OUR REPORTING SUITE

**GOVERNANCE AND REMUNERATION REPORT**
Discusses the group’s governance and remuneration priorities, as well as the group’s remuneration policy and implementation report.

The invitation to the annual general meeting (AGM) and notice of resolutions to be tabled is sent separately to shareholders and is available online.

**ANNUAL INTEGRATED REPORT**
Provides a holistic assessment of our ability to create sustainable value in the short, medium and long term.

**RISK AND CAPITAL MANAGEMENT REPORT**
Sets out the group’s approach to risk management, including our risk universe.

**ANNUAL FINANCIAL STATEMENTS**
Sets out the group’s full audited annual financial statements, including the report of the group audit committee.

**REPORTING TO SOCIETY PLATFORM**
The report to society (RTS) explains how we contribute to the group’s ability to achieve its purpose through our SEE impacts. Our environmental, social and governance (ESG) report provides an overview of the processes and governance structures the group has in place to support our commitment to do the right business, the right way. The reporting to society suite in our online platform also includes our South African transformation report.
To account to their stakeholders, our subsidiaries produce their own annual reports and audited annual financial statements, which are available on their respective websites.

- The Standard Bank of South Africa (SBSA)
- Liberty
- Other subsidiary reports, including legal entities in Africa Regions.

**Key frameworks applied**

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**Assurance**

- Certain information extracted from audited reports ✓ ✓
- Unmodified audit opinion expressed by KPMG Inc. and PricewaterhouseCoopers Inc. ✓
- Selected information assured by PricewaterhouseCoopers Inc. ✓

* Also known as the King Code and King IV™. Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

All our reports and latest financial results presentations, booklets and SENS announcements are available online, together with financial and other definitions, acronyms and abbreviations used. We urge our stakeholders to make use of our reporting site at [https://reporting.standardbank.com/](https://reporting.standardbank.com/) to assist in the reduction of our carbon footprint.

**How to navigate our reports**

- Refers readers to information elsewhere in this report.
- Refers readers to information in our other reports, which are available online.

At the time of writing this report COVID-19 had begun spreading more rapidly across the world. Its impact on our communities and business activities is still being quantified. We intend to include these impacts in our strategy and short- and long-term budget plans.
Our approach to governance extends beyond compliance.

Having defined the group’s purpose – Africa is our home, we drive her growth – and agreed the group’s strategy, which is underpinned by our values and conduct, monitored by the board on an ongoing basis, we believe that our approach to governance is both substantive and responsive.

We believe that good governance creates shared value by supporting responsive thinking and protecting shared value through responsible conduct, deepening competitive advantage through adding value, effective leadership, robust risk management, clear performance management and greater transparency.

We see governance as promoting strategic decision-making that balances short, medium and long-term outcomes reconciling sometimes conflicting interests of the group, key stakeholders and society in creating sustainable shared value.
OUR GOVERNANCE PHILOSOPHY

Vision

Establishing strategic direction

Purpose

Values-based strategic and ethical leadership at the helm

Values

Executing strategy and managing risks

Key focus areas

Ensuring compliance with corporate policies, standards and procedures

Ongoing performance evaluation

Board and board committee oversight

Strategic value drivers

Policies and procedures

Compliance with legal and regulatory requirements

Transparency and accountability

Stakeholder engagement
OUR BOARD

Independence executives

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Gender

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Race

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Tenure (years)

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Age

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Nationality

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<td>Kenyan</td>
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Chairman

Thulani Gcabashe 62
Chairman and independent non-executive director, Standard Bank Group (SBG) and The Standard Bank of South Africa (SBSA)
APPOINTED:
1 July 2003, appointed chairman 28 May 2015
QUALIFICATIONS:
• BA (Botswana and Swaziland)
• Master’s degree in urban and regional planning (Ball State University, USA)
KEY STRENGTHS:
• business leadership
• executive management of a complex business
• solid strategic planning experience
EXTERNAL DIRECTORSHIPS:
• Built Environmental Africa Capital (chairman) and related entities
• African Olive Trading 160
• Lightsourcing (Pty) Ltd
PREVIOUS ROLES:
• chairman of Imperial Holdings
• chief executive officer (CEO) of Eskom between 2000 and 2007

Deputy chairman

Jacko Maree 64
Deputy chairman, SBG and non-executive director, SBG and SBSA
APPOINTED:
21 November 2016
QUALIFICATIONS:
• BCom (University of Stellenbosch)
• BA and MA (politics and economics) (Oxford)
• PMD (Harvard)
KEY STRENGTHS:
• more than 35 years’ experience in banking and leadership
• deep insight into the role and challenges facing a chief executive
• skilled team builder
APPOINTMENTS HELD WITHIN THE GROUP:
• Liberty Holdings (chairman)
• Liberty Group (chairman)
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• China Investment Corporation – International advisory council
• Special Envoy on Investments to RSA
EXTERNAL DIRECTORSHIPS:
• Nelson Mandela Children’s Hospital
• Phembani Group
PREVIOUS ROLES:
• chief executive of the group for more than 13 years
• senior banker focusing on key client relationships
Peter Sullivan
Lead independent director,
SBG and independent
non-executive director, SBSA
APPOINTED:
15 January 2013, appointed
lead independent director
30 November 2017
QUALIFICATIONS:
• B Sc (physical education)
  (University of New
  South Wales)
KEY STRENGTHS:
• seasoned banker with
  international experience
• leadership experience with
  over 10 years in both Africa
  and Asia
• non-executive director and
  chairman experience with
  excellent coaching and
  mentoring skills
EXTERNAL DIRECTORSHIPS:
• AXA China Region
  Insurance Company
• AXA Asia
• Techtronic Industries
  • Circle Holdings (chairman)
PREVIOUS ROLES:
• chairman of Healthcare
  Locums Pic
• CEO of Standard Chartered
  Bank Africa
• CEO of Standard Chartered
  Bank (Hong Kong) Limited

Sim Tshabalala
Group chief executive, SBG
and executive director, SBSA
APPOINTED:
7 March 2013
QUALIFICATIONS:
• BA
• LLB (Rhodes University)
• LLM (University of
  Notre Dame, USA)
• HDip Tax (University
  of Witwatersrand)
• AMP (Harvard)
KEY STRENGTHS:
• extensive groupwide senior
  leadership experience, including
  wholesale and retail banking in South
  Africa and other African
  regions, and linking Africa
to international markets
• leadership of strategy
  formulation and execution
• proven track record of
  enhancing organisational
  competitiveness and
  ensuring sustainability
APPOINTMENTS HELD
WITHIN THE GROUP:
• Stanbic IBTC Bank
  (chairman)
• Liberty Holdings
• Liberty Group
• Tutuwa Community
  Holdings
OTHER GOVERNING BODY AND
PROFESSIONAL POSITIONS HELD:
• Institute of International
  Finance
• International Monetary
  Conference Member
• Palaeontological
  Scientific Trust
PREVIOUS ROLES:
• chief executive, SBSA
• managing director, SBSA, Stanbic Africa
• chief executive, PBB, SA

Arno Daehnke
Group financial director,
SBG and executive director,
SBSA
APPOINTED:
1 May 2016
QUALIFICATIONS:
• B Sc, MSc
  (University of Cape Town)
• PhD (Vienna University
  of Technology)
• MBA
  • Milpark Business School
• AMP (Wharton)
KEY STRENGTHS:
• detailed understanding
  of banking regulations
• financial management,
  budgeting and
  forecasting skills
• extensive balance sheet
  management experience,
  including capital and
  liquidity management at
  group and subsidiary level
APPOINTMENTS HELD
WITHIN THE GROUP:
• Stanbic Africa Holdings
PREVIOUS ROLES:
• head of the group’s
treasury and capital
  management function

Lead independent
director

Executive directors

Committees:
• DAC - Directors’ affairs
  committee
• GAC - Group audit
  committee
• GRCMC - Group risk and
  capital management
  committee
• GTIC - Group technology
  and information
  committee
• GSEC - Group social and
  ethics committee
• Remco - Group remuneration
  committee
• GMAC - Group model
  approval committee
• LEC - SBSA large
  exposure credit
  committee
• Committee chairman

...continues on
the next page.
Non-executive directors

Maureen Erasmus 59
Independent non-executive director, SBG and SBSA
APPOINTED: 12 July 2019
QUALIFICATIONS:
• BCom (University of Cape Town)
KEY STRENGTHS:
• seasoned investment banker with international experience in emerging markets
• strategy development and execution skills
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• African Leadership Institute
EXTERNAL DIRECTORSHIPS:
• Credit Suisse (UK)
• FSI Global Healthcare
• Mizuho International Plc
PREVIOUS ROLES:
• UK partner, Bain & Company

Geraldine Fraser-Moleketi 60
Independent non-executive director, SBG and SBSA
APPOINTED: 21 November 2016
QUALIFICATIONS:
• Master’s degree in public administration (University of Pretoria)
• Doctorate in Philosophy (Honoris Causa) (Nelson Mandela University)
• Fellow of the Institute of Politics (Harvard)
KEY STRENGTHS:
• experience gained within international, regional (Africa) and national politics
• strong strategic, ethical and oversight skills
• sustainability and sustainable development
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• UN economic and social council, committee of experts of public administration (chairman)
• Nelson Mandela University (chancellor)
• Mapungubwe Institute for Strategic Reflection
• Government Technical Advisory Centre Winter School Advisory Panel
EXTERNAL DIRECTORSHIPS:
• Exxaro Resources
PREVIOUS ROLES:
• special envoy on gender at African Development Bank Côte d’Ivoire
• director of the UN development programme’s global democratic governance group
• ISID Advisory Board McGill University Canada

Trix Kenneally 61
Independent non-executive director, SBG and SBSA
APPOINTED: 21 November 2016
QUALIFICATIONS:
• BCom (University of Pretoria)
• BCom (Hons) (University of Johannesburg)
KEY STRENGTHS:
• extensive operational and strategic management experience across a variety of industries and sectors
• corporate governance experience spanning more than 30 years
• broad experience in strategic financial management including restructuring, acquisitions and integrations
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• Sasol
EXTERNAL DIRECTORSHIPS:
• Shell and BP South African Petroleum Refineries (Pty) Ltd
PREVIOUS ROLES:
• chief financial officer of the South African Revenue Service
• chief operating officer of ABSA corporate and business bank

Priscillah Mabelane 46
Independent non-executive director, SBG and SBSA
APPOINTED: 1 January 2020
QUALIFICATIONS:
• CA (SA)
• BCom (Hons) (University of the North)
• PGD accounting (University of KwaZulu-Natal)
• HDip Tax (University of Pretoria)
• AMP (Harvard)
KEY STRENGTHS:
• leadership in a multinational organisation
• strategy formulation and execution
• financial acumen
EXTERNAL DIRECTORSHIPS:
• Shell and BP South African Petroleum Refineries (Pty) Ltd
PREVIOUS ROLES:
• non-executive director of Vodacom Group Ltd
• CFO, BP Southern Africa
• CFO Airports Company, South Africa
Kgomotso Moroka 65
Non-executive director, SBG and SBSA
APPOINTED: 1 July 2003

QUALIFICATIONS:
• BProc (University of the North)
• LLB (University of the Witwatersrand)

KEY STRENGTHS:
• strong business leadership skills
• extensive experience in governance, regulation and public policy
• significant legal experience

OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• member of the Johannesburg Society of Advocates

EXTERNAL DIRECTORSHIPS:
• Kalagadi Manganese
• Royal Bafokeng Platinum (chairman)
• Temetayo (chairman)
• Multichoice Group Ltd
• Multichoice South Africa Holdings
• Netcare

PREVIOUS ROLES:
• non-executive director of South African Breweries

Nomgando Matyumza 57
Independent non-executive director, SBG and SBSA
APPOINTED: 21 November 2016

QUALIFICATIONS:
• BCompt (Hons) (University of Transkei)
• LLB (University of Natal)
• CA(SA)

KEY STRENGTHS:
• strong financial and executive management skills
• experience in strategy development and execution
• seasoned non-executive director in several sectors

EXTERNAL DIRECTORSHIPS:
• Hulamin
• Sasol

PREVIOUS ROLES:
• deputy chief executive at Transnet Pipelines
• non-executive director on the boards of Cadiz Ltd, Transnet SOC Ltd, Ithala Development Finance Corporation and WBHO

Nonkululeko Nyembezi 50
Independent non-executive director, SBG and SBSA
APPOINTED: 1 January 2020

QUALIFICATIONS:
• BSc (Hons) (University of Manchester)
• MSc (electrical engineering) (California Institute of Technology)
• MBA (Open University Business School, UK)

KEY STRENGTHS:
• leadership across multiple sectors
• strategy planning and execution

EXTERNAL DIRECTORSHIPS:
• JSE Ltd
• Anglo American Plc
• Macsteel Service Centres South Africa (Pty) Ltd
• CEO and executive director of Ichor Coal N.V

PREVIOUS ROLES:
• CEO of ArcelorMittal South Africa
• chairman of Alexander Forbes Group Holdings
• non-executive director of Old Mutual

COMMITTEES:
- DAC – Directors’ affairs committee
- GAC – Group audit committee
- GRCMC – Group risk and capital management committee
- GTIC – Group technology and information committee
- GSEC – Group social and ethics committee
- Remco – Group remuneration committee
- GMAC – Group model approval committee
- LEC – SBSA large exposure credit committee
- Committee chairman
Non-executive directors continued

Martin Oduor-Otieno 63
Independent non-executive director, SBG and SBSA
APPOINTED: 1 January 2016
QUALIFICATIONS:
• BCom (University of Nairobi)
• CPA (Kenya)
• Executive MBA (ESAMI/Maastricht Business School)
• Honorary Doctor of Business Leadership (KCA University)
• AMP (Harvard)
• Fellow at the Institute of Bankers (Kenya)
• Fellow of the Institute of Certified Public Accountants (Kenya)
KEY STRENGTHS:
• extensive banking experience of over 18 years
• strategy development and execution skills
• strong leadership and governance experience
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• SOS Children’s Villages International
EXTERNAL DIRECTORSHIPS:
• GA Life Insurance Company
• British American Tobacco Kenya
• East African Breweries
• Kenya Airways
PREVIOUS ROLES:
• CEO of the Kenya Commercial Bank Group
• partner at Deloitte East Africa

André Parker 68
Independent non-executive director, SBG and SBSA
APPOINTED: 14 March 2014
QUALIFICATIONS:
• BEcon (Hons)
• MCom (University of Stellenbosch)
KEY STRENGTHS:
• extensive experience of running businesses in Africa and Asia
• strong brand management in fast-moving consumer goods markets
• non-executive director experience with South African corporates
EXTERNAL DIRECTORSHIPS:
• Distell
• Empresas Carozzi (Chile)
PREVIOUS ROLES:
• managing director, SAB Miller, Africa and Asia regions
• chairman of Tiger Brands

Atedo Peterside CON 64
Independent non-executive director, SBG and SBSA
APPOINTED: 22 August 2014
QUALIFICATIONS:
• BSc (economics) (The City University, London)
• MS (economics) (London School of Economics and Political Science)
• Owner/President Management Programme (Harvard)
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 trained economist
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• Endeavor High Impact Entrepreneurship (chairman)
EXTERNAL DIRECTORSHIPS:
• ANAP Holdings Ltd (chairman)
• Cadbury Nigeria Plc (chairman)
• Flour Mills of Nigeria Plc
• Unilever Nigeria Plc
• Nigerian Breweries Plc
• ANAP Business Jets Ltd (chairman)
PREVIOUS ROLES:
• founder and chief executive of the then IBTC
• chairman of Stanbic IBTC Bank Plc
Myles Ruck 64
Independent non-executive director, SBG and SBSA
APPOINTED:
18 January 2002
QUALIFICATIONS:
• BBusSc
  (University of Cape Town)  
• PMD (Harvard)
KEY STRENGTHS:
• strong banking experience with a career spanning over 30 years
• experience in running a large and complex business
• extensive risk management experience
APPOINTMENTS HELD IN THE GROUP:
• ICBC (Argentina) 
  (vice chairman)
EXTERNAL DIRECTORSHIPS:
• The Bidvest Group Ltd
PREVIOUS ROLES:
• deputy chief executive of SBG
• chief executive of the Liberty Group

John Vice 67
Independent non-executive director, SBG and SBSA
APPOINTED:
21 November 2016
QUALIFICATIONS:
• BCom
• CTA (University of Natal)  
• CA(SA)
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 various other African countries
EXTERNAL DIRECTORSHIPS:
• Anglo American Platinum
PREVIOUS ROLES:
• senior partner at KPMG Inc. where he headed the firm’s audit practice, IT audit and IT consulting departments
• member of the board of Zurich Insurance South Africa Ltd

Lubin Wang 46
Non-executive director, SBG and SBSA
APPOINTED:
1 June 2017
QUALIFICATIONS:
• Bachelor’s degree in corporate finance  
  (Fudan University)  
• Master’s degree in accounting and finance  
  (London School of Economics and Political Science)
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
OTHER GOVERNING BODY AND PROFESSIONAL POSITIONS HELD:
• chief representative officer of ICBC African representative office
APPOINTMENTS HELD WITHIN THE GROUP:
• ICBC Standard Bank Plc.
PREVIOUS ROLES:
• executive committee member, deputy head of finance, head of IT and strategic sourcing in ICBC (Argentina)
• core member of the transitional committee of the acquisition project of Standard Bank Argentina

Board Meeting Attendance

Committees:
- DAC – Directors’ affairs committee
- GAC – Group audit committee
- GRCMC – Group risk and capital management committee
- GTIC – Group technology and information committee
- GSEC – Group social and ethics committee
- Remco – Group remuneration committee
- GMAC – Group model approval committee
- LEC – SBSA large exposure credit committee
- Committee chairman
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.

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)

Sola David-Borha
Chief executive, Africa Regions
QUALIFICATIONS
BSc Economics (University of Ibadan), MBA (University of Manchester), AMP (Harvard), GCP (IESE, Wharton, CEIBS)

Lungisa Fuzile
Chief executive, SBSA
QUALIFICATIONS
MCom (UKZN2), AMP (Harvard)

René du Preez
Group general counsel
QUALIFICATIONS
BProc (cum laude), LLB (cum laude), HDipTax (LLU3)

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)

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)
Zwelithi 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)

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)

David Munro  
Chief executive, Liberty  
QUALIFICATIONS  
BCom, PGDip Accounting (UCT), CA (SA), AMP (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)

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)

David Munro  
Chief executive, Liberty  
QUALIFICATIONS  
BCom, PGDip Accounting (UCT), CA (SA), AMP (Harvard)

Zola Stephen  
Group secretary  
QUALIFICATIONS  
BProc, LLB (UKZN)

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.
VALUE CREATION THROUGH GOOD CORPORATE GOVERNANCE PRINCIPLES

The board is committed to achieving high standards of corporate governance, through transparency, accountability, good performance, effective controls, integrity and a sound ethical culture across all group activities. This is established through the following mechanisms:

**Internal controls**
the embedment of various frameworks, standards, mandates and policies, which are intended to cover all aspects of the organisation’s activities. Reviews are conducted to assess implementation of the agreed controls.

**External regulations**
ongoing compliance with various regulatory requirements, including those set out in the Bank’s Act, Companies Act, Basel Corporate Governance Principles for Banks, JSE Listings Requirements and the King IV Report.
THE KING CODE FORMS THE CORNERSTONE OF SOUND CORPORATE GOVERNANCE PRACTICES

The governance objectives set out by the board are aligned to the principles of King IV. This report demonstrates how the principles and structures for good corporate governance are in place and operating well throughout the group.
LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP

LEADERSHIP

The board leads the group ethically and effectively.

The chairman leads the board and is responsible for its overall effectiveness in directing the company. The role of the chairman and the board collectively includes ensuring that the conduct of the board and that of senior management is aligned with the group’s values and the code of ethics, forming the basis of all board decisions. This ensures that, on executing their duties, board members act with integrity and fairness, are transparent and competent, and that both individual and collective responsibility and accountability are entrenched in the decision-making processes.

The board has a responsibility for the health of the group, balancing both the short- and long-term view. Board members are bound by the code of ethics and fiduciary duties owed to the company. They have the necessary competence to discharge their duties and to provide strategic direction and control of the company as provided for in the board mandate and the memorandum of incorporation (MOI). Directors are expected to act with integrity, lead by example and promote the desired culture of the group.

The governance framework ensures that there is effective leadership and outlines the board’s governance structures and clear roles and responsibilities for each governance structure.

In the period under review all directors acted in a manner consistent with their statutory duties and upheld the highest standards of integrity in the discharge of their duties.

ORGANISATIONAL ETHICS

The board governs the ethics of the group in a way that supports the establishment of an ethical culture.

Entrenching ethics

The group is a large and diverse business and the group’s values and code of ethics form the primary guideline for driving its cohesive growth. This ensures that the group does the right business in the right way, by complying with relevant laws and legislation. This is imperative to retaining the trust of our stakeholders. As part of establishing an ethical culture in our day-to-day decision making and behaviour, we have adopted a systematic and integrated approach that requires ongoing awareness and reinforcement. The board’s Social and Ethics Committee monitors the group’s conduct using various agreed measures.

The board is keenly aware that the group’s purpose can only be achieved if the group maintains its reputation of an ethical culture.

Code of ethics

Our code of ethics is informed by the group’s values. Our ethical standards, as set out in anti-corruption legislation and corporate governance codes and regulations in our countries of operation; and globally recognised standards such as the King Code form the foundation on which our code of ethics is built. It is aligned to group standards, policies and procedures and certified by the Ethics Institute of South Africa as conforming to the highest standards of international best practice.

The board, through the group social and ethics committee (GSEC), has oversight over the implementation, reporting, training and awareness of the group’s values and code of ethics. It considers conduct dashboards from all business units and corporate functions, and internal audit reports on measures implemented to ensure compliance with regulatory and other legislative requirements. The responsibility for incorporating the spirit of the group’s code of ethics has been delegated to the group chief executive and the group ethics officer, who are the formal custodians of the code and are ultimately responsible for entrenching an ethical culture, supported by the heads of the business units and corporate functions.
RESPONSIBLE CORPORATE CITIZENSHIP

The board ensures that the group is and is seen to be a responsible corporate citizen.

In agreeing the group’s strategy, the board considers the social, economic and natural environments in which the group operates. It considers a full range of issues that influence the sustainability of the group’s business and its ability to create value over the long term.

Being a responsible corporate citizen
The board oversees and monitors how the consequences of the group’s activities and outputs affect the group’s status as a responsible corporate citizen. Social, economic and environment outcome is one of the five strategic value drivers against which the group and senior executives’ performance is assessed annually and considered in the determination of overall remuneration.

