

## 1 INTRODUCTION

- 1.1 Nedbank Group's purpose is 'to use our financial expertise to do good for individuals, families, businesses and society' and we understand that our long-term sustainability is contingent on the success of the societies in which we do business. It is therefore vital for us to understand our role as a purpose-led organisation in the economy and how society can prosper as a result of our activities.
- 1.2 As part of our journey as a purpose-led business, we are committed to playing a leading role in addressing climate change and Sustainability, as well as the risks and opportunities that it presents, in ways that are sensitive to the local socioeconomic context and climate vulnerability.
- 1.3 Banks, Insurers and Asset Management companies play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders, by providing capital where it is needed most. These financial services companies' financing choices, investments, insurance and business activities can serve to enable the necessary transition to a low-carbon economy and contribute to building climate resilience through the financing of mitigation and adaptation measures.

## 2 THE MANDATE OF THE GSCRC

- 2.1 Given the above, Nedbank Group (Nedbank or the Group) commits to appropriately aligning over time its strategy, policies, mandates and incentives with the objectives of the Paris Agreement, the Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD), Taskforce on Nature Related Disclosures (TNFD), International Financial Reporting Standards (IFRS) S1 & S2 as well as the Basel Committee on Banking Supervision's (BCBS) Principles for the effective management of Climate-Related financial risks and other domestic regulatory requirements.
- 2.2 The GSCRC is appointed and authorised by the board in terms of section 72(1)(b) of the Companies Act.
- 2.3 The objectives of the committee are to enable the board to achieve its responsibilities in relation to the Group's:
  - 2.3.1 Identification, assessment, control, transfer, management, reporting and remediation of all categories of Sustainability and climate-related risks and opportunities;
  - 2.3.2 Adherence to internal risk management policies, procedures, processes and practices; and
  - 2.3.3 Oversight of the adequacy and effectiveness of the Climate Risk Management Framework (CRMF) and the Social and Environmental Risk Management Framework (SERMF) in line with the Enterprise-Wide Risk Management Framework (ERMF), which shall include key risks, key performance indicators as well as branding, market positioning and opportunities / strategy in relation to social, environmental and climate-related risks and opportunities.

## 3 DUTIES

- 3.1 The GSCRC has monitoring, steering and decision-making responsibilities. The functions listed below shall be the common recurring activities of the committee in discharging its mandate. This

charter serves as a guide and does not prevent the committee from carrying out such additional functions and adopt such additional measures as may be appropriate in the light of changing business, regulatory, strategic, risk or other conditions.

## 4 OBJECTIVES

- 4.1 The GSCRC shall at a minimum exercise oversight over those risks and opportunities listed in the CRMF and the SERMF which shall include the consideration, assessment, recommendation and making of decisions relating to:
  - 4.1.1 Oversight and steering of overall climate and broader social and environmental risk management;
  - 4.1.2 Monitoring the implementation and ongoing maintenance of the CRMF and the SERMF, and the adoption of best practice to ensure risks and opportunities are properly identified, evaluated/measured, managed and monitored on an on-going basis;
  - 4.1.3 Identification of any build up and concentration of the various sustainability and climate-related risks, including emerging risks, to which the Group, banking, insurance and asset management entities are actually or potentially exposed;
  - 4.1.4 Development of a risk mitigation strategy to ensure that the Group, banking, insurance and asset management entities manage the sustainability and climate-related risks in an optimal manner;
  - 4.1.5 Ensuring that a formal risk assessment is undertaken at least annually and to monitor that the CRMF & SERMF risk assessment methodology is implemented, maintained and reported effectively throughout the Group;
  - 4.1.6 Identifying and regularly monitoring all key sustainability and climate-related risks, controversial matters, and opportunities to ensure that the decision-making capabilities and accuracy of its reporting is maintained at a high level, and
  - 4.1.7 Optimising the Group's market positioning and branding as a leader in sustainability, including that related to climate change.

## 5 SPECIFIC

- 5.1 The GSCRC focuses on sustainability and climate resilience, including opportunities, and how the Group can be positioned as the industry leaders in Sustainable Development Finance (SDF). Sustainability and climate change are catalysts to address the broader SDF agenda.

## 6 OVERSIGHT AND RESPONSIBILITIES

- 6.1 Sustainability and climate risks are risks that manifest in other risk types such as Credit, Market, Operational, Strategic, Insurance and Compliance risk. Through physical, transitional and liability risk events, Sustainability and climate risks may give rise to several risks contained within the Group's Risk Universe.

