



Standard Lesotho Bank

# STANDARD LESOTHO BANK

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

RISK REPORT



FOR THE YEAR ENDED 31 DECEMBER 2023

Our ESG report reflects on our sustainability journey, sharing insights into how we manage our most significant environmental, social and governance (ESG) risks and opportunities.



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# Purpose of this report

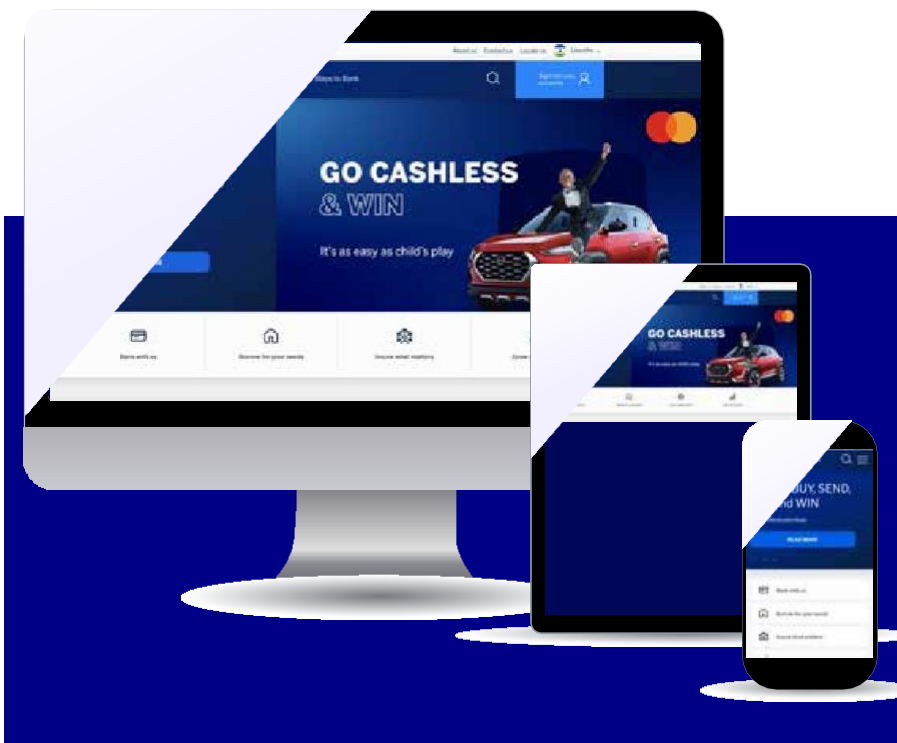
Our first Environmental, Social and Governance (ESG) report is part of our alignment with the Standard Bank Group's reporting disclosures relating to managing our ESG risks.

We are working to continuously increase the positive social, economic and environmental (SEE) impacts arising from our business activities, and reduce negative impacts. This report provides information about how we manage environmental, social and governance (ESG) risks, and how we are embedding a culture of responsible banking and sustainability across our operations. It includes an overview of our ESG governance framework, our material issues and information about how we embed a strong ethical culture and appropriate conduct across the Bank.

# Our reporting suite

Our stakeholders are drawn from all levels of Basotho society and are active across various sectors of the Lesotho economy. They therefore, have diverse interests and require different information from the Bank. To engage with all interested parties as effectively as possible, we produce an annual report and aim to produce the ESG report annually as well.

<b>The annual report</b>	our primary report to stakeholders which provides an assessment of our ability to create value over time. It encompasses our annual financial statements and information relevant to our shareholders
<b>This report</b>	<b>Environmental, social and governance (ESG) report</b> our ESG report provides an overview of the Bank's sustainability landscape inclusive of ESG risk management processes and governance structures that relate to social and environmental matters.



### Feedback

We encourage our stakeholders to share their views with us. If there is something you would like to know or feedback that you would like to share, please get in touch with

**Additional reports and other financial information can be found online at:**

[https://www.standardlesothobank.co.ls/static\\_file/Lesotho/filedownloads/Standard%20Lesotho%20Bank%202022%20Annual%20Financial%20Results.pdf](https://www.standardlesothobank.co.ls/static_file/Lesotho/filedownloads/Standard%20Lesotho%20Bank%202022%20Annual%20Financial%20Results.pdf)

## Assurance statement

We have adopted a combined assurance model that includes a series of internal policies, procedures and controls that are in place to ensure that accurate data is provided across our reporting suite.

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# STANDARD LESOTHO BANK SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL

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CLEAN WATER AND SANITATION



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



13

CLIMATE ACTION



7

AFFORDABLE AND CLEAN ENERGY



11

SUSTAINABLE CITIES AND COMMUNITIES



Protection of natural resources

Climate Resilience

- Tree planting initiative towards negating the effects of emissions and climate change. **(M250 000.00)**
- Climate change awareness support provided.
- Solar geyser are installed to save energy on some buildings and others have biogas to recycle water
- Motion sensor lights and aircons
- Waste sorting and proper waste management (landfill waste, food, recyclable etc)
- Supporting renewable energy production and access to energy in the highlands (Solar Mini grids project funds transmission)
- Renewable energy product Paper underway
- Climate Smart Agri-merino Finance **(M1 386 589).**

SOCIAL

4

QUALITY EDUCATION



3

GOOD HEALTH AND WELL-BEING



Education & youth empowerment

Health

- Bursary fund 50 high school students. **(M700 000.00)**
- Supporting access to higher education through:
- Career Expo for high school students **(M280 000.00)** and Education sector loans **(M50m)**
- Partnerships in health care, such as the establishment of a local Cancer hospice **(M1 800 000.00).**
- +42 employee engagement through AYF and enhancement of EVP
- Employee development **(M10 615 722)**
- Women Leadership Training
- SLB Winter drive for orphanages and women prison **(M96 000.00)**
- SOS Children's Village Support **(M150 000.00)**
- Local Suppliers Development and Symposium
- Total spend on CSI programs **(M1 675 081)**
- Total spend on sponsorships **(M7 519 445)**

ECONOMIC

8

DECENT WORK AND ECONOMIC GROWTH



9

INDUSTRY, INNOVATION AND INFRASTRUCTURE



1

NO POVERTY



Job Creation & Enterprise Growth

Infrastructure Development & Financial Inclusion

- 716 full time employees **(M298m** paid in salaries & incentives)
- SME Loans granted **(M700 000.00)**
- Affordable home loans granted **(M562.9m)** with 1.3k loans disbursed
- Total number of transactions on digital solutions –Internet Banking 895k, Unayo 253k, USSD1 876 413k
- Power & Infrastructure Finance **M52 336m**
- M8.8m** Agric sector finance
- 19.8k low fees Youth account holders
- 213k low-income account holders
- Unayo accounts **253k** transactions **(M219.6 million Transacted)**
- Bothebelele zero fees account
- Local Suppliers Development
- Construction Khotla **M1.1m**
- Mining Indaba **M150k**
- Bedco Flea Market Sponsorship **M95k**
- LHWP Phase II lead financier
- Bacha entrepreneurial Project funding **(M700 000.00)**
- M471 080m** spent on local suppliers
- M281.2m** paid in tax

GOVERNANCE

16

PEACE, JUSTICE AND STRONG INSTITUTIONS



Good Corporate Governance Practices

- Annual review and socialisation of governance documents
- Board evaluation to assess effectiveness, skillsets, diversity
- Governance framework approval and Board oversight of risk
- Succession planning drafted
- Code of ethics and conduct adopted
- Compliance training and PAT 100% for staff
- Conflict of interest declaration for board and staff
- Stakeholder Engagement Policy underway
- Complaints Management Policy approved
- Conduct metrics approved
- Whistleblowing and anti fraud Framework



# About Standard Lesotho Bank

Lesotho is our home, we drive her growth.

## Our success and growth over the long term is centred on making a difference in the communities in which we operate

We are commercially and morally bound to serve Lesotho and her people in return for the long-term profitable growth we aim to deliver as a leading financial services provider in the country. We are committed to moving Lesotho forward and driving her growth.

The Bank’s original vision was to better understand its customers, employing people with a strong knowledge of local business conditions and to better connect borrowers with lenders. This vision created the foundation for the kind of Bank it would become and the qualities which its customers and clients expect.

We are proud to be part of Standard Bank Group, a financial services organisation rooted in Africa with operations in 20 African countries. We have grown from a few employees to over 716 today, and our roots are deep in the fabric of Basotho society. Being committed to making banking available to all Basotho, we have evolved and adapted with our customers and people, growing a rich heritage while nurturing and protecting our reputation.

We uphold the highest standards of corporate governance and are committed to advancing the principles and practices of sustainable development.

## STANDARD LESOTHO BANK ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK REPORT

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### Branches (including in-store)

16  
2022: 17



### ATMs

95  
2022:95

### CDMs

59  
2022: 40

**Standard Lesotho Bank has a strong presence in Lesotho** and has always lived up to the promise of bringing banking to the nation. We have succeeded through our wide network of branches and ATMs across Lesotho.



