


GOVERNANCE OVERVIEW

Our approach to corporate governance promotes strategic decision-making that balances short-, medium- and long-term outcomes to reconcile the interests of the group, stakeholders and society in creating and protecting sustainable value.

As an integral part of the societies in which we operate and on which we depend for our licence to operate, we are morally and legally bound to act in a way that is good for these societies and good for the group. Our corporate governance approach, therefore, rests on the following clear commitments:

- **Promoting transparency, accountability and empathy** in managing our stakeholder relationships, and ensuring that our clients are treated fairly and consistently.
- **Delivering a positive impact on society, the economy and the environment** through our business activities.
- **Adherence to the highest applicable regulatory and governance standards**, including the voluntary adoption of ESG standards.
- **Instil an ethical and risk-aware culture**, recognising that the trust our stakeholders have in us is the foundation of our legitimacy and the basis on which we are able to compete, collaborate and change as we become a truly human, truly digital integrated African financial services group.

In line with King IV, we understand good governance as the exercise of ethical and effective leadership. The board is responsible for ensuring good governance, guided by our principle of doing the right business, the right way. What we understand as 'right' is informed by our values, code of ethics, and applicable legislation.

 [GOV/REM](#) Read more **online**.

OUR GOVERNANCE FRAMEWORK

Our board-approved governance framework is embedded in all the group's operations. It is designed to provide a clear direction for responsive decision-making across the group and supports responsible behaviour and the implementation of best practices by:

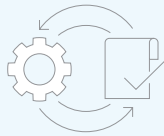
Ensuring the pursuit of strategic opportunities within board-approved risk appetite, supporting a prudent balance of risk and return.

Providing effective control to avoid financial loss or reputational damage due to misconduct and unethical behaviour.

Embedding the principle of doing the right business, the right way, to ensure ethical and defensible business practices within and across our markets.

Supporting our legitimacy as a corporate citizen that enhances the resources and relationships we rely on today for the future benefit of the group, our stakeholders and society.

ACHIEVING OUR GOVERNANCE OUTCOMES



Maintaining effective control

The board retains effective control through the governance framework and delegates certain functions to its committees according to clearly defined mandates and decision-making rights set by the framework. This allows the board to allocate sufficient attention to the matters reserved for its decision-making, while also ensuring that delegated matters receive in-depth focus. Committee chairmen are accountable for the effective functioning of board committees.

The board delegates 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 board. The group executive committee provides counsel to the group chief executive, acting as a sounding board and ensuring overall coordination across the group, legal entities, and other key stakeholders. Members of the group executive committee exercise powers in accordance with their delegated authority.

It is intended that every year, one board meeting is held at one of our African Region subsidiaries, giving group non-executive directors the opportunity to interact with in-country board members, executives and key clients in that country, deepening their understanding of local issues.

Board responsibilities

The group board is responsible for the ethical and effective leadership of the group. Our clearly defined governance framework enables the board to fulfil its duties, which include:

- Guiding and approving the group's strategic direction.
- Overseeing the implementation and execution of the strategy.
- Overseeing resource allocation and risk appetite.
- Approving policy and capital planning.
- Holding executive management to account for the performance of the group, including the achievement of financial and non-financial goals.
- Ensuring executive management sets the tone for good governance based on the group's values.

Roles and responsibilities

The roles of chairman and group chief executive are separate. The allocation of responsibilities is clearly set out, ensuring that no single director has unfettered powers in the board decision-making process. Executive directors and the group's prescribed officers attend board meetings, increasing the contact between the board and management.

The group chief executive and the executive team are held accountable to agreed operational and financial performance targets aligned to our strategy and in the best interests of the group and its material stakeholders. The board monitors their delivery against these targets.

Management is open and transparent with the board and brings to its attention any matters of concern in the appropriate forums and in a timely manner.

Assessing board and committee effectiveness

How the board performs and is evaluated

The annual board evaluation provides an opportunity to identify greater efficiencies, maximising strengths and highlighting areas of further development to enable the board to continuously improve its performance and that of the group. Externally facilitated board and board committee evaluations are performed every two years and internal self-evaluations are performed every alternate year. The board chairman, with the support of the group directors' affairs committee, leads the board in considering and responding to the annual review of its effectiveness, which also includes a review of its committees and individual directors. Performance evaluation of the chairman is carried out by the board, led by the deputy chairman.