Relevance
As a financial services organisation, the ability to innovate is critical in remaining relevant to clients. The board is committed to ensuring the group remains agile in order to meet the changing needs of clients and other stakeholders. The group’s future depends on becoming a truly human and truly digital financial services group. Equally, the board must ensure that it remains relevant itself. To assist it in fulfilling its role of keeping management accountable for digitisation objectives agreed, board members partook in the Massachusetts Institute of Technology (MIT) educational programme for digitally savvy boards in 2019, which is expected to conclude in 2020. The board is pleased with the excellent digital progress the group made in 2019.

AIR Refer to the annual integrated report for more information on our digital progress.

Political party contribution
The group has an extended democracy support programme. Under this programme, the group has principles against which to approve and monitor the effective use of disbursements that support research institutions and thinktanks; organised business/business initiatives and trade unions; and organisations supporting democracy and constitutionalism. The group social and ethics committee (GSEC) monitors the disbursements made annually and in the year under review R5.4 million was disbursed.

RTS For more information on funding of political parties in the national assembly and research institutions, refer to the RTS.

At an absolute minimum, we adhere to and comply with all the legal obligations of the jurisdictions in which we operate. Our subsidiary governance framework and the relevant policies establish a common standard of corporate governance and conduct across the group.

Mechanisms are also in place for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour anonymously. Information on the processes and the policy relating to the whistle-blowing service is published in all business unit and geographical publications during the year. Conduct dashboards submitted to SEC also include reports on whistle-blowing matters.

For more information on how to report unethical behaviour: https://www.standardbank.com/sbg/standard-bank-group/regulatory/how-to-report-unethical-behaviour

Report unethical behaviour: https://www.thornhill.co.za/kpmgethicslinereport/questionnaire/main

Liberty has its own code of ethics and policy, and their ethics line is also operated by an independent service provider.

Dealings in securities
The groupwide personal account trading policy, as well as the directors’ and prescribed officers’ dealing in group securities and disclosure of interests policy prohibit directors and employees from trading in securities during closed periods and during self- imposed embargo periods. Embargo and closed periods are in effect from 1 June until the publication of the interim results and 1 December until the publication of yearend results. Closed periods also include any period where the group is trading under a cautionary announcement. In addition, certain nominated employees are prohibited from trading in designated securities due to the price-sensitive information they may obtain in their positions. Compliance with policies is monitored on an ongoing basis and any breaches are dealt with according to the provisions of the applicable policy and the JSE Listings Requirements. All directors’ and prescribed officers’ dealings require prior approval from the chairman, and the group secretary retains a record of all directors’ dealings and approvals. During the reporting period, the group complied with the JSE’s Listings and Disclosure Requirements.
The board appreciates that the group’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Delivering on good performance

The board appreciates the interconnectedness between the group’s purpose, vision, values, risks and opportunities, architecture and performance.

The group’s strategy is consistent with integrated thinking, and links strategic value drivers to ensure overall good performance resulting in shared social, economic and environmental value.

AIR: Detail of progress made against strategic value drivers is included in the annual integrated report.

Client focus
VALUE FOR OUR CLIENTS: Delivering valuable, integrated, digital solutions to our clients.

Employee engagement
VALUE FOR OUR EMPLOYEES: Shaping a future-ready workforce.

Risk and conduct
VALUE FOR OUR STAKEHOLDERS: Doing the right business, the right way.

Financial outcome
VALUE FOR OUR SHAREHOLDERS: Meeting our medium-term financial targets.

SEE impact
VALUE FOR SOCIETY: Driving positive social, economic and environmental (SEE) impact.
There are multiple ways in which the board engages with the group’s strategy throughout the year.

The board receives quarterly reports on the group’s performance against the strategic value drivers. Deep-dive sessions are held on each business unit’s performance and heads of business units who are prescribed officers attend board meetings increasing contact between the board and management. The annual two-day offsite strategy summit allows for engagement with management solely on strategic matters, including agreed key focus areas such as client centricity, strengthening the group’s digitisation capacity and agreeing on implementation of plans.

Particular areas of focus for the 2019 strategy summit included:

- ensuring that the group is ready for the future,
- reviewing the medium-term strategic financial plan,
- receiving updates on the group’s operating environment and outlook in the short, medium and long-term,
- considering perspectives of external stakeholders on the group’s performance, and
- focus on the group’s status as a corporate citizen and its legitimacy, including a view of the impact of xenophobia on the group’s countries of operation.

BOARD MEETING PLANNING

1. A forward planner with standing agenda items to be considered by the board is prepared by the group secretary.
2. The chairman consults with the group chief executive (assisted by the group secretary) taking into account emerging issues affecting the group.
3. Care is taken to ensure that the board has enough time to consider matters critical to the group’s success.
4. At the close of each board meeting, non-executive directors meet without the executive directors in closed sessions led by the chairman. These sessions provide non-executive directors an opportunity to test thoughts among peers and to raise any matters not deemed appropriate for discussion in the presence of the executives. Feedback is provided by the chairman to the group chief executive on closed session discussions.
During the year, the board held seven meetings, including the annual two-day strategy summit.

In addition to standard items on the board agenda, which includes compliance and governance matters, the board’s key focus areas in 2019 included:

- receiving management feedback on the group’s digitalisation journey, including PBB South Africa’s 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 group’s liquidity and solvency assessment, and the declared dividends
- considering and approving the analysis of the financial results booklet, annual reporting suite as well as the JSE Stock Exchange News Service (SENS) profit and dividend announcement
- 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 chief executives from CIB, PBB and Wealth
- considering feedback from the group chief information officer on IT incidents
- considering the quarterly group chief executive report
- noting the perspective from the Australian Royal Commission’s Report on conduct in Banking, Superannuation and Financial Services Industry
- 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
- 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) S.A. and its affiliates
- approving the appointment of three independent non-executive directors, Maureen Erasmus, Priscillah Mabelane and Nonkululeko Nyembezi
- approving the appointment of Trix Kennealy as the chairman designate of group remco. Upon the retirement of Peter Sullivan in May 2020, Trix Kennealy will take over as chairman of group remco and the board’s lead independent director.

A secure electronic board management system is used to access board papers and materials. Board packs are made available via this system prior to meetings, allowing adequate time for the board members to apply their minds to the content. A resource centre containing comprehensive reference materials is also made available to board members via this system.

**Access to and flow of information**

Directors have unrestricted access to group management and company information, and the resources required to carry out their duties and responsibilities. Access to external specialist advice is available to directors at the group’s expense in line with the board-approved policy for obtaining independent professional advice by directors. Information about the latest issues affecting the group is also circulated as and when appropriate.

**Conflicts of interest**

The board is committed to acting in the best interest of the group, in good faith and without undue personal conflicts of interest. All board decisions are consistently based on ethical foundations in line with the group’s values.

In line with King IV, at the beginning of each meeting all members are required to declare any conflicts of interest they have in respect of matters on the agenda. Any such conflicts are proactively managed, as determined by the board and subject to legal provisions. Where conflicts have been identified, directors recuse themselves from the particular section of the meeting. The group secretary maintains a register of directors’ interests, which is tabled at each board meeting and any changes are submitted to the board as they occur. The board is aware of outside commitments of directors and is satisfied that directors allocate sufficient time to enable them to discharge their responsibilities effectively.
The board ensures that reports issued by the group enable stakeholders to make informed assessments of the group’s performance, and its short-, medium-, and long-term prospects.

Annual integrated report –
Provides a holistic assessment of our ability to create sustainable value in the short, medium and long term.

Governance and remuneration report –
Discusses the group’s governance and remuneration priorities, as well as the group’s remuneration policy and implementation report.

The invitation to the annual general meeting (AGM) and notice of resolutions to be tabled is sent separately to shareholders and is available online.

Annual financial statements –
Sets out the group’s full audited annual financial statements, including the report of the group audit committee.

Risk and capital management report –
Sets out the group’s approach to risk management, including our risk universe.

Reports to society –
The report to society (RTS) explains how we contribute to the group’s ability to achieve its purpose through our SEE impacts. Our environmental, social and governance (ESG) report provides an overview of the processes and governance structures the group has in place to support our commitment to do the right business, the right way. The reporting to society suite in our online platform also includes our South African transformation report.

Subsidiary annual reports –
To account to their stakeholders, our subsidiaries produce their own annual reports and audited annual financial statements, which are available on their respective websites.
- The Standard Bank of South Africa (SBSA)
- Liberty
- Other subsidiary reports, including legal entities in Africa Regions.

The board acknowledges its responsibility over the integrity of external reports issued, and takes into account statutory and regulatory requirements and best practice when reviewing them.

The group produces a full suite of reporting publications that cater for the diverse needs of stakeholders. All external reports are considered and approved by the board prior to publication.
**GOVERNING STRUCTURES AND DELEGATION OF AUTHORITY**

**ROLE AND RESPONSIBILITIES OF THE BOARD**

The board serves as the focal point and custodian of corporate governance in the group. The board has overall responsibility for governance across the group and retains effective control through its governance framework which includes, among others, its corporate governance structure, as well as board-approved board and board committee mandates. Through this framework it oversees the group’s strategic direction, financial goals, resource allocation and risk appetite, and holds executive management accountable for execution. The board also ensures that executive management sets the tone for good governance, based on the group’s values, and that it is integrated in the way the group operates at all levels.

**COMPOSITION OF THE BOARD**

The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The board is considered to be of appropriate size. The collective background of the board members provides a balanced mix of skills, demographics, genders, nationalities, experience and tenures to enable it to fulfil its governance role and responsibilities objectively and effectively.

**Skills of our board**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Skills Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>72%</td>
<td>Universal banking/banking</td>
</tr>
<tr>
<td>78%</td>
<td>Financial services/insurance/asset management</td>
</tr>
<tr>
<td>89%</td>
<td>Doing business in sub-Saharan Africa</td>
</tr>
<tr>
<td>83%</td>
<td>Capital/risk management and controls</td>
</tr>
<tr>
<td>67%</td>
<td>Accounting/auditing</td>
</tr>
<tr>
<td>95%</td>
<td>Leadership of a large complex organisation</td>
</tr>
<tr>
<td>89%</td>
<td>Voice of the client/client-centricity</td>
</tr>
<tr>
<td>83%</td>
<td>ESG/stakeholder engagement</td>
</tr>
<tr>
<td>83%</td>
<td>People development/diversity and inclusion</td>
</tr>
<tr>
<td>89%</td>
<td>Governance/regulation/public policy</td>
</tr>
<tr>
<td>95%</td>
<td>Culture/conduct/ethics</td>
</tr>
</tbody>
</table>

**PRINCIPLE 6**

**The board serves as the focal point and custodian of corporate governance in the group.**

**PRINCIPLE 7**

**The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**
**Diversity**

The board-approved promotion of gender and diversity policy sets a voluntary target of 33% female representation on the board by the end of 2020. The board is pleased with the progress made to date and can confirm that at the time of publication, female representation was at 39%. In line with King IV, the board aims to pursue the race diversity targets included in the management control scorecard as set out in the Amended Financial Sector Code of 2017. The board considers these targets in the implementation of its succession plans, and is satisfied with the progress made.

**Board appointment process**

There is a formal and transparent board-approved director nomination and appointment policy. When considering candidates for nomination, the board considers its skills matrix, director search specifications, the group’s strategy, feedback from board evaluations and the gender and race diversity policy. The potential candidate’s skills, experience, availability, possible conflicts of interest, likely fit and demonstrated integrity, proven leadership and other time commitments are also considered.

**Board induction**

Newly appointed directors are provided with a group governance manual containing all relevant governance information. This includes the company’s founding documents, mandates, governance structures, significant reports, legislation and policies. One-on-one meetings and site visits are scheduled with management and the group secretary to introduce new directors to the group and its operations. The remainder of the induction programme is tailored to each new director’s specific requirements.

For the year under review, three new directors, Maureen Erasmus, Priscillah Mabelane and Nonkululeko Nyembezi were appointed to the board. Dr Hao Hu resigned from the board on 24 February 2020.

Peter Sullivan will retire from the board at the close of the 2020 AGM. He is the chairman of the group remuneration committee (group remco) as well as the lead independent director. In November 2019, the board approved the appointment of Trix Kennealy as the chairman designate of group remco, who will take over as chairman of group remco and the board’s lead independent director upon the retirement of Peter Sullivan.

**Independence assessment**

Annually, the board deliberates and approves the categorisation of directors as independent using the criteria set out in the King Code.

When assessing independence of directors, the review process includes a self-assessment by each director as well as consideration of each director’s circumstances by the board. Consideration is also given to whether directors’ interests, position, association or relationships, are likely to influence unduly or cause bias in decision-making when judged from the perspective of a reasonable and informed third-party.

Thulani Gcabashe and Myles Ruck have served for periods longer than nine years. Following a review from which they were recused, the board confirmed that both Thulani Gcabashe and Myles Ruck continue to be independent in character, demonstrated behaviour, contribution to board deliberations and judgement, notwithstanding tenure.

For the period under review Jacko Maree, Kgomotso Moroka and ICBC’s nominated director Lubin Wang, were not considered independent.

**Rotation of directors**

In accordance with the Companies Act, one-third of the non-executive directors are required to retire annually, and if available and eligible, stand for re-election at the company’s AGM. Directors who have been in office the longest, as calculated from the last re-election or appointment date, are also required to stand for re-election. At the 2020 AGM, Maureen Erasmus, Trix Kennealy, Nomgando Matyumza, Jacko Maree, John Vice, Priscillah Mabelane and Nonkululeko Nyembezi will retire and, being eligible, avail themselves for re-election.

**Directive 4/2018**

The SARB Prudential Authority granted the board an exemption until 31 May 2023 from the provisions of SARB Directive 4/2018, which imposes a nine-year limit for the classification of non-executive directors as independent, with consequent implications for the chairing of the board and board committees. The board has welcomed this exemption as it allows it an opportunity to implement orderly succession plans to ensure seamless handovers.
Ongoing director training

Ongoing director training dates are scheduled in advance and form part of the board’s annual calendar. Directors are kept abreast of applicable laws and regulations, changes to legislation, standards and codes, and relevant financial sector developments that could affect the group and its operations.

In October 2019, the board directors, Africa Regions chairmen and chairmen of the Africa Regions IT and risk sub-committees embarked on a South Africa/MIT Digital Savvy programme, which is expected to conclude in 2020.

Separation of roles and responsibilities

The role of chairman is separate from that of the group chief executive. There is a clear division of responsibilities. Care is taken to ensure that no single director has unfettered powers in the decision-making process.

Topics considered in 2019 included:

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blockchain</td>
<td>Understanding the use and future applications of Blockchain, and its impact on the banking environment.</td>
</tr>
<tr>
<td>Independent review of cyber resilience</td>
<td>An in-depth look into the results of the independent assessment conducted on the group’s information security programme and practices.</td>
</tr>
<tr>
<td>Artificial Intelligence (AI)</td>
<td>An overview of the group’s strategy for AI and machine learning, and the opportunities and risks it presents in the financial services industry.</td>
</tr>
<tr>
<td>Internal audit: assurance in a new digital world</td>
<td>A presentation on the group’s digital strategy for the combined assurance function.</td>
</tr>
<tr>
<td>The creation and institutionalisation of a culture of ethics and awareness</td>
<td>A presentation to the SARB Prudential Authority on the group’s overall approach to ethics and its governance.</td>
</tr>
<tr>
<td>Conduct Risk Management</td>
<td>An overview of the group’s conduct risk framework, the eight pillars of conduct and the role of the board as it pertains to conduct risk.</td>
</tr>
<tr>
<td>Wealth: My360</td>
<td>A demonstration of the My360 app, which tracks a client’s assets, liabilities and risk cover regardless of financial institution, geography or insurer their assets reside with.</td>
</tr>
</tbody>
</table>

Chairman

- sets the ethical tone for the board and group
- leads the board and ensures its effective functioning
- sets the board’s annual work plan and agendas, in consultation with the group secretary, the group chief executive and other directors
- builds and maintains stakeholder trust and confidence
- conveys feedback in a balanced and accurate manner between the board and the group chief executive
- monitors the effectiveness of the board and assesses individual performance of directors
- convenes the chairmen round-table sessions with chairmen of the group’s subsidiary entities to ensure alignment.

Lead independent director

- further strengthens the independence of the board
- acts as an intermediary between the chairman and other members of the board when necessary
- maintains an additional channel to deal with shareholders’ concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate
- chairs discussions by the board on matters where consideration of independence is paramount, or when the chairman may have a conflict of interest.

Group chief executive

- develops the group’s strategy and long-term plans for consideration and approval by the board
- establishes an organisational structure for the group which is appropriate for the execution of strategy
- appoints and ensures proper succession planning of the executive team, and assesses their performance
- reports to the board on the performance of the group in line with the approved risk appetite and its compliance with applicable laws and corporate governance principles
- sets the tone for ethical leadership, creating an ethical environment and ensures a culture that is based on the group’s values
- is the face of the company and engages with material stakeholders including clients, regulators and employees on an ongoing basis.
The board has delegated certain functions to its committees in line with the corporate governance framework and relevant legislation. Each committee has a board-approved mandate. In determining the composition of committees, the board considers the skills and experience of its members, applicable regulations and the committee mandate. Except for GTIC, GSEC and GMAC, where appropriate, and in line with regulations, committees only comprise non-executive directors or a majority of independent non-executive directors.

Committee chairmen are accountable for the effective functioning of the committees. They provide verbal updates to the board on committee activities at each board meeting and submit chairman reports highlighting matters for board attention. The minutes of meetings are also included in the board packs for noting. Annually, committee chairmen provide the board with an opinion on the committees’ effectiveness.

The review of the board’s compliance with the provisions of the respective mandates is done annually. The group’s external auditors conduct a limited assurance assessment on the review, and express an opinion on this.
Collective skills and experience
- corporate governance
- public policy and law
- financial services experience
- business leadership experience of large complex organisations

Committee purpose
- determines the appropriate group corporate governance structures and practices
- establishes and maintains the board continuity programme
- ensures compliance with all applicable laws, regulations and codes of conduct and practices
- assesses and ensures the effectiveness of the board and its committees.

Committee composition
- chaired by the group chairman who is an independent non-executive director
- comprises four independent non-executive directors and two non-executive directors
- the group and SBSA chief executives are standing invitees to committee meetings
- Dr Hao Hu resigned from the board and the committee on 24 February 2020.

Thulani Gcabashe
Committee chairman

<table>
<thead>
<tr>
<th>Membership</th>
<th>Attendance and eligibility</th>
<th>Date appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thulani Gcabashe* (chairman)</td>
<td>6/6</td>
<td>7 March 2012 (as member)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27 May 2015 (as chairman)</td>
</tr>
<tr>
<td>Geraldine Fraser-Moleketi*</td>
<td>6/6</td>
<td>30 November 2016</td>
</tr>
<tr>
<td>Kgomotso Moroka**</td>
<td>4/6</td>
<td>29 May 2013</td>
</tr>
<tr>
<td>André Parker*</td>
<td>6/6</td>
<td>27 May 2015</td>
</tr>
<tr>
<td>Myles Ruck*</td>
<td>6/6</td>
<td>28 May 2014</td>
</tr>
<tr>
<td>Lubin Wang**</td>
<td>5/6</td>
<td>1 June 2017</td>
</tr>
</tbody>
</table>

* Independent non-executive director.
** Non-executive director.

Attendance (%)

0 50 100 92%
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee held four meetings during 2019, and two director candidate interview sessions.

In discharging its responsibilities as set out in the committee’s terms of reference, the following were some of the key focus areas for the year under review:

**Succession planning**
- considered and recommended to the board the nomination and appointment of Maureen Erasmus, Priscillah Mabelane and Nokululeko Nyembezi as non-executive directors.
- recommended the appointment of Trix Kennealy as the chairman designate of group remco. Upon the retirement of Peter Sullivan at the 2020 AGM, Trix Kennealy will take over as chairman of group remco as well as the board’s lead independent director.
- reviewed the composition of the board, its subcommittees and that of its Africa Regions and international subsidiaries with focus on ensuring the appropriateness of skills, experience, background and diversity.
- considered and noted to the board, the implication of the SARB directive 4 of 2018 and its impact on board and subcommittee composition. Requested exemption from certain provisions of the directive while succession plans of board and committee chairmen were being implemented.
- reviewed and recommended to the board the re-election of directors retiring by rotation.
- considered and approved the appointment of non-executive directors to subsidiary boards in line with the nomination and appointment policy.

**Corporate governance**
- provided oversight of the group’s application of the King IV principles.
- considered for board approval, amendments where relevant, to the following policies:
  - SBG/SBSA nomination and appointment policy
  - Obtaining independent professional advice by directors’ policy
  - Group executive management and subsidiary boards nomination and appointment policy
  - Directors’ and prescribed officers’ dealings in group securities and disclosure of interests policy
- assessed non-executive director independence classification in line with the King Code and SARB Directive 4 of 2018.
- reviewed and recommended to the board the corporate governance statement and AGM notice as part of the external reporting suite.
- noted director meeting attendance for the year and considered the 2020 board corporate calendar.
- confirmed the 2019 prescribed officers in line with the Companies Act.

**Board performance review**
- considered results from the board and committee effectiveness review.
- Action plans drawn from results were recommended to the board for approval and the committee monitored progress made on the implementation of the action plans to date.
- approved the parameters for the 2019 internal board evaluation process.

**Standard Bank Group subsidiary governance framework**
- monitored the adoption of the subsidiary governance framework by group subsidiaries.
- considered the composition of subsidiary boards across Africa Regions, including length of tenures, independence and gender diversity.

**Key committee activities**
- **Succession planning**
- **Corporate governance**
- **Board performance review**
- **Standard Bank Group subsidiary governance framework**
GROUP AUDIT COMMITTEE

Trix Kennealy
Committee chairman

Collective skills and experience
- banking and financial services
- accounting and auditing

Committee purpose
- monitors and reviews the adequacy and effectiveness of accounting policies, financial and other internal control systems and financial reporting processes
- provides independent oversight of the group’s assurance functions, with focus on combined assurance arrangements, including external audit, internal audit, compliance, risk and internal financial control functions
- reviews the independence and effectiveness of the group’s external auditors, internal audit and compliance functions
- assesses the group’s compliance with applicable legal, regulatory and accounting standards and policies in the preparation of fairly presented financial statements and external reports, thus providing independent oversight of the integrity thereof.

