



Chapter	King III principle	Compliance (✓/✗)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
1.3	The board should ensure that the company's ethics are managed effectively.	✓	<ul style="list-style-type: none"> <li>The board subscribes to the group's values and the code. The group's code is designed to empower employees and enable effective decision-making at all levels of the business according to defined ethical principles and values;</li> <li>The group is a member of the Ethics Institute of South Africa, which has certified that the group's code meets the highest standards of international best practice. The code is aligned with and supported by other group policies and procedures, and supports compliance with the relevant industry regulations and laws. The code applies in all countries in which the group has banking operations;</li> <li>Ethical incidents are reported through the ethics and fraud hotline, the group financial crime control unit, the human resources department, the ethics mailbox, business unit ethics officers and line managers;</li> <li>The group chief executive and group ethics officer are the formal custodians of the code and are ultimately responsible for entrenching it throughout the group. Each business unit has an ethics officer who is responsible for building awareness of the code and providing guidance on individual ethical concerns that staff may raise;</li> <li>The group social and ethics committee monitors the group's implementation, reporting, and training and awareness of ethics and the code.</li> </ul>	<p><i>Ethics and organisational integrity</i> – page 98</p> <p><i>Group social and ethics committee</i> – page 105</p>		
<b>2 BOARDS AND DIRECTORS</b>						
2.1	The board should act as the focal point for and custodian of corporate governance.	✓	<ul style="list-style-type: none"> <li>The following terms of reference, amongst others, are included in the board's mandate, which is an important component of the group's governance framework**: <ul style="list-style-type: none"> <li>- reviews the corporate governance and risk and capital management processes; and</li> <li>- determines the terms of reference and procedures of all board committees, reviews the board's and committee's performance annually and reviews their reports and minutes;</li> </ul> </li> <li>The board retains effective control through its governance framework that provides for delegation of authority. In discharging its duties, the board delegates authority to relevant board committees and the group chief executive with clearly defined mandates and authorities, although the board retains its accountability;</li> <li>The board of directors met six times in 2012, including a strategy session, to discharge its responsibilities;</li> <li>A focus area of the board for 2012 was rolling out a standard corporate governance framework for key subsidiaries;</li> <li>The following terms of reference, amongst others, are included in the mandate for the group directors' affairs committee to assist the board with its governance responsibilities **: <ul style="list-style-type: none"> <li>- evaluating the adequacy, efficiency and appropriateness of the governance framework and practices across the group; and</li> <li>- ensuring corporate governance best practice and statutory compliance.</li> </ul> </li> </ul>	<p>Board and committees – page 100</p> <p><i>Delegation of authority</i> – page 98</p> <p><i>Board and committee meetings</i> – page 108</p> <p><i>Board</i> – page 100</p> <p><i>Group directors' affairs committee</i> – page 101</p>		
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	<ul style="list-style-type: none"> <li>The board appreciates that strategy, risk, performance and sustainability are inseparable as evidenced by the following:</li> <li>The board operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value;</li> <li>One board meeting in 2012 had been dedicated to reviewing the group's strategy;</li> </ul>	<p><i>Role and composition</i> – page 96</p> <p><i>Board and committee meetings</i> – page 108</p>		

\*\* The board measures its effectiveness in complying with its mandate in a number of ways, including an annual assessment by the external auditors. Such an evaluation of the board mandate revealed no material concerns. Refer to the section on Board and committee effectiveness and evaluation on page 109 of the annual integrated report 2012 for further details.

Chapter	King III principle	Compliance (✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
			<ul style="list-style-type: none"> <li>The following terms of reference, amongst others, are included in the board's mandate **:               <ul style="list-style-type: none"> <li>- agrees and monitors the group's strategy and objectives; and</li> <li>- ensures that an effective and robust risk management process is in place that is linked to strategy, performance and sustainability.</li> </ul> </li> </ul>	<i>Board – page 100</i>		
2.3	The board should provide effective leadership based on an ethical foundation.	✓	<ul style="list-style-type: none"> <li>The board provides effective leadership based on an ethical foundation as set out in the comments to principle 1.1.</li> </ul>			
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓	<ul style="list-style-type: none"> <li>The board ensures that the group is and is seen to be a responsible corporate citizen as set out in the comments to principle 1.2.</li> </ul>			
2.5	The board should ensure that the company's ethics are managed effectively.	✓	<ul style="list-style-type: none"> <li>The board ensures that the group's ethics are managed as set out in the comments to principle 1.3.</li> </ul>			
2.6	The board should ensure that the company has an effective and independent audit committee.	✓	<ul style="list-style-type: none"> <li>The board ensures that the company has an effective and independent audit committee as set out in the comments to chapter 3.</li> </ul>			
2.7	The board should be responsible for the governance of risk.	✓	<ul style="list-style-type: none"> <li>The board is responsible for the governance of risk as set out in the comments to chapter 4.</li> </ul>			
2.8	The board should be responsible for information technology (IT) governance.	✓	<ul style="list-style-type: none"> <li>The board is responsible for IT governance as set out in the comments to chapter 5.</li> </ul>			
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	<ul style="list-style-type: none"> <li>The board ensures that the group complies with applicable laws and considers adherence to non-binding rules, codes and standards as set out in the comments to chapter 6.</li> </ul>			
2.10	The board should ensure that there is an effective risk-based internal audit.	✓	<ul style="list-style-type: none"> <li>The board ensures that there is an effective risk-based internal audit as set out in the comments to chapter 7.</li> </ul>			
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	✓	<ul style="list-style-type: none"> <li>The board appreciates that stakeholders' perceptions affect the group's reputation as set out in the comments to chapter 8.</li> </ul>			
2.12	The board should ensure the integrity of the company's integrated report.	✓	<ul style="list-style-type: none"> <li>The board ensures the integrity of the group's integrated report as set out in the comments to chapter 9.</li> </ul>			
2.13	The board should report on the effectiveness of the company's system of internal controls.	✓	<ul style="list-style-type: none"> <li>The board reports on the effectiveness of the group's system of internal controls as set out in the comments to chapters 7 and 9.</li> </ul>			
2.14	The board and its directors should act in the best interests of the company.	✓	<ul style="list-style-type: none"> <li>The board and its directors act in the best interest of the company;</li> <li>Individual members of the board are appointed in line with the group's memorandum of incorporation and the Companies Act, 2008 ("the Act");</li> <li>The board's collective experience and expertise provides a balanced mix of attributes that enables it to fulfil its duties and responsibilities;</li> <li>To enable the board to function effectively, all directors have full and timely access to information that may be relevant in the proper discharge of their duties. This includes information such as corporate announcements, investor communications and other developments that may affect the group and its operations. All directors have access to the services of the group secretary;</li> <li>Directors have unrestricted access to group management and company information, as well as the resources to carry out their duties and responsibilities. This includes access to external specialist advice, at the group's expense, in terms of the board approved policy on independent professional advice;</li> <li>The board declares its interests in terms of Section 75 of the Act on an annual basis;</li> <li>The group has policies in place that restrict directors and embargoed employees in dealing in its securities. A personal account trading policy, and directors and prescribed officers' dealing policy are in place to prohibit directors and employees from trading in securities during closed periods.</li> </ul>	<i>Role and composition – page 96</i>  <i>Group secretary – page 109</i>  <i>Access to information and resources – page 97</i>  <i>Dealing in securities – page 111</i>		

