STANDARD BANK LIMITED

(“the Company” or “Standard Bank”)

ORDINARY RESOLUTIONS PROPOSED BY STANDARD BANK SHAREHOLDERS THE RAITH FOUNDATION AND JUST SHARE NPC

In order to promote the long term success and sustainability of the Company in accordance with investors’ fiduciary duties, taking into account the significant risks associated with global temperature increases above 1.5°C, and the opportunities inherent in the just transition to a low-carbon economy, shareholders resolve the following:

Ordinary resolution 1

Resolved that the Company should extend its Coal-Fired Power Finance and Thermal Coal Mining Policies to include its position on lending, investing and other financial intermediary activities in relation to:

- onshore and offshore oil and gas exploration and production;
- oil and gas pipeline projects;
- LNG terminals; and
- coal-to-liquids projects,

in all of the geographical regions in which the Company is active. This policy should be adopted and publicly disclosed on the Company’s website by no later than March 2021.

Ordinary resolution 2

Resolved that the Company should issue a report to shareholders by the end of 2021, at reasonable cost and omitting proprietary information, outlining:

a. The Company’s current[1] assessment of its exposure to climate-related risks (transition and physical) in its lending, investing and other financial intermediary activities;
b. The sectors and geographical regions in relation to which the Company considers its exposure to climate-related risks to be most severe;
c. The steps the Company is taking to measure and disclose its full carbon footprint (i.e. scope 1 - 3 emissions, including greenhouse gas emissions associated with its lending, investing and other financial intermediary activities); and
d. Whether the Company is considering setting any targets to:
    i. phase out its provision of financial services to any of the coal, oil and gas sectors; and
    ii. increase the scope of its lending, investing and other financial intermediary activities to make finance flows consistent with low emission and climate resilient development;

and if so, timelines for setting such targets.

[1] I.e. current at the time of release of the report, based on available data and explaining the limitations of those data.

Brief explanatory note to the resolution

Section 65(3) of the Companies Act provides that "any two shareholders of a company:

> (a) may propose a resolution concerning any matter in respect of which they are each entitled to exercise voting rights; and
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> (b) when proposing a resolution, may require that the resolution be submitted to shareholders for consideration-
>
> ….. (ii) at the next shareholders meeting…"

Paragraph 10.11(b) of Schedule 10 of the JSE Listing Requirements provides that an ordinary resolution is subject to a minimum notice period of 15 business days.

Investors will recognise that the Company has taken steps to acknowledge the material financial risks posed by climate change, and to improve its disclosure and management of those risks. However, there are still significant gaps in disclosure, and there is a lack of alignment between the Company's recognition of climate risks and its actions to mitigate these risks.

Importantly, despite stating that it supports the goals of the Paris Agreement, the Company has not demonstrated that its provision of financial services to the energy sector (as defined by the Global Industry Classification Standard[2]) is aligned with Articles 2.1(a)[3] and 4.1[4] of the Paris Agreement (the Paris goals).

Banks' financing choices have a major role to play in promoting carbon reduction. Bank lending and investments make up a significant source of external capital for carbon intensive industries. Every Rand invested by South African banks in fossil fuel-related assets increases climate risk, renders it harder to achieve a just transition to a low-carbon economy, and exposes those banks to financial, reputational and litigation risks.

The Company is the largest African bank by assets[5]. Its lending, investing and other financial intermediary activities in Africa will therefore influence whether or not the Paris goals are met. It is therefore essential for investors to be able to understand the extent to which the Company is exposed to climate risks, and the steps it is taking to align its provision of financial services with the Paris goals. This requires a significant shift of capital away from carbon-related assets and towards low-carbon sectors.

Actions already taken by the Company

In its Notice of Annual General Meeting released on 17 April 2019, Standard Bank was the first company in South Africa to table a shareholder-proposed climate change-related

[2] The Global Industry Classification Standard defines the energy sector as the energy equipment and services industry, namely oil and gas drilling and oil and gas equipment services companies, and the oil and gas and consumable fuels industry, namely integrated oil and gas, oil and gas exploration and production, oil and gas refining and marketing, oil and gas storage and transportation, and coal and consumable fuels companies.