Committee composition, skills and experience
- chaired by an independent non-executive director
- comprises seven independent non-executive directors, including the group technology and information and the group remuneration committee chairmen
- Trix Kennealy, Maureen Erasmus, Martin Oduor-Otieno, Nomgando Matyumza and John Vice are considered financial experts. Atedo Peterside and Peter Sullivan both have extensive business and banking experience
- the group chief executive, group financial director, group chief audit officer, group chief compliance and data officer, group chief financial crime compliance officer, group chief risk and ethics officer, business unit chief executives, head of group tax and the group’s external auditors are standing invitees to committee meetings.

### Membership

<table>
<thead>
<tr>
<th>Membership</th>
<th>Attendance and eligibility</th>
<th>Date appointed to committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trix Kennealy* (chairman)</td>
<td>8/8</td>
<td>30 November 2016 (as member)</td>
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<td>24 May 2018 (as chairman)</td>
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<td>Maureen Erasmus*</td>
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<td>1 January 2020</td>
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<td>Nomgando Matyumza*</td>
<td>8/8</td>
<td>15 August 2018</td>
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<td>Martin Oduor-Otieno*</td>
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<td>Peter Sullivan*</td>
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<td>6 March 2013</td>
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<tr>
<td>John Vice*</td>
<td>8/8</td>
<td>30 November 2016</td>
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* Independent non-executive director.

### Attendance (%)
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met eight times during 2019, including two meetings to consider quarterly financial results for SENS publication and the annual meeting with the SARB Prudential Authority.

In discharging its responsibilities as set out in the committee’s terms of reference, the following were some of the key focus areas for the year under review:

**Internal audit**
- reviewed and approved internal audit’s charter
- reviewed and approved the annual internal audit plan, which was informed by the group’s strategic objectives; value drivers; risks and opportunities identified by management and stakeholders, noting that these were considered as part of internal audit’s risk assessment process; and combined assurance principles as embedded in the execution of internal audit activities. On a quarterly basis, the committee reviewed and approved proposed amendments to the plan to ensure it remained aligned to the changing nature of the group’s risk profile and to prioritise emerging risks
- reviewed quarterly internal audit reports covering progress against audit plan delivery; an analysis of the cumulative results of audit outcomes for the year; a summary of satisfactory and unsatisfactory audits that were completed during the reporting period, as well as the outcomes of advisory reviews performed at the request of management or regulators; and the status of material issues previously reported. Where appropriate, management was invited to attend meetings to present an update on the status of actions implemented to address material issues
- considered the results of the internal audit’s quality assurance team’s internal file review, which assessed conformance with internal audit’s methodology, as well as the International Professional Practices Framework of Internal Auditing
- reviewed internal audit’s annual report which summarised the results and themes observed as part of internal audit’s activities for the prior year. The report concluded with internal audit’s assurance statement that the control environment was effective to ensure that the degree of risk taken by the group was at an acceptable level and that internal financial controls were adequate and effective in ensuring the integrity of material financial information. In addition, the committee confirmed the organisational independence of the internal audit activity
- as part of the group’s external auditors’ annual assessment of the internal audit function against International Standards on Auditing (ISA) 610, confirmed the work of internal audit was reliable for the purposes of the external audit engagement.
Compliance
- reviewed and approved the group compliance mandate, which sets out the mission, approach, accountability, roles, responsibilities and authority
- confirmed the independence and effectiveness of the group compliance function
- considered and approved group compliance’s annual plan and monitoring activities
- reviewed quarterly group compliance reports covering progress made against the delivery of the compliance plan as well as key compliance matters across the group. The report also included a distinct section on matters that fall within the ambit of financial crime compliance, including its interaction with regulators; and contained an update on matters identified as part of regulators’ routine and non-routine inspections
- reviewed the group’s money laundering control and Financial Advisory and Intermediary Services (FAIS) conflict of interest management policies.

Financial control
- on a quarterly basis, reviewed a report on internal financial control activities, as overseen by the group’s internal financial control committee
- reviewed proposed amendments to the group’s delegation of authority framework and recommended revised financial limits to the board for approval.

Non-audit services
- confirmed that no amendments were required to the non-audit services policy, which governs the use of the group’s external auditors for non-audit services
- on a quarterly basis, considered the nature and quantum of non-audit services that were approved during the period and, as per the approval thresholds set out in the policy, considered and where deemed appropriate, approved engagements.

Interim and annual financial statements
- considered and recommended to the board for approval, interim and annual financial results, after having considered an analysis of the results, relevant financial accounting issues, solvency, liquidity and going concern assessments, as well as draft profit and dividend announcements
- reviewed trading updates, interim and final profit and dividend announcements for the stock exchange news service (SENS) publication
- reviewed the content of the JSE’s annual proactive monitoring report including specific considerations in the preparation of financial statements
- reviewed regulatory, legislative and corporate governance requirements and how these were met, before approving the content of the audit committee’s report for inclusion in the annual financial statements.
External reporting
• reviewed the annual integrated report, governance and remuneration report, risk and capital management report, annual financial statements and report to society and recommended these for board approval, after having considered King IV disclosure requirements.

External audit
• assessed the independence of external auditors, including a review of regulatory disclosure requirements, before recommending their re-appointment for shareholder approval at the group’s AGM.
• considered the results of management’s assessment of the effectiveness of the group’s external auditors as part of the financial yearend audit.
• considered the independent auditors’ report, with reference to the audit opinion. The report included key audit matters that were, in the external auditors’ judgement, significant to the audit of the financial statements.
• met with external audit during a closed session to discuss their experience from the engagement with management during the statutory audit, as well as external audit’s perspective on the effectiveness of the finance function.
• reviewed the external auditors’ report on findings for the financial year; and at the meeting in November 2019, reviewed a progress report on findings from the preliminary audit for the year ended 31 December 2019.
• reviewed the external auditors’ report relating to the regulatory audit work for the year ended 31 December 2018.
• approved the external audit plan, fees and terms of engagement as specified in the engagement letter for the statutory audit for the financial year ended 31 December 2019. The external audit plan confirmed that work with internal audit continued in ensuring all assurance providers were aligned from a combined assurance perspective.
• reviewed declarations made by the external auditors of matters that could potentially impact or be seen to impact the respective firms’ professional judgement and independence in relation to the group, and considered the measures taken by the respective firms to remediate any identified breaches.
• reviewed the results of the Independent Regulatory Board for Auditors’ (IRBA’s) firm inspection of both the group’s external auditors, as it pertained to engagement inspections conducted by IRBA during 2018.
• periodically reviewed an update on KPMG’s progress with the implementation of its audit quality plan.
• continued to review and consider the implications for the group of IRBA’s mandatory audit firm rotation (MAFR) requirements, and the group’s approach in response to these requirements.

Oversight
• on a quarterly basis, the committee considered key matters raised at GRCMC and reviewed the minutes of key subsidiary audit committees, as well as the Africa Regions audit and risk committee.
GROUP RISK AND CAPITAL MANAGEMENT COMMITTEE

Myles Ruck
Committee chairman

Committee purpose
- provides independent and objective oversight of risk and capital management across the group
- oversees the governance of risk and capital management by directing the way risk and capital management should be approached and addressed in the group
- reviews and assesses the adequacy and effectiveness of the risk and capital management governance framework
- ensures that risk and capital management standards and policies are well documented and support the group strategy by being appropriate and effective in operation
- evaluates and agrees the nature and extent of opportunities and associated risks to the organisation in pursuit of its strategic objectives.

Committee composition, skills and experience
- chaired by an independent non-executive director
- comprises seven independent non-executive directors and three non-executive directors, including the chairmen of the board, group audit, group technology and information, group model approval, group remuneration and group social and ethics committees
- the group chief executive, group financial director, group and business unit chief risk officers, group chief audit officer, business unit chief executives, head of operational risk, group general counsel, head of treasury and capital management, and external auditors are standing attendees of committee meetings.
- Dr Hao Hu resigned from the board and the committee on 24 February 2020.

Collective skills and experience
- banking and financial services
- accounting and auditing
- capital and risk management
- governance, regulation and public policy
- information technology.

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<thead>
<tr>
<th>Membership</th>
<th>Attendance and eligibility</th>
<th>Date appointed to committee</th>
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<tbody>
<tr>
<td>Myles Ruck* (chairman)</td>
<td>4/4</td>
<td>1 January 2007 (as member)</td>
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<td></td>
<td></td>
<td>6 August 2010 (as chairman)</td>
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<tr>
<td>Geraldine Fraser-Moleketi*</td>
<td>4/4</td>
<td>30 November 2016</td>
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<td>Thulani Gcabshe*</td>
<td>4/4</td>
<td>27 May 2015</td>
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<td>Trix Kennealy*</td>
<td>4/4</td>
<td>30 November 2016</td>
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<tr>
<td>Jacko Maree**</td>
<td>4/4</td>
<td>16 August 2017</td>
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<tr>
<td>Nomgando Matyumza*</td>
<td>4/4</td>
<td>30 November 2016</td>
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<tr>
<td>Kgomotso Moroka**</td>
<td>4/4</td>
<td>28 May 2014</td>
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<td>Peter Sullivan*</td>
<td>4/4</td>
<td>6 March 2013</td>
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<td>John Vice*</td>
<td>4/4</td>
<td>30 November 2016</td>
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<tr>
<td>Lubin Wang**</td>
<td>4/4</td>
<td>1 June 2017</td>
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</table>

* Independent non-executive director.
** Non-executive director.
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

During 2019, four quarterly committee meetings were held.

In discharging its responsibilities as set out in the committee’s terms of reference, the following were key focus areas for the year under review:

**Key committee activities**

- **Risk appetite and risk profile**
  - considered and approved the risk appetite statement for the group’s banking operations
  - periodically considered management updates and reports on events that occurred or risks that emerged and were expected to have a direct or indirect impact on the group’s risk profile
  - on a quarterly basis, reviewed detailed risk management reports covering key risks including credit, country, market, equity, operational and other non-financial risks across the group and at a business unit level
  - continuously reviewed the macroeconomic and operating environment across the geographies and markets in which the group operates. This informed the development of the group’s risk appetite across sectors and countries, ensuring concentration on specific sectors was appropriately managed and risk appetite adjusted, where appropriate.
  - with reference to its oversight of credit risk, continued to monitor the group’s exposure to high risk corporate and retail customers, as well as South African state-owned enterprises
  - reviewed and, where required, approved the group’s intra-group funding exposures
  - continued to monitor the effect of consumer strain on the group’s PBB portfolios. In addition, the committee reviewed PBB’s credit growth strategies in target markets, particularly in South Africa where ongoing muted growth was experienced.
  - with reference to its oversight of the operational risk profile, the committee considered management reports on key contributors to operational risk and fraud losses, industry trends and management’s response to operational risk and financial crime
  - considered an update on significant insurance programmes across the group, as well as their current and renewal terms and conditions
  - reviewed quarterly reports on legal and reputational risk.

- **Capital and liquidity risk management**
  - reviewed the group’s capital and liquidity three-year forecast and recommended revised capital adequacy target ranges to the board for approval
  - on a quarterly basis, reviewed capital adequacy and liquidity ratios, including events that could have an impact on these
  - reviewed the potential impact of Basel III capital reforms on the group’s future capital requirements.

- **Internal capital adequacy assessment process (ICAAP)**
  - approved the macroeconomic scenarios for the running of the ICAAP financial year-end stress testing process. The scenarios were chosen primarily to target the group’s key markets and included macroeconomic considerations at both a global and a South African specific level
  - reviewed and recommended to the board for approval the group’s ICAAP prior to submission to the SARB.

- **Regulatory matters**
  - periodically reviewed updates on progress to achieve BCBS 239 risk data aggregation and risk reporting (RDARR) compliance in accordance with the scope and deadlines agreed with the SARB
  - approved the annual update to the group’s RDARR governance framework
  - considered updates on regulatory developments, with continued focus on market conduct, consumer credit regulations and the implications of emerging local, global and prudential regulations on the group
  - approved the annual update to the group’s integrated recovery plan
  - reviewed the annual risk disclosures made to shareholders to ensure timely, relevant, complete, accurate and accessible risk disclosure, in line with Basel pillar 3 disclosure requirements.

- **Governance**
  - reviewed and approved the group’s risk governance standards, frameworks and relevant policies according to a scheduled review programme
  - reviewed and approved the environmental, social and governance (ESG) framework, which defines key principles in governing ESG risks and opportunities across the group.

- **Oversight**
  - considered key matters raised at group risk oversight committee and key subsidiary risk and credit committee meetings on a quarterly basis.
GROUP TECHNOLOGY AND INFORMATION COMMITTEE

John Vice  
Committee chairman

Collective skills and experience
• IT strategy
• risk audit and controls
• financial services experience
• accounting and auditing.

Committee purpose
• ensures that prudent and reasonable steps are taken to govern technology and information, in line with King IV and the board briefing on IT governance, as published by the IT Governance Institute
• oversees the governance of technology and information to support the organisation in setting and achieving its strategic objectives.

Committee composition, skills and experience
• chaired by an independent non-executive director
• comprises four independent non-executive directors, one non-executive director, and two executive directors
• standing invitees to committee meetings include an independent IT subject matter expert, who has been an advisor to the committee since 2014, the group chief information officer, group chief compliance and data officer, head of enterprise data management, group chief risk and ethics officer, group chief audit officer, business unit chief executives, IT executives as required and the group’s external audit IT partners.
• Dr Hao Hu resigned from the board and the committee on 24 February 2020.
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

During 2019, four quarterly committee meetings were held.

In discharging its responsibilities set out in the committee’s terms of reference, the following were key focus areas for the year under review:

**Governance**
- reviewed and approved the group’s technology governance standard.

**Technology strategy**
- reviewed the group chief information officer’s quarterly report which included an update on the implementation of the group’s technology strategy across strategic technology pillars.

**Technology governance**
- reviewed the independent subject matter expert’s fifth annual review of the group’s IT governance domains, which highlighted that the maturity of enterprisewide IT governance continued to improve
- as part of its oversight programme for the year, the committee reviewed detailed reports on the IT risk management governance domain, an overview of enterprise IT governance, the group’s disaster recovery capability and progress with the group’s system and application simplification programme
- periodically reviewed a report which outlined key initiatives that focused on further enhancing the group’s IT resilience.

**Cybersecurity and cyber resilience**
- commissioned a third independent review by an international cyber expert of the group’s cyber risk strategies and capabilities, the results of which were presented to the committee in March 2019.

**Technology investment**
- reviewed and monitored the group’s performance against its technology budget and key priorities
- considered quarterly updates on strategic technology programmes.

**Enterprise data management**
- reviewed quarterly reports on the group’s data strategy and alignment to the data operating model, data governance standards, information architecture and monetisation cases
- reviewed the group’s approach for monetising data, which is underpinned by the group’s focus on driving a data value culture and increasing return on data investment.

**Regulatory interaction**
- considered key interactions with the SARB as they pertained to the regulator’s supervisory programme in relation to technology.
GROUP SOCIAL AND ETHICS COMMITTEE

Kgomotso Moroka
Committee chairman

Committee purpose
• ensures the development of appropriate policies and acts as the group’s social conscience, recognising that stakeholder perceptions affect the group’s reputation
• guides and monitors the group’s social, ethical, economic, environmental, transformation and consumer relationship initiatives in line with relevant legislation, codes and regulation.

Committee composition, skills and experience
• chaired by a non-executive director
• comprises three independent non-executive directors, two non-executive directors, the group chief executive and the chief executive of SBSA.

Collective skills and experience
• banking
• public policy
• law
• transformation
• organisational development
• ethical leadership.

Membership Attendance and eligibility Date appointed to committee
Kgomotso Moroka (chairman) 4/4 29 May 2013 (as member)
Geraldine Fraser-Molekete* 4/4 30 November 2016
Lungisa Fuzile* 4/4 15 January 2018
Thulani Gcabashe* 4/4 27 May 2015
Jacko Maree** 4/4 30 November 2016
Martin Oduor-Otieno* 4/4 25 May 2016
Sim Tshabalala 4/4 9 November 2010

* Independent non-executive director.
** Non-executive director.
~ Executive director.
▲ Chief executive, SBSA.
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met four times during 2019.

In discharging its responsibilities set out in the committee’s terms of reference, the following were key focus areas for the year under review:

### Stakeholder engagement
- reviewed the annual corporate social investment and sponsorship spend on initiatives across the group for effectiveness and ensured alignment with group strategy
- considered the group’s quarterly stakeholder relations report, and monitored group’s engagements with customers, shareholders, regulators and other stakeholders
- considered regular updates from the group chief risk and ethics officer on matters that could affect the group’s reputation.

### Transformation
- regularly monitored progress made against SBSA employment equity plans
- considered progress made on the group’s commitment to the United Nations HeForShe campaign which seeks to improve female staff representation at senior management level
- considered management’s 2019/2020 employment equity plan deep dive per business unit and corporate function
- considered SBSA’s plans in pursuit of Financial Sector Charter (FSC) Scorecard elements and the overall 2019 FSC report where SBSA retained its Level 1 B-BBEE contributor status
- in line with group’s key strategic priorities, considered the impact of the group’s just and sustainable transition into the Fourth Industrial Revolution.

### Employee engagement
- considered an update on the effectiveness of the group’s harassment and discrimination policies and procedures
- reviewed the group’s compliance with occupational health and safety legislation, governance, and incident management
- reviewed the group’s 2019 ‘Are you a Fan’ survey results which measured employee eNPS to determine level of engagement.

### Ethics
- monitored the group’s approach to the institutionalisation of an ethical culture
- approved the adoption of the group ethics governance framework and the group’s participation in the GIBS Ethics Barometer
- as part of monitoring the group’s culture, considered presentations on conduct from each business unit and corporate functions head. Reviewed the quarterly conduct dashboard per business area and corporate function
- approved that the group become a signatory to the UN Principles for Responsible Banking
- considered the annual update on the group’s anti-bribery and corruption (ABC) programme and its implementation
- approved the amended ABC policy
- approved the group’s prevention of the facilitation of tax evasion policy and noted its implementation.

### Governance and risk
- approved the 2019 materiality assessment to identify the issues most significant to the group’s ability to create value in the short, medium and long-term.
Collective skills and experience
- banking
- financial and tax
- doing business in sub-Saharan Africa
- human capital
- remuneration
- risk management.

Committee purpose
- assists the board in discharging its responsibilities to ensure fair and responsible remuneration by the group
- developing a remuneration philosophy and policy statement for disclosure to enable a reasonable assessment by stakeholders of reward practices and governance processes.

Committee composition, skills and experience
- chaired by an independent non-executive director
- comprises seven independent non-executive directors, and one non-executive director
- the group chief executive is a standing invitee to committee meetings
- in November 2019, Trix Kennealy was appointed as chairman designate of group remco. She will be taking over from Peter Sullivan when he retires from the board at the AGM.
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

The committee met four times during 2019.

In discharging its responsibilities set out in the committee’s terms of reference, the following were key focus areas for the year under review:

**Remuneration**
- considered latest market and regulatory updates on banking remuneration, including a report on executive pay and inequality
- considered both the financial outlook for the year presented by the group financial director and the risk report from the group chief risk and ethics officer as guidance on deliberations for the approval of bonus pools recommended by management
- considered the group chief executive and executive directors’ performance reviews as a function of setting their remuneration
- considered other senior executives’ performance reviews and the implications on pay including the approval of the total compensation for the chief executives of CIB, PBB, Africa Regions and Wealth, and the top 100 personnel per business unit
- considered and approved the percentage increase of the guaranteed cost-to-company increase for executives, managers and general staff
- considered and recommended the non-executive directors’ fees to the board for ultimate shareholder approval at the 2020 AGM
- considered and noted the non-executive directors’ fees paid by subsidiary entities in the group.

**Incentive schemes, share-based payments and other benefits**
- reviewed the group’s share incentive schemes and approved the:
  - performance reward plan (PRP) vesting metrics
  - deferral rates that would apply for the deferred bonus scheme for the year incentive awards for South Africa, the Africa Regions and Standard Bank International
- considered committee chairman feedback from engagements with shareholders, investors and agreed action plans
- approved the inclusion of clawback terms in the share scheme’s rules.

**Subsidiary remuneration committees**
- noted reports from subsidiaries’ remuneration committees.

**Governance**
- reviewed and approved the risk adjusted remuneration governance standards
- considered and recommended for approval the remuneration report
- considered shareholders, and analysts, feedback and recommendations in respect of the group’s remuneration policy and implementation report.
Collective skills and experience

- banking
- regulatory risk
- credit risk
- model risk.

Committee purpose

- assists the board in discharging its obligations for model risk as it pertains to the advanced internal rating-based approach for the measurement of the bank’s exposure to credit risk as envisaged in the regulations of the Banks Act
- performs functions set out in regulations, including inspecting risk evaluation models for approval by the committee when necessary.

Committee composition, skills and experience

- chaired by a non-executive director
- comprises one non-executive director, the group chief executive, group financial director, chief executives of PBB and CIB and the group chief risk and ethics officer
- CIB and PBB chief risk officers, the heads of CIB and PBB model development and model validation, as well as the group head of model validation are standing attendees at committee meetings.

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<tr>
<th>Membership</th>
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<tbody>
<tr>
<td>Jacko Maree (chairman)</td>
<td>4/4</td>
<td>30 November 2016 (as member) 1 March 2017 (as chairman)</td>
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<td>Arno Daehnke</td>
<td>4/4</td>
<td>25 May 2016</td>
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<td>David Hodnett</td>
<td>3/3</td>
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<td>Kenny Fihla</td>
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<td>Zweli Manyathi</td>
<td>2/4</td>
<td>1 April 2018</td>
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<tr>
<td>Sim Tshabalala</td>
<td>4/4</td>
<td>29 May 2013</td>
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* Non-executive director.
- Executive director.
* Executive committee member.
For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

During 2019, three committee meetings and one special meeting were held.

In discharging its responsibilities set out in the committee’s terms of reference, the following were key focus areas for the year under review:

**Key committee activities**

- **Model approvals**
  - reviewed and approved material new risk models and the ongoing use of existing risk models
  - considered detailed model development reports and the outcome of validation reviews across key model performance criteria. Where relevant, validation findings, recommendations and action plans to address these were considered as part of the review and approval of all material risk models.

- **Model oversight**
  - periodically reviewed the model status register which detailed all models, both material and less material, as well as management action plans to enhance the effectiveness and efficiency of models and progress as measured against these plans
  - periodically reviewed reports submitted by PBB and CIB which outlined model development activities, including new and emerging trends in model risk management
  - monitored the activities of CIB and PBB model approval committees
  - reviewed and approved the mandates of these two subcommittees during the mandate review cycle
  - considered reports on key interactions with regulators.