2019 evaluation of the board's performance

The 2019 evaluation was internally facilitated by the company secretary and overseen by the group directors' affairs committee and obtained the directors' views on what they consider to be working well and areas they identified as needing improvement. The topics assessed included:

- Risk and conduct,
- Financial outcome,
- Group competitiveness and ability to respond in an agile manner,
- SEE impact and stakeholder engagement,
- Employee engagement and board succession plans,
- Transformation/ diversity/ political economy (South Africa),
- Oversight over subsidiaries,
- Overall effectiveness of board committees and their reporting to the board,
- Client centricity,
- Digitisation journey, and
- Assessment by committee members on efficacy of each board committee.

Overall, the board is considered to be functioning well and there is a relationship of trust among board members. The culture of the board is seen as healthy and robust. There is support for the executives and mutual respect between all parties. There is alignment on strategy and the board is seen as effective in discharging its role.

 [GOV/REM](#) Read more **online**.

Board education and training

Continuing board education sessions are scheduled a year in advance to ensure full board participation.

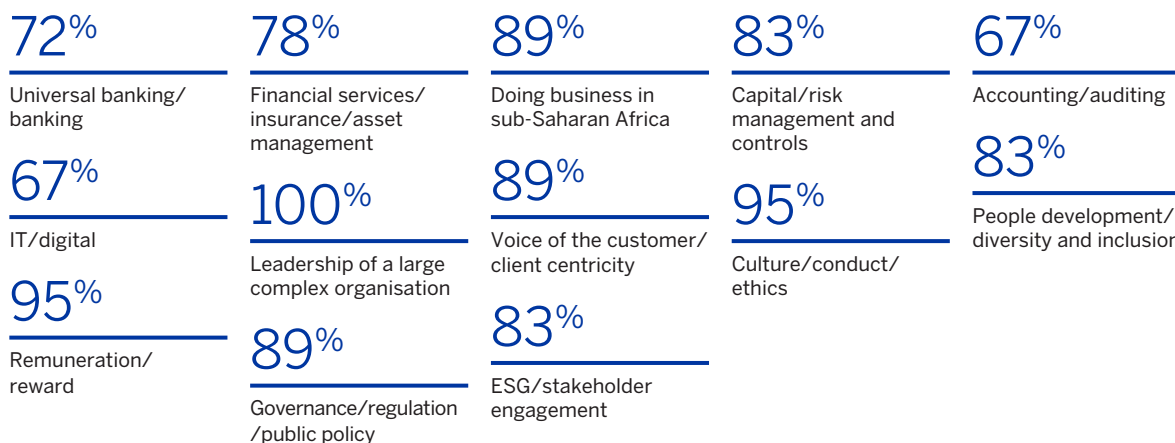
A key focus for the board is to become 'digitally savvy', develop a common understanding among directors of what it means to be digital and to ensure that it has the capacity and capability to guide executive management, add value to the group's strategic direction and lead a relevant, competitive, innovative and integrated financial services organisation. Board education and training delivered in 2019 reflected this focus.

Topics covered in 2019 included:

- Blockchain**
 Understanding the use and future applications of blockchain, and its impact on the banking environment.
- Independent review of cyber resilience**
 An in-depth look into the results of the independent assessment conducted on the group's information security programme and practices.
- Artificial Intelligence**
 An overview of the group's strategy for AI and machine learning, and the opportunities and risks it presents in the financial services industry.
- Internal Audit: assurance in a new digital world**
 A presentation on the group's digital strategy for the combined assurance function.
- The creation and institutionalisation of a culture of ethics and awareness**
 A presentation to the SARB on the group's overall approach to ethics.
- Conduct risk management**
 An overview of the group's conduct risk framework, the eight pillars of conduct and outcomes, and the role of the board as it pertains to conduct risk.
- My360 app**
 A demonstration of the My360 app, which tracks a client's assets, liabilities and risk cover regardless of financial institution, geography or insurer.

