

# Second-Party Opinion

## Standard Bank Group Sustainable Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Standard Bank Group Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds<sup>1</sup> are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental and social impacts, and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14 and 15.



**PROJECT EVALUATION AND SELECTION** Standard Bank Group’s Sustainable Finance team, supported by relevant originating business units, including but not limited to Corporate and Investment Banking, Business and Commercial Banking, and Personal and Private Banking, will be responsible for evaluating and selecting eligible projects in line with the Framework’s eligibility criteria. Standard Bank Group’s Environmental and Social Management System applies to eligible allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and aligned with market expectations. For additional details, see Section 2. This is in line with market practice.



**MANAGEMENT OF PROCEEDS** Standard Bank Group’s Sustainable Finance team will manage the net proceeds using a portfolio approach and will track the allocation of net proceeds using an allocation register. Standard Bank Group intends to allocate all proceeds to eligible assets within two years of issuance. Pending allocation, unallocated proceeds will be temporarily held or invested in its treasury liquidity portfolio, in cash or other short-term and liquid instruments. Sustainalytics considers this process to be aligned with market practice.



**REPORTING** Standard Bank Group commits to report on the allocation and impact of proceeds through a publicly available Environmental, Social and Governance reporting suite of documents on an annual basis until full allocation. Allocation reporting will include the total amount of proceeds allocated to eligible asset category, the number of eligible assets in each category and the balance of unallocated proceeds. Sustainalytics views Standard Bank Group’s allocation and impact reporting as aligned with market practice.

|                        |                               |
|------------------------|-------------------------------|
| <b>Evaluation Date</b> | October 13, 2023 <sup>2</sup> |
| <b>Issuer Location</b> | Johannesburg, South Africa    |

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<sup>1</sup> Renewable Energy, Electricity Distribution Networks, Energy Efficiency, Pollution Prevention and Control, Climate Change Adaptation, Green Buildings, Clean Transportation, Sustainable Management of Natural Resources, Terrestrial and Aquatic Biodiversity Conservation, Sustainable Water, Circular Economy, Blue Finance, Carbon Financing, Affordable Housing, Access to Essential Services, Affordable Basic Infrastructure, Employment Generation, Food Security and Sustainable Food Systems, and Socioeconomic Advancement and Empowerment.

<sup>2</sup> This document is an update of Sustainalytics’ Second-Party Opinion originally published on 19 February 2020.

## Introduction

Standard Bank Group Limited (“Standard Bank Group”, “SBG”, or the “Group”) is a financial services group headquartered in Johannesburg, South Africa. Standard Bank Group offers a range of financial services, such as personal, commercial and corporate banking, as well as insurance and asset management solutions.<sup>3</sup> Established in 1862, the Group operates in 20 countries in sub-Saharan Africa. The Group had nearly 49,325 employees as of 31 December 2022.<sup>4</sup>

Standard Bank Group has developed the Standard Bank Group Sustainable Finance Framework (the “Framework”), under which it intends to issue public or private green, social and sustainability bonds or loans (including in a hybrid format) and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to support sustainable development in Africa. The Framework defines eligibility criteria in 13 green and six social categories:

Green categories:

1. Renewable Energy
2. Electricity Distribution Networks
3. Energy Efficiency
4. Pollution Prevention and Control
5. Climate Change Adaptation
6. Green Buildings
7. Clean Transportation
8. Sustainable Management of Natural Resources
9. Terrestrial and Aquatic Biodiversity Conservation
10. Sustainable Water
11. Circular Economy
12. Blue Finance
13. Carbon Financing

Social categories:

14. Affordable Housing
15. Access to Essential Services
16. Affordable Basic Infrastructure
17. Employment Generation
18. Food Security and Sustainable Food Systems
19. Socioeconomic Advancement and Empowerment

Standard Bank Group engaged Sustainalytics to review the Standard Bank Group Sustainable Finance Framework, dated October 2023, and provide a Second-Party Opinion<sup>5</sup> on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2023 (SBP),<sup>6</sup> Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).<sup>7</sup> The Framework has been published in a separate document.<sup>8</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>9</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

<sup>3</sup> Standard Bank Group, “Our Business”, at: <https://www.standardbank.com/sbg/standard-bank-group/our-business/what-we-do>

<sup>4</sup> Standard Bank group, “Annual integrated report”, (2022), at: [https://thevault.exchange/?get\\_group\\_doc=18/1680198603-SBG2022AnnualIntegratedReport.pdf](https://thevault.exchange/?get_group_doc=18/1680198603-SBG2022AnnualIntegratedReport.pdf)

<sup>5</sup> The Framework updates and replaces SBG’s 2020 Sustainable Bond Framework, for which Sustainalytics has provided a Second-Party Opinion.

<sup>6</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>7</sup> The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

<sup>8</sup> The Sustainable Finance Framework is available on Standard Bank Group Limited’s website at: <https://reporting.standardbank.com/results-reports/sustainability/>

<sup>9</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA, and the Green Loan Principles 2023 and Social Loan Principles 2023, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.13.4 which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Standard Bank Group's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Standard Bank Group representatives have confirmed that: (1) they understand it is the sole responsibility of Standard Bank Group to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Standard Bank Group.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Standard Bank Group is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Standard Bank Group has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Standard Bank Group Sustainable Finance Framework

Sustainalytics is of the opinion that the Standard Bank Group Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy; Electricity Distribution Networks; Energy Efficiency; Pollution Prevention and Control; Climate Change Adaptation; Green Building; Clean Transportation; Sustainable Management of Natural Resources; Terrestrial and Aquatic Biodiversity Conservation; Sustainable Water; Circular Economy; Blue Finance; Carbon Financing; Affordable Housing; Access to Essential Services; Affordable Basic Infrastructure;

Employment Generation; Food Security and Sustainable Food Systems; and Socioeconomic Advancement and Empowerment – are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics considers that the eligible projects are expected to deliver positive environmental and social impacts in Africa.

- SBG has communicated to Sustainalytics that it strives to limit the refinancing of operating expenditures to those with a look-back period of three years, where feasible. However, Sustainalytics notes that SBG has not defined a look-back period under the Framework and acknowledges that financial institutions have limited visibility on the allocation of loan proceeds to capital or operating expenditures by the borrowers. Nevertheless, Sustainalytics notes that the refinancing of loans that may have been utilized for operating expenditures incurred more than three years before issuance may imply a lack of continuous impact from the financed activity.
- Under the Framework, the Group intends to use proceeds for both project-based lending and general-purpose loans to pure play businesses that derive at least 90% of their EBITDA or revenue from eligible activities under the Framework. Sustainalytics acknowledges that the GBP and SBP favour project-based lending and financing, which provide more transparency in general than non-project-based lending, but notes that financing pure play companies through green and social bonds is commonly accepted as an approach that can generate positive impacts.
- Under the Renewable Energy category, SBG may finance or refinance the acquisition, construction, operation or maintenance of renewable power and associated infrastructure according to the following criteria:
  - Solar photovoltaic (PV) or concentrated solar power (CSP) projects. Regarding CSP facilities, the Framework limits financing to projects that generate at least 85% of the electricity from solar energy sources. This is in line with market practice.
  - Wind and ocean thermal power projects. The Framework mentions that fossil fuel backup will be limited to power monitoring, operating and maintenance equipment, resilience or protection measures, and restart capabilities for ocean thermals projects. This is in line with market practice.
  - Hydropower projects that: i) are run-of-river with a low storage capacity; ii) have a life cycle carbon intensity lower than 100 gCO<sub>2</sub>e/kWh; or iii) have a power density greater than 10 W/m<sup>2</sup> for facilities that became operational after 2019 and a power density greater than 5 W/m<sup>2</sup> for facilities that became operational before 2020. Sustainalytics notes that for hydropower facilities operational after 2019, the Group has not defined an estimated emissions intensity threshold lower than 50 gCO<sub>2</sub>e/kWh. Considering the longevity of hydropower assets, newly constructed facilities effectively lock in energy generation for an extended period. Sustainalytics encourages the Group to favour new projects with a lower emissions intensity and to report, where feasible, on such intensity in order to avoid proceeds from being directed to hydropower projects with potentially significant negative environmental impacts.
    - Sustainalytics notes that all new hydropower projects financed or refinanced under the Framework will undergo an environmental and social impact assessment conducted by a credible body. Additionally, SBG will exclude the financing of projects associated with controversial issues. This is in line with market practice.
  - Biogas or biomass power generation facilities with a life cycle GHG emissions intensity below 100 gCO<sub>2</sub>e/kWh using certified sustainable crops or waste materials. Eligible certifications and schemes to ensure sustainable sourcing of non-waste feedstock include the Roundtable for Sustainable Biomaterials (RSB),<sup>10</sup> International Sustainability and Carbon Certification (ISCC),<sup>11</sup> BONSUCRO for sugarcane<sup>12</sup> and the Roundtable on Responsible Soy for Soy (RTRS).<sup>13</sup> Sustainalytics notes that: i) feedstock sourced from areas with high biodiversity and carbon stock, such as forests, wetlands and peatlands, will be excluded; and ii) a food security impact assessment

<sup>10</sup> RSB: <https://rsb.org/>

<sup>11</sup> ISCC: <https://www.iscc-system.org/>

<sup>12</sup> BONSUCRO: <https://bonsucro.com/>

<sup>13</sup> RTRS: <https://responsiblesoy.org/?lang=en>

will be conducted to demonstrate no competition with food and feed. Additionally, the Group has communicated to Sustainalytics that waste feedstock financed under the Framework will include: i) agricultural residues, such as sugar cane pulp or bagasse, corn stover, oats and barley straw, crop stalks, leaves, roots, fruit peels and seeds, or nut shells; and ii) solid municipal organic waste, such as paper, cardboard, food waste, grass clippings and wood products. These investments are in line with market practice.