- **Governance**
  - reviewed and approved the group’s model risk governance framework, which sets out the minimum requirements for model risk governance as well as the identification, measurement, management and reporting of model risk, in accordance with the periodic review cycle
  - considered the results of a self-assessment against the requirements of the model risk governance framework which reflected compliance across all key model development areas
  - reviewed the 2020 model risk audit plan and periodically reviewed independent assurance reports on internal controls for the development and validation of risk models.
Assessing the board’s effectiveness

The board and its committees’ performance is assessed in a number of ways:

1. **Mandate reviews**
   - A detailed assessment of the board and each sub-committee’s compliance with the provisions of their respective mandates is done annually. The group’s external auditors conduct a limited assurance assessment on the review and express an opinion in this regard.

2. **Effectiveness evaluation**
   - The chairman, the board and its committees undergo an effectiveness evaluation annually in terms of the S64B 2(b)(iv) of the Banks Act. The board alternates every other year between an externally facilitated independent evaluation, and an internal evaluation facilitated by the chairman supported by the group secretary. Directors also participate in peer reviews.

3. **One-on-one discussions**
   - One-on-one interviews with each director were held. Interview templates were customised and sent to directors ahead of time.
   - Evaluation of individual director performance is carried out by the chairman in one-on-one discussions with individual directors.

Action plans are drawn from evaluation findings which are agreed by the board and tracked by the group secretary. A report on progress made against action plans is noted at November board meetings.

The 2019 board evaluation was internally facilitated. The evaluation process included:

1. **Completion of the web-based board effectiveness questionnaire**
   - A customised questionnaire was completed by all directors. Results from the questionnaire were considered and analysed to be used in the one-on-one interviews with directors.

2. **One-on-one interviews**
   - One-on-one interviews with each director were held. Interview templates were customised and sent to directors ahead of time.

3. **Director peer review**
   - All directors were invited to evaluate the individual performance of their peers and that of the company secretary. Individual results were shared with each director and the chairman.
Board effectiveness review

How the board performs and is evaluated

The annual board evaluation provides an opportunity to consider ways of identifying 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 DAC leads the board in considering and responding to the 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.

The 2019 evaluation of the board’s performance

The 2019 evaluation was internally facilitated by the company secretary and overseen by DAC. The 2019 review sought the directors’ views on what they consider to be working well as well as areas they identified as needing improvement.

Overall, the board and its committees were considered to be well structured, effectively functioning and led by knowledgeable chairmen. The number of meetings was considered appropriate with relevant meeting agendas and papers submitted were considered to be detailed.

Open, frank and robust discussions were held at meetings with good feedback received on matters discussed at committee meetings from board committee chairmen. Board members had sufficient access to executives. The board was satisfied that the evaluation process was improving its performance and effectiveness.

The range of topics assessed included:

- Risk and conduct
- Financial outcomes
- Group competitiveness and ability to respond in an agile manner
- Social, economic and environmental impact and stakeholder engagement
- Employee engagement and board succession plans
- Transformation, diversity and the political economy (SA)
- Oversight over subsidiaries
- Overall effectiveness of board committees and their reporting to the board
- Client centricity
- Digitisation journey
- Efficacy of each board committee assessed by its members.

Summary of key areas assessed

Risk and conduct

Risk reporting across all categories was considered effective. There had been an improvement in conduct reporting.

The board would continue to monitor the growing impact and risks associated with digitisation and IT/cyber risks as an area of focus.

Financial outcome

There is an intellectually honest appraisal of business performance and the competitive landscape, with the group and its executives holding themselves accountable to deliver on the budgeted financial outcomes. Going forward, there will be more deep-drills conducted on countries in Africa Regions.

Social, economic, environmental impact and stakeholder engagement

There has been an increased focus on the group’s SEE impacts. Relationships with key stakeholders such as shareholders, regulators and policy makers were considered healthy and the group participated actively and effectively in industry associations. More needed to be done to assist in dealing with the challenges facing the South African economy, in finding lasting solutions to contribute toward the improvement of the national economy and strengthening business and government relations.

Board succession

Board succession plans were considered to be well executed, timeous and effective. Focus in the upcoming three years would be on succession of the board and affected committee chairmen in light of the SARB Directive 4/2018.

Oversight over subsidiaries

There has been improved reporting structures and engagement of the board with group subsidiaries. There was a need to further increase subsidiary focus on compliance and regulatory engagement matters.
The board ensures the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.

The board is responsible for appointing the group chief executive and through DAC, ensures that the board is kept abreast of executive management succession plans. It has delegated the authority in writing to the group chief executive to manage the business and affairs of the group.

The group chief executive is held accountable for the performance of the group. The group has in place a delegation of authority framework, which is reviewed annually in consultation with the group finance function to ensure that the financial limits remain appropriate. The group secretary monitors effective implementation of the authority delegated to the group chief executive. The group chief executive’s role is set out in writing and evaluation against his performance is carried out by the chairman in consultation with the board.

Group executive committee

The board has delegated 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 group. The group chief executive is accountable for the implementation of the group strategy, and its performance, and is supported by the group executive committee (group exco).

Our experienced leadership team, which includes the two executive directors, collaborates to deliver on the group’s strategic objectives.

Group exco supports the group chief executive in the delivery of commitments made to clients, employees, regulators and other key stakeholders and ensures overall coordination across the universal financial services group. Ultimate executive decision-making powers and accountability remain vested with the group chief executive and all members of the committee exercise powers in accordance with their delegated authority.

Group secretary

Directors have access to the services of the group secretary. The group secretary, Zola Stephen, is not a member of the board or a prescribed officer of the group. On 4 March 2020, the board considered the competence, qualifications and experience of the group secretary and concluded that she is competent to carry out her duties and that it is satisfied that an arm’s length relationship exists between itself and the group secretary as envisaged in the JSE Listings Requirements.
GOVERNANCE OF FUNCTIONAL AREAS

RISK GOVERNANCE

The board governs risk in a way that supports the group in setting and achieving its strategic objectives.

On the behalf of the board, GRCMC ensures oversight over the governance of risk and capital management by setting the direction for how risk and capital management should be approached and addressed in the group. It regularly reviews and assesses the adequacy and effectiveness of the risk and capital management governance framework by ensuring that risk and capital management standards and policies are in place which support the group strategy, are fit for purpose and effective operationally. It evaluates and agrees the nature and extent of opportunities and associated risks that the group is willing to take in pursuit of its strategic objectives, and supports a climate of discipline and control.

*GOV/REM* Refer to GRCMC activities.

*SBGRCM* Refer to the risk and capital management report.

INFORMATION AND TECHNOLOGY GOVERNANCE

The board understands that information and technology are an integral component of the group’s strategy. The group technology and information committee assists with the oversight of the governance of information management and technology. It ensures that prudent and reasonable steps have been taken, including aligning the IT strategy with the group’s strategic objectives, performance targets and ensuring that it contributes to the sustainability of the group. It monitors and evaluates significant IT investment and expenditure. The committee has delegated the day-to-day management of, and tasked management with the implementation of the IT governance framework. Technology and information risk is integrated in the group’s risk management and is considered by the GRCMC as part of its oversight of operational risk.

*GOV/REM* Refer to GTIC activities.

COMPLIANCE GOVERNANCE

The board governs compliance with applicable laws, and adopted non-binding rules, codes and standards in a way that supports the group being ethical and a good corporate citizen.

Doing the right business, the right way and complying with all applicable legislation, regulations, standards and codes is integral to the group’s culture and imperative to achieving its strategy and ensuring its legacy. Oversight over compliance management is delegated to GAC which reviews and approves the mandate of the group chief compliance officer, who on a quarterly basis reports 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.

*GOV/REM* Refer to principle 3 on the group’s governance of ethics and considerations on being a responsible corporate citizen.

*GOV/REM* Refer to GAC activities.
The board ensures that the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Through the group remco, the board ensures the group adopts remuneration policies and practices that are aligned with the group strategy, promote sound risk management in line with group’s values and code of ethics while creating value for the group over the long term. It reviews the remuneration policies regularly to ensure the design and management of remuneration practices motivate sustained high performance, promote appropriate risk-taking behaviour and are linked to individual and corporate performance. It also ensures transparency and disclosure to enable a reasonable assessment by stakeholders of reward practices and governance processes within the group.

GOV/REM Details on the remuneration practices including remuneration policy is contained in the group remuneration report.

GOV/REM Refer to remco activities.

The GAC ensures that the group applies a combined assurance model and ensures a coordinated approach to all assurance activities. It reviews the plans and work outputs of the external and internal auditors, as well as reports on compliance and group integrated operational risk. It concludes on their adequacy to address all significant financial risks facing the business which can impair the integrity of information used for decision making and external reporting.

GAC is responsible for overseeing the group internal audit function. It reviews and approves the annual internal audit charter and audit plan, and evaluates the independence, effectiveness and performance of the internal audit department and its compliance with its charter. It also reviews significant issues raised in the internal audit processes and the adequacy of corrective action in response to such findings. In respect of the external auditors and the external audit, GAC recommends the appointment of auditors to the shareholders and oversees the external audit process.

GOV/REM Refer to GAC activities.

AFS Refer to the audit committee report in the AFS.
AGM

An important part of our approach to governing our stakeholder relationships is to ensure our shareholders’ views are heard and fully considered. Our AGMs provide an opportunity for the board to interact with and be accountable to shareholders. They provide an update to shareholders on the group’s performance and offer an opportunity for shareholders to ask questions and vote on resolutions. The board and key members of management, including the group chief executive and group financial director, are present and available to answer questions. The joint external auditors also attend to address any queries raised. Minutes of the meeting are available to shareholders on request from the group secretary’s office. The voting outcome of resolutions is published through the SENS and posted on the group’s website within 24 hours of conclusion of the AGM.

Quorum and participation at general meetings

The informed participation of shareholders at general meetings is encouraged by the board and therefore notices of general meetings are sent to shareholders within the timeframes established by law. The notices of general meetings are available on the company’s website together with the details of the required percentage vote needed to pass each resolution.

Shareholders’ rights

We are committed to ensuring that all holders of the same class of shares issued by the company are treated equitably. The group conforms to the principle of one share, one vote, one dividend and does not have any defensive mechanisms in its MOI. Our MOI provides for three classes of shares, namely one class of ordinary shares and two classes of preference shares. Shares in each class have the same rights. In any class of shares, there are no non-voting or multiple voting shares, neither are there shares that limit the number of votes that can be cast by a single shareholder, other than those instances established by law. Preference shareholders are entitled to receive dividends prior to ordinary shareholders and may only vote at a general meeting if their dividend payments are in arrears for more than six months and/or vote on a resolution that affects the rights attached to the preference shares, which may cause the reduction of the company’s share capital or the winding up of the company.

Governing of group subsidiaries

The group’s subsidiary governance framework was rolled out to group subsidiaries for adoption. It considers the requirements of King IV, the Basel Corporate Governance Principles for Banks and the corporate governance developments in various jurisdictions in which we operate. It is a living document and does not replace in-country local legislation but establishes a common standard of corporate governance across group subsidiaries. Through the alignment of governance practices and processes, the framework enhances the board’s oversight and transparency. Through this framework, the board ensures that there are adequate governance structures and processes in place to contribute to the effective supervision of subsidiary companies, taking into consideration the nature, size, and complexity of the different risks facing the group and its subsidiary companies. The DAC through the group governance office, monitors the implementation of this framework on an ongoing basis.
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Our people ultimately underpin the successful execution of our strategy. We work to ensure that our pay framework supports the motivation and reward of performance, while at the same time meeting regulatory requirements and stakeholder expectations.
In this report I will summarise the remuneration committee’s (remco) assessment of Standard Bank Group’s (the group) performance for 2019, including matters that have materially impacted performance, the general trading environment in South Africa (SA), Africa Regions and globally, as well as substantial risk incidents and conduct issues.

I will also provide a short summary of performance by geography (SA and Africa Regions). The methodology agreed by remco on how to share the group’s earnings between shareholders, senior executives and employees will also be discussed. In doing so, consideration was once again given to how the group made progress against the strategy agreed with the board.

Operating environment
The operating environment in 2019 once again proved to be challenging. Political uncertainty in the USA, Brexit concerns in the UK and Europe, global warming and climate change issues across the globe all contributed to a rather unstable and uncertain economic and political environment for banks and businesses.

In SA, the group’s largest market, the operating environment proved to be very challenging indeed. GDP growth was a very moderate 0.2% for the year and 2019 was the third consecutive year where GDP growth decelerated. The average inflation rate was 4.1% for the year, a five-year low. Unemployment, especially youth unemployment remained high and business confidence continued to dwindle. In addition, SA is still facing a widening budget deficit driven by the poor performance of state-owned enterprises. While some progress was made on matters of governance, much needed policy reform has been slow to materialise. As a result, consumer sentiment weakened and the demand for credit subsided in an environment where competition from traditional and non-traditional sources intensified.

In contrast, the macroeconomic environment in most of the countries in which the group operates outside of SA has been more favourable. Ghana, Kenya and Uganda all grew in the 6% to 7% range in 2019. In addition, Nigeria emerged from a recessionary environment. The stronger macroeconomic growth across the Africa Regions combined with the bank’s increasing levels of penetration in the core businesses have driven much faster loan growth. Inflation and interest rates have trended down while exchange rates have remained relatively stable except for Angola, Ghana, Zambia and Zimbabwe where currency rates deteriorated against the South African rand negatively impacting their contributions to the group.

Performance
Despite the difficult macroeconomic environment in SA and headwinds in pockets of Africa Regions, the group’s primary business lines produced sustainable, good quality top line growth and positive operating leverage. Remco noted that while growth in Africa Regions was encouraging, this was not sufficient to offset the muted performance in SA.

With this backdrop, banking activities’ headline earnings grew by a pleasing 5% to R27.2 billion generating an ROE of 18.1%.
Liberty
Liberty showed continued improvement and normalised headline earnings of R3.3 billion, an increase of 23% over the prior year. Improved returns from the shareholder investment portfolio exceed the negative impact of a higher claims experience and a muted performance in the SA retail business. Liberty earnings attributable to the group equated to R1.9 billion, up 16% on the prior year.

ICBC Argentina (ICBCA)
ICBCA produced a strong set of results. The group’s headline earnings attributable to the group’s 20% stake grew 18% to R583 million. ICBCA is in the process of being sold.

ICBC Standard Bank Plc (ICBCS)
At a group level, performance was negatively impacted by the disappointing set of results from ICBCS. These results were significantly impacted by a single client loss. ICBCS recorded a loss of USD248 million for full year 2019. The group’s 40% share of the loss equates to R1.4 billion. Further to this, in September 2019, the group recognised a USD163 million impairment of its stake in ICBCS (reducing the carrying value from USD383 million to USD220 million). This equated to a R2.4 billion impairment which is reported outside of headline earnings. The ICBCS losses had a detrimental effect on the group’s performance.

Consequently, group headline earnings grew by 1% to R28.2 billion and ROE was 16.8%, below expectations. The impact grew by 1% to R28.2 billion and ROE was 16.9%. demonstrating continued improvement over previous years. Total costs grew by 2%, below inflation, despite salary increases, the branch reconfiguration initiative and ongoing investments into IT and staff training. Positive jaws were achieved and the cost-to-income ratio declined, albeit marginally. Given the difficult trading conditions, remco agreed that this was a good performance.

Africa Regions
The Africa Regions business produced a good set of results in 2019. Headline earnings were R8.4 billion, up 5% on the prior year (9% on a constant currency basis). Continued instability and currency devaluation in Zimbabwe adversely impacted that business’ contribution. Country downgrades led to higher allocated capital and a lower ROE of 20.7% compared to 24.0% in 2018. Headline earnings growth above 20% was achieved in Kenya, Malawi, Nigeria, Tanzania and Uganda. These strong growth performances indicate that the group’s strategy to invest in key countries outside of SA is paying off. It was pleasing to see that jaws turned positive at 170 bps and the cost-to-income ratio fell to a respectable 51.8%, demonstrating continued good cost management.

Strategy
The group’s strategy remained broadly unchanged. Focus remains on three key areas, client centricity, digitisation and integration. These areas of focus are underpinned by five strategic value drivers; client focus, employee engagement, risk and conduct, financial outcome and social, economic and environmental (SEE) impact. More detailed information can be found in the annual integrated report. Remco noted good progress was being made.

Remuneration outcomes
Against this backdrop, remco was faced with the difficult task of balancing the distribution of earnings between shareholders, senior executives and employees.

Remco considered the size and impact of the ICBCS losses on the group’s results. This event has a direct impact on shareholders and was therefore factored into the determination of the short-term incentive (STI) pool for the group.

Remco addressed this event by moderating the size of the pool between the banking business results, those under the direct control of senior management, and group results which include ICBCS over which senior management had little control.

It is also important to note that the ICBCS results significantly reduce the delivery of the long-term incentive plan, the Performance Reward Plan (PRP). All senior executives who participate in the plan are materially negatively affected by this event.

In terms of the prescribed officers’ STI rewards, the calculation of the weighting between business line results (60%) and group results (40%) was discussed and moderated for personal performance against the five value drivers. Short-term incentives for the CEO and CFO were directly linked to group results and moderated for personal performance against the five value drivers. More detail on the link between performance and pay can be found on page 66 of the remuneration report.

Remco discussed the performance of the banking business which showed resilience and growth with pockets of excellent results in both product lines and geographies and agreed that these performances should be appropriately rewarded.

In SA, while the economy declined the senior team took decisive action in closing non-strategic branches and reducing costs in a humane and dignified manner. Remco noted that despite the very unfavourable market conditions there were a number of strong performances in the SA franchise that should be appropriately rewarded.
In the investment banking and global markets businesses, results were excellent. It should be noted that STIs in these businesses account for a large proportion of the STI pool.

Remco also noted that the STI pool is set on a through-the-cycle basis and that in 2018 remco reduced the pool by 3% despite profits in banking activities growing by 7%. In addition, executives earning more than ZAR1.5 million (or equivalent) received no salary increase in March 2019.

All these factors were debated at length by remco which also noted the increased competition for talent from traditional, non-traditional, local and international competitors and agreed that to retain and motivate the bank’s top executives that incentive pool growth should land between the growth in banking business headline earnings of 5% and group headline earnings of 1%.

The outcome of this deliberation was to approve an increase in the incentive pool of 3%. In terms of salary increases, a 5% inflationary increase was agreed for managers and executives in SA. Inflationary increases were agreed for the other geographies resulting in a total increase of 6.4% to salaries across the group. It should be noted, however, that accounting for the reduction in headcount the year-on-year salary cost will rise by only 2%.

Remco felt that this outcome was fair and reasonable to all stakeholders under the circumstances described in this letter.

Shareholder engagement
In May 2019 at our AGM, 92.2% of our shareholders supported our remuneration policy and 93.6% of our shareholders supported our implementation report.

Last year, many shareholders indicated a desire to understand how we arrived at our STI pool and I hope the explanation contained here gives you more clarity on the factors remco considered this year. In addition, we have inserted a diagram on page 57 of the remuneration report which describes how the pool is set and cascaded within the group. Remco values shareholder feedback and endeavours to respond accordingly.

Understanding the link between the performance of each executive director and prescribed officer and their remuneration outcome is also important. This year, we have included in the report a description of the performance outcome in relation to targets set to clarify the link. In addition, we have indicated where the current total remuneration outcome has landed in relation to the forward-looking scenarios for each individual. This is on pages 67 – 68. A description of how remco benchmarks remuneration for these individuals is set out on page 67.

I trust that this improves your understanding of the rigour remco applies in setting remuneration for the group, as well as indicating that remco needs to exercise judgement in this process due to the complexity of our group, while taking into account both our shareholder and employee expectations.

Changes to the remuneration policy effective 1 January 2020
Having conducted a survey of the market, remco has decided to extend the notice period on termination for executive directors and prescribed officers to three months.

Remco approved a change in the performance weightings of business lines to group from 60/40 to 50/50 in order to foster greater intragroup team work and cooperation.

In the past, the PRP has had absolute targets for headline earnings per share (HEPS) and return on equity (ROE). Remco continues to support the use of an earnings measure and a return measure. Following the receipt of benchmark data on long-term incentive targets in SA (conducted by Bowman Gilfillan) we have agreed to change our HEPS and ROE targets from absolute targets to relative measures. HEPS growth will be benchmarked to CPI plus GDP calculated as compound annual growth (CAGR) over the vesting period. ROE will be benchmarked to cost of equity (COE). Vesting ladders have been matched as closely as possible to the prior ladders to ensure sufficient stretch to attain higher level vesting. Independent validation of the target outcomes will be undertaken prior to vesting. See page 61. in the remuneration report for details of these ladders.

Remuneration outcomes for executive directors and prescribed officers
For more detail on the performance and remuneration outcomes of the executive directors and prescribed officers, I urge you to refer to pages 70 – 84 in the remuneration report.

Changes to the remuneration committee
This is my last remuneration letter as chairman as I retire from the board in May this year. I have thoroughly enjoyed the experience, the interaction and the helpful feedback from our shareholders. Trix Kennealy will be taking over as remco chair and I wish her all the best in her new role.

Note:
The remuneration decisions and outcomes made by remco and the board contained in this report were undertaken up to and on 4 March 2020. This was prior to knowing the extent and impact that COVID-19 would have on the countries in which we operate and the group as a whole. Remco and the board will consider these impacts in relation to the remuneration policy in due course.
People are at the heart of our business. We need highly skilled and experienced people to drive the growth of our business across Africa and we need to reward them for their performance and the returns they generate for our shareholders. Our employee engagement section, in the 2019 annual integrated report, describes how we develop and retain our people.

We have four key objectives guiding our remuneration policy:

1. We measure and reward for value delivered and adjust for risks assumed.
2. We aim to be competitive in remuneration in the global marketplace for skill.
3. We reward our people fairly while avoiding a bonus-centric culture that distorts motivations and may encourage excessive and irresponsible risk taking.
4. We promote and reward teamwork.

Principles that underpin our remuneration policy
Remco is firmly committed to disclosing our reward policy, principles and structures to all relevant stakeholders, including our people, unions, regulators and shareholders.

The key principles that underpin our remuneration policy, reward structures and individual reward are as follows:

- We reward sustainable, long-term business results.
- We do not unfairly discriminate against our people based on diversity or physical difference.
- The reward focus is on total reward, being fixed and variable remuneration. We want to be competitive in both elements, but annual incentives are not a function of a guaranteed package.
- Fixed remuneration includes compulsory benefits which consist of group benefits, as well as compulsory country-specific benefits.
- We create a balance between the fixed and variable elements of total reward.
- A deferral policy affects annual incentives above certain levels. Deferred amounts are indexed to the group’s share price and vesting is subject to specific conditions.
- Vesting conditions of deferred awards and long-term incentives allow for forfeiture of unvested awards and clawback on vested or paid awards.
- All elements of pay are influenced by market and internal pay comparisons.
- Pay practices encourage a focus on achieving agreed deliverables and behaviours, rather than hours worked.
- Individual appraisals assess performance at all levels in the business, enabling fair and competitive pay. Consequence management, including reward impact, forms part of the review of performance.
- Individual rewards are determined according to group, business line and individual performance.
- We reward experience, performance relative to others doing similar work and performance against the market.
- We differentiate individual reward in a transparent way based on quantitative, qualitative and behavioural performance. We also take into account the need to retain talent, skill and experience.
- We ensure that key senior executives are significantly invested in the group’s share price and performance over time, to align to our shareholders’ interests.
- Pay designs comply with all tax and regulatory requirements.
- Ongoing oversight prevents irresponsible risk taking by individuals and we ensure that risk adjustment forms part of pay design.
- We endeavour to promote fair and responsible pay.