### Internet Banking

894 995  
2022: 1 090 472



### Unayo

253 000  
2022: 170 000



### USSD\*

1 876 413  
2022: 1 629 117

## Transactional volumes on our digital platforms

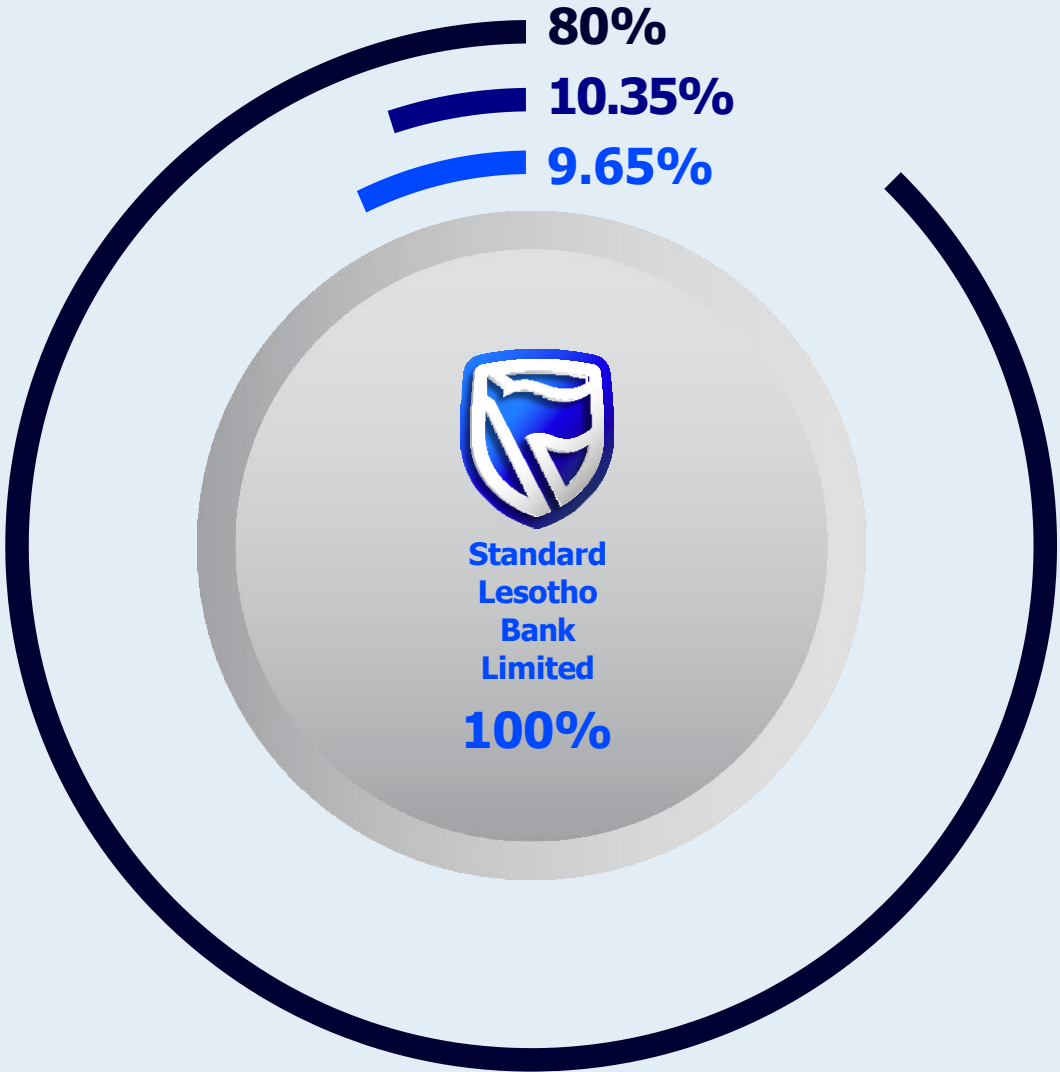
\*Unstructured supplementary service data







# Our company structure



### Our shareholders

Headquartered in Maseru, and owned by the Standard Bank Group, the Government of Lesotho and Lesotho Unit Trust.

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# Modernising our corporate architecture to enhance delivery and strengthen customer relationships

In one of the most significant developments, Standard Lesotho Bank introduced changes to its corporate architecture to align with that of the Standard Bank Group (SBG). These changes aim to bring a new era of integrated financial services benefits to Basotho and, through alignment with SBG and its operations in 20 countries across the continent, position ourselves for growth opportunities.

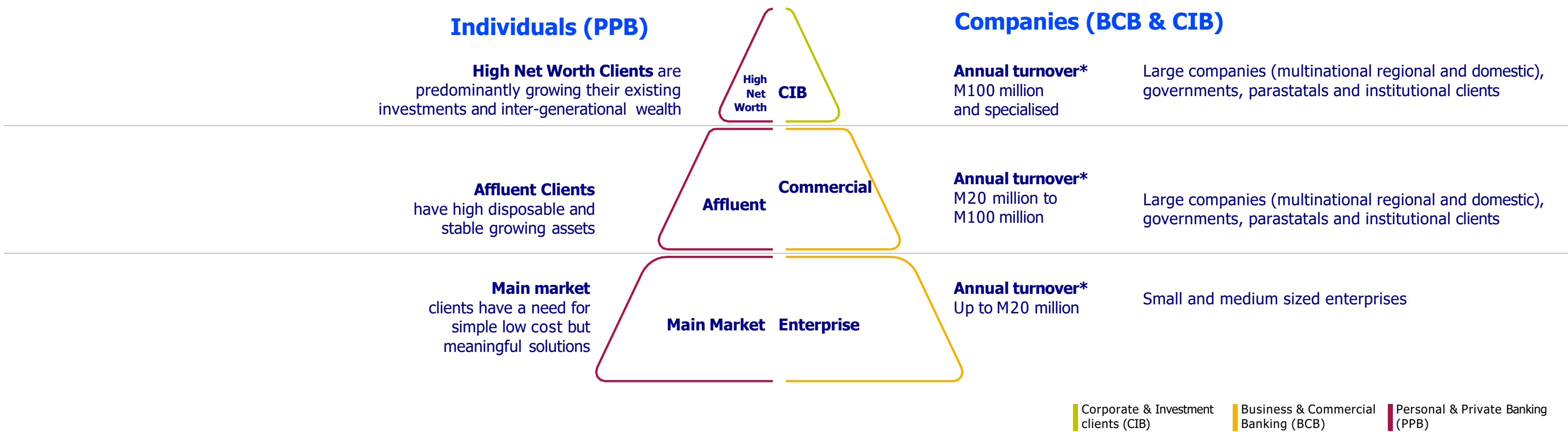
The modernisation of our internal structure, completed during the latter part of 2023, has enabled us to engage better and strengthen our relationships with clients.

The changes have effectively moved us from operating through our traditional business lines, to a structure built around client segments that are appropriate for meeting the requirements of rapidly changing financial sector.

## How we organise ourselves

We introduced a new operating model and continued its implementation in 2023. We re-organised ourselves into three Client Segments that are supported by other capabilities.

These changes enable Standard Lesotho Bank to deliver integrated and seamless financial services to our clients, reducing the time and cost to serve, and to innovate more quickly and effectively. The benefits are already evident in the measures against which we track our progress, and we are confident that this momentum will continue.



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# Message from Mr. Anton Nicolaisen

## Chief Executive, Standard Lesotho Bank



We believe that Lesotho is our home, we drive her growth. We aim to make life better for fellow Basotho, by contributing to the financial wellbeing of our customers and by supporting the sustainable and job-creating growth of our economy. Like many countries around the world, Lesotho is facing a future where climate change and social needs are changing the way that people view business. As a leading financial institution, we acknowledge that we share the responsibility for creating a new era in which environmental and social factors and the way we conduct our business is of crucial concern to all our stakeholders and future generations.

Our stakeholders are drawn from all levels of Basotho society and throughout our history, we have been active participants in building a financial services institution that is committed to improving the lives of all Basotho. Like them, we have continued to evolve and adapt while upholding high standards of corporate governance and committing to sustainable business practices and advancing national development plans.

We are focused on delivering a sustainable strategy that creates shared value and embodies our commitment to a shared future for our clients, our people and our other stakeholders.

Our social relevance is fundamental to our survival and underpinned by effective ESG risk management that minimises direct and indirect harm to the environment and society from our operations. Our approach to ESG is informed by that of the Standard Bank Group, a majority shareholder of Standard Lesotho Bank, whose approach integrates global frameworks and standards, local regulatory requirements, the code of ethics and conducts together with the expectations and priorities of our stakeholders. We most importantly align ourselves with the Mohlomi Corporate Governance Code of Lesotho.

We have proven our resilience during another difficult year and are confident that we can continue to make a positive impact in our SEE objectives and manage our ESG risks. We welcome your feedback.

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**Anton Nicolaisen**

Chief Executive, Standard Lesotho Bank

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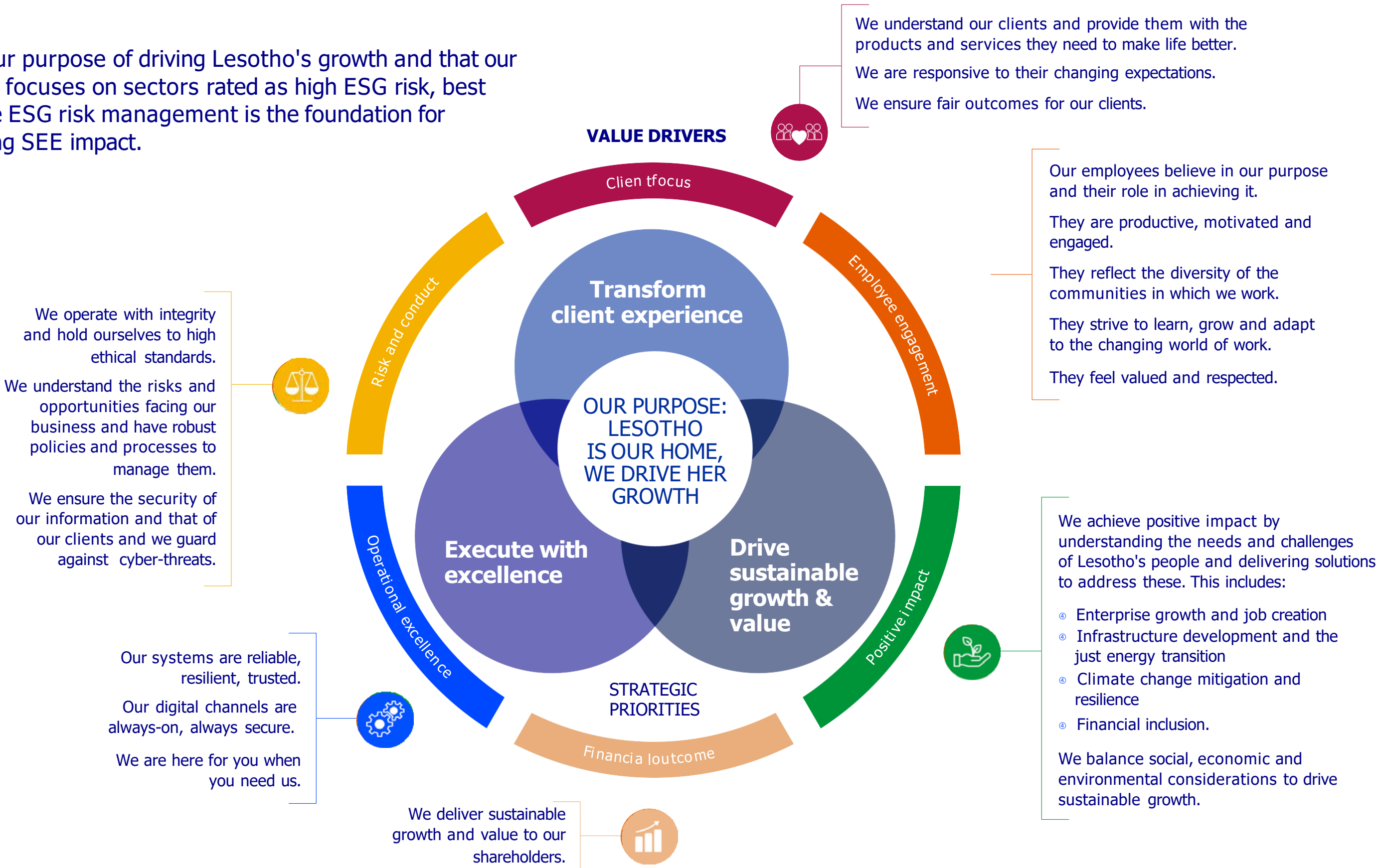
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# Our approach to sustainability

Lesotho is our home, we drive her growth.

