for employees, contractors, clients, visitors, and other relevant persons. Any risks to the health and safety of employees and stakeholders resulting from hazards in the workplace and/or potential exposure to occupational illness, as well as the group's exposure to the risk of impacting directly on the environment through our business, are managed by the health, safety, and environmental risk management team and are supported by executive management accountability structures. The Safety, Health and Environment (SHE) Risk team works closely with Group Real Estate Services on the group's direct environmental impact, which is reported on in more detail here.

All buildings occupied by Standard Bank throughout Africa are covered by Standard Bank's Occupational Health and Safety Programme. Our operations across Africa comply with national occupational health and safety standards and legal requirements, or the bank's minimum standards, whichever is more stringent. Effective OHS practices provide protection against the direct costs of health and safety violations and minimise legal, regulatory and reputational risks, while simultaneously ensuring shareholder value by looking after our biggest asset, our people.

We continuously strive to ensure that a healthy and safe workplace is provided for all employees, contractors, customers and visitors across all geographies, in pursuance of all applicable health and safety legal requirements and best practices. As an employer, we understand that our duty of care places an obligation on us to integrate occupational health and safety management systems as part of our policies and management arrangements at the workplace. We empower our people with appropriate knowledge and training that will enable them to effectively execute their health and safety responsibilities. We also provide our service providers and contractors with information on their health and safety responsibilities and how their activities may impact the group's operations. Regular support visits are conducted to ensure alignment across all our operations. The visits contribute towards creating a positive health and safety culture, whilst preventing, minimising and managing health and safety risks, working closely with all the relevant stakeholders.

Corporate social investment (CSI)

Standard Bank's CSI Strategy is aligned to our SEE value driver (social, economic, environmental impacts). Countries of operation are responsible for developing their CSI plans on the basis of our SEE impact areas, prioritising areas according to local needs and priorities, with a focus on:

- 4 QUALITY EDUCATION — Quality education
- 3 GOOD HEALTH AND WELL-BEING — Good health and wellbeing
- 8 DECENT WORK AND ECONOMIC GROWTH — Decent work and economic growth

Our CSI strategy incorporates:

Strategic projects/community investments: Standard Bank contracts NGO partners to undertake longer term interventions in line with our focus areas

Charitable donations on an ad hoc and responsive basis, including disaster relief and humanitarian relief

Employee contributions, including donations and volunteering of time and skills to community outreach projects and disaster/humanitarian relief

In 2020, the group's CSI projects were unavoidably impacted by the Covid-19 pandemic, lockdown measures and school closures across many countries of operation.

We engaged with governments and our CSI implementing partners to determine appropriate responses to the closure of schools and other services under lockdown regulations, and to develop appropriate responses. We developed a CSI Covid-19 response strategy and framework to align the activities towards areas of greatest impact and need. We focused on immediate response and humanitarian efforts, health, education and jobs as priority areas. We took a firm decision not to withdraw from projects, but to work with our partners to help them adapt to new conditions. This included working with NGOs to extend services into sanitation, PPE and food support; adapting programmes to deliver them online and on the radio; and providing more holistic support to tertiary students, including laptops, data and funds for food.

South Africa

In South Africa, our focus is on supporting improved access to quality education through the development of long-term strategic partnerships with community organisations.

We do this through programmes to strengthen the capacity of teachers and caregivers, with a focus on early childhood development (ECD) and foundation phase learning. We aim to be a contributing partner to the development and implementation of future skills curricula for ECD and foundation phase, by working with organisations and entities who are leading in this area. We support projects that develop teachers and teaching in early years schooling, benefitting children aged 4 to Grade 3, and we empower primary care givers by providing them with skills to supplement early learning. We also provide support to a limited number of programmes designed to improve access to tertiary level education. Our CSI budget is calculated each year as 0.6% of net profit after tax (NPAT) of the previous year.

R97.2 million

Total CSI spending of which

- **R79.5 million** was for ongoing strategic partnerships in the education sector
- **R17.7 million** was for community employee involvement, including matching employee donations

