

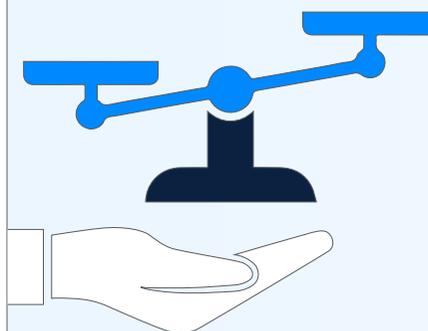


# How we do business

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.

Our board and executive management are responsible for ensuring an appropriate focus on ethics, conduct and positive client outcomes. The social and ethics board committee is responsible for ensuring that the group adheres to our values, code of ethics, and human rights statement, and our commitments under the UN Principles for Responsible Banking.

## Ethics and values



Our approach to ethics is based on three pillars:

**In the market (business conduct)** – placing our clients at the centre of our business, treating clients fairly, and treating competitors fairly

**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

**In society (ESG, SEE, citizenship)** – how we manage our impacts on diverse stakeholders, society and the environment

### Our values

Respecting each other

Serving our customers

Delivering to our shareholders

Working in teams

Upholding the highest levels of integrity

Growing our people

Being proactive

Constantly raising the bar

## HOW WE DO BUSINESS CONTINUED

The group 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. The code is based on the understanding that 'we need to focus our energy and attention on providing our customers with the products, services and solutions that suit their needs; and that our leaders need to encourage and help our people to develop their full potential'. The code further specifies four guidelines for the way we work with one another:

We proactively anticipate, in a carefully considered way, rather than react to situations for which we are unprepared

We believe that in teams, within and across business units, divisions and countries, we shall achieve much greater success than as individuals

Recognising the obligations corresponding with each of our rights, we act with the highest regard for the dignity of all people. We demonstrate respect for all people and for the values and principles of Standard Bank

It should be apparent to all our stakeholders that integrity permeates everything we do.

All employees must undertake annual mandatory training on the code of ethics. Employees must also complete mandatory conduct training annually, with a minimum pass mark set at 80%. Regular training helps to ensure appropriate understanding and embedding of the group's expectations in terms of ethics and conduct.

If an employee has any concerns about a behaviour or incident that they believe deviates from the group's values or code of ethics, they are required to report these. Employees may raise concerns or report issues to the chief ethics officer, their business unit ethics officers, human capital, line managers, or through the group's independent, anonymous ethics and fraud hotline.

## Managing our risks

**Our executives, senior management and compliance teams work together to reinforce a compliance culture across the group. Our combined assurance model includes group internal audit, group compliance monitoring and integrated operational risk, who together ensure a coordinated approach to providing assurance on whether top risks are effectively managed in the group.**

All Standard Bank Group employees must complete mandatory compliance training, which is available online and can be accessed via a computer or mobile device. Training uses case studies and course assessments and provides immediate feedback. We also hold regular compliance interactions with a wider audience across the group, 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.

Read more about our approach to risk management in our [risk and capital management report](#).

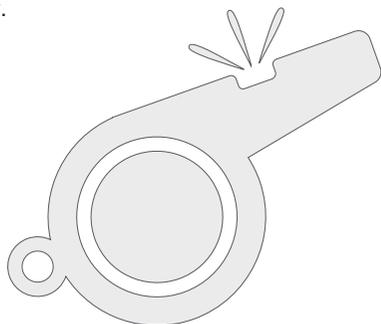
## HOW WE DO BUSINESS CONTINUED

# Whistleblowing

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

Stakeholders are encouraged to report any suspected, attempted or actual unlawful, irregular or unethical behaviour, including any instance or suspected instance of injustice, danger to the health and safety of any individual, environmental damage, unfair discrimination, abuse of company or client resources and assets, or deliberate covering-up of any of these behaviours.

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



### 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 via an independent, confidential whistleblowing hotline
- 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 (and employees) may make reports directly to the group. Details of whistleblowing hotlines for each of our countries of operation are listed [here](#)
- Stakeholders may send an email to: [whistleblowingline@kpmg.co.za](mailto:whistleblowingline@kpmg.co.za) detailing their concerns.
- 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.

### 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 the Protected Disclosures Act, 2014
- Whistleblowers are not expected to prove the truth of an allegation but do need to show that there are sufficient grounds for concern.

GIFR analyses all reports and determines appropriate action. Reports warranting a forensic investigation are investigated by GIFR or Fraud Risk in country.

In 2019, 406 cases were reported to the hotline, and 191 investigations were undertaken. The most common reports related to misconduct, unethical behaviour and fraud. Whistleblowing cases investigated in 2019 resulted in 11 dismissals and the issuing of 30 warnings.

## HOW WE DO BUSINESS CONTINUED

# UN Principles for Responsible Banking

Standard Bank is a founding signatory of the UN Principles for Responsible Banking. More than 100 banks from five continents launched the Principles at the annual UN General Assembly in New York in September 2019. 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.

Standard Bank was part of the core team responsible for developing the Principles and was closely involved in the consultations and negotiations that took place in the 18 months leading up to the launch. The core

team represented 28 banks, from all over the world, spanning developed and developing economies. Working closely with the UNEP FI secretariat, we consulted with a wide variety of banks across the globe, and engaged with a great many other stakeholders, including civil society organisations, banking associations, regulators and technical experts.

