



THIRD EDITION, OCTOBER 2026

How cool is your bank?

An analysis of how well South Africa's big five banks
understand and manage climate risk

About Just Share

Just Share is a non-profit shareholder activism organisation focusing on the responsibility of the corporate sector to drive urgent action to combat climate change and reduce inequality.

We believe that the financial sector has the power to contribute to a more just, inclusive and sustainable economy, and that addressing climate change and transforming energy systems is key to tackling unacceptable and unsustainable levels of inequality.

Just Share is at the forefront of corporate accountability advocacy and activism in South Africa. Our work includes in-depth analysis of corporate disclosures, producing reports and investor briefings related to climate change and inequality, submissions on regulatory developments, and best-practice guides and legal opinions on crucial questions of governance and accountability.

Acknowledgments

Just Share is grateful to our funders for their support. Details of our current funders are on our website.

Visit <https://justshare.org.za/about/#funding>

Design and layout by the earth is round.

Contact

Just Share is a non-profit company with registration no: 2017/347856/08

PBO no: 930064608

NPO no: 206-406

VAT no: 4850287998

 www.justshare.org.za

 info@justshare.org.za

 [Just Share SA](#)

Disclaimer

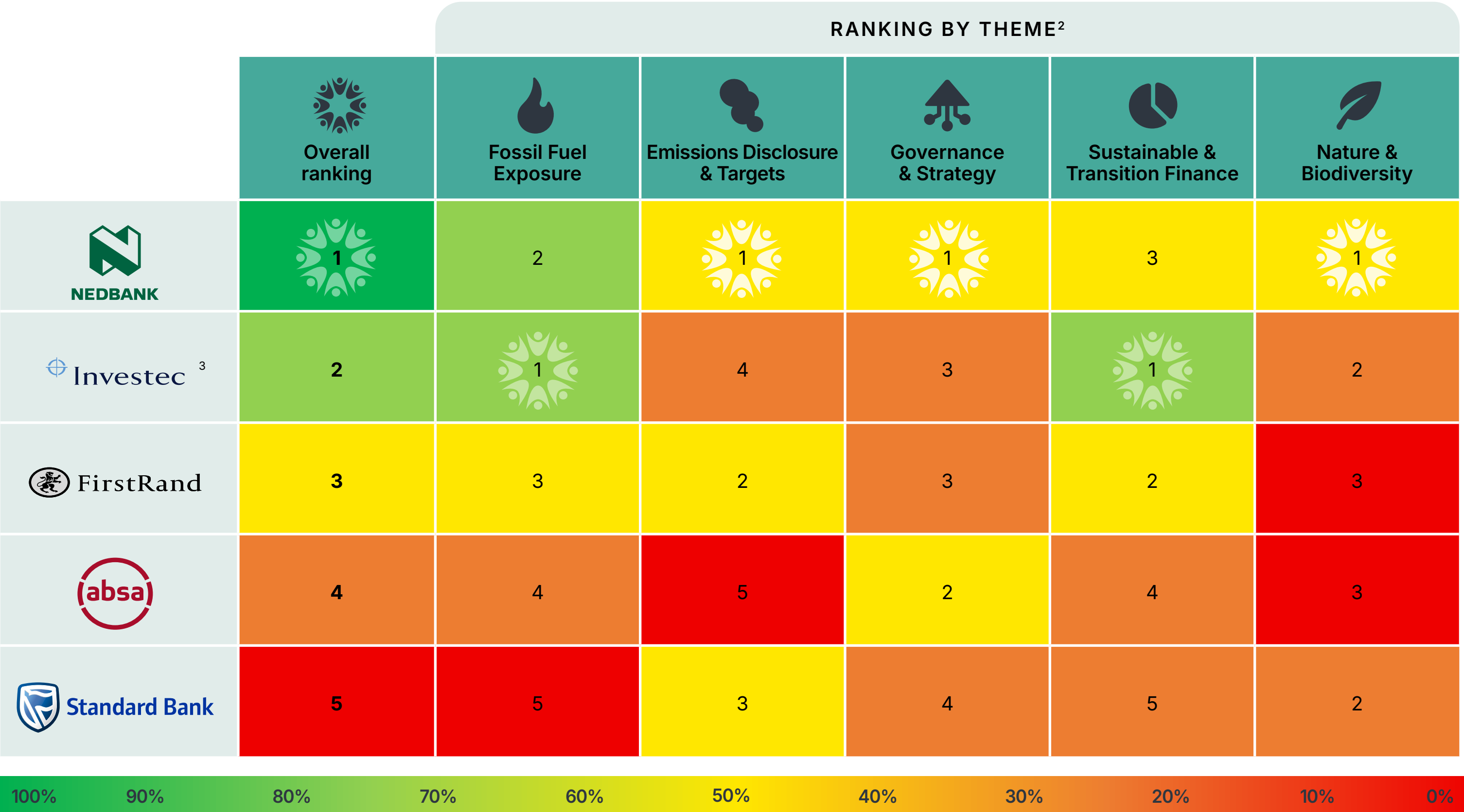
Just Share does not provide financial or investment advice. The information contained in this report is not intended to provide, and does not constitute, financial or investment advice. Just Share makes no representation regarding the advisability or suitability of banking with any bank, investing or not in any financial product, company, investment fund, pension fund or other vehicle, or of using the services of any service provider. Although the authors have made every effort to ensure that the information in this report is correct, Just Share, its employees and agents cannot guarantee the accuracy of this information and shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to direct damages, lost profits or punitive or consequential damages or claims in negligence.

Executive summary

South Africa's banks are not passive participants in the transition. With R9.2 trillion in assets, their lending decisions help shape the direction and pace of the economy. All five banks assessed in this report recognise climate change as a material issue, and have policies, targets and governance structures intended to manage it. But across the three editions¹ of *How cool is your bank?*, the commitments have accumulated faster than evidence showing that capital is moving in response.

This edition, therefore, looks beyond whether banks have made commitments. It asks whether those commitments are specific enough to test, strong enough to change financing decisions, and transparent enough for shareholders and other stakeholders to hold banks accountable.

The results show a sector that has made progress; but not consistently, or at the pace required. Not one bank performs strongly across the full framework. The biggest gaps arise where climate commitments must translate into measurable changes in financed emissions, meaningful restrictions on fossil fuel financing, credible transition finance, and governance mechanisms that create accountability.



1. *How cool is your bank?* 2023; *How cool is your bank?* 2024.

2. Where banks received the same score, they share the ranking.

3. Since Investec only set a sustainable finance target in 2025 (after the last *How cool is your bank?* report), the bank could not be scored for the metric, which tracked the change in sustainable finance from the last report to this one. For this reason Investec's score was out of 98 instead of 100, but is expressed as a percentage alongside those of the other banks.

Four findings stand out

1. Policies are moving, but movement does not always mean progress

Four of the five banks have updated their fossil fuel financing policies since the previous edition of this report. Yet some updates have strengthened restrictions, while others have weakened them. The common exclusion across all five banks – new coal-fired power generation – has limited practical significance in South Africa, where no new coal-fired power station has even been proposed, let alone reached financial close in years. At the same time, significant gaps remain around coal mining, oil and gas, and midstream infrastructure. The distinction between a restriction and a genuine exclusion is critical.

2. Targets do not always demonstrate transition

Three banks have interim absolute emissions reduction targets for coal, but only one has such a target for oil and gas. Other measures rely on intensity, portfolio limits or engagement activity, which

can show progress without demonstrating an absolute reduction in financed emissions. Sustainable finance targets present a different problem. All five banks have targets to increase sustainable finance, and several have exceeded those targets substantially and ahead of schedule. That is not necessarily a problem, but it raises a basic question: if business as usual comfortably delivers a target, should the target be strengthened?

3. Gas remains a significant policy gap

All five banks treat gas as a transition fuel. The question is therefore not whether gas can ever have a role in the transition, but under what conditions. Only some banks distinguish between new and existing gas infrastructure, impose use-case restrictions or set quantified pathways for reducing exposure. None requires borrowers to demonstrate that a gas asset could not feasibly be replaced by renewables and storage. Combining oil and gas in a single target also makes it harder to see whether gas exposure is

actually declining. Treating gas as a transition fuel requires more than a label – it requires clear boundaries, time-bound conditions and measurable outcomes.

4. Disclosure and accountability remain uneven

Banks have expanded their climate-related reporting, but stakeholders still cannot see consistently how commitments translate into decisions. Transition finance volumes are not separately disclosed. Banks use different definitions for sustainable finance, making reported totals difficult to compare. Board climate expertise is often asserted without explaining the basis for the assessment. Executive climate-related remuneration measures are frequently too vague to test. And although all five banks use climate scenario analysis, only one bank provides meaningful evidence of how the results affect financial decisions. These are not simply disclosure gaps; without decision-useful information, shareholders cannot assess whether climate commitments are changing the allocation of capital.

Taken together, these findings challenge some of the assumptions that underpin current bank climate strategies.

There does not have to be a trade-off between development and climate action

All five banks invoke development, energy security and a just transition as reasons to continue financing fossil fuels. These are legitimate considerations. An abrupt withdrawal of finance could itself create economic and social harm. But if banks continue financing high-carbon activities because alternatives are not yet available, they also take on a responsibility to finance those alternatives and set out a credible pathway for reducing fossil fuel exposure. The question is not whether banks should finance the transition, but whether their capital allocation is helping to create it.

Gas needs a pathway, not just a designation

If gas is to play a transitional role, banks must define where that role begins and ends. New and existing infrastructure should be treated differently, where the risk of long-term lock-in differs. Financing should be limited to appropriate use-cases and subject to conditions that demonstrate alignment with a declining emissions pathway. Without these guardrails, ‘transition finance’ may become a mechanism for extending the life of fossil fuel assets rather than financing a transition away from them.

Disclosure must be decision-useful

More reporting does not necessarily mean better reporting. The critical test is whether an informed shareholder can understand what a bank has committed to, how it measures progress, and what happens when it falls short. The current variation in definitions, targets and disclosure makes it difficult to compare banks, or determine whether their strategies are credible. This raises a broader policy question: should banks be left to define and disclose their transition strategies entirely voluntarily?

What needs to change

Banks' customers should use their purchasing power to demand credible transition plans, clear conditions on fossil fuel financing, and transparent reporting on financed emissions. Large corporate borrowers in particular should expect banks to assess not only their current emissions but the credibility of their transition pathway.

Investors should treat banks' climate commitments as investment-relevant commitments, not simply sustainability statements. They should ask whether targets are ambitious enough to require change, whether financing policies are consistent with those targets, and whether executive remuneration and board accountability reinforce delivery. Where commitments are not credible, investors should use their rights as shareholders to demand change.

Policymakers and regulators should establish a common minimum standard for climate-related disclosure and transition planning. Banks should provide enough consistent, decision-useful information for stakeholders to compare their strategies, assess their exposure, and understand how climate considerations affect capital allocation.

The case for mandatory disclosure and transition planning does not rest on prescribing individual lending decisions; it rests on creating a common floor for transparency and accountability. Voluntary commitments have produced considerable variation between banks. A credible transition requires stakeholders to be able to see, compare and challenge those commitments.

None of this requires banks to withdraw abruptly from the South African economy, or from fossil fuel financing. It requires them to be more deliberate about the capital they deploy, more transparent about the choices they make, and more accountable for whether those choices support an orderly transition.

The next phase of responsible banking in South Africa should be about turning climate commitments into decisions that can be measured, challenged, and shown to have changed the direction of capital.

Contents

Executive summary	3	Financed emissions: Disaggregation	34	Critical questions arising from this research	77
Four findings stand out	4	Off-balance sheet activities and facilitated emissions	36	Is there a trade-off between development and climate action?	78
What needs to change	6	Nature and biodiversity	38	Are banks treating gas as a transition fuel?	81
Introduction	8	PART II		Are banks disclosing decision-useful data?	82
Context	9	Commitments and claims	41	Should disclosure and transition strategy be mandatory?	83
About this report	11	Fossil fuel financing policies: What will the bank (not) fund?	43	Conclusion	85
A higher bar for South Africa's banks	12	Emissions reduction targets: By how much and by when?	46	Growth in green financing is not the same as reduction	86
How do the banks measure up?	13	Transition planning	50	Commitments exist, but very little binds them	87
Performance snapshot	14	Gas as a transition fuel	52	Governance has form without function	87
Assessment results by scorecard theme	16	Sustainable and transition finance frameworks and targets	55	What to do with this information	88
PART I		Sustainable and transition finance frameworks	56	Looking forward	91
Transitioning the loan book	21	Sustainable finance targets	61	Methodology	92
Fossil fuel exposure	23	PART III		Sources and scope	93
Sustainable finance exposure	25	Governance and strategy	63	Assessment method	94
Renewable energy exposure	27	Board committee and mandate	65	Appendix	95
Financed emissions disclosure	30	Board climate and energy transition expertise	67	Scorecard	96
Change in financed emissions since 2024	30	Climate-related conflict of interest	70		
<i>How cool is your bank?</i> report	33	Executive remuneration linked to climate KPIs	72		
		Climate-scenario analysis	75		

Introduction

Context

The global banking sector is retreating from climate ambition at precisely the moment that the need for action is becoming harder to ignore.

In 2025, while 40% of banks globally decreased their fossil fuel funding, the world’s largest banks *expanded* their fossil fuel financing – increasing their funding of fossil fuels by over 27%.⁴ In some cases, banks with the strongest stated climate commitments continue to finance the activities driving climate change. At the same time, some of the financial sector’s most prominent climate initiatives have weakened or fallen away – including the Net-Zero Banking Alliance (NZBA), which has been disbanded.⁵

This retreat comes as the physical consequences of climate change become increasingly difficult to ignore. The past year was marked by new land and sea temperature records, crippling heatwaves and devastating wildfires. These are not distant or abstract risks; they are symptoms of a rapidly changing climate, driven by high and increasing levels of greenhouse gas emissions, with fossil fuel use remaining a major source.

For banks, however, climate change is not simply an environmental or social issue. It is a material financial risk. As the global economy shifts towards lower-carbon technologies and energy

systems, those businesses, assets and industries that cannot adapt may face falling demand, higher costs and declining values. Banks that finance these activities face those risks through their lending and investment portfolios. The South African Reserve Bank (SARB), through its Climate Risk Stress Test (CRST),⁶ finds that transition risk to the South African market could amount to almost R2 trillion, accumulated between 2013 and 2035.⁷

These risks are particularly significant given the scale of the South African banking sector. As of June 2026 the banking sector manages approximately R9.2 trillion in assets.⁸ This places banks in a powerful position to influence the direction of the economy – reducing exposure to transition risk, supporting credible pathways for emissions-intensive sectors, and directing capital towards technologies, businesses and infrastructure needed for a low-carbon, inclusive and resilient economy.

South Africa’s transition will be particularly challenging. Our economy remains heavily dependent on fossil fuels, while millions of livelihoods and communities are connected to the industries and infrastructure that will need to change. Re-allocating capital is therefore neither simple nor without financial consequences. But the complexity of the transition cannot justify delaying it.

Banks are not passive participants in the transition. Their financing influences which industries grow, which technologies scale and which businesses have the capital to adapt.

4. Banking on Climate Chaos Coalition, *Banking on Climate Chaos*, 2026.
5. The NZBA was a UN-backed coalition launched in 2021 for banks committed to aligning their lending and investment portfolios with a path to net-zero emissions by 2050. During its peak it brought together nearly 150 banks, covering more than 40% of global banking assets. However, the ESG-backlash that followed Donald Trump’s re-election led to a wave of major bank departures, and the NZBA formally ceased operations on 3 October 2025.
6. SARB, *2024 Climate Risk Stress Test (CRST): Technical report*, June 2025.
7. SARB, *Financial Stability Review*, First edition, 2020.
8. Trading Economics, *South Africa Banks Balance Sheet*.

This re-allocation is not only essential; it is also possible to do. There is a growing body of international best practice, practical frameworks and real-world examples demonstrating how financial institutions can align capital allocation with credible transition pathways. Certainly, an orderly and just transition will require substantial investment, and careful management of the risks and opportunities that come with it. But banks do not need to choose between managing climate risk and supporting economic development. They need to integrate the two.

South Africa has committed to this transition. The country is a member of the United Nations Framework Convention on Climate Change (UNFCCC) and has committed to the Paris Agreement's aim of limiting global temperature increase to 1.5°C above pre-industrial levels. South Africa's Climate Change Act 22 of 2024 further recognises that the country's international commitments and obligations include the communication and implementation of an effective, nationally determined climate change response, encompassing mitigation and adaptation actions, that represents the country's fair contribution to the global climate change response.

Yet independent assessments indicate that South Africa's current policies remain insufficient to limit temperature increase to 1.5°C, and could instead result in warming of over 2°C and up to 3°C.⁹

The gap between ambition and implementation is clear. The financial sector matters enormously in closing that gap.

Banks are not passive participants in the transition. Their financing influences which industries grow, which technologies scale and which businesses have the capital to adapt. They can reinforce the status quo, or they can help shape an orderly and just transition.

It is against this backdrop that Just Share assesses how effectively South Africa's largest banks are integrating climate risk into their strategies, governance, financing decisions and disclosures.

Many of South Africa's largest banks have committed to the Paris Agreement and to net-zero emissions by 2050, and the Prudential Authority has also issued guidance for banks on how to approach climate-related disclosure,¹⁰ sending a clear signal to the market of the need to take climate change seriously and account for the structural risks embedded in the global energy transition.

The question is whether banks' strategies, governance, financing decisions and risk management are keeping pace with these commitments.

Our assessment of South Africa's five largest banks¹¹ – **Standard Bank, FirstRand, Absa, Nedbank** and **Investec** – casts doubt on the credibility of their climate commitments and the banks' ability to deliver them. While there has been progress in areas such as sustainable finance and renewable energy financing, this has not been matched by a meaningful reduction in financed emissions. Capital continues to flow towards activities that expose banks, investors and the wider economy to significant transition risk.

The challenge is significant, but so is the opportunity. South Africa cannot achieve its climate and economic objectives without a financial sector that actively manages the transition and directs capital towards a resilient and inclusive future. Credible commitments must therefore translate into credible strategies, measurable progress, and meaningful changes in the allocation of capital.

9. Climate Action Tracker, [South Africa](#).

10. SARB, [Guidance on Climate-related Disclosures for Banks](#), 2025.

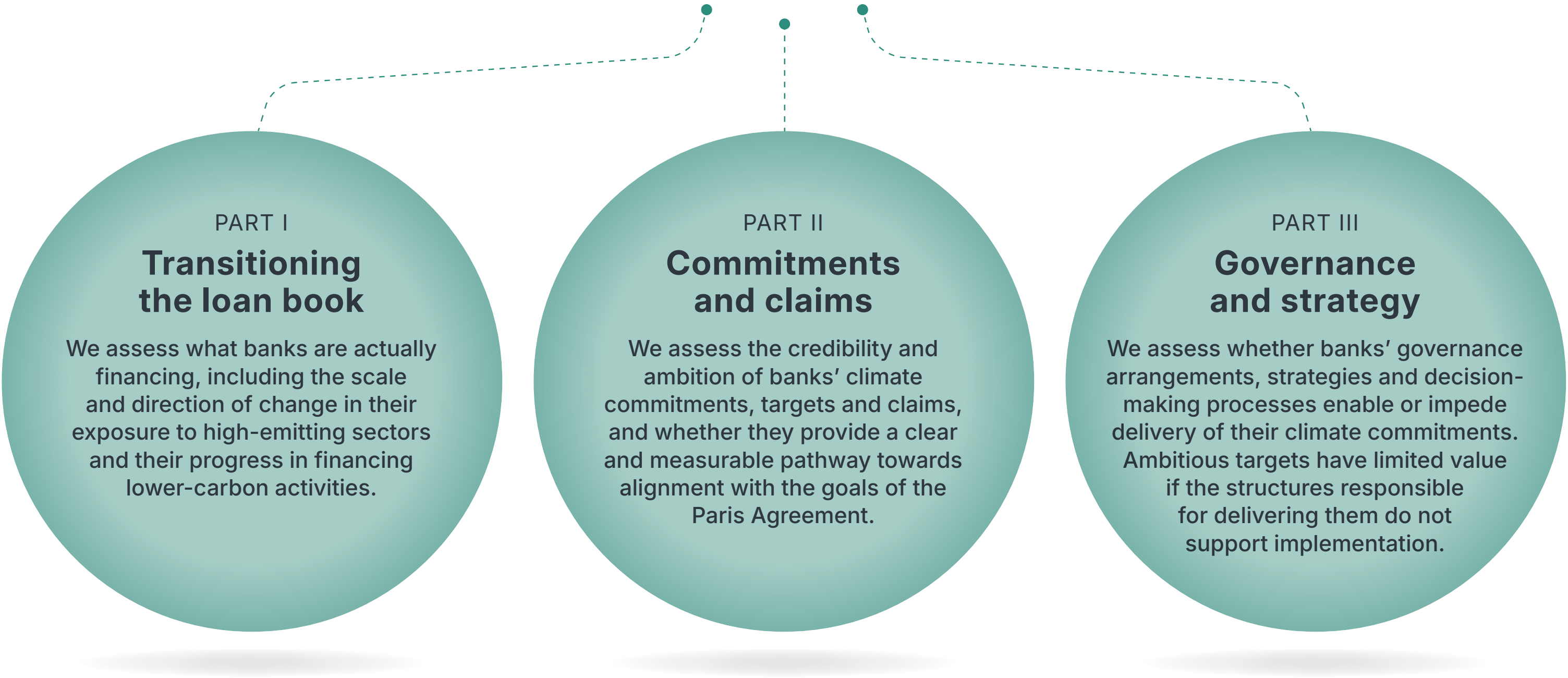
11. Capitec is excluded from this report. You can find the explanation for this exclusion in the Methodology.

About this report

There is a clear disconnect between banks’ growing investment in sustainable finance and the lack of corresponding reduction in financed emissions. More finance is flowing towards renewable energy and other sustainable activities, yet banks continue to finance fossil fuels and other high-emitting activities at scale. The result is a gap between what banks say about the transition, where they direct capital, and the emissions associated with their portfolios.

The third iteration of *How cool is your bank?* sets out to explore this gap. Rather than assessing climate commitments and disclosures in isolation, we examine whether banks are positioning their balance sheets, strategies and governance structures to deliver the transition to which they have committed. The central question is simple: are banks’ commitments translating into meaningful changes in what they finance and how they manage climate risk?

Our analysis comprises three parts



A higher bar for South Africa's banks

The transition will not be easy. South Africa's economy remains deeply reliant on fossil fuels, and banks face the challenge of managing both the risks of transition and the socioeconomic consequences of change. But difficulty does not make transition optional. Banks have an important role to play in financing an orderly and just transition, and credible pathways for doing so exist already.

We have raised the bar in this edition because South Africa's banks should be making demonstrable progress, and – given the urgency of the South African context¹² – not simply keeping pace with but exceeding international best practice.

Climate science has advanced, regulatory expectations have strengthened and the financial risks associated with the transition have become clearer. Banks have also had more time to implement the commitments they have made.

We have therefore refreshed and expanded our assessment from 20 to 26 indicators, comprising 81 sub-indicators.¹³ We have strengthened the scoring criteria to reward demonstrable progress since the previous assessment, rather than simply the ex-

istence of policies, commitments or targets. We have also introduced a new theme, on nature and biodiversity; reflecting both the growing recognition of the relationship between climate, nature and financial risk, as well as the increasing regulatory focus on this area.

This approach distinguishes between commitment and delivery. Banks should not receive credit simply for saying the right things. We expect to see evidence that commitments are translating into changes in strategy, governance, capital allocation and financed emissions.

How to use this report

For individuals and organisations that bank with these institutions: use this report to see how your bank is performing on climate risk and transition, and to identify questions you can ask about its financing decisions and climate commitments.

For investors: use the assessment to identify where each bank is leading or lagging, understand the risks and opportunities this creates, and inform your engagement with boards and management.

For policymakers and regulators: use the findings to identify gaps in current practice and areas where stronger regulation, supervision or disclosure requirements may be needed to support a credible financial-sector transition.

12. Climate change will exacerbate multiple crises in South Africa. The country is already water-stressed, and droughts like Cape Town's 2015-2018 'day zero' are more likely to occur with rising temperatures. Agriculture, a major employer and source of food security in the country, is vulnerable to heat stress from changing weather patterns. South Africa's infrastructure and housing is also dangerously exposed to increasingly frequent extreme weather events. Ultimately, with deep inequality and limited fiscal room to absorb shocks, the costs of climate inaction will disproportionately impact poorer South Africans. Also – given that the economy remains heavily dependent on coal for electricity – South Africa is highly exposed to the global shift away from fossil fuels. As trading partners impose carbon-related trade measures, the country faces impacts such as stranded assets, lost competitiveness, and job losses.

13. See: [Methodology](#).

How do the banks measure up?

We assessed banks’ performance across five theme areas: fossil fuel exposure; emissions disclosure and targets; governance and strategy; sustainable and transition finance; and nature and biodiversity.

We present the assessment results by theme area, by metric, and as a cumulative result.

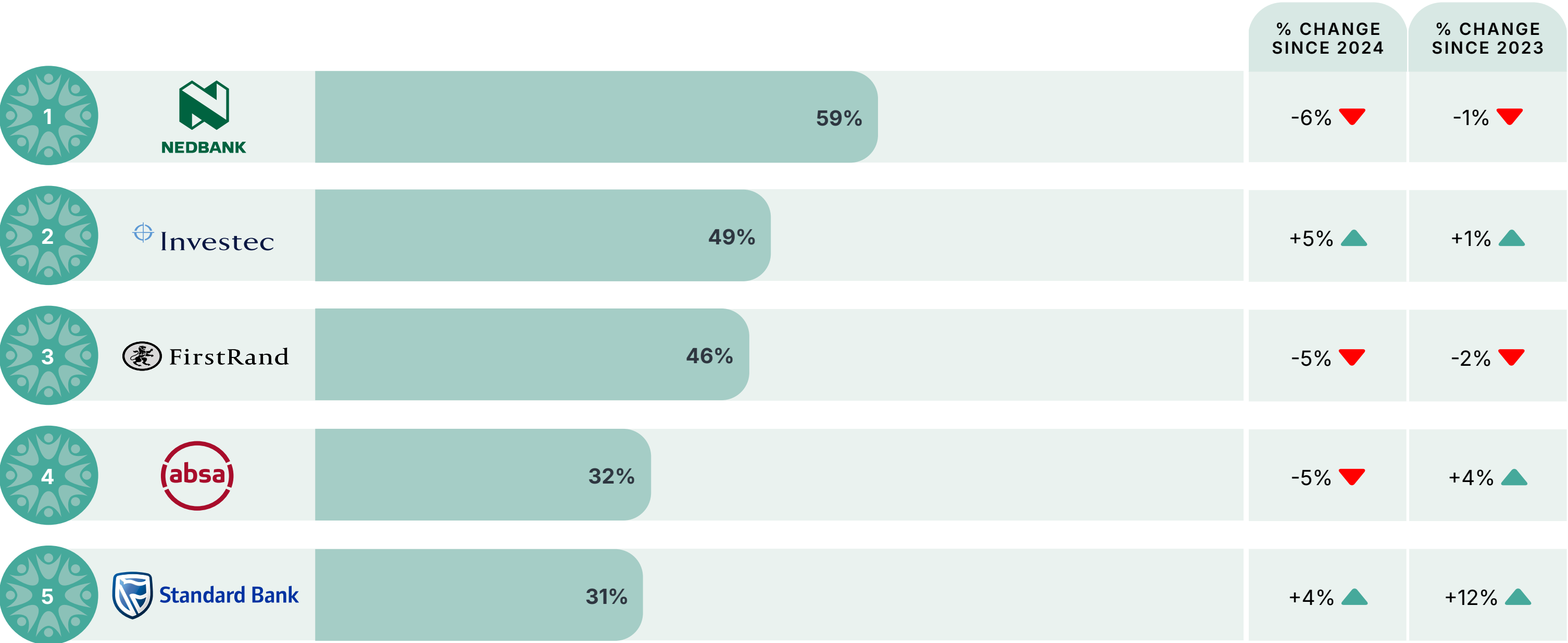
Overall, we find that despite their climate commitments, South Africa’s banks are not yet doing enough to manage climate risk or align their financing with the transition required by the Paris Agreement.

The highest overall score achieved was 59%, and some of the banks’ scores have declined since the previous *How cool is your bank?* assessment.

Where it exists, progress is too slow.

The climate crisis is accelerating, and the window for action is narrowing. Banks must move faster – and demonstrate that their commitments are translating into meaningful change.

Performance snapshot¹⁴



14. Previous *How cool is your bank?* reports were scored out of 85. For ease of comparison all scores have been converted into percentages. Total score is a weighted composite across themes, rather than a simple average.

Nedbank retains its title as the highest-scoring bank since the first iteration of the report in 2023. The bank leads in the Emissions Disclosure and Targets, Governance and Strategy, and Nature and Biodiversity sections. However, **Nedbank's** score has declined marginally, by 1% since 2023.

Investec ranks second overall, up from third place in our previous assessment. The bank leads in the Fossil Fuel Exposure and Sustainable and Transition Finance categories. A priority area for improvement for **Investec** is Emissions Disclosure and Targets, where the bank ranks fourth. Despite fluctuations in individual thematic areas, **Investec's** score overall has improved marginally, by 1% since 2023.

After holding second place for the previous two assessments, **FirstRand** drops to third place overall this year. Performance across theme areas is middling, with the bank consistently ranked either second or third in each category. **FirstRand's** overall score has declined by 2% since the first *How cool is your bank?* report.

