Briefing

June 2024

AGM round-up
Standard Bank Group Limited

Just Share

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1. Introduction

Date of AGM: 10 June 2024

Chair of the Board: Nonkululeko Nyembezi

Type of AGM: Electronic-only AGM conducted by LUMI

Useful links:

- Notice of AGM
- Results of 2024 AGM

2. Why Just Share did not ask any questions at Standard Bank's 2024 AGM

Standard Bank elected to hold an online-only AGM in 2024, following its mishandling of protests outside its 2023 AGM, and in response to the protests which disrupted Sasol's AGM in November last year. There was a notable lack of participation from activist shareholders this year. Just Share also elected not to engage with Standard Bank via its online format.

Since 2019, Just Share and many other activists have been asking questions at Standard Bank's AGMs about the bank's approach to measuring, disclosing and managing climate risk. Board members and executives have always evaded meaningful engagement in these Q&A sessions, ignoring the substance of the questions, parroting the bank's marketing material, and reiterating "commitments" which are clearly at odds with the actions of the bank in the real world.

2.1. East African Crude Oil Pipeline (EACOP)

This evasion is particularly evident in relation to questions that the bank has been asked - for six years - in relation to its potential funding of EACOP. Again, on 10 June, CEO Sim Tshabalala failed to give a straight answer to a question about the oil pipeline from a shareholder representing several large institutional investors. Three days later, various news outlets reported that Standard Bank "is set to move forward with funding for TotalEnergies SE's planned East African Crude Oil Pipeline project".

The shareholder had specifically asked what steps Standard Bank is taking to address shareholder concerns and increase transparency, given the criticism of its climate policy. Mr Tshabalala must have known at the AGM that the decision to finance EACOP had been taken. He elected not to mention it.

Standard Bank was first asked about its financing of EACOP at its AGM in 2019. The questioner at that AGM noted that thousands of people would imminently be displaced by the pipeline's construction, that it will emit more carbon annually than the whole of Uganda and Tanzania together, and that it will have serious negative impacts on some of Africa's most significant critical biodiversity areas.

Tshabalala responded in 2019 that Standard Bank is “fully supportive of the principles set out in the Paris Agreement”, but that “in respect of the clear and present risk of environmental degradation it also recognised the imperative to balance that against the development of countries where Standard Bank operated”. He failed to engage with the crux of the question, which was that it is impossible to simultaneously finance this project and be committed to the Paris Agreement.

Since 2019 the question of Standard Bank’s financing of EACOP has been raised at every AGM by many different shareholders, both activist and institutional. Every year, the same response is given: that Standard Bank is “still considering” its financing of the project, and that it is “committed to the Paris Agreement” but that this must be “balanced” against the need for economic development in Africa.

2.2. EACOP’s negative impacts already evident

Standard Bank claimed for years that its financing decision was dependent on the outcome of an environmental and social impact assessment. This assessment was finalised at least a year ago, and the bank has not disclosed the impact of the report’s findings - if any - on its decision-making around EACOP.

In any event, such an assessment is superfluous when significant negative impacts are already happening on the ground, with multiple reports and studies citing environmental destruction, displacement of local communities, inadequate compensation, and harassment and intimidation of activists in Uganda.

For example, shortly before this year’s AGM an environmental defender from a local community affected by the project was detained by the Ugandan military. It took the intervention of several UN rapporteurs and embassies to secure his release: he was dumped on the side of a road, severely beaten. A military spokesperson said that he had been “taken into custody for questioning regarding his illegal activities, including mobilising fellow activists to oppose the oil pipeline”.

At this year’s AGM a shareholder representing several large institutional investors asked about EACOP, including how the bank plans to address shareholder concerns and increase transparency, and how it can “balance its sustainability commitments with its financial interests”. Tshabalala’s response was:

Our policy is based on keeping average global temperature increases within 1.5 degrees, and in considering projects at country level, we are further guided by the relevant countries’ nationally determined contributions in terms of the Paris Agreement. And so we would submit that our policy and our strategy falls within the four corners of the Paris Agreement, and falls within the four corners of each of the relevant countries’ strategies. And therefore the board is reasonable and rational in accepting such strategies.

Not only does this response not answer the question - i.e., how Standard Bank can simultaneously make the vast array of sustainability commitments that it outlines in its suite of reports and fund this devastating project - but Tshabalala also failed to mention that the bank has now decided to go ahead with funding the pipeline.

2.3. Standard Bank's position on country level climate commitments contradicts its claimed support for the Paris Agreement

Standard Bank's failure to engage with the substance of the questions around EACOP is exacerbated by the fact that the response it does provide is inherently contradictory and therefore meaningless.

If Standard Bank's approach to financing climate-devastating projects is guided by countries' own climate commitments, then the bank is manifestly **not** committed to the Paris goal of limiting global temperature rise to 1.5 degrees Celsius. This is because country commitments are too weak, even if fully implemented, to achieve the goals of the Paris Agreement.

