Standard Bank Group

UN Principles for Responsible Banking Reporting and self-assessment

Standard Bank

Also trading as Stanbic Bank

Contents

UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

Navigating this report

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Standard Bank is a founding signatory of the UNEP FI Principles for Responsible Banking (PRB), launched in September 2019.

We are co-chair of the Banking Board, which is responsible for overseeing effective implementation of the Principles. The Principles set the global benchmark for what it means to be a responsible bank. This is our third annual report setting out our progress in implementing the Principles.

Definitions

- **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended and short-term or long-term.
- **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of significant impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of materiality.

Reporting boundary

The data in this report pertains to the Standard Bank Group excluding Liberty Holdings Limited, unless otherwise specified.

Our reporting suite

We produce a full suite of reports to cater for the diverse needs of our stakeholders.

ANNUAL INTEGRATED REPORT

Provides an outline of our ability to create and preserve value, and guard against value erosion in the short, medium and long term

Environmental, social and governance (ESG) report

Overview of our ESG governance structures and risk management, including information regarding ethics and conduct, people and culture, environmental and social risk management and CSI and tax practices

Report to society

An assessment of our SEE impacts in the seven areas in which we believe we have the greatest impact and opportunity

Climate-related financial disclosures report

Discusses how the group is managing the risks and responding to the opportunities presented by climate change, aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

Risk and capital management report

Sets out the group's approach to risk management

Annual financial statements

Sets out the group's full audited annual financial statements, including the report of the group audit committee

Standard Bank of South Africa of (SBSA) Report to society

Overview of SBSA SEE impacts and update on our transformation journey and performance against the pillars of the Financial Sector Code.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

1.1 Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Standard Bank Group (SBG) is an integrated financial services provider. We are the largest African banking group by assets, with a market capitalisation of R283.6 billion on 31 December 2022.

Client segments include:

- **Consumer & High Net Worth (CHNW):** Tailored and comprehensive banking, investment, insurance and beyond financial services solutions. We serve clients across Africa ranging from high net worth and affluent to main market clients.
- **Business & Consumer Clients (BCC):** Client solutions for spectrum of small and medium-sized businesses as well as large commercial enterprises. Client coverage extends across a range of industries, sectors and solutions, delivering advisory, networking and sustainability support.
- **Corporate & Investment Banking (CIB):** Provides multinational, regional and domestic corporations and institutions with solutions and specialist advisory, transactional, risk management and funding support.
- **Liberty:** Life insurance and investment management activities, including insurance and investment solutions for individuals in South Africa, insurance and investment solutions for corporate clients and retirement funds across Africa, and management of investment assets in South Africa and Southern African regions.

We operate in **20 African countries** and offer international financial services from our offices in the Isle of Man, Jersey and Mauritius. We are head quartered in Johannesburg and our primary listing is on the Johannesburg Stock Exchange (JSE) in South Africa. We have a secondary listing in Namibia. Subsidiary banks are listed on exchanges in Kenya, Malawi, Namibia, Nigeria and Uganda.

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2022 ESG Report
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Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
1.2 Strategy alignment **Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?** ☒Yes ☐ No Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks. **Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?** ☒ UN Guiding Principles on Business and Human Rights ☐ International Labour Organization fundamental conventions ☐ UN Global Compact ☐ UN Declaration on the Rights of Indigenous Peoples ☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ▪ We are working toward alignment with the TCFD methodology, and plan to disclose our baseline financed greenhouse gas emissions from exposure to oil and gas by 31 March 2024. ☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ☐ None of the above	We have six value drivers against which we measure our strategic progress: 1. Value for clients 2. Value for employees 3. Risk and conduct 4. Operational excellence 5. Financial outcomes 6. Social, economic and environmental (SEE) impact. Our **SEE impact value driver** is specifically concerned with our impacts on society and the environment (positive and negative) and how our business activities contribute to the SDGs. To assess progress against our SEE impact value driver, we have identified seven SEE impact areas, which are directly relevant to our core business as a provider of financial products and services. They encompass: ▪ Financial inclusion ▪ Job creation and enterprise growth ▪ Infrastructure ▪ Africa trade and investment ▪ Climate change and sustainable finance ▪ Education ▪ Health. Our SEE value driver includes a focus on climate risks and opportunities and provides a framework for our climate commitments and targets. We have identified sustainable finance as a key opportunity for the group and work closely with our clients to develop sustainability and ESG aligned lending solutions tailored to their objectives. Each of our countries of operation is responsible for aligning their SEE strategies and tailoring their impact metrics to their context, national priorities and commitments.	**Annual Integrated Report** Page 11 **2022 ESG Report** Page 4

