

CORPORATE GOVERNANCE OVERVIEW

The group's corporate governance approach promotes strategic decision-making that combines long- and short-term outcomes to reconcile the interests of the group, our stakeholders and society to create sustainable shared value.

Corporate governance is integrated across the group's operations. Through the group's governance framework, the board fulfils an oversight role and deliberates with executive management over strategic direction, financial goals, resource allocation and risk appetite. Management applies the tone set by the board and the governance philosophy, based on the group's values, as a set of principles and structures that enable the group to create shared value for all our stakeholders.

Our approach to corporate governance extends beyond compliance. We see governance as an enabler that creates competitive advantage through enhanced accountability, effective risk management, clear performance management, greater transparency and effective leadership.

In line with this ambition, the King Report on Corporate Governance (King Code) has formed the cornerstone of our approach to governance. We support the overarching goals of King IV, being the creation of:



The board is satisfied with the group's application of the principles of King IV, and our application register is available online at www.standardbank.com, together with our full corporate governance report.

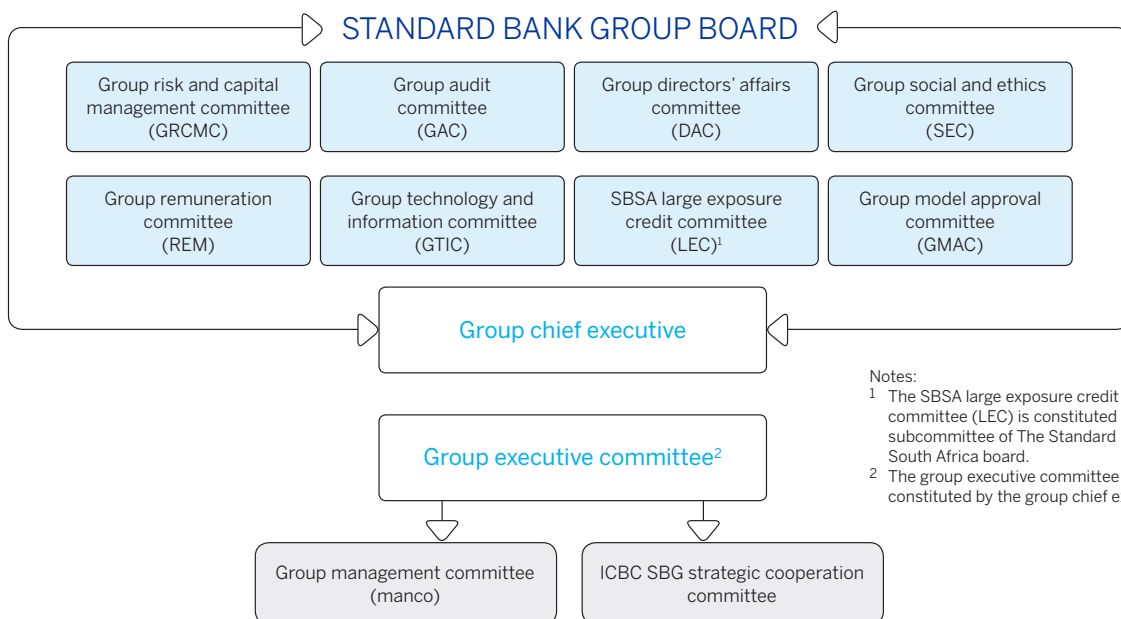
OUR GOVERNANCE FRAMEWORK

The group operates within a clearly defined board-approved governance framework, which outlines mechanisms for the group to implement robust governance practices and provides clear direction for decision-making across all disciplines. Through this framework, the board has delegated the day-to-day management of the group, to the group chief executive without abdicating the board's responsibility.

The delegation of authority framework is reviewed annually in consultation with the group finance function to ensure that financial limits remain appropriate, taking into account the size of the group and its specific operational context.

The group secretary monitors the effective implementation of the authority delegated to the group chief executive and has confirmed that in the year under review, the group chief executive acted within the authority delegated to him by the board. The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority.

The group chief executive engages the board on all critical decisions of the group. These engagements take place with mutual respect and candour. All board decisions are consistently based on ethical foundations.



Notes:
 1 The SBSA large exposure credit committee (LEC) is constituted as a subcommittee of The Standard Bank of South Africa board.
 2 The group executive committee is constituted by the group chief executive.

OUR BOARD OF DIRECTORS

The board serves as the focal point for and custodian of the group's corporate governance. It is responsible for providing ethical and effective leadership to the group. It agrees the strategic direction and approves the policy frameworks used to measure organisational performance. This is achieved through transparent reporting on the part of management and active board oversight. The group chief executive and the executive team deliver against agreed performance targets aligned to the group strategy and in the best interests of the group and its material stakeholders.


The board mandate details the board's role and responsibilities. It reflects the principles incorporated in the Companies Act, Banks Act, the company's memorandum of incorporation (MOI), King IV, Basel Corporate Governance for Banks, JSE Listings Requirements, and any applicable law or binding regulatory provisions. The mandate, which also specifies matters reserved for board decision, is reviewed at least annually together with an assessment of the board performance against its said provisions.