For more detail on fair and responsible pay, refer to pages 64 and 85.
Our reward policy and structures are designed to attract, motivate and retain talented people across our group. We consider the total reward and strive for the appropriate mix between fixed and variable pay for all our people, depending on their roles. The diagram above shows the composition of our total reward. The elements of this diagram are explained in the sections that follow.

**Fixed remuneration**
The group operates across many different countries. We take local statutory and regulatory requirements into account in how we structure our fixed remuneration. The purpose and key components of our typical reward arrangements are summarised below.

**Elements of fixed remuneration**

<table>
<thead>
<tr>
<th>Basic salary</th>
<th>Compulsory benefits</th>
<th>Optional benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To attract and retain employees</strong></td>
<td><strong>To encourage retirement savings</strong> and to cater for unforeseen life events</td>
<td><strong>To enhance the package available to employees</strong></td>
</tr>
<tr>
<td>We seek to remain competitive relative to our peers in the remuneration we offer. Our annual base salary review takes into account available market data, as well as individual and business line performance. Increases take effect on 1 March each year.</td>
<td>Pension and disability plans, death cover and medical insurance take into account country practices and requirements.</td>
<td>These benefits (for example, car allowances) vary and take into account country practices and requirements.</td>
</tr>
</tbody>
</table>

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1. The majority of the group’s defined benefit fund arrangements have been replaced by defined contribution arrangements, except where local legislation requires otherwise or members enjoy ongoing defined benefits under old scheme rules. For more information regarding the group’s defined benefit plans, refer to the group’s annual financial statements.
2. Death cover is provided in almost all countries, either through self-insurance from within the pension funds or through external underwriting.
3. Medical insurance is provided in most countries. The level of cover varies according to local market practice. In South Africa, employees recruited from 1 March 2000 do not receive post-employment healthcare benefits. Employees recruited before then receive post-employment healthcare funding through a post-employment healthcare benefit fund.
Variable remuneration
We provide annual incentives to reward performance. This variable remuneration comprises of annual incentive awards, annual deferred awards and long-term incentive awards. All variable remuneration awards are discretionary.

### Annual incentive award comprising:
- Annual cash award.
- Annual deferred award.

To incentivise the delivery of our objectives, balancing short-term performance and risk-taking with sustainable value creation for our shareholders.

Individual awards are based on a combination of group, business line, team and individual performance (utilising both financial and non-financial metrics over a multi-year period) and include effective risk management and compliance criteria.

Awards above R1 million (or applicable local currency thresholds) are subject to mandatory deferral. discretionary deferred share incentive awards are made to qualifying employees as part of their performance-based annual incentive award.

**Total group pool**
- Approved by group remco relative to benchmarks.
- Benchmarks include a competitor variable pool analysis of SA Banks from annual financial statements.
- Tested against the return to shareholders compared to the return to employees.
- Tested against the profit before tax and before variable pay comparison on current year and with reference to past years (see below).
- Correlated to the headline earnings (HE) and HE pre-minorities and incentive growth on a through-the-cycle basis adjusted for the group’s performance against the five strategic value drivers.

**Business line pools**
- Correlated to the HE and HE pre-minorities and incentive growth on a through-the-cycle basis adjusted for the business line performance against the five strategic value drivers.
- Proposed by the group chief executive (CE) and approved by group remco.
- Cascaded by the group CE to the business line and corporate function heads.

**Adjusted for risk**
- Group pool may be adjusted for any significant risk or material events assessed by remco.
- Group pool may be adjusted for any significant geographic or capital risk assessed by remco.

**Individual proposals**
- Individual STI proposals are discretionary and no fixed formulaic approach is used by the bank.
- Set by reference to market pay, area/team performance, individual performance and the variable pay pool available. Adjusted for risk and compliance breaches.
- Top 400 executive STI proposals are analysed by remco and the necessary adjustments are made to ensure appropriate consistency across the bank.
- All group exco STIs are individually motivated by the group CE and approved by remco.
- The group CE’s STI is motivated by the chairman and recommended to remco for approval by the board.
- All senior corporate function STIs (including risk, finance and compliance) are reviewed and ratified by the relevant group exco member and then motivated by the group CE to remco for approval.

### Long-term incentive award
To incentivise key senior executives to base their decision-making on the group’s long-term objectives.

Awards for senior executives align the interests of executives and shareholders by having growth and return conditions that must be met for delivery to occur.

**Annual incentive awards**
Setting the group’s short-term incentive pool:

1. **Total group pool**
   - Approved by group remco relative to benchmarks.
   - Benchmarks include a competitor variable pool analysis of SA Banks from annual financial statements.
   - Tested against the return to shareholders compared to the return to employees.
   - Tested against the profit before tax and before variable pay comparison on current year and with reference to past years (see below).
   - Correlated to the headline earnings (HE) and HE pre-minorities and incentive growth on a through-the-cycle basis adjusted for the group’s performance against the five strategic value drivers.

2. **Business line pools**
   - Correlated to the HE and HE pre-minorities and incentive growth on a through-the-cycle basis adjusted for the business line performance against the five strategic value drivers.
   - Proposed by the group chief executive (CE) and approved by group remco.
   - Cascaded by the group CE to the business line and corporate function heads.

3. **Adjusted for risk**
   - Group pool may be adjusted for any significant risk or material events assessed by remco.
   - Group pool may be adjusted for any significant geographic or capital risk assessed by remco.

4. **Individual proposals**
   - Individual STI proposals are discretionary and no fixed formulaic approach is used by the bank.
   - Set by reference to market pay, area/team performance, individual performance and the variable pay pool available. Adjusted for risk and compliance breaches.
   - Top 400 executive STI proposals are analysed by remco and the necessary adjustments are made to ensure appropriate consistency across the bank.
   - All group exco STIs are individually motivated by the group CE and approved by remco.
   - The group CE’s STI is motivated by the chairman and recommended to remco for approval by the board.
   - All senior corporate function STIs (including risk, finance and compliance) are reviewed and ratified by the relevant group exco member and then motivated by the group CE to remco for approval.
Deferral schemes
We believe that the interests of management should be significantly invested in the group over time, strengthening the alignment between management and shareholders. In terms of good governance, all incentive awards above a minimum level are deferred in part, and the deferred portion is linked to the group’s share price during the deferral period. The deferral also ensures that management are sensitive to the risks of forfeiture and clawback.

The deferral rates in March 2020 have been maintained at the same level as 2019.

Deferred Bonus Scheme (DBS)

To encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation for employees across the group.

- Employees granted an annual performance award over a threshold of R1 million (or applicable local currency threshold) have part of their award deferred over a 42-month period.
- In addition to mandatory deferral, discretionary deferred share incentive awards under the DBS are made to qualifying employees as part of their performance-based annual incentive award.
- All awards are indexed to the group’s share price and awards accrue notional dividends during deferral, which are payable at vesting. The awards vest in three equal tranches at 18, 30 and 42 months from date of award.
- Awards made to South African employees are settled in shares purchased by the group on vesting from the market, avoiding any shareholder dilution. Awards made to executive directors, prescribed officers and other qualifying employees from March 2017 are settled in cash on vesting but are linked to the group’s share price during the vesting period. Awards made to Africa Regions and International employees are settled in cash on vesting but are linked to the group’s share price during the vesting period. A small group of Wealth and Investment employees have their deferrals linked to the returns on selected Melville Douglas funds to ensure linkage with client returns.
- Forfeiture is triggered under certain conditions.
- Clawback is triggered under certain conditions.
- The maximum marginal DBS deferral rate has been maintained at 50%.
In March 2020, employees with deferred awards above R1 million (or local currency equivalent) are offered a choice to have the value of their award, or part thereof invested in the SARP rather than the default DBS. To the extent they select SARP, they receive a premium of 10% of the value of the award. This premium encourages executives to accept a six-year exposure to the group’s share price and compensates for a longer vesting period in comparison to DBS.

The release of rights invested from March 2020 under the SARP to employees is illustrated below.

**Share Appreciation Rights Plan (SARP)**

In March 2020, employees with deferred awards above R1 million (or local currency equivalent) are offered a choice to have the value of their award, or part thereof invested in the SARP rather than the default DBS. To the extent they select SARP, they receive a premium of 10% of the value of the award. This premium encourages executives to accept a six-year exposure to the group’s share price and compensates for a longer vesting period in comparison to DBS.

The release of rights invested from March 2020 under the SARP to employees is illustrated below.

The release of deferred incentive awards made in March 2020 under the DBS for employees in South Africa and the cash-settled DBS for Africa Regions and International employees is illustrated below.
Long-term incentive: Performance Reward Plan

PRP

To promote the achievement of the group’s strategic long-term objectives and align the interests of those executives with overall group performance in both headline earnings growth and ROE. These are the most important financial metrics to create shareholder value and therefore, align the interests of management and shareholders.

Performance conditions for long-term incentive awards

Long-term incentive awards granted to senior executives under the PRP are subject to vesting conditions.

If achievement of the metrics results in vesting, the PRP award is settled in shares to the employee on the applicable vesting dates together with notional dividends that are settled in cash. The metrics for the March 2020 awards are set out in the table on the next page. The metrics (average growth in HEPS and growth in ROE) remain unchanged for the March 2020 award but the vesting thresholds have been set relative to underlying benchmarks rather than set in absolute terms. The continuation of the metrics reflects positive shareholder feedback and the reference to underlying benchmarks aligns our approach with market practice.

REF AIR For an explanation of how the group measures its strategic progress both in terms of headline earnings and ROE, refer to the 2019 annual integrated report.

- Participation is limited to senior executives occupying roles that influence the achievement of the performance conditions, as well as senior executives who fulfill roles requiring long-term decision-making.
- All awards are discretionary.
- Annual conditional share awards are made with a three-year vesting period (individuals may not necessarily receive an award each year). Notional dividends will accrue during the vesting period and are payable on vesting.
- Awards are fully subject to performance conditions which are set annually by remco. Conditions include a minimum threshold to achieve any vesting, a target and a stretch target, with interpolation between targets. Once targets are set at the commencement of an award, they cannot be changed during the three-year vesting period. The scheme also has a maximum cap on vesting.
- Awards are granted such that the achievement of stretch targets will lead to total reward levels in the upper quartile of market remuneration.
- Awards that exceed the minimum threshold for vesting, vest after three years, based on the achievement of performance targets, weighted equally between growth in HEPS and ROE targets over the performance period. Shares are purchased by the group on vesting, avoiding any shareholder dilution from external market participants.
- All awards are subject to forfeiture and clawback for material risk takers.
Remco approved that the 2020 vesting thresholds be set relative to relevant underlying benchmarks, allowing natural adoption of the targets to changing market conditions.

- For HEPS growth (50% weighting), a relevant benchmark is CPI + GDP. This will be SA CPI plus weighted average real GDP across all markets in which the group operates, weighted with regards to average capital utilisation over the vesting horizon. HEPS growth will be calculated as CAGR over the vesting horizon.

- For improvement in ROE (50% weighting) remco approved COE as the benchmark in alignment to market practice.

<table>
<thead>
<tr>
<th>HEPS CAGR</th>
<th>VESTING PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI + GDP + 0%</td>
<td>0% of HEPS growth-related conditionally allocated units will vest</td>
</tr>
<tr>
<td>CPI + GDP + 3%</td>
<td>60% of HEPS growth-related conditionally allocated units will vest</td>
</tr>
<tr>
<td>CPI + GDP + 7%</td>
<td>200% of HEPS growth-related conditionally allocated units will vest</td>
</tr>
</tbody>
</table>

Straight-line vesting is applied between the above points.

<table>
<thead>
<tr>
<th>AVERAGE ROE</th>
<th>VESTING PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>COE + 3%</td>
<td>No ROE-related conditional units awarded will vest</td>
</tr>
<tr>
<td>COE + 4%</td>
<td>100% of the ROE-related conditional units awarded will vest</td>
</tr>
<tr>
<td>COE + 5%</td>
<td>200% of the ROE-related conditional units awarded will vest</td>
</tr>
</tbody>
</table>

Straight-line vesting is applied between the above points.
March 2017 awards (due to vest in March 2020 based on the performance period ended 31 December 2019)

In terms of average growth in HEPS\(^1\) below 9% average growth in HEPS, no conditionally allocated units will vest. Once 9% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 9% up to 12% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 12%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.

In terms of the ROE metric, for each 0.1% increase in average ROE over the performance period above 15.5% up to 16% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 16% average ROE, up to 16.5% average ROE, 10% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE above 16.5%, 15% of the ROE-related conditional units awarded vest. Maximum vesting at 200% of initial ROE-related conditional units awarded.

\(^1\) The average HEPS growth is relative to a HEPS base of 1 440.1 cents.

<table>
<thead>
<tr>
<th>March 2018 awards (due to vest in March 2021 based on the performance period ended 31 December 2020)</th>
</tr>
</thead>
</table>
| In terms of average growth in HEPS\(^1\), below 9% average growth in HEPS, no conditionally allocated units will vest. Once 9% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 9% up to 12% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 12%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.

In terms of the ROE metric, for each 0.1% increase in average ROE over the performance period above 17.5% up to 18% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 18% up to 18.5% average ROE, 10% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 18.5%, 15% of the ROE-related conditional units awarded will vest. Maximum vesting at 200% of the initial ROE-related conditional units awarded.

\(^2\) The average HEPS growth is relative to a HEPS base of 1 640.0 cents.

March 2019 awards (due to vest in March 2022 based on the performance period ended 31 December 2021)

In terms of average growth in HEPS\(^1\) below 8% average growth in HEPS, no conditionally allocated units will vest. Once 8% average growth in HEPS is achieved, 20% of conditionally allocated units will vest. For each 1% of average growth in HEPS in excess of 8% up to 11% average growth, 20% of conditionally allocated units will vest. For each 1% average growth in HEPS in excess of 11%, 30% of conditionally allocated units will vest. Maximum vesting at 200% of initial HEPS-related conditional units awarded.

In terms of ROE metric, for each 0.1% increase in average ROE over the performance period above 18% up to 18.5% average ROE, 7.5% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE over the performance period above 18.5% average ROE, up to 19% average ROE, 10% of the ROE-related conditional units awarded vest. For each 0.1% increase in average ROE above 19%, 15% of the ROE-related conditional units awarded vest. Maximum vesting at 200% of initial ROE-related conditional units awarded.

<table>
<thead>
<tr>
<th>Minimum shareholding requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors and prescribed officers are required to maintain shareholdings valued as a multiple of fixed remuneration. This is a long-term requirement and we expect that shareholdings will be accumulated over time.</td>
</tr>
</tbody>
</table>

The group CEO is subject to a multiple of three times fixed remuneration and other executive directors and prescribed officers are subject to a multiple of two times fixed remuneration.

Where the required shareholding falls short, the full after-tax value of senior executives’ deferred compensation that vests is applied in acquiring additional shares until the required shareholding is in place. This provision applies to incentive awards granted from March 2012, or from when the senior executive becomes a prescribed officer or executive director. Remco monitors these shareholdings annually.
RISK MANAGEMENT AND REMUNERATION

The group actively manages its current and future risks in pursuit of its strategy. Remco ensures that employees whose actions may have a material impact on the group’s current and future risk profile are not rewarded for exposing the group beyond its stated risk appetite.

Incentive pools and individual incentive awards are adjusted for risk, based on the processes and considerations outlined below. The remuneration of risk and compliance employees is overseen by the group CE and by remco in the case of senior employees.

Future risks in remuneration outcomes

The group uses a four-year budgeting, forecasting and planning process, which is integrated with our strategic objectives, risk appetite and capital allocation. The outcomes of this process are approved by the board as part of approval of the board’s strategy. The process covers all the geographies that the group operates in and also covers the business lines of PBB, CIB, Wealth and the corporate functions. This forward-looking view of strategic outcomes, financial results and risk outcomes allows the board and remco to assess potential remuneration outcomes, as well as the risks associated with achieving those outcomes. The deferral periods on the annual incentives (of up to 42 months) and the PRP (with a three-year vesting period subject to performance conditions) are aligned to the horizons of the planning process, thereby creating both the incentive to achieve these outcomes, as well as allowing for risk-adjusted forfeiture and clawback should the need arise.

The group chief risk officer (CRO) formally reports twice a year to remco on the application of the enterprise risk management framework across major business lines and on any significant breaches of the enterprise risk management policies or limits by individuals. These reports cover the group’s risk appetite and the current and future risk profile in relation to risk appetite, and provide a qualitative and quantitative measure that informs remco’s determination of the overall incentive pools for business lines. The individual incentive awards of senior managers and executives are reviewed against any breaches and adjusted where required.

The group CRO is consulted when changes are made to the design of remuneration plans.

The group financial director also formally reports twice a year to remco on risk-adjusted performance and remuneration. The report includes an analysis of group and business line risk-adjusted metrics across a range of risk types and their relationships to incentive pools.

The group financial director’s reports include consideration of HE, ROE and risk-adjusted performance (economic profit and return on economic capital). This additional analysis quantifies the cost of capital and takes into account credit, market and operational risk.

Remco considers risk-adjusted return information when setting and approving business line incentive pools. Specific risk-adjusted performance targets are not formulaically applied in determining these pools.

Remco pays specific attention to:

- Adverse internal audit findings on weaknesses in the internal control environment.
- Breaches of the regulatory requirements applicable to operational risk losses incurred within the group’s operations.
- Risk appetite breaches, and
- Limit breaches, particularly trading desk breaches of credit risk control governance.

The group head of human capital reports annually to the committee on all significant governance breaches and their impact on individual remuneration. These impacts depend on the nature of the breach but could result in reduced incentives, removing incentive awards and/or removing salary increases. Material breaches may result in dismissal.

A forfeiture provision on all deferral schemes was introduced with effect from 2009 and amended in 2011. In terms of these forfeiture conditions, individual unvested awards of DBS, EGS, FRP and SARP may be subject to risk adjustments after the occurrence of an actual risk event through reduction or forfeiture, in full or in part if in remco’s judgement:

- There is reasonable evidence of material error or culpability for a breach of group policy by the participant, or
- The group or relevant business line suffers a material downturn in its financial performance, for which the participant can be seen to have some responsibility, or
- The group or relevant business line suffers a material failure of risk management, for which the participant can be seen to have some responsibility, or
- In remco’s discretion, any other circumstances.

During 2019, remco did not implement any forfeitures. Clawback provisions on vested or paid awards have been introduced to the group’s material risk takers with effect from 1 March 2019. This applies to cash awards, deferred awards, share incentive awards, long-term incentives and related notional dividends.

The trigger events are as follows:

- The discovery of a negative misstatement resulting in an adjustment to the group’s audited accounts (or the audited accounts of any group company) in respect of a period for which the performance conditions applicable to an award were assessed, and/or
- The discovery of the events that occurred prior to award or vesting that have led to the censure of a group company by a regulatory authority or have had a significant detrimental impact on the reputation of any group company, and/or
- The discovery of action or conduct of an employee which amounts to gross misconduct that occurred prior to award or vesting, and/or
- The discovery that any information or the assessment of any performance condition(s) used to determine an award was based on a material error, or inaccurate or misleading information.

Note:

The size and extent of the risk presented by COVID-19 had not emerged when remco and the board made the decisions and outcomes contained in this report. Remco and the board will consider these risk impacts in relation to the remuneration policy in due course.

REF RCM The summarised risk and conduct section in the annual integrated report, describes the material risk types which the group is exposed to and how it measures and manages these risks. For a full report, refer to the risk and capital management report and annual financial statements.
Remco believes that fair and responsible remuneration means ensuring that remuneration in the group is both externally competitive and internally equitable. The group’s remuneration policy and its implementation assist the group in achieving its short-, medium- and long-term goals and is adjusted for risk taken supporting sustainability.

Remco ensures that the reward process is independently governed to enhance the sense of fairness. Remco recognises that fair and responsible remuneration is not just a South African issue but should apply in all the geographies that the group operates in.

**THE GROUP’S APPROACH TO FAIR AND RESPONSIBLE REMUNERATION**

**Decisions are:**

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

- **Responsible remuneration**
  - Funded by, and linked to, the creation of value over the long term, in a way that is transparently reported in this remuneration report.
  - Approved by remco and recommended to the board.

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

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

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

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

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

All remuneration falls under the ambit of remco and senior executive remuneration is approved by remco and recommended to the board. Senior executive remuneration is benchmarked to market, follows a rigorous process to review risk and control issues and all share plans contain forfeiture and clawback clauses. Senior executives are subject to a minimum shareholding requirement.
DISCLOSURE OF OUR GENERAL REMUNERATION POLICY FOR ALL EMPLOYEES

Our employee base is made up of five broad categories:

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

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

HOW DID WE PERFORM?

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

WHAT ARE OUR PAY PRACTICES?

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

HOW DO WE ASSESS PERFORMANCE AND DETERMINE PAY?

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

WHAT ARE OUR PAY PRACTICES?

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

Performance management and evaluation of executive directors, and prescribed officers

- Performance objectives are set at the beginning of each year against the five value drivers in relation to the board-approved business plan.
- Quantitative elements have pre-determined measures. Qualitative elements are measured against achievement of key strategic objectives.
- Achievement against objectives is tracked throughout the year and evaluated at the end of the year.

The link between performance and the elements of pay of executive directors and prescribed officers

### Fixed remuneration
Set taking into account the size and complexity of the role, benchmarked to market (see note on benchmarking on page 67) and impacted by the performance of the group, relevant business line if applicable and individual performance.

### Short-term incentives
Directly influenced by group and business line performance (if applicable) (as set out in the table below). The formula is applied based on the financial outcomes of the group (and business line if applicable). Remco then applies a disciplined non-formulaic approach to evaluate the other four value drivers using their judgement in assessing business and individual performance. Each executive director and prescribed officer now has a performance against target table to indicate the link to their STI payment.

### Long-term incentives (PRP)
This is a forward-looking share plan with performance conditions. Awards are made in relation to market pay benchmarks.