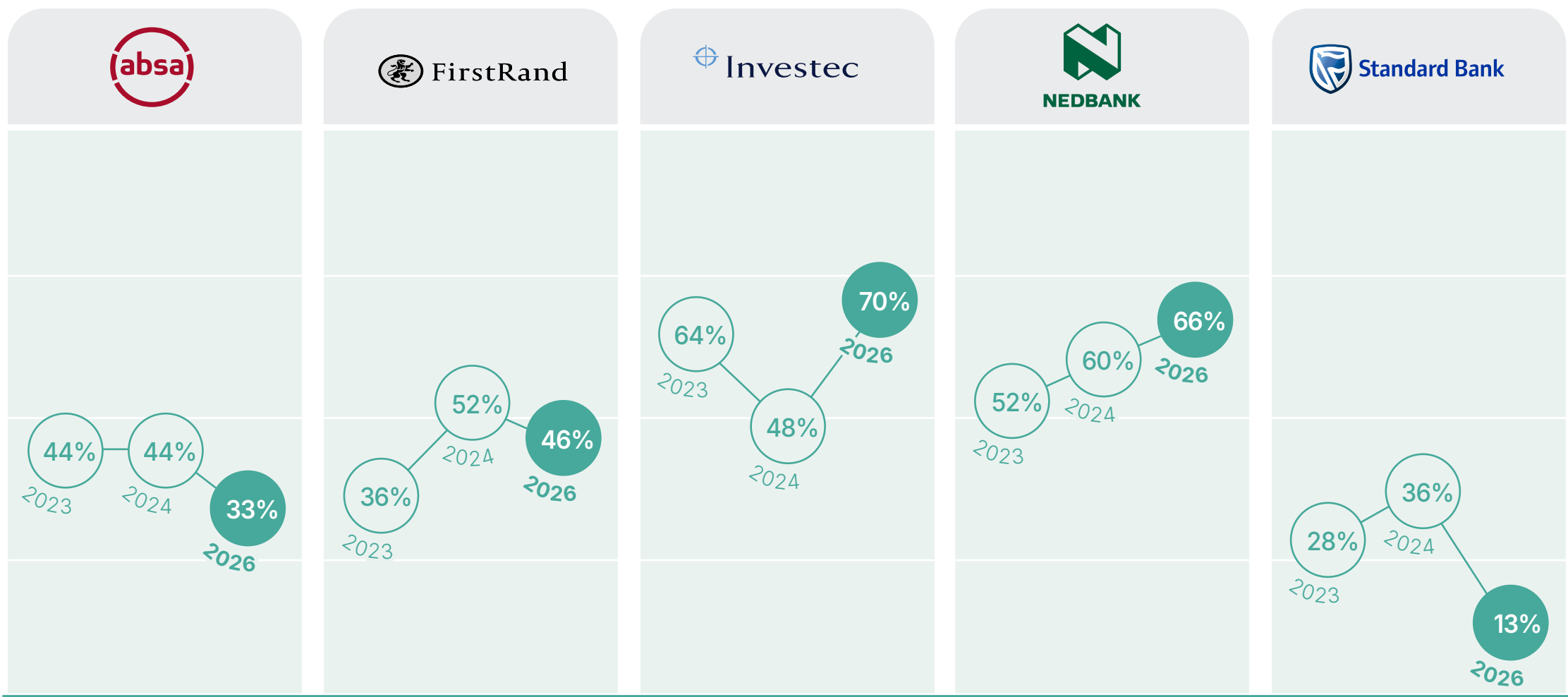
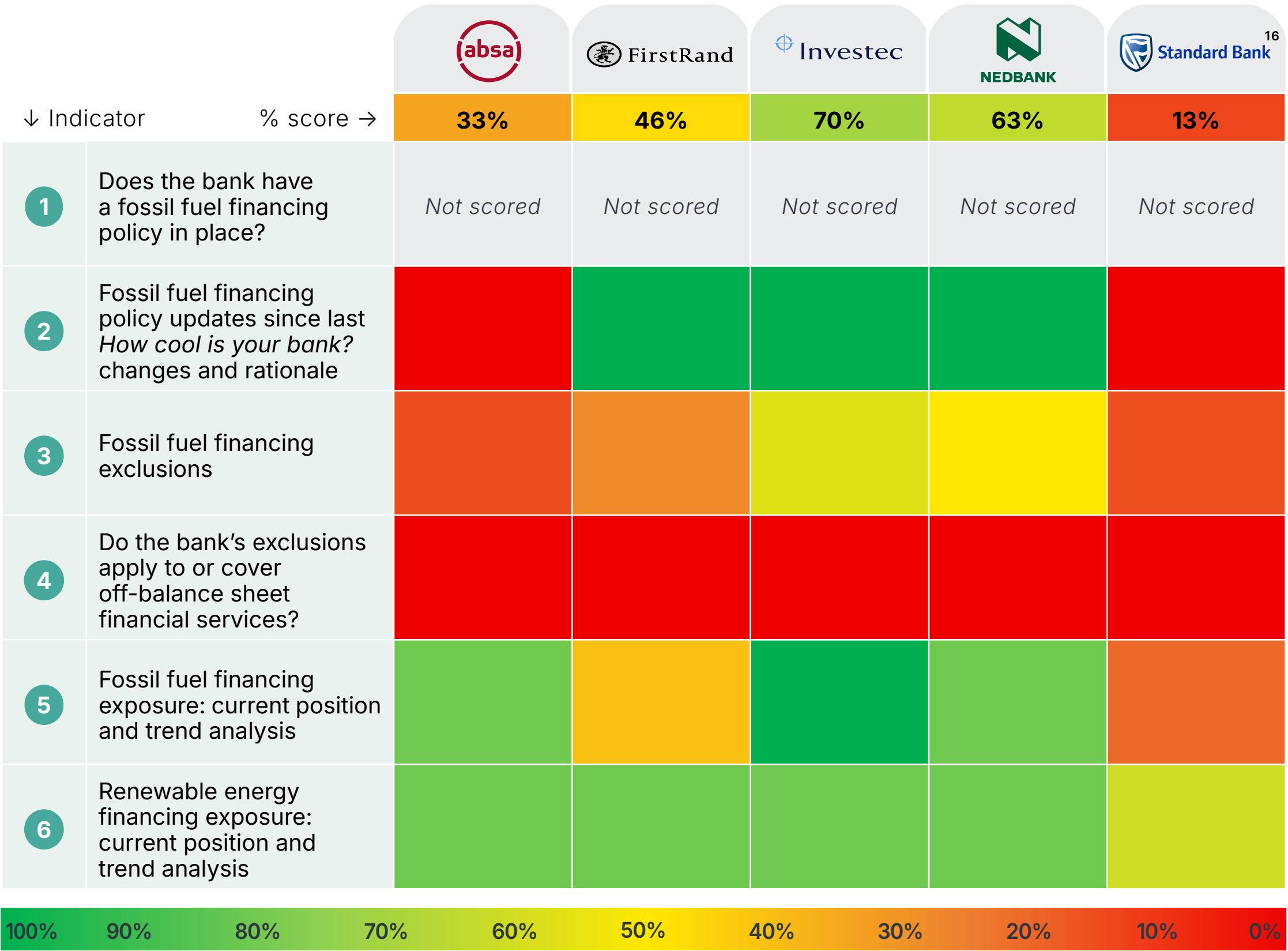
Absa maintained its position at fourth place this year. **Absa** ranked last for Emissions Disclosure and Targets. It also received the lowest score for Nature and Biodiversity, alongside **FirstRand**. Since the first *How cool is your bank?* assessment, **Absa** has improved its overall score by 4%.

Standard Bank remains the lowest-ranking bank. However, it is the only bank to consistently improve its score in each year of this report. Since the first *How cool is your bank?* assessment, **Standard Bank's** overall score has increased by 12%. Improvement is particularly evident in Governance and Strategy, where the bank previously scored 0 (and now scores 35%). However, its score in the Fossil Fuel Exposure section of the scorecard has declined significantly.

The heatmaps on the next pages give an overview of how each bank performs for each of the 26 metrics across the five theme areas.

Assessment results by scorecard theme¹⁵

Fossil Fuel Exposure



Scores reflect performance on the fossil fuel metrics. Scores move unevenly and without a consistent direction between 2023 and 2026: **Investec** (64% to 70%), **FirstRand** (36% to 46%) and **Nedbank** (52% to 66%) climb, while **Standard Bank** (28% to 13%) and **Absa** (44% to 33%) decline. The fluctuation, rather than a steady improvement across banks, suggests there has been no deliberate, sustained approach to strengthening performance on fossil fuel exposure over time, which sits uneasily with the climate commitments the banks have publicly made.

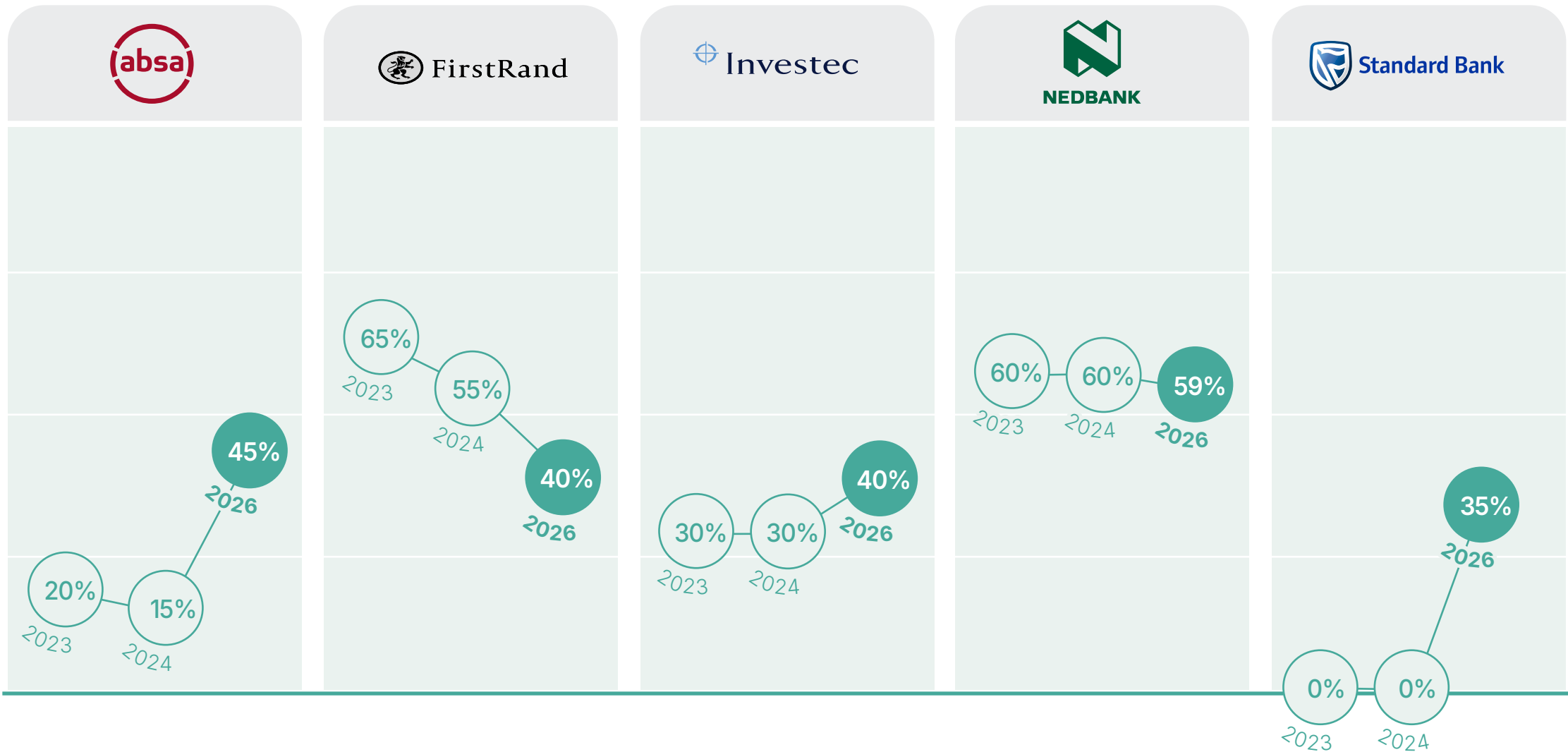
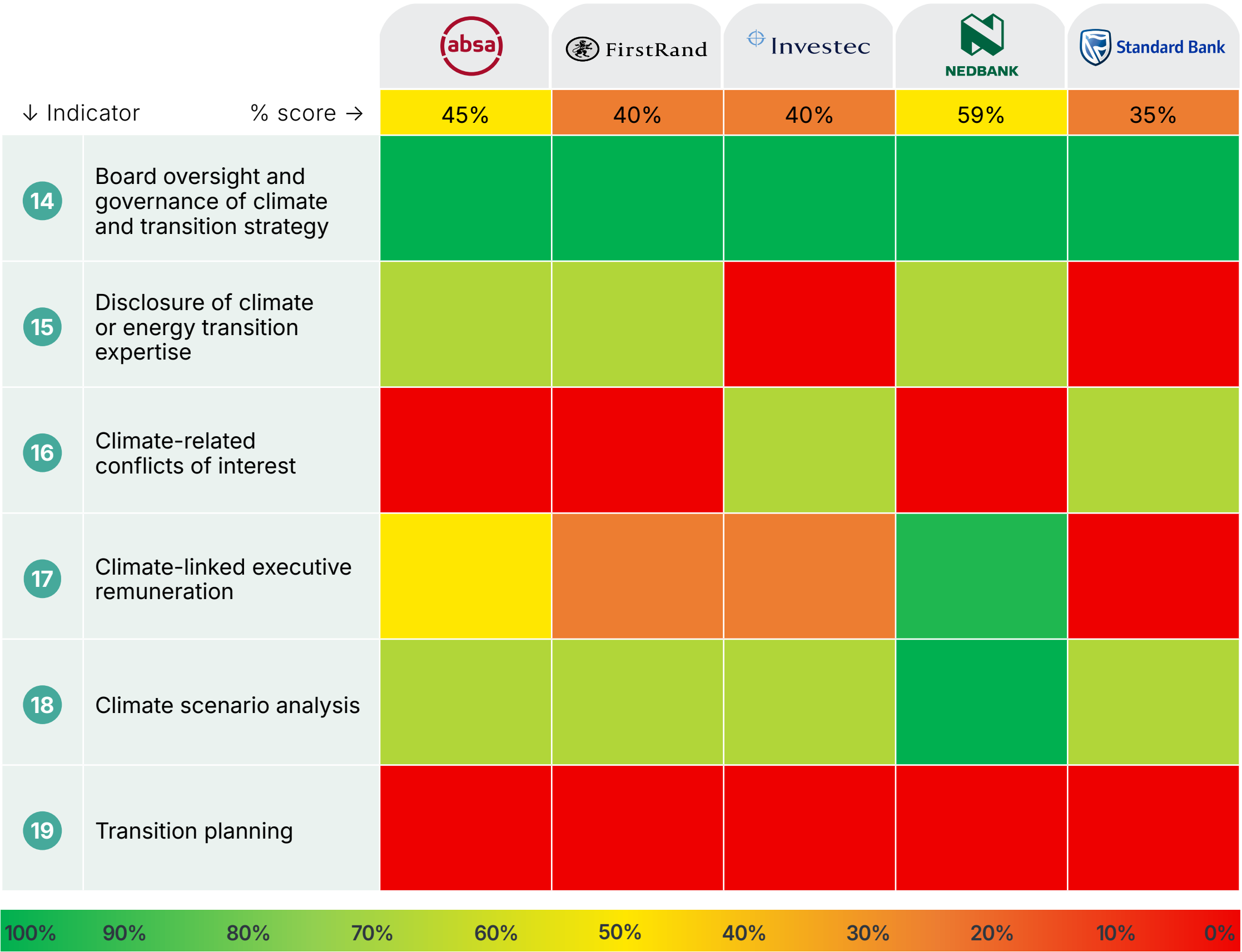
15. These graphs track the performance of each bank for the consistent themes tracked by *How cool is your bank?* While the metrics for the themes Fossil Fuel Exposure, Emissions Disclosure and Targets, and Governance and Strategy have expanded this year, the overall topic in each case remains consistent with previous years. This year we have expanded the Sustainable Finance theme to also incorporate metrics focused on transition finance. There is also the addition of a new theme this year: Nature and Biodiversity. For this reason, only 2026 data exists for this theme.

16. Standard Bank was penalised for backtracking, as the bank's March 2025 Climate Policy removed several constraints to fossil fuel financing. For more details on this see: [Fossil fuel financing policies: What will the bank \(not\) fund?](#)

absa	FirstRand	Investec	NEDBANK	Standard Bank
2023: 16% → 2024: 36% → 2026: 20%	2023: 43% → 2024: 43% → 2026: 47%	2023: 56% → 2024: 56% → 2026: 25%	2023: 53% → 2024: 60% → 2026: 57%	2023: 10% → 2024: 26% → 2026: 43%

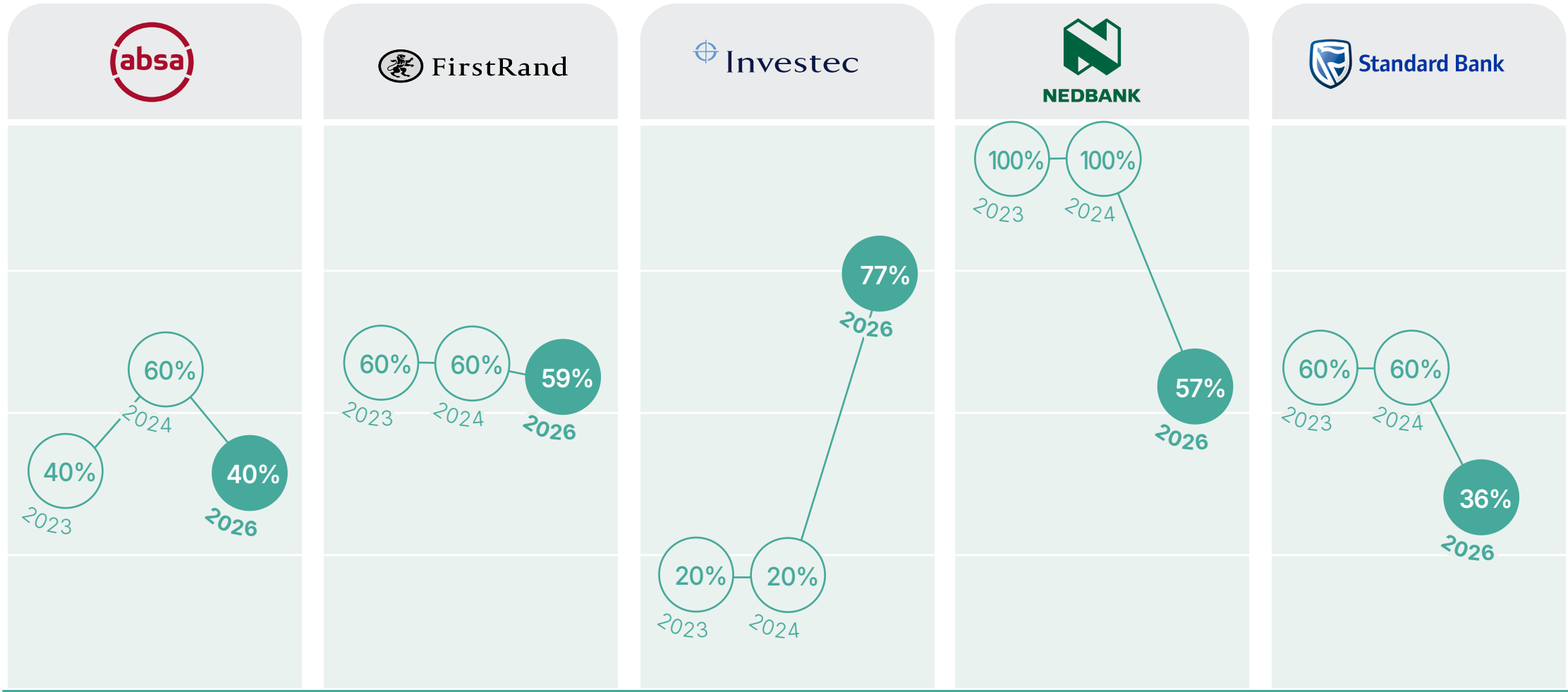
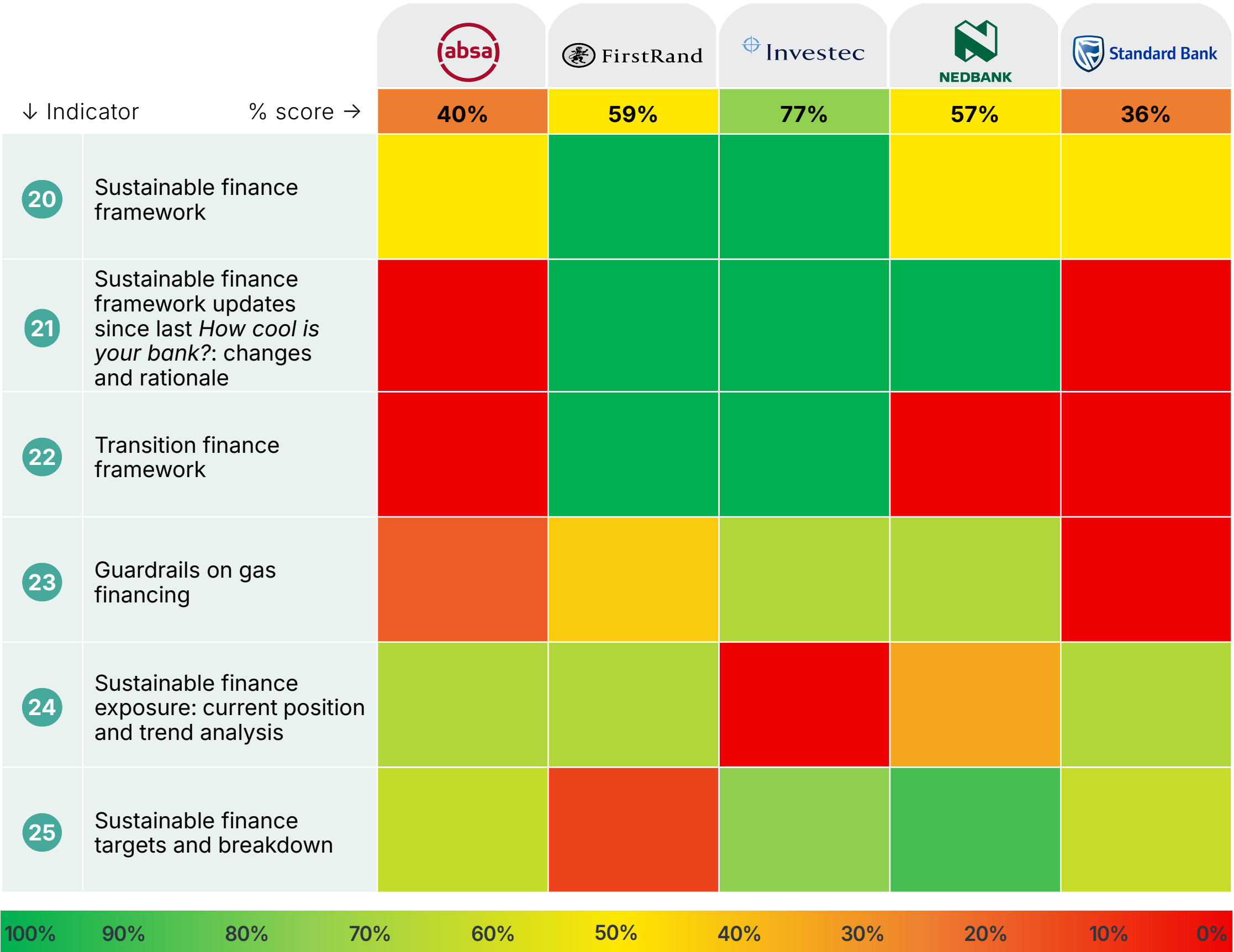
Just Share 

 Governance & Strategy



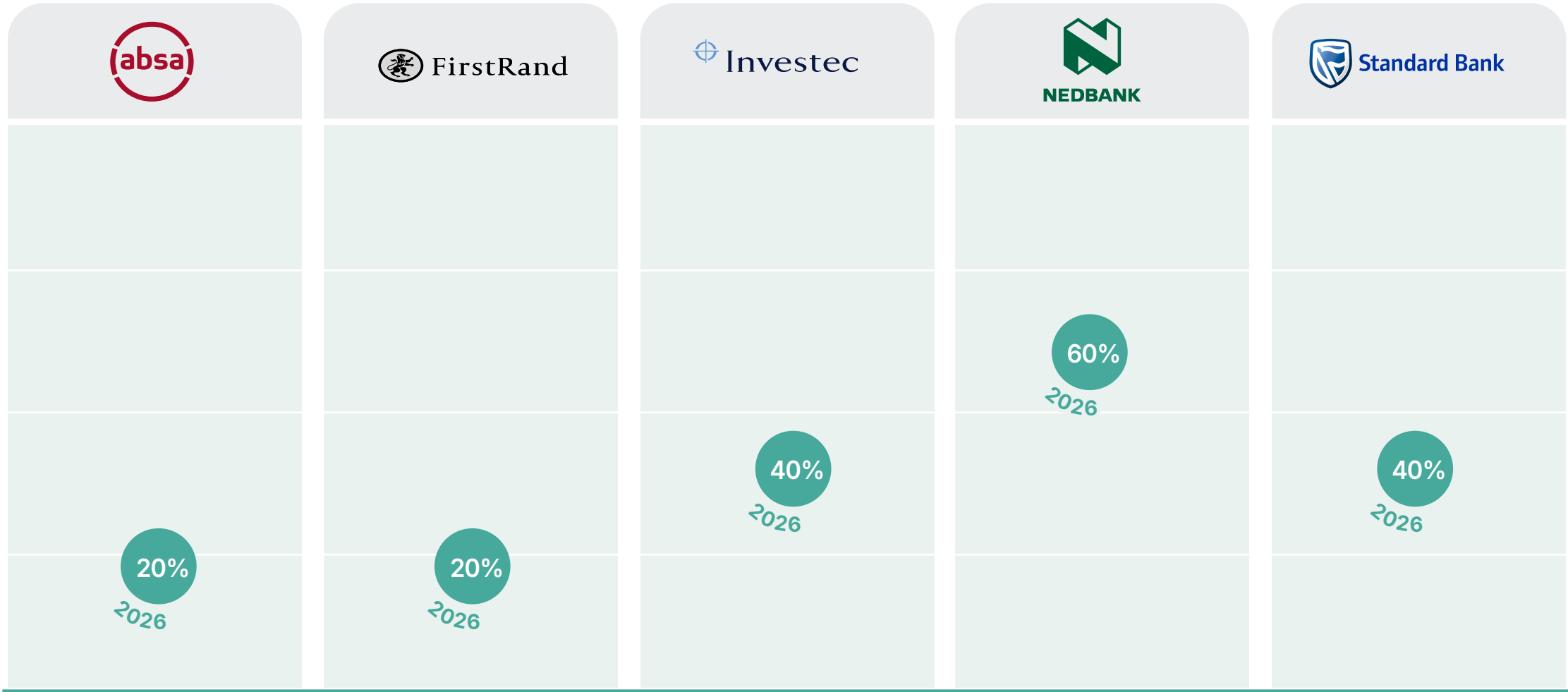
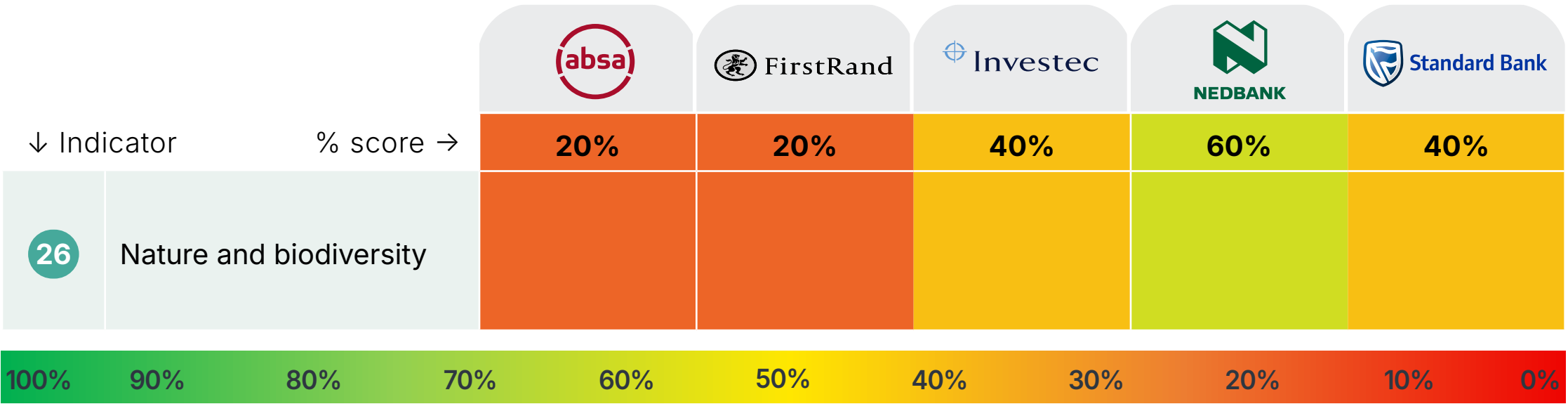
Scores converge by 2026 as **Absa** (45%), **Investec** (40%) and **Standard Bank** (35%) rise from low or zero baselines while **FirstRand** falls from 65% to 40% and **Nedbank** holds near 60%. The narrowing of the field reflects the laggards catching up rather than the leaders pulling ahead, which suggests governance practices are becoming a baseline expectation banks can no longer avoid, even as none is yet building a decisive lead.

 Sustainable & Transition Finance



Scores are broadly stable for most banks, with the movement concentrated in **Investec** (20% to 77%) and **Nedbank** (100% to 57%). The volatility at the extremes, one bank surging and another falling by nearly half, indicates that sustainable finance targets are not yet underpinned by settled, comparable methodologies, so scores still swing as banks change how they define and disclose this finance rather than reflecting stable underlying performance.

 Nature & Biodiversity



A new theme with a single 2026 baseline: **Nedbank** leads at 60%, **Investec** and **Standard Bank** sit at 40%, and **Absa** and **FirstRand** at 20%. That every bank scores at or below 60% in the theme’s first year confirms nature-related risk is an underdeveloped area of practice across the sector, with even the strongest performer still early in building a credible approach.

PART I

Transitioning the loan book

We assess what banks are financing, including the scale and direction of change in their exposure to high-emitting sectors and their progress in financing lower-carbon activities.

The loan book is the primary channel through which banks influence the real economy, and through which climate-related risks and impacts arise. Every lending portfolio has an emissions footprint, reflecting the sectors, companies and projects that banks finance. These financed activities have real-world consequences for the environment and communities. Banks can increase or reduce this footprint through their financing decisions. Financing renewable energy and other low-carbon activities can support the transition, but this will only translate into a meaningful shift in the real economy if banks also reduce financing to high-emitting activities, particularly fossil fuels.

These financing decisions also affect banks' exposure to climate-related financial risks. A study by the SARB found that physical risks arising from damage to assets and collateral caused by extreme weather events, as well as transition risks associated with the stranding of carbon-intensive assets, can reduce borrowers' ability to repay loans and increase credit risk across the portfolio.¹⁷

The composition of a bank's loan book therefore affects both its climate impact and its vulnerability to climate-related financial risks. The direction of change matters. A credible transition requires banks to shift capital away from activities that drive cli-

mate change and towards activities that support a low-carbon economy. Increasing sustainable finance, particularly financing for renewable energy and other low-carbon activities, is important – but it cannot be substituted for reducing exposure to fossil fuels and other high-emitting activities.

The extent to which banks are making this shift is therefore a critical measure of whether their financing is supporting a credible transition.

The test is not simply whether banks are financing more sustainable activities, but whether the overall composition of their financing is changing in a way that supports South Africa's national and international climate objectives.

To this end, our assessment seeks to answer the following questions:

1. **How is exposure to fossil fuel financing changing over time?**
2. **How is provision of sustainable finance changing over time?**
3. **Are banks progressing in their disclosure and disaggregation of their financed emissions?**

The test is not simply whether banks are financing more sustainable activities, but whether the overall composition of their financing is changing in a way that supports South Africa's national and international climate objectives.

