



**NEDBANK**  
GROUP

# DOING WHAT IS REQUIRED TODAY FOR A BETTER TOMORROW.

TASK FORCE ON CLIMATE-RELATED  
FINANCIAL DISCLOSURES (TCFD) REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

see money differently



‘Climate change is a financial risk and an integral part of the responsibility of the board. A dedicated GCRC has been established, effective from March 2021, that will ensure Nedbank effectively transforms, optimises and manages climate-related risks and opportunities across its operating, lending and investing activities.’

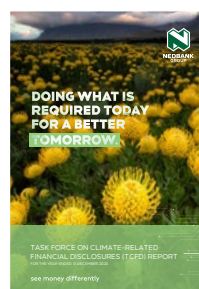
**Brian Dames**  
– *Independent Chair of the GCRC*

‘There is a radically increased focus on climate change globally, on the African continent and in South Africa. With climate change top of mind and being a systemic risk, Nedbank is focused on remaining resilient by integrating and mitigating climate-related risks and leveraging the climate opportunities to do good.’

**Trevor Adams**  
– *Nedbank Group Chief Risk Officer*



[nedbankgroup.co.za](https://nedbankgroup.co.za)



### About our cover

2020 has been a year of ups and downs. But in the face of a difficult year, we are proud that we have stayed true to our purpose of using our financial expertise to do good, supporting

our clients and employees through the Covid-19 crisis and contributing to society. We have remained resilient on key operational, liquidity and capital metrics, and our leadership has done a commendable job in managing the health and safety of stakeholders, including employees and clients. What Nedbankers have managed to achieve resonates in the fynbos that we find in the South African landscape – it not only survives against all odds, but actually thrives after being faced with devastation, such as drought or fire. It's all about 'natural resilience'. And this is exactly how we balance the challenges we faced in our business, with the strides made in progressing our strategy and building a Nedbank that is more client-centred, more digital, more agile and more competitive. As with the fynbos analogy, if the foundations are strong – like ours – you can withstand the severe conditions and flourish once the environment has improved.

**Mike Brown, Chief Executive – January 2021**

For information on how Nedbank Group has made progress in support of the United Nations Sustainable Development Goals during the period 1 January to 31 December 2020, as well as any material events after this date up to the board's approval on 14 April 2021, readers can refer to our 2020 Society Report at [nedbankgroup.co.za](https://nedbankgroup.co.za).



**Nedbank's 2020  
Society Report**

## NEDBANK'S CLIMATE JOURNEY

We are a purpose-led organisation that considers our long-term sustainability as contingent on the success of the societies in which we operate. We will play a leading role in addressing climate change in ways that are sensitive to the local context, including climate vulnerability, development imperatives and structural economic challenges.

- **1990**  
Inception of the **WWF Nedbank Green Trust**.
- **2003**  
First South African bank to join the **UNEP FI**.
- **2004**  
From 2004 to 2017 Nedbank was included in the **DJWSI**. Since 2018, Nedbank has been included in the Emerging Markets Index.
- **2005**  
First African bank to become a member of the **Equator Principles**.
- **2006**  
Became a signatory to the **CDP** with respect to our own operations and have been a **leading performer** since.
- **2007**  
Established the **Carbon Finance Team**.
- **2008**  
First issued a **climate change position statement** declaring that Nedbank Group holds itself accountable to addressing climate change. The statement will continuously be updated as our journey continues.
- **2009**  
Committed to becoming **operationally carbon neutral**.  
Awarded South Africa's first **Green Star rating (4 stars)** for the Nedbank phase 2 head office building in Sandton.  
Established our **carbon trading desk**.

- **2010**  
Achieved **carbon-neutral status** for Nedbank own operations.
- **2011**  
Launched **South Africa's first Green Index**.  
Member of the **NBI Advisory Committee on Climate Change**.
- **2014**  
Published the **Nedbank Carbon Footprinting Guide**.
- **2015**  
Updated the Nedbank Group's **Climate Change Position Statement** to align it with the **Paris Agreement**.  
Established our **Embedded Generation Unit** to finance sub-utility-scale renewable energy.
- **2017**  
First African bank to stop providing project financing for new coal-fired power plants – regardless of technology or country.  
Achieved **net-zero operational water usage** for Nedbank own operations.  
Became a **leader in the financing of green buildings**.  
The Nedbank Board set up a **dedicated team to mitigate the emerging water security crisis**.  
The Nedbank Wealth **Responsible Investment Committee** was formed.
- **2018**  
The Nedbank Sustainable Development Framework incorporates all **UN SDGs** that we can address impactfully through finance or our core business.  
Partnered with Aerobotics (Pty) Ltd, a disruptive technology company delivering **precision farming tools through advanced analytics**.
- **2019**  
Nedbank Clocktower and Plattekloof offices received **City of Cape Town Water Star Rating certification**.  
**19** Nedbank-owned buildings awarded **Green Star ratings**.  
First bank in South Africa to list a **Renewable Energy Bond on the Green Bond segment** of the JSE. **First green bond** in South Africa.  
Established the **CTT**, a multidisciplinary team across Nedbank.  
Established the **Climate Risk Leadership Group**, coordinated by the CRO.  
Inaugural Nedbank Wealth Asset Manager Responsible Investment Report, **assessing investment managers on ESG integration and identifying best practice**.

### 2020

- First South African company to proactively table climate-related resolutions – passed by its shareholders (100% votes) at the 53rd AGM, held on 22 May 2020.
- Achieved **carbon-neutral status** for own operations for **one decade**.
- Nedbank scored an **'A'** for performance the **CDP Index 2020**, which recognises environmental action taken on climate change with regard to our own operations.
- Nedbank **Lakeview phase 2 building (Roodepoort)** awarded a **five-star 'As-Built' Green Star** rating, **Nedbank Park Square (Umhlanga)** awarded a **five-star Interior Fitout Green Star** rating, **Nedbank 105 West (Sandton)** awarded a **four-star Existing Building Performance** rating, and **Nedbank George** awarded a **five-star Existing Building Performance** rating.
- **Approval of the Nedbank CRMF** by the board.
- Converted the Climate Risk Leadership Group into the **CRC, a Group Executive subcommittee**, coordinated by the CRO.
- **Established the Climate Risk/Resilience Unit** to manage Nedbank's climate-related risks and opportunities to augment the climate-related functions across the enterprise as described in this report.
- **Approved the Climate Risk Appetite Statement and limits or targets** as part of the Group Business Plan.
- Established a **Sustainable Finance Solutions division** to support the innovation of sustainability-linked lending and fundraising instruments.
- Launched **South Africa's first 'green' R2bn tier 2 capital instrument** in partnership with the AfDB.
- The IFC, in partnership with Nedbank, approved a **US\$200m loan for Nedbank renewable energy investment**.
- Won the award in the Renewable Energy Bond category at the **African Banker Awards**.
- The Nedbank Renewable Energy Bond recognised as 'initiative of the year' at the inaugural **Environmental Finance Impact Awards**.
- Updated the Nedbank Wealth **Responsible Investment Policy** formally acknowledging the UN SDGs and a 1,5°C global warming scenario in asset management.

### 2021 and beyond

- Report on actual exposure to monitor progress on full withdrawal, over time, from fossil-fuel financing in line with the goal of realising a **zero-carbon energy system by 2050**.
- Continued to work towards receiving **four more Existing Building Green Star ratings for Nedbank Plattekloof, Lakeview phase 1 and 2 (Roodepoort), Clocktower (Cape Town) and Park Square (Umhlanga)**.
- **First GCRC** (a board subcommittee) meeting held in March 2021.
- **Response to the two climate-related resolutions** (approved in 2020), with the **first standalone TCFD report published** on 22 April 2021.
- Execution of the climate risk plan, developed in 2020, to operationalise the **CRMF across governance, strategy, risk management, and metrics and targets**.
- Published our **Energy Policy**.
- Nedbank Wealth **has undertaken a deeper analysis of investment fund offerings** and their exposure to climate-related risks and a 1,5°C global warming scenario.
- **2022**  
Nedbank aims to have increase financing for **embedded-energy projects up to R2bn**.
- **2025**  
**No provision of project financing for new thermal-coal mines**, regardless of jurisdiction.
- **2030**  
**Thermal-coal funding reducing to 0,5% of group total advances**.
- **2035**  
**No advancing of any new finance for oil production**, regardless of jurisdiction.
- **2045**  
Nedbank aims to have **zero exposure to all fossil-fuel-related activities**.
- **2050**  
**100% of our lending and investment activity supporting a net-zero carbon economy**.



# NEDBANK'S CLIMATE CHANGE RESOLUTIONS

As part of our journey, we tabled these two resolutions at our 22 May 2020 AGM:



### In responding to Resolution 6.1 we have:

- **approved and published an Energy Policy** consisting of financing of fossil-fuel-related activities, encompassing thermal coal, upstream oil and upstream gas, fossil-fuelled power generation, and renewable and embedded energy solutions.

### In responding to Resolution 6.2 we have:

- **continued our climate journey**, which started in 1990. In the timeline we illustrate how our journey is evolving, including our high-level plans going forward;
- **approved a CRMF** in 2020 based on global best practice. The purpose of the CRMF is to enhance the 4 pillars (governance, strategy, risk management and metrics and targets) of the TCFD within Nedbank's business model and assist in engagements with Nedbank's stakeholders as the group considers various approaches to evaluating climate-related financial risks and opportunities. The CRMF will help the board and management to identify climate-related risks and opportunities and to manage the transition out of high-carbon assets in the Nedbank portfolio effectively. Included in the CRMF are detailed guidelines on how to identify, assess, measure and disclose our financial exposure to climate-related risks;
- **compiled this TCFD report** with the aim of providing a consolidated view of our approach to measuring and disclosing our financial exposure to climate-related risks and opportunities; and
- **disclosed our oil, gas, thermal coal and renewable energy** exposures in the metrics and targets section of this report.



We have volunteered to, over time, align ourselves appropriately with global best practices, which include the 4 pillars and 11 recommendations of the TCFD. These disclosures relate to principles that are applied for lending, investment practices and our own operations through the lens of translating risk into opportunity. The TCFD establishes recommendations for considering and disclosing clear, comparable and consistent information about the financial risks and opportunities that climate change presents. The widespread adoption of the TCFD recommendations will ensure that the effects of climate change become considered routinely in lending, investing and own-operation decisions. These recommendations will enable Nedbank to understand climate-related risk and opportunity better. This will optimise the efficient allocation of capital, and help the transition to a sustainable, net-zero carbon economy by 2050.

## Nedbank's first standalone TCFD report

An overview of our response to the TCFD's 4 pillars and 11 recommendations:

### 1st Pillar Governance

- Board's oversight of climate-related risks and opportunities.
- Management's role in assessing and managing climate-related risks and opportunities.

#### Nedbank's response

- GCRC, a board subcommittee, effective from Q1 2021.
- CRC, a subcommittee of Group Exco, chaired by the CRO. Effective Q4 2019.
- CTT – multidisciplinary team across Nedbank, effective from Q4 2019.
- Climate Risk/Resilience function established in Group Risk, effective from Q1 2021.
- Continuous upskilling of our board, management, employees and clients.

### 2nd Pillar Strategy

- Climate-related risks and opportunities identified over the short, medium and long term (time horizons).
- Impact on business strategy and financial planning.
- Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower-temperature scenario.

#### Nedbank's response

- We conducted a detailed analysis of carbon budgets corresponding to the Paris Agreement temperature thresholds, focusing on the implications for energy system transformation. The analysis informed the Nedbank Energy Policy.
- We are multiplying efforts to finance renewable and embedded energy solutions that will accelerate socioeconomic development in concert with a planned withdrawal from fossil fuels.
- We are focusing on potential climate-change-related business opportunities through the lens of the UN SDGs, specifically SDG 6, 7, 9, 11, 12 and 15.
- We established a dedicated Sustainable Finance Unit.
- We are encouraging growth of the embedded energy lending portfolio.
- We completed a scenario analysis relating to power generation and upstream fossil fuels.

### 3rd Pillar Risk management

- Processes for identifying and assessing climate-related risks.
- Processes for managing climate-related risks.
- Processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.

#### Nedbank's response

- Our CRMF was approved in 2020.
- We are integrating climate risk into the 17 risk types as a systemic risk across the 3LoD, with ongoing coordinated assurance as part of the ERMF.
- We have integrated our SEMS and climate risk processes in CIB.
- We approved an Energy Policy consisting of financing of fossil-fuel-related and renewable and embedded energy solutions.
- We approved an internal climate risk appetite.

### 4th Pillar Metrics and targets

- Metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process.
- Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, as well as the related risks.
- Targets used to manage climate-related risks and opportunities and our performance against targets.

#### Nedbank's response

##### LENDING ACTIVITIES

- Thermal-coal metrics: Decrease to 0,5% of group total advances by 2030.
- Disclose energy lending portfolio metrics, including fossil-fuel-related activities (thermal coal and upstream oil) and renewable and embedded energy solutions.

##### INVESTING ACTIVITIES (RAISING OF CAPITAL)

- In 2019 we were the first commercial bank in South Africa to launch a R1,7bn green bond on the JSE.
- In 2020 the IFC approved a US\$ 200m loan to Nedbank for renewable energy projects.
- In 2020 we launched South Africa's first R2bn green tier 2 capital instrument.

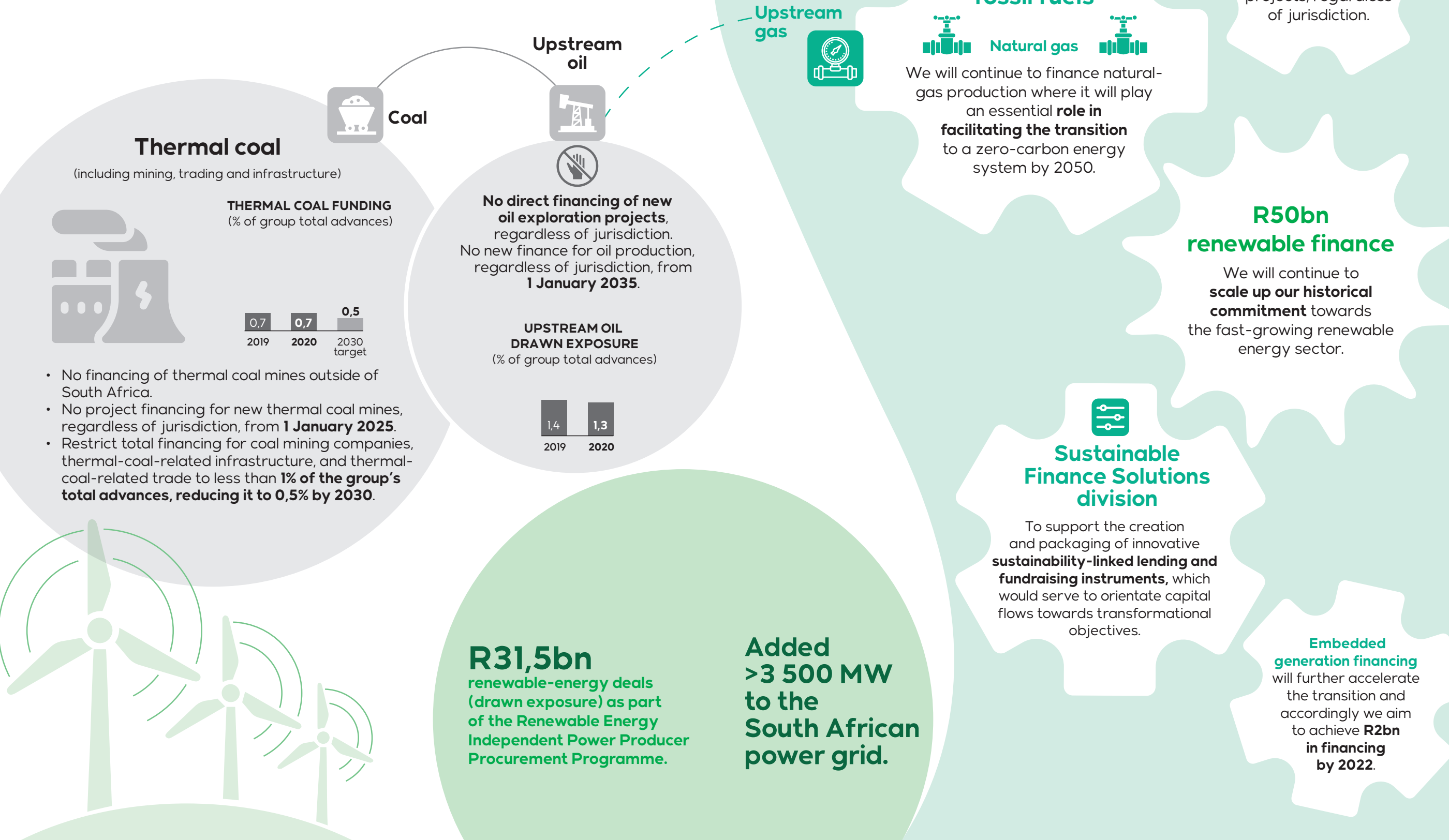
##### OWN OPERATIONS

- Carbon neutral in terms of our own operations since 2010.
- Revised operational reduction targets with 2019 as a new base year.