R27 million

Additional charitable donations for SBSA's Covid-19 response programme

South Africa continued

Strategic Partnership	Amount contributed by SBSA in 2020
ECD and Foundation Phase	
Ntataise Lowveld Trust, Mpumalanga, training and support for community ECD practitioners	**R4 000 000**
Fundisani Thuto, accredited ECD training, learner support and community education in pre-school	**R4 000 000**
Early Learning Resource Unit	**R3 000 000**
Singakwenza	**R800 000**
Seriti Institute	**R5 000 000**
Sebofon Training ECD practitioners	**R2 000 000**
Mfundo Development Foundation, Northern Cape, English, maths and science teacher development programme in 16 schools	**R3 500 000**
Shikaya, Western and Eastern Cape, development of foundation phase teachers in numeracy, literacy and life skills, and development of school leadership teams in schools, 12 schools	**R5 250 000**
EduFundi Teach Like a Champion, four provinces, building teacher capacity	**R4 750 000**
Uplands Outreach, Mpumalanga, professional learning communities of foundation phase and intermediate phase teachers	**R2 300 000**
READ Educational Trust, Free State, resources, training and coaching for foundation phase teachers, literacy and numeracy	**R1 349 600**
Total ECD and foundation phase	**R35 949 600**
Tertiary Education	
North West University's Little African Scientist programme, teacher development programme to improve learner outcomes in maths, ten schools	**R2 000 000**
National Education Collaboration Trust (NECT), business, civil society and government collaboration	**R6 000 000**
University of Johannesburg Future Skills programme	**R3 000 000**
CSI Bursary scheme, for students with annual household income < R160 000 pa, maths and actuarial science, technology, commerce, engineering	**R6 797 794**
Ikusasa Financial Aid Programme for students with annual household income of R350 000 to R600 000	**R25 706 849**
Total tertiary	**R43 504 643**
Combined total primary and tertiary sectors	**R79.5 million**

Additional charitable donations of **R27 million** were allocated under SBSA's Covid-19 response programme.

This additional spending was approved by the SBSA Exco in light of the urgent medical and humanitarian support required to tackle the pandemic in South Africa's vulnerable communities. We provided support for a variety of heath interventions, including provision of PPE, assistance with testing and equipping health centres, humanitarian support, support for initiatives to enable access to education during lockdown, holistic support for students requiring laptops, data and food, and a programme to combat gender-based violence. Initiatives are described in detail in our **Report to Society**.

Africa Regions

In Africa Regions, our country-level CSI teams work with a range of partnerships and programmes, as appropriate to local needs. **Africa Regions CSI contributions in 2020 totalled USD5.6 million:**

USD2.7 million was for health-related initiatives, including provision of PPE, funding to improve testing capacity and hospital infrastructure, and food donations and humanitarian support.

USD1.1 million was spent on projects in the education sector.

USD306 000 was spent on support for SMEs and entrepreneurs, including incubator programmes and **USD1.5 million** was spent on other projects, including environmental and sustainable development initiatives.

Details of these projects are available in our **Report to Society**.

Employee volunteering

Standard Bank encourages employee engagement in CSI activities, including volunteering in meaningful, sustainable volunteer work in the communities in which we operate.

We see a positive effect on employee engagement and team cohesion, and consequently on productivity, when we encourage, enable and support employee community involvement through volunteering. We work with the NGOs we support to structure appropriate volunteering opportunities for our employees.

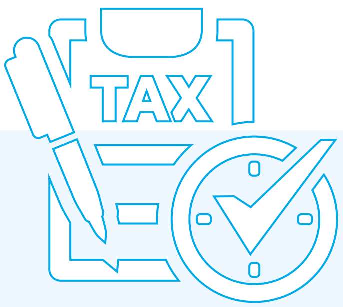
In **South Africa**, our employees renovated nine primary school libraries around the country prior to the national lockdown. Determined to ensure we could continue to support employee volunteering while abiding by lockdown regulations and keeping our employees safe, we partnered with **Forgood**, an online platform that connects volunteers with organisations in need of assistance. Forgood carefully vets and monitors all beneficiary organisations. Platform users can choose an organisation or cause that resonates with them, and donate money, goods or skills. A dedicated portal enables Standard Bank employees to connect with organisations to make a real difference, from home. Over 500 employees registered profiles on Forgood, volunteering their time, skills and money to assist registered charities and NGOs, with a primary focus on children and young people. Examples of volunteering activities undertaken by our employees included mentoring and tutoring of school children; proof reading of training materials and web content; the creation of presentations for NGOs to raise awareness and much needed funding; design of monitoring and evaluation programmes; and provision of financial education.

Several of our countries provide for the matching of employee donations by the bank. In South Africa, for example, we match all employee donations to registered charitable organisations. SBSA CSI matches every rand of the donation, thus doubling the funds received by the beneficiary organisation. In 2020, SBSA matched **R3.6 million** in employee donations. Of this amount, over R2 million was donated to 147 charitable causes selected by employees, and just over R1.5 million was for Covid-19 related initiatives benefitting five organisations.