- 6.2 With regards to the identification, assessment and management of risks and opportunities the GSCRC shall monitor in-scope risks as described in the Social and Environmental and Climate Risk Management Frameworks as follows:
- 6.2.1 With respect to strategy (Sustainability and climate risks and opportunities, linking into the branding and marketing positioning, and strategic and financial plans), to ensure the independent oversight to unlock these opportunities which requires an understanding of the Group's clients' and suppliers' exposures, geographical distribution and accompanying climate-related risks and/or challenges within these areas, among others, availability of information and data quality in relation to sectoral exposures will have an impact on assessing the Group's exposure to Sustainability and climate-related risk in identified high-risk sectors;
- 6.2.2 Sustainability and climate-related risks and opportunities and the Governance thereof;
- 6.2.3 Risk Management and the integration of sustainability and climate-related risks into the Nedbank Group Risk Universe, to ensure that risk management is effective;
- 6.2.4 To develop sustainability and climate-related policies in respect of risks and opportunities as well as metrics and targets.
- 6.2.5 To ensure alignment of the Social and Environmental Policy and Social and Environmental Management System (SEMS) to assess all high impact industry transactions against compliance requirements and internal targets set;
- 6.2.6 To oversee the implementation of systems for capturing of SEMS, sustainability and climate-related risk data for scenario planning and reporting towards strategy deliverables as well as provide insight in the implications of developments and actions;
- 6.2.7 Monitor liability risk: Potential for damages sought by those most impacted by climate change against those held accountable for contributing to carbon emissions; and
- 6.2.8 Ensure alignment with the Group's Purpose Program of Work (PPOW) and strategic goals, supporting the business goals linked to the climate-related Sustainability Development Goals (SDGs), and optimising the Group's positioning as the 'Green bank' (market position).
- 6.2.9 Ensure that these identified sustainability and climate opportunities are integrated into the strategy and the Group business plan.
- 6.3 Monitor that adequate and reliable risk management information is furnished which enables the committee to:
- 6.3.1 ensure that a strong risk culture is maintained and ensure that it is fit for purpose to ensure the integration of sustainability and climate-related risks and opportunities across the risk culture;
- 6.3.2 understand climate-related risk and opportunities as listed in the CRMF including compliance with risk appetite, limits, and authority levels and the strategy to deal with abnormal events/ issues;
- 6.3.3 effectively manage sustainability and climate-related risks and opportunities in the Group, to formulate an opinion thereon and to adequately understand the issues involved;
- 6.3.4 review and make recommendations to the board and other committees on sustainability and climate-related risks and opportunities and the integration into other risk types and related matters;
- 6.3.5 consider corrective steps taken by management to address sustainability and climate-related risks and opportunities and the implementation of risk management enhancements;
- 6.3.6 co-ordinate the monitoring of sustainability and climate-related risks and opportunities on a groupwide basis.

### 7 OTHER RESPONSIBILITIES/FUNCTIONS

- 7.1 Make such recommendations with regard to any of the matters listed above and other matters as it deems necessary or appropriate for the effective management of climate-related risks and opportunities as well as perform such other functions as may be:
- 7.1.1 Prescribed by the South African Reserve Bank (SARB) Prudential Authority (PA) from time to time in the regulations relating to Banks;
- 7.1.2 Directed by the board or required by regulations over and above the South African Bank's Act, 94 of 1990 as amended (Banks Act); and
- 7.1.3 Directed by the board to ensure alignment, where appropriate, to global leading practices including, inter alia, the TCFD, the TNFD, the Network for Central Banks and Supervisors for Greening the Financial System (NGFS), the BCBS, the International Sustainability Standards Board (ISSB) and Partnership for Carbon Accounting Financials (PCAF), subject to domestic legislation and regulations taking precedence.
- 7.2 Review plans and monitor implementation of any new group regulatory programme relating to sustainability and climate-related risks and opportunities within the scope of this committee.
- 7.3 To engage with other committees, including but not limited to:
- 7.3.1 The Group Remuneration Committee (Remco) in the evaluation of the incentive's principles and standards relating to sustainability and climate;
- 7.3.2 The Directors Affairs Committee (DAC) when sustainability or climate risks have an impact on governance and compliance risks and reputational risk;
- 7.3.3 The Group Credit Committee (GCC) when sustainability or climate risks have an impact on credit and credit concentration risks;
- 7.3.4 The Group Risk and Capital Management Committee (GRCMC) when sustainability or climate risks have an impact on liquidity & funding risks; operational risk (including legal risk); capital risk; market risks [including trading risks, derivatives, interest rate risk/Assets and Liabilities Management and Executive Risk Committee (ALCO)]; conduct risk; regulatory risk; business and strategic (execution) risks, insurance risk and concentration risk (relevant to the GRCMC risk types);

- 7.3.5 The Group Audit Committee (GAC) when sustainability or climate risks have an impact on the accounting, financial and taxation risks;
- 7.3.6 The Group Transformation, Social and Ethics Committee (GTSEC), when sustainability or climate risks have an impact on the various enablement functions and roles of Group HR, GMCA, Group Finance and Group Compliance as set out in the GTSEC agenda matrix and charter.
- 7.3.7 The Group Information Technology Committee (GITCO) when sustainability or climate risks have an impact on technology risk.

### 8 MEETINGS AND RELATED MATTERS

- 8.1 The GSCRC shall be a committee of record. The GSCRC Secretary shall:
  - 8.1.1 Serve as the Committee Secretary and facilitate its meetings;
  - 8.1.2 Prepare the agenda for each meeting;
  - 8.1.3 Collate and distribute all documents for the meeting;
  - 8.1.4 Draft and distribute the minutes of the meeting for review/approval; and
  - 8.1.5 Keep records of minutes, decisions and all documents that show the committee's fulfilment of its responsibilities and facilitate the assessment of the effective performance of its functions, with the exception of any recordings, draft notes and transcripts of meetings which will be destroyed once the GSCRC has approved the minutes of the relevant meeting.

### 9 CHARTER REVIEW

- 9.1 The GSCRC shall annually review its charter to ensure it remains fit-for-purpose.
- 9.2 The GSCRC shall annually review its operating efficiency through the completion of a self-assessment questionnaire to ensure that it complies with best practice and the ERMF.