REMUNERATION OVERVIEW

I am pleased to report that the group continues to make good progress in implementing the strategy approved by the board to reach its financial and non-financial objectives.

Peter Sullivan
Chairman, Remco

Dear Shareholder

Our remuneration philosophy seeks to fairly share our earnings among shareholders, fiscal partners, executives and our employees who deliver value over time. In assessing that value delivered, the group's performance is considered on a through-the-cycle basis taking into account both financial and non-financial metrics in terms of the philosophy:

- Incentive pool growth is correlated to headline earnings (HE) and headline earnings pre-minorities' interests (HEpMI).
- HE – representing the shareholder view and ensuring growth in shareholder value is aligned to incentive rewards.
- HEpMI – ensuring that incentive rewards are appropriately linked to operating performance and recognising the interests of minority shareholders.
- However, the growth rates of incentive pools are not pegged formulaically to growth in HE or HEpMI but are adjusted for financial and non-financial indicators, considering an overall stakeholder view and within acceptable shareholder boundaries.
- Risk adjustments are also made to incentive pools and individual awards when required.

This report reflects the board's assessment of the group's performance for 2017 and includes consideration of the trading environment over the course of the year, as well as any material risk incidents and conduct issues.

Against that backdrop, I am pleased to report that the group continues to make good progress in implementing the strategy approved by the board to reach its financial and non-financial objectives.

In reviewing the group's performance, the remuneration committee (the committee or Remco) considered the general economic and political environments across the group's franchise and the effects these factors had on both the quantitative and qualitative aspects in the businesses.

The operating environment in 2017 proved, once again, to be difficult and in many markets quite volatile. Examples of these were:

In South Africa:

- Rating agencies' downgrades.
- Real GDP growth was low at 1.3% and inflation moderated to 5.4%.
- Low business and consumer confidence had a negative effect on the demand for credit.
- Heightened political and policy uncertainty leading up to the African National Congress election had a negative effect on business; however, business sentiment did rebound in December.

In the Africa Regions:

- Material currency movements and liquidity issues were experienced in several countries.
- Macroeconomic factors deteriorated in East Africa as the long-standing drought persisted and several countries sought assistance from the International Monetary Fund.
- New regulatory caps and floors were introduced in various markets.
- In Nigeria, the central bank requirements drove accelerated write-offs, and sought to deal with the continuing effects of a low oil price and scarce foreign currency.
- These factors were partially offset by improvements in West Africa macros as a result of rising oil prices and a general moderation in inflation and a flattening of rates across the regions towards the end of the year.

Against this backdrop, the group's performance was excellent. The senior management team remained focused on delivering against the strategy to achieve a well-rounded set of results.

The group's headline earnings grew to R26 270 million, an increase of 14% (18% on a constant currency basis) over the prior year, while return on equity (ROE) grew to 17.1% up from 15.3% in the prior year. Within these results, banking activities grew HE by 10% (14% on a constant currency basis) to R24 268 million while ROE increased to 18% up from 16.8% in 2016. It was pleasing to note that despite higher amortisation costs for the IT programme, the cost-to-income ratio fell further to 55.7% and jaws was positive at 1%, demonstrating good cost control.

The Liberty business, under new leadership and on the back of a very weak performance in 2016, showed improvement with normalised HE growing by 8% over the prior year. Operating earnings were down 19% year-on-year. Liberty's overall performance remains a matter of serious concern; however, plans are in place to restore the business to sustainable growth over the coming years.

Further to the financial results, there were marked improvements in customer experience scores. The employee net promoter score survey was completed and the score of +14 was significantly higher than global benchmarks. Risk utilisation remained within approved risk appetite levels while capital adequacy and liquidity metrics remained above approved board targets. These scores represent strong progress.

Strategy

The committee considers the execution of the group strategy and the ability to show demonstrable progress against key milestones to be an integral part of the performance measurement and reward for senior executives.