Board members are bound by the code of ethics and fiduciary duties owed to the company. Directors have the necessary competence and ethical character to discharge their duties, to provide strategic direction and control the group, as set out in the board mandate and the MOI.

The board is committed to acting in the best interests of the group, in good faith and without undue personal conflicts of interest. In making decisions, the board adopts a pragmatic approach to the group's core business, prudently evaluates the full range of inputs the group adopts and the impact of operating


activities on these inputs, as well as the potential trade-offs between them. This is discussed in more detail on page 14 – our shared value model and from page 18 – measuring our strategic progress.

As a financial services organisation, our ability to innovate is critical to remaining relevant to our clients. The board is committed to ensuring that the group remains agile to meet the changing needs of its clients and other stakeholders. The composition of the board is carefully reviewed to ensure it has the necessary skills to deliver on the group strategy and leverage opportunities.

 For more information on the group's approach to digitisation and IT, refer to page 86.

The board monitors and holds the relevant executive accountable for the group's operational and financial performance. Management is open and transparent with the board and escalates concerns to its attention in the appropriate forums and in a timely manner.

The role of chairman is separate from that of the group chief executive. There is a clear division of responsibilities. In addition to strengthening the independence of the board, and in line with governance best practice, Peter Sullivan was appointed as the group's lead independent director during the year.

 For the group's comprehensive approach to corporate governance, refer to the full corporate governance report.

CULTURE, ETHICS AND VALUES

The chairman and the board set the ethical tone for the group. The group chief executive and the chief ethics officer are responsible for entrenching the group's values and code of ethics across the group. The board, through the relevant board committees, requests and considers compliance reports by executive management, internal auditors and external auditors on measures implemented to ensure compliance with regulatory and other legislative requirements.

At an absolute minimum, we adhere to and comply with all the legal obligations of the jurisdictions in which we operate. Our subsidiary governance framework and the relevant group policies establish a common standard of corporate governance and conduct across the group.

OUR BOARD OF DIRECTORS

The group has a unitary board structure with:

- 1 independent non-executive chairman
- 4 non-executive directors
- 3 executive directors
- 10 independent non-executive directors