Nedbank's response to Resolution 6.1

# Nedbank supports the transformation of the energy system

We will continue to play a pivotal role in aligning our business activities and actions with the commitments made by South Africa under the 2015 Paris Agreement. Specific focus will be applied to achieving a net zero-carbon economy, ensuring energy security while participating in responsible activities.



# 1<sup>st</sup> Pillar Governance



The sustainability of Nedbank's operations is ensured by our practising sound corporate governance. Nedbank follows an ERMF, which aligns strategy, policies, charters, people, processes, technology and knowledge to identify, evaluate, measure, monitor, manage and report on the opportunities, threats, and uncertainties we may face in our ongoing efforts to create shareholder value. The ERMF integrates risk, finance and balance sheet management across the group's entire risk universe, including business units and operating divisions, geographical locations, and legal entities. Climate-related risks are in the process of being integrated as subcomponents or risk types of the ERMF.

## Board and management focus on climate-related risks and opportunities

### Board oversight

The board's role is to monitor, approve, provide oversight and review the defined climate-related risks and opportunities translating into governance, strategy, risk management, as well as metrics and targets to ensure we remain relevant, enabling our operations to be aligned with global best practice.

A standalone committee of the board, the GCRC, was established on 1 October 2020, and focuses purely on climate-related risks and opportunities. The first GCRC meeting was held in March 2021, chaired by independent non-executive director Brian Dames. The committee will meet every quarter. Historically, climate change was housed within the governance structure of GTSEC. With the renewed focus on climate change, the DAC temporarily oversaw climate-related risks and opportunities during 2020 until the GCRC came into effect.

The GCRC has monitoring, steering and decision-making responsibilities informed by the GCRC charter. The GCRC will, at a minimum, oversee those risks and opportunities listed in the CRMF and the GCRC charter. The GCRC oversees

overall climate risk management and opportunities (monitoring progress against goals and targets). The mandate includes functions to adopt additional measures in light of changing business (including three-year group business planning), regulatory, strategic, risk or other conditions.

As climate-related risks and opportunities span various risk types, oversight of them remains incorporated across the various board committees to ensure effective and efficient governance. Other board committees may also be required to oversee climate-related matters, given that climate change impacts aspects across the mandates of various board subcommittees.

### Management oversight

Since Q4 2019 our governance has been further bolstered by the establishment of a CRC, which is a senior-management committee. This subcommittee of Group Exco, under the chairmanship of the CRO, provides guidance with regard to identifying, measuring, assessing and disclosing our climate-related risks and opportunities, in line with the CRC charter. The CRC will recommend matters for approval, noting and updating to the Group Exco and the GCRC.

The CRC provides oversight of the Nedbank CTT, which is an operational committee. The CTT informs senior management on all climate-related matters via the CRC.

The role of the Nedbank CTT is to identify, measure, monitor, manage and report on our climate-related risks and opportunities. This will include the regular reviews performed by business clusters in

assessing the qualitative and quantitative impact and how climate-related risks translate into the strategy and Nedbank's income statement and balance sheet.

We will enhance our approach towards managing climate-related risks and opportunities as they evolve. The CTT coordinates collaboration across the enterprise for execution on all climate-related deliverables.

### Climate risk function

In 2020 a new business unit (Climate Risk/Resilience) was established within Group Strategic Risk (a division of Group Risk), tasked with actively managing the climate-related risks and opportunities across the enterprise by providing sound leadership, effective challenge, advice, support, monitoring and oversight within the risk governance framework and processes to embed appropriate alignment with the CRMF and global best practices. The head of Climate Risk/Resilience coordinates collaboration across the enterprise and chairs the CTT meeting every week.

### Coordinated assurance

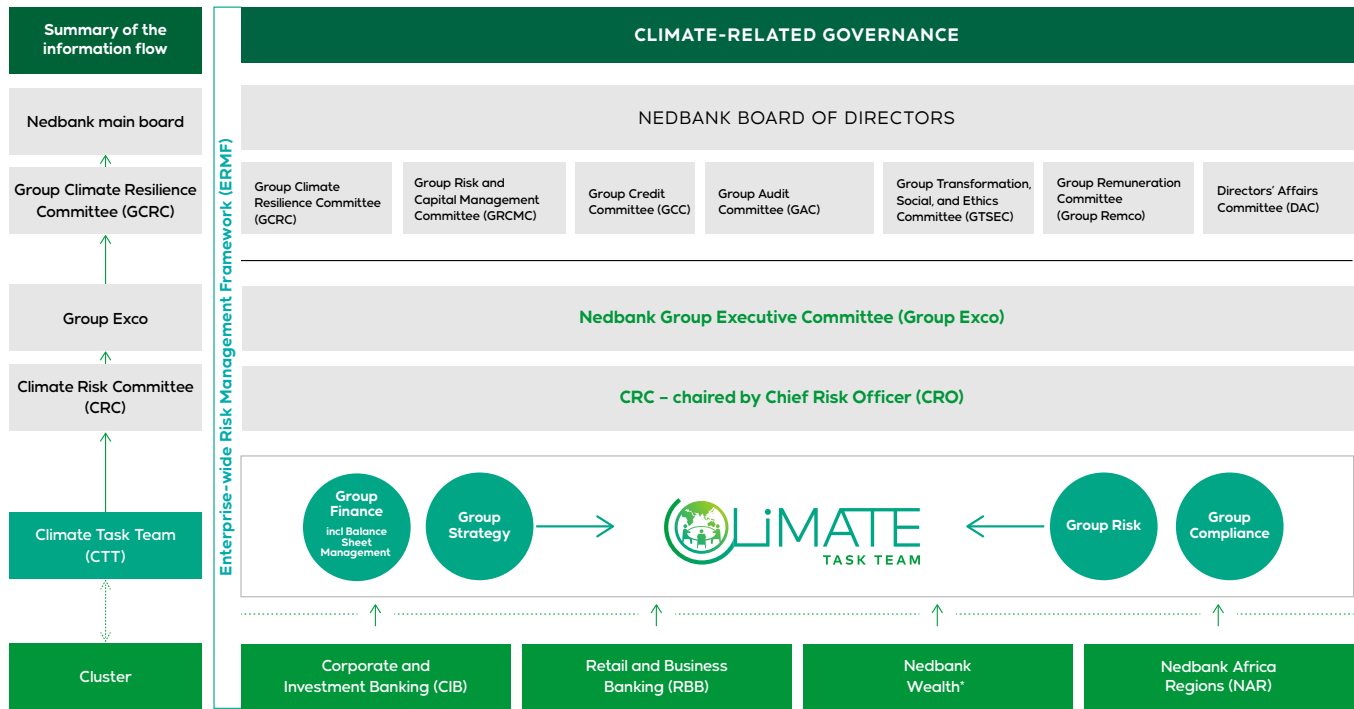
Coordinated assurance integrates and aligns risk, audit and compliance functions related to assurance activities. This enables an effective internal control environment across the group, with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making (to governance forums) and reporting to external stakeholders.

In line with the principles of coordinated assurance, there is a cross-disciplinary approach to monitoring the efficiency and effectiveness of policies and procedures implemented to manage climate-related risks across the 3LoD.



# NEDBANK'S GOVERNANCE STRUCTURE FOR CLIMATE-RELATED MATTERS

The diagram below shows the information flow from the cluster in collaboration with the CTT. The CTT will approve and recommend actions to the CRC. The CRC is a subcommittee of the Group Exco. The CRC will recommend their approvals, (noting updates) discussions and progress reports to the Group Exco and the GCRC. Reporting to the governance forums occurs in line with the approved frequencies.



\* Including Nedgroup Investments and Nedbank Insurance.

## Training

The board is receiving ongoing training to ensure their skills and knowledge are enhanced with respect to climate change. In 2020 a total of 559 employees were trained on 'What the Covid-19 pandemic can teach us about climate change' and 'How climate risk affects Nedbank?' through the Nedbank Risk Business School. Various informal training sessions were also conducted. Fit-for purpose training will continue across the enterprise to ensure climate change is integrated into the various functions. This includes e-learning for all Nedbank employees.



# 2<sup>nd</sup> Pillar Strategy



Climate change is one of the defining systemic issues of the 21st century, alongside poverty and inequality. It requires urgent, unprecedented action and cooperation from all stakeholders.

The UNFCCC and the Paris Agreement establish the basis for collective action: avoiding dangerous anthropogenic interference with the climate system is defined as 'holding the increase in the global average temperature to well below 2°C above preindustrial levels and to pursue efforts to limit the temperature increase to 1.5°C'. According to the best available science, this ultimate objective sets up a finite and rapidly diminishing global carbon budget for CO<sub>2</sub> emissions from human activity. For a given temperature threshold and a given probability of success, the carbon budget describes the maximum operating space within which global, national and organisational climate strategies must mediate socioeconomic development objectives.

Failing to meet the Paris Agreement objectives will commit the African continent to a much more challenging and less prosperous future, since Africa is both highly exposed to the physical impacts of climate change and poorly equipped to withstand those impacts. The discontinuity triggered by the Covid-19 pandemic presents an unexpected opportunity to recalibrate priorities, reconsider possibilities and reconfigure economies to deliver a net-zero, climate-resilient future. Pre-Covid-19, all nations in which Nedbank operates had committed to addressing climate change as Paris Agreement signatories. Although most of the nationally determined contributions are currently deemed insufficient, the UNFCCC requires that parties to the agreement successively ratchet their ambition upwards, and learnings from the pandemic will inform this ratcheting process.

In February 2020, through its Low Emissions Development Strategy, the South African government joined numerous other major emitters in setting the ambition of a net-zero carbon economy by 2050. It is in the interests of all businesses – not least financial services companies that facilitate commercial and industrial activities through their funding decisions – to collaborate with

## The discontinuity triggered by the Covid-19 pandemic presents an unexpected opportunity to recalibrate priorities, reconsider possibilities and reconfigure economies to deliver a net-zero, climate-resilient future.

government and other stakeholders to ensure these domestic and international objectives are met.

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders, creating the future by providing capital for investment in the real economy. Banks' financing choices should enable rather than undermine the necessary transition to a net-zero economy, while also building climate resilience through the funding of adaptation.

The Paris Agreement establishes several principles to guide delivery of the ultimate objective, including that actions must; be guided by the best available science, allow for common but differentiated responsibilities, ensure a just transition, take into consideration national circumstances and capabilities and recognise historic contributions. These principles require flexibility of approach across the many jurisdictions in which Nedbank operates.

Nedbank has conducted an in-depth analysis of global carbon budgets corresponding to the Paris Agreement temperature thresholds, focusing on implications for the energy system transformation. This analysis reveals consequences for the future of fossil fuels and related financing decisions. We recognise that staying 'well below 2°C' will require immediate, rapid and profound change to the global energy system: it should be fully decarbonised by mid-century, which

allows additional space and time for sectors with limited abatement options. Without the large-scale deployment of negative-emissions technologies or emissions removals from enhanced sinks – currently facing major technical and non-technical hurdles – this will necessitate the end of fossil fuel combustion by 2050.

We expect to be aligned with a science-based glide path over the next few years that will inform how we will help clients across all sectors – and society more broadly – to achieve the ambition of a net-zero economy. The energy sector emissions are comparatively easy to abate, since pathways to zero already exist and are affordable, provided supporting measures such as conservation and efficiency are pursued. Among other things, achieving the goal of a zero-carbon energy system by 2050 will require an orderly exit from fossil fuel financing well before this date, given the long lifetimes of the physical assets.

Accordingly, we have adopted an energy policy that serves to guide the transition away from fossil fuels, while accelerating efforts to finance non-fossil energy solutions needed to support socioeconomic development and build resilience to climate change, including; renewable energy, energy efficiency, energy storage, electrification of high-emissions sectors (eg surface transport and heat) and other emerging technologies such as hydrogen when and where appropriate.

We will play a leading role in addressing climate change in ways that are sensitive to the local context, including climate vulnerability, development imperatives and structural economic challenges. The climate and sustainable development context of much of the African continent, particularly sub-Saharan Africa, is qualitatively different to that of South Africa. Our approach to addressing climate change allows for these differences, in accordance with the principle of common but differentiated responsibilities. Unlocking resources that have, until now, been neglected is paramount in delivering access to clean, affordable, safe and efficient energy services across the continent. The opportunity exists for sub-Saharan Africa to sidestep investment in high-carbon infrastructure that may lead to stranded assets and, instead, leapfrog to 21st century energy technologies that deliver multiple co-benefits.