The *Emissions Gap Report*, which is published annually by the United Nations Environment Programme, analyses the difference between country commitments ("nationally determined contributions" or NDCs) and what is required to meet the Paris goals. According to its latest analysis at the end of 2023, "the world is heading for a temperature rise far above the Paris Agreement goals unless countries deliver more than they have promised".

Standard Bank's oft-repeated claim that it is committed to the goals of the Paris Agreement is negated by its ongoing and increasing financing directed to the fossil fuel industry, and its commitment to continue doing so into the future.

In the past six years, while Standard Bank has - extremely reluctantly - improved its climate risk disclosures, it has made no progress on setting meaningful targets to reduce its exposure to fossil fuels, despite repeatedly acknowledging the seriousness of the climate crisis.

The bank has published a "fossil fuel policy" that allows it to increase its financing of fossil fuels while still operating within the "limitations" of the policy. Its investment in renewable energy constitutes only 26% of its total energy financing; the rest is funding for fossil fuels. It has also not fully complied with the requirements of the shareholder resolution approved by 99.7% of its shareholders in 2022, as outlined in Just Share's pre-AGM briefing on the bank's climate disclosures.

Standard Bank's slogan is "Africa is our home. We drive her growth". But its approach to the just transition - which it claims means that Africa must continue to rely on fossil fuels for its development - is an approach that will relegate Africa to further environmental and social exploitation and devastation, while simultaneously ensuring that it remains behind the curve in global growth and development.

While we cannot speak for other activists, it seems from the deafening silence at the AGM this year that Just Share might not be alone in reconsidering our approach to engaging with Standard Bank on its own terms.

3. AGM governance

The reversion to online-only AGMs by some JSE-listed companies, including Standard Bank, after they held hybrid AGMs last year, appears to be a deliberate strategy to shut down contestation on crucial issues, including the potential for protests. Such protests at AGMs are effectively managed by companies around the world and preventing them by restricting participation to online-only engagement is a poor approach to corporate governance and stakeholder engagement.

Standard Bank's electronic-only AGM was hosted by LUMI.[1] Chairperson Nyembezi provided an agenda at the beginning of the meeting including how the Q&A session would be conducted, and when shareholders would vote on the resolutions. Standard Bank also made its AGM available to stakeholders other than shareholders via a live webcast of the AGM.

4. Q&A sessions

There were two separate Q&A sessions: the first, dealing with questions relating directly to the resolutions, was held before voting. The second general session was held after voting had closed.

During both Q&A sessions shareholders attending electronically were given the opportunity to either submit written questions or to ask their question via audio feed, including with video, although no shareholders opted to use the audio/video facility. Written questions were read out clearly and in full.

5. Opening address

Nonkululeko Nyembezi welcomed shareholders with a short address but did not say anything relating to the banks ESG-related performance or strategy.

6. Questions asked by other shareholders

There were only six questions asked at the AGM, all by a shareholder representative from ESG Insight SA, who asked:

- What steps Standard Bank is taking to address shareholder concerns and increase transparency, given the criticism of its climate policy, "particularly regarding the financing of oil and gas projects like the East African Crude Oil Pipeline" (EACOP). He also asked how the bank balances its sustainability commitments with its financial interests. CEO Sim Tshabalala did not answer the question. Instead, he made a general statement about Standard Bank's commitment to the Paris Agreement and the imperative of a just transition. He spoke about the bank's commitment to "keeping average global temperature increases within 1.5 degrees" but also contradicted this commitment by saying that "on a country level" the bank is "guided by the relevant countries nationally determined contributions in terms of the Paris agreement."

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[1] www.lumiconnect.com/events

- What steps Standard Bank is taking to equip its executive team with the sustainability and climate-related expertise needed to handle its initiatives, to which Tshabalala responded that the bank is "quite confident that at an executive level…and in each of our business units, we have got a substantial number of people that are experts and are adequately qualified to help us execute our policies and our strategies." Nyembezi added that Standard Bank had partnered with a university to conduct training programmes for its executives on "green topics".

- What the bank's nominations committee is doing to ensure that the target of 40% female representation on the bank's board by 2025 (which is currently at 33%) is met. Nyembezi responded that "we certainly have a serious intent to reach the 40% by next year". She cited the South African Reserve Bank and Prudential Authority directive limiting board tenure for non-executive directors to nine years. She said this would cause more turnover in the next few years and create more opportunities to "drive up that target to meet the 40% objective."

The remainder of the shareholder's questions covered measures the bank is taking to control its rising operating expenses; its strategies to mitigate credit risk and manage credit impairments; and steps the bank is taking to mitigate risks associated with volatile capital inflows and economic instability in Nigeria and other affected regions.

7. Voting results

All resolutions tabled at the 2024 AGM passed with the required support from shareholders.

8. Just Share resources

8.1. Climate-related resources

- **Briefing:** Pre-AGM briefing on Standard Bank's 2023 climate-related disclosures (May 2024)
- **Report:** How cool is your bank? (November 2023).
- **Briefing:** Standard Bank's 2022 climate-related financial disclosures report (April 2023)

8.2. Governance-related resources

- **2023 AGM Roundup 1:** includes a summary of Just Share's 2023 Standard Bank AGM attendance

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