



Sustainability Bond Impact Report 2024



Bank Windhoek
a member of **Capricorn Group**

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Accomplishment

The issuance of the Sustainability Bond propelled us to become market leaders in our market, specifically in the niche of sustainable finance. Globally and nationally, we have observed the necessity for innovation in the mobilisation of private sector capital to complement the investment being made by public sector funding in areas that will bring forth transformational change and guarantee sustainability.

We issued the Sustainability Bond with the background that more could be done, leveraging the experience we gained from our inaugural Green Bond issuance. The Sustainability Bond provided the flexibility that we recognised could be of value in the Namibian market and afford our client base access to funding for an array of uses. The goal with the Sustainability Bond proceeds has always been to ensure all Namibians can collectively contribute to creating a sustainable future for us all. We have supported over 128 projects nationwide, with diverse positive contributions to the environment and society, with the proceeds from the Sustainability Bond. These collective contributions were all possible through the funding mobilised from the private sector, speaking to the possibilities that can be achieved if we leverage our core strengths within our mandate to enable change.

As we close the chapter on the first Sustainability Bond issued in the Namibian market and the first by a commercial bank in the region, we recognise all the projects that were able to tap into this funding and realise their sustainability ambitions. Our Namibian economy has benefited from N\$407 million in investments in various environmental and societal impact areas. Additionally, it created the catalytic effect that the Namibian market needed for other financial institutions to issue similar instruments, unlocking more private sector capital focused on creating an impact within the environment and society.

Future

We recognise Namibia's peculiar position as it relates to its developmental stage and its unique arid climate. These predicaments mean that many Namibians are still heavily dependent on the land to make a living, often in unforgiving climatic conditions. This indicates the vulnerabilities within our economy and the inherent need to build resilience to ensure the necessary buffering capacity is sufficient to deal with any shocks that may arise due to sudden, unpredictable weather patterns.

Our journey with sustainability has always focused on our mandate as a financial institution, specifically sustainable finance. This approach is a line of finance we recognised as an enabling tool to build resilience within the economy by allowing our stakeholders to access specific funding for initiatives that positively impact the environment and society. To this effect, we managed to introduce the Sustainability Loan to the market, an offering within our product range, specifically focusing on driving sustainability within the Namibian market, thus speaking further to our commitment to creating a sustainable economy in Namibia.

Beyond leveraging on our organisational mandate, we recognise that sustainability must go beyond our mandate as the only Namibian-owned commercial bank. Our operations as an organisation must reflect this focus, particularly noting the impact we and other institutions have on the areas we operate in as enablers of the economy. As such, sustainability is a focus pillar for us, and exploring avenues of integrating sustainability principles within the organisation is a priority. We have started exploring this aspect by assembling a sustainability-focused team to work on it.

As Connectors of Positive Change, we will continue our commitment to driving sustainability and contribute to mobilising more resources that will ensure we build resilience throughout the Namibian economy.

Baronice Hans
Bank Windhoek Managing Director





Gratitude & Innovation

On this sustainable finance journey, one must recognise the partners that assisted us in reaching this level of maturity and enabled us to accomplish what we have thus far. These are the technical partners who helped us build capacity internally, our investors for believing in the impact we aimed to achieve with instruments such as the Sustainability Bond, and lastly, our clients, who recognised the opportunity we created for them to access funding to implement initiatives that addressed their immediate needs and, in the same vein, benefited the environment and society either directly or indirectly.

Our primary mandate as a financial services provider is mobilising funding and directing it towards financially feasible areas of the economy that will foster growth and returns for our investors. By channelling private sector funding towards areas of impact, we will contribute to creating a positive change and support the development of the Namibian economy. This is recognising that public sector funds are insufficient to address critical developmental and climate-related issues facing Namibia as a nation and globally.

Bank Windhoek will continue exploring ways to contribute to realising the goal of a sustainable Namibian economy as we continue our growth journey. Achieving this goal will be through innovative means within our mandate and leveraging on our stakeholders to co-create financial solutions that will mobilise different types of capital and contribute positively to solving issues around the environment and society that the Namibian economy faces.

As a Connector of Positive Change, we are keen to foster new connections and collaborate on initiatives that will yield positive transformational change in Namibia.

Claire Hobbs
Chief Treasurer



Sustainability

In a world marked by volatility, there is an opportunity for meaningful change through mindful sustainability practices and innovative sustainable finance mechanisms. Imagine a world where every action shapes a lasting impact for future generations. Sustainable finance enables us to reshape our economy towards a shared vision of sustainability, channelling resources and favourable funding into endeavours that protect the environment where we live, operate, and promote our social foundation.