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
2.1 Impact Analysis (Key Step 1): ✓ Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly[1] and fulfil the following requirements/ elements (a-d) [2]: a) **Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.	Our impact analysis took as its starting point the UN SDGs and the African Union's Agenda 2023, our own understanding of Africa's challenges and opportunities, and the need for African economies and businesses to mitigate and adapt to climate change within the context of the Paris Agreement. We assessed our business activities across our CHNW, BCC and CIB client segments, and across the 20 African markets in which we operate, and how these activities could contribute to progress in respect of these priorities. On this basis, we identified seven SEE impact areas (as listed above), which apply across the banking business and across our countries of operation. Different areas of the business and different countries have flexibility within the framework to prioritise particular impact areas within this framework. Liberty Holdings, our life insurance and investment management business, undertook a similar exercise in respect of their activities. We are currently in the process of integrating Liberty into the group. We will review our SEE impact areas and indicators for the group as a whole in due course, when this process has been completed.	**2022 Report to Society** **Our SEE Impact in 2022** Page 6, 8 - 10

[1] That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.
[2] Further guidance can be found in the **Interactive Guidance on impact analysis and target setting**.
✓ Limited assurance: PwC conducted a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) on Principle 2.1 Impact Analysis, 2.2 Target setting, 2.3 Target implementation and monitoring and 5.1 Governance Structure for Implementation of the Principles, designated with an ✓ marking. Refer to the Limited Assurance Report for more information **https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/PRBAssurance2022.pdf**.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
b) **Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors & industries[3] for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios. If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.	Our seven impact areas are applicable across all our African countries of operation[4] and client sectors[5]. In terms of our **climate impacts**, we have undertaken portfolio analysis at sector level, focusing on material sectors. This analysis includes our CIB and BCC clients, and covers: ▪ High emissions sectors (coal, oil, gas) ▪ Sectors exposed to elevated climate risk (agriculture, real estate, short-term insurance) ▪ Climate opportunity (sustainable finance, renewable energy). We have analysed our exposure to each of these sectors in terms of our lending book, and have set targets to reduce/increase exposures in line with identified climate risks and opportunities. We have not yet analysed the composition of our portfolio in relation to our remaining six SEE impact areas. Different impact areas receive different priority from different parts of the business. For example: ▪ **Financial inclusion:** priority for CHNW (individual clients) and BCC (small business clients, traders) ▪ **Job creation and enterprise growth:** all client segments ▪ **Climate change and sustainable finance:** all client segments, with particular focus in CIB ▪ **Infrastructure development**: CIB ▪ **African trade and investment:** BCC, CIB ▪ **Education:** all client segments ▪ **Health:** all client segments	**2022 Climate-related financial disclosures** **Metrics and targets** Page 24 **Risk and Capital Management Report** Page 5

[3] 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.
[4] South Africa, Angola, Botswana, Côte d'Ivoire, Democratic Republic of Congo, Eswatini, Ethiopia (representative office), Ghana, Kenya, Lesotho, Malawi, Mozambique, Mauritius, Namibia, Nigeria, South Sudan, Uganda, Tanzania, Zambia, Zimbabwe.
[5] Financial institutions, Consumer, Power & infrastructure, Industrials, Mining & metals, Oil & gas, Telecomms & media, Sovereign & public sector, Real estate