Given our purpose of driving Lesotho's growth and that our strategy focuses on sectors rated as high ESG risk, best practice ESG risk management is the foundation for delivering SEE impact.



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# Value created for stakeholders during 2023

We take pride in our purpose – ‘**Lesotho is our home, we drive her growth**’ – and strive to create and distribute wealth by investing responsibly and sustainably in projects that create value for all our stakeholders, including employees, suppliers, governments, the community and shareholders



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# Value created for stakeholders during 2023

We follow the below stakeholder principles. We are committed to:

- Constructive engagement, listening to concerns and suggestions with an open mind
- Being transparent in our engagements
- Responding appropriately to legitimate concerns
- Being accessible
- Ensuring that our code of ethics and conduct and values underpin and inform our engagements.

We also have guidelines and policies in place to govern our engagements with specific groups of stakeholders. These ensure that Bank representatives have an appropriate mandate for engagement,

During 2023, Standard Lesotho Bank initiated a stakeholder mapping initiative, spearheaded by executives from different business areas, which will be socialised to all employees, to raise awareness of the importance of effective stakeholder engagement and share lessons and advice.

## Priority ESG issues during 2023 included:



Technology stability and security



Ethics and Conduct



The health and wellbeing of our people



Third-party risk management



ESG risk management embedment into our operations as well as client's businesses

## The following is a synopsis of the main highlights:

- Client experience
- Reliability of digital channels
- Number of IT critical and high incidents is a concern.
- There are no overdue audit findings.
- Employee engagement increased as evidenced by the increase in AYAF score

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## Our material issues

**The issues that are material to our strategy are those that have a significant impact on our ability to create enterprise value in the short, medium and long term.**

**We consider an issue to be material if it has the potential to substantially affect our commercial viability, our social relevance and the quality of our relationships with our stakeholders.**

The expectations of our stakeholders and the social, economic and environmental context in which we operate determine our material issues.

Our material issues include emerging threats and opportunities facing the business, which we constantly monitor. Although the material issues evolve in response to changes in our operating

environment and stakeholder expectations, the overarching themes tend to be relatively stable.

Matters are raised by board sub-committees. Breaches of tolerance levels are contained in the appropriate risk management committee/(s) and board risk and compliance committee.

Based on an assessment of our material issues, including engagement with our diverse stakeholders, to help us identify relevant priorities, we made minor updates to these material issues.

# Our stakeholder priorities in 2023

Our stakeholders are the individuals, groups and organisations that materially affect or could be materially affected by our business activities, products, services and performance.



## CLIENTS

### Metrics to assess relationship

- Net promoter score (NPS) and client satisfaction index (CSI) surveys
- Client experience real-time measures
- App ratings
- Complaints management processes
- Client growth and retention
- System outages.

### Priorities and concerns

- Affordable and personalised solutions
- Reliability of digital channels
- Data security and cybersecurity
- Financial impact of Covid-19 and the rising cost of living.

### Our response

- Affordable, digital solutions
- Ongoing work to improve system stability and security
- Support for small- to medium-sized enterprises.
- Real-time digitised lending solutions



## EMPLOYEES

### Metrics to assess relationship

- Employee net promoter score (eNPS)
- Organisational alignment
- Engagement dimensions
- Workforce diversity
- Use of employee wellness services
- Engagements with trade unions
- Turnover data and exit interviews.

### Priorities and concerns

- Health and wellness
- Staying connected in a virtual environment
- Skills development/ re-skilling for digital age
- Diversity and inclusion.

### Our response

- Employee safety and health
- Regular communication from leadership
- Regular engagement forums within and across teams
- Regular communication about access to wellness support services
- Support for skills development and career progression.



## REGULATORS

### Metrics to assess relationship

- Opportunities for engagement on policy, regulatory and operational issues (qualitative measure)
- Fines or penalties issued by regulator.

### Priorities and concerns

- Conduct and financial inclusion
- Covid impact on credit and operational risk
- Cloud computing risk
- Cybersecurity and data security
- Exchange control
- Management of customer complaints
- Financial crime controls
- Digital currencies
- System stability
- Risks associated with platform business
- Climate and environmental risks and the role of banks.

### Our response

- Reporting on conduct metrics
- Regulatory compliance issues
- Collaboration with government departments to develop joint solutions to specific issues.

Including Central Bank of Lesotho,  
Financial Intelligence Unit,  
Revenue Services Lesotho

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Metrics to assess relationship

- Shareholder value created, including ROE, earnings growth, net asset value growth and dividends
- Investor and other market participant feedback.

Priorities and concerns

- Competitiveness of the Bank’s offering and ability to grow the market share
- Access to appropriate skills and talent, and availability of specialised knowledge and skills
- Governance, ethics, market conduct and internal controls and associated reputational impact
- System stability and value creation from digitisation
- Revenue and credit trajectory post the pandemic and ability to deliver efficiency targets while investing in growth
- Approach to environmental and social policy development and implementation plans, and transparency on climate risks and exposures
- Sustainable finance solutions.

Our response

- Engagements on ESG and climate issues
- Assessment of the impact CBL Directive on fees on shareholder value
- Franchise fee treatment by the revenue services



Priorities and concerns

- Our role in driving economic recovery and economic growth
- Social and environmental impacts of our business activities and increasing positive impact on the communities in Lesotho through our SEE strategy.

Priorities and concerns

- Health and wellness
- Staying connected in a virtual environment
- Skills development/ re-skilling for digital age
- Diversity and inclusion.

Our response

- Active involvement in addressing the lack of entrepreneur funding and enhancing accessibility to education for the underprivileged.

Issues material to society

While our issues material to society evolve over time, the broad themes tend to be relatively stable.

Material issues:

- Client value through competitive digital platforms and digital lending solutions
- Fair outcomes for clients, support for clients in difficult times
- Integrity of data and information assets
- Stability, security and speed of IT systems
- Third-party risk as we transform to a platform and ecosystems business
- Risk across geographies with different regulatory and institutional frameworks
- Effective business continuity
- Sustainable value to shareholders
- ESG risk management and delivery of positive social and environmental impacts, with particular focus on climate impacts
- Diversity and inclusion
- Future-fit skills
- Employee health and wellbeing
- Employees’ sense of connection and motivation.

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# Engagement with regulators, civil society and industry

We participate in local business and industry forums and engage with civil society organisations with a focus on understanding our social and environmental impacts and stakeholder concerns and expectations.

## Engaging our regulators

The financial services sector is a highly regulated industry, subject to a host of local and international measures that cover issues ranging from the maintenance of liquidity to the administration of individual client affairs. We align with SBG policies in our dealings with regulatory bodies.

We support the role of regulators whose intention is to create an environment in which clients and financial institutions are safeguarded. As a leading financial institution, we are committed to working closely with regulators to ensure that regulations do not have any unintended consequences or burdens that make their application difficult to sustain. We work to ensure that regulators understand the impact of their requirements on our clients, our employees and our business.

Compliance with regulations is not negotiable, and failure to act on them can result in the imposition of punitive fines and reputational loss and reduced market share. Responsibility for compliance rests with the board, which delegates the function to management overseeing measures as they are implemented. Typically, as a regulation is adopted, it moves from the compliance unit to the relevant areas within the Bank where policies or operations have to be adjusted to meet the regulations involved. Oversight of compliance risk management is delegated to the board audit committee, to which the compliance unit reports every quarter.

All non-compliant areas are identified, and interactions with regulators are discussed. When required, material regulatory issues are referred to the main board risk and compliance committee, which informs the board of new legislation that may affect the Bank.

Compliance training is mandatory. Employee conduct across three broad areas (personal, business and client conduct) is facilitated through comprehensive modules that cover ethics, conflicts of interest and outside business interests, personal account trading, data privacy, treating customers fairly and the receipt of gifts are delivered online and through personal interaction across the Bank.

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# Engaging with civil society organisations

We follow Stakeholder Management policy in our dealings with civil society organisations. As a signatory to the UN’s Principles for Responsible Banking (PRB), SBG was part of an independent assessment that noted several areas for improving engagement on the PRB process.

## These include the need for:

An increased holistic focus on impacts, including human rights, equality and biodiversity impact, and recognising the interlinkages between them

Effective grievance mechanisms and remedial procedures, especially for Banks such as indigenous people and human rights defenders

Clear, ambitious and measurable targets, linked to specific sustainable development goals (SDGs) or other goals that are underpinned by key performance indicators (KPIs) and milestones to track progress against targets

Assessment of impacts to include supply and value chains.

**Standard Lesotho Bank recognises the relevance and value of these recommendations and is working toward addressing them across our business in collaboration with the broader SBG Bank, and working with our stakeholders.**

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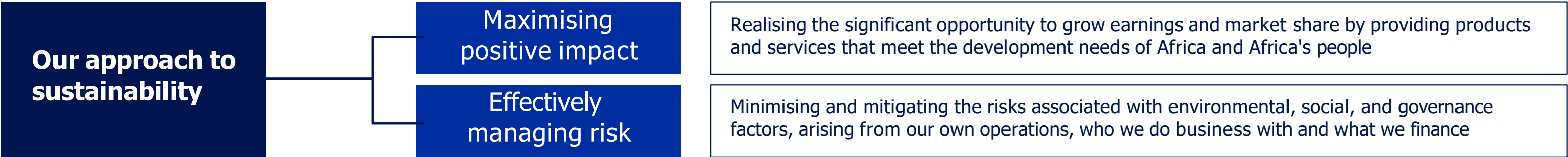
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# ESG risk governance

Our sustainability strategy aligns with our purpose Lesotho is our home, we drive her growth, and that of the broader SBG Africa is our home, we drive her growth, thereby driving inclusive and sustainable economic growth in Lesotho and across Africa. We achieve this purpose by upholding high standards of corporate governance, advancing the principles and practices of sustainable development, and supplying products and services that meet Lesotho’s development needs.