Board director skills

We apply a skills matrix to ensure our directors have the relevant range of skills and experience in the short-term and to identify specific skills required to protect and create value in the long term.



In addition to standard items on the board agenda, the board's key focus areas in 2019 included:

- Receiving management feedback on the group's digitisation journey, including PBB South Africa service and delivery channel optimisation and its impact on business and stakeholders.
- Considering competitor analysis reports which focused on the group's performance relative to its peers.
- Considering the audit committee's recommendation on the re-appointment of external auditors.
- Noting the group's corporate activities.
- Considering business unit deep drills from CIB, PBB and Wealth chief executives.
- Considering the quarterly group chief executive report.
- Noting the perspective from Australia regarding the Royal Commission Report on conduct.
- Recommending that shareholders' vote against the resolutions to report on the group's assessment of greenhouse gas emission and to adopt and publicly disclose a policy on lending to coal-fired power projects and coal mining operations.
- Approving the appointment of three independent non-executive directors, Maureen Erasmus, Priscillah Mabelane and Nonkululeko Nyembezi.
- Considering feedback from the group chief information officer on IT incidents.
- Resolving to exercise the put option and to authorise Standard Bank London Holdings to give the requisite notice to ICBC over the group's residual 20% shareholding in ICBC Argentina and its affiliates.
- Approving the appointment of Trix Kennealy as the chairman-designate of group remco. Trix Kennealy will take over as chairman of group remco as well as the board's lead independent director, when Peter Sullivan retires from the group in May 2020.



Delivering good performance

In approving the group's strategy, the board considers the group's purpose, vision, values and legitimacy, emerging risks and opportunities, the group's operating model, infrastructure and resources, and its performance against the metrics associated with our value drivers, to ensure the long-term success and sustainability of the group.

Setting the board agenda

A forward planner with standing agenda items is prepared.

The chairman considers emerging issues affecting the group.

Care is taken to ensure the board has the appropriate time to consider matters critical to the group, including compliance, administrative and governance matters.

After each board meeting, a closed session is held for non-executive directors, providing them with an opportunity to test thoughts and raise matters considered inappropriate for discussion in the presence of the executive directors. The chairman provides feedback to the group chief executive.

The committees in 2019, in relation to their mandates, included:

Group risk and capital management committee

Purpose

- Provide independent and objective oversight of risk and capital management across the group.
- Review and assess the adequacy and effectiveness of the risk and capital management governance framework and ensure that associated standards and policies are clear, appropriate and effective.
- Evaluate and agree the nature and extent of opportunities and ensure discipline and control in managing the associated risks in pursuit of group strategic objectives.

Group audit committee

Purpose

- Monitor and review the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes.
- Provide independent oversight of the group's assurance functions, with focus on combined assurance arrangements, including reviews of the independence and effectiveness of the external audit, internal audit and compliance functions.
- Assess compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports.

Group directors' affairs committee

Purpose

- Determine the appropriate group corporate governance structures and practices.
- Maintain the board continuity programme.
- Ensure compliance with all applicable laws, regulations and codes of conduct and practice.
- Assess and ensure the effectiveness of the board and its committees.

Group social and ethics committee

Purpose

- Ensure that social conscience is embedded in the way the group does business.
- Ensure the development of appropriate policies relating to stakeholder and reputation management.
- Guide and monitor the group's social, ethical, economic, environmental, transformation and consumer relationship initiatives in line with relevant legislation, regulation, standards and codes.

Group remuneration committee

Purpose

- Assist the board to ensure fair and responsible remuneration.
- Develop the group's remuneration philosophy and policy in line with best practice and engage key stakeholders in this regard.

Group technology and information committee

Purpose

- Ensure prudent governance of technology and information and oversee related governance mechanisms to support the group in achieving its strategic objectives.

Group model approval committee

Purpose

- Assist the board in managing model risk according to the advanced internal ratings-based approach for measuring exposure to credit risk stipulated by the Banks Act.
- Perform functions set out in the associated regulations, including inspecting risk evaluation models for approval.