- Sustainalytics notes that the Framework excludes the financing of animal residues (such as manure) from intensive livestock operations and limits the use of animal processing by-products (such as animal fat and oil) to 10% of the total feedstock procured. Sustainalytics notes that large- and mid-scale livestock farming have significant carbon and water footprints that are not addressed by the use of livestock by-products in energy generation. Furthermore, such farming techniques may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers that the use of residues from day-to-day operations of existing facilities for energy generation provides positive impacts in the short term.
  - Geothermal power projects with an emissions intensity below 100 gCO<sub>2</sub>e/kWh. This is in line with market practice.
  - Production of green hydrogen and the associated production and transportation of green ammonia that will be utilized as a fuel source after reconversion to hydrogen. Transportation-related expenditures financed under the Framework may include costs associated with: i) pipelines dedicated to the transportation of green ammonia; and ii) shipping where the Group may finance the acquisition of ships that fulfil the Sustainable Transport criteria under the Framework. These investments are in line with market practice.
  - Manufacturing, development or import of components of renewable energy technology, such as wind turbines, solar panels and battery storage. SBG has confirmed to Sustainalytics that financing will be limited to facilities that are wholly dedicated to the production of renewable components. This is aligned with market practice.
  - Development, improvement, maintenance, resilience and expansion of electrical grids that are dedicated to connecting renewables to the power grid and integrate at least 90% renewable electricity. This is in line with market practice.
- Under the Electricity Distribution Networks category, SBG may finance or refinance loans for the development and enhancement of transmission and distribution infrastructure and off-grid solar projects that fulfil the following criteria:
  - Retrofits of transmission lines or substations to reduce energy use and technical losses by 15% and avoid electricity cuts. For cases where the renewable energy mix in the grid is less than 90% and the renewable energy percentage is expected to increase in the future, SBG intends to adopt a pro-rata approach to finance upgrades that correspond to the renewable energy mix.
  - Distributed assets that aim to improve existing systems to facilitate the integration of renewable energy sources into the grid.
  - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Energy Efficiency category, SBG may finance or refinance the development, installation, upgrades and enhancements to components technologies, equipment and processes, in accordance with the following criteria:
  - Development, manufacture or installation of components to enable energy efficiencies, such as smart meters, energy-efficient household appliances and peak demand management technology. Sustainalytics notes: i) the Group will exclude the financing of smart meters for gas; and ii) the manufacture of household appliances will be limited to appliances that belong to the two highest populated classes of the relevant EU energy label. Sustainalytics notes that the Group will adhere to the to the relevant EU Taxonomy 's do no significant harm criteria requirement associated with this activity. Sustainalytics further notes that SBG's reliance on EU energy labels to define eligibility in this category is consistent with the EU Taxonomy Climate Delegated Act.

- Sustainalytics notes that the Group intends to report on estimated or achieved energy efficiency gains, where feasible.
- Upgrades and improvements to industrial and manufacturing processes that are proved to result in an increase in energy efficiency. This may also include industrial and utility energy efficiency improvements, such as a reduction of heat loss.
  - Sustainalytics notes that the Framework excludes the financing of equipment and technologies that are: i) driven by coal, oil, gas or other fossil fuels; and ii) designed or intended for processes that are inherently carbon-intensive, such as those in heavy industries.
  - Sustainalytics considers investments under this category to be in line with market practice.
- Under the Pollution Prevention and Control category, SBG may finance or refinance projects related to reducing non-carbon air emissions and managing waste.
- To enable a reduction in air emissions, SBG may finance the following: i) acquisition or development of projects that reduce non-carbon air emissions, such as NO<sub>x</sub>, SO<sub>x</sub> and particulates; ii) replacement of HVAC systems in existing infrastructure with electric-powered systems; iii) research and development projects for renewable and resource-efficient or low-carbon products (including packaging), processes and technologies; and iv) procurement of recycled, waste or resource-efficient input materials.
    - Projects to reduce air emissions will not be implemented in hard-to-abate industries<sup>14</sup> and assets or technologies powered by fossil fuels will be excluded from financing under the Framework.
    - Eligible R&D projects will be limited to those using bio-based materials, such as biopolymers and bioplastics. Additionally, the procurement of resource-efficient input materials for single-use plastic packaging will not be financed.
  - SBG may also finance the acquisition or development of projects that relate to: i) waste-to-energy conversion; ii) methane gas capture; iii) waste prevention and recycling; and iv) dedicated storage and bulking facilities that transfer waste downstream to waste storage assets for recycling and reuse.
    - Waste-to-energy using municipal solid waste as feedstock, where the majority of recyclables are separated prior to incineration. Sustainalytics recognizes that generating energy from waste can take potentially recyclable materials out of circulation and undermine the objectives of a zero-waste circular economy, including waste prevention and recycling. Additionally, to have a low emissions intensity in such projects, the composition of residual waste, particularly fossil carbon content, is a crucial consideration. However, Sustainalytics also notes that, due to current constraints of recycling in many parts of the world, energy from waste can offer a better residual waste management option than landfills in many cases. Sustainalytics recommends SBG to promote the removal of increasing amounts of recyclables, especially plastics and metals, and the monitoring of thermal efficiency of the financed facilities. Sustainalytics notes that the Framework incorporates waste hierarchy principles that prioritize waste avoidance, reuse, recycling and recovery.
    - Sustainalytics notes that that the landfill gas capture projects will be limited to landfills that are non-operational with a high gas capture efficiency of at least 75%. Sustainalytics notes that recovering methane produced from a closed landfill will not prolong the lifespan of the landfill and is a key strategy to reduce methane emissions from waste.
    - SBG has communicated to Sustainalytics that eligible waste prevention and recycling activities may include waste reuse, reduction, collection and transportation, and infrastructure dedicated to recycling services. The Group has confirmed that: i) investments in e-waste recycling facilities will be subject to robust waste management processes to identify and mitigate

<sup>14</sup> Steel, natural gas, shipping, ports, aviation, airport infrastructure, cement, aluminium, nuclear power plants, mining and extractive sectors

- associated risks, ii) waste will be segregated at source, and iii) chemical recycling will be excluded.
- Sustainalytics considers investments under this category to be aligned with market practice.
- Under the Climate Change Adaptation category, SBG may finance or refinance projects that adhere to the following criteria:
- Infrastructure and activities that address physical climate risks and improve the resilience of eco-systems, such as: i) the expansion or maintenance of flood defence systems; ii) wildfire mitigation and management; and iii) biodiversity protection. The Group has confirmed that flood mitigation infrastructure will be based on vulnerability assessments and adaptation plans to identify potential climate risks and relevant management strategies. These investments are in line with market practice.
  - Monitoring technologies, such as climate observation and information support systems. These expenditures are in line with market practice.
  - Projects or activities that increase the resilience of agribusinesses against climate risks. The Group intends to finance farm-level agricultural operations certified under Rainforest Alliance,<sup>15</sup> USDA Organic<sup>16</sup> or Better Cotton.<sup>17</sup> Additionally, the Framework excludes the financing of agricultural operations associated with intensive industrial livestock operations or livestock management practices.
    - Sustainalytics notes that in contrast to most credible certification schemes, BCI does not require adherence to specific performance standards, focusing instead on encouraging the attainment of improved performance over time. In addition, Sustainalytics notes that Better Cotton allows for the use of genetically modified organisms. Notwithstanding these drawbacks and noting the positive ambition of the Better Cotton scheme, Sustainalytics does not consider the use of Better Cotton as an eligibility criterion that detracts from the credibility of the Framework.
- Under the Green Buildings category, SBG may finance or refinance the development, acquisition, retrofit or refurbishment of new or existing residential or commercial buildings, including those in the public sector, in accordance with the following criteria:
- Buildings that have achieved or are expected to achieve one of the following minimum green buildings certification levels: i) LEED Gold,<sup>18</sup> ii) Green Star 4,<sup>19</sup> iii) Energy Water Performance (EWP) Level 6, with a minimum of 20% improvement in energy efficiency,<sup>20</sup> iv) BREEAM Excellent,<sup>21</sup> v) EDGE certified,<sup>22</sup> or vi) other equivalent internationally recognized thresholds set by the Climate Bonds Initiative (CBI).
    - Sustainalytics believes that buildings that achieve the Green Star 4 level correspond to the top 20% of energy performing buildings in South Africa and, therefore, buildings financed may not belong to the top 15% of energy performing buildings in South Africa. Therefore, Sustainalytics encourages the Group to prioritize financing buildings that represent top 15% energy-performing buildings in the national or regional building stock and report on the achieved energy performance of buildings.
    - Sustainalytics considers it market practice to ensure that retrofits and refurbishments of buildings that achieve EWP Level 6 result in energy performance improvements of at least 30% and encourages the Group to prioritize such projects under the Framework.
    - Sustainalytics notes that it is market expectation to specify all eligible schemes and certifications and encourages the Group to report on any specific schemes and certifications it intends to use.

<sup>15</sup> Rainforest Alliance: <https://www.rainforest-alliance.org/about/>

<sup>16</sup> USDA: <https://www.usda.gov/topics/organic>

<sup>17</sup> Better Cotton: <https://bettercotton.org/who-we-are/>

<sup>18</sup> LEED: <https://www.usgbc.org/leed>

<sup>19</sup> Green Building Council South Africa, "Greenstar", at: <https://gbcsa.org.za/certify/green-star-sa/new-buildings-major-refurbishments/>

<sup>20</sup> Green Building Council South Africa, "Energy Water Performance", at: <https://gbcsa.org.za/certify/energy-water-performance/>

