

# Corporate governance overview

We believe that governance can contribute to value creation through enhanced accountability, more effective risk management, clear performance management, greater transparency and effective leadership. Ultimately, this is about holistic decision-making that takes into account long-term as well as shorter-term outcomes.

The Standard Bank Group (SBG) board is accountable to our stakeholders for the provision of value-generating governance. The board is constituted in terms of the company's Memorandum of Incorporation (MOI) and in line with the provisions of the King Code of Governance Principles (King III). The majority of the board are independent non-executive directors who bring diverse perspectives to board deliberations and constructively challenge management. The board is effective and is considered to be of an appropriate size for the group.

The role of chairman is distinct and separate from that of the group chief executives and there is a clear division of responsibilities. The board's in-depth interactions with management strengthen the group's decision-making and ensure an appropriate balance of power. A clear division of responsibilities at board level ensures that no one director has unfettered powers in decision-making.

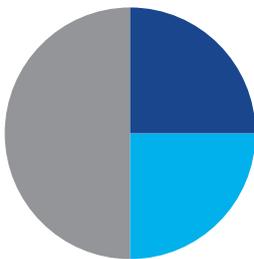
The board has a formal and transparent process and policy in place for the appointment of directors. While the

board as a whole considers appointments, the authority to oversee nominations and carry out interview processes has been delegated to the directors' affairs committee. Apart from a candidate's experience, availability and likely fit, we also consider the candidate's integrity, as well as other directorships and commitments to ensure that they will have sufficient time to discharge their role effectively. The committee also considers race and gender diversity in its assessment. In addition, candidates must meet the fit and proper test, as required by the Banks Act.

The board members' collective experience provides for a balanced mix of attributes to fulfil the board's duties and responsibilities. The breadth of experience on the board includes retail and investment banking, risk management, legal and regulatory, finance and accounting, marketing, public sector, remuneration and overall business, with several directors having chief executive experience.

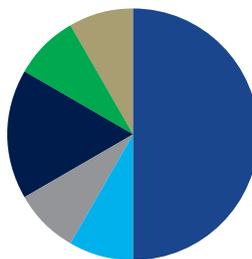
 For the full governance report, including details of board directors and board committee mandates, refer to the governance and remuneration report.

## NON-EXECUTIVE DIRECTOR DEMOGRAPHICS



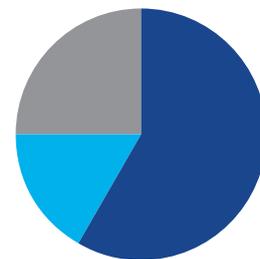
	2015	2014
White	3	4
Black	3	4
Non-South African	6	6