17. SARB, *Climate risk and bank lending in South Africa*, August 2025.

Fossil fuel exposure

For a bank to claim credible progress on its climate commitments, it must demonstrate that its renewable financing is actively displacing fossil fuel financing.

We assess how much of each bank’s total financing is supporting the coal, oil and gas sectors in absolute and relative terms. The absolute value shows how much money the bank has provided to a sector in Rand terms, while the relative value shows what percentage of the bank’s total lending this represents.

Scoring framework

Banks are assessed based on their on-balance sheet, drawn exposure to fossil fuel activities. Scores were determined by comparing current exposure levels with those reported in the previous *How cool is your bank?* assessment.

In assessing performance in this area, we set out to answer the following critical questions:

- 1. What is the bank’s current fossil fuel exposure (expressed as a proportion of the total energy financing)?¹⁸
- 2. How has the bank’s fossil fuel exposure changed since the last *How cool is your bank?* report?

For the first question, scores were allocated on a sliding scale depending on whether the banks had: less than 25% exposure, greater than 25% but less than 50%, greater than 50% but less than 100%, or 100%. Further points were awarded to banks that have reduced exposure in absolute Rand terms and as a proportion of the total loan book.

Analysis

KEY TAKEAWAY: Fossil fuel exposure is not yet on a sustained downward trajectory. Only two of the five banks reduced their absolute exposure, while the others either maintained or increased it. For a sector that has committed to net zero, this is not the pace (and where fossil fuel exposure has increased, also not the direction) of change that an orderly transition requires.

Only two banks, **Investec** and **Nedbank**, have reduced their absolute fossil fuel exposure since the last assessment. These two banks have portfolio limits in place, yet these appear to allow fossil fuel expansion as long as it remains within the relevant applicable limits. Given the need for an orderly transition away from fossil fuels, there should be a clear sustained downward trend in fossil fuels lending.

Given the need for an orderly transition away from fossil fuels, there should be a clear sustained downward trend in fossil fuels lending.

18. Energy financing refers to the total energy loan book of the bank. To calculate this, we added renewable financing to fossil fuel financing to get a total energy financing figure. From this we were able to calculate what percentage of energy financing goes towards fossil fuels.

FOSSIL FUEL	% OF ENERGY FINANCING (2026 assessment)	CHANGE IN % OF ENERGY FINANCING (since 2024 assessment)	% OF LOAN BOOK (2026 assessment)	CHANGE IN % OF LOAN BOOK (since 2024 assessment)	% ABSOLUTE (since 2024 assessment)
 Standard Bank	61%	-13pp ▼	5.5%	0 pp	7% ▲
 FirstRand	45%	-20pp ▼	2%	0.1 pp ▲	19% ▲
 NEDBANK	27%	-12pp ▼	1.9%	-0.3 pp ▼	-4% ▼
 absa	23%	-14pp ▼	1.2%	-0.1 pp ▼	10% ▲
 Investec	19%	-17,5pp ▼	1%	-0.4 pp ▼	-16% ▼

Investec does the best in this metric, combining the most significant absolute reduction of 16%, the lowest proportion in total energy financing of 19% and largest decrease – although small – in exposure as a share of total lending proportion of 0.4 percentage points, to 1%.¹⁹

Nedbank’s absolute fossil fuel exposure decreased by 4% while contributing 27% to its overall energy portfolio.²⁰ The proportion

of fossil fuels on the bank’s total loan book decreased by 0.3 percentage points to 1.9%.²¹

Absa’s fossil fuel exposure as a percentage of the total loan book decreased by 0.1 percentage points, with fossil fuel exposure as a share of energy financing measuring 23%.²² Fossil fuel exposure increased by 10% in Rand terms.²³

Are we seeing the whole picture?

Standard Bank’s disclosure of off-balance sheet exposure provides a more complete picture of its fossil fuel financing. These exposures account for 40% of **Standard Bank’s** total fossil fuel financing, increasing the bank’s exposure ratio to 68% of total energy financing. The absence of equivalent disclosures from the other banks makes it difficult to assess the true extent of their fossil fuel financing, and suggests that overall exposure across the sector may be materially underestimated.

FirstRand, the only bank that reduced absolute exposure in the previous assessment, has the largest increase this year, of 19%, and the second-highest concentration in energy financing, of 45%.²⁴ Consequently, it is the only bank for which fossil fuel lending outpaced growth in the loan book as a whole.

Standard Bank stands out as the most exposed to fossil fuels, at 61% of the total energy financing; and exposure also increased in absolute terms, by 7%.²⁵ While the share of total lending was flat at 5.5%, it is the highest share for any of the banks – 2.75 times higher than the next closest bank.²⁶

19. P 44, Investec Integrated Sustainability Report, 2026; P 41, Investec Limited Annual Report, 2026; P 79, Investec Group Sustainability Report, 2024; P 43, Investec Limited Group and Company Annual Financial Statements, 2024.

20. P 87, Nedbank Climate Report, 2025; P 89, Nedbank Climate Report, 2023.

21. P 87, Nedbank Climate Report, 2025; P 58, Nedbank Annual Financial Statements; P 89, Nedbank Climate Report, 2023; P 34, Nedbank Annual Financial Statements, 2023.

22. P 91 & 97, Absa Sustainability and Climate Report, 2025; P 74, Absa Annual Consolidated and Separate Financial Statements, 2025; P 34, Absa Sustainability and Climate Report, 2023; P 116, Absa Integrated Report, 2023.

23. P 97, Absa Sustainability and Climate Report, 2025; P 34, Absa Sustainability and Climate Report, 2023.

24. Just Share, *How cool is your bank?*, 20 November 2023; P E14, FirstRand Basel Pillar 3 Disclosure, 2025; P 27, FirstRand Climate Change Strategies Report, 2025.

25. P 34, Standard Bank Climate Related Financial Disclosures Report, 2025; P 25, Standard Bank Climate Related Disclosures Report, 2023.

26. P 34, Standard Bank Climate Related Financial Disclosures Report, 2025; P 25, Standard Bank Climate Related Disclosures Report, 2023; P 65, Standard Bank Annual Integrated Report, 2025; P 20, Standard Bank Annual Financial Statements, 2023.

Sustainable finance exposure

Sustainable finance will play a crucial role in achieving South Africa’s climate goals.

Before assessing bank performance, it is important to understand what is meant by ‘sustainable finance’. Reported figures are difficult to interpret without knowing the definitions and criteria banks use to determine what qualifies. While banks have adopted their own sustainable finance frameworks, there is no single definition across the sector, making comparisons difficult.

South Africa’s National Treasury defines sustainable finance as finance that supports sustainable development, a just transition to a low-carbon and climate-resilient economy, and long-term financial stability. It includes financial products, services, markets and ethical practices that create long-term environmental, social, economic and governance value.²⁷

In practice, this means that financial institutions assess environmental and social risks and opportunities in their lending and investment activities, disclose and manage these risks, and use this information to guide financing and capital allocation decisions.

Growth in sustainable finance can indicate that a bank is increasing its support for the transition to a low-carbon economy. However, absolute figures provide limited insight when considered in isolation. A bank may report substantial growth in sustainable finance, while its sustainable finance as a share of total lending remains flat – or declines – if overall lending is growing faster.

Proportionate measures therefore provide a more meaningful indication of whether sustainable finance is becoming a more significant part of a bank’s business.

Banks should therefore demonstrate that sustainable finance is increasing as a share of total lending over time.

Banks should also clearly disclose whether their sustainable finance figures include off-balance sheet activities. Where they do, the figures are not directly comparable with an on-balance sheet loan book and may overstate the proportion of sustainable finance relative to total lending.

Scoring framework

Our assessment focused on answering specific questions relevant to banks’ approaches to the provision of sustainable finance, notably:

1. Does the bank disclose its sustainable finance as a percentage of its total loan book?
2. How has the bank’s provision of sustainable finance changed over time?

Banks score full points if they disclose sustainable finance lending as a proportion of the total loan book, and can demonstrate an increase in this proportion since the previous assessment.

While banks have adopted their own sustainable finance frameworks, there is no single definition across the sector, making comparisons difficult.

27. P 16, National Treasury, Technical Paper: [Financing a Sustainable Economy](#), 2021.

Analysis

KEY TAKEAWAY: Sustainable finance is growing, but remains a small share of banks’ lending. While all five banks report growth in sustainable finance, not one discloses sustainable finance as a proportion of its total loan book annually, or has demonstrated a meaningful increase in this metric over time. This suggests that, despite strong headline growth, sustainable finance has yet to become a significant driver of overall capital allocation for most banks.

None of the banks score full points here because they do not disclose sustainable finance as a percentage of their loan book on a comparable annual basis. **Nedbank** comes closest: it discloses its cumulative sustainable development finance exposure as a percentage of FY25 gross loans and advances. However, because the numerator is cumulative while the denominator relates to FY25, the resulting 21% cannot be interpreted as the proportion of FY25 lending represented by sustainable finance. The lack of annual disaggregation therefore makes it difficult for shareholders to assess the scale of sustainable finance mobilisation in the context of the bank’s lending activity in each year.

Nedbank had committed to increasing its cumulative sustainable finance exposure to 20% of its total loan book by 2025. It exceeded this target, reaching 21% in 2025. This provides useful evidence of the scale of its sustainable finance exposure, but it

does not provide the comparable annual measure assessed here. A decision-useful disclosure would report sustainable finance exposure and gross loans and advances on the same reporting basis, and for the same period.

Standard Bank, Absa and **FirstRand’s** sustainable finance has increased both in absolute terms and as a percentage of the total loan book.

Standard Bank posted the strongest growth in sustainable finance in absolute and relative terms.

FirstRand recorded growth of 35% in sustainable finance and a 1-percentage-point increase in share of total lending, to 3%.

Absa’s sustainable financing increased by 27% in absolute terms, while in the context of the loan book it increased by a marginal 0.3 percentage points, to 3.6%.

Investec first published its five-year sustainable finance target (of R74 billion) in 2025 for **Investec** Limited, and began reporting on its sustainable finance activities this year.²⁸ The reported sustainable finance exposure represents 3.8% of the loan book, placing it in the middle of the peer group. As this is its first year of disclosure, it is not yet possible to assess whether sustainable finance is increasing as a proportion of the loan book. The bank is therefore not evaluated on whether it is increasing the proportion of sustainable finance in its total lending.

28. P 95, Investec Group Sustainability Report, 2025.

Renewable energy exposure

Banks are increasingly highlighting their renewable energy financing and its expansion, but these claims must be assessed against the scale of their continued fossil fuel financing.

To evaluate each bank’s commitment to climate action meaningfully, this analysis examines not only the absolute Rand value of its renewable energy financing, but its share of the bank’s total energy financing, as well as its proportion of the bank’s overall lending activity.

A bank that demonstrates a sustained increase in renewable energy share provides stronger evidence that it is genuinely reorienting its capital away from carbon-intensive sectors and towards energy transition. This complete perspective is essential, because absolute figures for renewable energy can create a misleading impression if the bank’s total loan book and its fossil fuel exposure are growing at the same time.

Scoring framework

The strongest performance on this metric combines a high renewable share in the context of total energy financing, with sustained growth of renewable energy finance in absolute terms and relative to total lending. Partial points are awarded for achieving an increase in either of these aspects.

What is the ‘right’ ratio of green to brown?

Research by firms such as BloombergNEF have formulated a 4:1 energy supply banking ratio.²⁹ This means that banks should allocate R4 of financing to low-carbon energy for every R1 supplied to fossil fuels (on average, throughout this decade) to limit global warming to 1.5°C. Under its ‘Net Zero Emissions by 2050’ scenario, the International Energy Agency (IEA) projects an even more ambitious investment ratio of 6:1 by 2030 – reflecting the scale of capital reallocation required to support the energy transition.³⁰ Some global banks have begun to calculate, disclose and set targets for their own energy financing ratios, using different methodologies.³¹

29. BloombergNEF, [The Magic Number Is 4-to-1 as Banks Warm to Clean Energy Finance Ratio](#), 2024.

30. Reclaim Finance, [6:1, a ratio to successfully transform our energy system](#), 6 February 2024.

31. Reclaim Finance, [2025 banks’ energy financing ratios: the good, the bad and how to move forward](#), 20 January 2026.

Analysis

KEY TAKEAWAY: Renewable energy lending is growing rapidly, but the transition remains uneven. All five banks increased their renewable energy lending, with particularly strong absolute growth at FirstRand, Absa and Investec. Investec and Absa lead on the composition of their energy portfolios, with renewable energy accounting for 81% and 77% respectively, while Nedbank has the highest renewable energy exposure as a share of its total loan book, at 5%. Standard Bank remains the outlier, with renewable energy accounting for just 39% of its energy financing and fossil fuels continuing to dominate its energy portfolio. The growth in renewable energy finance is encouraging, but its significance ultimately depends on whether it is accompanied by a sustained reduction in fossil fuel financing.

Renewable energy dominates **Investec's** energy sector lending activities. The bank has the highest renewable energy share within its energy financing portfolio at 81%, implying an energy supply ratio of 4:1.³² The bank also achieved the largest proportional improvement (1.9 percentage points) in renewable energy as a share of its total loan book since the last *How cool is your bank?* assessment, and absolute Rand value growth of 112%.³³

RENEWABLE ENERGY	% OF ENERGY FINANCING (2026 assessment)	% OF LOAN BOOK (2026 assessment)	CHANGE IN % OF LOAN BOOK (since 2024 assessment)	% ABSOLUTE (since 2024 assessment)
 Investec	81%	4%	1.9 pp ▲	112% ▲
 absa	77%	4%	1.7 pp ▲	107% ▲
 NEDBANK	73%	5%	1.7 pp ▲	68% ▲
 FirstRand	55%	2%	1.5 pp ▲	175% ▲
 Standard Bank	39%	3.5	1.6 pp ▲	92% ▲

32. P 44, Investec Integrated Sustainability Report, 2026.

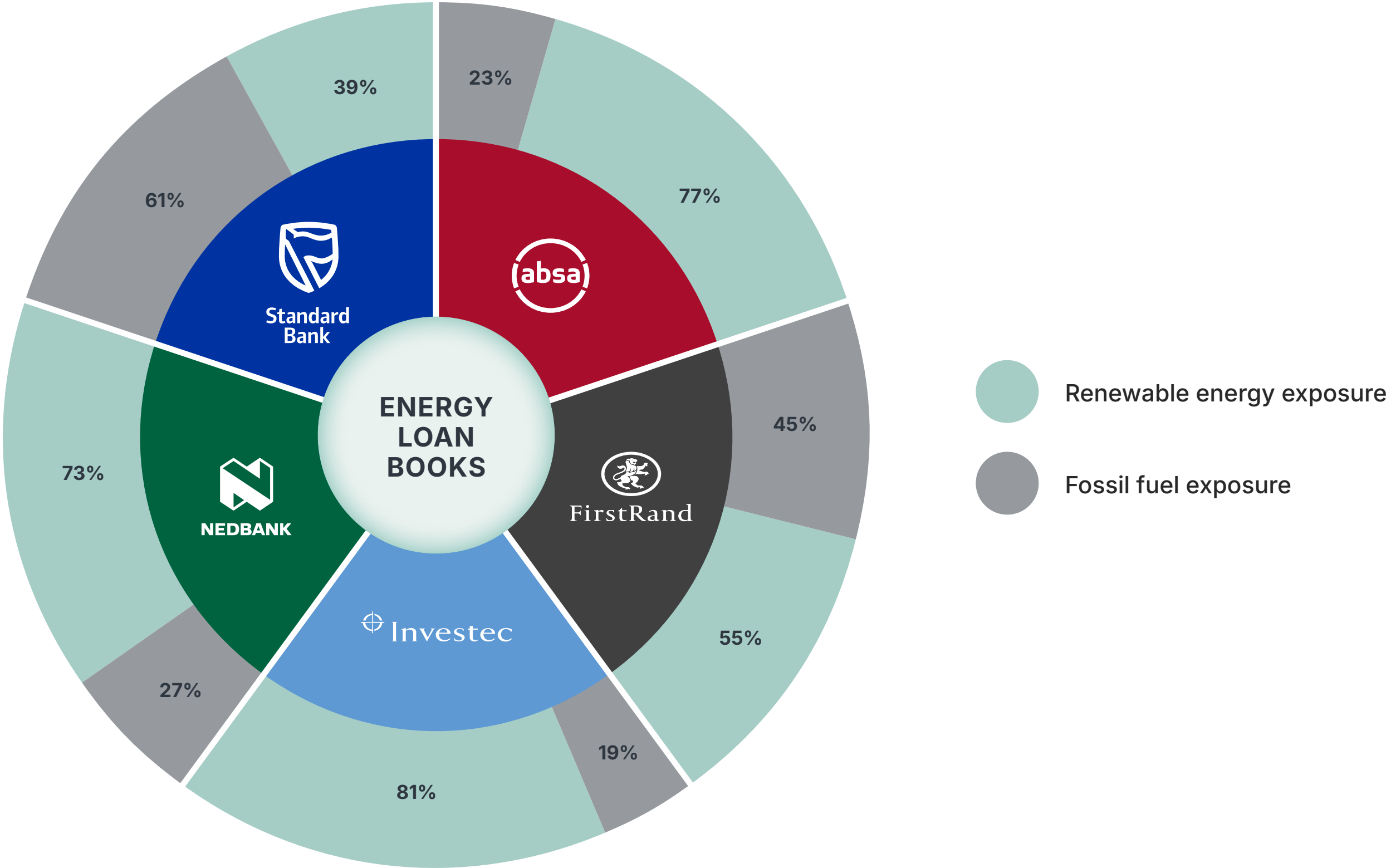
33. P 44, Investec Integrated Sustainability Report, 2026; P 41, Investec Limited Annual Report, 2026; P 79, Investec Integrated Sustainability Report, 2024; P 43, Investec Limited Group and Company Annual Financial Statements, 2024.

FirstRand has the most significant increase in renewable energy lending in absolute terms, with growth of 175%,³⁴ while contributing 55%³⁵ of the energy portfolio. Despite this strong absolute expansion, renewable energy lending relative to total lending increased by only 1.5 percentage points, to 2% of total loan book – the lowest among its peers.

Nedbank has the highest proportion of renewable energy in its overall lending, at 5%, after recording a 1.7-percentage-point increase since the last *How cool is your bank?* report.³⁶ The bank also has a substantial renewable energy share within its energy-financing portfolio, of 73%.³⁷

Absa ranks second-highest in renewable energy share of its energy financing portfolio, at 77%.³⁸ The bank also recorded strong growth in absolute renewable energy lending of 107%, alongside a 1.7-percentage-point increase to 4% in the share of renewable energy lending within its total loan book since 2024.³⁹

Standard Bank is the only bank with an energy portfolio largely weighted towards fossil fuels; with renewable energy representing less than half, at 39%.⁴⁰ Renewable energy lending accounted for 3.5% of its total loan book, an increase of 1.6 percentage points from the last assessment.⁴¹



34. P 27, FirstRand Climate Change Strategies Report, 2025; P 22, FirstRand Climate Change Strategies Report, 2023.

35. P 27, FirstRand Climate Change Strategies Report, 2025; P E14, FirstRand Basel Pillar 3 Disclosure, 2025.

36. P 86 & 87, Nedbank Climate Report, 2025; P58, Nedbank 2025 Annual Financial Statements, 2025; P 90, Nedbank Group Climate Report, 2023; P58, Nedbank Group Limited Annual Financial Statements, 2023.

37. P 86 & 87, Nedbank Climate Report, 2025.

38. P 91 & 97, Absa Sustainability and Climate Report, 2025.

39. P 91, Absa Sustainability and Climate Report, 2025; P 74, Absa Annual Consolidated and Separate Financial Statements, 2025); P 39, Absa Climate Report, 2023; P 116, Absa Integrated Report, 2023.

40. P 34, Standard Bank Climate Disclosures, 2025.

41. P 34, Standard Bank Climate Disclosures, 2025; P 65, Standard Bank Annual Integrated Report, 2025.

Financed emissions disclosure

Financed emissions are the greenhouse gas emissions associated with the companies and projects that a bank finances through its lending and investment activities. Under the widely adopted Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard, these emissions are classified as Scope 3 emissions. For banks, financed emissions make up the largest and most material part of their carbon footprint.

Measuring financed emissions allows banks to identify the sectors, clients and portfolios that contribute most to their emissions, and to prioritise where action is needed. Establishing a credible baseline is therefore a critical first step towards delivering on net-zero commitments. Without a baseline, banks cannot set meaningful absolute emissions reduction targets or determine whether emissions across their portfolios are actually declining over time.

Public disclosure is equally important. It allows stakeholders to assess whether a bank's climate commitments are reflected in its financing decisions and capital allocation. Without financed emissions data, a bank is able to present itself as a climate leader while continuing to finance significant emissions. Financed emissions provide a measurable benchmark against which banks can assess and demonstrate progress.

Scoring framework

We set out to answer the following critical questions on financed emissions disclosure:

1. **Has the bank increased the number of sectors its emissions disclosure covers since the last *How cool is your bank?* report?**
2. **Has emissions disclosure within sectors improved since the last *How cool is your bank?* report?**
3. **What percentage of the bank's total loan book do disclosed financed emissions cover?**

Points are awarded for both the breadth and depth of financed emissions disclosure.

Sector coverage: Banks receive points when they expand the number of sectors for which they disclose financed emissions. Where a bank already reports across a sufficiently broad range of sectors, it can retain these points by maintaining that coverage.

Data coverage and quality: Banks receive points where the quality or depth of data within reported sectors improves. This includes

an improvement in the PCAF data quality score or an increase in the proportion or depth of sector-level data disclosed. Where a bank already provides strong data coverage and maintains it, it retains the score.

Loan book coverage: Banks can receive additional points based on the proportion of their loan book covered by their financed emissions disclosure. Scores increase according to four thresholds: less than 25% coverage, 25% to 49%, 50% to 99%, and 100% coverage.

The data challenge

Data availability and quality issues have been highlighted by banks as the limiting factor to full disclosure. See our discussion on this: [Are banks disclosing decision-useful data?](#)

What good looks like – best practice as guided by the PCAF⁴²

“Frequency: Financial institutions shall disclose at least annually and at a fixed point in time, in line with the financial accounting cycle. Financial institutions shall ensure that the chosen point in time provides a representative view of the emissions for that reporting year, and shall transparently disclose if large changes close to (i.e. before or after) the reporting date have affected the results.

“Financial institutions shall disclose all absolute emissions for all relevant asset classes or sectors covered in chapter 5⁴³ and justify any exclusions. Potential justification criteria for exclusion include:

“Data availability: Required data is not available to the financial institutions.

“Size: The activities are insignificant to the institution’s total anticipated financed emissions.

“Methodology: There is no global methodology to quantify the financed emissions of specific activities (i.e. asset classes not covered in this Financed Emissions Standard).

“Financial institutions shall disclose the percentage of their total loans and investments covered in their financed emissions inventories for the 10 asset classes covered in chapter 5, e.g. a financial institution’s total outstanding loans and investments by asset class, noting any limitations and exclusions.”

FINANCED EMISSIONS % OF TOTAL LOAN BOOK	%	IMPROVEMENTS SINCE LAST HOW COOL IS YOUR BANK?
 FirstRand	100%	Has improved both breadth and depth of its emissions disclosure.
 Investec	66%	Has improved depth of its emissions disclosure.
 NEDBANK	61%	Has improved both breadth and depth of its emissions disclosure.
 absa	36%	Has improved both breadth and depth of its emissions disclosure.
 Standard Bank	35%	Has improved both breadth and depth of its emissions disclosure.

Analysis

KEY TAKEAWAY: Banks are expanding financed emissions disclosure, but significant gaps remain in coverage and comparability. All five banks improved either the breadth or the depth of their financed emissions data, with several making substantial progress in expanding sector coverage and improving data quality. FirstRand remains the only bank with coverage across its entire loan book, while coverage at other banks ranges from 35% at Standard Bank to 66% at Investec. This means that despite the progress made, the financed emissions disclosed by some banks still cover only a fraction of their lending, limiting meaningful comparison across the sector and making it difficult to determine the full scale of banks’ financed emissions.

The direction of travel is encouraging, but banks cannot use data limitations as a permanent constraint on transparency. They should continue to improve the quality and coverage of their data, while clearly disclosing where gaps remain and why.

42. P 161 & 162, PCAF, *Financed Emissions: Part A*.

43. Chapter 5 of the PCAF Financed Emissions Standard sets out the calculation methodology for 10 asset classes: listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, use of proceeds structures, securitisations and structured products, sovereign debt, and sub-sovereign debt.

All the banks improved the sector coverage and/or data coverage of their financed emissions.

Absa expanded its financed emissions coverage to include the transport and fossil fuel sectors. However, in the fossil fuel sector, for coal, oil and gas, the bank discloses only emissions-intensity metrics and reports them with a one-year lag, citing data challenges.⁴⁴ As discussed in detail in [Part II](#), emissions intensity should complement, rather than replace, absolute emissions disclosures. Despite disclosing financed emissions from its agriculture portfolio in 2025, the bank did not report emissions for this sector in 2026, citing data availability constraints.⁴⁵

FirstRand broadened its financed emissions coverage for vehicle asset finance portfolios to other African operations, including Botswana, Namibia and Nigeria.⁴⁶ The bank also disclosed financed emissions from end-use combustion emissions of thermal coal mining, structured and specialised finance.⁴⁷ In addition, the bank reported improvements in the quality of emissions data, with a greater proportion of exposures covered by higher-quality PCAF data scores.⁴⁸

Nedbank achieved full coverage of exposures within its Business and Commercial Banking cluster by introducing baseline financed emissions disclosures for thermal coal and commercial property, achieving full coverage for these.⁴⁹ Using the PCAF methodology, the bank also expanded reporting to include carbon-intensive corporate sectors such as transport (road, rail, aviation and shipping) and heavy industry, specifically cement, steel and aluminium.

Investec reports financed emissions with a one-year lag. While it is unclear whether overall sector coverage has expanded, data transparency has improved through the disaggregation of its Power and Infrastructure sector into Power Generation and Other Energy Lending within its Energy Asset Class.⁵⁰ The bank now calculates financed emissions in line with the PCAF methodology, and discloses weighted average data quality scores, enhancing the credibility and comparability of its reporting.

Standard Bank significantly expanded its financed emissions coverage from only upstream oil and gas to include thermal coal, oil and gas midstream and downstream activities; transport; agriculture; and commercial and residential real estate.⁵¹ The bank also improved the depth of data coverage, from 19% to 96% of its sector portfolio for upstream oil and gas.

FirstRand remains the only bank assessed that reports financed emissions across its entire loan book, followed by **Investec** (66%), **Nedbank** (61%), **Absa** (36%), and **Standard Bank** (35%). The 65-point difference between the leading and lowest bank indicates major comparability limitations. The bottom two banks cover barely one-third of their loan books.

All the banks report an intention to improve the quality of relevant data as guided by PCAF, and to improve consistency in reporting.

44. P 95, Absa Sustainability and Climate Report, 2025.

45. P 96, Absa Sustainability and Climate Report, 2025.

46. P E20, FirstRand Basel Pillar 3 Disclosure, 2025.

47. P 44, FirstRand Climate Change Strategies Report, 2025; P E20, FirstRand Basel Pillar 3 Disclosure, 2025.

48. P E19, E5, 18, 19, FirstRand Basel Pillar 3 Disclosure, 2025.

49. P 72, Nedbank Climate Report, 2025.

50. P 31, Investec Integrated Sustainability Report, 2026.

51. P 34, Standard Bank Climate Related Financial Disclosures, 2025.

Change in financed emissions since 2024 *How cool is your bank?* report

The trajectory of financed emissions is critical because it demonstrates whether a bank’s portfolio is decarbonising over time, and whether its financing activities are aligned with its stated climate targets. A current emissions figure provides only a snapshot.

What good looks like – best practice, as guided by PCAF:⁵²

“Financial institutions **should** provide a ‘fluctuation analysis’ of the absolute financed emissions across their portfolio, explaining the drivers of changes to financed emissions between two reporting periods.”

“Financial institutions **may** provide fluctuation analyses at the asset class or sector level, in accordance with the disaggregation of disclosed absolute emissions.”

Scoring framework

This metric is unscored. It is intended to assess whether financed emissions have increased or decreased since the last *How cool is your bank?* assessment, and provide an explanation for the change. Changes in financed emissions can be influenced by several factors including coverage, data quality and changes in exposure.

Analysis

Cumulatively, the disclosed financed emissions figure for this reporting period from the assessed banks comes to roughly 102 MtCO₂e. South Africa’s Nationally Determined Contribution pledges a target range of 398-510 MtCO₂e by 2025. This means the banks are responsible for roughly 20-26%, about one quarter, of South Africa’s 2025 national target range.

KEY TAKEAWAY: Meaningful comparison of financed emissions across banks remains difficult. Reported emissions have increased substantially since the last assessment, but only FirstRand⁵³ has provided a detailed explanation of what is driving the change. Differences in reporting boundaries, sector classifications, portfolio coverage, emissions factors and data quality make it difficult to determine whether changes reflect genuine shifts in portfolio emissions, or changes in how banks measure and report them. Greater consistency and transparency are needed to assess whether financed emissions are actually declining.

52. P 164, PCAF, *Financed Emissions: Part A*.
53. P 44, FirstRand Climate Change Strategies Report, 2025.

Financed emissions: Disaggregation

Beyond headline financed emissions figures, stakeholders need to understand where those emissions come from. Sector-level disclosure shows which parts of a bank’s lending portfolio contribute most to financed emissions, whether climate targets cover the major emitting sectors, and whether lending and engagement are focused where they can make the greatest difference.

This metric assesses how comprehensively the five banks report their financed emissions across the sectors to which they lend. It evaluates whether banks calculate and publicly disclose Scope 3 financed emissions in absolute terms (tCO₂e)⁵⁴ at sector level; focusing on the breadth of sector coverage and the availability of quantified data, rather than the volume or trend of emissions.

What good looks like – best practice as guided by PCAF⁵⁵

“Financial institutions **shall** disaggregate and disclose absolute emissions data at the asset class or at the sector level, particularly for the most emission-intensive sectors.”

This is important because a bank can report a headline financed emissions figure while excluding significant carbon-intensive sectors from its calculation. Sector-level disclosure therefore provides a more meaningful picture of a bank’s financed emissions, and the areas where action is most needed.

Scoring framework

Here we aim to answer the question:

For which sectors does the bank calculate and disclose its Scope 3 financed emissions?

We assessed each bank’s disclosures against a standardised list of sectors, organised into upstream, midstream, downstream and other activities. Banks received points for each sector for which they calculate and publicly disclose financed emissions in absolute terms.

The sectors carry different weightings based on their climate relevance, with greater weight given to high-emitting sectors such as coal, oil and gas. A higher score therefore reflects broader and more comprehensive disclosure, particularly across the sectors that contribute most to climate risk and financed emissions.