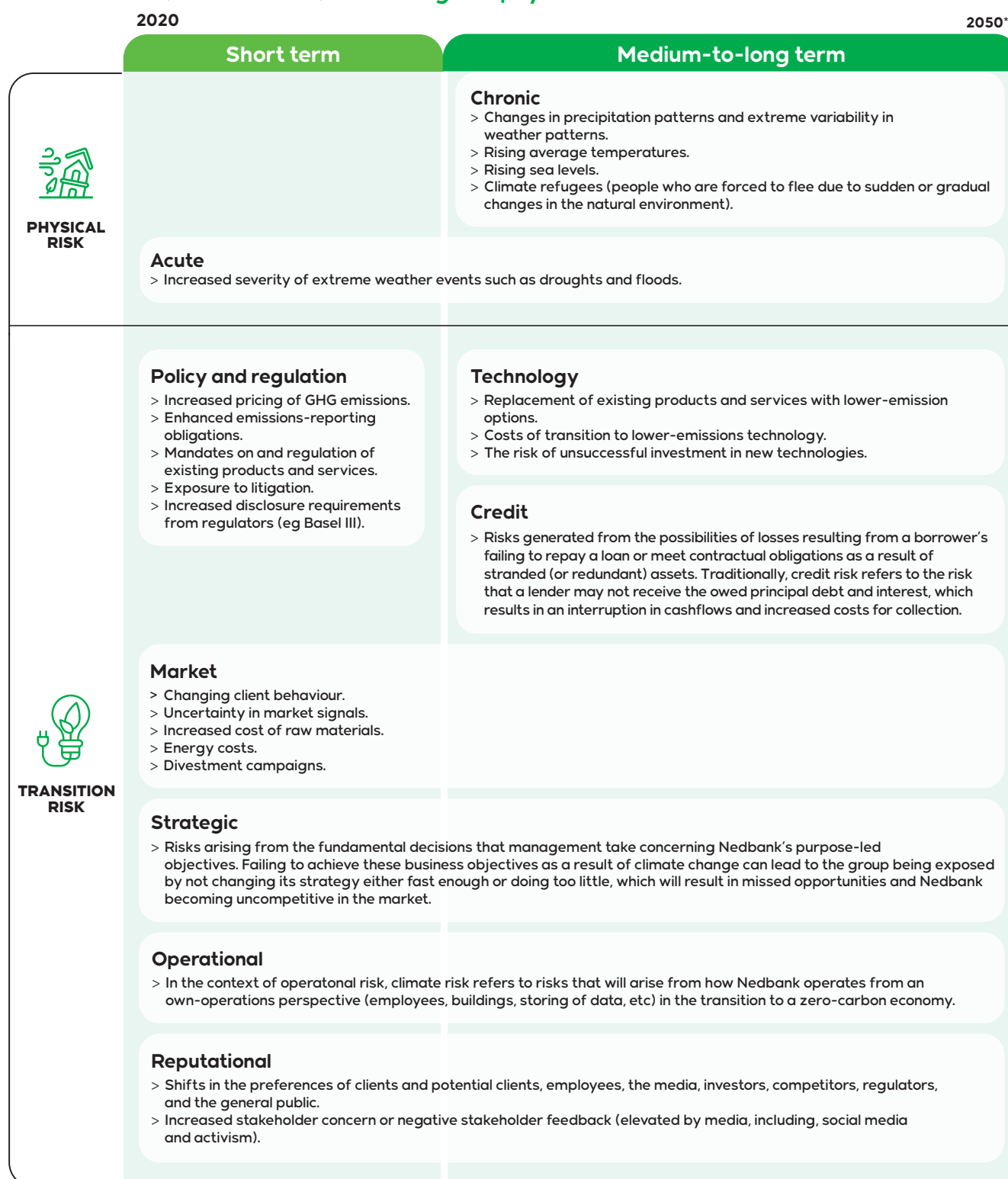


## Time horizons

Nedbank considers short-, medium-, and long-term time horizons when assessing climate-related risks and opportunities that are likely to have an influence on our business strategy.

We have identified a variety of physical and transition risks that could result in financial impact on the group and have an impact on the overall group strategy. Through early adoption of climate change mitigating actions, these risks can be minimised or mitigated, and the risks can be turned into reward (opportunity). These typically manifest themselves over the medium and long term, as illustrated in the diagram below:

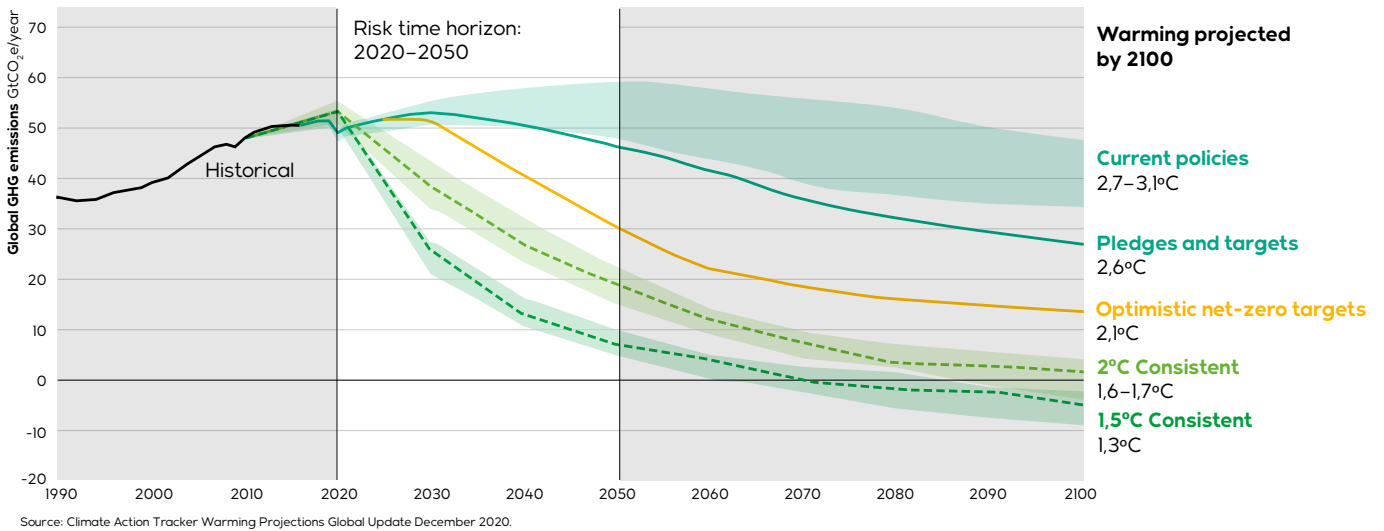
## Time horizons (2020 to 2050) translating into physical and transition risks



\*Fully decarbonised by mid-century

## Emissions trajectories and warming projections by 2100

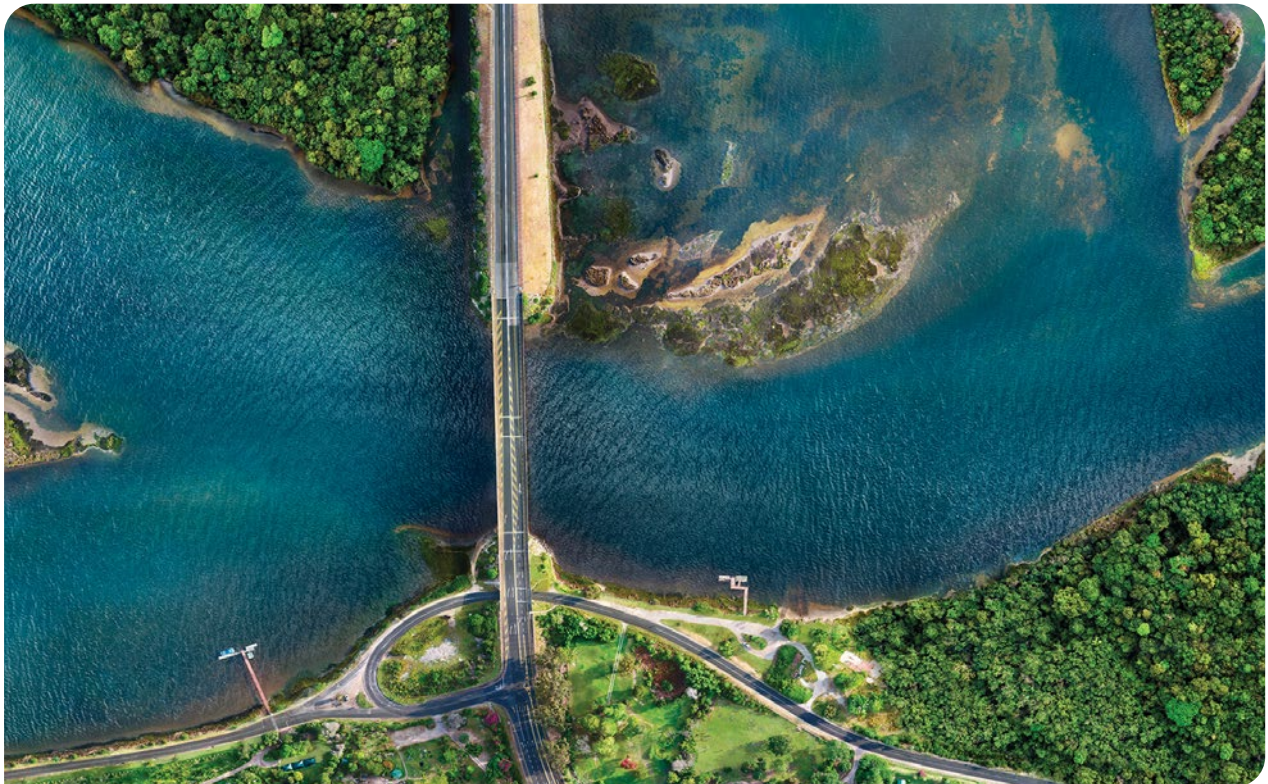
The graph below shows various outcomes of warming projections based on pledges and current global policies globally. In the risk time horizon (2020–2050) below, it is clear that action is required to reduce carbon emissions.



## LEVERAGING CLIMATE CHANGE OPPORTUNITIES

### Supporting the sustainable and positive impact of our clients

We use the Nedbank Sustainable Development Framework to focus our efforts and identify strategic focus areas with business opportunities and risks as well as cost savings. We have prioritised nine of the 17 SDGs where we believe we have the greatest ability to make a meaningful impact through innovation in our banking products, lending and investment practices. These nine goals, including six that are climate-aligned, are being championed by nine group executives. They have to ensure that the percentage of our lending and investment towards sustainable development finance grows in a manner commensurate with the needs of our country, our clients, the size of the strategic opportunities offered and our desire to lead in this area.





To read more about how Nedbank Group has made progress in support of the UN SDGs, readers can refer to our 2020 Society Report at [nedbankgroup.co.za](https://nedbankgroup.co.za).

The six SDGs that respond directly to addressing climate change are:



- Provided financial support to important water sector players such as the **Trans-Caledon Tunnel Authority (TCTA) for the Vaal River System, to Rand Water** to support running costs, and provision of preference share funding to **South African Water Works** for two water concessions at Mbombela and Ballito.
- We provided over **R70m for the Knysna Local Municipality**, of which almost R59m was committed to fund a water-related infrastructure upgrade, including main water reticulation, water treatment plants and a new sewer plant.
- Over the past five years **we invested more than R112m in 34 water and conservation projects**. Altogether 18 of those projects at an investment of nearly R42m focused on water (fresh and marine).

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- Water efficiency solutions in residential, commercial, and industrial facilities.
- Invest in ecological infrastructure, including restoration of wetlands and catchment areas.



**Nedbank is a leading funder of renewable energy in South Africa**

#### Nedbank renewable energy strategy

Our continuous involvement in the Renewable Energy Independent Power Producer Procurement Programme has ensured that we maintain our status as the leading bank in supporting and enabling renewable energy delivery. Nedbank had committed R36,2bn at 31 December 2020 and has appetite to increase this to R50bn.

#### Embedded generation

The embedded energy generation market continues to develop rapidly, and is expected to gather further momentum in 2021 in South Africa as government has indicated a willingness to increase the existing 1 MW floor for licensing of projects. This will open up opportunities for larger projects in sectors like mining, which has extensive energy requirements.

We continue to build on our experience in funding renewable energy projects as we support our clients in their efforts to source cost-effective and secure renewable energy supply in line with their climate change strategies. In 2020 we deployed a further R60,9m (2019: R163,5m) into projects with a range of leading energy developers

and expanded our financing beyond energy generation to include energy efficiency technologies in areas such as lighting and refrigeration. This continued innovation in our funding structures has further cemented our position as the leading financier in this sector.

In addition, R197m (2019: R1,7bn) of our property finance lending over the past financial year went towards the installation of solar power facilities.

#### Sustainable and responsible investing

A dedicated Sustainable Finance Solutions division was established within CIB and serves to integrate sustainable values within mainstream financing, assist the structuring and development of new products linked to sustainability, and partner with our clients to identify sustainable solutions that would support the transition and provide value add to our clients.

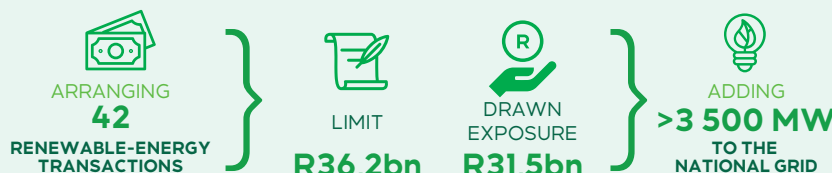
The division will work in collaboration with other business units across the bank and will seek to attract and orientate capital flows through sustainability-led structuring to enable deployment into areas of the economy where it is needed the most.

- In 2019 we were the first commercial bank in South Africa to launch a **R1,7bn green bond** on the JSE:
  - The proceeds of this bond are directed towards financing the construction of renewable energy projects by our clients.
  - This bond has been validated independently by the Carbon Trust.

- In December 2020 we partnered with the IFC in raising **\$200m in climate-linked loan financing**. This funding is being directed towards a combination of solar, wind and biomass projects and is aimed at supporting the construction of new projects under future rounds of South Africa's Renewable Energy Independent Power Producer Procurement Programme.
- We launched a **R2,0bn SDG-linked tier 2 capital instrument** (SDG green bond), which is the first of its kind in South Africa, listed on the Green Bonds segment of the JSE and created in partnership with the AfDB. Proceeds will be used to fund solar and wind renewable energy projects. The inaugural Nedbank Green Renewable Energy Bond won numerous awards in 2020: Energy Deal of the Year at the African Banker Awards 2020 and the Impact Initiative of the Year Award at the 2020 Environmental Finance Impact Awards. During the year Nedbank also became the first South African sustainable bond issuer to be invited to join the Nasdaq Sustainable Bond Network as a contributing member.

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- Off-grid renewable energy solutions for communities lacking grid access.
- Utility-scale renewable energy and small-scale embedded generation (eg rooftop solar PV).
- Energy storage technologies.
- Energy-efficient technologies and processes in residential, commercial and industrial facilities.
- Grid upgrades, including smart grids and microgrids.



<sup>1</sup> The opportunities identified are illustrative and non-exhaustive.



- In 2020 we successfully concluded a **US\$296m project finance deal for the Beitbridge Border Post Upgrade and Modernisation** project in Zimbabwe.
- The upgrading and modernisation of the Beitbridge border post is a **key African infrastructure project** and the first public-private partnership concluded in Zimbabwe in more than 20 years. Importantly, the project includes initiatives with a social impact, such as a fire station, housing development, sewer line, improved electricity supply and a water reservoir for the local town of Beitbridge.

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- **Climate-resilient infrastructure** (including regional and transborder).
- **Interventions to increase resource use efficiency and encourage greater adoption of clean and environmentally sound technologies and processes.**



- In 2020 we provided funding of over **R2,2bn** (2019: R790m) for the **construction of buildings that conform to green building standards**, bringing the amount of funding provided to this important sector to more than R12bn to date.

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- **Upgrade informal settlement areas with affordable green housing, including improved access to affordable basic services (energy, water, sanitation, transport and communications).**
- **Mass-transit infrastructure, electric vehicles, and improved non-motorised transport options.**
- **Green buildings and municipal waste collection, including reprocessing and recycling facilities.**



- We continue to support a range of South Africa's prominent recycling businesses with our most recent lend of R122m, **further increasing the installed capacity** of Extrupet's recycling plants. In addition **the funding of a further Polyethylene Terephthalate (plastic) recycling project is in the advanced stages of being negotiated with another key client in the sector.**
- We advanced a five-year **R50m loan facility** to Humansdorp Kooperasie, a client in the Eastern Cape, for sustainable farming interventions. The first report from the client during the 2020 financial year showed significantly positive results for **farmers** who took the loan to implement these **farming solutions.**

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- **Technologies and processes to reduce material consumption per capita and per unit of GDP.**
- **Upgrades in the food supply chain, including storage facilities, cold-chain logistics, and local distribution centres to reduce post-harvest food losses.**
- **Technologies and interventions to prevent or reduce waste and increase recycling and reuse.**



- We have partnered with the WWF to protect and develop South Africa's essential **water source areas**, while at the same time creating opportunities for, and **supporting, communities that rely on these areas for their livelihoods.** The intention of this five-year, R25m partnership is to showcase the value of an effective water source partnership model and deliver valuable learning and insights that can be replicated nationally.
- Work undertaken by the WWF Nedbank Green Trust complements this partnership by ensuring that the **country's many ecological assets are secured, managed and restored.** The trust also works in the Grasslands biome, which is considered a national conservation priority.

