

Key community and civil society concerns

- Our contribution to economic transformation and financial inclusion in South Africa.
- Environmental impacts of investment in coal-fired power stations.
- Need for affordable solutions for student funding.
- Investing in our people to ensure decent work and support transformation strategies.

Related material issues

- Accelerating inclusive economic growth.
- Investing in Africa’s infrastructure, notably that of energy, transport, telecommunications and health.
- Supporting innovation and investment that drives financial inclusion, education and a green economy.
- Harnessing the commercial opportunities of addressing societal challenges.

RTS  For a more detailed discussion of the group’s SEE impacts.



Our ten SEE impact areas

- ### INCLUSIVE ECONOMIC GROWTH

Our core business broadens economic opportunity and supports job creation by providing financial solutions appropriate to the diverse needs of our clients.

- Around 4 million transactions, valuing R585 million, were made on SnapScan, a channel that provides merchants with an efficient and cost-effective way to transact without needing to accept cash.
 - Engaging with small business owners, particularly in township economies in South Africa, to develop affordable and accessible insurance plans.

- ### INNOVATION, ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT

We work with small businesses to develop financial and business support solutions that meet their needs and support their growth and sustainability, while minimising risk to depositors.

- Provided business development support and training to around 4 000 entrepreneurs.
 - Value of claims directed to 100% black owned businesses in the home and motor industry from Standard Insurance Limited Claims totalled R262.4 million.

- ### EDUCATION, LEARNING AND DEVELOPMENT

In addition to our priorities outlined under the employee engagement value driver, we create opportunities for learners and graduates to build careers with us. We are developing innovative solutions that address the challenge of affordable and accessible finance for students. Our corporate social investment programmes prioritise education.

- R925 million invested in skills development.
 - 68% of participants on our leadership programmes are black employees.
 - In 2017, the bank's education spend accounted for just over R85 million, which is about 80% of our total CSI spend of R106 million.
 - Standard Bank student loans supported 29 804 students in South Africa. In addition, 85 students were fully funded and 168 partially funded through our Feenix Trust, a crowd-funding initiative that allows individuals and enterprises to donate money directly to students.

- ### EMPLOYMENT

We are committed to providing a diverse and inclusive workplace. We aim to make it easier for first-time job seekers to access opportunities that help them gain work experience and learning.

- Representation of woman at executive and senior management level is 32% and 38% respectively.
 - Over the past 20 years, we launched the careers of 1 591 graduates from 24 African countries.
 - Since 2012, 654 candidates from low-income households in South Africa have been placed in 12-month learnership programmes through our partnership with Harambee.

- ### FINANCIAL INCLUSION

We are using digitisation and automation to provide low-cost, convenient digital products and services, and we are developing alternatives to conventional systems of collateral. Our Wealth strategy aims to stimulate a savings culture. We work with consumers to enable them to manage their finances more effectively.

- Instant Money, which provides an entry point into banking, was used by 6.5 million clients with an average transaction value of R669.
 - Provided R50 million in grant funding to black start-ups in South Africa, sourced from national and international donors, our own enterprise development funds and those of our participating corporate clients.
 - Restructured the debt of 2 136 affordable housing clients in South Africa, keeping them in their homes.

- ### COMBATING FINANCIAL CRIME

We prioritise the security of our systems, and consistently invest in strengthening cybersecurity measures. We participate in industry forums and work with public authorities to combat cybercrime.

- Introduced fingerprint and voiceprint verification to strengthen our authentication process, and partnered with the Department of Home Affairs to improve the accuracy of our client records.
 - Worked with other banks to launch a controlled debit order system, currently being piloted, to mitigate the risk of debit order abuse.
 - Established a dedicated team in the Money Laundering Surveillance Unit to track adverse information linked to Standard Bank clients.

Measuring our strategic progress continued



INFRASTRUCTURE

We work with governments and development institutions to structure appropriate funding instruments and mobilise funding for crucial developmental infrastructure.

