
Standard Bank Group position on financing coal-fired power stations

Energy is the single biggest driver of economic growth in emerging markets, specifically, in Africa where access to affordable and reliable energy is crucial. Coal remains central to efforts to improve access to electricity and energy security in many African countries. However, the substantial increase in man-made green-house gases (GHG), driven predominately by the use of coal as an energy source, is a major contributor to climate change.

As agreed by the Conference of the Parties, in Paris (COP 21), signatory nations – including South Africa - are taking measures to combat climate change and work toward a low carbon economy and to reduce the impacts of climate change. The financial sector is expected to play a role in enabling the implementation of these measures.

Standard Bank is committed to doing the right business the right way. As such, Standard Bank supports the adoption of higher efficiency, lower-emission coal-fired power plants, and carbon capture and storage technologies (where possible) to reduce the environmental and social impact of coal-fired power generation.

Standard Bank has set up a strict set of parameters that will guide all future financing decisions as they relate to new coal powered stations. These parameters apply to Standard Bank Group and to all its operations globally. If a proposed development does not meet these parameters, Standard Bank will not provide finance. This position is broadly in line with the Organisation for Economic Co-operation and Development (OECD) Export Credit Agency Coal-Fired Power Finance Guidelines, which assesses the financing of coal-fired power generation based on a country's energy poverty, technology and size of plant. This model has been observed by Standard Bank since 1 July 2018.

Kenny Fihla, Chief Executive of Corporate and Investment Banking said, "As a responsible corporate citizen, the bank's decisions and actions are informed by our values and ethics. We consider long-term impacts alongside shorter-term outcomes, and balance the interests of the Group, stakeholders and societies in which we operate to deliver positive impacts and create sustainable value on the African continent. Standard Bank is also alive to the benefits and impact that clean energy investment has. As such, 86% of all energy funding conducted by Standard Bank since 2012 has been in green energy or renewables totalling over \$2 bn."

Standard Bank Group assesses and manages environmental and social risk at multiple points during the transaction lifecycle, including; when taking on new clients, assessing pre-credit/credit applications and when developing/offering new products and services. We are mindful of the credit, investor and reputational risks associated with the financing of coal fired power stations. Standard Bank will work proactively with its clients to support the transition to a lower carbon economy, adapt to the adverse impacts of climate change, foster climate resilience and lower greenhouse gas emissions development.

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Note to Editors

Technical aspects of Standard Bank's coal-fired power funding policy

Adopted parameters for the consideration of all new coal fired power projects which have been observed since 1 July 2018.

- Ultra-supercritical plants (steam pressure >240 bar and ≥593°C steam temperature), or plants with emissions below 750 g CO₂/kWh, will be considered for finance;

- Supercritical plants (steam pressure >221 bar and >550°C steam temperature), or plants with emissions between 750 and 850 g CO₂/kWh will be ineligible for finance where plant size exceeds 500MW. Where plant size equals or is less than 500MW, projects will be considered for finance only in IDA* countries;
- Subcritical plants (steam pressure < 221 bar), or plants with emissions above 850 g CO₂/kWh, will be ineligible for finance where plant size equals or exceeds 300MW. Where plant size is less than 300MW, projects will be considered for finance only in IDA* countries.

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Notes to Editors**About Standard Bank Group**

Standard Bank Group is the largest African bank by assets with a unique footprint across 20 African countries. Headquartered in Johannesburg, South Africa, we are listed on the Johannesburg Stock Exchange, with share code SBK, and the Namibian Stock Exchange, share code SNB.

Standard Bank has a 156-year history in South Africa and started building a franchise outside southern Africa in the early 1990s.

Our strategic position, which enables us to connect Africa to other select emerging markets as well as pools of capital in developed markets, and our balanced portfolio of businesses, provide significant opportunities for growth.

The group has more than 53 000 employees, approximately 1 200 branches and over 9 000 ATMs on the African continent, which enable it to deliver a complete range of services across personal and business banking, corporate and investment banking and wealth management.

Headline earnings for 2018 were R27.9 billion (about USD2.1 billion) and total assets were R2.1 trillion (about USD148 billion). Standard Bank's market capitalisation at 31 December 2018 was R289 billion (USD20 billion).

The group's largest shareholder is the Industrial and Commercial Bank of China (ICBC), the world's largest bank, with a 20,1% shareholding. In addition, Standard Bank Group and ICBC share a strategic partnership that facilitates trade and deal flow between Africa, China and select emerging markets.

For further information, go to <http://www.standardbank.com>