

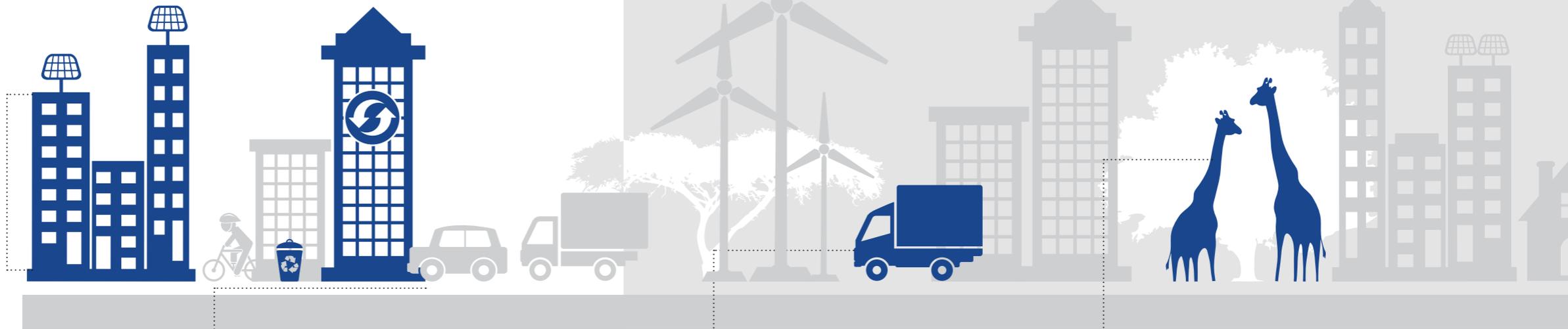
MORE ON OUR SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACT

SBSA's carbon footprint reduced by 6% to 281 264 CO₂e metric tons ✓



Playing our part in reducing our carbon footprint

Standard Bank is committed to minimising our direct carbon footprint, by adopting green building principles in our new build projects, and by retrofitting more sustainable and efficient solutions to existing premises where possible. In 2016, we won the Energy Efficiency Award at the 2015-16 Eco-Logic Awards, for our head office building in Baker Street, Rosebank, Johannesburg, while our Canal Walk branch in Cape Town achieved a 4-Star Green Star Interiors v1 as Built rating. We report on our direct carbon footprint through the Carbon Disclosure Project (CDP). We're also very conscious of our indirect carbon footprint, which derives from the projects we finance, and are exploring appropriate methods of measuring and disclosing this in future.



Understanding our water and waste impact

In 2016, we installed new water meters at buildings and other key areas in our South African operations to enable us to better understand our consumption of water, especially considering the drought in 2016. This led us to make significant water use efficiency improvements in areas such as water-cooled equipment, low flush toilets, shower heads and taps and more efficient irrigation systems using rain water harvesting. This resulted in reducing our consumption by 21% to 653 581 kilolitres in 2016.

In South Africa, we have made good progress on managing waste more effectively, reusing and recycling waste wherever possible, receiving certificates from our service providers. One of our main programmes completed this year was to make electronic statements available and paperless branches to reduce the need for printing. Since 2014, our paper consumption has reduced by 27% to 1 404 tons.



Procuring goods and services that empowers local businesses and supports economic transformation

Standard Bank made a number of changes to our procurement policies and practices during 2016. Under the banner of Project Ignite, we strengthened and standardised procurement capability in our countries of operation, introduced a Group Sustainable Procurement Standard, and implemented steps to encourage sustainable practices within our value chain. These efforts were recognised at the Chartered Institute of Procurement and Supply annual awards, in May 2016, where Standard Bank Africa Procurement won **Best Procurement and Supply Consultancy Project of the Year**, and Procurement and Supply Chain Management Professional of the Year, and was noted for "sustainable procurement excellence".



Understanding the economic value of Natural Capital

The economic value that nature and its diverse ecosystems freely provides society is not well-understood or quantified, mostly because it is taken for granted. Standard Bank owns a small property called Mogale's Gate Biodiversity Centre (MGBC), near Magaliesburg in South Africa. This operates as a nature reserve, although not commercially. In 2015, we commissioned a study to determine the "Natural Capital" value of the property, that is, its biodiversity, including wildlife species, stored carbon and so on; and its ecosystem services, such as water flow, grazing and carbon sequestration. The value of the Natural Capital stocks of wildlife and stored carbon was found to be US\$3million. The value provided by the water flows, climate regulation and grazing was US\$1.65 million. Taking into account all the Natural Capital flows and management costs, Mogale's Gate's Natural Capital value to society represents US\$15.5 to US\$41 million – 25 to 67 times greater than the property value. We continue to work with the researchers, to further develop the understanding of the value of natural capital and its broader benefits for society.