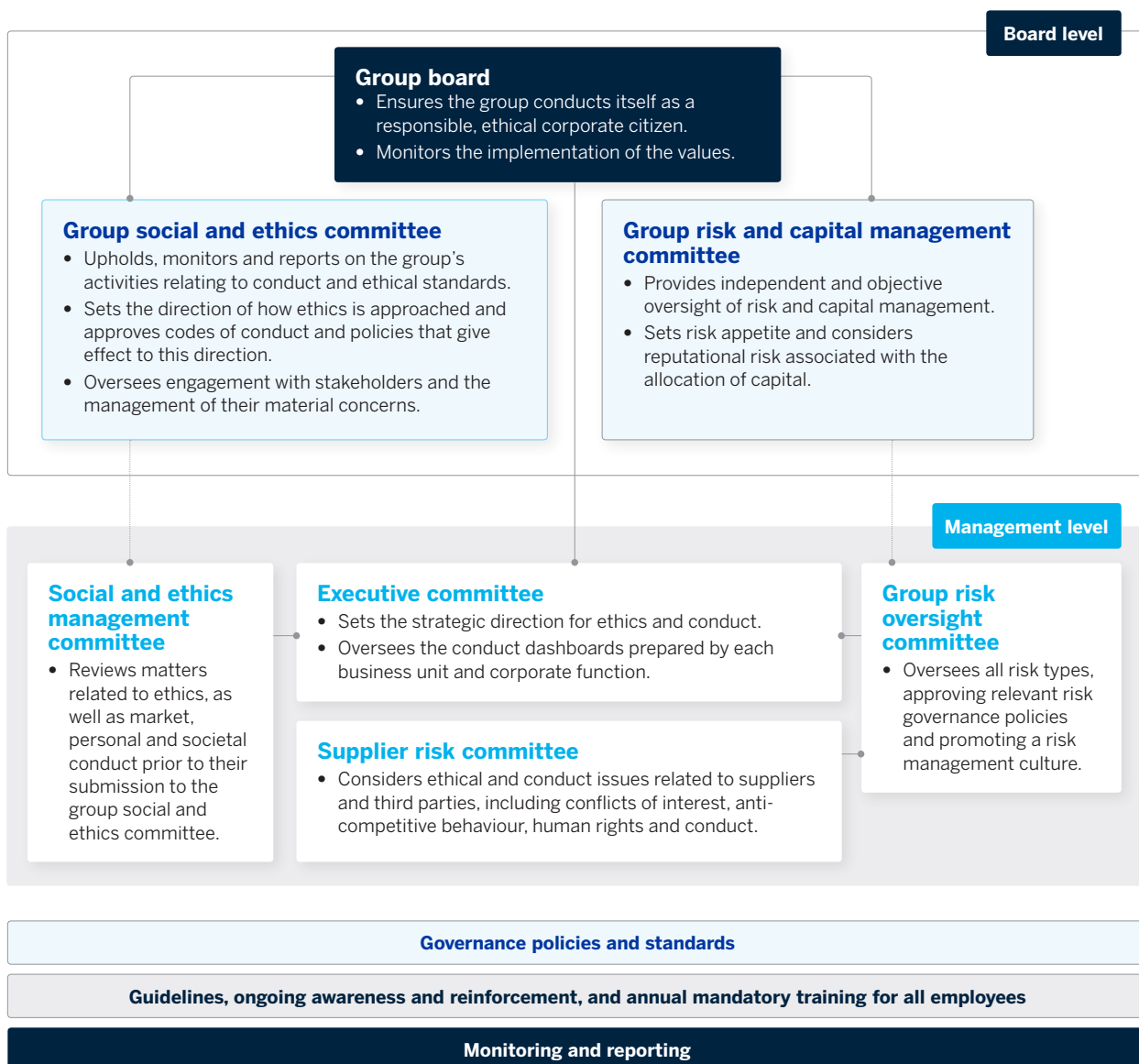


Achieving an ethical culture and ensuring our legitimacy

The chairman and the board set the ethical tone for the group. Our purpose, values and ethics are the basis on which we institutionalise an ethical culture across the group and in the delivery of our strategy. Our code of ethics provides our people with practical guidance on how to behave, outlines acceptable conduct and empowers them to make faster, more confident decisions within clearly defined parameters. The board and committee effectiveness assessments and executive management and individual employee performance evaluations measure conduct against the group's values and code of ethics.