Mindful sustainability and sustainable finance are interconnected facets of the same goal, empowering us to be changemakers leading by example. Simple acts like rethinking our purchases, recycling, reducing carbon footprints, and supporting ethical businesses are powerful forces for change.

Reflecting on our contributions through the proceeds of Bank Windhoek's Sustainability Bond and subsequent favourable loans, let this be a testament to collective action's potential. It is about creating and nurturing a low-carbon and climate-resilient future for all.

Let us embark on this journey united in vision and determination, investing in a future of hope, compassion, and responsibility. Together, we can leave a lasting impact of abundance, prosperity, and harmony for humanity and the Earth.

Ruan Bestbier
Capricorn Group Head of Sustainability

Dear Reader

This document is the final impact report for the inaugural Bank Windhoek Sustainability Bond issued in 2021.

The past three years of this bond allocation process have been an incredible learning journey for us as an organisation. We have been exposed to an array of market needs and have managed to address some of these needs by financing many feasible projects with environmental and social benefits.

In this journey, we have discovered the need within the Namibian economy for more funding dedicated to creating impact and, more importantly, the significance of ensuring a dedicated financial solution that specifically targets creating impact within the economy, environment, and community. Giving the market access to implement interventions of various scales, the Bank Windhoek Sustainability Loan is one of the products that we offer to the market. The loan offering was developed leveraging the Sustainability Bond, and today, it has matured into an offering that our clients can access to achieve their sustainability goals and ambitions.

We are in a time when environmental, economic and social issues are taking centre stage from a global and local perspective. In a country early in its developmental journey and still heavily reliant on extractive sectors to fuel growth, we are vulnerable to an array of shocks, especially climatic shocks, which affect many Namibians when they occur, recognising the dependency on the land for subsistence. Building resilience within the economy should be a priority, and this can only be done by ensuring more funding is directed towards creating the buffering capacity we need as a nation to weather climate shocks.

Through this mandate, we also share the commitment to prioritising sustainability in our financial decision-making to ensure we equally create positive impacts on the environment and society.

As we close this chapter in our sustainable finance journey, we thank you and appreciate the support you have provided thus far. We look forward to more growth with you as valued stakeholders. We hope you enjoy going through our impact report and that it encourages you to make a positive contribution.

Best wishes,

The Bank Windhoek Team



Our Sustainable Bond Framework and Bond Issuance



The Framework

The framework outlines Bank Windhoek's motivation to issue a Sustainability Bond, which is to raise additional funding to finance financially feasible projects with environmental and social benefits within the borders of Namibia. It is aligned with the ICMA Green Bond Principles, ICMA Social Bond Principles, and ICMA Sustainability Bond Guidelines. It also guides on the allocation process, which is compartmentalised into four parts:



The Use of Proceeds

The Sustainability Bond issuance will finance eligible projects in whole or in part, by the IFC definitions and metrics for climate-related activities and with the ICMA social bond taxonomies. In addition, eligible projects will include but are not limited to, the following broad categories that are (in part) aligned with the 17 UN SDGs.



The Evaluation and Selection of Projects

The risk management and internal audit functions are tasked with evaluating the entire selection and screening process to ensure consistency with the framework, which is mapped out in the Sustainable Bond Framework.



The Management of Proceeds

Bank Windhoek's Treasury Department exercised its professional judgement, discretion, and sustainability expertise in using the proceeds. A Sustainability Bond Registry tracks all allocations and is continuously updated during the Bond's term. Unallocated portions of the proceeds were temporarily invested in a unit trust.



The Reporting and External Review

Per the framework, Bank Windhoek will issue a yearly impact report on the proceed allocation until the Bond is fully allocated. The impact report will include metrics associated with the projects financed. Bank Windhoek engaged KPMG (South Africa) in regards to the allocations in this report to conduct the below:

- A limited assurance assessment to ensure the process described in the Sustainable Bond Framework were adhered to.
- The full KPMG Limited Assurance Report can be accessed or obtained via our website.



The Bond Issuance

The Bank Windhoek Sustainability Bond was issued based on the Bank Windhoek Sustainable Bond Framework. The Bond's first tranche was issued in June 2021, raising NAD 227 million and the second tranche was issued in December 2021, raising NAD 180 million. A total of NAD 407 million was raised for the inaugural issuance of the Bank Windhoek Sustainability Bond.

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

All information, including metrics in this report, is based on the knowledge obtainable at the time of reporting. It should be noted that the data provided may differ according to the tools used to calculate metrics and are additionally reliant on the accuracy of the data provided by the projects finance.