- USD2.27 billion in project finance invested in energy infrastructure since 2012, with total capacity of 2 517 megawatts.
- Committed USD9 million to off-grid power solutions in East Africa, where M-KOPA has connected over 700 000 homes to clean and affordable energy.
- Partnered with Busamed, a black-owned and operated private hospital network that owns three of the top ten private hospitals in South Africa, by project-financing the private hospital sector since 2013.



AFRICAN ECONOMIC DEVELOPMENT

We collaborate with our clients and strategic partners to facilitate trade and investment flows into Africa, improve access to trade finance and develop enabling infrastructure to support inter-Africa trade.

- Bringing together government, the diplomatic community and the private sector to discuss ways to deepen intra-African trade and integration.
- Standard Bank International assisted Ghana to secure USD1.3 billion in foreign investment.



ENVIRONMENTAL SUSTAINABILITY, AND CLIMATE CHANGE MITIGATION AND ADAPTATION

We work with our clients to develop appropriate solutions for climate change mitigation and adaptation, particularly in the agricultural sector, and are a major investor in renewable energy technologies across the continent. We have invested significantly in reducing our direct carbon footprint.

- Since 2012, 83% of power project financing has been directed towards renewable energy.
- Transactions were screened for social and environmental risks, and five Equator Principles projects reached financial close.
- Reduced our energy consumption by 21.7% against the 2014 baseline, exceeding the target set for 2020.



GOOD GOVERNANCE

In addition to our priorities outlined under the risk and conduct value driver, we engage with governments and regulators in the countries in which we operate to support evidence-based policymaking and constructive dialogue between public and private sectors. We are also working to develop a more systematic approach to broader stakeholder engagement.

- Submitted our SME lending data to National Treasury and engaged with a number of stakeholders on SME access to finance.
- Participated in parliamentary hearings and engaged stakeholders on the transformation of the financial sector.
- Through our democracy support programme, allocated R2.5 million to funding political parties in South Africa using the Independent Electoral Commission's funding formula.

Minimising the negative social impacts of infrastructure developments

During 2017, we were approached to fund a major power infrastructure deal in Africa*. While our client had performed an environmental social impact assessment (ESIA), we opted to undertake additional due diligence, and **requested an independent review to ensure all environmental and social impacts were correctly identified** and the correct mitigating actions proposed. During this process, it became clear that the project could potentially result in significant negative impacts for communities living near the proposed development, whose homes and livelihoods could be affected. This had not been sufficiently identified in our client's ESIA. Using our influence as the finance provider for the project, we brought the matter to our client's attention, and requested that measures be taken to avoid this negative socioeconomic impact. We subsequently came to an agreement with our client on how to mitigate this risk, and to maximise the positive social and economic impacts by improving energy availability in a socially responsible manner.

* Names and other details have not been disclosed in line with Standard Bank client confidentiality.

The Equator Principles Association

Standard Bank chairs the steering committee of the Equator Principles Association, a position we have held since 2015. In 2017, the association, which includes 92 financial institutions across 37 countries, resolved to start a process to update the Equator Principles, a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing. 'EP4' will consider issues of scope of applicability, human rights and climate change, among other aspects. The revision process will include consultations with external stakeholders and will conclude by June 2019. In the run-up to this announcement, 65 civil society organisations, including many major environmental groups and indigenous peoples' organisations, launched the 'Equator Banks, Act!' campaign, calling on association members to strengthen their commitment to fully consider the climate impact of projects and to fully respect the rights of indigenous peoples when financing projects under the Equator Principles. The campaigning organisations support a formal revision of the principles to reflect these commitments, inclusive of broad public consultation.