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
c) **Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?[6] Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis. This step aims to put your bank's portfolio impacts into the context of society's needs.	The key challenges are reflected in our seven SEE impact areas: ▪ **Financial inclusion:** Individuals, entrepreneurs and small businesses, particularly those in under-served markets such as women, youth and micro-enterprises, require access to relevant and cost-effective financial products and services appropriate for their needs, including payments, savings, credit and insurance, together with access to financial literacy/ financial health education. ▪ **Support for job creation and enterprise growth:** SMEs and traders account for up to 80% of employment across Africa. Many remain outside the formal banking system, remain largely dependent on cash and lack access to affordable credit. They require access to financial services, capacity building opportunities, and support to access markets. ▪ **Climate change and sustainable finance:** Biodiversity loss and environmental risks associated with climate change threaten food security, health and livelihoods across Africa. The continent is also grappling with a severe energy deficit, which impacts negatively on business activity and human development. A just energy transition is crucial to address Africa's energy poverty. This requires investment in renewable energy infrastructure, and solutions for homeowners and businesses to implement renewable energy and water savings solutions, together with ESG aligned investment solutions for corporate clients and individual investors. ▪ **Infrastructure:** Africa requires substantial investment in energy, water, transport and telecommunications infrastructure to facilitate economic growth and create opportunities for job creation and human development. However, such developments also create potential for negative environmental and social impacts which need to be understood and managed. ▪ **Africa trade and investment:** African economic growth depends on the growth of intra-Africa trade, and African businesses' ability to access global value chains. Businesses require support to identify, negotiate and trade with import and export partners, transact across national borders and manage logistical challenges and language barriers. ▪ **Education:** 15 to 20 million young people join Africa's working population every year. They need access to quality education, skills development and training. This requires the development of education infrastructure, affordable credit options for students, and funding for community-based education programmes delivered by governments and the NGO sector. ▪ **Health:** Africa needs investment in resilient, accessible and affordable health systems, with a focus on primary health care, health promotion and preventing disease. This requires the development of healthcare infrastructure, access to credit to purchase of medical equipment, and funding for community-based health programmes delivered by governments and the NGO sector.	**2022 Report to Society** **SEE impact areas,** Page 11, 21, 34, 43, 50, 55, 68 **2022 ESG Report** **Understanding our material issues and Engaging our stakeholders** Page 9-14

[6] Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)[7]? Please disclose.	**Climate change and sustainable finance** In 2022, SBG set priority targets within the broad impact area of **climate change and sustainable finance.** In 2023, we will publish specific social impact targets, under our broader sustainable finance target. Climate change threatens food security, health and livelihoods across Africa. At the same time, Africa faces a huge energy deficit. An estimated 600 million people across Africa have no access to electricity, with negative impacts for health, education and livelihoods. Africa requires substantial investment in energy infrastructure. While such projects present opportunities for job creation, human development, improved access to basic services and economic growth and development, they also create social and environmental risks in terms of impacts on local communities and habitats, and green-house gas emissions. SBG is committed to helping African economies harness the opportunities and achieve a just energy transition, while managing and mininising the risks and supporting the transition to a low-carbon future. On this basis, we have set priority targets focused on: ■ Reducing our portfolio exposure to high-emissions sectors ■ Mobilising sustainable finance to support our clients to achieve their sustainability and ESG objectives ■ Financing new renewable energy power plants across Africa.	**Climate-related financial disclosures report,** Page 9 - 11 **Climate strategy and implementation plan** Page 8 - 17 **Report to Society,** Page 35

[7] To prioritise the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
d) For these (min. two prioritised impact areas): **Performance measurement**: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the **Annex**. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this. The outcome of this step will then also provide the baseline (including indicators) you can use for setting targets in two areas of most significant impact.	**Portfolio exposure to high emissions sectors** ▪ We have identified specific sectors within our portfolio that are widely recognised as high-emissions sectors and to which we have material exposures, namely coal, oil and gas. Our exposures are primarily in the CIB client segment. ▪ We have set short, medium and long term targets to reduce our lending/loan-book exposure to these sectors over time. ▪ We are engaging with clients in these sectors, and with globally recognised tools such as the PCAF methodology, to help us to assess and manage our financed emissions. ▪ We will continue to expand our analysis of portfolio exposure and our commitments and targets over the course of the coming year.	**Climate-related financial disclosures report,** Page 24 **Climate strategy and implementation plan** Page 8, 18
	Sustainable finance ▪ By offering sustainability-linked finance to our CIB clients, we are able to support their efforts to achieve ESG and climate-related goals and encourage their transition to a low-carbon business model. ▪ We are working with our clients to expand our offering of solutions, aligned with international frameworks. ▪ In 2022 we set a five-year target to mobilise a cumulative amount of >R250 billion in sustainable finance by the end of 2026. We are making good progress against the target.	**2022 Report to Society** Page 35 **Climate strategy and implementation plan** Page 8
	Renewable energy infrastructure ▪ We are working with CIB clients to develop both private and public sector renewable energy power plants. ▪ We are engaging with our CHNW and BCC clients to provide renewable energy solutions for their home and businesses. ▪ We aim to provide an additional R50 billion of financing for renewable energy power plants by end of 2024 and to underwrite the financing of a further R15 billion of renewable energy power plants over the same timeframe. ▪ We are making good progress against our targets.	**2022 Report to Society** Page 35 **Climate strategy and implementation plan** Page 9