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EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ SHORT-TERM INCENTIVES LINKED TO FINANCIAL RESULTS

<table>
<thead>
<tr>
<th>Description</th>
<th>STI outcome dependency on financial outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group chief executive</td>
<td></td>
</tr>
<tr>
<td>Sim Tshabalala</td>
<td>100% group</td>
</tr>
<tr>
<td>Group financial director</td>
<td></td>
</tr>
<tr>
<td>Arno Daehnke</td>
<td>100% group</td>
</tr>
<tr>
<td>PBB chief executive</td>
<td></td>
</tr>
<tr>
<td>Zweli Manyathi</td>
<td>60% PBB 40% group</td>
</tr>
<tr>
<td>CIB chief executive</td>
<td></td>
</tr>
<tr>
<td>Kenny Fihla</td>
<td>60% CIB 40% group</td>
</tr>
<tr>
<td>Wealth chief executive</td>
<td></td>
</tr>
<tr>
<td>Margaret Nienaber</td>
<td>60% Wealth 40% group</td>
</tr>
</tbody>
</table>

Group includes Liberty and ICBCS.
**Benchmarking executive directors’ and prescribed officers’ pay**

In February of each year, remco reviews the following items before considering the pay outcome of the senior executives:

- A consolidated table of executive director and prescribed officer pay extracted from the remuneration reports of the major banks located in South Africa (FirstRand, Nedbank, Absa and Capitec).
- Senior executive reward outcomes and reward trends in international banks extracted from the remuneration reports of institutions including Standard Chartered Bank, Investec, HSBC Holdings, Wells Fargo, JP Morgan Chase, Westpac Group, Commonwealth Bank and remuneration trends in Indian banks (for an emerging market reference).
- A bespoke analysis of South African banks’ variable pay pools from their published annual financial statements.
- PwC Remchannel survey data.

Members of remco can access any information that helps inform their independent judgement on senior executive remuneration.

This includes any impact that remuneration might have on risk, regulation or behaviour.

In 2019, remco and management used a number of external advisors to benchmark remuneration and benefits across the group. External advisors also provided opinions on remuneration regulations and compliance.

Information and guidance was received from PricewaterhouseCoopers (PwC), PwC Remchannel, Bowman Gilfillan, Global Remuneration Solutions – Mercer, Employment Conditions Abroad, McLagan and Willis Towers Watson.

Remco uses the input from these external advisors to inform the group’s remuneration philosophy and policy. The board approves remco’s proposals and, where necessary, submits proposals to shareholders for approval.

Certain specialist business units in the group provide supporting information and documentation relating to matters considered by remco.

**REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS**

**Requirement**

King IV requires disclosure of the potential consequences on the forward-looking total remuneration for executive directors and prescribed officers on a total single figure basis by applying the remuneration policy under minimum, on-target and stretch performance outcomes. It should be noted that these are hypothetical values of total remuneration under the following assumed performance scenarios:

**Minimum reward outcome**

Short- and long-term incentives are awarded at remco’s discretion. The minimum reward outcome, hence, represents the scenario in which only the fixed remuneration of the relevant individual would be paid.

**On-target reward outcome**

In addition to the fixed remuneration of the relevant individual, remco may award both short- and long-term incentives. The short-term incentive would be determined by remco on the basis of the individual meeting the required targets and is determined on a combination of group, business line and individual performance (utilising both financial and non-financial metrics over a multi-year period). The long-term incentive for this purpose has been determined on the basis of 100% of the conditional PRP awards, being the achievement of the PRP’s ROE and HEPS growth conditions over the previous three financial years at the 100% achievement level.

**Stretch reward outcome**

The long-term incentive for this purpose has been determined on the basis of 200% of the conditional PRP awards, being the achievement of the PRP’s maximum ROE and HEPS growth conditions over the previous three financial years. This outcome would deliver significant value for shareholders.
The notice period for the group chief executive, group financial director and prescribed officers has been extended to three months (from one month) from January 2020. In terms of the group’s memorandum of incorporation (MOI), executive directors are not subject to rotational requirements.

Restrictive covenants
Executive employment contracts include restrictive covenants on poaching of employees or clients. No other restraints are included in contracts.

Retention agreements and payments
Retention agreements are only entered into in exceptional circumstances. Retention payments have to be repaid should the individual concerned leave within a stipulated period. None of the executive directors or prescribed officers are subject to a retention agreement.

Guaranteed bonuses
Guaranteed bonuses are paid by exception in the context of hiring and only in relation to the first year. All guaranteed bonuses are funded from the total performance incentive pools and are subject to the same deferral requirements as annual discretionary incentives. Payments of guaranteed bonuses are subject to meeting required performance standards. None of the executive directors or prescribed officers received a guaranteed bonus during 2019.

Sign-on awards/buy-out awards made on hiring
To attract key employees it is sometimes necessary to compensate for the loss of unvested awards from their previous employer. This would normally be through the appropriate group scheme subject to normal vesting terms. In certain situations, cash buy-out awards may be made on joining, subject to repayment if the employee leaves the group within a certain period. Sign-on awards without reference to losses at a previous company are discouraged. None of the executive directors or prescribed officers received a sign-on award during 2019.

Severance payments
Local legislation, market practice and, where applicable, agreements with recognised trade unions or other employee forums determine severance payments. None of the executive directors or prescribed officers have received special contractual severance payments.

Regulatory disclosures
All regulatory disclosures in this report are made in terms of the Companies Act, JSE Listings Requirements, Banks Act, Financial Stability Board Principles for Sound Compensation Practices and the King Code. Disclosure under King IV has been adopted.
REMUNERATION COMMITTEE GOVERNANCE

Effective governance is essential to ensure that the remuneration process is fair and supports the group’s strategy.

Remco mandate
Remco comprises a majority of independent non-executive directors and is mandated to:

- Review and approve the remuneration policy and strategy in the group’s long-term interests,
- Approve general principles relating to terms and conditions of employment contracts,
- Approve terms of employment contracts with the group’s key employees,
- Determine remuneration for key executives and propose remuneration for non-executive directors for shareholder approval,
- Review the group chairman’s assessment of the performance of the chief executive officer as a function of setting their remuneration,
- Review the chief executive officer’s assessment of the performance of key executive management,
- Review the guaranteed and variable remuneration for key executives,
- Review and approve all proposals for incentive scheme design and modifications,
- Review incentive schemes to ensure continued alignment with shareholder interests and linkage of reward to performance over the long term,
- Approve criteria and applicable terms for participation in annual incentive bonuses,
- Review performance measures to be used in determining the annual incentive bonuses for all employees,
- Approve recommendations for awards in terms of approved long-term incentive plans,
- Monitor adequacy of other benefits for key executives,
- Monitor compulsory employee benefits applicable at all levels and categories of employees in the group,
- Review and approve general terms and mandates of subsidiary remuneration committees, and
- Review and consider reports from subsidiary remuneration committees on changes in remuneration practices or philosophy.

Remco composition
Remco members have no business or other relationships that could materially interfere with their independent judgements. All remco members are also members of key oversight committees so that they are able to monitor risk trends across the group.

The group chief executive attends meetings by invitation. Other members of executive management are invited to attend from time-to-time to assist the committee in fulfilling its mandate. No one is present when his or her remuneration is discussed.

Non-executive directors
In determining the fees for non-executive directors, the majority of whom are also members of board committees, Remco considers the extent and nature of their responsibilities. It also considers market conditions and reviews comparative remuneration offered by other major South African and international banks and top South African listed companies.

Proposed fees are based on a carefully considered assessment of non-executive directors’ responsibilities, including the significant amount of work involved at committee level. The board, and particularly its committees, chairs and committee members, spend a significant amount of time on in-depth analysis of matters relevant to the group’s performance and regulatory requirements.

Fees
Non-executive directors receive fixed fees for service on boards and board committees. There are no contractual arrangements for compensation for loss of office for either executives or non-executive directors. Non-executive directors do not receive annual incentive awards, nor do they participate in any of the group’s long-term incentive schemes. Remco reviews the fees paid to non-executive directors annually and makes recommendations to the board for consideration and shareholder approval.

Terms for non-executive directors
There is no limitation on the number of times a non-executive director may stand for re-election subject to the maximum age of 70 years. The MOI stipulates that if a director reaches the age of 70 they shall cease to be a director of the company from the end of the AGM after their 70th birthday, unless the directors have resolved prior to the convening of the AGM in question that the director shall not retire at that meeting and a statement to that effect is made in the notice convening the meeting. Peter Sullivan has turned 72 and will step down at the AGM in May 2020. Trix Kennealy is currently a member of remco and will become the remco chair in May 2020.

GOV/REM The corporate governance report on pages 10 to 13 provides a review of the independence of those directors who have served on the board for more than nine years.

GOV/REM Refer to page 40 for details of remco meeting attendance.
Implementation Report

Executive Directors’ and Prescribed Officers’ Performance and Remuneration

SIM TSHABALALA
Chief executive, Standard Bank Group

Performance against strategic value drivers – overall on-target rating

Sim’s performance was assessed by remco against the following criteria:
- Evaluation against the group financial results,
- Evaluation against the results of the banking franchise and the growth and resilience of that franchise,
- The extent to which the group is on a trajectory that will enable the achievement of medium-term goals,
- The long-term sustainability and profitability of the group, and
- Evaluation against the value drivers of client focus, leadership and people, risk and conduct and social, economic and environmental impact.

The established banking franchise has a large, growing client base and the group has diversified revenue streams. Capital and liquidity positions remain robust, the group has the resources and appetite to expand.

Sim was recognised for his disciplined execution of the strategy and the progress made in client centricity, digitisation and integration within the group.

Sim is an exceptional leader, instilling hope, values and purpose across the group, personally spending time in many countries. He is visibly client centered in his behaviour and in his dealings with clients, ensuring clients are fairly and respectfully treated. He is the President of the board of the International Monetary Conference and on the board of the International Institute of Finance.

Tactical cost management in South Africa during 2019, as the economy tightened, resulted in positive jaws.

Link between performance and reward

- Reward reflects the overall ‘on-target’ performance rating for 2019, with strategic leadership contribution and client focus being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables alongside is due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 5% inflationary increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group exco members, STIs are proposed after considering headline earnings growth and the achievement of strategic value drivers. For executive directors, the financial performance is fully anchored around group performance.

- Cash and deferred STIs were reduced from the prior year. Total STI was down 8.5% on the prior year.
- Remco agreed to change the reward mix between STIs and LTIs, with a greater weight on long-term conditional awards.
- The table on the next page shows that total remco awards of R50.1 million are 1.5% higher than the prior year and in line with the increase in the group’s headline earnings.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred. 100% of long-term awards are deferred, and 59% of 2019 total reward is deferred.
- The graph above shows that this year’s single figure total reward of R49.2 million is just below on-target projected earnings of R50.1 million and significantly below the stretch projection of R71.9 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.
Remuneration awarded by remco for FY2019

AWARDED FOR 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration¹</td>
<td>9 987</td>
<td>10 222</td>
<td>2.4</td>
</tr>
<tr>
<td>Cash incentive</td>
<td>11 350</td>
<td>10 525</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>14 050</td>
<td>12 725</td>
<td>(9.4)</td>
</tr>
<tr>
<td>PRP awarded</td>
<td>14 000</td>
<td>16 650</td>
<td>18.9</td>
</tr>
<tr>
<td><strong>Total reward</strong></td>
<td><strong>49 387</strong></td>
<td><strong>50 122</strong></td>
<td><strong>1.5</strong></td>
</tr>
<tr>
<td>Once-off allowance/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payments²</td>
<td>632</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total reward (incl</strong></td>
<td><strong>50 019</strong></td>
<td><strong>50 122</strong></td>
<td><strong>0.2</strong></td>
</tr>
</tbody>
</table>

SINGLE FIGURE REMUNERATION FOR 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration¹</td>
<td>9 987</td>
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<tr>
<td>Cash incentive</td>
<td>11 350</td>
<td>10 525</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>14 050</td>
<td>12 725</td>
<td>(9.4)</td>
</tr>
<tr>
<td>PRP vesting</td>
<td>23 046</td>
<td>23 046</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total reward</strong></td>
<td><strong>58 433</strong></td>
<td><strong>49 196</strong></td>
<td><strong>-19.2%</strong></td>
</tr>
<tr>
<td>Once-off allowance/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>payments²</td>
<td>632</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total reward (incl</strong></td>
<td><strong>59 065</strong></td>
<td><strong>49 196</strong></td>
<td><strong>-19.2%</strong></td>
</tr>
</tbody>
</table>

¹ No cost-to-company (CTC) increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.

² Includes a once-off payment made in respect of death-in-service and permanent disability income benefits.

CLIENT FOCUS (above-target rating)

- Continued focus on placing the client at the centre of everything.
- Improved client satisfaction scores across most business lines and geographies.
- Focus on delivering what matters to clients, enabled through efficient digital solutions, channels and capabilities.
- Facilitating intra-Africa and Africa-China banking and trade flows.
- Sim personally responds to many client complaints to ensure that issues are fully resolved.
- SBSSA was awarded the overall banking winner by the Ombudsman for Banking Services for resolving complaints, as well as receiving an award for innovation in dispute resolution.
- The group was awarded Best Bank in South Africa, Lesotho, Zambia, Zimbabwe and Angola by The Banker.
- Voted South Africa’s Most Valuable Brand by WPP BrandZ for the second year in a row, and
- Sim regularly meets with clients formally and informally across the continent and at international conferences.

LEADERSHIP AND PEOPLE (above-target rating)

- The group’s eNPS² and emotional NPS remain exceptionally high by global industry standards at +18 and +48 respectively. These scores are based on an employee participation rate of 74%.
- South Africa’s new employment equity plan has been adopted and good progress has been made towards achieving all targets.
- Visible human leadership across the group has been achieved with a combination of country visits and digital communications.
- Sim continues to represent the group as an appointed global Thematic Champion of the UN’s HeForShe movement for gender equity.
- Sim is on the board of the International Monetary Conference as President for 2019-2020.
- Sim also represented the group at the World Economic Forum and on the board of the International Institute of Finance, and
- Attendance at the SA Tomorrow investment promotion conference has reinforced the group’s position as the leading source of information and analysis on South Africa and the African continent.

RISK AND CONDUCT (above-target rating)

- All of the group’s capital and liquidity positions remained sound PRP and within or above board-approved ranges.
- Operational risk losses were within operational risk appetite.
- Conduct dashboards are now embedded and conduct continues to be monitored across the group, and
- Lower IT outages experienced in South Africa and system stability continued to improve in Africa Regions.

FINANCIAL OUTCOME (banking activities: on target; group results: below target)

- Headline earnings for the group increased by 1% to R28.2 billion, notwithstanding the weak South African economy.
- ROE reduced to 16.8% (2018: 18.0%).
- Losses in ICBCS, from a single client event, had a R1.4 billion impact on headline earnings, Banking activities’ headline earnings increased by 5% to R27.2 billion and reported an ROE of 18.1% (2018: 18.8%). This reflected strong franchise growth, growing client numbers and growing deposits and loans.
- Good cost management led to an improvement in the cost-to-income ratio of 56.4% (2018: 57.0%) and positive jaws of 113 bps.
- Resilient growth by core business lines, and
- The group remains on track to meet its medium-term financial objectives.

SEE IMPACT (on-target rating)

- The group is committed to making a sustainable contribution to Africa’s growth and development in the ordinary course of its business operations.
- As a member of the International Institute of Finance and the International Monetary Conference, Sim has amplified the voice of financial institutions from emerging markets in global regulation making and in mitigating climate change.
- Corporate social investment amounted to R84 million in South Africa with the main objective of improving access to better quality education, and
- The group spent R20 million across the Africa Regions businesses in support of entrepreneurship, SME development and education.
Performance against strategic value drivers – overall on-target rating

Arno maintained a strong financial and control environment, while implementing IFRS 9 and IFRS 16. Capital and liquidity continue to be well managed. Client metric and client insight reporting was improved and digitised. Arno co-chairs the digital transformation committee with the group chief executive, leading the group’s digital strategy. Development of client reporting and metrics was notable. Arno played a significant role in the management of costs across the group in 2019.

Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>On-target</th>
<th>2019</th>
<th>Stretch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration</td>
<td>29%</td>
<td>26%</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Cash incentive</td>
<td>25%</td>
<td>25%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>25%</td>
<td>30%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Long-term incentive</td>
<td>100%</td>
<td>21%</td>
<td>19%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Link between performance and reward

- Reward reflects the overall ‘on-target’ performance rating for 2019, with strategic leadership contribution and client focus being viewed as ‘above target’.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables below is due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 10.4% increase to fixed remuneration from 1 March 2020 but this does not reflect in the 2019 reward. This increase was partly an inflationary adjustment (5%) and partly a structural/market adjustment having conducted an internal and external salary comparison. External comparison considered published CFO remuneration. The size of the CFO role and the scope and complexity of the geographic footprint and regulatory environments were taken into account in determining the appropriate fixed remuneration in relation to market.
- In line with all other group exco members, STIs are proposed after considering headline earnings growth and the achievement of strategic value drivers. For executive directors, the financial performance is fully anchored around group performance.
- The 1.6% increase in the cash incentive award is aligned to the group’s results.
- The 12.9% increase in the deferred incentive award reflects Arno’s personal leadership contribution in the board, in group exco and in the digital transformation committee, as well as the focus on client reporting. Given the longer-term impact, this is appropriately deferred for up to 3.5 years.
- The table on the next page shows that total remco awards of R36.4 million are 3.9% higher than the prior year.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred, 100% of long-term awards are deferred and in total, 60% of 2019 total reward is deferred.
- The graph alongside shows that this year’s single figure of R33.2 million is above the ‘on-target’ projection of R30.4 million and significantly below the stretch projection of R43.0 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.
Remuneration awarded by remco for FY2019

<table>
<thead>
<tr>
<th>AWARDED FOR 2019</th>
<th>SINGLE FIGURE REMUNERATION FOR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Fixed remuneration¹</td>
<td>6 294</td>
</tr>
<tr>
<td>Cash incentive</td>
<td>8 025</td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>8 725</td>
</tr>
<tr>
<td>PRP awarded</td>
<td>12 000</td>
</tr>
<tr>
<td>Total reward</td>
<td>35 044</td>
</tr>
<tr>
<td>Once-off allowance/ payments²</td>
<td>111</td>
</tr>
<tr>
<td>Total reward (incl once-off allowance)</td>
<td>35 155</td>
</tr>
</tbody>
</table>

¹ No CTC increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.

² Includes a once-off payment made in respect of death-in-service and permanent disability income benefits.

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CLIENT FOCUS (above-target rating)
- Appropriate capital and liquidity raising was executed to support client growth.
- Capital supply was successfully managed and optimised with an inaugural USD400 million tier 2 Eurobond successfully placed, providing a valuable dollar component to the group’s capital base.
- Client metric and client insight reporting was improved and digitised, allowing for increased focus on client level reporting, and
- High quality of internal and external reporting was maintained.

LEADERSHIP AND PEOPLE (above-target rating)
- eNPS of +18¹.
- Finance culture of learning, energy and innovation was embedded.
- Cross-functional, non-hierarchical and empowered teams were encouraged across finance.
- Focused effort was placed on diversity, talent development and succession planning, and
- Strategic leadership contribution in board, on digital transformation committee and in group exco.

¹ Pure Survey benchmark for South African financial services for 2019 was +17.

RISK AND CONDUCT (on-target rating)
- Financial control processes have been well maintained and increasingly automated.
- Balance sheet resilience has been maintained across all banking subsidiaries. All level 1 risk metrics were above regulatory minimum and within board-approved target ranges.
- Managed complex IFRS 9 and IFRS 16 transitions,
- Achieved compliance with the BCBS239 principles for effective risk data aggregation and risk reporting, covering 90% of the group’s RWA, setting the group up for full compliance by 2021,
- Actively participated at risk and credit committees,
- Group tax risk was well managed,
- Initiated processes for finance systems to be cloud-ready,
- Significant progress made in modernising the finance function as evidenced through further automation and digitisation of processes, scaling blockchain solutions and using machine learning for predictive forecasting, and
- Finance conduct dashboard indicated no major breaches.

FINANCIAL OUTCOME (banking activities: on target; group results: below target)
- Group headline earnings of R28.2 billion (1% up on prior year),
- Group ROE of 16.8% (2018: 18.0%),
- Banking activities’ headline earnings of R27.2 billion (5% up on prior year),
- Banking activities’ ROE of 18.1% (2018: 18.8%),
- Cost-to-income ratio of 56.4% (2018: 57.0%),
- Arno played a significant role in the management of costs resulting in positive jaws of +113 bps,
- Successfully listed our Namibian subsidiary on the Namibian Stock Exchange,
- Argentina exit was well executed and is largely complete,
- Delivered credible group financial aspiration, four-year financial plan and 2020 budget, within available financial resources through managing trade-off processes, and
- Finance function costs and headcount were well managed.

SEE IMPACT (on-target rating)
- The group’s annual integrated reporting suite continues to be of a high standard.
- Managed and maintained BBBEE financial sector code score at level 1, and
- Engaged with 833 black-owned SME businesses as suppliers in 2019.
Performance against strategic value drivers – overall on-target rating

CIB delivered respectable results with headline earnings increasing by 5% to R11.8 billion and 7% in CCY. Total revenue increased by 5% to R39 billion and 6% in CCY, driven by growth in loans and advances, and deposits. Costs were contained to a 3% increase resulting in a positive jaws of 128 bps and an improvement in cost-to-income ratio to 53.7% from 54.4%. ROE remains respectable at 18.1%.

The franchise continues to show resilience against a challenging and a tough macroeconomic climate, with corporate client revenues growing 7% and 8% in CCY. Strong growth was recorded in the financial institutions, telecoms and media sectors.

Despite some notable impairments, CIB’s CLR clients of 40 bps remains within the guidance range. From an employee standpoint, the eNPS score decreased from +14 to +8 and the emotional NPS score from +53 to +45; however, participation increased from 58% to 71%.

The formation and delivery of the sustainable finance business team has had a significant impact.

