DBSA
DEVELOPMENT BANK OF SOUTHERN AFRICA

Sustainable Finance Framework

April 2026



Development Bank of Southern Africa (DBSA)

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Table of Abbreviations

APLMA	Asia Pacific Loan Market Association
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BREEAM	Building Research Establishment Environmental Assessment Method
CBI	Climate Bonds Initiative
CO2	Carbon Dioxide
CO2e	Carbon Dioxide Equivalent
CSIF	Core Sector Indicator Framework
DAC	Development Assistance Committee
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DRT	Development Results Template
DRRF	Development Results Reporting Framework
EDGE	Excellence in Design for Greater Efficiencies
ESG	Environmental, Social and Governance
ESSS	Environmental and Social Safeguards Standards
GCF	Green Climate Fund
GHG	Greenhouse Gas
GIIN	Global Impact Investing Network
HVAC	Heating, Ventilation and Air Conditioning
ICMA	International Capital Market Association
ICT	Information and Communication Technology
IDD	Infrastructure Delivery Division
IFC	International Finance Corporation
IRIS+	Impact Reporting and Investment Standards Plus
JSE	Johannesburg Stock Exchange
JSE DSS Requirements	JSE Debt and Specialist Securities Listing Requirements
LEED	Leadership in Energy and Environmental Design
LM	Loan Management
LMU	Loan Management Unit
LMA	Loan Market Association
LSTA	Loan Syndications and Trading Association
MW	Megawatt
MWh	Megawatt-hour
N2O	Nitrous Oxide
OECD	Organisation for Economic Co-operation and Development
OEU	Operations Evaluation Unit
Rbn	Rand billion
SAGFT	South African Green Finance Taxonomy
SEECR	Social Environmental Ethics Climate Risk
SDG	Sustainable Development Goal
SMEs	Small and Medium Enterprises
SPO	Second Party Opinion
StatsSA	Statistics South Africa
UN	United Nations
USDMM	United States Dollar Million

Glossary

Affordable Housing
Housing projects targeted at low-income or eligible beneficiary groups, including subsidised, social, or affordable housing programmes.

Climate Change Adaptation
Investments aimed at increasing resilience to climate-related risks and extreme weather events, including flood protection and climate-resilient infrastructure.

Clean Transportation
Low-carbon or non-fossil fuel transport systems, vehicles, and supporting infrastructure such as electric vehicle charging stations.

Development Finance Institution
A financial institution established to support economic development through financing infrastructure and development projects.

Development Results Template
A DBSA internal monitoring and evaluation tool used to capture, track, and report the intended development outputs, outcomes, and impacts of projects, programmes, and lending interventions. The DRT supports project appraisal, implementation monitoring, and impact reporting by linking investments to measurable development indicators.

Eligible Assets/Projects
Projects that meet the sustainability eligibility criteria defined within the Sustainable Finance Framework for allocation of proceeds.

Energy Efficiency
Technologies or systems that reduce energy consumption and improve energy performance relative to a baseline.

Environmental and Social Safeguard Standards
DBSA's framework for assessing and managing environmental and social risks associated with projects and investments.

Green Bond
A bond instrument where proceeds are exclusively applied to finance or refinance eligible green projects.

Green Buildings
Buildings that meet recognised environmental certification standards or demonstrate measurable environmental efficiency improvements.

Green Loan Principles
International guidelines developed by the LMA/APLMA governing environmentally sustainable lending.

Impact Reporting
Annual disclosure of development, environmental, and social outcomes associated with financed projects.

Impact Measurement
The process of assessing the non-financial environmental and social outcomes generated by funded projects.

Low-Income Populations
Individuals or households below nationally defined income thresholds or poverty lines.

Management of Proceeds
The process by which DBSA tracks, allocates, and manages funds raised under sustainable finance instruments.

Renewable Energy
Energy generated from renewable sources such as solar, wind, biomass, hydro, and biogas.

Second Party Opinion (SPO)

An independent external assessment confirming alignment of the framework with recognised sustainable finance principles.

Social Bond

A bond instrument where proceeds are used exclusively for projects delivering positive social outcomes.

Social Loan Principles

International principles governing loans that finance eligible social projects.

Socio-Economic Advancement and Empowerment

Financing initiatives that support women-owned enterprises, equal participation, and financial inclusion.

Sustainable Finance Framework

DBSA's framework governing issuance, allocation, management, and reporting of green, social, and sustainability financing instruments.

Sustainable Water and Wastewater Management

Investments supporting water supply, wastewater treatment, flood protection, drainage systems, and water reuse.

Target Population

Defined beneficiary groups eligible for social financing, including vulnerable communities, low-income households, SMEs, and underserved populations.

Use of Proceeds

The application of funds raised through sustainable finance instruments toward eligible green and social projects.

Vulnerable and Marginalised Groups

Groups facing increased risks of exclusion or limited access to services due to social, economic, or geographic factors.