The chief executive officer's (CEO) articulated three strategic focus areas for the group as part of the evolving strategy. These were:

- **Client:** to cultivate a client-centric culture within the group
- **Digital:** to transition the group to a fully digital platform creating significant competitor advantage
- **Universal financial services organisation:** to deliver seamless, consistent products and services to our clients across our franchise.

The success of these strategic focus areas is measured by client experience scores, employee engagement metrics, risk and conduct measures, financial outcomes and social, environmental and economic impact on the communities in which we do business. Each of the strategic value drivers has a quantitative metric against which success can be measured. Again, excellent progress has been made.

Remuneration methodology

In assessing the performance of the group and the senior executives, the committee has been mindful of its responsibilities to all our stakeholders, especially our shareholders as articulated in the remuneration philosophy.

The methodology used to size incentive pools is a combination of a top-down approach that provides overall guidance to business units and countries; a bottom-up approach based on executives' assessments of the performance of their teams; and careful consideration of shareholder interests and stakeholder concerns. Our policy avoids a short-term bonus-centric culture but rewards sustainable performance on a through-the-cycle basis. Critically, this includes a three- to five-year growth analysis to ensure shareholder returns are appropriately aligned with executive and employee reward. The committee reviews performance to ensure that earnings are not the result of one year's work but rather the planned outcome of work done in the past years.

Accordingly, the growth in incentive pools may exceed or be lower than HE or HEpMI growth rates at certain points in time. For 2017, banking HE grew at 10% while the incentive pools have been reviewed and agreed to grow at 8.5%. The proposed incentive pools for 2017 as a percentage of HE are 29.7%, down from 30.1% in 2016.

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Refer to the full remuneration report for further detail on the remuneration governance, policy and implementation thereof, and non-executive director remuneration.

REMUNERATION OUTCOMES

The committee deliberated on the performance of each of the senior executives and used market data from PWC Remchannel, McLagan and the published remuneration reports of local and international banks to appropriately benchmark these individuals. The performance evaluations took into account delivery of all five value drivers being financial outcomes, risk and conduct, client focus, employee engagement and SEE impacts (more detail is included in the full remuneration report available online).

In our remuneration disclosure for 2017, we have fully adopted single figure remuneration in line with King IV and we have also published remuneration in the same format as the prior year to facilitate the transition.

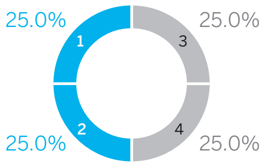
SK TSHABALALA (CHIEF EXECUTIVE OFFICER)

In a challenging environment, Sim Tshabalala showed quiet but very influential leadership. His focus on implementing the group strategy was unwavering and his commitment to delivering a set of results which were not only financially pleasing but which encompassed significant improvements in client centricity, employee engagement and SEE impact the group has in the communities in which we do business, was impressive. As part of the strategy, Sim has made great progress in simplifying the organisation and embedding these important value drivers into the culture of the organisation which will no doubt enhance the group's leadership position in the coming years. Sim continued the work to simplify the group's internal architecture and clarify decision rights and accountabilities. This work has already aligned the Africa Regions' businesses more closely with the group's strategy and targets and has created six group-wide universal capabilities to transition the group to a truly universal financial services group. On SEE, arguably the most important achievement was the establishment of the political economy, transformation and BEE subcommittee of SBSA Exco, which was chaired by Sim. In this forum, more ambitious senior management transformation targets were discussed and agreed, and it was decided to take the actions that led to the Standard Bank of South Africa (SBSA) achieving Level 1 BEE status. This committee also mapped options for substantially increasing the group's contribution to addressing South Africa's social challenges and black ownership issues.

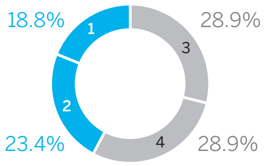
Sim's own leadership encompasses the political, commercial, social and cultural spheres of his job where his influence is greatly respected and which reflects very favourably on the Standard Bank Group. Sim was appointed as the single group CEO in September 2017.

