



STANDARD BANK GROUP  
**Sustainable  
Bond Framework**



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# 1. Introduction

## 1.1 Commitment

This document, the “Sustainable Bond Framework” (“**SBF**”), contains information on interest-bearing notes based on Sustainability Criterion which operating entities within the Standard Bank Group (“**SBG**”) may contemplate issuing. The proceeds of the green, social and/or sustainable notes would be directed towards SBG’s defined impact areas – which are aligned with achieving the objectives of the United Nations’ (“**UN**”) Sustainable Development Goals (“**SDGs**”). The SBF addresses 4 pillars namely; 1. Definition and Use of Proceeds, 2. Process for Selection and Evaluation of Projects, 3. Management of Proceeds and 4. Impact Reporting on eligible projects which are consistent with the international best practices and guidance by the International Capital Market Association (“**ICMA**”):

- Green Bond Principles (“**GBP**”);
- Social Bond Principles (“**SBP**”); and
- Sustainable Bond Guidelines.

The focus on sustainable issuance is based on the SDGs which are congruent with SBG’s values and is further in-line with our Social, Economic and Environmental (“**SEE**”) strategy and vision to drive Africa’s growth.

## 1.2 SBG’s SEE Strategy

We are committed to being more than a provider of financial products and services – we are a catalyst for economic change in our countries of operation. We see it as core to our purpose to develop commercially sound ways to address the environmental and social challenges experienced in our countries of operation, thereby accelerating economic growth, human development and making a better life for all Africans. Our objective is to create shared value – benefitting society while achieving financial returns for the group.

We measure our ability to create shared value in terms of our five strategic value drivers – client focus, employee engagement, risk and conduct, financial outcomes, and SEE impacts. SBG’s SEE strategy aims to embed social, economic and environmental considerations into our lending decisions and business practices in a way that helps us to continue supporting our clients, whilst producing value for society at large. We believe that this holistic understanding of our broader impacts, together with the associated deepening of client relationships is fundamental to becoming more than a bank.



To maximise our SEE impact, SBG needs to focus its efforts on selected and specific SEE outcomes. We have identified seven areas in which we believe that SBG can make a significant SEE impact. We have identified these areas by looking at the overlap between our core business as a provider of financial services, and the needs of Africa's people, businesses and economies. The priority issues and targets contained in the UN's Global SDGs, the African Union's ("AU") Agenda 2063, South Africa's National Development Plan ("NDP"), and South Africa's Nationally Determined Contribution ("NDC") to the Paris Agreement has informed our thinking.



### Financial Inclusion:



We ensure more people have access to financial products and services, supporting economic development, reducing inequality and boosting climate resilience.



### Job Creation and Enterprise Growth:



Our core business supports the broadening of economic opportunity and job Creation by helping businesses to expand and become more productive. We generate productive economic opportunities through supporting entrepreneurs, as well as small and medium enterprises, across Africa.



### Infrastructure:



We support the development of low-carbon and resilient infrastructure to enable inclusive and sustainable industrialization by financing large-scale infrastructure projects; and partner with our clients to ensure environmental and social risks are appropriately managed and minimized.



### African Trade and Investment:



We facilitate the deepening of trade and investment flows between African countries, and key global markets including China, through the provision of innovative trade finance solutions and cross-border financial solutions for regional and local supply chains. The AU's Agenda 2063 highlights the importance of trade and investment in infrastructure to connect Africa



### Education:



We support access to inclusive, quality education and the promotion of skills training and lifelong learning opportunities; positioning Africa to harness the opportunities of the fourth industrial revolution.



### Climate Change and Sustainable Finance:



We work with our clients to develop appropriate solutions for mitigating and adapting to the effects of climate change. We do so by developing innovative sustainable financial products and services that support the green economy transition, reduce carbon emissions, increase climate resilience, and enhance socioeconomic development.