\*\* The board measures its effectiveness in complying with its mandate in a number of ways, including an annual assessment by the external auditors. Such an evaluation of the board mandate revealed no material concerns. Refer to the section on Board and committee effectiveness and evaluation on page 109 of the annual integrated report 2012 for further details.

Chapter	King III principle	Compliance (✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act (the Act).	✓	<ul style="list-style-type: none"> <li>The board is informed of the group's going concern status at the interim and end-of-year board meetings in order to report on same in the annual integrated report;</li> <li>The board monitors the solvency and liquidity of the group on a regular basis;</li> <li>In addition, banks in South Africa commenced with the development of their recovery plans in May 2012 as per the requirements of the South African Reserve Bank ("SARB"). Recovery plans serve as a guide to a bank's management and board of directors on how its risk profile would be reduced in times of severe stress due to risk management failures, exogenous shocks or contagion effects. Such plans would assist in ensuring its survival without being required to enter the resolution process.</li> </ul>			
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board.	✓	<ul style="list-style-type: none"> <li>The chairman is an independent non-executive director, and the roles of chairman and chief executive are separate, with their responsibilities clearly defined. The chairman is responsible for leading the board and ensuring its effectiveness. The group chief executive is responsible for the execution of the group's strategy and the day-to-day business of the group, supported by the executive committee which he chairs.</li> </ul>	<i>Chairman and chief executive – page 96</i>		
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	✓	<ul style="list-style-type: none"> <li>The board is responsible for appointing the chief executive;</li> <li>The board delegates authority to the group chief executive to manage the business and affairs of the group. The group executive committee ("exco") assists the group chief executive in the day-to-day management of the affairs of the group, subject to statutory parameters and the limits on the delegation of authority to the group chief executive. The group governance office monitors board-delegated authorities.</li> </ul>	<i>Delegation of authority – page 98</i>		
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	✓	<ul style="list-style-type: none"> <li>The group had a unitary board structure comprising 16 directors, 10 (63%) of whom are independent non-executive directors, four (25%) of whom are non-executive directors and two (13%) of whom are executive directors (the group chief executive and the group financial director);</li> <li>The composition of the board ensures there is a balance of power, so no individual or group can dominate board processes or decision-making, and stimulates robust challenge and debate. The non-executive directors bring different perspectives to board deliberations, and the constructive challenging of the views of executive directors and management is encouraged;</li> <li>The group's memorandum of incorporation ("MOI") contains provisions for the retirement of one third of the group's non-executive directors at the annual general meeting ("AGM");</li> <li>In terms of the MOI, non-executive directors are required to retire at the AGM following their 70th birthday. The board has discretion to extend the tenure of directors who have not completed five years of service by the time they turn 70 to a period of five years of service;</li> </ul>	<i>Role and composition – page 96</i>  <i>Terms for non-executive directors – page 143</i>		

Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
			<ul style="list-style-type: none"> <li>The group directors' affairs committee evaluates the independence of board members for board approval. Independence is determined according to the definitions in the King Code, which includes the number of years a director has served on the board. An annual review, in terms of an agreed methodology, is conducted of all directors who have served longer than nine years;</li> <li>In this respect, the board has concluded that Doug Band and Myles Ruck continue to be independent both in character and judgement, notwithstanding tenure. Saki Macozoma and Cyril Ramaphosa were not considered to be independent due to their respective interests in the group's strategic empowerment partners, Safika and Shanduka. Hongli Zhang and Yagan Liu, the non-executive directors representing ICBC, the group's largest shareholder, were similarly not considered independent. All other non-executive directors are independent.</li> </ul>	<p><i>Independent non-executive directors – page 96</i></p>		
2.19	Directors should be appointed through a formal process.	✓	<ul style="list-style-type: none"> <li>The group's shareholders elect the directors;</li> <li>Shareholders appoint directors at the AGM. Between AGMs, the board may make interim appointments on the recommendation of the directors' affairs committee. These interim appointees are required to retire at the following AGM where they may stand for re-election. In addition, one-third of the number of non-executive directors are required to retire at each AGM and may stand for re-election. If recommended by the directors' affairs committee and supported by the board, the board proposes their re-election to shareholders;</li> <li>There is no limitation on the number of times a non-executive director may stand for re-election. Proposals for re-election are based on individual performance and contribution, which the directors' affairs committee reviews;</li> <li>The board regularly reviews the group's nominations and appointments policy, which is aligned with applicable legislation and regulations. These include, but are not limited to, the requirements of the Companies Act, Banks Act 94 of 1990 (Banks Act) and JSE Listings Requirements. The policy sets out the process for nominating and appointing directors and key executives. Shareholders are provided with information on the directors' education, qualifications, experience and other key directorships. In making an appointment, the board takes cognisance of the knowledge, skills, experience and other commitments of the candidate, as well as other attributes considered necessary for directorship. The board also considers the need for appropriate demographic and gender representation. Candidates are subject to a fit-and-proper questionnaire, as required by the Banks Act;</li> <li>All non-executive directors receive a letter setting out the terms of their appointment;</li> </ul>	<p><i>Role and composition – page 96</i></p> <p><i>Terms for non-executive directors – page 143</i></p> <p><i>Appointment policy – page 97</i></p> <p><i>Terms for non-executive directors – page 143</i></p>		
88.1	The following aspects regarding directors should be disclosed in the annual integrated report: The reasons for the removal, resignation or retirement of directors;	✓	<ul style="list-style-type: none"> <li>This information is disclosed in the group's annual integrated report as set out the next column;</li> </ul>	<p><i>Succession planning – page 97 and Notice to members – page 163</i></p>		

Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
88.2	The composition of the board and board committees and the number of meetings held, attendance at those meetings and the manner in which the board and the manner in which committees have discharged its duties;	✓		<i>Board of directors – pages 114 to 117, Board and committees – pages 100 to 107, Board and committee meetings – page 108</i>		
88.3	Education, qualifications and experience of the directors;	✓		<i>Board of directors – pages 114 to 117</i>		
88.4	Length of service and age of directors;	✓		<i>Board of directors – pages 114 to 117 and Length of tenure of non-executive directors – page 96</i>		
88.5	Whether supervising of new management is required in which case retention of board experience would be called for;	✓		N/A		
88.6	Other significant directorships of each board member;	✓		<i>Board of directors – pages 114 to 117</i>		
88.7	Actual or potential political connections or exposure; and	x	<ul style="list-style-type: none"> <li>The group does not discourage directors from being affiliated to political parties, which it believes contributes to strengthening South Africa's democracy. A number of the group's directors are involved in various political parties but are not office bearers of any political party in South Africa, with the exception of Cyril Ramaphosa who was appointed as deputy president of the African National Congress in December 2012. Cyril Ramaphosa retired by rotation at the group's AGM on 30 May 2013;</li> </ul>	<i>Exceptions to the application of the King Code – page 111</i>		
88.8	Any other relevant information.	✓	<ul style="list-style-type: none"> <li>On 7 March 2013, the board announced the retirement of Jacko Maree as chief executive of the group after more than 13 years at the helm. Ben Kruger and Sim Tshabalala were appointed as joint group chief executives. They are jointly and severally accountable for the management and performance of the group;</li> <li>With this appointment of joint group chief executives, it is planned that there will be meetings twice a month between the chairman and joint group chief executives to ensure alignment. The chairman will lead the process of agreeing performance objectives and evaluation of the joint group chief executives, providing feedback to the directors' affairs committee, group remuneration committee (remco) and board in line with the mandates of the group's governance structure.</li> </ul>	<i>Chairman and chief executive – pages 96 and 97</i>		
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	✓	<ul style="list-style-type: none"> <li>On appointment, directors receive the group's governance manual containing all relevant governance information such as founding documents, mandates, governance structures, significant reports, relevant legislation and policies. One-on-one meetings and site visits are scheduled with management to introduce new directors to the company and its operations;</li> <li>Ongoing director education remains a focus. The directors are kept abreast of all applicable legislation and regulations, changes to rules, standards and codes, as well as relevant sector developments that could affect the group and its operations. The directors' education programme continued to focus on business issues and additional time was scheduled outside of board meetings for sessions on pertinent issues. Topics covered included recovery and resolution plans, transactional products and services, and executive remuneration. In addition, three non-executive directors attended the Gordon Institute of Business Science Banking Board Leadership Programme.</li> </ul>	<i>Induction and ongoing training – page 97</i>		

Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	✓	<ul style="list-style-type: none"> <li>The group secretary ensures the board remains cognisant of its duties. In addition to guiding the board on discharging its responsibilities, the group secretary keeps the board abreast of relevant changes in legislation and governance best practice. The group secretary also oversees the induction of new directors, as well as the ongoing education of directors. All directors have access to the services of the group secretary;</li> <li>Loren Wulfsohn (BCom) (LLB) (LLM Banking &amp; Stock Exchange Law) was the group secretary from 2002 until her resignation on 31 October 2012. Zola Stephen (BProc) (LLB) was appointed group secretary on 1 November 2012, having joined the group in August 2012;</li> <li>In line with the JSE Listings Requirements, the board has assessed the competence, qualifications and experience of both group secretaries and concluded that they were competent to carry out their duties.</li> </ul>	Group secretary – page 109		
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	✓	<ul style="list-style-type: none"> <li>The board measures its effectiveness in a number of ways. Its performance and that of its subcommittees is assessed annually by the external auditors against the relevant mandates. Findings are reported to the group directors' affairs committee. The board and respective committees consider each of the detailed reviews and feedback is provided to the board. The evaluation of board and committee mandates conducted in 2012 identified no material concerns;</li> <li>Independent consultants, Korn/Ferry International, were engaged in 2012 to assist the board in evaluating the effectiveness of its committees by way of a confidential online questionnaire that was completed by the main board and committee members. The areas covered included: <ul style="list-style-type: none"> <li>- agenda and terms of reference;</li> <li>- effectiveness of information sharing;</li> <li>- effectiveness and quality of debate;</li> <li>- follow-through and accountability for actions;</li> <li>- overall performance; and</li> <li>- feedback to, and interaction with, the main board;</li> </ul> </li> <li>The results of this evaluation revealed that all board committees were working well and their performance fully met the board's expectations. An area identified as requiring improvement was the level of engagement and debate between the board and the committees;</li> <li>The performance of the group chairman and chief executive is assessed annually, and their remuneration is determined accordingly.</li> </ul>	Board and committee effectiveness and evaluation – page 109		
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	✓	<ul style="list-style-type: none"> <li>In discharging its duties, the board delegates authority to relevant board committees and the group chief executive with clearly defined mandates and authorities, although the board retains its accountability;</li> <li>Board committees facilitate the discharge of board responsibilities and provide in-depth focus on specific areas. Each committee has a mandate, which the board reviews at least annually. Each mandate sets out the role, responsibilities, scope of authority, composition, terms of reference and procedures;</li> <li>The following committees are in place: <ul style="list-style-type: none"> <li>- Group directors' affairs;</li> <li>- Group audit;</li> <li>- Group risk and capital management;</li> <li>- Group social and ethics;</li> <li>- Group remuneration; and</li> <li>- Group model approval;</li> </ul> </li> <li>Committees, where required, are constituted taking into account relevant legislation including the Companies Act, Bank's Act, JSE Listings Requirements and the King Code;</li> <li>There are certain matters that are reserved for decision by the board, on the basis of any recommendation as may be made from time to time by the group exco or board committees. Such matters are detailed in the board's mandate.</li> </ul>	Delegation of authority – page 98  Board and committees – page 100		