[3] Article 2.1(a) of the Paris Agreement states the goal of "Holding the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change".

[4] Article 4.1 of The Paris Agreement: "In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty."

[5] https://www.standardbank.com/pages/StandardBankGroup/web/at-a-glance.html

resolution. The 2019 resolution was in two parts. At the Company's Annual General Meeting on 30 May 2019, Resolution 10.1, which called for the company to report to shareholders its assessment of the greenhouse gas (GHG) emissions resulting from its financing portfolio, and its exposure to climate change risk in its lending, investing and financing activities, received 38% of shareholder votes. Resolution 10.2, which called for the Company to adopt and publicly disclose a policy on lending to coal-fired power projects and coal mining operations, received 55% of shareholder votes, and was therefore binding on the Company.

In July 2019, the Company released a Coal-Fired Power Finance Policy[6]. On 5 March 2020, the Company released a Thermal Coal Mining Policy[7].

Standard Bank is a founding signatory of the UNEP FI[8] Principles for Responsible Banking[9], which "provide the framework for a sustainable banking system, and help the industry to demonstrate how it makes a positive contribution to society".

Why the actions taken to date are insufficient

The Company's coal policies allow it to continue to finance highly carbon-intensive coal mining operations, as well as some coal-fired power projects. Significantly, Standard Bank does not have any policy on the financing of oil and gas exploration or production, despite being "one of the largest oil and gas lenders in sub-Saharan Africa"[10].

It is important for investors to understand the Company's current exposure to assets linked to the energy sector. Disclosing the amount and percentage of carbon-related assets relative to total assets is also one of the Recommendations of the Task-Force on Climate Related Financial Disclosures[11] (TCFD). At present the Company does not provide this information to shareholders.

The Thermal Coal Mining Policy states that Standard Bank "supports the goals of the Paris Agreement and recognises that climate change is a material risk to its ability to generate value for its stakeholders over time." However, in that same policy the Company links its position on the financing of thermal coal mining to "Government energy strategy, climate change, carbon commitments and adaptation plans" and states that it "will endeavour to manage its exposure to thermal coal mining, where practicable, in the countries in which it operates in line with each country's national energy plan and energy mix … as countries implement their national (sic) determined contributions to reducing GHG emissions as per the Paris Agreement".

The Paris Agreement's goal is to limit global temperature increases to "well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius". South Africa's current nationally determined contribution (NDC) is not aligned with the goals of the Paris Agreement (and this is also true of many of the other countries in which the Company operates). South Africa's current GHG emission reduction commitment is rated as "highly insufficient" by Climate Action Tracker[12]. This means that "if all government targets were in this range, warming would reach between 3°C and 4°C".

6 https://sustainability.standardbank.com/documents/pdf/SBG_Coal_Fired_Power_Finance_Policy-FN-20190729.pdf
7 https://sustainability.standardbank.com/documents/pdf/SBG_Thermal_Coal_Mining_Policy.pdf
8 United Nations Environment Programme Finance Initiative
9 https://www.unepfi.org/banking/bankingprinciples/
10 https://corporateandinvestment.standardbank.com/cib/global/sector/capabilities/oil-and-gas/Africa%27s-Oil-and-Gas-potential
11 https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Annex-062817.pdf
12 https://climateactiontracker.org/countries/south-africa/

Financial institutions across the globe have an essential role to play in ensuring that the Paris Agreement objective of “making global finance flows consistent with a pathway towards low GHG emissions and climate-resilient development” is achieved. In most countries in the world, government policy is insufficient to meet the goals of the Paris Agreement. If the Company indeed supports the goals of the Paris Agreement, it should not link its policy decisions on fossil fuel financing to government strategies and policies unless those strategies and policies are explicitly Paris-aligned.

The purpose of these resolutions is to provide all shareholders with the opportunity to indicate their support for improved disclosure by the Company of (i) its position on the provision of financial services to the oil and gas industry; (ii) its exposure to climate-related risks, and (iii) the steps that the Company is taking to align its provision of financial services to the energy sector with the Paris goals.

End