

OUR MATERIAL ISSUES

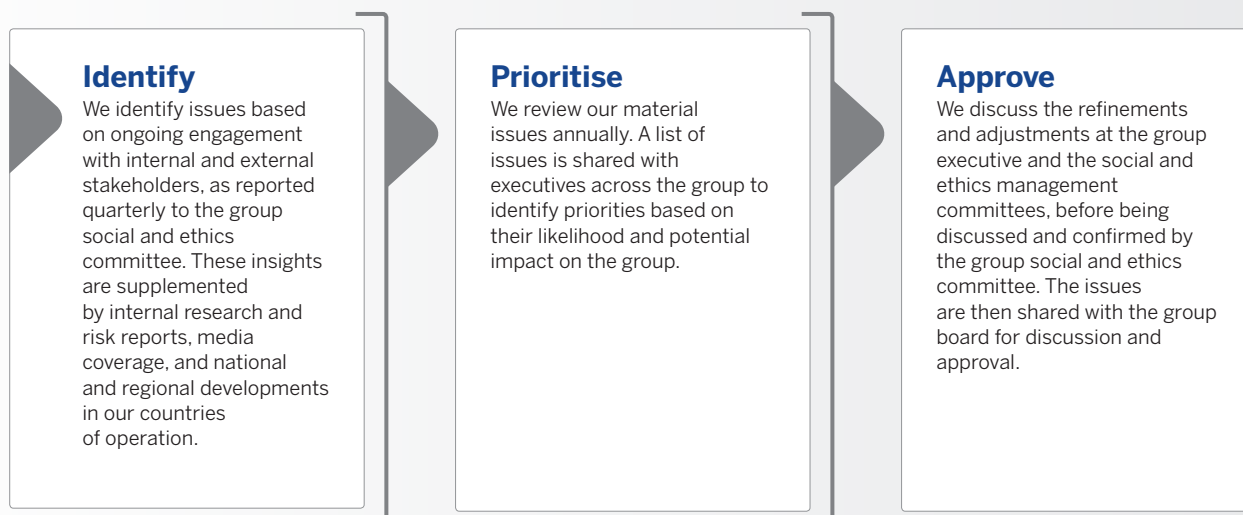
Our material issues are those that have an impact on our ability to create value in the short, medium and long term.

An issue is considered to be material if it has the potential to substantially impact on our commercial viability, our social relevance and the quality of our relationships with our stakeholders. Our material issues are informed by the expectations of our stakeholders and the economic, social and environmental context in which we operate.

Our material issues therefore encompass the emerging threats and opportunities facing the business. While our material issues continue to evolve in response to changes in our operating environment and stakeholder expectations, the broad themes tend to be relatively stable.

HOW WE DETERMINE OUR MATERIAL ISSUES

We view the materiality determination process as a business tool that facilitates integrated thinking.








In 2019, we made minor changes to the group's material issues.

ENGAGING OUR STAKEHOLDERS

We are committed to building constructive partnerships with all our stakeholders.

Given the scale and complexity of the group, we have adopted a decentralised stakeholder engagement model. This means that different teams within the group meet regularly with their stakeholders on matters of mutual interest. We engage with our stakeholders on a range of diverse issues. We strive to respond to stakeholder concerns appropriately and in a timely manner. Proactive engagement provides us with insights that help to inform our material issues, shape our business strategy and operations and minimise reputational risk.

 **RTS** Read more **online** in our ESG report.

Stakeholder priorities and concerns	2019 material issues
 <p>CLIENTS</p> <ul style="list-style-type: none"> • Always-on, secure, stable and convenient transactional platforms. • Value for money. • Personalised financial solutions. • Service concerns around branch closures. <p>INVESTORS</p> <ul style="list-style-type: none"> • Competitiveness in a crowded market. • Speed and efficiency of the digitisation journey. <p>REGULATORS</p> <ul style="list-style-type: none"> • Fair treatment of clients. • Affordability of and access to services. • Managing over-indebtedness. • Equitable access to credit. • Protection against unfair discrimination. 	<p>Focusing on our clients</p> <ul style="list-style-type: none"> • Deliver a compelling value proposition for our clients in an increasingly competitive environment. • Protect and maintain the integrity of client data. • Ensure fair outcomes for clients.
 <p>EMPLOYEES</p> <ul style="list-style-type: none"> • Redundancy of skills and possible future retrenchments. • Branch closures in South Africa. • Gender equity in top and senior management. • Transformation of top and senior management in South Africa. <p>INVESTORS</p> <ul style="list-style-type: none"> • Diversity of the board and workforce, as well as diversity and anti-discrimination policies. • Access to appropriate skills and talent. <p>REGULATORS</p> <ul style="list-style-type: none"> • Gender equity. • Employment equity in South Africa. • Plans for reskilling the workforce and preserving jobs. 	<p>Engaging our employees</p> <ul style="list-style-type: none"> • Diversity and inclusion: focus on gender equity in the group and employment equity in South Africa. • Impact of digitisation and automation on workforce requirements. • Build and retain local skills and capabilities in countries of operation.
 <p>CLIENTS</p> <ul style="list-style-type: none"> • Disruption caused by system outages. <p>INVESTORS</p> <ul style="list-style-type: none"> • Governance, ethics, market conduct and internal controls. <p>REGULATORS</p> <ul style="list-style-type: none"> • Deepening of regulatory scrutiny and requirements in several African countries. • Protecting clients from fraud and cybercrime and processes for compensation. • Potential interest rate or fee cap structures. 	<p>Managing our risk and conduct</p> <ul style="list-style-type: none"> • Cybersecurity. • Stability, security and speed of our IT systems. • Reputational and operational risk associated with third-parties, counterparties and suppliers. • Impact of fraud on clients and the group. • Risk management across geographies with varied and evolving policy and regulatory frameworks. • Building trust with regulators through constructive engagement.
 <p>INVESTORS AND SHAREHOLDERS</p> <ul style="list-style-type: none"> • Revenue pressure from competition. • Low-fee competition from new entrants. • Poor South African macroeconomic outlook (loan growth and cost of risk). • ICBBCS performance. • Profitability, earnings and ROE. 	<p>Achieving our financial outcomes</p> <ul style="list-style-type: none"> • Sustainable revenue growth. • Maintain resilience of our balance sheet. • Improve efficiencies and manage the cost base. • Returns on IT investment.
 <p>CLIENTS AND REGULATORS</p> <ul style="list-style-type: none"> • Solutions for SMEs, entrepreneurs and the informal sector. • Impacts and potential impacts of severe weather events. • Sustainable finance products. <p>INVESTORS</p> <ul style="list-style-type: none"> • ESG performance. • Transparency on climate-related risk exposure and ESG impacts. • Task force on climate-related financial disclosures. • Sustainable finance products <p>COMMUNITIES</p> <ul style="list-style-type: none"> • Social and environmental impacts of fossil fuel projects. 	<p>Driving positive SEE impact</p> <ul style="list-style-type: none"> • Contribute to job creation, enterprise development, education and skills development in countries of operation. • Financial inclusion across Africa with appropriate digital offerings. • Mitigate negative environmental impacts associated with direct and indirect business activities.