

Standard Bank Group Limited

Registration number 1969/017128/06
Incorporated in the Republic of South Africa
Website: www.standardbank.com/reporting

Share codes

JSE share code: SBK ISIN: ZAE000109815
NSX share code: SNB ZAE000109815
A2X share code: SBK

ADDITIONAL BACKGROUND INFORMATION RELATING TO THE NON-BINDING ADVISORY RESOLUTION PROPOSED BY JUST SHARE NPC AND AEON INVESTMENT MANAGEMENT

Background and rationale for this announcement

On 31 March 2022, Standard Bank Group (“Standard Bank” or the “Company”) published the Standard Bank Group Notice of Annual General Meeting dated 31 March 2022 (“2022 Notice of AGM”). Included in the 2022 Notice of AGM is a non-binding advisory resolution proposed by two of its shareholders – Just Share NPC and Aeon Investment Management (the “Requesting Shareholders”) which is numbered resolution 11 on page 9 of 2022 Notice of AGM (the “Resolution 11”).

The purpose of this announcement is to provide additional background to the discussions that took place between the Requesting Shareholders and Standard Bank. For the avoidance of doubt, the 2022 notice of AGM remains unchanged in all respects.

For convenience, we include below Resolution 11 as per the 2022 Notice of AGM:

“11. Non-binding advisory resolution requisitioned by Aeon Investment Management and Just Share NPC

In order to promote the long-term success and sustainability of the Company, taking into account the significant risks and opportunities associated with climate change, and in accordance with the Company’s stated support for the goals of the Paris Agreement, shareholders recommend and request that the Company and its Directors:

11.1 By no later than 31 March 2023, provide shareholders with a report on the Company’s progress, in relation to each relevant country of operation, in calculating its financed greenhouse gas emissions from its exposure to oil and gas;

11.2 By no later than 31 March 2024, disclose the Company’s baseline financed greenhouse gas emissions from its exposure to oil and gas; and

11.3 By no later than 31 March 2025, update the Company’s March 2022 Climate Policy to include short-, medium-, and long-term targets for the Company’s financed greenhouse gas emissions from oil and gas, aligned with the Paris Agreement goal of limiting the global temperature increase to 1.5 degrees Celsius above pre-industrial levels.

Explanatory note

The above wording of the Non-Binding Advisory Resolutions has been supplied by the Requesting Shareholders and agreed with the company.

In terms of South African law, shareholders cannot propose a shareholder resolution which binds the board of the company even if the resolution is passed by shareholders, nor are there any requirements of South African law, as there are in certain other jurisdictions, for a company to put a non-binding advisory opinion to its shareholders on request or demand. Despite this, the Board has, in the interests of shareholder engagement and exploring shareholder views, resolved to put the above resolutions to the company’s shareholders, as requested by the Requesting Shareholders.

In order to be considered passed, the Non-Binding Advisory Resolutions will require the same percentage of shareholder approval as other ordinary resolutions, more than 50%.”

Recommendation

As the group’s current approach is substantially consistent with the proposed Non-Binding Advisory Resolutions, the board has no objection to the shareholders voting in favour of these resolutions.”

Additional background

In recent weeks, Standard Bank has engaged on its March 2022 Climate Policy with the Requesting Shareholders. This engagement was constructive and focused on the next phase of Standard Bank’s climate target-setting work in the oil and gas sectors.

While the Requesting Shareholders and Standard Bank agree that climate change poses a material risk and that financial flows need to be aligned with transition pathways that keep average global temperature rises to within 1.5 degrees Celsius above pre-industrial levels, there were several points of difference between Standard Bank and the Requesting Shareholders. These include the role and longevity of gas as a transition fuel in Africa’s energy transition, the extent to which Standard Bank’s planned transition to a net zero portfolio by 2050 is aligned with the Paris Agreement, and the pace at which Standard Bank can use financed emissions as a measure for its climate targets.

The Requesting Shareholders prepared a non-binding advisory resolution for discussion with Standard Bank. The resolution requested Standard Bank to update its March 2022 Climate Policy, by March 2023, to set short-term and medium-term absolute contraction targets for the Company’s financed greenhouse gas emissions from its exposure to oil and gas.

In response, Standard Bank indicated that it is currently unable to provide financed greenhouse gas emission targets before 31 March 2025 because it does not have the required data to measure financed emissions.

The ensuing engagement resulted in an agreement on the wording of a non-binding advisory resolution, which the Requesting Shareholders filed to be tabled at Standard Bank’s forthcoming 2022 Annual General Meeting. This non-binding advisory resolution is numbered 11 in the list of resolutions and sets out a timetable for the Group to improve its climate disclosures and review its climate targets in the oil and gas sectors by March 2025. Specifically, Standard Bank is requested to provide the disclosures outlined in Resolution 11.

In addition, the Requesting Shareholders and Standard Bank have differing interpretations of the Companies Act in relation to the right to file shareholder-proposed resolutions.

The Requesting Shareholders’ view is that any two shareholders have a right to file resolutions relating to climate risk disclosure, and that directors do not have a unilateral discretion to refuse to table such resolutions on content-based grounds. Rather, according to the Requesting Shareholders, if there are disagreements over the validity of a resolution, these should be aired at the annual general meeting and put to a vote.

Standard Bank’s view on shareholders’ rights to file resolutions is that shareholders cannot propose a shareholder resolution which binds the board of the company even if the resolution is passed by shareholders and that there are no requirements of South African law for a company to put a non-binding advisory opinion to its shareholders on request or demand.

Standard Bank is not opposed to shareholders proposing non-binding advisory resolutions. The board of directors of Standard Bank (“Board”) gives due consideration to whether to table any such proposed resolutions. At a special Board meeting, the Board agreed that Resolution 11 would be put before all Standard Bank shareholders for voting at the 2022 Annual General Meeting.

Johannesburg
13 April 2022

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