#### OPPORTUNITIES IDENTIFIED<sup>1</sup>

- **Sustainable forestry practices, including afforestation and reforestation.**
- **Removal of invasive alien species to restore functions of indigenous land and water-based ecosystems.**

<sup>1</sup> The opportunities identified are illustrative and non-exhaustive.



## Scenario analysis

A net-zero carbon transition translates into a new and uncertain landscape of risks and opportunities, which will require ongoing development to be identified, understood, and translated into effective strategies if companies are to adapt to, benefit from, and contribute to a net-zero carbon economy.

To this end, Nedbank partnered with 2DII, an international non-profit organisation that developed the PACTA model and measures the exposure to and alignment with a series of decarbonisation scenarios of companies and financial portfolios.

The purpose of the partnership is two-fold:

- 1 Measuring the exposure of Nedbank CIB's loan book to different high- and low-carbon technologies across several climate-relevant sectors.
- 2 Assessing the alignment of the production plans of CIB's clients with a scenario in line with the Paris Agreement.

The climate-sensitive sectors that were analysed are power generation and upstream fossil fuels. To measure alignment with the goals of the Paris Agreement we will evolve a frame of reference for the energy sector, ie anticipated energy mix for CIB for alignment with the Paris Agreement.

The scenarios developed by the IEA were used as the frame of reference:

- **Above 3,2°C** > current-policies scenario. This scenario is a baseline picture of how global energy markets would evolve if governments make no changes to their existing policies and measures.
- **2,7°C to 3,2°C** > stated-policies scenario. This scenario reflects the impact of existing policy frameworks and today's announced policy intentions.
- **1,75°C to 2°C** > Sustainable-Development Scenario. This IEA scenario is most aligned with the Paris Agreement, as it holds the temperature rise to below 1,8°C with a 66% probability without reliance on global net-negative CO<sub>2</sub> emissions; this is equivalent to limiting the temperature rise to 1,65°C with a 50% probability.

## Scenario analysis governance

Nedbank has developed a scenario analysis or model risk governance process that covers all three lines of defence, with final approval from the CRC and Group ALCO. The Model Risk Management division performs an independent review of the modelling data and key model outcomes (2LoD) every year. GIA fulfils the 3LoD role and provides independent assurance of the overall scenario analysis or model risk governance process.

The use of climate-related scenario analysis to assess potential business implications of climate change is still at an early stage. We will continue to grow our capacity in this field to assess possible climate-related outcomes that are highly uncertain and potentially disruptive over the time horizons. Scenario analysis can help us to frame the strategic impact better, assess the range of potential management actions that may be needed, engage more productively in strategic conversations, and identify indicators to monitor the external environment.

**Importantly, climate-related scenario analysis can provide the foundation for more effective engagement with investors on Nedbank's strategic and business resilience.**

## Financial planning

The primary financial impact of transitioning away from GHG-intensive portfolios (eg coal-fired power generation) will have a negative impact on interest, NIR, other income, and ultimately the headline earnings of these portfolios. The negative impact can be offset or mitigated by focusing on capturing the attendant new business opportunities.

Revenues are likely to be generated from new opportunities present in green assets, deposits, and capital-market products.

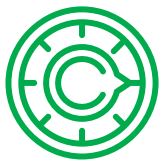


'We welcome Nedbank's efforts to continuously improve their integration of climate-related risks into their decision-making. We are proud to see Nedbank using the results of the PACTA climate scenario analysis tool to inform their strategy, risk management and reporting processes. Nedbank was a crucial partner for the rollout of the open-source PACTA tool to the banking community.'

– Maarten Vleeschhouwer (Head of PACTA)

## The outcome of the Nedbank scenario analysis

Sector	2025 Sustainable Development Scenario target
<b>Power generation</b>	<ul style="list-style-type: none"> <li>• CIB's current energy portfolio is heavily tilted toward renewable energy in alignment with the Sustainable Development Scenario.</li> <li>• It should be noted that most of the exposures are in the form of projects, which will have to be replaced by projects of similar value to remain within the Sustainable Development Scenario target.</li> </ul>
<b>Upstream fossil fuels</b>	<ul style="list-style-type: none"> <li>• Gas is viewed as a transition technology within the IEA scenarios due to its lower GHG emission factor. Nedbank will continue to finance natural gas production where it will play an essential role in facilitating the transition to a zero-carbon energy system by 2050.</li> </ul>



# 3<sup>rd</sup> Pillar Risk management

**An orderly transition minimises the risks associated with climate change as an emerging risk.**

Nedbank's risk strategy focuses on the new era of risk and the opportunities and threats in a rapidly changing global landscape. An orderly transition to a low-carbon economy minimises the financial and non-financial risks associated with climate change.

Climate-related risk management requires close collaboration between business, risk functions, and other support functions across the organisation. Nedbank integrates climate-related risk management across various functions, including existing governance forums. The operationalisation of climate-related risk management is guided by the CRMF.

Climate-related risk assessment is the process used to identify and understand risks relating to climate change for Nedbank. The risk assessment consists of the identification, assessment, measurement, and analysis of potential threats and vulnerabilities. We will maintain an ongoing climate-related risk assessment process.

We are also in the process of enhancing our current risk processes to incorporate how we make decisions to mitigate, transfer, accept, or control climate-related risks.

Furthermore, climate-related risk assessments are performed as part of the SEMS process in the financing of projects.

## The Nedbank climate-related risk management process

The CRMF is supported by the climate-related risk management process that provides details of activities and processes that form the foundation of climate-related risks. The climate-related risk management process enables Nedbank to effectively minimise downside risks and optimise upside risks. The climate-related risk management process consists of five interlinking steps that form a holistic basis for climate-related risk management.

### 5 Climate-related risk standards

Climate-related risk standards guide the basic aspects that must be in place across all the facets of the operations across the enterprise.

### 4 Climate-related risk cyclical process

The climate-related risk management process is cyclical in nature and subject to continuous improvement, in keeping with the evolution of climate-related risk management, new capabilities, and vulnerabilities. Nedbank remains agile in the transition to a net-zero carbon economy.

### 1 Climate-related risk drivers

Identify and assess external and internal climate-related risk drivers that impact the environment in which we operate.

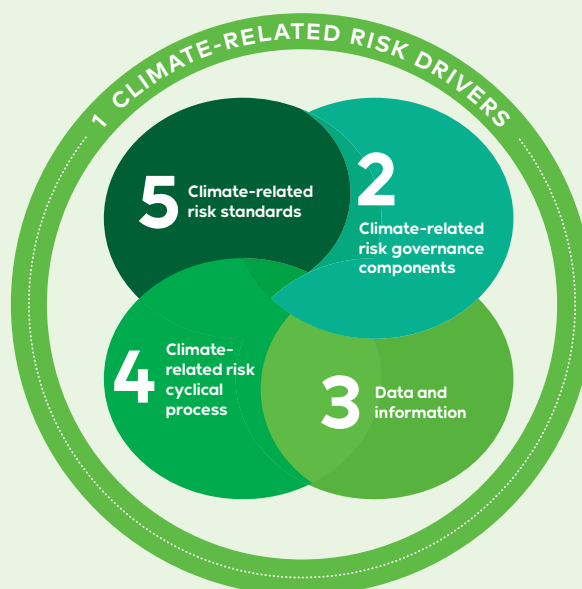
### 2 Climate-related risk governance components

The process includes the following components to identify, manage, monitor and measure the group's approach to managing climate-related risks:

- Nedbank's CRMF is aligned with and able to be mapped to the group's strategic goals and SDGs to support the business goals.
- The CRMF guides the execution of climate resilience in alignment with the group's risk appetite (ie size and scope).

### 3 Data and information

The climate-related data will be acquired, created, stored, used, maintained and retired in accordance with Nedbank data management governance standards, policies and frameworks.





## Inherent risk profile

The inherent risk profile identifies Nedbank's inherent risk before controls are implemented for the effective management of climate-related risks. The inherent risk profile is determined based on the following categories:

- **GHG emission industries** – Various industries pose a higher inherent risk depending on the nature of the specific GHG emissions. Inherent risk increases as the GHG emissions increase.
- **External threats** – These include changing weather patterns, client behaviour and preferences, new technology and innovation, legislation, and risks. Nedbank may be exposed to due to activities of lending, investing, and the group's own operations.

The results for client-facing clusters and supporting functions are aggregated to identify the inherent risk profile of Nedbank's lending book, clients and industry exposures. For situations where the risk level falls between two levels, the higher risk level is selected.

## Inherent borrower risk levels are categorised as follows:

- Least** – Has very limited GHG emissions and very minimal exposure to climate-related risks. The organisation has a small geographic footprint and few employees.
- Minimal** – Has minimal complexity in terms of exposure to climate-related risks and GHG emissions.
- Moderate** – Has moderate GHG emission and exposure to climate-related risks, as well as offers greater variety of products and services through diverse channels.
- Significant** – Has significant GHG emissions and exposure to climate-related risks in terms of scope and sophistication.
- Severe** – Has the highest GHG emission and higher exposure to climate-related risks.

By identifying both our inherent risk profile and maturity levels across these domains management, with guidance from the CTT, we can determine whether its maturity levels are appropriate in relation to its inherent risk profile. If not, we may act either to reduce the inherent risk or to increase the maturity levels.

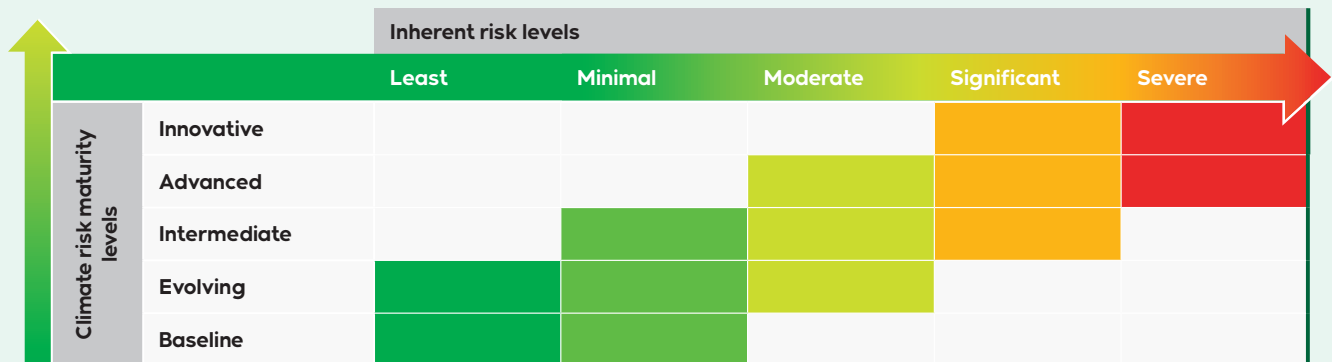
## Gap assessment

A climate-related risk gap assessment was completed and used to identify and understand risks relating to climate change for us. The risk assessment consists of the identification, assessment and analysis of potential threats and vulnerabilities. The required mitigating actions were put into place to manage the gaps identified. Below is a list of some of the gaps identified with mitigating actions:

- The integration of climate risk into the existing social and environmental risk. Climate risk is systemic to the risk universe and will be integrated into the ERM risk universe.
- The board subcommittees' roles and responsibilities were expanded to ensure board oversight of climate-related risks and opportunities.
- A data and systems working group was established to ensure the provisioning of the required climate-related data and IT systems.
- A training working group was established to ensure 'fit-for-purpose' training which will be provided to all employees across the three LoDs.

## Risk and maturity relationship

The relationship between climate risk maturity levels and inherent risk levels



As part of the risk management process the below GHG-intensive industries have been identified:

Energy	Transportation	Material and buildings (commercial and residential)	Agriculture, food and forest products	Manufacturing
<ul style="list-style-type: none"> <li>Coal: <ul style="list-style-type: none"> <li>Thermal coal (known as steam coal).</li> <li>Metallurgical coal or coking coal.</li> </ul> </li> <li>Oil.</li> <li>Gas.</li> <li>Electric utilities or electric generation.</li> </ul>	<ul style="list-style-type: none"> <li>Air freight.</li> <li>Passenger air transportation.</li> <li>Maritime transportation.</li> <li>Trucking services.</li> <li>Internal-combustion engine vehicles and components.</li> </ul>	<ul style="list-style-type: none"> <li>Metals and mining.</li> <li>Chemicals.</li> <li>Construction materials (ie cement).</li> <li>Capital goods.</li> <li>Real estate management and development.</li> <li>Waste management.</li> </ul>	<ul style="list-style-type: none"> <li>Beverages.</li> <li>Agriculture.</li> <li>Packaged foods and meats.</li> <li>Paper and forest.</li> </ul>	<ul style="list-style-type: none"> <li>Fertilisers.</li> <li>Cement.</li> <li>Machinery.</li> </ul>

Climate-related risks are systemic<sup>1</sup> to all activities, therefore climate risk will be integrated into the Nedbank risk universe. Below are a few examples of how climate-related risks could materialise as part of our existing risk classification:

1 Accounting, financial, and taxation risks

Combustion emissions, process emissions, and fugitive emissions will potentially trigger a tax obligation depending on the threshold that is applicable. Should Nedbank not transition to a net-zero carbon economy, there is the risk that the financial performance of Nedbank can be impacted negatively by potential climate-related write-downs or impairments as a result of stranded assets.

2 Credit risk (including counterparty and concentration risks)

The climate-related physical impacts can generate significant losses, unexpected expenses, and reductions in income and profits for borrowers. This may affect their ability to repay loans acquired and therefore generates a credit risk to lenders. Likewise, the frequency and intensity of extreme events may affect the value of properties and real estate, affecting the relationship between the loan amount and the value of the related asset, as well as the liquidity value of mortgaged properties.

3 Market risk

These risks are generated by shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly considered.

The impact of the transition on carbon-intensive sectors could affect energy and commodity prices, corporate bonds, equities, and certain derivatives contracts. While the risk of a sudden and significant systemwide adjustment may not be immediate, the financial risk from an abrupt transition to a net-zero carbon economy can increase if, over the coming years, portfolios are not aligned with expected climate pathways.

The increasing frequency of severe weather events could impact macroeconomic conditions through sustained damage to national infrastructure and weaken fundamental factors such as economic growth, employment and inflation. This could have implications for the market price of sovereign debt for those countries most susceptible to the physical impacts of climate change.

4 Liquidity and funding risks

A reduction in market liquidity may adversely impact a bank's ability to turn assets into cash in an attempt to manage or mitigate the adverse effects of funding liquidity risk. It should be noted that liquidity risk is a consequential risk, meaning that it is likely to emanate from other risk events such as credit events, trading events or operational-risk events. To the extent that climate change impacted Nedbank from a credit, operational, reputational or other perspective, there could be a consequential knock-on impact on the bank's liquidity risk position.

5 Capital risk

This is the possibility that the group will become unable to absorb losses, maintain public confidence and support the competitive growth of the business. Capital risk includes failure of the group's entities to maintain the minimum regulatory capital requirements laid down by the Registrar of Securities Services, the FSCA, the SARB PA and the JSE.

6 Insurance risk

**Nedbank Insurance business:** Climate change is strongly correlated with higher frequency and severity of physical damage and can impact volatility of the Nedbank Insurance business. The pricing, underwriting, and investment decisions should include an assessment of climate-related risks.