### Health:

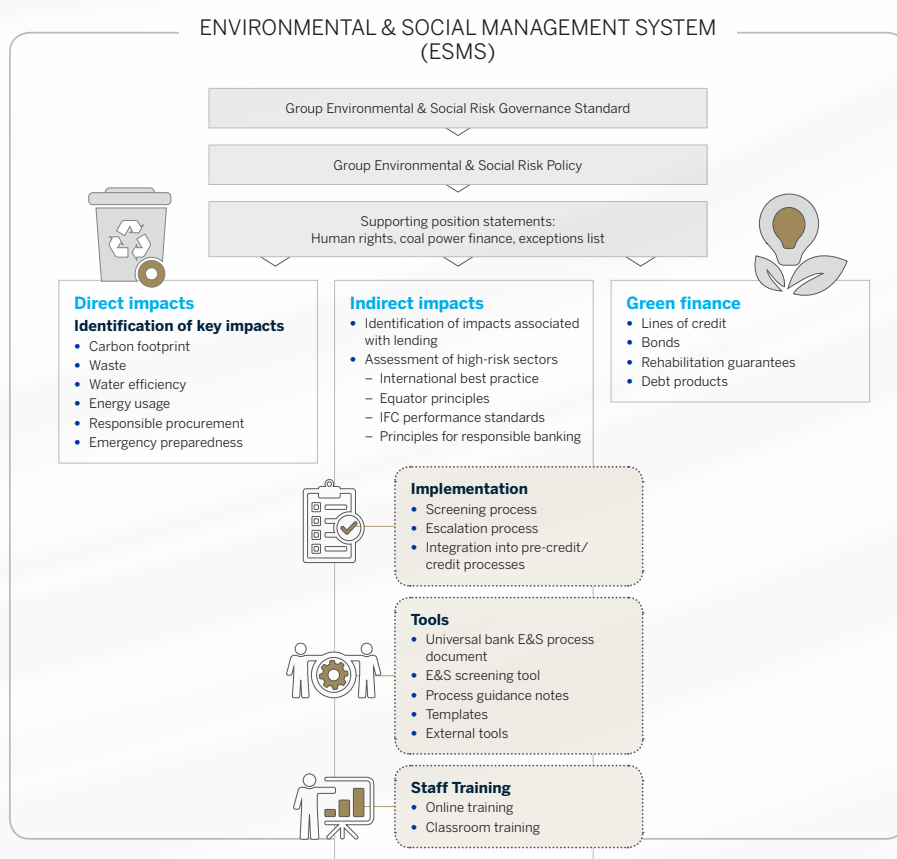


We support positive health outcomes and the promotion of health and wellbeing by financing health infrastructure and equipment and providing business development support to healthcare practitioners.



### 1.3 SBG's Environmental and Social Management System

SBG aims to drive Africa's growth with minimal negative social, economic and environmental impact. Our environmental and social management system (“**ESMS**”) enables us to better assess, mitigate, document and monitor impacts and risks associated with financing and investing globally. The ESMS plays a role in ensuring environmental and social (“**E&S**”) risks and opportunities are appropriately screened, managed and monitored throughout the transaction life cycle. In addition, our ESMS has also helped highlight the need to develop new business areas by targeting environmental/green/climate and social finance opportunities or sectors. Furthermore, our E&S risk assessment processes are based on internationally accepted best practice (IFC Performance Standards, World Bank Group Environmental Health and Safety Guidelines) and are proactively embedded into lending practices at an early stage. This enhances E&S consideration and accountability in investment decision-making and monitoring, assists clients in managing their material E&S impacts and risks and, in so doing, improves their performance and guards against unforeseen risk. The expansion and integration of these management measures ensure E&S issues and opportunities are truly embedded in our overall performance. New environmental/green/climate and social opportunities are being explored in appropriate sectors and with similar-minded clients through the implementation of this Sustainable Bond Framework.



### 1.4 SBG and subsidiaries as Issuer

SBG Ltd together with its subsidiaries comprise the largest financial services group in Africa measured by assets, as at the 30 June 2019. SBG has been listed on the Johannesburg Stock Exchange, since 1970, with a secondary listing on the Namibian Stock Exchange and also on the A2X. As the largest bank in Africa, SBG operates in 27 countries across the world, we offer retail, business, corporate and investment banking and wealth and investment products to our clients. SBG has been in operation for over 150 years.

As a leading financial institution SBG recognises the importance of assessing value Creation by looking beyond just the financial benefit. Thus, it strives to align its reporting to the United Nations SDG Framework, our internal ESMS framework and the ICMA's Green, Social Principles and Sustainable Bond Guidelines.