## NON-EXECUTIVE DIRECTOR NATIONALITIES



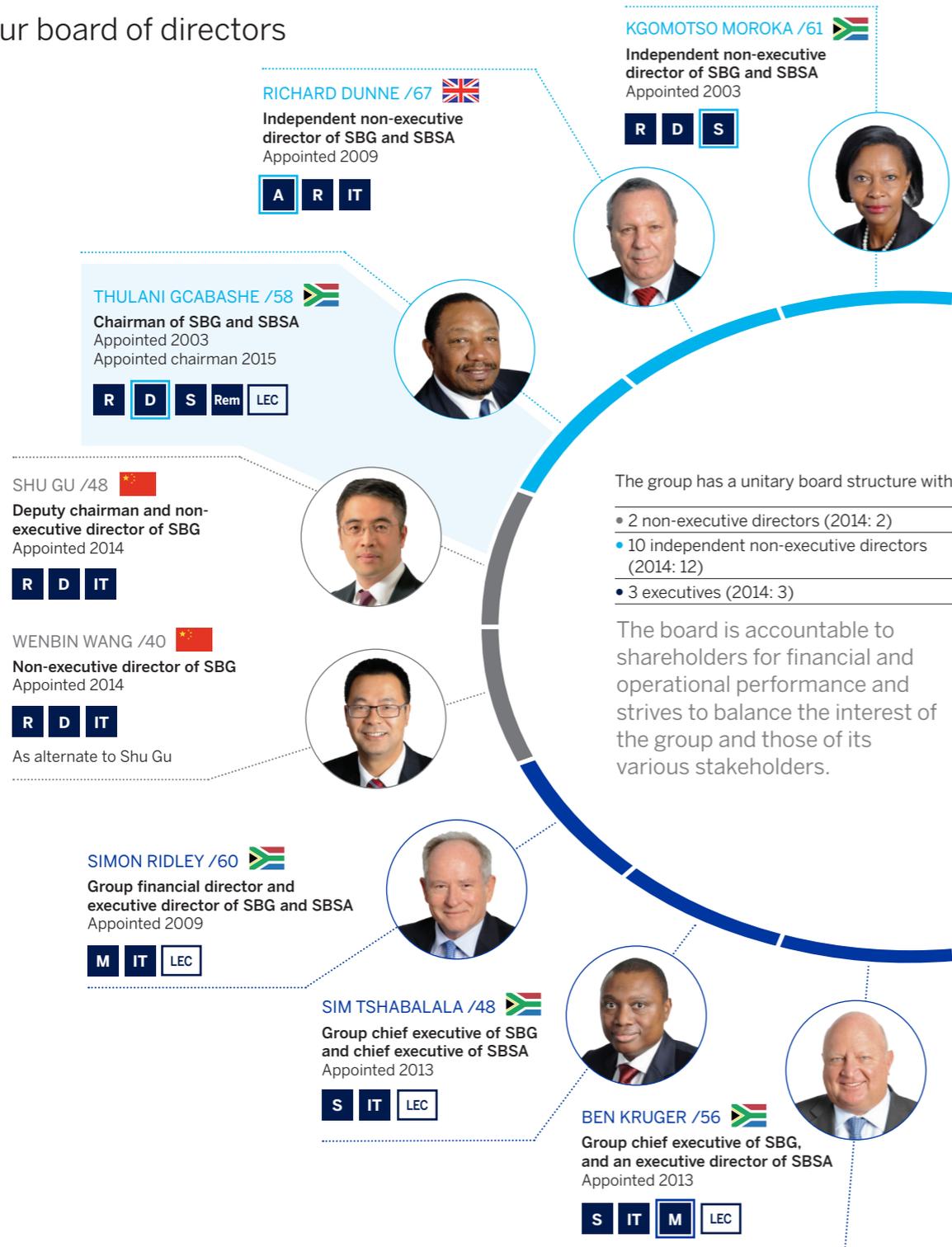
	2015	2014
South African 	6	8
Australian 	1	1
British 	1	2
Chinese 	2	2
Kenyan 	1	0
Nigerian 	1	1

## NON-EXECUTIVE DIRECTOR TENURE



	2015	2014
Less than three years	7	7
Greater than three but less than six years	0	2
Greater than six but less than nine years	2	1
Greater than nine years	3	4

# Our board of directors



\* A subcommittee of The Standard Bank of South Africa Limited (SBSA).

Board of directors

**Members and 2015 meeting attendance** (including the South African Reserve Bank meeting and annual strategy session)

Thulani Gcabashe <sup>1,2</sup> (chairman)	<b>8/8</b>	Simon Ridley <sup>4</sup>	<b>8/8</b>
Shu Gu <sup>3</sup>	<b>7/8</b>	Myles Ruck <sup>2</sup>	<b>8/8</b>
Richard Dunne <sup>2</sup>	<b>8/8</b>	Peter Sullivan <sup>2</sup>	<b>8/8</b>
Ben Kruger <sup>4</sup>	<b>8/8</b>	Sim Tshabalala <sup>4</sup>	<b>8/8</b>
Kgomotso Moroka <sup>2</sup>	<b>8/8</b>	Swazi Tshabalala <sup>2</sup>	<b>8/8</b>
Martin Oduor-Otieno <sup>2,5</sup>	<b>N/A</b>	Wenbin Wang <sup>3</sup>	<b>8/8</b>
André Parker <sup>2</sup>	<b>7/8</b>	Ted Woods <sup>2</sup>	<b>8/8</b>
Atedo Peterside <sup>2</sup>	<b>8/8</b>		

- <sup>1</sup> Appointed chairman, SBG and SBSA effective on 28 May 2015.
- <sup>2</sup> Independent non-executive director.
- <sup>3</sup> Non-executive director.
- <sup>4</sup> Executive director.
- <sup>5</sup> Appointed 1 January 2016.

**Key roles, responsibilities and activities for 2015**

- Provided effective leadership.
- Approved the group's strategy.
- Ensured that there is effective governance and risk and capital management processes.
- Delegated relevant authority to the group chief executives and reviewed their performance.
- Determined the terms of reference and procedures of all board committees.
- Ensured consideration was given to succession planning for the board, group chief executives and executive management.
- Finalised the share purchase agreement with the Industrial and Commercial Bank of China (ICBC) in respect of the disposal of a 60% controlling interest in Standard Bank Plc (SB Plc).
- Monitored stakeholder relations and engaged with key stakeholders.

