



**NEDBANK**  
GROUP

# Climate Report

for the year ended 31 December 2024

see money differently

# Our reporting universe

group.nedbank.co.za

## Integrated Report



The **2024 Nedbank Group Integrated Report** was produced in accordance with the Integrated Reporting Framework and King IV Report on Corporate Governance for South Africa (King IV)\*. It provides a comprehensive, yet concise overview of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term. It primarily caters for the information needs of long-term investors, including our equity shareholders, bondholders, debt providers and prospective investors.

This report is also relevant to other stakeholders as it addresses material issues relating to value creation for them. It is supplemented by more detailed reporting in our various online publications, which include financial, risk management, sustainability, and environmental, social and governance (ESG) disclosures. These reports can be accessed on our website at [group.nedbank.co.za](http://group.nedbank.co.za).



- D** Double materiality
- LA** Limited assurance over selected KPIs

## Financial reporting



### What is disclosed in these reports or online

Information relating to the group's financial position and performance. It is primarily of interest to Nedbank's equity and debt investors, credit rating agencies, depositors, regulators, and various other stakeholders. The disclosed information can be used to assess the group's financial performance, strength and prospects, and includes important regulatory disclosures.

- **2024 Results Booklet and presentation** **F**
- **2024 Nedbank Group Annual Financial Statements** **A F**

### Key regulatory and reporting frameworks

- International Financial Reporting Standards (IFRS) Accounting Standards
- Companies Act, 71 of 2008 (Companies Act)
- JSE Listings Requirements

## Climate reporting



Information relating to the group's climate-related activities, governance, strategy, policies, risk management, carbon footprint and emissions, as well as targets. It is primarily of interest to investors, non-governmental organisations (NGOs), ESG ratings agencies, as well as key stakeholders such as clients and invested members of society who associate with value-aligned and purpose-driven companies. The disclosed information can be used to assess Nedbank's progress in managing its positive and negative impacts in addressing climate change.

- **2024 Climate Report** **LA IA INCOME D**
- Nedbank Energy Policy\*
- Nedbank Climate Change Position Statement\*
- Nedbank Nature Position Statement\*

- Basel Committee on Banking Supervision (BCBS)
- Global Reporting Initiative (GRI) Standards
- JSE Sustainability and Environmental Disclosures
- *Considered the IFRS Sustainability Disclosure Standards*

## Societal reporting



Information relating to how the group uses its financial expertise to do good by creating positive economic, societal and environmental impacts, including those aligned with the United Nations (UN) Sustainable Development Goals (SDGs). They are primarily of interest to investors, existing and prospective employees, regulators, NGOs, existing and prospective clients, ESG ratings agencies, and engaged members of society. The disclosed information demonstrates progress in how Nedbank is fulfilling its purpose.

- Our **2024 Society Report** **LA I** includes the following content sections:
- Sustainable development finance (SDF)
  - Human capital, diversity and inclusion
  - Social impact
  - Supplier relationships and procurement
  - Client responsibility
  - Financial inclusion
  - Transformation

The following information is available online:

- Broad-based black economic empowerment (BBBEE) certificate\*\*
- GRI Standards disclosures\*\*
- SDF inclusion criteria\*\*

- GRI Standards
- King IV
- UN Global Compact
- Application of the Amended Financial Sector Code (FSC) and the BBBEE Act, 53 of 2003
- *The JSE Sustainability Disclosures and the ISSB Sustainability-related Financial Disclosures were also considered.*

## Governance reporting



Information relating to board matters, ethics, financial crime, tax and remuneration, as well as regulatory risk disclosures. They are primarily of interest to debt and equity investors, credit and ESG rating agencies, clients, employees, regulators, suppliers and members of society. The information disclosed demonstrates how Nedbank performs business through sound risk and governance practices, upholding the highest standards of ethics, integrity, transparency and accountability. It also includes important regulatory disclosures.

- Our **2024 Governance Report** **L D** includes the following content sections:
- Governance
  - Ethics
  - Financial crime (including anti-money-laundering and cybercrime)
  - Remuneration Policy and Remuneration Implementation Report
  - Tax disclosures
  - Stakeholder engagement

**2024 Pillar 3 Risk and Capital Management Report** **IA F**

The following information is available online:

- Key policies\*
- Board and Group Executive Committee CVs and profiles\*

- King IV
- Companies Act
- Banks Act, 94 of 1990
- South African Reserve Bank (SARB) regulations, directives and circulars
- BCBS guidance
- JSE Listings Requirements
- JSE Debt and Specialist Securities Listings Requirements
- Other applicable laws, regulations, and best-practice principles
- GRI Standards

## Shareholder information



Notice of the group's annual general meeting (AGM) and form of proxy provide valuable information to shareholders who want to participate in the Nedbank Group 58th AGM.

- Notice of 58th annual general meeting
- Form of proxy
- Memorandum of incorporation\*\*
- Shareholding profile\*

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\*\* Available separately at [group.nedbank.co.za](http://group.nedbank.co.za).

## About our 2024 Climate Report

Our climate reporting includes information relating to the group's climate-related activities, governance, strategy, policies, risk management, carbon footprint and emissions, as well as targets. It is primarily of interest to investors, non-governmental organisations (NGOs), ESG ratings agencies, as well as key stakeholders such as clients and invested members of society who associate with value aligned and purpose-driven companies. The disclosed information can be used to assess Nedbank's progress in managing its positive and negative impacts in addressing climate change.



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# About our 2024 Climate Report

► This Nedbank Climate Report supplements the 2024 Nedbank Group Integrated Report, detailing the group’s approach to managing and responding to climate-related risks and opportunities. The sustainability disclosures in this report should be read in conjunction with the Nedbank Group Annual Results for the year ended 31 December 2024, with the reporting boundary being consistent with that of the Nedbank Group.

This report highlights Nedbank’s commitment to fulfilling its purpose to use its financial expertise to do good, thereby creating value for all stakeholders. It is a snapshot in time that details the group’s governance, strategy, risk management, and performance metrics in managing climate-related risks and opportunities.

In this report, we share our progress on the journey to net zero, along with developments in achieving other climate action objectives. By transparently sharing this information, we aim to empower our

stakeholders with the knowledge to make informed decisions, foster trust, and drive positive change. This report also highlights our collective efforts towards a more resilient and sustainable future for the planet.

### Reporting period

The 2024 Nedbank integrated reporting suite, including this Climate Report, covers the period from 1 January to 31 December 2024, which is Nedbank’s financial year and aligns with our 2024 annual financial results. It may, however, include details of material events after this date, up until board approval of the reports on 15 April 2025.

### The reporting frameworks we adhere to

Our Climate Report follows several key reporting frameworks to ensure comprehensive and transparent disclosure. We are guided by the International Sustainability Standards Board (ISSB) Sustainability-related Financial Disclosures, the Global Reporting Initiative (GRI), the King Code of Governance Principles for South Africa (King IV™\*), and the Amended Financial Sector Code. Additionally, we follow the Johannesburg Stock Exchange Sustainability and Climate Disclosure Guidance.

### Assurance

Our 2024 Annual Financial Statements were assured by our joint external auditors, Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte). Limited assurance on selected sustainability information was provided by EY.

 **Please refer to our Integrated Report for further information on the selected sustainability information subject to external assurance and EY’s assurance opinion.**

Group Internal Audit conducted a Limited Assurance Review of the 2024 Nedbank Group Climate Report. This review ensures the accuracy and reliability of the information presented, reinforcing our commitment to transparency and accountability in our climate-related disclosures.

### Forward-looking statements

This report contains certain forward-looking statements regarding the group’s financial position, results, strategy, operations, and businesses. These statements and forecasts

involve risks and uncertainties, as they relate to future events and circumstances. Various factors could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, all forward-looking statements have not been reviewed or reported on by the group’s joint auditors. Forward-looking statements made by Nedbank Group on 4 March 2024, at the time of releasing our 2024 results, were informed by the group’s business plans and economic forecasts as of February 2025.

### Embracing digital reporting

Our 2024 Climate Report has been designed for an enhanced digital experience and ease of use as our stakeholders now primarily engage with information through digital channels.

The landscape layout supports readability on computer screens and tablets while the digital navigation capability in the report will assist you to easily navigate between different sections or topics. This can be done using the navigation icons at the top of the page.

#### Digital navigation icons

-  Video
-  Read more
-  Web

#### ESG data



This icon refers to ESG data contained in a comprehensive table, available at [group.nedbank.co.za](http://group.nedbank.co.za).



# Foreword by Jason Quinn, Nedbank Group Chief Executive



As we navigate the emerging business risks posed by climate change, biodiversity loss and increasing rates of inequality our commitment to supporting the Just Transition, underpinned by scientific principles, remains unwavering. We recognise that addressing these risks systemically and collaboratively builds the resilience and strength of our business and fosters better social and environmental outcomes for our stakeholders.

Jason Quinn, Chief Executive

Entering 2025, the global landscape has become more fragmented across various domains, including geopolitics, rights to equitable economic growth, the environment, and diversity, equity, and inclusion (DEI). Over the past year we have seen conflicts escalating, extreme weather events, deepening societal and political divides, and rapid technological progress that has fuelled the spread of misinformation.

2024 was the hottest year on record and we saw an increase in the number and intensity of weather-related disasters. From the floods in Spain and the heatwaves in London, to the wildfires in Los Angeles and, in our country, the winter floods in the Western Cape. **These accelerating climate and biodiversity crises pose some of the greatest emerging risks to business of our time.** No wonder the World Economic Forum's Global Risk Report 2025 highlighted this alarming escalation of environmental risks that have intensified in frequency and severity since 2006 and are having immediate, tangible impacts on economies across the globe. The next decade looks particularly concerning, with environmental risks expected to deteriorate the most among the 33 identified risks, underscoring the urgent need for action given its intimate link to economic growth and social stability.

As we reflect on the outcomes of the **global climate negotiations (COP29)** and **global nature negotiations (COP16)** where both fell short on closing financing gaps, the role of the financial sector is more critical than ever before. Both conferences highlighted the pressing need for ambitious commitments, robust finance solutions, and inclusive strategies to tackle the multifaceted challenges of these emerging risks.

**Banks have a unique capacity to influence sustainable practices through responsible lending, investment, and advisory services.** The financing decisions we make today will shape the economy of tomorrow. We have noted the recent withdrawal of many major banks from voluntary commitment organisations such as the Net-Zero Banking Alliance (NZBA) given changing political affiliations in some parts of the world as well as more stringent legislation overseeing social and environmental claims made by businesses. However, it is heartening that despite these public withdrawals many banks have stated that they remain committed to their climate commitments and, like Nedbank, they continue to invest in sustainable projects and provide appropriate financial solutions for clients to support their transition to a low-carbon economy.

In the past year we have also seen material changes in our regulatory and policy landscape, such as:

- **The European Union's (EU's) Carbon Border Adjustment Mechanism (CBAM)** being phased in for South African exports to the EU with an immediate risk to exports amounting to R52bn. This will have a material impact on the profitability of South African companies exporting certain commodities to the EU. As such, we have been working with our clients to help them understand the implications of CBAM and help them decarbonise to limit its impact on them.
- **Promulgation of SA's Climate Act** which imposes carbon emission restrictions on certain high-emitting sectors and thereby ensure the country can meet its global Nationally Determined Contributions (NDC) commitments.

- In addition, **The South African Reserve Bank (SARB) Financial Stability Department** requested South African banks to participate in climate stress testing, highlighting the growing importance of climate issues on banks' stability.

This report seeks to demonstrate the progress we have made in integrating climate and nature considerations into our overall strategy, enabling us to navigate these challenges more effectively. By embedding these elements into our core operations, we can enhance our agility and resilience.

Nedbank has long been a pioneer in sustainable finance, with well-established credentials in this field. We are committed to achieving **net-zero emissions by 2050** and aim to have 100% of our gross loans and advances dedicated to sustainable development finance by that same year. Over the past year we have deepened our financed emissions disclosures and started developing our transition plan to balance the needs of our specific context with the competitiveness of our business. Our approach ensures that our climate actions account for both environmental science and the social implications of these measures. We also published our inaugural **Nature Position Statement**, recognising the critical link between climate and biodiversity. We have strengthened our institutional capacity as it related to nature through targeted awareness training of over 30% of employees and we began our first nature materiality assessment, revealing both significant nature-related risks and opportunities for positive impact.

We finance renewable energy projects, support sustainable agriculture, and promote energy efficiency. **As the first South African bank to list a renewable energy bond on the JSE**, we've invested

R1.7bn in solar and wind projects.

Our green bonds funds initiatives with positive environmental impacts, including renewable energy, energy efficiency, and sustainable agriculture. Recently, our sustainable loans have supported green and sustainable practices in key retail assets in Republic of Côte d'Ivoire. We also provide loans for energy efficiency improvements in buildings and industrial processes, reducing energy consumption and greenhouse gas (GHG) emissions. These efforts not only cut carbon emissions but also drive inclusive economic growth.

Recognising the importance of a Just Transition, we have partnered with black-owned enterprises like Pele and Sola to ensure that the shift to a low-carbon economy is inclusive and equitable. By supporting small-scale projects of small, medium and macroenterprises (SMMEs) and individual clients, we aim to create **climate-resilient communities and unlock SA's vast renewable energy potential.**

The climate and nature crisis demands bold leadership and innovative collaboration. As Nedbank, we will continue partnering with stakeholders across our value chain and help our clients and society at large to accelerate the transition to a thriving, sustainable future for all.

**Jason Quinn**  
Chief Executive: Nedbank Group

# Key accomplishments during the period

## Governance

- Began aligning with the requirements of the IFRS S1 and S2 and the Taskforce on Nature-related Financial Disclosures.
- We **monitored** the delivery of climate finance opportunities as committed to in the 3-year business plan and the annual progress made to achieve the bank's sustainable development finance ambition.
- The Nedbank Board explicitly **considered** climate-related matters at 12 board meetings during 2024.
- Reviewed governance structures to ensure environmental, social and governance (ESG) matters are adequately addressed across the board. This resulted in a revised committee name and charter.
- A new boardmember, who has significant climate-related experience, joined the Group Sustainability and Climate Resilience Committee (GSCRC) in July 2024.

## Strategy

- Developed our draft net-zero transition plan using global best practices. The Group Sustainability and Climate Resilience Committee (GSCRC) then approved the 'metrics and targets' theme.
- Engaged with over **350 clients**, primarily in climate-sensitive sectors.
- **Renewable energy** – Renewable Energy Independent Power Producer Procurement Programme (REIPPP) successes:
  - » Mandated lead arranger for **7 out of 8** solar and wind projects (1,5 GW).
  - » Mandated lead arranger for **7 out of 8** battery storage/Battery Energy Storage System Round 2 projects (0,54 GW).
  - » Operationally **carbon and water neutral** for over 7 years.
  - » **Joined PCAF** to continue learning and alignment with industry best practice.
  - » In 2024, enhanced our climate approach to begin to incorporate **nature**.

## Risk management

- We have conducted our cold Climate Risk stress test initiated by the SARB in March 2024. Building on the previous stress test conducted in 2023 which focussed on physical risk, this stress test shifted its focus towards transition risk, evaluating the effects of various carbon tax scenarios.
- We have embarked on ground-breaking work to understand and assess nature-related financial risks by adopting the Taskforce for Nature-related Financial Disclosures' (TNFD) LEAP (Locate, Evaluate, Assess, and Prepare) framework in our tailored approach to our nature risk assessment.
  - » Phase one of our Nature Risk Assessment (NRA), which was successfully completed in 2024, focused on the Locate and Evaluate phases that concentrated on sectors and clients with significant impacts and/or dependencies on nature in the running of their business operations. This initiative has informed and upskilled our employees on nature risk and paves the way for integrating nature risk into our lending and investment practices.
  - » By leveraging the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool, we identified potential material impacts and dependencies, aligning our efforts with the Kunming-Montreal Global Biodiversity Framework's goal to protect 30% of the planet's natural habitats by 2030.
  - » Phase 2 of the assessment continues in 2025, focusing on Assess and Prepare, which will delve deeper into the specific risks and opportunities within each of the prioritised sectors and clients, thereby informing Nedbank's response to nature risk.
- We continue to advance our Climate Risk Materiality Assessment (CRMA) which was first performed in 2023, by refining the model, enhancing data quality, and integrating the model into our risk management practices.

## Metrics and targets

- Disclosed **new sectoral financed emissions** for commercial real estate and mining.
- Achieved a reduction of over **35%** in our scope 1, scope 2, and scope 3 location-based emissions in 2024 compared with our 2019 baseline of 188 443,45 tCO<sub>2</sub>e.
- As of 31 December 2024, had exposures of approximately **R183bn** (compared with R145bn in December 2023) supporting Sustainable Development Finance (SDF), representing 19% of the group's gross loans and advances (up from 16% in December 2023).
- Our total water consumption at our campus sites reduced by **5,4%**.
- Waste sent to landfill decreased significantly from 154 tonnes in 2023 to 90 tonnes in 2024, achieving a **42%** reduction for the year and surpassing our 2025 target.



# Towards 2050 – Nedbank Group climate journey

As part of our purpose-led business journey, we take a proactive stance in addressing climate change, considering the local socioeconomic context and climate vulnerability. Our commitment extends to continuously enhancing our reporting by embedding financial climate-related risks and opportunities into our business activities.

Recognising that climate change poses a significant threat to society, Nedbank is committed to achieving the goals of the Paris Agreement. Our aim is to contribute to keeping global warming well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels by 2050. We acknowledge that all stakeholders must play their part in this critical endeavour.

At Nedbank, we see money differently. Our values, vision, and purpose drive our climate journey, which aims to make a positive impact on the world.

**Our climate journey for our lending activities, investment practices and own operations is provided below.**

## 1990-2009

- First South African bank to join the UNEP FI
- First African bank to become a member of the Equator Principles Association
- First issued the Climate Change Position Statement declaring that Nedbank Group holds itself accountable to addressing climate change

## 2010-2019

- Achieved carbon-neutral status for Nedbank own operations
- The group's SEMS is consolidated and provides details on the policy, procedures and workflow required to identify and assess the environmental or social impacts of investments or lending activities undertaken by the group
- Updated the group's Climate Change Position Statement to align with the Paris Agreement
- Tasked the Embedded Generation Unit (in 2016) with building on Nedbank's successful funding of the REIPPPP and offering support for the necessary shift towards renewable energy
- First African bank to stop providing project financing for new coal-fired power plants – regardless of technology or country
- Achieved effective net-zero operational water use for Nedbank's own operations
- Became a leader in the financing of green buildings
- In 2018 Nedbank closed 12 renewable energy project deals under round 4 of the Department of Energy's (DOE) REIPPPP to the value of R13bn
- 19 Nedbank-owned buildings awarded Green Star ratings
- First bank in SA to list a renewable energy bond on the Green Bond segment of the JSE. First green bond in SA
- Inaugural Nedbank Wealth Asset Manager Responsible Investment Report, assessing investment managers on ESG integration and identifying best practice

## 2020-2022

- First South African company to table climate-related resolutions – passed by its shareholders (100% votes) at the 53rd AGM, held on 22 May 2020
- Achieved carbon-neutral status for our own operations for over a decade
- Approval of the Nedbank CRMF by the board
- Converted the Climate Risk Leadership Group into the CRC, a Group Exco subcommittee, chaired by the CRO
- Established the Climate Risk Unit to manage Nedbank's climate-related risks and opportunities to augment the climate-related functions across the enterprise as described in this report
- Approved the Climate Risk Appetite Statement and limits or targets as part of the Group Business Plan
- Established a Sustainable Finance Solutions division to support the innovation of sustainability-linked lending and fundraising instruments
- Launched SA's first green R2bn tier 2 capital instrument in partnership with the African Development Bank
- First GCRC (a board subcommittee) meeting held in March 2021
- First standalone TCFD Report published on 22 April 2021
- Published our Energy Policy
- Disclosed baseline for financed emissions within our fossil fuel portfolio in CIB

## 2023

- Disclosed net-zero-aligned glidepaths for upstream fossil fuels and power generation
- Undertook the first Climate Risk Materiality Assessment
- Disclosed Nedbank's Nature Position Statement with next steps to support halting and reversing nature loss

## 2024

- Disclosed the first financed emissions baselining for mining and commercial property portfolios
- As of 31 December 2024, we had exposures of approximately R183bn (compared to R145bn in December 2023) supporting SDF, which represents 19% of the group's gross loans and advances (up from 16% in December 2023)
- Completed Phase 1 of the Nature Risk Materiality Assessment to understand nature-related financial risks within the portfolio, following the release of Nedbank's Nature Position Statement.
- Developed our draft net-zero transition plan approach and framework, leveraging global best practice/guidance. Followed by the approval of the 'metrics and targets' theme of the framework by the Group Sustainability and Climate Resilience Committee (GSCRC), a board-subcommittee

## 2025

### Financed emissions baselining and glidepaths

- We aim to disclose financed emissions baselining and glidepaths for additional emissions-intensive sectors, while continuing to improve financed emissions baselining disclosure for previously disclosed sectors

### Develop net-zero transition plan

- Enhance our client engagement strategies to encourage net-zero-aligned transition
- Commence embedding net-zero objectives and priorities in core evaluation and decision-making tools and processes to support our net-zero commitment
- Monitor progress against our metrics and targets as we align our business activities with a pathway to net-zero GHG emissions that deliver real economy emission reductions

### Reach decarbonisation targets

- Halt provision of project financing to new thermal coal mines
- Reduce own operational carbon emissions by more than 40% from 2019
- Generate more than 30% of Nedbank's own energy needs from renewable sources

### Reach SDF ambitions

- Increase SDF exposures to around 20% of group total gross loans and advance
- Continue support of the Renewable Energy Independent Power Producer Procurement (REIPPP) Programme
- Set new SDF targets for 2026-2030

## 2026

- We aim to disclose our net-zero transition plan
- Develop nature transition plan
- Financed emissions baselining and glidepaths
- We aim to disclose the financed emissions baseline for the entire book, utilising high-quality data, and provide glidepaths for the remaining emissions-intensive sectors

## 2029-2030 Reach intermediate decarbonisation targets

- Reduce thermal coal funding to less than 0,5% of gross loans and advances.
- Reach first decarbonisation targets set in portfolio glidepaths

## 2035 Cease all financing for oil production

## 2045 Reach zero exposure to fossil fuel-related activities

## 2050 Reach our net-zero target having 100% of lending and investing supporting a net-zero carbon economy

# Transition to IFRS S1 and IFRS S2

Regulators have increasingly recognised that climate-related physical and transition risks expose the financial sector to both financial and non-financial impacts. These impacts arise from the location of assets and liabilities in climate-vulnerable regions and from exposure to businesses and investments in transition-sensitive sectors. The Financial Stability Board’s roadmap for addressing financial risks related to climate change has made significant progress. Notably, the ISSB finalised 2 critical standards that were officially published in **June 2023**.

**IFRS S1**,  
which focuses on general  
sustainability-related  
disclosures,

**IFRS S2**,  
which specifically  
addresses climate-  
related disclosures.

In 2024 the South African Reserve Bank Prudential Authority (SARB PA) issued 2 guidance notes considering the ISSB climate-related disclosures standard: G2/2024, which provides guidance on climate-related governance and risk practices for banks, and G3/2024, which offers guidance on climate-related disclosures for banks.

The Nedbank Group Finance IFRS Advisory Group has diligently reviewed these standards, identified any gaps and determined the necessary training for the board and other stakeholders impacted by these new standards.

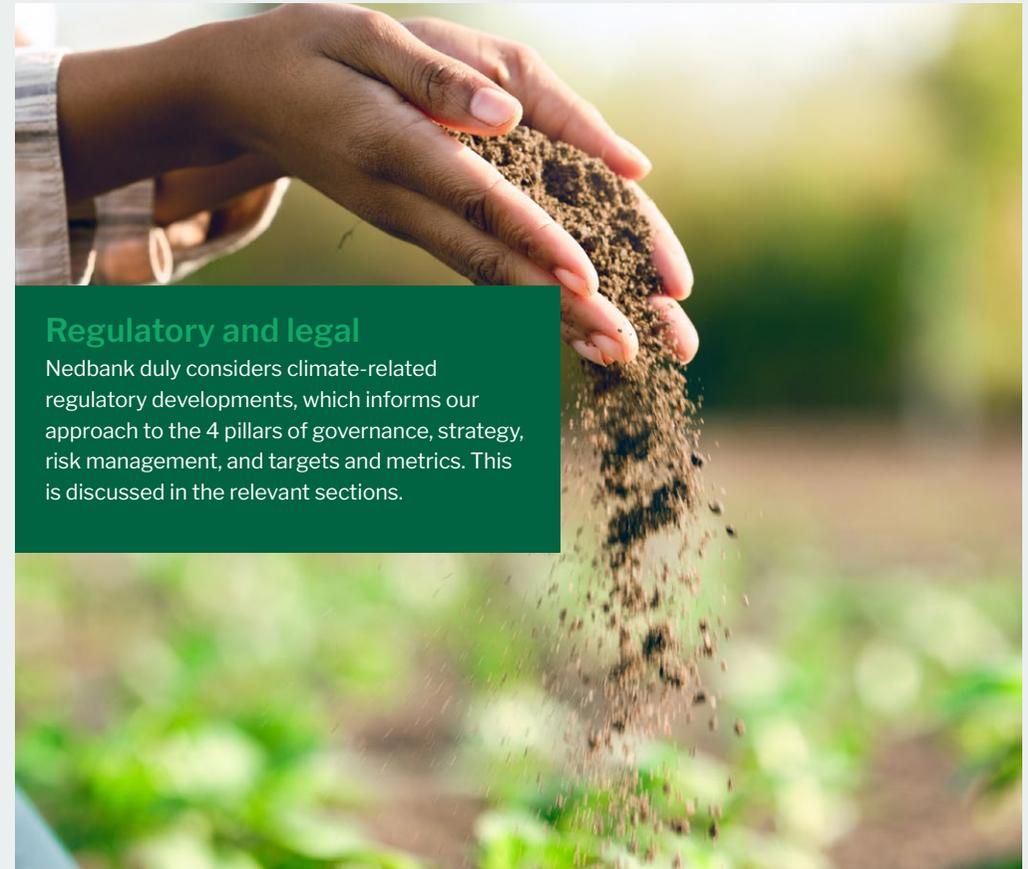
### Since the release of IFRS S1 and S2, several key initiatives have been undertaken:

- 1** The Nedbank IFRS Technical Team conducted a thorough gap analysis to assess the impact on our current business.
- 2** An independent gap analysis, specifically for IFRS S2, was carried out by Group Strategic Risk: Climate Risk.
- 3** External subject-matter experts were consulted to provide insights on the impact of the standards.

In 2024 we undertook an ISSB IFRS Sustainability Disclosure Standards adoption roadmap to understand the gaps and effort required to fully apply and comply with the requirements of the ISSB IFRS standard.

While we have not applied the ISSB IFRS Sustainability Disclosure Standards for our 2024 Climate Report, we have taken

guidance from these standards to continue enhancing our report. Looking ahead, Nedbank plans to achieve compliance with the IFRS Sustainability Disclosure Standards once sufficient sustainability data becomes available and after further refining our control systems and processes for sustainability disclosure based on our adoption roadmap.



### Regulatory and legal

Nedbank duly considers climate-related regulatory developments, which informs our approach to the 4 pillars of governance, strategy, risk management, and targets and metrics. This is discussed in the relevant sections.

# An overview of Nedbank Group

Overview of the group; our businesses, market position, differentiators and business model; the needs and expectations of our stakeholders; and how our purpose, vision, values, and strategy position us for long-term value creation.



# Nedbank Group at a glance

Nedbank Group, with its ordinary shares listed on the JSE since 1969, is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as financial services such as insurance and asset management services and solutions to more than 7,6 million clients.

In South Africa (SA), Nedbank has a strong franchise that contributes 90% of the group's R1,4tn in assets and 79% of the group's R16,9bn headline earnings. The group also operates in 5 countries in the Southern African Development Community (SADC) through subsidiaries and banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In Central and West Africa, we have a financial investment in Ecobank Transnational Incorporated (ETI) and we have a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey, and London, and we have a representative office in Dubai.

## Headline earnings R16,9bn



The profits we make for shareholders

## Return on equity 15,8%



The return on the capital that our shareholders have invested

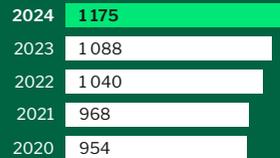


## Common-equity tier 1 capital ratio 13,3%

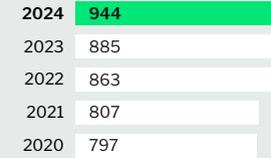


The strength of our balance sheet

## Deposits R1 175bn

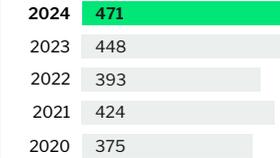


## Gross banking advances R944bn



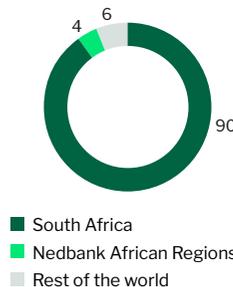
The credit we provide to clients

## Assets under management R474bn



The investments we manage for clients

## Assets by geographical area (%)



## Market capitalisation R137bn



The value of Nedbank Group as a company on the JSE

## Permanent employees 25 613



Our human capital



# Our purpose, vision, values, targets and strategy

## Our purpose

To use our financial expertise to do good for individuals, families, businesses and society.

The reason we exist

## Our vision

To be the most admired financial services provider in Africa by our employees, clients, shareholders, regulators and society.

What we want our future to look like

## Our brand promise

see money differently

How we want to affect our clients

## Our values

Integrity | Respect | Accountability | People-centred | Client-driven

The principles that guide us

## The Nedbank Sustainable Development Framework

We prioritised 9 Sustainable Development Goals (SDGs) where we believe we have the greatest ability to deliver a meaningful impact through our core business and sustainable development finance support to clients.



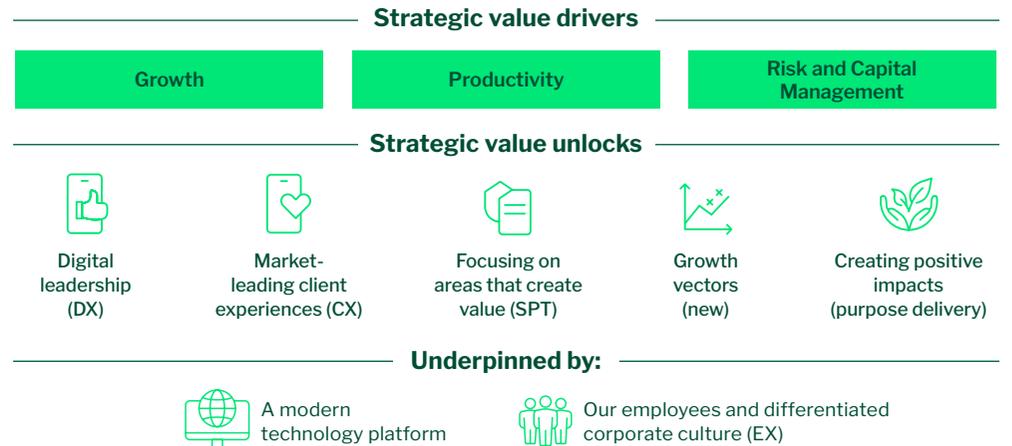
Our approach to purpose fulfilment

## Our targets<sup>1</sup>

	Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
<b>2025</b> (medium-term targets set in 2023)	> CPI + GDP + 5% (CAGR to end-2025)	17% (COE + 2%)	52%	#1 bank
<b>2025 guidance</b>	> Mid-single digits (for FY 2025)	> 16%	Increase yoy	#1 bank
<b>Medium term</b>	> CPI + GDP + 3% (CAGR)	> 17%	54%	#1 bank
<b>Long term</b> (not dated, 5+ years)	> CPI + GDP + 5% (CAGR through the cycle)	> 18% (COE + 3%)	< 50%	#1 bank

<sup>1</sup> These targets are not a profit forecast, have not been reviewed or reported on by the group's joint auditors and are based on the group's economic forecasts at the time. Guidance and targets exclude any potential impact from merger-and-acquisition-related corporate action.

## Our strategy



# Our business model, structure, products and services

## Availability and quality of our 6 capital inputs

## enable us to deliver on our strategy



### Financial capital

Our capital base, together with diversified sources of deposits and funding from investors and clients, is used to support our clients. This includes extending credit, facilitating payments and transactions, and rewarding shareholders for the capital invested through dividends.

- **R1 175bn** deposits, of which > 30% are long-term in nature
- **R944bn** gross banking loans and advances, with a credit loss ratio at 87 bps within our target range
- **R112bn** shareholders' equity, including R12bn above the top end of our common-equity tier 1 (CET1) target range



### Intellectual capital

Our intangible assets – including our brand, reputational and franchise value, research and development capabilities, innovation capacity, knowledge and expertise, as well as strategic partnerships – that help us grow our business.

- **Leading digital capabilities**
- **A trusted brand**, with Nedbank ranked top 15 among South African companies
- **Market leadership and differentiation** across various products and segments



### Human capital

Our employees, culture, collective knowledge, skills, and experience that enable innovative and competitive solutions for our clients and create value for us and our stakeholders.

- **25 613** permanent employees
- High levels of **employee satisfaction** (NPS at 18)
- **R22,6bn** salary and benefits paid
- **R1,0bn** training and skills development spend
- **A differentiated culture** that is client- and people-centred, innovative, competitive, service-focused and strong in compliance and governance



### Manufactured capital

Our business structure and operational processes – including our property and equipment, digital assets, products, channels and information technology (IT) systems – provide the framework and mechanics of how we do business and create value.

- **Modern IT systems** (benchmarked independently)
- **R12bn technology platform investment** since 2013
- **Market-leading digital products, services and CVPs**
- **Physical presence of 623 outlets, 4 297 ATMs and 110 000 point-of-sale devices**



### Social and relationship capital

Stakeholder relationships, including the communities in which we operate, are central to the environment in which we operate, and we recognise the role that we need to play in building a thriving society as well as a strong financial ecosystem.

- **7,6 million active clients**
- **R183bn** purpose-led sustainable development financing exposures aligned with the UN SDGs
- Responsible **ESG practices**
- **Good relationships** with our stakeholders



### Natural capital

The direct use and impact we have on natural resources through our own operations, including energy, water and climate, as well as our influence through our business activities.

- **Market-leading energy policy** and Nature Position Statement
- A mature **social and environmental management system** that evaluates the impact of our lending to clients
- A strong track record and **market-leading capabilities in renewable energy** financing and funding and in our own operations
- **89% Green Star-rated** buildings

### Our material matters



- The economy
- Environmental limits and social floors
- Disruptive technologies
- Increased competition
- World of work
- Regulatory demands



### Top 10 risks affecting the availability of our capitals

1 Strategic execution 2 Business

3 Credit 10 Capital

1 Strategic execution 2 Business

3 Credit 4 Cyberrisk 5 Operational

6 People 8 Organisational resilience

9 Reputational and conduct 10 Capital

1 Strategic execution 5 Operational

6 People 7 Climate

8 Organisational resilience

4 Cyberrisk

5 Operational

8 Organisational resilience

2 Business

7 Climate

9 Reputational and conduct

5 Operational

7 Climate

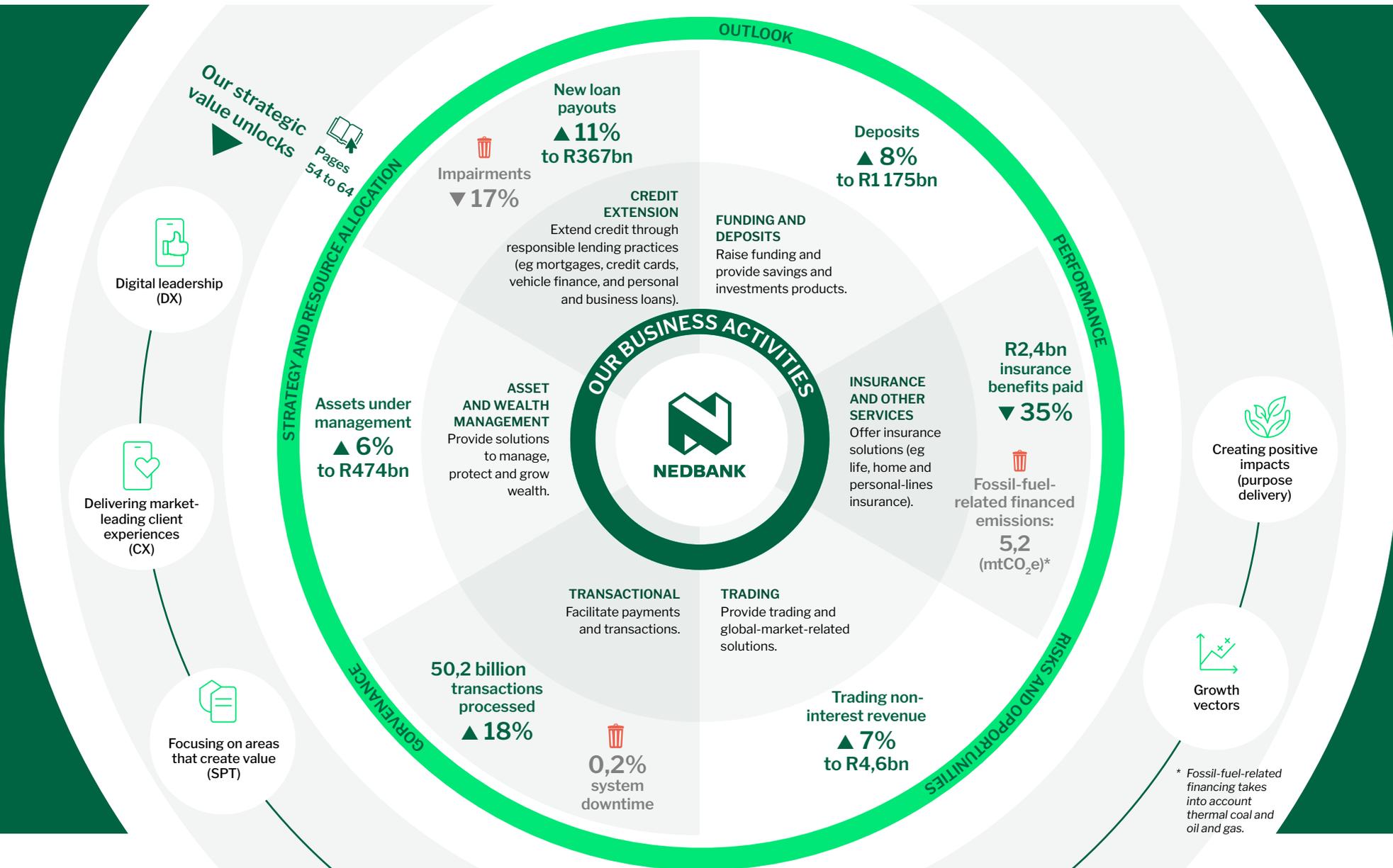
8 Organisational resilience

Our business model, structure, products and services *continued*

by enabling business activities

that produce purpose-led products and services

Our purpose: To use our financial expertise to do good for individuals, families, businesses and society.



Our business model, structure, products and services *continued*

and outcomes for us and our stakeholders.