In **Angola**, 274 of our Blue Heroes volunteers partnered with local NGOs to assist 3 450 people around the country with access to medical assistance and donations of necessities. In **the DRC**, four employees completed a 307 km charity walk, raising USD2 000 for an orphanage. The bank matched the donation with educational materials of the same value for the Institut Saint-Damien school of Kinshasa. In **Ghana**, our employees chose to donate a percentage of their salaries for three months to help battle Covid-19, raising USD56 570. In **Nigeria**, our Blue Women Network, a network of Stanbic IBTC female employees, donated food items and provisions to orphanages. And across our countries of operation, **branch employees** mobilised donations of food and other necessities for communities in need.

Tax reporting

Standard Bank is committed to transparent compliance and adheres to global reporting and other legislative requirements relating to tax matters. We are proud of our tax contributions which enable governments to foster economic growth and development by way of providing health care, education, infrastructure and other services.



The effective administration of tax revenues remains important to achieve the above goals. Tax is a cost that needs to be managed sensibly and transparently in order to retain the trust and confidence all our stakeholders, including our clients, shareholders, employees and regulators.

Governance of tax matters

- The board is responsible for the group's tax matters and governance. This responsibility is delegated to the group audit committee, which is responsible for approval of the group's tax strategy and governance standard and for setting the group's tax risk profile.
- Executive responsibility lies with the group financial director and the group head of tax. The group head of tax provides minimum standards which must be followed by chief financial officers and tax teams in our countries of operation.
- We have robust governance, control and risk management systems and standard operating procedures in place to ensure that our approach to tax is well embedded in the group and that our compliance obligations are effectively monitored.
- Our tax strategy represents a principle-based set of risk control standards governing our approach to all tax matters. It is updated every second year and approved by the group audit committee.
- Our tax risk control framework includes the tax strategy and tax governance standard, supported by policies dealing with specific aspects of tax risk such as transfer pricing, indirect taxes, withholding taxes, remuneration-related taxes and client tax reporting. Our tax risk control framework aims to ensure that tax risks are properly identified, prioritised and managed through effective mitigation plans and adequate and robust internal controls.
- Our tax governance standard sets out the roles and responsibilities of the tax function and other business and support areas in the group to ensure corporate governance, compliance and tax risk management requirements are met.
- Policies are approved by the group audit committee. Thereafter they are localised and approved at the various subsidiary boards across the group. All governance documents are available through a central repository to relevant employees. Updates are communicated to the Internal Financial Control committees.

Tax governing principles and approach to compliance

The group's tax reporting and regulatory compliance, both internal and external, are in line with best practices and standards. Our tax systems and processes are continuously reviewed and enhanced.

Tax strategy governing principles:

- **Compliance:** We are committed to ethical outcomes and accurate, transparent and timely compliance with the tax laws of the countries where we operate.
- **Clients:** We ensure that all client tax reporting to tax authorities and to clients is accurate, complete, timely and in a user-friendly format to comply with all regulations across the jurisdictions in which we operate.
- **Shareholder value:** We maximise sustainable shareholder value by undertaking legitimate and responsible tax optimisation in line with the spirit and purpose of, and complying with all relevant laws, rules and regulations.
- **Tax planning:** We only engage in transactions that have commercial and economic substance, are not very aggressive and do not carry the prospect of material reputational risk.
- **Resources:** We ensure that our tax functions are appropriately resourced and have the requisite skills and knowledge to manage the group's tax affairs in an efficient and effective manner. The group will continue to invest in its tax resources' training and growth.
- **Reputation:** We are proud of our ethical culture and will not undertake activities that may have a detrimental effect on the reputation or brand of the group.
- **Cross-border related party transactions:** We apply the OECD transfer pricing guidelines to ensure that the price of goods and/or services are arm's length, that is at the price that would have been charged by an unrelated party for carrying out the same transaction, reflecting the economic substance and value creation of the transaction within the territory.
- **Tax Advice:** We do not provide tax advice to clients or counterparties.
- **Prevention of the facilitation of tax evasion:** Bribery, corruption and the facilitation of tax evasion distorts markets and harms economic, social and political development. It is unacceptable for the group, its employees and any person or entity acting on its behalf, to be involved in or implicated in any way in bribery and/or any corrupt practice, including the facilitation of tax evasion.

Identifying, managing and monitoring tax risks

- Each tax process is assessed for risk in terms of steps in the process, people involved, and systems used. Standard operating procedures (SOPs) are continuously updated to respond to changes in the business or applicable legislation. SOPs are approved and attested by the CFO of each country, on a quarterly, bi-annual and/or annual basis, to ensure compliance.
- Implementation of SOPs and relevant CFO attestations are monitored by the tax function and the Internal Financial Control committee. Any control failures are reported to the Internal Financial Control committee and other relevant risk committees.
- New products, businesses, processes or procedures, or significant changes to these, are reviewed and signed off by the tax function, as are any corporate action (where a transaction may affect the legal entity structure of the group, the capital position of legal entities or a change in the business operating model of the group). Where necessary an external tax and/or senior counsel opinion will be obtained, or the relevant tax authority may be approached for a ruling.
- Tax training and guidance are provided to business on a continuous basis.
- We undertake regular tax self-assessments, following a risk-based approach, and/or health checks. Any material shortcomings and required actions are reported to the group audit committee. Tax compliance reviews are included in internal audit reviews where relevant.

