



Climate risk shareholder resolutions timeline:

Standard Bank Group Limited

JUST SHARE

October 2022



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2022

On 16 March 2022, Standard Bank released its Climate Change Policy. In addition to setting out some circumstances in which it will not provide funding, the Climate Policy only commits Standard Bank to seeking to reduce emissions intensity, while managing its exposure to oil and gas, and to reducing the percentage of total group advances to particular projects.

Standard Bank will not fund:

- companies with unrestricted flaring;
- “the extraction of tar sands or construction of associated export facilities, exploration and production of tight oil resources, and pipelines transporting a significant volume of tight oil and export terminals supplied by a significant volume of tight oil”;
- new coal-fired power plants or “the expansion in generating capacity of existing coal-fired plants”; and
- mountain-top removal.

The Climate Policy does not contain any short-term or medium-term targets for a reduction in Standard Bank’s exposure to oil and gas. In relation to long-term targets, the Climate Policy does not envisage any reduction in absolute financed emissions from oil and gas until 2040 at the earliest.

Instead, the Climate Policy allows Standard Bank to increase its financing of fossil fuels until at least 2040.

[Just Share’s full analysis of Standard Bank’s 2022 Climate Policy](#)

Engagement on the resolution

In March, Just Share and Aeon shared a draft resolution with the bank, asking that it update the 2022 Climate Policy, by March 2023, to set short-term and medium-term absolute contraction targets for the bank’s GHG emissions from its exposure to oil and gas, i.e., targets which reduce the physical amount of GHG emitted into the atmosphere over time, as required by climate science.

Following further engagement, which included the bank’s views regarding feasible timeframes for obtaining financed GHG emissions data from its clients, the co-filers and the bank agreed on the wording for a resolution, which was formally filed on 29 March.

31 March 2022 Notice of AGM

The non-binding advisory resolution, as agreed by the co-filers and Standard Bank, was published in the bank’s 31 March 2022 Notice of AGM. However, the explanatory note to the resolution was



not agreed between the parties and had not been seen by the co-filers prior to publication of the Notice of AGM.

The bank's explanatory note confirms that it has agreed the wording of the resolution with the co-filers, but goes on to state that "[i]n 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".

This view was erroneously expressed by Standard Bank in a manner designed to convey the impression that this is a definitive statement of the law. In fact, the Companies Act, 2008 states, in section 65(3), that:

"Any two shareholders of a company may propose a resolution concerning any matter in respect of which they are each entitled to exercise voting rights".

Just Share and Aeon's position in relation to shareholder rights to propose resolutions is well known to Standard Bank. This includes, in accordance with a legal opinion received by Just Share, that directors do not have a unilateral discretion to refuse to table shareholder-proposed resolutions on content-based grounds.

The co-filers expressed their disappointment in the contents of the explanatory note and asked Standard Bank to republish the Notice of AGM without this explanatory note, and instead to provide context for the filing of the resolution, as included in the formally filed resolution.

Following further discussion, the parties agreed instead to publish a stock exchange news service (SENS) announcement, which was released on 13 April 2022, and which set out the context of the non-binding advisory resolution, as well as providing clarity on the parties' differing views on shareholder rights to file resolutions.

[Read about this in more detail.](#)

2021

In March 2021, in its Environmental, Social and Governance Report 2020, Standard Bank reports that, for 2020, its exposure to fossil fuels was R63,5 bn.

On 23 April 2021, three asset manager shareholders in Standard Bank – Aeon Investment Management, Abax Investments, and Visio Fund Management – together with Just Share, co-filed a non-binding advisory shareholder resolution ahead of the bank's AGM on 27 May 2021.

The resolution made the following recommendation and request:



“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 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”).”

[Read the full non-binding resolution, including explanatory notes.](#)

On 6 May 2021, Standard Bank advised the co-filers that it was unnecessary to table the resolution, as the bank was already committed to publishing a climate strategy as requested in the resolution. It also confirmed that it continued to dispute the legal position set out in the letter from the co-filers, regarding shareholders’ rights to file resolutions.

However, following a meeting on 20 May 2021, between the co-filers and Standard Bank:

- Standard Bank publicly committed to publishing a climate strategy and short-, medium-, and long-term targets to reduce its exposure to fossil fuel assets, on a timeline aligned with the Paris Goals. The strategy will be published as part of its 2021 reporting to shareholders.
- Standard Bank confirmed that it is not opposed to shareholders proposing non-binding advisory resolutions, and that the Board will give due consideration to any such resolutions.

