



# Sustainability Bond Impact Report 2022

**40**  
1982 - 2022  
CELEBRATING  
YEARS  
OF NAMIBIAN BANKING EXCELLENCE

**Bank Windhoek**  
a member of Capricorn Group

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# Committed to Sustainable Positive Change



Dear valued stakeholder,

The repercussions of climate change and the obstacles we face in development are becoming increasingly apparent, impacting many facets of life.

Now more than ever, our collective efforts are of great importance, considering that the intention is to make a meaningful and lasting contribution that will perpetuate change in sustainable development.

To achieve sustainable development as guided by the United Nations Sustainable Development Goals and the Paris Agreement, effective deployment of funding is crucial in attaining a lasting impact that will ensure, sustained growth that tackles climate change and other social issues we face globally.

As a wholly-owned Namibian financial institution, for Namibians, Bank Windhoek recognises how susceptible and vulnerable our nation is to climate change owing to our naturally diverse and erratic climate. As a developing nation, achieving sustained growth is a challenging goal which will require constant vigilance to ensure we account for all aspects that have the potential to negatively effect that growth.

At Bank Windhoek, we realise the importance of society and environment in ensuring continued growth of the Namibian economy. . As a financial

institution, it is paramount that we respond to the global Sustainable Development Goals to ensure our future prosperity. As a market leader in sustainable finance, our Sustainability Bond aims to create a paradigm shift in the Namibian market, creating a catalytic effect encouraging increased issuances of similar instruments in the country.

Issues of climate change and sustainable development are central to Bank Windhoek's strategy, demonstrated by our innovative approach to raising supplemental funds to finance projects that contribute and make an impactful difference to sustainable development.

We are proud of the milestones we have reached and the projects we are able to help finance through our Sustainability Bond. We aim to maintain momentum as the market leader in Sustainable Finance through continuous innovation, ensuring we are the financier of choice regarding green and sustainable projects in Namibia.

We hope you find our Sustainability Bond Impact Report insightful and informative.

Yours sincerely,

**Baronice Hans**  
**Managing Director**  
**Bank Windhoek**



# Our Resources Are Our Future



Dear valued stakeholder,

When it comes to natural resources, Namibia is a country of abundance with the ability to proliferate opportunities for sustainable development.

Unfortunately, numerous sustainability-related projects have often been unprioritised. Despite this, we have seen a drastic change in the demand for alternatives, especially in the climate mitigation space, with our customers requesting renewable energy financing.

In addition, we have identified the same demand in the SME space, with Namibians slowly transitioning from an employee mindset to an entrepreneurial mindset. As a result, businesses catering to various client bases with differential product offerings have emerged within the market.

Our Sustainability Bond aims to address the vast opportunities that abound within our nation. Availing funds designated explicitly for financially feasible projects pertaining to environmental, social, and economic growth.

As a financial institution, our mandate is to provide a spectrum of financial services to our clients. Moreover, our responsibility lies, not only as a financier but as a Connector of Positive Change, ensuring our nation's environmental and economic sustainability.

Our drive and innovative thinking has led to our inaugural Green Bond and Sustainability Bond, the latter of which we have shared the contributions made within the past year.

At Bank Windhoek, we believe innovative instruments, such as thematic bonds and blended finance approaches, are essential in solving the developmental challenges we face as a country. These are areas we will continue to explore to ensure we achieve the needed impact as it relates to sustainability.

We hope you find our Impact Report enlightening.

Yours Sincerely,

**Claire Hobbs**  
Chief Treasurer  
Bank Windhoek



# Climate Change Is Our Reality



Dear valued stakeholder,

Climate change has dramatically changed the world, and its consequences and mitigation have become a business and household responsibility, altering our views on sustainability.

It is evident, especially in the Namibian landscape, that climate change has led to social degradation and severe environmental ramifications in the form of reoccurring droughts, flooding, and infestations. Sustainability plays a role in all business processes, directly and indirectly influencing the economy, environment, and societal systems that form the foundation on which our future growth and success can thrive.

Our focus on fighting climate change through sustainability aligns with the Capricorn Group's vision and purpose of improving lives through leadership in financial services by being Connectors of Positive Change in the communities we serve. Therefore, our commitment is to play a pivotal role in shaping Namibia's growth, becoming a key strategic enabler of sustainable development.

The Group's objective has always been to achieve responsible sustained growth, delivering continuous long-term value to its stakeholders. We demonstrate our commitment to sustainable

finance through; the issuance of the Bank Windhoek Green and Sustainability Bond, our socio-economic upliftment through our Corporate Social Responsibility initiatives, and our ethical and responsible operations based on solid corporate governance structures.