### Financial capital

- + HE of **R16,9bn**, up by 8%
- + ROE up to **15,8%** (2023: 15,1%)
- + Impairments down by **17%** yoy
- ✓ Net asset value per share (NAV) up by **4%**
- ✓ CET1 at **13,3%**, above our 11% to 12% CET1 target range

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- + Full-year dividend up by **10%**
- + Share price up by **30%** yoy
- ✓ CET1 at **13,3%**, well above the SARB minimum requirement

### Manufactured capital

- + Digitally active retail clients up by 7% to **3,1 million**
- + Branch and head office floor space decreased by a combined **49 000 m<sup>2</sup>**

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- ✓ **Hybrid work practices** in place (used by 75% of employees)
- + More than 200 retail and 400 **digital services** available
- + Digital product sales at **64%** of total sales (2023: 55%)
- ✓ IT systems uptime at market-leading levels of **99,8%** (2023: 99,6%)

### Intellectual capital

- ✓ IT modernisation programme **completed** (2023: 95%)
- ✓ Scarce skills **attracted and retained** in areas such as data analytics, IT, risk management and advisory solutions
- Nedbank brand value decreased by 5% to **R16,4bn**

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- + **Market-leading** expertise adding value in areas such as digital, ESG and various product and industry segments
- + **Highly regarded** board and leadership team

### Social and relationship capital

- + Main-banked retail clients increased by 5% to over **3,7 million**
- + **20** primary client wins in CIB
- Received **R15m** in notable fines or administrative actions (2023: R17m)

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- + More than **3 500** new first-time job opportunities (YES Programme)
- + **#1 ranked** large South African bank on NPS
- + **R183bn** sustainable development finance (SDF) provided (2023: R145bn)
- **71 255** RBB client complaints, up by 0,5% yoy
- ✓ MSCI ESG rating of **AAA** (top 9% of global banks)
- + Direct and indirect tax contributions of **R15,3bn** (2023: R13,2bn)
- ✓ **Level 1** BBBEE contributor status maintained

### Human capital

- + Employee attrition down to **8,0%** from 9,2%
- ✓ Employee Net Promoter Score (NPS) positive at **18** (2023: 20)

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- + Average **salary increase** for bargaining-unit employees at 7% – greater than management at 5%
- + **24 130** employees enrolled in learning (29 hours per employee)
- + Diversity metrics **improved**
- **33** employees regrettably retrenched
- + **Seamless succession** well executed
- + Diversity metrics **improved** – **83%** of employees are black (2023: 82%)

### Natural capital

- + Cumulatively raised **R17bn** in sustainable funding since 2019
- ✓ **Carbon-neutral** operations
- Own **operational Scope 1 and Scope 2 carbon emissions** down 20% to 70 ktCO<sub>2</sub>e

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- ✓ Sustainability and climate training to **> 20 000** employees
- + Financed **4,8 GW** renewable energy to date (2023: 4,0 GW)
- Fossil-fuel-related financed carbon emissions: thermal coal **2,3 mtCO<sub>2</sub>e** (2023: 5,5 mtCO<sub>2</sub>e) and oil and gas **2,9 mtCO<sub>2</sub>e** (2023: 2,9 mtCO<sub>2</sub>e)
- + **Reduced carbon footprint** towards net zero
- ✓ Climate **stress testing scenarios** completed

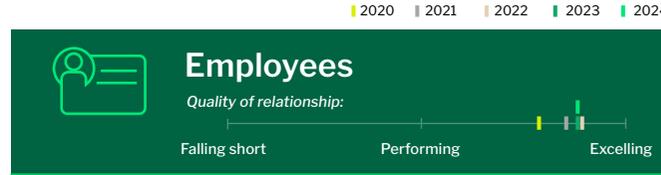
+ Value creation    ✓ Value preservation    - Value erosion

Stakeholders:    Employees    Clients    Shareholders    Regulators    Society

Value to Nedbank

# Our stakeholders – their needs and expectations

As a bank and financial services provider, we are intrinsically linked to the environment in which we operate and the societies we serve. Our ability to create and protect value relies on our relationships, activities, and the contributions we make to our stakeholders. By meeting their needs, managing relevant risks and unlocking opportunities, we create and protect value for them and for Nedbank, while striving to minimise value erosion.



The quality of the relationship with our employees was assessed in 2024 by taking into account, among others, an employee NPS score of 18 (slightly down from 20 in 2023); ongoing investment in human capital development and training; a 5% average salary increase; a 12% increase in short-term incentives; mental-health and financial support to employees in the difficult environment; excellent progress on diversity, equity and inclusion (DEI) metrics; and a decrease in attrition to 8,0%; while 33 employees were regrettably retrenched.

### Employee matters, needs and expectations

- A safe and healthy work environment, supported by flexible work practices.
- Fair remuneration, effective performance management, and recognition.
- Challenging work, with opportunities to make a difference.
- Career development and advancement opportunities.
- An empowering and enabling environment that embraces DEI.

Read how value was created for employees on page 80.

### How do we engage with employees?

Engagement includes employee surveys, face-to-face management discussions during roadshows and virtual stand-ups, culture shift and well-being events, as well as employee forums and groups.

### Relevant metrics

The key employee metrics we track include, but are not limited to, employee satisfaction levels, attrition rates, remuneration outcomes, training statistics and DEI profiles. **Page 89**

### Relevant material matters

- World of work
- Disruptive technologies
- Environmental limits
- The economy
- Regulatory demands

### Capitals impacted

- Intellectual
- Human
- Social and relationship

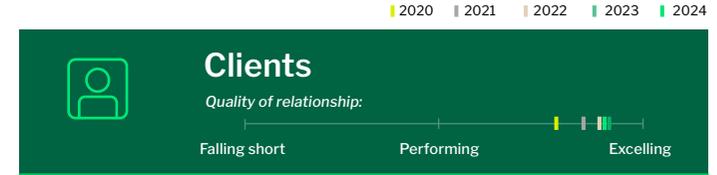
### Associated risks

- 1 Strategic execution
- 5 Operational
- 6 People

### Key strategy

- Human Capital Strategy

Read more about our Human Capital Strategy on page 65 and in our 2024 Society Report available on our website.



The quality of the relationship with our clients was assessed in 2024 by taking into account high levels of client satisfaction (#1 rank among large South African banks on all clients surveyed), market-leading innovations that made a difference in our clients' lives, more competitively priced products, a continued strong increase in digital metrics, main-banked client gains, and client complaints that remained static.

### Client matters, needs and expectations

- Innovative banking and financial solutions and services.
- Safe and convenient access (channel of choice), now primarily through digital channels.
- Excellence in client service.
- Value-for-money banking that is competitive and transparent in pricing.
- Responsible banking services and solutions, and a trusted financial partner.
- Access to finance and financial education and support.
- Support a Just Transition to a net-zero economy.

Read how value was created for clients on page 81.

### How do we engage with clients?

Engagement includes digital feedback channels, face-to-face engagements with regular client testing, outbound calling, complaint channels, and external independent surveys on topics such as client satisfaction and bank fees.

### Relevant metrics

Key client metrics we track include, but are not limited to, NPS scores, digital volume and value metrics, new loan payouts, deposit trends, client gains, cross-sell ratios, fee increases, complaints and SDF-related loans. **Page 89**

### Relevant material matters

- The economy
- Disruptive technologies
- Increased competition
- Environmental limits
- Regulatory demands

### Capitals impacted

- Intellectual
- Manufactured
- Social and relationship
- Natural

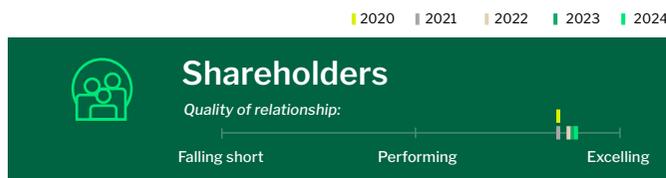
### Associated risks

- 2 Business
- 3 Credit
- 4 Cyberrisk
- 7 Climate

### Key strategy

- Digital leadership (DX)
  - Market-leading client experiences (CX)
  - Strategic portfolio tilt
  - Creating positive impacts
- Read more about our strategy on pages 52 to 64.

## Our stakeholders – their needs and expectations continued



The quality of the relationship with the investment community was assessed in 2024 by taking into account, among others, the benefits to shareholders as a result of an improved financial performance (including a higher ROE), a strong balance sheet, attractive dividend payments, a share price that significantly outperformed the SA Banks Index, independent reporting and financial communication awards, top-tier investor relations, and market-leading ESG ratings.

### Shareholder matters, needs and expectations

- Share price appreciation and an attractive dividend stream.
- Sustainable growth in earnings and NAV, and financial returns with ROE exceeding COE.
- An attractive and sustainable growth strategy.
- A strong balance sheet to enable sustainable growth and protect against downside risk.
- A strong and experienced management and board, and seamless succession.
- Transparent reporting and disclosure.
- Sound ESG practices, measured through shareholder feedback, annual general meeting (AGM) outcomes and ESG ratings.

📖 Read how value was created for shareholders on page 82.

### How do we engage with shareholders?

Engagement includes regular virtual and face-to-face engagements, feedback via our investor relations channels, the group's AGM, and independent investor relations surveys and roadshows.

### Relevant metrics

Key metrics we track include relative share price performance, financial and non-financial performance against market expectations and peers, AGM voting outcomes, changes in the shareholder register, and ESG ratings. **Page 90**

### Relevant material matters

- The economy
- Regulatory demands
- Increased competition
- Environmental limits
- Disruptive technologies
- World of work

### Capitals impacted

- Financial
- Intellectual
- Social and relationship
- Natural

### Associated risks

- All risks



The quality of the relationship with our regulators was assessed in 2024 considering, among others, our contribution to new regulatory developments; alignment with regulatory requirements (with metrics and ratios well above the minimums); taxes paid; and remedial action where required, including fines and penalties paid, which continued to decline.

### Regulator matters, needs and expectations

- Compliance with all legal and regulatory requirements (meeting minimum regulatory requirements).
- Being a responsible taxpayer in the countries where we do business.
- Active participation and contribution to industry and regulatory working groups.

📖 Read how value was created for regulators on page 84.

### How do we engage with regulators?

Engagement includes regular interactions, participation in conferences, collaboration with industry experts, and contributions to policymaking and regulatory developments.

### Relevant metrics

Key metrics we track include key balance sheet metrics such as the CET1 ratio, taxes paid and fines or administrative sanctions incurred. **Page 90**

### Relevant material matters

- The economy
- Regulatory demands
- Disruptive technologies
- Environmental limits (new)

### Capitals impacted

- Financial
- Intellectual
- Social and relationship

### Associated risks

- 3 Credit
- 4 Cyberrisk
- 5 Operational
- 7 Climate
- 10 Capital



During 2024 we maintained strong relationships with the communities that we serve, including key civil society organisations. The quality of our relationships is informed by, among others, our contributions to a thriving society and healthy environment.

### Society matters, needs and expectations

- Providing access to expert financial advice, products and solutions that help create positive impacts for individuals, their families, their businesses, and their communities.
- Financing of sustainable development aligned with the SDGs, thereby promoting socioeconomic transformation through enabling economic inclusion, job creation and poverty alleviation.
- Partnering on common social and environmental issues.
- Using our resources to promote social and environmental issues and other common agendas to build a thriving society.
- Limiting our own impact on the environment.
- Advancing purpose-led transformation that transcends the requirements of broad-based black economic empowerment legislation.

📖 Read how value was created for society on page 85.

### How do we engage with society?

Engagement includes numerous digital channels and face-to-face engagements, either as part of industry body engagements or in response to direct requests.

### Relevant metrics

Key metrics we track include, but are not limited to, ESG ratings; our own operational and financed carbon footprint; impacts linked to our SDF; sustainability and climate initiatives; and **xxx**. **Page 90**

### Relevant material matters

- The economy
- Environmental limits
- World of work
- Disruptive technologies
- Regulatory demands

### Capitals impacted

- Intellectual
- Human
- Social and relationship
- Natural

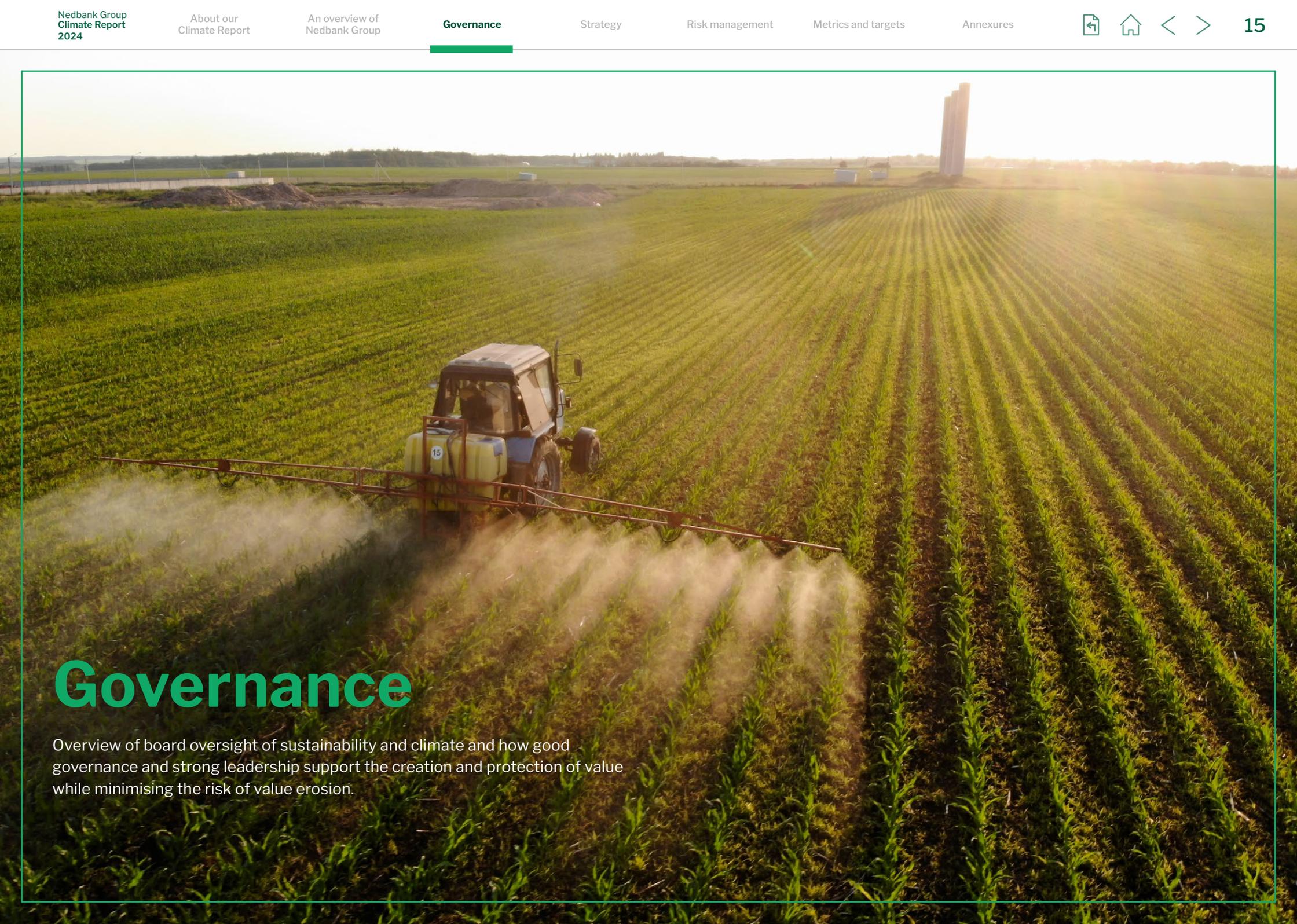
### Associated risks

- 2 Business
- 7 Climate

### Key strategy

- Creating positive impacts

📖 Read more about our 'Creating positive impact' strategy on pages 62 to 64, and our 2024 Climate Report and 2024 Society Report, available at [group.nedbank.co.za](http://group.nedbank.co.za).



# Governance

Overview of board oversight of sustainability and climate and how good governance and strong leadership support the creation and protection of value while minimising the risk of value erosion.

# Foreword by Brian Dames, Chairperson of the Nedbank Group Sustainability and Climate Resilience Committee



“Nedbank’s clients are impacted by the inescapable impacts of climate change. As our clients adapt to these changes, our commitment to supporting them on this journey is guided by our approach to protecting nature and mitigating social and environmental risks.”

**Brian Dames, Chairperson: GSCRC**

Banks have a unique capacity to influence sustainable practices through responsible lending, investment and advisory services. The financing decisions we make today will shape the economy of tomorrow. Nedbank continues to invest in sustainable projects and provide appropriate financial solutions for clients to support their transition to a low carbon economy. This focus is not only to our wholesale client base but extends to supporting small-scale projects with SMMEs and individual clients, where we aim to create climate-resilient communities and unlock SADC’s vast renewable energy potential.

With the importance of sustainability, mitigating climate risk, and environmental, social, and governance (ESG) considerations becoming increasingly central to our clients, it has gained increased focus in our business strategy, operations, and risk management practices.

In 2024 the scope of the Group Climate Resilience Committee was broadened to the Group Sustainability and Climate Resilience Committee (GSCRC) in recognition of this growing importance and scope. The committee charter was also updated to include the identification, assessment, control, transfer, management, reporting and remediation of all categories of climate to also include broader environmental and social (E&S)-related risks and opportunities. This shift has not only been about internal transformation, it has also resonated with all our stakeholders, including regulators, investors, activists and peers – many of whom have noted our efforts positively.

The GSCRC has taken significant strides in developing and guiding Nedbank’s fossil fuel and power generation strategies, particularly through the establishment of thermal coal, oil and gas, and power generation glidepaths. These glidepaths are crafted to ensure that we adhere to our Nedbank Energy Policy with regards to these vital components of climate change mitigation, and that our financing activities are aligned with global best practices in environmental stewardship on the one hand, while supporting our clients on their transition, on the other.

Meaningful client engagement has been a key focus, with the GSCRC guiding discussions on how Nedbank

can support our clients in their own transition journeys. This extends beyond financing to advisory services and partnerships aimed at helping clients to navigate the complexities of transitioning to enable more sustainable business models.

In the past year Nedbank has continued with an integrated risk and opportunity management approach towards climate resilience, preserving our natural capital and understanding the impacts and opportunities of the waste management sector. This approach impacts how we mitigate risks through our financing activities and pursue opportunities related to adaptation financing.

The phasing in of the EU’s Carbon Border Adjustment Mechanism (CBAM) for South African exports to the EU has an immediate risk to exports amounting to a potential loss of R52bn. This will have a material impact on the profitability of South African companies exporting certain commodities to the EU. As such, the bank has been working with our clients to help them understand the implications of CBAM and to help them decarbonise to limit its impact on them.

Nedgroup Investments published their fifth annual Responsible Investment Report for 2023, covering global trends in sustainable investing, examples of ESG-related corporate engagements that have taken place on behalf of client assets, and the findings of their annual Asset Manager Responsible Investment survey.

From the results of the Climate Risk Materiality Assessment (CRMA) conducted in 2023, it became clear that the bank’s lending portfolio is exposed to various physical hazards and transition drivers with different levels of severity and frequency, depending on the climate scenario, time horizon and sector or region assessed. In 2025 the bank will be conducting a deeper analysis of these CRMA results, by analysing the risk profiles by product, client, sector, and region thereby extracting more granular and actionable insights. We will be engaging climate experts and clients and integrate the CRMA results into the bank’s risk management systems and processes across the group. This is to include developing key risk indicators to

monitor the risks identified at various levels, including at board level. Furthermore, it will require the enhancement of our approach and data quality, as well as addressing the data gaps and limitations by leveraging leading practices and standards as climate science evolves and through collaborating with climate data providers and experts.

The CRMA will serve to inform our ongoing client engagements regarding client mitigation and adaptation plans as part of Nedbank’s commitment to support our clients in their transition to a low-carbon economy.

In 2024 the bank also successfully completed our submission for the climate stress test initiated by the South African Reserve Bank Financial Stability Department. Building on previous climate risk scenario analyses, the focus for 2024 shifted to transition risk. As part of this exercise the bank assessed the potential impact of climate policies, such as carbon taxes, on the bank’s solvency. Nedbank conducted a climate transition risk stress test, evaluating the effects of various adverse carbon tax scenarios on its clients and, consequently, on the bank’s solvency. In leveraging the Climate Risk Materiality Assessment as input data, we have been able to develop a greater understanding of specific risks and opportunities within the prioritised sectors and for our clients.

The real impacts of climate on the banks’ book are multifaceted and significant. Climate-related risks can affect banks directly and indirectly through their counterparties, assets, and the broader economy. The GSCRC has guided the integration of climate-related matters into governance structures, ensuring that ESG is adequately addressed across the board. This includes the addition of a new boardmember with significant climate-related experience. Climate risks are being incorporated into traditional risk categories such as credit, market, operational, and liquidity risks.

The GSCRC adopted the Nature Position Statement, the strategic steer for business to understand and assess nature-related financial risks. During 2024 the GSCRC has overseen the development of the Nature Risk Materiality Assessment using the Taskforce for Nature-

related Financial Disclosures (TNFD) LEAP framework and the ENCORE tool to identify material impacts and dependencies. Physical risks, such as extreme weather events, can directly impact the bank’s assets and operations. Transition risks, related to the shift towards a low-carbon economy, can affect the bank’s counterparties and investments. There is a growing expectation from stakeholders for banks to disclose their climate-related risks and strategies.

These points highlight the comprehensive approach Nedbank is taking to manage and mitigate the impacts of climate change on its operations and financial stability, and that of its clients.

Our 2025 climate journey for our lending activities, investment practices and own operations includes the development of a Net-Zero Transition Plan. In the Transition Plan we are committing to phase down the intensity of all climate-sensitive sectors to meet the requirement to limit global temperature rise to 1,5 °C, committing to finance our clients’ transition through mitigation and adaptation, integrating net-zero initiatives and management of physical and transition risk into bank strategy, processes, policy and governance and beginning regular reporting of progress against the plan.

Looking ahead to 2025 and beyond, the GSCRC is working hard to ensure that the committee, and Nedbank, are well prepared for the challenges and opportunities that lie ahead. This includes operationalising and integrating the metrics and targets provisions of the bank’s Transition Plan across business, overseeing and facilitating the prioritisation of sectoral glidepath developments and scaling the group’s sectoral glidepath development to cover a significant portion of the prioritised high-emissions portfolios. A particular focus in the coming year will be on developing and implementing sectoral glidepaths to ensure that Nedbank’s financing activities across different sectors are aligned with our over-arching sustainability goals.

**Brian Dames**  
Chairperson: GSCRC

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

Effective corporate governance is essential to Nedbank's operations and environmental sustainability. Sustainability risks, including climate risks, are systemic and influence the likelihood and severity of existing risk categories. Consequently, managing sustainability risks is integrated into all risk types. We utilise our Enterprisewide Risk Management Framework (ERMF) to identify, assess, measure, monitor, manage, and report on risks and opportunities.

This framework informs our strategic decisions, corporate policies, and charters, and shapes our interactions with employees and management of processes, technology, and knowledge. The ERMF encompasses risk, finance, and balance sheet management across the entire group, including all business units, operating divisions, geographical locations, and legal entities.

Sustainability and climate-related risks are continuously integrated into the enterprisewide risk universe through the ongoing maintenance and implementation of the Nedbank Social and Environment Risk Management Framework (SERMF) and Climate Risk Management Framework (CRMF). The ESG Risk Management Framework addresses a wide range of ESG risks and factors affecting the group and its counterparties. This framework

establishes principles for implementing effective ESG risk management practices across the group's activities. Integrating ESG risk management into core operations supports the achievement of the group's strategic objectives.

Nedbank has established a strong governance structure for the management of sustainability and climate-related issues. This structure includes the board and several supporting subcommittees, such as the Group Sustainability and Climate Resilience Committee (GSCRC). In 2024 the GSCRC, formerly known as the GCRC, expanded its mandate to cover both sustainability and climate-related risks and opportunities. This broadened mandate underscores Nedbank's dedication to enhancing climate resilience and promoting a sustainable future.

The board explicitly addressed climate and sustainability-related matters during 12 board meetings in 2024, covering the following topics:

- Adoption and use of the international ISSB standards
- Glidepaths teach-in
- The fiduciary duties of directors in driving and overseeing ESG
- The benefits and power of ESG data to unlock business growth opportunities
- Nature and finance: risks and opportunities
- Feedback from the GSCRC (the Chairperson of the GSCRC provides feedback from the GSCRC at all board meetings)



# The board and management’s role in assessing and managing sustainability and climate-related risks and opportunities

Nedbank Group’s governance structure is illustrated in the following diagram. The GSCRC’s responsibilities include overseeing the implementation of additional measures to respond to evolving business, regulatory, strategic, and risk-related conditions. Given that sustainability and climate-related risks and opportunities cut across various risk categories, the oversight of their impact is seamlessly integrated across multiple

board committees to ensure robust governance. At Group Exco level, the Sustainability Risk Committee (SRC) recommends matters to Group Exco and the GSCRC. The SRC’s objective is to align with the SERMF and CRMF across the group and provide guidance in identifying, assessing, measuring, monitoring, managing, and reporting on climate-related risks and opportunities. This includes regular reviews by business clusters to assess the

impact of climate change and how climate-related risks affect Nedbank’s strategy, income statement, and balance sheet.

The sustainability and climate-related structures comprise subject matter experts tasked with executing specific deliverables aligned with the focus area. Board and board committee evaluations alternate annually between independent and internal evaluations.

## ► Governance at board level

### Nedbank Group Board of Directors

Monitors, approves, provides oversight of, and reviews the defined climate-related risks and opportunities. This translates into governance, strategy and finance, risk management, as well as metrics and targets.

<p><b>Group Sustainability and Climate Resilience Committee (GSCRC)</b> Focuses on sustainability, environmental resilience, risks and opportunities, and on how the group can serve as the industry leader in SDF through supporting our clients in the transition to a low-carbon and just economy.</p>	<p><b>Group Risk and Capital Management Committee (GRCMC)</b> Supports the board in achieving its goals and objectives in relation to the group’s identification, assessment, control, management, reporting, and remediation of relevant risks.</p>	<p><b>Group Credit Committee (GCC)</b> Approves Nedbank’s credit philosophy and policies, sets credit limits and guidelines, considers risk appetite and concentration risk limits, approves the adequacy of interim and year-end impairment provisions, and monitors credit risk and disclosure.</p>	<p><b>Group Transformation, Social, and Ethics Committee (GTSEC)</b> Oversees and monitors Nedbank’s activities regarding social and economic development, ethics, transformation, sustainability, corporate citizenship, the environment, health, public safety, stakeholder relations, as well as labour and employment matters.</p>	<p><b>Group Remuneration Committee (Group Remco)</b> Oversees and approves the Remuneration Policy and reward arrangements. Monitors any explicit links between remuneration and ESG targets.</p>
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### Board oversight

The board’s role is to monitor, approve, provide oversight of, and review the defined sustainability and climate-related risks and opportunities. This oversight extends to shaping governance, strategy and finance, risk management, as well as metrics and targets of the group to ensure that we remain relevant and that our operations are aligned with leading global practices.

The board recognises the importance and implications of climate-related matters on our

business. Climate change, as a risk amplifier, has been integrated into Nedbank’s risk universe and materialises through 17 distinct risk types. The board oversees a rigorous risk assessment process designed to identify, assess and respond to these risks. We employ the CRMF to assess the potential impact of varying climate scenarios on the business. This proactive approach enables us to anticipate and mitigate climate-related risks, safeguarding the interests of our stakeholders and enhancing long-term resilience. Through the GSCRC, the board continues to monitor

adherence to, and management of, the Nedbank Energy Policy and has steered the development of the bank’s fossil fuel (thermal coal, upstream oil and upstream gas) and power generation glidepaths.

The board determines whether appropriate skills and competences are available or will be developed to oversee strategies to respond to sustainability risks. Sustainability risk is defined as the uncertainty in achieving business objectives due to economic, environmental, social and governance factors

and impacts across the group’s risk universe. It incorporates the impacts that a company can have on the economy, society, and the environment and how these impacts can affect the performance of the company in the short, medium and longer term, as well as the impacts of emerging environmental and social conditions on the company’s own resilience. The board ensures that the appropriate skills and competences are available or will be developed through the Purpose Programme of Work (PPoW) that identifies the appropriate owners of

## The board and management’s role in assessing and managing climate-related risks and opportunities continued

### ► Governance at board level continued

sustainability tasks in the organisation, allocate roles and responsibilities and enables these owners to determine their needed skills and competencies.

The SRC and GSCRC meet on a quarterly basis with additional ad hoc meetings arranged when necessary. There is a direct correlation between climate and sustainability matters tabled at the SRC and the GSCRC. Group-related matters pertaining to climate,

sustainability, nature and ESG are considered at the SRC before being tabled at the GSCRC. This includes recommending frameworks, policies and charters by the SRC for GSCRC adoption. The board is informed about sustainability-related risks and opportunities by group and all frontline clusters on a quarterly basis, including its decisions on major transactions and its risk management processes and related policies, including whether the body(ies) or individual(s) has

considered trade-offs associated with those risks and opportunities.

As sustainability and climate-related risks and opportunities become further integrated into the business, several other committee charters have been updated to include sustainability and climate-related considerations and, in doing so, have strengthened our overall sustainability and climate governance structure.

The SRC as a Group Exco subcommittee, reports to Group Exco and the GSCRC. As a standalone committee of the board, the GSCRC focuses on both sustainability and climate-related risks and opportunities. The GSCRC mandate includes functions to adopt additional measures considering changing business, regulatory, strategic, risk and other conditions. The GSCRC reports on the committee’s progress and decisions directly to the board.

### ► The Group Sustainability and Climate Resilience Committee milestones of 2024



Supported the development of an **ISSB IFRS S1** and **S2** standards adoption roadmap to begin aligning our sustainability and climate reporting with these standards.



Oversaw the integration of the **Nature Position Statement** and the **Nature-related Financial Disclosures** as the basis of reporting.



Oversaw the **adoption of fossil fuel** (upstream coal, oil and gas) and **power generation glidepaths**.



Added a **prohibition of lending towards activities that may negatively impact biodiversity resources** in protected areas or critical habitat or conservation areas.



Oversaw the **central coordination of sustainability, ESG and climate-related functions**, led by the Group Executive: Group Strategy.



Oversaw the **PPoW** as the approved construct to institutionalise purpose fulfilment across the organisation.



Facilitated a successful submission of the **SARB Climate Risk Stress Test (CRST)**.



## The board and management's role in assessing and managing climate-related risks and opportunities continued



### ▶ Looking forward to 2025

- Enhancing reporting against the requirements of IFRS S1 and S2 and the Taskforce on Nature-related Financial Disclosures.
- Integrating the metrics and targets of the bank's Transition Plan across business.
- Prioritising and scaling sectoral glidepath developments for high-emissions portfolios.
- Monitoring sustainability, climate and ESG risk.
- Monitoring the enablement of sustainable development finance (SDF) through our purpose.
- Focusing on the alignment and execution of the ESG Tech and Data Steerco initiatives with the broader programme of work.
- Overseeing client engagements to assist with their transition journeys.

#### Summary of the key findings and recommendations from the internal evaluation

Evaluations of the board and board committees alternate annually between independent evaluations and internal evaluations. In 2024 Nedbank Group Secretariat administered internal evaluations in the form of self-assessments completed by board committee members. The evaluation of the GSCRC assessed performance in 2 governance areas, being the effectiveness of the committee and the function of the committee. In addition, the annual board evaluation process is utilised to assess whether the board possesses the necessary skills and competencies to effectively oversee strategies addressing sustainability and climate-related risks. This evaluation helps identify any gaps in expertise and ensures that appropriate measures are taken to develop or acquire the required capabilities, thereby reinforcing the board's ability to respond to sustainability and climate challenges.

- Members concluded that the GSCRC remains efficient and effective.
- Members were satisfied with the overall performance of the GSCRC and the performance in each of the governance areas.
- Members were satisfied that GSCRC has the required mix and depth of capability, skills and experience to perform its functions. Succession planning for the GSCRC is receiving heightened focus.
- Members were satisfied that the GSCRC fulfils its obligations in terms of its charter.
- There were no areas of concern as members were satisfied with the overall performance. No actions were recommended as areas for improvement.



## The board and management’s role in assessing and managing climate-related risks and opportunities continued

### ► Governance at Group Executive level

Management role in climate governance across the enterprise

#### Nedbank Group Executive Committee (Group Exco)

Strategic planning and decision-making according to our mission, vision, and values.

##### ► Sustainability Risk Committee (SRC)

The mandate of the Climate Risk Committee was expanded from oversight of climate risk to sustainability risk. The SRC was renamed to the Sustainability Risk Committee (SRC) which is chaired by the Chief Risk Officer. The committee serves to oversee the sound management of sustainability-related risks, including monitoring our risk appetite, in accordance with the Environmental, Social and Governance (ESG) Risk Management Framework, Climate Risk Management Framework (CRMF) and Social and Environmental Risk Management Framework (SERMF). The committee members bring a diverse range of expertise from frontline business, risk, compliance, auditing, sustainability, strategy, finance, investor relations, technology and human resources to advise the committee.

##### ► The Asset and Liability Committee (ALCO)

Monitors the adequacy of the asset and liability management, and capital management processes in the group, as well as trading market risks, derivatives, and investments.

##### ► Group Operational Risk Committee (GORC)

Ensures senior management oversight and the monitoring of operational risk management for the group.

##### ► Executive Credit Committee (ECC)

Ensures senior management oversight and the monitoring of credit risk management for the group. Monitors the climate impact on the lending book, in line with the CRMF.

##### ► Purpose Programme of Work Steering Committee (PPOW Steerco)

The PPOW Steerco, established in mid 2023, replaced the Purpose Working Group, which was a pilot structure focused on catalysing new innovative SDF solutions to fulfil on the bank’s SDF ambition. The PPOW has a broadened scope focused on the enablement of purpose fulfilment across the enterprise. The steering committee, under the leadership of the Group Strategy Managing Executive, coordinates and guides the building of institutional capability and capacity across the bank in relation to climate change and sustainability.

##### ► ESG Technology and Data Steering committee

This committee supports the ESG partnership between Nedbank and Microsoft, with the objective to extend Nedbank’s green aspirations by delivering a ‘Green-as-a-Service’ Platform, which will leverage Microsoft’s various enterprise solutions to unlock monetisation, value chain engagement, and ESG reporting opportunities.

### Sustainability and climate-related structures

Supporting the board and Group Exco governance structures

#### ISSB IFRS Sustainability Standard Working Group

The ISSB IFRS Sustainability Standard Working Group was established in 2024 to develop an ISSB IFRS adoption roadmap and track the enhancements and progress of the group’s alignment with the ISSB IFRS standards. This includes the underlying recommended disclosures and guidance to support progressive year-on-year disclosures. Managed by Nedbank’s Group Finance cluster, the ISSB IFRS Sustainability Standard Working Group aims to streamline sustainability and climate-related disclosures with the bank’s annual financial and integrated reports. This initiative ensures that sustainability practices are transparently and consistently reported and aligned with global standards.

#### ESG Data Foundation/ESG Data platform

The ESG Data Foundation led by Group Technology works with data representatives of all the business clusters to deliver an ESG data platform. Progress has been made to prioritise use cases and associated data requirements have been defined. The roadmap of the data architecture has been developed and solutions to source the necessary climate related data to supplement our internal data have been explored.

### Sustainability and climate-related structures

The Climate Risk Department within Group Risk provides expert ESG risk-related advisory, research and analytical services to the group based on best practice, develops specialised ESG-related tools and techniques to support the risk management process and coordinates the initiatives across the group for the effective management of climate risk and broader ESG risks. The Group Sustainability Department within Group Strategy coordinates efforts to identify, pursue and monitor the climate-related strategic business development opportunities and tracking against the strategic plan across the group.

The Regulatory Affairs and Advocacy Department within Group Compliance keeps the SRC and GSCRC abreast of the latest developments in regulations locally and internationally.

Our governance structures aim to ensure that our decision-making is duly informed by risk at various levels of the group. The frontline business clusters have established climate and sustainability governance structures to address climate-related risks and opportunities and ensure all key matters are reported to the SRC and any other relevant executive committee such as the clusters’ Enterprisewide Risk Management Committee and High-Risk Reputational Committee. The management of climate-related risks has been integrated across the 3 lines of defense (3LoD), such that risks identified at any stage of the life cycle of our products or services are reported to the relevant committees (credit, market, liquidity and operational risk) who escalate significant risks to the Climate and Sustainability Risk Committees within the business structures and to the Group-level Sustainability Risk Committee where required.

Group Finance coordinates the disclosure of climate-related risks and opportunities to streamline climate and sustainability reporting with our internal and external reporting suites.

## The board and management's role in assessing and managing climate-related risks and opportunities continued

### ► Management controls and procedures for sustainability-related risks and opportunities

Nedbank employs a comprehensive set of controls and procedures to oversee sustainability-related risks and opportunities, integrating these measures with other internal functions to ensure a cohesive approach. ESG risk is considered as one of the principal risk types in the group. The Environmental, Social and Governance Risk Management Framework (ESG-RMF) guides the identification, assessment, treatment, monitoring, and reporting of ESG and climate-related financial and non-financial risks.

The ESG RMF stipulates that ESG risk should be integrated into Nedbank's primary risk types, including credit, conduct, market, operational, liquidity, underwriting, and reputational risks. By incorporating environmental and social risks into these primary risk types, Nedbank ensures that sustainability considerations are embedded in its overall risk management processes. This integration is further enhanced through risk relevance self-assessments for all social and governance-related risks.

**Nedbank's approach includes the use of scenario analyses and stress testing to anticipate and mitigate potential climate-related impacts. These insights are seamlessly integrated into the calibration of liquidity buffers and other risk management frameworks, reinforcing the bank's resilience and stability.**

Furthermore, Nedbank engages with internal and external stakeholders, including business clusters, risk teams, clients, and regulators, to validate and refine the ESG RMF. This collaborative approach ensures that the foundations for the bank's sustainability-related controls and procedures are robust and aligned with leading practices and standards.

By continuously refining our risk strategies and integrating sustainability considerations into our risk management systems, Nedbank demonstrates our commitment to maintaining financial stability and resilience in the face of evolving sustainability-related risks and opportunities.



# The Group Sustainability and Climate Resilience Committee members

## Experience of Group Sustainability and Climate Resilience Committee (GSCRC) members

Members of the board are identified through a rigorous process to continue adding cognitive diversity to the collective board experience. All the members of the GSCRC have specific climate-related experience as reflected in their profiles below.

### GSCRC Chairperson



**Brian Dames**  
Non-executive Director  
South African

#### Qualifications: BSc (Hons), MBA

Brian has expertise and experience in mining, energy, resources and infrastructure, innovation and digital, environment and climate, large corporates, industrial affairs, human resources, marketing, business strategy and strategic planning, IT and cyberresilience, corporate governance and stakeholder management, as well as doing business in emerging economies.

Brian joined the Nedbank Board as an independent non-executive director on 30 June 2014. Brian is Chief Executive of African Rainbow Energy and Power and previously served as the Chief Executive of Eskom Holdings SOC Limited. He has extensive experience relating to global (and specifically African and South African) energy and resource issues. Brian serves as a member of the World Economic Forum's Governors of the Electricity Industry, a trustee of the WWF Trust SA, and as a non-executive director of the Industrial Development Corporation of South Africa Limited.

#### Board committees

**Chairperson:** Group Sustainability and Climate Resilience Committee.

**Member:** Group Information Technology Committee, Group Risk and Capital Management Committee, and Group Directors' Affairs Committee.

### GSCRC Members



**Linda Makalima**  
Independent Non-executive Director  
South African

#### Qualifications: BCom (Hons), HDE, MPhil

Linda has expertise and experience in investment banking, other financial services, human resources, marketing, business strategy and strategic planning, large corporates, innovation and digital, as well as governance and stakeholder management.

Linda, the founder of Lima Business Solutions Proprietary Limited, was previously a director and the Head of Investment Banking Coverage (SA) at Standard Bank, where she was responsible for business development and origination across a portfolio of sectors, including oil and gas, power, infrastructure and renewables, mining and telecommunications. Before that, she had been the managing director of Diners Club SA. Linda left the corporate world to become a career and business coach, providing professionals and entrepreneurs with skills, insights and tools to enrich their careers and businesses. She is also a member of the Pathcare Board of Governors and on the coaching panel of Heidrick & Struggles.

#### Board committees

**Chairperson:** Group Transformation, Social and Ethics Committee.

**Member:** Group Credit Committee, Large-exposures Approval Committee, Group Sustainability and Climate Resilience Committee, Group Risk and Capital Management Committee and Group Directors' Affairs Committee.



**Phumzile Langeni**  
Independent Non-executive Director  
South African

#### Qualifications: BCom, BCom (Hons), MCom

Phumzile has expertise and experience in investment banking, other financial services, large corporates, human resources, marketing business strategy and strategic planning, mining, energy, resources and infrastructure, macroeconomic and public policy, and corporate governance and stakeholder management.

Phumzile is a cofounder and Executive Chairman of Afropulse Group Proprietary Limited, an unlisted investment and corporate advisory house, Vice Chairman of Imperial Logistics Group (previously Imperial Logistics Limited), and Chairman of Metrofile Holdings Limited and Delta Property Fund. In April 2018 Phumzile was appointed by the President of South Africa as one of 4 special envoys on investment, tasked with raising \$100bn over a 5-year period to pursue economic opportunities in SA.

#### Board committees

**Member:** Group Transformation, Social and Ethics Committee, Group Audit Committee, Group Remuneration Committee and Group Sustainability and Climate Resilience Committee.



**Daniel Mminele**  
Independent Chairman  
South African

**Qualifications:** Associate Certificates from the Chartered Institute of Bankers (London) in association with City Polytechnic of London/Guildhall University, German Banking Diploma (Bankkaufmann) from Sparkasse Paderborn, the Chamber of Industry and Commerce in Bielefeld (Germany).

Daniel has expertise and experience in retail and investment banking, other financial services, large corporates, climate finance, macroeconomic and public policy, human resources, marketing, business strategy and strategic planning, corporate governance and stakeholder management, and environment and climate.