Chapter	King III principle	Compliance (✓/✗)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
2.24	A governance framework should be agreed between the group and its subsidiary boards.	✓	<ul style="list-style-type: none"> <li>During 2011, the group finalised a governance framework for key operating subsidiaries to ensure consistent standards across jurisdictions, in line with the King Code recommendation that a holding company should have a governance framework policy which applies to, and is accepted by, its subsidiary companies. This governance framework was adopted by our key operating subsidiaries in 2012. In addition, the group approved a guide for interaction and communication between the group and the Standard Bank Plc boards. In all jurisdictions, corporate governance developments are monitored on an ongoing basis to ensure that local requirements are met.</li> </ul>	<i>Governance in subsidiaries</i> – page 109		
2.25	Companies should remunerate directors and executives fairly and responsibly.	✓	<ul style="list-style-type: none"> <li>The following terms of reference, amongst others, form part of the group remuneration committee's mandate**: <ul style="list-style-type: none"> <li>- reviews and approves the group remuneration strategy and policy in the long-term interest of the group;</li> <li>- monitors the adequacy of benefits for executive directors and executive management;</li> <li>- reviews the remuneration of the chairman, chief executive and senior executives in relation to performance;</li> <li>- reviews and approves incentive schemes, share-based payments and other benefits; and</li> </ul> </li> <li>- ensures compliance with applicable legislation and codes;</li> <li>The remuneration report included in the annual integrated report includes details on the following aspects, among others: <ul style="list-style-type: none"> <li>- remuneration framework;</li> <li>- remuneration structure;</li> <li>- deferral schemes; and</li> <li>- long term service awards;</li> </ul> </li> <li>The board has considered the King Code requirement that non-executive remuneration should comprise a base fee and an attendance fee per meeting (paragraph 153) and agreed that the current fee structure of a single comprehensive annual fee is more appropriate for the group board and committees, and better reflects member contribution. It remains the group's view that the contribution of directors cannot only be judged by attendance at board and committee meetings;</li> <li>The King Code requires that options or other conditional share awards should not vest or be exercisable within three years from the date of grant (paragraph 173). In terms of the detailed remuneration report starting on page 120, the design of the deferred bonus scheme, which is settled in Standard Bank equity shares, has an initial vesting period shorter than three years. However, the average vesting period for deferred bonuses is approximately three years.</li> </ul>	<i>Group remuneration committee</i> – page 106  <i>Remuneration report</i> – pages 120 to 151  <i>Exceptions to the application of the King Code</i> – page 111		
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	✓	<ul style="list-style-type: none"> <li>The remuneration report provides details required by the Companies Act and the King Code on the remuneration policy and practices followed by the group, the remuneration earned by the board of directors and prescribed officers, and the terms of employment for executive directors and prescribed officers.</li> </ul>	<i>Remuneration report</i> – pages 120 to 151		
2.27	Shareholders should approve the company's remuneration policy.	✓	<ul style="list-style-type: none"> <li>The group's remuneration policy had been tabled at the group's 2012 annual general meeting held on 2012-05-31. Refer to the notice for this annual general meeting in Book III: Shareholder information in respect of the 2011 financial year which can be accessed via the following link:  <a href="http://reporting.standardbank.com/financial-information/archive/">http://reporting.standardbank.com/financial-information/archive/</a></li> </ul>			

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<b>3 AUDIT COMMITTEE</b>						
3.1	The board should ensure that the company has an effective and independent audit committee.	✓	<ul style="list-style-type: none"> <li>The following terms of reference, among others, form part of the board's terms of reference**: <ul style="list-style-type: none"> <li>- determines the terms of reference and procedures of all board committees, reviews the board's and committee's performance annually and reviews their reports and minutes; and</li> <li>- ensures that the group audit committee is effective and independent;</li> </ul> </li> <li>The group audit committee comprised four independent non-executive directors during 2012;</li> <li>The group audit committee met eight times in 2012.</li> </ul>	<i>Board and committees – page 100</i>  <i>Group audit committee – page 102</i>  <i>Board and committee meetings – page 108</i>		
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	✓	<ul style="list-style-type: none"> <li>The terms of reference for the group directors' affairs committee includes, amongst others, identifying, evaluating (including background and reference checking) and recommending nominees to the board of directors and board committees, including the group audit committee**;</li> <li>The terms of reference of the group audit committee requires, amongst others, the following in terms of the composition of the committee: <ul style="list-style-type: none"> <li>- at least four members who should be suitably skilled, and experienced independent non-executive directors of the company;</li> <li>- collectively, the members must have an understanding of integrated reporting, including financial reporting, internal financial controls, external and internal audit process, corporate law, risk management, sustainability issues, and IT governance as it relates to integrated reporting and the governance processes within the group;</li> <li>- the chairman of the board may not be the chairman or a member of the committee; and</li> <li>- at least one member of the group risk and capital management committee ("GRCMC") must be a member of this committee;</li> </ul> </li> <li>The group audit committee comprised four suitably skilled and experienced independent non-executive directors during 2012.</li> </ul>	<i>Board of directors – page 115 and page 117</i>		
3.3	The audit committee should be chaired by an independent non-executive director.	✓	<ul style="list-style-type: none"> <li>Richard Dunne, an independent non-executive director chaired the group audit committee during 2012.</li> </ul>	<i>Group audit committee – page 102</i>		
3.4	The audit committee should oversee integrated reporting.	✓	<p><b>Integrated reports:</b></p> <ul style="list-style-type: none"> <li>The following terms of reference, among others, form part of the group audit committee's terms of reference**: <ul style="list-style-type: none"> <li>- evaluates management's judgements and reporting decisions in relation to the integrated report and ensures that all material disclosure is included; and</li> <li>- reviews forward-looking statements, financial and sustainability information;</li> </ul> </li> <li><b>Financial:</b> <ul style="list-style-type: none"> <li>During 2012 the group audit committee, amongst others: <ul style="list-style-type: none"> <li>- reviewed the financial information published by the group, including the content of the integrated report, and recommended the integrated report to the board for approval;</li> <li>- evaluated the accounting issues that affected the bank;</li> </ul> </li> </ul> </li> </ul>	<i>Group audit committee – page 102</i>  <i>Group audit committee – page 102</i>		
			<ul style="list-style-type: none"> <li>- examined and reviewed the interim and annual financial statements prior to submission and approval by the board;</li> <li>- ensured that the annual financial statements fairly present the financial position of the group as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the group was determined to be a going concern;</li> <li>- considered the appropriateness of the accounting policies adopted and changes thereto;</li> </ul>		<i>Report of the group audit committee – page 96</i>	

\*\* The board measures its effectiveness in complying with its mandate in a number of ways, including an annual assessment by the external auditors. Such an evaluation of the board mandate revealed no material concerns. Refer to the section on Board and committee effectiveness and evaluation on page 109 of the annual integrated report 2012 for further details.

