



Managing E&S risks and opportunities

The greatest impact we have as a financial institution is through our financial activities. We have developed a comprehensive framework which will ensure that the group proactively identifies, manages, monitors and embeds **environmental and social (E&S) risk management** into its lending processes. Standard Bank aims to drive Africa's growth with minimal negative reputational, social, economic and environmental impact.

Managing and mitigating indirect environmental and social risk

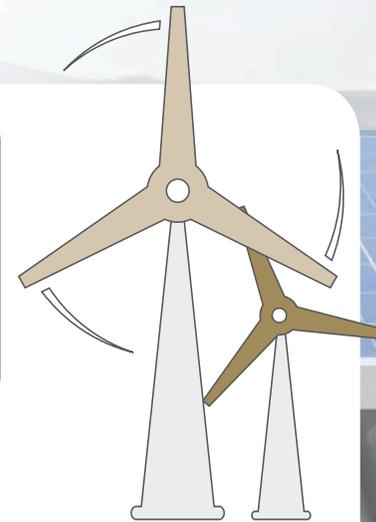
We define E&S risk as:



Potential adverse effects on the natural environment and social fabric arising from emissions, waste and resource depletion, and potential adverse effects on the health, human rights, livelihoods and cultural heritage of communities that may arise from our business activities



Threats to assets arising from environmental and social impacts, such as extreme weather events and industrial unrest



The E&S risks associated with our financing and banking services depend on the type of financial products; the sectors in which our clients operate; the nature of clients' operations and the location of clients' activities. E&S risk cross cuts credit, operational, legal, reputational and shareholder value risk. **Assessment and management of E&S risk is undertaken at multiple points during the transaction life cycle**, including when taking on new clients, assessing pre-credit and credit applications, and developing and offering new products and services.

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.

It has played a role in ensuring that E&S risks and opportunities are appropriately screened, managed and monitored throughout the transaction life cycle. **Our ESMS has also helped highlight the need to develop new business areas by targeting environmental/green/climate and social finance opportunities or sectors.**

Opportunities

We promote green and social investments and support clients and stakeholders who want to improve their business processes in an environmentally and socially sound manner. This includes:

- Green investments relating to environmental goods and services that prevent or reduce any form of environmental degradation and conserve and maintain natural resources
- Investments relating to social good such as education, health care, infrastructure, housing and employment creation
- Public policies that support the green transformation of the economy (such as feed-in-tariffs for renewable energies)
- Financial system components that protect the environment by utilising financial instruments such as green credit, green bonds, green stock indices, carbon finance, structured green funds and related products.