



TEN

# GOOD GOVERNANCE



The prospects for sustainable and inclusive economic growth improve when strong and

independent regulatory institutions are in place and laws are applied fairly and consistently. SDG 16 prioritises building effective, accountable and inclusive institutions. Standard Bank leads by doing good business the right way within an ethical approach to decision-making. We engage government and regulators to support evidence-based policymaking and dialogue between the public and private sectors. We're working towards developing a more systematic approach to broader stakeholder engagement, as part of our commitment to responsible corporate citizenship.

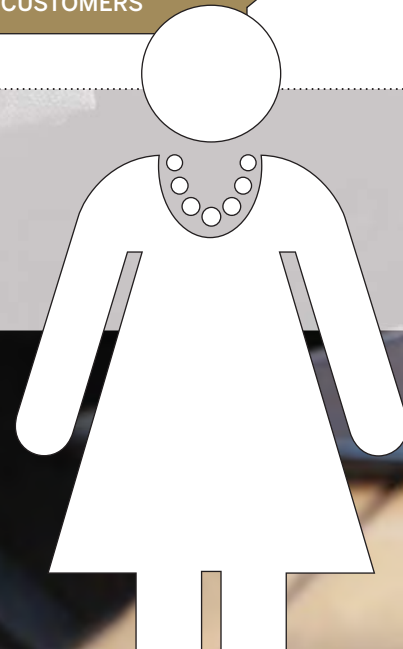


## DOING THE RIGHT BUSINESS THE RIGHT WAY

Building a strong ethical culture requires ongoing awareness-raising and reinforcement. Our **code of ethics** provides guidance on practically living our eight values, including upholding the highest levels of integrity. The group social and ethics committee is responsible for ensuring that we act ethically in relation to internal and

### OUR VALUES

-  BEING PROACTIVE
-  CONSTANTLY RAISING THE BAR
-  DELIVERING TO OUR SHAREHOLDERS
-  SERVING OUR CUSTOMERS





Good governance

external stakeholders, and society more broadly. We track fines and penalties issued against the bank to assist us to identify problems and implement appropriate remedial action.

We recognise that our success in upholding an ethical culture needs to be measured on outcomes rather than adherence to policies. This application of **outcomes – based ethical decision-making** will continue in 2018.

GROWING OUR PEOPLE



WORKING IN TEAMS



RESPECTING EACH OTHER



UPHOLDING THE HIGHEST LEVELS OF INTEGRITY



### Responding to customer complaints

**Standard Bank South Africa received the Ombudsman Award 2017 for fair customer treatment and redress in dispute resolution.** During 2017, our customers made 1 670 complaints to the Banking Ombudsman. While this was the highest absolute number among South Africa's banks, it amounts to 14.2 per 100 000 customers – the second-lowest number of complaints per 100 000 customers among the big five banks. 27% of complaints were related to internet banking, 16% to mortgage finance, 12% to ATMs, 12% to credit cards, and 11% to current accounts – broadly in line with industry averages. Trends revealed that our customers may need more information on avoiding scams, and on their own responsibility for protecting their personal information. They sometimes also need reminding to honour their debt obligations. We always want to do more to ensure fair customer outcomes at all times, and we continue to work to improve customer experience.

**In 2017, Standard Bank South Africa held an internal competition to encourage our employees to 'SEE' the group's positive impacts.** We wanted our people to grasp our commitment to making positive SEE impacts, and to think about what this means for their own roles and how we are more than a bank. More than 4 300 employees entered the competition, and over 80% correctly answered the competition questions. The prize was a stay at Mogale's Gate Nature Reserve in Magaliesburg. Read more about Mogale's Gate in our ESG report online.