Engaging with tax authorities

We have regular meetings with tax authorities to discuss strategic and operational issues and concerns. We endeavour to engage and to understand tax queries, assessments, objections, appeals or any other disputes. Our tax strategy sets out governing principles for the engagement of tax authorities.

These include the following:

Relationships with tax authorities:
We are committed to fostering transparent, constructive and co-operative relationships based on open and honest disclosure, building mutual trust wherever possible. We engage in full, open and early dialogue with tax authorities on a regular basis to discuss relevant tax matters and to achieve certainty (where possible) over tax positions.

Dispute resolution:
The group is committed to the early resolution of any tax authority disputes. Consistent with our wider corporate values, these will be handled in a constructive, professional and respectful manner. However, where differences of opinion persist, we are prepared to proceed to litigation where we believe that a position under challenge by a tax authority is technically defensible on a cost-effective basis and without affecting our reputation adversely. We will never knowingly facilitate attempts by our clients, counterparties or employees to deceive or otherwise mislead tax authorities.

Responsible advocacy:
We participate, directly or via the appropriate industry forums, in the development of new tax legislation, including tax provisions arising from Base Erosion and Profit Shifting (BEPS) initiatives. The group supports the fundamental principles underlying multilateral moves towards greater transparency.

Insights into our tax contributions group-wide[18]

The group contributes significantly to government revenues by way of corporate income taxes and indirect taxes such as VAT.

We also collect other taxes such as withholding tax and employees' tax on behalf of revenue authorities and assist tax authorities with tax administration, collection processes and by obtaining independent verification of third-party data.

Taxes paid and collected by the Group (Rbn)	2020	2019
Total taxes paid and collected by the Group	**R24 billion**	R27.1 billion
By type of tax		
Corporate taxes incurred	**R8.3 billion**	R10.3 billion
Taxes collected on behalf of the government (e.g. employees' tax)	**R15.7 billion**	R16.8 billion
By region		
South Africa	**R13.5 billion**	R16.5 billion
Africa Regions	**R9.2 billion**	R9.1 billion
Standard Bank International	**R1.3 billion**	R1.4 billion

18 This information excludes tax contributions and other tax information pertaining to the Liberty group of companies. For information in this regard please refer to the Liberty Holdings Limited Report to Society.

Insights into our tax contributions group-wide continued

Break-down of taxes incurred and collected per region and tax type

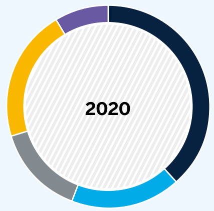
Regions comprise:

- South Africa
- West Africa: Angola, DRC, Ghana, Côte d'Ivoire and Nigeria
- East Africa: Kenya, Rwanda, South Sudan, Tanzania, Uganda and Ethiopia
- South & Central: Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Zambia and Zimbabwe
- International: Jersey, Isle of Man, UK, USA, China, Brazil and UAE

Taxes incurred (taxes that are charged to the company's profit and loss account)

TAX INCURRED BY REGION (Rm)

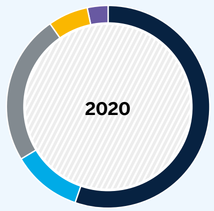
Total value R8 331m



South Africa	**3 207 (38%)**
West Africa	**1 459 (18%)**
East Africa	**1 199 (14%)**
South and Central Africa	**1 760 (21%)**
International	**706 (8%)**

TAX INCURRED BY TAX TYPE (Rm)

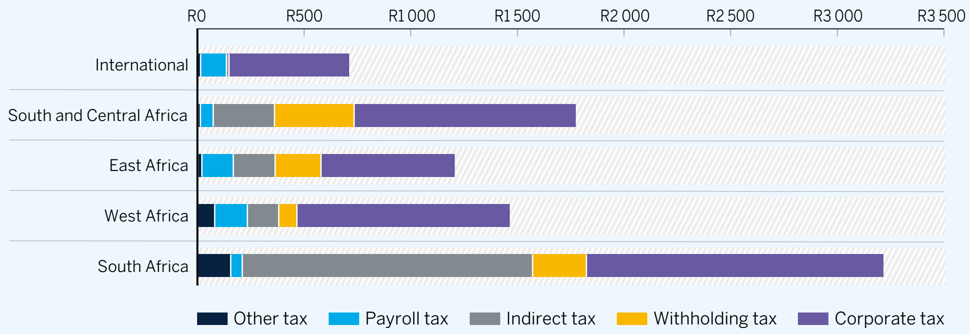
Total value R8 331m



Corporate tax	**4 613 (55%)**
Withholding tax	**919 (11%)**
Indirect tax	**2 002 (24%)**
Payroll tax	**535 (6%)**
Other tax	**262 (3%)**