<sup>21</sup> BREEAM: <https://bregroup.com/products/breem/>

<sup>22</sup> EDGE: <https://edgebuildings.com/certify/certification/>

- Refurbishment of existing buildings that results in at least a 20% reduction in primary energy demand or carbon emissions compared to pre-renovation levels.
  - SBG has confirmed that only renovation costs will be financed under the Framework. Sustainalytics notes that retrofits that result in performance improvements of at least 20% under the Framework will result in some environmental benefits. Nevertheless, Sustainalytics considers it market practice to ensure that retrofits achieve emissions or energy performance improvements of at least 30% and encourages the Group to prioritize such refurbishment projects.
- Under the Clean Transportation category, SBG may finance or refinance loans for low-carbon transportation vehicles and associated infrastructure according to the following criteria:
  - Low-carbon passenger and freight transportation vehicles, including: i) freight trucks with an emissions intensity threshold of 25 gCO<sub>2</sub>e/tkm; ii) buses and passenger rail with an emissions intensity threshold of 50 gCO<sub>2</sub>e/pkm; iii) freight rail with an emissions intensity threshold of 25 gCO<sub>2</sub>e/km; and iv) electric cars and hybrid cars with an emissions threshold of 109 gCO<sub>2</sub>e/km.
    - Freight trucks dedicated to the transportation of fossil fuels or fossil fuels blended with alternative fuels will be excluded.
    - Railway lines and operations where fossil fuels account for more than 50% of freight (by tkm) will be excluded.
    - The primary purpose of freight rail should not be the transportation of fossil fuel freight (the share of fossil fuel freight transported should not be more than 25% by mass).
    - Sustainalytics considers expenditures related to passenger and freight transport based on the aforementioned emissions thresholds to be aligned with the market practice. However, Sustainalytics notes that the Group has not communicated which test procedure will be used for vehicles complying with the threshold of 109 gCO<sub>2</sub>/km.<sup>23</sup> Hence, Sustainalytics further encourages, where feasible, to report on the test procedure used to determine the emissions intensity of the vehicles to be financed. Additionally, Sustainalytics considers a carbon emissions threshold of 75 gCO<sub>2</sub>/km or lower to be in line with market expectations for low-carbon light-duty passenger vehicles (LDVs), noting that best practice is to achieve a threshold of 50 gCO<sub>2</sub>/km or 80.47 gCO<sub>2</sub>/mi. These thresholds reflect the urgent need to shift LDV powertrain technologies to technologies such as battery electric, hydrogen fuel cell and plug-in hybrids to enable the decarbonization of passenger transportation. Sustainalytics considers SBG's financing of vehicles with an intensity of 109 gCO<sub>2</sub>/km to be a deviation from market practice while acknowledging the regional context within which such investments will be made.
  - Retrofitting of existing passenger or cargo ships to low-carbon fuels, such as electric, biofuel or hydrogen. Potential expenditures may also include the financing of shipping infrastructure, such as: i) bunkering facilities for biofuels, hydrogen, ammonia and methanol; and ii) infrastructure for alternative maritime power, including outlets, electrical distribution and control systems. Additionally, the Framework limits financing of infrastructure to that used by ships that meet the Sustainable Transport criteria under the Framework.
    - Sustainalytics notes that SBG excludes the financing of: i) cargo ships with the primary purpose of transporting fossil fuel,<sup>24</sup> coal, oil and petroleum; and ii) ships powered by conventional heavy fuel oil, bunker fuel, low-sulphur heavy fuel and marine diesel oil.
    - Sustainalytics considers these expenditures to be in line with market practice.

<sup>23</sup> Different test procedures can achieve varying results in actual vehicles' CO<sub>2</sub> emissions, whether they intend to replicate real driving conditions (such as WLTP) or are based on a theoretical driving profile (such as NEDC). European Commission, "From NEDC to WLTP: effect on the type-approval CO<sub>2</sub> emissions of light-duty vehicles", at: <https://publications.jrc.ec.europa.eu/repository/bitstream/JRC107662/kjna28724enn.pdf>

<sup>24</sup> The share of fossil fuel freight should not be more than 50% by mass.



- Infrastructure projects, including the manufacture, development or purchase of: i) specialized electric vehicle (EV) parts, such as EV batteries;<sup>25</sup> ii) information and communication technology (ICT) systems,<sup>26</sup> such as microcontrollers and wireless communication infrastructure with the aim to increase energy efficiency by at least 15% per unit of service (measured in BTU or pkm);<sup>27</sup> and iii) charging stations and supporting infrastructure for EVs and hybrid vehicles.<sup>28</sup> Sustainalytics considers these investments to be in line with market practice.
  - Under the Sustainable Management of Natural Resources category, SBG may finance or refinance sustainable agriculture projects that fulfil the following criteria:
    - Implementation of sustainable agricultural techniques, practices and technologies, such as precision farming, regenerative and conservation agriculture techniques, including no-till farming systems, crop rotation, drip irrigation, maintenance of a permanent soil cover and diversification of plant species. Sustainalytics encourages the Group to promote the holistic deployment of conservation agriculture practices<sup>29</sup> through its lending criteria for agriculture projects.
    - Climate smart agriculture activities that document an increase in productivity of at least 10% without increasing GHG emissions or reduce post-harvest losses by at least 10%. Examples of potential expenditures include polytunnels, shade netting and the deployment of regenerative agricultural practices, such as smart crop rotation. SBG has confirmed to Sustainalytics that expenditures under this category will be for climatic control and the promotion of optimal growing conditions. These investments are in line with market practice.
    - Activities that support a reduction in water consumption per unit of production by at least 10%. These may include efficient irrigation systems (such as drip irrigation and subsurface irrigation), laser soil levelling, and water harvest and storage facilities (such as vacuum pump system (VPS), variable speed drive (VSD) or vertical sump pump (VSP) drives for water pumping). These investments are aligned with market practice.
    - Projects that improve existing carbon pools, including: i) rangeland management; ii) collection and use of bagasse, rice husks or other agricultural waste; iii) reduced tillage techniques; iv) soil recovery and restoration of degraded pastures; and v) peatland restoration. Sustainalytics views these investments as aligned with market practice.
    - Agricultural products or operations certified under the Rainforest Alliance,<sup>30</sup> USDA Organic<sup>31</sup> and BCI.<sup>32</sup>
      - In contrast to most credible certification schemes, BCI does not require adherence to specific performance standards, focusing instead on encouraging the attainment of improved performance over time. In addition, Sustainalytics notes that BCI allows for the use of genetically modified organisms. Notwithstanding these drawbacks and noting the positive ambition of the BCI scheme, Sustainalytics does not consider the use of BCI as an eligibility criterion that detracts from the credibility of the Framework.
    - Sustainable forestry projects and activities that have been certified under the Forest Stewardship Council<sup>33</sup> or Programme for the Endorsement of Forest Certification,<sup>34</sup> including expenditures related to the reforestation, afforestation, rehabilitation of degraded land and preservation or restoration of the natural landscape. Sustainalytics notes that reforestation and afforestation projects will consider tree species that are

<sup>25</sup> The financing of EV ancillary parts, such as vehicle frames and seats, will be excluded.

<sup>26</sup> ICT systems that remove barriers to modal shift to public transit or incentivizes the use of low-carbon vehicles and car-sharing schemes will be prioritized.

<sup>27</sup> Sustainalytics notes that ICT systems that improve energy efficiency in fossil fuel vehicles will be excluded from financing under the Framework.

<sup>28</sup> Standalone parking facilities will be excluded from financing.

<sup>29</sup> FAO, "Conservation Agriculture", at: <http://www.fao.org/conservation-agriculture/en/>

<sup>30</sup> Rainforest Alliance: <https://www.rainforest-alliance.org/for-business/2020-certification-program/>

<sup>31</sup> USDA Organics: <https://www.usda.gov/topics/organic>

<sup>32</sup> Better Cotton: <https://bettercotton.org/>

<sup>33</sup> Forest Stewardship Council: <https://fsc.org/en/fsc-standards>

<sup>34</sup> PEFC: <https://www.pefc.org/standards-implementation>

- well adapted to the site conditions. Sustainalytics considers these investments to be in line with market practice.
- SBG excludes the financing of sustainable agriculture projects and technologies associated with intensive industrial livestock operations and livestock management practices, which is in line with market practice.
- Under the Terrestrial and Aquatic Biodiversity Conservation category, SBG may finance or refinance the following biodiversity conservation projects:
    - SBG has communicated to Sustainalytics that the Group may finance the following activities to support the preservation or restoration of valuable natural habitats: i) projects that focus on expanding conservation areas, including the Global Environment Facility (GEF);<sup>35</sup> ii) pure play organizations<sup>36</sup> that run conservation programmes to support biodiversity protection, such as WESSA<sup>37</sup>, Endangered Wildlife Trust<sup>38</sup>, African Conservation Foundation<sup>39</sup> and Bird Life South Africa<sup>40</sup>; and iii) financing “Working For” programmes and environmental protection working programmes (EPWP), including Working for Forests, Working for Ecosystems and Working for Wetlands.<sup>41</sup>
    - Monitoring and surveillance of land- or marine-protected areas. Project examples include ecological surveillance and monitoring, and research programmes of CapeNature,<sup>42</sup> Wildlife Act<sup>43</sup> and SANBI’s Offshore Marine Protected Area Project.<sup>44</sup>
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Sustainable Water category, SBG may finance or refinance the development, renovation or operation of water and wastewater infrastructure projects and technologies, including drinking water infrastructure, wastewater treatment facilities and equipment to increase water use efficiency.
    - Projects financed to improve water quality may include: i) water recycling systems; ii) rainwater harvesting systems; iii) wastewater treatment facilities; and iv) water meters, sensor taps and one-flush toilets. Sustainalytics notes that the Group will exclude the treatment of wastewater from fossil fuel operations under the Framework. Additionally, Sustainalytics notes that the Group may finance investments in technologies and projects to reduce water consumption in water-stressed locations and leisure facilities.
    - Desalination facilities that are powered either by electricity with an average carbon intensity lower than 100 gCO<sub>2</sub>e/kWh or by low-carbon sources, such as renewables. Additionally, the Framework limits financing to facilities that have an environmental risk mitigation strategy to ensure appropriate brine disposal.
    - Sustainalytics considers investments under this category to be aligned with market practice.
  - Under the Circular Economy category, SBG may finance or refinance the following:
    - Collection, sorting, cleaning, refurbishment, reconditioning and repair of products for reuse where the activity will result in products being put back to their original use without any requirement of further pre-processing. Sustainalytics notes that the Framework excludes the financing of products specialized for use in the extraction of fossil fuels or those relying on fossil fuels.
    - Acquisition or production of resource-efficient products (including packaging) using recycled waste, such as aluminium or RSB-certified bio-based materials, where the

<sup>35</sup> World Bank, “South Africa Invests in Biodiversity to Promote Rural Development and Conservation”, at: <https://www.worldbank.org/en/news/press-release/2021/07/13/south-africa-invests-in-biodiversity-to-promote-rural-development-and-conservation>

<sup>36</sup> SBG defines pure play companies as those that derive more than 90% of revenue or earnings from eligible green or social activities.