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?[8]

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☐ Yes	☒ In progress	☐ No
Context:	☒ Yes	☐ In progress	☐ No
Performance measurement:	☐ Yes	☒ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation and climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other:

- Climate change mitigation and adaptation - reduce lending over time to high emissions sectors; support adaptation in high risk sectors through targeted solutions, e.g. agriculture, real estate, insurance; support retail clients to adopt low carbon solutions for their homes and businesses; provide finance for renewable energy infrastructure development across Africa
- Sustainable finance – support CIB clients to pursue their sustainability and ESG objectives through sustainability-linked finance solutions
- In 2023, we will publish specific social impact targets, under our broader sustainable finance target.

How recent is the data used for and disclosed in the impact analysis?

☒ Up to 6 months prior to publication
☐ Up to 12 months prior to publication
☐ Up to 18 months prior to publication
☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

[8] You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
2.2 Target Setting (Key Step 2)✓ Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis. The targets[9] have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately: **a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with[10] have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. You can build upon the context items under 2.1.	▪ Our **sustainable finance target** links to several SDGs and includes environmental and social objectives. Our sustainable bond framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines. It includes categories for: Renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity conservation, clean transportation, sustainable water and wastewater management, climate change adaptation, circular economy adapted products, production technologies and processes, and/or certified eco-efficient products, green buildings, affordable basic infrastructure, access to essential services, affordable housing, employment generation including the potential effect of SME financing and microfinance, socioeconomic advancement and empowerment. ▪ Our **targets to reduce portfolio exposure to high emissions sectors** are are aligned with National Determined Contributions and energy strategies in our countries of operation, and are informed by the ambitions of the Paris Agreement and the principle of common but differentiated responsibility. ▪ Our **renewable energy target** aligns with SDG 7 (affordable and clean energy) and the energy strategies and development frameworks of our countries of operation (e.g. South Africa's REIPPP).	**2022 ESG Report** Page 75 **Climate strategy and implementation plan** Page 2 **2022 Report to Society** Page 11, 21, 34, 45, 46, 50, 55, 68

[9] Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.
[10] Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.
✓ Limited assurance: PwC conducted a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) on Principle 2.1 Impact Analysis, 2.2 Target setting, 2.3 Target implementation and monitoring and 5.1 Governance Structure for Implementation of the Principles, designated with an ✓ marking. Refer to the Limited Assurance Report for more information **https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/PRBAssurance2022.pdf**.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline. You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target. A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:	Progress on our climate commitments **Climate strategy** ▪ Adopted and published March 2022, revised policy and implementation plan published March 2023 **Client engagement** ▪ **CIB:** Our focus is on clients in the thermal coal, oil, gas and agriculture sectors, across all our countries of operation, as per phase one of our climate strategy. ▪ **BCC:** Our focus is on providing business and home owners with low carbon options for their premises, include solar PV rooftop installations and solar geysers. Over 625 000 users visited our renewable energy solutions website, 'LookSee' in 2022, up 550% from 2021.	**Climate strategy and implementation plan** **Climate related financial disclosures report** Page 10 - 11 **2022 Report to Society** Page 41 **2022 ESG Report** Page 9-13, 81-87

Impact area	Indicator code	Response
Climate change mitigation		

Impact area	Indicator code	Response
Financial health & inclusion		

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Financial volume of green assets/low-carbon technologies

- We do not yet publish our overall lending/investment in green loans/assets across the business as a whole. We have not yet adopted a group-wide taxonomy that would enable us to provide a % of portfolio figure.
- Our renewable to non-renewable power generation ratio is 4.39, up from 2.05 in 2021.

Climate related financial disclosures report Page 8, 23 - 24

Reduction of GHG emissions

- Our exposure to non renewable power generation has decreased, however the exposure to oil and gas fired power generation has increased.
- We do not yet measure our financed emissions, but are working toward doing so by 2024 for oil and gas.

Climate related financial disclosures report Page 24

Paris alignment target

- We have set targets to reduce lending exposure to material high-emissions sectors in our portfolio by 2050. We used 2021 as our emissions baseline. We referenced the NGFS climate scenarios.