**Insurance for Nedbank against climate-related risks in its lending portfolio:** There might be an environmental liability exposure for the bank by its funding projects or clients' activities that can cause environmental liability. Insurance products to cover this risk are not yet well matured and the pricing of these types of insurance will determine whether it is economical to take out this insurance.

7 Operational risk

Severe weather events could impact business continuity, including branch networks, offices, infrastructure, processes and employees. The pricing of inputs (production factors) such as energy, water, and insurance could increase. Examples of climate-related impacts to the bank are infrastructure damages, unavailability of premises or system outages caused by extreme weather, increasing litigation allegations and increasing litigation arising from climate change activism and/or supervisory enforcement.

8 Financial crime risks

The impacts of climate change could potentially lead to extreme poverty and adverse socioeconomic conditions, which, in turn, may lead to an increase in financial crime.

9 Concentration risk

In time to come, lenders will have to reduce the financing of fossil-fuel related activities and over the next few years it is possible that these assets could wind up being concentrated in a handful of banks, which will then contribute to systemic risk<sup>1</sup>.

10 Conduct risk

The climate change effects will generate impact across environmental issues, economic performance, social behaviour, infrastructure and other aspects of human existence. Changes might arise from clients and how Nedbank conducts itself in the market in a sustainable manner.

11 Regulatory risk (including policy risk)

The uncertainty of climate-related risks is seen in the evolving regulatory landscape. Transition risks create a new landscape for regulatory risks where there will be a focus on carbon and GHG pricing. Transition risks can occur when regulators create legislation and enforce a transition, for example carbon and GHG pricing.

Risks generated by increased pricing of GHG emissions, sustainable land-use practices, introduction of strict requirements for energy and/or water efficiency, increased disclosure requirements from regulators (eg Basel III), mandates on and regulation of existing products and services, exposure to litigation and enhanced emissions-reporting obligations.

12 Information technology risk

The potential that a given threat will include hardware and software failure, as well as natural disasters such as fires or severe storms, causing harm to the organisation. It is measured in terms of a combination of the probability of occurrence of an event and its consequence.

13 Business (including country) and strategic (including execution) risks

Strategic risks are risks that affect or are created by an organisation's business strategy and strategic goals. Business risks are major risks that affect an organisation's ability to execute its strategic plan.

14 Reputational risk

Reputation reflects how the group is perceived by various stakeholders such as media, clients, investors, potential clients, employees, competitors, regulators and the general public. Reputational risk is the potential value destruction or loss of financial capital, social capital and/or market share resulting from damage to the group's reputation. Reputational risk can affect adversely the group's ability to maintain existing business relationships, establish new business relationships and access funding sources.

Climate change has been identified as a potential source of reputational risk tied to stakeholders' negative perceptions of an organisation's contribution to or disengagement from the transition to a lower-carbon economy. Reputational risk could also arise from shifting sentiment among stakeholders and increasing attention and scrutiny from stakeholders on the banking sector's response to climate change.

15 Governance and compliance risks

Governance risk refers to an entity's governing body (the board) not exercising ethical and effective leadership with the aim of achieving group goals.

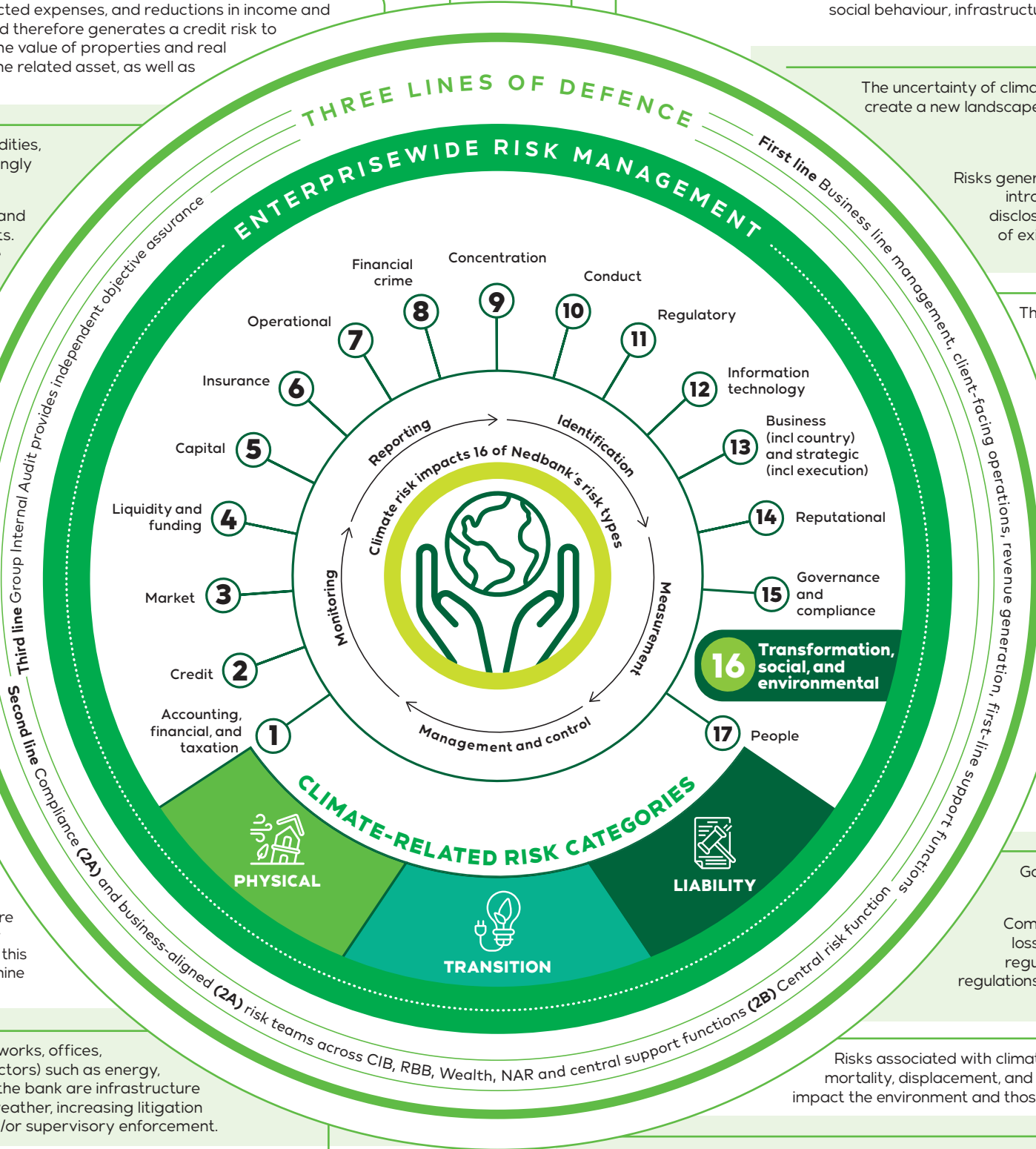
Compliance risk means the risk of legal or regulatory sanctions, material financial loss or loss of reputation that Nedbank Group may suffer by not complying with regulatory requirements. Regulatory requirements are requirements set by laws, regulations or supervisory bodies, including industry codes, that Nedbank Group and its subsidiaries must by law comply with or to which it voluntarily adheres.

16 Transformation, social, and environmental risks

Risks associated with climate change could increase household vulnerability to poverty, hunger, disease, mortality, displacement, and violent conflict in many developing countries. Physical risks are more likely to impact the environment and those households most vulnerable to the risks will have a larger negative impact.

17 People risk

This is the failure to attract prospective younger candidates and retain employees that are climate-change sensitive.



<sup>1</sup> Systemic risk is the risk of collapse of an entire financial system or entire market, as opposed to the risk associated with any one individual entity, group or component of a system that can be contained therein without harming the entire system.

Nedbank is operationally resilient in light of climate change, with adequate business continuity plans in place.

### Operational risk

Operational risk refers to the risk of loss resulting from inadequate or internal failures due to people, processes, controls and/or technology, or triggered by external events like natural disasters and pandemics.

Operational risks related to climate change include physical asset damages, business disruption or interruption and legal and litigation exposures that are part of the current operational-risk landscape. Operational risk, including the climate-related risks are adequately managed through existing frameworks and processes that are aligned with advanced regulatory standards and emerging best practice. The group is committed to sound risk management practices in identifying and managing operational risk within acceptable levels to protect and promote a sustainable business.

### Integration of climate risk and operational risk

Operational risks related to climate change (physical asset damages, business disruption or interruption, legal and litigation) are currently captured within the bank's core operational-risk management and measurement processes.

The primary operational-risk management and measurement processes in the group include tracking of key risk indicators, risk and control self-assessments, collection and governance processes of internal loss data, consideration of external loss data, scenario analysis and capital calculation.

Changes in the frequency and severity of extreme weather events (ie drought or flooding) could result in increased instances of business interruption and cause significant damage to our assets, including branches, data centres, ATMs and campus buildings, and our internal enablers (infrastructure, processes, people, systems, suppliers) could be vulnerable and ill-equipped to respond to these hazards (internal control environment).

Nedbank has a Damage to Physical Assets scenario guided by experts that is reviewed every year that covers events in which the bank might, in part or in total, experience the loss of its property portfolio (ie its buildings, including contents) as a result of intended or unintended disastrous events (factors in extreme weather) or other circumstances (terrorist attacks, arson, etc). Frontline clusters have litigation scenarios that involve regulatory

bodies and third parties instituting legal action against the bank that could arise from intentional or unintentional process deviations, contractual breaches, unacceptable business and/or market practices resulting in subsequent financial losses and reputational risk.

The group reviews and assesses its physical assets, business disruption, legal and litigation risks with added focus on factoring in the impact of climate change as a core driver on an ongoing basis.

### Operational-risk tools

Operational risks related to climate are being integrated into the operational-risk management processes that enables the assessment and management of operational risk and provide a holistic view of the group's operational-risk profile.

### Business continuity

Business continuity and disaster recovery management are core elements of operational risk and focus on ensuring that the bank is operationally resilient.

### Business continuity tools

Nedbank has a comprehensive board-approved BCM programme. Elements of the BCM programme include a framework, a policy and a manual.

The Business Continuity Strategy is based on the PR4 Framework – **P**revention > **R**esponse > **R**esumption > **R**ecovery > **R**estoration – which ensures every business unit in the bank has a business continuity plan in place that is reviewed, updated, approved and tested at least every year.

The different levels of plans enable us to have a multilayered approach in planning a response and ensuring continuity of operations. Responses include the following:

**Level 1 – Strategic response** (Ensure that the bank's strategic objectives are identified and prioritised given the situational assessment of the crisis or disruption).

**Level 2 – Tactical response** (Tactical decisions in ensuring strategic objectives are communicated and aligned across business clusters, product and service lines, and geographical spread of Nedbank locations).

**Level 3 – Operational recovery** (Operationalisation of strategic and tactical decisions and objectives to ensure continuity of operations).

The purpose of the BCM policy is to formalise business continuity principles that apply to all business operations, departments, divisions, clusters and campus sites of the group.

The objective of the BCM policy is to:

- provide required (seamless) services to clients;

- minimise potential financial loss, legal liability and brand damage;
- protect more effectively the life and safety of employees;
- minimise the number of decisions that must be made during an emergency or business interruption; and
- decrease dependence on the participation of any specific person or group of people during the response, resumption and recovery phases.

Part of the Nedbank Business Continuity Strategy is the establishment of Nedbank's disaster recovery site and dedicated alternate work area sites in three of the major provinces (Gauteng, Western Cape and KwaZulu-Natal). The implementation of these sites is to ensure the continuation of operations due to any incident or disaster, including climate risk events resulting in physical damage to primary sites.

### Integration of climate risk into our own operations to ensure operational resilience

Nedbank's readiness to deal with potential adverse impacts are addressed and operationalised via the business continuity planning initiatives that address various scenarios:

**Scenario 1** – Loss of site or denial of access (strikes, protest, extreme weather events and fire).

**Scenario 2** – Loss of utilities (power and water).

**Scenario 3** – Loss of IT services (network and telephony systems).

**Scenario 4** – Loss of workforce (industrial action and pandemics).

**Scenario 5** – Cyberattack

**Scenario 6** – Anticipated disaster (fuel shortages, social unrest and extreme weather events).

In response to the effects of climate change, we have developed a Water Crisis Plan and National Blackout Plan as part of our readiness plans.

The Water Crisis Plan successfully responded to the abnormal weather conditions experienced (droughts) in the Western Cape, which is fit for adoption should a similar crisis develop in any of the other provinces in South Africa. Similarly, in efforts to ensure the continuity of operations should there be a national blackout, the National Blackout Plan crafted several initiatives to ensure that the business can continue operations for an extended period.

Although climate change has not yet had a material operational-risk impact on the group, we are well positioned to mitigate or respond to climate-related risks. This was demonstrated in our response to the Covid-19 pandemic, during which our resilience and response was demonstrated. However, Nedbank recognises the ever-increasing importance of climate risk in our



operations and will continue to monitor closely and mature our programme to be operationally resilient.

### Nedbank's approach to addressing environmental risks

Considering the environmental and social impacts of climate change, Nedbank assesses the risk through the SEMS process. Both the Social and Environmental Policy and SEMS recognise the importance of assessing the physical and transitional risks associated with financing high-impact industries. The Social and Environmental Assessment is based on the IFC performance standards and requires all transactions to be assessed against our sector guidelines (including, among others, the Energy Policy). All transactions in high-impact sectors, such as mining, oil and gas, agriculture, property and water infrastructure, as well as waste, have to receive social and environmental signoff before a credit committee considers financing.

### Managing social and environmental risk in our lending practices

The year 2020 has been a year of extremes and has emphasised the importance of identifying, managing and reporting on social and environmental risk. Nedbank revised its Social and Environmental Risk Framework to expand on the social imperatives within our operations and that of the clients that we finance.

#### Nedbank's key objectives in managing social and environmental risk include the following:

- Managing our direct impacts through reducing the social and environmental impacts in our own operations and in the facilities we occupy.
- Managing our indirect impacts through responsible lending by ensuring that the social and environmental risks of the projects and investments our clients undertake are adequately assessed and addressed.
- In accordance with the CRME, anticipating risk through developing scenarios, monitoring and managing the impact of climate risk on our operations, our business activities, the activities conducted by our clients and the communities we operate in.
- Ensuring alignment and mapping with the group's strategic goals and supporting the business objectives linked to the SDGs as set out in the Nedbank strategy.

Achieving the above objectives has been a challenge during 2020 and is reflected in the number of SEMS assessments below as the lockdown measures affected our clients' economic activity.

For the most part the highest-risk areas in which these lending and investment activities take place are energy, property development and infrastructure, as

## Nedbank conducts enhanced due diligence when considering funding and climate risk is integrated into CIB assessment process.

well as high-impact industries such as mining, oil and gas, agriculture, waste management and manufacturing. We actively manage these risks using SEMS and by ensuring that we are aligned with industry best practice and environmental, social and human rights benchmarks. We also have a partnership approach to all sensitive investments, working closely with our clients and relevant authorities to maximise benefits and minimise the negative impacts of these activities.

#### In 2020 the most significant application of SEMS within our specific business units was as follows:

In our Investment Banking and Client Coverage divisions, all new applications and credit-risk reviews of high-risk transactions were included in the SEMS-assessment process and externally assured. In total 764 deals were assessed. This represents an increase from the 526 assessments completed in 2019. The number of transactions assessed in Property Finance for 2020 was 1 043 (1 012 in 2019). The increase in transactions was mainly due to financial risks associated with the Covid-19 environment, resulting in a considerable amount of the existing loan agreements being restructured. Certain transactions were assessed periodically throughout the year. These transactions were specifically screened for environmental risks, ranging from contamination to water risk.