## HOW WE DO BUSINESS

### CONTINUED

UN Principles for Responsible Banking	Current progress
<p><b>1. Alignment:</b> 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.</p>	<p>Our strategy commits us to driving sustainable and inclusive economic growth across Africa and ensuring that our business activities create net positive social, economic and environmental impacts. We have adopted social, economic and environmental (SEE) impact as one of the five value drivers against which we measure our strategic progress.</p>
<p><b>2. Impact and target setting:</b> 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.</p>	<p>We have identified seven SEE impact areas, informed by the SDGs and directly relevant to our core business as a provider of financial products and services. We are committed to tracking, assessing and reporting on our SEE impacts, both positive and negative. We are in the process of identifying metrics to assess and track progress.</p>
<p><b>3. Clients and customers:</b> 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.</p>	<p>The group's code of ethics, organisational culture and values determine how we do business and with whom we do business. Our board and executive management are responsible for ensuring an appropriate focus on ethics, conduct and positive client outcomes.</p> <p>Our sustainable finance business unit is responsible for partnering with our clients to develop and implement sustainable finance solutions.</p> <p>Our client risk committees assess issues related to ethics and conduct in relation to new and existing client relationships.</p>
<p><b>4. Stakeholders:</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	<p>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. We provide further information on how we engage our stakeholders <a href="#">here</a>.</p>
<p><b>5. Governance and culture:</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	<p>The Standard Bank board is responsible for ensuring the group conducts itself as a responsible, ethical corporate citizen. Dedicated board and management committees are responsible for the oversight of ethics, conduct, culture, stakeholder engagement and ESG risk management, to ensure our values and standards are reflected in all our day-to-day activities. In 2019, the group adopted a new ESG governance framework, which recognises ESG as a separate risk type within non-financial risk and assigns clear accountability for management of this risk area.</p>
<p><b>6. Transparency and accountability:</b> 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.</p>	<p>Our report to society provides an update on our activities under each of our SEE impact areas, while the ESG report provides an overview of the processes and governance structures we have in place to support our commitment to doing the right business, the right way. We are committed to consulting, engaging and partnering with our stakeholders, and to reporting transparently on progress.</p>

## HOW WE DO BUSINESS CONTINUED

# Respecting human rights

In keeping with our purpose, and our obligations as a responsible financial services group 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's 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.

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. Where local 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.

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 money laundering, fraud, corruption, offering services to sanctioned entities, terrorist financing and facilitation of tax evasion.

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.

Our human rights statement is available on our website [here](#).

## HOW WE DO BUSINESS CONTINUED

### Our approach to tax matters

Standard Bank is committed to transparent compliance and adheres to global reporting and other legislative requirements on tax matters.

Our approach to managing tax risk is governed by the group board, with responsibility delegated to the group audit committee through the tax risk control framework. This 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 and remuneration-related taxes.

#### OUR TAX CONTRIBUTION

Standard Bank Group contributes toward the development and growth of the economies in which we operate. We are a major investor, taxpayer and purchaser of goods and services. We contribute directly to government revenues by way of corporate income taxes, as well as indirect taxes such as VAT. We also collect other taxes such as withholding taxes and employees' taxes on behalf of revenue authorities. Standard Bank assists tax authorities with tax administration, collection processes and by obtaining independent verification of third-party data.

Standard Bank  
International

R1.4 billion

+

Africa Regions

R9.1 billion

+

South Africa

R16.5 billion

**Total tax**

R27.1 billion  
in the 2019  
financial year

Various  
corporate taxes  
incurred

R10.3 billion

+

Various  
taxes collected

on behalf of  
government  
(e.g. PAYE)  
R16.8 billion

#### TAX GOVERNING PRINCIPLES

- We are committed to ethical outcomes and accurate, transparent and timely compliance with the tax laws of the countries where we operate in Africa and internationally.
- Tax reporting, both internal and external, is in line with best practices and standards.
- We will only engage in transactions that have commercial and economic substance in line with the spirit and purpose of the relevant tax legislation.
- We are committed to fostering transparent, constructive and cooperative relationships with tax authorities based on open and honest disclosure and mutual trust.
- We participate in the development of new tax legislation, including tax provisions arising from base erosion and profit shifting (BEPS) and support the fundamental principles underlying multilateral moves toward greater transparency.

## HOW WE DO BUSINESS

### CONTINUED

# Our approach to procurement

Our group procurement policy requires all procurement transactions to be objective, transparent and fair, in line with sound corporate governance principles, and the highest procurement and ethical standards must be applied to all such transactions.



All contractors, suppliers and consultants must comply with the group's internal requirements and with the South African Occupational Health and Safety Act and regulations at a minimum, and with environmental and social legislation in the relevant country.

We require all our suppliers to respect basic human rights and establish a clean and safe working environment. This includes not allowing forced labour, child labour or discrimination, and paying appropriate wages, regulating working hours and respecting everyone's freedom of association.

Suppliers, consultants and contractors to the group must comply with all the environmental and social legislation applicable, and they must follow good environmental and social practice that applies to their sector and to the goods or services supplied.

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.

Sustainability is included in the evaluation criteria applied to all procurement decisions. Suppliers are required to provide the group with their environmental policy; company code of conduct; and sustainability certificate, where applicable.

Procurement should be aimed at supporting local suppliers while at the same time ensuring alignment to group standards for quality, sustainability and commerciality.

The group 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.