Climate related financial disclosures report Page 26 - 27

Absolute financed emissions

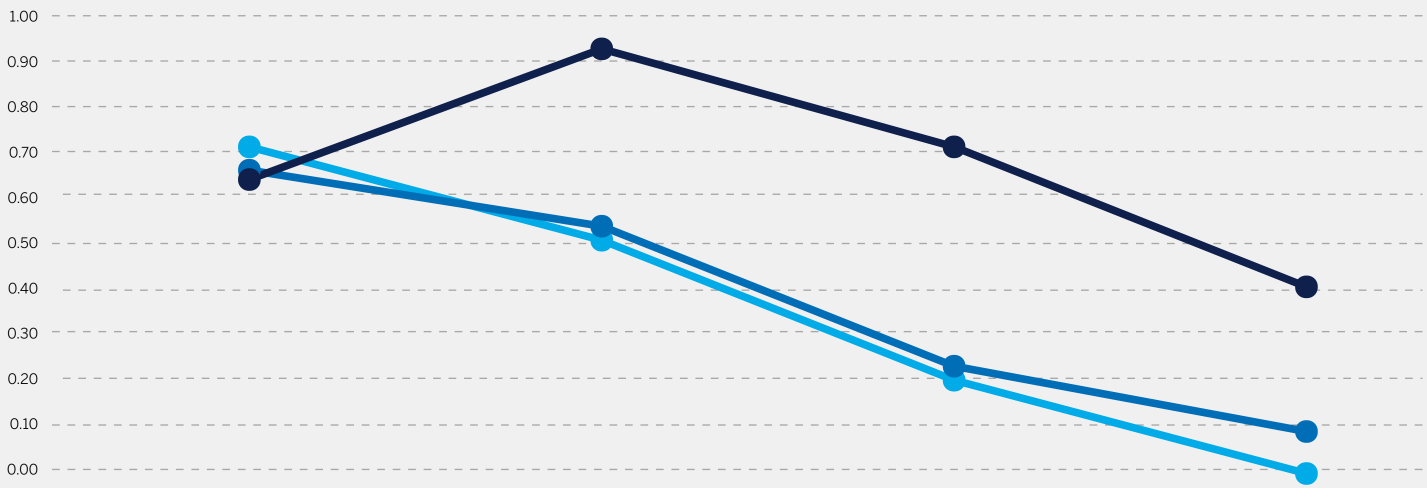
- We are not yet able to calculate financed emissions, owing to lack of access to client level data. We are working toward calculating financed emissions for the oil and gas sectors in the first instance, using the PCAF methodology.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
	Progress on our climate commitments (continued) **Financial volume lent to/invested in carbon intensive sectors and activities and transition finance** ▪ Our Climate-related financial disclosures report provides information about our lending exposure to our material high-emissions sectors. Lending to the coal, oil and gas sectors comprises 5.92% of our portfolio. Exposure to climate-related opportunities comprises 1.3% of our portfolio. **Portfolio alignment** ▪ We have not yet calculated the % of our portfolio aligned to the Paris Agreement. **Policy and process for client relationships** ▪ We are in the process of putting in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning clients' activities and business models. We are engaging with key clients in high-emissions sectors to assess and support their transition strategies **Sector-specific emission intensity** ▪ We have not yet calculated emissions intensity at sector level. **Portfolio analysis** ▪ We have not yet analysed our lending and/or investment portfolio in terms of financed emissions or technology mix. We have assessed our lending exposure to carbon-intensive sectors in the portfolio. **Proportion of financed emissions covered by a decarbonization target** ▪ We are not yet able to calculate the proportion of our financed emissions covered by a decarbonization target/ where clients have a transition plan in place. **Business opportunities and financial products** ▪ We have developed financial products tailored to support clients' and customers' reduction in GHG emissions, including green loans and green bonds. ▪ 1.3% of total group portfolio is in renewable energy exposure (up from 0.74% in 2021) ▪ We also offer ESG-linked investment opportunities through our asset management business, which include a focus on renewable energy. STANLIB has launched the Khanyisa Impact Investment Fund, which aims to encourage economic and social benefits by focusing on infrastructure, financial inclusion and agriculture. The Melville Douglas Global Impact Fund focuses on climate change, biodiversity preservation, and health & wellbeing.	**2022 ESG Report** Page 75 - 76 **2022 Report to Society** Page 39

