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## ENVIRONMENTAL AND SOCIAL: DIRECT IMPACTS AND OPPORTUNITIES

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## OUR CARBON FOOTPRINT

Climate change, coupled with the related issue of water scarcity, has emerged as a leading risk for business and society. SBG is working toward better understanding our environmental impacts and the impacts of climate change on our business. In 2017, we held high-level dialogues with external speakers on water scarcity and climate change as part of continued engagement on these risks.

We have invested significantly in reducing our direct carbon footprint through energy and water monitoring and savings measures at our head offices and branches, particularly in South Africa, where our direct footprint is largest. Over the past few years, all our newly constructed buildings have been aligned with the Green Building Council of South Africa's (GBCSA) robust sustainability rules. Our energy management system aligns with ISO 50001, an international standard designed to help organisations conserve resources, tackle climate change and be more economically efficient.

In South Africa we're working on our lower rated facilities to implement energy efficiency initiatives. In 2017, we reduced Standard Bank's energy consumption by 21.7% against the 2014 baseline, exceeding the target we'd set for 2020. Our parking facility at No. 1 Simmonds, Johannesburg, has been certified as carbon-neutral. It uses renewable energy which produces more carbon-free electricity than it consumes.

We're currently investigating moving to a Science-Based Target (SBT), to play our part in reducing GHG emissions in line with the rate of de-carbonisation required to keep global temperature rises below 2°C. We're also conducting a water usage review across our South African operations, to improve water efficiency and ensure zero wastage.

Our Global Leadership Centre in Johannesburg is the first commercial facility in Africa to be awarded an ISO 50001 Energy Management certification, and in 2017 won an Insight award from the Clean Energy Ministerial, a global forum to promote policies and programmes that advance clean energy technology.

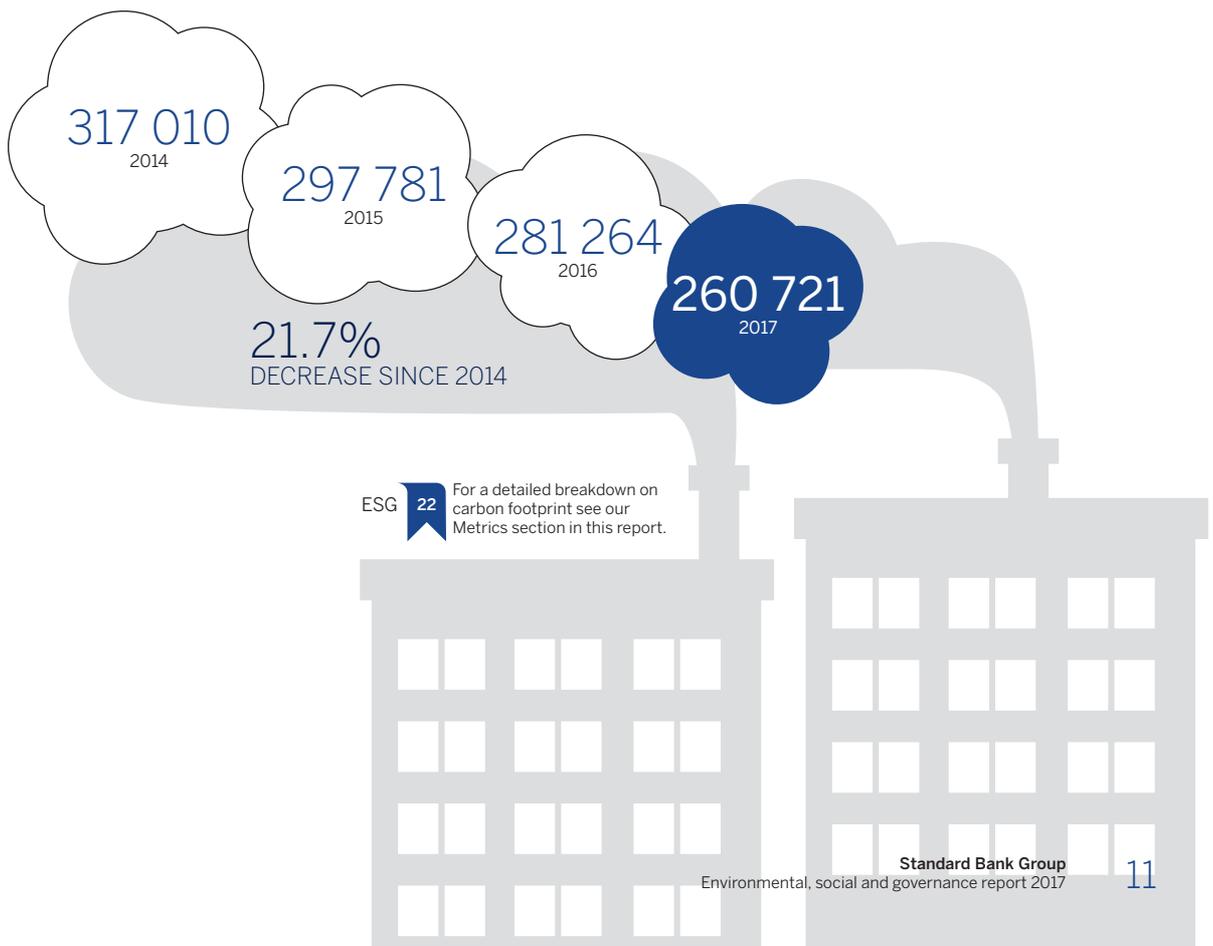
Over the past two years, Stanbic Malawi has installed energy and generation metering across our offices, to provide a much better understanding of our energy usage. Our new facilities in Windhoek in Namibia, and Maputo in Mozambique are energy and water wise – seeking solutions that provide energy security and sustainability without putting a strain on the country's water systems.