**It is within the Lesotho governance framework particularly the Mohlomi Corporate Governance Code for Lesotho , as well as the SLB ESG policies and procedures that we produce this report.**

**Our approach to driving sustainability is defined by two pillars: 1) Maximising positive impact; 2) Effectively managing risk**



Our governance structures, at board and management level, ensure effective oversight of both pillars of our sustainability strategy (positive impact and effective management of ESG risks). Board and management sub-committees are mandated to identify, assess and manage the Bank’s risks and impacts.

We operate in a constantly changing environment with high ESG risks. Standard Lesotho Bank’s approach to ESG risk management is guided by global frameworks and standards, regulatory requirements in Lesotho, code of ethics and conduct, and the expectations and priorities of our stakeholders.

We are satisfied with our strides in digitising our service offerings. However, we are also aware that an increase in digital transactions is inevitably accompanied by an increase in cyber and information risk. We continue to strengthen our processes and controls in this area.

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# Ethics and organisational integrity

## Code of ethics and conduct

The code of ethics and conduct, which has been adopted and embedded by Standard Lesotho Bank, empowers employees and enables effective decision-making at all levels of the business according to defined ethical principles while committing us to the highest standards of responsible business practices.

The code interprets and defines the Bank’s values in detail and provides value-based decision-making principles to guide its conduct. It aligns with other Standard Lesotho Bank policies and procedures and supports relevant industry regulations and laws. The code specifies acceptable and unacceptable practices and assists in clearly identifying ethical infringements by promoting awareness of and sensitivity to ethical issues.

Personal conduct		
Placing our clients at the centre of our business, treating clients fairly and treating competitors fairly	Treating one another with respect and creating an inclusive and supportive culture, empowering our people to speak up	Managing our impacts on diverse stakeholders, society and the environment
<div>Values</div> <div><div><div>•Respecting each other</div><div>•Working in teams</div><div>•Upholding the highest levels of integrity</div><div>•Growing our people</div></div><div><div>•Delivering to our shareholders</div><div>•Serving our customers</div><div>•Being proactive</div><div>•Constantly raising the bar</div></div></div>		

## Business conduct

In line with the code of ethics and conduct, ethical practices and principles are embedded in Standard Lesotho Bank's culture, decision-making and policies. All our employees, service providers and representatives are required to execute their functions ethically.

The Chief Executive and the Head: People and Culture, who is the ethics officer, are the formal custodians of the code of ethics and conduct, and ensure compliance with conduct risk policy, managing business conduct, identifying associated risks, reporting according to conduct dashboards, and escalating concerns as appropriate.



## Conduct risk

was elevated in 2022, as some of our workforce continued working on hybrid basis. It nonetheless remained within risk appetite and reduced significantly in 2023. No material or emergent conduct risks, product or service- related issues were identified during the year. Our conduct metrics were developed and continually monitored.

All employees complete mandatory online conduct training. The training uses case studies and includes practical scenarios designed to deepen employee understanding of our desired values and what good conduct means in practice by exploring and discussing judgement and decision-making. Employees are also encouraged to participate in online training seminars on ethics and conduct. We also hold regular compliance interactions with a broader audience across the bank. Topics discussed include anti-bribery and corruption, anti-money laundering and combating financing of terrorism, conflicts of interest and risk-based approaches to compliance documented in compliance policies.

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# ESG risk governance

Standard Lesotho Bank’s strict internal compliance policy ensures that all customer information remains confidential. All employees must sign a confidentiality agreement, and an annual review of procedures is undertaken.

The Customer Care Centre (CCC) or Voice Branch contact number and email address allows customers to make complaints and seek resolution at no cost to themselves. Complaint recording registers are available in branches for customers to confidentially comment on the service they receive from the bank.

We launched a query and complaints management system in November 2022 to enable the effective recording, management, resolution and reporting on all queries and complaints raised in the different business units. Clients are provided with a case reference number making it easier for clients to be kept informed on the status of their query and complaint. Clients are also allowed an opportunity to provide feedback via e-mail on their experience in the resolution of their query and/or complaint.

The establishment of the monthly Customer Service Forum focus on the voice of the customer. We discuss the bank’s top customers and customer feedback on our processes and services to see how we can further enhance our relationship with our customers. Representatives include Client Segments and Customer Contact Centre Team.

Private, Prestige and Achiever customers form part of the customer focus base, allowing us to obtain feedback on the current customer value propositions. In 2022, as COVID-19 cases reduced, and all restrictions were removed face-to-face sessions were resuscitated is this statement applicable/relevant. Electronic customer surveys were introduced at branches to encourage customers to provide feedback. Surveys are also conducted via telephone calls to assess client experience and the results are shared with the wide staff pool to improve where necessary.

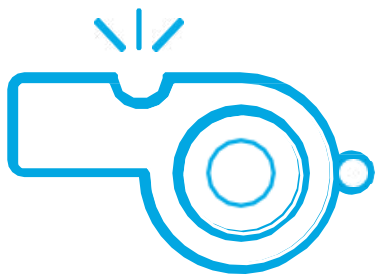
Other queries are received through the Ombudsmen and the regulator, and they are resolved accordingly.

## Reporting concerns and whistleblowing

### Critical concerns

A concern was raised relating to a staff and client misconduct which upon investigation turned out negative.

SLB was involved in addressing the concern and developing new resolutions for specific customers and determining Standard Lesotho Bank risk appetite and focus



### Disclosures

In 2023, eight disclosures were made to the whistleblowing. Hotline compared to three in 2022. The themes included misconduct and general complaints.

### Customer centricity

NPS score  
**8.5/10 (CIB)**  
**39/100 (PPB)**  
**59/100(BCB)**

against a performance metric of achieving and maintaining an internal and external customer satisfaction rating of 9, showing a positive upwards trend

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# Information security, data privacy and cybersecurity

Our ability to do business depends on the integrity of our data and information assets and the protection of client privacy. Under no circumstances may confidential or sensitive information be shared with unauthorised people or competitors.



## Governance of information and cyber risk

Specific responsibilities are assigned to committees and areas of business.

### In 2023

We had 8 critical IT incidents and 106 high IT incidents. Priority one refers to extensive customer impact and critical urgency incidents. It is important to emphasise that the security and confidentiality of our clients' information was never at risk.

## Protection of client privacy

The right to privacy is enshrined in the Constitution of Lesotho. The Data Protection Act 2012 provides for protection of data from collection to destruction and also supports an enforceable right to access to information.

A key element of our service is the protection of clients' confidential personal information. We are committed to implementing good information risk management and data protection practices and protocols. This commitment is underpinned by our information risk policy which outlines the key principles on the protection of information. We apply strict confidentiality guidelines across the organisation and insist that all employees sign an attestation that they have familiarised with our information risk policies.

### Employee responsibilities

#### All employees are required to:

- Protect information and comply with relevant policies, including the information risk management policy, acceptable use of information assets policy, cyber resilience standard and Bank privacy statement
- Complete mandatory compliance training on policies, including regular information security and cybersecurity awareness training
- Use information assets, including mobile devices, appropriately and responsibly, and report security violations and non-compliance
- Confirm that they have read and understood the acceptable use of information assets policy and other applicable policies every time they log in to their computer. Attestation includes confirmation that non-compliance with
- Bank policies may result in disciplinary action, including termination of employment.
- Report any information risk or cybersecurity concerns.

### Validation and audit

Internal audit conducts data privacy related reviews annually to test security and vulnerability of systems and processes affecting user data. In 2023, a Cyber Regulatory Review was performed within Standard Lesotho Bank. The findings were shared with the relevant stakeholders and are being actioned and monitored.

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# Combating financial crime

Standard Lesotho Bank has adopted and follows best international programmes to combat financial crime, with oversight from the Compliance function.

The functions of Compliance function include oversight of the measures in respect of anti-money laundering, counter-terrorist financing, anti-bribery and corruption, and fraud risk advisory services.


## Policies and frameworks to combat financial crime include:

1




Money Laundering Control Policy

2




Financial Sanctions and Counter-Terrorist Financing policy

3




Anti-Bribery and Corruption Policy

4




Prevention of the Facilitation of Tax Evasion Policy

5



Anti-Fraud Policy

6



Whistleblowing Policy

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# Anti-money laundering and combating the financing of terrorism

Lesotho has a comprehensive money laundering legislative framework which includes legislation to combat money laundering and organised crime. Standard Lesotho Bank supports the international efforts to combat money laundering and terrorist funding.

Our KYC compliance declined to 93% by the end of 2023. This is a result of bulky low risk clients that fall due in one year.

We have a money laundering control officer who ensures that we adhere to regulatory requirements and internal control mechanisms implemented across the organisation.

Standard Lesotho Bank has monitoring programmes designed to identify, mitigate and manage anti-money laundering practices and to enhance our ability to detect and report suspicious activities.

Employees are required to attend to special anti-money laundering and terrorist financing control training. This training is compulsory for employees who are most likely to deal with high-value transactions that could be obtained for questionable and suspicious sources. In addition to this, awareness is maintained through mandatory online training and regular communication to create awareness on financial crime and money laundering.

Standard Lesotho Bank has various policies on business personal conduct that govern the combating, reporting and managing of risk associated with financial crime including following areas:

- Fraud
- Prevention of the facilitation of tax evasion
- Anti-money laundering
- Corruption and bribery
- Conflicts of interest

We keep employees updated through regular communications to raise awareness on how financial products can be abused to hide the origins of the proceeds of crime generated by such activities.

The Standard Lesotho Bank board risk and compliance committee tracks financial crime compliance-related **finances and penalties** issued against the Bank to assist us in identifying problem areas that need attention and implementing appropriate remedial action. We track the outcomes of regulatory inspections and interactions to ensure that required enhancements to our compliance management and control frameworks are implemented.

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# Anti-bribery and corruption (ABC)



We are committed to conducting business in accordance with the highest ethical standards and all forms of bribery and corruption are prohibited.

We adhere to international protocols and practices on combating corruption and various other criminal and unethical conduct such as fraud and money laundering.

All employees receive general awareness training and must confirm that they understand the contents of the ABC policy. Areas of the bank that are perceived as being more susceptible to the risk of bribery and corruption receive specialised training.

Contractors and suppliers must understand and agree to our corruption risk assessment processes, and risk-based due diligence is conducted before appointments of third parties are made. Specific contractual clauses regulate adherence to relevant anti-corruption legislation by third parties of the Bank and provide the Bank with remedies to prevent and detect non-compliance with ABC-related contractual provisions.

We regularly conduct periodic ABC risk assessments and focus on areas that are perceived to be a higher risk from a bribery and corruption perspective. The outcomes of this risk assessment (which includes the action plan detailing areas and controls that need enhancement) are shared with the relevant board committees.

Standard Lesotho Bank has not been subjected to any kind of legislative or regulatory sanction for ABC infringements during the last five years.