Based on this performance, the committee agreed to award the following remuneration:

2017 target pay mix for chief executives



2017 remuneration: SK Tshabalala



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award Deferred award

1 The performance reward plan (PRP) amount is the face value at award date (March 2018) and is conditional.

R'000	2017	2016	% change
1 Fixed remuneration	**9 103**	9 198	(1)
2 Annual cash award	**11 350**	10 090	12
3 Annual deferred award	**14 050**	12 790	10
4 PRP award	**14 000**	12 500	12
Total reward	**48 503**	44 578	9

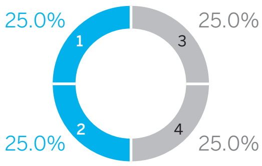
The 9% increase to total reward is well within the group's headline earnings growth of 14%. The committee decided to increase the conditional PRP award to R14 million to reflect his single CEO role. Of the total reward of R48.5 million, 57.8% (R28 million) is deferred for up to 3.5 years.

BJ KRUGER (EXECUTIVE DIRECTOR)

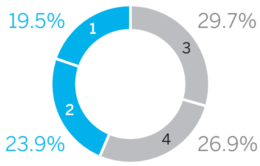
As joint CEO for the past five years, Ben Kruger has worked closely and seamlessly with Sim to develop the group strategy and produce the excellent set of all round results which the group has delivered this past year. The depth of Ben's banking experience, his commercial pragmatism and thoughtful leadership have been instrumental in the group's success over the past years. His deep involvement in the group's minority shareholding in ICBC Standard Plc (ICBCS) cannot be underestimated and Ben has been instrumental in getting this business into a break-even position in 2017. Ben has also provided great leadership and influence in other key areas of the group, including risk, IT (especially the progress made on the Accelerate programme) and the Africa Regions all of which have made significant progress. In addition, Ben's deep, long-standing relationships with key corporate customers, large shareholders and high net worth individuals in South Africa and across the group again proved to be a very valuable asset and has been particularly helpful in difficult risk management situations. Ben's governance of the African Regions' operations has had a significant impact, especially when one takes into account the large number of jurisdictions and frequency of changes within them.

Ben stepped down as joint CEO in September 2017 and remained an executive director of the group, where he will continue to play a key role in the group's future success. As a result, the committee awarded Ben the following remuneration:

2017 target pay mix for chief executives



2017 remuneration: BJ Kruger



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award Deferred award

[1] The performance reward plan (PRP) amount is the face value at award date (March 2018) and is conditional.

R'000	**2017**	2016	% change
1 Fixed remuneration	**9 079**	9 105	–
2 Annual cash award	**11 125**	10 090	10
3 Annual deferred award	**13 825**	12 790	8
4 PRP award	**12 500**	12 500	–
Total reward	**46 529**	44 485	5

Of the total reward of R46.5 million, 56.6% (R26.3 million) is deferred for up to 3.5 years.

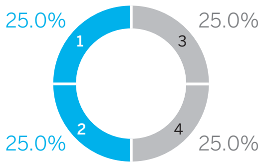
A DAEHNKE (GROUP FINANCIAL DIRECTOR)

Arno Daehnke, completed his first full year as Group financial director and has made the position his own. The group's robust results in 2017 reflect Arno's work in efficiently allocating capital and risk appetite across multiple jurisdictions despite difficult trading conditions and new regulatory requirements. Arno was a key driver of cost management which had a positive impact on the group's 2017 results. Further, Arno led the launch of the group's five strategic value drivers which enable the group to measure its strategic progress using both financial and non-financial metrics. He delivered a credible four year financial plan and the 2018 budget appears to be well within available financial resources. He also led the finance teams through the reality of the difficult sovereign and bank rating downgrades with the consequent impacts well managed and risks mitigated. Arno managed full compliance for the group with Basel III, liquidity coverage ratio and net stable funding ratio requirements and the difficult transition to IFRS 9. In a relatively short space of time, Arno has become a highly valued member of the senior executive team.

