2021 Standard Bank Resolution

Annual General Meeting
May 27, 2021
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Co-Filed by: Aeon Investment, Abax Investments, Visio Fund Management
Shareholder Resolution

NON-BINDING ADVISORY RESOLUTION PROPOSED BY STANDARD BANK SHAREHOLDERS AEON INVESTMENT MANAGEMENT, ABAX INVESTMENTS, VISIO FUND 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 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”).

Explanatory note to the resolution

This non-binding advisory resolution, which is similar to shareholder-proposed resolutions at banks across the globe, aims to provide shareholders with an opportunity to recommend and request that Standard Bank provide them with information which is essential for them to be able to understand Standard Bank’s management of climate risk.

Shareholders recognise that Standard Bank has taken steps to acknowledge the material financial risks posed by climate change, and to improve its disclosure of those risks.

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

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

The 2019 resolution was in two parts. At Standard Bank’s AGM on 30 May 2019, Resolution 10.1, which called for the bank to report to shareholders its assessment of the 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 Standard Bank 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 Standard Bank.

financial disclosures report guided by the principles and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In December 2020, the Company released its Fossil Fuels Financing Policy.

**Investor expectations of Standard Bank**

Standard Bank’s reporting acknowledges that climate change is material and poses significant risks; including to its ability to generate value for its shareholders over time. In each of the TCFD Report, the Fossil Fuels Financing Policy, and the Thermal Coal Mining Policy, Standard Bank also states that it supports the goals of the Paris Agreement.

However, Standard Bank has not yet set any short-, medium- or long-term targets to align its lending practices with the Paris goals.

In order to better appraise the long-term investment proposition, investors require more information to understand what steps Standard Bank is taking, if any, to reduce its exposure to fossil fuel assets in the short-, medium and long-term, on a timeline aligned with the Paris goals.

As the largest African bank by assets, Standard Bank’s lending, investing and other financial intermediary activities in Africa will influence whether or not the Paris goals are met. It is therefore essential for investors to be able to understand the extent to which Standard Bank has a strategy and targets to align its provision of financial services with the Paris goals and timelines.

Standard Bank’s first TCFD Report states that the bank has identified climate-related risk “as a top risk and material issue and is working to better understand and manage our exposure”. The TCFD Report states that Standard Bank’s “intention is to align our services and lending practices with the objectives contained within the Paris Agreement. This means progressively managing our portfolio in a manner that is consistent with a low-carbon and climate-resilient economy needed to limit global warming to below 2° Celsius and supporting a just transition in our countries of operation”.

Standard Bank indicates that it is “engaging with our clients in high carbon emitting industries, including mining and energy, to encourage the adoption of energy efficiency measures”, and that where it has “significant exposure” to “high carbon emitting sectors”, it will “develop short- and medium-term actions to manage this risk”. In the medium term, the bank says that it will “use scenario-planning and stress-testing methodologies to ensure mitigation actions have sustainable outcomes”.

However, none of Standard Bank’s disclosures provides measurable commitments that show how, and when, Standard Bank will implement alignment of its portfolio with the Paris goals, making it difficult for shareholders to evaluate the strength of its commitments to do so.
Footnotes

1. As set out by Article 2.1(a) and Article 4.1 of the Paris Agreement.
2. See for example at Barclays, HSBC and Mitsubishi UFJ:
   - ga=2.90572253.656408215.1618303534-92482996.1618303534)
3. United Nations Environment Programme Finance Initiative
5. Standard Bank Group Environmental, Social & Governance Report 2020 (page 49)