Link between performance and reward

- Reward reflects the overall ‘on-target’ performance rating for 2019, with client focus and SEE being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables on the next page is due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 5% inflationary increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group exco members, short-term incentives are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines, the financial performance is anchored on 60% business line (CIB) and 40% group performance.
- Remco approved an increase in the short-term (cash and deferred) incentive award of 14.5% to R21.75 million taking the following metrics into account:
  - 1% growth in the group’s headline earnings,
  - 5% growth in CIB’s headline earnings,
  - 15% growth in CIB’s South African franchise headline earnings in a tough macroeconomic climate,
  - A robust ROE of 18.1%,
  - CIB’s client experience is at the highest recorded level,
  - An individual assessment against the achievement of the group’s strategic value drivers, and
  - An upward structural adjustment to reflect the contribution to the group of the CIB business which generated R11.8 billion of earnings. Remco considered the published STI of other chief executives of corporate and investment banks in South Africa taking note of the size of those comparators (in both financials and footprint) in relation to CIB to inform the adjustment.
- The change in the PRP award was to align the awards for the CIB and PBB chief executives.
- The table on the next page shows that total remuneration of R40.6 million awarded by remco has increased by 5.3% in line with CIB’s headline earnings performance.
- A significant proportion of awards are deferred for up to 3.5 years. 54% of the STI awards are deferred, 100% of long-term awards are deferred and 56% of 2019 total reward is deferred.
- The graph alongside shows that this year’s single figure total reward of R37.0 million is just below the on-target projected earnings of R38.5 million and significantly below the stretch projection of R53.1 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.
Remuneration awarded by Remco for FY2019

<table>
<thead>
<tr>
<th>AWARDED FOR 2019</th>
<th>SINGLE FIGURE REMUNERATION FOR 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>R’000 2018</td>
<td>2019</td>
</tr>
<tr>
<td>Fixed remuneration1</td>
<td>7 588</td>
</tr>
<tr>
<td>Cash incentive</td>
<td>8 650</td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>10 350</td>
</tr>
<tr>
<td>PRP awarded</td>
<td>12 000</td>
</tr>
<tr>
<td><strong>Total reward</strong></td>
<td>38 588</td>
</tr>
<tr>
<td>Once-off allowance/ payments2</td>
<td>710</td>
</tr>
<tr>
<td><strong>Total reward (incl once-off allowance)</strong></td>
<td>39 298</td>
</tr>
</tbody>
</table>

1 No CTC increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.

2 Includes a once-off payment made in respect of death-in-service and permanent disability income benefits.

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**CLIENT FOCUS (above-target rating)**

- CSI of 8.31.
- Domestic client segment grew by 14%, highlighting relevance in markets wherein CIB operates.
- Actively responded to client needs with bespoke solutions and were the largest issuer of credit linked notes in Africa as we responded to a low return environment for asset managers.
- Opened a new prime brokerage business in the year, and
- In advancing the group’s strategic priority of ecosystems and partnerships, Kenny led the SBG Client Ecosystems initiative to establish and align investment gateways for the scaling of select ecosystem initiatives. Across the group, ten initiatives have been identified as potential client ecosystems, of which six have been reviewed by the steerco, including two that are being assessed for commercialisation.

1 Customer Satisfaction Index is calculated on a ten point rating scale averaged across 19 countries. Medium-term target of being above eight has been achieved.

**LEADERSHIP AND PEOPLE (on-target rating)**

- eNPS of +8².
- Refocused the learning and talent strategy aimed to improve the culture of learning and to increase the focus on talent readiness for key roles.
- Successfully completed the Leading Culture programme across all CIB geographies, to drive the connection of people to CIB’s strategy and build committed and empowered teams.
- Continued priority focus on embedding diversity, inclusion and transformation initiatives and deriving positive impact on people.
- Celebrated exceptional employee contribution through recognition programmes: Beyond Excellence, Mark of Excellence (MoE), and
- Continued the transformation and modernisation of internal processes to improve employee experience.

2 Pure Survey benchmark for South African financial services for 2019 was +17.

**RISK AND CONDUCT (on-target rating)**

- Credit impairment charges increased 52% driven by impairments in TPS. The increase resulted in a CLR to clients of 40 bps, which is at the lower end of the guidance range of 40 to 60 bps. Nonetheless, CIB’s continued proactive and forward-looking risk management helped stay within this range with no significant reputational risks, and
- Ongoing reinforcement of a culture of compliance with relevant campaigns and learning programmes.

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**FINANCIAL OUTCOME (on-target rating)**

- Headline earnings of R11.8 billion (5% up on prior year),
- ROE of 18.1% (2018: 19.3%),
- Cost-to-income ratio of 53.7% (2018: 54.4%),
- Positive jaws of 128 bps,
- CIB South Africa headline earnings is up 15%, albeit behind target,
- CIB Africa Regions headline earnings is up 1%, exceeding target, and
- CIB International headline earnings is significantly down and below target.

**SEE IMPACT (above-target rating)**

- As part of CIB’s journey to further embed the SEE framework into its product offering, the sustainable finance team was formed. This unit will be responsible for capturing emerging opportunities as sustainable growth becomes more top of mind for investors, institutions and companies globally. Despite being a relatively new business unit, sustainable finance has collaborated with various teams within the group to close several landmark deals:
  - First green infrastructure bond issued by corporate in Nigeria – North South Power NGN8.6 billion,
  - First sovereign green bond in Africa – Federal Republic of Nigeria NGN15 billion,
  - First green bond in East Africa – Acorn Project (Two) Limited Liability Partnership KES4.26 billion, and
  - First ESG-linked facility in Africa offered by a local African bank – Curro Holdings ZAR500 million.

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Performance against strategic value drivers – overall on-target rating

PBB experienced a challenging 2019 with some of the economies in which PBB operates being under severe strain. The biggest market, South Africa had lethargic economic growth with low consumer and business confidence. Restructuring and branch closures, while necessary, impacted productivity and client experience. However, both of these recovered in the second half of the year. Despite this, headline earnings grew by 6% to R16.5 billion. Continued energy challenges in South Africa affected economic growth prospects.

PBB Africa Regions delivered good results even though some economies, like Zimbabwe, faced extreme conditions in the operating environment.

Zweli demonstrated astute leadership to achieve these results and mapped out a clear growth strategy for PBB into the future.

ZWELI MANYATHI
Chief executive, PBB

Performance against strategic value drivers – overall on-target rating

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PBB Africa Regions delivered good results even though some economies, like Zimbabwe, faced extreme conditions in the operating environment.

Zweli demonstrated astute leadership to achieve these results and mapped out a clear growth strategy for PBB into the future.

ZWELI MANYATHI
Chief executive, PBB

Link between performance and reward

- Reward reflects the overall ‘on-target’ performance rating for 2019.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables below is due to comparing nine months’ fixed remuneration as a prescribed officer in 2018 to annual fixed remuneration for 2019.
- Remco approved an inflationary 5% increase to fixed remuneration with effect from 1 March 2020.
- In line with all other group execo members, short-term incentives are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines the financial performance is anchored on 60% business line (PBB) and 40% group.
- The executive team in PBB did not want to receive any increase in STI awards given the difficult operating environment and the fact that branches were closed due to the move to digital banking. Remco supported this proposal.
- The 11.5% increase to the PRP award reflects a focus on the longer-term strategy of the group and brings the total reward increase in line with the PBB growth in earnings. It also aligns the LTI awards for the CIB and PBB chief executives.
- The table below shows that total remco awards of R40.1 million are 8.2% higher than the prior year. However, this is comparing a fixed remuneration for nine months in the prior year to annual fixed remuneration for 2019. Normalising fixed remuneration results is a 3.1% uplift on the prior year, in line with PBB headline earnings.
- A significant proportion of awards are deferred for up to 3.5 years. 54% of the STI awards are deferred, 100% of long-term awards are deferred and 57% of 2019 total reward is deferred.
- The graph above shows that this year’s single figure total reward of R37.2 million is just above the on target projected earnings and significantly below the stretch projection of R50.1 million.
- Single figure total remuneration has declined on the prior year due to a decline in LTI delivered. PRP vesting is dependent on group ROE and headline earnings results.

Remuneration awarded by remco for FY2019

<table>
<thead>
<tr>
<th>Award Type</th>
<th>2018</th>
<th>2019</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed remuneration¹</td>
<td>5 634</td>
<td>7 520</td>
<td>33.5</td>
</tr>
<tr>
<td>Cash incentive</td>
<td>9 900</td>
<td>9 900</td>
<td>0.0</td>
</tr>
<tr>
<td>Deferred incentive</td>
<td>11 600</td>
<td>11 600</td>
<td>0.0</td>
</tr>
<tr>
<td>PRP awarded</td>
<td>10 000</td>
<td>11 150</td>
<td>11.5</td>
</tr>
<tr>
<td>Total reward</td>
<td>37 134</td>
<td>40 170</td>
<td>8.2</td>
</tr>
</tbody>
</table>

¹ ZN Manyathi was appointed as a prescribed officer on 1 April 2018 therefore the fixed remuneration is shown from 1 April 2018 to 31 December 2018. No CTC increase was granted in March 2019.
CLIENT FOCUS (on-target rating)

- PBB SA client NPS score of +671;
- PBB Africa Regions client NPS score of +254;
- Ombudsman complaints down 6% year-on-year;
- Internet banking complaints at 20% (a decrease of 1%) but remains the top complaint category for SBSA, as well as the industry;
- SBSA and channel real-time NPS improved in Prestige, Lifestyle and cellphone banking;
- Average ATM availability was at 95% in South Africa mainly as a result of interrupted electricity supply across the provinces;
- Continued growth momentum on asset disbursements;
- Growth in digital mobile banking users increased by 25% year-on-year which reflects an increased adoption;
- Digitised 80% of personal and 50% of small business branch services;
- Launching instant credit card;
- Launch new solutions: tiered rate home loans, BizFlex, business loans in three minutes on client first and internet banking, real-time clearing scaled up, instant personal loan on internet banking and app, Simplyblur and Sorted, and
- Instant Money, digital wallet and money transfer platform, continue to show improvements.

1 Client NPS is calculated on a ten point rating scale. The scale can have an outcome from -100 to +100.
2 Client NPS is on track. Stanbic scores are significantly above benchmarks in each country.

FINANCIAL OUTCOME (on-target rating)

- Headline earnings of R16.5 billion (6% up on prior year);
- ROE of 22.4% (2018: 21.9%),
- Cost-to-income ratio of 59.2% (2018: 60.4%),
- Positive jaws of 210 bps.
- PBB South Africa headline earnings is up 2%, slightly behind target, and
- PBB Africa Regions headline earnings is up 53%, exceeding target.

SEE IMPACT (on-target rating)

- Continue to promote and support Feenix crowdfunding platform for students,
- Strive to scale up investments in Founders Factory, and
- Established strong entrepreneurial development programmes in Mozambique, Uganda and Lesotho.

Programmes focus on all types of entrepreneurs regardless of whether they are Standard Bank clients, offering access to finance, ability to tap into new markets and value chains, and access to business development support.

LEADERSHIP AND PEOPLE (on-target rating)

- eNPS of +161;
- PBB group has a clear and compelling vision where employees understand what is required of them and how this links to serving clients and creating value;
- Employment equity targets for black female have been met at the senior management and exceeded at middle and junior management;
- Leadership development has focused on leaders through a specialised leadership programme,
- Culture and leadership – more than 750 leaders have been through VUKA during 2019 (2018: 100 top leaders), and
- Care and growth has been embedded in leadership programmes.

3 Pure Survey benchmark for South African financial services for 2019 was +17.

RISK AND CONDUCT (on-target rating)

- Operational risk losses within risk appetite and below 2018 actuals,
- Client-centric PBB South Africa risk appetite framework rolled out,
- Implementing and refining operational risk framework aligned to new ways of work/agile in collaboration with group integrated operational risk,
- Reporting of client losses as part of operational risk incident process,
- Approval of Thin Bureau strategy for card and overdraft,
- FAIS training is largely complete,
- Dealer grading model built by vehicle and asset finance (VAF) credit,
- Developed dealer reviews with all key measurements (with risk mitigation),
- Dealer training and development for both front line and operations, and
- Constituted a single risk and control committee in South Africa to assess the risk across all segments holistically with enhanced governance structures with clearly defined three lines of defence.

STANDARD BANK GROUP Governance and remuneration report 2019
Performance against strategic value drivers – overall on-target rating

Wealth delivered an excellent set of financial results. Margaret led a significant shift in the Wealth culture and in the ability of the business to deliver an integrated offering to clients. The client engagement philosophy is deeply embedded resulting in a client NPS score of +70 and Wealth winning over 20 awards from established industry publications. The partnership with Liberty is strong and productive. The Wealth eNPS score rose to +29 from +24 in the prior year with 85% of employees participating.

Single figure total reward for FY2019 in relation to minimum, on-target and stretch projected earnings

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>On-target</th>
<th>2019</th>
<th>Stretch</th>
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<tr>
<td>Fixed remuneration</td>
<td>6 431 R 000</td>
<td>36 498 R 000</td>
<td>36 498 R 000</td>
<td>50 628 R 000</td>
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<tr>
<td>Deferred incentive</td>
<td>34 249 R 000</td>
<td>20 197 R 000</td>
<td>18 720 R 000</td>
<td>18 720 R 000</td>
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<tr>
<td>Cash incentive</td>
<td>22%</td>
<td>22%</td>
<td>26%</td>
<td>19%</td>
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<tr>
<td>Long-term incentive</td>
<td>22%</td>
<td>22%</td>
<td>26%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Pay mix on awards made for 2019

- Deferred for up to 3.5 years: 58%
- Paid in cash: 42%

Link between performance and reward

- Reward reflects the overall ‘on-target’ performance rating for 2019 with client focus and leadership and people being viewed as above target.
- There was no increase to fixed remuneration with effect from 1 March 2019. The increase shown in the tables on the next page are due to the introduction of an all-employee permanent health insurance plan and the January to December reporting period.
- Remco approved a 10.2% increase to fixed remuneration as a corrective adjustment to align with internal and external published comparators.
- In line with all other group exco members, short-term incentives are proposed after considering headline earnings growth and the achievement of strategic value drivers. For chief executives of business lines the weighting is 60% business line (Wealth) and 40% group.
- Remco approved an increase in the STI (cash and deferred) award of 15.7% taking the following metrics into account:
  - 1% growth in the group’s headline earnings,
  - 14% growth in Wealth’s headline earnings,
  - A strong ROE in Wealth of 35%,
  - An individual assessment against the achievement of the group’s strategic value drivers, and
  - An upward adjustment above the 14% growth in headline earnings for Wealth to reflect the above target client focus and leadership and people performance.
- The 5% increase in the PRP award reflects inflationary growth.
- The table on the next page shows that total remco awards of R34.4 million are 9.7% higher than the prior year.
- A significant proportion of awards are deferred for up to 3.5 years. 55% of the STI awards are deferred, 100% of long-term awards are deferred and 58% of the 2019 total reward is deferred.
- The graph above shows that this year’s single figure total reward of R36.5 million is just above the on-target projected earnings of R34.2 million and significantly below the stretch projection of R50.6 million.
- Single figure total remuneration has increased on the prior year. This is due to the LTI award made to Margaret in March 2017 being higher than the award made in March 2016, reflecting her appointment as a prescribed officer.
Remuneration awarded by remco for FY2019

<table>
<thead>
<tr>
<th>AWARD FOR 2019</th>
<th>SINGLE FIGURE REMUNERATION FOR 2019</th>
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<td><strong>Total reward</strong></td>
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<tr>
<td><strong>Once-off allowance/ payments2</strong></td>
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<tr>
<td><strong>Total reward (incl once-off allowance)</strong></td>
<td>31 460</td>
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1 No CTC increase was granted in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2 Includes a once-off payment made in respect of death-in-service and permanent disability income benefits.

### CLIENT FOCUS (above-target rating)
- Client NPS score of +70.
- Melville Douglas Global Funds and Domestic Funds are above the benchmark.
- Wealth Africa Regions’ universal client value propositions successfully launched in collaboration with PBB, CIB, and Liberty in Ghana, Mozambique, Namibia and Zambia.
- Invest, a specialist index tracking fund, was successfully launched in collaboration with STANLIB and CIB.
- My360 app successfully launched to SBSA staff and released in a phased approach to Wealth and Investment and SBFC clients.
- Cloud-based insurance app launched, and
- Win Web has successfully deployed the retail proposition for the Wealth International client base.

### LEADERSHIP AND PEOPLE (above-target rating)
- eNPS of +29.
- Behavioural Science Academy launched focuses on reskilling staff for the fourth industrial revolution, emphasising general principles that underlie economic and client behaviour, with a strong focus on digital.
- Wealth has facilitated a number of rotations of senior executives across both divisions and jurisdictions in order to cultivate a multi-disciplinary leadership team.
- Wealth has reconstituted the diversity and inclusion forum to attract and develop a more diverse staff complement and ensure effective succession planning across all business units, and
- Numerous talent development programmes exist to nurture Wealth staff.

### RISK AND CONDUCT (on-target rating)
- Operational risk within risk appetite,
- No significant incidents or compliance breaches,
- Wealth continues to have a strong focus on implementing a conduct culture where employees feel empowered to do the right thing, and
- Wealth had deep dive visits from regulators in South Africa and Wealth International, all with satisfactory outcomes.

### FINANCIAL OUTCOME (on-target rating)
- Headline earnings of R3.6 billion (14% up on prior year),
- ROE of 35% (2018: 38%),
- Cost-to-income ratio of 53% (2018: 54%),
- Positive jaws of 92 bps,
- Wealth South Africa headline earnings is up 4%, slightly behind target,
- Wealth Africa Regions headline earnings is up 23%, exceeding target, and
- Wealth International headline earnings is up 25%, slightly behind target.

### SEE IMPACT (on-target rating)
- Continue to focus on promoting a culture of savings and financial inclusion,
- Cultivating financial literacy (including generational transfer of wealth),
- Insurance procurement (continue supporting small business development), and
- Standard Trust Limited provides beneficiary care to around 13 000 orphaned children, providing much needed monthly distributions to guardians, funding basic education and other needs.
Executive directors’ and prescribed officers’ emoluments

The two tables shown below are awards made by remco for 2019 and the single figure format as required by King IV.

The remuneration disclosed in the tables below is with respect to the period that individuals were classified as prescribed officers.

<table>
<thead>
<tr>
<th>SK Tshabalala</th>
<th>EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (AS AWARDED BY REMCO)</th>
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</thead>
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<tr>
<td>R’000</td>
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<tr>
<td>SK Tshabalala*</td>
<td>Cash package paid during the year</td>
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<td>Retirement contributions paid during the year</td>
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<td>Other allowances</td>
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<td>Cost-to-company package</td>
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<td></td>
<td>Once-off allowances/payments</td>
</tr>
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<td></td>
<td>Short-term incentive (cash)</td>
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<tr>
<td></td>
<td>Short-term incentive (share-linked deferral)</td>
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<tr>
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<td>Short-term incentive</td>
</tr>
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<td></td>
<td>Total reward (excluding PRP)</td>
</tr>
<tr>
<td></td>
<td>Face value of conditional PRP awarded</td>
</tr>
<tr>
<td></td>
<td>Total reward (including PRP)</td>
</tr>
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</table>

| EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (SINGLE FIGURE FORMAT) |
| R’000        | Notes | 2016 | 2017 | 2018 | 2019 |
| SK Tshabalala* | Cash package paid during the year | 7 850 | 7 899 | 8 636 | 8 781 |
|             | Retirement contributions paid during the year | 1 106 | 1 076 | 1 222 | 1 235 |
|             | Other allowances | 242 | 128 | 129 | 206 |
|             | Cost-to-company package | 1 | 9 198 | 9 103 | 9 987 | 10 222 |
|             | Once-off allowances/payments | 2 | 632 |
|             | Short-term incentive (cash) | 3 | 10 090 | 11 350 | 11 350 | 10 525 |
|             | Short-term incentive (share-linked deferral) | 4 | 12 790 | 14 050 | 14 050 | 12 725 |
|             | Short-term incentive | 22 880 | 25 400 | 25 400 | 23 250 |
|             | Total reward (excluding conditional long-term incentive awards) | 32 078 | 34 503 | 36 019 | 33 472 |
|             | EGS awards vesting | 9 | 3 459 | 4 312 |
|             | PRP awards vesting | 10 | 10 219 | 14 658 | 20 228 | 13 499 |
|             | PRP notional dividend | 11 | 1 288 | 1 643 | 2 818 | 2 225 |
|             | Total reward (including conditional long-term incentive awards) | 47 044 | 55 116 | 59 065 | 49 196 |
### A Daehnke

#### EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (AS AWARDED BY REMCO)

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#### EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (SINGLE FIGURE FORMAT)

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AKL Fihla

EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (AS AWARDED BY REMCO)

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EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (SINGLE FIGURE FORMAT)

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### ZN Manyathi

#### EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (AS AWARDED BY REMCO)

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#### EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (SINGLE FIGURE FORMAT)

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## M Nienaber

### EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ EMOLUMENTS (AS AWARDED BY REMCO)

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### NOTES

1. No cost-to-company (CTC) increases were granted to executive directors and prescribed officers in March 2019. However, the introduction of a permanent health insurance plan and the impact of reporting on CTC from January to December has resulted in small uplifts in CTC from 2018 to 2019.
2. Includes a once-off payment made in respect of death-in-service and Permanent Health Insurance benefits.
3. These are performance-related short-term incentive payments in respect of the financial year under review.
4. These are Deferred Bonus Scheme awards issued in March every year for the prior year performance period which are subject to choice. Participants can elect to have the value of the deferred awards, or part thereof, invested in the SARP rather than the default DBS. To the extent that the SARP is selected, a 10% premium of the value of the award is added. Deferred bonus amounts not invested in SARP will be unitised with respect to the group’s closing share price the day results are announced. The award will be updated in the group’s annual financial statements the following year to reflect the choices made and units/rights awarded.
5. A Daehnke was appointed as the group financial director on 1 May 2016. His fixed remuneration is shown from that date in the performance year 2016.
6. Akl Finha was appointed as a prescribed officer on 1 June 2017. His fixed remuneration is shown from that date. The short-term incentive is for the full performance year 2017.
7. M Nienaber was appointed as a prescribed officer on 1 January 2017.
8. ZN Manyathi was appointed as a prescribed officer on 1 April 2018. His fixed remuneration is shown from that date. The short-term incentive is for the full performance year 2018.
9. EGS vesting on March 2018 (disclosed in 2017) were awarded in March 2011 and 2013. Relevant performance conditions were met as at 31 December 2017.
10. PRP units vesting were awarded in March 2016 (disclosed for the performance year 2018) and in March 2017 (disclosed for the performance year 2019). The PRP value delivered is calculated based on the group’s closing share price of R168.32 as at 31 December 2019 (R178.81 for 2018) after calculating the delivery percentage based on the three-year performance conditions (100.0% delivery on the 2017 awards and 110.58% delivery on the 2016 awards). The amount included in the single figure will not be updated in the 2019 remuneration report but rather included at payment value in the settlement schedule.
11. PRP notional dividend is calculated by multiplying the vesting PRP units by the cumulative notional dividend incurred between the grant date and vesting date. The amount included in the single figure will not be updated in the 2019 remuneration report but rather included at payment value in the settlement schedule.
12. All executive directors were also prescribed officers of the group.
The wage gap and minimum salaries
Remco’s policy is that the group pays for value delivered and that remuneration must be externally competitive. The outcome of these two principles is that remuneration differs across levels, roles and geographies and therefore a vertical wage gap exists. However, remco can satisfy itself that minimum incomes in the group are fair and enable the lowest levels in the group to participate with dignity in the economies of the countries where they reside. To this end, Remco has undertaken an exercise to determine what the minimum levels of income are in each country that the group operates in and continues to monitor this.