<sup>37</sup> WESSA: <https://wessa.org.za/our-story/overview/>

<sup>38</sup> Endangered Wildlife Trust: <https://ewt.org.za/about/>

<sup>39</sup> African Conservation Foundation: <https://africanconservation.org/about-african-conservation-foundation/>

<sup>40</sup> Bird Life South Africa: <https://www.birdlife.org.za/>

<sup>41</sup> South Africa Department of Forestry, Fisheries and the Environment, “Projects and programmes”, at: <https://www.dffe.gov.za/projectsprogrammes#workingfor>

<sup>42</sup> CapeNature, “Conservation work we do”, at: <https://www.capenature.co.za/conservation-work-we-do>

<sup>43</sup> Wildlife Act, “Wildlife Tracking and Monitoring”, at: <https://www.wildlifeact.com/about-wildlife-act/wildlife-tracking-and-monitoring/>

<sup>44</sup> SANBI, “Offshore Marine Protected Areas Project – Summary Document”, at: <https://www.sanbi.org/documents/offshore-marine-protected-areas-project-summary-document/>

- products manufactured provide a reasonable basis or evidence to support a substantial reduction of life cycle emissions relative to comparable fossil products. For the production of aluminium-based products, such as beverage cans, SBG will finance products where: i) at least 90% of the input is recycled or scrapped aluminium; or ii) 75-90% of the input is recycled or scrapped aluminium and the remaining virgin aluminium has a carbon intensity below 2.5 tCO<sub>2</sub>e/tonne of aluminium.
- Sustainability considers investments under this category to be aligned with market practice.
- Under the Blue Finance category, SBG may finance or refinance the following projects according to the IFC's Guidelines for Blue Finance:<sup>45</sup>
    - Research and design of products with a sustainable supply of raw materials that can displace existing harmful products or reduce nitrogen and phosphorus loads of the aquatic environment. SBG has communicated to Sustainability that the products for research and design include biodegradable and phosphate-free detergents and shampoos, shampoo bars, deodorant bars and cosmetics without plastic packaging, and microbead-free toothpaste in non-plastic containers. These investments are in line with market practice.
    - Pollution prevention infrastructure connected to rivers or coastal water basins, including settling ponds, wastewater treatment plants, pollution control dams and cut-off drains. SBG has confirmed that investments in pollution prevention infrastructure related to fossil fuels and hard-to-abate industries will be excluded. These investments are in line with market practice.
    - Sustainable shipping and port logistics sectors: investments in the research, design, development and implementation of water, and waste and pollution management and reduction measures in shipping vessels, shipping yards and ports. Potential expenditures include financing water and waste management measures in shipping vessels that comply with: i) the Clean Transportation criteria under the Framework; or ii) the CBI Shipping Criteria on low-carbon emissions intensity.<sup>46</sup> Sustainability notes that expenditure will exclude financing infrastructure dedicated to shipping vessels that rely on fossil fuels. Sustainability considers expenditures in this area to be transition expenditures as they are expected to include the financing of systems in shipping vessels that will continue to rely on fossil fuels during the transition period.
    - Fisheries and aquaculture projects certified by the: i) Marine Stewardship Council;<sup>47</sup> ii) Aquaculture Stewardship Council Chain of Custody standard;<sup>48</sup> or iii) Global Sea Food Alliance's Best Aquaculture Practice certification (2 stars or more)<sup>49</sup> and Best Seafood Practice<sup>50</sup> to protect critical habitats and ecosystems and improve ecological interaction. Sustainability views these certifications to be credible and the intended investments to be aligned with market practice.
  - Under the Carbon Financing category, the Group may finance voluntary carbon credits through projects that fulfil the eligibility criteria under the Framework and directly through the acquisition of credits that are certified under one of the following standards: i) American Carbon Registry<sup>51</sup>, ii) Clean Development Mechanism<sup>52</sup>, iii) Climate Action Reserve<sup>53</sup>, iv) The Gold Standard<sup>54</sup>, v) Verified Carbon Standard<sup>55</sup>, vi) Plan Vivo<sup>56</sup>, vii) other standards eligible according to the regulations under Section 19 of the South African Carbon Tax Act, and viii) Standards for mitigation outcomes agreed by parties to cooperative approaches under Article 6, paragraph 2

<sup>45</sup> IFC, "Guidelines for Blue Finance", (2022), at: [https://www.icmagroup.org/assets/documents/Sustainable-finance/Learning-resources/IFC-Blue-Finance-Guidance-Documents\\_January-2022-270122.pdf](https://www.icmagroup.org/assets/documents/Sustainable-finance/Learning-resources/IFC-Blue-Finance-Guidance-Documents_January-2022-270122.pdf)

<sup>46</sup> CBI, "The Shipping Criteria for the Climate Bonds Standard & Certification Scheme", (2020) at: <https://www.climatebonds.net/files/files/CBI%20Certification%20-%20Shipping%20Criteria.pdf>

<sup>47</sup> Marine Stewardship Council: <https://www.msc.org/standards-and-certification/fisheries-standard>

<sup>48</sup> Aquaculture Stewardship Council: <https://asc-aqua.org/business/chain-of-custody-standard/>

<sup>49</sup> Best Aquacultural Practices: <https://www.bapcertification.org/>

<sup>50</sup> Best Seafood Practices: <https://bspcertification.org/>

<sup>51</sup> American Carbon Registry: <https://americancarbonregistry.org/about-us/mission>

<sup>52</sup> Clean Development Mechanism, <https://cdm.unfccc.int/about/index.html>

<sup>53</sup> Climate Action Reserve, <https://www.climateactionreserve.org/about-us/>

<sup>54</sup> Gold Standard: <https://www.goldstandard.org/about-us/about-us>

<sup>55</sup> Verified Carbon Standard: <https://verra.org/programs/verified-carbon-standard/>

<sup>56</sup> Plan Vivo: <https://www.planvivo.org/pvcs>

of the Paris Agreement and Sustainable Development Mechanism under Article 6, paragraph 4.<sup>57</sup>

- Sustainalytics notes that the Group may finance carbon credits that are certified with the Gold Standard. The Gold Standard is designed by the World Wildlife Fund for Nature (WWF) to ensure real and verifiable carbon credits that make measurable contributions to sustainable development with strict standards on additionality. Moreover, it requires the participation of internal and external stakeholders, including NGOs, throughout the life cycle of the project, with UNFCCC-accredited Designated Operational Entities to validate or verify the project and its document. However, Sustainalytics notes that SBG may also finance carbon credits that are registered under other standards, including national approved approaches.
  - The Group has confirmed to Sustainalytics that: i) the purchase of carbon credits will be limited to 10% of the net proceeds under the Framework; and ii) the credits will not be acquired to offset scope 1 emissions the borrower, as applicable. Additionally, SBG has confirmed to exclude financing carbon credits for companies that generate GHG emissions from fossil fuel related operations, such as from coal mining; or due to activities such as landfill gas flaring and industrial gas destruction.
  - Sustainalytics notes SBG's intention to finance acquisition of credits as per the Paris Agreement criteria. Sustainalytics considers expenditures in carbon offsetting to be credible if the carbon credits are certified by credible standard or verified by a third-party. While Sustainalytics recognizes Paris Agreement's objective of encouraging countries across globe to adopt mechanism to reduce GHG emissions and support sustainable development, Sustainalytics also notes lack of adherence to a specific standard or any requirement for a third-party verification of carbon credits and hence Sustainalytics considers it as a deviation from what Sustainalytics views to be a credible green expenditure. Further, Sustainalytics encourages SBG to provide details of the methodology or the mechanisms considered for acquisition of carbon credits as per Paris Agreement criteria as well as report on the impacts achieved.
- Sustainalytics notes that SBG intends to finance social projects under the Framework in sub-Saharan Africa that are expected to improve socioeconomic conditions with regard to accessibility and affordability for low-income<sup>58</sup> and historically marginalized populations. Additionally, Sustainalytics acknowledges that the majority of the target countries face challenges around infrastructure investments due to economic, environmental and societal factors leading to inadequate opportunities for sustainable development.<sup>59</sup> Therefore, Sustainalytics positively notes SBG's aim to finance such projects and encourages SBG to report transparently on the financed projects and the positive social impact generated among the target population.
- Under the Affordable Housing category, SBG may finance or refinance the construction or refurbishment of affordable, low-income, community or social housing projects in South Africa. Additionally, the expenditure may also include the provision of home loans for such projects to increase access to finance for historically marginalized groups and low-income populations (households earning below the national median income or below average national wage, where credible median income data is not available). The Group has communicated to Sustainalytics that this may include housing for both rental and purchase.
- For financing toward affordable housing for rental purposes in South Africa, the Group has confirmed that it will adhere to the standards defined by the Banking Association South Africa,<sup>60</sup> which requires building developers to ensure that the monthly rental payment is up to 30% of the gross household income for social housing.
  - Sustainalytics notes that the target population based on average national wages, which may be skewed due to its considerations of only employed individuals as opposed to the median income, which Sustainalytics considers to be a credible metric. However,

<sup>57</sup> UNFCCC, "Paris Agreement", (2015), at: [https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

<sup>58</sup> SBG has defined low-income as those households which either earn below the national median income or below national average wage. The average wage criteria will be considered in case where credible median income data is not available.

<sup>59</sup> World Economic Forum, "The Sub-Saharan Africa Risks Landscape", (2019), at: [https://www3.weforum.org/docs/WEF\\_The\\_Sub-Saharan\\_Africa\\_Risks\\_Landscape\\_report.pdf](https://www3.weforum.org/docs/WEF_The_Sub-Saharan_Africa_Risks_Landscape_report.pdf)

<sup>60</sup> The Banking Association South Africa, "About Us", at: <https://www.banking.org.za/about-us/>