Daniel was appointed to the boards of Nedbank Group Limited and Nedbank Limited as an independent non-executive director on 1 May 2023, and as Chairman on 2 June 2023. He was also appointed to the board of the Youth Employment Service (RF) NPC as a non-executive director on 1 November 2023. He was Chair of Alexander Forbes Group Holdings Limited and Alexander Forbes Investments Limited, Chief Executive of Absa Group and Absa Bank Limited, and served two 5-year terms as Deputy Governor of the South African Reserve Bank (SARB) where his responsibilities, during his second term, included Financial Markets, International Economic Relations and Policy, as well as the Human and Operations Cluster. His committee membership track record includes the Governors' Executive Committee, the Monetary Policy Committee, Financial Stability Committee, Risk Management Committee and the Prudential Committee. Before joining SARB in September 1999, Daniel worked for African Merchant Bank and Commerzbank in South Africa, and WestLB in the UK and Germany for 12 years in corporate credit risk analysis, project finance and structured finance.

Daniel also served for most of 2022 as Head: Presidential Climate Finance Task Team where he led and coordinated the work to effect the Just Energy Transition Partnership, as well as the development of the Just Energy Transition Investment Plan, which was launched in November 2022.

#### Board committees

**Member:** Group Directors' Affairs Committee and Group Sustainability and Climate Resilience Committee.



**May Hermanus** *(joined July 2024)*  
Independent Non-executive Director  
South African

**Qualifications:** BSc Geology, MSc Engineering, PhD Engineering

May has expertise and experience in mining, energy, resources and infrastructure, environment and climate, large corporates, corporate governance and stakeholder management and macroeconomic and public policy.

May is a visiting adjunct-professor at the University of Witwatersrand. For the past 30 years she has worked on health and safety in mining, environmental protection, and sustainability in Africa. She started as an NGO volunteer and became the Head of the National Union of Mineworkers' (NUM) Health and Safety Unit. She also participated in UN's International Labour Organisation forums. She has held many positions, such as non-executive director at Aveng Ltd, Director of the Centre for Sustainability in Mining and Industry, Executive Director of CSIR's Natural Research Unit, Chairperson of the Mine Health and Safety Council, the Board of the Mining Qualifications Authority, and Deputy Director-General of the Department of Minerals and Energy for Mine Safety and Health and a variety of other roles locally and internationally. She is the Chairperson of Tshiamiso Trust and was Chairperson of AngloGold's employee share option scheme. May also serves as a director of the Institute for Social Dialogue.

#### Board committees

**Member:** Group Sustainability and Climate Resilience Committee.

# Executive remuneration and coordinated assurance

## Executive remuneration

The board strives to ensure that remuneration is fair and transparent, and promotes positive outcomes aligned with the legitimate expectations of all stakeholders. While being mindful of the wealth gap in SA, the remuneration of executives and employees is linked to sustainable value-creation objectives in line with the group’s strategy and is based on clear performance targets that have adequate stretch and market benchmarking.

Group Remco oversees the design and operation of the remuneration system and ensures that the group remunerates employees in a manner that is fair, responsible and transparent in the context of the group’s overall remuneration and promotes the achievement of strategic objectives and positive outcomes.

As part of overall governance requirements, Nedbank publishes an annual comprehensive Remuneration Report which contains the Remuneration Policy and the Implementation Report, and it forms part of the annual Nedbank Integrated Report. Included in the Remuneration Report is Nedbank’s public disclosures about its remuneration practices, policies, procedures, and shareholder engagements.

Nedbank recognises the increasing importance of ESG factors in ensuring that we create value for our stakeholders. Climate is explicitly

(operating within risk appetite, targets and limits) and implicitly (climate as part of ESG considerations) incorporated in executive managers’ remuneration and goal commitment contracts. Environmental and social commitments were included for the first time in the group’s 2022 long-term incentive scheme, including delivery on its Energy Policy and SDF, and our shareholders received it well.

Long-term incentives are linked to the group’s performance on financial, strategic, environmental and social performance indicators. Short-term incentive allocations incorporate the performance of the group, the clusters, and the individuals in terms of goal performance contracts which are based on relevant performance indicators. The assessment of our progress on environmental commitments is based on Group Remco’s qualitative evaluation of the board-approved metrics, with input from relevant board committees.

**For long-term incentive awards made in 2024, we have the following:**

Metric	Commitment
Environmental and social	Achieve appropriate progress on our Energy Policy commitments: Renewable-energy finance (SDG 7) and Energy Policy-related timelines and targets, including fossil fuel and power generation glidepaths.
	Our own carbon footprint is to decline by 40% by the end of 2025 and renewable green energy for our own operations is to contribute more than 30% of energy sourced by 2025, and both to be progressed further by 2026.
	Meet sustainable development financing (SDF) ambitions: By the end of 2025 it is our ambition to have increased SDF exposures to around 20% of the group’s total gross loans and advances (2024: 19%; 2023: 16%), that is aligned to the SDGs.

**Vesting of Group Exco and cluster exco awards remains 100% business performance-based – the same as the 2023 awards.**

## Coordinated assurance

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

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

**Climate risk remained a thematic during 2024, with the following assurance reviews undertaken:**

- The Integration of the Climate Risk Materiality Assessment (CRMA) into risk management plans of the business clusters, as part of the implementation of the Climate Risk Management Framework (CRMF).
- Group Internal Audit (GIA) assurance focused on external reporting (ie the annual Climate Report, financed emissions calculations and climate stress testing) and the climate data and systems workstream.

# Training, awareness and culture

## Knowledge and skills

As a purpose-led business, we ensure that our skills and knowledge profile support our strategy on climate change. We continue to empower our employees with relevant and engaging learning opportunities that help them understand and manage the risks and opportunities arising from climate change. We also align our people and human resource strategy with our climate ambitions, by embedding climate-related goals and achievements in our People Promise messaging and talent acquisition practice.

## Board training

As part of our governance and oversight of sustainability and climate-related matters we provided tailored training and awareness sessions for our board of directors and senior management through internal specialists and external speakers to present their views and opinions on topics related to climate to keep the board and senior management informed on current and upcoming topics relevant to climate change.

**In 2024 the following sustainability and climate-related training topics were presented to boardmembers:**

2024 Board training	Presenter
Adoption and use of the international ISSB standards	Nedbank internal
Glidepaths teach-in	Nedbank internal
The fiduciary duties of directors in driving and overseeing ESG	Embedding Project
The benefits and power of ESG data to unlock business growth opportunities	McKinsey & Company
Nature and finance: risks and opportunities	Sustainable Finance Coalition
Clean Technology Evolution	Nedbank internal
2024 Beyond Banking Conference, where the future of banking comes to life	GIBS, in partnership with Monocle
Generative AI by Microsoft	Microsoft South Africa
Presentation on the International Internal Auditing Standards	PwC





# Strategy

Overview of the significant threat climate change poses to the planet and societal well-being, our strategic response, and the trade-offs we make to ensure ongoing value creation for stakeholders.



# Understanding our context

## Africa at a crossroads: The urgent need to confront climate and nature-related risks to unlock sustainable growth

Africa stands at a critical crossroads: it is among the regions most vulnerable to climate change, enduring severe consequences from extreme weather events, such as droughts, floods, and cyclones. While the intersection of climate change, biodiversity loss, and socioeconomic inequality presents significant challenges, it also provides potential pathways for sustainable and inclusive growth. As global and regional climate pressures intensify, Africa has the chance to leverage innovative financial solutions, renewable energy technologies, and nature-based strategies to drive transformative change.

## Understanding the challenges<sup>1</sup>

The African Development Bank estimates that climate change already costs the continent between 5% and 15% of its GDP annually. Despite contributing minimally to global carbon emissions, Africa's economies and communities bear a disproportionate burden. The continent's ability to respond to and build resilience against climate change by investing in necessary adaptation measures is significantly hampered by high debt levels, governance challenges and low economic growth, which constrain its capacity to invest in necessary adaptation measures.

Equally concerning is the biodiversity or nature crisis. The 2024 World Wide Fund for Nature (WWF) Living Planet Report reveals that while more than 60% of African economies are wholly or partially reliant on nature, there has been a 76% decline in Africa's wildlife populations since 1970, driven by habitat loss and unsustainable resource use. Efforts like the African Forest Landscape

Restoration Initiative (AFR100), which aims to restore 100 million hectares of degraded land by 2030, remain underfunded and face implementation challenges.

The G20, under SA's presidency, has highlighted the importance of multipolarity and multilateralism, emphasising the need for inclusive global governance to address the challenges faced by developing nations. However, the meetings have also underscored the challenges of achieving consensus among major powers, particularly on issues like climate change and economic inequality. The B20, representing the business community, is focusing on leveraging private sector innovation to address global challenges. Amid these discussions, geopolitical tensions, such as those related to the Ukraine and Middle East conflicts and shifting alliances, continue to shape the international landscape and willingness to support regions like Africa in its pursuit of a Just Transition, which is not possible without significant support from the Global North and private sector finance.

These dynamics present both challenges and opportunities for banks, as they navigate a complex environment to support sustainable development and economic resilience.

**Africa needs around US\$2,8tn by 2030 to meet its Nationally Determined Contributions (NDCs) under the Paris Agreement. However, the continent receives less than 12% of this requirement annually. This climate finance gap impedes progress toward achieving the Sustainable Development Goals (SDGs), fulfilling Paris Agreement commitments, and meeting the 30x30 biodiversity target of conserving 30% of global land and marine areas by 2030.**

The imperative to address these funding shortages is reinforced by the many climate-induced challenges, including severe droughts over the past decade, affecting approximately 68 million people in southern Africa, leading to food insecurity and economic strain. Additionally, countries like Namibia and Zimbabwe have had to resort to using wildlife habitats for food production, raising concerns about conservation efforts. Energy infrastructure has also suffered recently, with Zambia experiencing drastic reductions in hydroelectric power generation due to low water levels in Lake Kariba, resulting in widespread electricity shortages.

Despite these challenges, there have been some positive developments in climate finance and conservation efforts on the continent.



<sup>1</sup> Intergovernmental Panel on Climate Change. (2022). *Climate Change 2022: Impacts, Adaptation and Vulnerability*. Retrieved from

## Understanding our context continued

Climate finance flows to Africa increased by 48%, reaching US\$44bn in 2021/22, up from US\$30bn in 2019/20. However, this amount is still insufficient given the magnitude of funding necessary to implement Africa's NDCs and achieve its climate goals for 2030.

The outcomes of the most recent nature and climate COPs, COP16 and COP29 respectively, highlight the deeply intertwined nature of biodiversity conservation and climate change mitigation. Climate change

exacerbates biodiversity loss, while biodiversity plays a critical role in climate resilience. Both conferences stressed the need for robust, inclusive financial systems that engage governments, the private sector, and Indigenous Peoples and Local Communities (IPLCs) in delivering sustainable solutions. This has profound implications for financial institutions. Banks are expected to take a leading role in funding climate and biodiversity initiatives by ensuring access to

financial products such as green bonds and sustainability-linked loans. The introduction of a robust global carbon market presents opportunities for financial institutions to develop new markets and financial offerings to support emission reduction projects.

Banks' risk management frameworks must integrate climate and nature risks, ensuring that portfolios are resilient to environmental shocks. Moreover, there is an increasing demand for transparent climate and

biodiversity-related financial disclosures, compelling institutions to adopt more rigorous reporting standards.

For banking clients, especially businesses, these developments should mean greater access to sustainable development finance for sustainability-related projects. However, this also comes with heightened expectations to meet strict ESG standards and improve transparency in environmental impact reporting.

### Key global developments in 2024

#### Climate finance mobilisation:

The Climate Investment Funds (CIF) issued a US\$500m bond to combat climate change, marking a significant move towards leveraging capital markets for green investments.

#### Technological empowerment in agriculture:

Initiatives to equip smallholder farmers with artificial intelligence (AI) tools gained momentum, enhancing climate resilience and food security across Asia, Africa, and Latin America.

#### Innovations in insurance:

The insurance sector has emerged as a key role player in nature finance, given its potential to introduce products to de-risk investments in nature-based solutions, potentially unlocking billions for biodiversity conservation efforts.



Understanding our context *continued*

Looking forward: 2025–2030

As Africa navigates the escalating impacts of climate change and biodiversity loss, the next 5 years will be pivotal in determining the continent’s ability to achieve sustainable growth. Key opportunities include scaling climate finance, advancing renewable energy, and strengthening nature-based solutions to build resilience and drive inclusive development.



<p><b>Surge in sustainable development finance:</b></p> <p>An increase in sustainable development finance is anticipated in the coming years, driven by investor demand and regulatory frameworks promoting sustainability. African banks are likely to expand related bond issuances and introduce new sustainable finance products. This financial shift is expected to be complemented by international bodies like the Green Climate Fund scaling up African funding. For example, Kenya has successfully issued green bonds to finance sustainable projects, and Nigeria has launched its Sovereign Green Bond Programme to support environmental initiatives.</p>	<p><b>Public-private partnerships (PPPs):</b></p> <p>PPPs will play a critical role in sustainable infrastructure development. Governments are anticipated to introduce policies that incentivise private sector involvement in climate-resilient projects, from modernised transport systems to smart water management solutions. These partnerships have the potential to bridge resource gaps and enhance climate adaptation efforts. An example is the Kigali Bulk Water Supply Project in Rwanda, which is a PPP aimed at improving water supply infrastructure.</p>	<p><b>Climate adaptation financing:</b></p> <p>Climate adaptation financing is anticipated to grow but will remain inadequate relative to projected climate damages. The operationalisation of the Loss and Damage<sup>1</sup> Fund, set to begin disbursements in 2025, will provide some relief to vulnerable communities. However, with anticipated climate damages reaching approximately US\$580bn for developing nations by 2030, far greater financial commitments and more innovative financial mechanisms will be necessary. For example, the African Risk Capacity (ARC) provides insurance solutions to help African countries manage climate risks.</p>
<p><b>Renewable energy investment:</b></p> <p>Renewable energy investment is set to accelerate as countries address energy insecurity. The ongoing progress of SA’s Just Energy Transition Partnership (JETP) is likely to inspire neighbouring SADC nations to develop similar models, fostering public-private collaborations in solar, wind, and hydro energy projects. This momentum could lead to Africa becoming a leader in decentralised renewable energy solutions. For instance, Morocco’s Noor Solar Project and Egypt’s Benban Solar Park are already setting benchmarks for large-scale renewable energy projects.</p>	<p><b>Nature-based solutions (NBS):</b></p> <p>NBS are expected to gain greater traction, with expanded investments in reforestation, wetland restoration, and regenerative agriculture. This integrated approach to climate resilience and biodiversity conservation holds promise for mitigating ecosystem degradation while supporting rural livelihoods.</p>	<p><b>Transition fuels<sup>2</sup>:</b></p> <p>Natural gas is transition fuel in Africa’s move towards a sustainable energy future. Using natural gas as a transition fuel helps to reduce emissions now while renewable energy infrastructure is being developed. Natural gas also provides a stable energy supply, and is an important part of the energy mix crucial for economic growth and improving energy access across the continent. By harnessing its natural gas resources appropriately, Africa can drive a Just Transition that addresses environmental concerns and promotes social and economic equity.</p>

<sup>1</sup> [unfccc.int/loss-and-damage-fund-joint-interim-secretariat](https://unfccc.int/loss-and-damage-fund-joint-interim-secretariat).

<sup>2</sup> [https://www.woodmac.com/horizons/natural-gas-transitional-energy-source/?\\_FormGuid=51cc3ec2-14fe-46da-b3b3-25ddac9b70c1&\\_\\_FormLanguage=en&\\_\\_FormSubmissionId=bc243737-c811-498f-b215-755fb720c06c](https://www.woodmac.com/horizons/natural-gas-transitional-energy-source/?_FormGuid=51cc3ec2-14fe-46da-b3b3-25ddac9b70c1&__FormLanguage=en&__FormSubmissionId=bc243737-c811-498f-b215-755fb720c06c).

## Understanding our context continued

### Role for financial sector

Despite headwinds such as political shifts in some regions that have encouraged scepticism towards sustainability and ESG, the financial risks and opportunities from addressing climate change and nature are substantial and growing. The financial sector needs to continually assess their climate and nature strategies, ensuring that they are able to meet evolving client needs. This involves updating commitments and targets based on the latest science, examining the pace of progress, and ensuring operating models and supporting policies are fit for purpose.

Banks have massive opportunities in supporting sustainable development. These include support for mature technologies with economic advantages and helping hard-to-abate sectors transition. Banks should establish relationships with emerging champions in mature sectors while supporting early-stage technologies in hard-to-abate sectors through equity, risk sharing, and corporate-level financing. Enhanced approaches to managing physical risk, adaptation finance, and transition risk are also required. This includes addressing risks in supply chains, supporting material adaptation, and incorporating greater disruption and volatility within transition analyses.

By embracing innovative financing models, expanding strategic partnerships, and committing to science-aligned targets, Africa can close its finance gap and achieve resilient, inclusive, and sustainable growth. However, decisive, collaborative action is urgently needed. By focusing on these areas, we can deliver enhanced returns to shareholders and play a vital role in accelerating the shift to a lower-carbon and more just and resilient economy.<sup>1</sup>

As part of our commitment to the climate and nature agenda, we are dedicated to enhancing access to adaptation and green finance, managing climate and nature-related financial and reputational risks, and monitoring the climate impacts of our lending portfolio. Additionally, we have started the process to understand our impact and dependencies on nature.

**We acknowledge the necessity of collaborating across sectors and with the government to achieve effective climate action, which requires coordination and multilevel governance. Understanding that urgent efforts this decade are critical to securing a thriving climate and natural environment for future prosperity.**



<sup>1</sup> 2024 Living Planet Report: World Wildlife Fund. (2024). Living Planet Report 2024. Retrieved from [worldwildlife.org/publications/2024-living-planet-report](https://worldwildlife.org/publications/2024-living-planet-report)  
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# Our climate and nature strategy

Our climate and nature strategy is informed by our Climate Change Position and Nature Position Statements and guided by our group strategy, Sustainable Development Framework, commitments to sustainable development finance, related policies such as our Energy Policy and our climate focus areas.

## Climate and Nature Strategic Approach

### Purpose

To use our financial expertise to do good for individuals, families, businesses and society.

### Strategic value unlock

Creating positive impacts

### Guiding principles

Climate Change Position Statement

Science-aligned and supportive of the Just Transition

Nature Position Statement

### Commitments

#### Grow our sustainable finance

To increase SDF exposures to around 20% of group total gross loans and advances by end of 2025 (new SDF target to be set in 2025 out to 2030)

#### Net-zero 2050

100% of lending and investing supporting the net-zero carbon economy (interim targets via glidepaths and sector policies)

### Tools

Opportunity-related: Sustainable Development Framework, Sustainable Development Finance Inclusion Criteria

Risk-related: Energy Policy, Climate and Nature Materiality Risk Assessments, Social and Environmental Management System, ESG Framework

### Focus areas

Being the impact

Supporting our clients' transition

Tilting our book

Managing climate risk

Managing our operations

### Objectives

To embed climate and nature imperatives into our culture and decision-making through training and policy development to support our clients' transition ambitions

To provide advisory services and SDF offerings in support of our clients' decarbonisation/transition journeys and aligned to the SDGs

Building towards a Just Transition to net zero by 2050 through strategic capital allocation and reduced carbon intensity, to ensure the long-term resilience of the bank and success of our clients

Integrating climate and nature-related risks into our risk management frameworks to ensure the long-term resilience of the bank and our clients

To minimise the negative impacts and optimise positive impacts of our operations

**Enabled by our  
Transition Plan  
(under  
development)**

### Governance and implementation

Purpose Programme of Work

Group Sustainability and Climate Resilience Committee

Sustainability Risk Committee

## Our climate and nature strategy continued

### Nedbank's strategic approach to climate and nature

Sustainable growth is vital for the economy, and by incorporating the emerging business risks (and opportunities) of climate and nature into our strategic plans we aim to encourage growth that yields positive environmental and social outcomes.

We are integrating social and environmental sustainability into core operations as part of our overarching group business strategy through the strategic unlock of 'creating positive impacts', recognising the critical interdependence between climate and nature and societal inclusion and well-being.

Our approach in this regard is guided by our Climate Change Position and Nature Position Statements that are both aligned to the required science and support the realisation of a Just Transition.

Our commitment is to achieve net-zero emissions by 2050, demonstrating our dedication to mitigating climate change and aligning with global efforts to limit temperature rise. Additionally, we are committed to significantly growing our sustainable development finance, funding initiatives that promote renewable energy, energy efficiency, and other environmentally beneficial projects. This dual commitment underscores our leadership in fostering a sustainable future and supporting the transition to a low-carbon economy.

We use tools such as our Sustainable Development Framework and Energy Policy to meet our commitments to sustainable development finance and support the transition to a net-zero economy respectively. We recognise

the concept of double materiality, acknowledging both the impact the bank has on the environment and society through its operations and provision of finance and investment, and the risks that climate change poses to the organisation. Our focus areas – being the impact, supporting our clients' transition, tilting our portfolio towards sustainable assets, managing climate risk, and managing our own operations shape our approach and determine the work undertaken while ensuring that we consciously manage our impacts and aim for positive outcomes for the environment and society.

**Responsible capital allocation is fundamental, and we are increasingly directing resources towards initiatives that align with our climate and nature commitments, recognising the powerful impact of capital in driving positive change.** As such, we are innovating to create financial solutions that accelerate the transition to support our clients in reducing their environmental impact and increasing their economic resilience. Ongoing engagement with clients and other stakeholders to evolve our strategy is crucial to ensure that we support the required Just Transition at the pace required by science.



Our climate and nature strategy *continued*

Progress and achievements from our climate and nature strategy



**Being the impact**

Embedding the climate imperative into our culture and decision-making

- We enhanced our client engagement process to incorporate water and some market pressures such as CBAM in addition to climate impact and an understanding of clients' transition plans.
- Climate 101: In 2024, a total of 18 450 employees have completed the Climate 101 e-learning module (2023: 17 603), of which 2 529 employees completed it in 2024 alone.
- Sustainability 101: In 2024, a total of over 22 000 employees have completed the Sustainability 101 e-learning module, of which 2 154 employees completed it in 2024 alone.
- We conducted a Road to Net Zero thought-leadership series for Nedbank employees and leadership.
- We made progress on the Purpose Programme of Work (PPOW). Key achievements included integrating PPOW requirements into the 2025–2027 business plan, advancing net-zero transition metrics, joining PCAF, completing Phase 1 of the NRA, and developing an ISSB IFRS Adoption Roadmap. These efforts highlight our commitment to integrating sustainability across the business and aligning to new reporting standards.



**Supporting our clients' transition**

Providing advisory services and SDF offerings aligned to the SDGs

- We engaged with over 350 prominent clients in predominantly climate-sensitive sectors to better understand their challenges and opportunities as they look to transition.
- We continued to use our ESG advisory capability for Corporate and Investment Banking (CIB) clients to assist with their transition to a low-carbon economy using sustainable finance solutions for both adaptation and mitigation efforts.
- We partnered with clients to drive climate impact objectives through sustainability finance solutions including:
  - Provided over R10bn (R3bn: 2023) in private power generation funding.
  - Raised R2,7 bn in sustainability linked bonds.
  - REIPPPP successes: Mandated lead arranger for 50% of all round 7/8 solar and wind projects (1,5 GW); Mandated lead arranger for 33% of all Battery storage/Battery Energy Storage System (BESS) round 2 projects (0,54 GW).



**Tilting our book**

Building towards a transition to net-zero by 2050

- We disclosed financed emissions across 6 climate sensitive sectors.
- Disclosing the financed emissions of our fossil fuel portfolio for the third time with a 58% reduction in thermal coal emissions for 2024. This results from deliberate strategic choices during the year.
- We expanded our financed emissions disclosures to include calculations for corporate real estate and mining for the first time.



**Managing climate risks**

Integrating climate-related risks into our risk management frameworks

- We are actively evaluating and enhancing our business's ability to withstand and adapt to the effects of climate change.
- Being proactive in addressing climate-related risks and opportunities to be better positioned in the long term and achieve success in a rapidly changing global economy.
- In 2024 we conducted our inaugural Nature Risk Assessment (NRA) to enhance our understanding and management of nature-related risks from a quantitative perspective, following the TNFD Locate, Evaluate, Assess, Prepare (LEAP) process.
- We are actively progressing with the execution of our Climate Risk Management Framework (CRMF) via our Climate Risk Management Programme.



**Managing our operations**

Minimising negative impacts and optimising positive operational impacts

- We actively engaged with our supply chain to address environmental and climate issues, aiming to reduce GHG emissions and improve transparency.
- For over a decade we have voluntarily disclosed and offset our carbon emissions to maintain operational carbon neutrality.
- We support initiatives to secure renewable energy through energy wheeling supply contracts.
- Over 89% of our office buildings operate according to best practice, adhering to Green Star Building accreditation standards.



# Our climate and nature action



## Being the impact: Embedding the climate imperative into our culture and decision-making

In this era of transformation, banks have a renewed mandate to drive inclusive economic growth and stability. As a key player in Africa's economy, we recognise our evolving role beyond traditional banking and the need for us to use our ability and influence to promote sustainable development. Our purpose shapes our strategic direction, ensuring our business decisions align with the goal of fostering a sustainable economy and a Just Transition.

We strive to lead in enabling the Just Transition, responding to needs of the local contexts we operate in, and supporting green job creation. We understand that achieving a net-zero and nature-positive economy requires collective action across sectors. This principle guides our partnerships with clients, employees, and communities to drive systemic change. We are committed to transforming our business, creating shared value with our clients and communities.

### Training and capacity building

In 2024 our commitment to embedding climate change and sustainability-related training has remained steadfast. Training is available to all employees and is encouraged to be completed annually. These efforts were designed to empower our employees with knowledge and insights that enable them to engage more meaningfully with clients on complex sustainability issues. To achieve this, we collaborated with both local and international experts to customise learning experiences.

#### Our training content during the year included:

- Climate Risk Materiality Assessment.
- Climate scenario analysis application.
- Climate and ESG risk management.
- Integration of climate risk into traditional risk types.
- Nature Risk Assessment (NRA).
- Carbon accounting.
- ESG frameworks.
- Climate risk analytics.
- The Road to Net Zero thought-leadership series.

We regularly evaluate our training and awareness activities to ensure they are effective and relevant, contributing to continuous learning in climate science, risk management, and regulatory developments.

Additionally, we hosted our first Net Zero Nexus Summit: Uniting for a sustainable future, the first full-day thought-leadership summit that brought together key figures, thought leaders, and fellow Nedbankers to discuss the urgent need for action on climate change, with a particular emphasis on the role of leadership and financial institutions in driving the Just Transition to a sustainable future.

### 2024 Training in numbers

**Risk School ESG Training**  
**724 employees**  
attended 7 sessions

**Nature 101**  
**In 2024 a total of 6 411**  
employees completed the new course since the launch in Q4 of 2024

**Climate 101**  
**In 2024 a total of 18 613**  
employees have completed the Climate 101 e-learning module (2023: 18 377)

**Sustainability 101**  
**In 2024 a total of 18 451**  
employees have completed the Sustainability 101 training programme (2023: 19 420)



## Our climate and nature action continued

### Being the impact continued

#### Nedbank's Purpose Programme of Work: 2024 progress update

PPOW is a groupwide transformation programme that focuses on integrating climate and broader sustainability across the organisation, in key areas such as strategy, risk, credit, technology and governance. The intent of PPOW is to (i) effectively coordinate, streamline and institutionalise the fulfilment of the bank's purpose across the enterprise; (ii) meet regulatory requirements; and (iii) secure a leading, differentiated position for Nedbank through unlocking purpose-led commercial opportunities and new areas of growth.

PPOW contributes to strategic portfolio optimisation and diversification and is crucial for embedding environmental and social considerations into our business model. This programme seeks to meet growing stakeholder and regulatory expectations and unlock commercial opportunities while managing emerging business risks.

The PPOW is overseen by a steering committee under the leadership of the Group Strategy Managing Executive and reports directly into the Group Executive Committee. The year 2024 was focused on several key areas to ensure that our purpose-driven initiatives were integrated across the organisation and contribute to long-term value creation.

#### Key achievements were:

- The inclusion of specific PPOW requirements into the 2025–2027 business planning process that incorporated 9 key performance indicators (KPIs) for purpose enablement, including training commitments for employees on climate and nature issues, financial targets for delivery of sustainable development finance and strengthening governance structures across the clusters.
- We advanced the metrics and targets section of our net-zero transition plan that prioritises the capability development and timeline for disclosure of our financed emissions and associated glidepaths for our emission-intense sectors.
- We officially became a signatory to the Partnership for Carbon Accounting Financials (PCAF), which has secured access to the PCAF Training Academy to provide an additional teaching and skills development platform for employees involved in the carbon accounting and reporting processes for the bank.
- We completed phase 1 of the bank's NRA.
- We developed a high level ISSB IFRS Adoption Roadmap to align with the new reporting standards.

PPOW demonstrates the bank's commitment to sustainable development and underscores Nedbank's commitment to leveraging its financial expertise to benefit and support our clients as they transition to support a low-carbon, just economy.

#### Developing our approach to nature

We published our first Nature Position Statement in Q1 of 2024. It explains how Nedbank understands nature, nature's global current state, and what must be done to restore it. The statement guides the group to a path that is aligned with global best practice, forms the basis for our related strategies and the foundation from which policy and related nature commitments and targets can be set. It has been approved by Nedbank's Executive Committee and the Nedbank Board, which will also approve and monitor future commitments stemming from it.



#### Our Nature Position Statement commits us to:

- Over the medium term, develop the internal capacity to assess and disclose nature-related dependencies, impacts, risks, and opportunities. We will disclose our progress in this regard annually.
- Advance our risk-screening processes.
- Monitor nature-related policy developments and work with our conservation partner WWF and other industry experts to remain abreast of the latest nature developments and test how those can be applied in our business.



## Our climate and nature action continued



### Being the impact continued

#### Progress in 2024

##### Nature 101: Developing internal capacity

In partnership with the Sustainability Institute and WWF, Nedbank has developed an online nature training programme for finance practitioners. The training provides Nedbank decision-makers with an enhanced understanding of the linkages between nature and finance. It provides a basic understanding of what is nature, how nature impacts Nedbank and how Nedbank impacts nature. Since its launch, over 6 411 employees (over 40% of the total staff complement) have completed it.

##### WWF Nedbank partnership: Monitoring nature-related policy developments and working with our conservation partners

In 2007 our relationship with WWF evolved into a transformational partnership to drive large-scale conservation and sustainability initiatives. The goal is to leverage both organisations' capacities to reduce impacts on water, carbon, biodiversity, and land use. The partnership has progressed through several phases: Phase 1 (2007–2012) focused on launching environmental projects; Phase 2 (2013–2018) scaled up efforts, including achieving water neutrality and promoting sustainable agriculture and Phase 3 (2019–2024) aimed at improving freshwater quality and quantity, boosting livelihoods, and managing ecological infrastructure in Strategic Water Source Areas (SWSA).

**Our partnership from 2024 to 2029 aims to support the Just Transition to a green economy through nature-based solutions and advocacy. It focuses on 4 key areas:**

- **Biodiversity:** We will continue to support and expand landscape conservation in the Eastern Cape Strategic Water Source Areas (SWSA). We will replicate key learnings from this landscape in other important areas to improve the management of strategic water sources, expand protected areas, and protect key species.
- **Green jobs:** Nedbank's Social Impact Unit and WWF's Green Financial Solutions will support the growth of the green economy by enabling SMMEs to secure financing.
- **Nature-based solutions:** We will leverage WWF and the Sustainable Finance Coalition's capacity to catalyse new funding for nature-based solutions. This includes supporting Nedbank's risk analysis, enhancing nature-based strategies, addressing environmental policies, developing new products and services, and improving sustainability client engagement.
- **Policy and advocacy:** We will engage and mobilise key stakeholders to lobby the government and other entities to accelerate the integration of nature and climate change within policies. This will foster more sustainable economic growth and support the Just Transition.

This enduring partnership demonstrates how finance and conservation can work together to drive sustainable development and protect biodiversity. Nedbank and WWF will continue to pioneer solutions that benefit both people and the planet in this phase of our partnership.

##### Nature Risk Assessment: Building capacity by understanding nature-related risks and opportunities

We conducted phase 1 of Nedbank's NRA, thereby showing a pioneering effort to understand and manage nature-related financial risks within its credit portfolio. This initiative aligned with the bank's Nature Position Statement and the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP Framework, which emphasised a structured approach to identifying, evaluating, and managing nature-related risks and opportunities.

The primary objective of the NRA is to identify material nature-related impacts and dependencies within Nedbank's credit portfolio at a sectoral level. This assessment forms the foundation for deeper evaluations of high-risk sectors or clients at a localised level. The NRA employs the TNFD's LEAP approach, ensuring a comprehensive and systematic analysis of nature-related risks. Find more information on the methodology and results in the risk chapter of this report.



Our climate and nature action continued



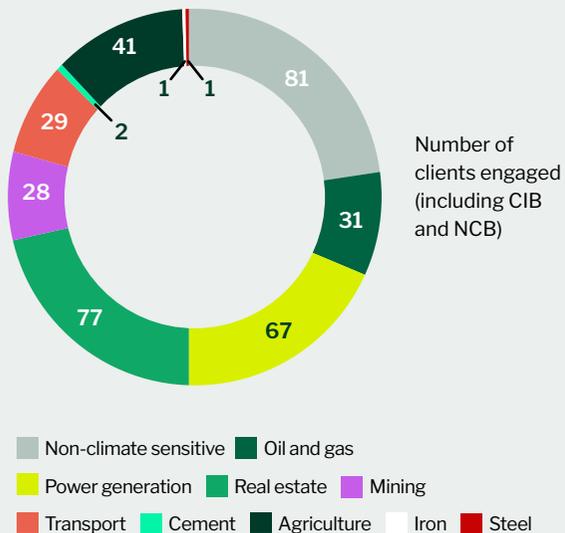
## Supporting our client's transition

Supporting our clients' transition is a key focus area of Nedbank's climate strategy. Our aim is to provide advisory services and sustainable development financing (SDF) offerings to support our clients' decarbonisation journeys, aligned with the Sustainable Development Goals (SDGs). Involving clients in the bank's sustainability journey is crucial to achieving our net-zero goal. Engagement with clients on their decarbonisation journeys helps deepen relationships as we better understand their businesses. In addition to conventional lending channels that facilitate the transition, decarbonisation empowers Nedbank to create and provide sustainable lending and investment solutions. We continued our client engagement during 2024, integrating considerations of climate impact into our conversations and facilitating a deeper understanding of our clients' plans to transition towards more sustainable practices for the year 2024.

### Client engagement insights

In 2024 the group set out to engage with 300 clients (2023: 100 clients) from predominantly climate-sensitive sectors in terms of their climate impact and transition. As part of our ongoing client engagement strategy, these discussions aimed to strengthen our understanding of how we, as a bank, could aid our clients in decarbonising their businesses via financing solutions. Moreover, we sought to proactively collect insights and data to inform the management of carbon impact and risks within our lending portfolio. Our efforts were fruitful, resulting in over 350 discussions.

### Client engagements by sector



### While these decarbonisation engagements are only a part of our ongoing client engagement process, we noted the following:

- Varying levels of awareness among our clients regarding their climate change impact with those clients that are listed generally having a more robust understanding of the transition process required and having allocated more resources to manage it effectively.
- Clients focused on decarbonisation noted a combination of reasons driving their strategic focus on decarbonisation

activities, including unreliable electricity supply, rising energy costs, renewable energy opportunities, extreme weather events, international mechanisms such as carbon border adjustment mechanisms and supplier, client or investor pressure.

- Reflective of our engagements with clients last year we found the availability of data from clients to support and report on climate impact is still in its infancy. Generally, clients in the energy, transport and logistics industries seem to have a better understanding of their emissions data than clients in primary agriculture and property. But agriculture and property clients are

more keenly aware of the need to build climate adaptation and mitigation into their forward-looking strategies.

- Additional topics of water and implications of CBAM were added to some engagements with water interruptions to business continuity rating highly across most sectors with more than 50% having implemented alternatives to mitigate water interruptions already. We identified a significant number of **lending opportunities** through our engagements that will enable us to assist clients with their transition with an unsurprising focus on renewable energy and energy security activity.

### Building our client engagement capabilities

Building our own ESG data and systems capabilities is taking longer than anticipated, while we have improved the collection and automation of climate data within some of our divisions during 2024. On the whole, ESG data collection, storage, amalgamation, interpretation and reporting to ensure we can meet regulatory reporting requirements and use the data to innovate to meet our clients' needs, remains a challenge. **We will deepen our transition and climate impact engagement efforts in 2025 with a focus on the following client engagement process targets.**

#### Nedbank CIB:

- Mature the client engagement process in climate sensitive sectors to include sustainability matters more broadly.

#### Nedbank Commercial Banking:

- Mature the client engagement process in climate sensitive sectors to include sustainability matters more broadly:
  - » Train all of the frontline business managers on climate and nature matters to enable them to engage meaningfully with clients.
  - » Mature the digitisation of the Social and Environmental System process to enable better integration of climate and ESG into decision-making.

Client engagement is a key part of our transition plan that is currently being developed. We therefore anticipate further meaningful developments building on the work that we will undertake in 2025 that will see us moving away from pilot-type engagement activities into a more formally embedded approach.

## Our climate and nature action continued

### Supporting our client's transition continued

#### Leveraging climate change opportunities

Nedbank is a purpose-driven organisation that leverages its financial expertise to impact society positively. Our purpose guides our business strategy, behaviours, and short- and long-term actions. We are committed to reducing systemic risks to the environment and the people we serve while delivering significant and long-term societal value. Our approach in this regard is guided by our climate change and nature position statements which are both aligned to the required science and support the realisation of a Just Transition. We use the Nedbank Sustainable Development Framework to

focus our sustainable development efforts and identify business opportunities, risks, and cost savings. These opportunities and savings are significant. The Organization for Economic Co-operation and Development (OECD) reports that Africa faces a significant sustainable financing gap, estimated at US\$1.6tn through 2030. To achieve the SDGs by 2030, the continent needs an additional US\$194bn annually. This gap accounts for 7% of Africa's GDP and 34% of its total investments in 2021, which is less than 0,2% of global financial assets and 10,5% of African-held financial assets.<sup>1</sup>

We prioritise 9 of the 17 SDGs, focusing on areas where we can make a meaningful impact through innovation in our banking products, lending, and investment practices. Purpose fulfilment is part of our overarching group business strategy through the strategic unlock of 'creating positive impacts' and is driven through core business focus on sustainable development finance, supporting the transition, and financial inclusion.

Among prioritised SDGs, the following 6 address climate change and nature directly:

	<b>SDG 6 –</b> Clean water and sanitation		<b>SDG 7 –</b> Affordable and clean energy		<b>SDG 9 –</b> Industry innovation and infrastructure
	<b>SDG11 –</b> Sustainable cities and communities		<b>SDG 12 –</b> Responsible consumption and production		<b>SDG 15 –</b> Life on land



The Nedbank Sustainable Development Framework

<sup>1</sup> We acknowledge that there are various approaches to, and sometimes contradictory definitions of, SDF and its subcategories. For reporting purposes and in line with Nedbank's Sustainable Development Finance Inclusion Criteria (SDFIC), we use a broad definition to report on our investment and lending activities that seek to yield positive social and environmental outcomes, supporting both the Just Transition and SDGs. As reporting guidelines evolve, we will adapt our disclosures accordingly.

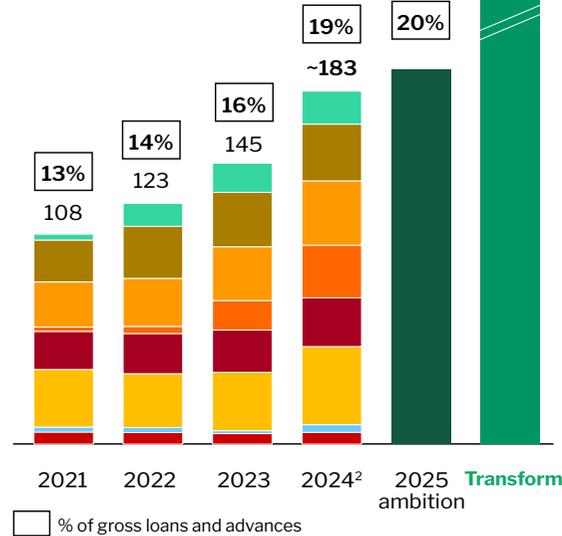
## Our climate and nature action continued

### Supporting our client's transition continued

#### Prioritising SDGs

While we recognise the importance of all 17 SDGs, we have prioritised 9 where we believe we can make the most meaningful impact through innovative banking products, lending, and investment practices. Among these, 6 directly address climate change and nature. The climate opportunities we have identified have shaped our business strategy and financial planning, leading us to develop sustainable finance products and services aimed at promoting the green energy transition, reducing our climate impact, and building climate resilience in the African region. The following pages provide examples of how Nedbank is leveraging these climate opportunities and their impact on our business strategy and financial planning.