1. Introduction

This document outlines the framework under which the Development Bank of Southern Africa SOC Ltd. (DBSA, hereafter referred to as "the Bank") intends to issue sustainable use-of-proceeds debt instruments including green-, social-, and sustainability bonds and loans. The proceeds of such instruments will be utilised to fund assets/projects which would contribute to achieving specific objectives aligned to DBSA's sustainable development mandate and business focus, and in turn, the objectives of the United Nations (UN) Sustainable Development Goals (SDGs). This document serves as DBSA's Sustainable Finance Framework (hereafter referred to as "the Framework"), incorporating both green, social and sustainability financing criteria. Section 4.1 further clarifies how eligible categories align with sustainability priorities and impact measurement indicators.

This framework aligns with international best practices, including the International Capital Market Association's (ICMA) Green Bond Principles (June 2025), Social Bond Principles (June 2025) and the Sustainability Bond Guidelines (ICMA, 2021) for bonds, and the Loan Market Association's (LMA) / Asia Pacific Loan Market Association APLMA Green Loan Principles (March 2025) and Social Loan Principles (March 2025) for loan-based financing. These principles provide the foundation for DBSA's sustainability bond/loan structuring and alignment with global sustainability objectives. It also references guidance from the Loan Syndications and Trading Association (LSTA), and APLMA.

2. DBSA as Issuer

The DBSA is a development finance institution wholly owned by the government of South Africa, with a mandate focused on infrastructure finance in South Africa and the rest of the African continent and its oceanic islands. The Bank's primary mission is to advance development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions. The Bank's operations and product suite span the entire infrastructure development value chain and include active participation in the planning, preparation, structuring, funding, and ultimately, implementation of infrastructure solutions.

DBSA supports the preparation and financing of large-scale infrastructure projects within primarily the water, energy, transport, and ICT sectors. In addition, the Bank within South Africa, supports the planning, preparation, financing, and implementation of municipal and social infrastructure projects.

3. DBSA's Approach to Sustainability

As a development finance institution (DFI) centered on improving the lives of the people of South Africa and the broader African continent, sustainability is core to the DBSA mandate and business focus. All investment proposals undergo environmental, social and governance screening and appraisal as per DBSA Environmental, Social and Institutional Appraisal Framework Guidelines. DBSA applies its safeguard assessment on each proposed investment. The environmental, social and governance appraisal is incorporated into the broader investment appraisal process, underscoring DBSA's commitment to sustainable and equitable development. The credibility of the DBSA's project selection and appraisal standards is aligned with international best practice. Figure 1 below illustrates DBSA's Lending Procedure.

1 Screening	2 Due Diligence	3 Investment Application & Structuring	4 Deal Approval & Execution	5 Monitoring & Management	6 Exit

Stage	What happens	ESG activities	Tools & templates
PRE-INVESTMENT STAGE			
1 Screening	Determine whether to pursue an opportunity/asset and its exposure size in the portfolio.	**SWG Screening:** • ESG Risk Categorisation • ESG Red Flags • Inform Scope of ES Due Diligence	2. ESG Screening Procedures 3. ESG Screening IC Summary
2 Due Diligence	Detailed and comprehensive internal rating and development of a detailed investment report.	• Set out ESG Due Diligence terms of reference for high medium and low risk investments • Conduct ESG DD	4. High Risk ESG Diligence Terms of Reference (ToR) 5. Internal ESG Questionnaires
3 Investment Application & Structuring	Review investment proposal. Ensure agreements comply with prescribed regulations and internal requirement.	• Relevant findings from the ESG Due Diligence and the ESG Action Plan discussed in Investment Committee (IC) meeting	6. ESG DD IC Summary
4 Deal Approval & Execution	Approve investment proposal and final terms if considered appropriate.	• Incorporate and formally agree on ESG terms for legal agreements	7. ESG Clauses for Legal Agreements
POST-INVESTMENT STAGE			
5 Monitoring & Management	Monitoring and management of portfolio companies. Review, assessment and allocation of capital.	• Monitor on-going portfolio companies ESG performance • Obtain data from portfolio companies to compile fund quarterly and annual reports • Implementation of actions plans to generate maximum ESG outcomes	8. Major Incident Reporting Template 9. ESG Performance Reporting Templates 10. Grievance Mechanisms
6 Exit	ESG issues requiring attention prior to disinvestment.	• Report on potential ESG issues affecting disinvestment • Determine actions to mitigate the ESG risks	11. ESG Exit Assessment Terms of Reference (ToR)

1. ESG Policy

12. ESG Reporting

Figure 1: DBSA ESG Lending Procedure.

3.1 The DBSA Sustainable Finance Framework

The DBSA supports investments which demonstrate responsible environmental and social practices. Environmental and social principles aligned with global best practice are integrated into all DBSA investment decision making processes. The suite of policy documents, guidelines, and tools which collectively aim to mainstream environmental and social considerations into the Bank's drive to promoting sustainable development include:

- The DBSA Environmental and Social Safeguard Standards (ESSS)
- The DBSA Social and Institutional Guidelines,
- DBSA Environmental and Social Policy,
- South African Green Finance Taxonomy (SAGFT), and
- DBSA Gender Mainstreaming Policy.