TAX INCURRED BY REGION BY TAX TYPE (Rm)

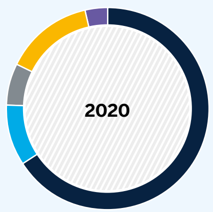
Total value R8 331m



Taxes collected (taxes that the company collects and administers on behalf of the government that do not impact profit and loss)

TAX COLLECTED (Rm)

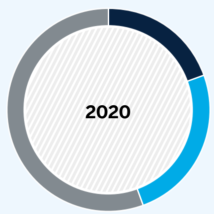
Total value R15 651m



South Africa	**10 304 (66%)**
West Africa	**1 530 (10%)**
East Africa	**1 076 (7%)**
South and Central Africa	**2 184 (14%)**
International	**557 (4%)**

TAX COLLECTED (Rm)

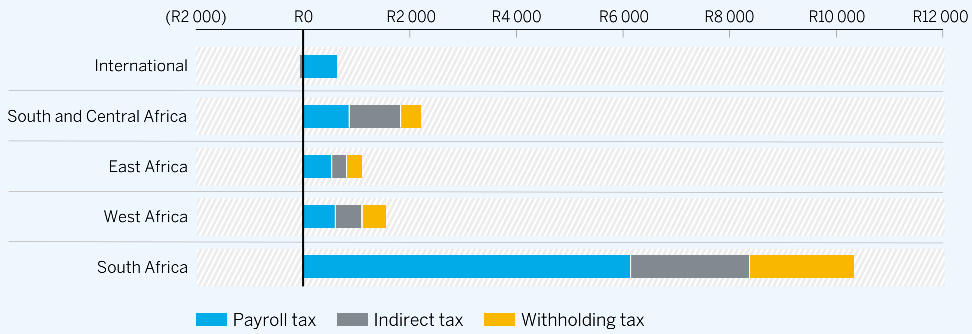
Total value R15 651m



Withholding tax	**3 053 (20%)**
Indirect tax	**3 924 (25%)**
Payroll tax	**8 674 (55%)**
Other tax	**0**

TAX COLLECTED BY REGION BY TAX TYPE (Rm)

Total value R15 651m



Country-by-Country Reporting information

The South African Revenue Service (SARS) is responsible for the Country-by-Country Reporting (CbCR) Standard for Multinational Enterprises (MNEs)[19]. Each 'ultimate parent entity' of a MNE group that is resident for tax purposes in South Africa must file a CbCR return with SARS. Standard Bank Group Limited is the ultimate holding company of the Standard Bank Group and has filed a CbCR return since the fiscal year commencing 1 January 2016. We are fully compliant and transparent in our annual CbCR obligations. In the FY2019 return, the group provided relevant CbCR information pertaining to 135 legal entities (excluding Liberty). Due to the large number of entities in the group, a pragmatic approach is followed in terms of our disclosure in this report to provide stakeholders with relevant subsidiary information at a regional level.

Our commercial operations in low tax jurisdictions (Isle of Man, Jersey and Mauritius) are subject to controlled foreign company legislation that is applicable in South Africa.

The Standard Bank Group Limited has subscribed to certain interpretations of the OECD metrics as follows:

- **Tax jurisdiction:** The jurisdiction in which the constituent entity is tax resident. For branches, the jurisdiction will be based on the operating location of that branch.

- **Stated capital and accumulated earnings:** Stated capital includes share capital and share premium, and accumulated earnings only includes retained earnings. The CbCR return and metrics reflect stated capital as 'funds invested in an entity in return for shares (capital)' and accumulated earnings as 'the amount of profits built up over time which remain in the entity'. The OECD definition may imply that funds invested through a group of companies are counted multiple times resulting in amounts reported not representing the true amount of the actual sum invested

- **Basis of reporting:** The financial data contained in the CbCR return reflects financial data prior to any intercompany accounting eliminations being recorded and accordingly, will differ to that reported in the Consolidated Group Annual Financial Statements. Similarly, where there is more than one constituent entity in a jurisdiction, the financial information included in the CbCR return is aggregated and not consolidated in the reporting for the jurisdiction.