Our overarching governance framework supports the institutionalisation of an ethical culture (shown below), which in its focus on the governance of our conduct as individuals, in our markets and in society provides the cornerstones for the group's legitimacy. This enables the board to oversee and monitor how the consequences of the group's activities affect its status as a responsible corporate citizen that understands the expectations of our stakeholders and acts to balance their interests, thereby ensuring positive outcomes in each of our strategic value drivers.

Governance of ethics



Personal conduct

(how we behave in the group)

Governance framework

- 1 **Board level:** group social and ethics, and group risk and capital management committees
- 2 **Management:** executive and social and ethics management committees
- 3 Group standards and policies

Policies

- Conflicts of interest.
- Gifts and entertainment.
- Outside business interests.
- Personal account trading.
- Discrimination.
- Disability.
- Sexual harassment.
- Harassment in the workplace.
- Occupational health and safety.

Execution

Tracking metrics related to diversity and inclusion, employee trends and wellbeing, and monitoring progress against targets.

Performance management and remuneration.

Recruitment and selection.

Culture.

Leadership development and group leadership identity.

Our annual employee survey:

- Provides employees with a safe way in which to speak out.
- Enables us to assess how employees view the integrity of their line managers.
- Provides insights on how employees feel about working for the group (eNPS score).

Market conduct

(how we behave in the market)

Governance framework

- 1 **Board level:** group social and ethics and group risk and capital management committees
- 2 **Management:** executive and social and ethics management committee
- 3 Group standards and policies

Policies

- Anti-bribery and corruption.
- Whistleblowing.
- Money laundering control.
- FAIS disbarment.
- Data privacy.
- Market abuse control.
- Treating customers fairly.

Execution

Business units manage conduct risk associated with their businesses.

Business units submit quarterly conduct dashboards to exco.

Dashboard metrics and considerations

- Employee turnover, absenteeism and employee relations.
- Compliance training.
- Compliance with policies.
- Whistleblowing incidents.

Societal conduct

(how we behave in society)

Governance framework

- 1 **Board level:** group social and ethics committee
- 2 **Management:** executive and social and ethics management committee
- 3 Group standards, policies and statements

Policies

- Respectful, constructive, transparent and responsive stakeholder engagement.
- Trade associations and industry memberships.
- Engaging advocacy and lobby groups.
- Environmental and social risk management.
- Human rights statement.
- United Nations Principles for Responsible Banking.
- UN HeForShe campaign.
- Equator Principles.
- Corporate social investment policy.

Execution

Group policy advocacy and sustainability function.

Corporate social investment forum.

SBSA's political economy, transformation and black economic empowerment committee.

Leadership and participation in various industry initiatives, associations and forums.

The environmental and social risk management framework is used to proactively identify, manage and monitor related risks in our lending processes.

External reporting (report to society and ESG report) and ranking on key ESG indices.

We aim to:

- Understand the impacts of our business activities – direct and indirect – including impacts on the environment, society and economic growth.
- Identify and develop opportunities to provide financial products and services that help our clients overcome economic, social and environmental challenges.

OUR LEADERSHIP

OUR GROUP BOARD

Our directors have deep experience and diverse skills, enabling the board to provide informed counsel, rigorous oversight and independent interrogation in leading integrated thinking in the group and guiding the executive committee in the design and delivery of the group's strategy.



7/7

Thulani Gcabashe ^{62*}

Chairman and independent non-executive director, SBG and SBSA

KEY STRENGTHS: Business leadership; executive management of a complex business; solid strategic planning experience.

APPOINTED: 2003

APPOINTED CHAIRMAN: 2015



7/7

Jacko Maree ^{64 #}

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

KEY STRENGTHS: Over 35 years' experience in banking and leadership; deep insight into the role of a chief executive and the challenges faced; skilled team builder.

APPOINTED: 2016

BOARD MEETING ATTENDANCE



7/7

Peter Sullivan ^{72 ^}

Lead independent director, SBG and independent non-executive director, SBSA

KEY STRENGTHS: Seasoned banker with international experience; over ten years leadership experience in both Africa and Asia; strong non-executive director and chairman experience with excellent coaching and mentoring skills.