Bank Windhoek will continue to perfect its reporting and use best practices available in the market. The Bank is cognisant of the challenges that currently exist locally and globally in the standardising metrics and subsequent reporting.

Environmental Impact



Renewable Energy

The projects financed under this category were Renewable Energy-related, comprising solar systems and critical components related to wind and borehole systems. Impact indicators for this reporting were based on the available data, which depended on the installer's methodologies and reporting focused on installed capacity and GHG avoided. Additionally, Bank Windhoek utilised the IFC CAFI tool to assist in quantifying emissions avoided and the Environmental Protection Agency (EPA) emissions calculator to determine the equivalency of the renewable energy installation compared to other facets of life.



Sustainable Agriculture

The projects financed under this category were irrigation-related. The precise impact could not be quantified due to a lack of data from the client and supplier to quantify water savings, specifically under sustainable water management. Climate-smart agriculture was suggested as the appropriate categorisation under Sustainable Agriculture. Impact indicators were based on available data and focused on reporting on areas under irrigation covered by the new installations.



Clean Transportation

The projects financed under this category were related to a modal shift to cleaner transportation. The impact indicator for this category will be the estimated reduction in car/truck use in kilometres driven.



Sustainable Water and Wastewater Management

The projects financed under this category focused on wastewater management. The selected impact indicators for this category will be the number of people with access to improved sanitation facilities.

Social Impact

We classified these projects in terms of their inherent social impact contributions within their respective project category.



Education

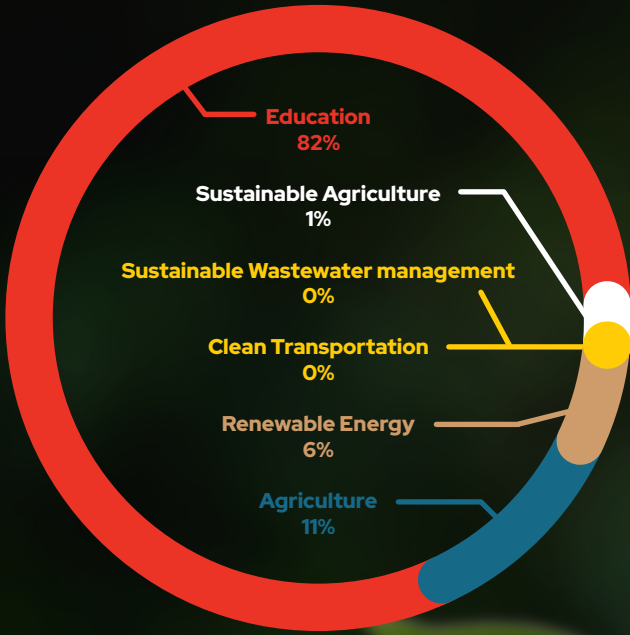
The projects financed under this specific category were related to education. Due to data limitations, the impact indicator for this category will be fields of study that were supported by the funding extended to the sector.



Agriculture

The projects financed under this specific category were related to agriculture as the main sector with a view to social impact. The impact indicator for this category will be the number of jobs supported through the financing of the initiative.

ALLOCATIONS



Renewable Energy

 12 million

Sustainable Water & Wastewater Management

 425 thousand

Agriculture

 25 million

Clean Transportation

 127 thousand

Sustainable Agriculture

 2 million

Education

 185 million

Total Sustainability Bond Allocations

2022

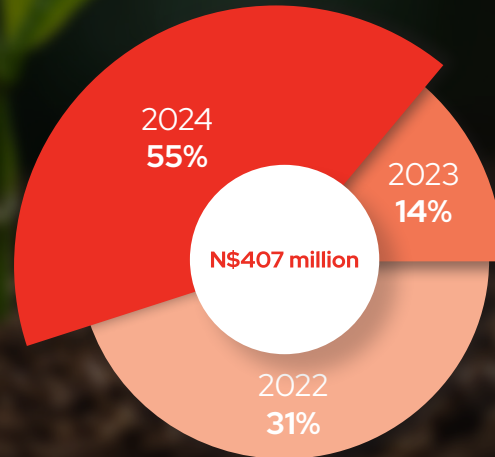
124 million

2023

58 million

2024

225 million



Sectors Supported

Sustainable Water & Wastewater Management

Agriculture | Renewable Energy | SME

Sustainable Agriculture | Clean Transport | Education | Conservation

Environment

Renewable Energy

32 Projects | N\$12 million

Namibia is world-renowned for its high solar radiation, which makes it suitable for an array of solar powered production applications.