These documents set out in detail the standards applied by the DBSA to manage social and environmental risks in its investment decision making and serve to provide potential DBSA clients with a reference framework to guide the planning and preparation of infrastructure projects for financing. See Figure 2 below for illustration of the DBSA ESSS which was significantly based on the International Finance Corporation (IFC) Performance Standards. Figure 3 below illustrates the DBSA Impact Categorisation Framework.



Figure 2: DBSA Environmental and Social Safeguards

All DBSA clients are required to assess, manage and monitor environmental and social risks and impacts associated with a project. The E&S team screen each investment proposal on an objective basis to identify the nature and magnitude of potential risks and impacts especially the impact on key and affected stakeholders. Understanding the Clients capacity to manage the environmental and social risks and impacts, is key to determining a project bankability. Ultimately, the DBSA and client share responsibility for project categorization.

Category 1: High and Substantial Risk Projects with significant, broad, diverse and irreversible environmental and social impacts such as projects which: • Include resettlement with major impacts on community livelihoods & require a Resettlement Action Plan (RAP) • Pose serious occupational or health risks • Pose serious socio-economic concerns • Large dams, levees & weirs/canals, affecting river flow/water transfer between catchments • Major coal, oil & gas developments & pipelines • Large port & harbour developments • Large thermal and hydropower developments • Projects affecting indigenous populations	**Category 1: Procedures & guidelines** The client to provide: • An Environmental and Social Scoping report • A Comprehensive ESIA • Detailed Ecosystem with project mitigation measures. • A Stakeholder Engagement Plan with project information disclosure & grievance redress mechanisms • Project level gender mainstreaming plan • GHG screening & climate mitigation & adaptation plan
Category 2 or Medium Risk Category Projects with adverse environmental & social impacts but with few irreversible impacts and where mitigation measures can be prescribed such as: • Water supply projects • Satisfaction projects • Water purification plants / reservoirs for public water supply • Electrical transmission • Renewable energy • Telecommunications • Pipelines (depending on the route).	**Category 2: Procedures & guidelines** The client to provide: • An Environmental and Social Scoping report • An ESIM • ESEM with project mitigation measures. • A Stakeholder Engagement Plan with project information disclosure & grievance redress mechanisms • Project gender mainstreaming plan • GMC screening & climate mitigation & adaptation plan ESIA
Category 3 or Low Risk Category Projects which are unlikely to have adverse environmental & social impacts such as: • Health service projects • Internal reticulation of urban developments • Institutional development and capacity-building projects • Technical assistance • Securitisation	**Category 3: Procedures & guidelines** The client to provide at least: • Evidence of project E&S screening • All permits or approvals required • Any measures to manage affected community impacts • a basic ESMP
Category 4 or Financial Intermediary Projects involve DBSA lending to financial intermediaries that on-lend or invest in subprojects that may result in adverse environmental and social impacts.	**Category 4: Procedures & guidelines** The client to provide at least: • Corporate E&S policies & capabilities, • Ability to apply DBSA's ESSS to its Category 1 & 2 subprojects, • Comply with local social & environmental policy & legislation • Develop & maintain an ESMP

Figure 3: DBSA Impact Categorisation Framework

4. Sustainable Finance Framework – Process and Review

The DBSA seeks to provide innovative and structured financing solutions to meet project needs thereby matching environmental and social safeguards principles with financial solutions to address development challenges. The DBSA adopts an integrated approach to assess the environmental, social, gender, economic,

financial and sector considerations of each proposed investment project. This enables the DBSA to embed sustainability principles into every step of the investment value chain. Figure 4 below illustrates the DBSA Environmental and Social Sustainability Approach.