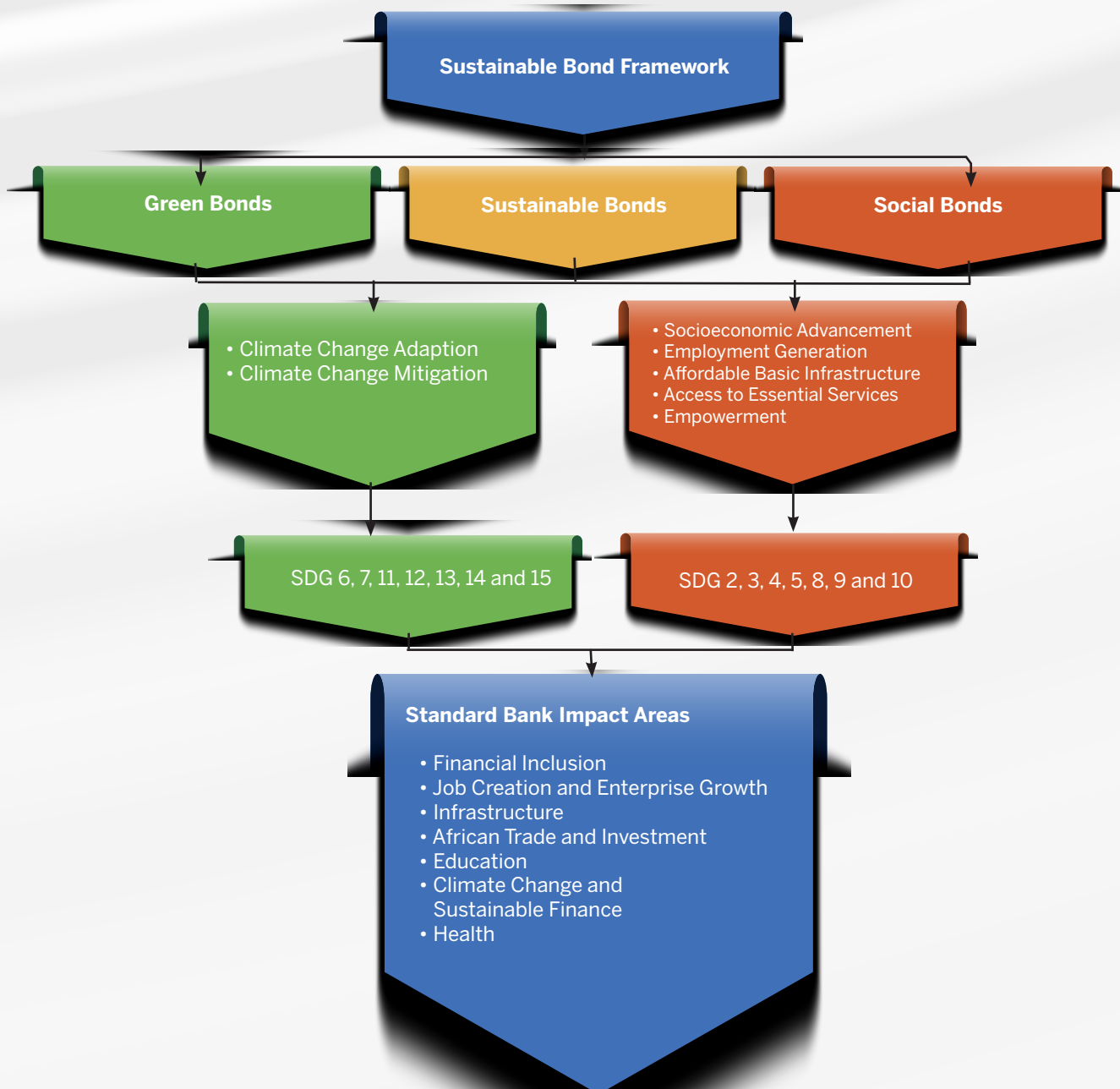
## 1.5 Subsidiaries of SBG that may as act as Issuer:

SBG has approximately a 156-year history in South Africa. The Standard Bank of South Africa Limited (“**SBSA**”) was founded in the late 1860’s. SBSA is the single largest operating entity within SBG and is the largest bank (by assets) in South Africa. Standard Bank Group Limited and SBSA may act as issuers of green, social and/or sustainable notes under this SBF.

In addition, significant entities within SBG which may act as issuers under this SBF including; Stanbic Namibia, Stanbic Bank Ghana, Stanbic IBTC Bank Nigeria and Stanbic Kenya. Each of these entities have adopted the same SEE strategy and vision to drive growth in their regions.


## 2. Sustainable Bond Framework

Our Sustainable Bond Framework allows us to issue Sustainable, Green and Social bonds that support SBG’s lending to green projects (aimed at mitigating climate change), and social projects (aimed at reducing economic and social inequality) and sustainable projects being a combination of these.