## Prevention of the facilitation of tax evasion



We have a zero-tolerance approach to tax evasion and the enablement of tax evasion.

The **prevention of the facilitation of tax evasion policy** ensures that reasonable procedures to prevent the facilitation of tax evasion are in place. All employees receive prevention of the facilitation of tax evasion training. Areas of the bank that are perceived as being more susceptible to the risk of facilitation of tax evasion receive specialised training. We also raise awareness of our facilitation of tax evasion policy and processes with our clients, suppliers and service providers through explicit communication and relevant agreements.

Employees are required to identify transactions identified as a higher risk for tax evasion and refer these to the compliance function and Standard Lesotho Bank tax function for consideration.

Employees are further required to report suspicion of the facilitation of tax evasion to the Bank fraud investigations team directly or through the whistleblowing hotline. Concerns can also be reported anonymously by using the whistleblowing hotline. Employees are also required to file a suspicious or unusual transaction report (STR) or suspicious activity report (SAR) where tax evasion or the facilitation of tax evasion is suspected or identified. Allegations of facilitation of tax evasion are investigated, and, where necessary, findings are actioned.

## Combating fraud



Fraud is defined as the unlawful and intentional misrepresentation committed to secure an unfair or unlawful gain. Fraud includes, but is not limited to, application fraud, card fraud, procurement fraud, employee fraud, digital fraud, insurance fraud and transaction fraud. Standard Bank Lesotho has well-developed measures to mitigate fraud risk and continually improves these measures.

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# Market abuse control framework



We seek to maintain the highest standards of professional conduct when undertaking financial market transactions, communicating with market participants, and handling confidential information.

Standard Bank Lesotho follows the market abuse control framework, which aims to ensure that all employees support the orderly, fair and transparent functioning of the financial markets, encourage its integrity, and enhance financial stability in the markets within which we operate. The framework seeks to ensure adequate and effective controls to prevent, manage and mitigate market abuse risk.

## Managing conflicts of interest

Standard Lesotho Bank has a robust and stringent conflicts of interest control framework to ensure that conflict of interest risk is adequately managed.



All employees must comply with applicable statutory and regulatory obligations. They must ensure reasonable steps have been taken to prevent or reasonably manage potential conflicts of interest and mitigate the effect of such conflicts on clients and the bank.

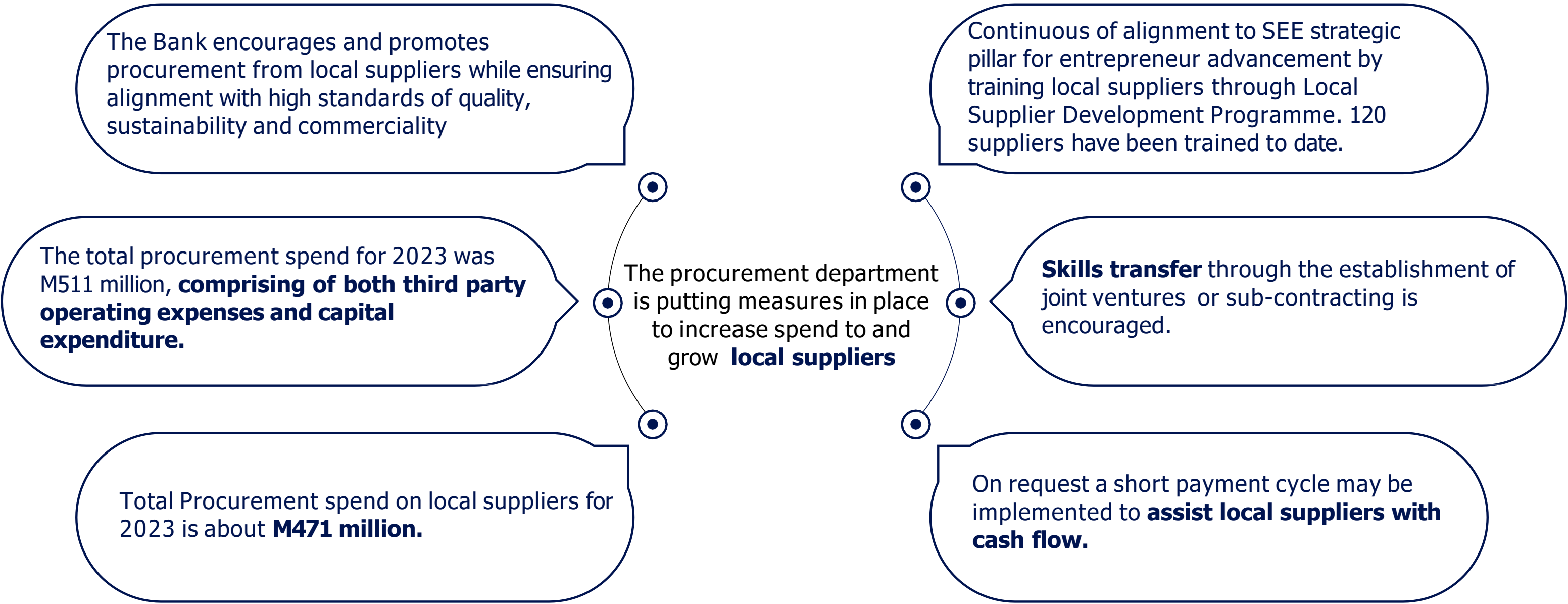
The policy stipulates the minimum requirements needed to prevent conflicts of interest from creating or giving rise to a material risk of damage to the interests of our clients. All employees, consultants, contractors, suppliers, other associated persons, and third parties are required to act with integrity and manage all conflicts of interest reasonably.

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# Procurement and third-party contracting

At Standard Lesotho Bank, our procurement policy is based on our commitment to driving Lesotho’s growth. It guides the sourcing and selection of suppliers and ensures that procurement processes are conducted in line with sound corporate governance principles. Our policy aligns with the code of ethics and conduct, and the principles of value optimisation, fair and effective competition, accountability, sustainability and risk management.



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# Managing our environmental, social and climate risks

**Environmental and social risk refers to the threat of adverse impacts on society and the natural environment arising from our business activities. Such impacts may include, for example, the production of greenhouse gas (GHG) emissions and associated impacts on climate change, waste production, resource depletion, or risks to community members’ health, livelihoods, and cultural heritage.**

Environmental and social risks create potential credit risk, operational risk, business risk and reputational risk. Standard Lesotho Bank has adopted and follows the policy regarding the governance of E&S risk and the Bank E&S risk policy.

## Proactive measuring and assessing environmental and social risks

Where possible, Standard Lesotho Bank adheres to internationally accepted standards for evaluating and rating ecological and social risks that may accompany projects. Besides considering biodiversity requirements, human rights issues include using child labour, compulsory labour, and race or gender discrimination are also regarded as part of social risk assessments.

## Internationally acknowledged assessment mechanisms that we follow include Compliance with the Equator Principles.

As SBG is a member of the Equator Principles Association, a global risk management framework for determining, assessing and managing environmental and social risk in project related transactions, Standard Lesotho Bank follows the Equator Principles' minimum standards for due diligence and monitoring to support responsible decision-making in project financing. When we lend or provide advisory services to a project, we evaluate to actively avoid and mitigate any negative social or environmental impacts.

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We had no projects financed in terms of the Equator Principles.

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E&S risk management principles

- E&S risk management is integrated into lending and investment processes, to ensure E&S risks are identified, managed and mitigated.
- Credit management policies and processes include assessment of E&S risks and associated mitigation measures and opportunities.
- High risk industries, sectors, jurisdictions and transactions (as identified by the Bank) require additional due diligence.
- Development of new products and services incorporates E&S risk assessment. Opportunities to create positive E&S outcomes are actively identified and pursued.
- Investment governance includes E&S risk assessment and monitoring. E&S due diligence must be undertaken for investee companies in high-risk industries or transactions. This includes assessment of the quality of the investee company’s monitoring and reporting regarding long-term sustainability of strategy and operations.
- We proactively partner with our clients to assist them to manage and mitigate their E&S risks and impacts.
- We use our influence with our clients to encourage them to apply the Precautionary Principle to their operations and activities, where applicable.

Our expectations of our clients

- We assess the E&S performance of our clients and partners before entering into a transaction, investment or business relationship with them.
- We encourage our clients and partners to meet internationally accepted E&S standards and to develop action plans to close the gaps between these and their current E&S performance.
- We aim to work with our clients to resource their E&S risk related functions appropriately, manage their material E&S impacts and risks, improve their performance and guard against unforeseen risk.

Results of E&S screening

The Environmental and Social Risk Management Screening tool was introduced in June 2022 for effective e&s risk management in lending. Since January to December 2023, 708 transactions were screened for E&S risk. The outcomes, in terms of client risk and transaction risk, are shown below.

Row Labels														Grand Total
BCB	37	15	37	28	40	69	68	66	61	52	82	60	615	
High												1	1	
Low	36	15	37	28	40	68	68	66	61	52	82	58	611	
Medium	1					1						1	3	
CIB	8	1	6	6	4	5	4	6	11	6	25	11	93	
Low	8	1	6	6	4	5	4	5	9	6	25	11	90	
Medium								1	2				3	
Grand Total	45	16	43	34	44	74	72	72	72	58	107	71	708	

In 2023

We trained our Credit, Business Teams on E&S and use of the assessment tool. We continued to monitor and report on embedment of the E&S risk management through usage of the tool. ESG & Climate Risk training was conducted for the Board in 2023.

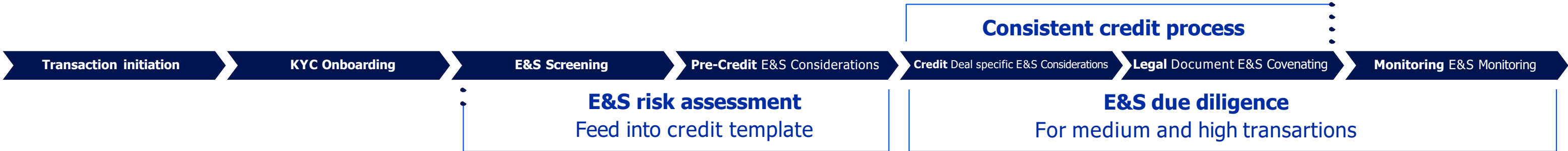
A broader ESG working group was established to collect data on metrics and indicators for reporting.

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# Screening



## E&S screening tool

We use our digital E&S screening tool to assess E&S risk for different risk categories of transactions. Digitisation of our screening tool has enabled it to be used more widely across the Bank and has improved data analysis. Training on the new tool has been provided to relevant employees. The screening process helps us to assess the extent to which E&S risks have been appropriately assessed, managed and mitigated. This includes assessing the following issues, in accordance with the potential risks posed by the business relationship/transaction/project.