Analysis

KEY TAKEAWAY: Sector-level disclosure is improving, but important gaps remain. Standard Bank and Nedbank provide the most comprehensive sector-level financed emissions disclosures, with both reporting across a broad range of carbon-intensive sectors and providing absolute emissions and intensity metrics. However, no bank disaggregates oil and gas emissions, despite the material differences in the emissions profiles, transition risks and policy implications of these sectors. Most banks also aggregate midstream and downstream activities, further limiting visibility across the fossil fuel value chain.

These gaps are important because headline or aggregated figures can obscure where emissions and climate-related risks are concentrated. More granular disclosure would allow investors and other stakeholders to assess banks’ exposure to different parts of the fossil fuel value chain, evaluate whether targets cover the highest-emitting activities, and track where emissions are increasing or declining. The quality of sector-level disclosure therefore remains an important constraint on meaningful comparison and accountability.

54. TCO₂e stands for ‘tonnes of carbon dioxide equivalent’.

55. P 162, PCAF, *Financed Emissions: Part A*.

Standard Bank and **Nedbank** lead on sectoral financed emissions disclosure, providing detailed reporting across a broad range of carbon-intensive sectors. All the banks except **Absa** disclose emissions in both absolute terms (tCO₂e) and emissions intensities. Disclosing both absolute emissions and intensity metrics provides stakeholders with stakeholders with a comprehensive view of portfolio emissions.

Standard Bank reports financed emissions by sector and segment, covering thermal coal mining, upstream, midstream and downstream oil and gas, transport, agriculture, and commercial and residential real estate.⁵⁶ However, as with all the banks in the assessment, oil and gas emissions are reported as a combined category rather than being disaggregated. Similarly, midstream and downstream activities are aggregated, limiting insight into emissions across different segments of the value chain.

Nedbank discloses its financed emissions by sector, asset class and business division, alongside both absolute and intensity metrics.⁵⁷ The bank reports financed emissions for oil and gas, thermal coal, power generation, transport, real estate, mining, and heavy industry sectors. As with its peers, the bank does not separate oil and gas emissions, reducing transparency regarding the relative contribution of each sector.

FirstRand also demonstrates relatively strong disclosure practices, reporting financed emissions by business cluster and division in both absolute and intensity terms.⁵⁸ However, like other banks, its reporting combines oil and gas into a single category.

Investec and **Absa** scored substantially lower on this metric, due to gaps in sector-level disclosure. **Absa** reports emissions intensity metrics only for coal, oil and gas, while providing absolute emissions figures for transport and real estate.⁵⁹ This limits stakeholders’ ability to assess the full emissions profile of some of its most carbon-intensive sectors.

Investec reports financed emissions by asset class and sector, and discloses both absolute emissions and intensity metrics.⁶⁰ However, transparency is constrained by the way the bank reports emissions within its energy portfolio. Rather than providing separate disclosures for fossil fuel sectors, **Investec** reports emissions for ‘Power Generation’ and ‘Other Energy Lending’. The composition of the latter category is unclear, making it difficult to determine what proportion relates to fossil fuels and to assess emissions across different energy subsectors. This lack of disaggregation reduces the usefulness and comparability of the bank’s financed emissions disclosures.

56. P 38, Standard Bank Climate Related Disclosures, 2025.

57. P 73, Nedbank Climate Report, 2025.

58. P 44, FirstRand Climate Change Strategies Report, 2025.

59. P 95, Absa Sustainability and Climate Report, 2025.

60. P 31, Investec Integrated Sustainability Report, 2026.

Off-balance sheet activities and facilitated emissions

All the banks have fossil fuel financing or energy policies intended to manage the climate and financial risks associated with fossil fuel financing. These policies set limits, conditions for financing and activities that banks will not finance, as discussed in the [Part II](#) section below. For these policies to be effective, their exclusions and restrictions should apply consistently across all forms of financing, including on- and off-balance sheet activities.

A bank may describe its policy as restrictive, with immediate and absolute exclusions, while continuing to earn fees from off-balance sheet transactions for fossil fuel clients. The scale of these activities is difficult to assess, because most banks do not disclose them. If policies exclude off-balance sheet activities, they can create a loophole through which banks can move fossil fuel financing off their balance sheets while continuing to support these activities.

Facilitated emissions – emissions associated with activities that a bank enables through advisory, underwriting, syndication and other capital market activities – are therefore an important part of understanding a bank’s overall contribution to emissions. A credible fossil fuel financing policy should account for these activities, rather than allowing the form of financing to determine whether an exclusion applies.

Scoring framework

For this metric we aimed to answer the following critical questions:

1. Does the bank calculate and disclose its facilitated emissions?
2. If yes, what is the total facilitated emissions figure in tCO₂e?
3. If no, how is the bank planning to improve the coverage and quality of its facilitated emissions disclosures and within which timelines?

A score is awarded for a fossil fuel policy exclusion that explicitly covers all financing activities of the bank, including off-balance sheet activities. A bank will achieve full points for calculating and disclosing facilitated emissions as well as for having a time-bound plan for improving disclosure.

A bank may describe its policy as restrictive, with immediate and absolute exclusions, while continuing to earn fees from off-balance sheet transactions for fossil fuel clients.

Analysis

KEY TAKEAWAY: Capital markets and advisory activities remain largely outside the scope of banks’ climate risk management.

Banks manage climate risk most clearly within their direct lending books, while capital markets and advisory activities remain largely outside the scope of their fossil fuel restrictions and emissions disclosure. None of the five banks extends its fossil fuel exclusions to underwriting, arranging, advisory or other capital markets transactions, and none discloses facilitated emissions.

Absa is the only bank that explicitly acknowledges the importance of disclosing facilitated and insured emissions in its climate disclosures. However, it does not provide a firm timeline for when this disclosure will begin.⁶¹

Standard Bank has indicated that its investment and asset management portfolios will begin reporting financed and facilitated emissions from 2026. However, it has made no equivalent public commitment for its banking activities.⁶²

Engagements with the other banks suggest that facilitated emissions remain an emerging area of climate disclosure. Banks have generally prioritised measuring and reporting financed emissions, which they consider more material given the size and composition of their lending portfolios. Some banks are already calculating facilitated emissions internally but have not yet disclosed them publicly, citing the need to refine methodologies, improve data quality and monitor developments in the market.

These challenges are relevant, but they should not become a reason to leave capital markets and advisory activities outside banks’ climate risk frameworks indefinitely. Underwriting, arranging and advisory services can enable significant fossil fuel activity even where the resulting exposure does not appear on the bank’s balance sheet. Banks should therefore extend their fossil fuel restrictions to these activities and establish a clear pathway towards public disclosure of the emissions they facilitate.

Methodological and data challenges are relevant, but they should not become a reason to leave capital markets and advisory activities outside banks’ climate risk frameworks indefinitely.

61. P 96, Absa Sustainability and Climate Report. 2025.

62. P 20, Standard Bank Climate Related Financial Disclosures, 2025.

Nature and biodiversity

Nature-related risk is the newest addition to the assessment this cycle, reflecting the emergence of the Taskforce on Nature-related Financial Disclosures⁶³ (TNFD) framework and its LEAP (Locate, Evaluate, Assess, Prepare) approach. Where climate risk asks how a bank’s financing exposes it to a warming and decarbonising economy, nature risk asks a parallel but distinct question: how the bank’s lending and investment activities depend on – and impact – natural ecosystems and the services they provide, such as water, soil fertility and pollination, and how the degradation of those systems feeds back into financial risk. The International Financial Reporting Standards (IFRS S2) do not yet mandate nature disclosure in the way they mandate climate disclosure; banks must instead rely on general guidelines within IFRS S1,⁶⁴ so this indicator tests early-stage practice against an emerging rather than a settled standard.

Scoring framework

This indicator asks the following critical question:

Has the bank conducted a systematic, location-specific assessment of its nature-related dependencies, impacts, risks and opportunities?

The bar is deliberately set at a systematic and location-specific assessment rather than a general policy commitment or a statement of intent, because the analytical value of nature-risk work

		SCORE	ENCORE PARTICIPATION	OWN ASSESSMENT PROCESS	LOCATION-SPECIFIC ASSESSMENT	QUANTIFIED OUTCOME
1	 NEDBANK	60%	✓	✓	✓	
2	 Standard Bank	40%	✓	✓		
3	 Investec	40%	✓	✓		
4	 absa	20%	✓			
5	 FirstRand	20%	✓			

depends on it being tied to the actual geographies and sectors a bank finances, not asserted at the level of principle.

Because nature assessment is genuinely nascent across the South African market, the scoring distinguishes between banks that have a substantive process underway, whether through their own assessment methodology or documented participation in a structured pilot such as ENCORE (Exploring Natural Capital Opportunities, Risk and Exposure), and banks whose position rests on participation without a demonstrated outcome or on a stated intention to develop capacity in future. On this basis, **Nedbank**

performed best on this metric, followed by **Standard Bank** and **Investec**, which scored slightly lower. **Absa** and **FirstRand** received the lowest scores.

In the table above, a tick indicates the bank meets the element; a blank indicates it does not. ENCORE participation is the common denominator across all five banks. Location-specific assessment is the bar set by the indicator, and only **Nedbank** meets it, on the strength of its second-stage geospatial client analysis. No bank yet reaches a quantified outcome, the point at which nature-related exposure is expressed in financial terms.

63. [Taskforce on Nature-Related Financial Disclosures](#)

64. [IFRS S1 Nature-related Disclosures](#)

Analysis

KEY TAKEAWAY: Banks have started assessing nature-related risks, but none has yet produced a complete picture of its exposure.

All five banks recognise nature-related risk and have taken some steps to assess their dependencies and impacts, but none has yet produced a fully operational, quantified and location-specific assessment of its portfolio. Nedbank has progressed furthest, moving beyond sector-level screening to assess selected clients against geospatial data. Standard Bank and Investec have established more substantive assessment processes, but these remain largely at the sector-screening or exploratory stage. Absa and FirstRand have participated in industry pilots and expressed commitment to developing their approaches, but have not yet produced a substantive assessment of their own.

This distinction is important. Sector-level tools such as ENCORE can identify where nature-related dependencies and impacts are likely to be concentrated, but they are only a starting point. Understanding a bank's actual exposure requires increasingly granular analysis of the location, assets and activities it finances. Until banks undertake this work, they cannot fully assess where nature-related risks sit within their portfolios, quantify their financial significance, or develop credible targets and risk-management responses.

All five banks acknowledge nature-related risk, and all five point to some form of activity on the subject, whether their own assessment work, participation in the ENCORE pilot study, or both. None has produced a fully operational, quantified, location-specific assessment of the kind the mature version of this indicator will eventually require. The differences between the banks are therefore differences of degree and evidence, not of outright presence or absence, which is why the scoring separates the three banks with a substantive process underway (**Nedbank**, **Standard Bank** and **Investec**) from the two whose position rests on participation and stated intention (**Absa** and **FirstRand**).

Of the five banks, **Nedbank** presents the most developed position on this indicator, and the primary sources suggest its work reaches further than a sector-level screening exercise.

Nedbank published its first nature risk assessment⁶⁵ in 2025, structured around the TNFD's LEAP approach, and conducted that assessment in two distinct stages. In the first (2024), the bank mapped its own sector classification codes to the International Standard Industrial Classification (ISIC) codes used by ENCORE, and drew on ENCORE's materiality ratings to evaluate how each sector in its portfolio depends on ecosystem services and exerts pressures on natural capital, before assigning dependency and impact scores and narrowing to six priority sectors: agriculture, mining and quarrying, manufacturing, energy, wholesale and retail trade, and real estate.

In a second stage (2025),⁶⁶ the bank selected seven clients from across five sectors and assessed each client's operations against local geospatial datasets to identify exposure to sensitive locations, for instance mapping a mining client's operations for overlap with South Africa's Strategic Water Source Areas⁶⁷ and Critical Biodiversity Areas. It is this second stage that begins to answer the location-specific question the indicator is really asking, and it is the step none of the other banks has yet taken.

The assessment rests on a formal commitment that gives it standing: **Nedbank's** 2024 Nature Position Statement⁶⁸ – updated in 2026, and approved by its Executive Management Committee and Board – commits the bank to building the internal capacity to assess and disclose its nature-related dependencies, impacts, risks and opportunities over the medium term, and to report on that progress annually. At the same time, the position statement makes it clear that setting credible science-based targets for nature is still an undated future ambition for the bank. This language tempers the 2025 Climate Report's claim of having already systematically adopted the full LEAP framework and quantified risk exposures.

Next, **Standard Bank** and **Investec** come second together. In 2025, **Standard Bank** used the ENCORE tool to assess nature-related dependencies and impacts across approximately 60% of drawn exposures in its South African portfolio, applying ENCORE's sector-level ratings to its internal ISIC classifications

65. ENCORE, *Case Study: How Nedbank uses ENCORE to assess dependencies and impacts on nature*, February 2026.

66. P 55, Nedbank Climate Report, 2025.

67. SANBI, *Strategic Water Source Areas Count Says Stats SA Report*, 2023.

68. Nedbank Nature Position Statement, 2024.

to identify the sectors where ecosystem-service dependencies are most acute; and it describes the findings as a baseline for determining priority sectors. The Global Canopy and ENCORE report is explicit that sector-based ENCORE screening is only a starting point, and that spatially explicit client- and asset-level analysis is needed before an individual bank's nature-related risks can be accurately assessed. **Standard Bank's** recorded position in the Global Canopy ENCORE study, which predates the bank's FY2025 reporting, was that it had not yet considered nature-related risks beyond its environmental and social management system (ESMS), owing to its continuing focus on climate. On the evidence as it stands, **Standard Bank** has taken a real first step, a portfolio-wide sector screen that establishes a baseline, but has not yet produced the location-specific assessment this report's indicator requires; and the bank's own forward programme confirms that this work remains to be done.

Investec participates in ENCORE and is conducting its own LEAP process, having joined the African Natural Capital Alliance in 2023 and run a TNFD pilot with FSD Africa, applying the LEAP approach to selected business areas. **Investec** conducted an exploratory assessment⁶⁹ during the year focused on sectors with higher dependency or impact on natural ecosystems, and on geographic exposure to biodiversity-sensitive and water-stressed regions. The assessment was undertaken to identify potential areas of exposure rather than to quantify financial risk, and the bank states in its reports that portfolio-level quantification of financial

impacts has not yet been developed and that biodiversity-related risks are not currently assessed as financially material at group level.⁷⁰ **Investec** therefore achieves a partial score for having a structured process in place which has not yet produced a quantified outcome.

Absa and **FirstRand** sit a tier below, for closely related reasons: each can point to participation in industry work, but neither has an assessment process of its own that has produced a result. **Absa** is a confirmed participant in the ENCORE pilot study and states its intention to align with the TNFD, managing nature risk in the interim through its existing environmental and social management system and risk-assessment tools.⁷¹ **Absa** remains at an early stage of its TNFD journey.

FirstRand also participates in the ENCORE work and in a pilot with the African Natural Capital Alliance under TNFD, and the bank uses a platform-based dataset that geolocates financed assets using clients' GPS coordinates,⁷² together with biodiversity impact and dependency assessments through the Partnership for Biodiversity Accounting Financials (PBAF).⁷³ However, the GPS geolocation claim does not carry the weight **FirstRand** places on it; because on inspection, it applies to climate physical risk rather than to a nature dependencies-and-impacts assessment, and the several studies it participates in have not yet produced an outcome. The bank has the building blocks to improve on this process, but these should be distinguished clearly from the systematic, location-specific assessment that this indicator requires.

69. P 50, Investec Integrated Sustainability Report, 2026.

70. P 50, Investec Integrated Sustainability Report, 2026.

71. P 50, Absa Sustainability and Climate (S&C) report 2025.

72. FirstRand Climate and Environmental Risk report 2025, E2.

73. FirstRand Climate and Environmental Risk report 2025, E27-E30.

PART II

Commitments and claims

To this point, we have focused on material reality: what banks have actually financed, the emissions those loans enable, and in which direction both numbers are moving. These are facts about the past. We now turn to what banks say they will do next.

Lending decisions are made one transaction at a time, while their cumulative consequences become visible only after the fact. This makes public commitments important. They give investors and other stakeholders a basis against which to assess whether banks' future financing decisions are consistent with what they have promised.

We define a commitment as a public, forward-looking statement by a bank about what it will and will not finance.

Banks make three broad types of climate commitment:

1. what they will not finance;
2. how much they will reduce the emissions associated with the financing they continue to provide; and
3. what they will finance more of.

A commitment is meaningful only if it changes future decisions and can be tested against what a bank actually does over time. We therefore examine not only what banks have promised, but the ambition, scope, clarity and credibility of those commitments – and whether they provide a robust mechanism for holding banks to account.

Banks themselves already cite the best practice set out by the IEA, the Intergovernmental Panel on Climate Change (IPCC), the United Nations and other assessment frameworks. Each subsection below therefore sets out that best practice, before turning to how the scorecard tested it and what the banks disclosed.

In this section, we aim to answer the following questions:

1. **Are the banks updating and progressing their exclusions of fossil fuel financing?**
2. **Are the banks setting adequate emissions reduction targets and progressing on them?**
3. **How are the banks approaching transition planning?**
4. **Do the banks have sustainable and transition finance frameworks?**
5. **Are the banks setting ambitious sustainable finance targets?**

We define a commitment as a public, forward-looking statement by a bank about what it will and will not finance.

Fossil fuel financing policies: What will the bank (not) fund?

A fossil fuel financing policy sets out the coal, oil and gas activities that a bank will not finance, and/or will finance only under stated conditions. Most such policies are organised by segment – upstream, midstream and downstream – which can further contain the activities of coal mining, coal-fired or gas-fired power, oil and gas exploration and production, pipelines and other infrastructure. The policy states the bank’s position on each.

A critical distinction within these policies is between an exclusion and a restriction:

- An exclusion is a commitment not to finance an activity at all.
- A restriction permits the activity, subject to conditions that a bank itself sets and assesses.

A commitment not to finance new coal mines “except where the development improves operational efficiency” is not an exclusion; neither is a rule that governs how a project may be repaid, rather than whether it may proceed. Best practice would be the implementation of immediate, non-conditional exclusions.

Fossil fuel financing policies matter for a reason not captured by the emissions targets alone: they govern new money. A target to reduce financed emissions can be satisfied over time as existing loans mature and roll off the book. An exclusion determines whether the bank writes the next cheque.

Two further questions determine whether a policy means what it appears to mean.

1. **The first is whether it is current:** a policy last updated in 2023 predates material changes in climate science, regulation and market practice. A bank cannot claim its position reflects ‘global trends’ while leaving its fossil fuel financing policy untouched as the market evolves.
2. **The second is scope:** whether the policy’s exclusions extend beyond lending to the bank’s off-balance sheet activities. That question is assessed in [Part I](#), where the exclusions are tested against underwriting, arranging, advisory and capital markets activity, and against facilitated emissions disclosure.

Science should guide what a fossil fuel policy permits. The IEA’s net-zero pathway is explicit in that it does not allow any new, long-lead time upstream oil and gas projects, new coal mines, mine extensions or new unabated coal plants.⁷⁴

Policies should apply to the client, not only the project.⁷⁵ In 2025, independent research of international climate finance banking found that only 4.2% of deals were flagged as purely project financing; corporate-level financing made up the majority of bank financing.⁷⁶ This leaves a large loophole for banks whose fossil fuel policies exclude financing only at project level.

Corporate financing can exist as term lending, revolving credit fa-

cilities and bond underwriting to companies that deploy it as they choose, including for expansion.

The Science Based Targets Initiative (SBTi)’s Financial Institutions Net-Zero Standard, published in July 2025, addresses this directly. Institutions seeking SBTi validation must adopt a public fossil fuel policy that ends project finance linked to fossil fuel expansion immediately, ends general purpose finance to companies expanding coal immediately, and phases out general purpose finance to companies expanding upstream oil and gas production by 2030 at the latest.⁷⁷

A fossil fuel policy must cover all the ways a bank provides money. Reclaim Finance’s Oil and Gas Policy Tracker⁷⁸ sets out that a best practice policy applies across term loans, project finance, revolving credit facilities and bridge loans, and to underwriting and structuring of bond and share issuances, as well as to advisory work on bond issues, syndicated loans and mergers and acquisitions.

Moratoriums in the policy are not enough; they must also contain dated exits. Our assessment thus treats a stated year of zero exposure for each fossil fuel segment, with a trajectory to reach it, as the standard.

74. IEA, *Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach*, 2023.

75. Project finance – where money is lent against a specific asset – is a small share of the fossil fuel financing that banks provide.

76. Banking on Climate Chaos Coalition, *Banking on Climate Chaos*, 2025.

77. SBTi, *Financial Institutions Net-Zero Standard*, July 2025.

78. Reclaim Finance, *Oil & Gas Policy Tracker*.

Scoring framework

The report scorecard plainly asks:

- 1. Does the bank have a fossil fuel financing policy in place?
- 2. Has the policy been updated since the last *How cool is your bank?* assessment?
- 3. If so, has a rationale been provided for any changes that may have been made?

The circumscribed focus on the contents of the fossil fuel financing policies of the banks is because of the binding nature that the policies have on banks. Information captured only in disclosure reports, while not appearing in the policy, is in the form of descriptions of practice – and these are not interchangeable with policy commitments.

To assess the granularity of financing exclusions and to uncover the details behind bank exposure to gas financing, the scorecard in this report has been expanded from the previous one's simpler questions, which only checked for exclusions for power generation, coal, oil and gas. This time round, we've employed the segmentations used across the fossil fuel value chain: up-, mid- and downstream.

Analysis

KEY TAKEAWAY: All five banks have fossil fuel financing policies. That is where the alignment ends. Four banks have updated their publicly available policies since the previous assessment, but policy updates do not necessarily represent stronger restrictions. Nedbank and FirstRand have strengthened their policies, while Standard Bank's 2025 update removed or weakened several important constraints, including limits on gas-fired power and oil exposure. Absa's publicly available policy remains unchanged since 2023, despite significant developments in climate policy and banking regulation in the intervening period.

More fundamentally, the exclusions themselves often fall short of meaningful constraints on fossil fuel financing. All five banks exclude new coal-fired power generation, but this has limited relevance in South Africa where no new coal-fired power station has even been proposed – let alone reached financial close – in years. Other exclusions contain significant loopholes (including the distinction between project and corporate finance), or apply to activities and geographies where banks have little or no exposure. Midstream fossil fuel infrastructure is largely unrestricted, despite being the fastest-growing segment of global fossil fuel financing. The result is that a bank can have a policy that appears restrictive on paper, while continuing to finance the fossil fuel activities that make up its actual portfolio.

ONLY ONE BANK HAS NOT MOVED SINCE 2023

Banks do confirm that their policies are reviewed and updated internally. However, this report's strict requirement on publicly available information precludes that context from scoring if those updates are not apparent in the public domain.

Four of the five banks have updated their policies since the last edition of this report. **Standard Bank** updated in March 2025. **Nedbank's** Group Sustainability and Climate Resilience Committee approved amendments during 2025. **Investec** updated in 2026. **FirstRand** updated in December 2024.

Absa's most recent publicly available standards are dated 2023. In the intervening period the NZBA dissolved, the Prudential Authority issued climate disclosure guidance, and the IEA restated its net zero pathway. **Absa's** published position on fossil fuel financing accounts for none of these developments.

POLICY UPDATES ARE NOT SYNONYMOUS WITH POLICY STRENGTHENING

Nedbank and **FirstRand** both demonstrate tightened fossil fuel financing policies, with new commitments and exclusions and increased scope coverage of fossil fuel segments not previously covered.

Standard Bank's March 2025 update removed several constraints:

- Removal of its portfolio limit for standalone gas-fired power plants.
- Removal of its portfolio limit for oil, which was replaced with a combined physical intensity target for upstream oil and gas.
- Removal of the conditional financing requirement for power sector clients to provide comprehensive emission reduction strategies; financing is permitted where efficiency is improved and emissions are reduced as part of a 'net zero by 2050'-aligned decarbonisation plan.
- Gas phase-down was rescheduled from having an end date by 2045; instead, it will only commence from 2045. Further to this, there are no interim exposure targets for gas ahead of that date.
- Removal of the 2040 and 2050 milestones from its thermal coal portfolio exposure target, including the '0% by 2050' endpoint, leaving only the 2030 milestone (0.5% of group loans and advances) in place, with no interim guidance beyond it.

EXCLUSIONS

One exclusion remains common to all five banks, and that is not to finance new coal-fired power generation.

Despite the unanimity, no new coal-fired power station has been proposed – let alone reached financial close – in South Africa in years, and there are none in the national electricity plan. This means that the one exclusion that every bank shares is the one that the banks are not being asked to finance.

In terms of coal mining, the project finance loophole emerges. **Nedbank**, **FirstRand** and **Investec** are the three banks that exclude project financing for new coal mines. Each of these three banks may continue to lend to a corporate group opening a new coal mine, provided the money is not lent against the mine itself.

Investec's coal mining position carries a second qualification. Its full exclusion, not to provide financial services to new coal mines, applies only outside South Africa. Within South Africa, only limited-recourse project financing is excluded. This means that **Investec** has excluded coal mines everywhere except the jurisdiction in which its coal exposure sits.

Standard Bank does not exclude new coal mines at all. Its policy states that it will not finance new coal mines except where the development improves operational efficiency. This is an exception available to any mine that can be characterised as more efficient than its predecessor; it is not an exclusion.

Absa excludes a repayment structure instead of the activity itself. Its Summary Oil and Gas Financing Standard (2023) excludes greenfield projects involving exploration of oil and gas reserves where repayment of the facilities is based purely on cashflows from the exploration assets. The same document then provides that facilities may be made available to upstream oil and gas companies for general corporate purposes, even where the proceeds may potentially be applied to exploration activities, provided the primary source of repayment is from existing or developed fields.

What this communicates is that greenfield exploration remains financeable. This is the clearest illustration in this report of why

the distinction between project finance and corporate finance matters.

Several exclusions common to several of the banks are of activities that were not on loan books. **Absa** excludes tar sands, Arctic oil and gas, and activity in the Amazon. **FirstRand** excludes tar and oil sands, sensitive polar regions, and shale fracking in water-scarce areas. **Investec** excludes the Arctic region, the Amazon Basin, tar sands, and oil and gas from ultra-deep water. These are real exclusions and are recorded as such. They also describe geographies and techniques largely absent from a South African bank's loan book. **Standard Bank's** exclusion of any oil and gas project outside Africa is the same phenomenon in reverse because it forecloses the rest of the world except the continent where the bank lends.

Midstream fossil fuels have no real exclusion by any bank. Only **FirstRand** and **Investec** exclude pipeline infrastructure, but limit this to where it is associated with an already-excluded upstream activity.

This gap matters most for **Investec**, whose oil and gas portfolio is concentrated in midstream infrastructure and diversified corporate clients, rather than upstream exploration and production. The segment where the bank's exposure actually sits is the segment its policy does not exclude. Midstream is also the fastest-growing segment of global fossil fuel financing.⁷⁹

Crucially, a prohibition on financing a specific activity that is then subject to contextual justification and is assessed transaction-by-transaction by the lender is a restriction, not an exclusion.

79. Banking on Climate Chaos Coalition, *Banking on Climate Chaos*, 2026.

Emissions reduction targets: By how much and by when?

Targets are what convert a general intention into something that can be checked.

A financed emissions reduction target is a commitment to reduce emissions from the activities that a bank finances by a stated amount and date, and measured against a stated baseline year.

Four features determine whether a target is meaningful.

1. **Absolute or intensity.** An absolute target commits to reducing total emissions, measured in tonnes. An intensity target commits to reducing emissions per unit of something else – per Rand lent, per barrel produced, per megawatt-hour generated.

Emissions intensity can improve while total emissions rise, if the underlying portfolio grows fast enough. Only absolute emissions reductions reduce the amount of carbon in the atmosphere.

This report therefore scores absolute targets; intensity targets are recorded and discussed, but are not scored.

2. **Interim or long-term.** An interim target at the time of this report is one falling due between 2028 and 2049. A long-term target, often net zero,⁸⁰ is the ultimate goal in relation to which every interim target should be calibrated.

Thus, interim targets are where immediate accountability can be measured.

3. **Externally benchmarked or self-defined.** A bank may set its own baseline and its own rate of improvement, in which case 'progress' means only that the bank is better than it was.

A target validated against an external pathway – such as the IEA's net-zero scenario, or the SBTi – assesses whether the bank is making the progress required by climate science.

An externally-benchmarked pathway and a self-defined one are not equivalent, and this report distinguishes between them.

4. **Coverage.** Targets for coal, oil and gas are assessed separately because a combined fossil fuel target allows progress in one to conceal expansion in the other.

Targets for non-fossil sectors are also assessed separately.

This methodological distinction is important because for many South African banks, the largest financed emissions sectors include agriculture, real estate and transport.

A bank can have credible fossil fuel reduction targets but not have set a target for its other major financed emissions.

There is no external body in South Africa enforcing how these targets are set by the banks. The Prudential Authority's 2025 guidance asks banks to disclose the climate targets they have set, the period and base period against which progress is measured, and the actions planned to achieve them.⁸¹ It does not tell banks what those targets should be, and it does not make the disclosures mandatory.

Net zero: the long-term commitment

A net-zero target is a commitment to reduce emissions to as close to zero as possible by a given date, with any small unavoidable residue balanced by permanent removals. To be consistent with the Paris Agreement, it must fall no later than 2050, and must cover the bank's full value chain. This includes all of a bank's financed emissions and its entire loan book.

The United Nations High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities set out in 2022 that a net-zero pledge is credible if it represents an institution's fair share of global mitigation effort, has interim targets, a pathway whose methodology is consistent with the 1.5°C goal, **and is consistent with global emissions falling by at least half by 2030.**

The expert group also stated plainly that an institution cannot claim to be net zero while continuing to build or invest in new fossil fuel supply.

80. United Nations' High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, *Integrity Matters: Net Zero Commitments by Business, Financial Institutions, Cities and Regions*, 2022.

81. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

These commitments establish a public standard against which a bank can be held, and they indicate how seriously a board understands the risk of holding assets that should not be held in a decarbonising economy.

An institutional target is credible where it represents that institution's fair share of that effort, which the UN High-Level Expert Group treats as a requirement rather than an aspiration.⁸²

Targets must cover the whole loan book, with omissions declared and anchored to an external pathway, such that the target can be independently verified.

Where a bank underwrites a bond issue for a fossil fuel producer, the resulting emissions do not appear on its balance sheet, but the financing would not have happened without it. The SBTi standard brings capital markets activity within scope.⁸³

Baselines must be stable and restatement must be visible. The Prudential Authority expects a bank disclosing a climate target to state the period the target covers and the base period against which progress is measured, and expects disclosures to be con-

Understanding change

Financed emissions figures move for several different reasons: either because clients have changed what they emit, or because the bank has changed what it finances or how it accounts for emissions. A bank should distinguish clearly between these.

sistent over time, with any change in approach described so that stakeholders can understand the reasons for any differences.⁸⁴

Targets must be connected to consequences. The Prudential Authority expects banks to disclose how the board oversees the setting of climate targets and monitors progress against them, including whether and how climate performance metrics are built into remuneration policies.⁸⁵ Our position is that a target with no bearing on capital allocation and no bearing on executive pay is a projection rather than a commitment.