A comparison has been done on each of these minimums against financial service/banking minimums in each country and against prescribed minimum incomes (where these exist). This has shown that in all countries but one, the group’s minimum salaries are above both market and prescribed norms.

In Angola, the minimum salary is above prescribed norms but not above market.

Promoting progression and career development
The group invested R878 million for 46 027 employees in learning and development. In addition, we spent R42.4 million on bursaries for 1 794 employees.

This investment together with development opportunities, internal job opportunities, and promotion opportunities allows individuals to progress their careers and therefore their earning potential.

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

Gender pay
In 2019, in line with global practice, the group finalised a multivariate regression analysis methodology for conducting Pay Equity Analyses. This methodology is able to assess whether there are any differences between what men and women earn (or on an equal pay for work of equal value basis) which cannot be explained by neutral job-related measures. We are in the process of piloting this methodology in selected jurisdictions during the March 2020 salary review.

The group is fully committed to fair and equitable remuneration practices to ensure that no employees are discriminated against unfairly.
EXECUTIVE DIRECTORS’ AND PRESCRIBED OFFICERS’ LONG-TERM INCENTIVES

Share-linked deferred awards

Standard Bank Equity Growth Scheme
The EGS represents participation rights in the future growth of the Standard Bank Group share price. The eventual value of the right is settled by the receipt of Standard Bank Group shares equivalent to the full value of the participation rights. Certain EGS awards issued prior to March 2014 included performance conditions.

Deferred Bonus Scheme
Employees are awarded a deferred bonus, as a mandatory deferral of their short-term incentive or as a discretionary award, into the Deferred Bonus Scheme. The deferred bonus is unitised into a number of units with respect to the group’s share price on the date of award. The shares are delivered to the employee on the vesting date for equity-share incentives. The cash-settled Deferred Bonus Scheme awards are settled in cash on the vesting date. Notional dividends on the units are paid to the employees on the vesting date.

Performance Reward Plan
The group’s PRP, effective from March 2014, is an equity-settled share scheme with a three-year vesting period and is designed to incentivise the group’s senior executives whose roles enable them to contribute to and influence the group’s long-term decision-making and performance results. The PRP seeks to promote the achievement of the group’s strategic long-term objectives and to align the interests of those executives with overall group performance in both earnings growth and ROE. These are the most important financial metrics to create shareholder value and, therefore, aligns the interests of management and shareholders. The awards are subject to the achievement of performance conditions set at the award date and that determines the number of shares that ultimately vest. The awards will only vest in future in terms of the rules of the PRP. The shares, subject to meeting the pre-specified conditions, are delivered to the employee on vesting date. Notional dividends accrue during the vesting period and will be payable on vesting date.

Share Appreciation Rights Plan
The SARP represents participation rights in the future growth of the Standard Bank Group share price. The eventual value of the right is settled by the receipt of Standard Bank Group shares equivalent to the full value of the participation rights.

SK Tshabalala

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<th>Award price</th>
<th>Value at grant date (R’000)</th>
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<th>Expiry date/final vesting date</th>
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Refer to footnotes on page 94.
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<th>Vesting date/vesting category</th>
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<th>Expiry date/final vesting date</th>
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Totals for 2019 54 612

Refer to footnotes on page 94.

### JH Maree

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<td>2015/03/05</td>
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<td>2025/03/05</td>
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</table>

Totals for 2019

1. As at 31 December 2019, SK Tsatabala has a right to Nil (2018: 418 814) shares as a beneficiary of Tutuwa Managers’ Trust. At 31 December 2019, the debt per share was R0 (2018: R53.49).
2. Value on settlement is calculated by multiplying the vesting share/settlement price by the total units vesting and applying performance conditions (where applicable). Performance conditions applied to the 2016 PRP award that vested in 2019 was 110.58%, against the performance conditions as explained in the remuneration structure section of the group’s remuneration report within the governance and remuneration report.
3. Value is calculated by multiplying the notional dividend per unit with the total outstanding units and applying performance conditions (where applicable).
4. Value is calculated by multiplying the year end SBK share price of R168.32 by the total outstanding units and applying performance conditions (where applicable).
5. Value is calculated by multiplying the notional dividend (accumulated from grant date to year end) with the total outstanding units and applying performance conditions (where applicable).
6. As at 31 December 2019, AKL Fihla has a right to Nil (2018: 418 814) shares as a beneficiary of Tutuwa Managers’ Trust. At 31 December 2019, the debt per share was R0 (2018: R53.49).
7. This award was settled with equity as opposed to cash in September 2019. This was done in order for the director to meet minimum shareholding requirements.
8. In March 2015, Deferred Bonus Scheme awards were converted into Equity Growth Scheme (EGS) awards (without conditions) and have vested in March 2019.
## Deferred Bonus Scheme

In March 2015, Deferred Bonus Scheme awards were converted into Equity Growth Scheme (EGS) awards (without conditions) and have vested in March 2019.

As at 31 December 2019, AKL Fihla has a right to Nil (2018: 134 232) shares as a beneficiary of Tutuwa Managers’ Trust. At 31 December 2019, the debt per share was R0 (2018: R53.49).

Value is calculated by multiplying the notional dividend (accumulated from grant date to year end) with the total outstanding units and applying performance conditions (where applicable).

Value on settlement is calculated by multiplying the vesting share/settlement price by the total units vesting and applying performance conditions (where applicable).

### Performance Reward Plan

<table>
<thead>
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<th>Issue date</th>
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<th>Units</th>
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<td>1 000</td>
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### Performance Conditions

Performance conditions applied to the 2016 PRP award that vested in 2019 was 110.58%, against the performance conditions as explained in the remuneration structure section of the group’s remuneration report within the governance and remuneration report.

### Opening balance

<table>
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<th>Number of awards</th>
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<th>Exercise date</th>
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<th>Notional dividend (R’000)</th>
<th>Award (R’000)</th>
<th>Notional dividend (R’000)</th>
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<td>1 167</td>
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<td>88</td>
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</table>

### Totals for 2019

**Remuneration expense:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Equity Growth Scheme vested:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Deemed vesting:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Deferred Bonus Scheme:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Performance Reward Plan:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Performance Growth Scheme vested:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

**Performance Growth Scheme unvested:**

Opening balance: R976 897

During the year: R977 1 511

Closing balance: R1 954 008

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**Footnotes:**

Refer to footnotes on page 94.
Share incentives and share-based deferred awards not yet delivered

**Equity Growth Scheme**
The EGS allocates participation rights in the future growth of the group’s share price. The eventual value of the right is settled by the issuing of shares equivalent to the full value of the participation rights. The awards in Category D are elections into EGS in favour of a DBS award.

All conditional EGS1 tranches executive directors and prescribed officers have vested. Usage of share capital and share buy-backs (EGS and Group Share Incentive Scheme (GSIS)).

During the year, 1195 330 (2018: 1 729 572) ordinary shares were issued in terms of the group’s equity compensation plans, notably the EGS and GSIS1. No surplus capital was used to purchase ordinary shares in 2019 (2018: 2 483 523 ordinary shares) to counteract the dilutive impact of the shares issued under the equity compensation plans. Effective from 2017, the group no longer issues EGS and GSIS awards. The last awards in GSIS were issued in 2011 and for the EGS, the last award was made in 2016. Awards are now provided in terms of the group’s other share schemes, notably the DBS and the SARP, both of which are settled by the group to employees with shares that the group purchases from external market participants, and the cash-settled deferred bonus scheme, which is settled in cash (refer to annexure D in the AFS: Group share incentive schemes for further information). At the end of the year, the group would need to issue 1 485 507 (2018: 2 847 244) SBG ordinary shares to settle the outstanding GSIS options and EGS rights that were awarded to participants in previous years. The shares issued to date for the EGS and GSIS together with the expected number of shares to settle the outstanding options and rights as a percentage of the total number of shares in issue is 2.1% (2018: 2.1%).

**Deferred Bonus Scheme**
Employees are awarded a deferred bonus, as a mandatory deferral of their short-term incentive and/ or as a discretionary award, into the DBS. The deferred bonus is unitised into a number of units with respect to the group’s share price on the date of award. The shares are delivered to the employee on the vesting date. Notional dividends on the units are paid to the employees on the vesting date*.

**Share Appreciation Rights Plan**
The SARP allocates participation rights in the future growth of the group’s share price. The eventual value of the right is settled by purchasing shares in the market at the time of settlement, equivalent to the full value of the participation rights.

1 The EGS and GSIS confers rights to employees to acquire at the value of the SBG share price at the date the option was granted. The scheme has various vesting periods and expires ten years after grant date.

* For awards to executive directors and prescribed officers post March 2016, the DBS is settled in cash.
A share ownership culture
A true ownership culture is one where the executives feel a substantial personal stake in the company’s performance. The graph below illustrates the unvested and unexercised shares of the executive directors and prescribed officers. In addition to this, these individuals are also required to hold shares in their personal capacity towards the minimum shareholding requirements.

Executive directors’ and prescribed officers’ unvested and unexercised shares

Awards by employee (current rand value) (Rm)

Note:
1 Values have been calculated on a share price of ZAR 168.32 and are based on status of awards as at 31 December 2019.
2 Conditional unvested awards for 2017, 2018 and 2019 have all been based on 100% of potential value.
3 Excludes awards made in March 2020.

Executive directors’ and prescribed officers’ actual and potential vesting of conditional EGS and PRP awards from March 2014 to March 2020

Executive directors and prescribed officers have conditional PRP awards vesting in March 2020. These awards vest through meeting certain performance conditions. The first PRP awards were made in March 2014 and there were no conditional EGS awards made from that date. There are no further conditional EGS awards to vest. The PRP vesting percentage in March 2020 is 100% out of a possible 200% of units allocated. Vesting will take place in March 2020 as set out in the chart alongside.

AFS Full details of the number and value of awards granted during the year in terms of our share-based plans are included in the group annual financial statements, available at www.standardbank.com/reporting online.

1 There are no further conditional EGS to vest post 2018.
## NON-EXECUTIVE DIRECTORS’ FEES

During 2019, a meeting fee totalling R36.6 million (2018: R36.7 million) was paid to 15 (2018: 15) non-executive directors who were required to attend and participate in the group’s governance structures as part of the board discharging its responsibilities.

The board agreed that the current fee structure of a single annual fee, rather than a retainer and meeting attendance fee, was more appropriate for the group board and committees and in light of the contribution of members. It remains the group’s view that the contribution of directors cannot only be judged by attendance at board and committee meetings. Fees are paid quarterly in arrears, with any increased fee amount only being paid following approval by shareholders at the AGM.

### Non-executive directors

<table>
<thead>
<tr>
<th>Non-executive directors</th>
<th>Services as directors of Standard Bank Group R’000</th>
<th>Standard Bank Group committee fees R’000</th>
<th>Services as directors of group subsidiaries R’000</th>
<th>Other benefits R’000</th>
<th>Total compensation for the year R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>TS Gcaba 1</td>
<td>2019 6 622</td>
<td>503</td>
<td>7 125</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MA Erasmus 2</td>
<td>2019 457</td>
<td>457</td>
<td>914</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GJ Fraser-Moleketi</td>
<td>2019 277</td>
<td>825</td>
<td>277</td>
<td>1 379</td>
<td></td>
</tr>
<tr>
<td>H Hu</td>
<td>2019 963</td>
<td>469</td>
<td>963</td>
<td>2 395</td>
<td></td>
</tr>
<tr>
<td>GMB Kennealy</td>
<td>2019 277</td>
<td>1 344</td>
<td>277</td>
<td>1 898</td>
<td></td>
</tr>
<tr>
<td>JH Maree 3</td>
<td>2019 277</td>
<td>1 200</td>
<td>3 170</td>
<td>4 647</td>
<td></td>
</tr>
<tr>
<td>NNA Matyumza</td>
<td>2019 277</td>
<td>823</td>
<td>277</td>
<td>1 377</td>
<td></td>
</tr>
<tr>
<td>Adv KD Moroka</td>
<td>2019 277</td>
<td>857</td>
<td>277</td>
<td>1 411</td>
<td></td>
</tr>
<tr>
<td>Dr ML Oduor-Otieno</td>
<td>2019 963</td>
<td>450</td>
<td>963</td>
<td>2 376</td>
<td></td>
</tr>
<tr>
<td>AC Parker</td>
<td>2019 277</td>
<td>698</td>
<td>277</td>
<td>1 252</td>
<td></td>
</tr>
<tr>
<td>ANA Peterside CON</td>
<td>2019 963</td>
<td>676</td>
<td>963</td>
<td>2 602</td>
<td></td>
</tr>
<tr>
<td>MJD Ruck 4</td>
<td>2019 277</td>
<td>1 441</td>
<td>1 472</td>
<td>3 190</td>
<td></td>
</tr>
<tr>
<td>PD Sullivan</td>
<td>2019 963</td>
<td>1 436</td>
<td>963</td>
<td>3 362</td>
<td></td>
</tr>
<tr>
<td>JM Vice</td>
<td>2019 277</td>
<td>1 233</td>
<td>277</td>
<td>1 787</td>
<td></td>
</tr>
<tr>
<td>L Wang</td>
<td>2019 277</td>
<td>351</td>
<td>277</td>
<td>905</td>
<td></td>
</tr>
<tr>
<td>RMW Dunne 5</td>
<td>2019 110</td>
<td>535</td>
<td>110</td>
<td>755</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2019 13 424</td>
<td>11 803</td>
<td>10 890</td>
<td>503</td>
<td>36 620</td>
</tr>
<tr>
<td>Total</td>
<td>2018 12 901</td>
<td>12 682</td>
<td>10 628</td>
<td>503</td>
<td>36 714</td>
</tr>
</tbody>
</table>

1 TS Gcaba other benefits relate to use of motor vehicle.
2 MA Erasmus was appointed to the board on 12 July 2020.
3 JH Maree’s fees for services as a director of group subsidiaries include fees paid by Liberty Holdings Limited.
4 MJD Ruck’s fees for services as a director of group subsidiaries include fees paid by Industrial and Commercial Bank of China (Argentina) S.A.
5 RMW Dunne retired on 24 May 2018.

Fees are excluding VAT.
The quantitative disclosures are addressed below and the qualitative disclosures are addressed elsewhere in the remuneration report. The definition of material risk-takers is based on the Financial Stability Board Principles for Sound Compensation Practices. The tables have been updated to meet the directive from SARB to incorporate Basel pillar III requirements as of March 2017 in respect of remuneration.

Specific disclosures relating to aggregate 2019 (and comparative 2018) remuneration of senior managers and material risk-takers, are set out below. Variable remuneration included in the tables that follow includes cash, deferred awards (DBS and SARP), and long-term incentive awards (PRP). The award date values of DBS, SARP and PRP awards are reflected.

A total of 120 individuals, out of a population of 2,155 employees with deferred remuneration, were identified as material risk-takers in 2019 (2018: 113 out of 2,231).

### MATERIAL RISK TAKERS AND ALL EMPLOYEES WITH DEFERRED VARIABLE REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>Number of employees</th>
<th>Variable remuneration as a % of total remuneration</th>
<th>% of variable remuneration subject to deferral</th>
<th>Deferral period (Years)</th>
<th>% of variable remuneration in shares or share-linked instruments</th>
<th>% of variable remuneration subject to risk adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Executive directors and prescribed officers</td>
<td>5</td>
<td>80.9%</td>
<td>70.9%</td>
<td>1 – 6 years</td>
<td>70.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>B Other senior executives</td>
<td>54</td>
<td>74.7%</td>
<td>63.9%</td>
<td>1 – 6 years</td>
<td>63.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>C Other employees whose individual actions have a material impact on the risk exposure of the group</td>
<td>61</td>
<td>73.3%</td>
<td>56.8%</td>
<td>1 – 6 years</td>
<td>56.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>D All other employees receiving variable remuneration that is subject to deferral</td>
<td>2,035</td>
<td>49.1%</td>
<td>36.3%</td>
<td>1 – 6 years</td>
<td>36.3%</td>
<td>36.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,155</td>
<td>54.9%</td>
<td>44.2%</td>
<td>1 – 6 years</td>
<td>44.2%</td>
<td>56.1%</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Executive directors and prescribed officers</td>
<td>6</td>
<td>79.9%</td>
<td>70.3%</td>
<td>1 – 6 years</td>
<td>70.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>B Other senior executives</td>
<td>51</td>
<td>74.2%</td>
<td>63.4%</td>
<td>1 – 6 years</td>
<td>63.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>C Other employees whose individual actions have a material impact on the risk exposure of the group</td>
<td>56</td>
<td>72.0%</td>
<td>55.6%</td>
<td>1 – 6 years</td>
<td>55.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>D All other employees receiving variable remuneration that is subject to deferral</td>
<td>2,118</td>
<td>48.0%</td>
<td>35.9%</td>
<td>1 – 6 years</td>
<td>35.9%</td>
<td>35.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,231</td>
<td>53.7%</td>
<td>43.6%</td>
<td>1 – 6 years</td>
<td>43.6%</td>
<td>55.3%</td>
</tr>
</tbody>
</table>

**Key:**
A. The executive directors and prescribed officers of Standard Bank Group Limited, and the Standard Bank of South Africa Limited, for banking activities only.
B. Heads of major business units/lines, major geographic regions and heads of risk and control, and other corporate functions.
C. This group includes employees whose individual actions have a material impact on the risk exposure of the group as a whole, based on the ability to:
   - Commit a significant amount of the group’s risk capital,
   - Significantly influence the group’s overall liquidity position, or
   - Significantly influence other material risks.

D. All other employees receiving any deferred variable remuneration and for whom the variable remuneration award is linked to personal or business unit performance.

1 Consists primarily of DBS, SARP and PRP awards, which are based on the award date value.
2 Material risk taker (categories A – C) remuneration is subject to clawback provisions from 1 March 2019.
### REM3: REMUNERATION AWARDED DURING THE FINANCIAL YEAR

<table>
<thead>
<tr>
<th>Remuneration amount (Rm)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>Total fixed remuneration</td>
<td>304</td>
<td>303</td>
</tr>
<tr>
<td>Of which: cash-based</td>
<td>304</td>
<td>303</td>
</tr>
<tr>
<td><strong>Variable remuneration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>59</td>
<td>57</td>
</tr>
<tr>
<td>Total variable remuneration</td>
<td>947</td>
<td>921</td>
</tr>
<tr>
<td>Of which: cash-based</td>
<td>330</td>
<td>324</td>
</tr>
<tr>
<td>Of which: shares or other share-linked instruments</td>
<td>617</td>
<td>597</td>
</tr>
<tr>
<td>Of which: deferred</td>
<td>617</td>
<td>597</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,251</td>
<td>1,224</td>
</tr>
</tbody>
</table>

1. Senior executives and prescribed officers of the group’s banking activities as defined under categories A and B in the table on the previous page.
2. Fixed remuneration is cash-based and is not deferred.
3. Variable remuneration consists of a cash portion which is not deferred and a deferred portion in the form of shares or share-linked instruments.
4. Consists primarily of DBS, SARP and PRP awards, which are based on the award date value.

### REM2: SPECIAL PAYMENTS

<table>
<thead>
<tr>
<th>Special payments</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed bonuses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total amount</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Sign-on/buy-out awards</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Severance payments</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special payments</th>
<th>2018</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed bonuses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount</td>
<td>10</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sign-on/buy-out awards</td>
<td>4</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance payments</td>
<td>19</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## REM3: DEFERRED REMUNERATION

Remuneration amount (Rm)

<table>
<thead>
<tr>
<th>Deferred and retained remuneration</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount of outstanding deferred and retained remuneration</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Of which: Total amount of amendment during the year due to ex post adjustments</td>
<td>Of which: Total amount of amendment during the year due to ex post implicit adjustments&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Senior management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or share-linked instruments</td>
<td>1 661</td>
<td>1 661</td>
</tr>
<tr>
<td><strong>Other material risk-takers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or share-linked instruments</td>
<td>1 010</td>
<td>1 010</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 671</td>
<td>2 671</td>
</tr>
</tbody>
</table>

### 2018

<table>
<thead>
<tr>
<th>Deferred and retained remuneration</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total amount of outstanding deferred and retained remuneration</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Of which: Total amount of amendment during the year due to ex post adjustments</td>
<td>Of which: Total amount of amendment during the year due to ex post implicit adjustments&lt;sup&gt;3&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Senior management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or share-linked instruments</td>
<td>1 759</td>
<td>1 759</td>
</tr>
<tr>
<td><strong>Other material risk-takers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares or share-linked instruments</td>
<td>945</td>
<td>945</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 705</td>
<td>2 705</td>
</tr>
</tbody>
</table>

### Notes:

1. All deferred remuneration is in the form of shares or share-linked instruments.
2. Consists primarily of DBS, SARP and PRP awards. The year end value of DBS awards is reflected and the intrinsic value has been used for SARP awards. The value of PRP awards is calculated as the number of instruments multiplied by the year end share price and the actual vesting percentage for PRP for delivery in March 2020. Later PRP awards are estimated at 100% vesting.
3. Ex post implicit adjustments reflect changes in the expected vesting percentage linked to the performance conditions of deferred awards.
<table>
<thead>
<tr>
<th><strong>2018 financial year</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual general meeting</td>
<td>30 May 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2019 financial year</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial year end</td>
<td>31 December 2019</td>
</tr>
<tr>
<td>Annual general meeting</td>
<td>to be advised</td>
</tr>
</tbody>
</table>

**Reports**
- Interim report and declaration of interim dividend: August 2019
- Summarised annual financial statements and declaration of final dividend: March 2020
- Publication of annual report: April 2020

**Dividend payment**

**Ordinary shares:**
- Interim: September 2019
- Final: April 2020

**6.5% first cumulative preference shares:**
- Six months ending 30 June 2019: September 2019
- Six months ending 31 December 2019: April 2020

**Non-redeemable, non-cumulative, non-participating preference shares:**
- Six months ending 30 June 2019: September 2019
- Six months ending 31 December 2019: April 2020
CONTACT AND OTHER DETAILS

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Incorporated in the Republic of South Africa

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