**Members and 2015 meeting attendance**

**Key roles, responsibilities and activities for 2015**

Richard Dunne <sup>1,6</sup> (chairman)	<b>8/8</b>
Atedo Peterside <sup>2,6</sup>	<b>4/4</b>
Peter Sullivan <sup>3,6</sup>	<b>8/8</b>
Swazi Tshabalala <sup>4,6</sup>	<b>4/4</b>
Ted Woods <sup>5,6</sup>	<b>8/8</b>

- <sup>1</sup> Appointed 3 December 2009.
- <sup>2</sup> Appointed 27 May 2015.
- <sup>3</sup> Appointed 6 March 2013.
- <sup>4</sup> Appointed 27 May 2015.
- <sup>5</sup> Appointed 22 May 2008.
- <sup>6</sup> Independent non-executive director.

- Reviewed the financial information published by the group.
- Recommended the annual integrated report and all other financial reports such as the annual financial statements and interim reports to the board for approval.
- Evaluated financial accounting and reporting issues that affected the group and will affect the group in the future.
- Reviewed, approved and monitored the external audit, internal audit and compliance plans.
- Considered tax matters, including current and upcoming tax legislation.
- Monitored the group's internal control framework and the results of activities of the group internal financial control governance committee.
- Considered reports from internal audit, compliance and financial crime control, and monitored responses from management where required.
- Considered the group's external auditors' annual assessment of internal audit.
- Considered the routine independent quality assurance review of audit execution.
- Considered Companies Act requirements in respect of assessing the independence of external auditors.
- Monitored compliance with relevant legislation.
- Reviewed and approved non-audit fees.
- Considered significant matters discussed at the GRCMC meetings (see alongside).
- Satisfied itself as to the expertise and experience of the financial director and financial director designate.

**A**

Group audit committee

**R**

Group risk and capital management committee (GRCMC)

**Members and 2015 meeting attendance**

**Key roles, responsibilities and activities for 2015**

Myles Ruck <sup>1</sup> (chairman)	<b>4/4</b>
Richard Dunne <sup>1</sup>	<b>4/4</b>
Thulani Gcabashe <sup>1,2</sup>	<b>2/2</b>
Shu Gu <sup>3</sup>	<b>4/4</b>
Kgomotso Moroka <sup>1</sup>	<b>4/4</b>
Peter Sullivan <sup>1</sup>	<b>3/4</b>
Swazi Tshabalala <sup>1</sup>	<b>4/4</b>
Wenbin Wang <sup>3,4</sup>	<b>4/4</b>
Ted Woods <sup>1</sup>	<b>4/4</b>

- <sup>1</sup> Independent non-executive director.
- <sup>2</sup> Appointed 27 May 2015.
- <sup>3</sup> Non-executive director.
- <sup>4</sup> Alternate to Shu Gu.

- Approved relevant risk governance standards, frameworks and policies.
- Considered and approved the risk appetite statement for the group's banking operations.
- Considered and approved macroeconomic scenarios that were used for 2015 group stress testing.
- Considered risk overviews from management on events and risks that occurred or were emerging, which were expected to have a direct or indirect impact on the group's risk profile.
- Considered reports on the group's recovery and resolution plan.
- Considered reports from management that covered key risks, including credit, equity, compliance, country, capital and liquidity, market, operational, legal and insurance risk.
- Considered the group's approach to compliance with principles for effective risk data aggregation and risk reporting.
- Recommended the internal capital adequacy assessment process and internal capital target ratio ranges to the board for approval.
- Monitored capital and liquidity ratios for the group.
- Considered management's report on legal matters significant to the group.
- Approved the risk and capital management disclosure in published reports.
- Reviewed minutes of key subsidiaries' risk and credit management meetings.
- Considered key matters raised at group risk oversight committee meetings.
- Reviewed minutes of the group model approval committee.

## Key roles, responsibilities and activities for 2015

- Provided effective leadership.
- Approved the group's strategy.
- Ensured that there is effective governance and risk and capital management processes.
- Delegated relevant authority to the group chief executives and reviewed their performance.
- Determined the terms of reference and procedures of all board committees.
- Ensured consideration was given to succession planning for the board, group chief executives and executive management.
- Finalised the share purchase agreement with the Industrial and Commercial Bank of China (ICBC) in respect of the disposal of a 60% controlling interest in Standard Bank Plc (SB Plc).
- Monitored stakeholder relations and engaged with key stakeholders.