#### Sustainable development finance exposures<sup>1</sup> (Rbn)




**R33bn** for green certified buildings and affordable home loans



**R29bn** support for farmers and the agriculture sector



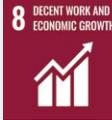
**R17bn** sustainable finance across multiple SDGs (CIB clients)



**R4bn** financing for clean water and sanitation



**R40bn** total renewable energy exposures



**R25bn** lending exposure to small businesses and their owners

The remaining R35bn not highlighted above consists of exposure supporting SDG 4 and SDG 9.

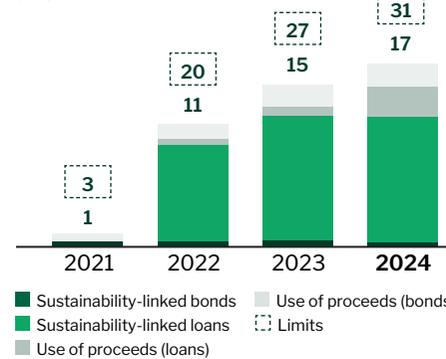
#### Climate change finance-related activities during the past financial year

To achieve net-zero emissions substantial capital investment in low-carbon alternatives is essential. In 2024, continuing with activities from the prior year, our sustainability focused solutions addressing climate change encompassed initiatives such as integrating clean-energy projects into the grid, promoting more sustainable building practices, and assisting farmers in adapting to evolving climate conditions.

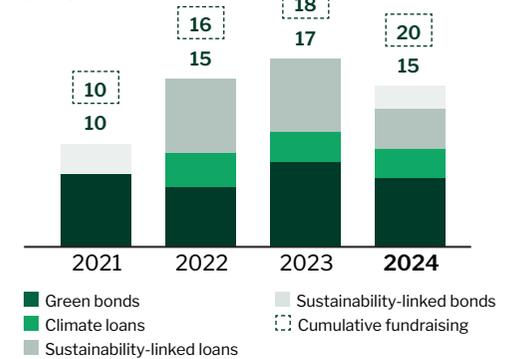
Nedbank is dedicated to promoting sustainable finance. We ensure our solutions and services not only fulfill current requirements but also tackle future challenges. By embedding sustainability criteria into our debt-financing activities, we reinforce our leadership in ESG and sustainable finance.

We have continued to grow our sustainable finance exposure in 2024 and have made impacts across green, social and sustainable categories

#### Sustainable finance (Exposures, Rbn)



#### Sustainable fundraising in issue (Rbn)



<sup>1</sup> By the end of 2025, it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans and advances, achieved through support of more than R150bn in new SDF that is aligned with the SDGs (from our 2021 base).

<sup>2</sup> SDF in 2024 include R10bn of infrastructure finance (SDG 9) that meets the SDG criteria and was not included in prior years.

## Our climate and nature action continued

### Supporting our client's transition continued

Strategic focus
Our initiatives
Highlights for 2024
SDG

Electricity serves as the cornerstone of a low-carbon economy, facilitating reductions in emissions across various sectors.

**Financing opportunities:**

- Grid upgrades, including smart grids and microgrids.
- Off-grid renewable energy solutions for communities lacking grid access.
- Financing the energy sector's transition to net zero through a variety of Nedbank products and services, including renewable energy and embedded generation, energy storage technologies..

**Utility-scale renewable energy finance**

- **Nedbank** is a leading funder of renewable energy in SA.
- We have been active participants in the **Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)** since its early stages, successfully growing their portfolio through all rounds.

**Private power generation finance**

- This market includes **embedded energy generation and wheeling** by commercial and industrial businesses, as well as small businesses and residences.

**Medium enterprises**

- Nedbank offers renewable energy finance for clients with annual turnovers of **R50m to R1,5bn**.
- These installations typically produce up to **1 MW of power** and cost between **R3m and R4m**.

**Small businesses and individuals**

- There is a surge in demand for hybrid power backup systems at the residential level due to load-shedding and escalating energy costs.
- Nedbank offers 3 financing solutions to enhance accessibility:
  - » **Home loans** with up to **110% loan to value (LTV)** for property purchases and solar panel installations.
  - » Finance options through **Motor Finance Corporation (MFC)** for solutions from Nedbank-approved solar providers.
  - » **Avo Solar offerings** and alternative energy loans for purchases from any provider.

**Sustainable finance solutions**

- Sustainability impact bonds or linked loans (SIBs/SLLs) that link debt restructuring with positive environmental outcomes.

**Renewable energy – REIPPPP successes:**

- » Mandated lead arranger for 50% of all Round 7/8 solar and wind projects (1,5 GW).
- » Mandated lead arranger for 33% of all battery storage/BESS Round 2 projects (0,54 GW).

**Renewable energy financing (Rbn)**

Year	REIPPPP	Private power generation	Rooftop solar	Limits	Total
2015	10	0	0	0	10
2019	25	0	0	0	25
2020	32	0	0	0	32
2021	30	0	0	0	30
2022	27	0	0	0	27
2023	30	0	0	0	30
2024	40	0	0	0	40
2024 (Total)	40	17	0	0	57

**Private power generation for small business and individuals**

Year	Amount booked (Rm)	Number of deals
2022	56	~10
2023	406	~100

**Nedbank has supported 4,8 GW REIPPPP and private projects to date**

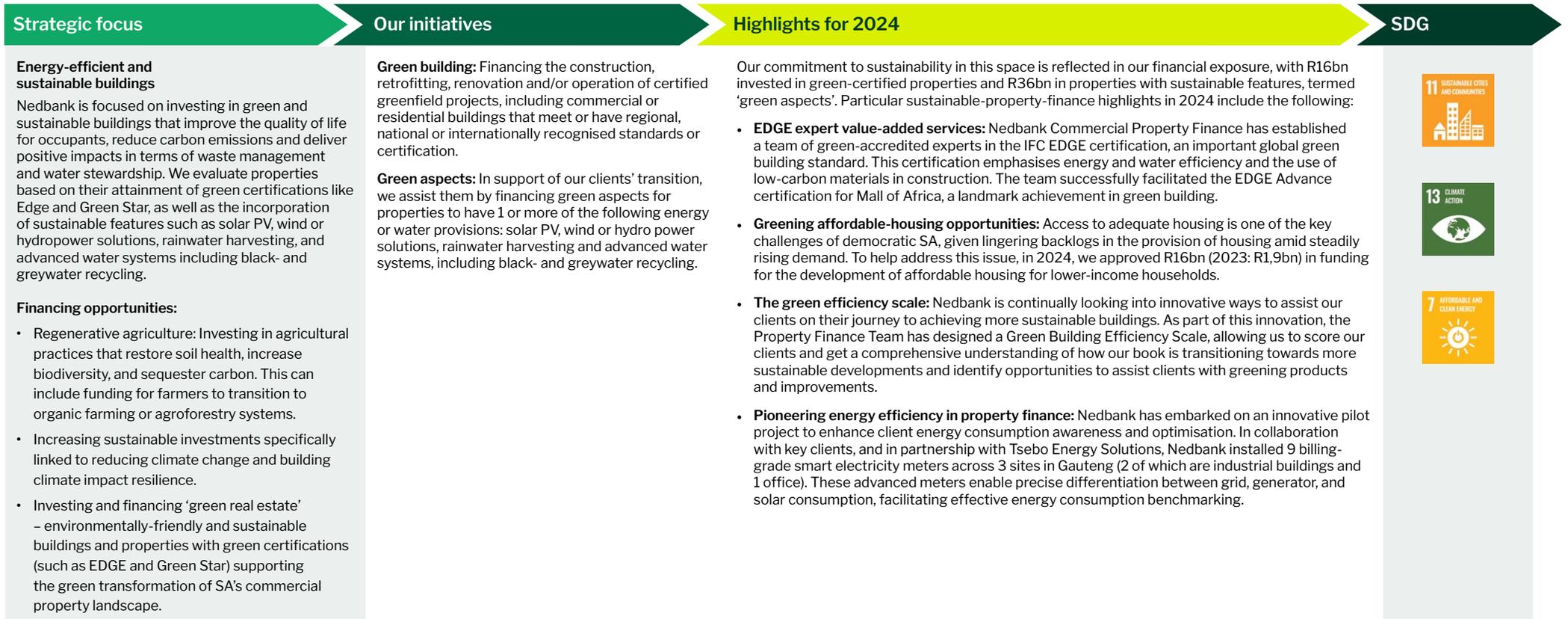
Our climate and nature action *continued*

 Supporting our client's transition *continued*

Strategic focus	Our initiatives	Highlights for 2024	SDG
<p>The agricultural sector plays a significant role in contributing to GHG emissions in southern Africa. Additionally, this sector is highly susceptible to the impacts of climate change. Strengthening supply chains and promoting sustainable farming practices can enhance resilience in the face of a warming climate.</p> <p><b>Financing opportunities:</b></p> <ul style="list-style-type: none"> <li>Investment prospects exist for enhancing the food supply chain, which involves upgrading storage facilities, optimising cold-chain logistics, and establishing local distribution centres. These measures aim to mitigate post-harvest food losses.</li> </ul>	<p><b>Financing sustainable agriculture</b> Nedbank offers sustainable farming solutions to farmers. These solutions encompass water conservation and storage, enhancements to soil health, adoption of advanced irrigation techniques, and implementation of shading strategies to mitigate evaporation.</p>	<p><b>Financed deals and pipeline:</b></p> <ul style="list-style-type: none"> <li><b>Shade-netting:</b> In 2024 deals totalling R30m were paid out, with an additional R9m pending. By investing in shade netting, we help protect crops from extreme weather conditions, reducing the risk of crop failure and increasing resilience to climate change. This contributes to more stable agricultural production and food security.</li> <li><b>Water management:</b> Deals totalling R37m were paid out in 2024. Financing water-related projects ensures efficient use of water resources, which is vital for sustainable agriculture. Improved irrigation systems and water conservation techniques help farmers adapt to changing rainfall patterns and reduce water wastage.</li> <li><b>Solar energy:</b> Deals totalling R193m were paid out. Investing in solar energy for agricultural operations reduces reliance on fossil fuels, lowering greenhouse gas emissions. Solar-powered irrigation systems and other renewable energy solutions also provide a sustainable and cost-effective energy source for farmers.</li> </ul>	<p></p> <p></p>
<p>Climate change is exerting significant pressure on water resources, affecting various sectors that rely on water access. Investments in infrastructure can assist companies in adapting to the challenges posed by a hotter and drier climate.</p> <p><b>Financing opportunities:</b></p> <ul style="list-style-type: none"> <li>Lending activities for drinking water and sanitation projects for government and companies.</li> <li>Water engineering partnerships to help clients become more water efficient in their operations, ie drip irrigation system and water reticulation systems.</li> </ul>	<p><b>Water finance solutions and partnerships</b></p> <ul style="list-style-type: none"> <li>Access to appropriate water development funding is imperative, and Nedbank places a priority on investing in, and facilitating, partnerships that support water development, acknowledging that these efforts are often dependent on government's readiness to enable private sector investments. As such, Nedbank remains prepared to support government programmes aimed at accelerating water and sanitation infrastructure delivery.</li> <li>Nedbank provides a financing solution for clean water and sanitation. This solution includes term debt financing for capital expenditure projects aimed at expanding public access to safe drinking water and sanitation facilities.</li> <li>Nedbank maintains enduring and strong partnerships with several of SA's most notable and accomplished water entities. We take pride in assisting them in their essential efforts to expand and safeguard our water supply and infrastructure.</li> <li>Nedbank offers water-saving financial products through our online shopping platform, Avo.</li> </ul>	<p>In 2024 we have had over R4bn of exposure to water projects across the group. In 2024 we concluded a 15-year, R4,5bn term loan facility to the Trans-Caledon Tunnel Authority for its Makolo-Crocodile River Water Augmentation Project relating to water supply that comprises an abstraction weir, pump stations, and a 160 km pipeline to transfer 75 million m<sup>3</sup> per annum of water from the Crocodile River. In addition, in commercial banking we approved R428m relating to 3 municipal funding tenders, of which the bulk represents funding for water and energy.</p>	<p></p> <p></p>

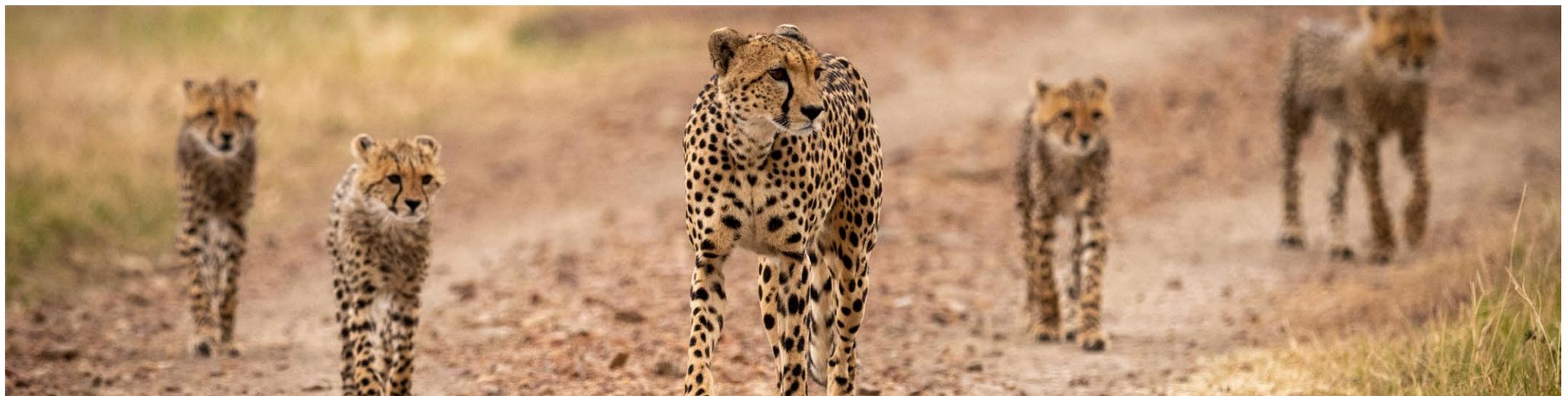
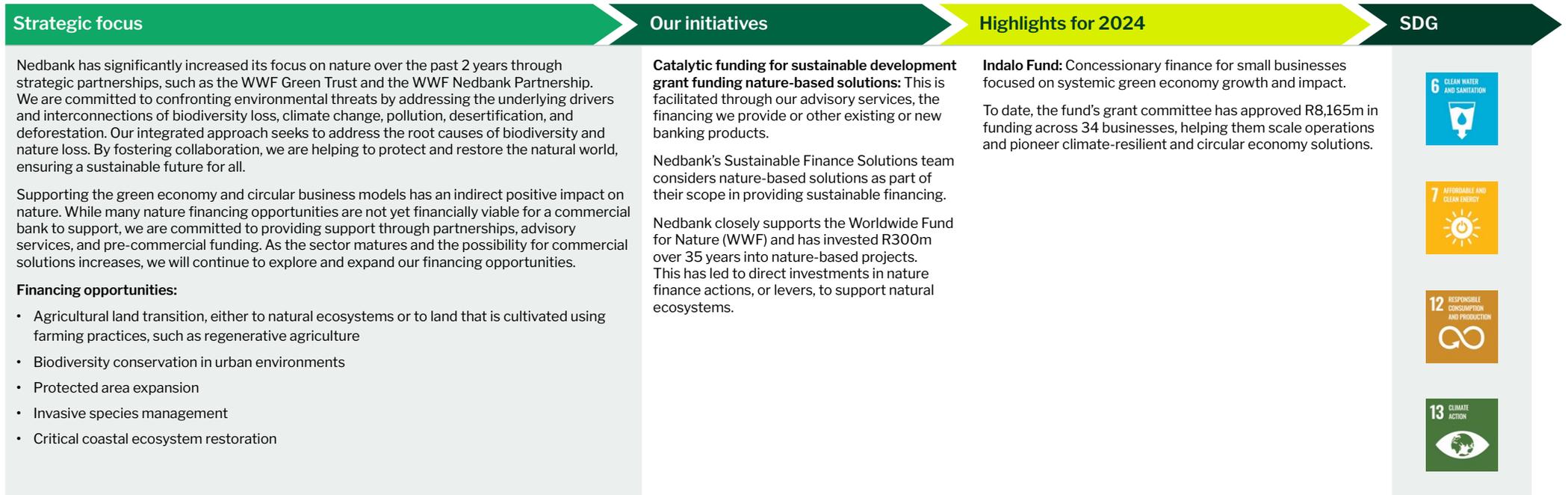
## Our climate and nature action continued

### Supporting our client's transition continued



## Our climate and nature action continued

### Supporting our client's transition continued



## Our climate and nature action continued



### Tilting our book

Due to our focus on the African continent and our geographic location, Nedbank and our clients are especially vulnerable to the adverse effects of climate change. In the journey towards net-zero, we believe our primary responsibility is to assist our clients in their transition by offering financing, investment, insurance products, and related services aimed at climate change mitigation and adaptation. The unique challenges of SA, including persistent energy supply issues and economic constraints, make the net-zero transition particularly demanding.

### Our approach to tilting our book

Nedbank is committed to leading the Just Transition towards a sustainable, low-carbon economy. As a financial institution, our primary impact on the economy and society stems from our loans and investments. ‘Tilting our book’, therefore, focuses on strategic capital allocation to reduce our carbon intensity to ensure the long-term resilience of Nedbank, our clients, and the communities we serve.

We aim to align our business activities with a pathway to net-zero GHG emissions that delivers real economy emission reductions and ensures that we meet our net-zero 2050 commitments. We acknowledge that the only way we will meet this commitment is through the decarbonisation of our clients’ businesses. Therefore, engagement with them on the pace and intention of their transition plans, as well as innovative financial support for that transition, will be key.

The Nedbank Energy Policy, which builds on the bank’s Climate Change Position Statement, establishes a robust framework for tilting the book. This policy underscores Nedbank’s commitment to aligning its business strategy, policies, mandates, and incentives with the Paris Agreement. The Energy Policy emphasises the necessity of the full decarbonisation of the global energy system by mid-century. It guides the bank’s transition away from fossil fuels and accelerates the financing of non-fossil energy solutions essential for socioeconomic development and climate resilience. The policy specifically addresses the financing of fossil fuel-related activities and renewable energy solutions, while promoting ongoing dialogue with key stakeholders to enhance its future iterations.

### The building blocks of tilting our book

The following section outlines the strategic building blocks of tilting our book, detailing our approach to financed emissions reporting, target setting and glidepath development, sectoral overviews, SDF and risk management. Refer to the **Risk Management** section.

<p><b>Financed emissions reporting</b></p> <ul style="list-style-type: none"> <li>To better understand our climate impact, we have adopted the methodology developed by the Partnership for Carbon Accounting Financials (PCAF) to quantify the emissions linked to the activities we finance; and to standardise the reporting of financed emissions to create clear, transparent, and comparable measures within the banking industry (refer to the <b>Metrics and targets</b> section for sector-specific application of the PCAF methodology and associated assumptions).</li> <li>Prioritisation of our financed emissions are based on the:             <ul style="list-style-type: none"> <li>materiality of the sector to the country (emissions associated with climate-sensitive sectors: oil and gas, thermal coal, power generation, commercial property and home loans, mining, agriculture, transport, aluminium, cement, iron and steel);</li> <li>materiality to Nedbank (size of our book); and</li> <li>quality and availability of data.</li> </ul> </li> </ul>	<p><b>Sectoral overviews</b></p> <ul style="list-style-type: none"> <li>Our sectoral overviews cover decarbonisation trends and developments, challenges and opportunities as well as Nedbank’s activities in the respective sectors and transition strategies (where developed).</li> </ul> <p>We are disclosing these for the first time to illustrate our understanding of the sectors and how we are considering our strategic participation and support for clients in these sectors (refer to the <b>Metrics and targets</b> section).</p>	<p><b>Delivering through sustainable development finance</b></p> <ul style="list-style-type: none"> <li>Responsible capital allocation through SDF* is fundamental, and as such we are:             <ul style="list-style-type: none"> <li>Increasingly directing resources towards initiatives that align with our climate and nature commitments, recognising the powerful impact of capital in driving positive change.</li> <li>Innovating to create financial solutions that accelerate the transition to support our clients in reducing their environmental impact and increasing their economic resilience.</li> <li>Continuing to engage with our clients and other stakeholders, evolving our strategy to ensure that we support the required Just Transition at the pace required by science.</li> </ul> </li> </ul> <p><i>*SDF is defined as our investment and lending activities that yield positive social and environmental outcomes, supporting both the Just Transition and the SDGs.</i></p>
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## Our climate and nature action continued

### 📊 Tilting our book continued

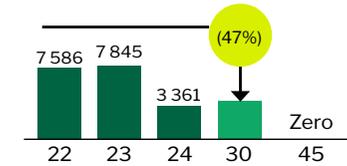
#### ▶ Developing glidepaths and targets

- Sectoral pathways are a roadmap for particular sectors to reduce emissions to a defined level in a specified timeframe. They provide the link between the science of the remaining carbon budget and the detailed steps that a specific sector could take to reduce GHG emissions.
- Our glidepaths are strategic plans that guide the rate at which we support the decarbonisation of businesses within a particular sector.
- Developing credible glidepaths that support climate-sensitive sectors in the real economy in line with their required journey to reach net zero are complex and some of the challenges we face, include the following:
  - » Reliance on Eskom emissions for many sectors that reduces opportunity to influence meaningful pace of change.
  - » Insufficient policy and regulatory guidelines to support more formalised sector transitions.
  - » Complexity of decarbonisation and the ability of our client's value chain to decarbonise.
- Key steps to our glidepath development include the following:
  - » Understanding the emissions of the sectors/sub-sectors we finance; and our client-specific business/

operating models to inform developing a glidepath.

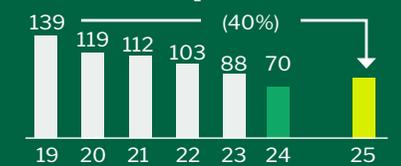
- » Determining the appropriate metric to establish the baseline – absolute emissions or emissions intensity (economic/physical).
  - » Selecting an appropriate science-based sectoral pathway by:
    - evaluating pathways against the Just Transition to ensure that the selected pathway is appropriate for a developing country and balances the need to decarbonise considering the impact on society in the transition; and
    - understanding the levers Nedbank and our clients have in order to decarbonise their businesses.
  - » Developing targets for the short, medium, and long term, along with glidepaths aligned to science-based pathways for the given sectors and to our 2025 net-zero ambition.
- Through identifying and prioritising decarbonisation opportunities, modelling the impact of each initiative, and monitoring progress against our targets – we aim to ensure that our GHG emissions are reduced in an orderly and measurable way, supporting a Just Transition towards a net-zero carbon economy.

#### Thermal coal glidepaths<sup>1</sup> (ktCO<sub>2</sub>e financed)



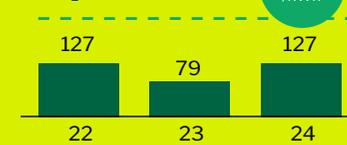
→ The line with 47% represents the reduction target in absolute financed emissions from thermal coal by 2030, compared to 2022 levels.

#### Own operational GHG emissions (ktCO<sub>2</sub>e)



→ The line with 40% represents the reduction target in absolute scope 1 and scope 2 emissions from own operation by 2025, compared with 2019 levels.

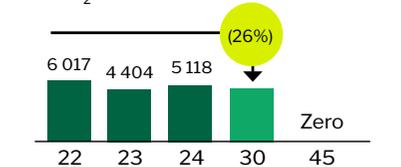
#### Power generation (gCO<sub>2</sub>e/kWh)



Adopted a cap aligning to 2030 NZE target of 165 gCO<sub>2</sub>e/kWh

— Line represents the cap of 165gCO<sub>2</sub>e/kWh

#### Upstream oil and gas glidepaths<sup>1</sup> (ktCO<sub>2</sub>e financed)



→ The line with 26% represents the reduction target in absolute financed emissions from upstream oil and gas by 2030, compared with 2022 levels.

#### ▶ Managing physical and transition risk

- Integrate comprehensive processes to identify, assess, manage, and report on physical and transition risks into our broader net-zero strategy. As our understanding of natural capital matures, embed nature-related targets and risk mitigation measures into broader transition planning. This activity is disclosed in detail in the **Risk management** section.



<sup>1</sup> Glidepaths for thermal coal and upstream oil and gas sectors are calculated based on limits rather than exposure levels.

## Our climate and nature action continued

### **Tilting our book** continued



### Progress timeline

To illustrate our journey towards achieving net-zero emissions, below is a timeline highlighting our key milestones and achievements:

**2021**

- Published our Energy Policy, pledging to eliminate exposure to fossil fuels by 2045.
- Acknowledged the urgency for a zero-carbon energy system by 2050 and the necessity for an orderly withdrawal from fossil fuel financing.

**2022**

- Disclosed financed emissions for coal, oil and gas for the first time.
- Defined our glidepath methodology for fossil fuels and power generation.
- Piloted the glidepath methodology internally.

**2023**

- Committed to the development of a transition plan for the group.
- Developed scenario analysis capabilities to understand climate risks.
- Disclosed financed emissions for motor vehicle finance, home loans, and power generation sectors.
- Disclosed sectoral transition glidepaths for thermal coal, upstream oil and gas, and power generation portfolios.
- Recognised the need for investment in key enablers, addressed through our PPOW.

**2024**

- Developed our draft net-zero transition plan approach and framework, leveraging global best practice/guidance. Followed by the approval of the 'metrics and targets' theme of the framework by the Group Sustainability and Climate Resilience Committee (GSCRC), a board-subcommittee.
- Disclosed financed emissions for commercial real estate and mining sectors bringing our disclosures to 5 of the identified 10 climate sensitive sectors.
- Became an official signatory of PCAF.
- Published our sectoral overviews which cover decarbonisation trends and developments, challenges and opportunities as well as Nedbank's activities and transition strategies (where developed) for the following sectors: fossil fuels (oil and gas, thermal coal), power generation, commercial real estate and mining.
- Increased our contribution to SDF by 26% year-on-year to around R183bn, progressing towards our 2025 goal of SDF exposures amounting to 20% of total gross loans and advances by end 2025. This will result in approximately R150bn, in new SDF projects aligned with the SDGs by end 2025.
- Developed and disclosed our Nature Position Statement.
- Completed phase 1 of a Nature Risk Materiality Assessment.

To tilt our book towards achieving net-zero emissions by 2050 we are making progress in developing our transition plan. Through rigorous assessment, stakeholder engagement, and transparent reporting, we are committed to embedding climate and nature imperatives into our business

practices acknowledging that this work is difficult, complex and takes a long time to get right with a lot of learning as we progress and expand our disclosures. We will continue to build on this foundation, ensuring that our efforts contribute to a just and inclusive transition for all stakeholders.

## Our climate and nature action continued



### Managing our own operations

To be a credible partner for our clients' transition to net zero, we aim to lead by example. We have been carbon neutral in our own operations since 2009 through voluntary off-setting of the residual carbon footprint and have set credible targets to decarbonise our own operations through the transition to renewable energy and are actively managing our own operations' footprint and impact on nature.

### Operational value chain

At Nedbank, our commitment to sustainability and environmental stewardship is at the core of our operations. In 2024 we made significant strides towards and surpassed our ambitious goal of reducing our direct operational carbon emissions by **40% for scope 1 and 2, using 2019 as our baseline.**

### Own buildings

Our goal is to minimise the negative impacts and optimise the positive impacts of our operations. We are committed to implementing sustainable practices that reduce our environmental footprint, enhance resource efficiency, and promote social responsibility. We aim to reduce waste and emissions by implementing innovative technologies and practices, enhance energy efficiency through the adoption of energy-efficient solutions and renewable energy sources, and promote sustainable resource use by ensuring responsible sourcing and efficient management.

Within our operations, we prioritise tracking, managing, and disclosing our scope 1 emissions, which are directly attributable to our facilities and assets. We also focus on our scope 2 emissions, which include indirect emissions from purchased electricity, and our upstream scope 3 emissions, which arise from our employees' commuting and the emissions associated with the goods and services we use.

Through our procurement policy, we source goods and services from our suppliers for our own use. Nedbank consistently enhances its management of energy and GHG emissions across its operations by setting emission reduction targets aligned with its commitments and investing in renewable energy generation for its own facilities.



### Achievements in 2024

**In 2024 we achieved a reduction of over 35% in our scope 1, scope 2 and scope 3 location-based emissions (119 ktCO<sub>2</sub>e) compared with our 2019 baseline of 188 ktCO<sub>2</sub>e.**

This milestone is testament to our dedicated efforts and strategic initiatives aimed at decarbonising our operations. Our focus on continuous improvement and data accuracy has been instrumental in tracking and achieving these reductions.

We are committed to further decarbonising our operations and achieving our 2050 net-zero ambition. Key to this effort is the implementation and refinement of our operational Climate Transition Plan, which outlines our strategic approach to reducing emissions and enhancing our environmental performance. The plan is to continue supporting renewable energy certification projects, carbon credit projects and Green Star ratings of our facilities to accomplish carbon neutrality. In addition, one of the targets in our glidepath relates to reducing emissions from business travel by 30% by the end of 2025, compared with 2019 base levels. Our plans imply a total carbon-reduction of 132 ktCO<sub>2</sub>e, or 4,52 tCO<sub>2</sub>e per full-time employee (FTE), whichever we meet first.

We continue to focus on improving data accuracy and reporting, ensuring that our progress is transparent and measurable. By leveraging innovative technologies and sustainable practices, we aim to create a positive impact on the environment and contribute to a more sustainable future.

## Our climate and nature action continued

### Managing our own operations continued

#### Case study: Advancing sustainability and energy efficiency in retail branches

Nedbank has made significant strides in enhancing energy efficiency and sustainability across our retail branches. Notably, 91% of our branches are now equipped with LED lighting and Inverter Airconditioning, resulting in reductions in power consumption by 58% and 46% respectively. We are on schedule to achieve full implementation by the end of 2025, demonstrating our commitment to energy

efficiency. Additionally, 301 branches have been connected to inverter and central battery systems as their primary backup power source, effectively reducing our carbon emissions during power outages by 58%. This initiative not only ensures uninterrupted operations during power outages but also significantly contributes to our sustainability goals. Furthermore, 22 branches utilise rooftop solar systems, meeting

an average of 60% of their energy requirements through this renewable source, which is projected to prevent over 500 tons of CO<sub>2</sub> emissions annually. Our goal for 2025 is to increase this number to at least 50 branches. In 2024 we achieved 4-star Green Star ratings for 2 of our retail branches and are in the process of formalising this rating for 2 more. These achievements underscore our dedication to

environmental stewardship and sustainable practices. Project Imagine has successfully advanced our sustainability goals, significantly reducing power consumption and carbon emissions, and we remain committed to expanding these initiatives to further enhance our environmental impact.

#### Green procurement

As a subset of the overall Group Procurement Policy, Nedbank has established a Green Procurement Policy that aligns with the United Nations Sustainable Development Goal 12, which emphasises sustainable consumption and production. This policy highlights Nedbank's dedication to environmental stewardship and social responsibility. The purpose of the policy is to integrate economic, social, and environmental considerations into Nedbank's procurement decisions and to prefer socially and environmentally compatible products and services, where feasible. It aims to minimise environmental impacts and waste generation while remaining economically viable. The policy includes sustainable use and management of natural resources, environmentally sound management of chemicals and waste, and significant waste reduction through prevention, reduction, recycling, and reuse. The policy includes an Environmental Evaluation Checklist that assesses various stages of products and services from suppliers.

The group's Procurement Policy includes as primary criterion in our assessment and selection processes (eg when issuing tenders), the assessment of the environmental impact of suppliers' products and services. Suppliers are further required to complete a comprehensive Supplier Profile Questionnaire (SPQ) at the onboarding stage and suppliers are encouraged to update their profile at least annually.

Suppliers are asked a series of 10 questions specifically about their environmental practices. At the end of 2024 we had spent 50,1% (R9,8bn) of our annual procurement cash flow with suppliers who had an environmental policy in place. This is a substantial improvement on the 40% reported in the preceding year and is the result of active supplier engagement and the very successful supplier ESG day in September 2024. We aim to increase our spending with environmentally responsible suppliers to greater than 66% of our supplier base by the end of 2025.

During 2024 we participated in the CDP's Supplier Engagement Rating (SER). The CDP SER evaluates an organisation's engagements with its suppliers on climate change and recognises best practice in this regard, as well as aiming to accelerate global practices on supply chain or scope 3 upstream emissions, Nedbank achieved a B rating, which means that we are actively managing our supplier engagement which compares

favourably with the C ratings that the Financial Services Sector achieved and the global average for corporates that participated in this rating.

We offer our suppliers support in the development of an environmental strategy and policy via quarterly newsletters, formal or informal engagements, supplier briefing sessions during tenders, and our Supplier Relationship Management (SRM) programme for strategic and critical suppliers.

We have been measuring our carbon footprint from travel and paper usage perspectives for some time and are establishing baselines for our scope 3 emissions from our suppliers for high-impact products and services. These include courier services, cash-in-transit services, and cloud computing. In 2024 we implemented a travel and expense solution for our employees. As part of the car hire selection process, the system highlights expected carbon emissions to employees before the car hire booking is confirmed. This method promotes awareness of carbon consumption among our employees and assists them in making environmentally conscious decisions.

As part of our commitment to improving our scope 3 reporting, we incorporated emissions from our cloud computing and digital platform service providers, one of our primary cash-in-transit service providers, courier services and our distributed workforce (employees

working from home) into our carbon footprint. This step aims to deepen our understanding of emissions within our supply chain, facilitate meaningful engagement with our suppliers, and foster collaborative efforts toward reducing emissions.

By better understanding our suppliers and the industries they operate in we have now stratified our procurement spend impact in terms of GHG emissions and only ~16% of suppliers on a procurement spend basis are considered high emitters, ~27% have moderate emission impact and the largest component ~57% are considered having low emission impact, while ~59% of the supply base are suitably covered from an own operations emission impact disclosure perspective.

#### Engaging with our suppliers

In 2023 the group initiated a Supplier Relationship Management (SRM) programme. Continuous engagements occurred in 2024, with ESG considerations being a focal point. Over 50 strategic and critical suppliers were included in the pilot programme, representing approximately 20% of the group's procurement spend. Throughout 2024 key discussions took place, emphasising ESG, supplier performance, and innovation.

The SRM programme has strengthened and reinforced the supplier relationship with Nedbank, even at the highest executive levels. Various business stakeholders

were involved, facilitating strategic conversations on diverse topics and opportunities with suppliers. The programme effectively identified underperforming suppliers, allowing for prompt issue resolution. Additionally, issues faced by suppliers regarding the banking teams were surfaced and resolved. Discussions concerning ESG and responsible sourcing opportunities were conducted with suppliers, leading to the identification and active pursuit of various innovation opportunities. As both parties collaborated on building the partnership, further opportunities were discovered for suppliers to participate in sourcing activities. Some of Nedbank's enterprise and supplier development (ESD) suppliers were introduced to other suppliers to explore potential use of their services within the supply base.

In 2024 we launched our supplier platform on the Nedbank website. This digital platform provides a comprehensive overview of supplier policies, guidelines on our selection criteria, supplier newsletters, opportunities for potential suppliers, and other valuable resources. Potential suppliers can register on the platform by providing basic information about their business. This registration process is straightforward and designed to get suppliers onboarded quickly. We have been able to reach over 7 000 suppliers through this platform.

# Managing climate and nature risk

## Managing climate risk: Integrating climate-related risks into our risk management frameworks

Our CRMF, which is premised on national and international regulatory principles and guidance, continues to guide climate risk integration, governance and accountabilities across the group. Climate risk management is closely underpinned by our Climate Strategy and embedded in decision-making, strategic monitoring and reviews, and frontline business execution. Our centralised climate risk expertise ensures that our CRMF and risk assessment techniques remain relevant, science-based and pragmatic.

### Frontline business functions have been focusing on incorporating the CRMA into risk management processes:

- Specialists in modelling and risk data scrutinised and evaluated the results, calculations and documentation of the climate risk materiality assessment. The aim was to identify enhancements and potential issues in integrating the tool in the assessment of climate risk in primary risks such as credit and liquidity.
- Business addressed data gaps identified during the CRMA and

started collecting data fields necessary to identify, monitor and report on climate risks and opportunities.

- Cluster risk management plans outlined the goals to leverage the climate risk materiality assessment in developing key risk indicators, risk appetite metrics, and enhance existing risk management processes.

To maintain the relevance of our CRMA, we perform a comprehensive segment analysis on sectors, subsectors, and

asset types. This includes evaluating climate risk drivers using various climate scenarios and multiple time horizons in relation to the lending portfolio.

Our first NRA, based on the TNFD LEAP Framework kicked off in 2024 with phase 1 providing useful insights into sectors and clients with significant impacts and/or dependencies on nature in the running of their business operations. We look forward to the outcomes and learnings from phase 2, which continues in 2025.



### Time horizons

When evaluating the impact of physical and transition climate risk on our portfolio, we consider various time horizons based on the specific objectives of the exercise. For strategic planning purposes, Nedbank assesses short-term (1–5 years), medium-term (6–10 years), and long-term (11 years up to 2050) horizons. For risk assessment purposes, it is essential to consider time horizons that extend sufficiently into the future to capture the tangible effects of climate and nature change, while also being close enough to generate relevant impacts. Therefore, we use multiple time horizons to evaluate the impact of climate scenarios on our portfolio. The table below illustrates the time horizons used for risk assessments and the rationale for the selection of each year.

Horizon		Rationale
Short term (1–5 years)	2025–2029	Provides insights for immediate decision-making, relevant to short-term exposure, which constitutes a significant portion of the portfolio.
Medium term (6–10 years)	2030	Provides medium-term insights relevant for managerial consideration, often used as the reference year for intermediate targets (eg in nationally determined contributions).
Long term (11 years up to 2050)	2040	In line with the banks long-term exposures of typically 15–20 years.
	2050	Often used as a time horizon by standard setters and regulators (eg net-zero commitments).

## Managing climate and nature risks continued

### Climate- and nature-related risks

The table illustrates a subset of high-risk sectors identified through the CRMA and enhanced with insights from the NRA, as well as the strategies Nedbank will seek to develop to reduce the impact of these risks on our business.

	Physical risk	Physical and transition risk	Transition risk		
<b>Description</b>	Both climate change and nature consist of a set of physical risks. For climate, physical risks are divided into acute and chronic risks. Acute physical risk includes changes arising from extreme weather events, such as droughts and floods. Chronic physical risk includes increases in global average temperature, and the variability in weather patterns (eg changing rainfall patterns). For nature, physical risks include declines of ecosystem services like provisioning services (eg provision of fish, timber, energy). All of the above can affect our own operations and our clients.		There will be an overlap of physical and transition risks for certain sectors.		
<b>Impact on the lending portfolio</b>	<p><b>Agriculture</b> The agriculture sector (including livestock and crops) in SA faces significant risks from climate change and nature degradation. Crops are particularly vulnerable to climate hazards such as wildfires, droughts, and flooding. The sector heavily depends on and impacts nature, using large areas of land and high volumes of water, which exacerbate climate effects. These nature-related impacts are expected to increase and affect the bank.</p>	<p><b>Water and sanitation</b> Water supply and its management is highly exposed to climate physical risk. By 2030 until 2050, the risk is expected to increase due to high vulnerability, significant exposure to wildfire and drought, and substantial impacts on nature through greenhouse gas emissions and toxic soil and water pollutants.</p>	<p><b>Construction</b> The 2023 CRMA projected that the construction sector would face a significant physical risk due to its vulnerability to climate hazards such as wildfires, windstorms, and chronic drought. The sector also has substantial impacts on nature, including high emissions of GHGs and toxic soil and water pollutants, which further aggravate climate effects. In the short term, the sector is anticipated to encounter moderate transition risk, primarily attributable to potential increases in operational expenses and stringent measures aimed at protecting and mitigating negative impacts on the environment.</p>	<p><b>Energy (oil, gas, electricity supply)</b> The energy sector in SA faces significant transition risks due to its vulnerability to carbon tax, investment costs associated with carbon capture use and storage, and the adoption of low-carbon processes. This sector also has considerable effects on nature concerning pollution and land use change. Additionally, it is subject to regulatory changes in which the transition to renewable energy sources is prioritised, which entails high investment costs.</p>	<p><b>Transport</b> The transport sector (road, rail, aviation, and shipping) faces significant transition risks. The high risk is driven by anticipated carbon tax and increasing operational expenses over the medium to long term. Adaptation to technology changes, like electric vehicles, is necessary to reduce GHG emissions and enhance environmental conditions.</p>
<b>Time horizon</b>	S–M–L	M–L	S–M–L	M–L	M–L
<b>Management response</b>	We identify high-risk clients, sectors, and regions through our CRMA and NRA and take the necessary steps to reduce the risks identified. In the short to medium term, these steps include working with clients to understand, identify, and help enable their Just Transition pathways. For physical risk, we have begun engagements with high-risk clients to understand current or planned adaptation and resilience measures, and to offer and assist with any financing opportunities that we have identified to get them to achieve their climate goals. An example of an opportunity is within the water supply and management sector where we offer clients water storage infrastructure solutions for their homes, solving for water shortage risks across all time horizons.			The medium-to-long-term focus remains on the harder-to-abate sectors. Nedbank has set targets to reduce the amount it has invested in non-renewable energy sources (including thermal coal, upstream oil and gas).	