- Sustainalytics acknowledges that information related to average wages will be considered only in absence of median income data.
- Sustainalytics notes that the role of SBG in affordable housing projects is limited to financing the development of housing units and the Group does not have control on deciding the detailed criteria on low-income groups and affordability mechanisms. Sustainalytics further notes that it is market practice to clearly define low-income groups and affordability. In that regard, Sustainalytics encourages the Group, where feasible, to provide further disclosure on the affordable housing programmes financed and relevant beneficiaries, and to report on the social impact achieved as part of its annual reporting commitments.
- Under the Access to Essential Services category, the Group may finance or refinance projects aimed at improving or enhancing the access to educational facilities, and healthcare products and services in accordance with the following criteria:
    - The development or refurbishment of new and existing education facilities or programmes and projects that aim to increase access to tertiary education or vocational and technical skills training, as well as access to campus infrastructure. The Group has confirmed to Sustainalytics that all educational facilities and programmes financed under this will be accessible and affordable to all segments of the population regardless of their ability to pay. Sustainalytics further notes that the Group will exclude private and for-profit facilities, unless such facilities are specifically targeted at and affordable to historically disadvantaged individuals or low-income groups.<sup>61</sup>
    - R&D to support access to healthcare products and services, and the roll-out of essential medicines and vaccines, as well as the provision of community healthcare services.
      - The Group has confirmed that the R&D and distribution costs financed under the Framework will be limited to medicines and vaccines, which will be provided free of cost and will, therefore, be accessible to all beneficiaries. Sustainalytics notes that the Framework limits R&D-related financing to exceptional cases of health crises, such as global pandemics.
    - Sustainalytics considers investments under this category to be socially impactful.
  - Under the Affordable Basic Infrastructure category, Standard Bank Group may finance or refinance the following:
    - The development and material upgrades of roads and public transportation infrastructure, such as bus stops and railway infrastructure in underdeveloped areas of Africa where there is inadequate or no access to such infrastructure. Sustainalytics notes that: i) infrastructure focusing exclusively on the transportation of fossil fuels will be excluded from the Framework; and ii) road development projects will be financed where road connectivity does not exist based on a reasonable study or where the financed upgrades are expected to lead to increased economic connectivity.
    - The provision of telecommunications infrastructure to underserved populations in Africa in regions with no or inadequate access to such infrastructure. This may include expenditures associated with the installation of telecom towers, fibre optic networks and radio antennas.
    - Water (including desalination projects), sanitation and energy projects<sup>62</sup> that aim to enhance access to underserved populations or in areas that also benefit underserved populations in Africa where such areas lack such infrastructure and facilities or where such services are intermittent or unreliable. Sustainalytics notes the following: i) the development of transmission and distribution infrastructure that is connected to a dedicated fossil fuel power plant will be excluded from financing under the Framework; ii) in the case of desalination plants, the Group will require reasonable assurance of an appropriate waste management plan for brine disposal; and iii) integrated water and power plants with fossil fuel power and desalination plants with dedicated on-site fossil fuel power will be excluded under the Framework.

<sup>61</sup> SBG has defined low-income as those households which either earn below the national median income or below national average wage. The average wage criteria will be considered in case where credible median income data is not available.

<sup>62</sup> Projects may include the development, improvement, resilience and expansion of energy storage, transmission and distribution infrastructure.

- Nature-based projects that improve the reliability of water supply during extended periods of drought.<sup>63</sup> Sustainalytics notes that all drought mitigation projects will undergo a vulnerability assessment or diagnosis of the realized climate impacts and potential risks and have a management response plan to address the identified climate risks.
  - Sustainalytics considers that investments under this category will improve access to essential infrastructure in underdeveloped regions and, therefore, views these investments as socially impactful.
- Under the Employment Generation category, Standard Bank Group may finance or refinance the following:
  - The provision of financial services, including banking services, financing, insurance and savings, to MSMEs<sup>64</sup> and individuals<sup>65</sup> with limited or no access to such services in developing countries that are classified as lower-middle or upper-middle income by the United Nations as of 2022.<sup>66</sup> SBG has communicated to Sustainalytics that investments in this sub-category are intended to improve access to finance for target groups that remain unbanked, underbanked, uninsured or underinsured. Sustainalytics notes that the Group may finance these expenditures in promoting financial inclusion through financial intermediaries where the Group does not have control on deciding the detailed criteria regarding affordability mechanisms. SBG has communicated to Sustainalytics that it intends to: i) offer a moratorium period on education loans to students qualifying as low-income as per the Group's criteria; ii) increase its risk appetite for its loan program; and iii) extend its banking services at a reduced fee for borrowers. SBG also intends to provide a financial advantage to the target population beyond improved access, where feasible.
    - Sustainalytics recognizes the benefits of offering a moratorium period on education loans as a way to reduce the loan burden for low-income students. However, Sustainalytics considers other services provided by SBG to only improve financial and banking system access for the target population and, as such, do not a guarantee financial advantages to all the beneficiaries. Sustainalytics considers it good practice to offer financial benefits, such as a low interest rate on the loan services to the beneficiary target population, Therefore, Sustainalytics considers the absence of favourable terms to the entire target population as a deviation from what it considers good practice and encourages SBG to report on the social impact achieved.
  - Financing of employment creation projects and programmes, and training and development programmes at MSMEs aimed at increasing access to opportunities for historically marginalized or low-income groups.<sup>67</sup> This expenditure is aligned with market practice.
- Under the Food Security and Sustainable Food Systems category, Standard Bank Group may finance or refinance the development and provision of nutrition programmes that address food security, projects contributing to climate-smart farming practices and storage of agricultural products.
  - Nutrition programmes will be financed through non-profit organizations and MSMEs as defined under the Framework and may include financing related to the development of digital platforms that facilitate the exchange of agricultural products between farmers and buyers, as well as the cost of transportation and storage of products (including cold chain and storage of agricultural products to prevent food loss).

<sup>63</sup> Projects may include protection from heat stress, as well as reservoirs.

<sup>64</sup> MSMEs financed may include those that: i) are women-owned or led; ii) are in underserved communities; iii) are majority owned by members of historically marginalized or disadvantaged groups; iv) qualify for recognized, credible job creation programmes; v) face significant adversity as a result of natural disasters or the pandemic; or vi) provide microfinancing, personal finance and financial services targeted at populations whose historical marginalization continues to create barriers to finance.

<sup>65</sup> This may include individuals that earn below the median income of the relevant country, historically disadvantaged populations and individuals in underserved areas as defined under the Framework.

<sup>66</sup> UN, "World Economic Situation and Prospects 2022: Statistical Annex", at: [https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP2022\\_ANNEX.pdf](https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP2022_ANNEX.pdf)

<sup>67</sup> SBG has defined low-income as those households which either earn below the national median income or below national average wage. The average wage criteria will be considered in case where credible median income data is not available.

- Projects contributing to climate-smart farming practices may include infrastructure and community-based subsistence farming for smallholder farmers. Sustainalytics notes that the Group will limit financing to smallholder farmers that operate up to 5 hectares of land and will not finance intensive livestock operations under the Framework.
    - Sustainalytics views expenditures under this category to be aligned with market practice.
  - Under the Socioeconomic Advancement and Empowerment category, the Group intends to finance or refinance investments to promote financial inclusion for the underbanked population in sub-Saharan Africa and women in accordance with the following criteria:
    - Capital raising for and lending to regional and national development banks, NGOs and supranational organizations for the financing of investments that fulfil the eligibility criteria defined under the Framework. Sustainalytics notes that the Group will ensure that the proceeds are earmarked for allocation toward eligible projects and will require the banks to report on the use and management of proceeds until full allocation.
    - Financing projects and MSME businesses that fulfil one of the following direct criteria under the Group's 2X Challenge programme:<sup>68,69</sup> i) greater than 50% share of women ownership or founded by women; ii) a 30% share of women in senior management or 30% of women on the Board or Investment Committee; iii) a 30-50% share of women in the workforce and one quality indicator beyond compliance, subject to sector-specific thresholds in line with the 2X Challenge's criteria; and iv) provide products or services for which women are the main beneficiaries<sup>70</sup> (i.e. greater than 50%). Additionally, in line with the indirect criteria under the programme, the Group may finance investments through financial intermediaries on lending facilities or funds where at least 30% of the proceeds or portfolio companies respectively meet one of the direct criteria. Sustainalytics notes that the total value of the investment will be recognized where the financial intermediary meets one of the direct criteria listed above and in cases where the direct criteria are not fulfilled by the financial intermediary, eligible investments will be recognized using a pro-rata approach.<sup>71</sup>
    - Sustainalytics considers investments under this category to be socially impactful.
- Project Evaluation and Selection:
  - Standard Bank Group's Sustainable Finance team, supported by relevant originating business units, including but not limited to Corporate and Investment Banking, Business and Commercial Banking and Personal and Private Banking, will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. The Group intends to implement a Sustainable Finance Governance Framework, which will provide guidance on the process for the selection and evaluation of eligible assets as per Framework criteria, as well as its review and maintenance.
  - Eligible assets will be subjected to the Group's Environmental and Social Management System, which outlines its environmental and social (E&S) risk screening process for applicable transactions, as determined and reviewed by the Group from time to time, including identifying risks, ensuring risk management and E&S compliance monitoring throughout the transaction process.<sup>72</sup> Sustainalytics considers these risk management systems to be adequate and aligned with market practice. For additional details, see Section 2.
  - Based on the established process for project selection and the presence of risk management systems, Sustainalytics considers the process to be in line with market practice.

<sup>68</sup> Financing under the 2X Challenge programme will focus on persons and households earning below the national median income.

<sup>69</sup> SBG, "2X Challenge: Criteria", (2021), at:

<https://static1.squarespace.com/static/5b180402c3c16a6fe0001e45/t/60bfe754201d3d2a8e51745c/1623189333660/2X+Challenge+Criteria+%28Final+June+2021%29.pdf>

<sup>70</sup> Sustainalytics notes that such products may include sanitary products and cancer prevention centres for cancers commonly associated with women. The Bank has communicated to Sustainalytics that it will ensure that products and services offered by the companies financed are accessible to and affordable for all women as part of its due diligence process during the loan review phase.

<sup>71</sup> Sustainalytics recognizes the benefits of funding MSMEs whose workforce exceeds the industry-specific status quo in terms of gender ratios and gender equality policies. However, Sustainalytics considers this eligibility criterion less meaningful than those that specifically recognize companies who have a majority of women in leadership positions.

<sup>72</sup> Standard Bank Group has shared information on its Environmental and Social Management System confidentially with Sustainalytics.

- Management of Proceeds:
  - The Sustainable Finance team will manage the net proceeds using a portfolio approach and will track the allocation of net proceeds using an allocation register. Standard Bank Group has confirmed to Sustainalytics that the matching of proceeds is ongoing on a 100% basis until bond maturity for unsecured bonds issued under the Framework.
  - Standard Bank Group intends to allocate all proceeds to eligible assets within two years of each issuance. Pending allocation, unallocated proceeds will be temporarily held or invested in its treasury liquidity portfolio, in cash or other short-term and liquid instruments.
  - The Group has communicated to Sustainalytics that the debt issued under the Framework may include multitranche loan facilities. Further, the Group has confirmed to Sustainalytics that it intends to label only those tranches of such facilities where proceeds will be allocated according to the eligibility criteria in the Framework.
  - Based on the use of an allocation register and disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Standard Bank Group commits to report on the allocation and impact of proceeds through a publicly available Environmental, Social and Governance reporting suite of documents on an annual basis until full allocation.
  - Allocation reporting will include the total amount of proceeds allocated to eligible assets, including the amount allocated to each relevant eligible asset category, the number of eligible assets in each category and the balance of unallocated proceeds.
  - Impact reporting may include estimated annual GHG emissions reduced or avoided (measured in tonnes of CO<sub>2</sub> equivalent), number of green buildings financed, number of affordable housing home loans financed and estimated number of jobs created. For a full list of impact metrics, refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme - External Review Form.
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers SBG's reporting process to be in line with market practice.

### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Standard Bank Group Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Standard Bank Group

### Contribution to Standard Bank Group's sustainability strategy

SBG demonstrates a commitment to sustainability by integrating ESG risk management into its lending transactions and investment portfolios that aim to deliver positive social, economic and environmental (SEE) impact in alignment with the UN SDGs.<sup>73</sup> SBG aims to promote sustainability by: i) supporting investments for sustainable development in Africa; ii) supporting efforts to mitigate the impact of climate change; iii) improving access to reliable and sustainable energy sources to enhance economic growth in Africa; iv) enhancing financial inclusion in underserved and underdeveloped regions; v) improving access to education and healthcare services; and vi) supporting employment generation opportunities.<sup>74,75</sup>

SBG commits to achieving net zero carbon emissions from the following: i) its portfolio of financed emissions by 2050; ii) own operations for newly built facilities by 2030; and iii) existing facilities by 2040.<sup>76</sup> The Group established a Climate Policy in 2022 (which was supplemented with the Climate strategy and Implementation Plan<sup>77</sup> in 2023) that outlines mechanisms to transition toward net zero financed carbon emissions, including setting targets to increase lending to sustainable finance solutions using appropriate classification systems; refining existing lending policies where these may be restrictive or exclusionary of certain activities and

<sup>73</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

<sup>74</sup> Ibid.

<sup>75</sup> Standard Bank group, "Report to society 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ReporttoSociety2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ReporttoSociety2022.pdf)

<sup>76</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

<sup>77</sup> Standard Bank Group, "Climate Strategy and Implementation Plan 2023", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/SBG\\_ClimateStrategy.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/SBG_ClimateStrategy.pdf)



assets; and setting climate targets to reduce financed emissions in specific sectors. The Group has also identified sectors, including agriculture and non-renewable energy, in which to reduce its financed emissions in the first phase of its climate policy. It has also committed to achieving net zero carbon agricultural emissions by 2050 and aims for an accelerated phase out from non-renewable energy between 2040 and 2045, although the Group has not yet set interim targets to achieve these long-term goals.<sup>78</sup> The Group has mobilized ZAR 54.5 billion (USD 2.95 billion) in 2022 and aims to mobilize in excess of ZAR 250 billion (USD 17 billion) in sustainable finance by 2026 to support its clients' transition toward net zero.<sup>79</sup>

In addition, the Group is also committed to delivering positive social impact by expanding access to the formal financial system and quality education, skills development and training for Africa's youth. Furthermore, SBG has also committed to help create job opportunities and providing SMEs with services, skills and support required to grow, as well as to provide affordable healthcare via partnerships and investing in community-based healthcare programmes.<sup>80</sup> In 2022, the Group had lent approximately ZAR 4.9 billion (USD 0.2 billion) to approximately 8,000 new affordable housing mortgage customers, enabled 354 emerging farmers to access markets, trained 2,180 small SME owners, extended ZAR 550 million (USD 30 million) for purpose-built student accommodation, and co-financed EUR 10 million for the rehabilitation, upgrade and expansion of three regional hospitals.<sup>81</sup>

SBG assesses, manages and reports climate-related risks and opportunities and develops climate targets in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures.<sup>82</sup> The Group is a founding signatory to the UN Principles for Responsible Banking and became a member of the Partnership for Carbon Accounting Financials (PCAF) in 2022. The Group's association with PCAF supports its measurement of the carbon intensity of its portfolios and enhances the transparency of its climate-related risks.<sup>83</sup> The Group has also committed to aligning its SEE goals with South Africa's National Development Plan, African Union Agenda 2063 and Nationally Determined Contributions to mitigate climate risks in its operating countries.<sup>84</sup>

Sustainalytics is of the opinion that the Standard Bank Group Sustainable Finance Framework is aligned with the Group's overall sustainability strategy and initiatives and will further the Group's action on its key environmental and social priorities.

#### **Approach to managing environmental and social risks associated with the projects**

Sustainalytics recognizes that the use of proceeds issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include those involving land use and biodiversity loss associated with large-scale infrastructure development, occupational health and safety, community relations, business ethics and predatory lending. While SBG has limited involvement in the implementation of specific projects that will be financed under the Framework, it is exposed to environmental and social risks associated with the loans that it may finance.

Sustainalytics is of the opinion that SBG is able to manage or mitigate potential risks through the implementation of the following Group policies:

- SBG integrates E&S risk assessment considerations into its lending and investment decisions by conducting its clients' pre-credit screening for E&S risks and due diligence during the credit assessment process for all the medium- or high-risk projects. In case E&S risks are deemed significant for a particular project, the Group conducts risk and control assessments to ensure that appropriate controls and mitigation plans are in place during the transaction approval process. Furthermore, the Group monitors the implementation and progress of the E&S risk management system as part of its annual credit review process.<sup>85</sup>

<sup>78</sup> Standard Bank Group, "Climate Policy", (2022), at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/Climate%20Strategy/SBGClimatePolicy\\_March2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/Climate%20Strategy/SBGClimatePolicy_March2022.pdf)

<sup>79</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

<sup>80</sup> Standard Bank group, "Report to society 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ReporttoSociety2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ReporttoSociety2022.pdf)

<sup>81</sup> Ibid.

<sup>82</sup> Standard Bank Group, "Climate-related financial disclosures report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ClimateRelatedFinancialDisclosures.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ClimateRelatedFinancialDisclosures.pdf)

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

- Regarding land use, biodiversity loss, and occupational health and safety issues, the Group applies: i) Equator Principles;<sup>86</sup> ii) International Finance Corporation Performance Standards on Environmental and Social Sustainability;<sup>87</sup> and iii) World Bank Group Environmental, Health and Safety Guidelines<sup>88</sup> in its E&S due diligence process during the credit assessment stage to identify, assess and manage E&S risks related to biodiversity and human health for its project-related financing or transactions.<sup>89</sup> The Group conducts an independent enhanced E&S due diligence (ESDD) process before financing infrastructure projects and requires an action plan in case any shortcomings are identified through the ESDD process. The action plan includes a list of measures to be undertaken along with milestones to be achieved in the loan documentation. Moreover, the Group has appointed an E&S adviser to conduct and monitor the due diligence process and action plan measures.<sup>90</sup>
- To address risks related to community relations when financing projects under the Framework, SBG has established an E&S screening process and requires its clients to conduct a risk assessment regarding community issues. The Group evaluates its clients' performance in identifying potential adverse impacts of projects, especially on Indigenous peoples; initiation of engagement programmes with the impacted community; and the development of mitigation plans to minimize, restore or compensate for adverse impacts before financing any projects. Additionally, when financing projects under the Framework, the Group mandates its client to establish a community grievance mechanism to receive and facilitate the resolution of the affected communities' concerns and complaints regarding its clients' E&S performance.<sup>91</sup>
- SBG has established a Code of Ethics and Conduct, which provides guidance on the Group's activities related to business ethics, compliance with laws and regulations, measures related to anti-money laundering, counterterrorist financing, counterproliferation financing, anti-bribery and corruption, prevention of the facilitation of tax evasion and fraud detection. SBG's board of directors is accountable for ensuring compliance with the country risk management and compliance programme.<sup>92</sup> The Group has established a whistleblowing hotline for all its stakeholders to report any alleged or suspected violations of its Code of Ethics and Conduct.<sup>93</sup>
- SBG adheres to South Africa's National Credit Act 2005, which mandates that financial institutions must take into account its customers' ability to afford loan repayments before granting credit and must take measures to avoid predatory lending practices in its lending business.<sup>94</sup> The Group's Code of Ethics and Conduct ensures fair and transparent treatment of its customers to mitigate against predatory lending.<sup>95</sup>
- Sustainalytics notes that financing of eligible projects under the Framework may take place in countries identified as high risk.<sup>96</sup> However, Sustainalytics notes that SBG has established a process to review and assess country risks' impact on its business operations.<sup>97</sup> Furthermore, the Group adheres to its Human Rights Statement to mitigate human rights risks and encourages its stakeholders to avoid human rights infringements in its business.<sup>98</sup>

<sup>86</sup> Equator Principles, "About the Equator Principles", at: <https://equator-principles.com/about-the-equator-principles/>

<sup>87</sup> International Finance Corporation, "Performance Standards on Environmental and Social Sustainability", at: [https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC\\_Performance\\_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk](https://www.ifc.org/wps/wcm/connect/c02c2e86-e6cd-4b55-95a2-b3395d204279/IFC_Performance_Standards.pdf?MOD=AJPERES&CVID=kTjHBzk)

<sup>88</sup> World Bank Group, "Environmental, Health, and Safety General Guidelines", at: <https://documents1.worldbank.org/curated/en/157871484635724258/pdf/112110-WP-Final-General-EHS-Guidelines.pdf>

<sup>89</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

<sup>90</sup> SBG has communicated the ESDD process with Sustainalytics.

<sup>91</sup> Ibid.

<sup>92</sup> Standard Bank Group, "Environmental, social and governance report 2022", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/ESGReport2022.pdf)

<sup>93</sup> Ibid.

<sup>94</sup> Government of South Africa, "National Credit Act, 2005", at: <https://banking.org.za/wp-content/uploads/2019/07/national-credit-act-34-2005.pdf>

<sup>95</sup> Standard Bank Group, "Standard Bank Code Of Ethics And Conduct", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/filedownloads/RTS/ExternalCodeofEthicsandConduct.pdf](https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/ExternalCodeofEthicsandConduct.pdf)

<sup>96</sup> The countries include the Democratic Republic of Congo, China, the United Arab Emirates, Angola, Eswatini, Uganda and Zimbabwe.