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
c) SMART targets: (including key performance indicators (KPIs)[11]): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.	**Sustainable finance** Mobilise <250 billion for sustainable finance by 2026, with an interim target of R40 billion in 2022. **Progress**: R54.5 billion mobilised in 2022, exceeding target. **Renewable energy infrastructure** Mobilise R50 billion for renewable energy power plants by 2024. **Progress**: R18.2 billion financed in 2022. **Reduce portfolio exposure to high-emissions sectors** (coal, oil, gas) See graphic below for targets **Progress:** See Climate-related financial disclosures report for progress against targets (Page 24)	**2022 Report to Society** Page 35 **Climate strategy and implementation plan** Page 10 - 17 **Climate related financial disclosures report** Page 8, 23 - 25

[11] Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

Percentage of asset book (loans and advances)



	2020	2030	2040	2050
Gas	0.63	0.91	0.70	0.40
Oil *	0.65	0.53	0.23	0.09
Thermal coal	0.70	0.50	0.20	0.00

* Exploration and production

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.	Our **targets to reduce portfolio exposure to high emissions sectors** relate to our lending activities, and include short, medium and long term targets for reduction of lending exposures, against which we will track our progress. ▪ Potential negative impacts associated with reducing lending to high-emissions sectors, specifically coal, oil and gas, include social impacts on direct and indirect employees in these sectors and associated value chains; impacts on local communities where, for example, the local economy is highly dependent on a mine or refinery; impacts on national governments that depend on revenues from these sectors. ▪ We are managing these risks by engaging closely with our clients in these sectors, and engaging in forums with governments, the business sector, unions, civil society and broader stakeholders to support a just energy transition for Africa. Our **sustainable finance and renewable energy targets** are defined in terms of an increase in lending to relevant projects and clients, and include targets for 2022 through to 2026. ▪ Potential negative impacts associated with renewable energy development include social and environmental risks to communities and natural environments. ▪ We manage these risks be adhering to our environmental and social risk management system, which aligns with global standards an good practice.	**Climate strategy and implementation plan** Page 10 - 17 **Climate-related financial disclosures** Page 3 - 6 **2022 ESG Report** Page 81 - 90 **Climate-related financial disclosures** Page 8

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your

	... first area of most significant impact: Portfolio exposure to high emissions sectors	... second area of most significant Sustainable finance & renewable energy	(If you are setting targets in more impact areas) ... your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	☒ Yes	☒ Yes	
	☐ In progress	☐ In progress	☐ In progress
	☐ No	☐ No	☐ No
Baseline	☒ Yes	☒ Yes	
	☐ In progress	☐ In progress	☐ In progress
	☐ No	☐ No	☐ No
SMART targets	☒ Yes	☒ Yes	
	☐ In progress	☐ In progress	☐ In progress
	☐ No	☐ No	☐ No
Action plan	☐ Yes	☐ Yes	☐ Yes
	☒ In progress	☒ In progress	
	☐ No	☐ No	☐ No

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
2.3 Target implementation and monitoring (Key Step 2) ✓ **For each target separately:** Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2. **Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.	**Sustainable finance** Mobilise >250 billion for sustainable finance by 2026, with an interim target of R40 billion in 2022. **Progress**: R54.5 billion mobilised in 2022, exceeding target. **Renewable energy infrastructure** Mobilise R50 billion for renewable energy power plants by 2024. **Progress**: R18.2 billion financed in 2022. **Reduce portfolio exposure to high-emissions sectors (coal, oil, gas)** ▪ Our exposures to coal and oil based power generation have decreased over the past year, as has our exposure to coal mining. ▪ Our total exposure to oil and gas has increased. ▪ We do not yet measure our financed emissions, but are working toward doing so by 2024 for oil and gas.	**2022 Report to Society** Page 35 **Climate-related financial disclosures** Page 24