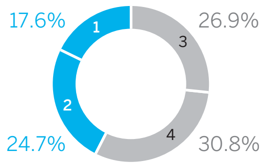
The committee considered this performance in light of both the quantity and quality of the work done as contributing factors to the group's results. Arno's 2017 reward is based on a full year as group financial director versus eight months in 2016.

The committee agreed to award the following remuneration:

2017 target pay mix for CFO



2017 remuneration: A Daehnke



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award   Deferred award

[1] The performance reward plan (PRP) amount which the face value at award date (March 2018) and is conditional.

R'000	**2017**	2016
1 Fixed remuneration	**5 697**	3 363*
2 Annual cash award	**8 025**	7 400
3 Annual deferred award	**8 725**	8 100
4 PRP award	**10 000**	7 000
Total reward	**32 447**	25 863

* For the period 1 May 2016 to 31 December 2016. Percentage change not relevant since Arno Daehnke was appointed as a prescribed officer during 2016.

Of the total reward of R32.4 million, 57.7% (R18.7 million) is deferred for up to 3.5 years.

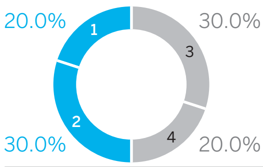
AKL FIHLA (PRESCRIBED OFFICER)

Kenny Fihla assumed responsibility as CEO of CIB in June 2017 and managed a smooth and seamless transition to his new role. CIB delivered exceptional results in 2017. While a solid platform for growth had been built by Kenny's predecessor, David Munro, Kenny carried on the good work and managed to maintain and grow the momentum established in the business. Headline earnings grew by 11% (17% on a constant currency basis) to R11 506 million an excellent result. ROE was 22.2% with positive jaws of 4.6%, up from 2.6% in 2016 and a cost to income ratio of 52.2%, down from the prior year of 54.5%, demonstrating strong cost control. The customer credit loss ratio of 44 basis points was well within the target band.

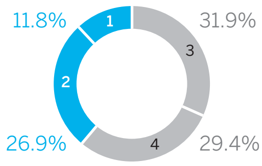
The committee considered these results and took into consideration Kenny's promotion to CEO of CIB in the second half of 2017, and his role as deputy CEO of CIB prior to that date.

Accordingly, the committee awarded the following remuneration:

2017 target pay mix for CE CIB



2017 remuneration: AKL Fihla



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award   Deferred award

[1] The performance reward plan (PRP) amount which the face value at award date (March 2018) and is conditional.

R'000	**2017**
1 Fixed remuneration	**4 015***
2 Annual cash award	**9 150**
3 Annual deferred award	**10 850**
4 PRP award	**10 000**
Total reward	**34 015**

* For period 1 June 2017 to 31 December 2017, being the period he has been a prescribed officer.

Of the total reward of R34 million, 61.3% (R20.9 million) will be deferred for up to 3.5 years.

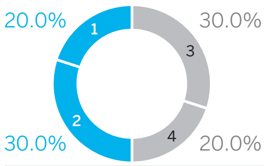
PL SCHLEBUSCH (PRESCRIBED OFFICER)

Peter Schlebusch has been leading the transformation of PBB into a client-centered, data driven, digitally enabled universal financial services organisation that delivers secure, personalised, relevant experiences to clients and employees in real time. This represents a fundamental shift in the PBB business model and requires time and investment to complete this transformation. Solid progress has been made and the group fully expects to build a meaningful competitive advantage with this initiative. Under the experienced leadership of Peter, PBB achieved a strong set of results. Headline earnings grew 10% (12% on a constant currency basis) to R14 million constituting 53% of the group's headline earnings. ROE once again improved to 20.0% up from 18.8% in the prior year, an excellent outcome.

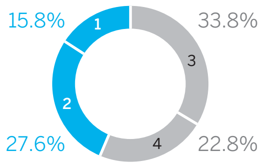
The cost base grew 3% reflecting continued investment into the digital platform and the transformation of the business model. Deposits from customers grew 8% with the bulk of the growth coming from retail deposits thereby contributing to a reduction in treasury funding of 27%.