<sup>97</sup> Standard Bank Group, "Annual financial statements", (2022), at: [https://thevault.exchange/?get\\_group\\_doc=18/1678340991-SBG2022AnnualFinancialStatements.pdf](https://thevault.exchange/?get_group_doc=18/1678340991-SBG2022AnnualFinancialStatements.pdf)

<sup>98</sup> Standard Bank Group, "Standard Bank Group Statement on Human Rights", at: [https://www.standardbank.com/static\\_file/StandardBankGroup/Who%20we%20are/Our%20values%20and%20code%20of%20ethics/PDFs/Human%20Rights%20Statement%20PDF.pdf](https://www.standardbank.com/static_file/StandardBankGroup/Who%20we%20are/Our%20values%20and%20code%20of%20ethics/PDFs/Human%20Rights%20Statement%20PDF.pdf)

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Standard Bank Group has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP, SBP, GLP and SLP. Sustainalytics has focused on two categories below where the impact is specifically relevant in the local context.

#### Importance of affordable housing in sub-Saharan Africa and South Africa

As a result of urbanization and population growth, as many as 40,000 people move to African cities daily, as of 2022, according to the Habitat for Humanity. Consequently, the continent is facing an acute affordable housing shortage, falling short of demand by at least 51 million housing units.<sup>99</sup> South Africa alone has a housing shortage of approximately 3.7 million units, while Ghana and Kenya have a shortage of 1.7 million units and 200,000 units, respectively, as of 2022.<sup>100</sup> The World Bank estimates that 51% of the urban population in sub-Saharan Africa lived in slums in 2020 alone.<sup>101</sup> Increasing building material costs, land scarcity and high interest rates place constraints on housing supply, while high mortgage interest rates, down payments and rents render housing unaffordable for prospective homeowners, individuals and families.<sup>102</sup> According to UN-Habitat, the need for housing is urgent, as Africa's population is expected to almost double from 1.3 billion in 2020 to 2.5 billion by 2050.<sup>103,104</sup>

The South African government has sought to address some of these issues by offering demand-side capital subsidies to low-income households. For example, the Finance-Linked-Individual-Subsidy Programme targets first-time buyers with a gross monthly income between ZAR 3,501 (USD 213) and ZAR 22,000 (USD 1,341).<sup>105</sup> Additionally, the National Housing Finance Corporation has been working on an initiative since 2022 to involve the private sector to support the financing of 8,000 to 10,000 new housing units in the next eight years through public funds, debt and equity.<sup>106,107</sup>

Based on the above, Sustainalytics believes that the financing of affordable housing under the Framework is expected to increase access of affordable housing and meaningfully contribute to the alleviation of affordable housing shortages in Africa.

#### Importance of renewable energy and technology in Africa

Africa has enough renewable energy potential from existing technologies to fulfil future electricity demand, with an estimated potential nearly 1,000 times larger than its expected demand in 2040. However, this capacity remains underrealized, with only 2,000 out of approximately 180,000 MW of renewable energy generated globally added on the African continent in 2019. This is driven by a variety of systemic issues, such as inadequate grid infrastructure that suffers from high electricity losses and low supply quality in several African countries. In 2021, 46% of Africans had no access to electricity in their homes. Furthermore, the investments needed to meet Africa's growing demand for renewable energy, which is estimated to reach USD 40 billion to USD 65 billion a year by 2030, exceeds the current investments coming from public sources, such as governments and development partners. For African countries to successfully transition to renewable energy, they will need to focus on the following: i) increase the development of renewable energy generation; ii) increase access to electricity by expanding and modernizing grid infrastructure, as well as the distribution of off-grid sources; and iii) promote and secure more private-sector investments.<sup>108</sup>

<sup>99</sup> Habitat for Humanity, "Africa Housing Forum in Nairobi highlights need for innovative and inclusive approaches to solve housing challenges", (2022), at: <https://www.habitat.org/emea/newsroom/2022/africa-housing-forum-nairobi-highlights-need-innovative-and-inclusive-approaches>

<sup>100</sup> Ibid.

<sup>101</sup> World Bank, "Population living in slums (% of urban population) - Sub-Saharan Africa", (2020), at:

[https://data.worldbank.org/indicator/EN.POP.SLUM.UR.ZS?locations=ZG&most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/EN.POP.SLUM.UR.ZS?locations=ZG&most_recent_value_desc=true)

<sup>102</sup> Obioha, E.E. (2021), "Mission Unaccomplished: Impediments to Affordable Housing Drive in Addressing Homelessness in Sub-Saharan Africa", Social Sciences, at: <https://www.mdpi.com/2076-0760/10/8/310>

<sup>103</sup> UN Habitat, "Improved housing doubles in Sub-Saharan Africa", (2019), at: <https://unhabitat.org/improved-housing-doubles-in-sub-saharan-africa#:~:text=The%20housing%20need%20is%20particularly,measured%20on%20a%20large%20scale.>

<sup>104</sup> Statista, "Forecast of the total population of Africa from 2020 to 2050", (2022), at: <https://www.statista.com/statistics/1224205/forecast-of-the-total-population-of-africa/>

<sup>105</sup> Centre for Affordable Housing Finance in Africa, "Africa Housing Finance Yearbook 2022: South Africa," (2022), at: <https://housingfinanceafrica.org/app/uploads/2022/12/South-Africa.pdf>

<sup>106</sup> Ibid.

<sup>107</sup> Parliamentary Monitoring Group, "Unrevised Hansard – National Council of Provinces", (2022), at: <https://pmg.org.za/hansard/35096/>

<sup>108</sup> IRENA, "The Renewable Energy Transition in Africa: Powering Access, Resilience and Prosperity," (2021), at: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/March/Renewable\\_Energy\\_Transition\\_Africa\\_2021.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2021/March/Renewable_Energy_Transition_Africa_2021.pdf)

In 2023, the African Union incorporated the development of a sustainable energy mix into its vision of being a prosperous, self-driven and dynamic region in the international arena.<sup>109,110</sup> To meet this vision, projects on both the national and international levels have been implemented. South Africa’s Renewable Independent Power Producer Programme, for example, has resulted in the development of more than 6,000 MW of generation capacity, more than 18,000 jobs through the Eastern Cape’s projects and an energy agreement signed with the Democratic Republic of the Congo.<sup>111</sup> Meanwhile, investments into renewable energy are being made at a larger scale. The African Development Bank committed more than USD 12 billion to the sector between 2016 and 2020, and the World Bank’s Africa Climate Business Plan aims to invest USD 16 billion in renewable energy projects.<sup>112</sup> Furthermore, the development of renewable energy generation facilities is also being pushed forward by the Africa Renewable Energy Initiative (AREI), which was launched in 2015. Operating under the mandate of the African Union, AREI seeks to support the transition to renewable energy in Africa by providing regional consultations to identify priorities and plan for the necessary projects and programmes.<sup>113,114</sup>

Based on the above, Sustainalytics is of the opinion that SBG’s financing of renewable energy facilities for electricity generation and off-grid solutions is expected increase to assist Africa’s transition to a renewable, low-carbon economy.

### Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Sustainable Finance Framework are expected to help advance the following SDGs and targets:

| Use of Proceeds Category          | SDG  | SDG target   |
|-----------------------------------|--|--|
| Renewable Energy                  | 7. Affordable and Clean Energy             | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix   |
| Electricity Distribution Networks | 7. Affordable and Clean Energy             | 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programs of support |
| Energy Efficiency                 | 7. Affordable and Clean Energy             | 7.3 By 2030, double the global rate of improvement in energy efficiency  |
| Pollution Prevention and Control  | 12. Responsible consumption and production | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources  |
|                                   |  | 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse   |
| Climate Change Adaptation         | 13. Climate Action                         | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries   |
| Green Buildings                   | 11. Sustainable Cities and Communities     | 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management  |

<sup>109</sup> African Union, “Agenda 2063: The Africa We Want,” (2013), at: <https://au.int/en/agenda2063/overview>

<sup>110</sup> African Union, “Goals & Priority Areas of Agenda 2063,” (2013), at: <https://au.int/agenda2063/goals>

<sup>111</sup> Government of South Africa, “Renewable Independent Power Producer Programme,” at: <https://www.gov.za/about-government/government-programmes/renewable-independent-power-producer-programme>

<sup>112</sup> Vaissier, F.G. et al. (2021), “Renewable energy in Africa: Update in the era of climate change,” White & Case, at: <https://www.whitecase.com/insight-our-thinking/renewable-energy-africa-update-era-climate-change>

<sup>113</sup> Africa Renewable Energy Initiative, “Sixth Meeting of the Board of Directors,” (2018), at: [http://www.arei.org/wp-content/uploads/2018/09/Communique-sixth-board-meeting\\_ENG.pdf](http://www.arei.org/wp-content/uploads/2018/09/Communique-sixth-board-meeting_ENG.pdf)

<sup>114</sup> Africa Renewable Energy Initiative, “AREI”, (2023), at: <http://www.arei.org/#about>

|   |  |  |
|---|--|--|
| Clean Transportation                            | 11. Sustainable Cities and Communities | 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons  |
| Sustainable Management of Natural Resources     | 2. Zero Hunger                         | 2. By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality                                       |
|   | 14. Life Below Water                   | 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics <sup>115</sup> |
|   | 15. Life on Land                       | 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally <sup>116</sup>  |
| Terrestrial & Aquatic Biodiversity Conservation | 14. Life Below Water                   | 14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve scientific cooperation at all levels <sup>117</sup>  |
|   | 15. Life on Land                       | 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements <sup>118</sup>   |
| Sustainable Water                               | 6. Clean Water and Sanitation          | 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and  |

<sup>115</sup> Sustainalytics notes that this SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, in 2019, the UN reported that the percent of global fish stocks within biologically sustainable levels declined from 90% in 1974 to 67% in 2015. Considering this significant decline, Sustainalytics recognizes the continued need for investment toward the achievement of this target and considers it to be relevant and impactful in the context of the Framework.

<sup>116</sup> Sustainalytics notes that this SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, in 2019, the UN reported that only 38% of the world's terrestrial areas and 36% of the mountains were protected. Therefore, Sustainalytics recognizes the continued need for investment toward the achievement of this target and considers it to be relevant and impactful in the context of the Framework.