### Scenario and stress testing

In 2024 Nedbank continued to integrate climate risk scenario analysis into its comprehensive stress testing and scenario framework. This strategic effort included a detailed transition risk stress test, designed to evaluate the impact of various scenarios outlined by the Network for Greening the Financial System (NGFS) on Nedbank’s fossil fuel portfolio (for further details, refer to the **Risk management** section).

The bank’s objective is to leverage the insights gained from these scenario analyses to proactively manage relationships with clients potentially affected by climate-related events. This approach also aims to address the climate-related risks that may arise from the bank’s balance sheet. Furthermore, Nedbank is committed to incorporating the outcomes of climate scenario analyses into its strategic planning processes, ensuring that the bank remains resilient and adaptive to the evolving climate landscape.





# Risk management

Overview of how we manage risk through a strong risk culture, sound governance and a robust enterprisewide risk management framework.



# Our climate risk management process

## Introduction

Climate change is one of the most pressing challenges of our time, posing severe threats to the environment, society, and the global economy. As a responsible and forward-looking bank, Nedbank is committed to understanding and managing the risks and opportunities arising from climate change, and supporting the transition to a low-carbon and climate-resilient economy.

Climate risk management is an integral part of our overall risk management framework and strategy. We recognise that climate change affects not only our existing but also potential clients, as well as our own operations, lending and investments. We identify and assess the physical and transition risks associated with climate change. We have completed phase 1 of a Nature Risk Materiality Assessment to understand nature-related financial risks within the portfolio, following the release of Nedbank's Nature Position Statement. We also seek to align our lending and investment portfolios with the goals of the Paris Agreement, and to provide innovative and sustainable solutions for our clients and stakeholders.

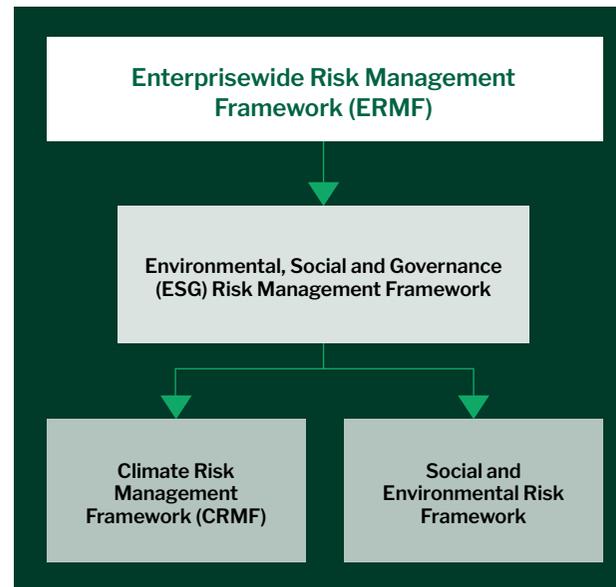
Nedbank has a robust Climate Risk Strategy in response to the new era of risk and the challenges and opportunities presented by the fast-changing global landscape. We view climate change as both a risk and an opportunity, requiring a deep understanding of our clients and suppliers' exposure, vulnerabilities, and related climate risks or issues. Furthermore, we see climate resilience as one of our main strategic goals, which will support us in mitigating the impacts of climate risk and contributing meaningfully to the broader socioeconomic landscape in which we operate.

## Our Climate Risk Management Framework

Our board-approved Climate Risk Management Framework (CRMF) continues to serve as the foundation for our approach to managing climate risk. Underpinned by the principles of our Enterprisewide Risk Management Framework (ERMF), and a strong risk-aware culture, the CRMF guides our risk management process by ensuring that we apply leading, science-based practices.

The CRMF is premised on climate-related guidance provided by the South African Reserve Bank (SARB), and the Basel Committee on Banking Supervision (BCBS), as well as principal international organisations on climate change such as the International Energy Association (IEA), the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS).

We measure the success of our CRMF in terms of how it ultimately informs our decision-making and enhances our competitive edge.



Our compliance function continuously tracks the evolving climate-related regulatory requirements and developments. In 2024, South African policymakers continued to develop their stance on climate-related risks. Notably, the SARB Prudential Authority (SARB PA) published guidance on climate-related risk practices and disclosures for banks and insurers in May 2024. Additionally, the Climate Change Act 22 of 2024 (the Act) was assented to by the President in July 2024, with certain sections in force while the DFFE continues to work on the accompanying regulations to the Act.

The table on the next page, highlights key regulatory developments during 2024 that shaped the landscape for businesses and financial institutions. These regulatory requirements were assessed to determine areas of applicability and identify any gaps that must be addressed. By understanding these legislative changes, we can better navigate the evolving regulatory environment and ensure compliance while contributing to sustainable development goals.



Our climate risk management process *continued*

Emerging legislation	Description
<p><b>The SARB PA – Climate Guidance</b></p>	<p>The SARB PA issued guidance notes to banks and insurance companies in May 2024 on managing climate-related risk within existing governance and risk management frameworks as well as the disclosure. The guidance notes encourage alignment of climate-related disclosures to the International Sustainability Standards Board (ISSB) Sustainability Standards.</p>
<p><b>Climate Change Act 22 of 2024 (the Act)</b></p>	<p>The Climate Change Bill was signed into law in July 2024 to ensure SA transitions to a low-carbon economy through a Just Transition in a coordinated manner, in alignment with the Paris Agreement. The law compels high emitters to decarbonise and strengthen the resilience of the country in managing climate change. The Act was assented to by the President in July 2024, with certain sections recently coming into force.</p> <p>The Act provides a framework for establishing governance at national, provincial, and local levels and sets a greenhouse gas (GHG) threshold to determine which companies would be allocated a carbon budget. Nedbank is aware that this will impact high-emission industries, such as fossil fuels, and monitors exposure in compliance with our Energy Policy as well as measuring and reporting related financed carbon emissions. Nedbank is monitoring the progress of the Act to develop internal sector policies, enabling our clients to respond to carbon budgets when allocated and develop GHG mitigation plans.</p>
<p><b>Proposal of Phase 2 of the Carbon Tax Act</b></p>	<p>The Carbon Tax Act of 2019 introduced a tax per tonne of carbon dioxide equivalent on emitting companies as part of the polluter-pay-principle. Phase 2 of the Carbon Tax Act proposes to increase the tax rate significantly and to restructure the tax-free allowances from 1 January 2026 to intensify the reduction of emissions.</p>
<p><b>ISSB IFRS Sustainability Standard</b></p>	<p>The IFRS S2 Climate-related disclosures is a standard that was published by the ISSB in June 2023. The objective of IFRS S2 is to enable users of financial reports to understand the impact of climate-related risks and opportunities on the entity, the resilience of the entity and the metrics and targets used by the entity to assess and manage climate-related risks and opportunities. The SARB PA guidance notes on climate-related disclosures are also based on the IFRS standards. Nedbank has analysed the S2 disclosure requirements to enhance its climate-related disclosures to align with international and domestic standards.</p>
<p><b>Basel Committee on Banking Supervision – Discussion Paper on Climate Scenario Analysis</b></p>	<p>The discussion paper explores how climate scenario analysis can be effectively utilised to enhance the management and oversight of climate-related financial risks. The paper emphasises the importance of climate scenario analysis in helping banks assess the resilience of their business models and strategies against various climate-related pathways.</p> <p>It highlights the need for clearly defined objectives and standardised approaches to climate scenario analysis to ensure consistency and comparability across jurisdictions. The paper also discusses the challenges and limitations of climate scenario analysis, such as the data limitations and the inherent uncertainties in predicting climate-related events and their impacts.</p> <p>This is a key development in terms of emerging guidance for climate scenarios for regulatory compliance, risk management, strategic planning, improving stakeholder confidence and competitive advantage that will enable the bank to better anticipate and respond to climate-related risks, positioning it as a leader in sustainable finance.</p>

In relation to those regulatory requirements impacting Nedbank, compliance categorises and assesses these to determine compliance risk exposure and the consequences of non-compliance. Compliance monitoring is aligned with risk exposure, ensuring that controls are adequate and effective, and outcomes are reported to relevant governance structures. Compliance has strategically evolved its approach to climate-related regulatory developments by establishing an internal ESG-related working group.

This working group ensures immediate identification and proactive assessment of the impact of ESG regulatory developments applicable to Nedbank and works closely with the business to understand their imperatives, including new initiatives that must meet relevant regulatory requirements.

While certain regulatory developments do not directly impact Nedbank, it may influence our local regulators, their development of our regulatory framework and/or impact our business clients, depending on the nature of their business. Therefore, compliance tracks these, together with both domestic and international developments to stay abreast of trends that could influence local regulators in respect of regulatory requirements. This proactive approach helps Nedbank understand potential regulation for climate risk disclosures and other practices, allowing compliance to play an advisory role to the business.

From an international perspective, the ISSB issued International Financial Reporting Standards (IFRS) S1 and S2 in 2023 which encapsulated the previous Task Force on Climate-related Financial Disclosures (TCFD) recommendations with necessary enhancements to set international best practice. The phased-in and voluntary implementation thereof remains a key focus area for the group to ensure its alignment with the abovementioned standards.

Compliance participates in industry committees established by BASA to identify and manage climate risks and sustainability proactively. These committees steer the industry's response to climate-related risks and sustainability, serve as platforms for debate, ventilate common concerns, provide recommendations, and proactively engage regulators and policymakers.

## Our climate risk management process continued

### Process for identifying and assessing climate-related risks

Our risk management process fundamentally encompasses risk identification, assessment, management, monitoring, and reporting. We have an innate understanding of the heightened level of complexity and uncertainty involved in managing climate risk, with events over recent years indicating the unprecedented speed at which the climate is changing.

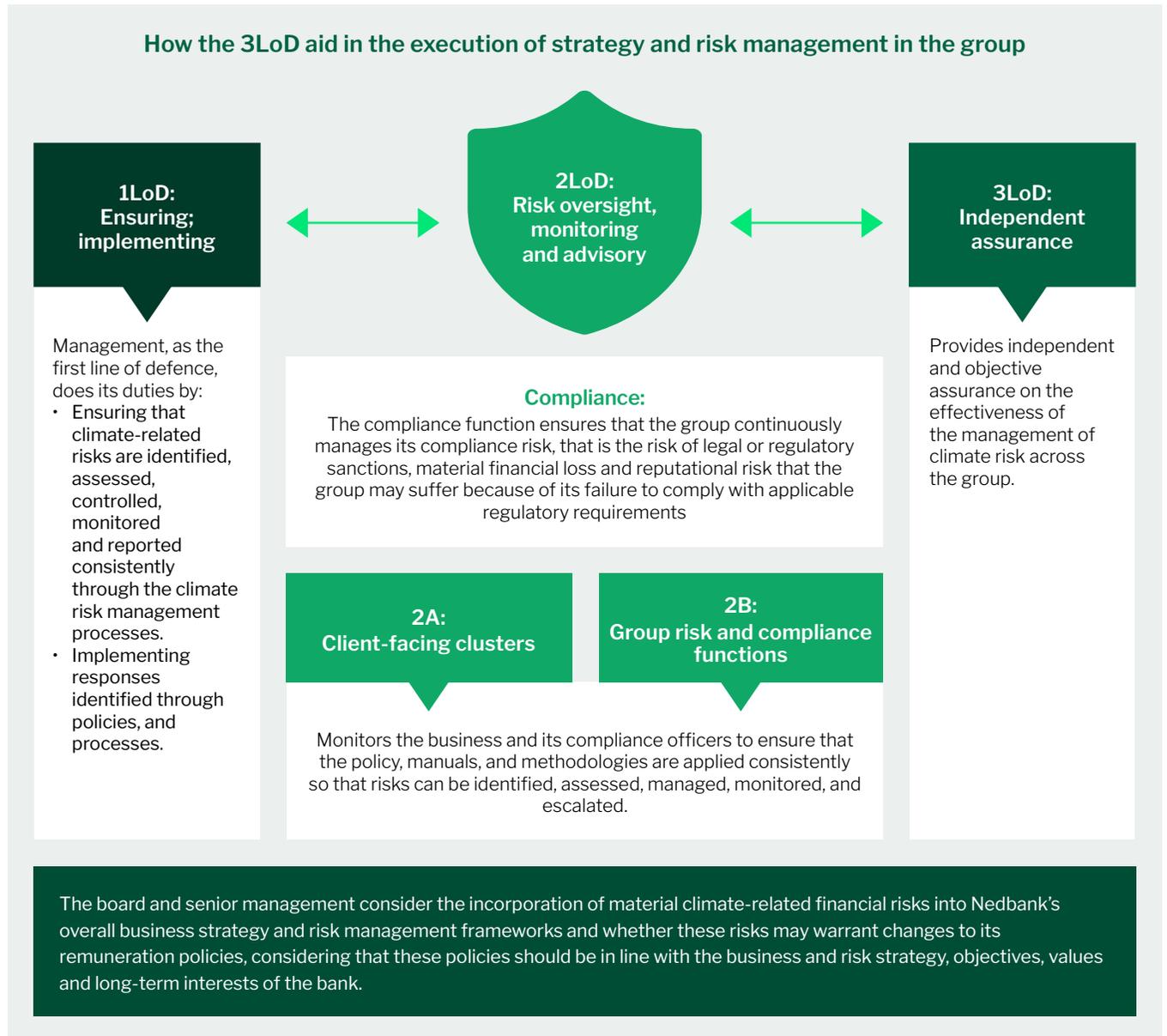
Key to our risk management process is our expanding capability to identify and assess climate risk drivers for physical and transition risk at a more granular level, considering the geographic and sectoral nuances that impact the drivers. Physical risk drivers are hazardous conditions such as floods, wildfires, drought or sea-level rise, while transition risk drivers refer to climate policies, advancing technology or changing consumer preferences.

We have made substantial investment in our risk management process by building our internal capabilities with the requisite skills and knowledge and partnering with key stakeholders, both domestically and internationally.

Our first-ever Climate Risk Materiality Assessment (CRMA) was run in 2023, which enabled us to assess climate risk drivers by using climate scenarios and a range of time horizons on the lending portfolio. We are steadfast in embedding the CRMA and its results into our business, and continuously refining the methodology. At a transactional level, our Social and Environmental Management System (SEMS) assesses climate, environmental and social risks.

In our quest to ensure our risk management practices remain resolute and proactive, we kicked off our first Nature Risk Assessment during 2024. Climate and nature risks are intrinsically interlinked, as described later in this section.

In addition to our CRMF, our Risk Appetite Framework guides our decision-making by setting boundaries for acceptable climate-related risk levels. The management of climate risk is integrated in our 3LoD model.



## Our climate risk management process continued

### Climate risk materiality assessment

The approach and results of our YE 2023 CRMA were socialised internally, providing an opportunity for a large stakeholder group to be familiarised and participate in the evolution of embedment of our materiality assessment process. During 2024 we modelled our CRMA methodology to enable continuous assessment and ensure we can effectively enhance our methodology as we progress with integrating this capability into our risk management framework. Pursuing a risk-based approach, by prioritising the most materially significant and vulnerable segments of our portfolio, we have

initiated a work plan for the evolution of our inherent climate risk rating for both physical and transition risk. Building on our current methodology, we are targeting enhancements to enable more granular insights into the specific climate-related risk drivers and their associated economic transmission channels posing the most significant threats within climate-sensitive regions and sectors relevant to our portfolio distributions. Understanding the sectoral and regional nuances is a key focus area to ensure we pursue an efficient approach towards enhanced climate-related data sourcing, residual risk assessments, and client engagement.

#### Our 2025 CRMA workplan includes:

- Revision of the sector climate vulnerability risk ratings, ensuring they are updated with the latest research, internal expertise and observed developments.
- Revision of our climate-scenario selection and application in our model to account for regional and global developments.
- Revision of the model calculations to account for the sectoral and regional climate-related risk vulnerability variances, ensuring our inherent risk ratings effectively support residual risk assessment and client engagements.
- Further integration of the CRMA capability and results into Nedbank's risk management systems and processes across the group, including identification of additional risk indicators to enhance climate-related monitoring to effectively support governance up to board level.
- Expanding the scope and coverage of the CRMA to include more of Nedbank's portfolios.
- Enhancing the approach to data sourcing, focusing on addressing internal data quality and overall data availability limitations by leveraging leading practices and standards and collaborating with climate data providers and experts.



Our climate risk management process continued

## Stress testing and scenario analysis

In 2024, alongside its internal climate stress test, Nedbank participated in a climate stress test for domestic systemically important banks, initiated by the SARB's Financial Stability Department.

Building on previous internal climate risk scenario analyses, the focus for 2024 shifted to transition risk. Nedbank specifically aimed to assess the potential impact of climate policies, such as carbon taxes, on the bank's solvency. To address this, Nedbank conducted a climate transition risk stress test, evaluating the effects of various adverse carbon tax scenarios on its clients and, consequently, on the bank's solvency. This evaluation employed a financial model that integrated a client-level discounted cash flow model with a Merton-style structural credit risk model to determine the credit risk impact of these carbon tax scenarios.

### Approach

The approach followed during the stress test is summarised by the following 4 steps :



#### 1 Climate change scenarios

- Climate transitional risk scenarios:
  - **NGFS** scenarios
  - Climate policy
  - **Carbon tax**

The **first step** was defining a **set of scenarios**, which project the future state(s) of the world concerning climate. Five climate scenarios were used, which are discussed on the following pages



#### 2 Climate footprint and cost

- **CO<sub>2</sub> emissions** of clients
- **CO<sub>2</sub> cost of taxes (price per tonne emissions)**
- Timing of taxes
- Pass-through

The **second step** was **identifying the implied climate footprint** based on clients' emissions and the associated costs (ie emission taxes).



#### 3 Impact on client financial performance

- Increase in cost
- Discounting the **negative cash flows** from carbon tax
- **Loss in valuations** per asset class

In the **third step**, the information from the first 2 steps were combined and used to **compute the financial impact on Nedbank's counterparties/clients**.



#### 4 Impact on Nedbank's solvency

- Devaluation in bank's assets
- **Market value loss** on bank's assets
- **Loss in CET1 capital**

In the **final step**, we computed the **asset valuation shocks and market value losses for the bank**, which reflected the impact of climate transition risk that the bank was exposed to.



## Our climate risk management process continued

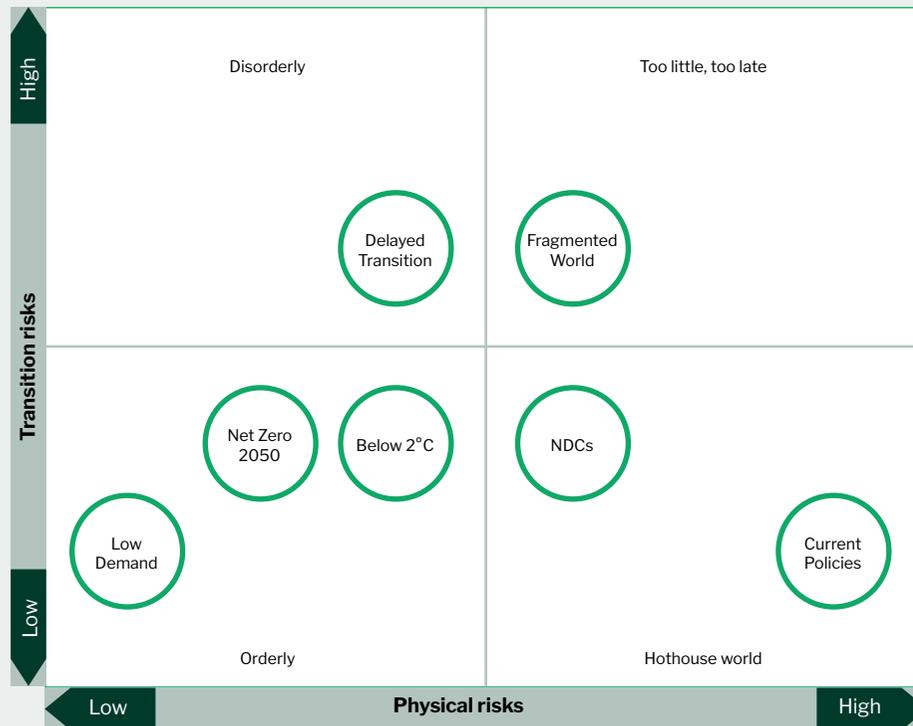
### Scenarios

The carbon tax scenarios developed by the NGFS were used. The global reputation of the NGFS as a leading supplier of climate scenarios and the fact that the scenarios were calibrated to the South African context, justified their use and applicability for the stress test. The scenarios chosen for the stress test are discussed below.

In the 2023 phase IV scenarios, the NGFS scenario framework explored a set of scenarios that were grouped into 4 categories. These categories were: Orderly Transition; Disorderly Transition; Hothouse World; and Too little, too late.

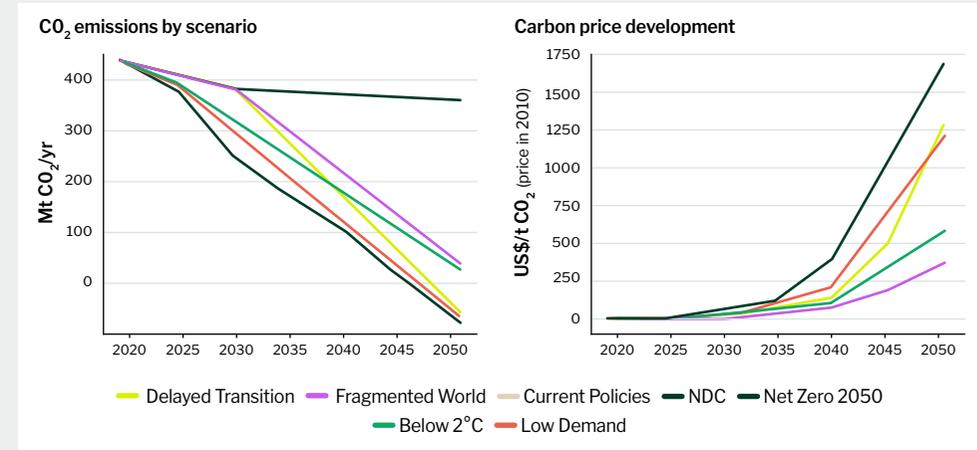
For purposes of the stress test, 5 of the scenarios were used, namely: Delayed Transition; Net Zero 2050 (NZ 2050); Low Demand, Below 2 C; and Fragmented World. Each scenario is characterised by its overall level of physical and transition risk, which were driven by the level of policy ambition, policy timing, coordination, and technology levers. The figure below depicts the positioning of each of the scenarios across the 4 categories.

#### NGFS scenarios framework in phase IV



The figure below displays the projected South African carbon price under the various scenarios based on NGFS data.

#### NGFS scenarios for SA – carbon emissions and carbon price trajectories (Source: NGFS)



- For the more ambitious Net Zero 2050 scenario, the projected rise in carbon price is much more significant than in the other scenarios as policymakers strive to achieve the net-zero emissions target on a global basis by the end of 2050. In particular, the carbon price is projected to rise above US\$1 600 per ton of CO<sub>2</sub> by 2050 under the Net Zero 2050 scenario.
- In the Below 2°C scenario, the level of the projected carbon price, rises gradually over time. Policy delays lead to a carbon tax that only begins to take effect from 2030 and thereafter a steep rise in subsequent years reaching US\$1 200 per ton of CO<sub>2</sub> by 2050 in the Low Demand scenario.
- An abrupt and late rise from 2035 of the carbon price is projected under the Delayed Transition and Fragmented World scenarios.

It is important to note that the scenarios were defined based on 2 characteristics: i) the level of the carbon tax (ie, the price per tonne of CO<sub>2</sub> emissions), and ii) the pass-through rate of this tax rate to consumers. An introduction of a pass-through rate was included in the model. This was based on the notion that the increasing costs for CO<sub>2</sub> emissions, such as higher carbon taxes,

can be passed on by firms to consumers through higher prices. A pass-through range of 0% to 80% was applied for this stress test, with 0% meaning that none of the higher carbon costs would be transferred to clients and 80% meaning that 80% of the higher carbon costs would be transferred to clients.

## Our climate risk management process continued

### Quantifying the climate footprint and cost

The main climate impact of financial institutions on the economy and society originates from its ability to offer loans and seek investment. As a first step in understanding Nedbank's climate impact, it was critical to quantify the emissions that it finances through these activities. This includes quantifying each client's GHG emissions and the potential tax impact for the bank from financing these clients. Nedbank's Corporate and Investment Banking (CIB) cluster compiled financed emissions data for clients in its fossil fuel portfolio, based on the Partnership for Carbon Accounting Financials (PCAF) methodology. The fossil fuel portfolio is defined as clients in the upstream oil, thermal coal, natural gas and non-renewable power generation sectors. Financed emissions are indirect emissions (scope 3) associated with a bank's loans, investments and other financial services. The data used for the stress test was only scope 1 and scope 2 of the fossil fuel portfolio as at December 2023. Scope 3 was excluded in the analysis resulting in power generation having the largest emissions.

### Methodology

The methodology used to translate the impact of the climate scenarios on clients' financial performance and, consequently on Nedbank, was twofold. Firstly, we estimated shocks in asset value from the scenarios and then allocated those shocks to the holders of debt (ie the clients in the fossil fuel portfolio to whom Nedbank has granted loans). In estimating the asset valuation shocks per client, the negative cash flows of a carbon tax were compared to the total asset value of the respective client. The asset value shocks for firms were calibrated using firm-level carbon emissions data (scope 1 and scope 2) and firm-level financial statement data.

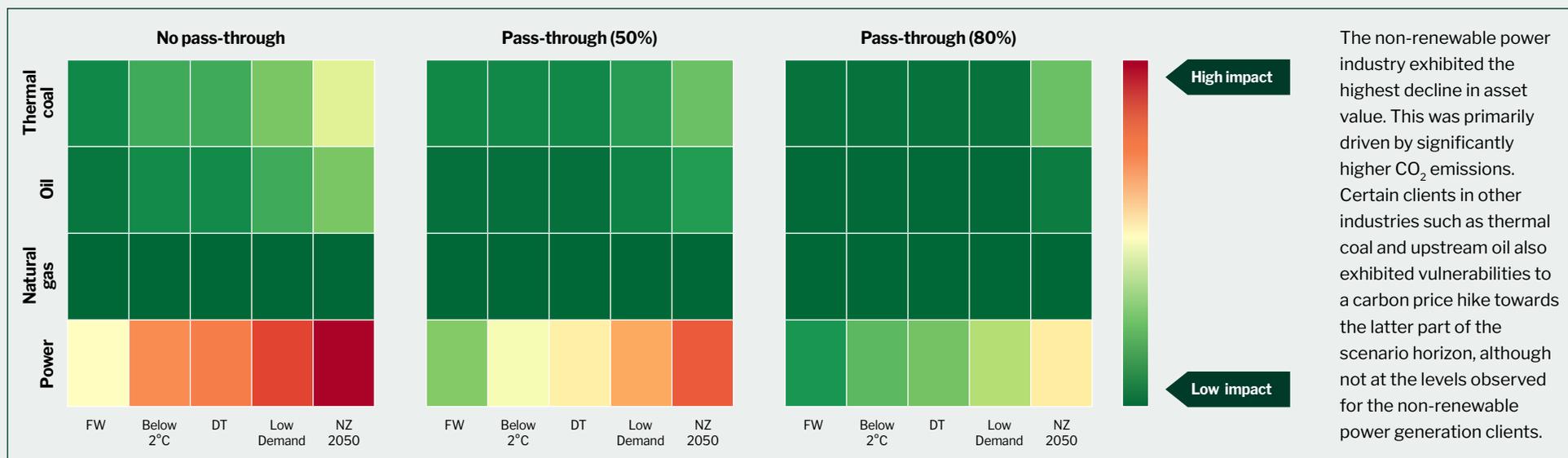
Thereafter, we calibrated a Merton contingent claims model to allocate asset valuation losses to the clients in the fossil fuel portfolio that Nedbank had granted loans to.

### Key results

There were several overarching observations from the stress test. Firstly, the magnitude of the devaluation under all scenarios is greatest under the no pass-through application and is least severe under the 80% pass-through application. This is consistent with expectations as under the no pass-through assumption the firms (our clients in this case) absorb the entire carbon tax without passing on the additional costs to consumers. Whereas, under the latter assumption firms only absorb 20% of the rising costs. Secondly, when comparing carbon tax scenarios, the asset valuation shocks are highest under the Net Zero 2050 scenario as climate policies are implemented earlier and more aggressively throughout the stress horizon.

### Asset valuation shocks

A summary of the asset valuation shocks, per industry, are depicted in the heatmap below.



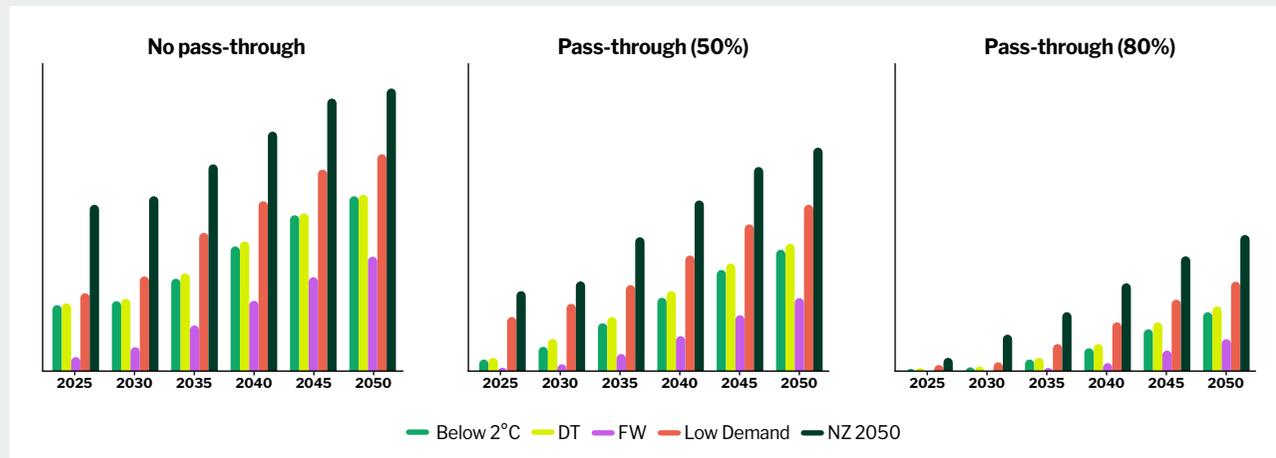
## Our climate risk management process continued

### Market value losses

Considering the above asset valuation shocks, the figure below presents the market value losses per scenario, which summarises the outcome of the climate stress test.

The majority of the losses were experienced in the Net Zero 2050 scenario followed by the Low Demand scenario, driven by losses in the non-renewable power generation industry. The key drivers of the losses were a combination of high-asset valuation shocks and on-balance sheet exposure.

### Market value losses across the different carbon tax scenarios



### Conclusion

The stress test results underscore the significant adverse impact that changes in climate-related policies, such as increases in the carbon tax rate, could have on Nedbank's clients and, consequently, on the bank's potential losses. The most severe impact was observed in the Net Zero 2050 scenario with no pass-through, while the least severe impact was noted in the Fragmented World scenario with 80% pass-through. Most of the losses were attributed to the non-renewable power generation sector.

This stress testing exercise highlights the negative impacts associated with carbon price shocks. Globally, countries are increasing consumer awareness through carbon-intensive product labeling requirements, which will ultimately shift demand away from more carbon-intensive products. This context is particularly relevant considering the carbon border adjustment mechanisms (CBAM), which could significantly influence consumer sentiments through higher imposed carbon prices. These far-reaching consequences could impact Nedbank's clients operating in sectors heavily affected by CBAMs, necessitating ongoing monitoring as part of Nedbank's climate risk management processes.



### Advancing Climate Transition Risk Strategies

The climate transition risk stress tests conducted to date have significant implications towards Nedbank in assessing, allocating capital, and pricing transition-related financial risks. These tests provide estimates of market value losses at the tail-end of the distribution, which can help Nedbank set risk limits and inform loan origination, investment, and pricing decisions. More importantly, these exercises enhance the bank's understanding of this increasingly critical risk discipline.

## Our climate risk management process continued

### Nedbank Nature Risk Assessment

#### Considering the interconnectedness of climate and nature-related financial risks

Climate and nature risks are increasingly being recognised as critical, mutually reinforcing factors banks and other business actors need to consider, due to their far-reaching implications on the economy and financial systems. The degradation of nature and the impacts of climate change, such as land use change and extreme weather events, are disrupting economic activities and pose significant risks to financial stability. Addressing these risks is not only about safeguarding a bank's financial security but also about contributing to a more resilient, sustainable, and nature-positive economy. Ultimately, considering climate and nature risks is essential for banks to ensure long-term sustainability and align with global efforts to combat climate change and biodiversity loss.

Nedbank has tailored an approach to identifying and assessing nature-related financial risks for credit deals within high-risk sectors through the bank's Social and Environmental Management System (SEMS). The group published its first Nature Position Statement in 2024, committing to incorporating nature into its internal decision-making processes, redirecting financial flows away from activities and projects with significant negative impacts on the environment, while placing a greater focus on projects with measurable nature-positive outcomes. Nedbank recognises that:

- There is no functioning society without a functioning

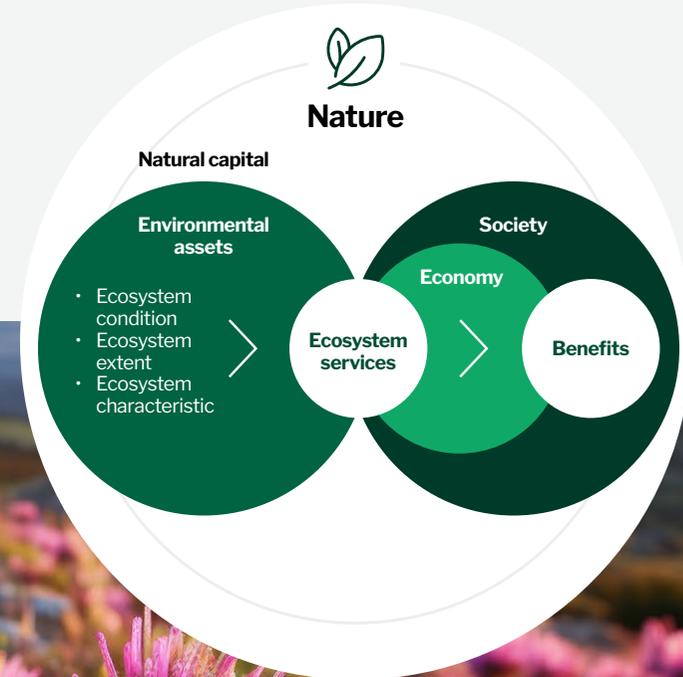
environment. Supporting nature-positive solutions and moving financing flows away from practices that degrade nature contributes to a sustainable future.

- Degraded ecosystems can lead to disruptions in supply chains, increased costs, and potential financial losses.
- Emerging frameworks and regulations, such as the Kunming-Montreal Global Biodiversity Framework (GBF), necessitate proactive nature risk management.
- Aligning business strategies with nature-positive outcomes can unlock new opportunities for innovation and value creation.

### What is nature?

Nature is defined as the natural world, with an emphasis on the diversity of living organisms and their interactions among themselves and with their environment [the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)]. The TNFD illustrates this relationship in below, where ecosystem service underpinning the economy are provided by the interaction between and impacts from social, economic and environmental systems

#### Nature, economy, society and TNFD



## Our climate risk management process *continued*

### Understanding the interconnectedness between nature and the economy

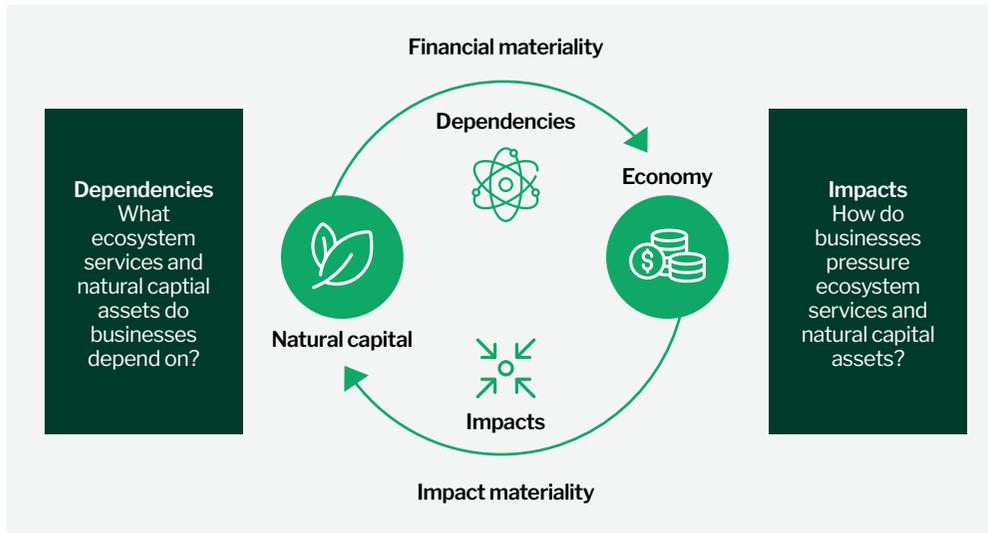
Nature-related dependencies and impacts refer to the relationships and interconnectedness between organisations, economies, and ecosystems. These relationships highlight how businesses, and the institutions that finance them, depend on ecosystem services for their operations, and how business activities, including value chain relationships<sup>1</sup>, influence these ecosystems and the services they provide.

Ecosystem services provide provisioning (raw materials), regulating (water purification and climate regulation), support services (carbon

and nitrogen cycles, pollination), and cultural services (aesthetic enjoyment) to businesses and society at large. Land use change and biodiversity loss, climate change, pollution and invasive species are the primary impact drivers<sup>2</sup> that affect ecosystem integrity and the environment's ability to continue providing ecosystem services.

Nedbank undertook to consider both the impact and dependencies of its financing within the lending portfolio in the Nature Risk Assessment (NRA), based on financial as well as significant sector-specific impacts and dependencies<sup>3</sup>.

### The inter-connectedness of nature-related dependencies and impacts



<sup>1</sup> Many downstream value-chain economic activities and sectors (secondary and tertiary industry sectors) are highly dependent on primary production sectors, which are often not considered when considering the primary dependency on nature.

<sup>2</sup> [https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes\\_global\\_assessment\\_report\\_summary\\_for\\_policymakers.pdf](https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf)

<sup>3</sup> The NRA adopted a double-materiality approach by considering both the impact of financed activities, as well as the dependency of capital on the economic activities under financing.



## Our climate risk management process continued

### Nedbank's nature approach

Nedbank's holistic approach to climate and nature underscores our commitment to integrating climate and nature risks into our overall risk management framework. In 2024 the bank began developing the internal capacity to assess and disclose nature-related dependencies, impacts, risks, and opportunities. The NRA represents a pioneering initiative by Nedbank to understand and manage nature-related financial risks within its lending portfolio. This effort aligns with Nedbank's Nature Position Statement and broadly follows the Taskforce on Nature-related Financial Disclosures (TNFD) Locate, Evaluate, Assess and Prepare (LEAP) approach, which provides a structured approach to identifying, evaluating, and managing nature-related risks and opportunities.