The committee considered these results in light of the investment into the transformation programme and awarded the following remuneration:

2017 target pay mix for CE PBB



2017 remuneration: PL Schlebusch



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award   Deferred award

[1] The performance reward plan (PRP) amount which the face value at award date (March 2018) and is conditional.

R'000	2017	2016	% change
1 Fixed remuneration	**6 950**	6 852	1
2 Annual cash award	**12 150**	11 150	9
3 Annual deferred award	**14 850**	13 850	7
4 PRP award	**10 000**	10 000	–
Total reward	**43 950**	41 852	5

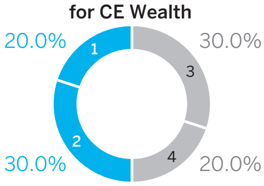
The 5% increase to total reward is well within PBB's headline earnings growth of 10%. Of the total reward of R44 million, 56.5% (R24.9 million) will be deferred for up to 3.5 years.

M NIENABER (PRESCRIBED OFFICER)

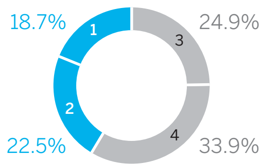
The Wealth business under the leadership of Margaret Nienaber had a good year despite some headwinds in South Africa and continued investment in West Africa (Ghana and Nigeria). For external reporting purposes, Wealth results are included mostly in PBB with a small portion in CIB. There was good revenue growth in Wealth International as a results of client activity coupled with robust results from Melville Douglas due to onshare and offshore participation fees. As reported in the year end results, Wealth in the Africa Regions grew. The credit loss ratio at negative 0.02% reflected net recoveries and was indicative of strong credit controls in the International Wealth Business while the high net worth client base in South Africa increased significantly.

Margaret has demonstrated strong leadership in a difficult year and her reputation in the industry is excellent and reflects well on Standard Bank's own brand and reputation. With this backdrop the committee awarded the following remuneration:

2017 target pay mix for CE Wealth



2017 remuneration: M Nienaber



1 Fixed remuneration in cash
2 Short-term incentive (STI) in cash
3 Deferred for up to 3.5 years
4 Long-term incentive (LTI)[1] – 100% PRP deferred for 3 years

Cash award   Deferred award

[1] The performance reward plan (PRP) amount which the face value at award date (March 2018) and is conditional.

R'000	2017*
1 Fixed remuneration	**5 517**
2 Annual cash award	**6 650**
3 Annual deferred award	**7 350**
4 PRP award	**10 000**
Total reward	**29 517**

* Classified as a prescribed officer from 1 January 2017.

Of the total reward of R29.5 million, 58.8% (R17.4 million) will be deferred for up to 3.5 years.

DC MUNRO (FORMER PRESCRIBED OFFICER)

The committee reviewed the performance of David Munro for the period January to May (inclusive) of 2017. David accepted the challenging role as CEO Liberty and he commenced that assignment officially on 1 June 2017. Under David's astute leadership the CIB business has grown impressively particularly over the past two years, and that momentum continued into 2017. The 2017 half year results were materially impacted by foreign currency movements which resulted in some HE dilution and a benefit to capital. Despite this, CIB for the 2017 half year results produced double digit revenue growth in constant currency while costs decreased 7%. There was a notable recovery in credit impairments. The credit loss ratio improved to 45 bps, well within the target range of 40 bps to 60 bps, a good result. David transferred to his successor a business in good health and with excellent growth prospects and he should be proud of what he has achieved as CEO of CIB.

R'000	2016	**2017**
Cost to company	6 792	**2 844***
Performance related incentive in respect of the year	12 900	**7 700**
Portion of performance related incentive deferred in share awards	15 600	**5 400**
Subtotal	28 500	**13 100**
Total reward (excluding PRP)	35 292	**15 944**
Face value of conditional PRP awarded	10 000	**5 000**
Total reward (including PRP)	45 292	**20 944**
Special five-year LTI award		**20 000**
Total reward		**40 944**

* For the period 1 January 2017 to 21 May 2017. Percentage change not relevant since David Munro was no longer a prescribed officer of the group on his appointment as CEO of Liberty on 1 June 2017.