The SEMS process is used in Nedbank's RBB and Wealth clusters. Due to the number of clients in RBB, a risk-based approach is taken. This requires clients to disclose any negative environmental or social impact their activities might have in the necessary client documentation. Any disclosures are then assessed through the SEMS process and, if necessary, mitigating actions are taken.

In our Business Banking operations we have identified and defined high-impact industries. In 2020, 948 clients (2019: 861) involved in these sectors were assessed.

In the Nedbank Wealth business most of our social- and environmental-risk exposure results from clients' acquisition of industrial and commercial properties that could present asbestos or land contamination concerns. The total number of clients assessed in 2020 was 100 (91 in 2019).

Our SEMS process has been implemented in NAR, including Namibia, Lesotho

and Zimbabwe. SEMS implementation in Eswatini and Mozambique is scheduled for 2021.

### Applying the Equator Principles to our lending practices

In 2005 Nedbank became the first African bank to become a member of the Equator Principles.

As a leading provider of project finance in South Africa, we carefully consider all prospective project finance transactions, project-related corporate loans, project finance advisory services and specific bridge loans against the clearly defined, globally accepted environmental and social sustainability standards. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project and corporate financing.

We have aligned our processes with Equator Principles 3 and have actively participated in the revision of the Equator Principles and the development of Equator Principles 4. We also voted in favour of the adoption of Equator Principles 4 by 1 July 2020. Our appointment to the Equator Principles Steering Committee will enable us to be at the forefront of the implementation of Equator Principles 4 and to represent our region and developing countries in general more effectively.

CIB has integrated its SEMS and climate risk processes in line with good governance recommendations based on the TCFD. As an Equator Principle bank since 2005, project-related lending is subject to the Equator Principle risk-based framework, which implies certain climate-related requirements as a term or condition of these facilities. For non-project-related transactions (not Equator Principle applicable) in certain sectors, climate-risk-related questions, requirements or monitoring will be applied regardless of the Equator Principle qualification criteria. Equator Principles call for a climate change impact assessment for projects with a certain carbon equivalent threshold (CO<sub>2</sub>e).

Two Equator Principle deals to the value of US\$45m had their first drawdown in the 2020 financial year and were submitted for external assurance.

### Committed to responsible investment

Most of our group's investments and asset management activities take place through Nedgroup Investments and Nedbank Private Wealth. With Nedgroup Investments having R375bn in assets under management at 31 December 2020, we acknowledge the far-reaching implications of how we invest. As such, environmental, social and governance factors are assessed across the range of our investment products. The cornerstone of our efforts are reported in the annual Nedgroup Investments Responsible Investment Research Report.



# Metrics and targets

**Our own operations have been carbon-neutral for the last decade.**

Nedbank is committed to tracking and managing our own operational, lending and investment impact.

Given the complexity of climate change, the industry, both globally and locally, requires time to collect data and build models and the intellectual capacity to address risks as they arise. The intricate economics of climate change – contagion effects, non-linearities and uncertainty – will require substantial qualitative and quantitative resources to monitor. In response to this, among other things, a data and systems working group that spans the enterprise was established tasked with assessing requirements relating to the high GHG-emission sectors, collecting climate-related data, as well as building and enhancing impacted systems.

Nedbank will further evolve our reporting journey by reviewing metrics and targets over time to ensure coherence with the objectives of the Paris Agreement, including the latest scientific understanding and other relevant factors. This will translate into effective and comparable disclosures.

## Managing transition risks in our lending portfolio

### Thermal coal

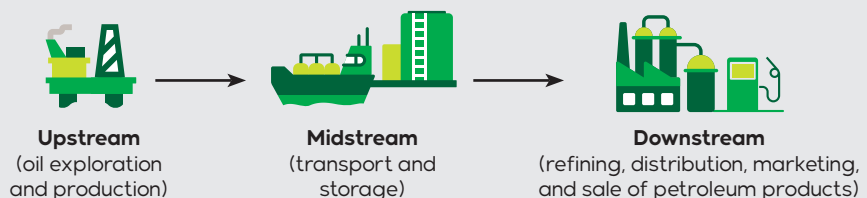
Nedbank tracks total financing in aggregate for coal mining companies, thermal-coal-related infrastructure, and thermal-coal-related trade to ensure this remains less than 1% of group total advances, reducing to 0,5% by 2030. At 31 December 2020 the thermal-coal ratio remained stable at 0,7%.

at 31 December	% of group total advances			Rbn		
	2020	2019	change	2020	2019	change
<b>Thermal coal<sup>1</sup></b>						
Limit*	0,7	0,7	0,0	5,7	5,7	0,0
Drawn exposure	0,4	0,4	0,0	3,6	3,5	0,1

### Oil and gas

Considering that gas will play a key part as we transition into a net-zero carbon economy, it is Nedbank's view that gas must be considered separately. Therefore, oil and gas are discussed as two separate sectors. The petroleum industry is also known as the oil industry and is divided into three major streams:

For the purposes of this report only upstream activities are included. The scope will be expanded to include the midstream and downstream activities over time.



at 31 December	% of group total advances			Rbn		
	2020	2019	change	2020	2019	change
<b>Upstream oil<sup>2</sup></b>						
Limit*	1,8	2,4	(0,6)	15,9	19,8	(3,9)
Drawn exposure	1,3	1,4	(0,1)	10,9	12,2	(1,3)
<b>Upstream gas<sup>2</sup></b>						
Limit*	0,5	0,4	0,1	4,6	3,7	0,9
Drawn exposure	0,2	0,3	(0,1)	1,8	2,7	(0,9)

at 31 December	% of group total advances			Rbn		
	2020	2019	change	2020	2019	change
<b>Non-renewable power generation - exposures</b>						
Limit*	1,3	1,5	(0,2)	11,5	12,4	(0,9)
Drawn exposure	1,2	1,3	(0,1)	10,2	10,8	(0,6)

<sup>1</sup> Excludes derivative products and environmental guarantees.

<sup>2</sup> Includes all limits and exposures including all products, derivatives.

\* Limits include all committed facilities approved to the clients in the respective portfolios.

## Climate-related targets

- 2021** Continuing support of the **South African Renewable Energy Independent Power Producer Procurement Programme within a R50bn limit.**
- 2022** Aim to have increased financing for **embedded energy projects up to R2bn.**
- 2025** **No provision of project financing for new thermal coal mines**, regardless of jurisdiction.
- 2030** **Thermal-coal funding reducing to 0,5% of gross total advances.**
- 2035** **No advancing of any new finance for oil production**, regardless of jurisdiction.
- 2045** Nedbank aims to have **zero exposure to all fossil-fuel-related activities.**
- 2050** **100% of our lending and investment activity supporting a net-zero carbon economy.**

## Funding the transition

Nedbank aims to have zero exposure to all fossil-fuel-related activities addressed in accordance with our Energy Policy by 2045.

We will continue to fund the transition to renewable and embedded energy solutions (ie renewable energy, embedded energy and other technologies as they develop over time).

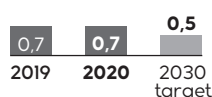
The table below indicates the renewable energy actual exposure and exposure as a percentage of group total advances:

at 31 December	% of group total advances			Rbn		
	2020	2019	change	2020	2019	change
<b>Renewable Energy Independent Power Producer Procurement Programme</b>						
Limit*	4,2	4,3	(0,1)	36,2	35,9	0,3
Drawn exposure	3,6	3,0	0,6	31,5	25,4	6,1
<b>Embedded energy generation projects</b>						
Limit*	0,0	0,0	0,0	0,4	0,2	0,2
Drawn exposure	0,0	0,0	0,0	0,2	0,2	0,0
<b>Renewable energy projects outside of South Africa</b>						
Limit*	0,1	0,1	0,0	0,7	0,6	0,1
Drawn exposure	0,1	0,1	0,0	0,6	0,6	0,0
<b>Total renewable energy</b>						
Limit*	4,3	4,4	(0,1)	37,2	36,7	0,5
Drawn exposure	3,7	3,1	0,6	32,3	26,1	6,2

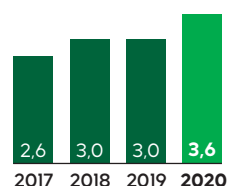
\* Limits include all committed facilities approved to the clients in the respective portfolios.

Nedbank committed R37,2bn limits at 31 December 2020 and has appetite to increase this to R50bn for the South African renewable energy independent power producer programme. Nedbank will further its embedded generation financing to accelerate the transition and accordingly aims to achieve R2bn in financing by 2022.

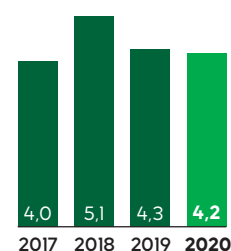
**THERMAL COAL FUNDING**  
(% of group total advances)



**RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME  
DRAWDOWN EXPOSURE**  
(% of group total advances)



**RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME LIMIT**  
(% of group total advances)





# MANAGING OUR OWN CARBON FOOTPRINT – CARBON-NEUTRAL FOR THE LAST DECADE

## Managing our facilities



### Goal 13: Climate action

Although the impact of our operations is relatively small, we still strive to minimise the negative impacts of our operations on society while maximising the positive ones.

## Reduction targets

We continue to set reduction targets to limit the impact of our own operations on the environment. These targets clearly specify the carbon emissions and resource usage levels. We aspire to meet these targets and use them to guide our use of natural resources at group, cluster, business unit, team and individual level.

The targets are integrated into applicable performance contracts, and regular communication ensures that our employees are aware of the important role they have to play in helping limit the impact of our own operations on the environment. In assessing the achievement of our reduction targets, it is necessary to define what we measure and where this measurement is done in the group. This is outlined in the table below:

For the financial year ending 31 December 2020:

Methodology	The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (revised edition). External experts were consulted where no clear guidance or guidance applicable to South Africa was available. <sup>1</sup>
<b>Inclusions</b>	Measurement includes: <ul style="list-style-type: none"> <li>our South African activities, equipment and operations;</li> <li>the actions of Nedbank employees associated directly with 587 (2019: 640) South African offices and branches; and</li> <li>all non-South African equipment and operations integrated into the greater Nedbank Group.</li> </ul>
<b>Exclusions</b>	The data required for emissions calculation is currently not available for the following: <ul style="list-style-type: none"> <li>Scope 1 and scope 3 as they relate to offices outside of South Africa and where there is a lack of reliable data.</li> <li>Emissions associated with the operation and servicing of ATMs, self-service terminals and point-of-sale devices located away from a branch or office premises, and other remote devices.</li> <li>Any other premises or activities owned or operated by us, but not explicitly referenced in this report, such as Nedbank kiosks in retail stores.</li> </ul>

### Summary of normalised greenhouse gas numbers

FTE count and occupied office space included in the report	2020	2019	2018	2017	2016	2013 baseline
Total occupied floor space of reported buildings (m <sup>2</sup> )	625 340 <sup>2</sup>	642 434	686 921	745 429	686 149	672 367
Employees included in FTE calculations	29 206 <sup>3</sup>	30 931	31 244	32 249	31 812	29 077
% of all employees covered by the report	100	100	100	100	100	100

<sup>1</sup> In some cases the vendor-supplied emission factors, values agreed by experts or historic values are used. An example is the variety of values that is applied in the industry for the South African grid emission factor. Eskom is the main supplier to the grid. Due to the varying values and for consistency Nedbank historically used a value of 0,99 tCO<sub>2</sub>e/MWh. For this report this value was updated to 1,02 tCO<sub>2</sub>e/MWh, taking guidance from the 2020 Eskom annual report and using Factor 2.





<sup>2</sup> Some facility consolidation took place in 2020, which resulted in fewer office locations being included in the measurement. Overall floor space decreased.

<sup>3</sup> GHG emissions are monitored monthly and reported against monthly FTE numbers. The result is that the annual FTE number used for GHG emissions is a 12-month average.

### Reduction target progress

Most targets have been met and maintained before the target date. With this in mind, new targets were set using 2019 data as the new base for the 2020 – 2025 period (the previous base year was 2013).

The data per FTE could be artificially low due to fewer employees being in offices as a result of the Covid-19 restrictions. To counter a potential artificial decrease in future, the new targets are both gross and consumption target/ratio and/or normalised per FTE target.

Resource	New target	Previous target	2020	Status
<b>Paper <sup>4</sup></b> 	<b>A 40% reduction in the mass of paper used by the end of 2025 based on 2019 levels. Equates to a target of 495 tonnes of paper by the end of 2025.</b>	A 35% reduction based on end-of-2013 levels or 1 162 tonnes by the end of 2025. Paper consumption in the 2019 financial year was 826 tonnes, which is a 25,0% decrease from 2018.	Paper consumption in the <b>2020</b> financial year was <b>424 tonnes</b> , which is a 48,66% decrease from 2019. Paper consumption remains a small part of our overall footprint.	●
<b>Water <sup>5</sup></b> 	<b>A 40% water reduction by the end of 2025 based on 2019 levels. Equates to 152 900 kℓ or 8,00 kℓ per FTE, whichever is met first.</b>	A 15% reduction by the end of 2025 based on 2013 levels or consumption of 14,17 kℓ per FTE.	In <b>2020</b> the consumption level was <b>10,00 kℓ</b> per FTE when compared with the 2019 consumption rate of 13,33 kℓ per FTE. The total water consumption across all our campus sites decreased by 25% to 191 194 kℓ (2019: 254 801 kℓ).  We continued with our commitment to water efficiency in our operations despite fewer employees being able to use our facilities. These interventions included the installation of 254 air-flush toilets at our Sandton head office. These toilets use 1,5ℓ of water per flush when compared with 9ℓ per flush with normal toilets.	On track
<b>Waste <sup>5</sup></b> 	<b>A 40% reduction by the end of 2025 based on 2019 levels. Equates to 110 tonnes or 5,75kg per FTE, whichever is met first.</b>	A 35% reduction based on 2013 levels or 8,42 kg per FTE by the end of 2025.	In absolute terms the waste sent to landfill decreased from 183 tonnes in 2019 to <b>116 tonnes in 2020</b> , which is a 36,9% reduction. This means that 6,05 kg per FTE was sent to landfill.  Lower office occupancy in 2020, as well as ongoing employee awareness and education campaigns continue to drive our achievements in terms of waste management, as does our zero-to-landfill policy. We will also be working to perfect our zero-to-landfill concept, with a view to reducing, and eventually doing away with, waste to landfill.	On track
<b>Recycling <sup>5</sup></b> 	<b>Recycling can increase only up to the point where waste sent to landfill is zero. This will be the ultimate goal and target. A new target of 2,50 to 3,00 times the mass of waste was set.</b>	A 35% increase in recycling based on 2013 levels by the end of 2025 or 42,38 kg per FTE.	In absolute terms the recycling decreased from 616 tonnes to 329 tonnes (46,6%). This amounts to a recycling rate of 17,2 kg per FTE.  As stated above, recycling could be artificially low due to fewer employees being in offices. To counter this, the new target is set as a ratio.  Even with reduced occupancy, our onsite recycling banks have proven very effective in ensuring maximum recycling and good levels of waste sorting at source. In <b>2020</b> about 74% of our total waste was recycled ( <b>2,8 times</b> of the amount we recycled was sent to landfill).  We continue with our rigorous recycling efforts and constantly consider increasing our use of recyclable materials. We are currently exploring different recycling streams and hope to reduce the use of virgin material even further.	●

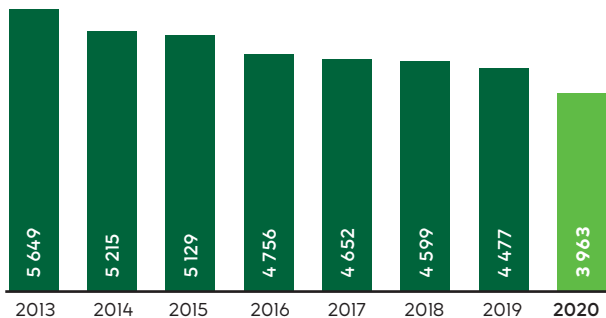
<sup>4</sup> The paper target is an absolute rather than an intensity reduction target, as most of our paper usage is related to client communication and regulatory requirements rather than to individual employee use.