We're also conscious of the need to improve energy security and efficiency across our branch network. In South Africa, 12 of our branches have been awarded a 4-green star interior rating, and we're working to introduce more efficient energy and water solutions across all our newly built facilities.

In 2017, the global Association of Energy Engineers (AEE) recognized Standard Bank for outstanding accomplishments in developing, organising, managing and implementing its corporate energy management programme, making us the first African recipient of the award. This global focused association represents 18 000 professional members in more than 100 countries and responsible for the accreditation of 30 000 certified professionals recognized the Standard Bank Group as the first African organisation to receive this prestigious award in their 40-year history. AEE awarded us with the 2017 Africa Energy Manager of the Year, and Young Energy Professional of the Year. Standard Bank South Africa was also awarded an Energy Management Insight Award from the Cleaner Energy Ministerial Working Group in 2017. We also play a strong advocacy role with representation on the boards of the Southern African Energy Efficiency Confederation and the Green Building Council of South Africa.

At an operational level, we're implementing a more systemic approach to risk reporting on environmental legal requirements and accepted best practice, which will be rolled out to our Africa Regions in 2018.

### SBG Total Carbon Emissions (tCO<sub>2</sub>e)



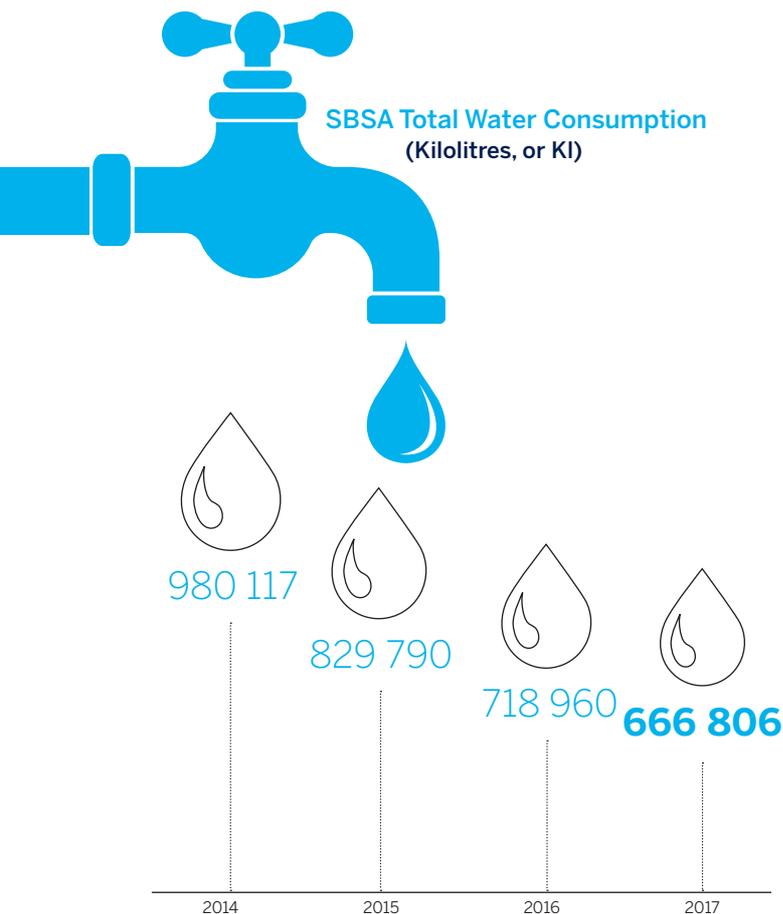
ESG 22 For a detailed breakdown on carbon footprint see our Metrics section in this report.