It is our duty and responsibility to protect the environment and uplift the communities in which we operate. We believe that financial services can drive inclusive economic development that spearheads economic growth and sustainability.

The projects we have supported through proceeds raised by the Bank Windhoek Sustainability Bond have been a testament to the mechanisms used to support development initiatives. Reducing our environmental impact will pave the way for future generations to flourish and thrive.

We eagerly look forward to making a positive impact through the final allocation of funds remaining in our Sustainability Bond funding portfolio.

Yours sincerely,

**Ruan Bestbier**  
Head of Sustainability  
Capricorn Group

# Our Sustainability Bond Proceeds **N\$407,000,000**





## Our Sustainability Journey

Bank Windhoek is a Namibian commercial bank that provides superior financial services to individual and corporate clients. We also offer international banking services by liaising directly with financial centres and institutions worldwide. As a wholly-owned Namibian financial institution, we have achieved a strong financial position and tremendous growth since our establishment in 1982. Having attained a strong footprint across all regions, we have ensured access to financial services throughout the Namibian nation.

We aim to be a Connector of Positive Change by helping individuals and communities achieve their full potential, serving the Namibian people through progressive innovation. With our core business of providing innovative financial services, we aim to ensure a sustainable future for all Namibians by aligning with our stakeholders' needs and expectations.

A focus on innovation has guided Bank Windhoek's sustainability

journey. With the need for innovation in the Namibian market, we took strides in being the first commercial Bank in Southern Africa to issue a Green Bond. Striving for continuous growth, we then issued the Sustainability Bond, which seeks to have a more significant impact by expanding the types of projects that are able to have access to funding. The allocation of funding to smaller projects has taken precedence, enabling independent clients to access financing, for projects with a social and/or environmental benefit, this encapsulates projects such as renewable energy, sustainable agriculture, home wastewater treatment plants and so forth thus allowing our clients to make their own contribution to sustainability.

Considering recent developments in sustainability globally and within Namibia, Bank Windhoek sees great potential for progressing and growing within the sector as a means to make a positive impact and contribute to the sustainable development of Namibia.

Namibia is one of the few countries in Africa that has taken sustainability and climate change seriously, developing policies and making deliberate investments (foreign and domestic) to facilitate climate adaptation and mitigation in the country. For example, Namibia's Green Hydrogen Project, once implemented, aims to significantly contribute to the economy, benefiting the nation's people, and additionally contributing to the global goal of reaching net-zero status by providing a clean alternative fuel source to the world.

At Bank Windhoek, we're optimistic about the future. As a truly Namibian bank, we look forward to supporting the Namibian government by facilitating an environment that fosters investment through the provision of innovative solutions. We strive for greatness, learning from international best practices to provide sustainable financial solutions. As a Connector of Positive Change, the collaborations and opportunities we seek aim to progress the Namibian market.





## Methodology

Bank Windhoek is reporting on the estimated impact of its investments as per eligible category according to the Sustainable Bond Framework<sup>1</sup>. The quantitative data in this report is based on estimates provided by installers and/or our clients whom we provide with funding to support financially feasible projects.

All information, including metrics, is based on knowledge obtained during reporting. Data provided may differ according to the tools used to calculate metrics, and accuracy is dependent on the data provided by the installers of the various equipment. Bank Windhoek will continue perfecting its reporting by utilising best practices available within the market. The Bank is cognizant of the challenges that currently exist locally and globally in the standardisation of metrics and subsequent reporting.

### Report Assurance

Bank Windhoek engaged KPMG (South Africa) with regards the allocations in this report:

- to conduct a limited assurance assessment to ensure the processes as prescribed in the Sustainability Bond Framework were adhered to, and
- ensure that the financed projects were eligible for financing

### Please get link to report

Bank Windhoek Sustainability Bond Limited Assurance Report 2022 –

<https://www.bankwindhoek.com/na/Reports/2022%20Bank%20Windhoek%20Sustainability%20Bond%20-%20Limited%20Assurance%20Report.pdf>

### Renewable Energy

Renewable Energy impact indicators for this report are based on data available, which was dependent on

the installer's methodologies. The impact metrics selected are installed capacity (kW), yearly production (kWh), and tons of carbon dioxide equivalent avoided (tCO<sub>2</sub>eq).

Bank Windhoek utilised the International Finance Cooperation tool<sup>2</sup> called Climate Assessment for Financial Institutions (CAFI) to determine whether a project is climate-friendly and eligible for financing. Additionally, the tool aided in the quantification of the emissions avoided. The Environmental Protection Agency (EPA)<sup>3</sup> emissions calculator was used to determine the equivalency of the renewable energy installation when compared to other facets of life.