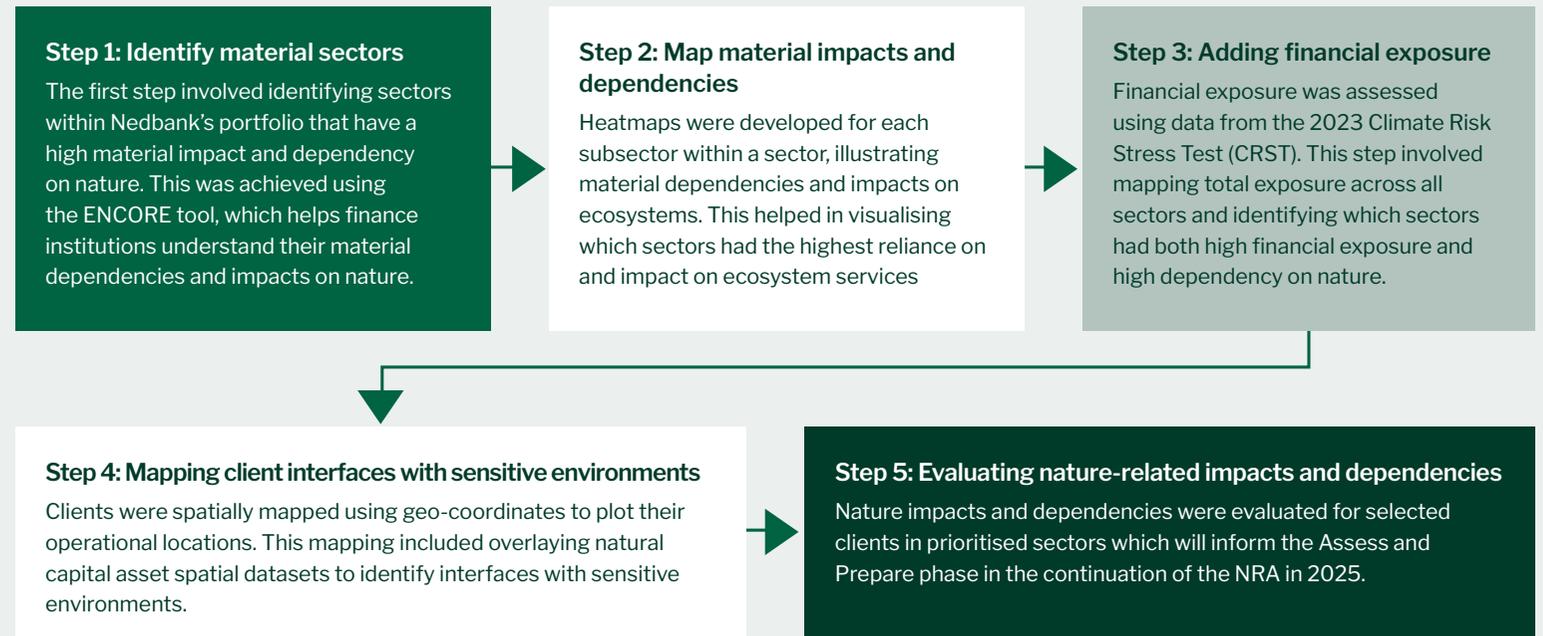
### Nedbank's Nature Risk Assessment methodology

Phase 1 of the NRA, completed in December 2024, focused on identifying the interfaces with sensitive ecosystems and recognising key ecosystem dependencies and impacts of a sample of clients within the bank's lending portfolio, adopting guidance from the Locate and Evaluate stages of LEAP. Nedbank used the Exploring Natural Capital Opportunities, Risk and Exposure (ENCORE)<sup>1</sup> tool in this first phase. ENCORE, a free online platform, is a nature-related finance risk mapping tool developed by the ENCORE partnership, which is intended to assist finance institutions to

understand their material dependencies and impacts on nature at a sector, subsector and economic activity level<sup>2</sup>.

Nedbank defined its own methodology in applying the TNFD LEAP framework, diverging from the traditional method by initially prioritising sectors based on the materiality of their nature-related impacts and dependencies. The financial exposure of sectors materially dependent on specific ecosystem services were determined, before advancing to the Locate and Evaluate stages of the LEAP framework where risk exposure was analysed at a more granular, client level.

### The Nedbank methodology for conducting the NRA adapted from the TNFD LEAP approach



<sup>1</sup> The ENCORE tool was developed and is maintained by the ENCORE partnership (formerly the Natural Capital Finance Alliance, NCFA) comprising Global Canopy (GC), United Nations Environment Programme – World Conservation Monitoring Centre (UNEP-WCMC) and United Nations Environment Programme Finance Initiative (UNEP FI).

<sup>2</sup> ENCORE is a global tool and particularly well suited for initial sector prioritisation analysis. More detailed local tools were required to provide site-specific and granular application in the Locate and Evaluate phases of the NRA process.

## Our climate risk management process continued

### High-level results of the first phase of the nature risk assessment

Nedbank conducted an analysis of nature-related impacts and dependencies of sectors and clients represented in its lending portfolio, highlighting sectors and subsectors that have the most material nature-related impacts and

dependencies, and areas where the greatest risks as well as opportunities to nature are anticipated. The potential material financial exposure to Nedbank, at a sector and subsector level, was also considered. This was then disaggregated to specific ecosystem services<sup>1</sup> and the supporting natural capital assets<sup>2</sup>.

This deeper aggregation allowed us to identify material nature-financial exposure (dependency and impact) at a client level within a portfolio of prioritised economic activities.

Understanding our potential nature-related financial risk at a portfolio level – and more

granularly at a client level – provides Nedbank with the opportunity to identify, and support its clients, with targeted interventions to minimise potential risk exposure in halting and reversing nature loss in the long term. A selection of information on the findings from phase 1 of the NRA, using the ENCORE tool, is provided below.

### Sector prioritisation

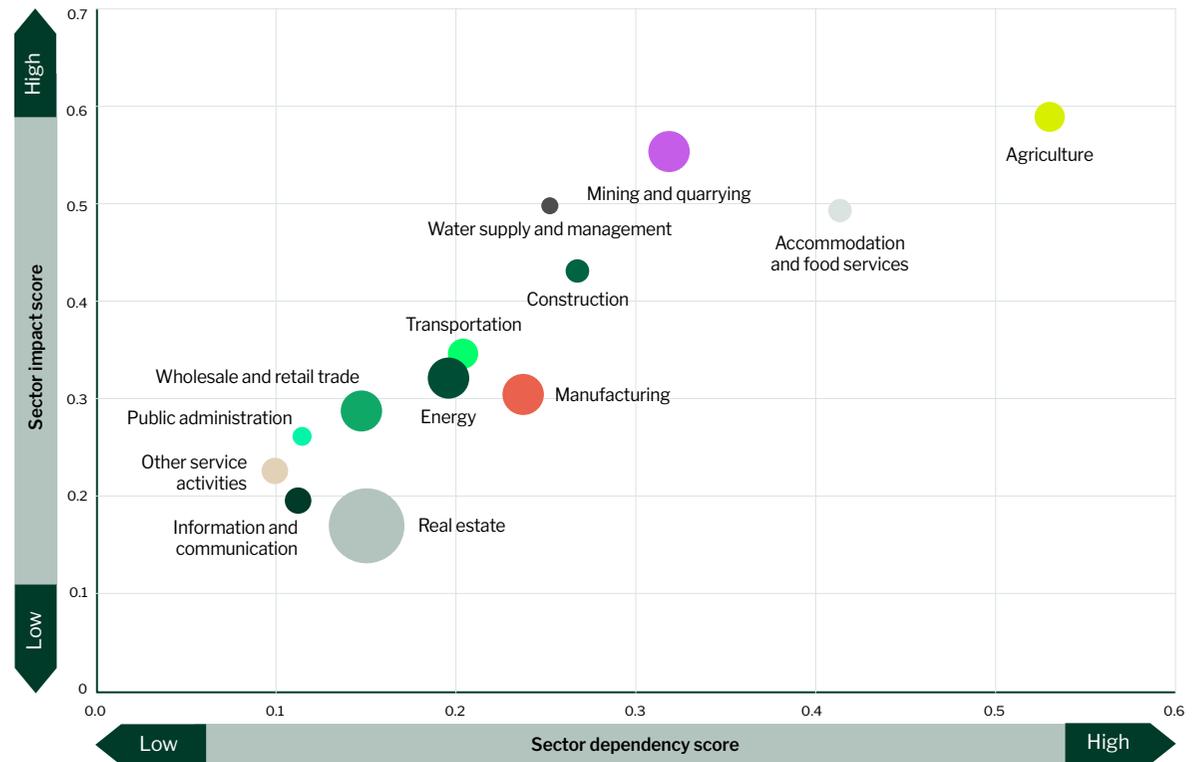
The first step taken in the NRA was to identify Nedbank sectors and subsectors with high impacts and dependencies on ecosystem services and underpinning natural capital assets using the ENCORE tool.

Sector-level impact and dependency scores were calculated to assist with the identification of high-impact or dependency sectors. Primary production sectors, such as agriculture and mining, and accommodation and food services (more specifically, the food and beverage activity production process) have high nature-related impacts and dependencies. Sectors and subsectors that rely on these as primary input (eg feature in their value chain), such as manufacturing, and wholesale and retail trade, have a medium impact and dependency score.

The bubble graph on the right, illustrates the results from the first phase of the NRA. The graph shows respective sectors' impact and dependency scores, as well as Nedbank's total sector exposure, depicted by the size of the bubbles. Impact and dependency scores from the ENCORE tool were further developed to build a visualisation of impacts and dependencies. The NRA focused on 13 of the 21 sectors identified by ENCORE, due to i) Nedbank's financial exposure for this sector, and ii) these sectors having material impacts and dependencies on nature.

The ENCORE tool aligns to International Standard Industrial Classification (ISIC) codes. Nedbank conducted an exercise where further mapping was required to align the ISIC codes used by ENCORE to the Standard Industrial Classification (SIC) codes used within the bank.

**Sectors' impact and dependency scores, as well as Nedbank's total sector exposure**  
(bubble size representative of total sector exposure)



<sup>1</sup> Ecosystem services are the contributions of ecosystems to the benefits that are used in economic and other human activities.

<sup>2</sup> Natural capital assets are the stock of renewable and non-renewable natural resources (eg plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to the economy and people.

## Our climate risk management process continued

### Key outcomes from dependency and impact mapping

Sector	Financial exposure rank	Impact score	Dependency score	Rationale
Real estate	1st	Low*	Low*	Weighted ratings due to local context, specifically water availability and water stress in SA.
Manufacturing	2nd	Medium	Low*	Different subsectors or production processes related to the sector have varying dependencies from low to high.
Wholesale and retail trade	3rd	Medium	Low	Impacts and dependencies lie in the upstream and downstream activities related to these sectors' value chains.
Mining and quarrying	4th	High	High	Significant impacts and dependencies.
Energy	5th	Medium	Medium	Fossil fuels have high impacts and dependencies relative to renewable energy options.
Agriculture	6th	High	High	Highest impacts and dependencies of all sectors.

\* The scoring for these specific sectors, as derived from ENCORE, will be re-evaluated in Phase 2 so that it considers the South African context.

#### Prioritised sectors where TNFD steps Locate and Evaluate were conducted

##### ➤ Case studies

Twelve client case studies were conducted from the 6 sectors identified above. The case studies represented approximately R20bn of Nedbank's total lending book assessed in the NRA. This involved the mapping of client locations against sensitive ecosystems and environmental features. This approach provided valuable insights into the nature-related impacts and dependencies of these clients' activities and will be built upon in the next phase of the NRA where risks and opportunities will be identified and assessed.

The following sectors were therefore prioritised for further assessment:



#### Mining and quarrying

Mining and quarrying activities lead to habitat destruction and biodiversity loss through large land-use change; soil degradation; water resource impact and pollution. The sector has one of the highest impacts and dependencies on nature.



#### Real estate

Property owning and letting as well as real estate activities can significantly impact local water resources through landscaping, maintenance and domestic needs.



#### Renewable energy

The construction and presence of renewable energy facilities can lead to biodiversity loss and habitat fragmentation.



#### Wholesale trade

Unsustainable trade practices, particularly in commodities like coffee, chocolate, and beef are contributing to global biodiversity loss through changes in land use and direct exploitation of resources as drivers, with approximately 1 million species at risk of extinction.



#### Agriculture

According to the World Bank, nature risk could reduce global crop yields by 30% by 2050 and affect more than 1,3 billion people who depend on agriculture for their income.



#### Manufacturing

Manufacturing relies heavily on natural resources like water, minerals, and timber - all which can lead to biodiversity loss. The sector is a major contributor to GHG emissions, second to the energy sector.

## Our climate risk management process continued

### Determine financial exposure materiality

Sectors that had a high financial exposure across Nedbank's lending portfolio were identified and prioritised by combining sector and subsector ecosystem service heatmaps with business cluster financial exposure data.

Further disaggregation was conducted within each cluster's lending portfolio to identify individual clients within these prioritised sectors and subsectors with the highest credit exposure. These clients were then assessed to determine their interface with sensitive environments and ecosystem services

(Locate phase of LEAP). An example of a case study to identify interfaces with sensitive ecosystems associated with a prioritised mining client's operations is presented below:

### Case study: NRA study in the mining sector

A client within the mining sector portfolio was assessed to identify its interface with sensitive ecosystems associated with its operations as well as material nature impacts and dependencies.

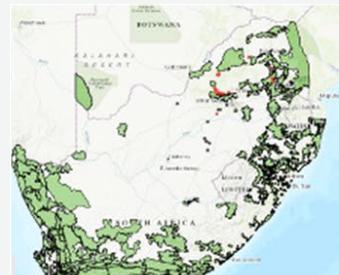


### LOCATE

A heatmap was developed which illustrated the client's dependency on nature at a subsector level.



SA strategic water source areas map



SA key biodiversity areas map

The client's operations were mapped to identify their interface with highly material ecosystems, critical natural capital assets such as water, habitats and biodiversity hotspots.

### EVALUATE



#### Identification of impact-related risks

The client's first operational site's interface with nature was material due to it being within an Ecological Support Area.

The second operational site's nature-interface was the most material of all operations. It interfaced directly with a Critical Biodiversity Area supporting threatened ecosystems; and fell within a globally recognised Centre of Biological Endemism.



#### Identification of dependency-related risks

The third site's interface with nature was largely due to it occurring in a Strategic Groundwater Resource Area.

Due to the regional location of all 3 operations, within water stress areas; water as a critical natural capital asset was identified for all sites.



The next phase of the Nature Risk Assessment (Assess and Prepare) will further assess the risks and opportunities related to this client and their operations.

## Our climate risk management process continued

### Key outcomes of the NRA phase 1

The NRA attempts to understand nature-related impacts and dependencies, risks and opportunities within our lending portfolios, particularly for sectors with material nature-related impacts and dependencies, which underpins Nedbank's 2024 Nature Position Statement.

- The phase 1 analysis using the ENCORE tool has revealed potential exposure of the Nedbank lending portfolio to physical nature-related risks within sectors known to have a high impact or dependency on nature.
- The NRA illustrates that all subsectors in the analysed sector portfolios depend on at least 1 ecosystem service, with a majority exhibiting a very high dependency on multiple ecosystem services.

In addition to the qualitative ENCORE sub-subsectors and dependency materiality assessment of nature-related risk exposure, the NRA importantly links the financial exposure of specific subsectors to material ecosystem services. It also identifies clients with the highest financial exposure within each of the priority subsectors. This provides a nuanced perspective on the quantitative (Rm) exposure of specific clients at a more granular location level, within the bank's lending book. This perspective can connect a client's geolocation with regional nature-risk exposure, including risks induced by climate change, offering a basis for nature-risk stress testing. What the NRA also illustrates is that nature-related impacts and dependencies are further amplified by climate-related risks, and these are mutually reinforcing.

### Way forward

**The first phase of the Nedbank Nature Risk Assessment is a critical step towards understanding and managing nature-related financial risks.** Phase 2 of the assessment, to be conducted in 2025, will delve into understanding specific risks and opportunities within each of the prioritised sectors and clients.

By aligning with the TNFD framework and leveraging tools like ENCORE, Nedbank is well positioned to develop a robust nature-positive strategy and nature risk management plan that will not only mitigate risks but also unlock new opportunities for sustainable nature-positive growth and value creation.



## Our climate risk management process continued

### Climate and nature risk opportunities identified

The CRMA supported Nedbank in identifying opportunities for adaptation and resilience financing for our clients most impacted by climate change. Our work on the NRA to date has started to

unveil nature-related opportunities. Understanding the interrelated risks between climate and nature assist in identifying opportunities for Nedbank. For the financial sector, the identified opportunities involve redirecting financial flows away from activities and industries that negatively impact nature and the climate.

### Climate and nature risk opportunities identified – physical risk

The opportunities identified through the risk assessments are highlighted in the figures below along with the climate, nature and financial impact.



#### Acute physical risk

Acute physical risks result from strong winds, drought, flooding, wildfires, storms or single-event-driven environmental shocks which are point and time specific, eg forest fires, oil spills and an influx of pests affecting harvests.

##### Climate and nature impacts

- Crop failure and food shortages due to changes in weather patterns and/or extreme weather events and environmental shocks.
- Supply chain interruptions and disruption of activities resulting from extreme weather events and environmental shocks.
- For people, extreme weather events and environmental shocks can lead to:
  - » Physical injuries.
  - » Human settlement displacements.
  - » Loss of human and animal life.
  - » Mental health problems such as anxiety, depression, and heat-related illness.

##### Financial impacts

- Reduced revenue from decreased production capacity (eg transport challenges, and supply chain interruptions).
- Increased capital costs (eg damage to facilities).
- Inflation of food prices due to climate and nature impact-induced shortages.

##### Climate and nature opportunities

- The 2023 CRMA identified an opportunity for Nedbank to support our clients to build their climate resilience through engaging high-risk clients to understand their existing or planned climate adaptation and resilience strategies and explore financing solutions for them, as well as supporting smaller clients in sectors such as agriculture to understand and reduce their exposure to physical hazards. Some examples of climate-resilient opportunities that Nedbank will consider offering finance solutions towards:
  - » Innovations in water conservation technologies, drought-resistant crops, and efficient irrigation systems to combat the risk of droughts.
  - » Development and implementation of advanced fire detection and suppression technologies, as well as creation of fire-resistant infrastructure and landscapes to combat the risk of wildfires.



#### Chronic physical risks

Chronic physical risks result from gradual changes over time arising from droughts, sea-level rise, changing precipitation patterns, climate change, land and sea use change, pollution, invasive alien species and the overexploitation of organisms.

##### Climate and nature impacts

- Changing weather patterns and movement of climate belts causing geographical, long-term climate changes such as increased temperatures and reduced rainfall.
- Loss of biodiversity, ecosystem collapse, reduced suitability of arable land for crop cultivation, and loss of habitats due to the impacts of climate change and nature degradation.

##### Financial impacts

- Potential for increased insurance premiums or reduced availability of insurance on assets and clients in high-risk sectors and the most vulnerable locations as identified by the 2023 CRMA results.
- Increased operating costs of businesses and business disruptions.
- Reduced revenue and higher costs from negative impacts on the workforce (eg health, safety and absenteeism)

##### Climate and nature opportunities

- Providing finance solutions toward conservation and protection of biodiversity and ecosystems (eg water purification and conservation, sustainable forestry practices, and investing in nature-based solutions).
- Farming solutions, like water conservation and storage, improved soil health, advanced irrigation techniques, and shading.
- Enhancing Nedbank's own operational climate resilience and sustainability by continually improving resource efficiency, energy, water, and waste management through our green-building initiatives and sustainable supply chain.



## Our climate risk management process continued

### Climate and nature risk opportunities identified – transition risks

Both the CRMA and the NRA show that Nedbank’s clients in certain sectors are potentially exposed to various transition risk drivers. The risks, opportunities and various benefits identified through the risk assessments are highlighted in the table below. The specific financing solutions identified can be found on [page 41](#) in the Strategy section. The table builds on the theory that is already understood on the various transition risk types.

Addressing climate and nature risks	Nedbank opportunities identified	Benefits		
		Climate	Nature	Financial
<ul style="list-style-type: none"> <li>Nature-based solutions, such as restoring wetlands, forests and mangroves, can mitigate the impact of extreme weather events and long-term climate changes. By investing in nature-based solutions (NbS), financial institutions can protect their assets and those of their clients from physical damage and operational disruptions.</li> <li>Adopting NbS can help financial institutions comply with evolving environmental regulations and policies.</li> <li>Implementing NbS can enhance a financial institution’s reputation by demonstrating a commitment to sustainability and environmental stewardship</li> </ul>	<p><b>Nature-based solutions</b></p>	<ul style="list-style-type: none"> <li>Reduced flood damage</li> <li>Natural carbon capture and storage</li> </ul>	<ul style="list-style-type: none"> <li>Preservation of coastal ecosystems</li> <li>Protection and maintenance of carbon sinks</li> </ul>	<ul style="list-style-type: none"> <li>Increased market share for being known as a green and sustainable bank and offering sustainable finance, investment products, and services to our clients</li> <li>These partnerships can support large-scale conservation efforts and sustainable development</li> </ul>
<ul style="list-style-type: none"> <li>Effective water management systems can mitigate the impacts of extreme weather events and long-term climate changes by ensuring efficient water use and reducing the risk of floods and droughts. These systems can protect physical assets and operations from damage and disruptions.</li> <li>Water management systems help financial institutions comply with environmental regulations and policies related to water use and conservation. By adopting sustainable water practices, institutions can avoid penalties and benefit from incentives for regulatory compliance.</li> <li>Implementing robust water management systems can enhance a financial institution’s reputation by demonstrating a commitment to sustainability and responsible resource management.</li> </ul>	<p><b>Water management systems</b></p>	<ul style="list-style-type: none"> <li>Improved water availability and agricultural productivity</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced soil health and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Cost savings to clients because of the efficient reuse and recycling of water</li> </ul>
<ul style="list-style-type: none"> <li>Resilient infrastructure projects, such as flood defences, stormwater management systems, and earthquake-resistant buildings, can mitigate the impacts of extreme weather events and long-term climate changes. By investing in such projects, financial institutions can protect their assets and those of their clients from physical damage and operational disruptions.</li> <li>Governments and regulatory bodies are increasingly mandating resilient infrastructure to enhance community and economic resilience. Resilient-infrastructure projects can help financial institutions comply with evolving environmental regulations and policies.</li> </ul>	<p><b>Resilient infrastructure projects</b></p>	<ul style="list-style-type: none"> <li>Increased resilience to storms and heatwaves</li> </ul>	<ul style="list-style-type: none"> <li>Conservation of forests and wildlife habitats</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the climate and nature resilience of our clients will in the long-term decrease the bank’s financial risks and support its long-term financial sustainability</li> </ul>

## Our climate risk management process continued

Addressing climate and nature risks	Nedbank opportunities identified	Benefits		
		Climate	Nature	Financial
<ul style="list-style-type: none"> <li>Renewable energy projects, such as solar, wind, and hydropower farms, reduce reliance on fossil fuels, thereby decreasing greenhouse gas emissions and mitigating climate change. By investing in these projects, financial institutions can help reduce the frequency and severity of extreme weather events and long-term climate changes, protecting their assets and those of their clients from physical damage and operational disruptions.</li> <li>Governments and regulatory bodies are increasingly mandating the transition to renewable energy to meet climate goals. By investing in renewable energy projects, financial institutions can stay ahead of regulatory changes, avoid penalties, and benefit from incentives for sustainable practices.</li> <li>Renewable energy projects often involve advanced technologies that can enhance the resilience of energy systems. By supporting these projects, financial institutions can mitigate technology risks associated with outdated or vulnerable energy infrastructure.</li> </ul>	<p><b>Renewable energy projects</b></p>	<ul style="list-style-type: none"> <li>Decrease in greenhouse gas emissions</li> <li>Lower carbon footprint and improved air quality</li> </ul>	<ul style="list-style-type: none"> <li>Cleaner ecosystems and healthier wildlife</li> </ul>	<ul style="list-style-type: none"> <li>Public-private partnerships (collaborations between the government, Nedbank, and NGOs) create innovative financing mechanisms for climate and nature-positive projects</li> </ul>
<ul style="list-style-type: none"> <li>Energy efficiency programmes reduce energy consumption and greenhouse gas emissions, which can mitigate the impacts of climate change. By investing in energy-efficient technologies and practices, financial institutions can help clients protect their assets from the physical damage and operational disruptions caused by extreme weather events and long-term climate changes.</li> <li>Energy efficiency programmes often involve the adoption of advanced technologies that can enhance the resilience of energy systems. By supporting these programmes, financial institutions can mitigate technology risks associated with outdated or vulnerable energy infrastructure. Additionally, investing in energy-efficient technologies can drive innovation and improve the reliability of energy supply.</li> </ul>	<p><b>Energy efficiency programmes</b></p>	<ul style="list-style-type: none"> <li>Reduced energy consumption and emissions</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable use of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency projects can often result in lower operating costs for borrowers, which can improve profit margins and their ability to repay loans. This can lead to a reduction in default rates and decreasing the bank's exposure to credit risks</li> </ul>
<ul style="list-style-type: none"> <li>Urban greening initiatives, such as planting trees, creating green roofs, and developing parks, can mitigate the impacts of extreme weather events and long-term climate changes. These green spaces can reduce urban heat islands, manage stormwater, and improve air quality, thereby protecting physical assets and operations from damage and disruptions.</li> <li>Investing in urban greening can stabilise markets by enhancing the liveability and attractiveness of urban areas. This can boost property values, attract businesses, and improve economic stability, reducing market volatility and enhancing investor confidence.</li> <li>By supporting urban greening initiatives, financial institutions can stay ahead of policy and regulatory changes being mandated by governments.</li> </ul>	<p><b>Urban greening initiatives</b></p>	<ul style="list-style-type: none"> <li>Cooler urban environments and reduced energy use</li> </ul>	<ul style="list-style-type: none"> <li>Increased urban biodiversity and green spaces</li> </ul>	<ul style="list-style-type: none"> <li>Increase of property values in the vicinity of green spaces</li> <li>Booming local economic activities such as tourism and recreation</li> </ul>

# Climate risk manifesting in existing risk types

## Management of credit risk

Credit risk management is in place to incorporate and monitor progress towards the bank's strategic climate-related objectives of reducing exposure to all fossil fuels to zero by 2045. This includes developing baselines and glidepaths for key sectors within the fossil fuel industry. Business has also adopted credit strategies to manage climate-related risks and finance innovative solutions, while working towards achieving net-zero fossil fuel exposure by 2045. The understanding of material climate-related risks is evolving, and strategies for their potential future integration are being explored.

Credit risk policies are being formulated to incorporate climate-related considerations into the credit risk processes and governance structures. This includes establishing robust processes to assess the impact of climate-related risk drivers on key credit risk profiles and to address significant climate-related credit risks.

## Management of market risk

Processes for identifying, assessing, and managing climate-related risks within market risk are integrated into the overall Nedbank Risk Management Framework, specifically the CRMF.

The impact of climate-related risk drivers that result in volatility in macro-financial variables (interest rates, foreign exchange rates, equities, commodities and credit spreads) is captured by the trading market risk, value-at-risk (VaR) measure. However, market risk models have not evolved to calibrate climate risk drivers to market risk factors, primarily due to a lack of suitable data.

Climate-related risk on banking book market risk (eg equity investment risk) is assessed on deal initiation and through the investment valuation committees.

We will continue to evaluate and adapt our risk management practices to ensure they remain robust and responsive to emerging climate-related challenges.

## Management of operational risk

Climate change, with its physical and transition risks, is a significant driver of operational risk. Nedbank recognises the far-reaching impacts of extreme weather events like floods, heatwaves, and droughts, and has proactively integrated climate risk into its operational risk profile and resilience strategies. Operational risk management and resilience are closely linked at Nedbank. Effective risk management forms the foundation for robust resilience, ensuring continuous and reliable service delivery while minimising the impact of operational risk events.

Nedbank approaches climate risk through a scenario analysis, viewing it as a causal factor of various operational risks. The bank involves group climate risk experts in scenario planning, assessing factors like losses from transitioning to a lower-carbon economy, greenwashing, and non-compliance with climate regulations. Physical hazards can result in property destruction, employee inaccessibility to offices/branches and systems, employee injury/deaths, utility failures, and vendor disruptions.

Nedbank's comprehensive risk management and resilience policies help identify, assess, and mitigate operational risks. This approach reduces property damage, ensures safety, limits climate-related litigation, and leverages strategic value from transition risks. In 2024 Nedbank focused on embedding its resilience approach through enhanced

collaboration across disciplines. Proactive monitoring and adaptive response plans ensure critical operations continue during and after disruptions.

The bank's resilience strategy, embedded in its policies and processes, revolves around 3 pillars: anticipating and preparing for, responding and adapting to, and recovering and learning from disruptions. This ensures preparedness for delivering critical operations through disruptions and continuously enhancing resilience based on past lessons. Business continuity planning, a key focus of Nedbank's resilience strategy, incorporates climate risk scenarios. This ensures the bank can serve its customers and stakeholders despite disruptions.

Despite extreme weather in some areas during 2024, Nedbank's operations remained stable, with no significant adverse impacts. The climate-related operational risk profile, including damage to physical assets, business disruptions, litigation, and regulatory penalties, remained stable.





## Climate risk manifesting in existing risk types continued



### Management of liquidity risk

Nedbank remains committed to integrating climate risk considerations into our liquidity risk management framework to proactively manage evolving climate-related financial risks. We continuously monitor climate risk drivers and assess their potential impact on our liquidity profile to safeguard financial stability.

Our ongoing analysis considers the impact of climate-related financial risks on net cash outflows, including factors such as increased drawdowns of credit lines and accelerated deposit withdrawals. We also reassess the valuation of assets that constitute liquidity buffers. When deemed material and relevant, we seamlessly integrate these insights into the calibration of our liquidity buffers, fortifying our resilience and ensuring the continued stability of our operations.

As part of our continuous improvements, we are refining our scenario analyses and stress testing methodologies to further enhance the integration of climate-related factors. This includes expanding our assessments of extreme weather events and transition risks on deposit withdrawals, credit drawdown and market liquidity. These enhancements reinforce Nedbank's commitment to strengthening its liquidity risk management framework and ensuring preparedness for evolving climate risk challenges.

### Management of underwriting

Climate risk pertains to the potential effects of climate change on the financial health and stability of various sectors and entities, including both short- and long-term insurance companies. Underwriting involves assessing and pricing risks, where feasible, and issuing policies to cover these risks. At Nedbank Insurance, climate risk is appearing in underwriting in several ways, such as:

- The increased frequency and intensity of natural disasters, such as the KZN floods, Gauteng storms, wildfires, and droughts, which can result in higher claims and losses for our short-term insurance business. Heatwaves also increased in frequency and intensity in 2024.
- Over the medium to long term, we foresee changes in mortality and morbidity patterns, such as heat stress, vector-borne diseases, and respiratory illnesses, which can impact our insurance portfolio over the long term.

These manifestations of climate risk present significant challenges for Nedbank Insurance, necessitating an assessment of the current and future impacts of climate change on the risks we cover. As a result, depending on what the claims experience and future risk expectations inform us, there may be a need to adjust our pricing and product/policy terms accordingly.

Nedbank Insurance also considers the opportunities that climate change may bring, such as attracting new

clients and developing products and services to help our clients adapt to or mitigate the effects of climate change. Nedbank Insurance is beginning to incorporate climate risk assessments into its strategies to better manage climate-related risks and align with global standards IFRS S1 and S2. This proactive approach aims to enhance resilience and ensure the sustainability of Nedbank Insurance's operations amid escalating climate-related challenges.

Climate risk has been considered in the Own Risk and Solvency Assessment report to the Insurance Regulator for 2024, which included a climate scenario and stress test, specifically on the increase frequency and severity of extreme heat conditions and the impact thereof on Nedbank Insurance. The new Climate Risk Forum within Nedbank Insurance will be specifically dealing with a working plan on how climate change regulations will be embedded within Nedbank Insurance.



# Managing climate and nature-related risks within Nedbank lending practises

In the past year, through our ESG and Climate Risk Management Frameworks, we have established a comprehensive process to identify and assess climate- and environmental-related risks and we integrate these risk considerations across our business.

This approach informs how we mitigate risks through our financing activities and pursue opportunities related to financing. Through client engagements, we have developed a greater understanding of the needs of our clients in adapting to and mitigating the impacts of climate change on their operations in a changing environment and society.

During 2024 the mitigation of climate- and nature-related risks were enhanced through the strengthening and expansion of our Climate Risk Appetite Statement. The Climate Risk Appetite Statement outlines Nedbank's principles for risk-taking in pursuit of our strategic objectives, taking into consideration our stakeholders and the bank's commitment to mitigate risks related to climate change. Aligned to our focus on nature, Nedbank expanded the Climate Risk Appetite Statement to explicitly exclude the financing of any activities related to the conversion or degradation of protected areas or critical habitat, regardless of technology or country or to any project or operations that may destroy or degrade protected and conservation areas. The statement was adopted by the board and aligns with Nedbank's purpose and strategy. Our Climate Risk Appetite Statement and Energy Policy are subject to review every year.

**Nedbank's key objectives in managing social and environmental risk (including climate risk) include the following:**

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

Climate-related risks associated with the lending process involving funding for projects are managed through the Social and Environmental Management Systems (SEMS) process. **We continually transform and mature our SEMS process from learnings taken from regular interactions with the:**

- Banking Association of South Africa's Sustainable Finance and Climate Risk Committees
- National Business Initiative
- Equator Principles Finance Initiative
- WWF
- Endangered Wildlife Trust
- Institute of International Finance (IIF) Nature and Sustainable Finance Expert Working Groups, Taskforce on Nature related Disclosures, the African Natural Capital Alliance, peer learning sessions organised by the Embedding Project
- United Nations Environment Programme Finance Initiative (UNEPFI)'s Africa and Middle East Regional Coordination Programme.



## Managing climate- and environmental-related risks within Nedbank lending practises continued

In line with the SEMS governance process, industry best practice and environmental, social and human rights benchmarks, all transactions in high-impact sectors, such as mining, construction, chemicals and oil, manufacturing, property development, agriculture, and waste management must receive social and environmental sign-off before the credit committee considers financing. We continue with our partnership approach to all sensitive lending, working closely with our clients, surrounding communities and relevant authorities to maximise benefits and minimise the negative impacts of these activities on the environment and society.

Nedbank has developed policies, procedures, workflows and appropriate governance for lending activities across the bank which support the effective implementation of SEMS. Nedbank is also currently in the process of digitising the SEMS process across clusters to ensure effective social and environmental risk assessments are performed, and accurate storage of client data. The SEMS supports the operationalisation of the Nedbank Energy Policy and related glidepaths targets.

**During 2024 the SEMS process was applied across various business units within our organisation. Due to political uncertainty surrounding the elections the number of new deal applications were lower, resulting in a lower number of assessments. The most significant applications of SEMS were as follows:**

In our CIB division, all new applications and credit risk reviews for transactions in high-risk industries have been incorporated into the SEMS assessment process, which has been externally assured.

A total of **563** deals (excluding property finance) were assessed in CIB, compared with **579** in 2023. In Property Finance, **1 583** deals were assessed, compared with **1 805** in 2023.

A risk-based approach was adopted in Retail and Business Banking (RBB) due to the large number of clients. Clients are required to disclose any negative environmental or social impact their activities might have, and such disclosures are assessed through the SEMS process. If necessary, mitigating actions are taken.

In our RBB Commercial Banking operations we have identified and defined environmental and social high-impact industries. In 2024, 1 434 clients involved in these sectors were assessed, compared with 1 695 in 2023.

In the Nedbank Wealth business most of our social and environmental risk exposure result from clients' acquisition of industrial and commercial properties that could present asbestos or land contamination concerns. The total number of clients assessed in 2024 was 144 compared with 161 in 2023.



## Managing climate- and environmental-related risks within Nedbank lending practises continued

### Applying the equator principles to our lending practices

As a leading provider of project finance in SA, Nedbank adheres to international best practice. We integrate the Equator Principles (EP) and the International Finance Corporation (IFC) Performance Standards into our evaluation process for all project finance transactions, project-related corporate loans, project finance advisory services, and specific bridge loans.

Nedbank has integrated the fourth version of the Equator Principles (EP4) into its social and environmental assessment for EP-applicable transactions. As part of this assessment climate risks (both physical and transition risks) and biodiversity risks are evaluated.

EP and the IFC Performance Standards are applied within the life cycle of CIB's lending transactions even if they fall outside the scope of EP, ie regardless of the quantum as part of the SEMS process. This process is operational in the CIB team. The steps in the CIB SEMS assessment process are as follows:

- Screening and categorisation consider the operations/projects in high-impact industries (eg mining, manufacturing, construction, oil and gas), and the product type (eg term loan facility, revolving credit facility, general banking facility, letter of guarantee).
- Risk evaluation: the following is considered when completing an Environmental and Social Risk Assessment:
  - » Understanding the deal structure and evaluating the transaction against EP4
  - » IFC Performance Standards and the host country's laws and regulations
  - » Obtaining an independent environmental and social report for project-related deals
  - » Reputational risk scan

- » Climate Change Risk Assessment (transition risk and physical risk) for project-related deals
- » Understanding and mitigating biodiversity risk.

- **Consideration:** Mitigation of identified risks, including clients' responsibility to develop environmental and social action plans, where applicable, and the inclusion of specific environmental and social clauses or covenants in the facility agreements.
- **Monitoring:** Annual SEMS review of existing transactions which involves evaluating the independent environmental and social monitoring reports received for project-related deals. For corporate-related deals, the review process involves evaluating the clients' environmental and social risk disclosures as well as reputation scans on environmental and social risk.
- **Reporting:** EP deals are disclosed in the Nedbank Climate Report, on the Nedbank website, the Integrated Report and to the EP Association. SEMS evaluated deals are disclosed in the Nedbank Climate Risk Report and the Integrated Report.

**In the 2024 financial year, 13 Equator Principles deals (compared with 10 deals in 2023) to the value of US\$868m had their first drawdown. Of the 13 EP deals, 11 were in the renewable energy sector, 1 in the mining sector and 1 in the construction sector.**



# Responsible investment

In 2024 we formalised their inaugural Climate Change Position Statement<sup>1</sup> for Nedgroup Investments, the asset management business. This is an important public document that formally recognises Nedgroup Investments' stance regarding climate change and provides insight into the role of asset management. The initial statement is broad in its brushstrokes and aims to be sufficiently ambitious and agile to changes in the scientific backdrop and asset management best practice.



## The Climate Change Position Statement covers the key areas of:

- Internal governance structures
- The scientific backdrop, global objectives, and the ambitions of Nedbank Group Limited
- The context for asset management and Best of Breed™ approach
- The material physical and transition risks of climate change
- Investment portfolio alignment and key data points

As part of a banking group that looks to lead in this area, the statement provides the reader with an overview of the risks associated with a warming world, and the types of portfolio metrics that are meaningful to Nedgroup Investments as an asset manager. Some of the climate-related metrics that are being tracked include fund-implied temperature rise (how investment portfolios are aligned relative to a 1,5 °C warming world), financed carbon emissions, fossil fuel, and green revenue exposure. The language in the inaugural statement is intentionally forward-looking in nature where future iterations will be more granular in detail.

Nedgroup Investments have highlighted 4 key sustainability focus areas for the decade leading into 2030, namely climate change, biodiversity loss, human and labour rights, and people diversity and inclusion. Nedgroup Investments' suite of funds vary across regions and asset classes, and the investment teams collaborate with third-party fund managers on climate strategies that best fit the mandate in question.

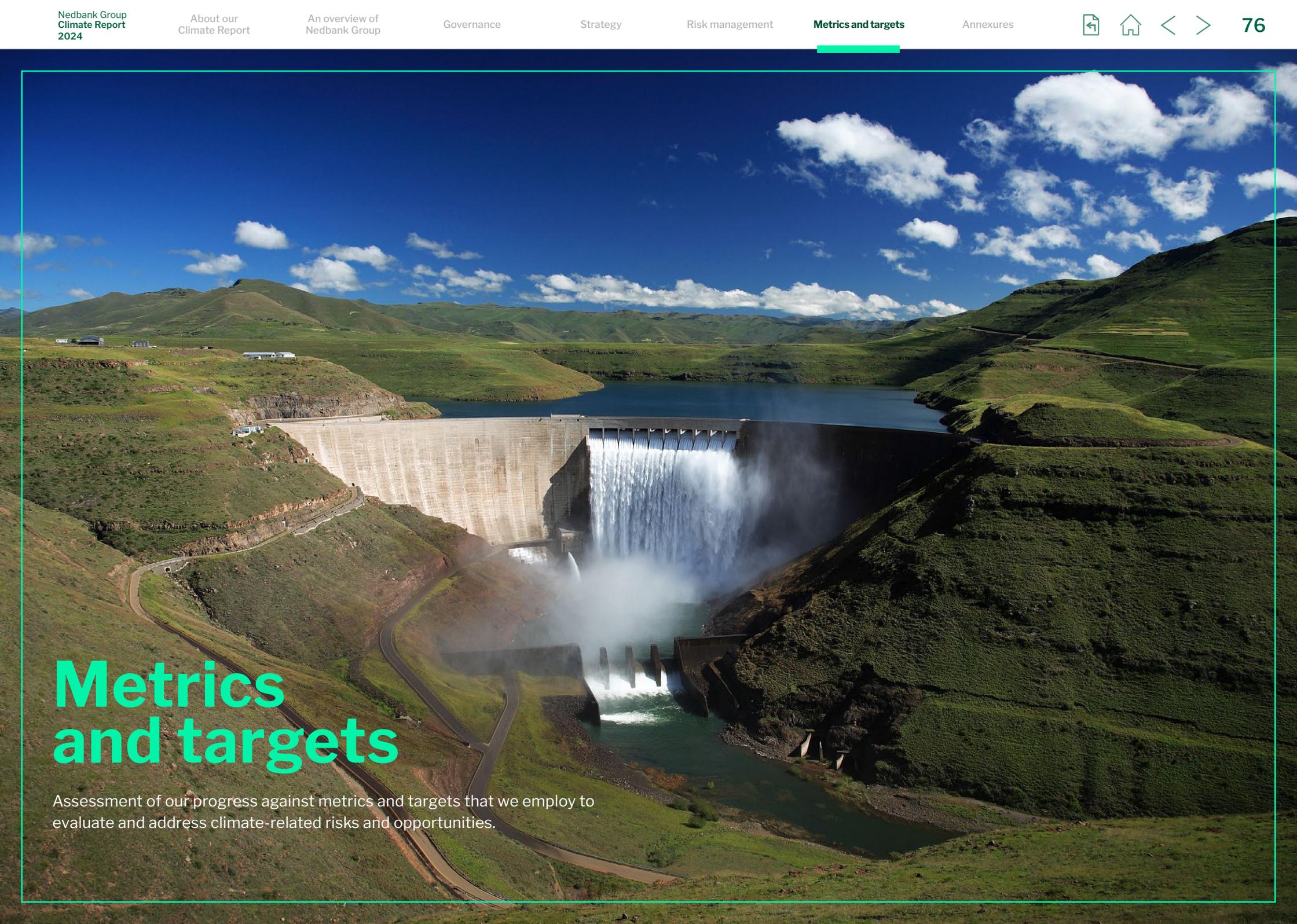
Internationally, Nedgroup Investments in the United Kingdom continue to manage both a responsible and sustainable range of investment solutions. In aligning with the European Union taxonomy, 3 additional Nedgroup Investments Global funds align with the Article 8 categorisation. Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR) refers to financial products that promote environmental and/or social characteristics, provided that the companies in which the investments are made follow good governance practices. These products are often called 'light green' funds.