**Water**

Water scarcity across Africa has been a significant risk to the business, our clients and our communities, it is also often exacerbated by poor water management and inadequate water infrastructure. Over the last two years, these infrastructural deficiencies were compounded by severe drought, particularly affecting east and southern Africa. While rainfall returned over much of the region during 2017, some areas, including South Africa's Western and Eastern Cape provinces, continue to battle severe water shortages.

Since mid-2017, we've been working with our building management teams and employees to substantially reduce water consumption in our Cape Town offices. We've managed to reduce consumption by half in two of our major office buildings in the city. Measures have included water saving awareness campaigns in all our buildings, cutting the number of litres used for flushing toilets by a third, installing waterless hand sanitizers in all bathrooms, and installing water tanks which will provide emergency drinking and flushing water. We're considering the use of technological solutions, such as air to water generators, and switching from water-cooled to air-cooled air-conditioning. We're also engaging with our catering and cleaning service providers, to find ways to minimize their water use.



**Waste**

We have over the years managed reduce our waste by implementing an operational waste management plan and providing separation bins and recycling waste storage areas. Our onsite recycling facilities have proved very effective in ensuring continuous recycling and good levels of waste sorting at source. Given the nature of our business, we use paper for a variety of business activities. Standard Bank recycles used paper from our locations around the continent. In SBSA we recycled 371 tons of paper in 2017. In 2016, we saw an overall decrease in paper consumption thus a significant decrease in tonnes of paper recycled.

**Waste (metric tonnes)**

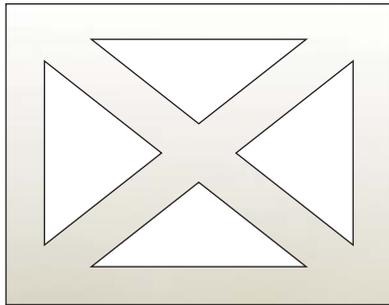


**Total Paper Recycled (tonnes)**



**Natural Capital – Biodiversity**

We understand the link between preserving the natural environment for future generations and our own sustainability. The value of Natural capital at Standard Bank has seen the establishment of the Mogale's Gate Biodiversity Centre (MGBC) in 1993, a non-commercial nature reserve near South Africa's Magaliesburg region. The nature reserve continues to drive the conservation of biodiversity and the maintenance of ecosystem services to achieve maximum natural capital for SBSA. Education is also a vital element as school children, university students and staff learn more on our dependence on the environment, and the importance of managing it sustainably. This has furthered our efforts to understand the role of natural capital in contributing to economic value and has enabled the gathering of valuable research data.



## HELPING AGRICULTURE CLIENTS BETTER UNDERSTAND BIODIVERSITY IMPACTS FROM FARMING.

**A study was conducted in 2015 to determine the natural capital value of the MGBC. The value of wildlife and stored carbon was found to be approximately USD3 million, while the value provided by water flows, climate regulation and grazing is about USD1.65 million. Considering all the natural capital flows and management costs, the centre's worth to society is estimated between USD15.5 million and USD41 million.**

In 2011, a study was also conducted to assess the predation impact of large black backed jackal populations residing on Mogale's Gate Biodiversity Centre with respect to the ungulate populations (with special reference to the blesbok, springbok, red hartebeest and black wildebeest species).

Historically, attempts were made to restrict the jackal population on MGBC by lethal management, due to the perception that the abnormally high jackal population (supported by the large amount of food provided at the vulture restaurant), was heavily impacting on ungulate production.