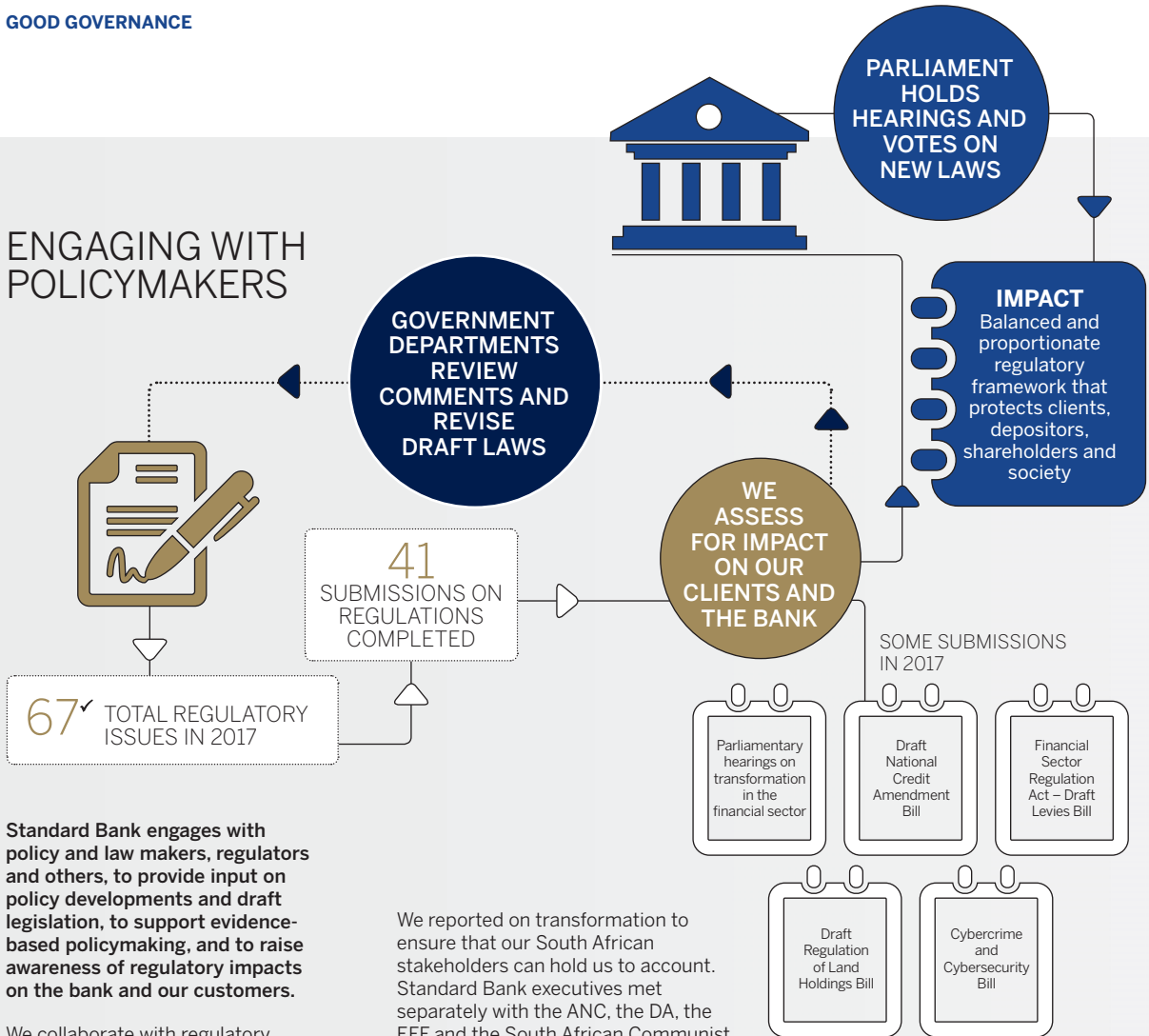
ESG



Environmental, social & governance report (online only)

<http://sustainability.standardbank.com/esg/>

## ENGAGING WITH POLICYMAKERS



Standard Bank engages with policy and law makers, regulators and others, to provide input on policy developments and draft legislation, to support evidence-based policymaking, and to raise awareness of regulatory impacts on the bank and our customers.