<sup>5</sup> Water, waste and recycling figures are based on campus FTEs.

● Target has been met.

## Energy and carbon reduction target progress

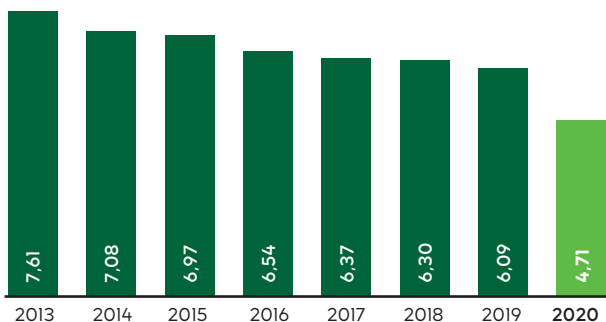
### ENERGY CONSUMPTION (kWh/FTE)



**In 2020 we achieved  
3 963 kWh/FTE**  
(2019: 4 477 kWh per FTE).

Resource	New target	Previous target
<b>Energy</b>	<p>A 30% reduction by the end of 2025 based on 2019 levels. This implies 97 000 MWh derived from fossil fuels or 3 320 kWh per FTE, whichever is met first.</p> <p>Only fossil-fuel-derived electricity will count towards these figures, as renewable energy will be exempted from this calculation.</p>	<p>A target was set as 35% reduction, based on end-of-2013 values, by the end of 2025.</p> <p>Only fossil-fuel-derived electricity will count towards these figures, as renewable energy will be exempted from this calculation. This amounts to 3 899 kWh per FTE. In 2018 we achieved 4 599 kWh per FTE.</p>

### EMISSIONS PER FTE (tCO<sub>2</sub>e)



**The 2020 pollution  
rate amounted to  
4,71 tCO<sub>2</sub>e per FTE**  
(2019: 6,09 tCO<sub>2</sub>e per FTE).

Resource	New target	Previous target
<b>Carbon emissions (including business travel)</b>	<p>A 30% reduction by the end of 2025 based on 2019 levels. This implies a total carbon footprint of 132 000 tCO<sub>2</sub>e or 4,52 tCO<sub>2</sub>e/FTE, whichever is met first.</p> <p>Only fossil-fuel-derived electricity will count towards these figures, as renewable energy will be exempted from this calculation.</p>	<p>The target was set as 35% decrease, based on end-of-2013 values, by the end of 2025. This amounts to 5,25 tCO<sub>2</sub>e per FTE.</p> <p>The 2018 pollution rate amounted to 6,30 tCO<sub>2</sub>e per FTE and the 2019 pollution rate amounted to 6,09 tCO<sub>2</sub>e per FTE.</p>

## Carbon footprint measurement

In absolute terms our overall reported GHG emissions decreased by 27,0% from 2019 to 2020. YOY, the carbon emissions per FTE decreased by 22,7% to 4,71 tCO<sub>2</sub>e and emissions per square metre of office space decreased by 25,0%.

Some key points to note:

- The overall carbon footprint again came in under 200 000 tCO<sub>2</sub>e for the third time under the comprehensive boundary as used since 2009 and specified above.
- The primary decrease in the carbon footprint is due to a decrease in the use of fossil-fuel-based electricity in South Africa and a decrease in employee commuting due to Covid-19 lockdown regulations.
- In 2020 own generation of renewable energy amounted to approximately 668 MWh (2019: 687 MWh).
- Nedbank includes employee commuting (on the following page) in the carbon footprint. This should be taken into account when doing a like-for-like comparison based on carbon footprint information.



## Nedbank group GHG emissions inventory – tCO<sub>2</sub>e

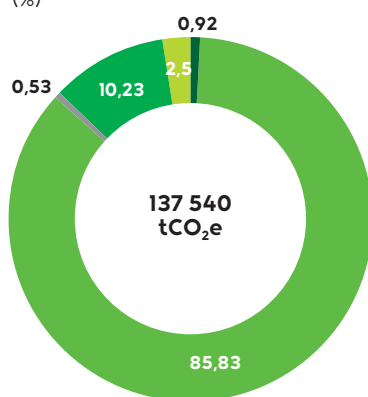
Our achievements illustrate each employee's dedication to the reduction targets.

Scope	Status	2020	2019 new baseline	2018	2017	2013 baseline
<b>Scope 1: Direct emissions</b>	<b>Y*</b>	<b>1 260,48</b>	1 465,86	1 021,96	962,35	800,31
Fuel used in equipment owned or controlled by us (eg generators)		<b>943,67</b>	1 268,42	618,66	506,02	248,82
Air conditioning and refrigeration gas refills		<b>220,87</b>	43,89	248,74	312,88	272,94
Our fleet of vehicles		<b>95,94</b>	153,55	154,56	143,44	278,55
<b>Scope 2: Indirect emissions from purchased electricity</b>	<b>Y*</b>	<b>118 047,09</b>	137 102,83	142 253,65	148 516,78	162 609,50
Purchased electricity – South African		<b>108 810,89</b>	127 433,24	132 941,85	136 532,36	150 538,64
Purchased electricity – non-South African		<b>9 236,20</b>	9 669,58	9 311,79	11 984,42	12 070,86
Total scope 1 and 2 emissions		<b>119 307,57</b>	138 568,69	143 275,61	149 479,12	163 409,81
<b>Scope 3: Indirect emissions<sup>1</sup></b>	<b>Y*</b>	<b>18 232,44</b>	49 874,76	53 716,23	56 090,31	57 969,01
Business travel in rental cars		<b>69,85</b>	338,28	399,95	353,00	424,38
Business travel on commercial airlines		<b>1 073,20</b>	4 729,24	5 748,13	5 623,98	7 733,08
Business travel in employee-owned cars		<b>2 290,21</b>	4 429,73	4 885,72	5 657,82	6 356,23
Employee commuting		<b>14 075,01</b>	38 980,86	40 804,66	42 227,36	40 406,56
Consumption of office paper		<b>724,17</b>	1 396,65	1 877,77	2 228,15	3 048,76
<b>Total scope 1, 2 and 3 emissions (GHG protocol)</b>	<b>Y*</b>	<b>137 540,01</b>	188 443,45	196 991,84	205 569,43	221 378,81
<b>Split of Nedbank Group carbon emissions (tCO<sub>2</sub>e)</b>						
Scope 1 (%)		<b>0,92%</b>	0,78%	0,52%	0,47%	0,36%
Scope 2 (%)		<b>85,83%</b>	72,76%	72,21%	72,25%	73,45%
Scope 1 and 2 (%)		<b>86,74%</b>	73,53%	72,73%	72,71%	73,81%
Scope 3 – Nedbank operations (%)		<b>3,02%</b>	5,78%	6,55%	6,74%	7,93%
Scope 3 – employee commuting (%)		<b>10,23%</b>	20,69%	20,71%	20,54%	18,25%

<sup>1</sup> Total Nedbank Group FTEs were used, although only limited non-South African scope 3 emissions were included. This was due to limited data availability.

\* Overall targets, eg total GHG pollution, are set. Some sub-targets, eg paper, can be in a more appropriate unit, like tonnes of paper, but not all carbon-footprint components will have individual targets. An example is air-conditioning gas, which is a very small component that can have annual fluctuations as maintenance is required.

### NEDBANK GROUP 2020 CARBON FOOTPRINT (%)



- Scope 1: Diesel, refrigerants, etc
- Scope 2: Electricity
- Scope 3 Office paper
- Scope 3: Commuting
- Scope 3: Business travel

#### Scope 1 emissions

Scope 1 emissions decreased by 14,01% and remained less than 1% of the overall carbon footprint. A larger decrease could have been realised if it was not for aircon gas refilling and standby generators being used during load-shedding.

#### Scope 2 emissions

Our energy use in the form of electricity, continued to be the predominant source of emissions in 2020, constituting about 86% of our overall carbon footprint. We continue to target reduced energy consumption through a variety of initiatives and the new targets were set. It is encouraging to note that own generation from renewable sources remains steady at 668 MWh for 2020. Overall fossil-fuel-based electricity consumption per FTE was reduced through less occupancy due to Covid-19 lockdown regulations and our ongoing facilities consolidation project. The result is that the overall energy (electricity) consumption was reduced by 11,50% year on year to 3 963 kWh per FTE (2019: 4 477 kWh per FTE) for the period under review. The major focus for future energy reduction initiatives remains on implementing the lessons from our campus sites to drive similar reductions across our non-campus sites.

#### Scope 3 emissions

Approximately 13% of the total 2020 GHG emissions was the result of reported scope 3 activities. Scope 3 emissions showed a YOY decrease of 66,44% as major scope 3 components, like employees commuting and business travel, decreased during the lockdown periods. It remains to be seen if these reductions can be maintained as Covid-19 restrictions are lifted or reduced in 2021. As these commuting emissions are not under our direct control, they are considered separately from emissions as a direct result of our operations. Nedbank includes employee commuting in its carbon footprint whereas most other companies exclude this component. This should be taken into account when doing a like-for-like analysis.

Our comprehensive Business Travel Policy includes green travel guidelines to ensure the most sustainable travelling practices are allowed. During 2020 the use of tele- and videoconferencing practices was vastly increased and all employees will be encouraged to use these alternatives to face-to-face meetings that require carbon-intensive road or air travel.

## Nedbank Group – performance targets

Key performance targets	Status	Progress from 2019 baseline	Progress from 2013 baseline	2020	2019	2018	2013
Total carbon emissions tCO <sub>2</sub> e (including non-South African)	●	(27,01%)	(37,87%)	137 540,01	188 443,45	196 991,84	221 378,81
Emissions per FTE	●	(22,70%)	(38,12%)	4,71	6,09	6,30	7,61
Emissions per m <sup>2</sup>	●	(25,02%)	(33,35%)	0,22	0,29	0,29	0,33
Emissions per operating income (g/rand)	●	(11,14%)	(52,99%)	3,35	3,77	3,85	7,12
<b>Energy</b>							
Consumption in kWh	●	(16,43%)	(30,48%)	115 732 438	138 487 709	143 690 551	166 468 203
Consumption in kWh per FTE	●	(11,50%)	(29,85%)	3 963	4 477	4 599	5 649
<b>Paper</b>							
Tonnes used – yoy	●	(48,66%)	(73,54%)	424,09	826,00	1 102,00	1 602,75
Usage per FTE (tonnes) – yoy	●	(45,62%)	(73,65%)	0,0145	0,0267	0,0353	0,0551

## Environmental expenditure

In 2020 our overall operational investment into environmental sustainability initiatives amounted to R59,10m (2019: R82,98m). The YOY decrease was in part due to the delay in projects due to lockdown regulations. We also invested R9,6m (2019: R9,4m) into the purchase of carbon credit offsets to meet our operational carbon-neutral commitment. A total of 195 000 tCO<sub>2</sub>e was retired for the 2020 period.

## Leveraging carbon neutrality

We use our carbon-neutral positioning to unlock synergies, partnerships and collaborations with like-minded organisations, and to enhance our client value proposition. These efforts are underpinned by a 'reduce first, then offset' approach. Our own carbon reduction efforts centre on internal awareness initiatives and behavioural change. Only then do we seek to offset the remaining carbon through carbon credits from African projects that have positive social and environmental benefits. While we prefer to support domestic carbon-offsetting projects that have verifiable carbon credits, these carbon-offsetting projects remain relatively scarce in South Africa. We participate in the carbon-offsetting projects below:

## WALKERS RECYCLING PROJECT

Walkers Recycling is a small enterprise (trading as C and E Logistics CC) that collects high-value waste and operates with full recognition from the City of Cape Town from an industrial park. The business was established by two unemployed brothers (the Walker Brothers) living in Mitchells Plain and employs around 10 people, all historically disadvantaged in the South African context.

## SPIER MOB GRAZING PROJECT

The project is located on the Spier farm near Stellenbosch and involves soil-carbon enrichment. The project's pasture management is based on the high-density grazing methodology developed in the 1980s. The presence of many animals in a small space for a short period of time means enormous amounts of manure and urine are deposited on the land, leading to healthy, robust pasture growth achieved without the application of fertilizer. Cattle are moved between four and six times per day and laying hens, accommodated in 'egg-mobiles', are moved every day. In accordance with the supply agreement, 50% of the revenue transferred from the registry to the project must be allocated directly to farm employees.

## MAKIRA FORESTY PROJECT IN MADAGASCAR

The project was set up by the Wildlife Conservation Society, the government of Madagascar and other partners that worked closely with the local communities living in the Makira plateau in north-eastern Madagascar. The project established a protected area that is financed by the marketing and sale of CO<sub>2</sub> emissions reductions credits from the project. The funds from carbon sales, generated through the avoided deforestation of the Makira forest, is used to finance the long-term conservation of the forests, improve community land stewardship and governance, and support sustainable livelihood practices leading to improved household welfare.

## GYAPA

This project has made insulated and efficient stoves available to 4,1 m people in Ghana, saving them more than \$84m in fuel costs. The Gyapa stove cooks food faster than conventional cookstoves, requiring 50% to 60% less fuel and producing fewer smoky fumes. More than 830 000 stoves were sold in Gyapa's first 10 years, generating two million tonnes of CO<sub>2</sub> emission savings. Families are less likely to suffer from respiratory diseases linked to indoor air pollution. Meanwhile, using less fuel boosts disposable household income and helps to protect Ghana's dwindling forests. The project creates jobs and helps people to develop valuable skills.

## Annexure A: Industry and stakeholder engagement.

Nedbank has been engaging annually with its shareholders on ESG matters, through the sixth ESG roadshow in April 2020. In addition, shareholders have engaged individually through discussion and written communication.

Nedbank is represented in or is a signatory to a range of industry bodies and a member of numerous sustainability platforms. This ensures that we are aware of global trends and best practices, enabling us to contribute to furthering the sustainable development agenda while building strong resilient institutions – our own and those of our clients. Here are some of the key memberships of which we are part and/or stakeholders engaged.