1. THULANI GCABASHE ⁽⁶⁰⁾

Chairman and independent non-executive director, SBG and SBSA

Appointed: 2003

Appointed chairman: 2015

DAC **GRCMC** **LEC** **Rem** **SEC**

2. HAO HU ⁽⁵⁵⁾

Deputy chairman, SBG and non-executive director, SBG and SBSA

Appointed: 2017

DAC **GRCMC** **GTIC**

3. JACKO MAREE ⁽⁶²⁾

Deputy chairman, SBG and non-executive director, SBG and SBSA

Appointed: 2016

LEC **MAC** **Rem** **SEC** **GRCMC**

4. KGOMOTSO MOROKA ⁽⁶³⁾

Non-executive director, SBG and SBSA

Appointed: 2003

DAC **GRCMC** **SEC**

5. LUBIN WANG ⁽⁴⁴⁾

Non-executive director, SBG and SBSA

Appointed: 2017

DAC **GRCMC** **GTIC**

6. SIM TSHABALALA ⁽⁵⁰⁾

Group chief executive, SBG and executive director, SBSA

Appointed: 2013

GTIC **LEC** **MAC** **SEC**

7. ARNO DAEHNKE ⁽⁵⁰⁾

Group financial director, SBG and executive director, SBSA

Appointed: 2016