Scoring framework

All of the banks have some form of long-term emissions reduction goal. For this reason, the scorecard places greater weight on the interim reduction targets (which we defined as covering anything from 2028 to 2049) on the way to that long-term goal.

With that in mind, this metric aimed to answer the following questions focusing on financed emissions from coal, oil and gas,⁸⁶ as well as from any sectors other than fossil fuels:

Does the bank have an interim absolute emissions reduction target?

- If so:
 - » Is this target validated and verified against a science-based standard?
 - » Is there evidence of progress?

Accounting for context

None of the above amounts to a requirement that banks withdraw abruptly from the economies in which they operate. South Africa's transition must be financed as well as managed; the country faces energy insecurity, high unemployment, and coal-dependent regions whose livelihoods are at stake. A disorderly exit would fall hardest on the people least responsible for the problem.

The argument then is about sequencing, while maintaining momentum towards the same goal.

This supports a dated, planned exit rather than open-ended continuation, and it places an additional obligation on banks to demonstrate that finance withdrawn from high-carbon activity is being re-deployed into the alternatives, at scale and on a comparable timeline.

Best practice in South Africa is therefore more demanding. Any invocation of the 'just transition' as a reason to continue to finance fossil fuels should be supported by evidence that shows what the alternatives are, and the timelines over which the shift must be made.

For more discussion on this topic, see: [Is there a trade-off between development and climate action?](#)

82. United Nations' High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, *Integrity Matters: Net Zero Commitments by Business, Financial Institutions, Cities and Regions*, 2022.

83. SBTi, *Financial Institutions Net-Zero Standard*, July 2025.

84. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

85. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

86. We allowed for the two to be combined in reporting for the purposes of this metric.

Analysis

KEY TAKEAWAY: All five banks have committed to net zero by 2050, but their interim targets provide limited evidence of a credible pathway to get there. Only Nedbank has an absolute emissions reduction target for both coal and oil and gas. For coal, three banks have absolute interim targets, while Investec relies on a 2030 zero-exposure commitment without interim milestones, and Standard Bank has only a portfolio limit. For oil and gas, four banks rely on emissions intensity targets, portfolio limits or engagement commitments rather than absolute emissions reductions. No bank has an absolute interim emissions reduction target for any non-fossil fuel sector.

The design of these targets has significant impact on their credibility. Intensity targets can improve even while absolute emissions rise, while engagement targets measure activity rather than emissions outcomes. The withdrawal of certain targets by banks also highlights the weakness of relying on data challenges to defer action. At the same time, the banks' 2050 net-zero commitments vary in scope and ambition, and none discloses the role that offsets will play. The result is a significant gap between long-term net-zero commitments, and the measurable, absolute reductions needed in the loan book to demonstrate that banks are actually moving towards them.

COAL

Three of the banks – **Nedbank**, **FirstRand** and **Absa** – have an interim absolute emissions reduction target for financed emissions from coal (though **Absa's** is the only one not validated against a science-based standard).⁸⁷

While **Standard Bank** has a portfolio limit to keep group loans and advances to the coal sector below 0.5% by 2030, there is no financed emissions target of any kind for the sector.

Investec has no coal emissions reduction target, and this follows from the design of its commitment. The bank has committed to zero direct thermal coal exposure in the loan book by 31 March 2030, without a reduction target to get there. This means there is no interim measure of whether the commitment is being delivered. **Investec's** coal exposure is currently *increasing* year on year. A commitment to reach zero within four years, against a book that is growing, is a commitment on which nothing has yet been demonstrated.

OIL AND GAS

Only **Nedbank** has an interim absolute emissions reduction target for oil and gas.

The other four banks either have only intensity targets, or nothing at all.

FirstRand's intensity target is for 35% reduction by 2030 off a 2023 baseline, measured in tCO₂e/Rand of exposure. The bank expects the combination of a falling portfolio limit and falling in-

tensity to deliver an absolute reduction over time. That expectation may be borne out. But both instruments are denominated in Rands rather than tonnes: the portfolio limit is a percentage of group advances, and the intensity metric is emissions per Rand of exposure. Absolute financed emissions are the product of the Rand exposure and that intensity, so they can rise if the oil and gas book grows, in Rand terms, faster than intensity falls. This depends on how fast the group's total advances grow – which is a variable that the commitment does not address. The same Rand denominator means the intensity figure also improves when the Rand value of exposure rises without any change in what clients emit. The disclosure does not state with what level of absolute financed emissions the target is consistent.

Investec has no oil and gas emissions target. In its place is a client engagement target: to engage 85% of its South African clients and 95% of its US and UK clients in the sector by 2029. Engagement is an activity, not an outcome, and the target is met by holding the conversations regardless of what follows from them.

Absa's oil and gas emissions intensity target has been revised from a 9% reduction covering client Scope 1, 2 and 3 to a 15% reduction covering Scope 1 and 2 only. On validation, **Absa's** revised pathway is the midpoint between the IEA's Announced Pledges Scenario and its Net Zero Emissions by 2050 Scenario, with convergence intended by 2050. A pathway constructed as the average of a 1.5°C-consistent scenario and one that is not, is not a 1.5°C-aligned pathway. Referencing a scenario to inform a target is not the same as having the target validated against it.

87. The bank considered the South African Nationally Determined Contribution (NDC), the Just Energy Transition Investment Plan and regional energy needs in setting this target. An NDC, however, is a statement of national policy ambition – not a decarbonisation pathway derived from a carbon budget.

NON-FOSSIL FUEL SECTORS

No bank assessed has an absolute interim emissions reduction target for any non-fossil sector.

Nedbank has completed baseline assessments for mining, vehicle finance and real estate, but has set no absolute interim targets.

Absa no longer has an intensity target. Its 2024 reporting set a 26% physical intensity reduction for road transport by 2030 from a 2023 baseline. Its 2025 reporting states that the bank was unable to initiate interim targets for the transport sector as planned, due to limitations in emissions data availability, industry-wide data challenges and the absence of clear regulatory guidance. The target was announced, then withdrawn; and the withdrawal has been attributed to conditions that were present when it was set.

NET-ZERO TARGETS

A bank’s commitment to net zero is the first step in a bank acknowledging the global movement away from fossil fuel financing and committing to aligning with this. It is easy for a bank to make a commitment, but more difficult to progress timeously and sufficiently in shifting its loan book. A valid net-zero target should be aligned with the Paris Agreement (net zero by 2050) and include the bank’s full value chain emissions, covering its total loan book.

All five banks have a net-zero commitment for 2050. For this reason, we aimed to understand how banks are targeting net zero. Specifically, we asked:

Do any of the banks’ net-zero targets include carbon offsets?

Standard Bank aims to achieve net zero across its lending and investment portfolio by 2050. **Absa** targets net zero for Scope 1, 2 and 3 emissions, covering financed emissions and own operations, by 2050. **FirstRand** targets net-zero financed emissions by 2050, anchored to holding warming well below 2°C while striving for 1.5°C. **Investec** has committed to net-zero financed emissions by 2050 across its lending and investment portfolios.

Nedbank’s targeting is phrased differently. Its commitment is that its lending and investment portfolios will support a ‘net-zero’ carbon economy by 2050, with 100% of lending and investing activities supporting the net-zero transition. A portfolio that supports a ‘net-zero’ economy and a portfolio that is itself net zero are different undertakings. The first can be satisfied by financing activities that assist decarbonisation elsewhere; the second requires the portfolio’s own emissions to reach close to zero.

FirstRand states that delivery of its financed emissions pathway is largely dependent on South Africa’s ability to transition electricity generation away from fossil fuels. That is an accurate description of the constraint, and it also makes the commitment conditional on the performance of a third party which the bank does not control. No disclosure sets out what the bank will do if that condition is not met.

Not one of the five banks discloses what proportion of its net-zero target it intends to achieve through offsets. Without that figure, a net-zero commitment does not disclose how much decarbonisation it actually requires.

Transition planning

A transition plan details how a bank shifts from the portfolio it has to the portfolio it says it wants in the context of the exclusions and restrictions in its fossil fuel financing policy, its emissions reduction targets, and with the net-zero commitment as the destination.

Thus, a transition plan is the document that converts this set of separate commitments, aspirations and elements into a single operational strategy. It sets out what the bank will actually do – in which sectors, to which clients, over what period – to move its lending from where it is to where its targets require it to be. It names dated milestones along the way. And it states what happens if those milestones are missed.

The last of these is the part most often absent, and it is the part that makes the difference between a robust plan and a compelling narrative. A document that lists ambitions, dates and intended actions but says nothing about consequences has not committed the bank to anything against which it can be held accountable. Our assessment treats accountability for missed milestones as a requirement for a credible transition plan.

A plan is where accountability becomes possible. Targets falling due in 2030 and 2050 cannot be tested today; milestones can. A plan with annual or biennial checkpoints creates something a shareholder, a regulator or a customer can hold the bank to within the tenure of the directors and management who made the commitment.

For investors, a plan is the evidence that transition risk is being managed rather than simply acknowledged. Every one of these banks discloses transition risk in its climate reporting. Disclosure establishes that the bank has identified the risk. A plan establishes what it intends to do about it, and at what cost.

A key focus area of transition risk in current discourse is gas. The introduction establishes this report's position on the status of gas as a transition fuel, within the context of South Africa's decarbonisation trajectory and energy security needs.

Two frameworks have defined the standard for transition planning, and both have been referenced by South African banks.

The GFANZ (Glasgow Financial Alliance for Net Zero) transition plan framework, published in 2022, sets out ten components grouped under five themes: foundations, implementation strategy, engagement strategy, metrics and targets, and governance. GFANZ defines a credible net-zero transition plan as one that is actionable, focused on near-term action, and aligned with a carbon budget for limiting warming to 1.5°C with low or no overshoot.⁸⁸

The Transition Plan Taskforce (TPT) Disclosure Framework, published in October 2023, sets out disclosure recommendations designed to converge with IFRS S2. Responsibility for the TPT's disclosure materials passed to the IFRS Foundation in 2024, and the ISSB published guidance built on that material in June 2025.⁸⁹

Targets falling due in 2030 and 2050 cannot be tested today; milestones can.

88. GFANZ, *Financial Institution Net-zero Transition Plans*.

89. IFRS, *Transition Plan Taskforce resources*.

Both frameworks require substantially the same things, and this report’s indicators draw on them:

- a long-term objective anchored to a specific temperature outcome and a target date;
- interim milestones and targets;
- coverage of the bank’s full value chain of emissions, including financed emissions;
- decarbonisation targets for the high-emitting exposures the bank already holds; and
- a strategy for scaling up climate solutions financing.

Importantly, a bank describing its transition plan as GFANZ-aligned or TPT-aligned in 2026 is citing a template, not a supervisor, and no external authority is checking the claim.

Locally, the Prudential Authority asks South African banks to disclose the key assumptions, and the dependencies and consistencies with a bank’s broader strategy and risk appetite framework – if they have a transition plan in the public domain.⁹⁰

Scoring framework

In assessing the status of transition plan development across the banks, we sought to answer a simple question:

Does the bank have a credible, time-bound transition plan that specifies how it will transform its portfolio, with defined actions, interim milestones, and mechanisms for accountability when milestones are missed?

Analysis

KEY TAKEAWAY: Not one of the five banks has a published transition plan.

Standard Bank “continues to develop sector-level transition pathways”.⁹¹

Absa plans to “advance” its unpublished “Climate Transition Plan in line with regulatory requirements”.⁹²

Nedbank aims to “disclose” its “net-zero transition plan” in FY2026.⁹³

FirstRand identifies transition planning for priority hard-to-abate sectors as a current focus area.⁹⁴ This focus builds on the bank’s more developed underlying analysis – portfolio vulnerability assessments, scenario analysis, a short-term transition stress test across eight prioritised high-risk sectors, financed emissions analysis and sector-level transition plans. However, these are not assembled into a public document.

Investec describes its decarbonisation targets as “an initial phase in the development of a full transition plan”.⁹⁵ Comparably, this puts **Investec** at the earliest stage of the five, having identified the initiation of discussions as the next step.

90. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

91. P 3, Standard Bank Sustainability Disclosures, 2025.

92. P 9, Absa Sustainability and Climate Report, 2025.

93. P 6, Nedbank Climate Report, 2025.

94. P E2, FirstRand Climate and Environmental Risk, 2025.

95. P 27, Investec Integrated Sustainability Report, 2026.

Gas as a transition fuel

A key focus area of transition risk in current discourse is gas and its role as a transition fuel within the context of South Africa’s decarbonisation trajectory and energy security needs.

Best practice for gas financing should require the ‘transition’ designation to be bounded by five conditions:

- **A stated end date.** The policy should specify the year after which gas no longer qualifies as a transition fuel in the bank’s portfolio. Without a date, every subsequent condition is indefinite.
- **A distinction between existing assets and new build.** Continuing to bank an operating gas plant and financing the construction of a new one are different decisions with different consequences, and a policy that treats them identically has not engaged with the risk of lock-in. The IEA’s net-zero pathway contemplates continued investment in existing assets while finding no need for new long-lead-time supply.⁹⁶
- **A declining, quantified exposure pathway.** This includes interim reduction targets for gas financing, expressed in absolute terms and with dates. A commitment to reduce exposure at some future point, with no interim quantity specified for reduction, cannot be tested.
- **Use-case conditions with a substitution test.** Gas financing should be restricted to applications where alternatives are not yet viable, rather than accepted across the board. Best practice requires the borrower to demonstrate that the asset could not

feasibly be served by renewables plus storage; thereby placing the burden of proof on the applicant, rather than leaving the judgement to a general statement about energy security.

- **Borrower transition plan requirements.** Gas sector clients should be required, as a condition of continued financing, to hold credible published transition plans containing their own time-bound commitments, capital expenditure aligned with declining gas demand scenarios, methane reduction targets and no-expansion commitments. The methane requirement is not an optional detail. Given that the emissions advantage of gas depends entirely on leakage rates,⁹⁷ a gas client without a measured and falling methane figure has not demonstrated that the asset is a transition asset at all.

The SBTi’s Financial Institutions Net-Zero Standard provides that institutions seeking validation of the targets must end general purpose finance to companies expanding upstream oil and gas production by 2030.

Scoring framework

For this indicator, the scorecard directly asks:

Does the bank impose time-bound, science-aligned guardrails on gas financing, according to the best practice requirements detailed above?

Analysis

KEY TAKEAWAY: All five banks treat gas as a transition fuel, but none has yet established a comprehensive framework to ensure that this does not create new fossil fuel dependence or stranded asset risk. Only FirstRand and Investec have defined an end date for gas to qualify as transition finance, while only Nedbank and FirstRand have quantified pathways that capture gas exposure. The banks also differ significantly in how they distinguish between existing assets and new gas infrastructure, with Investec taking the strongest position by restricting its transition finance category to existing activities and requiring new projects to meet its 1.5°C-aligned sustainable finance criteria.

The remaining safeguards are weak or uneven. Only Investec and FirstRand apply conditions linked to the use case for gas, but neither of these two banks requires borrowers to demonstrate that renewables and storage could not provide a viable alternative. Most importantly, none of the banks requires gas-sector clients to have credible, time-bound transition plans as a condition of continued financing. The result is that treating gas as a transition fuel remains largely a policy designation rather than a clearly bounded, declining pathway for gas financing.

96. IEA, *Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach*, 2023.

97. Deborah Gorden et al., Evaluating net life-cycle greenhouse gas emissions intensities from gas and coal at varying methane leakage rates, *Environmental Research Letters*, Volume 18, Number 8, 2023.

END DATES

Only two banks – **FirstRand** and **Investec** – have a stated end date specifically for the transition classification of gas, rather than an end date for financing.

FirstRand sets 2035 as the sunset date for new gas-to-power transactions to qualify as transition finance. **Investec** applies a general sunset date of 2030 to its amber “transition” category, after which amber classifications fall away unless the criteria state otherwise.

The remaining three banks have no end date of any kind.

Standard Bank plans for a phasing down of gas financing from 2045, with no clarity regarding the end date of the designation as a transition fuel.

Absa plans to only begin re-evaluating the role of gas as a transition fuel in 2040.

Nedbank’s approach qualifies continued financing of natural gas production on a self-assessed condition of whether gas will continue to be transition-essential for a zero-carbon energy system by 2050.

NEW BUILDS VS EXISTING ASSETS

The banks all have different approaches to how they are considering financing new gas infrastructure and existing assets.

Investec’s framework requires that any new activities it elects to finance must meet the bank’s green, or “sustainable finance”, cri-

teria of alignment with a 1.5°C pathway. Its amber, or “transition finance”, category is only relevant for “transitioning of existing infrastructure and activities and it does not apply to new projects”.⁹⁸ These classification rules demonstrate the bank’s understanding of the risks of lock-in. By demanding that new builds require 1.5°C alignment, **Investec** leads for this metric.

FirstRand permits new gas-to-power as transition finance, but subjects it to quantified conditions that are more specific than the other banks have disclosed. In particular, it defines countries where this finance is eligible as those with coal contributing more than 80% of its electricity mix and renewables less than 25%. These conditions describe South Africa’s current energy mix. It also specifies direct and life cycle emissions targets. Underpinning all this, the transition finance framework requires potential activities to undergo carbon lock-in assessments. However, **FirstRand’s** framework also states that activities identified as potentially carbon-intensive, or as creating carbon lock-in risk, are generally expected to be excluded from classification as transition finance – but that in exceptional circumstances the group may determine on a case-by-case basis that such activities are eligible, including where there are relevant mitigants.

Nedbank undertakes not to finance new gas exploration projects directly. The commitment is confined to upstream activities, and the word “directly” confines it further to project-level financing. New midstream infrastructure and new gas-fired generation are not addressed.

Standard Bank and **Absa** draw no distinction between existing gas assets and new gas infrastructure.

The problem with combining oil and gas

Combining oil and gas into a single measure creates a significant limitation. A reduction in financing for one fuel can offset an increase in financing for the other, allowing a bank to report progress even as exposure to a particular fossil fuel grows. This matters because gas financing is expected to increase in some markets, including through greater reliance on imported liquefied natural gas (LNG) in South Africa. A combined oil and gas target could therefore decline even while gas-specific financing continues to grow.

There is a legitimate structural challenge in separating the two. Many upstream producers extract oil and gas from the same fields, share infrastructure for processing and transport, and sell the two fuels through overlapping commercial arrangements. But this does not make separate measurement impossible. Indeed, all five banks already distinguish between oil and gas when setting their financing policies and assessing the role of gas as a transition fuel.

Banks should therefore disclose oil and gas financing and financed emissions separately, and set separate reduction targets where they seek to demonstrate progress. Without this disaggregation, stakeholders cannot determine whether reductions reflect a genuine decline in exposure to both fuels, or simply a shift between them.

98. P 19, Investec Sustainable and Transition Finance Classification Framework, 2026.

A DECLINING EXPOSURE PATHWAY

Only **Nedbank** and **FirstRand** have quantified interim reduction commitments that include gas but are not specific to gas.

Nedbank's glidepath commits to a 26% reduction in financed oil and gas emissions by 2030 and to zero by 2045, calculated using limits rather than exposure.

FirstRand applies funding portfolio limits to upstream oil and gas of 2.5% of group advances in 2025, 2.25% in 2026 and 2027, and 2.0% by 2030.

Standard Bank, Absa and **Investec** have no quantified reduction pathway for gas financing at all.

TECHNOLOGY AND USE-CASE CONDITIONS

We assessed banks on whether their gas financing is restricted to use-cases where alternatives are not yet viable, and whether borrowers must demonstrate that the asset could not feasibly be served by renewables plus storage.

Only **Investec** and **FirstRand** meet the first criterion. **Investec** classifies gas-fired power generation and associated infrastructure as transition activities strictly where they form part of a credible transition plan within South Africa. And energy efficiency financing for gas-fired power is also only permitted where a credible transition plan is in place. The restriction is both geographic and conditional.

FirstRand's conditions perform a related function, where new capacity must displace higher-emitting fossil generation and must not exceed the capacity it replaces.

Standard Bank, Absa and **Nedbank** apply no use-case conditions at all.

But no bank requires a borrower to demonstrate that a gas asset could not feasibly be replaced by renewables plus storage.

BORROWER TRANSITION PLAN REQUIREMENTS

None of the banks assessed requires gas-sector clients to have credible, published transition plans.

FirstRand's stated conditions, for any non-specific sector clients, are inclusive of both an intent to publish a transition plan and actually having one; and the plans do not need to be aligned strictly to science-based pathways.

Absa requires clients to monitor and minimise emissions rather than reduce them by a stated quantity.

Investec's requirements apply to activities seeking classification under the framework, not to gas clients generally.

Standard Bank requires clients receiving oil and gas project financing to follow a physical intensity reduction pathway, including a demonstrable emissions reduction strategy and a 'net zero by 2050' strategy.

Nedbank imposes no borrower transition plan requirement.

Sustainable and transition finance frameworks and targets

The commitments assessed so far are largely subtractive – they seek to reduce exposure to high-emitting activities. This section looks at the other side of the loan book: sustainable and transition finance, which covers the activities banks seek to finance and grow.

This distinction matters because financed emissions are measured against an external methodology, while banks largely define for themselves what qualifies as sustainable finance. [Part I](#) reports what each bank counts as sustainable finance and how those volumes have changed. This section assesses the definitions behind those figures.

A published sustainable finance classification framework allows stakeholders to assess whether a bank's targets and reported volumes align with what it considers sustainable finance. Sustainable finance should generally act as an umbrella, covering distinct categories of green, social, sustainability-linked and transition finance. The scorecard therefore assesses whether banks clearly distinguish between these categories.

This separation is particularly important for a climate-focused assessment. A single sustainable finance figure could combine affordable housing, solar power and gas-fired generation, making the overall volume difficult to interpret. South African banks also have substantial social finance portfolios, meaning that growth in a headline sustainable finance figure may have little to do with climate finance.

Disaggregation also matters because transition finance may include financing for fossil fuel activities. Without separate reporting, financing for gas and renewable energy can sit within the same sustainable finance total, making growth in the headline figure appear positive regardless of where the capital is actually going.

Why transition finance must be defined separately

Green finance can be assessed at the level of the transaction. If the proceeds build a wind farm, the wind farm is the evidence. The borrower's other activities, for this purpose, are beside the point.

Transition finance cannot work that way. The whole premise is that a high-emitting borrower is moving in the right direction towards decarbonisation, so the money earmarked as 'transition' is only defensible if the movement is real. The decision to provide finance under the category of 'transition' is a claim about the recipient company, bond issuer or entity and its transition credibility.

The International Capital Market Association (ICMA)'s *Climate Transition Finance Handbook* – first published in 2020, and most recently updated in November 2025⁹⁹ –

is built on exactly this distinction: it provides entity-level guidance, and states that climate transition focuses principally on the credibility of the issuer's emissions reduction strategy, commitments and practices.

GFANZ frames the same territory as four financing strategies which together constitute transition finance: financing climate solutions; financing entities already aligned to a 1.5°C pathway; financing entities committed to transitioning in line with such a pathway; and financing the accelerated managed phase-out of high-emitting physical assets.¹⁰⁰ Only the first of these looks like conventional green finance. The other three involve lending to emitters, and each requires a judgement about the borrower's trajectory that a use-of-proceeds test cannot supply.

99. *Climate Transition Finance, Climate Transition Finance Handbook*, November 2025.

100. GFANZ, *GFANZ Launches Consultation on Transition Finance Strategies and Measuring the Impact on Emissions*, 2023.

Sustainable and transition finance frameworks

Every bank assessed in this report invokes development, energy security and a just transition as reasons to continue financing fossil fuels. That argument carries an obligation: if a bank maintains that high-carbon activities need continued financing because alternatives are not yet available, it must also demonstrate that it is financing those alternatives. The sustainable finance target, discussed in [Part I](#), is where that commitment should be visible. The classification framework determines which activities can count towards that target.

A credible sustainable and transition finance framework should be publicly available, kept current, and anchored to recognised taxonomies and standards. Relevant reference points include South Africa’s Green Finance Taxonomy, published by National Treasury in 2022¹⁰¹ and reviewed in 2025 for international interoperability;¹⁰² the EU Taxonomy; and the ICMA principles for green, social, sustainability and sustainability-linked instruments. The Prudential Authority also expects banks’ environmentally sustainable finance targets to reference the South African Green Finance Taxonomy¹⁰³ where appropriate. A framework with no external reference point is ultimately self-referential.

Banks should clearly distinguish between green, social, sustainability-linked and transition finance, in both their definitions and their reporting. This is particularly important for climate finance: transition finance is intended for high-emitting activities on a credible phase-out pathway, so fossil fuel financing should not be included in other sustainable finance categories. Following ICMA principles, a transition finance framework should require borrowers to have a credible transition strategy, science-based targets, appropriate governance and transparent implementation.

Sustainable finance should also apply the ‘Do No Significant Harm’ principle. Financing should not qualify where an activity advances one environmental objective while materially damaging another. The 2025 review of South Africa’s taxonomy recommended refinements to both the transition finance and ‘Do No Significant Harm’ tests.

Finally, sustainable finance targets should be quantified, time-bound and baselined, with progress reported in each reporting cycle. Banks should also distinguish the climate-related component from the social component, so that stakeholders can assess where sustainable finance is actually supporting the climate transition.

Scoring framework

The scorecard defines a clearly defined sustainable finance framework as one that:

- specifies on which recognised external taxonomies or standards it draws; and
- maintains a clear categorical separation between green finance, social finance, sustainability-linked finance and transition finance.

With this definition established, we then assess whether the banks have excluded the financing of fossil fuels as part of their sustainable finance frameworks, unless justifiably considered with guardrails under a separate transition finance definition and framework.

The scorecard then asks whether the framework has been updated since the last *How cool is your bank?* report, and for banks to detail all changes since then and the rationale for those changes.

Similar to the scorecard indicators focused on emissions reduction interim targets, we expect banks to have set interim targets for increasing sustainable finance, and to detail the progress achieved to date as well as their future plans.

101. National Treasury, *South African Green Finance Taxonomy*, March 2022.

102. Climate Policy Initiative, *Assessing International Interoperability and Usability of the South African Green Finance Taxonomy*, 2025.

103. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

Analysis

KEY TAKEAWAY: South Africa’s banks are defining sustainable finance for themselves, producing figures that are neither consistently defined nor meaningfully comparable. All five banks publish some form of sustainable finance framework, but they differ in scope, classification and use of external standards. Only Investec explicitly incorporates criteria from the South African Green Finance Taxonomy, applies a ‘Do No Significant Harm’ test and sets criteria across green, social, sustainability-linked and transition finance. FirstRand and Nedbank name the taxonomy as an input, but neither bank’s reports show criteria drawn from it. Nedbank relies on the UN Sustainable Development Goals (SDGs) rather than a finance taxonomy, while Standard Bank explicitly declines to align its product framework with national or regional taxonomies. As a result, the headline sustainable finance figures cannot be treated as a like-for-like measure of banks’ contribution to the transition.

The lack of transparency is particularly concerning for transition finance. Transition finance is the category through which continued financing of high-emitting activities, including fossil fuels, can be included within sustainable finance. Yet none of the banks discloses its transition finance volumes separately, while Standard Bank and Absa apply transition classifications without publishing the criteria that govern them. Only FirstRand and Investec publish transition finance frameworks, and both exclude fossil fuels from their other sustainable finance categories. Without clear, public definitions and separate reporting of transition finance, stakeholders cannot determine whether banks’ sustainable finance growth is funding genuine decarbonisation, or simply reclassifying carbon-intensive activity as part of the transition.

SUSTAINABLE FINANCE FRAMEWORKS

All five banks publish something that classifies sustainable finance. None of them is the same kind of document as any of the others.

In terms of currency, four of the five banks have updated their frameworks since the last iteration of this report. **Absa’s** remains dated December 2023.

Two different pools of money

Banks both borrow and lend. When a bank issues a bond, it is the borrower: investors hand it money, and the bank promises what that money will be used for in an issuance framework. When a bank makes a loan, it is the lender: it hands money to a company, and applies its own rules (classification framework) to decide what that lending should be called.

An **issuance framework** sets out what a bank undertakes to do with money it has raised by selling green, social or sustainability bonds. This is a real and enforceable undertaking, because a bank that has spent green bond proceeds on something ineligible would have misrepresented itself to its investors; which is why these documents carry external verification.

A **classification framework**, on the other hand, sets out the rules that determine whether a loan the bank makes to a client is recorded as sustainable finance.

FirstRand published a Sustainable Finance Framework, updated in November 2024 from what had been a sustainable bond framework. **Investec** published a Sustainable and Transition Finance Classification Framework. **Nedbank** published Sustainable Development Finance Inclusion Criteria, which set out eligibility for what the bank classifies as sustainable development finance. **Absa** published a Sustainable Finance Issuance Framework, dated 2023.

Three things separate the two frameworks.

1. **Scale:** thematic bond issuance is a small fraction of a bank’s total lending.
2. **What is being classified:** an issuance framework covers the use of proceeds from a handful of the bank’s own funding transactions, while a classification framework must be applied to thousands of individual credit decisions across the book.
3. **Who the promise is made to:** in the first case the bank is a borrower making a commitment to its investors; in the second it is a lender applying a standard to its own decisions about other companies.

The distinction matters because the sustainable finance totals that banks report and market are generated on the lending side. A framework governing how a bank raises a slice of its own funding does not govern the number it publishes as sustainable finance.

Standard Bank published a Sustainable Finance Fundraising and Product Framework, dated May 2026. It is two documents in one. Section two, the Sustainable Finance Framework, governs how the group raises money through green, social and sustainable bonds, loans and related instruments. Section three, the Sustainable Finance Product Framework, sets out the methodology for classifying asset origination as sustainable finance in order to track performance against the group’s mobilisation targets. The framework states expressly that instruments raised under section two will not count towards those mobilisation targets, and defines mobilisation as lending, arranging, underwriting and investing activity excluding treasury and liability-side transactions.

Absa’s issuance framework is not a classification of the loan book. Instead, the document governs the criteria under which the group intends to issue thematic liability instruments.

Nedbank’s inclusion criteria classify activities by reference to the UN SDGs rather than to a finance taxonomy, sorting them into environmental and social themes.

Investec’s framework classifies the whole universe of activities into three categories, including one for activities that qualify as neither sustainable nor transition.

This is what the absence of a mandatory standard produces. There is no legal requirement in South Africa for a bank to define sustainable finance in any particular way, to use any particular taxonomy, or to define it at all.

The result is five institutions reporting against five self-authored standards, and an aggregate figure for South African bank sustainable finance that cannot be meaningfully added up.

EXTERNAL ANCHORS

The report scorecard assesses whether a bank’s sustainable or transition finance framework specifies the recognised external taxonomies or standards on which it draws.

Investec’s classification framework was constructed with reference to ICMA’s Harmonised Framework for Impact Reporting of June 2025, the NZBA’s transition finance guidance, and the South African Green Finance Taxonomy, while taking into account selected elements of the EU Taxonomy.