[Read the full joint statement published after the meeting.](#)

2020

On 5 March 2020, Standard Bank became the first South African bank to publish a [Thermal Coal Mining Policy](#), discharging the bank’s obligations in relation to the 2019 shareholder vote (see below). The policy does not exclude the funding of coal mines or coal-fired power generation, nor provide a deadline to do so.

[Read about this in more detail.](#)

In October 2020, Standard Bank released its first Task Force on Climate-related Financial Disclosures (TCFD) [report](#), revealing that its 2019 on and off balance sheet commitments in relation to fossil fuels were just under R67,4 bn.

In December 2020, Standard Bank released its [Fossil Fuels Financing Policy](#). The only financial exclusions Standard Bank incorporates are for: “*extraction of tar sands or construction of associated export facilities; exploration and production of tight oil resources; and pipelines transporting a significant volume of tight oil and export terminals supplied by a significant volume of tight oil*”.

[Read about this in more detail.](#)



Standard Bank refused to table a climate risk-related shareholder resolution co-filed by the [RAITH Foundation](#) and Just Share ahead of its AGM on 26 June 2020. This move marked a perplexing about-turn: in 2019, Standard Bank became the first South African company to table a climate risk-related shareholder resolution. Standard Bank's justification for not tabling the resolutions mirrored Sasol's previous refusals to do so, i.e. its reliance on a legal opinion that climate change issues fall within management prerogative, and shareholders have no right to weigh in on issues related to climate change.

The proposed [resolution](#) recognised that the bank had taken steps to acknowledge the material financial risks posed by climate change, and to improve its disclosure and management of those risks. However, it also sought to address the significant gaps in disclosure, in particular in relation to oil and gas (Standard Bank is one of Africa's biggest lenders to the oil and gas industry), and the lack of alignment between Standard Bank's recognition of climate risks and its actions to mitigate these risks.

In addition to requesting an assessment of the bank's exposure to climate-related risks in its lending, investing and other financial intermediary activities, the resolution sought the adoption and public disclosure of a policy covering the financing of onshore and offshore oil and gas exploration and production; oil and gas pipeline projects; liquefied natural gas (LNG) terminals; and coal-to-liquids projects.

Fossil fuel-tied (conflicted) directors

When it became apparent that seven of Standard Bank's 18 board members were conflicted on climate change-related matters by virtue of their ties to the fossil fuel industry, 14 climate justice NGOs from around the world, led by Just Share, called on Standard Bank's shareholders to vote against the election / re-election of five climate-conflicted directors at the upcoming AGM.

Although all of the directors were (re)elected at the AGM, significant pressure was brought to bear on the board, and three weeks later, Priscillah Mabelane (who, in June 2020, was appointed executive vice-president of Sasol's energy business and a member of Sasol's group executive committee, effective from 1 September) resigned from Standard Bank's board "*owing to the change in her executive management responsibilities*".

In an April 2021 analysis of climate-conflicted directors of the world's biggest banks, UK investigative media outlet DeSmog found that 82% of Standard Bank's board members had past and/or present connections to industries that could render them climate-conflicted.

Read more about that [here](#), [here](#), and [here](#).

In addition, Standard Bank committed to releasing a comprehensive fossil fuel policy by the end of 2020, and to release its first TCFD-aligned report. Before this campaign, the bank was insisting that it needed five years to make this kind of disclosure, stating that a "*multi-year process needs to be followed to develop credible metrics and targets for financial-related climate risks*".

Read about this in more detail [here](#), [here](#), [here](#), and [here](#).



2019

In April 2019, Standard Bank tabled a resolution filed by two shareholders, the RAITH Foundation and Theo Botha, with support from Just Share. This was the first climate-related resolution to be tabled at a JSE-listed company. The resolution was in two parts: the first required the bank to prepare a report on its exposure to climate risk in its lending, financing and investment activities, and the second part required the bank to adopt and publicly disclose its policy on lending to coal-fired power projects and coal mining operations. Both resolutions needed more than 50% vote to pass.

[Read about this in more detail.](#)

While the first part of the resolution (regarding climate risk exposure) did not pass, it received significant support with **38% of shareholders voting in favour**, indicating strong shareholder demand for climate risk-related disclosure. The second part of the resolution (regarding a coal policy) was passed with **55% of shareholders voting in favour**, and was therefore binding on the company.

[Read about this in more detail.](#)

After engaging with the bank as to when it would publicly disclose its policy on lending to coal-fired power projects and coal mining operations, as a date had not been stipulated in the resolution, Standard Bank announced the release of its Coal-Fired Power Finance Policy on 31 July 2019. This partly discharged the obligation imposed on Standard Bank by the 55% of shareholders who voted in favour.

Read about this in more detail [here](#) and [here](#).

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