Our energy story in 2016



R25 million invested into energy efficiency improvements reduced energy use by 6% to 263 GWH

Renewable energy provided approximately 1 471 MWH

SEE MORE ONLINE



For more information on our social, economic and environmental impacts, please refer to our full report on our website: <http://sustainability.standardbank.com>

Standard Bank South Africa
BEE total score

94.56



Inclusive growth and economic transformation

South Africa

Black Economic Empowerment (BEE) is a moral and commercial imperative for South Africa's long-term future and the bank's sustainability. Independent, accredited external auditors conduct independent assessments of our BEE performance against the Financial Services Sector Codes for Broad-based Black Economic Empowerment (FS Codes). We continuously strive to ensure that we exceed the targets set down in the codes in order to be significant roleplayers in the transformation of our country. We achieved a BEE score of *94.56 in 2016, and improvement of 1.14 over our 2015 score of 93.42.

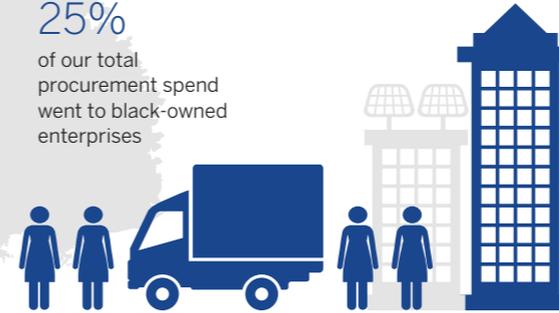
Africa Regions

Many African countries are increasingly putting processes in place to transform their economies, by promoting indigenisation (local ownership). We engage constructively in debates on these developments in an effort to balance the legitimate expectations of economic transformation with the reasonable rights of investors. We take a multi-faceted approach to localisation and our relevance in the market, taking into account what we do for our people, our contribution to socioeconomic development, industry development and job creation. Ownership is an important element of this, and we comply fully with legislation that requires local shareholders to hold a percentage of shares.

In Nigeria, we support the Central Bank's Financial Inclusion Strategy, as well as the Nigerian sustainability banking principles. In Uganda, we focus on aligning with the local government's transformation priorities as set out in the country's National Development Plan. In Namibia, we have transferred an initial 10% shareholding to our employees and a community trust, in line with regulatory requirements to increase local participation in the financial sector. The Zimbabwean Government is also embarking on policy implementation that will focus on the broad-based empowerment of its citizens.

Achieved maximum of
16 points
for preferential
procurement on our
B-BBEE scorecard

25%
of our total
procurement spend
went to black-owned
enterprises



**Promoting enterprise
development (ED)
through the supply chain**

At Standard Bank, we promote enterprise development (ED) through our supply chain. In South Africa, our preferential procurement and supplier development initiatives focus on small black-owned and black women-owned suppliers in our supply chain. We work with potential suppliers to identify appropriate opportunities, and provide successful candidates with business development support. We also give qualifying suppliers access finance where needed. **We've approved a R250 million fund, from which credit will be provided to support the development of small businesses within our supply chain**, over a three- to five-year period. In 2016, we achieved the maximum of 16 points for preferential procurement on our B-BBEE scorecard. 25% of our total procurement spend went to black-owned enterprises, and 27% to Qualifying Small Enterprises (QSEs) and Exempt Micro Enterprises (EMEs). 14% of total procurement spend went to black women-owned suppliers. In 2016, we reduced our foreign procurement suppliers by 13% in our efforts to shift from foreign suppliers to local suppliers where possible, and where appropriate, redirected in favour of black-owned and black women-owned suppliers.

* A business with an annual turnover more than R10 million but less than R50 million qualifies as a Qualifying Smaller Enterprise (QSE).
** Start-up companies qualify as an Exempted Micro Enterprise (EME) and are exempt from being measured on a BEE scorecard.



**The Siyakha Programme –
CSI means business**

Every year in South Africa, young people exit the schooling system and begin their journey towards finding a career. Those who have come from middle class and privileged backgrounds may make the transition from school to higher education – and on to employment – relatively seamlessly. Most, however, are caught in a struggle to access post-secondary education or training, or to get their first job. This creates a barrier where these youth feel locked out of the labour market and ultimately locked out of inclusion into the economy. The Siyakha Programme is a partnership between The Centre for Social Development in Africa at the University of Johannesburg and Standard Bank. **It is aimed to better understand the barriers that young people face when seeking work, and to assess how programmes offering workplace training affect outcomes for youth.** In addition, the programme developed a plan that will improve transformation and financial inclusion in South Africa.

The programme studied various aspects that impact on young people's ability to access work. One of the main barriers they face is the high costs of work seeking. The programme required a bank to partner with, who could provide the youth participating in the study with savings accounts. Globally, evidence suggests that savings helps young people to see a future for themselves and better transition to work. The programme tests whether having a savings account helps youth to transition to work. **We were the only bank to offer our services, providing the youth with savings accounts where we waived the opening account bank fees.** Although this request came from our CSI department, it was collaboration with our business that enabled us to provide the accounts needed.

Early results suggest that participants that received an account and the financial literacy training had a higher sense of employability than those who did not. The savings intervention was also associated with young people feeling more positive about their future prospects.

The study is ongoing and will contribute to a dialogue between the financial institutions, looking at how we structure our products, and government, informing their interventions of youth unemployment and financial inclusion. We are proud to have played a role in this research, seeing the youth in the project not only as participants in the study, but Standard Bank long-standing customers that we hope to see grow in their careers.



* For more information on our BEE performance and our full scorecard, please download our Special Edition: Report to Society <http://sustainability.standardbank.com/downloads.php>