



Our focus

Our impact in 2021

Sustainable finance metrics

Working with our clients to encourage sustainable practices

Helping our clients to strengthen their resilience and adaptive capacity to climate change risks

Sustainable investing

Corporate social investment

SUSTAINABLE FINANCE AND CLIMATE CHANGE

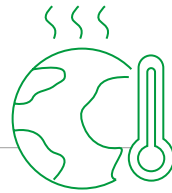


Sustainable finance and climate change



Standard Bank is working to support Africa's transition to a lower carbon economy, in line with the Paris Agreement. We are also working with our clients to enable mitigation of climate change impacts, and to improve access to reliable and sustainable energy sources, a critical factor in Africa's economic growth and poverty alleviation.

We are committed to achieving net zero carbon emissions from our own operations by 2040 and from our portfolio of financed emissions by 2050.



Understanding the impact of climate-related and environmental risks in our countries of operation and on our clients, and understanding the impact of our clients' activities and our own operations on climate change.

For more information, including sector targets in respect of thermal coal, oil, and gas, please see our [climate-related financial disclosures report](#) and our [climate policy](#).

Working with our clients to encourage the adoption of sustainable practices and enable economic activities that create shared prosperity for current and future generations, including through the provision of green, social and sustainable bonds and loans and sustainability-linked bonds and loans



OUR FOCUS
AREAS
INCLUDE



Helping our clients to strengthen their resilience and adaptive capacity to climate change risks and social challenges, including through adoption of greener solutions for their homes and businesses

Supporting socioeconomic development and access to affordable energy, particularly renewable energy. (📍 see [Infrastructure](#))

Encouraging
sustainable investment

Supporting CSI initiatives linked to environmental and climate objectives



Our impact in 2021

We provided **14 sustainable finance loan** facilities (use of proceeds and performance-based loans) across the healthcare, consumer, real estate, public sector, industrial and power and infrastructure sectors, to the value of R16.2 billion



We arranged **eight sustainable finance bonds** to the value of R5.8 billion (use of proceeds and sustainability-linked bonds; excluding bonds/funding raised by Standard Bank) across the healthcare, financial services, power and real estate sectors

ESG-linked investing through **Melville Douglas** discretionary managed responsible portfolios, and Melville Douglas Global Impact Fund



95 green energy solution providers have **grown their businesses** through partnerships with us



We've **facilitated sustainable energy solutions** for **321 client sites**



10 small-scale embedded generation independent power producers have started their asset portfolios with the support of our innovative solutions



We launched the **Green Home initiative** for **Standard Insurance Limited clients**.





Sustainable finance metrics

Lending	2021	2020
Total number of loans	14	6
• Number of green, social and sustainable loans (use of proceeds)	2	0
• Number of sustainability-linked loans (performance based)	12	6
Total quantum of loans	R16.2 billion	R7.9 billion
Bonds arranged*	2021	2020
Total Number of bonds arranged	8	0
• Number of green, social and sustainable bonds (use of proceeds)	4	0
• Number of sustainability linked bonds (performance based)	4	0
Total quantum of sustainable finance bonds arranged	R5.8 billion	0
Sustainable Finance Capital Raised / Treasury	2021	2020
Number of sustainable finance treasury loans/bonds	3	2
Quantum of sustainable finance capital raised	R4.9 billion	R5.6 billion

* Bonds arranged excludes Standard Bank Sustainable Finance raised bonds as these are covered under Sustainable Finance Capital Raised/Treasury.



Standard Bank
is the African
market leader
in **Sustainable
Finance**

Global Finance 2021
Sustainable Finance Awards

Outstanding leadership in
green bonds

Outstanding leadership in
social bonds

Outstanding leadership in
sustainable bonds

EMEA Finance, 2021 African
Banking Awards

Best Pan-African green
finance bank



Working with our clients to encourage sustainable practices

Standard Bank Group is a leading player in the sustainable finance business, having issued Africa's largest green bond as well as arranging innovative sustainable and sustainability-linked funding instruments for clients across the African continent. Our team partners with our clients to encourage the adoption of socially and environmentally sustainable practices.

We provide expertise, tools and resources to support these efforts and also to develop and tailor innovative sustainable finance products according to our clients' unique needs and ambitions. We offer both performance-based sustainable finance solutions (sustainability-linked loans and bonds) and specific purpose use of proceeds sustainable finance solutions (green and social loans and bonds). For details of our Sustainable Bond Framework and our annual disclosure on the allocation of proceeds, please read our [ESG Report](#).



Social bonds

Standard Bank issued a social bond, with 3-year and 5-year notes, in August 2021, with an increase in volume of both bonds in November 2021. The cumulative value of R3.5 billion has the express purpose of raising funding to support the financing of mortgage loans in the affordable housing target market, with a focus on women borrowers.

Recent data shows that the number of female home loan participants has been growing steadily over the past few years. Through these issuances, Standard Bank aims to support this trend.