FirstRand’s classification framework is aligned to the ICMA Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, and to the Green Loan Principles and Social Loan Principles of the Loan Market Association, the Loan Syndications and Trading Association and the Asia Pacific Loan Market Association.

Standard Bank’s framework draws from similar guidance to **FirstRand**, applied to both the fundraising and product frameworks. On taxonomies it takes an explicit position: the Product Framework states that it does not specifically seek to align with national or regional taxonomies, that the group will continue to assess and consider regional taxonomies as they develop, and that it may seek alignment in future iterations where it is required to do so.¹⁰⁴

Nedbank anchors to the SDGs. The SDGs are a set of global development objectives, not a finance taxonomy: they identify desirable outcomes but do not set thresholds for whether a particular loan contributes to one.

Only **Investec** incorporates South African Green Finance Taxonomy criteria into the tests it applies to individual transactions. **FirstRand**

and **Nedbank** name the taxonomy as an input, but neither document shows criteria drawn from it. **Standard Bank** states that its framework does not seek to align with national or regional taxonomies, while applying EU Taxonomy screening criteria in specific categories. **Absa’s** framework does not reference it.

CATEGORICAL SEPARATION OF SUSTAINABLE FINANCE

The scorecard requires a clear separation between green, social, sustainability-linked and transition finance.

Only **Investec’s** framework addresses all four with criteria attached to each. Its 2026 update added clarification of the classification principles for sustainability-linked loans, alongside its existing green, transition and excluded categories.

Standard Bank’s Product Framework names four use-of-proceeds classifications – green, social, sustainability and transition – alongside three general purpose classifications, including sustainability-linked instruments. What is absent is the eligibility criteria – cited as “in development” – for transition finance transactions. The bank states that in the meantime, these transactions “will be assessed individually and subject to enhanced due diligence”.¹⁰⁵

FirstRand separates green, social and sustainability instruments in its Sustainable Finance Framework, and has a separate Transition Finance Framework.

Nedbank divides activities into environmental and social themes only. **Absa’s** framework covers green, social and sustainability instruments, with no transition category.

104. P 10, Standard Bank Sustainable Finance Fundraising and Product Framework, 2026.

105. P 33, Standard Bank Sustainable Finance Fundraising and Product Framework, 2026.

The interlinkages between sustainable finance categories

While climate, social and transition finance serve different objectives, they are not mutually exclusive. One financing activity may contribute to more than one sustainability objective. For instance, financing the decarbonisation of a high-emitting sector may also support employment, affordability, energy access or other social outcomes. This overlap can make it difficult to draw clear boundaries between different forms of sustainable finance, and creates the risk of inconsistent classification and reporting. Clear definitions, eligibility criteria and classification systems are essential to ensuring that these activities are categorised appropriately, and that sustainability claims are transparent and comparable.

EXCLUSION OF FOSSIL FUELS FROM SUSTAINABLE FINANCE

FirstRand's framework excludes fossil fuels through its eligible activity criteria rather than by a single blanket statement, and does so consistently.

Investec places fossil fuel activities in its "red" category, which qualifies as neither sustainable nor transition finance and therefore falls outside the framework entirely. This means that any continued financing of fossil fuels by **Investec** is not counted towards its sustainable and transition finance figures.

Standard Bank's eligible activity criteria exclude fossil fuels in substantially the same way **FirstRand's** do, and the two lists overlap almost item for item. Both banks classify eligible general corporate lending by company profile, and set eligibility thresholds at 90% of company revenue. The difference between the two is how each approaches lending below that threshold.

FirstRand's test is binary. A recipient deriving at least 90% of revenue or earnings from activities aligned to the bank's green eligibility criteria has 100% of its financing classified as a green instrument, and the framework states that the remaining 10% may not be used for coal, oil, gas or sensitive and exclusionary sector funding. There is no provision for partial classification below the threshold.

For **Standard Bank**, a recipient deriving at least 90% of revenue from eligible activities qualifies in full; but a company deriving between 50% and 90% still has a pro-rata share of the financing counted as sustainable finance. Nothing restricts what the non-eligible remainder may consist of. To illustrate, a company drawing 55% of its revenue from eligible green activity and 45% from fossil fuel operations can therefore have 55% of a general corporate facility recorded as sustainable finance.

Nedbank's inclusion criteria contain no fossil fuel exclusion.

Notably, none of the banks disclose transition finance volumes, either as absolute Rand values or as a proportion of sustainable finance portfolios. Although most of the banks articulate some approach to transition finance, transition finance activities are not reported on separately. This lack of transparency makes it difficult to assess whether financing is supporting the decarbonisation of high-emitting sectors, or enabling the continuation and expansion of carbon-intensive activities.

TRANSITION FINANCE FRAMEWORKS

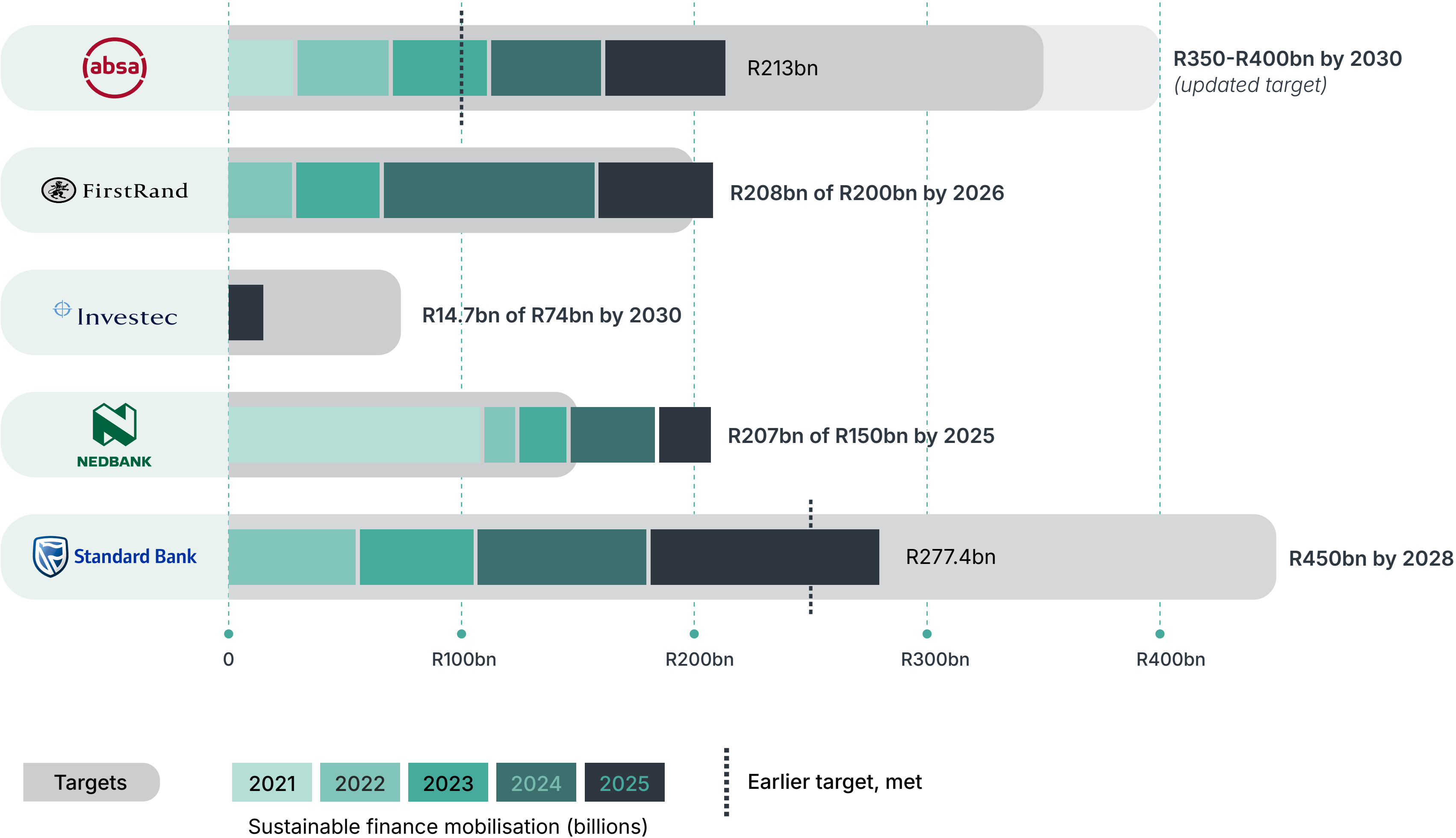
As mentioned above, only **FirstRand** and **Investec** publish frameworks that classify transition finance.

Standard Bank and **Absa** both classify without publishing frameworks. For **Standard Bank**, its transition transactions are already being classified and counted, on a case-by-case basis, against a standard that does not yet exist in published form.

Absa references a Transition Finance Framework in its Integrated Report Assurance Booklet for 2025; the framework itself is not publicly available. Commonly, a framework referenced in an assurance booklet is a framework that has been applied to reported figures and put before assurance providers. Yet, it is simply not available to stakeholders reading **Absa's** report.

This matters for a reason set out earlier in this section. Transition finance is the category through which fossil fuel financing can legitimately be included within sustainable finance. Without publishing its frameworks and their criteria, **Absa** has a transition finance classification that runs the risk of allowing fossil fuel exposure to be considered sustainable finance – without any public scrutiny.

Sustainable finance targets and mobilisation, 2021–2025



Sustainable finance targets

An absolute sustainable finance target may sound impressive, but without considering the bank’s total lending, it is not clear how ambitious the target is.

Setting sustainable finance targets as a percentage of the total loan book provides a clear indication of the extent to which sustainable finance is being integrated into the core lending activities of the bank.

Unlike absolute figures, a percentage of a loan book target accounts for the growth of the bank’s overall lending. As the total loan book expands, sustainable finance should increase proportionally, ensuring the bank’s commitment keeps pace with overall business growth. This also prevents large absolute figures from creating a misleading impression of progress where the overall loan book is growing faster, resulting in sustainable finance representing a declining share of the bank’s lending.

Measuring the target as a share of the loan book rather than in absolute terms also accounts for the effect of inflation, and for the difference in size between the banks. This is important to note because the banks do not work from a common definition of what counts as sustainable finance, and their targets cannot be com-

pared on a like-for-like basis. An absolute target set by one bank and an absolute target set by another may be measuring materially different things. What we can compare, however, is ambition expressed by sustainable finance as a proportion of total lending – such that even where the underlying definitions differ, the share of a bank’s own loan book that it commits to sustainable finance reveals how far that extends to its core business endeavours. And that proportion is what allows the ambition of one bank to be weighed against another.

Scoring framework

For this metric we aimed to answer two specific questions:

- 1. **Has the bank set interim targets for increasing its sustainable finance?**
- 2. **If so, are the targets presented as a percentage of gross loans and advances?**

Full points were awarded to banks that set an interim sustainable finance target, expressed as a percentage of their gross loans and advances rather than an absolute figure. The scoring does not assess the absolute value of the target.

Analysis

KEY TAKEAWAY: All five banks have set interim sustainable finance targets, but most are already exceeding them – in some cases substantially, and years ahead of schedule. Four of the five targets are cumulative absolute mobilisation targets, which can be met through growth in the overall loan book without requiring sustainable finance to increase as a share of lending. Nedbank’s target is more demanding in this respect, because it requires sustainable finance to reach a specified share of gross loans and advances.

The scale and speed with which banks are meeting their targets raises a broader question about ambition. Consistently exceeding targets by wide margins is not in itself cause for criticism; but a target that business as usual delivers comfortably does little to demonstrate a commitment to changing the composition of the loan book. The issue is therefore not whether banks are mobilising sustainable finance, but whether their targets are sufficiently ambitious to drive a meaningful shift in where and how they allocate capital.

Standard Bank has committed to mobilising more than R450 billion between 2022 and 2028, with sub-targets of more than R100 billion in green finance and more than R100 billion in social finance across 2025 to 2028. It reports annually against these targets, under external limited assurance.

Absa has set a range of R350 billion to R400 billion by 2030 from a 2021 baseline.

FirstRand met a cumulative R200 billion target by 2026, and is currently setting targets for 2030.

Investec Limited has a five-year target to contribute R74 billion towards the group's aggregate sustainable and transition finance target by 2030, against which it facilitated R14.7 billion in the reporting period.

Nedbank has set a target to grow sustainable development finance exposure to 25% of gross loans and advances by 2030, having reached 21% against a previous target of 20%.

Four of these five targets are cumulative absolute figures. **Nedbank's** is the only one expressed as a share of the loan book.

A cumulative mobilisation target counts transactions once and never resets. The target can be satisfied by a growing balance sheet without any change in the proportion of lending that is sustainable. By contrast, a target expressed as a share of gross loans and advances does not permit this: it requires sustainable finance to grow faster than the book as a whole.

Absa's target is also the only one expressed as a range. A R50 billion band gives considerable latitude in what counts as delivery.

South African banks are exceeding their sustainable finance targets, often substantially.

FirstRand set a R40 billion target for the 2024 financial year and reported R92.3 billion, and a R100 billion target for 2022 to 2024 against which it reported R157.1 billion.

Absa exceeded its cumulative mobilisation target ahead of schedule, and has been reassessing its forward targets.

Nedbank exceeded its 20% target, reaching 21%.

Standard Bank reports having achieved more than 60% of a target running to 2028.

Consistently beating a target by wide margins is not, in itself, cause for criticism. But it is the same pattern this report identified in **Absa's** oil and gas intensity target, which had been met before it was set.

A target that business as usual satisfies is a description of expected activity rather than a commitment to changing it. Where four of five banks report comfortably exceeding targets, the question is whether the targets are set at a level ambitious enough to demand any changes to business as usual.

A target that business as usual satisfies is a description of expected activity rather than a commitment to changing it. Where four of five banks report comfortably exceeding targets, the question is whether the targets are set at a level ambitious enough to demand any changes to business as usual.

PART III

Governance and strategy

Climate commitments only matter if governance structures, incentives and decisions can turn ambition into action.

The transition to a low-carbon economy is not something that banks can achieve through business as usual. It requires boards and executives to make difficult strategic choices about where capital flows, which clients and activities the bank will support, how it manages transition risk, and how it balances short-term commercial interests with long-term financial resilience.

This makes governance central to the credibility of a bank's climate commitments. A bank may set ambitious targets and publish detailed climate policies, but these will have little effect if the people responsible for making strategic and capital allocation decisions are not accountable for delivering them. Similarly, climate commitments can be undermined where commercial incentives continue to favour activities that increase exposure to transition risk, or where conflicts of interest are not adequately managed.

Effective governance should therefore embed climate considerations into the decisions that determine how a bank operates and where it directs capital. Boards must provide effective oversight, executives need clear accountability for delivery, and remuneration should reinforce rather than undermine climate objectives. Banks must also understand how different climate scenarios could affect their businesses, and use that analysis to inform strategy, risk appetite and capital allocation.

We assess four areas that are critical to the credibility and delivery of banks' climate strategies:

- Climate leadership and accountability – whether boards and executives have the expertise, oversight and accountability needed to drive delivery of climate commitments.
- Guardrails against climate-related conflicts of interest – whether banks identify and manage conflicts that could undermine their climate commitments, including tensions between commercial interests and stated transition objectives.
- Climate integration into remuneration – whether executive incentives reinforce commitments and reward measurable progress towards them, rather than treating climate performance as separate to core business performance.
- Scenario analysis and strategic integration – whether banks use climate scenario analysis to inform business strategy, risk management and capital allocation, rather than treating it as a disclosure exercise.

Together, these indicators test whether climate considerations are genuinely integrated into the ways banks are governed and managed – or remain a commitment, alongside business as usual.

Climate commitments only matter if governance structures, incentives and decisions can turn ambition into action.

Board committee and mandate

Clear board accountability is critical in the effective management of climate strategy and risk. Whether it is a board committee or the full board, banks must discern and disclose who on the board is responsible for oversight on climate. This is a new metric that highlights the importance of climate accountability mechanisms within bank governance structures.

Scoring framework

In assessing performance in this area, we set out to answer the following critical questions:

- 1. Is there a clearly identified board committee (or the full board) with explicit, documented responsibility for climate and transition strategy?
- 2. Is there a clear line of delegation from board to management on climate execution, and does the board’s climate oversight extend to capital allocation and lending policy decisions?

Analysis

KEY TAKEAWAY: All five banks have climate governance structures, but formal oversight does not necessarily translate into effective accountability for financing decisions. Nedbank and Investec have the clearest dedicated governance arrangements, while FirstRand and Standard Bank assign climate responsibilities across multiple committees. Yet the mandates often focus on how climate affects the bank – risk, reputation and regulatory compliance – rather than how the bank’s financing affects climate. Standard Bank’s own disclosure is particularly revealing: despite a committee mandate covering climate-related capital allocation, climate considerations are not yet embedded in business-unit budgeting.

The key test is therefore not whether a bank has a climate committee, but what that committee is actually able to decide. Effective climate governance should connect board oversight to lending, capital allocation, risk appetite and progress against emissions targets. On the evidence disclosed, that connection remains incomplete across the sector.

Nedbank is the only bank of the five with a board committee dedicated to the subject. The Group Sustainability and Climate Resilience Committee (GSCRC) has the climate mandate for the group board.

Among the policies it approves is the Energy Policy, which means that a board committee holds approval over the governing energy-lending document of the bank.

In 2024 the GSCRC’s mandate was broadened to cover wider sustainability and environmental, social and governance (ESG) matters.¹⁰⁶ This implies that climate-focus areas compete within this broader mandate dilution.

In addition, the committee charter frames the committee’s oversight of climate risks and opportunities partly by reference to brand and market positioning. This frames the committee mandate as one of reputational management rather than exclusively portfolio consequence.

FirstRand has no dedicated climate committee in name. Instead, it splits climate oversight between the Risk, Capital Management and Compliance Committee (RCCC) and the Social, Ethics and Transformation Committee (Setcom).

What distinguishes **FirstRand** from its peers is that it discloses the actual activities that its committees executed.

106. P 14, Nedbank Climate Report, 2025.

In 2025, the RCCC approved the group emissions reduction targets, credit risk appetite and climate-related public disclosures. Five RCCC sub-committees mainstream climate across a variety of risk types.

The Setcom approved the updated climate (and related) policies that inform the group climate strategy.

FirstRand's limitation is in its framing of the above. Setcom's disclosed climate focus areas include adequacy of strategy, transparency of disclosure, and reputational risk from activity in climate-sensitive sectors,¹⁰⁷ while one of the RCCC's stated mandates is exposure against risk appetite.¹⁰⁸

In short, both committees have oversight of one side of climate materiality for **FirstRand**: only looking at the impact of the climate on **FirstRand** rather than how **FirstRand's** financing impacts the climate.

Standard Bank's disclosed committee mandate is more specific than its overall climate performance would predict.

The Group Social, Ethics and Sustainability Committee (SESC) approves group policies and standards including the climate policy, approves climate-related metrics and targets, oversees implementation of the climate policy and monitors progress against targets.

The Group Risk and Capital Management Committee (GRCMC) oversees integration of climate risk into risk appetite, risk frameworks and credit processes, approves risk appetite and the allocation of capital, and considers climate-related risks, opportunities and trade-offs in relation to major transactions.

On the face of it this would have been the clearest board-level capital allocation mandate after **Nedbank's**. However, the bank states directly: "Climate-related capital allocation is not yet embedded in [business unit] annual budgeting processes."¹⁰⁹ So whatever the GRCMC's mandate says, the bank's own disclosure confirms that climate does not yet enter capital allocation decisions.

The **Investec** board retains overall accountability for sustainability-related risks, including climate, and has delegated authority to the DLC (dual-listed company) Social and Ethics Committee (SEC); and where appropriate, the DLC Board Risk and Capital Committee (RCC).

The SEC's mandate is oversight of climate governance and transition planning; as well as an array of ESG commitments, reporting and risk management across the group and its value chains. Implementation is coordinated through the DLC Executive Sustainability Committee (ESC), and the Chief Strategy and Sustainability Officer escalates sustainability matters to the SEC, which carries them as a standing agenda item.

This is the clearest escalation route of all five banks: a named officer, receiving committee, and standing agenda item.

The limitations implied by **Investec's** disclosure, however, are similar to the dilution of climate responsibility that **Nedbank's** GSCRC has – climate issues are considered by the same committee that considers human rights and modern slavery, organisational ethics, anti-bribery, whistleblowing, corporate citizenship, stakeholder relationships and reputation. And the SEC mandate does not encompass lending or capital.

The **Absa** board holds ultimate responsibility for the group's approach to governance and risk management, including integration of climate risk into business operations, and delegates authority to the Sustainability and Social Ethics Committee (SSEC) to oversee and guide the Sustainability Framework.

Four further committees – Group Risk and Capital Management, Group Remuneration, Group Audit and Compliance, and Group Credit Risk – are described as actively involved in offering targeted oversight and guidance on sustainability and climate matters.

Absa names more committees than any other bank, including a credit risk committee, but discloses the least about what any of them is mandated to decide.

107. P 27, FirstRand Corporate Governance Report, 2025.

108. P 36, FirstRand Corporate Governance Report, 2025.

109. P 10, Standard Bank Climate-related Financial Disclosures, 2025.

Board climate and energy transition expertise

The findings from our 2025 *How cool is your board?* briefing were that 22 out of the JSE Top 40 companies (55%) do not have a single director with a sustainability-related qualification on their boards.¹¹⁰ While expertise can also be gained through experience, this finding points to how under-capacitated boards are on sustainability skills, let alone the more specific climate and transition skills.

Climate and transition skills will increasingly become essential to banks as they navigate the rapidly changing climate context and transition away from fossil fuels. It is for this reason that adequate climate and energy transition expertise is considered an essential element of good climate governance. However, there is a tendency for climate and energy transition expertise, which is specific and specialised, to be conflated with broader ‘sustainability’ and ESG expertise.

For shareholders to adequately assess a board’s climate and energy transition expertise, they need to be able to understand how the bank defines and measures such expertise. This would demonstrate why a bank has identified certain board members as having this expertise.

Scoring framework

Unlike the last report, this year we do not evaluate the merit or quality of climate and transition expertise that the banks claim to have. The reason for this is that we acknowledge that there is no single qualification or array of experience that best equips a director or executive to handle climate risk management and strategy. Given this, the responsibility falls on each institution to make its own assessment of what expertise and experience is required to address these material systemic issues. Our assessment, therefore, is focused not on which qualifications are presented, but on the justification presented for why these are considered appropriate.

For this reason, using the disclosed biographies of the board, we set out to answer the following questions:

- 1. Does the bank disclose the climate or energy transition expertise of the board members responsible for climate oversight?
- 2. Does the bank disclose details on how the board considers climate or energy transition expertise, such as the criteria used to assess the climate competencies of board members?

Best practice: King V¹¹¹

“The nomination process ensures the collective competencies, diversity and independence necessary in the membership of the governing body to enable it to navigate the complexities and risks arising from its economic, social and environmental context.”

Our assessment, therefore, is focused not on which qualifications are presented, but on the justification presented for why these are considered appropriate.

110. Just Share, *How cool is your board?*, 2025.
111. P 12, Institute of Directors South Africa, *King V Code*.

Analysis

KEY TAKEAWAY: Banks increasingly identify directors as having climate or sustainability expertise, but the basis for these assessments is rarely clear. FirstRand, Nedbank and Absa identify relevant directors, while Investec rates directors' capabilities and Standard Bank relies on directors' own assessments. Yet none sets out clear criteria for what constitutes climate or energy transition expertise. In several cases, broad sustainability, ESG, risk management or fossil fuel industry experience is treated as equivalent to expertise in managing the transition.

The result is that stakeholders cannot readily assess whether boards have the skills needed to oversee a credible transition. Claims that boards have 'high' or 'advanced' climate expertise carry little weight without evidence of the qualifications, experience or competencies behind those ratings. For a sector whose climate strategy ultimately depends on decisions about lending and capital allocation, boards should disclose not only who has relevant expertise, but what that expertise consists of and how it equips them to oversee the transition.

Some of the banks do distinguish which directors they believe possess the relevant skills when it comes to climate and energy transition expertise on the board. For example, **FirstRand** provides the biographies of the three board members the bank

considers to have climate experience.¹¹² **Nedbank** provides the biographies of the board members that sit on its GSCRC.¹¹³ Similarly, **Absa** has provided biographies for the board members of the SSEC.

Investec names three board members that it rates as having "high" capability in sustainability and climate-related issues through a rating rather than the basis for it. Identifying directors and asserting a level of competence is not the same as justifying the assertion of expertise.

Standard Bank does not distinguish the board members it believes possess these skills at all. It only discloses board biographies as part of the general overview of the board, and none of these provide any evidence of climate or energy transition skills. The closest the disclosure comes is a statement that the group chief executive has a "proven track record of enhancing organisational competitiveness and ensuring sustainability", which states no basis for a claim of climate expertise.

FirstRand's three highlighted biographies describe backgrounds in sustainability assurance and reporting, and environmental health and safety, and a director-certification programme with a stated climate risk component. **FirstRand** does not disclose why these backgrounds are characterised as climate expertise specifically, rather than the broader sustainability, assurance or risk-management experience the biographies describe.

Nedbank's committee profiles have the same disclosure gap in that several profiles describe backgrounds within a fossil fuel or

112. P 38, FirstRand Corporate Governance Report, 2025.

113. P 16, Nedbank Climate Report, 2025.

extractive sector – including decades of leadership in coal, petrochemicals or conventional power generation – grouped under the same “energy” or “energy transition” category applied elsewhere for board members with renewable energy and just transition experience.

Nedbank does not explain why senior experience in the fossil fuel industry should be read as expertise in transitioning a bank’s balance sheet away from that industry. The skills categories in use compound the problem rather than resolving it. **Nedbank** bundles “mining, energy, resources and infrastructure” into a single label, so a director with a career in coal and a director with a career in wind receive the same designation. A reader cannot tell which is which without reading every biography individually; and even then, there are no disclosed criteria against which to judge either director. **Nedbank** states that all members of the committee have specific climate-related experience. That statement does not hold for two of the seven members, whose listed expertise categories include neither “the environment and climate” nor “mining, energy, resources and infrastructure” — the categories under which climate-relevant experience would be expected to appear.

Similarly, for the biographies of **Absa’s** SSEC, the evidence points mainly to broader ESG-related skills and experience, with few board members showing evidence of climate-specific or related skills. Without an explanation of the criteria the bank has used to assess these as relevant climate and energy transition expertise, it is unclear why the bank considers these board members to have the necessary skills to help the bank transition.

For all of the banks, but particularly **Investec** and **Standard Bank**, there is no evidence provided to explain why the banks consider the board to be adequately competent to oversee the bank’s transition. **Investec** provides a skills matrix that ranks board members in sustainability and climate change expertise – from high to medium, low, and none. It concludes that 82% of the board has medium to high skills or experience in sustainability and climate change.¹¹⁴ No evidence is provided as to what qualifications or expertise justifies these board members being rated high or medium in these skills.

Standard Bank also provides an anonymised self-assessment of skills and expertise by the board, in which one board member has rated themselves a “thought leader” in sustainability skills, seven have rated themselves as having “advanced” and six have rated themselves as having “general” sustainability skills.¹¹⁵ This creates doubt as to the credibility of the claim that the board is adequately competent to oversee the bank’s transition.

In no case does a bank disclose the basis on which it has characterised a director’s experience as climate or energy transition expertise, as opposed to general sustainability, ESG, financial, or – in several cases – fossil fuel sector experience.

In no case does a bank disclose the basis on which it has characterised a director’s experience as climate or energy transition expertise, as opposed to general sustainability, ESG, financial, or – in several cases – fossil fuel sector experience.

114. P 119, Investec Integrated Sustainability Report, 2026.

115. P 25, Standard Bank Governance Report, 2025.

Climate-related conflict of interest

Section 75 of the Companies Act 71 of 2008 outlines steps that must be taken if a company director has a personal financial interest in respect of a matter to be considered at a meeting of the board, or knows that a related person has a personal financial interest in the matter.

Where section 75(5) applies, the director must disclose the interest and its general nature before the matter is considered; must disclose any material information relating to the matter known to them; may disclose observations or pertinent insights if the other directors request this; must leave the meeting immediately after doing so; and must not otherwise take part in the consideration of the matter.

A “personal financial interest” is defined as a direct material interest of a financial, monetary or economic nature. While section 75 would not ordinarily be triggered by a board decision on the bank’s climate strategy and sectoral financing policies, these are the decisions where a structural alignment with the fossil fuel sector is most likely to shape an outcome.

With this gap in current regulation in mind, our assessment asks the broader question of whether a board’s composition allows it to take an objective view on the financing of fossil fuels and on the pace of its own transition.

In order to mitigate shareholder concerns regarding climate-related conflicts of interest, banks should identify, disclose and actively manage board conflicts of interest that could compromise the independence of its climate and transition decision-making.

Best practice would be for directors with ties to the fossil fuel industry who sit on the boards of financial institutions to manage the potential conflict of interest in terms of the requirements of the Companies Act. To bolster transparency on this issue, banks should disclose potential conflicts of interest and indicate how they have addressed them.

Scoring framework

For this indicator, we assessed banks’ performance with respect to the following questions:

- 1. Does the bank disclose, by name, which board members have or had ties to the fossil fuel sector in the past three years?
- 2. Does the bank’s conflict of interest framework explicitly identify ties to the fossil fuel sector as a category of climate-relevant conflict?

The first question used the publicly disclosed biographies of board members to establish whether shareholders have adequate information to identify whether a board member holds a directorship or executive role at a fossil fuel company, was recently employed or held a directorship at a fossil fuel company, or holds an advisory role at a fossil fuel-related industry body. With this information, a shareholder can begin to assess whether a director may hold significant personal financial interests in fossil fuel companies (such as shareholdings, deferred compensation, or pension enti-

tlements linked to fossil fuel company performance). Biographical disclosure does not reveal those holdings.

The second question was addressed through analysis of each bank’s publicly available conflict-of-interest policies.

Analysis

KEY TAKEAWAY: Disclosure of directors’ professional backgrounds varies significantly across the banks, limiting shareholders’ ability to assess potential conflicts of interest. Standard Bank provides the most complete disclosure, while FirstRand provides the least – its board profiles contain academic qualifications, but no employment history or external directorships. Nedbank and Investec provide more detailed information, while Absa’s website disclosure fills some of the gaps in its reporting.

This matters particularly where directors have links to carbon-intensive sectors. Yet none of the banks’ conflict-of-interest policies explicitly identifies fossil fuel industry ties as a climate-relevant conflict, or sets out when such interests should trigger recusal. Shareholders therefore lack both the information needed to identify potential conflicts and any clear assurance that banks have mechanisms to manage them.

Both **Investec** and **Standard Bank** provide biographies of their board members in their reports.

Standard Bank's disclosure includes distinct sections for other directorships and previous employment, as well as positions held at other governing bodies and professional positions.¹¹⁶ This is the clearest disclosure of all the banks.