✓ Limited assurance: PwC conducted a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) on Principle 2.1 Impact Analysis, 2.2 Target setting, 2.3 Target implementation and monitoring and 5.1 Governance Structure for Implementation of the Principles, designated with an ✓ marking. Refer to the Limited Assurance Report for more information **https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/PRBAssurance2022.pdf**.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
Principle 3: Clients and Customers		
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 Client engagement Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices? ☒ Yes ☐ In progress ☐ No Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts? ☒ Yes ☐ In progress ☐ No Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved. This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).	▪ **CIB:** We are engaging with clients in the priority sectors identified in our climate policy, to encourage and support their transition to a low carbon economy and support climate adaptation strategies, particularly in vulnerable sectors such as agriculture. We also engage with CIB clients to provide a range of green, social and sustainability-linked funding instruments. We offer both performance-based and use of proceeds sustainable finance solutions. We work with our clients to embed sustainability terms into their financing strategies. ▪ **BCC:** Our focus is on providing business and home owners with low carbon options for their premises, including solar PV rooftop installations and solar geysers.	**Climate-related financial disclosures** Page 13 - 15 **2022 Report to Society** Page 36 - 40
3.2 Business opportunities Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services , information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).	We provide a range of green, social and sustainability-linked funding instruments to clients across Africa. We offer both performance-based and use of proceeds sustainable finance solutions. Our Sustainable Bond Framework is aligned with the International Capital Market Association (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP) and the Sustainability Bond Guidelines. It will be updated in 2023 and an updated Second Party Opinion will be obtained to confirm alignment with the latest ICMA GBP and SBP. We work with our clients to embed sustainability terms into their financing strategies. We have developed products such as PowerPulse and LookSee to support home-owners to opt for climate-friendly solutions such as renewable energy and water savings solutions for their homes. Our investment and asset management business offers ESG aligned investment solutions.	**2022 ESG Report** Page 73 - 77 **2022 RTS Report** Page 36 - 37 **2022 RTS Report** Page 40 -4 1 **2022 RTS Report** Page 39

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process? ☒ Yes ☐ In progress ☐ No Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.	Our ESG report describes how we identify and engage with our stakeholders, defined as those individuals, groups and organisations that may materially affect or could be materially affected by our business activities, products, services and performance. It also provides a description of stakeholder priorities, how we responded, and our related material issues for each of our priority stakeholder categories. It includes information on key engagements with regulators, civil society and industry.	**2022 ESG Report** **Understanding our stakeholders and material issues,** Page 9 - 14 **Engagement with regulators and industry associations,** Page 99 - 100

[12] A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.
[13] Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.
[14] Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organisations.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
5.1 Governance Structure for Implementation of the Principles✓ Does your bank have a governance system in place that incorporates the PRB? ☒ Yes ☐ In progress ☐ No Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about ▪ which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to), ▪ details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as ▪ remuneration practices linked to sustainability targets.	Our ESG report describes the policies, processes and governance structures the group has in place to manage our ESG risks and opportunities, including social risks related to human rights, and environmental risks related to climate impacts. In 2022, the board interrogated the group's ESG performance and discussed topics including diversity and inclusion, Africa's just energy transition, and the group's contribution to achieving the UN SDGs in Africa. The board reviewed and signed off the group's climate policy and targets. The board also considered additional climate commitments for publication in 2023. The group social and ethics committee is responsible for monitoring the group's SEE impact metrics and targets in line with our PRB commitments. This includes oversight of the group's climate policy, climate targets and commitments. The committee is chaired by Geraldine Fraser-Moleketi. A summary of the committee's focus areas in 2022 can be found in the SBG governance and remuneration report. We undertake environmental and social risk screening, management and monitoring in relation to clients and transactions, and particularly in relation to commercial and corporate clients, project finance, commercial debt and equity and short-term banking facilities. We comply with international good practice standards, including the Equator Principles and IFC Performance Standards, for relevant transactions. Our climate policy commits the group to achieving net zero for financed emissions by 2050, and for scope 1 and 2 emissions for our own operations by 2030 for newly built facilities and 2040 for existing facilities When setting the STI pools, performance against the group's six strategic value drivers – client focus, employee engagement, risk and conduct, operational excellence, financial outcome and SEE impact – is considered, incentivising behaviour that aligns with the interests of our shareholders as well as our broader group of stakeholders.	**2021 ESG Report** Page 16 - 21 Page 81 - 87 **Climate-related financial disclosures report,** Page 7 - 8 **Governance and Remuneration report,** Page 7, Page 20, Pages 43 - 45 **Climate strategy and implementation plan** **Governance and remuneration report,** Page 71, Page 86 - 88