Results clearly illustrated that the importance of retaining jackal social structures and associated behaviours (that would be destroyed by lethal management programs), were paramount to minimising jackal predations on MGBC ungulates (with particular respect to springbok and blesbok lambs), and that the number of predations on ungulates including lambs were not specifically related to or influenced by the high numbers of jackal's present.

The research results suggest that the attempted lethal management of jackals, as was historically practiced on MGBC, was unlikely to reduce the predatory impact of jackals or limit the numbers of jackals.

It is anticipated that the results of the jackal research on MGBC will be published as part of a "Predator Manual" for both livestock and wildlife farmers to assist farmers in management decisions with respect to black-backed jackals.





## OUR IMPACT ON SOCIO-ECONOMIC DEVELOPMENT

We understand that to become the leading financial services organisation in, for and across Africa, we must contribute to the long-term prosperity of the communities and countries in which we operate, by facilitating inclusive economic growth and social development.

To do this effectively we must ensure our relevance to social needs and our capacity to help advance national objectives. Our vision commits us to contributing to socio-economic development in a way that is consistent with the nature and size of our operations in the countries we serve.

### Broad-Based Black Economic Empowerment (B-BBEE) – South Africa

Broad-Based Black Economic Empowerment (B-BBEE) aims to provide redress for South Africans who were excluded from economic opportunity under apartheid. It targets African, Coloured and Indian South Africans with a specific emphasis on black women and black citizens with disabilities.

Standard Bank was recently certified as a Level 1 B-BBEE Company, under the newly revised Financial Sector Code. We're proud of this improvement in our B-BBEE status, borne out of the multi-pronged strategy we implemented in mid-2017. Standard Bank is committed to demonstrating responsible corporate citizenship by supporting social transformation and job creation. Our commitment to black economic empowerment (BEE) is driven by our need to create an economically sustainable black business sector as the foundation for our growth and profitability. We recognise BEE as a moral and commercial imperative, crucial to secure a more sustainable growth path for the country, and the sustainability of our own business. We set annual BEE targets, which are approved by our Group Social and Ethics Committee. Accredited external auditors conduct independent assessments of our BEE performance against the Financial Services Sector Codes for B-BBEE (FS Codes). We continuously strive to ensure that we meet and exceed our targets and make a positive and meaningful contribution to the social and economic transformation of our country.

We continue to meet our employment equity targets for middle and junior management and general staff. We are committed to making accelerated progress in transforming the demography of our senior and top management levels, where we are behind target. Following the development of our robust new Employment Equity plan in 2016, in 2017 we focussed on setting more ambitious targets for executive and senior management, to be achieved by 2021.

TR  For more information on our transformation journey, please view our Transformation Report at [www.sustainability.standardbank.com/downloads](http://www.sustainability.standardbank.com/downloads)

### Preferential Procurement

We use preferential procurement to support black-owned and black women-owned businesses, particularly small and medium-sized enterprises (SMEs), to access procurement opportunities within our supply chain. We undertake monthly portfolio reviews to measure our progress against our preferential procurement plan and targets.

Standard Bank runs a year-long Supplier Development Programme, to help potential black-owned and black women-owned suppliers navigate the tender process. A business development service provider, appointed by Standard Bank, assists SMEs in areas like marketing, credit professional services and physical security services, upgrading infrastructure, improving financial management and building capacity. This initiative not only strengthens these businesses, it also helps mitigate supply chain risks and enables our business units to increase their use of black SME providers.

Several other African countries have also put processes in place to transform their economies and promote indigenisation (local ownership). We engage constructively on these developments to balance the legitimate expectations of economic transformation with the reasonable rights of investors. As in South Africa, we are committed to making a positive contribution to transformation through our employee profile, and by contributing to socio-economic development, industry development and job creation. We also comply with legislation that requires local shareholders to hold a percentage of shares.

TR  For more details on preferential procurement please refer to our Transformation Report at [www.sustainability.standardbank.com/downloads](http://www.sustainability.standardbank.com/downloads)

### Corporate Social Investment

Standard Bank aims to create shared value through our CSI initiatives – addressing social needs in a sustainable manner, while also seeking business opportunities. In South Africa, the Financial Sector Code requires us to spend 0.6% of net-profit after tax on socio-economic development. We focus our investment in education, with the objective of enhancing access to quality education for all, from early childhood development to higher education, and improving educational outcomes. Education spend accounted for just under R85 million, about 80% of our total CSI budget of R106 million, in 2017.