Chapter	King III principle	Compliance (✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
			<p><b>Sustainability:</b></p> <ul style="list-style-type: none"> <li>Recommending the integrated report for the board's approval, which includes sustainability information, forms part of the group audit committee's terms of reference**;</li> </ul> <p><b>Interim results:</b></p> <ul style="list-style-type: none"> <li>Reviewing the group's interim financial statements forms part of the group audit committee's terms of reference**;</li> </ul> <p><b>Summarised financial information:</b></p> <ul style="list-style-type: none"> <li>Reviewing the group's summarised financial information forms part of the group audit committee's terms of reference**.</li> </ul>	<p><i>Group audit committee – page 102</i></p> <p><i>Group audit committee – page 102</i></p> <p><i>Group audit committee – page 102</i></p>		
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✓	<ul style="list-style-type: none"> <li>Ensuring the group applies a combined assurance model to provide a coordinated approach to all assurance activities forms part of the group audit committee's terms of reference**;</li> <li>During the year, the group audit committee reviewed the plans and work outputs of the external and internal auditors as well as compliance and financial crime control, and concluded that these were adequate to address all significant financial risks facing the business.</li> </ul>	<i>Group audit committee – page 102</i>	<i>Report of the group audit committee – page 97</i>	
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	✓	<ul style="list-style-type: none"> <li>During the year, the group audit committee: <ul style="list-style-type: none"> <li>considered the expertise, resources and experience of the finance function and the senior members of management responsible for this function and concluded that these were appropriate;</li> <li>considered the appropriateness of the experience and expertise of the group financial director and concluded that these were appropriate.</li> </ul> </li> </ul>		<i>Report of the group audit committee – page 97</i>	
3.7	The audit committee should be responsible for overseeing of internal audit.	✓	<ul style="list-style-type: none"> <li>The group audit committee is responsible for overseeing the group internal audit function as is evidenced by the committee having: <ul style="list-style-type: none"> <li>reviewed and approved the annual internal audit mandate and audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its mandate;</li> <li>reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to such findings;</li> <li>assessed the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources and found them to be satisfactory.</li> </ul> </li> </ul>		<i>Report of the group audit committee – page 97</i>	
3.8	The audit committee should be an integral component of the risk management process.	✓	<ul style="list-style-type: none"> <li>Standard Bank has a board committee tasked with overseeing risk and capital management, viz the GRCMC. Two members of the group audit committee, including the chairman, are members of the GRCMC;</li> <li>The chairman is a member of and attended the GRCMC meetings held during the year under review;</li> </ul>	<p><i>Group risk and capital management committee – page 104;</i></p> <p><i>Board of directors – page 115 and page 117</i></p>	<i>Report of the group audit committee – page 97</i>	

\*\* The board measures its effectiveness in complying with its mandate in a number of ways, including an annual assessment by the external auditors. Such an evaluation of the board mandate revealed no material concerns. Refer to the section on Board and committee effectiveness and evaluation on page 109 of the annual integrated report 2012 for further details.

Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
			<ul style="list-style-type: none"> <li>Through its oversight function, the group audit committee satisfied itself that the following areas had been appropriately addressed:</li> </ul> <p><b>Financial reporting risks:</b></p> <ul style="list-style-type: none"> <li>- the group audit committee noted that there were no material reports or complaints received concerning accounting practices, internal audit, internal financial controls, content of the annual financial statements, internal controls and related matters;</li> </ul> <p><b>Internal financial controls:</b></p> <ul style="list-style-type: none"> <li>- the group audit committee considered reports of the internal and external auditors on the group's systems of internal control, including internal financial controls and maintenance of effective internal control systems;</li> </ul> <p><b>Fraud risk:</b></p> <ul style="list-style-type: none"> <li>- the group audit committee reviewed and approved the mandate of financial crime control as an independent risk function;</li> <li>- the group audit committee discussed significant financial crime matters and control weaknesses identified;</li> </ul> <p><b>information technology as it relates to financial reporting:</b></p> <ul style="list-style-type: none"> <li>- the group audit committee considered and reviewed reports from management on risk management, including fraud and information technology risks as they pertain to financial reporting and the going concern assessment.</li> </ul>		<p><i>Report of the group audit committee – pages 96 and 97</i></p>	
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓	<ul style="list-style-type: none"> <li>In respect of the external auditors and the external audit, the group audit committee performed the following activities, amongst others: <ul style="list-style-type: none"> <li>- recommended, together with the board the reappointment of KPMG Inc. and PricewaterhouseCoopers Inc. as auditors of Standard Bank Group Limited for the 2012 financial year. Refer to the notice for the 2012 annual general meeting in Book III: Shareholder information in respect of the 2011 financial year which can be accessed via the following link: <a href="http://reporting.standardbank.com/financial-information/archive/">http://reporting.standardbank.com/financial-information/archive/</a></li> <li>- approved the external auditors' terms of engagement, the audit plan and budgeted audit fees payable;</li> <li>- obtained assurance from the external auditors that their independence was not impaired;</li> </ul> </li> <li>- considered the nature and extent of all non-audit services provided by the external auditors; and</li> <li>- confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005.</li> </ul>		<p><i>Report of the group audit committee – page 96</i></p> <p>See also note 28.13 – page 182 detailing <i>auditors' remuneration</i></p>	
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	✓	<ul style="list-style-type: none"> <li>The group audit committee report was presented at the 2012 annual general meeting for approval. Refer to the notice for the 2012 annual general meeting in Book III: Shareholder information in respect of the 2011 financial year which can be accessed via the following link: <a href="http://reporting.standardbank.com/financial-information/archive/">http://reporting.standardbank.com/financial-information/archive/</a></li> </ul>			
85.1	As a minimum, the audit committee should provide the following information in the integrated report: - a summary of the role of the audit committee;	✓	<ul style="list-style-type: none"> <li>This information is disclosed in the group's annual integrated report and the risk and capital management report and annual financial statements as set out the next column;</li> </ul>	<p><i>Group audit committee – pages 102 and 103</i></p>		
85.2	- a statement on whether or not the audit committee has adopted formal terms of reference that have been approved by the board and if so, whether the committee satisfied its responsibilities for the year in compliance with its terms of reference;	✓			<p><i>Execution of functions – page 96 and Conclusion – page 97</i></p>	



Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
4.2	The board should determine the levels of risk tolerance.	✓	<ul style="list-style-type: none"> <li>The board establishes parameters for risk appetite by: <ul style="list-style-type: none"> <li>- providing strategic leadership and guidance;</li> <li>- reviewing and approving annual budgets and forecasts, under normal and stressed conditions, for the group, each business line and material legal entity;</li> <li>- regularly reviewing and monitoring performance in relation to risk through quarterly board reports; and</li> <li>- analysing risk tendency against risk appetite;</li> </ul> </li> <li>The board delegates the determination of risk appetite to the GRCMC, which in turn ensures that risk appetite is in line with group strategy and the desired balance between risk and return. GROC, a management committee, recommends the level of risk appetite to both the GRCMC and the board.</li> </ul>		<i>The group's approach to risk appetite - page 18</i>	
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	✓	<ul style="list-style-type: none"> <li>The GRCMC assists the board in carrying out its risk responsibilities as set out in the comments to principles 4.1 and 4.2 above.</li> </ul>			
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓	<ul style="list-style-type: none"> <li>Executive management oversight for all risk types has been delegated by the group exco to the group risk oversight committee ("GROC") which, in turn, assists the GRCMC to fulfil its mandate. GROC considers and, to the extent required, recommends for approval by the relevant board committees for the following: <ul style="list-style-type: none"> <li>- risk appetite statements;</li> <li>- approval of macroeconomic scenarios for stress testing, stress-testing results and scenario analyses;</li> <li>- risk governance standards for each risk type;</li> <li>- actions on the risk profile and/or risk tendency;</li> <li>- risk strategy and key risk controls across the group; and</li> <li>- internal capital adequacy assessment processes (ICAAP).</li> </ul> </li> </ul>		<i>Group risk oversight committee - page 15</i>	
4.5	The board should ensure that risk assessments are performed on a continual basis.	✓	<ul style="list-style-type: none"> <li>During the year, the GRCMC: <ul style="list-style-type: none"> <li>- considered the strategic risk overviews from the CRO on events and risks that had occurred or were emerging, which were expected to have a direct or indirect impact on the group's operations and markets; and</li> <li>- reviewed minutes of the GROC, the key risk oversight management committee, and received regular summaries from the group chief risk officer on important points raised at GROC meetings.</li> </ul> </li> </ul>	<i>Group risk and capital management committee - page 104</i>		
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓	<ul style="list-style-type: none"> <li>During the year, the GRCMC: <ul style="list-style-type: none"> <li>- approved risk governance standards;</li> <li>- considered and approved the risk appetite statement for the banking operations of the group and for SBSA;</li> <li>- considered and approved the macroeconomic scenarios that would be used in the budget 2013 group stress testing;</li> <li>- recommended the internal capital adequacy assessment process to the board for approval; and</li> <li>- reviewed the impact of the proposed Basel III SARB capital and liquidity ratios on the group and SBSA.</li> </ul> </li> </ul>	<i>Group risk and capital management committee - page 104</i>		
4.7	The board should ensure that management considers and implements appropriate risk responses.	✓	<ul style="list-style-type: none"> <li>The GRCMC considered the group's risk profile relative to the group's strategy. The committee reported to the board following each meeting on its consideration of the risk profile of the group and any longer-term macro or perceived strategic threats to the group, and made recommendations as appropriate. Through this oversight, the GRCMC was satisfied that there were no material risks that presently threaten the sustainability of the group.</li> </ul>		<i>Statement from the chairman of the group risk and capital management committee - page 3</i>	
4.8	The board should ensure continual risk monitoring by management.	✓	<ul style="list-style-type: none"> <li>The GRCMC considered reports from management that covered key risks including credit, equity, compliance, country, capital and liquidity, market, operational and insurance risk;</li> <li>At each meeting of the GRCMC, the group chief risk officer provided the committee with an overview of the key risk issues discussed at GROC meetings.</li> </ul>	<i>Group risk and capital management committee - page 104</i>	<i>Statement from the chairman of the group risk and capital management committee - page 3</i>	

Chapter	King III principle	Compliance (✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	✓	<ul style="list-style-type: none"> <li>The board relies on quarterly reports from the various committees, as well as periodic attestations by senior risk managers and group internal audit, to satisfy itself that the group's risk management processes are fit for purpose and are operating effectively.</li> </ul>		Statement from the chairman of the group risk and capital management committee - page 2	
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓	<ul style="list-style-type: none"> <li>The terms of reference of the GRCMC as part of its mandate include, amongst others, approval of risk disclosures in published reports; **</li> <li>A special meeting of the GRCMC was held to approve the interim risk and capital management report;</li> <li>The board is satisfied that the group's risk management processes operated effectively in the period under review.</li> </ul>	Group risk and capital management committee - page 104	Statement from the chairman of the group risk and capital management committee - page 2 Board responsibility - page 1	

5 THE GOVERNANCE OF INFORMATION TECHNOLOGY						
5.1	The board should be responsible for information technology ("IT") governance.	✓	<ul style="list-style-type: none"> <li>The board assumes ultimate responsibility for financial and information technology governance, operational and internal systems of control, and ensures adequate reporting on these by respective committees;</li> <li>The GRCMC is responsible for overseeing the implementation of an IT governance framework and monitoring significant IT investments.</li> </ul>	Board - page 100	Statement from the chairman of the group risk and capital management committee - page 2	
5.2	IT should be aligned with the performance and sustainability objectives of the company.	✓	<ul style="list-style-type: none"> <li>The board is responsible for ensuring that prudent and reasonable steps have been taken with regard to IT governance, including aligning the IT strategy with the group's strategic objectives and performance targets.</li> </ul>	IT governance - page 111		
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	✓	<ul style="list-style-type: none"> <li>The group strategic technology and operations forum (GSTOF), chaired by the chief operating officer, is tasked with IT governance and oversight, and is supported in its duties by several management committees focused on specific aspects of IT governance;</li> <li>The chief operating and chief information officers provide regular updates to the group audit, and risk and capital management committees on the status of all material IT projects and expenditure as well as other IT governance-related matters;</li> <li>During 2012, a results management office and a four-tier IT investment management structure were established with the GSTOF providing ultimate oversight. In addition, consolidating service delivery and enterprise architecture IT operations across the group has strengthened IT governance further.</li> </ul>	IT governance - page 111		
5.4	The board should monitor and evaluate significant IT investments and expenditure.	✓	<ul style="list-style-type: none"> <li>Included in the terms of reference of the mandate of the GRCMC is the monitoring and evaluating of significant IT investment and expenditure **.</li> </ul>	Group risk and capital management committee - page 104		