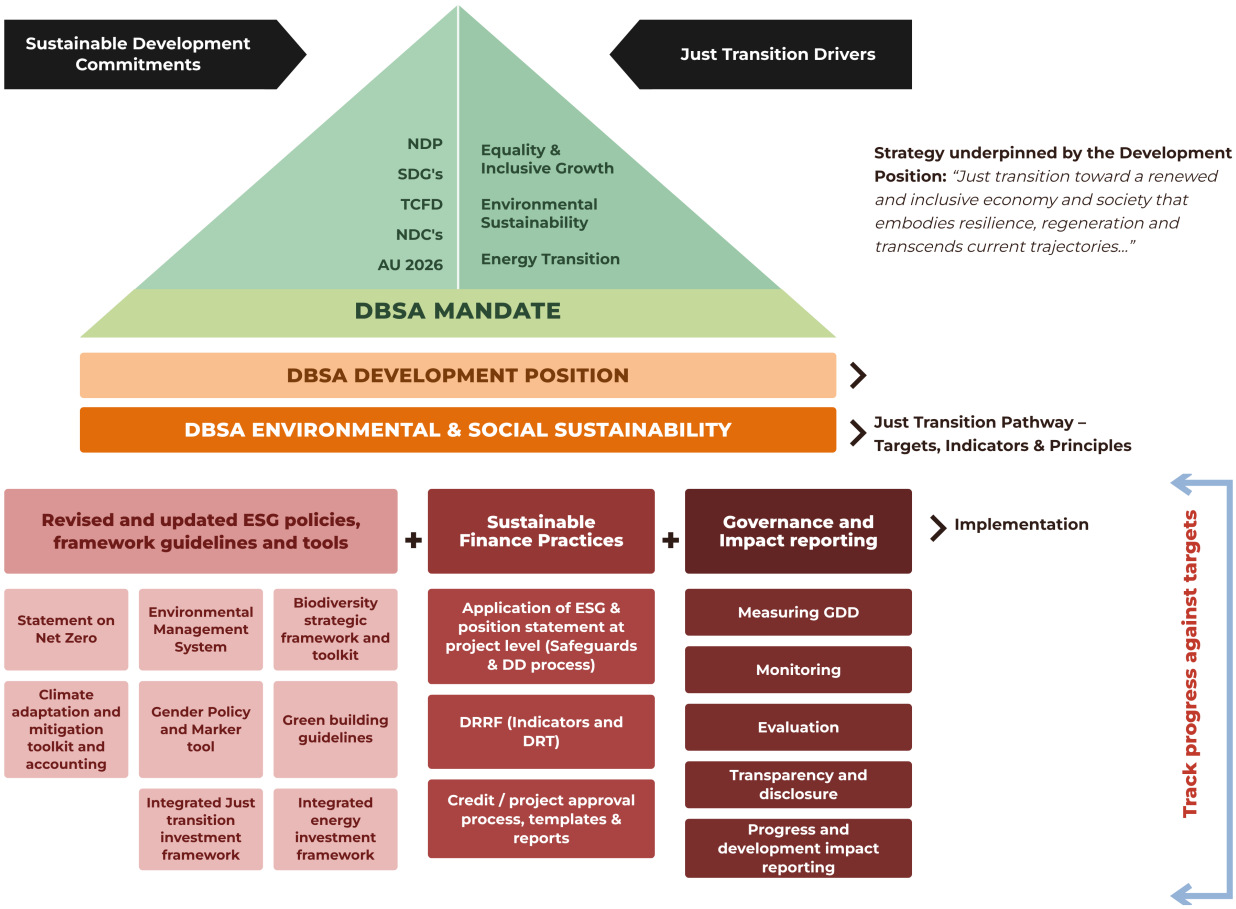


Figure 4: DBSA Integrated Environmental and Social Sustainability Approach

4.1 Use of Proceeds

This framework governs the issuance of sustainability bonds in accordance with the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. Where applicable, for loan-based financing, the framework aligns with the LMA Green Loan Principles and Social Loan Principles. A Sustainable Finance Use of Proceeds Tracking Procedure (annexure 2) has been developed for the Framework.

Funds raised through the issuance of green, social, or sustainability bonds may be allocated toward financing new loans and assets, as well as refinancing existing ones. New loans refer to those with a first disbursement within one year prior to the bond issuance or anytime thereafter. Existing loans include those that reached financial close within the last 36 months before issuance or relate to assets that have not yet become fully operational.

Proceeds from loans and bonds issued under the Framework will be used for new loans or to refinance eligible loans and investments that are aligned with select subsets of the investment categories and eligibility criteria set out in the table below. Projects not included within the scope of the eligibility criteria

will not be considered under this Framework for funding. Where further guidance is required for project eligibility or classification the Issuer will consult, on a case-by-case basis, the SAGFT as a complementary local reference, ensuring consistency with ICMA definitions.



Green categories

Renewable Energy

Green

ELIGIBILITY CRITERIA

- Generation (including generation for self-consumption), distribution, and/or transmission, construction or maintenance of renewable power and associated infrastructure, including wind, solar, biomass, and biogas.
- Onshore wind energy.
- Small-scale hydro energy (maximum of 20 MW in installed capacity) with low negative risk/impact to people and ecosystems affected. Only run-of-river hydro projects (located outside of and downstream of protected areas, and landscapes of significant biodiversity/ecosystem service value and provided they are not located on wild rivers).
- Biomass (that does not compete with food production, not adversely impact on areas of high biodiversity or areas with strategic water resource value to downstream users and in which facilities produce GHG emissions below 100gCO_2e/kWh).
- Biogas: Separate feedstock before use into recyclable and non-recyclable:
  - Waste and non-waste feedstocks will be utilized.
  - Waste includes (but not limited to) food waste, algae sludge, wastepaper, and bagasse.
  - Non-waste feedstock will only be used if certified by either the Sustainable Biomass Partnership, Roundtable on Sustainable Biomaterials, International Sustainability & Carbon Certification Plus or have a carbon intensity of lower than 100gCO_2/kWh (average over 5 years). This threshold will be reduced every 5 years in line with a net-zero CO_2e in 2050 trajectory. Examples include but are not limited to residues and byproducts that can be reused by processing/production units.

APPLICABLE SDGS



TARGETS

Target 7.2: Increase renewable energy share

Target 7.3: Expand modern and sustainable energy infrastructure

A. Feedstock and plant must not impact negatively or place at risk any critical habitat, protected area or rare and endangered species, or natural habitat or productive farmland/grazing land). It must not place at risk any resources of strategic water/ biodiversity/ecosystem services/conservation or agricultural/grazing value (either existing or potential). Alternative solar energy options must be investigated and considered (aligned

B. Manufacturing or import of components dedicated solely to renewable energy technology (including but not limited to wind turbines, solar panels, inverters, storage batteries).