The challenges in school level education are vast, ranging from learners not being able to read or write in any language by the time they reach Grade 4, to educators themselves not having adequate content knowledge to impart to children. Our approach is to invest larger amounts of money in fewer projects, so that we can assess and demonstrate impact. We engage in long-term partnerships of at least 3 years for the same reason.

Standard Bank is committed to ensuring that our interventions create meaningful and sustainable positive social impact. In 2016, we commissioned the Centre for Social Development in Africa at the University of Johannesburg to conduct independent impact evaluations of three of the programmes we fund. The studies, completed in 2017, demonstrate significant positive impacts in two programmes – Edupeg and Ntataise – both of which we will continue to fund. The third programme was found to be less effective, owing in particular to inconsistent attendance and difficulties tracking performance of the participants. We will exit this programme at the end of 2018.

RTS  For more information on our CSI journey, please view our Report to Society at [http://sustainability.standardbank.com/pdf/Standard\\_bank\\_RTS2017\\_our\\_impacts\\_three.pdf](http://sustainability.standardbank.com/pdf/Standard_bank_RTS2017_our_impacts_three.pdf)

ESG  For a detailed breakdown of our CSI spend please see our Metrics page in this report.



## OUR PEOPLE

To deliver our strategy we need the right people, in the right roles, with the required skills and capabilities. We work in a fast-paced, highly competitive industry with ever-changing demands as we build a digital bank. Our people must be equipped with the necessary skills to drive a client-focused approach now and into the future.

Our culture is one of continuous professional development and adaptability. Our preference is to promote from within. Our internal careers website provides our people with access to information on potential career opportunities in the group. We are investing in our leadership pipeline across our various business lines and geographies, and successfully promoted several of our people into key leadership positions across the group during the year.

### Growing our People

Our people are critical to the successful delivery of our strategy. We are committed to supporting our people to reach their full potential and remain effective and motivated. Recruiting, retaining and motivating great people is at the core of driving business value.

How we grow our people

- We invest in training and development at all levels, enabling us to build a strong succession pipeline of future leaders
- We build skills in the broader economy, supporting the development of potential employees and customers
- We operate wellness programmes aim to promote a healthy workforce, lowering absenteeism and building the resilience and productivity of our employees
- Performance assessment and development reviews enable us to monitor our skills set and identify and address gaps.
- We are committed to inclusion and we celebrate diversity.

### Employee Performance Management

In early 2017, over 3 000 employees across Standard Bank participated in a survey evaluating our performance management system. Identified areas for improvement included the need for on-going training, including classroom training; the need for greater transparency and objectivity in feedback and moderation; the need for a clearer link between performance management and reward, and the need for coaching for line managers on how to mentor, motivate and support their staff.

Drawing on the findings, we made several changes to our performance management system during 2017. These include a more developmental approach, which we call Perform to Grow, such as more regular feedback, opportunities for employees to provide feedback on line managers, and more positively framed performance descriptors. We want to make sure our people know what they are doing well and what needs more attention on an ongoing basis. More regular and constructive performance coaching conversations will help drive personal improvement, growth and ultimately business contribution.

We're changing our reward practices, to ensure that we incentivise the right behaviours, support a culture that puts the best interests of the client first, and encourage collaboration by rewarding team and individual successes. We recognize that our people have different needs and preferences at different career stages. We've introduced more flexible benefits offering, with more choices, including for example in relation to long-service awards, sabbaticals, parental leave and unpaid additional vacation leave. The changes were introduced in South Africa in 2017, and will be rolled out in our other countries of operation in 2018, in line with local legislation.

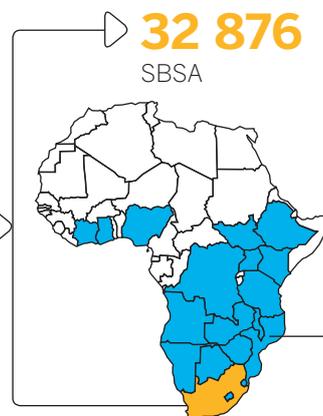
We recognise that our people don't have a good understanding of the full value of their reward and benefits package and we are working to make this simpler and more transparent, including using technology solutions to provide a full benefits view for each individual.