### Members and 2015 meeting attendance

Myles Ruck <sup>1</sup> (chairman)	<b>4/4</b>
Richard Dunne <sup>1</sup>	<b>4/4</b>
Thulani Gcabashe <sup>1,2</sup>	<b>2/2</b>
Shu Gu <sup>3</sup>	<b>4/4</b>
Kgomotso Moroka <sup>1</sup>	<b>4/4</b>
Peter Sullivan <sup>1</sup>	<b>3/4</b>
Swazi Tshabalala <sup>1</sup>	<b>4/4</b>
Wenbin Wang <sup>3,4</sup>	<b>4/4</b>
Ted Woods <sup>1</sup>	<b>4/4</b>

<sup>1</sup> Independent non-executive director.

<sup>2</sup> Appointed 27 May 2015.

<sup>3</sup> Non-executive director.

<sup>4</sup> Alternate to Shu Gu.

### Key roles, responsibilities and activities for 2015

- Approved relevant risk governance standards, frameworks and policies.
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- Considered the group's approach to compliance with principles for effective risk data aggregation and risk reporting.
- Recommended the internal capital adequacy assessment process and internal capital target ratio ranges to the board for approval.
- Monitored capital and liquidity ratios for the group.
- Considered management's report on legal matters significant to the group.
- Approved the risk and capital management disclosure in published reports.
- Reviewed minutes of key subsidiaries' risk and credit management meetings.
- Considered key matters raised at group risk oversight committee meetings.
- Reviewed minutes of the group model approval committee.

**R**

Group risk and capital management committee (GRCMC)

### Members and 2015 meeting attendance

### Key roles, responsibilities and activities for 2015

#### S Group social and ethics committee

Kgomotso Moroka <sup>1,2</sup> (chairman)	<b>3/3</b>
Thulani Gcabashe <sup>2,3</sup>	<b>1/2</b>
Ben Kruger <sup>4</sup>	<b>3/3</b>
Sim Tshabalala <sup>4</sup>	<b>3/3</b>

- 1 Appointed chairman 4 March 2015.
- 2 Independent non-executive director.
- 3 Appointed 27 May 2015.
- 4 Executive director.

- Monitored the socioeconomic development risks in the areas in which the group operates.
- Implemented the revised stakeholder relations policy.
- Monitored the group's transformation progress and ensured the alignment of the financial sector codes with the Department of Trade and Industry's generic codes.
- Monitored compliance with the 2015 ethics implementation plan as well as the group's refreshed code of ethics.
- Approved the funding of the democracy support programme for the next five-year electoral cycle.
- Monitored the progress of meeting the six outcomes of the treating customers fairly framework and embedding the action plans into the business units according to a risk-based approach.
- Monitored social developments throughout Africa.
- Implemented the revised SBSA employment equity plan and monitored the interventions and initiatives facilitating the achievement of those targets.

#### D Group directors' affairs committee

Thulani Gcabashe <sup>1,2</sup> (chairman)	<b>4/6</b>
Shu Gu <sup>3</sup>	<b>5/6</b>
Kgomotso Moroka <sup>2</sup>	<b>5/6</b>
André Parker <sup>2,4</sup>	<b>2/2</b>
Myles Ruck <sup>2</sup>	<b>6/6</b>
Wenbin Wang <sup>3,5</sup>	<b>6/6</b>

- 1 Appointed chairman 28 May 2015.
- 2 Independent non-executive director.
- 3 Non-executive director.
- 4 Appointed 27 May 2015.
- 5 Alternate to Shu Gu.

- Finalised the appointment of the chairman of the board as at 28 May 2015 and the appointment of a non-executive director from East Africa as at 1 January 2016.
- Monitored the adoption and implementation of the subsidiary governance framework across the group.
- Monitored and ensured successful implementation of the end of the lock-in period in respect of the group's Tutuwa initiative.
- Ensured training and director development.
- Assisted the board in ensuring that the composition of the board and committees is adequate and meets the group's requirements.