C. Manufacturing and supply chain/distribution solely dedicated to renewable energy equipment and components.

D. Micro Geothermal plants that do not place at risk or impact negatively on natural habitat, protected areas or water resources or reduce access to water resources.

- Manufacturing of products that are essential for eligible renewable energy technologies (Geothermal Power, Hydropower, Concentrated Solar Power, Solar Photovoltaic, Solar Thermal Energy for district heat production, Wind Energy, Ocean Energy, and Bio-energy technologies that meet the conversion efficiency requirements, and green hydrogen and hydrogen electrolysis installation) and other technologies that result in substantial GHG emission reductions.

Energy Efficiency

Green

ELIGIBILITY CRITERIA

Manufacture, installation, or procurement of equipment or technologies that enable energy efficiencies and result in a decline in energy consumption. Examples include smart grids, smart meters, and LED lighting. Improvements must result in energy performance improvements of at least 20% over baseline.

APPLICABLE SDGS



TARGETS

Target 9.4: Upgrade infrastructure for sustainability

Target 11.6: Reduce environmental impact of cities

Clean Transportation

Green

ELIGIBILITY CRITERIA

- Financing or refinancing of the import, manufacture, acquisition, and/or maintenance of: Public vehicles such as electric, non-motorized or any other non-fossil fuel transportation.
- Manufacturing of low carbon vehicles such as electric, non-motorized or any other non-fossil fuel transportation.
- Construction, manufacture, acquisition and/or maintenance of infrastructure for clean energy vehicles and reduction of harmful emissions examples include but are not limited to charging stations or supporting infrastructure.

APPLICABLE SDGS



TARGETS

Target 11.2: Provide access to safe, affordable, sustainable transport

Sustainable Water & Wastewater Management

Green

ELIGIBILITY CRITERIA

Financing of:

- Water for consumption or economic use;
- Wastewater treatment;
- Sustainable urban drainage systems;
- Flood and drought protection; and
- Water reuse

Supporting ecological infrastructure and water resource management (e.g., conservation of natural capital, catchment management, and sustainable land use management).

APPLICABLE SDGS



TARGETS

Target 11.1: Ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums

Target 11.3: Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management

Climate Change Adaptation

Green

ELIGIBILITY CRITERIA

Financing of:

- Buildings that are climate-resilient
- Disaster-resilient infrastructure
- Flood protection and coastal defense projects

APPLICABLE SDGS



TARGETS

Target 13.1: Strengthen resilience to climate-related extreme events

Terrestrial and Aquatic Biodiversity

Green

Environmentally sustainable management of living natural resources and land use

ELIGIBILITY CRITERIA

Financing of:

- Conservation of ecosystems
- Sustainable agriculture projects
- Land rehabilitation and sustainable management practices

APPLICABLE SDGS



TARGETS

Target 15.1: Ensure conservation of ecosystems

Target 15.3: Combat desertification and restore degraded land

Green Buildings

Green

ELIGIBILITY CRITERIA

Financing or refinancing of the acquisition, construction, development, refurbishment, retrofitting, operation, and maintenance of residential, commercial, public, or mixed-use buildings that meet recognised environmental performance standards or demonstrate material improvements in environmental efficiency.

Eligible projects may include:

- Buildings certified under recognised green building standards, such as EDGE, Green Star 4 Star or above, LEED Gold or above, BREEAM Very Good or above, or equivalent recognised certification schemes.
- Residential housing projects, including affordable housing, where the asset meets an eligible green building certification standard.
- Supporting systems and technologies integral to green building performance, including energy-efficient lighting, HVAC systems, water-efficient fittings, on-site renewable energy, and climate-resilient design features.

APPLICABLE SDGS



TARGETS

Target 11.1 / 11.6: Improve access to adequate housing and reduce environmental impact of cities

Target 7.3: Improve energy efficiency

Target 13.1: Strengthen resilience and climate response



Social categories

Socio-Economic Advancement and Empowerment

Social

ELIGIBILITY CRITERIA

Financing of:

- Women-owned enterprises
- Infrastructure projects led by women
- Support for leadership and equal participation in economic and public decision-making
- Women entrepreneurs facing barriers to financial inclusion

APPLICABLE SDGS



TARGETS

Target 5.5: Ensure women's full participation and equal opportunities for leadership

Affordable Housing

Social

ELIGIBILITY CRITERIA

Construction, acquisition, retrofitting, or rehabilitation of low-income and affordable housing projects targeted at eligible beneficiary groups, including projects that may also meet recognised green building standards.

Projects may include:

- Development of new affordable housing units.
- Upgrading or rehabilitation of existing housing stock.
- Provision of essential housing-related infrastructure and services.
- Projects that also meet recognised green building certification standards may be jointly classified under Green Buildings, where applicable.

APPLICABLE SDGS



TARGETS

Target 11.1: Ensure access to adequate, safe, and affordable housing

Access to Essential Services

Social

ELIGIBILITY CRITERIA

Financing of:

- Hospitals, clinics, and supporting infrastructure
- Schools and associated facilities
- Student accommodations
- Tertiary education facilities
- Supporting health-related infrastructure for access to quality services.

