



Climate risk shareholder resolutions timeline:

Nedbank Group Limited

JUST SHARE

October 2022



Climate risk shareholder resolutions timeline: Nedbank Group Limited

2022

Nedbank published its second report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) on 21 April 2022. The report indicates that Nedbank's drawn exposure to fossil fuels has decreased by 35%, while the bank's drawn exposure to renewables has also decreased, by 8%.

In the TCFD report, Nedbank sets out its short-, medium-, and long-term targets for phasing out fossil-fuels exposure in its business. These targets are:

- No financing for new thermal-coal mines from 2025
- Funding of thermal-coal to be less than 0.5% of the bank's gross loans and advances from 2030
- No funding for oil production from 2035.

In terms of natural gas, the bank will not “directly finance **new gas exploration projects**”. However, the bank still maintains that it will continue funding natural gas production as the bank believes it will play an “*essential*” role in the transition to a zero-carbon energy system by 2050.

2021

On 22 April 2021, Nedbank published its first report aligned with the recommendations of the TCFD. This report indicates that Nedbank's 2020 drawn exposure to fossil fuels was R26,5 bn.

On the same date, Nedbank released its Energy Policy and its updated Climate Change Position Statement. The Energy Policy is by far the most ambitious fossil fuel financing policy of any South African bank, and also appears to set a global leadership standard among large commercial banks, by avoiding the adoption of the standard “net zero by 2050” target, and instead aiming for **zero** fossil fuel exposure by 2045.

As the Climate Statement points out, “immediate, rapid and profound” changes are required in the energy sector. The Energy Policy recognises the need for a “zero carbon energy system by 2050” and, importantly, that an “orderly exit” from fossil fuel financing is necessary “well before 2050”.

The Energy Policy clearly articulates the urgent need to decarbonise Nedbank's financing, includes specific short-, medium-, and long-term deadlines for doing so, and expands on Nedbank's fossil fuel financing exclusions. For instance, Nedbank:

- will not finance thermal coal mines outside of South Africa;
- will not provide direct finance to new oil or gas exploration projects;



- will not fund new utility scale/embedded oil-fired generation unless this is integrated as backup supply to renewable power;
- from 1 January 2025, will not provide project financing to any new thermal coal mines;
- from 1 January 2030, will only finance new utility-scale or embedded gas-fired generation in specified circumstances; and
- from 1 January 2035, will not provide new finance for oil production.

[Read about this in more detail.](#)

2020

Nedbank was the first South African company to **table its own shareholder resolution on assessment and disclosure of climate risk**. It did so following extensive engagement with stakeholders, including Just Share. This move sent a clear message to the financial sector, shareholders and regulators that climate risk is real, important and urgent.

The following ordinary resolutions, which required 50% of shareholder votes to pass, were proposed by Nedbank's board:

Ordinary resolution 6.1 – To adopt and publicly disclose an energy policy

Resolved that the company will adopt and publicly disclose on its website, by no later than April 2021, an energy policy aimed at playing our part in enabling the transformation over time of the energy system by making finance flows consistent with low-emission and climate-resilient development, in a manner that supports the stability of the energy systems of the countries in which we operate. The policy will include a framework on the financing of fossil-fuel-related activities (including thermal coal, oil, and gas) and will also include commitments to intensify our financing of alternative energy solutions such as renewable energy and other technologies as they emerge.

Ordinary resolution 6.2 – To report on the company's approach to measuring, disclosing and assessing its exposure to climate-related risks

Resolved that the company will report to shareholders, at a reasonable cost and omitting confidential and proprietary information, on its approach to measuring, assessing and disclosing its financial exposure to climate-related risks (transition and physical) by no later than April 2021. This will inform shareholders of the group's journey in assessing its lending activities, investment practices and own operations to climate-related risks and opportunities over time as standards, guidelines and principles on climate risk mature, including appropriate alignment to global best practices including, inter alia, the Taskforce on Climate-related Financial Disclosure (TCFD).

In relation to measuring and disclosing its financial exposure to climate-related risks, Nedbank resolves to disclose its exposure to oil- and gas-related activities as a percentage of total advances, as part of the 2020 year-end reporting cycle to stakeholders by no later than April 2021. This builds on the group's existing disclosure of its exposure to thermal-coal-



related activities that is available in the Nedbank Group 2019 Integrated Report published on 22 April 2020.

Read the resolutions in full in the [Notice of AGM \(page 30-31\)](#).

[Read about this in more detail.](#)

On 22 May at the AGM, both resolutions received the support of 100% of the shareholders voting at the ATM. The resolutions required more than 50% of shareholder votes in order to pass.

Nedbank was therefore the first South African company required by shareholders to report on its approach to measuring, disclosing and assessing its exposure to climate-related risks. However, [Investec](#) was the first South African bank to release a [separate report](#) aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures.

[Read about this in more detail.](#)

Nedbank was also the first South African bank to make clear, in its [Financing Policy on thermal-coal-related activities](#), that it will **not** fund new coal-fired power stations, regardless of technology or jurisdiction. It did so in its 2017, with effect from 2018.

End