APPOINTED: 2013

APPOINTED LEAD INDEPENDENT DIRECTOR: 2017



7/7

Sim Tshabalala ^{52 †}

Group chief executive, SBG and executive director, SBSA

KEY STRENGTHS: Extensive groupwide leadership experience; leading strategy formulation and execution; proven track record of enhancing competitiveness and ensuring sustainability; ability to manage complex stakeholder relationships.

APPOINTED: 2013



7/7

Arno Daehnke ^{52 #}

Group financial director, SBG and executive director, SBSA

KEY STRENGTHS: Detailed understanding of banking regulations; financial management, budgeting and forecasting skills; balance sheet management experience, including capital and liquidity management, at group and subsidiary level.

APPOINTED: 2016



4/4

Maureen Erasmus ⁵⁹

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Seasoned investment banker with international experience in emerging markets; strategy development and execution skills.

APPOINTED: 2019



7/7

Geraldine Fraser-Moleketi ⁵⁹

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Experience in international, regional (Africa) and national politics; strong strategic, ethical and oversight skills; sustainability and sustainable development.

APPOINTED: 2016



7/7

Trix Kennealy ^{61**}

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Extensive operational and strategic management experience across a variety of industries and sectors; over 30 years' experience in corporate governance; broad experience in strategic financial management, including restructuring, acquisitions and integrations.

APPOINTED: 2016



Priscillah Mabelane ⁴⁶

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Leadership in a multinational organisation; strategy formulation and execution; financial acumen.

APPOINTED: 2020



7/7

Nomngando Matyumza ⁵⁷

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Strong financial and executive management skills; experience in strategy development and execution; seasoned non-executive director in several sectors.

APPOINTED: 2016



7/7

Kgomotso Moroka ⁶⁵

Non-executive director, SBG and SBSA

KEY STRENGTHS: Strong business leadership skills; extensive experience in governance, regulation and public policy; significant legal experience.

APPOINTED: 2003



BOARD MEETING ATTENDANCE

Nonkululeko Nyembezi ⁵⁹

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Leadership across multiple sectors; strategy planning and execution.

APPOINTED: 2020



7/7

Martin Oduor-Otieno ⁶³

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Over 18 years' extensive banking experience; strategy development and execution skills, strong leadership and governance experience.

APPOINTED: 2016



6/7

André Parker ⁶⁹

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Extensive experience of running businesses in Africa and Asia; strong brand management experience in fast-moving consumer goods markets; non-executive director experience in South African corporates.

APPOINTED: 2014



7/7

Atedo Peterside ⁶⁴

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Strong business and banking experience, as the founder and former chief executive of the Investment Bank and Trust Company Limited (IBTC); seasoned investment banker and economist.

APPOINTED: 2014



7/7

Myles Ruck ⁶⁴

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Strong banking experience with a career spanning over 30 years; experience in running a large and complex business; extensive risk management experience.

APPOINTED: 2002



6/7

John Vice ⁶⁷

Independent non-executive director, SBG and SBSA

KEY STRENGTHS: Extensive experience in auditing, accounting, risk and practice management; experienced IT advisor and consultant in IT strategy, risk, audit and controls; knowledge and experience of running businesses in South Africa and other African countries.

APPOINTED: 2016



7/7

Lubin Wang ⁴⁶

Non-executive director, SBG and SBSA

KEY STRENGTHS: Senior management experience in multiple geographies; experience in a variety of corporate functions, including finance, IT, procurement and administration; strong ability to adapt to different environments.

APPOINTED: 2017

- Chairman
- Deputy chairman
- Lead independent director
- Executive directors
- Independent non-executive directors
- Non-executive directors

RESPONSIBILITIES:

- * Board governance and performance, and shareholder engagement.
- # Leading the board performance appraisal of the chairman and advising the chairman on general board matters.
- ^ Dealing with shareholders' concerns where contact through the normal channels fails to resolve concerns, or where the chairman may be conflicted.
- † Strategy and group performance.
- ⊙ Group financial performance and reporting.

Non-executive directors provide independent and objective judgement. They constructively challenge and monitor the executive management's delivery of strategy within the approval framework and risk appetite agreed by the board.

