



Just Share NPC

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06 May 2021

Dear Ms Davies, Mr Mohamed, Mr Sedgwick and Mr Moyal

NON-BINDING ADVISORY CLIMATE RESOLUTION FOR TABLING AT STANDARD BANK'S 27 MAY AGM

1. Standard Bank Group Limited ("Standard Bank", "the Company" or "we") refers to your letter of 23 April 2021 ("Letter").
2. We have considered the "*non-binding advisory*" shareholder resolution filed with the Letter ("Proposed Resolution") which you requested be tabled at Standard Bank's annual general meeting ("AGM") on 27 May 2021.
3. The Proposed Resolution "recommends and requests" that "*the Company and its directors, include in its reporting to shareholders for the year ending 31 December 2021, the Company's plans, if any, to set and publish a strategy, and short-, medium-, and long-term targets, to reduce its exposure to fossil fuel assets on a timeline aligned with the goals of the Paris Agreement (the "Paris goals")*".
4. We are pleased to be able to inform you that Standard Bank is already committed to publishing, either in its reporting to shareholders for the year ending 31 December 2021 or within a reasonable period after that, a strategy and targets to reduce its exposure to fossil fuel assets on a timeline aligned with the Paris Goals.

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Standard Bank Group Limited (Reg.No. 1969/017128/06)

Directors: TS Gcabashe (Chairman) PLH Cook A Daehnke* MA Erasmus¹ GJ Fraser-Moleketi Xueqing Guan² (Deputy Chairman) GMB Kennealy JH Maree (Deputy Chairman)
NNA Matyumza KD Moroka NMC Nyembezi ML Oduor-Otieno³ AC Parker ANA Peterside CON⁴ MJD Ruck SK Tshabalala* (Chief Executive) JM Vice Lubin Wang²

Group Secretary: Z Stephen – 22/02/2021

*Executive Director ¹British ²Chinese ³Kenyan ⁴Nigerian

5. In line with our strategy to drive sustainable economic development across Africa, we continue to make significant progress with regard to our environmental policies and disclosures. For instance, we have developed comprehensive environmental and social policies and frameworks, which ensure that we proactively identify, manage, monitor and embed environmental and social risk management in our lending practices. (More detail on our approach is available in the press release appended to this letter, and in our annual *Report to Society* and ESG report, available on our website.)
6. We would like to take this opportunity to reaffirm Standard Bank's commitment to inclusive and sustainable human development, to a just transition away from carbon intensive economic activity, and to environmental sustainability as well as to effective shareholder engagement. As you will be aware, we meet at least annually with various shareholders and stakeholders including Just Share, and were indeed looking forward to our meeting with Just Share that had been scheduled to take place tomorrow, 7 May 2021, until that meeting was cancelled at Just Share's instance on 5 May 2021.
7. At that planned meeting, we had hoped to communicate, as we do in this letter, Standard Bank's commitment as noted in paragraph 4 above. Accordingly, there is no reason for the Proposed Resolution to be tabled at the 27 May AGM.
8. We note the legal arguments in your Letter and the conclusion that "*the courts are likely to find that shareholders are entitled to file binding resolutions relating to disclosure on climate change matters*".
9. As we have communicated previously, we have also taken legal advice on this issue. The legal advice we have received is contrary to the advice set out in your Letter. However, we do not see the benefit of debating legalities by way of correspondence given the outcome in the present circumstances.

Yours sincerely

Zola Stephen
Group Secretary
Standard Bank Group Limited

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Press Release

Aligned to our corporate strategy to promote sustainable economic development across Africa, Standard Bank Group continues to make significant progress with regards to its environmental policies and disclosures.

The group has developed a comprehensive environmental and social (E&S) policy and framework, which ensure that we proactively identify, manage, monitor and embed E&S risk management into our lending processes. We apply national laws and standards and our exceptions list when assessing all transactions. In addition, for large infrastructure transactions, we apply industry guidelines and international standards. We follow the International Finance Corporation's (IFC's) Performance Standards and the IFC Environmental Health and Safety guidelines, and we are guided by the OECD Common Approaches framework, which requires benchmarking against the IFC's standards and guidelines.

Further, Standard Bank's new fossil fuels financing policy sets out stringent conditions for lending to fossil fuel projects. In the case of oil and gas activities, the bank will only provide financial products and services to clients that commit to minimising or reducing their greenhouse gas emissions, and that have implemented oil spill preparedness and response plans, for instance. Project owners would also need to provide updates on their performance related to water use, waste generation, energy consumption, and greenhouse gas emissions.

Further, this policy includes a commitment to *“systematically including ESG considerations into all investment and lending decisions by setting limits that will be reviewed on an annual basis.”* The work required to set credible and robust limits is underway and is informed by emerging best practice methodologies. In this regard, the Standard Bank Group is participating in Phase 3 of the United Nations Environment Programme Finance Initiative TCFD Pilot Programme, as well the National Business Initiative's Climate Pathways and Just Transition programme. The limits and targets that result from this work will be published in the group's next ESG Report which includes our TCFD report.

When assessing projects, Standard Bank balances the need to limit carbon emissions with the need to unlock economic growth, job creation and access to electricity across the continent. The Paris Agreement recognises that the transition to a low-carbon economy will take longer in Africa given its substantial development requirements.

Nevertheless, we continue to increase our focus on renewable energy and sustainable finance solutions. Since 2012, we have financed the construction of new power projects to the value of USD2.77 billion in Africa. 86% of this funding (USD2.38 billion) was for renewable energy. We have not financed any new coal-fired power stations since 2009.

Since 2018, the bank has funded more than 189 small-scale commercial solar projects in South Africa alone. This amounts to more than 32MW of peak installed capacity.

The group is using its sustainable finance capabilities to encourage corporates to take action. For instance, the group facilitated a R2 billion sustainability-linked loan facility for Vodacom that aligns the telecoms giant's sustainability incentives with its financing structure. And Standard Bank Group last year issued a USD200 million green bond through a private placement by the International Finance Corporation, the proceeds of which will be used to finance eligible green assets.

For further information, please refer to the group's recently published ESG report for 2020, which can be accessed here: <https://reporting.standardbank.com/results-reports/annual-reports/> or the group's ESG hub, which can be accessed here: <https://www.standardbank.com/sbg/standard-bank-group/why-we-matter/reporting-to-society/sustainable-development>

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