### Social Projects

Bank Windhoek aimed on financing projects with environmental and social benefits. Financially feasible projects, specifically SMEs, were assessed on the impacts their

intended investments were to have on the environment and society. The Bank recognised the need to invest in projects that addressed the country's main issues; COVID-19 was a crisis the country faced at the time, along with the rest of the globe.

This is in line with Bank Windhoek's Sustainable Bond Framework, in which proceeds are allocated towards financially feasible projects that address social issues or that seek to achieve positive social outcomes while contributing to environmental protecting the environment.

The 17 United Nations' Sustainable Development Goals (SDGs) were used to determine the impact metric appropriate for social projects. For this reporting, SDG 8 was used as measuring category using improved access to funding for Small & Medium Enterprises and Micro businesses as an impact indicator.

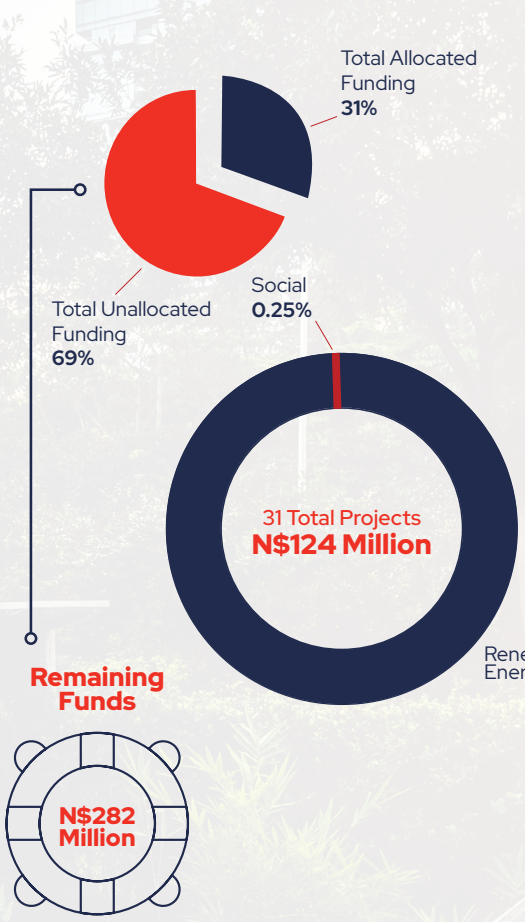
<sup>1</sup> Bank Windhoek Sustainable Bond Framework – [BWSustainableBondFramework.pdf \(bankwindhoek.com.na\)](#)

<sup>2</sup> International Finance Corporation Climate Assessment for Financial Institutions – the web-based platform helps financial institutions measure the development impact of the projects they finance.

<sup>3</sup> United States Environmental Protection Agency – provides a web-based Greenhouse Gas Equivalencies Calculator, which aims to aid in understanding of the conversions. Methodology Renewable Energy Social Projects



# Allocation of Proceeds



## Emissions Reduced Impact Visualised



### Eligible category

**Socio Economic Advancement**

### Impact indicator

- Improved access to funding for Small & Medium Enterprises and Micro Business

### Impact

- N\$315,000** in loans to small and medium businesses focused on environmental and socially beneficial services



# Overview of Financed Projects

Oshana Region	
Number of Projects	2
RE Installed Capacity (kWp)	13.1

Oshikoto Region	
Number of Projects	1
RE Installed Capacity (kWp)	190

Otwjondjupa Region	
Number of Projects	2
RE Installed Capacity (kWp)	555.86

Omahake Region	
Number of Projects	2
RE Installed Capacity (kWp)	15.55

Khomas Region	
Number of Projects	16
RE Installed Capacity (kWp)	1,912

Hardap Region	
Number of Projects	3
RE Installed Capacity (kWp)	11.33

Karas Region	
Number of Projects	4
RE Installed Capacity (kWp)	6,050



# Highlight of Project Portfolio

## Renewable Energy Project X

**Location:** Windhoek  
**Capacity:** 990 kWp  
**System:** Grid-Tied



Project X is one of the largest installations we have assisted with financing in Windhoek. This project is a highlight because it's a large installation within the Capital City of Namibia, the country's economic hub. Windhoek has one of the highest power demands in the country, and installing this capacity will reduce the dependency on the national grid, which imports high volumes of carbon-produced power from South Africa.

This installation will provide independence and create self-reliance for our clients, allowing them to produce electricity to meet their energy goals, partly and/or entirely.