The social bonds address a number of the UN SDGs, including:



Green bonds

We raised two green bonds under our Sustainable Bond Framework under two issuances

- The inaugural SBSA USD200 million green bond in 2020. Capital was allocated to finance eligible renewable energy assets
- A Tier 2 capital-qualifying green bond issuance in December 2021. The 10-year, R1.4 billion bond is listed on the JSE's sustainability segment. Capital will be used to finance renewable energy assets in 2022.





Examples of 2021 sustainable finance transactions in 2021

Below are examples of some of the sustainability-linked loans, social bonds and sustainability-linked bonds we provided to clients in 2021. In each case, lending terms are linked to clients' achievement of specific, measurable ESG targets, relevant to clients' business strategies. Examples include increased use of renewable energy, reduction of carbon emissions, improved water use efficiency, employee safety, financial inclusion and gender equality, among others.



EXAMPLES OF SUSTAINABILITY-LINKED LOANS (SLL)



Client	Standard Bank's role	UN SDGs addressed
Woolworths Leading South African retailer, ambition to be one of the world's most responsible retailers	Lender, facility agent, sustainability coordinator and sustainability agent for 3-year SLL	
Greenlight Planet Kenya Provider of off-grid solar power home energy products to low-income communities	Lender, sustainability coordinator, facility and security agent and collection account bank	

One of the first sustainability-linked deals in Kenya. Strengthens the growing trend of syndicated sustainable finance deals in the region.

[Impactful solutions that drive Africa's sustainable growth - YouTube](#)



EXAMPLES OF SOCIAL BONDS

Client	Standard Bank's role	Proceed use	UN SDGs addressed
SA Taxi Holdings (Pty) Ltd SA Taxi, a subsidiary of Transaction Capital, is a niche credit provider, deploying developmental credit and allied business services to the SA minibus taxi industry	Co-arranger and sustainability agent and issuer agent and debt sponsor for liquidity facility	Financing and refinancing existing loans that exclusively belong to categories defined by the SBP (social bond principles), enabling growth of SMEs in the sector, ensuring taxis are safe and operated by legitimate taxi operators, and financing initiatives to promote improved fuel efficiency	
TUHF Ltd Leading specialist in non-bank financial services, financing inner-city affordable housing developers. Administrator of Urban Ubomi 1 asset-backed securitisation structure	Sole lender, arranger and sustainability agent	Improving access to funding for SME property developers and increasing supply of inner-city affordable housing. Proceeds to be used in line with TUHF's sustainable bond framework, aligned to UN SDGs. The framework was developed with Standard Bank's assistance and independently verified	



First series of social bonds listed on sustainability segment of JSE's interest rate market

EXAMPLES OF SUSTAINABILITY-LINKED BONDS

Client	Standard Bank's role	Proceed use	UN SDGs addressed
Investec Property Fund (IPF)	Sole arranger and sustainability agent investors	Bond terms linked to pre-agreed targets aligned to IPF's ESG performance	
Netcare , leading private healthcare provider in South Africa	Sole lead arranger and sustainability agent	Bond terms linked to pre-agreed targets aligned to Netcare's ESG performance	

First sustainability-linked bond in the South Africa real estate investment trust (REIT) space

First sustainability-linked bond in Africa

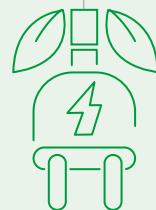


Helping our clients to strengthen their resilience and adaptive capacity to climate change risks

PowerPulse

In South Africa, residential and business consumers have been challenged by steadily rising electricity costs and unpredictable supply. Many consumers are also actively looking for ways to decrease their carbon footprint and invest in more sustainable and environmentally alternatives to grid electricity. We work with our retail banking and business banking clients to provide sustainable finance solutions for their homes and businesses. Our commercial asset finance division provides bespoke solutions for solar PV projects, enabling residential property owners and businesses to achieve access to affordable and secure energy supply.

We developed the PowerPulse digital platform to help clients source alternative green energy solutions from a database of vetted providers. The platform provides support to help clients make informed decisions about technical specifications and select the right provider for their needs, and links them to appropriate legal and funding solutions. It also supports compliance with regulatory requirements. PowerPulse is accessible through our OneHub platform.



PowerPulse

Accelerating renewable energy solutions in Africa

Benefits for electricity users

- Saves time, reduces risk and helps select the right partners
- Provides ongoing support, client engagement sessions.

Benefits for electricity solution providers:

- Increases client pool
- Streamlines sales process, lowers acquisition cost and raises conversation rates
- Guidance on business models to ensure new business proposals are bankable
- Access to network of international equipment manufacturers and traders.

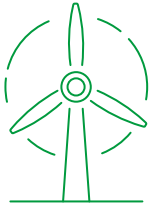
55 MWp of green energy plants **implemented over the past five years**

Replacing approximately 79 GWh of **coal-sourced power** per annum

Supported 321 client sites in their **transition to more sustainable operations**

95 solution providers **grew their businesses through partnerships with us**

10 small-scale **embedded generation independent power producers started their asset portfolios** with the support of our innovative solutions.