Namibia imports more than 60% of its energy needs from the region, and this mix of energy comes from an array of sources, including carbon-intensive means. The projects that we supported this year under this eligible category feature an array of projects all related to the installation of new systems and upgrading of existing systems, for the purpose of generating solar energy and for other uses such as pumping water from boreholes. We supported 32 projects in this category, which all collectively contribute to the described environmental impact.



545 kW

Installed Capacity

203 tCO₂eq

GHG Avoided

Greenhouse Gas Equivalent



3,045 Seedlings Grown for 10 Years



63.9 tons Waste Recycled



426 Barrels of Oil Consumed



Sustainable Agriculture

2 Projects | N\$2 million

Namibia's climate is characterised by arid to semi-arid conditions. The country is dominated by arid conditions, which makes aspects of food production difficult, especially when it comes to crop production. As climate change manifests itself and the natural prevailing environment makes it difficult for rain-fed cultivation, climate-smart solutions such as irrigation equipment offer the best alternative, which enables many farmers to cultivate land for various crops. Being a country that imports most of its domestic food needs, ensuring that we provide funding to increase cultivation capacity is crucial to contributing to the self-reliance of Namibia.



32 ha Area Under Irrigation



Environment

Sustainable Water & Wastewater Management

1 Project | N\$425 thousand

Ensuring environmental integrity is critical for a sensitive environment like Namibia. As populations grow within the country, we realise that not all developments can be connected to sewage systems. This makes wastewater treatment plants a priority to ensure that these new developments provide access to decentralised sanitation services that ascertain that effluent released into the environment is of an acceptable standard. In this specific category, an off-grid wastewater system was installed for an existing development, replacing the existing system, which had limited capacity. The new system will ensure the development can manage wastewater, thus ensuring access to adequate sanitation for the residence and preventing the release of waste into the environment.



44 People with Access

6 CLEAN WATER AND SANITATION



Clean Transportation

1 Project | N\$125 thousand

A key component for creating sustainable cities is encouraging the modal shift to cleaner forms of transportation, which reduces the dependency on combustion-based forms of transport. In this specific category, an e-bike was financed for the purpose of increasing mobility and reducing reliance on combustion vehicles.



360 km Annually Estimated Reduction of Car Use

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Social

Agriculture

1 Project | N\$25 million

As a financial services provider, our primary goal is to ensure funds are crowded from the public and private sector, and directed towards economic activities that will yield returns and create employment within the economy, which is crucial for the overall economic growth of the country. In this category, the financing of this project created employment for a few Namibians, thus contributing to economic growth. Projects like these create a significant impact on the economy, especially in a time where unemployment rates are higher than preferred in Namibia.