Project Y is the largest investment we have made with the Bond's proceeds. The project is a 5MW solar plant connected to the national grid, providing clean energy sourced from the Namibian sun. The plant has a lifespan of about 25 years, and the project's impact will last just as long.

Renewable energy projects of this scale are key to securing the country's energy supply, increasing self-reliance and reducing import dependency. Additionally, this will reduce the overall carbon footprint of the national grid.

## Renewable Energy Project Y

**Location:** Keetmanshoop  
**Capacity:** 6006kWp  
**System:** Grid-Tied











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## **Independent Assurance Practitioner's Limited Assurance Report over Bank Windhoek Limited's Sustainability Bond Asset Register**

To the Directors of Bank Windhoek Limited

### **Report on Selected Sustainability Information**

Bank Windhoek Limited (hereafter referred to as Bank Windhoek) has issued sustainability loans between 1 June 2021 to 30 June 2022. Bank Windhoek has developed the Bank Windhoek Sustainable Bond Framework, November 2020, based on the voluntary ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines (Appendix A) that Bank Windhoek has committed to apply ("Bank Windhoek's accompanying reporting criteria").

We have undertaken a limited assurance engagement over Bank Windhoek's sustainability loans disbursed between 1 June 2021 to 30 June 2022. This engagement was conducted by a multidisciplinary team including environmental and assurance specialists.

### **Subject Matter**

We have been engaged to provide a limited assurance conclusion in our report regarding whether:

The nominated Bank Windhoek sustainability loans disbursed between 1 June 2021 to 30 June 2022 per the sustainability bond asset register (Appendix B) conforms to the requirements of the "Sustainable Bond Framework, November 2020".

### **Directors' Responsibilities:**

The Directors are responsible for:

- a) Preparation of the sustainability bond asset register and the assertions about the sustainability loans are in accordance with the reporting criteria;
- b) Design, implementation and maintenance of such internal controls as they determine are necessary to enable the assertion about conformance to the requirements of the Bank





Windhoek Sustainable Bond Framework, November 2020 to be free from material misstatements, whether due to fraud or error;

- c) Prevention and detection of fraud and for identifying and ensuring that Bank Windhoek complies with laws and regulations applicable to its activities; and
- d) Implementing procedures designed to ensure that personnel involved with the preparation and presentation of the assertion about conformance to the Bank Windhoek's Sustainable Bond Framework, November 2020 requirements are properly trained, systems are properly updated and that any changes in reporting relevant to the assertion about conformance to Bank Windhoek's Sustainable Bond Framework, November 2020 requirements encompass all significant business units.

### **Inherent Limitations**

Our work was not designed to opine on the design, implementation or operating effectiveness of controls employed by Bank Windhoek to ensure ongoing compliance with Bank Windhoek's Sustainable Bond Framework, November 2020 and, accordingly, we do not express a conclusion thereon.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

KPMG Inc. applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Practitioner's Responsibility**

Our responsibility is to express a limited assurance conclusion over the sustainability loans disbursed by Bank Windhoek between 1 June 2021 to 30 June 2022 to Bank Windhoek's Sustainable Bond Framework, November 2020, based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance



Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether Bank Windhoek's sustainability loans included in appendix B is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Bank Windhoek's use of its reporting criteria as the basis of preparation for the sustainability loans disbursed between 1 June 2021 to 30 June 2022, assessing the risks of material misstatement of the nominated sustainability loans information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the nominated sustainability loans. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management responsible for the sustainability loans information to obtain an understanding of the processes, systems and controls in place in respect of the evaluation and selection and reporting on the sustainability loans; and
- Inspected documentation which supports the amount and the projects being eligible for being a sustainability loan against the Bank Windhoek Sustainable Bond Framework, November 2020 and specific eligibility criteria.

The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Bank Windhoek's nominated sustainability loans information have been prepared, in all material respects, in accordance with the Bank Windhoek accompanying reporting criteria.



### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, we conclude that:

Nothing has come to our attention to indicate that the sustainability loans disbursed between 1 June 2021 to 30 June 2022, per the sustainability bond asset register, do not conform to the requirements of the 'Bank Windhoek Sustainable Bond Framework, November 2020'.

### **Other Matters**

The maintenance and integrity of Bank Windhoek's website is the responsibility of Bank Windhoek management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Bank Windhoek's website.

### **Restriction of Liability**

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected Bank Windhoek sustainability loans information to the Directors of Bank Windhoek in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Bank Windhoek, for our work, for this report, or for the conclusion we have reached.

KPMG Inc.

Per MJ Coelho

Chartered Accountant (SA)

Registered Auditor

Director

19 August 2022