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Chapter	King III principle	Compliance (✓/✗)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
5.5	IT should form an integral part of the company's risk management.	✓	<ul style="list-style-type: none"> <li>During the year, the GRCMC received regular updates from the chief information officer on the status of all material IT projects and expenditure;</li> <li>As part of the group's IT governance framework, the group strategic technology and operations forum (GSTOF), chaired by the chief operating officer, is tasked with IT governance and oversight, and is supported in its duties by several management committees focused on specific aspects of IT governance.</li> </ul>	<p><i>Group risk and capital management committee</i> - page 104</p> <p><i>IT governance</i> - page 111</p>		
5.6	The board should ensure that information assets are managed effectively.	✓	<ul style="list-style-type: none"> <li>The GRCMC has as a term of its reference to ensure IT policies are established and implemented to ensure effective management of information assets**.</li> </ul>	<p><i>Group risk and capital management committee</i> - page 104</p>		
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	✓	<ul style="list-style-type: none"> <li>The terms of reference of the group audit committee include, amongst others**: <ul style="list-style-type: none"> <li>- ensuring the use of relevant technology and techniques to improve audit coverage and audit efficiency; and</li> <li>- overseeing IT risk in relation to financial reporting;</li> </ul> </li> <li>The terms of reference of the GRCMC include, amongst others**: <ul style="list-style-type: none"> <li>- ensuring IT policies are established and implemented to ensure effective management of information assets; and</li> <li>- monitoring and evaluating significant IT investment and expenditure.</li> </ul> </li> </ul>	<p><i>Group audit committee</i> - page 103</p> <p><i>Group risk and capital management committee</i> - page 104</p>		
<b>6 COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS</b>						
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	<ul style="list-style-type: none"> <li>Complying with all applicable legislation, regulations, standards and codes is integral to the group's culture and imperative to achieving its strategy;</li> <li>Oversight of compliance risk management is delegated to the group audit committee which reviews and approves the mandate of the group chief compliance officer, who reports on a quarterly basis on, among others, the status of compliance risk management in the group, significant areas of non-compliance, as well as providing feedback on interaction with regulators.</li> </ul>	<p><i>Codes, regulations and compliance</i> - page 110</p>		
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	✓	<ul style="list-style-type: none"> <li>As part their induction, directors receive information on the applicable applicable laws, rules, codes and standards that the group needs to comply with;</li> <li>Developments of a regulatory nature are presented to the board as well as their potential impact on the group;</li> <li>Directors meet the South African Reserve Bank ("SARB"), the group's principle regulator, and present on selective issues relating to regulatory compliance.</li> </ul>			
6.3	Compliance risk should form an integral part of the company's risk management process.	✓	<ul style="list-style-type: none"> <li>The group risk framework provides a basis for ongoing self-assessment of appropriate risk appetite and compliance with the group's minimum control requirements, as articulated in the group's risk governance standards;</li> <li>Group internal audit reviews and audits the group compliance function as well as the compliance policy and governance standards.</li> </ul>	<p><i>Codes, regulations and compliance</i> - page 110</p>	<p><i>Statement from the chairman of the GRCMC</i> - page 3</p>	
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	✓	<ul style="list-style-type: none"> <li>The board delegates responsibility for compliance to management and monitors this through the compliance function. The regulatory and legislative oversight committee, a management committee, assesses the impact of proposed legislation and regulation. Material regulatory issues are escalated to GROC, also a management committee, and the GRCMC;</li> </ul>	<p><i>Codes, regulations and compliance</i> - page 110</p>		

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Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
			<ul style="list-style-type: none"> <li>• A compliance policy, reviewed and updated on a bi-annual basis is approved by the group compliance committee and noted by GROC. A compliance governance standard is approved by the GRCMC annually;</li> <li>• On a quarterly basis, the chairman of the group audit committee meets with the group chief compliance officer and chief audit officer, in the absence of management, to discuss the adequacy and effectiveness of the management of risks to which the group is exposed.</li> </ul>		Group audit committee - page 15	
<b>7 INTERNAL AUDIT</b>						
7.1	The board should ensure that there is an effective risk-based internal audit.	✓	<ul style="list-style-type: none"> <li>• The following terms of reference, amongst others, are included in the mandate of the group audit committee **: <ul style="list-style-type: none"> <li>- the review and approval of the internal audit mandate, as per the board's delegated authority;</li> <li>- evaluating annually the role, independence and effectiveness of the internal audit function in the overall context of the group's risk management system.</li> </ul> </li> </ul>	Group audit committee - page 102		
7.2	Internal audit should follow a risk-based approach to its plan.	✓	<ul style="list-style-type: none"> <li>• Group internal audit follows a risk-based approach to coverage planning, to meet regulatory and statutory requirements such as the Banks Act, Basel requirements, King III and specific requests from regulators and external auditors. The risk assessment combines consideration of business strategy, assessments of inherent risks, and links to the control environment across businesses and functions to arrive at a net risk approach. This is consistent with the methodologies used globally and aligned with the business' risk management processes.</li> </ul>			
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	✓	<ul style="list-style-type: none"> <li>• The board relies on quarterly reports from various committees within the governance structure, as well as periodic attestations by senior risk managers and group internal audit (GIA), to satisfy itself that the group's risk management processes are fit for purpose and are operating effectively;</li> <li>• Group internal audit provides, as part of its annual reporting to the group audit committee, an attestation of the state of the group's internal financial controls.</li> </ul>		Board responsibility - page 1	
7.4	The audit committee should be responsible for overseeing internal audit.	✓	<ul style="list-style-type: none"> <li>• The chief audit officer, reports functionally to the group audit committee;</li> <li>• The following terms of reference, amongst others, are included in the mandate of the group audit committee **: <ul style="list-style-type: none"> <li>- evaluating annually the role, independence and effectiveness of the internal audit function in the overall context of the group's risk management system.</li> </ul> </li> </ul>	Group audit committee - page 102		
7.5	Internal audit should be strategically positioned to achieve its objectives.	✓	<ul style="list-style-type: none"> <li>• The group internal audit function, under the stewardship of the chief audit officer, reports to and operates under a mandate from the group audit committee. In terms of this mandate, group internal audit's role is to provide independent and objective assurance, designed to add value and improve group operations. Group internal audit has the authority to independently determine the scope and extent of work to be performed. All internal audit employees in the group report operationally to the chief audit officer and administratively to management in their country of residence.</li> </ul>		Third line of defense - page 17	