<sup>117</sup> Sustainalytics notes that this SDG target represents an interim goal established by the UN in 2015 as a pathway to achieve sustainable development by 2030 and has not since been updated. However, in 2019, the UN reported that 17% of the waters under national jurisdictions were covered by protected areas. Therefore, Sustainalytics recognizes the continued need for investment toward the achievement of this target and considers it to be relevant and impactful in the context of the Framework.

<sup>118</sup> Ibid.

|                                 |  |  |
|---------------------------------|--|--|
|                                 |  | substantially reduce the number of people suffering from water scarcity  |
| Circular Economy and Design     | 12. Responsible Consumption and Production | 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse   |
| Blue Finance                    | 6. Clean Water and Sanitation              | 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally   |
|                                 | 14. Life under water                       | 14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics <sup>119</sup> |
| Carbon Financing                | 13. Climate Action                         | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries   |
| Affordable Housing              | 11. Sustainable Cities and Communities     | 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums  |
| Access to Essential Services    | 3. Good Health and Well-being              | 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all  |
|                                 | 4. Quality Education                       | 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal 4 effective learning outcomes  |
| Affordable Basic Infrastructure | 6. Clean Water and Sanitation              | 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all  |
|                                 | 9. Industry, Innovation and Infrastructure | 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all  |
|                                 | 11. Sustainable Cities and Communities     | 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons  |
| Employment Generation,          | 8. Decent Work and Economic Growth         | 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization  |

<sup>119</sup> Ibid.

|  |                                    |  |
|--|------------------------------------|--|
|  |                                    | and growth of micro-, small- and medium-sized enterprises, including through access to financial services  |
| Food Security and Sustainable Food Systems | 2. Zero Hunger                     | 2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round |
| Socioeconomic Advancement                  | 5. Gender Equality                 | 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political economic and public life                              |
|  | 8. Decent Work and Economic Growth | 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value     |

## Conclusion

Standard Bank Group has developed the Standard Bank Group Sustainable Finance Framework, under which it may issue sustainability bonds or loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to support sustainable development in Africa. Sustainalytics considers that the projects funded by the sustainability bond proceeds are expected to provide positive environmental and social impacts.

The Standard Bank Group Sustainable Finance Framework outlines by which proceeds will be tracked, allocated and managed and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Standard Bank Group Sustainable Finance Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14 and 15. Additionally, Sustainalytics considers that Standard Bank Group has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Standard Bank Group is well positioned to issue sustainability bonds and loans, and that the Standard Bank Group Sustainable Finance Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021, Social Bond Principles 2023, Green Loan Principles 2023 and Social Loan Principles 2023.

## Appendix

### Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

#### Section 1. Basic Information

|  |   |
|--|---|
| <b>Issuer name:</b>  | Standard Bank Group Limited                       |
| <b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b> | Standard Bank Group Sustainable Finance Framework |
| <b>Review provider's name:</b>   | Sustainalytics                                    |
| <b>Completion date of this form:</b>   | October 13, 2023                                  |
| <b>Publication date of review publication:</b>   | Update to 2020 Sustainalytics SPO                 |
| <b>Original publication date:</b>  | February 19, 2020                                 |

#### Section 2. Review overview

##### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

##### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other (please specify):                                |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.



### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

The eligible categories for the use of proceeds are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental and social impacts, and advance the UN Sustainable Development Goals, specifically SDGs 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14 and 15.

Overall comment on section (*if applicable*):

#### Use of proceeds categories as per GBP:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency   |
| <input checked="" type="checkbox"/> Pollution prevention and control   | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use           |
| <input checked="" type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation  |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management  | <input checked="" type="checkbox"/> Climate change adaptation   |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                  | <input checked="" type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input checked="" type="checkbox"/> Other (please specify): Electricity Distribution Networks; Blue Finance; Carbon Financing |

If applicable please specify the environmental taxonomy, if other than GBPs:

#### Use of proceeds categories as per SBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure   | <input checked="" type="checkbox"/> Access to essential services                                   |
| <input checked="" type="checkbox"/> Affordable housing  | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input checked="" type="checkbox"/> Food security   | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment                      |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the social taxonomy, if other than SBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Standard Bank Group's Sustainable Finance team, supported by relevant originating business units, including but not limited to Corporate and Investment Banking, Business and Commercial Banking and Personal and Private Banking, will be responsible for evaluating and selecting eligible projects in line with the Framework's eligibility criteria. Standard Bank Group's Environmental and Social Management System are applicable to eligible allocation decisions made under the Framework. Sustainalytics considers these risk management systems to be adequate and aligned with market expectations. For additional details see Section 2. This is in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                           | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Standard Bank Group's Sustainable Finance team will manage the net proceeds using a portfolio approach and will track the allocation of net proceeds using an allocation register. Standard Bank Group intends to allocate all proceeds to eligible assets within two years of issuance. Pending allocation, unallocated proceeds will be temporarily held or invested in its treasury liquidity portfolio, in cash or other short term and liquid instruments. Sustainalytics considers this process to be aligned with market practice.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify):  |

**Additional disclosure:**

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only                             | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements                             | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements          |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):  |

**4. REPORTING**

Overall comment on section (if applicable):

Standard Bank Group commits to report on the allocation and impact of proceeds through publicly available Environmental, Social and Governance reporting suite of documents on an annual basis until full allocation. Allocation reporting will include the total amount of proceeds allocated to eligible asset category, the number of eligible assets in each category and balance of unallocated proceeds. Sustainalytics view's Standard Bank Group's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts   | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): Number of eligible assets in each category; balance of unallocated proceeds |   |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings          |
| <input checked="" type="checkbox"/> Decrease in water use   | <input checked="" type="checkbox"/> Number of beneficiaries |

| ☒ Target populations                              | ☒ Other ESG indicators (please specify):   |
|---|--|
| Renewable Energy                                  | <ul style="list-style-type: none"> <li>Total installed capacity (megawatts or kilowatts)</li> <li>Estimated annual GHG emissions reduced/avoided, in tonnes CO<sub>2</sub> equivalent where possible</li> </ul>  |
| Electricity distribution networks                 | <ul style="list-style-type: none"> <li>Improvement/increase in energy efficiency or avoidance of energy losses (for example MWh/ year)</li> <li>Estimated annual GHG emissions reduced/avoided, in tonnes CO<sub>2</sub> equivalent where possible</li> </ul>                |
| Energy efficiency                                 | <ul style="list-style-type: none"> <li>Improvement/increase in energy efficiency (for example MWh/ year)</li> <li>Estimated annual GHG emissions reduced/avoided, in tonnes CO<sub>2</sub> equivalent where possible</li> <li>Reduction in electricity/fuel usage</li> </ul> |
| Pollution prevention and control                  | <ul style="list-style-type: none"> <li>Reduction in air emissions</li> <li>Reduction in waste volumes (% waste or absolute tonnes per year)</li> <li>Increase in volumes of waste re-used/recycled</li> </ul>  |
| Climate change adaptation                         | <ul style="list-style-type: none"> <li>Value of eligible infrastructure financed</li> <li>Description of the climate risks addressed and resilience created</li> </ul>   |
| Green buildings                                   | <ul style="list-style-type: none"> <li>Number of green buildings financed</li> <li>Number of green housing units financed</li> <li>Type of certification/ level of certification</li> </ul>  |
| Sustainable transportation                        | <ul style="list-style-type: none"> <li>Number of eligible vehicles financed</li> <li>Estimated annual GHG emissions reduced/avoided, in tonnes CO<sub>2</sub> equivalent where possible</li> </ul>   |
| Sustainable Management of Natural Resources       | <ul style="list-style-type: none"> <li>Improvement/increase in water efficiency (% or m<sup>3</sup>/year)</li> <li>Number of additional farming units sustainably certified</li> </ul>   |
| Terrestrial and Aquatic Biodiversity Conservation | <ul style="list-style-type: none"> <li>Value of eligible projects financed</li> <li>Description of the biodiversity, habitat or ecosystems that benefit from eligible projects</li> </ul>  |
| Sustainable water                                 | <ul style="list-style-type: none"> <li>Volumes of water supplied</li> <li>Improvement/increase in water efficiency (% or m<sup>3</sup>/year)</li> </ul>  |
| Circular economy                                  | <ul style="list-style-type: none"> <li>Volumes of waste re-used, repurposed or refurbished for re-use (% or absolute tonnes/year)</li> <li>Description of eligible projects</li> </ul>   |
| Blue finance                                      | <ul style="list-style-type: none"> <li>Description of the positive impacts of eligible projects</li> </ul>   |

|   |  |
|---|--|
| Carbon financing  | <ul style="list-style-type: none"> <li>• Number/value of carbon credits financed</li> <li>• Number/value of carbon credits created by projects financed</li> <li>• Carbon emissions removed from the atmosphere</li> </ul>   |
| Affordable housing  | <ul style="list-style-type: none"> <li>• Number of affordable housing home loans financed</li> <li>• Number of new affordable housing units developed</li> </ul>   |
| Access to Essential Services  | <ul style="list-style-type: none"> <li>• Value of eligible projects financed and number of people provided with access to essential services.</li> <li>• Description of the social services provided by eligible projects</li> </ul>                                 |
| Affordable Basic Infrastructure   | <ul style="list-style-type: none"> <li>• Value of eligible projects financed and number of people provided with access to affordable basic infrastructure.</li> <li>• Description of the infrastructure and social benefits provided by eligible projects</li> </ul> |
| Employment Generation and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises, including through the potential effect of SME Financing and Microfinance | <ul style="list-style-type: none"> <li>• Number of micro, small and medium enterprises financed.</li> <li>• Number of eligible individuals provided with financial services.</li> <li>• Estimated number of jobs created</li> </ul>                                  |
| Food Security and Sustainable Food Systems  | <ul style="list-style-type: none"> <li>• Value of eligible projects financed.</li> <li>• Description of the food security benefits and beneficiaries associated with eligible projects</li> </ul>  |
| Socio-economic advancement and empowerment  | <ul style="list-style-type: none"> <li>• Number of eligible loans to development institutions</li> <li>• Number of 2X challenge loans</li> <li>• Value of eligible loans to identified target populations</li> </ul>   |

**Frequency:**

- Annual
  Semi-annual  
 Other (please specify):

**Means of Disclosure**

- Information published in financial report
  Information published in sustainability report  
 Information published in ad hoc documents
  Other (please specify): Environmental, Social and Governance reporting suite of documents  
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)**

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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