We collaborate with regulatory authorities to facilitate information sharing across jurisdictions. In 2017, for example, we hosted a Revenue Authority Roundtable, drawing together tax authorities from ten African countries, along with industry experts, to share ideas on improving efficiencies in tax collection.

Led by our CEO, Standard Bank executives participated in parliamentary hearings on transformation in 2017. Our submission to Parliament included a Standard Bank Transformation Report, which covered progress against the Financial Sector B-BBEE Code and our contribution to economic transformation more broadly.

We reported on transformation to ensure that our South African stakeholders can hold us to account. Standard Bank executives met separately with the ANC, the DA, the EFF and the South African Communist Party, to discuss transformation and related issues in the financial sector.

We hosted a roundtable on the role of banks in transforming society to provide a platform for a robust discussion, with panellists from National Treasury, the Banking Association of South Africa, and the University of Johannesburg. We set-up a new executive committee to drive economic transformation. We look forward to participating in the Nedlac Financial Sector Summit, scheduled for 2018, which will bring together representatives from government, the financial sector, the labour movement and civil society, to take these critical issues forward.

TR Transformation report <http://sustainability.standardbank.com/downloads/>

## ENGAGING WITH OUR STAKEHOLDERS

Standard Bank interacts regularly with a wide range of stakeholders. Issues arising from these interactions are reported to the board on a quarterly basis.

More information on this process and the insights gained can be found in the 2017 Annual Integrated Report.

AIR 5 11



*The South African Communist Party (SACP) wishes to take this opportunity to thank Standard Bank SA for their proactive engagements on the key issues affecting society. Effectively, the SACP has been in the forefront of the campaign to achieve transformation of the financial sector, particularly its banking segment. Therefore, we are pleased to see one of the big financial services organisations deliberate intentions for a transformed, inclusive and people-friendly financial sector.*



## DIRECT ENGAGEMENT WITH CIVIL SOCIETY IN SOUTH AFRICA



CASE STUDY

During 2017, some civil society organisations and political parties presented memoranda of demands to Standard Bank, at both head office and branch level:

Memorandum of Demands from  
**SANCO**  
received at Jabulani Mall Soweto, regarding home evictions

Memorandum of Demands from  
**Ilungelo Lethu Human Rights Foundation**  
received at Johannesburg High Court, regarding home evictions

Memorandum of Demands from  
**SANTACO**  
regarding access to affordable credit for the purchase of taxis, and support for South Africa's taxi industry more broadly

Memorandum of Demands from  
**COSATU**  
received in Johannesburg, regarding transformation of banking and home evictions

Memorandum of Demands from  
**SACP**  
received at Bloemfontein Regional Office, regarding transformation of banking, and home evictions