Nedbank's published director profiles similarly disclose current and former roles in these sectors; and on that basis, two of its directors are former chief executives of major carbon-intensive companies.¹¹⁷ **Nedbank** presents a unique case study to monitor, in which an incoming former petrochemicals and energy company CEO's first board appointment at the bank is as chairperson of the board climate committee itself.

Investec's biographies include a section for relevant skills and experience where previous employment is often but not consistently disclosed.¹¹⁸ **Investec** also has a section for external appointments, where other directorships or advisory roles are disclosed. **Absa's** disclosure is thinner in its reports but adequate on its website, and on that basis no **Absa** board member appears to have been employed by or has held a directorship at a fossil fuel company in the past three years.

Investor reporting suites should provide shareholders with the full picture of governance. **Absa** does include biographies for its climate-relevant board committee.

FirstRand's board disclosure is the weakest of the five. Its Corporate Governance Report includes a board of directors section, but this gives only each director's name, age, role, appointment date and academic qualifications. No employment history and no external directorships are disclosed.

As a result, shareholders cannot determine whether any **FirstRand** director has been recently employed by, or held a directorship at, a fossil fuel company; or any other company and sector, for that matter.

In terms of the governance mechanisms that should guard against all this, none of the conflict-of-interest policies of the banks explicitly identifies ties to the fossil fuel sector as a category of climate-relevant conflict. None specifies the types of climate-related decisions that would trigger a recusal obligation. This makes it difficult for shareholders to assess whether the banks are actively managing climate-related conflicts of interest.

None specifies the types of climate-related decisions that would trigger a recusal obligation. This makes it difficult for shareholders to assess whether the banks are actively managing climate-related conflicts of interest.

116. P 9, Standard Bank Governance Report, 2025.

117. P 16, Nedbank Climate Report, 2025; P 16 & 155, Nedbank Society Report, 2025.

118. P 143, Investec Integrated and Strategic Report, 2026.

Executive remuneration linked to climate KPIs

One of the most effective governance strategies to ensure that a company meets an objective is to incentivise it by linking executive remuneration to relevant key performance indicators (KPIs). It has become mainstream for this practice to be extended to ESG metrics, including climate-related KPIs.

However, climate-related remuneration targets can vary in both effectiveness and ambition. Without providing an *effective* KPI to incentivise the achievement of long-term and ambitious climate goals, these KPIs risk being reduced to easy wins for executives.

If climate-related KPIs are to create meaningful change, best practice is for the remuneration of the banks' executives to be linked directly to clear, ambitious climate-related targets that are measurable and can be tracked over time. Furthermore, using complementary (or a combination of) climate-related incentives is more impactful than relying on just one. For example, a sustainable and transition finance origination target alone can incentivise the growth of sustainable finance at a bank; but when combined with a financed emissions reduction target, it can incentivise the actual transition away from fossil fuels as well as towards sustainable finance.

Guidance from the Prudential Authority states that banks should also disclose the percentage of executive management remuneration linked to climate-related considerations.¹¹⁹

A 2021 report by ShareAction¹²⁰ suggests the following best practice for bank climate-related KPIs:

- Climate-related objectives linked to variable remuneration are clearly disclosed in public reporting, including the percentage of variable remuneration linked to those objectives and their sub-objectives (if applicable);
- Climate-related objectives are separated from other sustainability objectives;
- Climate-related objectives are clearly linked to the bank's implementation of its climate strategy, and focus on the most important elements of that strategy (e.g. a focus on reducing its Scope 3 emissions instead of – or as well as – Scope 1 and 2 emissions);
- Climate-related objectives are given appropriate weight and are applicable to all relevant directors, including the bank's Chief Risk Officer;
- Climate-related objectives are robust, measurable, and quantifiable; and
- A list of criteria to assess the executive director's performance against their targets should be published in advance.

Guidance from the Prudential Authority states that banks should also disclose the percentage of executive management remuneration linked to climate-related considerations.

119. SARB, *Guidance on Climate-related Disclosures for Banks*, 2024.

120. ShareAction, *Countdown to COP26: An analysis of the climate and biodiversity practices of Europe's largest banks*, 2021.

Scoring framework

This year, Just Share identified and measured the banks against four common, measurable and impactful forms of climate-related remuneration mechanisms. If a bank does have identifiable climate-specific KPIs but its disclosure is insufficient for shareholders to track progress quantitatively, then the bank did not get a score.

The forms of remuneration mechanisms we identified are:

- **Financed emissions reduction targets:** A quantified portion of executive variable remuneration (short-term incentives (STIs) and/or long-term incentives (LTIs) is linked to measurable reductions in financed emissions – expressed as absolute emissions (tCO₂e) or emissions intensity, with defined baselines, interim milestones, and vesting thresholds.
- **Sustainable and transition finance origination targets:** A quantified portion of executive variable remuneration is linked to the origination of sustainable and/or transition finance – expressed as a proportion of total new lending rather than only as an absolute Rand amount.
- **Client transition engagement milestones:** A quantified portion of executive variable remuneration is linked to measurable progress in engaging the bank’s highest-emitting clients to develop and deliver credible transition plans, with defined escalation consequences (conditional financing, enhanced monitoring, or managed exit) when engagement does not achieve the required milestones within specified timeframes.

- **Sectoral emissions intensity benchmarking:** A quantified portion of executive variable remuneration is linked to whether the bank’s lending portfolios in priority sectors are tracking at or below recognised external decarbonisation benchmarks (such as IEA net-zero sectoral pathways or SBTi sectoral targets), with vesting scaled to the degree of alignment or divergence.

Other forms of climate-related remuneration mechanisms were considered if the bank could demonstrate its mechanism was impactful.

The assessment also sought to answer the question:

Is it possible to determine what proportion of total variable remuneration (both STIs and LTIs) is linked to climate-specific KPIs?

Analysis

KEY TAKEAWAY: Climate-linked remuneration remains weakly transparent across the banks, limiting shareholders’ ability to hold executives accountable for delivery of climate commitments. Nedbank leads by disclosing a measurable remuneration KPI linked directly to progress on its sectoral financed emissions glidepaths. Absa also discloses a quantifiable sustainable finance KPI, although this rewards the mobilisation of finance rather than reductions in financed emissions. FirstRand, Investec and Standard Bank refer to climate-related KPIs but do not disclose sufficiently specific targets or measures for shareholders to assess performance. Standard Bank’s “positive impact” category is particularly opaque, while Investec reports performance against its climate metric without disclosing the underlying measure or target.

The problem is not simply whether climate features in executive remuneration, but whether shareholders can see what executives are being asked to deliver. Confidentiality around commercially sensitive targets may be justified in some cases, but it should not prevent disclosure of the nature, direction and ambition of climate-related remuneration targets. Without this information, shareholders cannot tell whether remuneration rewards genuine progress on emissions reduction or simply activity that the banks already expect to undertake.

The scoring and analysis was based on any publicly disclosed climate-related KPIS. However, in Just Share's engagements with the banks it became clear that many of the banks do not fully disclose their KPIS linked to executive remuneration, due to the potential competitive effects of publishing detailed targets. While protecting competitive advantage is important, so too is providing shareholders with adequate information on how the bank is managing climate risk. Knowing the executive KPIS or targets linked to remuneration allows shareholders to keep the banks accountable to their stated climate commitments.

Nedbank's remuneration targets have remained largely unchanged from the last report. It remains the only bank to publicly disclose a KPI linked to financed emissions reduction with its KPI measuring progress on its sectoral glidepaths that aim to reduce absolute financed emissions. **Nedbank** also has a remuneration target for meeting the bank's sustainable development finance, as well as a target measuring progress on its energy policy which fits into a sectoral emissions intensity target.

Absa has one quantifiable climate-related KPI. It is a sustainable finance target incorporated into both its STI and LTI schemes. While it is commendable that **Absa** has a clear and measurable target, a sustainable finance-linked KPI is inherently tied to the bank's self-identified sustainable finance targets. It would be more impactful if the bank combined this with another KPI that incentivises reducing financed emissions. The significance of the distinction between target-setting for emissions reduction and sustainable finance is explored above, in [Part II](#) of this report.

FirstRand, **Investec** and **Standard Bank** do not publicly disclose quantifiable climate-related KPIS.

Although **FirstRand** has climate-related KPIS, shareholders are unable to measure progress against metrics such as "Manage approach to climate risks and opportunities" or "Progress against climate roadmap". **Investec** has an "addressing climate change" metric which is defined as "strong leadership on climate initiatives with a focus on progressing towards **Investec's** net zero by 2050 ambition and embedding sustainability into the Group's commercial strategy". At the end of an LTI or STI scheme, the bank retrospectively discloses what was achieved under this metric. However, without disclosing what exactly this metric measures as the scheme is set, it is impossible for shareholders to measure progress and keep the bank accountable for its commitments.

Standard Bank has the least clear disclosure. Climate-specific KPIS are included in **Standard Bank's** "Positive impact" category of its STI and LTI. However, no breakdown is provided as to which climate-specific KPIS fall under positive impact. The bank does mention elsewhere in its reporting suite that it has KPIS for the mobilisation of sustainable finance, emissions reduction and limits on exposure to high-emissions sectors; however, it is unclear whether or not these form part of the "Positive impact" category, and no quantifiable information is provided for them.

Most of the banks provided clear disclosure on what proportion of total variable remuneration (both STIs and LTIs) was linked to climate-specific KPIS. The exception is **Standard Bank's** lack of clarity on what climate-specific KPIS are included under "Positive impact". **Absa**, after providing clear percentages for "sustainability" for the 2023 LTI and 2025 STI, has grouped all non-financial KPIS in its newly set 2026 STI and LTI, and it is therefore unclear what proportion of its 2026 remuneration mechanisms are linked to climate-specific KPIS.

In Just Share's engagements with the banks it became clear that many of the banks do not fully disclose their KPIS linked to executive remuneration, due to the potential competitive effects of publishing detailed targets.

Climate-scenario analysis

Scenario analysis is a common technique used by business to test the resilience of strategies and targets by evaluating them against a range of hypothetical future situations. When applied to climate, it involves testing the resilience and flexibility of an organisation’s strategy against plausible climate scenarios, such as a delayed transition or ‘net zero by 2050’. Importantly, IFRS S2 requires companies to disclose how the outcomes of the analysis are informing the company’s strategic priorities, such as its short-, medium- and long-term decarbonisation targets.¹²¹ It also requires the company to disclose the availability of existing financial resources to respond to the effects identified in the analysis.¹²²

According to the Prudential Authority, banks should disclose: which climate scenarios were used and the sources of those scenarios; whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; whether the chosen scenarios are aligned to the latest international agreement on climate change; the time horizons used in the analysis; and the scope of operations used in the analysis.¹²³

Importantly, the Prudential Authority emphasises that banks should describe the anticipated material climate-related risks and opportunities over the short, medium and long term on the bank’s

financial position, financial performance, and cash flows for the reporting period.¹²⁴

Scoring framework

For this indicator we sought to answer these questions:

1. **Is the bank using one of the best-practice scenario frameworks such as the Network for Greening the Financial System (NGFS) scenarios, the IEA scenarios or the IPCC scenarios?**
2. **Is the bank using at least three scenarios that span three different warming outlooks?**
3. **Does the bank provide public evidence or examples of how it uses climate scenario analysis to inform its lending and capital allocation strategy?**

The last question is particularly important for shareholders to be able to assess whether climate scenario analysis is treated simply as a compliance exercise or genuinely implemented into bank strategy.

121. IFRS, *S2 Climate-related Disclosures*.

122. IFRS, *S2 Climate-related Disclosures*.

123. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

124. SARB, *Guidance on Climate-related Disclosures for Banks*, 2025.

Analysis

KEY TAKEAWAY: All five banks use climate scenario analysis, but for most it remains a disclosure exercise rather than a demonstrated input into strategy and capital allocation. While all banks state that scenario analysis informs lending, risk management or capital allocation, only Nedbank provides concrete evidence of how the analysis has informed financial decisions, including R1.6 billion in impairment overlays for climate-related and macroeconomic risks. The other banks largely describe the process and its conclusions, without showing what changed as a result.

Scenario analysis should do more than establish whether climate risk falls within a bank's risk appetite. A risk can remain within a bank's tolerance while the bank's financing strategy is still inconsistent with the pace of the transition. Banks should therefore show how different transition and physical risk scenarios affect their strategy, lending decisions, capital allocation and resilience – and what they will do when the analysis identifies material risks.

All of the banks publicly state that they use scenario analysis, and they disclose which specific scenarios they use. However, only **Nedbank** provides any details of how the findings of their analysis have been integrated into the bank's strategy.

All of the banks make qualitative disclosures that climate scenario analysis informs the bank's lending and capital allocation strategy. **Nedbank** is the only bank to volunteer any concrete evidence of this. **Nedbank** provides details on what its scenario analysis shows in terms of transition risk, physical risk and near-term shocks.¹²⁵ It also discloses that its scenario analysis has resulted in the bank maintaining impairment overlays of R1.6 billion for known climate-related and macro latent risks.¹²⁶ This is in line with IFRS S2's requirement to disclose the availability of existing financial resources to respond to the effects identified in the analysis. **Nedbank's** disclosure could be improved, with further detail of how the findings of its scenario analysis are impacting its lending and capital allocation decisions.

FirstRand states that over time its scenario analysis results influence the allocation of financial resources, but does not give any evidence of this influence. **Standard Bank** states that its scenario analysis indicates that the financial risk posed by climate-related transition and physical risk is within its risk appetite. However, it does not give any evidence of how it came to this conclusion.

The question is not simply whether a scenario falls within a bank's risk appetite. Scenario analysis should help banks understand how different transition pathways affect their own resilience and their ability to support the wider economy through the transition. A risk may be acceptable to an individual bank while still being incompatible with the pace of transition South Africa requires.

The question is not simply whether a scenario falls within a bank's risk appetite. Scenario analysis should help banks understand how different transition pathways affect their own resilience and their ability to support the wider economy through the transition. A risk may be acceptable to an individual bank while still being incompatible with the pace of transition South Africa requires.

125. P 29, Nedbank Climate Report, 2025.

126. P 30, Nedbank Climate Report, 2025.

Critical questions arising from this research

In addition to our analysis of publicly disclosed data, this year's assessment included direct engagement with banks, aimed at gathering information regarding the context in which banks are tackling climate risk in South Africa in 2026. This engagement provided invaluable insight into the challenges and opportunities facing the country's banks as they attempt to implement climate strategies.

Four critical questions warrant a deeper discussion:

1. **Is there a trade-off between development and climate action?**
2. **Are banks treating gas as a transition fuel?**
3. **Are banks disclosing decision-useful data?**
4. **Should disclosure and transition strategy be mandatory?**

1. Is there a trade-off between development and climate action?

A recurring theme in Just Share's engagements with South Africa's banks has been the tension they perceive between economic development and climate action, particularly in the African context. This concern deserves to be taken seriously. South Africa and the rest of the continent face enormous development needs, from energy access and infrastructure to industrialisation, employment and poverty reduction. Banks have an important role as providers and allocators of capital in support of economic development.

But recognising these needs does not mean accepting the premise that development depends on continued fossil fuel use.

It does not follow that these concerns are best addressed through continued dependence on high-carbon activities. The argument that fossil fuels have historically been tied to economic growth does not mean that this relationship must continue to define Africa's development pathway. Development is not dependent on fossil fuel use, just as fossil fuel use does not guarantee development.

The question is therefore not whether Africa must choose between development and climate action, but how development can be adequately financed and directed in a way that strengthens rather than weakens the transition to a resilient, low-carbon economy.

While there is a strong case for approaches that recognise that South Africa's unique economic structure, development priorities and transition constraints may not always be adequately reflected in international norms and frameworks, and while consideration of the African context is important, context should not operate as a proxy for lower ambition.

South Africa's own policy framework has consistently framed the transition as a process of economic transformation and sustainable development. The South African Green Finance Taxonomy, for example, was developed to take into account the country's socioeconomic and development context while staying in line with international best practice.¹²⁷

The African context should play a role in influencing *how* the transition happens – including its pace, sequencing and distributional impacts – rather than *whether* it happens.

127. National Treasury, *South African Green Finance Taxonomy*, March 2022.

Does development require fossil fuels?

Every bank in this report invokes development or energy security to justify continued fossil fuel financing. Underlying these arguments is an assumption that fossil fuels are necessary for development. The evidence does not support such a simple relationship.

First, higher levels of human well-being do not require a commensurate increase in energy or fossil fuel use. Development at scale does not require current fossil fuel volumes. Research examining the energy requirements for providing everyone with decent housing, healthcare, nutrition and mobility finds that these basic needs could be met with energy use close to current global levels of non-fossil energy – which accounts for around 17% of global final energy consumption. In other words, meeting development needs does not inherently require maintaining today's levels of fossil fuel use.¹²⁸

Second, access to natural resources does not in itself deliver development. Cross-country research finds that once institutional quality is taken into account, geography and trade have little independent bearing on differences in income – institutions matter more.¹²⁹

Research on the 'resource curse' reaches a similar conclusion: resource-rich countries can experience very different development outcomes, depending largely on the quality of their institutions. Where institutions enable resources to be captured for narrow interests, resource abundance can worsen outcomes. Where institutions support productive investment and broad-based economic activity, resource wealth can contribute to better outcomes.

The lesson is not that energy and natural resources are irrelevant to development. It is that neither fossil fuel use nor resource abundance guarantees it. Development depends on how capital, energy and natural resources are used, and on whether they build productive, resilient and inclusive economies.¹³⁰

For South Africa, this means the development case for continued fossil fuel financing cannot rest on the assumption that fossil fuels are inherently necessary for development. The relevant question is whether a financing decision contributes to the kind of resilient and inclusive economy South Africa will need in the decades ahead.

Further, development and climate action should not be treated as competing objectives.

Banks are not only responding to an existing development pathway as key capital providers and allocators; their financing choices also help shape which economic activities grow, shrink and attract investment. Therefore, continuing to provide financing for existing high-carbon sectors cannot, on its own, be justified on the basis that those sectors currently contribute to regular employment or economic activity. The more important question is whether financial institutions are allocating funds to companies, communities, infrastructure and technologies that can sustain long-term economic growth in the face of shifting market and climate conditions.

A development rationale should therefore consider not only the immediate economic or social benefits of an activity, but whether it strengthens the economy's resilience and competitiveness over the life of financing. This requires banks to consider how climate change, the transition to a low-carbon economy and changes in technology, markets and regulation may affect the viability of the activities they finance.

128. Hopkins et al., *Providing decent living with minimum energy: A global scenario*, 2020.

129. Rodrik et al., *Institutions Rule: The Primacy of Institutions over Integration and Geography in Economic Development* - WP/02/189, 2002.

130. Mehlum et al., *Institutions and the Resource Curse*, 2006.

This does not imply that Africa's development realities should be disregarded during the transition, or that every financing decision should be evaluated using a single global benchmark. Instead, banks must show how their strategies align with South Africa's own climate commitments, international obligations and transition pathway.¹³¹

When banks use 'development' or the 'African context' to support their ongoing exposure to high-emitting activities, they should be able to show why such exposure is necessary, for how long and under which conditions, what alternatives have been taken into account, how the social and economic benefits of the activity compare to the longer-term financial and climate risks, and whether the financing supports a credible transition rather than exacerbating existing dependencies.

The challenge for banks is not to choose between development and climate action, but to recognise that the development pathway itself is changing. Banks must demonstrate that their definition of development remains relevant in a world where climate change, the transition to a low-carbon economy and the corresponding changes in technology, markets and regulation are material economic realities.

Did you know?

In July 2025, the International Court of Justice (ICJ)'s landmark Advisory Opinion on the Obligations of States in Respect of Climate Change confirmed that states have legal obligations to protect the climate system. The ICJ held that countries must act with due diligence to prevent significant environmental harm caused by greenhouse gas emissions, and must cooperate in addressing climate change. States' climate policies and measures must be assessed against the objective of keeping global warming at 1.5°C, and a State's failure to comply with its climate obligations can constitute an internationally wrongful act, potentially giving rise to state responsibility and obligations to cease the wrongful conduct and make full reparation.

The ICJ opinion reinforces an important distinction for South Africa: its national development circumstances are relevant to how it designs and implements its climate transition – including the pace, means and distribution of the transition; but they do not place climate action outside the framework of South Africa's international legal obligations.

The challenge for banks is not to choose between development and climate action, but to recognise that the development pathway itself is changing.

131. Department of International Relations and Cooperation, *Explanatory Note on the United Nations General Assembly (UNGA) Resolution – International Court of Justice (ICJ) Advisory Opinion on the Obligations of States in respect of Climate Change*, May 2026; International Court of Justice, *Obligations of States in respect of Climate Change*, July 2025.

2. Are banks treating gas as a transition fuel?

Another area of particular concern remains understanding how the banks are approaching gas as a transition fuel.

The IPCC has found that the coal, oil and gas facilities already operating today are expected to produce more emissions than the world can afford if it wants to limit global warming to 1.5°C. The role of fossil gas in South Africa's transition is one that is increasingly contested. While gas remains a fossil fuel with material climate risks, including methane emissions, its role cannot be considered independently of South Africa's immediate energy-security and industrial priorities.

The 2025 Integrated Resource Plan¹³² provides for 6 GW of combined-cycle gas turbine capacity by 2030, on the basis that this is required for maintaining security of supply as ageing coal-fired power stations reach the end of their lives, alongside substantial investment in renewables, storage and transmission. The South African government is also responding to an impending 'gas cliff', with declining supply from Mozambique threatening industrial users and prompting efforts to develop alternative supply and import infrastructure and gas-to-power capacity.

While gas could play a role in enabling the near-term transition from coal, its increased use would require new, long-lived fossil-fuel infrastructure. This in turn exposes South Africa to volatile international gas markets, increasing the risk of long-term carbon lock-in.¹³³ For gas to serve as a transition fuel, its use must therefore be genuinely transitional – with a clear rationale for its role, a defined pathway towards alternatives, and an eventual end point. Without these, new gas infrastructure risks locking South Africa into another long-lived fossil fuel dependency, contrary to the country's climate commitments.

Not every form of gas financing is necessarily incompatible with a just transition. But calling gas a 'transition fuel' cannot become an open-ended justification for fossil fuel financing. Where banks finance gas, they should be able to demonstrate why the investment is necessary in the context of South Africa's energy system, why lower-carbon alternatives cannot reasonably fulfil the same function, and how the project avoids unnecessary long-term lock-in. Crucially, they should also set out when and how their exposure will decline, including clear milestones and a publicly accountable commitment to reduce exposure over time.

Financing new gas infrastructure without a credible pathway to reduce and ultimately end that exposure risks extending fossil fuel dependence well beyond the period in which it can reasonably be considered transitional.

132. Department of Electricity and Energy, *Integrated Resource Plan*, 2025.

133. New fixed gas infrastructure in Southern Africa faces a critical time-crunch. It takes about five years to build a major gas project and another 15 years of steady operations just for a bank to break even. This means a project funded today won't start making actual profit until roughly 2046. This creates a massive financial risk, because South Africa has legally committed to phasing out fossil fuels and hitting a strict net zero emissions target by 2050. Banks are essentially trapped: the window to recover their billions closes in 2050, leaving only a tiny four-year margin for error before laws, carbon taxes and cheaper solar and wind power force the gas asset to shut down or become unprofitable. For the full data on how these long delays risk trapping bank capital, see National Business Initiative (NBI), BUSA & BCG (2022), *The Role of Gas in South Africa's Path to Net-Zero*, and Centre for Environmental Rights (CER) (2024), *The Financing of Onshore Gas Projects in South Africa*.

This is particularly important as national policy increasingly supports gas-to-power and gas infrastructure, while simultaneously pursuing decarbonisation. The window for transition is also short: South Africa has only 24 years to reach its 2050 net-zero goal. Financing new gas infrastructure without a credible pathway to reduce and ultimately end that exposure risks extending fossil fuel dependence well beyond the period in which it can reasonably be considered transitional.

The litmus test for banks is therefore not whether they can describe gas as a transition fuel, but whether financing practices make it one. If banks intend gas to enable a managed shift towards a low-carbon energy system, they should be able to demonstrate how their financing supports that shift, how exposure will decline over time, and when it will end. Without a credible pathway out, 'transition fuel' risks becoming a justification for financing fossil fuels in perpetuity, rather than a strategy for managing a transition away from them.

The challenge of separating oil and gas

Our engagements with the banks also highlighted a challenge in assessing gas exposure: oil and gas are often treated as a single sector in banks' reporting, making it difficult to determine how much financing is directed specifically towards gas activities. This is particularly relevant where banks distinguish between their approaches to oil and gas; or where gas is considered to have a potential role in the transition, but oil financing is subject to different restrictions.

3. Are banks disclosing decision-useful data?

The gap between the information banks hold, the information they use to manage climate-related risks and opportunities, and the information they make available to stakeholders is substantial. Exposure to fossil fuels, financed emissions, target-setting, governance and strategy, and sustainable finance are all affected by this gap.

Banks often base their climate-related reporting and target-setting on recognised frameworks and standards, such as the PCAF, the IEA scenarios, the SBTi and the IFRS S2. Although these frameworks offer a crucial common vocabulary for evaluating climate risk and enhancing comparability, they may not fully capture the range of data that a bank employs internally to control its own exposure. As a result, there is a persistent gap between the minimum information disclosed publicly and the more comprehensive information that is accessible within the institution. This gap is especially crucial in situations in which internal decision-making is actively informed by climate targets, methodologies or performance metrics that are not disclosed publicly.

The reasons for this gap are not entirely straightforward. In our engagements, banks have cited legitimate issues such as client confidentiality, commercial sensitivity and the potential competitive implications of publishing specific details about their portfolios, methodology or internal targets. These factors are relevant; particularly in the banking sector, where full disclosure might collide with client relationships and business strategy. But they do not apply equally to all climate-related information. Information that could identify or disadvantage a particular client must be

The starting point should be transparency – not the assumption that internal use makes the information irrelevant to external stakeholders.

distinguished from aggregate information that helps stakeholders comprehend the bank's overall exposure, ambitions and progress.

The same principle applies to data limitations. Banks have told us that the quality and availability of data from their clients can constrain their own reporting. While this is a genuine challenge, banks are not powerless to address it. As major providers of finance, they have significant influence over their clients and can use that influence to improve the quality, consistency and availability of climate-related information they receive. Where data is genuinely unavailable, banks should be transparent about what is known, what is estimated, and what remains unavailable, rather than allowing data limitations to become a blanket justification for limited disclosure.

This is important because disclosure enables external stakeholders to evaluate the credibility of the banks' commitments and hold them accountable for delivering on those commitments. Other stakeholders need to understand how banks' financing decisions are shaping the transition, while shareholders and investors require sufficient information to evaluate how climate-related risks may affect the value and resilience of their investments.

Public disclosure does not require banks to expose commercially sensitive client information or every element of their internal decision-making; it requires sufficient transparency about the information that is material to understanding the bank's climate position and its progress against stated commitments.

The issue, therefore, is not simply whether banks face data or disclosure constraints, but whether they are doing enough to ad-

dress those constraints and disclose the information stakeholders reasonably need.

The challenge for banks is to make that boundary between internal and external information more transparent: to explain what they measure, what they disclose, what they cannot disclose, and why. Where information is material to understanding climate risk, transition progress or the credibility of a stated commitment, the starting point should be transparency – not the assumption that internal use makes the information irrelevant to external stakeholders.

Disclosure and the competitive barrier

Our engagements revealed that some banks may be doing more internally than their public disclosures indicate. In some cases, this means that progress may be further along than our assessment suggests. However, because this assessment focuses on publicly available evidence of the most material climate-related information, progress that is not disclosed cannot be assessed or compared consistently across banks.

If stronger approaches remain undisclosed, they cannot easily influence peers or raise expectations across the market. A common minimum level of disclosure, which we discuss in the next section, can help address this by creating greater transparency and comparability, while allowing banks to compete on the ambition of what they do beyond that minimum.

4. Should disclosure and transition strategy be mandatory?

Banks may acknowledge the financial impact of climate-related risks and the importance of anticipating a transitioning economy, while at the same time being aware of the competitive implications of moving faster than the rest of the market. This can create reluctance to be seen as either 'the leader or the laggard', where a bank may be prepared to improve their approach to disclosures and transition strategy but may be unwilling to bear the costs or competitive disadvantages of being the only – or first – institution to do so.

A form of competitive convergence may result from voluntary commitments in this environment. In our analysis we observe a 'race to the middle', where banks typically follow what they determine to be acceptable rather than what may be the most ambitious or successful response to climate risk.¹³⁴ Climate policy is not the only area where this occurs. The potential for regulatory differences to create incentives for avoidance or arbitrage has been illustrated by research on banking and regulatory competition, which has shown that differences in climate policy stringency can affect banks' lending behaviour – including through

134. European Central Bank, [Keynote speech by Frank Elderson at the Financial Market Authority's Supervisory Conference](#), October 2021.

increased cross-border lending towards jurisdictions with less stringent policies.¹³⁵

This begs the question: what exactly should be mandatory? Although they are related, disclosure, transition planning, targets, and real emissions reductions are different regulatory objectives. South Africa already has elements of each within its broader climate and financial regulatory architecture. The Climate Change Act establishes a national greenhouse gas emissions trajectory, sectoral emissions targets and carbon budgets, with carbon budget holders required to prepare, implement, monitor and report on greenhouse gas mitigation plans.¹³⁶ Within banking, the Prudential Authority's G2-2024 Guidance¹³⁷ addresses climate-related governance and risk practices, including transition planning, while G3-2025¹³⁸ provides guidance on climate-related disclosures, and states that climate-related disclosures are expected to become mandatory over time. The regulatory picture shows that South Africa is progressively developing a framework that connects climate risk management, disclosure, transition planning and the country's wider emissions objectives.

A principles-based approach can offer banks the flexibility to accommodate variations in their business models, portfolios and risk exposures. However, an excessive amount of flexibility can make it challenging for stakeholders to ascertain whether apparent disparities in approach are legitimate strategic differences or merely the result of varying levels of ambition, as we have observed in our analysis. To overcome the competitive disadvantages to uni-

lateral action, this emerging framework should offer enough consistency, comparability and accountability.

Prudential regulation does not need to prescribe exactly how 'green' a bank's lending portfolio should be. Banks should be required to identify and manage material climate-related risks consistently, disclose sufficient information to allow their approaches to be compared, and demonstrate how their strategies and targets are expected to manage those risks over time.

Ultimately, it will be necessary to distinguish the regulatory floor from the ceiling of bank ambition. The floor should set the mandatory minimal standards of accountability, risk management, transparency, and transition planning that stakeholders might reasonably expect from all South African banks. Beyond that threshold, individual institutions should be incentivised to adopt more aggressive goals, more robust sectoral policies, earlier phase-out, or more significant financial mobilisation towards the transition.

This would enable regulation to allow room for true leadership, while protecting banks that decide to advance more quickly from being at a competitive disadvantage. The objective is to create an environment where no bank may rely on its competitors' lack of action as a justification for inaction.

Ultimately, it will be necessary to distinguish the regulatory floor from the ceiling of bank ambition.