Township economic development

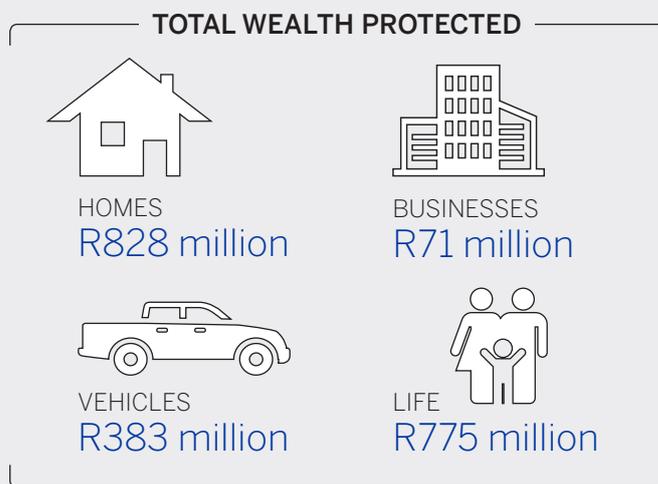
In 2017, we hosted our first township accelerator, in partnership with AmaVerkykers and Liberty, aimed at growing small enterprises in and around Mamelodi in Gauteng. To identify the most promising candidates, we conducted two boot camps designed to enhance entrepreneurial skills, and provide practical tools to assess and validate business ideas and accelerate an existing product or service. The boot camps targeted entrepreneurs at the business idea stage, and those who have started up their businesses and are looking to expand. Following the boot camps, 15 entrepreneurs were selected for an intensive five-day accelerator programme delivered by industry experts, to provide them with practical skills and the confidence to grow their businesses, including modules ranging from leadership to legal issues. Following completion of the programme, participants were invited to exhibit at business events to increase their visibility, and will receive ongoing mentorship with AmaVerkykers.

Stanbic Kenya Enterprise Direct

Stanbic Kenya has over 28 000 SME clients who are supported by 15 Enterprise Direct bankers and 12 acquisition bankers across its 26 branches. Previously, our business bankers had to manage almost 1 000 active relationships, limiting their capacity to provide one-on-one service. Enterprise Direct addresses this challenge by enabling new clients to join the bank and access products and do their day-to-day banking without ever leaving their workplaces. Enterprise Direct has enabled us to serve our clients far more effectively, using digital banking, email and telephone communication.

Insurance solutions

Our insurance business protects our clients' families, livelihoods and property. We provide a safety net to enable our clients to protect their wealth and dignity in the face of unforeseen circumstances, and to ensure their loved ones are financially secure. To do this effectively, we need to know and understand our clients, and to design products and services tailored to their needs. We know that many small business owners are underinsured or uninsured. For them, a burglary or damage to premises or stock may be impossible to recover from. We are engaging with this market, particularly in township economies, to develop affordable and accessible plans to provide a safety net when needed.



Partnering with fintechs

Our Strategic Investments and Alliances team works to identify innovative digital start-ups and products with the potential to help the group deliver better value and convenience to our clients.

We have developed a global network of associates comprising fintechs, venture capital firms and non-competing partner banks. Examples include our **75% shareholding in FirePay**, a fintech focused on mobile payments using unique QR code technology. FirePay conceptualised SnapScan mobile payments and brought it to market in partnership with the group. SnapScan supports small businesses by enabling acceptance of card and eCash payments without having to incur the cost of a point-of-sale device, enabling on-the-spot payments for entrepreneurs such as plumbers, painters and electricians. It provides online registration, thereby enabling access to a payment stream at the click of a button, rather than having to fill in a paper-based contract and waiting for a point-of-sale terminal to be delivered.

Another example is our **100% shareholding in Ecentric**, a transaction switching company that specialises in the development and supply of advanced secure payment solutions. Ecentric enables Shoprite Money Transfers – a system designed to facilitate person-to-person payments for people that do not have access to financial services. It processes over 60 million transactions per year with value in excess of R20 billion. Ecentric is also supporting Shoprite to expand cross-border person-to-person payments across Africa. It also supports the purchase of value-added services, such as airtime and electricity.

Feenix: innovation contributing to education

We launched the award-winning Feenix crowd-funding platform in response to South Africa's tertiary education funding crisis. The platform provides individuals and companies with an easily accessible and trustworthy digital conduit to fund the fees of disadvantaged students, while benefiting from tax deductions, B-BBEE points and a tangible return on social investment.