✓ Limited assurance: PwC conducted a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)) on Principle 2.1 Impact Analysis, 2.2 Target setting, 2.3 Target implementation and monitoring and 5.1 Governance Structure for Implementation of the Principles, designated with an ✓ marking. Refer to the Limited Assurance Report for more information **https://www.standardbank.com/static_file/StandardBankGroup/filedownloads/RTS/2022/PRBAssurance2022.pdf**.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).	Our ESG report provides an overview of the processes and governance structures the group has in place to support our commitment to doing the right business, in the right way. Our board is responsible for providing effective leadership based on an ethical foundation, ensuring that the group is seen to be a responsible corporate citizen and striving to achieve a balance between the interests of the group and its various stakeholders. Our code of ethics and conduct requires all employees to act with integrity and to place the interests of our clients and the communities impacted by our business at the centre of our decision-making. Our recruitment, on-boarding and training processes are designed to entrench our values, ethics and conduct standards across the group. Individual and team goals are aligned to the group's strategic value drivers and associated metrics (including SEE). These metrics are cascaded through the performance management process so that employees know exactly how their goals and efforts need to translate and contribute to measurable results and value for our clients, partners, colleagues and broader stakeholders. The group remuneration committee assesses SEE metrics and ESG performance as part of the process of assessing executive performance. All employees are responsible for ensuring that their behaviour, and that of the group, reflects the bank's values, code of ethics, and commitment to respecting human rights. If any stakeholder, internal or external, believes that the bank has contravened these commitments, they are encouraged to report this under the provisions of the group's whistleblowing policy.	**2022 ESG Report** Page 23 - 27

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
5.3 Policies and due diligence processes Does your bank have policies in place that address environmental and social risks within your portfolio?[15] Please describe. Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.	Our ESG report describes our **environmental and social management system (ESMS),** which guides all relevant stakeholders within the bank through the implementation of E&S risk management; our **E&S risk governance standard**, which sets out the group's E&S risk management framework, and the group **E&S risk policy,** which details how the framework should be implemented. Group environmental and social risk (GESR) is responsible for reviewing, updating and ensuring the effective implementation of the standard and policy.	**2022 ESG Report** Page 81 - 87

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. including impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected negative impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

[15] Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information
Principle 6: Transparency & Accountability		
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1 Assurance Has this publicly disclosed information on your PRB commitments been assured by an independent assurer? ☐ Yes ☒ partially ☐ No If applicable, please include the link or description of the assurance statement.		**2022 ESG Report** Page 111 - 114
6.2 Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks? ☐ GRI ☐ SASB ☐ CDP ☐ IFRS Sustainability Disclosure Standards (to be published) ☒ TCFD ☐ Other:	We are working toward aligning our climate-related reporting with the TCFD recommendations, but are not yet able to provide information on our financed emissions.	**Climate-related financial disclosures**
6.3 Outlook What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis , target setting and governance structure for implementing the PRB)? Please describe briefly.	**Impact analysis** ▪ The group will continue to engage with our client segment and country teams to define and adopt appropriate metrics for our seven SEE impact areas **Target setting** ▪ Our Phase 2 sectors will adopt climate commitments and targets during 2023-2024 (commercial and residential real estate, short-term insurance) ▪ We will determine our Phase 3 sectors and begin working with them to publish climate commitments and targets in due course **Governance structure** ▪ We have instituted regular reporting to the group social and ethics committee (GSEC) and the social and ethics management committee (SEMCO). Management tables the group's progress against our climate strategy, targets and commitments to these committees on a quarterly basis.	**Climate-related financial disclosures** Page 9 **Climate-related financial disclosures** Page 8

[16] For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.
[17] For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Reporting and Self-Assessment Requirements	Summary of Standard Bank's response	Links to further information

Principle 6: Transparency & Accountability (continued)

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- ☐ Embedding PRB oversight into governance
- ☐ Customer engagement
- ☐ Gaining or maintaining momentum in the bank
- ☐ Stakeholder engagement
- ☐ Getting started: where to start and what to focus on in the beginning
- ☒ Data availability
- ☒ Data quality
- ☐ Conducting an impact analysis
- ☐ Access to resources
- ☐ Assessing negative environmental and social impacts
- ☐ Reporting
- ☐ Assurance
- ☒ Choosing the right performance measurement methodology/ies
- ☐ Prioritising actions internally
- ☒ Setting targets
- ☐ Other:

If desired, you can elaborate on challenges and how you are tackling these:

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