All new lending (excluding personal banking) is screened for compliance with national laws and standards, the exceptions list and relevant policies, including the E&S framework. Where applicable, we also apply the IFC Performance Standards and the Equator Principles. By embedding E&S risk assessment processes into lending practices at an early stage, we ensure E&S consideration and accountability in decision-making and monitoring. We use three levels of assessment according to the type of financial product, the quantum and tenor of the transaction. Each level includes likely E&S risk, sector and client considerations, client’s ability to manage E&S risk and historical track record. Risks are rated low, medium or high.

### E&S screening includes client and transactional risk:

**Client Risk Assessment (CRA):** Risks associated with a client due to labour issues, negative media attention, NGO or activist focus, community issues or reputational risk to the Bank; and client's ability to manage E&S risks.

**Transactional Risk Assessment (TRA):** Risks associated with a transaction due to sector, activities to be undertaken and nature of finance and risks associated with security over assets, for example, contamination of land.

## Exceptions list

Our exceptions list specifies the type of activities for which no entity within the Bank will provide banking or lending facilities. These exclusions include:

- Production or activities involving harmful or exploitative forms of forced labour or harmful child labour
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, including ozone depleting substances, polychlorinated biphenyls, and specific hazardous pharmaceuticals, pesticides and herbicides or chemicals; wildlife or products regulated under CITES; unsustainable fishing methods and commercial whaling; use of unbonded asbestos fibres; narcotic drugs
- Production or trade in radioactive materials, excluding uranium mining, medical equipment, quality control equipment or equipment where the radioactive source is understood to be trivial and/or adequately shielded
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
- Production or trade in weapons or munitions, excluding hunting and sports equipment
- Production and distribution of racist and/or neo-Nazi media
- Illegal logging or purchase of illegally harvested timber
- Arctic oil and gas exploration and development
- Mountain top removal
- Mining or trading of diamonds not certified under the Kimberley Process
- Certification Scheme.

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# Managing climate risks and opportunities

Despite contributing a tiny percentage of global emissions, Africa is being disproportionately negatively impacted by climate change. Lesotho faces a significantly increased risk of drought and floods, declining mean precipitation in already-dry regions, lower crop yields, and loss of biodiversity, affecting public health, labour productivity, and food production.

We actively support Lesotho’s transition to a low-carbon economy, support efforts to mitigate the impact of climate change, and improve access to reliable and sustainable energy sources, a critical factor in Lesotho’s economic growth and poverty alleviation. We will endeavour to partner with clients and stakeholders to support their climate transitions and national climate commitments.

## Our direct emissions

Our impact on the environment, including greenhouse gas emissions, is primarily indirect, driven by the businesses and projects for which we provide finance. Our direct impacts arise, although insignificant, from energy use at our head office, branches and other buildings in Lesotho and, to a lesser extent, from water use, waste generation at these buildings and employee travel.

We are committed to reducing these impacts in Lesotho. We are currently collecting data manually at key Standard Lesotho Bank facilities to enable us to model a baseline against which we will set targets and monitor progress.




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In alignment with good international standards and principles that we subscribe to begun gathering data for many of our operational footprint metrics. We are starting to share our information through the bankwide ESG working group to help set targets. To set targets, data must be collected for an extended period to identify a trend. This is currently still work-in-progress.

This year, we are not able to provide a GHG emissions inventory containing our scope 1, 2 and 3 emissions



**Water management**

In 2023, we put measures in place to track water use and identify high usage per specific months. Our assessment revealed that an average person needs 3 litres daily and our total consumption was 52500l combined for all municipal water that we get billed. This excludes consumption on certain rented operations where the landlord is billed.

We continuously monitor our water usage in strategic facilities to enable accurate monitoring of water usage and benchmarking across locations and against industry benchmarks. In 2022, we identified sites displaying high-use and implemented water efficiency projects, including routine maintenance to prevent water leakages. We also identified sites at significant water risk and are in the process of installing backup water storage tanks.

To further reduce our reliance on municipality water, we have installed a rainwater harvesting system at our head office. We regularly test and monitor the quality of our drinking water.



Our paperless branches programme has successfully reduced paper usage. In 2019, we introduced a ‘follow me’ printing initiative in our offices, significantly reducing office paper usage. We actively encourage our people to be paper-wise when they print.

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# People & culture performance | In a snapshot



## People Engagement

Permanent Employees  
**716**

Non-Permanent Employees  
**2**



### Employee Experience



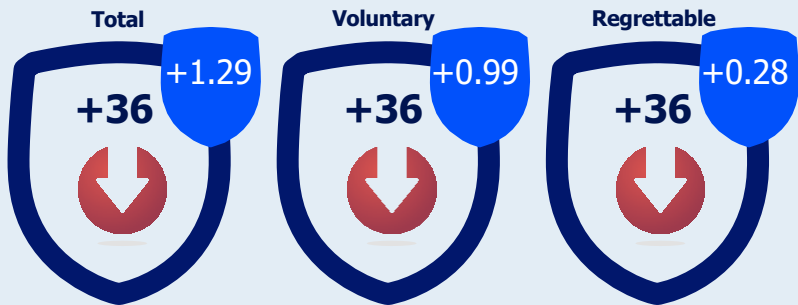
### Diversity and inclusion

Woman representation at executive and senior management level

**42.8%**



### Turnover



### Learning

Average learning hours per employee per year

**86hrs**

2022: 65hrs

Learning hours invested in future skills

**75%**

2022: 77%

### Bursary Recipients

Number of employees who received bursaries

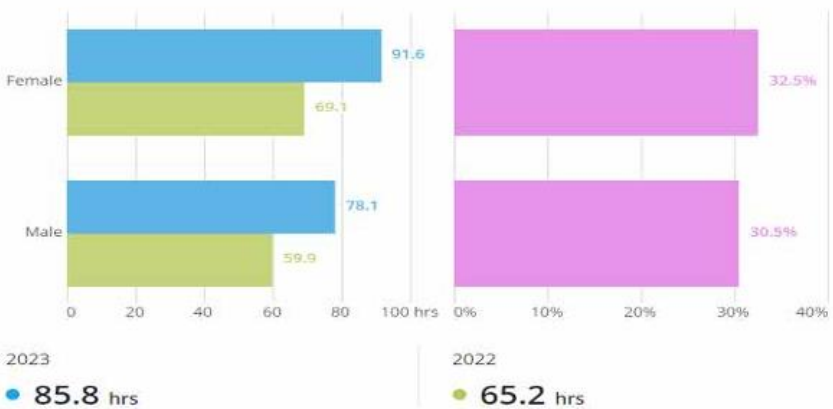
**19**

### Total bursary spend

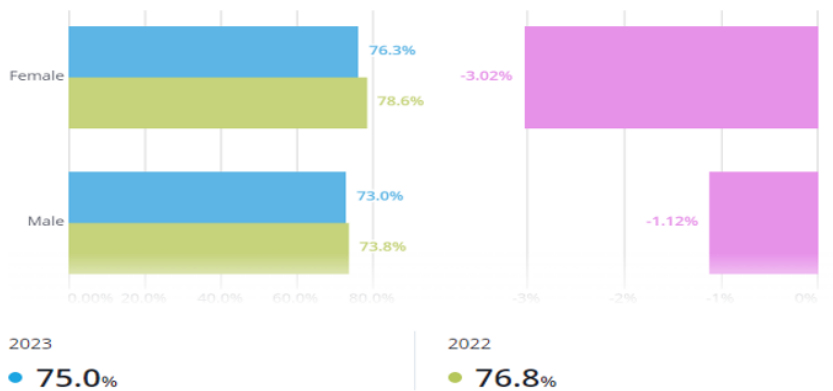
Value on employees who received bursaries

**M 1 857 303**

YTD Average Time Spent Learning by gender 2023



YTD % Time Spent on Learning Future Skills by gender 2023



### Total training spend

**R10 million**

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# People Engagement

Our Rainmakers Fan Club initiative was launched in 2023 as a key initiative to build connectedness and improve engagement amongst our people while inspiring them to be the No.1 fans of Standard Lesotho Bank, thus cultivating a movement of people-led brand ambassadorship. This initiative is made up of four pillars, namely, Sense of Belonging, Followership, Engagement and Visibility which seek to tackle people issues raised in the Are You A Fan Survey.



## a) Employee Engagement

Our anchor measure of employee engagement is our employee net promoter score (eNPS). This is an indicator of how likely an employee is to recommend Standard Lesotho Bank as a great place to work. We measure eNPS annually through our Are You a Fan survey which enables us to gain insights on how our people feel about Standard Lesotho Bank . In 2023, Are You A Fan survey recorded a participation rate of 96% representing a 3% increase from 2022. eNPS increased by 28 points resulting in a score of +36. This improvement indicates that our people are feeling more positive about working at Standard Lesotho Bank. In particular the survey highlighted they feel a strong sense of organisational pride, they see a strong connection between their individual performance and that of Standard Lesotho Bank as well as feeling that there is a high level of cross functional team collaboration to deliver value to client.

On the other hand, our people feel that we need to do more to improve the level of psychological safety in the organisation as well as to make them feel more valued.



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# People Engagement



## b) Diversity and Inclusion

Embracing diversity and inclusion is key to enabling our strategy execution and ensuring that we continue to create an environment where our people can thrive. We focused our diversity initiatives on women career progression, with particular emphasis on improving the number of women at Executive and Senior Management. To this end, we implemented various development initiatives aimed at building leadership capabilities, business acumen and technical skills through experiential and formal learning as well as coaching. By the end of 2023, we had achieved a 38.5% women representation at the Country Leadership Council, up 5.5% from 2022, while overall women representation in both executive and senior management roles was 42.8% compared to 38.5% in 2022.



## c) Health and Employee wellbeing

In line with global trends, many of our people feel overwhelmed, anxious, and feel impacted by social and macroeconomic pressures. We continue provide our people with wellbeing support through our comprehensive Employee Assistance Programme (EAP), counsellors and communication. We held wellbeing sessions to engage on different topics that affect our people, including mental health, stress management and financial management. We also continue to offer 50% medical aid subsidy to all our people as well as executive medical assessments for members of our Country Leadership Council as part of our wellness offering.