#### IT Group IT committee

Peter Sullivan <sup>1</sup> (chairman)	<b>4/4</b>
Richard Dunne <sup>1</sup>	<b>4/4</b>
Shu Gu <sup>2</sup>	<b>4/4</b>
Ben Kruger <sup>3</sup>	<b>4/4</b>
André Parker <sup>1,4</sup>	<b>2/2</b>
Atedo Peterside <sup>1,5</sup>	<b>2/2</b>
Simon Ridley <sup>3,6</sup>	<b>N/A</b>
Sim Tshabalala <sup>3</sup>	<b>4/4</b>
Wenbin Wang <sup>2,7</sup>	<b>4/4</b>

- 1 Independent non-executive director.
- 2 Non-executive director.
- 3 Executive director.
- 4 Resigned 27 May 2015. Reappointed 2 March 2016.
- 5 Appointed 27 May 2015.
- 6 Appointed 25 November 2015.
- 7 Alternate to Shu Gu.

- Reviewed and approved the group's IT governance standard.
- Received regular updates from the chief information officer on the status of key matters pertaining to IT governance, operations, resilience, financial performance, strategic initiatives, architecture and the IT control environment.
- Considered updates on strategic programmes, with particular reference to the SAP core banking transformation programme.
- Reviewed reports on cybercrime, cybersecurity, logical access management and enterprise technology architecture.
- Reviewed reports on the IT risk profile with reference to key risks and controls, emerging industry trends, service delivery and significant IT audit findings.
- Reviewed the results of an independent IT governance report.
- Reviewed the group's IT financial performance.
- Monitored IT intangible assets, with a particular focus on the SAP core banking transformation programme.
- Reviewed interaction with the South African Reserve Bank relating to IT matters.

**Members and 2015 non-executive director meeting attendance**

**Key roles, responsibilities and activities for 2015**

**M**

Group model approval committee

Ben Kruger<sup>1,9</sup> (chairman)

David Munro<sup>2</sup>

Simon Ridley<sup>3,9</sup>

Peter Schlebusch<sup>4</sup>

Neil Surgey<sup>5,6</sup>

Swazi Tshabalala<sup>7,8</sup> **2/2**

- 1 Group chief executive, SBG.
- 2 Chief executive, CIB.
- 3 Group financial director.
- 4 Chief executive, PBB.
- 5 Chief risk officer.
- 6 Appointed 1 September 2015.
- 7 Appointed 27 May 2015.
- 8 Independent non-executive director.
- 9 Executive director.

- Reviewed and approved material new risk models and the ongoing use of existing risk models.
- Reviewed validation findings of material and significant models, as defined in the group's model risk governance framework.
- Reviewed management's actions to address findings relating to specific models that were reviewed and validated.
- Reviewed independent assurance reports on internal controls for the development and validation of risk models and the status of implementation of actions arising from such reports.
- Monitored the activities of the CIB and PBB model approval committees through review and discussion of the minutes of these committees.

**Rem**

Group remuneration committee

Ted Woods<sup>1</sup> (chairman) **4/4**

Thulani Gcabashe<sup>1,2</sup> **2/2**

André Parker<sup>1</sup> **4/4**

Peter Sullivan<sup>1,2</sup> **1/2**

- 1 Independent non-executive director.
- 2 Appointed 27 May 2015.

- Formulated remuneration strategy and policies.
- Monitored the implementation and effectiveness of such policies.
- Engaged with stakeholders on remuneration issues.



For more detailed information on our board and board committees refer to **page 27** of the governance and remuneration report.

## Our executive committee

The board has delegated authority to the group chief executives to manage the day-to-day business and affairs of the group, with full power on behalf of and in the name of the group. The group chief executives have in turn established the group executive committee (group exco) to assist them with the general executive control of the group.

The committee develops the group's strategy for consideration and approval by the board, monitors its execution, and agrees on priorities with the board, subject to statutory limits and the board's limitations on delegation of authority to the group chief executives. It assists the group chief executives in exercising general executive control of the business of the group and in the development of long-term direction and targets. It acts as a medium of communication and coordination between business units and group companies, the board, shareholders, regulators and other key stakeholders.

Members of the executive committee are the group chief executives, the group financial director, and the chief executives of PBB and CIB.

Dr Arno Daehnke takes over as the group's financial director and executive director with effect from 1 May 2016.



CV details of the group exco members are included in the governance and remuneration report.



**Sim Tshabalala /48**  
Chief executive, SBG and SBSA



**Ben Kruger /56**  
Chief executive, SBG and executive director, SBSA



**Simon Ridley /60**  
Group financial director



**David Munro /44**  
Chief executive, CIB



**Peter Schlebusch /49**  
Chief executive, PBB