



Standard Bank Group

# Sustainable Finance Framework

October 2023

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# 1. Introduction

October 2023

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***This Framework describes the process to select, evaluate, report, track and verify eligible assets***

Standard Bank Group Limited together with its subsidiaries (collectively “**SBG**” or the “Group”) is a financial institution that offers banking and financial services to individuals, businesses, institutions, and corporations in Africa and abroad.

As founder signatory to the United Nations (“UN”) Principles for Responsible Banking (“PRB”), SBG is committed to ensuring that its business strategy is consistent with and contributes to society’s needs and priorities.

## 1.1 Purpose of this framework

This document, the “Sustainable Finance Framework” (the “Framework”), outlines the methodology and associated policies and procedures to facilitate the raising of finance in the form of sustainable financing instruments including Green/Social/Sustainable (“GSS”) bonds or loans (including hybrid instruments), repurchase agreements and securitisation instruments by the Group.

The Framework describes the process to select, evaluate, report, track and verify eligible assets. The Framework considers eligible assets based on i) use of proceeds on green and social criteria and ii) eligible Pure Play<sup>1</sup> assets, the use of whose proceeds are not specific but where eligibility for classification as a sustainable finance asset is assessed based on the company profile. The Framework further describes how the proceeds of the bonds or loans are managed and allocated, and how SBG verifies and reports on the management and allocation of proceeds and environmental and/or social impacts of assets.



## 1.2 SBG Overview

**SBG constitutes the largest financial services group in Africa measured by assets.**

Headquartered in Johannesburg, South Africa, SBG operates in 20 countries in sub-Saharan Africa, with operations in 5 global financial centres and 3 offshore hubs. SBG operates through distinct client segments which provide integrated banking, investment, insurance, and advisory solutions.

Established in 1862, SBG’s vision is to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value. SBG operates through subsidiaries in presence countries in Africa. The Standard Bank of South Africa Limited (“SBSA”) is the single largest operating entity within SBG and the largest bank by assets in South Africa.



## 1.3 Potential Issuers and Borrowers

SBG or any other Group entity/subsidiary may execute GSS bonds or loans (including hybrid instruments), repurchase agreements and securitisation instruments under this Framework.

- 20** Countries in sub-Saharan Africa
- 5** Global finance centres
- 3** Offshore hubs



## 1.4 SBG’s Sustainability Strategy



**The Group’s stated purpose is “Africa is our home, we drive her growth”.**

We are committed to our continent and to supporting a sustainable growth path that benefits both current and future generations. Our sustainability strategy aligns with our purpose to drive inclusive and sustainable economic growth in Africa and is based on the two pillars of Social, Economic, & Environmental (“**SEE**”) and Environmental, Social and Governance (“**ESG**”).

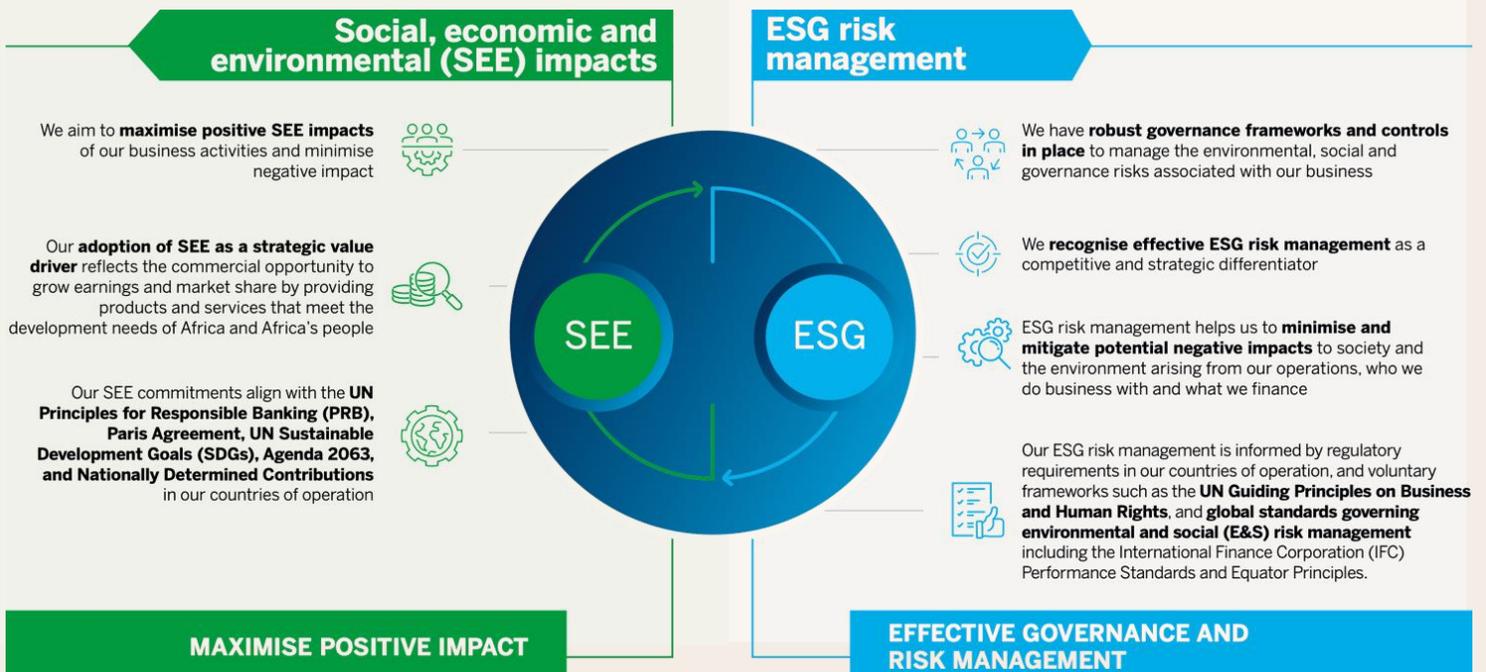
<sup>1</sup> Pure Play companies are companies who derive ≥ 90% of revenue or EBITDA from eligible green or social activities (in line with the activities described in Section 2.1 of this Framework)

## SEE

Achieving positive **SEE** impact linked to the UN Sustainable Development Goals (“SDGs”) with a focus on seven impact areas aligned with the Group’s core business activities

## ESG

Upholding good **ESG** practices, doing business in line with our obligations as a responsible corporate citizen.



We measure our ability to create shared value in terms of our six strategic value drivers – **client focus, employee engagement, risk and conduct, operational excellence, financial outcome, and SEE impact**. SBG’s strategy embeds social, economic, and environmental considerations into our decisions and business practices.