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# Leadership Development

## Leadership Development Completions

GLC Core Leadership Programme

39

Mehalalitoe Female graduates

24

Coaching For Impact

91

Modern Leader Programme

46

## Leadership Effectiveness

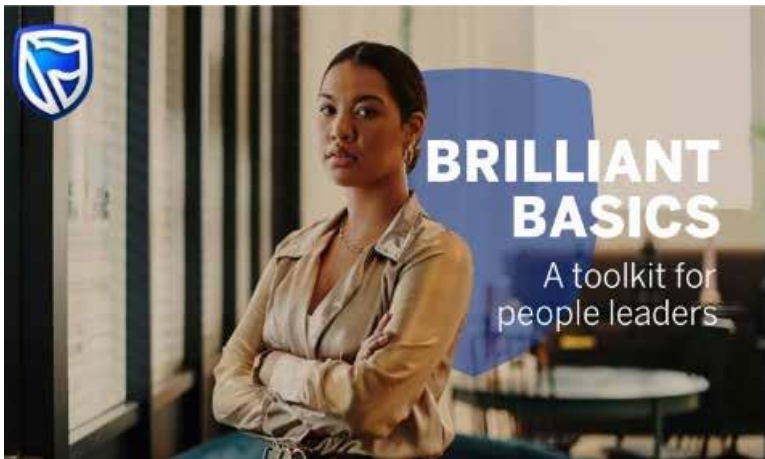
Percentage of Leaders who completed Performance Coaching Programme

73%

2022: 43%

Henley Business School Programme to support junior managers and team leaders in their leadership journeys

09



**Modern Leader:** This programme is intended for leaders of people; it covers Leaders Brilliant Basics which includes topics like how to manage performance and conduct, how to grow myself and others and how to do day-to-day tasks. We had 46 Leaders of people attend from PPB.

**GLC Core Leadership Programme:** Accelerating leadership effectiveness to create the ideal conditions to transform the business and deliver on the promises we make to our people and our clients. These leadership programmes enable and support leaders to translate our strategy into clear performance goals for all our people to deeply understand how they contribute. 39 leaders have completed different leadership programmes in 2023.



**Mehalalitoe Women Programme :** This programme is aimed at developing women to increase self-awareness, raise confidence and feel empowered to take on bigger leadership roles in the future while enhancing their current influencing and team management capability. 24 females graduated and 6 of them were promoted to higher positions



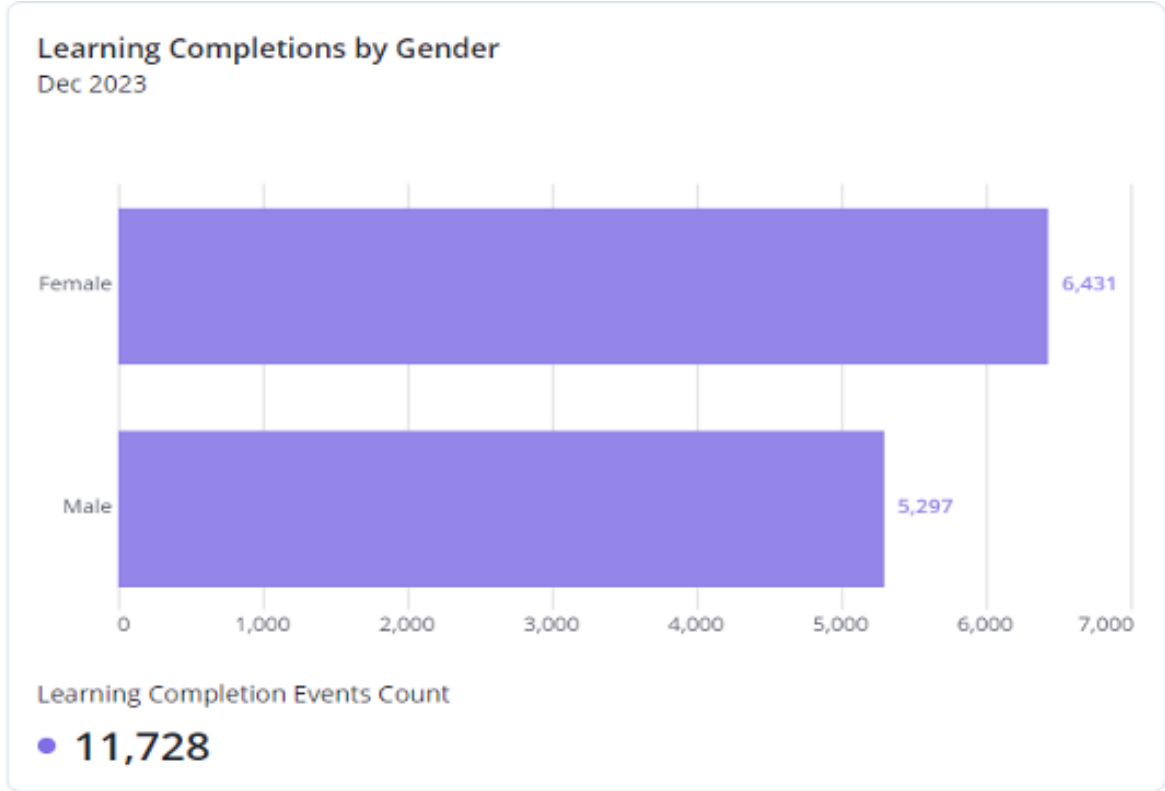
**Coaching for Impact / Leadership Effectiveness:** Coaching for Impact programme aims to build performance conversation capability in line leaders and up. There were 2 options for learners, depending on the prior learning they have been exposed to. Option 1 consists of line leaders completing both the Meaningful Conversations and Performance to Potential programmes and option 2 consists of two Coaching for Impact Coaching Circles which focus on building the capabilities required for leadership effectiveness and team performance. 91 leaders attended and completed the programme

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# Investment in our people

Investing in the development of our people skills and capabilities is key to our strategy execution and ensuring we support our employees to reach their full potential. In 2023, we spent **10 million** on employee training initiatives. We had a total of **11728** learning completion events in 2023 with **6431** female completions against **5297** completion for males.



# Engineering skills Development

Our focus was also on the acquisition of new critical skills in Tech to enhance speed of strategic delivery, ability to integrate with ease using APIs technology and skilled employees in automation and use of data. A total of 39 employees in Tech were enrolled on various engineering skills development courses.

## Learning Platforms

Our strategic priority pivots around preparing a workforce that is ready for the future. We aim to nurture a positive culture of learning. Key to this is the enhancement of learning experiences. Quality is at the forefront of our initiative. We emphasize improving digital content, ensuring it is both engaging and effective. Additionally, increasing the value and impact of digital learning stands central in our strategy. Our Learning Experience Platform, Degreed, is optimized for these enhancements. This platform serves as the cornerstone, paving the way for a seamless and enriching learning environment.

The picture below shows adoption and usage of 4 key platforms where our content is housed in the form of Courses



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# Culture and performance

All employees are expected to uphold the Bank’s eight values. Our recruitment, onboarding and training processes are designed to entrench our values, ethics and conduct standards across the Bank.

Individual and team goals align with the strategic value drivers and associated metrics. These metrics are cascaded through the performance management process. Our people and teams know precisely how their goals and efforts need to translate and contribute to measurable results and value for our clients, partners, colleagues, and broader stakeholders.

Our performance management system is designed to guide our people to perform at their best and recognise them for their contribution. Our remuneration committee governs our remuneration policy and its application and ensures that reward and salary decisions and processes consider and promote desired behaviours and conduct.

Our ‘perform to grow’ philosophy is based on the principle that regular and constructive performance coaching conversations help drive personal improvement, growth, and business contributions.

In 2021, we implemented a performance management digital solution to support our people in a far more intuitive and agile way. It enables seamless alignment to our business outcomes, and our strategic priority focuses. It achieves this by aligning the goals of our people to the Bank’s priority goals and across all business lines, functions, and geographies within a multi-year goal horizon, while still being able to review deliverables and progress in the current year.

This digital solution makes managing, tracking, measuring, analysing, and reviewing our progress easier and integral to day-to-day business. It also improves managers’ effectiveness in engaging our people meaningfully on what matters. It enables us to give continuous feedback and manage multiple teams in real-time.

By doing this, we create a culture of openness and continuous learning, where ongoing exchanges between our people and business is constructive and helps shape and build our future-ready workforce.

## Values

	<b>Serving our customers</b>
	<b>Delivering to our shareholders</b>
	<b>Respecting each other</b>
	<b>Working in teams</b>
	<b>Upholding the highest levels of integrity</b>
	<b>Growing our people</b>
	<b>Being proactive</b>
	<b>Constantly raising the bar</b>



## Health and wellbeing

Keeping our employees safe with access to services to support their wellbeing is a priority. All employees have medical that is 50% subsidized by the Bank. Part of the Employee Value Proposition includes services from an employee support provider ICAS which provides health, financial, legal advisory services for staff.

We train managers to manage sick absenteeism and appropriately support employees who display psychosocial or other symptoms of health challenges.

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Disability



We have appropriate processes and support systems to assist people with disabilities to perform to their full potential. Our disability strategy ensures that disabled employees have equal opportunities in the workplace, have a safe and accessible workplace, and can maximise their contributions.

Employees can apply for reasonable accommodation to address specific workplace requirements. We raise awareness of disability declaration and reasonable accommodation application processes through internal communications to all employees. While our employees are not obliged to declare disabilities, we actively encourage disclosure to ensure we can provide reasonable accommodation if required.

People with disabilities as a  
0.04%  
of total employees

Age



Standard Lesotho Bank recognises the value of all aspects of diversity, including age.



**LGBTQI+**  
We value diversity and align ourselves with international best practice on diversity.

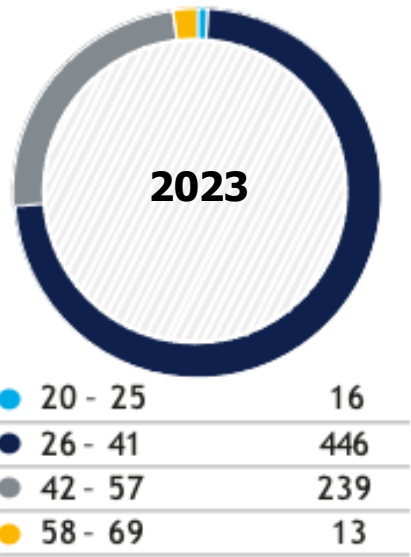


Discrimination and harassment



Our employees are governed and protected by policies on harassment, sexual harassment and unfair discrimination. These policies establish non-negotiable principles and standards on these issues for dealing with complaints. We have a zero-tolerance approach to harassment and unfair discrimination. Employees can report any incidences to their line manager, people and culture representatives, or the Bank’s confidential whistleblowing hotline.