## 2.1 Investment Categories and Eligibility Criteria

The envisaged use of proceeds forms the cornerstone of classifying an instrument as green, social and/or sustainable. SBG intends to allocate the net proceeds of the sustainability bonds issued under this framework to an Eligible Loan/Asset Portfolio of new and or existing loans/assets within the following categories. The eligible loans/assets are to be funded in whole or in part by an allocation of the bond proceeds. SBG or its eligible subsidiaries are committed to ensuring proper due diligence is conducted to ensure compliance with internal standards on each project prior to allocating funding. The eligibility/qualification criteria are summarised as follows:



<b>Renewable Energy</b> 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Renewable Energy		Infrastructure Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>• Financing or refinancing of construction, generation, transmission or maintenance of renewable power and associated infrastructure, including wind, solar, tidal, hydro-power, biomass, biogas and geothermal:               <ul style="list-style-type: none"> <li>– Small scale hydro: <math>\leq 25</math> MWh</li> <li>– Larger hydro: Lifecycle carbon intensity <math>\leq 100\text{gCO}_2/\text{kWh}</math> or power density <math>\geq 5\text{W}/\text{m}^2</math></li> <li>– Biogas: separate feedstock before use into recyclable and non- recyclable</li> <li>– Geothermal projects: emit <math>\leq 100\text{gCO}_2/\text{kWh}</math>.</li> </ul> </li> <li>• Financing or refinancing of manufacturing or import of components of renewable energy technology (including but not limited to wind turbines, solar panels, inverters, storage batteries).</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (Continued)





<b>Non-energy GHG Emission Reduction</b> 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Pollution prevention and control/Eco-efficient and/or circular economy adapted products, production technologies and processes		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or refinancing of replacement of refrigerants with high global warming potential in existing industrial, commercial, or residential infrastructure with solutions with lower global warming potential.</li> </ul>
<b>Climate Adaptation</b> 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Climate Change Adaptation		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or refinancing of investments (i.e. assets, systems or activities) intended to address physical climate risk, e.g. expansion or maintenance of flood defense systems and climate resilient infrastructure projects:               <ul style="list-style-type: none"> <li>Must demonstrate an understanding of the climate risk faced by the asset, system or activity</li> <li>Must ensure proper risk reduction measures are in place along with flexible management plans that account for uncertainties</li> <li>Must demonstrate that regular revaluation of resilience benefits will be undertaken, and the results thereof will be addressed.</li> </ul> </li> </ul>






## 2.1 Investment Categories and Eligibility Criteria (Continued)

Climate Adaptation (continued) 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Climate Change Adaptation		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or refinancing of projects or activities that, increase the resilience of agribusinesses against climate risks:               <ul style="list-style-type: none"> <li>Large scale agricultural operations will be sustainability certified by a credible organisation e.g. Rainforest Alliance.</li> </ul> </li> </ul>
Energy Efficiency 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Energy Efficiency		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or re-financing of any project such as relocation of production facilities and/or business premises to a new building which results in a decline in energy consumption of at least 15%.</li> <li>Financing or re-financing of the manufacturing of components or technologies to enable energy efficiencies as described above (that are not coal, oil or gas related).</li> </ul>





## 2.1 Investment Categories and Eligibility Criteria (Continued)

Green Buildings			
 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Green Buildings		<p>Infrastructure</p> <p>Climate Change and Sustainable Finance</p>	<ul style="list-style-type: none"> <li>Finance or refinance of certified greenfield, construction, reconstruction, retrofit, renovation or operation of buildings to make them sustainable, improve resource efficiency and adopt environmentally sound technologies: <ul style="list-style-type: none"> <li>– Must have at least a Leadership in Energy and Environment Design “Gold” certification, Green Star 4 category, EWP Level 6 or above rating or should be EDGE certified by the International Finance Corporation’s (“IFC”) EDGE partners.</li> </ul> </li> </ul>
Clean Transportation			
 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Clean Transportation		<p>Infrastructure</p> <p>Climate Change Sustainable Finance</p>	<ul style="list-style-type: none"> <li>Financing or refinancing of projects that directly or indirectly produce electric or hydrogen technologies (only renewable liquid forming, electrolysis, high-temperature electrolysis, solar thermochemical water-splitting and biological forms) in existing vehicles, rail or boat fleets.</li> <li>Financing or refinancing of projects on urban mass transit, non-motorized transport (e.g. pedestrian mobility) and shift freight and/or passenger transport from road to rail or waterways:</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (Continued)