COMMITTEES:

- Group directors' affairs committee
- Group technology and information committee
- Group remuneration committee (remco)
- Group audit committee
- SBSA large exposure credit committee, an SBSA sub committee
- Group social and ethics committee
- Group risk and capital management committee
- Group model approval committee
- Committee chairman

**Trix has been appointed as chairman-designate of remco and as the lead independent director, effective from the AGM 2020.

OUR GROUP EXECUTIVE COMMITTEE

The group chief executive, supported by the group executive committee, is accountable for the implementation of strategy and the performance of the group. The skills and experience of group executive committee members underpin the group's ability to deliver its strategy, measured against our five strategic value drivers.



Sola David-Borha

Chief executive, Africa Regions

QUALIFICATIONS

BSc Economics (University of Ibadan), MBA (University of Manchester), AMP (Harvard), GCP (IESE, Wharton, CEIBS)



René du Preez

Group general counsel

QUALIFICATIONS

BProc (cum laude), LLB (cum laude), HDipTax (UJ³)



Sim Tshabalala

Group chief executive, SBG and executive director, SBSA

QUALIFICATIONS

BA, LLB (Rhodes University), LLM (University of Notre Dame, USA), HDip Tax (Wits¹), AMP (Harvard)



Arno Daehnke

Group financial director, SBG and executive director, SBSA

QUALIFICATIONS

BSc, MSc (UCT²), PhD (Vienna University of Technology), MBA (Milpark Business School), AMP (Wharton)



Kenny Fihla

Chief executive, CIB

QUALIFICATIONS

MSc (University of London), MBA (Wits)



Jörg Fischer

Head, group shared services and group real estate services

QUALIFICATIONS

BCom (Wits), Bachelor of Accountancy (Wits), CA (SA), Advanced Certificate in Taxation (UNISA⁴), MIT Global Executive Academy (Cambridge, MA)



Lungisa Fuzile

Chief executive, SBSA

QUALIFICATIONS

MCom (UKZN⁵), AMP (Harvard)



David Hodnett

Group chief risk officer and group ethics officer

QUALIFICATIONS

BCom (Wits), BAcc (cum laude), CA (SA), MBA (Manchester Business School/Wits), Advanced Diploma in Banking.



Isabel Lawrence

Group chief compliance and data officer

QUALIFICATIONS

BA (Hons), LLM (Rand Afrikaans University)



Alpheus Mangale

Group chief information officer

QUALIFICATIONS

NDip Computer Systems Engineering (TUT), PG management (Henley), EDP (CCL), AMP (Harvard)



Zweli Manyathi

Chief executive, PBB

QUALIFICATIONS

BCom (Hons) (Unisa),
PDP (New York),
SEP (Wits & Harvard)



Funeka Montjane

Chief executive, PBB SA

QUALIFICATIONS

BCom (Hons) (Wits), MCom
(UJ), CA (SA)



David Munro

Chief executive, Liberty

QUALIFICATIONS

BCom, PGDip Accounting
(UCT), CA (SA), AMP
(Harvard)



Margaret Nienaber

Chief executive, Wealth

QUALIFICATIONS

BCompt (Hons) (University of
the Free State), CA (SA)



Rod Poole

*Group head, change and
business transformation*

QUALIFICATIONS

BCom (UNISA)



Thulani Sibeko

*Group head, marketing and
communication*

QUALIFICATIONS

BSc Bus Admin (California
State University, USA), MBA
(Henley), Graduate Certificate
(Harvard)



Zola Stephen

Group secretary

QUALIFICATIONS

BProc, LLB (UKZN)



Sharon Taylor

Group head, human capital

QUALIFICATIONS

BCom (UKZN), BCom (Hons)
(UNISA)



Gert Vogel

*Chief executive, SB
International and CIB
International*

QUALIFICATIONS

BCom (University of Pretoria),
BCompt (Hons), MBL
(UNISA), CA (SA)

1 Wits: University of the Witwatersrand.
2 UCT: University of Cape Town.
3 UJ: University of Johannesburg.
4 UNISA: University of South Africa.
5 UKZN: University of KwaZulu-Natal.