Our Beyond Excellence and Mark of Excellence initiatives ensure that individuals and teams are recognised for exceptional contributions that add value to the business.

ESG 24 For more information on our people please see the Metrics section  
 RTS For more information on our people please see the Report to Society 2017 at [http://sustainability.standardbank.com/pdf/Standard\\_bank\\_RTS2017\\_our\\_impacts\\_four.pdf](http://sustainability.standardbank.com/pdf/Standard_bank_RTS2017_our_impacts_four.pdf)



48 322  
 TOTAL NUMBER OF EMPLOYEES BY REGION (SBG)



32 876  
 SBSA

INTERNATIONAL  
 615

REST OF AFRICA  
 14 831

ESG 24 For more information on our people please see the Metrics section

RTS For more information on our people please see the Report to Society 2017 at [http://sustainability.standardbank.com/pdf/Standard\\_bank\\_RTS2017\\_our\\_impacts\\_four.pdf](http://sustainability.standardbank.com/pdf/Standard_bank_RTS2017_our_impacts_four.pdf)



### Absenteeism and Employee Wellness

In South Africa, we've been using the cost of total sick leave as a percentage of total payroll as our key measure of absenteeism since 2015. In 2017, this equated to 1.1% (2016: 1.2%) which is below the current South African financial sector norm of 2.3%. (This norm was increased in February 2017 from 1.7% to 2.3%). We started to extend our Sick Absence Management Framework to our other countries of operation during 2017. A programme to manage Short Term Incapacity Leave was designed and implemented across South Africa.

We encourage our employees to take responsibility for their wellbeing by seeking advice and assistance on health, wellness and/or financial challenges. We provide a wide range of health and wellness services, including individual and team counselling services to assist our employees manage personal problems, work stress, change, indebtedness, and illness. We train managers in managing absenteeism and appropriately supporting employees who display symptoms of psychosocial or health challenges. Employees can participate in wellness days, medical assessments for executives and senior managers, and a range of training and upskilling initiatives focusing on building personal resilience and coping skills. In South Africa, we piloted a smoking cessation intervention as well as a series of critical conversations on women and men's health. Pilot programmes also included the development and implementation of line manager and human capital upskilling to manage mental health issues and sexual harassment in the workplace.

During 2017, we have continued to provide financial wellness training and access to financial counselling services for our employees. We have partnered in this with our Credit Customer Assist unit in PBB, which offers support with, amongst others, debt consolidation. Employees continue to have access to financial coaching focusing on budgeting and improving behaviour related to personal money management.

### Occupational Health and Safety

All buildings occupied by Standard Bank throughout Africa are covered by the 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 as to integrate occupational health and safety management systems as part of our policies and management arrangements at the workplace.

We are working to:

- Ensure uniformity of the OHS management framework across all operations
- Develop fit-for purpose emergency management capabilities
- Empower staff with appropriate knowledge and training that will enable them to effectively execute their health and safety responsibilities
- Ensure that all our service providers and contractors are aware of their health and responsibilities and how their activities may impact the bank's operations
- Achieve a reduction in workplace health and safety incidents
- Some of our Africa regions have appointed Occupational Health and Safety managers whilst others have allocated this responsibility to other departments.

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.



## AN OHS SUCCESS STORY – STANBIC BANK ZIMBABWE

**Stanbic Bank Zimbabwe has taken strides to improve employee occupational health and safety to ensure the wellbeing of our people and to enhance customer service.**

In July 2016, we employed a full-time specialist OHS Practitioner, mandated to increase awareness of on OHS issues in line with international OHS Standards (OHSAS 18001). An OHS Policy has been approved by the Board and communicated to staff members.

OHS risk assessments were carried out across all functional areas and efforts are currently underway to implement controls to manage specific OHS risks and ensure full legal compliance. The establishment of OHS Committees has boosted participation of employees and management in OHS matters.

Monthly Executive Committee meetings include OHS as a key agenda item. The OHS office provides input in respect of procurement of new equipment, building construction and renovation, and vendor on-boarding. Our robust OHS system is now recognised as a critical component of corporate governance.



#### ADDITIONAL RESOURCES

- RTS  Report to Society <http://sustainability.standardbank.com/>
- TR  Transformation Report <http://sustainability.standardbank.com/downloads/>
- AIR  Annual integrated report <http://annualreport2017.standardbank.com/>