Of the total reward of R41 million, 74.2% (R30.4 million) will be deferred for up to five years. The group awarded David a five-year LTI award, 50% of which will be delivered on completion of three years at Liberty and 50% which will be delivered after five years at Liberty. The award is linked to the performance of selected Melville Douglas funds.

This concludes the rationale of the major internal and external factors that were considered by the committee in the determination of the remuneration of the chief executives, executive directors and prescribed officers.

Looking forward

While the committee continues to believe that the remuneration policy fully supports the strategic imperatives of the group and the delivery of the five value drivers, as evidenced in the results, we seek to continuously improve and request input from our shareholders and other key stakeholders.

A shareholder roadshow was undertaken in May last year to seek feedback from our major shareholders on our remuneration policy. We welcomed their comments and input. An approval rating for our remuneration policy of 95.9% was received at the group's AGM in May 2017.

The committee welcomes the transparency required by King IV and the committee has modelled the full remuneration report to meet these new requirements. In particular, we welcome the requirements to ensure that remuneration is responsible and fair, including that it is funded by, and linked to, the creation of value over the long term; the requirement that remuneration decisions are rational and objective, impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds, including race, gender and sexual orientation; and the requirement that stakeholder views are taken into account. The new requirements on remuneration under Basel III have also been adopted and incorporated into the full report.

Changes to our policy and future areas of focus are covered in the more detailed remuneration report and I invite you to read the full document.

Yours sincerely,

Peter Sullivan
Chairman, Remco

SUMMARY: OUR GENERAL REMUNERATION POLICY FOR ALL EMPLOYEES

Our employee base is made up of five broad categories:

- general employees
- managers
- executives
- senior executives
- prescribed officers and executive directors.

This summary covers the first four categories of our employees and applies to all the geographies that we operate in.

1 How did we perform?

- ✓ **Business results:** Impacts affordability of fixed remuneration increases and the size of short-term incentive pools.
- ✓ **Risk and control:** Incentive pools and individual incentives may be adjusted for risk and control failures.

2 How do we assess performance and determine pay?

- ✓ We use a group-wide performance management system, 'Perform to Grow'.
- ✓ Performance is assessed against pre-agreed individual goals aligned to business goals with qualitative and quantitative measures.
- ✓ Fixed remuneration increases: based on a combination of inflation, market comparisons, individual performance and experience.
- ✓ Annual incentives: based on business line and individual performance against pre-agreed goals. All employees are eligible for an annual incentive.
- ✓ Deferred awards (made under the deferred bonus scheme (DBS)): the portion of the annual incentives that is deferred into share-linked instruments. Applicable to all annual incentives in excess of R1 million (or applicable local currency threshold).
- ✓ Deferred awards (made under DBS): based on individual performance and market comparisons. Typically granted from mid-management level and includes senior management and executives.
- ✓ PRP: annual awards with a rolling three-year delivery if performance conditions are met. Awarded only to senior executives with longer-term decision horizons.

3 What are our pay practices?

- ✓ We subscribe to remuneration surveys in all the countries we operate in provided that there is enough relevant market data available.
- ✓ We have recognised union agreements in several countries across Africa, including South Africa.
- ✓ We set minimum standards on benefits and allow for localisation of benefits where market practice dictates. Changes to benefits are governed by a group benefits committee.
- ✓ All annual salary increase pools, short term incentive pools and share incentive awards fall under the ambit of Remco.
- ✓ The percentage of variable pay of total remuneration increases with seniority and the type of role. Investment banking roles generally have a greater variable pay mix than retail banking and corporate function roles. Market surveys inform pay mix.
- ✓ The percentage of share awards of total remuneration also increases with seniority and includes scarce skills. Market surveys inform share awards and pay mix.