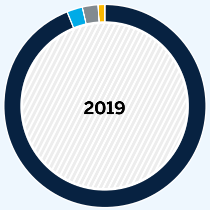
- All financial data is reported in South African Rands (ZAR). Currency translations are performed automatically within the internal business consolidation platform and in accordance with IFRS. Profit and loss items are translated at monthly average rates and balance sheet balances are translated at closing rates.

- **Revenues:** SBG reports revenue in the Annual Financial Statements in accordance with IFRS on a net basis and – as a result – revenue for the group comprises of Net Interest Income (NII) and Non-Interest Revenue (NIR). Revenues reflected below are split between related party revenues and unrelated party revenues. The OECD Guidelines define a related party as an 'associated enterprise' in accordance with Action 13 of the OECD BEPS Action plan. It should be noted that some form of duplication is unavoidable in the reporting of related party revenues. This metric provides a useful insight into the movement of money between legal entities within a particular jurisdiction, however revenues earned from a third party in one jurisdiction (classified as unrelated party revenues) may in turn be used to make a payment in the form of a 'revenue-share' to a related party in another jurisdiction. Such revenues will in turn, be reported within the classification of related party revenues in the recipient jurisdiction. This related party revenue is not incremental but represents the same flow that has already been accounted for in the first country's unrelated party revenue.

19 Which was developed under the OECD's BEPS Action Plan 13, *Re-examine Transfer Pricing Documentation.*

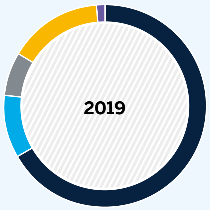
The information below reflects our 2019 Financial Year information

PRIMARY ACTIVITIES IN RELATION TO UNRELATED PARTY REVENUES (Rm)



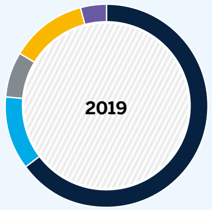
Regulated Financial Services	106 006	(94.1%)
Other	2 808	(2.5%)
Insurance	2 574	(2.3%)
Holding Shares of Other Equity Instruments	1 267	(1.1%)

NUMBER OF EMPLOYEES[20] BY REGION



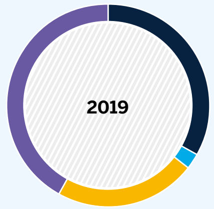
South Africa	29 788	(66.7%)
West Africa	4 556	(10.2%)
East Africa	3 030	(6.8%)
South and Central Africa	6 720	(15.0%)
International	583	(1.3%)

THIRD PARTY REVENUES BY REGION (Rm)



South Africa	73 164	(64.9%)
West Africa	13 091	(11.6%)
East Africa	8 221	(7.3%)
South and Central Africa	13 587	(12.1%)
International	4 592	(4.1%)

INTRA-GROUP REVENUES BY REGION

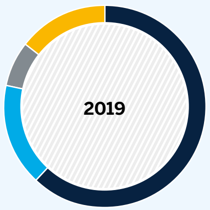


South Africa	1 119	(33.2%)
West Africa	79	(2.3%)
East Africa		0
South and Central Africa	757	(22.5%)
International	1 412	(41.9%)

[20] The number of employees include the number of full-time equivalent employees at the end of the year and excludes all non-permanent contractors, brokers, agents and financial advisers.

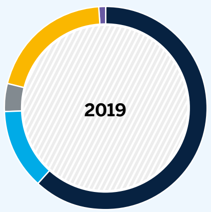
Country-by-Country Reporting information continued

PROFIT (LOSS) BEFORE INCOME TAX[21] BY REGION



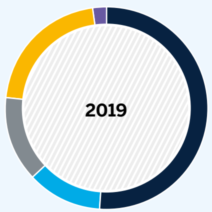
South Africa	23 975	(62.17%)
West Africa	6 284	(16.39%)
East Africa	2 775	(7.20%)
South and Central Africa	5 528	(14.33%)
International		0

TANGIBLE ASSETS OTHER THAN CASH AND CASH EQUIVALENTS[22] BY REGION



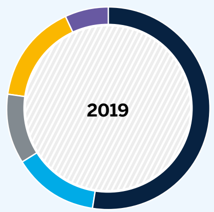
South Africa	12 992	(61.91%)
West Africa	2 643	(12.59%)
East Africa	966	(4.6%)
South and Central Africa	4 189	(19.96%)
International	196	(0.93%)

INCOME TAX PAID ON A CASH BASIS[23] BY REGION



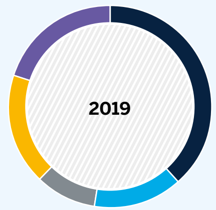
South Africa	3 664	(51%)
West Africa	841	(12%)
East Africa	978	(14%)
South and Central Africa	1 516	(21%)
International	143	(2%)

