



DBSA LEVEL 2

ENVIRONMENTAL AND SOCIAL POLICY

2025 — VERSION 1

DBSA

POLICY STATEMENT

Context

The DBSA recognizes that addressing climate change, nature loss and managing limited resources are imperative to achieving a balanced, sustainable, and resilient future for the society in which it operates. The Bank continuously seeks investment opportunities as it relates to transitioning to a net-zero carbon economy whilst at the same time protecting nature and living within planetary boundaries. This policy underpins the Bank's commitment to the above through implementation of the DBSA's Environmental and Social Safeguard Standards as well as relevant environmental and social legislation.

Our aims outlined below illustrate our recognition of environmental (which includes climate change risks) and social risks that are relevant to both the Banks' own operational and lending exposure as well as on and through its supply chain. By applying its own standards, it is able to protect its assets, shareholder, stakeholders and clients, as well as to promote overall sustainable development in line with its Sustainability Framework.



AIMS



Through its investments, the DBSA aims to accelerate the transition towards a lower carbon trajectory whilst using its Environmental and Social safeguards to protect nature - land, water, oceans, air, and biodiversity – through its operations, business solutions, and spheres of influence.



In line with a lower carbon trajectory strategy, for the Bank to use both adaptation and mitigation strategy as appropriate in line with a net-zero target and to use any offset strategies to enhance the Bank's efforts around biodiversity and water conservation.



To continuously identify and proactively manage its own impacts into the environment, restore and conserve the environment where necessary and to minimize pollution of air, water, and soil caused by any of its own activities.



Through the Banks' own operational activities, to minimize Greenhouse Gas emissions in line with global commitments, whilst addressing its contribution towards impacts of climate change.



Where reasonably practicable to do so, to promote and enhance the sustainable use of ecosystems and to strive to minimize degradation of natural habitats and preserve biodiversity.

DBSA STRIVES

- Within its sphere of influence, to continuously collaborate with its clients and its key stakeholders to pragmatically and scientifically transition away from carbon intensive activities whilst conserving nature as part of their transition journey.
- To understand and work with its clients to identify and manage climate (physical, transition and nature related risks and opportunities affecting their business and organization.
- Together with its clients, to identify Gender mainstreaming opportunities in line with the DBSA Gender policy for each transaction it finances.
- As a Financial institution, to proactively identify sustainable finance products or solutions to incentivize its clients that “Do good”, to Do better” from an ESG performance perspective.
- To develop robust ESG procedures internally to hold the organization accountable to its own negative impacts through its operational and lending activities.
- Towards carbon neutrality of its own operational footprint (Scope 1 and Scope 2) by 2032. This to be achieved, by continuously improving and measuring its ESG related performance through its own operational environmental and social management system aligned to international standards.
- Continuously, invest in learning and strategic partnerships to address ESG related knowledge gaps, lead and promote scalable sustainable finance solutions to environmental challenges.
- Play a policy and planning instrument role for changes to relevant Environmental and social policy and regulations including financial industry reporting standards within the South African context.

LEVERAGING PARTNERSHIPS

- The DBSA finances clients whom are intentional and willing to work with the DBSA on improving their approach to manage environmental, social, and human rights risks and impacts, as well as improving their governance. The DBSA contractually agrees performance improvements related to most important Environmental, Social and Governance (ESG) risks with its clients and partners. By continuously improving its ESG related performance, its clients potential adverse impacts on environmental and social issues are materially reduced.
- The DBSA endorses the United Nations Guiding Principles on Business and Human Rights and the Bank recognizes the responsibility of businesses to respect human rights, within the contexts in which it operates. At a lending level, the DBSA recognizes that some human rights matters are highly complex and requires its own due diligence on a transactional basis.
- The DBSA ensures that through its own DBSA Environmental and Social Safeguards, it takes precautionary measures to avoid supporting activities that may cause or contribute to human rights violations and acknowledges the responsibility of its clients to do the same. This implies avoidance in the infringement of human rights of others and to address adverse impact these clients may cause or contribute to.

This policy is aligned with the spirit of conducting business in a responsible manner and aligns to society and government's efforts in protecting the biophysical environment.

As a financial institution, the DBSA appreciates that its most material ESG related risks may arise indirectly from the social and environmental impact of counterparties, clients and lending solutions or mechanisms.

By working with them the Bank can positively influence and encourage responsible conduct in line with international best practice and regulations. This policy must be read in conjunction with the DBSA's Sustainability Framework.

END.