APPLICABLE SDGS



TARGETS

Target 3.8: Achieve universal health coverage

Target 4.1: Ensure quality education access

For Social Bonds or Loans specific target populations[1] will be considered in the allocation of funds. The identification of target populations, including low-income groups, vulnerable communities, and small and medium enterprises (SMEs), will be aligned with legislated definitions and internationally recognized

frameworks. These include the National Small Business Amendment Act (2003), the Broad-Based Black Economic Empowerment (B-BBEE) Act (2003), the Social Housing Act (2008), and relevant policy guidelines issued by the National Treasury and Statistics South Africa. Where applicable, alignment will also be maintained with global standards such as the World Bank income classifications and the United Nations Sustainable Development Goals (SDGs) to ensure consistency and best practice in defining eligible beneficiaries.

The definitions for the households by income group for 2023[2] are as follows:

Low-income households (P1-3)	Medium income households (P4-7)	High income households (P8-10)
R0 – R56 067	**R56 068 – R249 436**	**> R249 436**
Households with an annual income of between R0 – R56 067	Households with an annual income of between R56 068 – R249 436	Households with an annual income > R249 436

In accordance with the Bank's BSC, the Percentage of procurement spend on Black women-owned suppliers for IDD third party fund (30% shareholding and above) and defined as follows: B-BBEE Procurement spend from all empowering suppliers within IDD that have at least 30% black women ownership/shareholding based on the applicable B-BBEE Procurement Recognition Levels.

4.2 Process for Project Evaluation and Selection

4.2.1 Decision Making Process for Selection of Eligible Projects

All projects proposed for financing by the DBSA are assessed for eligibility within the DBSA investment decision making structures. The DBSA applies an integrated environmental, social, economic, financial and sector assessment of each of the proposed projects. Projects are screened according to the DBSA ESSS Framework.

DBSA has a well-established set of tools and procedures to classify green operations and assess and monitor environmental and social projects, supported by internationally accredited environmental and social safeguards standards which align with the legislation in all of the jurisdictions in which the Bank operates. The Bank has a constantly evolving pipeline of projects which will align to the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles, Social Loan Principles and the Climate Bonds Initiative ("CBI").

1 Refer to annexure 1.
2 These values are adapted from StatsSA's average household income.

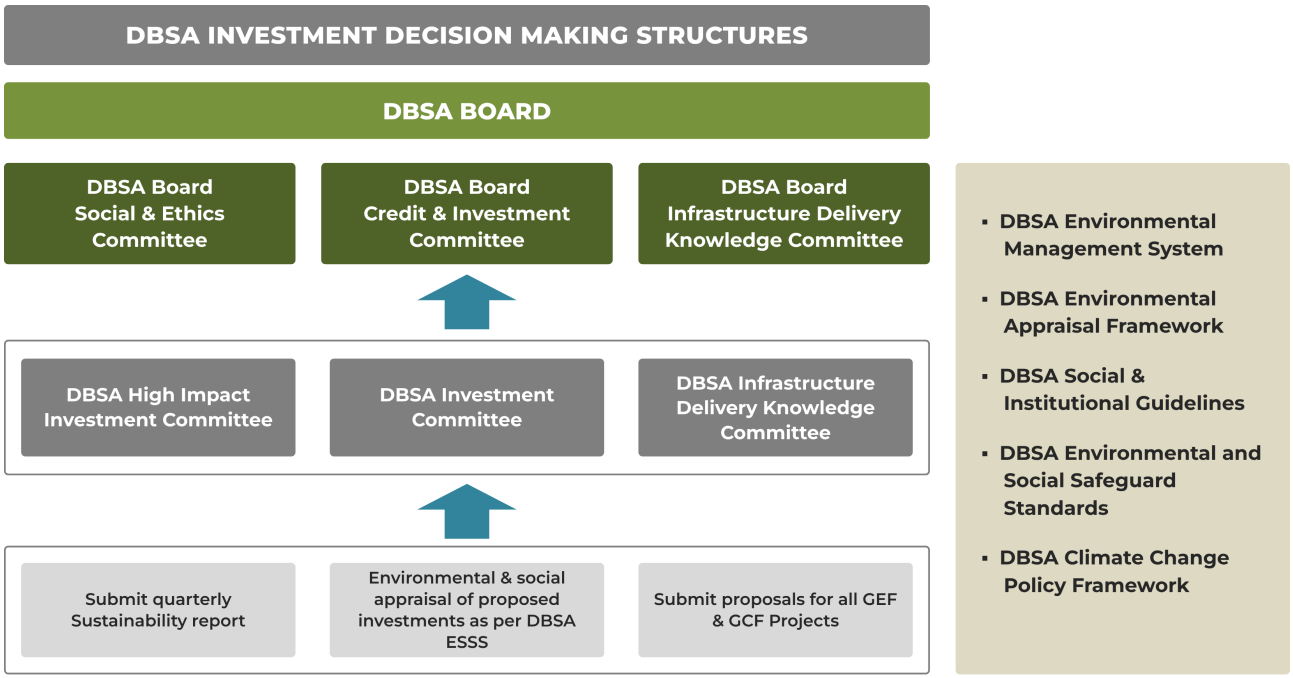


Figure 5: DBSA Investment Decision Making Structures

Eligible projects for the Sustainable Finance Framework are evaluated against the DBSA credit lifecycle and due diligence procedures. With the assistance of DBSA's Environmental and Social Sustainability Team and in close coordination with the DBSA Treasury, eligible projects are assessed for inclusion in the Bank's portfolio of projects to be considered for financing under the Sustainable Finance Framework.