GTIC **LEC** **MAC**

8. BEN KRUGER ⁽⁵⁸⁾

Executive director, SBG and SBSA

Appointed: 2013

GTIC **LEC** **MAC** **SEC**

9. RICHARD DUNNE ⁽⁶⁹⁾

Independent non-executive director, SBG and SBSA

Appointed: 2009

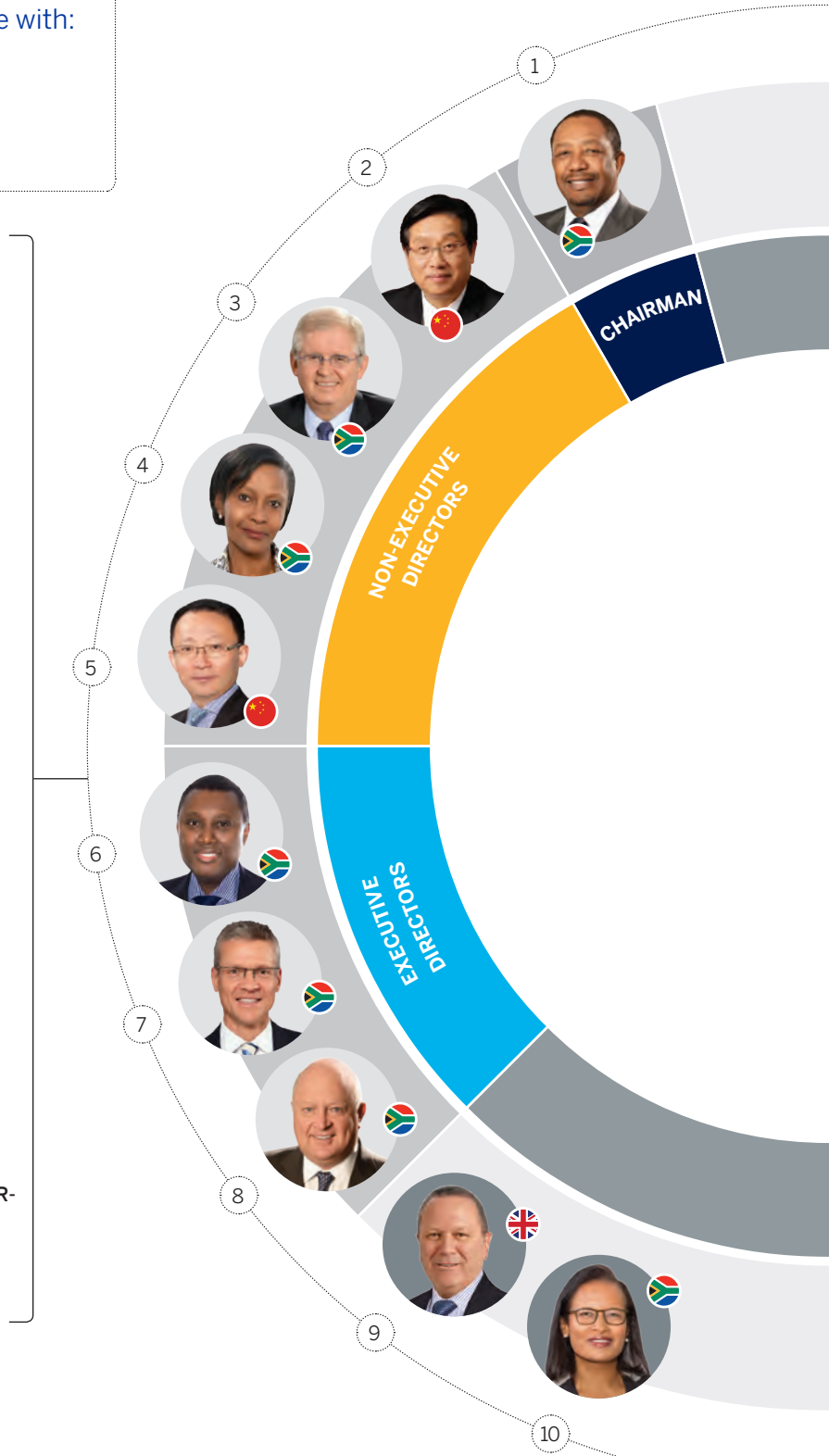
GAC **GRCMC** **GTIC**

10. GERALDINE FRASER-MOLEKETI ⁽⁵⁷⁾

Independent non-executive director, SBG and SBSA

Appointed: 2016

DAC **GRCMC** **SEC**

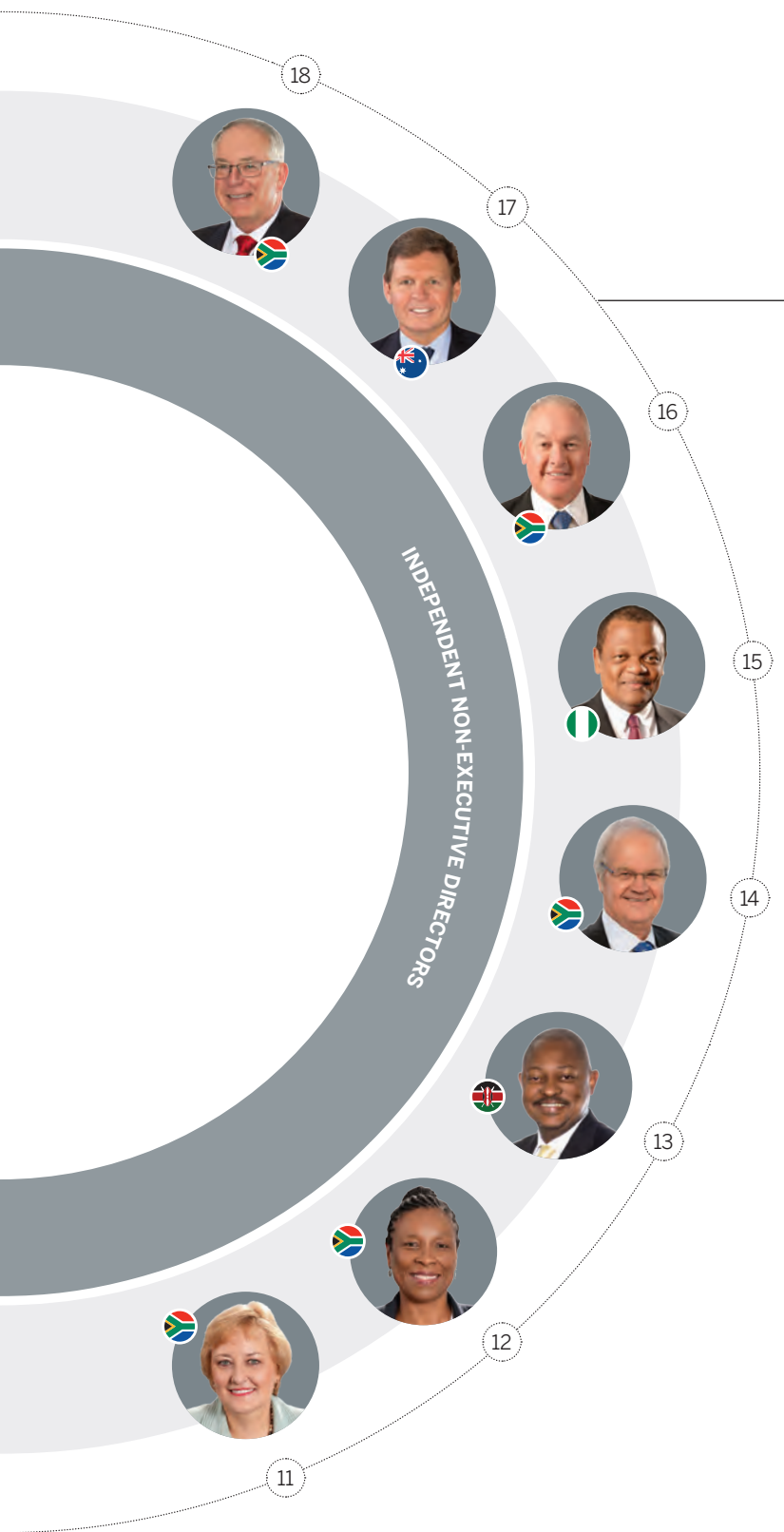


DAC Group directors' affairs committee **GAC** Group audit committee **GRCMC** Group risk and capital management committee

GTIC Group technology and information committee **LEC** SBSA large exposure credit committee* **MAC** Group model approval committee

Rem Group remuneration committee **SEC** Group social and ethics committee **■** Committee chairman

* A subcommittee of The Standard Bank of South Africa.