Nedgroup Investments published their fifth annual Responsible Investment Report for YE 2024, covering global trends in sustainable investing, examples of ESG-related corporate engagements that have taken place on behalf of client assets, and the findings of their annual Asset Manager Responsible Investment Survey.

**Nedgroup Investments' ambition is to be leaders in responsible investment, a key intervention being the facilitation of industrywide sustainability-related programmes. In leveraging the WWF Nedbank partnership, collaborative workshops have been hosted on topics such as plastic waste, the circular economy, global biodiversity frameworks, and the sustainable blue economy.**

Nedbank Wealth, as an investment manager, and Nedbank Insurance as an asset owner, continue to be active signatories to the UN-supported Principles for Responsible Investment.

<sup>1</sup> (<https://nedgroupinvestments.com/content/dam/NGISingleSiteContent/pdfs/responsibleinvesting/Nedgroup%20Investments%20Climate%20Change%20Position%20Statement%202024.pdf>).



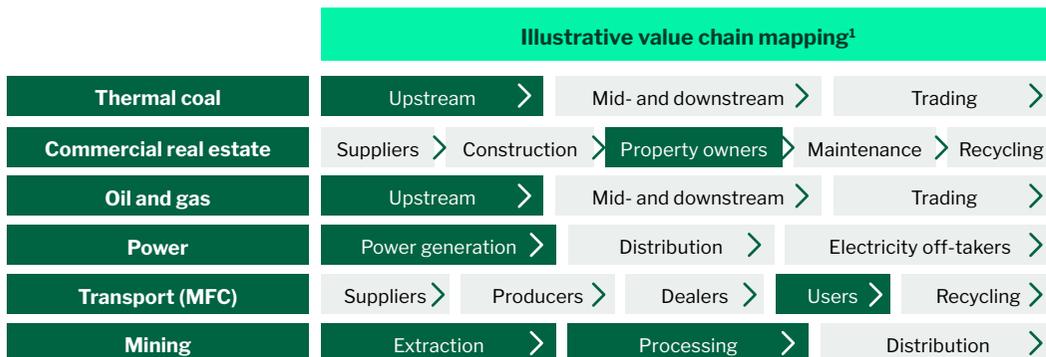
# Metrics and targets

Assessment of our progress against metrics and targets that we employ to evaluate and address climate-related risks and opportunities.

# Climate-related targets

Nedbank has established the following targets to effectively address the risks and opportunities identified. These targets primarily focus on managing and supporting the transition to a low-carbon economy in our lending portfolio, while also creating an opportunity to support renewable energy projects.

## Emissions-intense priority sectors



■ Baseline financed emissions completed

We have presented an illustrative value chain mapping based on the Net-Zero Banking Alliance framework to demonstrate areas of our value chain where we have assessed our financed emissions. Our priority is on emissions-intensive sectors aligned with our Energy Policy. Since 2022 we have achieved 100% coverage of our power generation, upstream thermal coal as well as upstream oil and gas within CIB. In 2024 we have also achieved 92% coverage of our vehicle finance and 97% of our homeloans portfolios. As we continue to assess other emissions sectors for emissions baselining, we will develop glidepaths for transition to net zero, aligned with our Energy Policy.



Targets	Current performance against target
<p><b>2025</b> Sustainable development finance (SDF) exposures to around 20% of the group's total gross loans and advances (GLAA) by the end of 2025.</p>	<p><b>On track:</b> At December 2024 we had exposures of R183bn supporting SDF (19% of the group's total gross loans and advances) and it is our ambition to increase SDF exposures to around 20% of the group's total GLAA by the end of 2025.</p>
<p><b>2025</b> Not providing project financing for new thermal coal mines, regardless of jurisdiction, from 1 January 2025.</p>	<p><b>On track:</b> We remain committed to ceasing all financing of new thermal coal mines in all jurisdictions from 1 January 2025.</p>
<p><b>2030</b> Restricting total financing for coal-mining companies, infrastructure related to thermal coal, and trade related to thermal coal to less than 1% of our group total advances, with this decreasing to 0,5% by 2030.</p>	<p><b>Status for 2024:</b> At December 2024 the thermal coal limit was at 0,2% of GLAA (2023: 0,3%). The drawn exposure was 0,1% of GLAA in 2024 (2023: 0,1%).</p>
<p><b>2035</b> Not providing new financing for oil production, regardless of jurisdiction, from 1 January 2035.</p>	<p><b>On track:</b> 31 December 2024 limit and exposure are within the target range in terms of new upstream oil production projects financed. Exposure for upstream oil production decreased by 1% to R12,2bn at 31 December 2024 (2023: R12,4bn).</p>
<p><b>2045</b> Having zero exposure to all fossil fuel-related activities by 2045. Fossil fuels considered in this instance include thermal coal and upstream oil and gas.</p>	<p><b>On track:</b> Our commitment to reducing fossil fuel exposure continues to yield notable results. Over the past year, we have achieved a 25% year-on-year decrease in thermal coal exposure, alongside a 2% reduction in upstream oil exposure. These milestones are in line with our Energy Policy, which includes a pledge to achieve zero fossil fuel exposure by 2045. This policy acknowledges the imperative of transitioning to a zero-carbon energy system by 2050 and underscores the necessity of an orderly exit from fossil fuel financing well before then.</p>
<p><b>2050</b> Having 100% of our lending and investment activity supporting a net-zero carbon economy by 2050.</p>	

<sup>1</sup> NZBA (Net-Zero Banking Alliance) does not describe the scope of value chain elements, but elements shown here are based on common industry practice.

# Our scope 3 financed emissions

As a financial institution, our primary influence on the economy and society arises from our loans and investments. To better comprehend our climate impact, it is crucial to quantify the emissions associated with the activities we finance.

While climate emissions are a significant part of the overall climate impact, they do not represent its entirety. To accurately understand and measure our emissions, we have adopted the methodology developed by the Partnership for Carbon Accounting (PCAF). This methodology aligns with the GHG protocol and aims to standardise the reporting of scope 3 category 15 emissions, commonly known as financed emissions. This approach enables us to create clear, transparent, and comparable measures of financed emissions within the banking industry.

In 2024 we have extended our financed emissions calculations to include mining and commercial property. Following PCAF recommendations, we combined internal data with information published by our clients, along with relevant and appropriate emission factors, always striving for the lowest data quality score. As our portfolio clients improve their disclosures, we will continue to refine these estimates. Our goal is to progressively expand our calculations to cover larger portions of our overall portfolio and improve portfolio quality scores.

The basic principle to calculate financed emissions is the following formula:

$$\begin{aligned} \text{Financed emission} &= \sum_i \text{Attribution factor}_i \times \text{emissions}_i \\ &= \sum_i \frac{\text{Outstanding amount}_i}{\text{Total equity} + \text{debt}_i} \times \text{emissions}_i \end{aligned}$$

Note that the PCAF methodology requires the use of on-balance-sheet exposures only in the outstanding amount.

## PCAF data quality score scale

Uncertain -----> Certain



Our scope 3 financed emissions continued

Sector: Financed emissions										
Sector	Subsector/description	Portfolio size On-balance-sheet exposure (Rm)	Portfolio coverage Total sector portfolio (%)	Total absolute financed emissions (ktCO <sub>2</sub> e)	Total emissions intensity (tCO <sub>2</sub> e/Rm)	2024		2023		
						On-balance-sheet exposure (Rm)	Portfolio coverage Total sector portfolio (%)	Total absolute financed emissions (ktCO <sub>2</sub> e)	Total emissions intensity (tCO <sub>2</sub> e/Rm)	
<b>Upstream oil and gas</b> (CIB)	Upstream – production and exploration: This stage in the oil and gas industry focuses on funding the search for and extraction of natural resources	14 188	100	2 888	203	13 695	100	2 947	215	
<b>Thermal coal</b> (CIB)	Coal mining: We report on upstream thermal coal, which involves financing coal mining operations. This includes funding the physical activities of the thermal coal mine	473	100	2 309	4 881	777	100	5 518	7 100	
<b>Power generation</b> (CIB)	Non-renewable energy generation: This category relates to non-renewable electricity generation (not related to Eskom)	3 067	100	368	120	3 769	100	445	118	
<b>Transport</b> (RBB)	Vehicle asset finance: Passenger vehicles, motorcycles, light/medium/heavy	144 620	92 <sup>1</sup>	1 680	11	132 704	93	1 747	13	
<b>Real estate</b>	Commercial property: Property used for commercial purposes, such as retail, hotels, office space, industrial, etc	171 980	92	1 903	11	-	-	-	-	
	Home loans: Residential mortgages	179 733	97 <sup>2</sup>	2 209	12	141 730	83	1 664	11	
<b>Mining</b> (CIB)	This category refers to the financing of mining activities, which involves extracting valuable minerals or geological materials from the earth, typically from ore bodies, lodes, veins, seams, reefs, or placer deposits	16 118	100	775	48	-	-	-	-	
<b>TOTAL</b>		<b>530 179</b>		<b>12 132</b>	<b>20</b>	<b>292 675</b>		<b>12 321</b>	<b>42</b>	
<b>Other</b>	Portfolios not yet baselined, including emissions-intensive and non-emissions-intensive sectors	<b>413 375</b>				<b>592 372</b>				
<b>GLAA</b>		<b>943 554</b>				<b>885 047</b>				



<sup>1</sup> Currently excludes RBB loans provided by Retail Relationship Banking and Commercial Banking.

<sup>2</sup> Currently excludes financed emissions from Nedbonds and loans provided by Commercial Banking.



## Our scope 3 financed emissions continued

### Sector: Power generation

#### Sector overview

**SA's energy transition is shaped by the global, continental and national dynamics that influence the country's investment, technology adoption and policy implementation.**

Globally, countries are reducing their reliance on fossil fuels for power generation and transitioning to renewable energy sources. This aligns with SA's shift away from coal towards solar, wind and gas as a transition fuel in line with the Energy Policy. The ongoing decentralisation of generation, characterised by an increased adoption of embedded generation, private power generation projects, and smart-grid technologies aligns with global liberalised markets.

Africa's energy landscape is also rapidly evolving. This is primarily driven by energy poverty, coupled with climate change. Approximately 600 million people in Africa still don't have access to electricity. While there has been rapid change in SA, the energy crisis remains dire across Africa. SA is a key participant in the African Renewable Energy Initiative, which aims to develop at least 300 GW of renewable energy by 2030, with SA as a leader in utility-scale projects.

SA's energy sector is at a pivotal moment, characterised by structural reforms, changing market dynamics and an increasing adoption of renewable energy. SA is the largest emitter of greenhouse gases (GHG) in Africa, due to the country's historic reliance on coal. However, there has been a concerted effort in recent years to diversify and decarbonise the country's energy mix. Renewable energy has been a key driver in strengthening the country's energy security and reducing the environmental impact caused by years of reliance on coal.

#### Challenges and opportunities

**SA's energy crisis coincided with the global climate crisis, which led major industrial and mining companies to make net-zero commitments, in accordance with the Paris Agreement. The result has accelerated procurement of new capacity on a scale that is consistent with the growth of renewable energy projects around the world.**

These shifts of decentralising the energy supply away from Eskom represent a structural shift and have redefined the future path of SA's energy sector. This decentralisation of the energy sector has gained momentum in recent years, transforming the private power generation market. There has been a significant shift from traditional bilateral power purchase agreements (PPAs) between individual buyers and sellers, to a more sophisticated multilateral model. While bilateral PPAs provided more certainty, it limited market liquidity and flexibility. With the introduction of traders and aggregators, the energy market has become more dynamic, moving SA towards global liberalised energy markets.

The Electricity Regulation Amendment Act, 38 of 2024, effective from 1 January 2025, formalises this restructuring of the energy market. The aim of the act is to increase private sector participation, foster higher competition in power generation, and allow for the creation of an independent Transmission System Operator. This is a departure from Eskom's traditional monopoly and creates an opportunity for Independent Power Producers (IPPs) to invest in both generation and transmission.

The South African government continues to demonstrate its ongoing commitment to renewable energy through its recent initiatives. The Renewable Energy Independent Power Producer Procurement (REIPPP) Programme Bid Window 7 and the Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP) Bid Window 2 awards

have been instrumental in attracting private sector investment into renewables.

Limited grid access poses a major risk to SA's electricity market. The grid connection capacity has historically been concentrated in the northern coal belt region, such as Mpumalanga, while renewable energy resource rich areas, such as the Northern Cape and Eastern Cape, are in the central and southern part of the country. This hinders the progress made by the public and private sector to improve the energy mix. Without significant investment in maintaining and expanding the grid, many renewable energy projects will face connection delays or may not be able to secure a grid connection. The South African government launched a market-sounding exercise in 2024 to assess the private sector's appetite for participating in transmission projects. This marks a strategic move towards this public-private collaboration. In addition, a stronger transmission network will better position SA to integrate with the Southern African Power Pool (SAPP). This will enhance SA's role as a market leader and regional energy hub.

Another key risk facing the renewable energy sector is construction risk, particularly the limited capacity of both global and local Engineering, Procurement and Construction (EPC) contractors. A shortage of skilled labour, engineers and project managers with the expertise to develop and implement these large-scale renewable projects further impacts the capacity constraints in the market.

Our scope 3 financed emissions continued

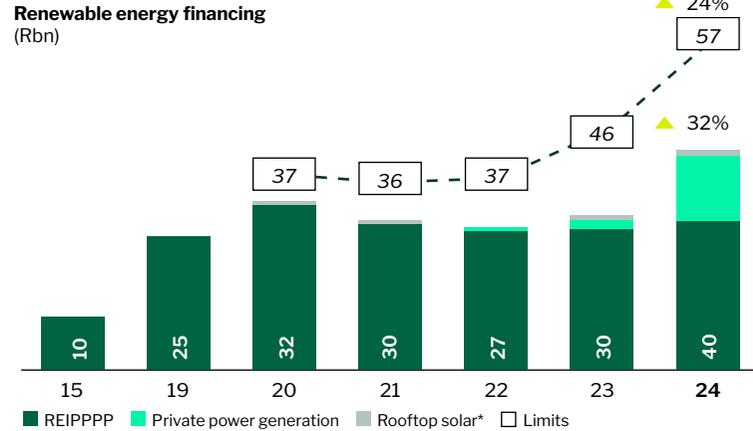
Sector: Power generation continued

Nedbank activities in the sector and transition strategy

We are committed to not only deploying capital but collaborating with our clients (both IPPs and large energy users) in realising their decarbonisation goals. Nedbank is well positioned to play its part in advancing these initiatives as part of a common journey with our clients and other stakeholders to achieve net zero and strengthen our energy security.

Our power generation exposures mainly consist of renewable energy projects. We continue building on our leadership in the renewable energy space and at December 2024 our renewable energy exposures amounted to R40bn (refer to Funding the transition on page 91).

We continue building on our leadership in renewable energy, supported by a strong pipeline of opportunities following the recent awarding of projects under the REIPPPP round 7 and BESIPPPP round 2 bid windows, with Nedbank mandated on 7 of both of these.



Nedbank has supported **4,8 GW** of REIPPPP and private power projects to date.

\* Rooftop solar understated given use of access bonds.

<sup>1</sup> Some renewable energy financing could be distributed. In 2024 we distributed R1,95bn of renewable leading to a broad institutional base. Cumulative energy risk distribution to date totalled ~R8,8bn.

R30bn in awarded facilities<sup>1</sup>

**Strong activity** in 2024 with **12** private power generation deals closed (1,4 GW)  
**Good pipeline** of deals and **cross-sell** will support book growth over the medium term  
**Government pipeline**

- Mandated lead arranger for **7 of 8** projects awarded under REIPPPP Round 7 (1,5 GW Solar)
- Mandated lead arranger for **7 of 8** projects awarded under BESIPPPP Round 2 (0,5 GW)

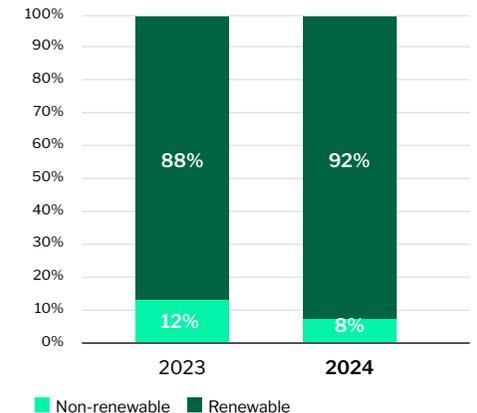
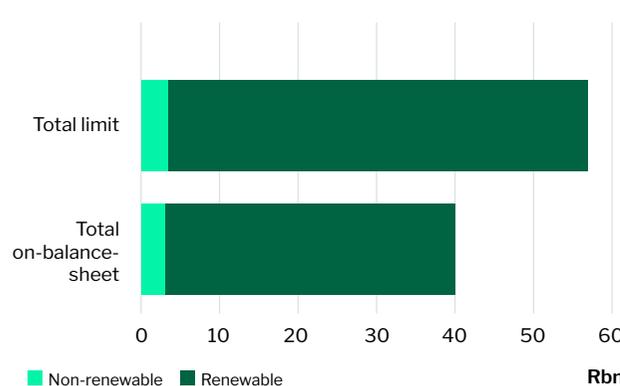
Project pipeline	Mandated	Closing in 2025	Awarded value
REIPPPP R7	7 (1,5 GW)	7 (1,5 GW)	R15bn
BESIPPPP R2	7 (0,5 GW)	7 (0,5 GW)	R6bn
Private generation	8 (1 GW)	8 (1 GW)	R9bn

Financed emissions: Power generation portfolio

The CIB power generation portfolio is divided into 2 categories: non-renewable energy generation, where absolute GHG emissions are measured, and renewable energy generation, where avoided GHG emissions are calculated. Non-renewable energy encompasses fossil fuel-related activities, including thermal coal, upstream oil and gas, and thermal power plants for electricity generation. Renewable energy focuses on power generation from sources that are not depleted when used, such as wind, solar, hydro, geothermal, and tidal energy.

There was a notable shift in the power generation portfolio from 2023 to 2024, with a larger proportion of the on-balance-sheet exposure now linked to renewable energy:

Portfolio split comparison between 2023 and 2024



Our scope 3 financed emissions continued

Sector: Power generation continued

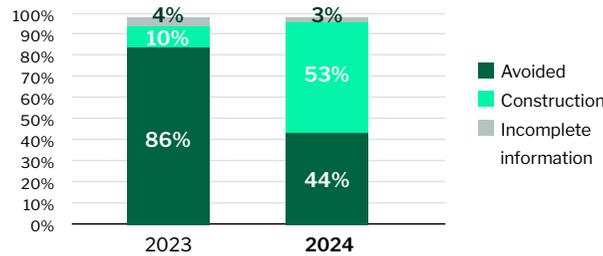
We monitor total financing for non-renewable power generation to ensure compliance with our emission reduction commitments.

Non-renewable energy financed emissions		CIB
	2024	2023
On-balance-sheet exposure (Rm)	-18% ▼ 3 067 <sup>1</sup>	3 769
% of portfolio covered	100	100
Total financed Emissions Absolute (ktCO <sub>2</sub> e)	-17% ▼ 368	445
Total Emissions Intensity (tCO <sub>2</sub> e/Rm)	+1,7% ▲ 120	118
PCAF data quality score	Score of 1,94	Score of 2,0

Renewable energy: Avoided emissions

We assess the renewable portfolio by splitting it between data used for avoided emissions, projects under construction, and incomplete information. It is evident that a much smaller portion of the exposure is included in the calculation of avoided emissions. A significantly larger proportion is still in the construction phase, which is expected given the growth in the total exposure of the portfolio.

Renewable portfolio split between data used in avoided emissions, projects in construction and incomplete information



	2024	CIB 2023
On-balance-sheet exposure (Rm)	37 001	27 165
% of portfolio covered	48	86
Total avoided Emissions Absolute (ktCO <sub>2</sub> e)	1 862	3 007*

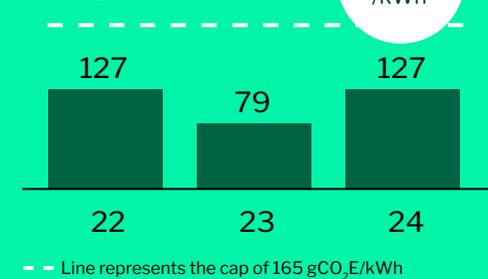
PCAF data quality score

Because avoided emissions are estimated based on the power generated, the data quality score for this portfolio is 3, according to the PCAF methodology.

Glidepath

In 2023 Nedbank adopted the IEA Net Zero Emissions by 2050 scenario as a basis for our first targeted commitment date of 31 December 2029 for our fossil fuel and power generation pathways. This science-based pathway aligns with the goals of the Paris Agreement, keeping global warming well below 2°C by 2050 and pursuing efforts to limit the temperature increase to 1,5°C. As a result, we have committed to keep our power generation book's CO<sub>2</sub>e intensity well below the 2030 IEA NZE target of 165 gCO<sub>2</sub>e/kWh.

Power generation (gCO<sub>2</sub>e/kWh)



Adopted a cap aligning to 2030 NZE target of 165 gCO<sub>2</sub>e/kWh

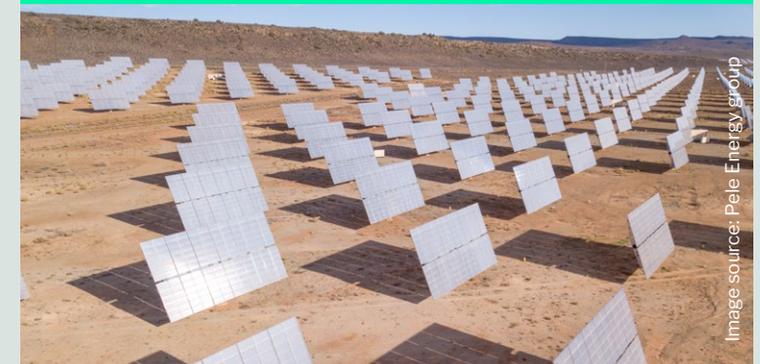


Image source: Pele Energy Group

\* Note that the avoided emissions reported in the 2023 report erroneously included all avoided emissions, rather than just the attributed avoided emissions (10 350,78 ktCO<sub>2</sub>e). This calculation has now been corrected, making the results between 2023 and 2024 relatively comparable.

<sup>1</sup> Financed emissions are calculated using on-balance-sheet exposure, while our climate exposure reported on page 91 includes both on- and off-balance-sheet exposure, encompassing all products and derivatives, in alignment with the Nedbank Energy Policy.



## Our scope 3 financed emissions continued

### Sector: Fossil fuel

#### Sector overview

**Fossil fuels continue to play a substantial role in meeting global energy demands, albeit with marginally declining contributions in recent years amid increased commitments to decarbonise the global energy mix.**

According to the IEA, fossil fuels accounted for slightly below 80% of global energy demand in 2023, with a steady decline from 83% in 2011. Fossil fuels have been a key driver to global economic growth for all countries, on both the supply and demand sides and will remain critical for meeting energy demands while technology for more greener alternatives matures and adoption accelerates.

Investment in and integration of cleaner energy alternatives has progressed much quicker in advanced economies due to availability of capital to prioritise energy sustainability objectives. The trend is different for developing economies, as fossil fuel use in these economies remains high and on an upward trajectory due to availability and relative affordability.

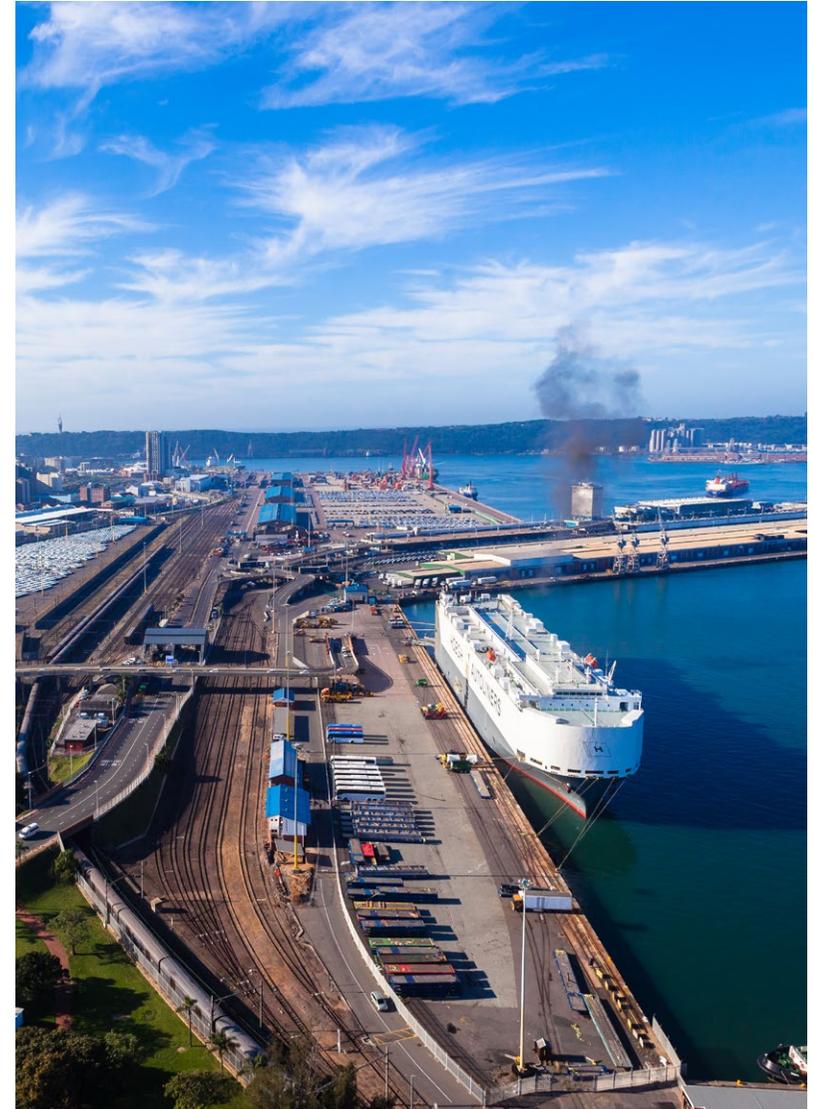
For Nedbank, the focus in this sector is on thermal coal and upstream oil and gas. While our oil and gas business operates within the global context, our thermal coal business operates in a South African context. SA is one of the leading producers and users of coal, particularly in the production of electricity, accounting for more than 80% of electricity generated by Eskom. As a result, thermal coal accounts for most of the country's CO<sub>2</sub> emissions and is therefore the biggest activation lever in decarbonising and transitioning the country to a low-carbon-emissions economy.

#### Challenges and opportunities

**While fossil fuels are of great socioeconomic importance globally, with respect to their contribution to economic growth and direct and indirect employment, their environmental impact has become a great concern and increased the urgency with which the global energy mix needs to accelerate the reduction of reliance on fossil fuels.**

The burning of coal releases several airborne toxins and pollutants that impact the quality of air in surrounding areas, which can have severe health impacts on the population in those areas. Coal-fired power plants also produce an exorbitant number of tonnes of coal ash that often ends up in water resources and water supplies. The extraction of oil and gas also has similar climate, nature and social risks. The World Health Organisation (WHO) reports that 'almost all of the global population (99%) breathe air that exceeds WHO guideline limits and contains high levels of pollutants', with the combined effects of air pollution associated with 7 million premature deaths annually. Power generation from fossil fuels as well as extractive industries are reported as some of the main contributors to air pollution globally.

The main opportunity associated with the intended change in the global energy mix is the integration of greener alternatives. However, this is not without its challenges. The available greener alternatives have not seen the desired investment to date, mostly due to costs that are still, to a large extent, relatively higher, as well as the need for energy security while transitioning. It is therefore imperative that concerted and consistent efforts be made in reducing the production of fossil fuels and exponentially growing the investment in low-carbon-emitting alternatives.



Our scope 3 financed emissions continued

Sector: Fossil fuel continued

Nedbank activities in the sector and transition strategy

Thermal coal and oil and gas sectors are the most carbon intensive within Nedbank’s loan portfolio. Our thermal coal exposures relate to clients involved in the mining of thermal coal. Our oil and gas portfolios are made up of companies involved in upstream production (exploration and production) across Africa and Europe.

In 2021, building on a history of climate and environmental leadership, we released our Energy Policy, including a commitment to zero fossil fuel exposure by 2045. The policy recognises the need for a zero-carbon energy system by 2050 and that an orderly exit from fossil fuel financing is necessary well before then. Accordingly, the

policy serves to guide our transition away from fossil fuels, while accelerating efforts to finance non-fossil energy solutions needed to support socioeconomic development and build resilience to climate change. In 2024 the Energy Policy was enhanced to reflect our glidepath commitments.

In 2023 Nedbank published its glidepath commitments for financed emissions related to fossil fuels being the upstream extraction of oil, gas and thermal coal. Nedbank used the widely adopted IEA Net Zero Emissions by 2050 scenario as a basis for our first targeted commitment date of 31 December 2029 for fossil fuel. This science-based pathway aligns with the goals of the Paris

Agreement, keeping global warming well below 2°C by 2050 and pursuing efforts to limit the temperature increase to 1,5°C. This will result in targeted reductions from 2022 to 2030 by respectively 47% for thermal coal, and 26% for oil and gas.

In 2024 the methodology and commitments remain unchanged. In support of achieving our stated financed emissions reduction targets, Nedbank has embedded processes to forecast its future financed emissions and the impact thereon of each lending decision made. This includes Nedbank forecasted balance commitments, coupled with client forecasted scope 1, 2 and 3 emissions.

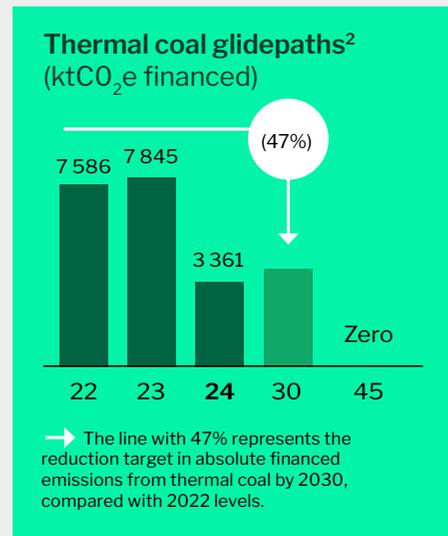
The scenarios adopted consider the latest available science, our African context, and the African Just Energy Transition. We will regularly review the latest science to ensure that our pathways remain aligned, and targets beyond 2030 will be considered and communicated closer to 2030.

Our thermal coal exposure continued to decrease from R1,233m in 2023 to R920m in 2024. Thermal coal now accounts for just 0,1% of our gross loans and advances. This signals significant progress towards our goal of eliminating all fossil fuel-related activities by 2045 (refer to Funding the transition on page 91).

Financed emissions: Thermal coal • ESG •

Nedbank has been operating under a thermal coal glidepath for a number of years, based on a committed reduction of assets. There are exit strategies in place for remaining exposures with clients that will not be diversifying away from coal. While calculated financed emissions for thermal coal only includes qualifying exposures that meet a set definition, any other thermal coal-related exposures will in future be accounted for in line with our disclosure plans. Since the majority of GHG emissions from thermal coal occur during combustion, it is crucial to include scope 3 emissions for this sector. The reported thermal coal emissions pertain solely to the Nedbank CIB portfolio.

	2024	2023
On-balance-sheet exposure (Rm)	-38% ▼ 473 <sup>1</sup>	777
% of portfolio covered	100	100
Scope 1 Absolute Emissions (ktCO <sub>2</sub> e)	3	11
Scope 2 Absolute Emissions (ktCO <sub>2</sub> e)	6	19
Scope 3 Absolute Emissions (ktCO <sub>2</sub> e)	2 300	5 488
Total financed Emissions Absolute (ktCO <sub>2</sub> e)	-58% ▼ 2 309	5 518
Total Emissions Intensity (tCO <sub>2</sub> e/Rm)	-31% ▼ 4 881	7 102
<b>Glidepaths</b> Total Limit (Rm)	979	1 272
<b>Glidepaths</b> Total Absolute Emissions (ktCO <sub>2</sub> e)	3 361	7 845
PCAF data quality score	Scope 1: 1,4; scope 2: 1,4; scope 3: 1,7	Scope 1: 2,0; scope 2: 2,0; scope 3: 2,39



<sup>1</sup> Financed emissions are calculated using on-balance-sheet exposure, while our climate exposure reported on page 91 includes both on- and off-balance-sheet exposure, encompassing all products and derivatives, in alignment with the Nedbank Energy Policy.

<sup>2</sup> Glidepaths for thermal coal and upstream oil and gas sectors are calculated based on limits rather than exposure levels.

Our scope 3 financed emissions continued

Sector: Fossil fuel continued

**Financed emissions: Upstream oil and gas** •ESG•

The total on-balance-sheet exposure to oil and gas clients increased by approximately R493m to R14,2bn at year-end 2024 compared with R13,7bn at year-end 2023, due to increases in the gas book while the oil book was slightly down. The increase in gas exposures was due to a combination of a commitment to new facilities and drawings under existing committed facilities. This increase in exposures is well within our committed glidepath limits for the sector and any new financing commitments take into account our communicated target dates for the reduction of financed emissions. The opposing movements in the oil book versus the gas book is a desirable trend that aligns with our transition to lower carbon-emitting assets over time. In particular, we view gas as a transition fuel that would support energy and economic transitions in relevant regions and jurisdictions. Despite an increase in our exposure, the emissions intensity decreased.



Upstream oil 2024

On-balance-sheet exposure (Rm)	2 031
Total Absolute Emissions (ktCO <sub>2</sub> e)	2 432
Total Emissions Intensity (ktCO <sub>2</sub> e/Rm)	1,2



Upstream gas 2024

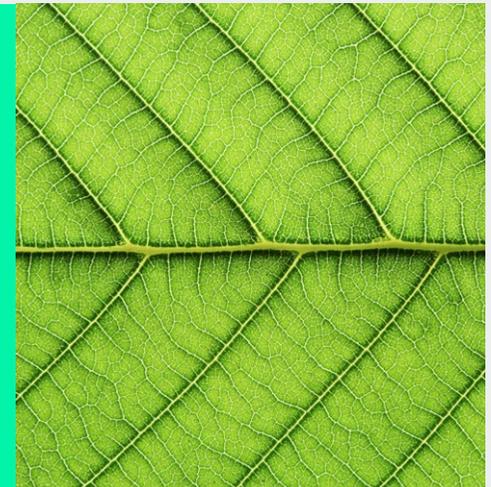
On-balance-sheet exposure (Rm)	12 156
Total Absolute Emissions (ktCO <sub>2</sub> e)	455
Total Emissions Intensity (ktCO <sub>2</sub> e/Rm)	0,04

	2024	CIB 2023
On-balance-sheet exposure (Rm)	3,6% ▲ 14 188 <sup>1</sup>	13 695
Scope 1 and 2 Absolute Emissions (ktCO <sub>2</sub> e)	157	196
Scope 3 Absolute Emissions (ktCO <sub>2</sub> e)	2 731	2 751
Total financed Emissions Absolute (ktCO <sub>2</sub> e)	-2% ▼ 2 888	2 947
Total Emissions Intensity (tCO <sub>2</sub> e/Rm)	-6% ▼ 203	215
% of portfolio covered	100	100
<b>Glidepaths</b> Total limit (Rm)	24 232	23 534
<b>Glidepaths</b> Total Absolute Emissions (ktCO <sub>2</sub> e)	5 118	4 404
PCAF data quality score	Scope 1 and 2: 2,7; scope 3: 2,7	Scope 1 and 2: 3,0; scope 3: 3,0

Upstream oil and gas glidepaths<sup>2</sup>  
(ktCO<sub>2</sub>e financed)



→ The line with 26% represents the reduction target in absolute financed emissions from upstream oil and gas by 2030, compared with 2022 levels.



<sup>1</sup> Financed emissions are calculated using on-balance-sheet exposure, while our climate exposure reported on page 91 includes both on- and off-balance-sheet exposure, encompassing all products and derivatives, in alignment with the Nedbank Energy Policy.

<sup>2</sup> Glidepaths for thermal coal and upstream oil and gas sectors are calculated based on limits rather than exposure levels.

Our scope 3 financed emissions continued

## Sector: Mining

## Sector overview

**The mining sector sits at the nexus of economic progress and environmental responsibility, playing an important role in shaping a sustainable future locally and across the continent. As economic and geopolitical risks intensify and the urgency for transitioning to low-carbon economies grows, Nedbank remains committed to helping the mining industry navigate sustainability risks and unlock opportunities.**

Leading mining companies globally have made commitments to minimise the sector's negative impacts in support of a nature positive future. These commitments mainly involve avoiding net losses of biodiversity from mining operations, and value chain collaborations to stop and reverse nature losses. Transitioning to a low-carbon-emissions global economy will require greater supply of mined commodities, and it is therefore important to ensure responsible and much more efficient mining activities while also promoting sustainable economic development.

We recognise the significant role that mining will continue to play in Africa's economic growth and development as well as its role in the supply of materials critical to achieving the energy transition and transition to a low-carbon economy more generally. Mining companies must however continue to focus on their own emissions through energy efficiency initiatives and the introduction of renewable energy into their own energy mix.

## Challenges and opportunities

**Africa's mining sector is faced with the challenge of remaining internationally competitive and maintaining its contribution to socioeconomic development amid a global shift in commodity mining and value chains.**

Mining activities are responsible for a significant share of carbon emissions across the continent. As the focus on green technology commodities grows, Africa will need to advance its decarbonisation efforts in the mining sector in order to take advantage of the rich resource endowment on the continent. This will require increased supply

of renewable electricity to the sector along with the use of electric powered transport value chains and machinery.

As highlighted by the United Nations Trade and Development Secretary-General, Rebeca Grynspan, 'Africa's vast deposits of minerals, critical to the global energy transition, such as cobalt, copper and lithium, can power a sustainable energy future'. With the anticipated long-term growth in demand for such critical minerals, the continent has an opportunity to be a catalyst for the green economy revolution and leverage this advantage to advance inclusive and sustainable economic growth and development.



Our scope 3 financed emissions continued

Sector: Mining continued

Nedbank activities in the sector and transition strategy

The make-up of our mining sector assets relates mainly to upstream mining operations across Africa and other mining-related services, although the reported financed emissions in this report relates to miners only. We provide structured lending to clients based on risk assessment informed by jurisdiction and minerals being mined. This further helps us to assess the outlook and sustainability of our financed activities as well as our sector decarbonisation strategies. A majority of our

upstream mining clients are listed and are already disclosing their carbon emissions, and many have decarbonisation plans in place.

The calculation of financed emissions for climate-sensitive sectors, including mining, informs our strategy to decarbonise our portfolio, working closely with our clients to structure financing solutions that are targeted at emission reduction and more sustainable businesses. Leveraging our capabilities, we

have already made good progress in helping our mining clients invest in renewable energy sources for their operations.