*We have identified seven core areas of our business in which we believe we have the greatest impact on society and the environment and in respect of which we commit to maximise benefit and minimise harm.*

SEE Impact Areas

### 1.4.1 Social Economical Environmental Impact Areas

01.  Financial Inclusion	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 	
02.  Enterprise Growth and job creation	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	
03.  Climate change	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	13 CLIMATE ACTION 	
04.  Infrastructure	7 AFFORDABLE AND CLEAN ENERGY 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	13 CLIMATE ACTION 	
05.  African Trade and Investment	8 DECENT WORK AND ECONOMIC GROWTH 			
06.  Education	4 QUALITY EDUCATION 	5 GENDER EQUALITY 		
07.  Health	3 GOOD HEALTH AND WELL-BEING 	5 GENDER EQUALITY 		

UN Sustainable Development Goals

Sustainable Finance is an enabler across these impact areas. Our SEE commitments align with the UN PRB, Paris Agreement, UN SDGs, South Africa’s National Development Plan, African Union Agenda 2063, and Nationally Determined Contributions to climate mitigation in our countries of operation.

We are committed to being transparent and report annually on our progress against these seven impact areas in our Report to Society available here: [SBG Report To Society 2022](#).

Our ESG reporting suite can be found on our investor relations website here: [SBG Sustainability Reporting](#)





**1. Financial Inclusion:** We enable more people to access financial products and services, supporting economic development and reducing inequality



**2. Enterprise Growth & Job Creation:** We work with our clients to understand their challenges and priorities, provide them with appropriate financial solutions to support business growth and deliver digital solutions to meet their unique needs. This includes targeted support to enable SMEs to develop and grow their businesses



**3. Climate Change:** We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change and develop innovative financial products and services that support the green economy, reduce carbon emissions, increase climate resilience, and enhance socioeconomic development



**4. Infrastructure:** We support the development of infrastructure to enable inclusive and sustainable industrialisation by financing large-scale infrastructure projects and partnering with our clients to ensure environmental and social risks are appropriately managed and minimised



**5. Africa Trade & Investment:** We facilitate the deepening of trade and investment flows between African countries, and with key global markets including China, through the provision of innovative trade finance solutions and cross-border payments and investment solutions



**6. Education:** We support access to inclusive, quality education and the promotion of lifelong learning opportunities help Africa harness the opportunities of the fourth industrial revolution



**7. Health:** We support better health outcomes for Africa's people by financing healthcare providers, and health infrastructure and equipment, providing business development support to healthcare practitioners, investing in our people's health, safety, and wellbeing, and investing in health-focused corporate social investment (CSI) programmes



## 1.4.2 Climate Policy

**We published our inaugural Group Climate Policy in March 2022, which was supplemented with the Climate Strategy and Implementation Plan in 2023**

These documents incorporate targets for short-, medium- and long-term action to achieve our target of net zero from our own operations, for new buildings by 2030, from existing operations by 2040 and from our portfolio of financed emissions by 2050. We have ambitious targets to mobilise Sustainable Finance and to finance renewable energy power plants. The policy also sets out commitments and targets along with minimum standards to be adhered to when considering the financing of carbon-intensive and non-renewable energy activities.

Our climate policy and targets will be reviewed regularly to determine whether amendments are required. We are committed to being transparent and to report annually on our progress against our climate targets in our annual [Climate-related Financial Disclosures report](#) and our annual [ESG report](#). See our [Climate Strategy and Implementation Plan](#) and our latest [Report to Society suite](#).



**SBG has robust governance frameworks and controls in place to manage Sustainability and ESG risks associated with our business**

## 1.5 ESG Risk Governance

Our ESG risk governance framework provides executive management with an integrated view of our ESG risks. It defines structures and accountability for the oversight, governance, and execution of ESG risk management. Effective ESG risk management helps us to minimise and mitigate potential negative impacts to society and the environment arising from our operations.

Our ESG risk management framework is informed by regulatory requirements in our countries of operation, and global standards governing environmental and social risk management including International Finance Corporation (“**IFC**”) Performance Standards and Equator Principles (“**EP**”)

The SBG board is responsible for fostering a culture of ethics and appropriate conduct and for overseeing risk management, including environmental and social (“**E&S**”) risk. Board committees regularly review the Group’s policies, including those related to sustainability. The board delegates oversight to its committees as shown below.

ESG risk management is integrated into the Group’s enterprise risk management (“**ERM**”) framework. In terms of climate-related risk, the board approved the Group’s climate policy as referred to above. A Group climate risk management framework is currently being developed that includes the setting of climate risk appetite statements, climate scenario analysis and stress-testing, and the integration of climate risk into origination and credit approvals.

Our climate policy is part of a roadmap to reduce the Group’s exposure to the physical risks of climate change and risks arising from the transition to a net zero carbon economy

## 1.5.1 Environmental And Social Risk Mangement

The assessment of E&S risk is embedded in risk assessment and management processes across the Group, from origination and client on-boarding through to credit and transaction approval and other periodic review processes.

The E&S risk assessment process includes an E&S screening tool (consistent with IFC Performance Standards), exceptions list, compliance with national laws and adherence to EP (where relevant). Internal E&S Risk and related policy documents document high risk sectors where additional due diligence is required.

The Group E&S Risk Governance Standard and the exceptions list are summarised in the 2022 [ESG Report](#).





## 2. Sustainable Finance Framework Overview

October 2023

### IN THIS SECTION

#### 2.1

Use of Proceeds  
Eligibility Criteria

#### 2.2

Pure Play

#### 2.3

Refinancing

#### 2.4

Process of Selection and  
Evaluation of Eligible  
Assets

#### 2.5

Management and  
tracking of proceeds

#### 2.6

Allocation and impact  
recording

#### 2.7

External Review



***This Framework promotes SBG's lending to GSS projects (aimed at addressing positive environmental and social change)***

**Under this Framework the Group may execute GSS instruments, either in bond, loan, repurchase agreement, securitisation instrument or hybrid format, publicly or privately, to finance and/or refinance i) GSS projects or assets; as well as ii) Pure Play assets ("Eligible Assets").**

Bonds issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, issued under the Group's various Debt Issuance Programmes where relevant or as the Issuer determines at its discretion, and may take the form of senior unsecured or subordinated issuances.

This Framework promotes SBG's lending to GSS projects (aimed at addressing positive environmental and social change), social projects (aimed at reducing economic and social inequality) and sustainable projects being a combination of these. In addition, the Framework considers Pure Play companies where the company profile determines eligibility. The Group may, from time to time, update its Framework in line with developments in the market.