<b>Clean Transportation (continued)</b>  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Clean Transportation		Infrastructure  Climate Change Sustainable Finance	<ul style="list-style-type: none"> <li>– Fossil fuel related projects will need to comply with an emission threshold of less 50g CO<sub>2</sub> per passenger km.</li> <li>– Freight and water related projects will need to comply with an emission threshold of less than 25kg of CO<sub>2</sub> per ton.</li> <li>• Financing or refinancing of import, manufacture, use of electric vehicles (EVs), construction of charging stations or supporting infrastructure.</li> <li>• Financing or refinancing of transport infrastructure projects that aims to improve the general transport logistics to increase energy efficiency by (excluding fossil fuel based transports) at least 15% per unit of service (e.g. BTU/passenger-km).</li> </ul>
<b>Pollution Prevention and Control</b> 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Pollution Prevention and Control		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>• Financing or refinancing of greenfield or reconstruction project that converts waste-to-energy (feedstocks must be separated into recyclable and non-combustible and hazardous materials before incineration), captures methane gas, supports recycling, and reduces the amount of waste produced or sent to landfill.</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (Continued)





<b>Pollution Prevention and Control (continued)</b> 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Pollution Prevention and Control		Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or refinancing of greenfield or reconstruction projects that convert waste-to-energy (feedstocks must be separated into recyclable and non-combustible and hazardous materials before incineration), captures methane gas, supports recycling, and reduces the amount of waste produced or sent to landfill.</li> </ul>
<b>Sustainable Management of Natural Resources</b>   			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Environmentally Sustainable Management of Living Natural Resources and Land Use  Terrestrial and Aquatic Biodiversity Conservation		African Trade and Investment  Climate Change and Sustainable Finance	Financing or refinancing of projects that contribute to Climate Smart Agriculture by documenting: <ul style="list-style-type: none"> <li>Reduction in crop/ food losses by at least 20% (e.g. warehousing, cold chain, improved packaging for highly perishable produce).</li> <li>Reduction in energy use in traction (e.g. Efficient tillage and other agricultural processes).</li> <li>Financing or refinancing of climate smart agriculture activities which document an increase in productivity of at least 20% without increasing GHG emissions or reduce post-harvest losses in at least 20%.</li> </ul>








## 2.1 Investment Categories and Eligibility Criteria (Continued)

Sustainable Management of Natural Resources (Continued)			
  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
<p>Environmentally sustainable management of living natural resources and land use</p> <p>Terrestrial and aquatic biodiversity conservation</p>		<p>African Trade and Investment</p> <p>Climate Change and Sustainable Finance</p>	<ul style="list-style-type: none"> <li>• Reduction in water consumption by at least 20% (efficient irrigation, laser soil leveling, switching to less-water-intensive crops, water harvest and storage facilities).</li> <li>• Agricultural projects that improve existing carbon pools (e.g. rangeland management; collection and use of bagasse, rice husks, or other agricultural waste; reduced tillage techniques that increase carbon contents of soil; rehabilitation of degraded lands; peatland restoration).</li> <li>• Reduction of non-carbon dioxide GHG emissions (e.g. N<sub>2</sub>O) from agricultural practices excluding cattle.</li> <li>• Any project that involves terrestrial and aquatic biodiversity conservation.</li> <li>• Any project that involves reforestation, afforestation, rehabilitation of degraded land, preservation or restoration of natural landscape.</li> </ul>



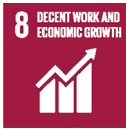

## 2.1 Investment Categories and Eligibility Criteria (continued)

Sustainable Water			
 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Sustainable Water and Wastewater Management		Infrastructure  Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or refinancing of any sustainable infrastructure for clean and/or potable water, water efficiency improvement, water recycling, waste water treatment, desalination and sustainable urban drainage systems.</li> <li>Project involving desalination activities:               <ul style="list-style-type: none"> <li>Must have an environmental risk mitigation strategy that must address the management of brine.</li> </ul> </li> </ul>
Electricity Distribution Networks			
 			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
Climate Change Mitigation	Affordable Basic Infrastructure	Infrastructure  Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or re-financing of any greenfield, or modernization that aims at retro-fitting transmission lines or substations to reduce energy use and/or technical losses by 15% and to avoid electricity cuts.</li> <li>Refinancing or re-financing of any project that aims to improve existing systems to facilitate the integration of renewable energy sources into the grid.</li> <li>Financing or re-financing of any project that supports off-grid electricity access and displaces fuel consumption (e.g. displacement of kerosene lamps or diesel generators through electrification), reduces the need for wood, coal or liquid fuel as a source of energy in the community, thereby reducing emissions.</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (continued)

