



Conduct risk management framework

Standard Bank Group's conduct risk framework uses a **culture-led strategy** to achieve the culture, ethics and conduct we expect to see from our employees. We've put in place effective governance structures with clear responsibility and oversight to promote fair and effective customer outcomes. The board and senior management play a prominent role in supporting awareness and embedding conduct standards.

Since launching our **treating customers fairly** (TCF) programme in July 2014, we've undertaken a significant amount of work to embed the TCF principles. This work is based on sound tenets of business ethics and is aligned to our values. As part of the evolution of the TCF journey, we have strengthened our governance environment with the institutionalisation of our conduct risk management framework. The framework defines the group's conduct risk appetite and informs our approach to identify, assess and manage conduct risk through enhanced reporting and monitoring that considers fair customer outcomes in material business decisions.

Different areas across the group are required to complete monthly **conduct dashboards**, which are submitted to the relevant group management committee. **Conduct dashboards monitor indicators related to conduct culture and governance.** The dashboards include metrics related to employee turnover, absenteeism, registration of gifts and entertainment, personal account trading, declaration of outside business interests, data privacy and protection, and client complaints. They provide a barometer of a significant dimension of the prevailing ethical climate. All business units and corporate functions submit their conduct dashboards to group executive committee on a quarterly basis.

Our **conflicts of interest policy** forms part of our conflicts of interest management framework. The policy is aimed at ensuring that **Standard Bank 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,**

as well as the bank. 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. It also serves to ensure that there are processes, procedures and mechanisms in place to identify, prevent or manage conflicts of interest to:

- Ensure the fair treatment of clients
- Maintain a sound financial environment
- Ensure that conflicts of interest are managed fairly
- Prevent the misuse of Need to Know information, and
- Protect the good reputation of the Standard Bank Group and the industry.

Our **money laundering and terrorist financing control** framework and structures for managing our money laundering and terrorist financing risk are **designed and maintained to ensure compliance with Financial Action Task Force recommendations and in-country legislative requirements in all jurisdictions.**



“The process of embedding good conduct is underpinned by the group's code of ethics and values. The group holds itself and its stakeholders to high ethical standards and will continue to focus on doing the right business in the right way, by balancing sustainable returns for our stakeholders with fair client outcomes and good business practices.”

Isabel Lawrence,
Group chief compliance and data officer, Standard Bank Group



The South African Financial Intelligence Centre Act has been amended to incorporate a risk-based approach to compliance in relation to the anti money laundering/ combating the financing of terrorism (AML/CFT) regulatory framework. This includes the requirement to develop, document, maintain and implement a risk management and compliance programme that must demonstrate the group's ability to effectively apply a risk-based approach.

Our money laundering control policy and our financial sanctions and terrorist financing policy comply with applicable statutory and regulatory obligations and ensure that:

- The risks arising from money laundering, terrorist financing (ML/TF) and financial sanctions are well understood, mitigated and proactively managed;
- Standard Bank's reputation and integrity is protected by taking all reasonable steps to prevent its use for ML/TF and the circumvention of financial sanctions; and
- A framework is established that will enable the recognition, investigation and reporting of suspicious activity and all reportable transactions to competent authorities.

Standard Bank manages our **anti-bribery and corruption** (ABC) risk in accordance with the Organisation for Economic Co-operation and Development's Guidance for Multinational Enterprises. Oversight of ABC is provided through the bribery and corruption review committee. An ABC risk assessment for the group was completed in 2018 and presented to the group social and ethics committee. Specialised training has been developed for areas that are perceived as being more susceptible to risk of bribery and corruption.



We've introduced several **automated solutions** across our countries of operation to improve efficiency in money laundering control and declaring outside business interests.

All Standard Bank employees must complete compulsory 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 conversations' 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.

We **track fines and penalties** issued against the group to assist us to identify problems areas that need attention and to implement appropriate remedial action.