4 What is the pay mix at various levels?

- ✓ General employees typically have 90% fixed remuneration and the balance at risk in short term incentive awards.
- ✓ Managers have a greater proportion of variable pay than general employees and from mid-management level would have some proportion in deferred awards in share linked instruments. Typically 70%– 80% fixed remuneration. 20%– 25% in short-term incentives and the balance deferred awards in share-linked instruments dependent on the type.
- ✓ Executives would generally have 35%– 50% in fixed remuneration, 40%– 50% in short term incentives, including deferrals and 10%– 15% in deferred awards in share linked instruments, dependent on the type of role.
- ✓ Pay mix is informed by market surveys and depends on the type of role.

Our people ultimately underpin the successful execution of our strategy.

We work to ensure that our pay framework supports the motivation and reward of performance, while at the same time meeting regulatory requirements and stakeholder expectations.

Review of focus areas – 2017 and 2018

We continually review our pay practices to align with shareholder interests and to ensure that the practices support our businesses and changes in our operating environment. We actively seek shareholder views and revise our reporting to improve transparency.

We seek to remain competitive and relevant across Africa, where often the talent is scarce and markets are competitive.

We set practices that take into account local conditions within a group governance framework. Specific focus areas for 2018 are detailed alongside.

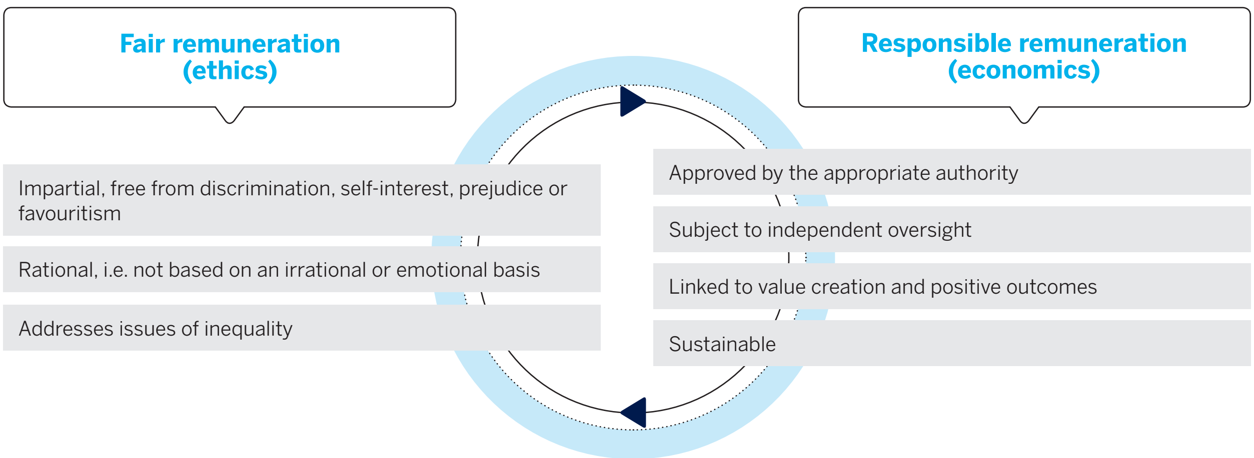
- In March 2017, we executed the first delivery of our PRP in respect of awards made in March 2014. We achieved 68.37% delivery out of a possible 200% of awards made.
- We visited several stakeholders to discuss our remuneration policy. The policy was approved at the AGM held in May 2017 with 95.9% of shareholders in support of the policy.
- Remco resolved that the settlement of future awards of the deferred bonus scheme may be cash settled (in respect of executive directors and prescribed officers) providing minimum shareholding requirements are met. Deferred bonus awards remain linked to the share price during the vesting period.
- A new share appreciation rights plan was launched. Share appreciation rights were issued to those executives with DBS awards over R1 million who choose to defer their awards in these rights.
- A long-term savings plan for retirement was introduced in South Africa in October 2017, allowing senior executives over a particular salary threshold a choice of funds to invest in for their retirement.
- King IV recommendations on remuneration were assessed and this report has been updated to comply with King IV. Basel III remuneration requirements have also been incorporated.
- In South Africa additional choices have been included in the leave benefit to enhance the employee offering.