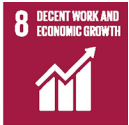


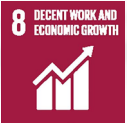
<b>Affordable Housing</b>   			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Affordable Housing	Financial Inclusion  Infrastructure  Climate Change and Sustainable Finance	<ul style="list-style-type: none"> <li>Financing or re-financing of any project that involves the construction or investment of registered/recognized affordable or social housing accredited as such in the jurisdiction in which they operate.</li> </ul>
<b>Social Infrastructure (Health and Education)</b>  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Access to Essential Services	Education  Health	<ul style="list-style-type: none"> <li>Financing or re-financing of any greenfield or renovation of existing health and education facilities that would improve the efficiency, quality and capacity of the facility.</li> <li>Financing or re-financing of any project that aims to provide individuals with access to tertiary education or vocational training and access to campus infrastructure.</li> <li>Financing or re-financing of any project that aims to improve the standards of technology within the education and health care sectors.</li> <li>Financing or re-financing of any greenfield or renovation of existing childcare facilities that would improve the efficiency, quality, and capacity of the facility.</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (continued)

<b>Social Infrastructure (Health and Education) (continued)</b>  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
			<ul style="list-style-type: none"> <li>• Financing or re-financing of any project that improves or expand access to health care services, including telemedicine, mobile clinics, etc.</li> <li>• For-profit institution projects will only be eligible if previously disadvantaged and or the low income portion of the population is targeted by project.</li> </ul>
<b>Improved Access to Funding for SMEs and Micro Businesses</b>  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Employment generation including through the potential effect of SME financing and microfinance	Financial Inclusion  Job Creation and Enterprise Growth  African Trade and Investment	<ul style="list-style-type: none"> <li>• Financing or re-financing of any project that aims to increase the access of small-scale industrial and other enterprises, to financial services, including affordable credit, payment and saving accounts.</li> <li>• Financing or re-financing of any project that promotes the formalisation and growth of micro, small and medium sized enterprises.</li> <li>• Financing or re-financing of enterprises that have less than 10 employees, assets and annual sales of less than USD100 000 each will be considered Micro enterprises.</li> </ul>



## 2.1 Investment Categories and Eligibility Criteria (continued)

Improved Access to Funding for SMEs and Micro Businesses (continued)			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Employment generation including through the potential effect of SME financing and microfinance	Financial Inclusion  Job Creation and Enterprise Growth  African Trade and Investment	  <ul style="list-style-type: none"> <li>• Enterprises that have less than 50 employees, assets and annual sales of less than USD3 000 000 each will be considered Small enterprises.</li> <li>• Enterprises that have less than 300 employees, assets and annual sales of less than USD15 000 000 each will be considered Medium enterprises.</li> <li>• SME's and Micro businesses may not conduct businesses that could be considered harmful to the environment or are in contravention with one or more of the eligibility criterion outlined in this framework.</li> </ul>
Women in the Economy			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Socioeconomic Advancement and Empowerment	Financial Inclusion  Job Creation and Enterprise Growth  Education and Skills Development	  <ul style="list-style-type: none"> <li>• Financing or re-financing of any projects that target women and minority groups inclusion in education systems so as to improve chances of employment.</li> </ul>

## 2.1 Investment Categories and Eligibility Criteria (continued)

<b>Women in the Economy (continued)</b>  			
Green Bond Principle Category	Social Bond Principle Category	Standard Bank Impact Areas	Eligibility Criteria
	Socioeconomic Advancement and Empowerment	Financial Inclusion  Job Creation and Enterprise Growth  Education and Skills Development	<ul style="list-style-type: none"> <li>• Financing or re-financing of any projects that aim to provide women, female owned enterprises and minority groups with access to financial services, including affordable credit, payment and saving accounts; and non-financial services, including financial literacy and business skill training.</li> <li>• Financing or re-financing of any enterprise qualifies as a woman-owned enterprise if it meets the following criteria:               <ul style="list-style-type: none"> <li>– (A) ≥ 51% owned by woman/women; or</li> <li>– (B) ≥ 20% owned by woman/women; and</li> <li>– (C) (i) has ≥ 1 woman as CEO/COO/President/Vice President (ii) has ≥ 30% of the board of directors composed of women, where a board exists.</li> </ul> </li> </ul>

## 2.2 Refinancing

The proceeds from the green, social and or sustainable bond issuance can be used to finance new loans and refinance existing loans. New loans are those where disbursements have been made up to one year before the issue of the bond and at any time from the date of the issuance. Existing loans are those which have reached financial close, up to 60 months before the issuance or where the assets are not yet fully operational and/or have not yet reached economic break-even.

## 2.3 Process of Selection and Evaluation of Eligible Projects



The final approval of the selection and evaluation of projects eligible for green, social or sustainable bonds throughout the life of all SBG Sustainable issuances is owned by the Asset and Liability Committee (“**ALCO**”). Any potential eligible sustainability business or project submitted to ALCO will already have been evaluated for adherence through Standard Bank’s ESMS and screened against the investment categories and eligibility criterion by the Sustainable Finance Unit.