11. TRIX KENNEALY ⁽⁵⁹⁾
Independent non-executive director, SBG and SBSA
Appointed: 2016

GAC | GRMC | Rem

12. NOMGANDO MATYUMZA ⁽⁵⁵⁾
Independent non-executive director, SBG and SBSA
Appointed: 2016

GRMC | MAC | Rem

13. MARTIN ODUOR-OTIENO ⁽⁶¹⁾
Independent non-executive director, SBG and SBSA
Appointed: 2016

GAC | MAC | SEC

14. ANDRÉ PARKER ⁽⁶⁶⁾
Independent non-executive director, SBG and SBSA
Appointed: 2014

DAC | GTIC | LEC | Rem

15. ATEDO PETERSIDE CON ⁽⁶²⁾
Independent non-executive director, SBG and SBSA
Appointed: 2014

GAC | GTIC | Rem

16. MYLES RUCK ⁽⁶²⁾
Independent non-executive director, SBG and SBSA
Appointed: 2002

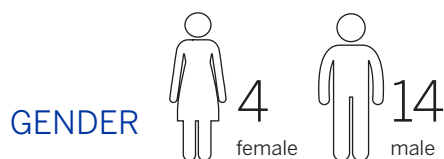
DAC | GRMC | LEC

17. PETER SULLIVAN ⁽⁷⁰⁾
Lead independent non-executive director, SBG and SBSA
Appointed: 2013

GAC | GRMC | GTIC | Rem

18. JOHN VICE ⁽⁶⁵⁾
Independent non-executive director, SBG and SBSA
Appointed: 2016

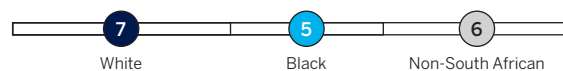
GAC | GRMC | GTIC



DIRECTOR NATIONALITIES



DEMOGRAPHICS



AGE

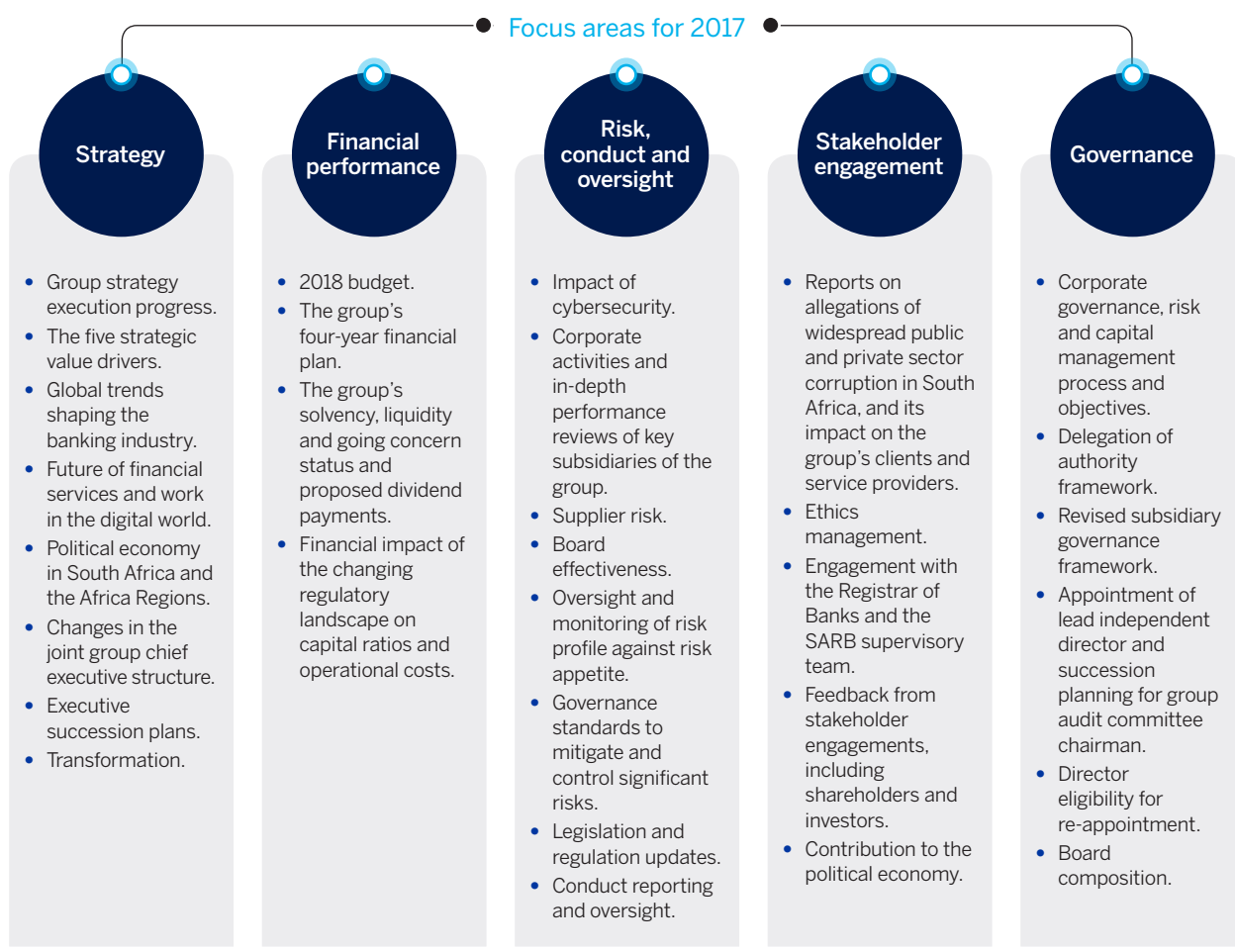


TENURE OF NON-EXECUTIVE DIRECTORS



2017 BOARD AGENDA AND FOCUS AREAS


During the year, the board held eight meetings, including its annual two-day strategy meeting. The key focus areas that supported the group's value creation are listed below.



BOARD MEETING ATTENDANCE

ROLE	ATTENDANCE AND ELIGIBILITY ¹	INDEPENDENT	APPOINTED	RESPONSIBILITIES
CHAIRMAN AND DEPUTY CHAIRMEN				
Thulani Gcabashe	8/8	Yes	1 July 2003, appointed chairman 28 May 2015	Board governance and performance, shareholder engagement.
Hao Hu (deputy chairman)	5/6	No	1 June 2017	Leading the board performance appraisal of the chairman and acting as a sounding board for the chairman on general board matters.
Jacko Maree (deputy chairman)	8/8	No	21 November 2016	
EXECUTIVE DIRECTORS				
Sim Tshabalala	8/8	–	7 March 2013	Strategy and group performance and day-to-day management of the group.
Arno Daehnke	8/8	–	1 May 2016	Group financial performance and reporting.
Ben Kruger	8/8	–	7 March 2013	Strategic guidance, oversight and management of the Africa Regions, group digitisation, group IT and ICBC relationship.
LEAD INDEPENDENT DIRECTOR				
Peter Sullivan	8/8	Yes	15 January 2013, appointed lead independent director 30 November 2017	Dealing with shareholder concerns where contact through the normal channels fails to resolve concerns, or where the chairman may be conflicted.
NON-EXECUTIVE DIRECTORS				
Richard Dunne	8/8	Yes	3 December 2009	Non-executive directors provide objective judgement independent of management. They challenge and monitor the executive directors' delivery of strategy within the risk and governance structure agreed by the board.
Geraldine Fraser-Moleketi	8/8	Yes	21 November 2016	
Trix Kennealy	8/8	Yes	21 November 2016	
Nomgando Matyumza	8/8	Yes	21 November 2016	
Kgomotso Moroka	7/8	No	1 July 2003	
Martin Oduor-Otieno	8/8	Yes	1 January 2016	
André Parker	8/8	Yes	14 March 2014	
Atedo Peterside CON	8/8	Yes	22 August 2014	
Myles Ruck	8/8	Yes	18 January 2002	
John Vice	8/8	Yes	21 November 2016	
Lubin Wang	5/6	No	1 June 2017	

¹ Eligibility based on appointment date.