**The Framework has been developed in line with international best practice and guidance.**



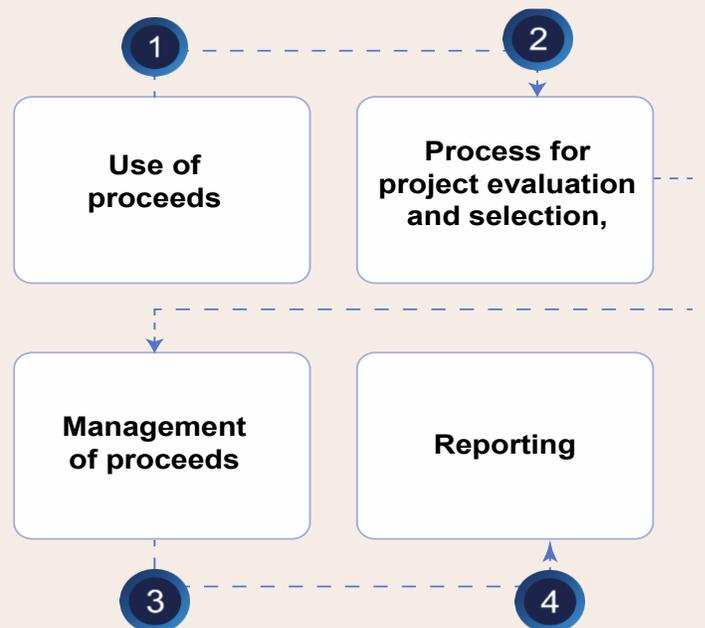
International guidelines include, but are not limited to, principles published by the International Capital Market Association (“**ICMA**”) and the Loan Market Association (“**LMA**”)<sup>2</sup>:

- 1 ICMA’s Green Bond Principles (“**GBP**”)
- 2 ICMA’s Social Bond Principles (“**SBP**”)
- 3 ICMA’s Sustainability Bond Guidelines (“**SBG**”)
- 4 LMA’s Green Loan Principles (“**GLP**”)
- 5 LMA’s Social Loan Principles (“**SLP**”)

**This Framework aligns with the four core components of relevant principles and guidelines:**

SBG continues to assess relevant taxonomies in its development of Eligibility Criteria and will endeavour to confirm alignment with relevant taxonomies on a per transaction basis where possible.

The Framework will be updated as the sustainable finance market develops and further guidelines, principles and taxonomies develop. As such, we will review the removal or inclusion of additional eligibility categories in future versions of this Framework.



<sup>2</sup> This Framework has been updated in accordance with the 2023 ICMA and LMA Principles version updates.

## 2.1 Use of proceeds eligibility criteria

### 2.1.1 Green assets eligibility criteria<sup>3</sup>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Renewable Energy (“RE”)</b></p> 	<p><b><u>Generation of energy from renewable sources</u></b></p> <ul style="list-style-type: none"> <li> Enterprise Growth and Job creation</li> <li> Climate Change</li> <li> Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition of, construction, generation or maintenance of renewable power and associated infrastructure for -             <ul style="list-style-type: none"> <li>○ Wind, Solar (photovoltaic (PV) or concentrated solar power (CSP) / thermal), Ocean power</li> <li>○ Small scale hydropower (&lt;25 MWh; run-of-river hydropower with low storage capacity)</li> <li>○ Hydropower with:                 <ul style="list-style-type: none"> <li>▪ Life cycle carbon intensity of below 100gCO<sub>2</sub>e/kWh; Or</li> <li>▪ Power density above 10W/m<sup>2</sup> for facilities that became operational after 2019 and above 5W/m<sup>2</sup> for those before the end of 2019.</li> </ul> </li> <li>○ Biogas or biomass power from waste materials or certified sustainable crops</li> <li>○ Geothermal power projects: emit ≤100 gCO<sub>2</sub>e/kWh</li> <li>○ Production of green hydrogen and associated green ammonia production and transportation</li> </ul> </li> </ul>	<p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>• Renewable energy projects used to power fossil fuel activities (e.g., coal mining)</li> <li>• Waste biomass feedstock sourced from intensive industrial livestock operations or livestock management practices.</li> <li>• Waste biomass feedstock from non-RSPO-certified certified palm oil operations</li> <li>• Biomass feedstock from peat and palm oil</li> <li>• Biomass feedstock sourced from areas with high biodiversity and carbon stock, such as forests, wetlands, and peatlands</li> </ul> <p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• At least 85% of electricity generated from CSP facilities must be derived from solar energy resources</li> <li>• For ocean thermal projects, fossil fuel backup must be limited to power monitoring, operating and maintenance equipment, as well as resilience or protection measures or restart capabilities</li> <li>• Hydropower plants must undergo environmental and social impact assessment</li> <li>• For biogas or biomass power:             <ul style="list-style-type: none"> <li>○ Lifecycle greenhouse gas (GHG) emission intensity must be below 100 gCO<sub>2</sub>e/kWh for plants that utilise certified sustainable</li> </ul> </li> </ul>

<sup>3</sup> Green activities that are in areas that have at least 50% of their surface within 10 km from the coastline, rivers, lakes, and wetlands may be categorised as Blue. Double counting of impacts will be avoided.

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
			<p>crops</p> <ul style="list-style-type: none"> <li>○ Waste from existing livestock farm operations may be used provided that animal fat is limited to up to 10% of the total feedstock</li> <li>○ Eligible certifications and schemes for sustainable crops are limited to: (i) Roundtable for Sustainable Biomaterials (RSB), (ii) International Sustainability and Carbon Certification (ISCC), (iii) the achievement of voluntary credit on GHG emission reduction, (iv) BONSUCRO, and (v) the Roundtable on Responsible Soy (RTRS)</li> <li>○ A Food Security Impact Assessment (FSIA) is required to demonstrate certified sustainable crops do not compete with food / feed production</li> </ul> <ul style="list-style-type: none"> <li>● For green hydrogen and associated green ammonia production and transportation: <ul style="list-style-type: none"> <li>○ Production must be limited to electrolysis powered by renewables</li> <li>○ Green ammonia must be limited to that which will be re-converted to hydrogen for use as a fuel source</li> <li>○ Transportation by ship must meet the clean transport criteria for shipping under this Framework</li> </ul> </li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
	<p><b><u>Manufacture of components for RE technology</u></b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 5px;">Climate Change</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 5px;">Infrastructure</div> </div> </div>	<ul style="list-style-type: none"> <li>Manufacturing, development or import of components of renewable energy technologies that support the above sub-themes. Examples include wind turbines, solar panels, battery storage</li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>For corporate finance, at least 90% of the organisation's revenues must come from manufacturing of components for renewables.</li> </ul>
	<p><b><u>Construction/maintenance/expansion of associated distribution networks</u></b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 5px;">Climate Change</div> </div> </div>	<ul style="list-style-type: none"> <li>Development, improvement, maintenance, resilience, and expansion of transmission and distribution infrastructure of at least 90% renewable energy to the grid</li> </ul>	

