Investor briefing:

Nedbank shareholders give sweeping support to board's climate change resolutions

JUST SHARE

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On 22 May 2020 Nedbank shareholders passed two binding climate change-related shareholder resolutions, each of which received 100% support of the total number of shares voted at the AGM. This means that Nedbank is the first South African company that will be required by shareholders to report on its approach to measuring, disclosing and assessing its exposure to climate-related risks.

The Nedbank board had proactively proposed the two ordinary resolutions following extensive engagement with stakeholders including Just Share.

The percentage of ordinary shares in issue and voted on at the AGM was 79.64%, while 0.15% of ordinary shares in issue at the date of the AGM abstained.

Nedbank must now, by April 2021:

- Adopt and publicly disclose an energy policy aimed at playing [Nedbank's] part in enabling the transformation over time of the energy system by making finance flows consistent with low-emission and climate-resilient development.
- Report on the company's approach to measuring, disclosing and assessing its exposure to climate-related risks, including its exposure to oil- and gas-related activities as a percentage of total advances.

The overwhelming support for the two resolutions means that there can now be no more excuses for investors to vote down shareholder-proposed climate-risk resolutions, as they did previously at Standard Bank and FirstRand's AGMs in 2019.

Nedgroup Investments reviews responsible investment practices

Nedbank subsidiary Nedgroup Investments has released a *Responsible Investment Research Report*, with a foreword by Just Share executive director Tracey Davies.

The report provides a review of responsible investment practices across Nedgroup Investments' funds with the objective of "becoming more responsible on behalf of their investors and the role that ESG factors play in investment decision-making."

Just Share welcomes the Nedgroup report. It is an encouraging development, not least because baseline assessments of responsible investment practices, which have been largely lacking in the South African investment space, are essential for accountability, and to allow meaningful tracking of progress.

The review identifies **two key gaps** in the South African responsible investment landscape:

- Firstly, it reflects **limited understanding and integration of environmental and social factors into investment decision-making** (i.e. the main focus is on corporate governance, or the "G" in ESG). This limitation is reflected in the finding that "most responsible investment policies did not acknowledge the Paris Agreement nor hint at any goal to align portfolios with future climate change scenarios".

- The second gap is the **absence in South Africa of strong responsible investment bodies or forums with an active public presence.** Despite South Africa's initial leadership role in developing guidelines and codes for corporate governance and responsible investment, we have seen far too little in the way of actual positive social and environmental outcomes on the ground, and a failure to keep pace with international best practice.

The Responsible Investment Research Report is available here.

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