INCOME TAX ACCRUED[24] BY REGION



South Africa	4 376	(52.53%)
West Africa	1 153	(13.84%)
East Africa	919	(11.03%)
South and Central Africa	1 317	(15.81%)
International	566	(6.79%)

LEGAL ENTITIES BY REGION



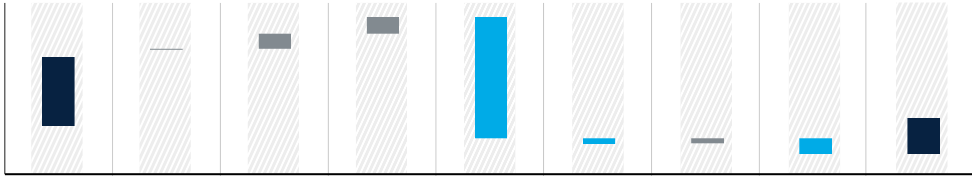
South Africa	52	(38.52%)
West Africa	19	(14.07%)
East Africa	13	(9.63%)
South and Central Africa	24	(17.78%)
International	27	(20.00%)

21 The profit (loss) line item in the constituent entity's financial statements
22 Tangible assets other than cash and cash equivalents include the net book value of the following items of Property, Plant and Equipment (PPE): Equipment and Properties, and excludes financial assets (shares, derivatives, etc.) cash, debtors, deferred acquisition costs and deferred tax assets.
23 This amount includes income tax actually paid by a constituent entity during the reporting period. Deferred taxes are excluded, foreign withholding taxes are included (in the legal entity whose obligation it is to withhold) and VAT is excluded.
24 Applicable from operations in the current year and does not include deferred taxes or provisions for uncertain tax liabilities.

Effective tax rate reconciliation

The graphs below represent the reconciliation between the corporate income tax accrued on profit/loss and the tax due if the statutory[25] tax rate is applied to profit/loss before tax.

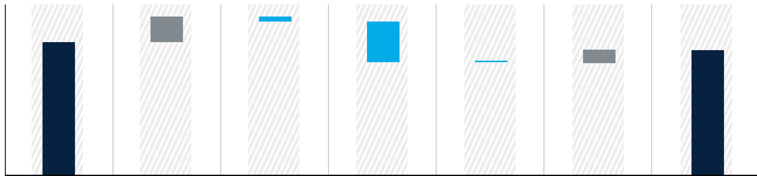
EFFECTIVE TAX RATE RECONCILIATION –
South Africa (%)



Statutory tax rate	Prior year tax	Capital gains tax	Foreign tax and withholding tax	Non-taxable Dividend income	Non-taxable interest – Government Bonds and other	Other non-taxable income	Non-deductible expense and other	Effective tax rate
28.0	0.4	6.1	6.6	47.3	2.1	2.0	6.2	(12.5)

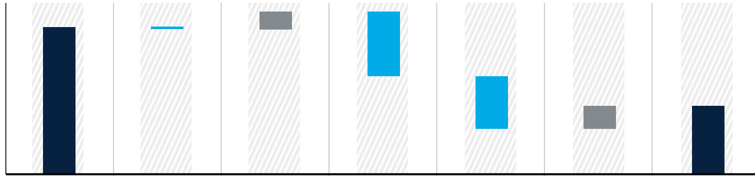
The effective tax rate represents the total direct tax accrued in the income statement as a percentage of net profit before direct tax. The total direct tax accrued in the income statement comprises current and deferred tax and as a result cash taxes paid is not a representation of the total direct tax expense. The effective tax rate will differ from the statutory tax rate when tax legislation deems certain income and expenses non-taxable or non-deductible when calculating the tax expense or credit for the entity. The Standard Bank of South Africa Limited financial performance for the year ended 31 December 2020 has decreased significantly. This decline in performance was mainly driven by an increase in provisions as a result of the Covid-19 pandemic. The amounts of income not taxable and expenses not deductible have remained materially unchanged, however this has resulted in the Standard Bank of South Africa Limited being in a tax credit position leading to a negative effective tax rate. Had the net profit before tax remained constant year on year the effective tax rate would have been 20.9%.