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Electricity Distribution Networks</b></p> 	<p><b><u>Climate change mitigation</u></b></p>  <p>Climate Change</p>  <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>• Modernization that aims at retrofitting transmission lines or substations to reduce energy use and/or technical losses by 15% and to avoid electricity cuts</li> <li>• Distributed assets that aim to improve existing systems to facilitate the integration of renewable energy sources into the grid</li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Retrofitting transmission lines or substations: where the associated grid has &lt;90% renewable energy mix and the renewable energy percentage is expected to increase in the future, a pro-rata approach must be adopted to finance just those upgrades that correspond to the renewable energy mix of the grid</li> </ul>
<p><b>Energy Efficiency</b></p> 	<p><b><u>Energy efficiency</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Development, manufacture and / or installation of components or technologies to enable energy efficiencies e.g., smart metres, energy efficient appliances and peak demand management technology</li> <li>• Upgrades and improvements to industrial and manufacturing processes that are proven to increase energy efficiency of industrial processes</li> <li>• Industrial/utility energy efficiency improvements involving changes in processes, reduction of heat loss excluding processes that are inherently carbon intensive</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Carbon intensive industries<sup>4</sup></li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Household appliances must align with the highest two populated classes of the relevant EU Energy label</li> <li>• Manufacture of household appliances will adhere to the 'Do No Significant Harm Criteria' of the EU Taxonomy</li> </ul>

<sup>4</sup> Carbon Intensive industries include Fossil fuels, Steel, Aluminium, Cement, Natural Gas, Conventional shipping (including LNG ships) and its infrastructure, Airport & Aviation, Mining and extractive sectors, and blue hydrogen production.

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Pollution Prevention and Control</b></p> 	<p><b><u>Reduced air emissions</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Replacement of heating / cooling systems in existing industrial, commercial, or residential infrastructure with electric powered systems with lower global warming potential</li> <li>• Acquisition or development of projects that reduce air emissions</li> <li>• Research and development (“R&amp;D”) focused on renewable and resource-efficient/low-carbon products (including packaging), processes, and technologies</li> <li>• The procurement of recycled/waste/resource-efficient materials as an input technology</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Projects related to operations in carbon intensive industries<sup>4</sup></li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• R&amp;D for resource-efficient products, processes and technologies must be limited to those using bio-based materials, such as biopolymers/bioplastics</li> </ul>
	<p><b><u>Improved waste management</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Acquisition or development of projects that:             <ul style="list-style-type: none"> <li>○ Convert waste to-energy</li> <li>○ Capture methane gas</li> <li>○ Prevent waste generation and facilitate recycling (waste reduction)</li> <li>○ Storage and bulking facilities dedicated to transfer waste to downstream waste reduction assets</li> </ul> </li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Feedstocks must be separated into recyclable, non-combustible and hazardous materials before incineration</li> <li>• Capture of methane gas investments are limited to projects that are based on decommissioned or non-operational landfill facilities and have a gas capture efficiency of more than 75%</li> <li>• A robust waste management plan is required for electronic waste management</li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Climate Change Adaptation</b></p> 	<p><b><u>Climate change adaptation</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>Infrastructure and activities that address physical climate risk and increase the resilience of eco-systems, e.g., expansion or maintenance of flood defence systems, wildfire mitigation and management and biodiversity protection.</li> <li>Monitoring technologies including climate observation and information support system.</li> <li>Projects or activities that increase the resilience of agribusinesses against climate risks</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>Projects relating to intensive industrial livestock operations or livestock management practices</li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>Agricultural operations will be sustainability certified by Rainforest Alliance, Better Cotton Initiative, or USDA Organic</li> </ul>
<p><b>Green Building</b></p> 	<p><b><u>Green buildings</u></b></p>  <p>Climate Change</p>  <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>Development, acquisition, retrofit and/or refurbishment of existing or new residential or commercial (including public sector) buildings achieving acceptable certifications and ratings; or</li> <li>Minimum 20% improvement in energy use and / or carbon emissions compared to the building's own pre-renovation levels</li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>Acceptable certifications are limited to:             <ul style="list-style-type: none"> <li>Leadership in Energy and Environment Design ('LEED') "Gold" certification,</li> <li>Green Star 4 category or above,</li> <li>EWP Level 6 or above rating (and achieving a minimum of 20% Energy Efficiency),</li> <li>BREEAM "Excellent" or above,</li> <li>EDGE certified by the International Finance Corporation's ("IFC") EDGE partner or above, or</li> <li>Other equivalent internationally recognised certification/ threshold set by the Climate Bonds Initiative</li> </ul> </li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Clean Transportation</b></p> 	<p><b><u>Sustainable transportation</u></b></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 5px;">Climate Change</div> </div> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 5px;">Infrastructure</div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 5px;">Africa Trade and Investment</div> </div> </div>	<ul style="list-style-type: none"> <li>• Transportation projects or initiatives that meet the following thresholds individually or at a portfolio level:             <ul style="list-style-type: none"> <li>○ Freight trucks and rail (maximum 25gCO<sub>2</sub>/km),</li> <li>○ Busses and passenger rail (maximum 50gCO<sub>2</sub>/km),</li> <li>○ Fully electric, biofuel or hydrogen-powered passenger/cargo ships</li> </ul> </li> <li>• Import, manufacture, development, acquisition, or construction of:             <ul style="list-style-type: none"> <li>○ Electric vehicles (EVs),</li> <li>○ Private or light commercial hybrid vehicles with individual emissions below 109 gCO<sub>2</sub>/km,</li> <li>○ Charging stations or supporting infrastructure for EVs and hybrid vehicles.</li> </ul> </li> <li>• Shipping projects related to:             <ul style="list-style-type: none"> <li>○ Retrofit of existing ships involving fuel switching (to low-carbon fuels).</li> <li>○ Shipping infrastructure including bunkering facilities for biofuels, hydrogen, ammonia, and methanol; infrastructure for alternative maritime power including outlets; electrical distribution and control systems<sup>5</sup></li> </ul> </li> <li>• Transport infrastructure projects, in particular, the manufacturing, development, or purchase of specialised parts such as EV batteries or ICT systems such as microcontrollers and wireless communication infrastructure that aim to improve the general transport logistics to increase energy efficiency by at least 15% per unit of service (e.g., BTU/ passenger-km)</li> </ul>	<p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>• Freight trucks dedicated to the transportation of fossil fuels or fossil fuel blended with alternative fuels</li> <li>• Ships that run on conventional heavy fuel oil (HFO) or bunker fuel, low-sulphur heavy fuel oil (LSHFO), or marine diesel oil (MDO)</li> <li>• Financing of stand-alone vehicle parking facilities</li> <li>• Financing of vehicle ancillary parts such as vehicle frames and seats</li> <li>• Fossil fuel-based transport infrastructure</li> </ul> <p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Fossil fuels may not account for more than 50% of rail freight (by t-km)</li> <li>• Cargo ships with oil tankers or vessels may not transport more than 50% (by mass) coal, oil, and petroleum</li> <li>• Note: ICT systems that remove barriers to modal shift to public transit, and/or incentivizes the use of low-carbon vehicles and car-sharing schemes will be prioritized</li> </ul>

