

INDEPENDENT SECOND PARTY ASSURANCE REPORT TO THE MANAGEMENT OF STANDARD BANK GROUP RELATED TO ITS SUSTAINABLE BOND FRAMEWORK

INTRODUCTION

Standard Bank Group has engaged IBIS Environmental Social Governance Consulting Africa Pty Ltd ('IBIS') for a Second Party Assurance Engagement (Limited Assurance) on the alignment of the Standard Bank Sustainable Bond Framework (SBF) with the updated International Capital Market Association (ICMA) Green Bond Principles (GBPs), Social Bond Principles (SBPs) and Sustainability Bond Guidelines (SBGs) issued in June 2021 respectively. IBIS is an independent provider of sustainability related assurance services. This engagement was conducted by assurance specialist Petrus Gildenhuys, and Sustainable Finance specialists Kenny Kirkby and Juana Hatfield. This report is produced in accordance with the terms of our engagement letter dated 27 October 2021.

SCOPE AND OBJECTIVES

The scope of the Limited Assurance engagement is confined to the recommendations under the GBPs, SBPs and SBGs.

The objectives of this verification engagement were:

- to assess whether the Standard Bank SBF is materially aligned with the ICMA GBPs, SBPs and SBGs issued in June 2021, and
- to provide a Limited Assurance report (this report) on such alignment.

IBIS' responsibilities do not extend to any other disclosures or assertions.

RESPECTIVE RESPONSIBILITIES

The management of Standard Bank Group were responsible for generating and maintaining the SBF provided to IBIS for this assessment. IBIS shall not be held liable if any of the information provided by Standard Bank Group's management is not accurate or complete.

IBIS' responsibilities were to conduct a Limited Assurance engagement and to report its conclusions to the management of Standard Bank Group in accordance with the assurance procedures followed.

IBIS conducted the Limited Assurance engagement in alignment with the *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information* issued by the International Auditing and Assurance Standards Board, which Standard inter alia requires that the assurance practitioner follows due process and comply with ethical requirements.

SUMMARY OF WORK PERFORMED

Standard Bank provided IBIS with the relevant SBF and supporting information, and documentation.

IBIS applied the ICMA GBPs, SBPs and SBGs as suitable criteria to review the SBF.

Our work constituted, as a basis for Limited Assurance:

- Discussions with Standard Bank Group's management representatives,
- Assessment of the SBF against the four main pillars of the ICMA GBPs, SBPs and SBGs, being:
 - Use of Proceeds,
 - Process for Evaluation and Selection of Projects and Assets,
 - Management of Proceeds, and
 - Reporting.

INHERENT LIMITATIONS

The evidence gathering procedures performed in a Limited Assurance engagement vary in nature from, and are less in extent than for, a Reasonable Assurance engagement. As a result, the level of assurance obtained in a Limited Assurance engagement is lower than the assurance that would have been obtained had we performed a Reasonable Assurance engagement.

No assurance is provided regarding any Bonds issued by Standard Bank and the prospective financial performance of any prospective Bonds and the value of any investments in prospective Bonds.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express the opinion and conclusions on the specified scope and objectives of the engagement to the management of Standard Bank Group in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume responsibility to any third parties i.e., other than to Standard Bank Group, for our work or for this report to the fullest extent permitted by law, save where such third parties have obtained our prior written consent.

SUMMARY OF FINDINGS

Use of Proceeds: IBIS has verified that the eligible categories for the use of proceeds outlined in the SBG SBF are materially aligned with those listed in the latest versions of the GBPs, SBPs and SBGs. This includes the following eligible criteria (i) renewable energy, (ii) non-energy GHG emission reduction, (iii) climate adaptation, (iv) energy efficiency, (v) green buildings, (vi) clean transportation, (vii) pollution prevention and control, (viii) sustainable management of natural resources, (ix) sustainable water, (x) electricity distribution networks, (xi) affordable housing, (xii) social infrastructure (health & education), (xiii) improved access to funding for SMEs & micro businesses and (xiv) women in the economy.

Process for Project Evaluation and Selection: IBIS has verified the method for project evaluation and selection set out in the SBF is materially aligned with the latest GBPs, SBPs and SBGs. This includes systems to manage environmental and social risks associated with nominated projects.

Management of Proceeds: IBIS has verified that the processes contained in the SBF for management of proceeds is materially aligned with the latest GBPs, SBPs and SBGs. This includes an internal reporting system that is being used in conjunction with a register that contains all "Eligible Loans/Assets financed" plus their drawn value.

Reporting: IBIS has verified that the processes contained in the SBF for reporting is materially aligned with the latest GBPs, SBPs and SBGs. This includes reporting on the allocation of proceeds through its annual ESG/Sustainability report that is made available on the investor relations page(s) of the Standard Bank Group website. This also includes reporting on achieved impact through the tracking of selected impact metrics linked to the identified eligible green and social project categories in the SBF.

ASSURANCE CONCLUSION

We believe that the information provided by Standard Bank Group related to the SBF and the assessment performed by IBIS are sufficient and appropriate to form a basis for our Limited Assurance conclusion.

In our view, and based on our Limited Assurance procedures performed, nothing has come to our attention that causes us to believe that the SBF does not conform in all material respects to the requirements of the ICMA GBPs, SBPs and SBGs.



Petrus Gildenhuys

Director, IBIS ESG Consulting Africa (Pty) Ltd

Johannesburg

18 November 2021