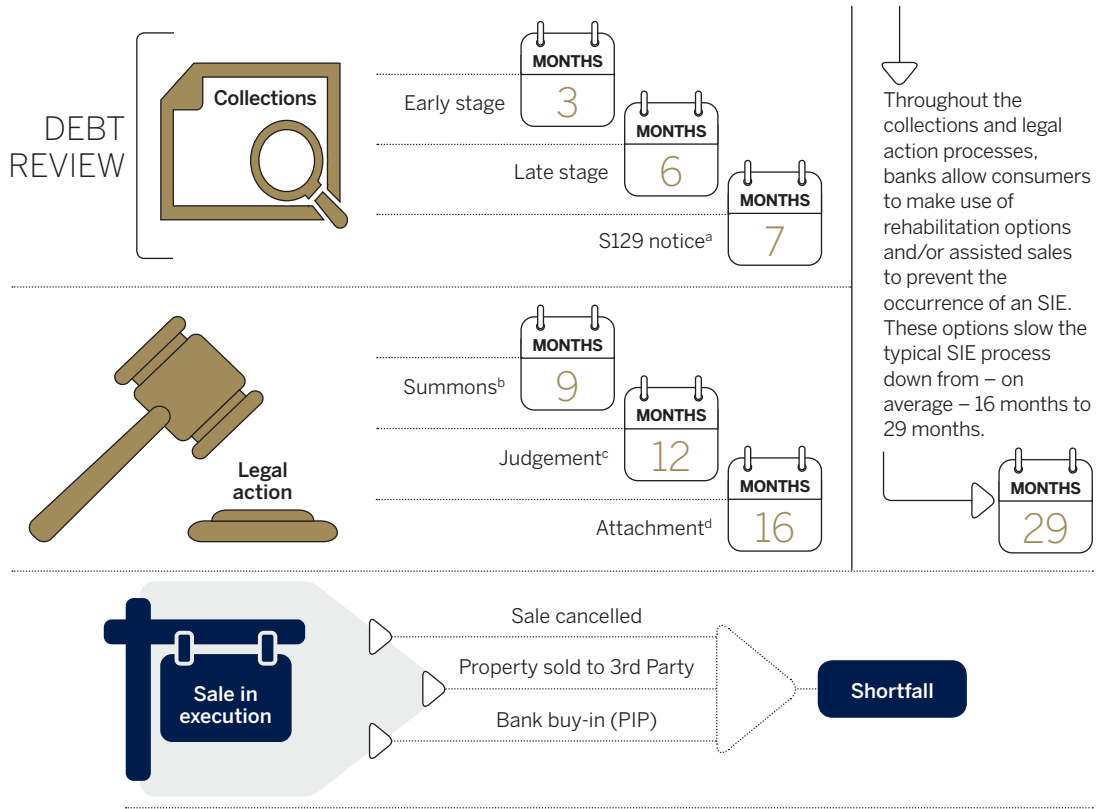
Demands from  
**Centre for Environmental Rights**  
raised concerns over coal-fired projects' impact on climate change, water stress and health of local communities

In all cases, Standard Bank conducted follow-up engagements with the relevant parties.



## KEEPING PEOPLE IN THEIR HOMES

### STEPS AND CUMULATIVE DURATION (WHEN UNINTERRUPTED) OF SIE PROCESS, FROM DEFAULT TO SALE



a. An S129 notice is the first step in the legal process when one has defaulted on a loan repayment. It is the notice issued in terms of Section 129 of the National Credit Act (NCA), advising a consumer that they are in arrears of a certain amount in unpaid instalment(s) at a given date. A credit provider, or an attorney appointed by the credit provider, may issue notice according to Section 129 of the NCA at any time after the client has been in arrears for more than 20 business days. The credit provider may not proceed with any legal action without having fully complied with NCA requirements as contemplated in Sections 129 and 130.

b. An order to appear before a judge or magistrate.

c. Decision by the court.

d. The transfer of the property to the creditor or the sale of such property to recover outstanding debt.



Good governance



# 572 978 mortgages

2017 FINANCIAL YEAR IN SOUTH AFRICA

24 258 in default

3.7% entered into the SIE process

2 095 cancelled cases prior to sale

905 homes that entered into SIE were sold



In South Africa, during the 2017 financial year, we had 572 978 mortgages on our books, of which 24 258 were in default. Of these, 3 043 homes – or 3.7% – entered into the SIE process. We were able to cancel 2 095 of these cases prior to sale, keeping these customers in their homes. With all options exhausted, 905 homes that entered into SIE were sold.

Families were evicted from 32 properties. Each case was deeply regrettable and went through a long and careful process before reaching the SIE stage. We expect our employees and service providers to always act with professionalism, empathy and dignity. If we are alerted to any instances where this has not been the case, we expect to be held accountable.

We also recognise the need to raise awareness of the rights and responsibilities of mortgage holders, and to engage with communities to understand their perspectives on challenges in relation to repossessions and SIE. We held robust and constructive discussions with representatives of the South African Communist Party and iLungelo Lethu Human Rights Foundation on the issue during 2017, where the bank was able to clarify our residential property payment management process. More needs to be done to inform consumers about how the process works, and what their options are. iLungelo Lethu and Standard Bank agreed to work together on this issue.