135. Benincasa, E., Kabas, G., & Ongena, S. R. G., Domestic Climate Policy and Cross-Border Lending, Swiss Finance Institute Research Paper No. 22-28, 2022.

136. At the time of writing, the company-level carbon budgets and mitigation plans are not yet legally mandatory, as the final implementing regulations remain pending, and sectoral emission targets have yet to be officially finalised.

137. SARB, Guidance on Climate-related Disclosures for Banks, 2024.

138. SARB Guidance on Climate-related Disclosures for Banks, 2025.

Conclusion

The *How cool is your bank?* report series sets out to ask whether South Africa's banks' strategies, governance, financing decisions and risk management are keeping pace with their climate commitments. On the evidence assessed across these three reports, there is some progress; but it is not sufficient.

Nedbank leads the pack with a score of only 59%, followed by **Investec** on 49%, **FirstRand** on 46%, **Absa** on 32% and **Standard Bank** on 31%. Three of the five – **Nedbank**, **FirstRand** and **Absa** – scored lower this year than they did in our last report.

The performance gap is more than a failure to achieve intentions. This report finds the gap to be the difference between what banks have announced, and what those commitments and claims oblige them to do.

Growth in green financing is not the same as reduction

Sustainable finance and renewable energy financing grew across the banking sector. Every bank has an interim sustainable finance target or is planning on setting more. Most are exceeding those targets; and for four of the five banks, renewable energy is now the larger share of energy financing. One bank, **FirstRand**, grew renewable energy lending by 175% in absolute terms.

Financed emissions did not fall. Reported financed emissions rose at every bank. Only **Investec** and **Nedbank** have reduced their absolute fossil fuel exposure since the last assessment. **Standard Bank** remains weighted towards fossil fuels at 61% of its energy financing; and once its off-balance sheet exposure is included, this rises to 68%.

This reflects the patterns seen globally, where growth on one side of the balance sheet does not substitute for reduction on the other. Only absolute emissions reductions reduce the amount of carbon in the atmosphere, and a bank whose renewable book and fossil book are both expanding has not changed direction.

The performance gap is more than a failure to achieve intentions. This report finds the gap to be the difference between what banks have announced, and what those commitments and claims oblige them to do.

Commitments exist, but very little binds them

Across all five banks, the elements that would convert a commitment into an obligation are missing and/or self-defined, providing scope to exclude what would make the most significant financial impact.

None of the banks have published a transition plan. Not one discloses what happens if a milestone is missed. But they all commit to achieving net zero by 2050.

Every bank classifies gas as a transition fuel. Only **FirstRand** and **Investec** have set a date after which it will stop qualifying gas as a transition fuel.

No bank has an absolute interim emissions reduction target for any non-fossil sector, although for several of them, agriculture, real estate and transport are among the largest financed emissions sectors.

Sustainable finance is defined by each bank for itself. All banks report against one of five self-authored standards, and only **Investec** explicitly articulates its incorporation of the South African Green Finance Taxonomy into its eligibility tests.

Where financing exclusions do apply, they generally apply at project level and on balance sheet. The one exclusion common to all five banks remains new coal-fired power generation – in relation to which, no South African project is or is likely to be proposed.

Commitments that cannot be tested are simply statements of intent that cost nothing to make and risk nothing.

Governance has form without function

Only **Nedbank** has a board committee specifically designed and dedicated to climate.

No bank discloses the basis on which it has characterised a board director's experience as climate or energy transition expertise.

None of the banks articulate how they approach climate-relevant conflicts with directors who have ties to the fossil fuel sector.

It remains unclear whether banks are setting truly quantifiable targets for climate-related KPIs in executive incentive schemes. This gives little assurance that executives are appropriately and measurably deployed and incentivised to implement climate strategy for the banks.

What to do with this information

If you bank with one of the assessed banks

Individual deposits do not sit still. Banks use deposits for the loans they provide. The five banks assessed differ substantially in what they finance on their loan books and in how much of it they will tell the public about.

This report does not advise anyone on where to bank. What it offers is a like-for-like comparison and a set of questions that make bank climate marketing easier to read. Three specific questions are worth asking when reading any bank's climate claims:

1. **Is the figure absolute, or a share of the loan book?** A bank can grow renewable energy lending dramatically in Rand terms while renewables remain a small fraction of what it lends overall.
2. **Does 'sustainable finance' mean climate finance?** At most of these banks, 'sustainable finance' also means social finance, which may be the larger part of that total 'sustainable finance'. Each bank decides for itself how it creates the breakdown within 'sustainable finance' and what it regards as 'social finance'.
3. **Does a financing exclusion cover the client, or only the project?** A fossil fuel financing policy that excludes new coal mines (a project) does not prevent the bank from lending to the company (client) trying to open new coal mines.

Customers can put these questions to their banks directly. Shareholders – including anyone whose pension or retirement savings hold bank shares – can put them to their investment officer or at annual general meetings of the banks, where they must be answered on the record.

If you are an investor

Transition risk is a valuation question. The SARB’s CRST puts transition risk to the South African market at close to R2 trillion, accumulated between 2013 and 2035. None of the banks publish a plan that sets out how it will manage its share of that R2 trillion exposure.

The practical consequence is that the current disclosures from banks do not support the assessments investors need to make:

- It is not established what a net-zero financed emissions commitment will cost, because no bank discloses the share of its target that it intends to offset.
- It is not established whether gas exposure is growing, because oil and gas are reported and targeted together; contraction in one can conceal expansion in the other.
- It is not established whether a fossil fuel restriction is binding, because the conditions attached to it are not published in enough detail for a third party to test whether they have been met.
- It is not established whether board climate oversight is informed, appropriate and relevant, because no bank explains why it regards a director’s experience as climate-relevant.
- It is not established whether bank management is paid to deliver on climate, because quantifiable climate KPIs are not common among the banks.

Targets are exceeded across the sector, often by wide margins and ahead of schedule. By itself, this is not a criticism. But what it demonstrates is that targets that satisfy banks’ ‘business as usual’ are forecasts of expected activity.

Six disclosures would materially change what investors can assess, and each is within reach of every bank in this report:

1. A published transition plan with interim milestones and stated consequences for missing them.
2. The proportion of the net-zero target to be met through off-sets – not just for operational emissions.
3. Gas separated from oil in both targets and reporting, with a specific end-date for the ‘transitional’ designation.
4. Fossil fuel exclusions extended from project level to client level, and from lending to underwriting, arranging and advisory services.
5. Facilitated emissions disclosure and reduction targets.
6. A stated proportion of executive variable remuneration linked to financed emissions reduction against a defined baseline.

If you are a policymaker or regulator

The central finding of this report is that voluntary frameworks enable banks to provide technically compliant but strategically narrow disclosures that avoid scrutiny of their most material climate risks.

The Prudential Authority nudges banks to disclose the climate targets they have set, the period and base period against which progress is measured, and the actions planned to achieve them. It does not say what those targets should be, and it does not make the disclosures mandatory.

When members of the NZBA voted in October 2025 to cease operations, the international accountability architecture that the previous edition of this report could assume ceased to exist.

Domestic regulation is now the only backstop.

Four gaps are visible in this assessment, and closing each is within reach:

- **No binding definition of sustainable finance:** South Africa has a Green Finance Taxonomy, published in 2022 and reviewed in 2025. Only one of the five banks references it. Until a common classification binds the banks, the national banking sustainable finance total is an aggregate of five incompatible, self-authored standards, and cannot be relied on for policy purposes.
- **No transition plan requirement:** None of the five banks has published a transition plan. Some of the banks have been describing a plan as forthcoming across successive reporting cycles. The international frameworks that define what a plan should contain are established and are already cited by

the banks themselves. The standard is not novel, and the obstacle is not technical.

- **A disclosure perimeter circumscribed to the balance sheet only:** No bank's exclusions explicitly cover underwriting, arranging, advisory or capital markets activity, and none discloses facilitated emissions. A regime confined to the balance sheet will systematically understate the banking sector's exposure.
- **Climate-specific conflicts of interest that current Companies Act regulation does not reach:** Section 75 of the Companies Act addresses a director's personal financial interest in a particular transaction. It does not address the structural question of what it would mean for a bank's climate oversight to be governed by directors whose careers were built in the sector that climate oversight is meant to constrain. No bank treats that as a conflict category, and nothing currently requires them to do so.

There are also framing questions and real considerations that only policy can settle. Every bank assessed invokes development, energy security and a just transition as reasons to continue financing fossil fuels.

In the absence of a policy framework that specifies what qualifies as transition financing in South Africa, each bank decides on its own boundaries and criteria.

Looking forward

Banks are not passive participants in the transition. A sector managing R9.2 trillion in assets is not waiting to see which way the economy turns. It is actively directing the economy.

Nothing in this report requires a bank to withdraw abruptly from the economy in which it operates. A disorderly exit from fossil fuels would carry real economic and social costs, and those costs would fall hardest on the people least responsible for the problem. The case for a managed and sequenced transition is therefore as important as the case for transition itself.

What this report requires is narrower and more demanding: banks' commitments must be capable of being tested against what they finance. Across the three editions of *How cool is your bank?*, banks have developed increasingly sophisticated policies, targets and reporting. But commitments have accumulated faster than evidence of a corresponding shift in capital allocation. The central question is no longer whether banks recognise climate risk; it is whether that recognition is changing lending decisions, sector exposure and the allocation of capital.

The next phase should focus on closing that gap. Banks must set targets that are specific, time-bound and measurable, disclose the information needed to assess progress, and connect climate governance to actual financing decisions. Regulators have an important role in setting consistent expectations for disclosure and risk management. Investors and clients can use their influence to demand greater transparency and stronger alignment between banks' commitments and their financing.

The findings of this assessment should therefore be a starting point for constructive engagement between banks, regulators, clients and investors. The aim should not be to prescribe a single pathway for every bank, but to identify and address the real constraints – and distinguish them from choices – that stand in the way of credible climate action.

The transition will not be delivered by commitments alone. It will be delivered through the cumulative effect of billions of individual financing decisions. South Africa's banks have the scale and influence to shape that transition. The question is whether they will use it.

The transition will not be delivered by commitments alone. It will be delivered through the cumulative effect of billions of individual financing decisions. South Africa's banks have the scale and influence to shape that transition. The question is whether they will use it.

Methodology

Sources and scope

The primary sources informing this analysis are the climate-related disclosures published by the banks. Where necessary, we have also drawn on the banks’ other annual disclosures, financing policies, governance policies and other relevant sustainability frameworks.

We developed the assessment framework with reference to established international and South African best practice, including relevant climate-accountability principles, regulatory guidance, reporting standards and peer assessments.¹³⁹ We have applied these principles to the South African banking context to assess whether banks’ policies, commitments and practices are sufficiently ambitious and effective to support the transition.

Importantly, information had to be publicly accessible in order to be used to score a bank. This preliminary filter ensures that the assessment is based on information available to external stakeholders and provides a test of the effectiveness of banks’ public disclosure, including in relation to their climate-related claims and commitments.

Due to each bank releasing reports for different time periods and at different times in the year, it was necessary to have a cut-off period after 30 June 2026. Only the most recent reporting suites for each bank published prior to this date were considered. The reporting period for the disclosures of each bank is outlined below:

- **Absa:** 1 January 2025 to 31 December 2025
- **FirstRand:** 1 July 2024 to 30 June 2025¹⁴⁰
- **Investec:** 1 April 2025 to 31 March 2026
- **Nedbank:** 1 January 2025 to 31 December 2025
- **Standard Bank:** 1 January 2025 to 31 December 2025

Exclusion of Capitec Holdings Limited

Capitec Bank Holdings Limited (Capitec), South Africa’s sixth-largest bank, was excluded from the assessment because its retail-focused business model is not directly comparable to the other five banks evaluated in this report. Capitec does not have material exposure to carbon-intensive assets, as it does not finance large corporate investment projects; its business banking division is focused primarily on SMEs and entrepreneurs.¹⁴¹

This distinction is reflected in Capitec’s Environment Policy, which explicitly rules out financing carbon-intensive projects: “[A]lthough Capitec’s business strategy has never included corporate financing for carbon-intensive assets (i.e. assets or organisations tied to energy and utilities, excluding water and renewable electricity production, with a relatively high level of direct or indirect greenhouse gas (GHG) emissions), as a general principle we will not provide corporate financing towards new, or the expansion of existing, carbon-intensive projects.”¹⁴²

Nonetheless, Capitec has taken steps to strengthen its climate-related disclosures. The bank has become a signatory to PCAF and has committed to calculating and disclosing its financed emissions within the next three years. It has also indicated that it will set science-based emission reduction targets once its emissions data is fully validated.

Given its limited exposure to carbon-intensive sectors and the absence of significant corporate and project financing activities, Capitec was not included in this comparative assessment. If these factors change, we will reassess this exclusion before the next report in 2028.

139. We assessed reports and standards from the following entities: Anthropocene, Bloomberg, The European Union, the European Banking Authority, ISSB, LSE Global School of Sustainability, Reclaim Finance, SARB, ShareAction, Sierra Club, Stand Earth, WEF, WWF.

140. FirstRand’s reports are released late in the year ahead of its December AGM. For this reason, we made use of its 2025 reporting suite, released in late 2025.

141. P 65, *Capitec Climate Report*, 2026.

142. P 1, *Capitec Environmental Policy*, 2026.

Assessment method

Indicator design

This third iteration of *How cool is your bank?* uses the same four themes as the previous report, and an additional fifth theme (nature and biodiversity), to assess banks’ performance against 26 indicators and their constituent 81 sub-indicators. The themes are:

- Fossil fuel exposure (max score 30)
- Emissions disclosure and targets (max score 30)
- Governance and strategy (max score 20)
- Sustainable and transition finance (max score 15)
- Nature and biodiversity (max score 5)

The total possible score is 100.

The weighting of each theme reflects our assessment of its relative importance to the transition, including the need to shift financial flows away from carbon-intensive activities and towards a low-carbon economy.

It is over a decade since the Paris Agreement, yet bank financing for fossil fuels continues to expand, despite banks setting emissions reduction targets and net-zero commitments. Our expectations of banks have therefore evolved alongside international and local best practice, regulatory developments, and the growing evidence of climate-related financial risk.

The introduction of sub-indicators reflects a more nuanced and contextualised approach to assessing banks across our themes. This increased granularity responds to two main considerations. First, our research draws on evolving international and South African best practice in assessing banks’ climate accountability. Second, ambiguity in definitions and their application makes it necessary to distinguish between different approaches to communicating and implementing climate ambitions.

The weighting of scores within each theme is based on Just Share’s evaluation of the progress the banks have made to date and the potential of each sub-indicator to drive further progress away from fossil fuel financing and towards sustainable finance. For example, since early 2022, all five banks have excluded the funding of new coal-fired power generation. We therefore assign less weight to this type of exclusion than to a more ambitious commitment, such as an exclusion of gas-fired power generation.

The overall score and ranking for each bank is provided. The narrative analysis indicates which banks are leading or lagging on each theme, and highlights areas where further progress is needed.

Analysis and scoring

After populating each bank’s scorecard, we circulated it to the banks for feedback. We did this to give each bank an opportunity to identify factual errors, clarify publicly available information and provide additional context that could assist our analysis.

The banks’ engagement did not determine the scores. We based scoring on publicly available information and retained responsibility for the assessment and final scores. Where banks provided information that corrected or clarified our interpretation of publicly available material, we incorporated it where appropriate. We did not use non-public information as the basis for scoring.

After completing this process, we finalised the scorecard and scores for each bank.

Appendix

Scorecard

INDICATOR			OPTION		
🔥 FOSSIL FUEL EXPOSURE					
1	1.1	Does the bank have a fossil fuel financing policy in place?		Yes	No
	1.2	If yes, please provide public access links to the policy.		Free text field	
2	2.1	Has the bank’s fossil fuel financing policy been updated since the last iteration of the HCIYB report to reflect global trends? (Please check the 2024 HCIYB report to see which set of reports was used).		Yes	No
	2.2	Please list all changes made and explain the rationale for all changes.		Free text field	
3	3.1	Does the bank’s current fossil fuel financing policy include any exclusions?		Yes	No
	3.2	If yes, to which fossil fuel segments do these exclusions apply? (Select all that apply)	Upstream (exploration and production)	Coal mining	Oil exploration, extraction and production
			Midstream (processing, transportation and storage)	Gas exploration, extraction and production	Other (if not included above, please provide details)
				Crude oil pipeline transportation	Natural gas pipeline transmission and distribution
				Other (if not included above, please provide details)	
			Downstream (refining, distribution and end use)	New coal-fired power generation	Gas-fired power generation
	Other (if not included above, please provide details)				
4	4.1	Do the bank’s exclusions in its fossil fuel financing policy explicitly apply to or cover off-balance sheet financial services, such as underwriting, advisory services, and capital markets transactions?		Yes	No
	4.2	If yes, please provide details on how the bank applies its fossil fuel financing policy to off-balance sheet services.		Free text field	
5	5.1	What is the bank’s current fossil fuel exposure (expressed as % of the total energy financing)? This metric is looking at capital exposure in Rands.		Less than 25%	greater than 25% but less than 50%
				greater than 50% but less than 100%	100%
	5.2	What is the change in the bank’s current fossil fuel exposure expressed as the % of the total loan book since the last HCIYB report? This metric is looking at capital exposure in Rands.		Free text field	
	5.3	What is the percentage change in the bank’s fossil fuel exposure since the last HCIYB report? This metric is looking at how capital exposure in Rands has changed year-on-year. Please provide as much detail on your workings as possible.		Free text field	
	5.4	Please provide any additional details to explain the change in fossil fuel exposure. This includes updates on any envisaged future changes due to drawing down of existing exposures or exposure to new clients or projects.		Free text field	

INDICATOR			OPTION		
6	6.1	What is the bank’s current renewable energy exposure (expressed as a % of the total energy financing)? This metric is looking at capital exposure in Rands.	Less than 25%	greater than 25% but less than 50%	
			greater than 50% but less than 100%	100%	
	6.2	What is the change in the bank’s current renewable exposure expressed as the % of the total loan book since the last HCIYB report? This metric is looking at capital exposure in Rands.	Free text field		
	6.3	What is the percentage change in the bank’s renewable exposure since the last HCIYB report? This metric is looking at how capital exposure in Rands has changed year-on-year. Please provide as much detail as possible on how this was calculated.	Free text field		
	6.4	Please provide any additional details to explain the change in the bank’s renewable energy exposure. This includes updates on any envisaged changes due to drawing down of existing exposures or exposure to new clients or projects.	Free text field		
🧠 EMISSIONS DISCLOSURE & TARGETS					
7	7.1	Has the bank increased the number of sectors its emissions disclosure covers since the last HCIYB report?	Yes	No	
	7.2	Has emissions disclosure within sectors improved since the last HCIYB report?	Yes	No	
	7.3	Please provide your total financed emissions in tonnes of carbon dioxide equivalent (tCO ₂ e).	Free text field		
	7.4	What percentage of the bank’s total loan book do the disclosed financed emissions cover?	Less than 25%	greater than 25% but less than 50%	
			greater than 50% but less than 100%	100%	
7.5	Please provide further details on how the bank is planning to improve the coverage and quality of its financed emissions disclosures and within which timelines.	Free text field			
8	8.1	For which of these sectors does the bank calculate and disclose its scope 3 financed emissions? Please provide the figure (in tCO ₂ e) for the sectors you disclose. (Select all that apply)	Upstream (exploration and production)	Coal mining	Oil exploration, extraction and production
				Gas exploration, extraction and production	Other (if not included above, please provide details)
			Midstream (processing, transportation and storage)	Crude oil pipeline transportation	Natural gas pipeline transmission and distribution
				Other (if not included above, please provide details)	
			Downstream (refining, distribution and end use)	Coal-fired power generation	Gas-fired power generation
				Other (if not included above, please provide details)	
			Other sectors	Transportation: Aviation, shipping/ maritime, road transport (freight and passenger), rail.	Heavy Industry: Steel and iron, cement, chemicals, aluminum, glass, pulp and paper.
				Real Estate and buildings: Commercial real estate, residential mortgages, construction.	Agriculture, food & forestry: Crop production, livestock, forestry and land use, food and beverage processing.
				Manufacturing: General manufacturing not covered by heavy industry, textiles, electronics.	Other (if not included above, please provide details)

INDICATOR			OPTION	
9	9.1	What is the percentage change in the bank's total financed emissions since the last HCIYB report? This metric is looking at the tCO ₂ e change since the last HCIYB report. Please provide as much detail on your workings as possible and substantiate the reason for the change.	Free text field	
	10.1	Does the bank calculate and disclose its facilitated emissions?	Yes	No
10	10.2	If yes, please provide the total facilitated emissions figure in tCO ₂ e.	Free text field	
	10.3	Please provide further details on how the bank is planning to improve the coverage and quality of its facilitated emissions disclosures and within which timelines.	Free text field	
11	11.1	Does the bank have an interim absolute emissions reduction target for its financed emissions from coal? (Interim is defined as between 2028 and 2049).	Yes	No
	11.2	Is it validated and verified against a science-based standard e.g IEA NZE, SBTi?	Yes	No
	11.3	Is there progress?	Yes	No
	11.4	Does the bank have an interim absolute emissions reduction target for its financed emissions from oil and gas? (Interim is defined as between 2028 and 2049)	Yes	No
	11.5	Is it validated and verified against a science-based standard e.g. IEA NZE, SBTi?	Yes	No
	11.6	Is there progress?	Yes	No
12	12.1	Does the bank have an absolute interim reduction target for financed emissions from sectors other than fossil fuels?	Yes	No
	12.2	Is it validated and verified against a science-based standard e.g. IEA NZE, SBTi?	Yes	No
	12.3	Is there progress?	Yes	No
13	13.1	Does the bank have a net-zero target? A valid net-zero target should be aligned with the Paris Agreement (net zero by 2050) and include the bank's full value chain emissions, covering its total loan book.	Yes	No
	13.2	Does the bank's net-zero target include carbon offsets?	Yes	No
	13.3	If yes, what proportion of the target will be achieved through the use of offsets?	less than 10%	10%
			greater than 10%	
	13.4	Please share any additional details on the bank's net-zero target.	Free text field	

INDICATOR		OPTION				
🏛️ GOVERNANCE & STRATEGY						
14	14.1	Is there a clearly identified board committee (or the full board) with explicit, documented responsibility for climate and transition strategy?		Yes	No	
	14.2	If yes, please provide public access links that outline the board’s oversight as it relates to climate and transition strategy.		Free text field		
	14.3	Please share any details on the board’s mandate and strategic oversight on the bank’s climate strategy. Please detail whether there is a clear line of delegation from the board to management on climate execution and whether the board’s climate oversight extends to capital allocation and lending policy decisions.		Free text field		
15	15.1	Does the bank disclose the climate or energy transition expertise of the board members responsible for climate oversight? For this metric we are evaluating the board as it is reflected in the most recent set of reports.		Yes	No	
	15.2	If yes, please provide public access links that outline the expertise of the board members responsible for climate oversight.				
	15.3	Please share any additional details on how the board considers climate or energy transition expertise. Include details on the criteria used to assess the climate competencies of board members.		Free text field		
16	16.1	Does the bank disclose, by name, which board members have/ had ties (in the past three years) to fossil fuel industries? This includes directorships or executive roles at fossil fuel companies (oil, gas, coal, including midstream and downstream), recent former employment in fossil fuel industries, significant personal financial interests in fossil fuel companies (shareholdings, deferred compensation, pension entitlements linked to fossil fuel company performance), directorships or advisory roles at industry bodies such as fossil fuel industry associations.		Yes	No	
	16.2	If yes, please provide additional details on board members with links to the fossil fuel sector.		Free text field		
	16.3	Does the bank’s conflict of interest framework explicitly identify ties to fossil fuel industries as a category of climate-relevant conflict? Further does the conflict policy specify the types of climate-related decisions that trigger a recusal obligation?		Yes	No	
	16.4	If yes, please provide public access links to the board’s conflict of interest framework.		Free text field		
17	17.1	Does the bank include climate-specific quantitative KPIs in its executive incentive structures?		Yes	No	
	17.2	Please provide public access links to the remuneration policy that outlines climate-specific KPIs.		Free text field		
	17.3	If yes, which of the following remuneration mechanisms has the bank incorporated into its incentive structures? (Select all that apply)	Financed emissions reduction targets: a quantified portion of executive variable remuneration (STI and/or LTI) is linked to measurable reductions in financed emissions — expressed as absolute emissions (tCO ₂ e) or emissions intensity, with defined baselines, interim milestones, and vesting thresholds		Sustainable and transition finance origination targets: A quantified portion of executive variable remuneration is linked to the origination of sustainable and/or transition finance — expressed as a proportion of total new lending rather than only as an absolute rand amount.	
			Client transition engagement milestones: A quantified portion of executive variable remuneration is linked to measurable progress in engaging the bank’s highest-emitting clients to develop and deliver credible transition plans, with defined escalation consequences (conditional financing, enhanced monitoring, or managed exit) when engagement does not achieve the required milestones within specified timeframes		Sectoral emissions intensity benchmarking: A quantified portion of executive variable remuneration is linked to whether the bank’s lending portfolios in priority sectors are tracking at or below recognised external decarbonisation benchmarks (such as IEA NZE sectoral pathways or SBTi sectoral targets), with vesting scaled to the degree of alignment or divergence	
			Other (if not included above, please provide details)			
	17.4	What proportion of total variable remuneration (both short-term incentives and long-term incentives) is linked to climate-specific KPIs?		Free text field		
	17.5	Please provide any additional details on the remuneration policy as it relates to the bank’s climate targets.		Free text field		

	INDICATOR		OPTION		
18	18.1	Does the bank use scenario analysis to assess the resilience of its climate strategies and targets?		Yes	No
	18.2	Please provide public access links to this scenario analysis.		Free text field	
	18.3	If yes, please specify which scenarios the bank has used to measure risk and opportunities (Select all that apply)	NGFS Scenarios (Network for Greening the Financial System)	Net Zero 2050	Below 2°C
				Divergent Net Zero	Delayed Transition
				Nationally Determined Contributions (NDCs)	Current Policies
			IEA Scenarios (International Energy Agency)	Net-Zero Emissions by 2050 (NZE)	Announced Pledges Scenario (APS) models
				Stated Policies Scenario (STEPS)	
			IPCC Scenarios (Intergovernmental Panel on Climate Change)	SSP1-1.9, which is the most ambitious mitigation pathway, limiting warming to approximately 1.5°C	SSP1-2.6 limits warming to approximately 1.8°C and is broadly consistent with Paris Agreement goals
				SSP2-4.5 is a middle-of-the-road scenario with moderate mitigation, resulting in roughly 2.7°C of warming by 2100	SP3-7.0 assumes high emissions with regional rivalry and weak international cooperation, leading to roughly 3.6°C
		SSP5-8.5 is the highest-emissions pathway, representing fossil-fuel-intensive development with approximately 4.4°C of warming			
	Other (please specify)	Free text field			
18.4	Has climate scenario analysis affected the bank’s lending and capital allocation strategy?		Yes	No	
18.5	If yes, please provide specific examples of how scenario analysis has informed the bank’s lending and capital allocation strategy.		Free text field		
19	19.1	Does the bank have a credible, timebound transition plan that specifies how it will transform its portfolio, with defined actions, interim milestones, and mechanisms for accountability when milestones are missed?		Yes	No
	19.2	If yes, please provide public access links to the transition plan.		Free text field	
	19.3	If yes, does the bank’s transition plan include the following elements? (Select all that apply):	A clear long-term objective anchored to a specific temperature outcome and target date	Interim milestones and targets	
			The bank’s full value chain of emissions (including financed emissions)	Scaling up of climate solutions financing	
			Decarbonisation targets for existing high-emitting exposures		
19.4	Please share any additional details on the bank’s transition planning approach.		Free text field		

INDICATOR			OPTION	
 SUSTAINABLE & TRANSITION FINANCE				
20	20.1	Does the bank have a publicly available framework that classifies what constitutes ‘sustainable finance’? A clearly defined framework specifies which recognised external taxonomies or standards it draws on and maintains a clear categorical separation between green finance, social finance, sustainability-linked finance, and transition finance.	Yes	No
	20.2	Does the framework exclude financing of fossil fuels?	Free text field	
21	21.1	Has the bank’s sustainable finance framework been updated since the last iteration of the HCIYB report to reflect global trends? (Please check the 2024 HCIYB report to see which set of reports was used)	Yes	No
	21.2	Please list all changes made and explain the rationale for all changes.	Free text field	
22	22.1	Does the bank have a publicly available framework that classifies what constitutes ‘transition finance’?	Yes	No
23	23.1	Does the bank impose timebound, science-aligned guardrails on gas financing? Select all that apply.	Temporal boundary on the ‘transition’ designation. Does the bank define a specific end-date by which gas will no longer qualify as a transition fuel in its portfolio?	Restrictions on new gas infrastructure financing. Does the bank distinguish between supporting existing gas assets and financing new gas infrastructure (pipelines, LNG terminals, gas-fired power plants)?
			Declining portfolio exposure pathway. Has the bank set interim, quantified reduction targets for gas financing?	Technology and use-case conditions. Does the bank restrict gas financing to specific use-cases where alternatives are not yet viable, as opposed to blanket acceptance of all gas projects? Does the bank require borrowers to demonstrate that the gas asset cannot feasibly be replaced by renewables plus storage?
			Borrower transition plan requirements. Does the bank require gas-sector clients to have credible, published transition plans with their own timebound commitments — including capital expenditure alignment with declining gas demand scenarios, methane emissions reduction targets, and no-expansion commitments — as a condition of continued financing?	Other (if not included above, please provide details)
24	24.1	Does the bank disclose its sustainable finance as a percentage of its total loan book?	Yes	No
	24.2	If yes, please state the proportion of sustainable finance relative to the bank’s total loan book.	Free text field	
	24.3	What is the percentage change in the bank’s sustainable finance since the last HCIYB report? This metric is looking at how capital exposure in Rands has changed year-on-year. Please provide as much detail on your workings as possible.	Free text field	
	24.4	What is the change in the bank’s facilitated sustainable finance expressed as a % of the total loan book since the last HCIYB report? This metric is looking at how capital exposure in Rands has changed. Please provide as much detail on your workings as possible.	Free text field	

INDICATOR		OPTION	
25	25.1	Has the bank set interim targets for increasing its sustainable finance?	Yes No
	25.2	Is the target a percentage of GLAA or an absolute figure? Please state the percentage or figure.	Percentage of GLAA Absolute figure
	25.3	Is it possible to distinguish between the bank’s climate and social finance?	Yes No
	25.4	Does the bank provide a breakdown of transition finance (in Rands)?	Yes No
	25.5	Please provide details on the bank’s progress on its sustainable finance targets as well as the bank’s future approach to sustainable and transition finance.	Free text field
🌿 NATURE & BIODIVERSITY			
26	26.1	Has the bank conducted a systematic, location-specific assessment of its nature-related dependencies, impacts, risks and opportunities?	Yes No
	26.2	If yes, please provide a link to this assessment.	Free text field
	26.3	Please share any additional details on the bank’s approach to nature and biodiversity.	Free text field

Just Share