All reported cases are dealt with promptly and respectfully. Victims of abuse are provided with support, and we ensure that they are not in any way prejudiced or disadvantaged as a result of having laid a bona fide complaint. However, we view malicious and frivolous complaints in a serious light. All employees, including all managers, must complete compulsory online sexual harassment training every two years. Unconscious bias training is offered to managers and employees to raise self-awareness and includes tools and strategies to counter potential bias.



Employee Age Distribution (%)

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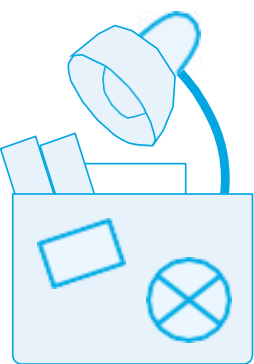
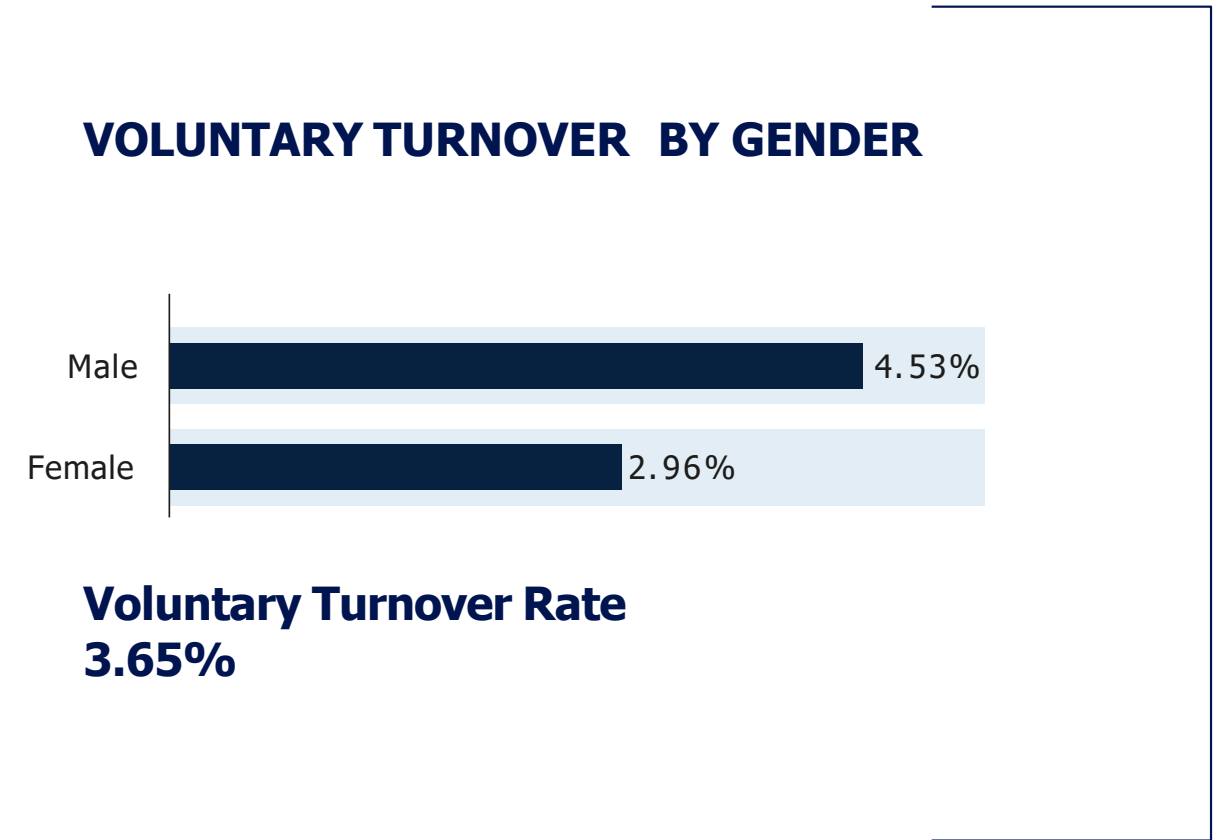
# Employee attraction and retention



We ensure that we provide an attractive employee value proposition, offering an innovative, flexible environment with a broad range of opportunities for skills development and career progression. We aim to attract people who are passionate about Lesotho, are motivated to deliver exceptional client experiences and embrace an innovative mindset to deliver on our future ambitions.

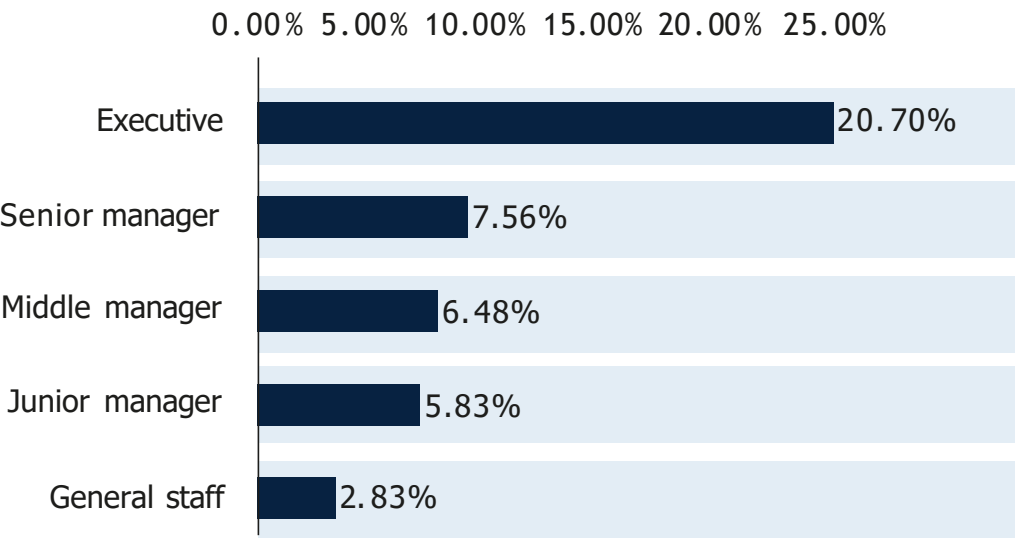
We use tailored talent attraction strategies, employing multiple platforms and channels to attract scarce skills. We have not introduced any hiring freeze due to the Covid pandemic. We ensure that we attract the right skills to enable our business strategy.

Employee turnover (%)	2023	2022
Voluntary turnover rate	3.65	3.58
Overall turnover	6.04	4.8
Voluntary regrettable turnover	1.54	1.12
Voluntary turnover at executive level	7.42	7.7



Voluntary  
turnover  
count  
**54**

## VOLUNTARY TURNOVER BY WORKFORCE LEVEL



Voluntary Turnover Rate  
• 3.65%

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# Corporate Social Investment (CSI) Framework

Our CSI strategy focuses on four sustainable impact areas: education, health, entrepreneurship development, and community upliftment, and it works on a matrix basis with our SEE impact area.

## Our CSI framework incorporates:

Strategic projects/community upliftment investments, in which we contract with NGO partners to undertake longer-term interventions in line with our three selected impact areas M2 million, on the Bacha Entrepreneurship project M42.1 million, on the Standard Lesotho Bursary Fund

Charitable donations on an ad hoc and responsive basis, including disaster relief and humanitarian relief.

Employee contributions include employee donations and volunteering time and skills to community outreach projects and disaster/humanitarian relief. We encourage employees to get involved in meaningful, sustainable volunteer work in the communities in which we operate and recognise the positive effect on employee engagement and team cohesion, and consequently productivity, of such activities. We work with the NGOs we support to structure appropriate volunteering opportunities for our employees.

We are responsible for developing our CSI programmes within this framework. In all cases, we work closely with government departments and other social partners to understand priority needs at the national and local level, and partner with local agencies and community organisations to ensure effective and sustainable delivery of our programmes.

### Corporate social investment

The Bank has committed to allocate 0.06% of its PAT to good causes designed to improve the lives of Basotho who, through no fault of their own, are socially, economically and educationally disadvantaged. Many of these programmes and initiatives help build homes for Basotho, bolster entrepreneurship and education and assist with financial awareness. Standard Lesotho Bank's CSI programme's strategic focus is presently on making a positive impact in our focus areas of entrepreneurship, education, social development and health.

Our total SEE spend for 2023 was M8.6 million.



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# Our approach to tax and sustainable development

## Governance of tax matters



Standard Lesotho Bank is committed to full compliance with tax laws and full disclosure to tax authorities regarding our statutory obligations.

### Board responsibility:

The board is responsible for the Bank’s tax matters and governance, including oversight of reporting on income, tax expenses, the management of tax risk and setting the Bank’s tax risk profile. This responsibility is delegated to the BAC, which is responsible for approving the Bank’s tax strategy and governance standard, which directs our approach to tax matters.

### Executive responsibility:

- Standard Lesotho Bank Chief Finance and Value Management officer (CFVMO).
- The SLB tax governance standard sets out the roles and responsibilities of the tax function and other business and support areas in the Bank to ensure that corporate governance, compliance and tax risk management requirements are met.
- The tax policies have been localised and approved by the board and/or the internal financial control (IFC) committee.
- Specific policies deal with aspects of tax risk such as transfer pricing, indirect taxes, withholding taxes, remuneration-related taxes and client tax reporting.
- Standard operating procedures ensure that our approach to tax is well embedded, and compliance obligations are effectively monitored. These are continuously updated to respond to changes in the business or applicable legislation. To ensure compliance, they are approved and attested by Standard Lesotho Bank CFVO on a quarterly, bi-annual, and/or annual basis.
- All tax governance documents are available through a central repository to relevant employees.

## Engaging with tax authorities



We are committed to fostering transparent, constructive and cooperative relationships based on open and honest disclosure and building mutual trust wherever possible.

## Insights into Standard Lesotho Bank tax contributions

The Bank contributes significantly to government revenues by way of corporate income taxes and indirect taxes such as VAT. We also collect other taxes such as withholding tax and employees’ tax on behalf of revenue authorities and assist tax authorities with tax administration, collection processes and by obtaining independent verification of third-party data.

Taxes paid and collected by the Standard Lesotho Bank (M’000)	2023	2022
Total taxes paid and collected by Standard Lesotho Bank	277 751	281292
By type of tax		
Corporate taxes incurred	129 230	137 585
Taxes collected on behalf of the government (e.g. employees’ tax)	148 521	143 707

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# Thank You

StandardLSBank  Standard Lesotho Bank  Standard Lesotho Bank 

\*Terms & Conditions Apply. Standard Lesotho Bank is a licensed bank and a registered credit provider.