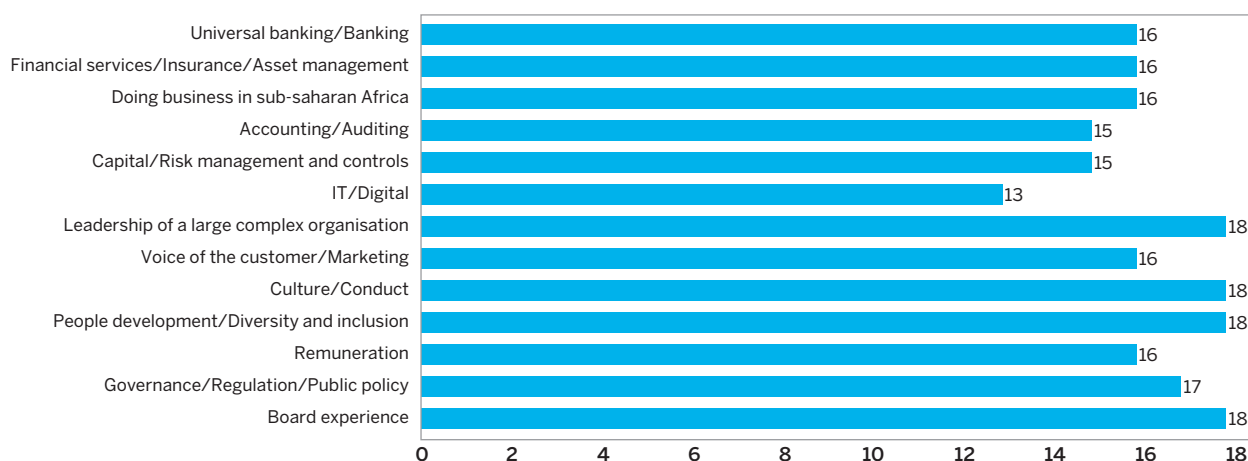
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REM  Details of committee attendance and remuneration are included in the full governance and remuneration report online.

COMPOSITION

We recognise that a balanced board is vital for sustainable value creation. The group has a unitary board, which is considered effective and appropriate for the size of the group. We believe that the board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationalities, experience, tenure and independence.

There is a clear division of responsibilities and no one director has unfettered powers, ensuring there is an appropriate balance of power.

SBG Director Skills Matrix



DIVERSITY

The board adopted a gender diversity policy in 2016 and set a target of 33% female representation on the board by 2020. The board has four women non-executive directors, making up 22% of the board.

The board continues to evaluate its implementation of its diversity policy and in line with the amended JSE Listings Requirements and King Code, it will approve the race diversity policy for its composition.

Efforts are underway to ensure that the board achieves its set targets by 2020.


BOARD REVIEW

The effectiveness of the board and its committees is assessed regularly. Externally facilitated board and board committee evaluations are performed every two years and internal self-evaluations performed every alternate year.

The 2017 board effectiveness review was facilitated internally by the group secretary and the chairman conducted individual director performance assessments. The board's effectiveness was assessed against the following areas:


- Group strategy and execution.
- Board composition.
- Ethics management and conduct.
- Executive management and succession.
- Risk, IT, data and compliance.
- Assurance functions.
- Transformation.
- Oversight over subsidiaries.
- Stakeholder engagement.
- Effectiveness of board committees.

The review concluded that the performance of the board and its committees, evaluated against these areas, is considered effective. The board is satisfied that the evaluation process is improving its performance and effectiveness.

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REM  For an overview of the evaluation results and action plans, refer to the full corporate governance report.