<sup>5</sup> All financed infrastructure will be for ships that meet the eligibility criteria in this Framework

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Sustainable Management of Natural Resources</b></p>   	<p><b><u>Environmentally sustainable management of living natural resources and land use</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Projects that contribute to environmentally sustainable agriculture through -             <ul style="list-style-type: none"> <li>○ Sustainable agricultural techniques</li> <li>○ Climate smart agriculture activities which document an increase in productivity of at least 10% without increasing GHG emissions or reduce post-harvest losses by at least 10%.</li> <li>○ Reduction in water consumption per unit of production by at least 10% (efficient irrigation, laser soil levelling, water harvest and storage facilities)</li> <li>○ Agricultural projects that improve existing carbon pools (e.g., rangeland management; collection and use of bagasse, rice husks, or other agricultural waste; reduced tillage techniques that increase carbon contents of soil; soil recovery and restoration of degraded pastures; peatland restoration)</li> <li>○ Products / operations certified by Rainforest Alliance, USDA Organic, Better Cotton Initiative (BCI)</li> <li>○ Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC) certified projects that involve reforestation, afforestation, rehabilitation of degraded land, preservation, or restoration of natural landscape.</li> </ul> </li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Intensive industrial livestock operations or livestock management practices</li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Reforestation/afforestation projects must utilize tree species that are well-adapted to the site conditions</li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Terrestrial and Aquatic Biodiversity Conservation</b></p>  	<p><b><u>Biodiversity conservation</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>Projects involved in conservation through the preservation and/or restoration of biodiversity and valuable natural habitats</li> <li>Projects related to the ongoing monitoring and surveillance of land or marine protected areas</li> </ul>	
<p><b>Sustainable Water</b></p> 	<p><b><u>Sustainable water &amp; wastewater management</u></b></p>  <p>Climate Change</p>  <p>Infrastructure</p>  <p>Health</p>	<ul style="list-style-type: none"> <li>Sustainable infrastructure for clean and/or potable water, water efficiency improvement, water recycling, rainwater harvesting, wastewater treatment, desalination and sustainable urban drainage systems</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>Wastewater from fossil-fuel operations</li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>Desalination projects must:                             <ul style="list-style-type: none"> <li>Have an environmental risk mitigation strategy that addresses the management of brine</li> <li>Be primarily powered by renewables or low-carbon sources (with an average carbon intensity at or below 100 CO<sub>2</sub>e/kWh)</li> </ul> </li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Circular Economy</b></p> 	<p><b><u>Environmentally sustainable management of living natural resources and land use</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Collection, sorting, cleaning, refurbishment, reconditioning and/or repair of products for re-use</li> <li>• Acquisition of or production of resource-efficient products (including packaging) using recycled waste and/or bio-based materials. The projects should have reasonable basis / evidence to support substantial reduction of lifecycle emissions (relative to comparable fossil product)</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Refurbishment, reconditioning and/or repair of products specialized for use in the extraction of fossil fuels or that inherently rely on fossil fuels</li> </ul> <p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Activities that result in products being put back to their original use must minimise energy intensive pre-processing</li> <li>• For production of aluminium-based consumer/end product (such as beverage cans): projects are eligible if (i) &gt;90% of inputs are scrap/recycled aluminium or (ii) 75-90% of input is scrap/recycled aluminium and the remaining (primary) aluminium has a carbon intensity &lt;2.5 tCO<sub>2</sub>e/t aluminium</li> <li>• Biobased materials must be certified with RSB</li> </ul>

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Blue Finance</b></p>  	<p><b><u>Blue economy</u></b><sup>6</sup></p>  <p>Climate Change</p>  <p>Infrastructure</p>	<p>Projects that align with the Blue Finance Guidance Framework published by the IFC in January 2022<sup>7</sup> including the following:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Pollution prevention infrastructure into areas connected to rivers or coastal<sup>8</sup> water basins (e.g., settling ponds, wastewater treatment plants, pollution control dams, cut off drains)</li> <li>• 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</li> </ul>	<p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>• Equipment based on fossil fuels</li> <li>• Shipping yards dedicated to fossil fuel ships</li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Shipping vessels must follow: (i) the clean transportation criteria detailed in this Framework; OR (ii) Climate Bonds Initiative (CBI) shipping criteria on low-carbon emissions intensity</li> </ul>
	<p><b><u>Sustainable fishing</u></b></p>  <p>Climate Change</p>  <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>• Projects involved in fisheries and aquaculture:             <ul style="list-style-type: none"> <li>○ Products/operations certified by the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), or Global Sea Food Alliance, and that do not deplete endangered fish stocks</li> <li>○ That do not impact critical habitats and ecosystems, through the release of waste, contaminated water and nutrients, usage of pharmaceuticals and pesticides above safe limits and ecological interaction</li> </ul> </li> </ul>	<p><b>Limitations</b></p> <ul style="list-style-type: none"> <li>• Must be certified with Chain of Custody to ensure traceability of ASC products</li> <li>• Must achieve the following Acceptable Global Sea Food Alliance Certification levels:             <ul style="list-style-type: none"> <li>○ 2-star certification and more on Best Aquaculture Practice,</li> <li>○ Best Sea Food Practice certification</li> </ul> </li> </ul>

<sup>6</sup> Note that certain green categories may qualify to be labelled as blue if they meet the criteria under footnote 3

<sup>7</sup> [International Finance Corporation: Guidelines for Blue Finance](#)

<sup>8</sup> Coastal areas are areas that border the coastline or areas that have at least 50% of their surface within 10 km from the coastline. River basin areas are the area of land from which all surface run-off flows through a sequence of streams, rivers, and, possibly, lakes into the sea at a single river mouth, estuary, or delta.