ALCO is also responsible for governing the framework to ensure consistency of approach and oversight. Projects financed and/or refinanced through the Green, Social and/or Sustainable Bond proceeds will be evaluated and selected based on compliance with the above investment categories and eligibility criteria. When identifying eligible projects and their non-financial impacts SBG may also rely on external consultants and their data sources. SBG may (where clarification is needed) require that clients sign a clarification letter confirming the use of proceeds and/or that SBG may provide loan information to investors.

A project may have both green and social benefits, thus qualifying for more than one type of bond. The Sustainable Finance Unit will decide whether the project uses proceeds from a green bond, or a social bond, or a sustainable bond. In select cases a project may use proceeds from more than one bond, but the proceeds split will be determined and documented to avoid double counting.

## 2.4 Management of Proceeds

SBG intends to allocate the proceeds from the Green, Social or Sustainable Bond issuance to an Eligible Loan/Asset Portfolio which will be selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. We will track the receipt and use of proceeds via our internal reporting systems, ensuring Eligible Loans/Assets financed by SBG<sup>1</sup> Green, Social and Sustainable Bonds are appropriately identified. In addition, to ensure appropriate earmarking for the purpose of internal monitoring and external reporting of proceeds, SBG<sup>1</sup> has established a register that contains all Eligible Loans/Assets financed by or able to be financed by SBG<sup>1</sup> Green, Social and Sustainable Bonds on issue and their drawn value. The Sustainable Finance Unit will be primarily responsible for the management of proceeds.

SBG<sup>1</sup> will strive to achieve a level of allocation for the Eligible Loan/Asset Portfolio that matches or exceeds the balance of net proceeds from its outstanding Sustainable Bonds. Eligible Loans/Assets will be added to or removed from SBG's<sup>1</sup> Eligible Loan/Asset Portfolio to the extent required. If any proceeds remain unallocated, SBG<sup>1</sup> will hold and/or invest those proceeds, at its own discretion in its treasury liquidity portfolio, in cash or other short term and liquid instruments. SBG<sup>1</sup> expects bond proceeds to be fully allocated to any Eligible Loan/Asset Portfolio within 2 years from the date of each issue.

## 2.5 Impact Measurement and Reporting

SBG will prepare and publish annual impact reporting with respect to the Bonds issued under this framework. This report will be made available on the investor relations pages of the SBG website. SBG intends to show the allocation and impact of the Green, Social or Sustainable Bond proceeds within the Eligible Loan/Asset Portfolio at least at a category level. An appropriate external independent assurance provider will annually assure the process and that the financing of eligible assets and the allocation of proceeds are in accordance with SBG's Sustainable Bond Framework.

### Allocation reporting

The allocation report will provide:

- the total amount of proceeds allocated to eligible loans/assets
- the number of eligible loans/assets
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing and
- annual impact indicators.

A summary of the impacts of the Eligible Loan/Asset Portfolio may include the metrics set out below and relevant project narratives, where the data is available from clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant regulation.