BOARD COMMITTEES

<p>Directors' affairs committee</p>	<p>The committee met five times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring the appropriateness of the group corporate governance structures and practices. • Ensuring board continuity and succession planning. • Ensuring compliance with all applicable laws, regulations and codes of conduct and practices. • Assessing and ensuring the effectiveness of the board and its committees.
<p>Group audit committee</p>	<p>The committee met eight times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Monitoring and reviewing the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes. • Providing independent oversight of the group's assurance functions. • Reviewing the independence and effectiveness of the group's external auditors, and the internal audit and compliance functions. • Assessing the group's compliance with applicable legal, regulatory and accounting standards and policies. • Approving the group's external financial publications.
<p>Group risk and capital management committee</p>	<p>The committee met four times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Providing independent and objective oversight and governance of risk and capital management. • Setting the direction for how risk and capital management should be approached and addressed in the group. • Review and assessing the adequacy and effectiveness of the risk and capital management governance framework. • Review and approving the risk appetite statement for the group's banking operations. • Review risk management reports and monitor the group's risk profile. • Evaluate and agreeing the opportunities and associated risks that the organisation is willing to take.
<p>Group technology and information committee</p>	<p>The committee met four times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Reviewing and approving the group's IT governance standard. • Reviewing the strategic alignment of the IT function with the group's strategy. • Reviewing the group's IT risk profile and the management of top IT risks. • Reviewing the governance of IT resource management. • Monitoring IT resilience. • Considering strategic IT investments.
<p>Group model approval committee</p>	<p>The committee met four times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Assisting the board in discharging its obligations for model risk as it pertains to the advanced internal rating-based approach for the measurement of the group's exposure to credit risk. • Assessing risk evaluation models that need to be approved before being used to calculate a regulatory capital charge.
<p>Group remuneration committee</p>	<p>The committee met four times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Assisting the board in discharging its responsibility to ensure fair and responsible remuneration by the group. • Ensuring that the group's remuneration policies and practices are aligned with the group strategy to promote sound risk management practices and create value for the group over the long term and that they are reviewed regularly. • Developing the remuneration philosophy and policy, as well as its implementation and disclosure to enable a reasonable assessment by stakeholders of reward practices and governance processes. • Recommending non-executive directors' fees to the board after receiving input from executive directors.
<p>Group social and ethics committee</p>	<p>The committee met four times during the year and its responsibilities include:</p> <ul style="list-style-type: none"> • Ensuring the development of appropriate policies and acting as the group's social conscience, recognising that stakeholder perceptions affect the group's reputation. • Guiding and monitoring the group's social, ethical, economic, environmental, transformation and consumer relationship initiatives in line with relevant legislation, codes and regulation. • Reporting on and provide oversight of sustainable development and responsible corporate citizenship practices.


 More information on the board committees is included in the governance and remuneration report.

EXECUTIVE COMMITTEE

Our experienced leadership team continues to collaborate to deliver on our strategic objectives. Composition of the group executive committee (group exco) is based on both requirements and capabilities. The board is satisfied with the group executive bench strength.