The DBSA's Social Environmental Ethics Climate Risk (SEECR) Management Committee will hold responsibility and accountability for the Framework, including all associated compliance through the life of all DBSA's bond issuances or loans.

The SEECR is chaired by the Chief Risk Officer. It will also inter alia consist of the senior representatives from DBSA Treasury, Distribution, asset lending teams, the Head of Sustainability, the Head of Climate and Environmental Finance unit, as well as the specialists that perform the Green Climate Mapping for the DBSA. It will be supplemented from time to time or expanded by including other specialists within the various sectors which DBSA has exposure in, including external specialists where required.

The purpose of the SEECR is to manage the eligibility criteria of the use of proceeds by consulting with the internal subject matter experts, making recommendations and seeking other associated confirmation from the committee members including any anticipated reputational risk matters prior to issuance.

5. Management of Proceeds

DBSA will allocate an amount equivalent to the net proceeds from the green, social or sustainability bond/loan issuance(s) and/or raise(s) exclusively to eligible assets/projects which will be selected and tracked in accordance with the use of proceeds criteria (section 5.1) and the evaluation and selection process (section 5.2) presented above (eligible portfolio).

The DBSA has established a Use of Proceeds Tracking Procedure (annexure 2), outlining appropriate measures and procedures to ensure that proceeds from the green, social or sustainability bond(s)/loan(s) are allocated and utilized as intended and subject to the applicable Framework. Any proceeds not allocated to eligible projects at the date of issue will be invested in cash, cash equivalents, and other liquid instruments, and managed in line with the DBSA's liquidity management framework until such time that the funds are apportioned to eligible projects. The unallocated proceeds shall not be invested in any activity listed in the DBSA Exclusion List (annexure 3).

DBSA will strive to achieve a level of allocation for the eligible assets/projects that match or exceed the balance of net proceeds from the outstanding green, social and/or sustainability bonds/loans issued/raised in terms of this Framework, within 24 months from the date of each issuance/raise. Eligible assets/projects may be added when they meet the Framework's eligibility criteria and are approved through DBSA's project evaluation and selection process. Assets may be removed if they are repaid, divested, no longer meet eligibility criteria, or are found to be non-compliant with DBSA's ESSS. In such cases, proceeds will be reallocated to other eligible assets in a timely manner.

DBSA will also attain independent external verification on their annual impact and allocation reporting post-issuance in line with the JSE Debt and Specialist Securities Listing (DSS) Requirements and international best practice including the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.



5.1 Reporting and Impact Measurement

DBSA will prepare and publish an annual allocation and impact report with respect to the green, social and/or sustainability bonds/loans issued/raised under this framework until full allocation, verified by an external independent reviewer. This reporting will be published as per the DBSA Development Results Reporting Framework (DRRF) and the DBSA Core Sector Indicator Framework ("CSIF"). Instruments issued under this Framework will comply with the applicable JSE DSS Requirements, including ongoing disclosure obligations such as financial reporting, material event disclosure, and investor reporting, in line with the relevant listings rules. The DRRF has been developed to ensure alignment with ICMA, Green Bond, SDG principles, Green Climate Finance ("GCF") and Climate Finance.

DBSA's reporting approach aligns with international best practices, including the ICMA Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines, as well as relevant SDG indicators. Impact indicators will be designed to ensure comparability with recognized international frameworks and best practices.

The reporting will provide:

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

A summary of the impacts of the eligible asset/project portfolio may include the metrics set out below and relevant narratives, where the data is available and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition, or other relevant regulation. Furthermore, the impact of use of proceeds will be reported using the impact indicators recommended by the ICMA Handbook of Harmonized Impact Reporting for green bonds and ICMA Handbook of Harmonized Impact Reporting for green and social bonds

Indicative Impact Indicators

When identifying eligible asset/projects and their non-financial impacts, DBSA will use the DRRF, CSIF and the DBSA Development Results Template (DRT). If need be, the DBSA may use the services of external consultants and their data sources. This will be dealt with on a case-by-case basis. Within the DRT's projects, the DBSA is required to report on the following mandatory indicators. Additionally, project and sector-based indicators are used on all projects to determine the wider impact of the DBSA's projects. It should be noted that the indicator list is updated regularly to ensure alignment with regional and international green and sustainable finance indicators and taxonomies. A sample of the indicators are provided in Section 5.2 below.

5.2 Impact Reporting Criteria

DBSA will report annually on the Use of Proceeds and Impact components of the Eligible Assets. Annual evaluations are conducted and prepared in accordance with international best practices and internal protocols and procedures. The evaluations are guided by principles and standards developed by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) to assess performance and ascertain development impact.