POWERPULSE – THE PROCESS

1

Economic feasibility indicator: guidance on whether you should investigate a solar installation for your business, based on your site size and consumption.

2

Gathering your business documents to match you to an accredited solution provider.

3

Solution provider matching: introducing you to three vetted solution providers, providing an opportunity to review their experience and credentials, and coordination of site visits or briefing sessions.

4

Solution proposals: clients receive three proposals and are guided through a comparison report to assist the selection process. Design can then be finalised and the project can proceed.

Green Homes

Our recently launched 'Green Homes – save money, save the planet' initiative enables our customers to increase the value of their home while reducing their household running costs and carbon footprint. The initiative, offered through **Standard Bank Insurance Limited**, assists customers to move to more energy efficient technologies, starting with their geyser, which contributes about 40% of the average household's electricity consumption. Customers can opt to change their geysers to a smart geyser, solar geyser, gas water heating unit or heat pump. The initiative is in its early stages, and we are testing marketing approaches, processes and suppliers. To date, we have installed 370 smart geysers. It is estimated that these geysers alone will save about 690 tonnes of CO₂ emissions per year – the equivalent of planting 30 000 pine trees.



“PowerPulse provides us with the opportunity to be more than a bank in the lives of our clients, helping them to source alternative renewable energy for their businesses, with the support of vetted solution providers and various other resources. PowerPulse speaks directly to our long-term commitment to drive the right environmental decisions while supporting the commercial sustainability of our clients. Through PowerPulse, we have a collaborative and innovative platform for our clients that fulfils an advisory and coordinating role, making it easier and more viable for them to use clean energy solutions.”

Kenny Fihla

Chief executive officer, CIB, Standard Bank Group



Sustainable investing

It is our responsibility as asset managers and fiduciaries to ensure our investment process is underpinned by the assessment of material financial and non-financial factors, to yield sustainable, above-average returns on our client's investments. Being a responsible investor means our investment approach must support the long-term sustainability of the economies, communities and natural environment in which we operate. Integrating ESG considerations into our investment and decision-making process allows us to better understand and quantify how the companies in which we invest are dependent upon, and impact, economic, human and natural capital. ESG integration provides us with guidance on how to appropriately manage emergent risks and leverage emerging investment opportunities.

The **Melville Douglas Global Impact Fund** aims to provide long-term capital growth by investing in companies with sustainable business models and a specific focus on products or services that deliver positive social and/or environmental impact, linked to the UN SDGs. Companies are assessed using our propriety impact analysis, inhouse ESG process and active engagement with portfolio companies. Current holdings reflect a focus on climate change, transformational technology and health and wellbeing. The fund excludes and restricts activities in line with the Melville Douglas universal exclusions and restricted activities policies.

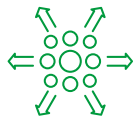
The **Melville Douglas discretionary managed responsible portfolios** proposition reflects our diversified investment philosophy and process, promotes environmental and social good, and avoids companies and industries that cause harm, without sacrificing investment performance or taking additional risk.

The solution invests in sustainable and impact managers within the core asset classes, alongside current thematic exposures of sustainable macro and responsible infrastructure. Portfolios include specific exclusions and restrictions in line with the Melville Douglas ESG policy.

The managers we select aim to achieve both strong risk-adjusted financial and non-financial returns by investing in companies that intentionally deliver a lower carbon footprint, higher levels of engagement, greater diversity and responsible business practices. We select managers who view the inclusion of socially responsible investment factors as an advantage rather than a hindrance, that is managers who:



Put non-financial factors at the centre of their research process



Have a track record of divesting from companies on falling sustainable and responsible investment (SRI) quality, regardless of financial performance



View poor business practices as a risk and price businesses accordingly



Show a clear record of active engagement with companies



Show limited use of third-party agencies



Demonstrate thought leadership in responsible investment.



Corporate social investment

We invest in environmentally focused CSI programmes in several of our countries of operation.

For example



In **Mauritius**, we support three projects in collaboration with the Mauritian Wildlife Foundation. Our focus is on preserving rare plants and endangered species, with a focus on giant tortoises and kestrels, by restoring natural ecosystems.



In **Uganda**, we have partnered with Vivo Energy Uganda, National Environment Management Authority (NEMA), Uganda Breweries Limited and Next Media Services to promote sustainable environmental protection in a new educative campaign dubbed 'Taasa Obutonde', which means 'Let us save the environment'. The campaign, launched in May 2021, aims to promote environmental protection through targeted messages, documentaries and skits on television and online platforms, building awareness over the next three years. In its first year, the campaign focused on plastics and pollution.



“Stanbic Bank Uganda is proud to be a partner in a collaboration that promotes sustainable waste management of plastics to protect our environment and reduce pollution in our ecosystems. Stanbic supports waste management initiatives in communities and aims to work with all partners in the private and public sector to encourage responsible plastic waste collection to increase capacity to collect, safely dispose and recycle plastic waste.”

Cathy Adengo

Head, Corporate Communications, Stanbic Bank Uganda