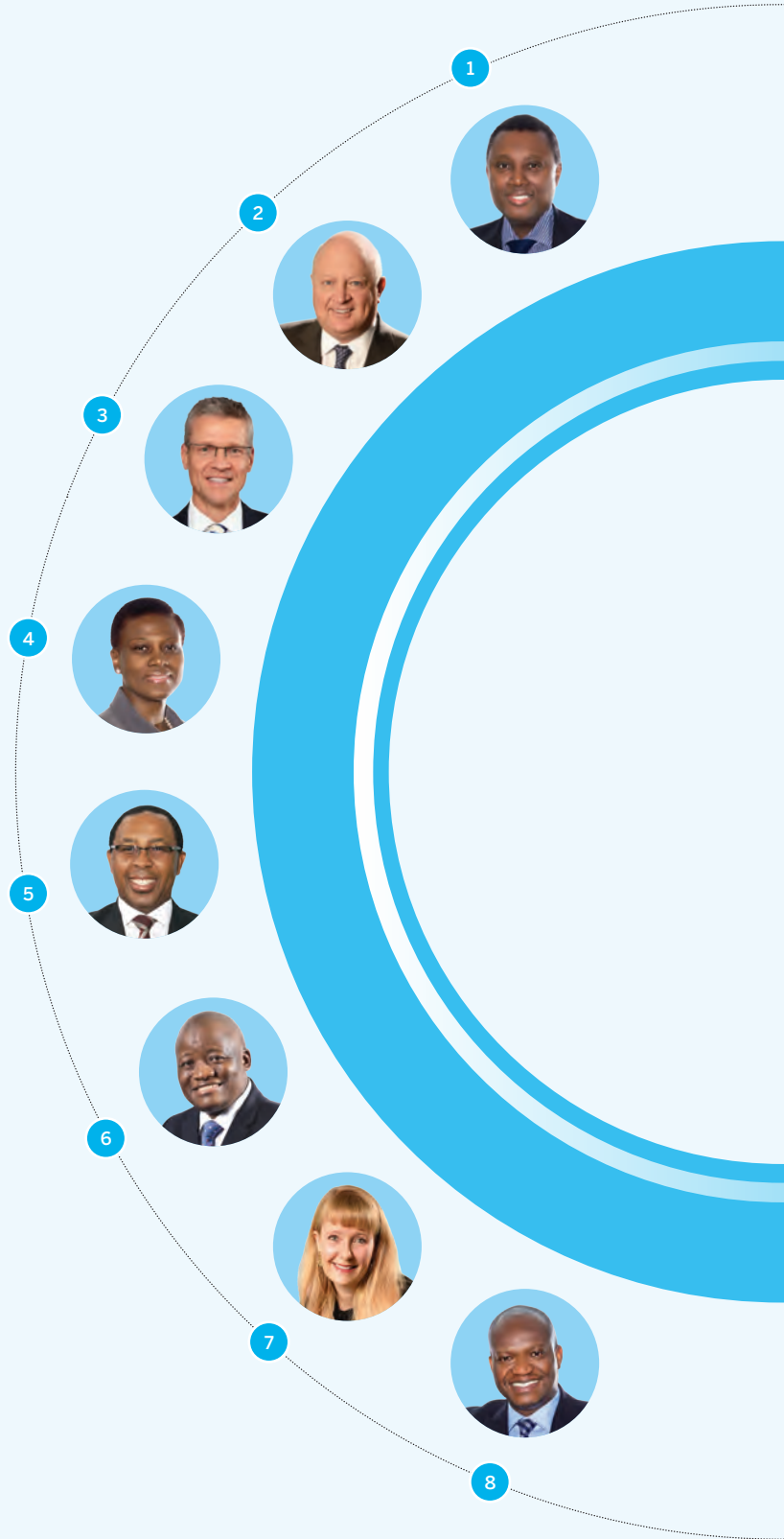
A TEAM WITH DEPTH AND EXPERIENCE

The board has delegated the management of the day-to-day business and affairs of the group to the group chief executive, with full power on behalf of and in the name of the group. The group chief executive is accountable for the implementation of the group strategy and overall performance, and is supported by the group exco members.

Group exco is responsible for providing counsel to the group chief executive, acting as a sounding board and ensuring overall coordination across the universal financial services group, legal entities, and other key stakeholders. Ultimate decision-making powers remain vested with the group chief executive and all members of the committee exercise powers in accordance with their delegated authority.

The board regularly assesses the executive director succession plans, including that of the group chief executive. The board is updated regularly on the group's management succession plans.

The composition of group exco is carefully reviewed and monitored to ensure that the group has the right mix of skills, experience and diversity to deliver on our strategy.





1. SIM TSHABALALA ⁽⁵⁰⁾
 Group chief executive, SBG and executive director, SBSA
Qualifications:
BA, LLB (Rhodes), LLM (University of Notre Dame, USA), HDip Tax (Wits), AMP (Harvard)

2. BEN KRUGER ⁽⁵⁸⁾
 Executive director, SBG and SBSA
Qualifications:
BCom (Hons) (Pretoria), CA(SA), AMP (Harvard)

3. ARNO DAEHNKE ⁽⁵⁰⁾
 Group financial director, SBG and executive director, SBG and SBSA
Qualifications:
BSc, MSc (UCT), PhD (Vienna University of Technology), MBA (Milpark), AMP (Wharton)

4. SOLA DAVID-BORHA ⁽⁵⁷⁾
 Chief executive, Africa Regions
Qualifications:
BSc Economics (University of Ibadan), MBA (University of Manchester), AMP (Harvard), GCP (IESE, Wharton, CEIBS)

5. KENNY FIHLA ⁽⁵¹⁾
 Chief executive, CIB
Qualifications:
MSc (University of London), MBA (Wits)

6. LUNGISA FUZILE ⁽⁵¹⁾
 Chief executive, SBSA
Qualifications:
MCom (Natal), AMP (Harvard)

7. ISABEL LAWRENCE ⁽⁴⁹⁾
 Group chief compliance and data officer
Qualifications:
BA (Hons), LLM (RAU)

8. ALPHEUS MANGALE ⁽⁴²⁾
 Group chief information officer
Qualifications:
NDip Computer Systems Engineering (TUT), PG Management (Henley), EDP (CCL), AMP (Harvard)

9. FUNEKA MONTJANE ⁽³⁹⁾
 Chief executive, PBB South Africa
Qualifications:
BCom (Hons) (Wits), MCom (UJ), CA(SA)

10. DAVID MUNRO ⁽⁴⁷⁾
 Chief executive, Liberty
Qualifications:
BCom, PGDip Accounting (UCT), CA(SA), AMP (Harvard)

11. MARGARET NIENABER ⁽⁴⁴⁾
 Chief executive, Wealth
Qualifications:
BCompt (Hons) (UFS), CA(SA)

12. PETER SCHLEBUSCH ⁽⁵¹⁾
 Chief executive, PBB
Qualifications:
BCom (Hons) (Wits), HDip Tax (RAU), Dip Banking Law (RAU), CA(SA), SEP (Stanford)


13. ZOLA STEPHEN ⁽⁴³⁾
 Group secretary
Qualifications:
BProc, LLB (UKZN)

14. NEIL SURGEY ⁽⁵⁹⁾
 Group chief risk officer
Qualifications:
BCom (UCT), AMP (Insead)

15. ROD POOLE ⁽⁵⁶⁾
 Group head, change and business transformation
Qualifications:
BCom (Unisa)

¹ Peter Schlebusch stepped down as chief executive, PBB on 31 March 2018. He will be succeeded by Zweli Manyathi, who is currently the chief executive of PBB, Africa Regions.

ZWELI MANYATHI ⁽⁵⁶⁾
Qualifications:
*BCom (Hons) (Unisa)
 Professional development programme (New York)
 SEP (Harvard and Wits)*

GOV REM  The curriculum vitae of group exco can be found in the full governance and remuneration report online.