69 Number of Jobs Maintained / Created



Education

1 Project | NAD 185 million

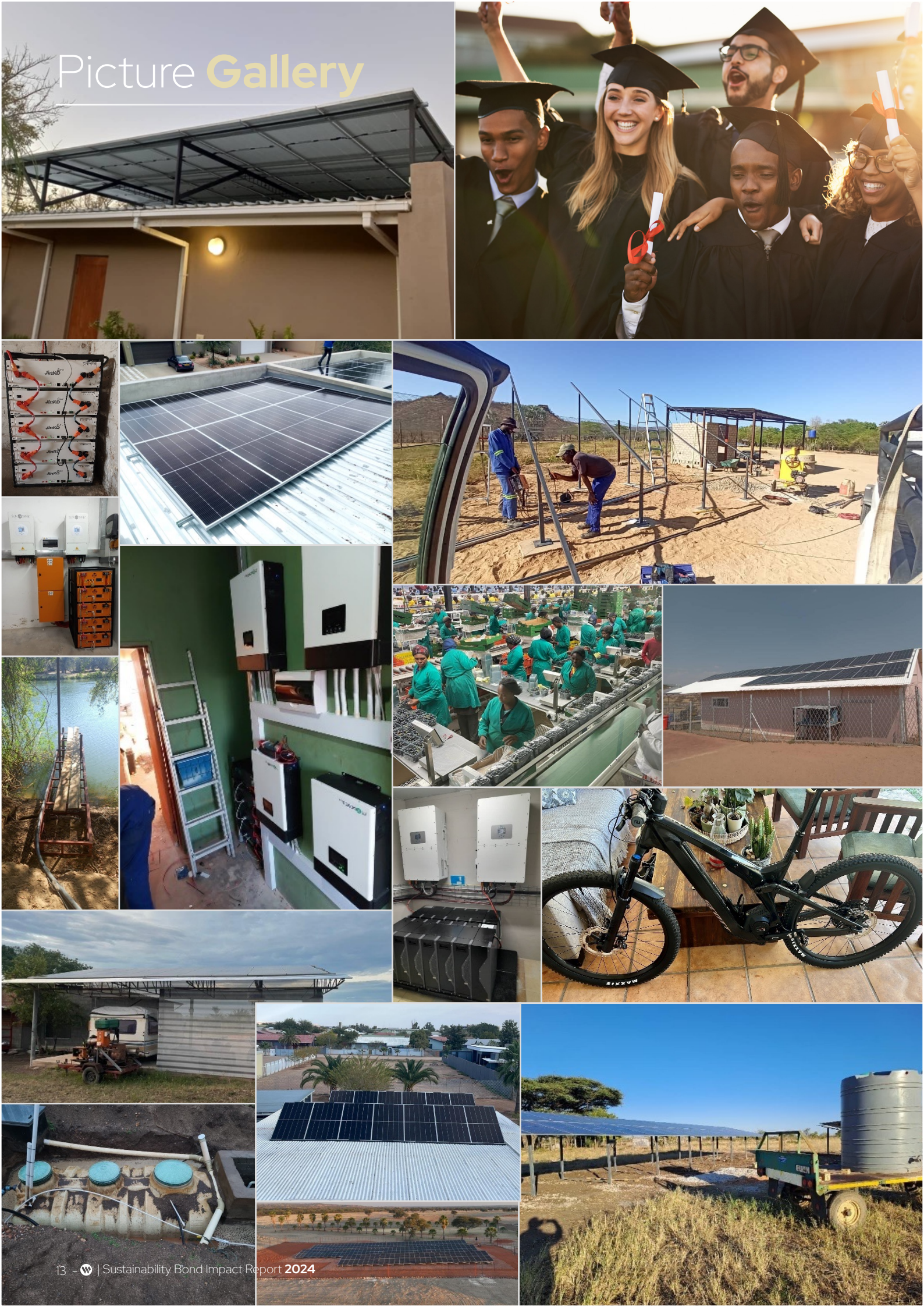
Education for Namibia has always been a focus area from a national standpoint since independence. There has been a strong emphasis on capacitating the Namibian nation in various sectors, which will increase employability within the economy. In this category, the financing of this initiative ensured that many Namibians were afforded access to education in an array of disciplines. The sectors supported by this funding are crucial to the growth of the country.



12 Number of Education Sectors Supported



Picture Gallery





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Independent Assurance Practitioner’s Limited Assurance Report over Bank Windhoek Limited’s Sustainability Loans Disbursed

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 July 2023 to 30 June 2024. 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 July 2023 to 30 June 2024. This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

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

The nominated Bank Windhoek sustainability loans disbursed between 1 July 2023 to 30 June 2024 per the sustainability bond registry (Appendix B) conforms to the requirements of the “Sustainable Bond Framework, November 2020”.

Directors Responsibilities

The Directors are responsible for the:

- a) Preparation of the sustainability bond register and ensuring that the assertions relating to the

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Chairman: Prof W Nkuhlu
Chief Executive: I Sehoole
Directors: Full list on website

KPMG Incorporated is a Registered Auditor, in public practice, in terms of the Auditing Profession Act 26 of 2005.

The company’s principal place of business is at KPMG Crescent



sustainability loans disbursed are in accordance with Bank Windhoek's accompanying reporting criteria;

b) Design, implementation and maintenance of such internal controls as they determine are necessary to enable the assertion of conformance of the sustainability loans disbursed 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 regarding conformance of the sustainability loans 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 Management

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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express either a limited assurance conclusion over the sustainability loans disbursed by Bank Windhoek between 1 July 2023 to 30 June 2024 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 the appropriate level of assurance about



whether the selected KPIs are free from material misstatement.

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.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Bank Windhoek Limited's use of its reporting criteria as the basis of preparation for the sustainability loans disbursed between 1 July 2023 to 30 June 2024, 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 July 2023 to 30 June 2024, per the sustainability bond registry, do not conform to the requirements of the 'Bank Windhoek Sustainable Bond Framework, November 2020'.

Other Matters



The maintenance and integrity of the Bank Windhoek Limited's website is the responsibility of Bank Windhoek Limited 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 assurance report that may have occurred since the initial date of its presentation on Bank Windhoek Limited 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 Limited 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 Limited, for our work, for this report, or for the conclusion we have reached.

KPMG Inc.
Registered Auditor

DocuSigned by:
KPMG Inc.
53552E5682654B7...

Per L W Grobler
Registered Auditor
Chartered Accountant (SA)
Director
28 August 2024



Bank Windhoek

a member of Capricorn Group