EFFECTIVE TAX RATE RECONCILIATION –
South and Central Africa (%)



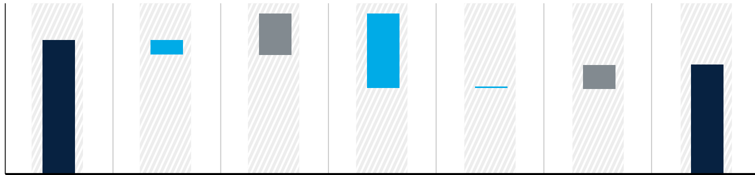
Statutory tax rate	Foreign tax and withholding tax	Non-taxable Dividend income	Non-taxable interest – Government Bonds and other	Other non-taxable income	Non-deductible expense and other	Effective tax rate
29.4	4.4	0.8	7.1	0.2	2.3	28.0

EFFECTIVE TAX RATE RECONCILIATION –
West Africa (%)



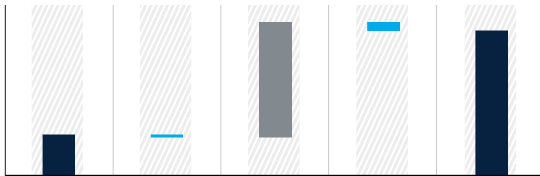
Statutory tax rate	Prior year tax	Foreign tax and withholding tax	Non-taxable interest – Government Bonds and other	Other non-taxable income	Non-deductible expense and other	Effective tax rate
30.1	0.5	3.6	13.2	10.7	4.7	14.0

EFFECTIVE TAX RATE RECONCILIATION –
East Africa (%)



Statutory tax rate	Prior year tax	Foreign tax and withholding tax	Non-taxable interest – Government Bonds and other	Other non-taxable income	Non-deductible expense and other	Effective tax rate
28.1	2.5	7.2	13.0	0.2	4.2	23.8

EFFECTIVE TAX RATE RECONCILIATION –
International (%)



Statutory tax rate	Prior year tax	Foreign tax and withholding tax[26]	Non-deductible expenses and other	Effective tax rate
19.2	1.2	54.0	4.0	68.0

25 Weighted corporate income tax rate for the region.
26 Represents Capital Gains Tax paid to the Argentina Revenue Authority by Standard Bank London Holdings on the sale of ICBC Argentina.

Selected policy summaries

Compliance policies

Anti-bribery and corruption policy

Chinese walls policy

Competition policy

Complaints management policy

Compliance risk management policy

Conflicts of interest policy

FAIS conflict of interest management policy

Financial sanctions and counter terrorist financing policy

Gifts and entertainment policy

Market abuse control policy

Money laundering and terrorist financing control policy

Need to know information policy

Outside business interest policy

Personal account trading policy

Research policy

Watch and restricted list policy

Complaints management (SBSA) policy

Exchange control interaction (SBSA) policy

Occupational health and safety (SBSA) policy

Facilitation of tax evasion prevention policy

Whistleblowing Policy

Human Capital

Assessment policy

Benefits philosophy

Bursary policy

Chronic diseases policy

Cross-border transfer policy

Disability policy

Employee referral scheme policy

Harassment in the workplace policy

International mobility for project-based assignments

Annexure 2 Tier 2

International mobility for skills deployment assignments

Annexure 3 Tier 2

International mobility for strategic assignments

Annexure 1 Tier 2

International mobility Tier 1

Non-permanent resources policy

Policy for non-permanent resources

Recognition policy

Remuneration policy

Resourcing policy

Retirement funds and benefits policy

Smoke-free policy

Staff movements_SALL_ICBC_SBG policy

Substance abuse policy

Talent and succession policy

Time off in lieu (TOIL) of overtime policy

Corporate social investment policy

Discrimination in the workplace policy

Sexual harassment in the workplace policy

Credit Risk

Equity policy

Intragroup transactions lending to related connected parties policy

Investigations and Fraud Risk

Anti-fraud policy

Whistleblowing policy

Operational Risk

AMA capital model development policy

Business resilience policy

Managing the risk of outsourcing policy

New and amended business product and services policy

Operational risk management (ORM) policy

Stanbic international insurance Ltd (SIIL) risk management policy

Start-up acquisition and disposal transaction policy

Conduct Risk

Conduct policy

Market Risk

Market risk policy

Model Risk

Credit risk model governance

Global markets and liquidity risk model validation policy

Operational risk model validation policy

Environmental and Social Risk

Environmental and social risk policy

Coal-fired power finance policy

Thermal coal mining finance policy

Fossil fuels financing policy

Information Risk

Acceptable use of information assets policy

Card data protection policy

External party information risk management policy

Information lifecycle policy

Information risk policy

Logical access management policy

Mobile device policy

Records management policy

EU short selling policy

Citizenship

Code of Ethics

Human rights statement

Stakeholder engagement policy

Trade association policy

Expanded democracy support programme policy

Sponsorship policy

Find the 2020 ESG metrics **here**.

Standard Bank

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