Green Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Carbon Financing</b></p> 	<p><b><u>Climate change adaptation</u></b></p>  <p>Climate Change</p>	<ul style="list-style-type: none"> <li>• Financing the scaling of the voluntary carbon credits market through projects that are otherwise eligible within this Framework, and are certified under at least one of the following standards:                             <ul style="list-style-type: none"> <li>○ American Carbon Registry</li> <li>○ Clean Development Mechanism (CDM)</li> <li>○ Climate Action Reserve</li> <li>○ The Gold Standard</li> <li>○ Verified Carbon Standard (VCS)</li> <li>○ Plan Vivo</li> <li>○ Standards eligible under the Regulations under Section 19 of the South African Carbon Tax Act</li> <li>○ Standards for mitigation outcomes that are agreed by parties to cooperative approaches under Article 6 paragraph 2 of the Paris Agreement; and</li> <li>○ Sustainable Development Mechanism under Article 6 paragraph 4 of the Paris Agreement</li> </ul> </li> <li>• Financing the acquisition of carbon credits</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Acquisition of carbon credits for fossil fuel companies</li> </ul> <p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Acquisition of carbon credits for offsetting should represent less than 10% of the total carbon reduction costs of the Purchaser:                             <ul style="list-style-type: none"> <li>○ Carbon credits should not be purchased to offset scope 1 emissions of the purchaser</li> </ul> </li> </ul>

## 2.1.2 Social assets eligibility criteria

Social Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Affordable Housing</b></p> 	<p><b><u>Affordable housing</u></b></p>  <p>Financial Inclusion</p>  <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>• Financing or re-financing of any project that involves the construction of and refurbishment and conversion to affordable, low income<sup>9</sup>, community or social housing projects</li> <li>• Home loans in the affordable, low-income, community or social housing segment</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Housing projects should have a well-defined target population (e.g., historically marginalized or low-income groups<sup>9</sup>) as per a recognized national benchmark or external standard</li> <li>• Social Housing requires built-in reasonable assurance of affordability through mechanisms such as rent capping or rent controls</li> </ul>
<p><b>Access To Essential Services</b></p>  	<p><b><u>Education</u></b></p> 	<ul style="list-style-type: none"> <li>• Financing or re-financing of any new, or improvements to existing education facilities or programs that would improve the efficiency, quality and capacity of the facility or program (child-care, pre-primary, primary, secondary, tertiary)</li> <li>• Financing or re-financing of any project that aims to provide increased access to tertiary education or vocational and technical skills training and access to campus infrastructure</li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Education facilities must target previously disadvantaged and or low-income groups<sup>9</sup></li> </ul>
	<p><b><u>Health</u></b></p> 	<ul style="list-style-type: none"> <li>• Financing or refinancing of any project that aims to improve or expand access to health care products and services, including research and development to support access to healthcare<sup>10</sup> and the roll out of essential medicines and vaccines and the provision of community health care services</li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Health facilities must target previously disadvantaged and or low-income groups<sup>9</sup></li> <li>• R&amp;D and rollout of essential medicines and vaccines must be at no cost and accessible to all beneficiaries</li> </ul>

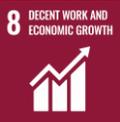
<sup>9</sup> Low income defined as: “Households/individuals earning below national wage median income or below average national wage where credible median income data is not available”

<sup>10</sup> In the event of global pandemics or other healthcare crises

Social Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Affordable Basic Infrastructure</b></p>   	<p><b><u>Transportation</u></b></p> <p><b><u>Telecommunications</u></b></p> <p><b><u>Infrastructure addressing basic needs</u></b></p>  <p>Infrastructure</p>	<ul style="list-style-type: none"> <li>• Financing the development and material upgrades of roads and public transportation infrastructure projects based in underdeveloped areas of Africa</li> <li>• Financing the provision of telecommunications infrastructure to underserved populations in Africa</li> <li>• Financing water (including desalination plants), sanitation and energy projects that aim to enhance access to underserved populations</li> <li>• Financing nature-based projects that improve reliability of water supply during extended periods of droughts, in particular, protection from heat stress, reservoirs, etc.</li> </ul>	<p><b>Exclusions:</b></p> <ul style="list-style-type: none"> <li>• Infrastructure exclusively focused on transportation of fossil fuels</li> <li>• Construction of power plants</li> </ul> <p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Road development projects must be in areas where road connectivity does not exist (per a reasonable study) or where road upgrades would lead to improved economic connectivity</li> <li>• Public transportation infrastructure including public (passenger) railway infrastructure must be intended for enhancing access to underserved communities in the region</li> <li>• Energy projects are limited to the development, improvement, resilience and expansion of energy storage, transmission and distribution infrastructure</li> <li>• Desalination projects require reasonable assurance of an appropriate waste management plan for brine disposal</li> <li>• For nature-based projects: All drought mitigation projects must undergo vulnerability assessment or diagnosis of realised climate impacts and potential climate risks and should have a management response plan that addresses the identified climate risks</li> </ul>