## Social partnership to drive inclusive growth

In South Africa, we allocate considerable executive time and resources to engaging on how economic policy and the business environment impacts financial services. In doing so, we're guided by non-partisanship and constitutionalism, and we are committed to transparent, rational and evidence-based policymaking. We continually engage with government and organised labour through our membership of Business Leadership South Africa (BLSA) and Business Unity South Africa (BUSA). Standard Bank also engaged through Nedlac on implementing a national minimum wage and measures to improve industrial relations.

BLSA and BUSA's 'Business Approach to Black Economic Transformation for Inclusive Growth', launched in 2017, recommit business to collaborating with government in seeking solutions to socio-economic problems, acknowledges that business has not done enough to promote transformation, and commits to working with government to address this. Standard Bank participates in the Steering Committee of the **CE Initiative** established in early 2016, which works towards strengthening accountability and promoting inclusive growth. Among other projects, the CE Initiative is involved in the **Vaal Triangle Revitalisation** programme.

In pursuit of diverse and inclusive workplaces, we hosted a meeting with the **International Labour Organisation (ILO) Global Business and Disability** network in 2017. Participants included multinational corporates and networks and organisations representing the interests of people with disabilities from Namibia, South Africa, Swaziland and Uganda.

# STRENGTHENING DEMOCRACY THROUGH POLITICAL PARTY FUNDING

Since 2004, Standard Bank has sought to strengthen democracy and political participation in South Africa by supporting political parties guided by the Independent Electoral Commission (IEC) funding formula. Every five years our board reviews our funding policy.

## FUNDING

### Political parties

Standard Bank funds parties in the National Assembly based on an Independent Electoral Committee (IEC) funding formula:

- 10% of the annual disbursement is divided equally between all parties represented in the National Assembly
- 90% is assigned in proportion to the number of seats held by each party.

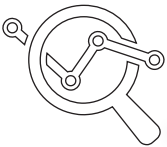
The bank meets the leadership of each party annually for a report-back on how funds were used.

## IMPACT

Funding enables political parties to:

- formulate policy proposals
- conduct research
- prepare for parliamentary debates.

In 2017, Standard Bank South Africa allocated **R2.5 million** to funding political parties.



### Research

The bank also funds research organisations and organised business.

Research facilitates:

- evidence-based policymaking
- conducive and sustainable business environments
- transformation and inclusive growth
- social dialogue.

In 2017, we disbursed **R5.2 million** to research organisations.



Good governance



*Our nine-year partnership with The Global Fund to Fight AIDS, tuberculosis and malaria goes beyond providing prevention, treatment and care services to millions of people. It revitalises communities, strengthens health systems and improves economies.*

– Sola David-Borha, Chief executive of Africa regions, Standard Bank Group



CASE STUDY

## BUILDING FINANCIAL MANAGEMENT CAPACITY IN PARTNER ORGANISATIONS

The Global Fund is a charitable financial institution that mobilises and invests nearly US\$4 billion a year to support programmes for eradicating HIV/AIDS, tuberculosis and malaria across the globe. Standard Bank first partnered with The Global Fund in 2008. Over the past ten years, we've been working with the fund to improve the financial and management skills of government agencies and NGOs that implement programmes, to deliver better health returns.

In 2016, we committed US\$2 million over three years to Global Fund programmes in Africa, including the HER Campaign (HIV Epidemic Response: Empowering Women and Girls to end AIDS in Africa).

We're also working with the fund to find better ways to distribute funds, particularly in underserved rural areas that could benefit from digital distribution solutions.



Stanbic Malawi is working to strengthen business relationships with local fund implementing partners to improve risk management among donor recipients and facilitate skills development of their beneficiaries. In 2017, we held financial training workshops in Malawi for their beneficiaries.

Principal recipients include government agencies and non-profit organisations responsible for dispensing funds at community level. The training we provided included management of grant agreements; budgeting for Global Fund projects; cash transfer and risk; cash and bank management; and expenditure, taxation and taxation reporting. We encourage our employees to participate in these initiatives and share their time and skills to help improve health outcomes.