Stakeholder principles or guidance	Engagement
<b>2DII</b>	Nedbank partnered with 2DII. 2DII is a non-profit organisation based in Paris, London, Berlin and New York City. It is the leading research centre on climate-related metrics for financial markets globally, and notably is a leading recipient of European Union-funded research projects on the topic. It regularly produces analysis and policy recommendations on the topic of financial institutions' climate disclosures. 2DII has developed the PATCA model, which measures the exposure to and alignment with a series of decarbonisation scenarios of companies and financial portfolios.
<b>BASA</b>	Nedbank is working alongside other South African banks in the TCFD and Climate Risk Working Groups established by BASA with the intent to develop standards for reporting on climate risks and opportunities that align with the TCFD.
<b>BUSA</b>	As financier of all the industries represented at BUSA, Nedbank participates in BUSA's Environmental Committee to understand the challenges faced by the various industries in reducing their environmental and social impacts that lead to climate change.
<b>CDP</b>	This is a global environmental disclosure system that supports thousands of companies, cities, states, and regions to measure and manage their risks and opportunities regarding climate change, water security and deforestation. Nedbank became a signatory to the CDP in 2006, recognising our corporate environmental action on climate change from an operations perspective.
<b>Chapter Zero</b>	Chapter Zero provided training to Nedbank's non-executive directors. Chapter Zero is building a community of non-executive directors who understand and can position the climate challenge with their board colleagues. With more than 1 000 members, they host expert-led events, workshops and webinars to inform, exchange ideas, share experiences and facilitate cooperation.
<b>Equator Principles</b>	The Equator Principles are a risk management framework that financial institutions adopt to determine, assess and manage environmental and social risk in projects. The Equator Principles apply globally to all industry sectors and to four financial products, namely project finance advisory services, project finance, project-related corporate loans, and bridge loans. As a leading provider of project finance in South Africa, Nedbank carefully considers all applicable loans against the clearly defined, globally accepted environmental and social sustainability standards. Our appointment to the Equator Principles Steering Committee enables us to be at the forefront of the implementation of the Equator Principles 4 and to represent our region more effectively.
<b>Indices</b>	Questions raised by the CDP, DJSI, FTSE4Good and other indices also serve to inform the bank's ongoing or maturing climate risk journey.
<b>IIF SFWG</b>	IIF SFWG brings together key stakeholders to identify and promote capital markets solutions that support the development and growth of sustainable finance. The SFWG includes representatives from global banks, major institutional investors, credit rating agencies, consultancies, and other interested parties, as well as public sector collaborators such as the UNEP, the World Bank International Finance Corporation, etc.
<b>ICMA</b>	The ICMA brings together members from all sectors of debt securities markets to inform its work on regulatory and market practice issues and to help the international capital and securities markets. ICMA prioritises four core fixed-income market areas – primary; secondary; repo and collateral; and green, social, and sustainable areas. The ICMA also hosts the GBPs that a consortium of investment banks established in 2014. The GBPs emphasise the required transparency, accuracy and integrity of information that issuers disclose and report to stakeholders.
<b>National Treasury</b>	The Sustainable Finance Framework is currently under consideration in working groups established under BASA, including the TCFD Working Group.
<b>NGOs</b>	Nedbank proactively engages various NGOs to understand better and meet their expectations of us as financiers in addressing climate change.
<b>SARB PA</b>	The SARB PA included climate-related risks as part of the agenda in the Nedbank Operational and IT risk onsite meeting in November 2020.
<b>IFC Performance Standards</b>	Nedbank makes use of credit lines from the IFC. The IFC established a Climate Risk Programme in 2008 and has done numerous climate risk pilot studies since. The lessons learned from these studies form part of the resources used in developing our CRMF and updating our policies.
<b>UNEP FI: Africa Network, National Capital Declaration and Positive Impact Working Group</b>	Nedbank participated in UNEP FI's TCFD Phase II banking pilot. The programme empowered participants to identify, assess, and manage their climate risks and opportunities. Participating banks were led through a series of modules designed to expand their physical risk and opportunities toolkits. Nedbank has integrated lessons learned in our CRMF.
<b>The UNGC Advisory Committee</b>	Nedbank is a signatory to the UNGC and supports the Caring for Climate initiative.
<b>WWF</b>	In 1990 we co-founded the WWF Nedbank Green Trust in an ongoing, mutually beneficial partnership with the WWF.



## Annexure B: Definitions and glossary of terms

Term	Definition
<b>Acute risks</b>	Risks that are event-driven, including increased severity of extreme weather events, such as hurricanes, droughts or floods.
<b>Adaptation</b>	Means the process of finding ways to lower the physical risks (see definition) of climatic change and dealing with its impacts. Humans have been adapting to their environments throughout history by developing practices, cultures, and livelihoods suited to local conditions. However, climate change raises the likelihood that existing societies will experience climatic shifts (in temperature, storm frequency, flooding, and other factors) for which previous experience has not prepared them. Adaptation is complementary to 'Resilience'. Climate mitigation is not about reducing climatic shocks. It's about reducing the scale of climate change that we get. Adaptation is about how we deal with the climate change impacts that eventuate. In short, mitigation is avoiding the unmanageable, while adaptation is managing the unavoidable.
<b>Anthropogenic</b>	Means relating to or resulting from the activity of humans.
<b>Carbon-neutral</b>	Means when a company has calculated its carbon footprint, reduced it wherever possible, and offset its residual carbon footprint by buying emission reduction certificates so that the net result of its carbon footprint is zero.
<b>Chronic risk</b>	Means risk that is related to longer-term shifts in climate patterns (such as sustained higher temperatures and changing rainfall patterns) that may cause a rise in sea level or chronic heat waves.
<b>Climate change</b>	Means a change in the statistical distribution of weather patterns when that change lasts for an extended period (ie decades to millions of years). Climate change may also refer to a change in average weather conditions or in the time variation of weather around longer-term average conditions. Natural climate change is caused by factors such as biotic processes, variations in solar radiation received by Earth, plate tectonics, and volcanic eruptions. However, the term 'climate change' is more often used to refer specifically to anthropogenic climate change (also known as global warming). Anthropogenic climate change is caused by human activity, as opposed to changes in climate that result from Earth's natural processes.
<b>Climate-related opportunity</b>	Means the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can lead to opportunities for Nedbank and clients such as through resource efficiency and cost savings, the adoption and use of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates.
<b>Climate-related risk</b>	Means a potential negative impact of climate change on an organisation. Physical risks arising from climate change can be event-driven (acute), such as increased severity of extreme weather events (eg cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (eg sea level rise). Climate-related risks can also be linked with the transition (transition risk) to a lower-carbon global economy, and the most common of these risks relate to policy and legal actions, technology changes, market responses, and reputational considerations.
<b>Combustion emissions</b>	Means emissions from burning material or combustion.
<b>Fugitive emissions</b>	Means emissions of greenhouse gases that are not produced intentionally and may include gases or vapours from pressurised equipment due to leaks and other unintended or irregular releases of gases, mostly from industrial activities.
<b>Greenhouse gas (GHG) emissions scope levels</b>	<ul style="list-style-type: none"> <li>▪ <b>Scope 1:</b> All direct greenhouse gas emissions.</li> <li>▪ <b>Scope 2:</b> Indirect greenhouse gas emissions from consumption of purchased electricity, heat, or steam.</li> <li>▪ <b>Scope 3:</b> Other indirect emissions not covered in scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (eg transmission and distribution losses), outsourced activities, and waste disposal.</li> </ul>
<b>Liability risk</b>	Means the potential for damages sought by those most impacted by climate change against those held accountable for contributing to GHG emissions. Liability risks can emerge if those responsible fail to avert and minimise physical and transition risks. Banks are inevitably exposed, directly and indirectly, to the risk of their clients' activities as well as their own decisions. These effects will be felt across business sectors and asset classes, strategies and operations, and through the balance sheets and income statements of financial firms, translating into higher expected credit losses and writeoffs.
<b>Mitigation</b>	<p><b>Climate change mitigation:</b> Means the process of addressing the root causes of climate change by preventing or reducing GHG emissions. The Intergovernmental Panel on Climate Change defines mitigation as 'An anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases.' Mitigation progress is frequently driven by policy measures aimed at promoting the use of cleaner technologies and renewable energy sources, at changing corporate disclosure practices or at motivating consumers to decarbonise. Climate mitigation is not about absorbing climatic shocks, but about reducing the scale of climate change that is experienced, by cutting and eventually eliminating GHGs.</p> <p><b>Risk mitigation:</b> Means the process of taking steps to reduce the negative effects of threats and disasters on business continuity. Risk mitigation focuses on the fact that some disasters cannot be avoided and is used for those situations where a threat cannot be avoided entirely.</p>

## Annexure B: Definitions and glossary of terms (continued)

Term	Definition																				
Nedbank Group	Means Nedbank Group Limited, which is also referred to as the group.																				
Physical risk	<p>Risks resulting from climate change can be event-driven (acute, ie weather-related events) or longer-term shifts (chronic, ie permanent changes in underlying climate drivers). Physical risks are divided into acute risks and chronic risks. Physical risks may have financial implications for organisations (direct and indirect). Nedbank’s financial performance may be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes. This can affect an organisation’s premises, operations supply chain, transport needs and employee safety, which impacts the organisation directly or because of business practices. The associated impacts of climate-related hazards that will affect specific sectors of the economy are summarised below (not an exhaustive list):</p> <table><tr><th>Hazard</th><th>Sector</th><th>Associated impacts (not limited to)</th></tr><tr><td>Hurricanes/Typhoons</td><td rowspan="3">Energy</td><td>Downed or damaged transmission lines, substations, or poles due to wind and rain, leading to disruptions. Debris or trees damaging lines or poles, causing a short circuit.</td></tr><tr><td>Water stress</td><td>Potential for energy supply disruptions from sources that rely on hydro power. Potential for overheating of generation equipment that relies on water for cooling, which could lead to transmission disruptions.</td></tr><tr><td>Temperature increase</td><td>Reduced thermal rating (ie the maximum current allowed at a given temperature), causing lines to sag to dangerous levels.</td></tr><tr><td>Changes in rainfall patterns</td><td rowspan="2">Agriculture</td><td>Reduction in crop yields and feedstocks might occur.</td></tr><tr><td>Temperature increase</td><td>Potential for an increase in pest infestation and disease.</td></tr><tr><td>Drought/Floods</td><td rowspan="2">Manufacturing</td><td>The quantity, quality, or price of raw materials might be impacted.</td></tr><tr><td>Water stress</td><td>Productivity in water-intensive industries might be impacted adversely. Potential for an increase in water costs.</td></tr></table>	Hazard	Sector	Associated impacts (not limited to)	Hurricanes/Typhoons	Energy	Downed or damaged transmission lines, substations, or poles due to wind and rain, leading to disruptions. Debris or trees damaging lines or poles, causing a short circuit.	Water stress	Potential for energy supply disruptions from sources that rely on hydro power. Potential for overheating of generation equipment that relies on water for cooling, which could lead to transmission disruptions.	Temperature increase	Reduced thermal rating (ie the maximum current allowed at a given temperature), causing lines to sag to dangerous levels.	Changes in rainfall patterns	Agriculture	Reduction in crop yields and feedstocks might occur.	Temperature increase	Potential for an increase in pest infestation and disease.	Drought/Floods	Manufacturing	The quantity, quality, or price of raw materials might be impacted.	Water stress	Productivity in water-intensive industries might be impacted adversely. Potential for an increase in water costs.
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Drought/Floods	Manufacturing	The quantity, quality, or price of raw materials might be impacted.																			
Water stress		Productivity in water-intensive industries might be impacted adversely. Potential for an increase in water costs.																			
Process emissions	Means emissions that include emissions from chemical transformation of raw materials, often releasing GHGs and fugitive emissions.																				
Climate resilience	Means the ability of an entity to absorb stresses caused by climate change and maintain operations, as well as to adapt in an agile manner and evolve in ways that ensure it is better prepared for future climate change impacts.																				
Risk culture	Means the group’s norms, attitudes, and behaviours related to risk awareness, risk-taking, and risk management that shape decisions on risks.																				
Risk management	Means a set of processes that are carried out by an organisation’s board and management to support the achievement of the organisation’s goals by addressing its risks and managing the combined potential impact of those risks.																				
Scenario analysis	Means a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenario analysis allows an organisation to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time.																				
Sector	Means a segment of organisations performing similar business activities in an economy. A sector generally refers to a large segment of the economy or grouping of business types, while the term ‘industry’ is used to describe more specific groupings of organisations within a sector.																				
Stranded asset	Means an asset that experiences unanticipated or premature write-off, is revaluated downwards, or is converted to a liability. This deterioration can result from physical (eg increasing water scarcity as a result of climate change), technological (eg emergence of disruptive technologies), social (eg shifting consumer preferences), or regulatory forces. <sup>1</sup>																				
Strategy	Means an organisation’s desired future state. An organisation’s strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organisation’s activities and the nature of its businesses, considering the risks and opportunities it faces and the environment in which it operates.																				
Transition risk	<p>The risks that a transition to a net-zero carbon economy poses to the financial sector arise predominantly through exposure to clients, are long-term and are specific to a sector. While some subsectors may benefit from the transition (eg renewable energies and electric vehicles) or remain unaffected, some would be strongly impacted by the transition (eg coal-fired power generation and internal-combustion-engine vehicles). This leaves banks exposed to loan losses through the financing of stranded (or redundant) assets in these industries as well as a result of client preferences for zero-carbon products.</p> <p>The following transition risk categories have been identified: Policy and regulation risk, technology risk, market risk, reputational risk, legal risk, credit risk, operational risk and strategic risk.</p>																				

<sup>1</sup> Caldecott, B (2018)

## Annexure C: Acronyms and initialisms

ILoD	First line of defence	GRCMC	Group Risk and Capital Management Committee
2°C	Two degrees Celsius	GSR	Group Strategic Risk
2DII	2 Degrees Investing Initiative	GTSEC	Group Transformation, Social, and Ethics Committee
2LoD	Second line of defence	ICMA	International Capital Market Association
3LoD	Third line of defence	ICMM	International Council on Mining and Metals
AfDB	African Development Bank	IEA	International Energy Agency
AGM	Annual general meeting	IFC	International Finance Corporation
ALCO	Asset Liability Committee	IFRS	International Financial Reporting Standards
BASA	Banking Association South Africa	IIF SFWG	Institute of International Finance Sustainable Finance Working Group
BBBEE	Broad-based black economic empowerment	IPCC	Intergovernmental Panel on Climate Change
BCM	Business continuity management	IT	Information technology
BUSA	Business Unity South Africa	JSE	Johannesburg Stock Exchange
CDP	Carbon Disclosure Project	kℓ	Kilolitre
CIB	Corporate and Investment Banking	LEDS	Low Emissions Development Strategy
CO <sub>2</sub>	Carbon dioxide	MW	Megawatt
CO <sub>2</sub> e	Carbon dioxide equivalent	NAR	Nedbank Africa Regions
CRC	Climate Risk Committee	NBI	National Business Initiative
CRMf	Climate-related Risk Management Framework	NGO	Non-governmental Organisation
CRMP	Climate-related risk management process	NIR	Non-interest revenue
CRO	Chief Risk Officer	PACTA	Paris Agreement Capital Transition Assessment
CTT	Climate Task Team	PV	Photovoltaic
DAC	Directors' Affairs Committee	RBB	Retail and Business Banking
DJWSI	Dow Jones World Sustainability Index	REMCO	Group Remuneration Committee
ECL	Expected credit loss	SA	South Africa
EHS	Environmental, Health and Safety	SARB PA	South African Reserve Bank Prudential Authority
ERMf	Enterprisewide Risk Management Framework	SDGs	Sustainable Development Goals
ESG	Environmental, social and governance	SEMS	Social and Environmental Management System
Exco	Executive Committee	TCFD	Task Force on Climate-related Financial Disclosures
FSB	Financial Stability Board	tCO <sub>2</sub> e	Tonne of carbon dioxide equivalent
FSCA	Financial Sector Conduct Authority	TCTA	Trans-Caledon Tunnel Authority
FTE	Fulltime employee	UN	United Nations
GAC	Group Audit Committee	UN SDGs	United Nations Sustainable Development Goals
GBP	Green Bond Principles	UNEP	United Nations Environment Programme
GC	Group Compliance	UNEP FI	United Nations Environment Programme Finance Initiative
GCC	Group Credit Committee	UNFCCC	United Nations Framework Convention on Climate Change
GCRC	Group Climate Resilience Committee	UNGC	United Nations Global Compact
GDP	Gross domestic product	WWF	World Wide Fund for Nature
GHG	Greenhouse gas	YOY	Year-on-year
GIA	Group Internal Audit		