Social Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations																									
<p><b>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</b></p> 	<p><b><u>MSME (Micro, Small and Medium Enterprises)<sup>11</sup> and Personal/Consumer Finance</u></b></p>  <p>Financial Inclusion</p> <p><b><u>Employment generation and job creation</u></b></p>  <p>Financial Inclusion</p>  <p>Enterprise Growth and Job creation</p>  <p>Africa trade and investment</p>	<ul style="list-style-type: none"> <li>Financial services (including microfinance, personal finance, banking services, financing, insurance, savings) to individuals in the following target populations:                             <ul style="list-style-type: none"> <li>Women</li> <li>Youth</li> <li>Low-income individuals</li> <li>Previously disadvantaged persons</li> <li>Individuals in underserved areas</li> </ul> </li> <li>Financial services (including banking services, financing, insurance, savings) to MSMEs in countries with developing economies as categorized in the UN WESP report</li> </ul> <p><i>* IFC MSME Definitions:</i></p> <table border="1" data-bbox="762 722 1411 1104"> <thead> <tr> <th colspan="4">IFC MSME Definition</th> <th>MSME Loan Size Proxy</th> </tr> <tr> <th>Indicator</th> <th>Employees</th> <th>Total Assets US\$</th> <th>Annual Sales US\$</th> <th>Loan Size at Origination</th> </tr> </thead> <tbody> <tr> <td>Micro Enterprise</td> <td>&lt;10</td> <td>&lt;\$100,000</td> <td>&lt;\$100,000</td> <td>&lt;\$10,000</td> </tr> <tr> <td>Small Enterprise</td> <td>10-49</td> <td>\$100,000 - &lt;\$3 million</td> <td>\$100,000 - &lt;\$3 million</td> <td>&lt;\$100,000</td> </tr> <tr> <td>Medium Enterprise</td> <td>50-300</td> <td>\$3 million - \$15 million</td> <td>\$3 million - \$15 million</td> <td>\$1 or \$2 million</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Financing of employment creation projects/programs and training and development programs aimed at increasing access to opportunities for well-defined target populations as per a recognized external standard (e.g., historically marginalized or low-income groups)</li> </ul>	IFC MSME Definition				MSME Loan Size Proxy	Indicator	Employees	Total Assets US\$	Annual Sales US\$	Loan Size at Origination	Micro Enterprise	<10	<\$100,000	<\$100,000	<\$10,000	Small Enterprise	10-49	\$100,000 - <\$3 million	\$100,000 - <\$3 million	<\$100,000	Medium Enterprise	50-300	\$3 million - \$15 million	\$3 million - \$15 million	\$1 or \$2 million	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>Financial services to individuals should, where feasible incorporate a financial advantage to the target population beyond improved access.</li> </ul>
IFC MSME Definition				MSME Loan Size Proxy																								
Indicator	Employees	Total Assets US\$	Annual Sales US\$	Loan Size at Origination																								
Micro Enterprise	<10	<\$100,000	<\$100,000	<\$10,000																								
Small Enterprise	10-49	\$100,000 - <\$3 million	\$100,000 - <\$3 million	<\$100,000																								
Medium Enterprise	50-300	\$3 million - \$15 million	\$3 million - \$15 million	\$1 or \$2 million																								

<sup>11</sup> As defined by the International Finance Corporation (IFC): An enterprise qualifies as a micro, small or medium enterprise if it meets two out of three criteria of the IFC MSME Definition (employees, assets, and sales), OR if the loan to it falls within the relevant MSME loan size proxy. See definition [here](#).

Social Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
<p><b>Food Security and Sustainable Food Systems</b></p> 	<p><b><u>Nutrition</u></b></p> <p><b><u>Sustainable farming</u></b></p>  <p>Enterprise Growth and Job creation</p>  <p>Climate change</p>  <p>Health</p>	<ul style="list-style-type: none"> <li>• Financing the development and provision of nutrition programs that address food security by not -for -profit organisations and MSMEs.</li> <li>• Financing projects contributing to climate smart farming practices, including infrastructure and community-based subsistence farming contributing to food security for smallholder farmers.</li> <li>• Cold chain and storage for agricultural products.</li> </ul>	<p><b>Exclusion:</b></p> <ul style="list-style-type: none"> <li>• Intensive livestock practices.</li> </ul> <p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• Projects contributing to climate smart farming practices are limited to 5 hectares.</li> </ul>
<p><b>Socioeconomic Advancement and Empowerment</b></p>  	<p><b><u>Funding regional and national development banks, NGOs, &amp; supranational organisations</u></b></p>  <p>Africa trade and investment</p>	<ul style="list-style-type: none"> <li>• Capital raising for and lending to regional and national development banks, NGOs, and supranational organisations, including but not limited to AfDB, DBSA, IDC, Landbank, TDB etc. where the purpose of the funding is for investments that are aligned with the eligible activities under this Framework and are clearly communicated in the legal documentation.</li> </ul>	

Social Bond/Loan Principle Category	Sub Theme and SEE Impact Areas	Eligibility Criteria	Exclusions and Limitations
	<p><b><u>Women in the economy</u></b></p> <p> Financial Inclusion</p> <p> Enterprise Growth and Job creation</p>	<ul style="list-style-type: none"> <li>• 2x Challenge <sup>12</sup>financing for women criteria<sup>13</sup>:               <ol style="list-style-type: none"> <li>1. Direct:                   <ol style="list-style-type: none"> <li>a) <u>Entrepreneurship</u> (&gt;51% share of women ownership or founded by a woman); or</li> <li>b) <u>Leadership</u> (30% share of women in senior management or 30% of women on Board or Investment Committee); or</li> <li>c) <u>Employment</u> (30-50% share of women in the workforce and one ‘quality’ indicator beyond compliance, subject to sector specific thresholds in line with criteria set out in the 2X Challenge website); or</li> <li>d) <u>Consumption</u> (product or service should disproportionately i.e., &gt;50%, benefit women).</li> </ol> </li> <li>2. Indirect:                   <ol style="list-style-type: none"> <li>a) <u>Investments</u> through Financial Intermediaries (“FI”) (i) on lending facilities - 30% of proceeds or portfolio that meet the Direct criteria above or (ii) Funds – 30% of portfolio companies meet Direct criteria above.</li> </ol> </li> </ol> </li> </ul>	<p><b>Limitation:</b></p> <ul style="list-style-type: none"> <li>• For companies, MSME criteria must be met</li> <li>• For Consumption: For FI transactions, to recognise full transaction value, i) product or service should disproportionately i.e., &gt;50%, benefit women and ii) one other Direct criterion must be met. If no other Direct criteria is met, the pro-rata % of the transaction should be recognized.</li> <li>• If Indirect criteria is met, and one other Direct criterion is met at Financial Intermediary level, the full transaction value can be recognised. If Indirect criteria is met, but no other Direct criteria is met at Financial Intermediary level, the pro-rata portion of the transaction value can be recognized.</li> </ul>

<sup>12</sup> The 2X challenge is an initiative that was launched at the G7 Summit in 2018 as a commitment to inspire DFIs and private investors globally to invest in projects and businesses that mobilize gender equality by providing women in emerging economies with access to leadership opportunities, quality employment, and products and services that enhance their economic participation and overall financial inclusion.

<sup>13</sup> [2X Challenge Criteria](#)

## 2.2 Pure Play

If the use of proceeds is not specified or dedicated to facilitating a certain activity (general corporate purposes), eligibility of a transaction or asset for classification as sustainable finance under this Framework will be assessed based on the company profile.

Transactions are eligible if the company derives  $\geq 90\%$  of revenue or EBITDA from activities eligible under section 2.1.



## 2.3 Refinancing

The proceeds from the GSS instruments executed under this Framework can be used to finance or refinance, in part or in full, new and/or existing **Eligible Assets**.

Where the proceeds are used for refinancing, we will estimate the share of financing vs refinancing and will clarify the expected look-back period.