Focus areas in 2018

- We will continue to focus on the employee experience of reward through benefit choice and communication.
- We will continue to ensure that reward supports our efforts in client centricity, driving our universal financial services organisation and our digital outcomes.
- We will consider extending share ownership to more employees.
- We will investigate the introduction of a clawback provision on vested awards.
- We will continue our work on fair and responsible pay as discussed below.

Fair and responsible remuneration

Remco believes that fair and responsible remuneration means ensuring that remuneration in the group is both externally competitive and internally equitable. The group's remuneration policy and implementation thereof assists the group in achieving its short-, medium- and long-term goals and is adjusted for risk taken and thereby supports sustainability. Remco ensures that the reward process is independently governed to enhance the sense of fairness. Remco recognises that fair and responsible remuneration is not just a South African issue but should apply in all the geographies that the group operates in.



The group's approach to fair and responsible remuneration

Responsible remuneration

Decisions are:
- Funded by, and linked to, the creation of value over the long term, in a way that is transparently reported in the full remuneration report.
- Approved by Remco and recommended to the board.

Variable remuneration is clearly correlated with the achievement of criteria that measure performance and value creation over the short, medium and long term, aligned to the group strategy and the value drivers.

Stakeholders (internal and external) are provided with evidence of the linkages between remuneration and value creation in the full remuneration report.

All remuneration falls under the ambit of Remco and senior executive remuneration is approved by Remco and recommended to the board. Senior executive remuneration is benchmarked to market, follows a rigorous process to review risk and control issues and all share plans contain forfeiture clauses. Senior executives are subject to a minimum shareholding requirement.

Fair remuneration

Decisions are:
- Impartial, free from discrimination, free from self-interest, favouritism or prejudice on grounds including race, gender and sexual orientation.
- Rational and objective.
- Aligned with the Employment Equity Act's principle of equal pay for work of equal value in South Africa.

Pay differentiation is fair when the process for measuring and rewarding performance and identifying and matching benchmarks is transparent and trusted. The remuneration system has a trusted process and reporting system that is able to present performance outcomes and reward proposals for approval equitably and transparently.

Horizontal fairness – employees performing the same or similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of total remuneration, allowing variations according to, for example, seniority/length of service; qualifications; performance; scarcity of relevant skills.

Vertical fairness – differences in total remuneration between job levels can be explained and justified on a consistent basis, for example, according to factors such as risk and complexity of the job, level of responsibility of decision-making and consequence and impact on the organisation.

The wage gap and minimum salaries

Remco has stated that it pays for value delivered in its policy and that remuneration must be externally competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies and therefore a wage gap exists. However, Remco can satisfy itself that minimum incomes in the group are fair and enable the lowest levels in the group to participate in the economies of the countries where they reside. To this end, Remco has undertaken an exercise to determine what the minimum levels of income are in each country that the group operates in. A comparison has been done on each of these minimums against financial service/banking minimums in each country and against prescribed minimum incomes (where these exist). This has shown that in all countries but one, the group's minimum salaries are above both market and prescribed norms. In Angola the minimum salary is above prescribed norms but not above market.

The group also invested R925 million for 46 214 employees in learning and development across the group. In addition, we spent R22.7 million on bursaries for 934 employees. This investment together with development opportunities, internal job opportunities, and promotion opportunities allows individuals to progress their careers and therefore their earning potential.

In order to ensure that remuneration is fair and responsible Remco undertakes the following activities:
- Seeking the input of shareholders via an annual shareholder roadshow.
- Continuously improving the extent and transparency of remuneration reporting.
- Ensuring breadth and depth of experience, as well as diversity and independence in Remco membership.