<sup>1</sup>SBG and its subsidiaries



## Impact Reporting

	<b>Indicative Impact Indicators</b>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Total installed capacity MW</li> <li>• Annual Generated Renewable Power (MWh/year)</li> <li>• Estimated annual CO<sub>2</sub> equivalent emission reduction (tons CO<sub>2</sub>eq/year)</li> <li>• Number of people with access to clean energy services</li> <li>• Estimated number of jobs created</li> </ul>
<b>Non-energy GHG Emission Reduction</b>	<ul style="list-style-type: none"> <li>• Description of refrigerants replaced with lower global warming potential solutions</li> </ul>
<b>Climate Change Adaptation</b>	<ul style="list-style-type: none"> <li>• Description of the specific climate risk being addressed by the investment and how the project improves resilience to climate change</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Estimated annual CO<sub>2</sub> equivalent emissions reduction/avoidance (tons CO<sub>2</sub>eq/year)</li> <li>• Annual energy savings (MWh/year)</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Number of green buildings funded by eligible certification (e.g. EDGE)</li> <li>• Total m<sup>2</sup> of green buildings funded</li> <li>• Total m<sup>2</sup> of energy efficient property funded</li> <li>• Estimated annual CO<sub>2</sub> equivalent emissions reduction/avoidance (tons CO<sub>2</sub>eq/year)</li> <li>• Number of mortgages provided to green certified houses/residential projects</li> <li>• Number of people benefitted</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Annual GHG emission reductions (tCO<sub>2</sub>eq/year) of rail/water/conveyor route in comparison to road transport</li> <li>• Number of people with access to sustainable transport systems</li> <li>• Level of service (passenger.km/year)</li> <li>• Number of low carbon vehicles financed</li> <li>• Number of electric vehicles charging points installed</li> </ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>• Total installed capacity MW from waste to energy</li> <li>• Annual Generated Waste to Energy Power (MWh/year)</li> <li>• Annual GHG emission reductions (TonsCO<sub>2</sub>eq/year)</li> <li>• Annual waste used for energy (tons/year)</li> <li>• Annual waste reused or recycled before and after the project</li> <li>• % emission improvements</li> </ul>
<b>Sustainable Management of Natural Resources</b>	<ul style="list-style-type: none"> <li>• For agriculture projects: <ul style="list-style-type: none"> <li>– Annual non-GHG emission reduction (e.g. reduction of N<sub>2</sub>O fertilizer emissions)</li> <li>– Productivity gains due to climate smart agriculture (tons of product type/ha year)</li> </ul> </li> <li>• Reduction in post-harvest losses (tons of product type/year)</li> <li>• Area (ha/year) of biodiversity conserved</li> <li>• Area (ha/year) of forestation or reforestation</li> <li>• Amount/size (ha/year) of sustainable agriculture, animal husbandry, fisheries etc</li> </ul>
<b>Sustainable Water</b>	<ul style="list-style-type: none"> <li>• Annual Volume of water saved/recycled (m<sup>3</sup>/year)</li> <li>• Annual Volume of wastewater treated for reuse (m<sup>3</sup>/year)</li> <li>• Additional number of people with access to safe drinking water</li> </ul>
<b>Electricity Distribution Networks</b>	<ul style="list-style-type: none"> <li>• Annual number and length (km/year) of networks financed</li> <li>• Investment per target population (USDMM/thousand persons)</li> <li>• Number of people with access to safe electricity distribution networks</li> <li>• Annual avoidance of energy losses (MWh/year)</li> <li>• Renewable energy capacity integrated (MW)</li> <li>• Estimated annual GHG emission reduction (tonsCO<sub>2</sub>eq/year)</li> </ul>

## Impact Reporting (continued)

	<b>Indicative Impact Indicators</b>
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Number of people with access to safe, affordable and sustainable housing</li> <li>• Number of affordable and sustainable housing units built</li> <li>• Number of mortgages provided</li> </ul>
<b>Social Infrastructure (Health and Education)</b>	<ul style="list-style-type: none"> <li>• Number of education facilities financed</li> <li>• Number of people with access to education facilities or courses</li> <li>• Additional student projected intake</li> <li>• Number of health facilities financed</li> <li>• Number of new or existing health care facilities that have experienced increases in capacity as a result of financing i.e. additional hospital beds</li> <li>• Number of people with access to health care</li> <li>• Number of households with access to childcare facilities</li> </ul>
<b>Improved Access to Funding for SMEs</b>	<ul style="list-style-type: none"> <li>• Number of MSMEs financed and Value of MSME loans</li> <li>• Estimated number of jobs created</li> </ul>
<b>Woman in the Economy</b>	<ul style="list-style-type: none"> <li>• Number of women and or people from minority groups with access to education facilities or courses</li> <li>• Number of females and or people from minority groups with increased access to affordable credit, payment service, or saving account</li> <li>• Number of female owned enterprises funded</li> <li>• Estimated number of jobs created</li> </ul>

## 2.6 External Review

SBG will prepare and publish annual impact reporting with respect to the Bonds issued under this framework. This report will be made available on the investor relations page of the SBG website. SBG intends to show the allocation and impact of the Green, Social or Sustainable Bond proceeds within the Eligible Loan/Asset Portfolio at least at a category level. An appropriate external independent assurance provider will annually assure the process and that the financing of eligible assets and the allocation of proceeds are in accordance with SBG's Sustainable Bond Framework.

### Second Party Opinion

SBG's Sustainable Bond Framework will be reviewed by an independent party with experience and track record in issuing Second Party Opinions. This Second Party Opinion will be made available along with the Sustainable Bond Framework to investors on the SBG Investor Relations website.

### Verification

SBG will request on an annual basis, starting one year after issuance and until maturity (or full allocation), a limited assurance report of the allocation of the Sustainable Bond proceeds to eligible assets, to be provided by its external auditor.

### 3. Disclaimer

SBG will on an ongoing basis review the Sustainable Bond Framework and reserves the right to update the SBF if improvements are identified or to be able to extend the reach to further eligible projects, provided that the second opinion is updated. The updated second opinion will be made publicly available on SBG's Investors Relations website.

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