## 2.4 Process of Selection and Evaluation of Eligible Assets

### Screening and Selection of Eligible Assets

#### 2.4.1 Screening and Selection of Eligible Assets

The Sustainable Finance team, together with the relevant originating business unit,

is responsible for initial screening of assets to determine eligibility under this Framework. The Group is establishing a Sustainable Finance Governance Framework (“**SFG Framework**”) which will include the process for the selection and evaluation of Eligible GSS Assets and general purpose sustainability linked assets, as well as review and maintenance of the Eligible Asset Portfolio.

Eligible assets will be subject to the Group Environmental and Social Management System (“**ESMS**”) screening process in the ordinary course of origination. The ESMS applies to the group’s banking business in relation to commercial and corporate clients and is in the process of being extended to business banking clients. Once assets are determined to be eligible for categorisation as Green, Social or Sustainable, they will be tagged as Eligible Assets and included in an Eligible Asset Portfolio.

#### 2.4.2 Approval of Eligible Assets for Transactions under this Framework

For each transaction contemplated under this Framework, the Sustainable Finance team will propose Eligible Assets for approval per the Group’s SFG Framework. Approved Eligible Assets will be recorded in an Allocation Register maintained by the Sustainable Finance team in the jurisdiction of the SBG issuer/ borrower (“Allocation Register”).

## 2.5 Management and tracking of proceeds

**SBG intends to allocate the proceeds of instruments executed under this Framework, on a portfolio basis. Proceeds will be marked against the Allocation Register.**

SBG will endeavour to achieve a level of allocation that matches or exceeds the value of net proceeds raised from transactions executed under this Framework. Each SBG issuer/ borrower will hold and/or invest any unallocated proceeds, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments. SBG expects proceeds to be fully allocated to Eligible Assets within two years from the date raised.

Eligible Assets will be added to or removed from the Allocation Register to the extent required.

SBG will ensure that management and allocation of proceeds of Sustainable Financing raised is externally verified by an independent verification provider annually and reported on in its Report to Society suite of documents which will be made available on its website at: <https://www.standardbank.com/sbg/standard-bank-group/why-we-matter/reporting-to-society>. In this regard, the independent verification provider will provide limited assurance that the management and allocation of proceeds is in accordance with this Sustainable Finance Framework.



## 2.6 Allocation and impact reporting



**SBG will publish annual allocation and impact reporting with respect to transactions executed under this Framework, until full allocation is achieved.**

SBG’s allocation and impact reporting will be contained in SBG’s ESG annual report which will be made available on its website at: <https://www.standardbank.com/sbg/standard-bank-group/why-we-matter/reporting-to-society>.

SBG intends to show the allocation and impact of transaction proceeds at least at category level and on an aggregated basis aligned with the portfolio approach described in the ICMA’s “Handbook – Harmonised Framework for Impact Reporting (June 2023)”<sup>14</sup>.

### 2.6.1 Allocation reporting

- The allocation report will detail the following information:
  - 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
  - The balance of unallocated proceeds

<sup>14</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

## 2.6.2 Indicative Impact Indicators

On an annual basis, the Group intends to report on the impact of the Eligible Assets by category from a social and environmental perspective, in line with the indicators suggested in the ICMA Harmonized Framework for Impact Reporting, subject to the availability of information and baseline data and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition, or other relevant regulation.

Example impact indicators may include those below:

ELIGIBLE CATEGORY	INDICATIVE INDICATORS
<b>GREEN</b>	
<b>Renewable Energy</b>	<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>
<b>Electricity Distribution networks</b>	<ul style="list-style-type: none"> <li>▪ Improvement/increase in energy efficiency or avoidance of energy losses (e.g. MWh/ year)</li> <li>▪ Estimated annual GHG emissions reduced/ avoided, in tonnes CO<sub>2</sub> equivalent where possible</li> </ul>
<b>Energy Efficiency</b>	<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>
<b>Pollution Prevention and Control</b>	<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>
<b>Climate Change Adaptation</b>	<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>
<b>Green Buildings</b>	<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>
<b>Sustainable Transportation</b>	<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>
<b>Sustainable Management of Natural Resources</b>	<ul style="list-style-type: none"> <li>▪ Improvement/increase in water efficiency (% or m3/year)</li> <li>▪ Number of additional farming units sustainably certified</li> </ul>
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	<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>
<b>Sustainable Water</b>	<ul style="list-style-type: none"> <li>▪ Volumes of water supplied</li> <li>▪ Improvement/increase in water efficiency (% or m3/year)</li> </ul>

ELIGIBLE CATEGORY	INDICATIVE INDICATORS
<b>Circular Economy</b>	<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>
<b>Blue Finance</b>	<ul style="list-style-type: none"> <li>▪ Description of the positive impacts of eligible projects</li> </ul>
<b>Carbon Financing</b>	<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>
<b>SOCIAL</b>	
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>▪ Number of affordable housing home loans financed</li> <li>▪ Number of additional affordable housing units developed</li> </ul>
<b>Access to Essential Services</b>	<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>
<b>Affordable Basic Infrastructure</b>	<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>
<b>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</b>	<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>
<b>Food Security and Sustainable Food Systems</b>	<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>
<b>Socio-economic Advancement and Empowerment</b>	<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>



## 2.7 External review

### 2.7.1 Second Party Opinion

This Framework has been reviewed by Sustainalytics, an institution with appropriate environmental, social and sustainability expertise and experience that is independent from SBG and with a track record in issuing Second Party Opinions (SPO). This SPO and any future SPOs issued in respect of the Framework will be made available (together with this Framework) on SBG's website at:

<https://reporting.standardbank.com/results-reports/sustainability/>.

### 2.7.2 Verification

In respect of each transaction executed under this Framework on an annual portfolio basis until full allocation, SBG will obtain an annual limited assurance report on the compliance of the management and allocation of the proceeds with this Framework from an external assurance provider. The report will be included in SBG's Report to Society suite of documents which will be made available on its website at: <https://www.standardbank.com/sbg/standard-bank-group/why-we-matter/reporting-to-society>.



# Disclaimers

October 2023

**SBG will on an ongoing basis review the Sustainable Finance Framework and update it where improvements are deemed necessary or desirable or where SBG wishes to extend the reach to further Eligible Projects.**

Where the Sustainable Finance Framework is updated, SBG shall ensure that a new second party opinion is obtained to cover the updates made. The new and updated second party opinion will also be made publicly available on SBG's website at: <https://reporting.standardbank.com/results-reports/sustainability/>. The information contained in this Sustainable Finance Framework is subject to verification, completion and change.

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