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Chapter	King III principle	Compliance (✓/✗)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
<b>8 GOVERNING STAKEHOLDER RELATIONSHIPS</b>						
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	✓	<ul style="list-style-type: none"> <li>Included in the terms of reference of the board's mandate is the monitoring of stakeholder relations**;</li> <li>The board had identified important stakeholder groupings for 2012;</li> <li>The group's stakeholder management approach involves the application of the organisation's resources to build and maintain good relationships with stakeholders. This helps the group to understand the expectations of society, minimise reputational risk and form strong partnerships, all of which support commercial sustainability.</li> </ul>	<p><i>Board - page 100</i></p> <p><i>Connecting with our stakeholders - page 112</i></p>		<i>Stakeholder engagement - page 17</i>
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	✓	<ul style="list-style-type: none"> <li>The group's stakeholder relations strategy ensures proactive engagement with our various stakeholder groups, as outlined below;</li> <li>The group uses a decentralised stakeholder engagement model, in which individual business units undertake stakeholder engagement activities appropriate to their particular areas. The stakeholder relations forum, comprising business unit managers and executives, meets every second month. It is responsible for facilitating a coordinated approach to stakeholder engagement activities across the group, and ensuring that the group communicates a consistent message based on the code, values and strategy;</li> <li>At a group level, the stakeholder relations management unit is tasked with ensuring consistent engagement with the group's various stakeholders. A government engagement committee, established in 2011, coordinates the group's interactions with government stakeholders in South Africa, with a particular focus on policy and regulatory advocacy and public sector business development;</li> <li>The investor relations department facilitates regular and pertinent communication with shareholders.</li> </ul>	<p><i>Stakeholder engagement - page 48</i></p> <p><i>Connecting with our stakeholders - page 112</i></p> <p><i>Connecting with our stakeholders - page 112</i></p>		
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	✓	<ul style="list-style-type: none"> <li>The board recognises the importance of promoting mutual understanding between the group and its stakeholders through effective engagement. Board meetings include the consideration of stakeholder engagement as a standing item. A quarterly stakeholder engagement report collates input from the group's business units, for review and discussion at board level.</li> </ul>	<i>Connecting with our stakeholders - page 112</i>		
8.4	Companies should ensure the equitable treatment of shareholders.	✓	<ul style="list-style-type: none"> <li>The group chairman encourages shareholders to attend the AGM where interaction is welcomed. The chairmen of the group's audit, remuneration and social and ethics committees are available at the AGM to respond to questions from shareholders.</li> </ul>	<i>Connecting with our stakeholders - page 112</i>		
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓	<ul style="list-style-type: none"> <li>Refer to principle 8.2 above;</li> <li>In addition, voting at general meetings is conducted by ballot. The results of voting are released on SENS (the JSE's electronic news service).</li> </ul>	<i>Connecting with our stakeholders - page 112</i>		
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	✓	<ul style="list-style-type: none"> <li>The group has a robust dispute resolution process in place, which involves a well-developed complaints management process and an internal customer dispute adjudicator. Every effort is made to arbitrate rather than to resort to legal action.</li> </ul>	<i>Connecting with our stakeholders - page 112</i>		

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Chapter	King III principle	Compliance (x✓)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
9	<b>INTEGRATED REPORTING AND DISCLOSURE</b>					
<b>Note:</b> The group's 2012 annual integrated report is supported by, which were both available at the same time, being the annual integrated report and the risk and capital management report and annual financial statements, which are made publicly available at the same time. The integrated report is also supported by the sustainability report which is available on the group's website.						
9.1	The board should ensure the integrity of the company's integrated report.	✓	<ul style="list-style-type: none"> <li>The board acknowledges its responsibility to ensure the integrity of the annual integrated report and in the board's opinion it addresses all material issues and presents fairly the group's integrated performance. The annual integrated report has been prepared in line with best practice pursuant to the recommendations of the King Code;</li> <li>The board delegates authority to the group audit committee to facilitate the discharging of this responsibility. The group audit committee's key terms of reference relating to the integrated report have been listed under the comments to principle 3.4;</li> <li>Summarised sustainability information as denoted in the integrated annual report had been independently assured by KPMG Services (Pty) Limited.</li> </ul>	<p><i>Statement of the board of directors of Standard Bank Group Limited</i> – page 1</p> <p><i>Assurance report</i> – page 47</p>		
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	✓	<p>Throughout the annual integrated report, sustainability disclosure is integrated with financial disclosure in order to ensure a holistic view of the organisation, for example:</p> <p><b>Financial disclosure:</b></p> <ul style="list-style-type: none"> <li>Commentary on the group's financial results has been included in various sections in the annual integrated report to enable stakeholders to make an informed assessment of the group's economic value;</li> <li>Key risks faced by, and their impact on the group are highlighted in the risk and capital management report, a summary of which is contained in the annual integrated report;</li> <li>The board considers and assesses the going-concern basis in the preparation of the annual financial statements at yearend. At the interim reporting period, a similar process is followed to enable the board to consider whether or not there is sufficient reason for this conclusion to be affirmed. In addition, the board considers the solvency and liquidity requirements in line with the provisions of the Act;</li> <li>The directors have a reasonable expectation that the company and the group will have adequate resources to continue in operational existence and as a going concern in the financial year ahead;</li> </ul> <p><b>Sustainability disclosure:</b></p> <ul style="list-style-type: none"> <li>The group makes money in various ways including lending money and providing transactional banking facilities and knowledge-based services to its customers and clients;</li> <li>The group's reporting is integrated across its three main business lines, PBB, CIB and Liberty, and includes discussions on each business line's sustainability, strategy, operating environment and challenges. Socioeconomic impact, employee and environmental reports are also presented in the annual integrated report;</li> <li>The group is committed to ensuring the sustainability of its operations, and has compiled a detailed sustainability report in this regard. This report is available on the group's website <a href="http://www.standardbank.com/sustainability">www.standardbank.com/sustainability</a>. The Global Reporting Initiative ("GRI") G3 Guidelines informs the preparation of the report, and the GRI Financial Services Sector Supplement indicators are disclosed.</li> </ul>	<p><i>Chairman's report to stakeholders</i> – page 18; <i>Chief executives' report to stakeholders</i> – page 22; <i>Financial review</i> – pages 56 to 79 <i>Risk and capital management summary</i> – pages 80 to 93 <i>Going concern</i> - page 113</p> <p><i>How we make money</i> – pages 8 to 9</p> <p><i>Business unit reviews</i> – pages 25 to 41; <i>Socioeconomic impact</i> – page 49; <i>Employee report</i> – pages 50 to 52; <i>Environment report</i> – pages 53 to 55 <i>Managing sustainable development</i> – pages 46 and 47</p>	<p><i>Risk and capital management report</i> – pages 1 to 93.</p> <p><i>Directors' responsibility for financial reporting</i> – page 95.</p>	

Chapter	King III principle	Compliance (✓/✗)	Comments	Reference to the annual integrated report 2012	Reference to the risk and capital management report and annual financial statements 2012	Reference to the sustainability report 2012
9.3	Sustainability reporting and disclosure should be independently assured.	✓	<ul style="list-style-type: none"> <li>• Ultimate accountability and responsibility for sustainable development rests with the board. Through the group's governance structures, this responsibility is delegated to appropriate board and management committees, including the group social and ethics committee;</li> <li>• Summarised sustainability information as denoted in the integrated annual report has been independently assured by KPMG Services (Pty) Limited. An unmodified opinion has been expressed on the identified sustainability information. A detailed assurance statement, including the responsibilities of KPMG Services (Pty) Limited and a summary of work performed, can be found in the sustainability report;</li> <li>• Included in the terms of reference of the group audit committee's mandate is the review of forward looking statements, financial and sustainability information **.</li> </ul>	<p><i>Assurance report</i> – page 47</p> <p><i>Group audit committee</i> – page 102.</p>		