In addition, all projects and interventions are evaluated against the DRT, a tool which captures and tracks the development results of projects/programmes and/or lending interventions of the DBSA, in line with the OEU Core Sector Indicator Framework. The DRT is an enabling tool for streamlining the design and implementation of DBSA projects and quantifying intended outputs and outcomes. Reporting on Use of Proceeds will focus on the following developmental impact indicators, subject to the data being available and corresponding client confidentiality provisions being adhered to.

The Bank's impact methodology aligns with global best practices, incorporating internationally recognized frameworks such as, but not limited to, the United Nations SDGs, the IFC Operating Principles for Impact Management, and the Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards

Plus (IRIS) System. Our approach emphasizes transparency, measurability, and accountability, ensuring that impact assessment is rigorous, data-driven, and aligned with industry standards. The intent is for impact data to be disclosed once available, reinforcing our commitment to transparency and continuous learning.

Renewable Energy

- Total installed capacity MW
- Annual Generated Renewable Power (MWh/year)
- Estimated annual CO_2 equivalent emission reduction (tons CO_2eq/year)
- Number of people with access to clean energy services
- Estimated number of jobs created
- Renewable energy plant capacity rehabilitated (MW)
- Annual renewable energy production in MWh (electricity)
- Total energy savings (KWh)

Climate Change Adaptation

- Description of the specific climate risk being addressed by the investment and how the project improves resilience to climate change
- Funding spent on climate adaptation activities ('000)
- Funding allocated to both mitigation and adaptation not accounted for above ('000)
- Description of refrigerants replaced with lower global warming potential solutions
- Annual GHG emissions reduced/avoided in tonnes of CO_2 equivalent

Sustainable Management of Natural Resources

- For agriculture projects:
  - Annual non-GHG emission reduction (e.g., reduction of N_2O fertilizer emissions)
  - Productivity gains due to climate smart agriculture (tons of product type/ha year)
- Reduction in post-harvest losses (tons of product type/year)
- Area (ha/year) of biodiversity conserved
- Area (ha/year) of forestation or reforestation
- Amount/size (ha/year) of sustainable agriculture, animal husbandry, fisheries etc.
- Ecosystems restored, under new protection measures and/or improved sustainable management systems (Ha's)
- Hectares of land or forests under improved and effective management that contributes to CO_2 emission reductions
- Marine, ground/surface water catchment systems restored or under new protection measures and/or improved sustainable management practices (Mm^3/a)

Sustainable Water

- Annual Volume of water saved/recycled (m^3/year)
- Annual Volume of wastewater treated for reuse (m^3/year)
- Additional number of people with access to safe drinking water
- Number of new households served with water
- Water savings - decrease in the annual absolute (gross) water use (Mℓ/day)
- Reduction in household water backlog (No.)
- Increased capacity of water treatment works (Mℓ/day)
- Increase in water storage capacity (Mℓ)

Access to essential services

- Number of education facilities financed / Spend on education (Rbn)
- Number of people provided with financial literacy training
- Number of people with access to education facilities or courses
- Additional student projected intake
- Number of healthcare facilities financed
- Number of new or existing healthcare facilities that have experienced increases in capacity from financing, i.e., additional hospital beds
- Number of people with access to healthcare
- Number of households with access to childcare facilities
- Are the following effective environmental and social governance mechanisms in place?
- Households benefitting from reticulation services (Number):
  - Water services
  - Sanitation services
  - Electricity services
  - Roads and drainage

Socioeconomic advancement and empowerment

- Number of females and/or BEE groups with increased access to affordable credit, payment services, saving accounts or non-financial services
- Number of female-owned enterprises funded
- Estimated number of jobs created
- Value of personal loans book and new business (Rbn)
- Procurement from women-owned companies and BEE companies (Rbn).
- Percentage of black women shareholder in the transaction
- Client's BBBEE spend on empowering black suppliers (%)/R '000
- Client's BBBEE spend on empowering suppliers that are women-owned (%)/R '000
- Value of Debt to Local community trust and SMMEs (Rand)
- Value of Subordinated Debt leveraged to Local community trust (Rand)
- Total No. of direct construction jobs created
  - No. of women employed
  - No. of youth employed
- Total No. of direct operational jobs created
  - No. of women employed
  - No. of youth employed

6. External Review

DBSA obtained a pre-issuance Second Party Opinion from a qualified and independent external reviewer to assess alignment of this Framework with the relevant ICMA, LMA and APLMA Principles and Standards listed in this Framework, as well as the JSE DSS Requirements. In order to do so, this SPO will express a view regarding the alignment of:

- The issuer's sustainability profile,
- The use of proceeds;
- Process for project evaluation and selection;
- Management of Proceeds; and
- Allocation Reporting.



Water infrastructure

The SPO will be made available to investors along with this framework on DBSA's website (https://www.dbsa.org/disclosures). DBSA will also attain post-issuance assurance on their annual allocation report in line with JSE DSS requirements and requirements as per Principles and Standards outlined in this framework.

DBSA

DEVELOPMENT BANK OF SOUTHERN AFRICA

Development Bank of Southern Africa SOC Ltd

Sustainable Finance Framework – April 2026

www.dbsa.org/disclosures