Nedbank, through our leading Mining Finance and Energy Finance units were successful in financing 5 projects for mining companies in 2024, representing 720 MW of capacity.

While the mining of thermal coal has been included in the fossil fuels financed emissions

and associated glidepath, Nedbank has for the first time calculated financed emissions for its Corporate and Investment Banking (CIB) lending and investing activities in the entire upstream mining sector. The financed emissions calculations for the sector (excluding thermal coal) are based on scope 1, scope 2 and scope 3 emissions of Nedbank's upstream mining clients. Mining services clients have been excluded from the calculations.

Mining financed emissions • ESG •

	Scope 1 and 2	Scope 3	CIB Total
On-balance-sheet exposure (Rm)	16 118	8 893	16 118
Emission Absolute (ktCO <sub>2</sub> e)	376	399	775
Emissions Intensity (tCO <sub>2</sub> e/Rm)	20	40	48
PCAF weighted data quality score	1,5	1,6	1,5



## Our scope 3 financed emissions continued

### Sector: Real estate

#### Sector overview

Nedbank understands that the built sector is a significant contributor to greenhouse gas emissions (GHG) globally and decarbonisation will require concerted efforts across the board. With the move to green certified buildings still only in its infancy, greater collaborative efforts between financiers, clients and other stakeholders are required to help shift and transition the sector.

Ongoing financial support is necessary to enable an effective decarbonising of the built sector. Decarbonising is challenging, particularly with regard to existing buildings. While greater emphasis can be placed on new buildings to ensure they are designed and constructed to reduce environmental impacts, it is also not always economically viable to replace existing properties with new ones. Therefore, it is imperative to maintain support for retrofitting existing buildings with energy- and water-efficient technologies.



#### Challenges and opportunities

**The sector is for the most part directly dependent on the energy mix from Eskom, presenting a key challenge with decarbonisation.**

Another challenge is the costs associated with going green and the accreditation thereof. Not just the initial accreditation but the ongoing accreditations which has not yet

translated to value enhancement, making the value proposition limited at this stage. Amid all of these challenges, there is the imminent regulatory requirement for building owners to register and display their Energy Performance Certificates by December 2025. More needs to be done to support property owners and the sector to ensure a sustainable sector.

While we recognise that accreditation may be relevant among certain clients, for a lot of property owners, ensuring stability of water and energy supply is critical. Over the past few years Nedbank embarked on a journey to identify properties that had green aspects that contributed to energy and water savings. In this journey, Nedbank created the EDGE

Expert in-house team to assist clients with sustainability in their buildings with the option to potentially be EDGE-certified. EDGE (Excellence in Design for Greater Efficiency) was developed by the IFC as a green building certification that focuses on savings in energy, water and embodied materials.

## Our scope 3 financed emissions continued

### Sector: Real estate continued

Nedbank Commercial Property Finance is the largest commercial property funder in SA and we aspire to be a key participant in a more sustainable future for the real estate sector.

As part of our continued ambition to understand the climate risk impact on our property portfolio, a climate risk intelligent tool was built. This tool offers several features, including geospatial visualisation, which displays properties on a map with risk levels and exposure sizes. It also includes a risk assessment function to identify high-risk properties for further analysis. Users can apply dynamic filters based on various criteria such as province, suburb, and climate score, and access detailed information about property valuation,

location, and descriptions. When severe climate events occur, properties in the vicinity are identified and clients are contacted to understand the impact of the event on their property, tenants and structure. The importance of this tool lies in its support for Nedbank's sustainability commitment. By helping assess properties and identifying those affected by climate events, it aids in making informed decisions that align with environmental and sustainability goals.

For Nedbank to better understand the impact our financed property portfolio has on the environment, we have started measuring the emissions from our commercial property portfolio.

#### Financed emissions: Commercial property •ESG•

	CIB
	<b>2024</b>
On-balance-sheet exposure (Rm)	171 980
Total Emissions Absolute (ktCO <sub>2</sub> e)	1 903
Total Emissions Intensity (tCO <sub>2</sub> e/Rm)	11
% portfolio covered	92
PCAF weighted data quality score	3,5

### Financed emissions: Home loans

#### Calculation methodology and overview

The emissions associated with buildings is determined by calculating the total energy consumption of the building through the activities of its occupants and applying energy type specific emission factors to the consumption. This provides us with a complete picture of the building's environmental impact.

To allocate these emissions to Nedbank, a loan-to-value approach is utilised. This method calculates the attribution as the ratio of the outstanding loan amount at the time of greenhouse gas accounting to the property's value at the time the loan was originated. Financed emissions of mortgages are calculated by multiplying the attribution factor by the emissions of the building.

Looking at our peers around the world, we acknowledge that real estate portfolios have been among the most difficult portfolios to steer towards net zero. This has been, for the most part, due to the many factors at play (such as grid emissions intensity) that banks do not have control over, yet impact greatly on the building stock emissions of an area.

#### Underlying assumptions

The scope of our calculation includes all residential mortgages within Consumer and Relationship Banking.

- We estimated building emissions based on building energy efficiency label and square meterage.
- We utilise Eskom data to determine the grid emissions factor and its evolution over time.

Our exposure in the home loans portfolio, along with the corresponding calculated absolute emissions and emissions intensity is presented in the table below.

#### Financed emissions: Home Loans •ESG•

		RBB
	<b>2024</b>	<b>2023</b>
On-balance-sheet exposure (Rm)	27% ▲ 179 733	141 730
Emissions Absolute (ktCO <sub>2</sub> e)	32% ▲ 2 209	1 664
Emissions Intensity (tCO <sub>2</sub> e/Rm)	4% ▲ 12,2	11,7
Emissions Intensity (kgCO <sub>2</sub> e / Sqm)	49,6	-
% portfolio covered	97	83
PCAF data quality score	4,4	4,0



Our scope 3 financed emissions *continued*

**Sector: Vehicle asset finance (MFC portfolio)**

**Calculation methodology and overview**

Financed emissions associated with road-going motor vehicle loans are assessed in accordance with the PCAF methodology, achieving alignment with a PCAF data quality score of 3. Compared with 2023, we have managed to significantly increase coverage within the VAF book, expanding our methodology to a broader range of road going vehicles (eg motorbikes, commercial vehicles).

Compared with 2023, we see a relative reduction in the financed emissions intensity of our portfolio of 12%. This is driven by 2 factors. Firstly, a reduction in the economic emissions intensity of our portfolio, resulting from increasing fuel efficiencies of new vehicles, and secondly, the increased data coverage across our book.

The Nedbank VAF portfolio has welcomed an increase in the financing of newer vehicles, which in turn provides the benefit of financing more fuel-efficient vehicles at an aggregate level. This shift towards focusing on capturing the new vehicle market will be pivotal in our efforts to build a more sustainable portfolio in years to come.

**Underlying assumptions**

The scope of our calculation includes all road-vehicle facilities<sup>1</sup> within VAF.

- We estimated vehicle emissions based on manufacturer-specified intensity data.
- Average distance driven per year is based on TransUnion mileage data.
- We use in-sample averages for facilities for which we don't have this full view.

Our exposure in the motor vehicle portfolio, along with the corresponding calculated absolute emissions and emissions intensity, is presented in the table below:



**Financed emissions: VAF** • ESG •

		RBB
	2024	2023
On-balance-sheet exposure (Rm)	9% ▲ 144 620	132 704
Emissions Absolute (ktCO <sub>2</sub> e)	-4% ▼ 1 680	1 747
Emissions Intensity (tCO <sub>2</sub> e/Rm)	-12% ▼ 11,4	13,17
% portfolio covered (%)	92	93
PCAF data quality score	3,0	3,1

<sup>1</sup> We have excluded other types of asset-based financing that make up the VAF book such as solar financing and yellow metal (covering 3,66% of the portfolio); Only road vehicle finance provided by MFC, a division of Nedbank, were included in the calculation. NAR and Wealth vehicle finance is excluded from this sizing.

# Funding the transition

As outlined in the Nedbank Energy Policy, Nedbank aims to have zero exposure to all fossil fuel-related activities by 2045

The group is actively supporting the transition to renewable energy and private power generation, including technologies such as embedded energy. The table outlines the current exposure to both renewable and non-renewable energy and its proportion relative to the GLAA. Our financed fossil fuel emissions continue to decline as a result of our strategic exit from certain clients with high financed emissions.



Climate-related disclosures	Rm			% of GLAA	
	Dec 2024	Dec 2023	yoy change	Dec 2024	Dec 2023
<b>Thermal coal</b>					
Limit <sup>1</sup>	2 153	2 296	-6% ▼ (143)	0,2	0,3
Drawn exposure	920	1 233	-25% ▼ (313)	0,1	0,1
<b>Upstream oil<sup>2</sup></b>					
Limit	18 881	18 902	-0,1% ▼ (21)	2,0	2,1
Drawn exposure	12 244	12 479	-2% ▼ (235)	1,3	1,4
<b>Upstream gas</b>					
Limit	6 575	4 632	42% ▲ 1 943	0,7	0,5
Drawn exposure	2 233	1 525	46% ▲ 708	0,2	0,2
<b>Non-renewable-power-generation exposure</b>					
Limit	7 132	8 093	-12% ▼ (961)	0,8	0,9
Drawn exposure	3 258	4 049	-20% ▼ (791)	0,3	0,5
<b>Renewable Energy Independent Power Producer Procurement Programme</b>					
Limit	39 940	41 155	-3% ▼ (1 215)	4,2	4,7
Drawn exposure	28 922	26 844	8% ▲ 2 078	3,1	3,0
<b>Private power generation - CIB</b>					
Limit	15 705	3 371	366% ▲ 12 334	1,7	0,4
Drawn exposure	9 609	2 107	356% ▲ 7 502	1,0	0,2
<b>Private power generation – RBB</b>					
Limit	745	561	33% ▲ 184	0,1	0,1
Drawn exposure	745	561	33% ▲ 184	0,1	0,1
<b>Private power generation – NAR</b>					
Limit	63	94	-33% ▼ (31)	0,0	0,0
Drawn exposure	46	56	-18% ▼ (10)	0,0	0,0
<b>African renewable energy projects</b>					
Limit	296	376	-21% ▼ (80)	0,0	0,0
Drawn exposure	191	285	-33% ▼ (94)	0,0	0,0
<b>Total renewable energy</b>					
Limit	56 749	45 557	25% ▲ 11 192	6,0	5,1
Drawn exposure	39 513	29 853	32% ▲ 9 660	4,2	3,4

<sup>1</sup> Limits include all currently committed facilities approved to clients in respective portfolios, aligned with the Nedbank Energy Policy

<sup>2</sup> Includes all limits and exposures, including all products and derivatives, aligned with the Nedbank Energy Policy.

# Managing our own carbon footprint and achieving our climate targets

To establish credibility as partners in our clients’ transition to net zero, we lead by example. Since 2009, we have achieved carbon-neutrality in our operations by voluntarily offsetting our residual carbon footprint. Additionally, we have set robust targets to decarbonise our operations, emphasising a shift towards renewable energy, and are proactively managing our operational footprint.

## Reduction targets

Most targets have been met and maintained before the target date. New targets were set using 2019 data as the new base for the 2020–2025 period (the previous base year was 2013). The data per full-time employee (FTE) could be artificially low due to fewer employees being in offices as a result of hybrid work practices. To counter a potential artificial decrease in the future, the new targets are both gross and consumption target/ratio and/ or normalised per FTE target.

**We aim to continuously improve the scope of our facility-level emissions reporting and have accordingly enhanced our suite of scope 3 emissions by expanding our boundaries to include a wider range of our suppliers.** Our aim is to continually improve the quality of data sets from these and other suppliers. We remain committed to setting reduction targets related to our facilities and keeping track of these goals to decrease our operations’ impact on the environment and help reduce the physical risks caused by climate change. These targets clearly state our resource consumption levels and carbon emissions.

Our aim is to reach or exceed our emission reduction targets, and to use these targets as a framework for responsible use and management of natural resources across our different operational levels: the whole group, smaller clusters, business units, teams and individuals. We ensure regular communications with our employees to foster an understanding of their important role in decreasing the environmental impact of our operations. Our emission reduction targets form part of our performance contracts with our employees, reinforcing their significant role in our combined sustainability endeavours. We place emphasis on the correctness of the scope and location of what we quantify when evaluating our progress against our emission reduction targets.

The following table summarises important quantities used in the evaluation of our emissions intensity and target performance:

Target	Current performance against target
<p><b>2025</b> Nedbank’s target is to reduce energy consumption by 30% by the end of 2025, based on 2019 levels. Nedbank is accordingly targeting annual electricity consumption below 97 000 MWh (absolute target) or 3 320 kWh per FTE (intensity target), whichever is met first.</p>	<p><b>On track:</b> The 2024 results indicate good performance against our absolute electricity target. Our consumption of grid electricity decreased by 18% year-on-year to 67 550 MWh in 2024. Both targets have been achieved.</p>
<p><b>2025</b> In our own operations, a 40% reduction in GHG emissions by the end of 2025, based on 2019 levels. This implies a total carbon footprint (scope 1 and 2 emissions) of ~83 000 tCO<sub>2</sub>e.</p>	<p><b>On track:</b> From 2023 to 2024 our reported total GHG emissions have decreased by 3% to 119 519 tCO<sub>2</sub>e in absolute terms. Our scope 1 and scope 2 emissions decreased by 20% from 2023 to 70 558 tCO<sub>2</sub>e in 2024. An overall reduction of 49% from our 2019 base levels was achieved in 2024.</p>
<p><b>2025</b> The total GHG inventory target for the Nedbank group is a 30% reduction by the end of 2025, based on 2019 levels. This implies a total carbon footprint of 132 ktCO<sub>2</sub>e, or 4,52 tCO<sub>2</sub>e per FTE.</p>	<p><b>On track:</b> Both targets have been successfully achieved, and we have continued to reduce our emissions in 2024, achieving a 35% year-on-year decrease in our GHG inventory.</p>

• ESG •	2024	2023	2022	2021	2020	2019 baseline
<b>Total occupied floor space of buildings reported on (m<sup>2</sup>)</b>	441 700 <sup>1</sup>	505 990	564 112	600 880	625 340	642 434
<b>Reported Nedbank Group FTE</b> Our campus FTE used to calculate campus-specific intensities, ie water, waste and recycling for 2024 was 17 011 (2023: 17 647)	27 524	27 611	27 543	28 187	29 206	30 931



<sup>1</sup> Since 2022 we exclude area occupied by external tenants (area occupied by tenants: 2024: 41 667; 2023: 34 673; 2022: 19 689).

## Managing our own carbon footprint and achieving our climate targets continued

### Energy and carbon-reduction target progress

#### Energy target

Nedbank's target is to reduce energy consumption by 30% by the end of 2025, based on 2019 levels. Nedbank is accordingly targeting annual electricity consumption below 97 000 MWh (absolute target) or 3 320 kWh per FTE (intensity target), whichever is met first.

#### Renewable energy target

Nedbank have successfully achieved the aforementioned 2025 energy consumption a year earlier in 2023. We are also making significant progress towards our renewable energy aspirations. However, we foresee that due to the limited availability of renewable energy stock in the market, we are likely to achieve 20% of renewable energy by 2025. The current constraints are that we currently can only wheel to our Eskom-supplied campuses. A further significant unlock would be to wheel through municipalities and landlords into Nedbank's occupied portfolio without layering costs. Taking these challenges into account, we are actively exploring alternative solutions and opportunities, which are expected to help us leapfrog our current 2025 target into the foreseeable future.

#### Own operational renewable energy sources (% of total electricity)



#### Energy consumption

In 2024 Nedbank continued efforts to diversify our electricity use, with a focus on procuring electricity from cleaner sources. With the expansion of our on-site renewable energy sources, and the use of renewable energy certificates<sup>1</sup> (RECs) that verify our wheeled<sup>2</sup> renewable electricity consumption, we have further reduced Nedbank's impact on the environment. Our non-renewable energy consumption decreased by 9% year-on-year, and renewable energy now represents 10% of our total energy use, up from 6% in 2023.



The resulting summary of electricity consumption is as follows: • ESG •

	2024	2023	2019 baseline
<b>Energy</b>			
Consumption in (MWh)	67 422	83 070	138 488
Renewable own generation (no pollution) (MWh)	1 918	2 323	687
Wheeled renewable energy (SA only) (MWh)	5 587	3 094	0
<b>Total electricity used (MWh)</b>	<b>-15% ▼ 74 927</b>	<b>88 486</b>	<b>139 175</b>
SA total purchased electricity from the grid (MWh)	59 496	74 047	128 721
RECs offset (MWh) – SA only	-	-	-
SA total purchased electricity from the grid less RECs and wheeled energy (MWh)	59 496	74 047	128 721
Other countries' total purchased electricity from the grid (MWh)	8 054	9 023	9 767
<b>Total purchased electricity from the grid less RECs and wheeled energy (MWh)</b>	<b>-9% ▼ 67 422</b>	<b>74 047</b>	<b>138 488</b>
At the Eskom emission factor (tCO <sub>2</sub> e/MWh) <sup>3</sup>	1,06	1,01	0,99
SA adjusted electricity (tCO <sub>2</sub> e/MWh)	62 930	74 723	127 434
Other countries electricity (tCO <sub>2</sub> e)*	5 545	6 393	9 669
Total adjusted electricity (tCO <sub>2</sub> e)	68 475	81 115	137 103
Fossil fuel-based electricity – consumption in KWh per FTE	2 450	3 009	4 477
<b>Renewable energy as % of total energy (%)</b>	<b>10</b>	<b>6</b>	<b>n/a</b>

\* Nedbank applied the respective grid emission factors for other countries during 2024 and 2023.

<sup>1</sup> RECs are certificates that prove electricity was generated from a renewable source and fed into the grid. Each REC represents 1 megawatt-hour (MWh) of renewable electricity. They can be bought or sold, allowing consumers to support renewable energy production indirectly, regardless of their physical electricity source.

<sup>2</sup> Wheeled renewable energy refers to the process of transmitting electricity generated from renewable sources (like wind or solar farms) through the power grid to a different location for use. This allows consumers to use renewable energy even if they are not located near the generation source.

<sup>3</sup> 2024 Eskom Integrated Report, page 188: Eskom\_integrated\_report\_2024.pdf.

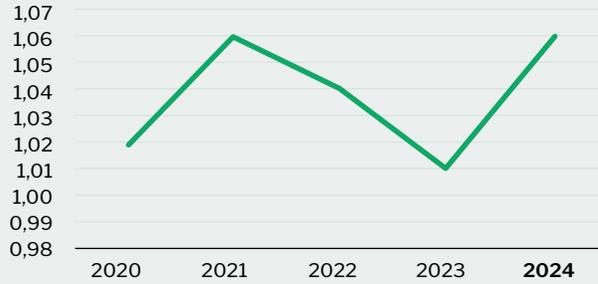
## Managing our own carbon footprint and achieving our climate targets continued

Despite an increase in the Eskom grid emission factor compared with the previous year, our grid electricity consumption decreased by 18,6%, primarily due to the optimisation of office and branch spaces.

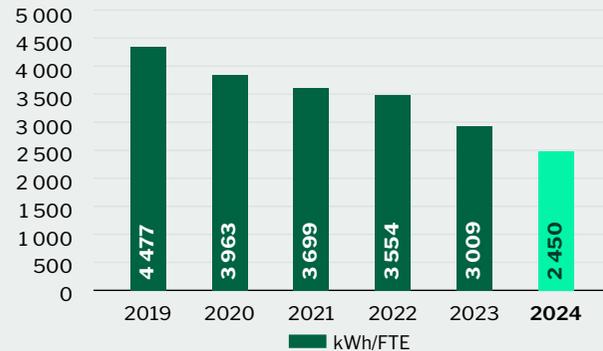
This year we are continuing with our revised approach of quantifying emissions based on country-specific emission factors. This approach is consistent with Nedbank's efforts to continuously improving the accuracy of our carbon footprint. The electricity consumption graphs only include fossil fuel-derived electricity because of its high pollution rates. Renewable energy or electricity that do not cause GHG emissions were excluded.

Our electricity consumption from fossil fuel-based electricity per FTE has been steadily decreasing since 2017 and we are on track to meet our target of 2 078kWh per FTE by 2025.

South African annual grid emission factor (tCO<sub>2</sub>e/MWh)



Fossil fuel-based electricity per FTE (kWh/FTE) ● ESG



Emissions per FTE (tCO<sub>2</sub>e/FTE) ● ESG



### Our emissions intensity ● ESG

- ▼ Our emissions intensity stayed below our target, which we achieved in 2023. In 2024 our intensity decreased from 4,4 tCO<sub>2</sub>e/FTE to 4,3tCO<sub>2</sub>e/FTE.
- ▲ Emissions per m<sup>2</sup> increased slightly from 0,24 tCO<sub>2</sub>e/m<sup>2</sup> in 2023 to 0,27 tCO<sub>2</sub>e/m<sup>2</sup> in 2024.
- ▼ The total GHG inventory target for the Nedbank group is a 30% reduction by the end of 2025, based on 2019 levels. This implies a total carbon footprint of 132 ktCO<sub>2</sub>e, or 4,52 tCO<sub>2</sub>e per FTE, which both have been achieved.
- ▼ Emissions per operating income decreased from 1,74 grams per rand in 2023 to 1,63 grams per rand in 2024.

### Scope 1

**Includes the following direct emissions:** gas and fuels used in our owned or controlled equipment, such as generators, air conditioning and refrigeration gas refills, and our vehicle fleet.

### Scope 2

**Includes emissions from purchased electricity in both our South African and non-South African operations.**

### Scope 3

**Includes the following indirect emissions:** all business travel-related activities, including rental cars, employee-owned cars, commercial airlines, employee commuting, office paper consumption, cloud computing, and digital platform services, cash-in-transit services, courier services and distributed workforce emissions.



## Managing our own carbon footprint and achieving our climate targets continued

### Carbon footprint calculation methodology

Our carbon footprint was calculated employing the revised edition of the GHG Protocol – Corporate Accounting and Reporting Standard and aligned to the internationally recognised specification ISO 14064-1 (2018).

#### Reporting boundary for scope 1 and 2

We identified our business operations, collected data on energy consumption, fuel usage, and waste production, and used standardised emission factors to convert this data into GHG emissions. The following activities and data were included in our carbon footprint:

Inclusions	Exclusions
<p><b>South African operations' emission activities and equipment</b></p>	<p>The emissions from shuttle services were omitted from the carbon footprint in both the previous and current years. This exclusion is due to minor adjustments made to the volume of these activities in 2024, which remained relatively unchanged from the previous year (2023: 1 tCO<sub>2</sub>e). When compared to other more substantial emission sources, these emissions were deemed negligible.</p>
<p><b>Emission activities of Nedbank employees associated directly with South African offices and branches (549 in 2024 from 539 in 2023)</b></p>	<p>Water consumption and electricity consumption of external tenants were excluded as these would form part of the external tenants' carbon footprints and are relatively small in comparison to Nedbank's own operations' emissions from these sources.</p>
<p><b>Non-South African locations' emissions – the grid emission factor for each respective country for 2024 was applied to electricity consumption</b></p>	<p><b>The following were not available for quantification and not included in our carbon footprint:</b></p> <ul style="list-style-type: none"> <li>• Emissions from assets that Nedbank finances, as this section of carbon footprint is focused on Nedbank's own operations. (Detail regarding the progress and status of financed assets can be found in the <b>Financed emissions</b> section above.)</li> <li>• Emissions associated with the operation and servicing of ATMs, self-service terminals and point-of-sale devices located away from a branch or office premises, and other remote devices. Emissions from other premises or activities owned or operated by us, but not explicitly referenced in this report, such as Nedbank kiosks in retail stores.</li> <li>• Emissions from business activities in countries outside of SA, apart from electricity emissions.</li> <li>• Emissions from electricity transmission and distribution losses, as we have recently taken the initiative to focus our improved accuracy efforts on the incorporation of country-specific grid emission factors, rather than solely relying on SA's grid emission factor. As a result, the process of including emissions from transmission and distribution losses in the carbon footprint is still under way.</li> <li>• Emissions from water-use, recycled and landfill waste generated from our operations may be considered in future, based on a significance assessment that we aim to conduct to further enhance our scope 3 carbon footprint reporting. However, we set targets for these activities and are tracking our performance against these targets.</li> <li>• Emissions from upstream extraction, production, transportation, and distribution of fuels used by Nedbank. The exclusion is due to the limitations in the suitability of South African emission factors for these emissions.</li> </ul>





## Managing our own carbon footprint and achieving our climate targets continued

### Reporting boundary for scope 3 indirect emissions – supply chain

Nedbank reports its 'upstream scope 3 emissions' by procurement spend effectively and aligns with best practices relating to the GHG Protocol and ISO16064 guidelines for comprehensive disclosures. A quick overview of the approach:

Our framework selection is aligned with the disclosure standards that are global best practice, which are widely recognised for scope 3 reporting. It emphasises relevance, completeness, consistency, transparency, and accuracy.

We utilise spend-based methodology: This method calculates emissions by multiplying the cost of purchased goods or services by corresponding emission factors. It's a practical approach when primary data isn't available. We collect granular data on procurement activities, including purchased goods, services, and

transportation. This helps identify emission hotspots. We collaborate with our suppliers to gather accurate emissions data and encourage them to set carbon-reduction targets.

This is the second year of reporting our upstream supply chain emissions. A significant step forward in enhancing our scope 3 reporting involves expanding our carbon footprint assessment.

We now include emissions from cloud computing and digital platform service providers, a primary cash-in-transit (CIT) service provider, our courier service provider, and our distributed workforce (work-from-home).

This expansion not only deepens our understanding of supply chain emissions but also fosters meaningful engagement with our suppliers, promoting collaborative efforts towards emissions reduction. We faced the challenge during this initial phase of integrating

third-party verification as a key evaluation factor and ensuring supplier selection considers both emissions magnitude and data reliability to enhance the accuracy and integrity of scope 3 reporting.

The reporting was supported by a supplier significance assessment in line with ISO 14064-1:2018/SANS 14064-1:2021 to establish our significance criteria. As such, Nedbank prioritised emissions from suppliers that have the greatest impact on its carbon footprint. These key suppliers operate in high-emission areas of the bank's supply chain and those that occupy the highest value spend within the CIT services, courier services, offsite hosting, cloud computing, and digital platforms industries.

We have assessed the relevance and applicability of each of the 15 categories of scope 3 emissions as outlined by the GHG Protocol, and provided in [Annexure D](#).

### Inclusions criteria for high-intensity suppliers were based on the following:

- Suppliers that account for a significant portion of our total supply chain emissions representing the top 10% to 20% of suppliers in terms of carbon intensity.
- Suppliers with significant energy consumption that contribute directly to high emissions.
- Suppliers from high-carbon-emission sectors such as transportation.

### Exclusion criteria for scope 3 upstream emissions are based on materiality, feasibility and relevance:

Nedbank applies a threshold for materiality, that is if emissions from a specific category are below a certain percentage (typically 1%) of the total scope 3 emissions, they may be excluded.



### Some key points to note

We are continuing to increase the accuracy and coverage of our GHG emissions inventory. As part of this effort, we are exploring ways to better quantify our indirect emission sources within scope 3. In 2024 we have made further progress on scope 3 emissions related to our South African operations by including emissions from additional CIT and courier service providers, cloud computing and digital platform service providers, and our distributed workforce (work-from-home). Emissions data from our suppliers vary widely in terms of scope and granularity, limited mostly by supplier data, systems and data assurance. We are however working with our suppliers to firstly measure and capture their scope 1 and scope 2 emissions data, which we include in our scope 3 emissions inventory. We continue to engage with these and other suppliers to enhance our reporting.

On 4 September 2024 Nedbank hosted its inaugural ESG conference day for our suppliers and are planning the next one in 2025.

Following measurement, our suppliers may be able to establish a baseline and set targets towards improvement of their (and our) emissions impact. Our aim is to also assist our suppliers to identify, understand and standardise potentially an appropriate and accurate approach to emissions accounting in the value chain. Furthermore, annually reducing our carbon footprint, now for 15 consecutive years, is an achievement that we want to prolong. Projects like our green buildings initiative to achieve carbon-reduction targets are just a small portion of our efforts to go carbon-neutral. The inclusion of externally sourced renewable energy, is a development that aims to broaden the variety of energy sources and support renewable energy projects for own use.

## Managing our own carbon footprint and achieving our climate targets continued



### Campus sites

We plan to continue supporting REC projects, carbon credit projects and Green Star ratings of our facilities to accomplish carbon-neutrality. At the end of 2024, our Green Building rating was 89% (campus space under management which is Green Star-rated).

### Branch sites

With Project Imagine ending in 2025, we now have 91% of our retail branches running on LED lighting and inverter air conditioning – reducing power consumption by 58% and 46% respectively. We remain on track to reach the 100% mark by the end of 2025. A total of 301 branches are now linked to inverter-and-central battery systems as a primary backup power source – effectively reducing our carbon emissions during power outages by 58%.

**A total of 22 branches are linked to roof-top solar systems with an average of 60% of power requirements sourced from this renewable source – projecting to prevent over 500 tonnes of CO<sub>2</sub> from entering the atmosphere ever year.**

Our aim for 2025 is to grow this number to a minimum of 50 branches. We have achieved 4-star Green Star ratings on 2 of our retail branches in 2024 and are in the process of formalising 2 more. More importantly, we have adjusted our business-as-usual design, sourcing, construction and waste management processes and principles to ensure every retail branch we build in future, adheres to minimum 4-star Green Building standards. Top of our agenda for 2025 is to install energy consumption meters in all retail branches – allowing us to provide accurate carbon data but, more importantly, to cultivate a conservation mindset across our frontline, allowing us to add behavioural benefit over and above what we already achieved through our substantial investments in sustainable infrastructure.

## Managing our own carbon footprint and achieving our climate targets continued

### Nedbank own emissions • ESG •

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

Our successes serve as a testament to the commitment of every employee to the reduction goals. The table below provides further information about Nedbank's own scope 1, 2 and 3 emissions.

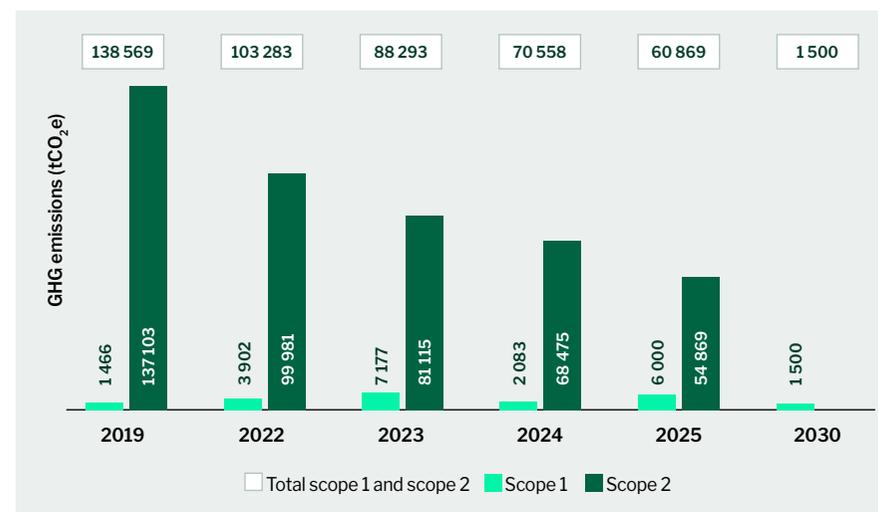
Nedbank group GHG emissions inventory – tCO <sub>2</sub> e	2024	2023	2019
<b>Scope 1: Direct emissions</b>	<b>2 083</b>	7 177	1 466
Fuel used in equipment owned or controlled by Nedbank	1 917	6 091	1 268
Air conditioning and refrigeration gas refills	101	1 010	44
Nedbank fleet of vehicles	65	76	154
<b>Scope 2: Indirect emissions from purchased carbon-intensive electricity</b>	<b>68 475</b>	81 115	137 103
<b>Total scope 1 and 2 emissions</b>	<b>-20% ▼ 70 558</b>	<b>88 293</b>	<b>138 569</b>
<b>Scope 3: Indirect emissions – Nedbank operations</b>	<b>34 782</b>	34 350	49 875
Business travel in rental cars	180	162	338
Business travel on commercial airlines	6 598	4 754	4 729
Business travel in employee-owned cars	2 483	2 664	4 430
Employee commuting	25 413	17 405	38 981
Consumption of office paper	108	61	1 397
<b>Scope 3: Indirect emissions – supply chain</b>	<b>14 179</b>	<b>9 304</b>	
Cloud computing and digital platforms	3 391	4 177	-
Cash in transit	8 233	2 563	-
Courier	50	84	-
Distributed workforce	2 505	2 480	-
<b>Total scope 1, 2 and 3 emissions (GHG protocol)</b>	<b>-2% ▼ 119 519</b>	<b>122 643</b>	<b>188 443</b>
<b>Total scope 1, 2 and 3 (excluding supply chain)</b>	<b>105 340</b>	<b>113 339</b>	
<b>Split of Nedbank Group carbon emissions (tCO<sub>2</sub>e)</b>			
Scope 1 (%)	1,74	5,85	0,78
Scope 2 (%)	57	66,1	72,8
Scope 1 and 2 (%)	59	72	73,5
Scope 3: Nedbank operations (%)	7,8	6,4	
Scope 3: Employee commute (%)	21,3	14,1	
Scope 3: Indirect emissions – supply chain	12	7,5	26,5

#### Carbon footprint measurement

From 2023 to 2024 our reported total GHG emissions have decreased by 2% in absolute terms. Carbon emissions per FTE have decreased by 2%, from 4,4 tCO<sub>2</sub>e/FTE in 2023 to 4,34 tCO<sub>2</sub>e FTE in 2024. The significant reduction in scope 1 direct emissions can be linked to load-shedding suspension that occurred during the majority of 2024, thereby reducing the dependency and use of generators. Although the Eskom grid emission factor increased from 1,01 tCO<sub>2</sub>e per MWh to 1,06 tCO<sub>2</sub>e per MWh in 2024; we achieved lower scope 2 emissions. This was largely due to our efforts in reducing electricity consumption through workspace optimisation by consolidating floor space on campus site and reduced sites. Furthermore, we ramped up our green energy wheeling compared with the previous year. Emissions per m<sup>2</sup> increased by 0,04 tCO<sub>2</sub>e to 0,27 tCO<sub>2</sub>e per m<sup>2</sup> in 2024, levels as a result of reduced floor space of 22 623 m<sup>2</sup> or reported buildings compared with 2023. The slight increase in scope 3 Nedbank indirect emissions (excluding supply chain scope 3 emissions) is due to more employees returning to office and higher business travel in 2024, compared with 2023. The notable rise in supply chain-related emissions was directly linked to the inclusion of a major CIT supplier.

#### Own operation glidepaths

Our glidepath is the decarbonisation trajectory for reducing our total carbon emissions each year, for which we are on track. These projections show how we plan to achieve our goal of carbon-neutral facilities by 2035, through reducing our direct carbon emissions and monitoring indirect emissions.



Our target through our glidepath is a 40% reduction in GHG emissions by the end of 2025, based on 2019 levels. This implies a total carbon footprint (scope 1 and 2 emissions) of ~83 000 tCO<sub>2</sub>e, which has been achieved.

## Managing our own carbon footprint and achieving our climate targets continued

### Scope 3 indirect emissions – supply chain

Nedbank has prioritised emissions from suppliers that have the greatest impact on its carbon footprint. These key suppliers operate in high-emission areas of the bank’s supply chain, such as cash-in-transit (CIT) services, courier services, offsite hosting, cloud computing, and digital platforms.

Nedbank has achieved a 62% participation rate of our targeted supplier base for disclosures in 2024. Furthermore, of our identified high-impact carbon emitting suppliers, we have successfully disclosed 100% of their emissions (high impact real estate activities which have been accounted for in our scope 1 and 2 disclosures; and transport which is included in our scope 3).

We expect to mature the disclosure around the moderate and low emitters in time as their current impact remains low. As more of our suppliers disclose their carbon emissions in undertaking voluntary participation in S1 and S2 reporting.

Since the emissions from commuting are not directly under our control, they are regarded separately from emissions from our operations. However, we commit to creating education and awareness about sustainable commuting for our employees and the extended health and cost-saving benefits associated with alternative transport modes such as cycling, walking, carpooling, etc. Continued encouragement about the difference our workforce can make, not only to Nedbank’s carbon footprint but to the environment in general, can be beneficial in the long run. We aim to develop performance indicators to measure our success in this regard.

Green travel guidelines are included in our comprehensive Business Travel Policy to ensure that the most environmentally friendly travel methods are promoted. If practical and relevant, all employees are encouraged to use teleconferencing and videoconferencing as alternatives to face-to-face meetings that necessitate carbon-intensive road or air travel.

### GHG emissions – scope 1, 2 and 3 vs targets explained

#### Scope 1 emissions

Scope 1 remained a small portion of our total carbon footprint, only accounting for 1,74% of the total carbon footprint, due to load-shedding suspension for most of 2024.

#### Scope 2 emissions

Although our electricity consumption remained the primary source of emissions, accounting for approximately 57% of our total carbon footprint, we decreased our consumption by 15% year on year, by investing in cleaner renewable forms of energy and reduced grid electricity consumption due to workspace optimisation by reducing occupied floor space and branches. Through the purchase of electricity wheeling, the overall fossil fuel-based electricity consumption per FTE has decreased. Our electricity consumption from fossil fuel-based sources per FTE has decreased substantially by 15,3% to 2 450 kWh per FTE (2023: 3 009 kWh per FTE) during the reporting period.



#### Scope 3 emissions

Scope 3 includes the following indirect emissions: all business travel-related activities, including rental cars, employee-owned cars, commercial airlines, employee commuting, office paper consumption, cloud computing, and digital platform services, cash-in-transit services, courier services and distributed workforce emissions.

All of scope 3, including our supply chain scope 3 emissions that we are reporting on for the second year, amounting to 14 179 tCO<sub>2</sub>e, have undergone assurance. Our carbon footprint offset to neutral from 2024 includes the scope 3 emissions from our supply chain in addition to the 105 476 tCO<sub>2</sub>e of emissions from our own operations.

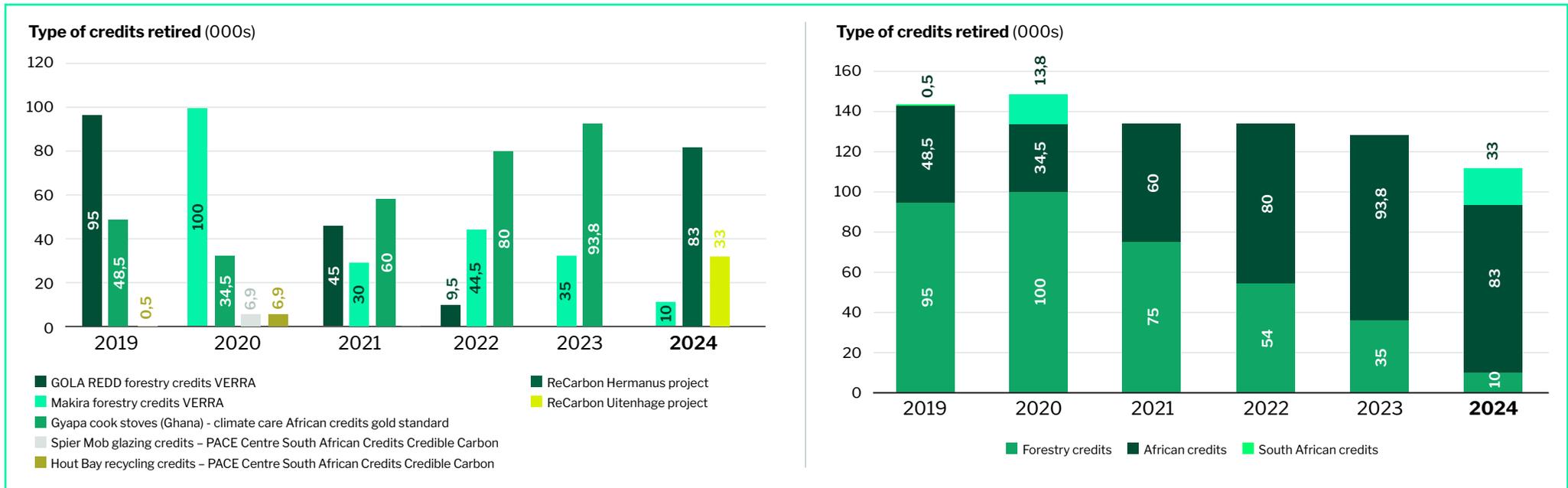
## Managing our own carbon footprint and achieving our climate targets continued

### Carbon offset inventory – carbon credit projects detailed

Our carbon-neutral positioning enables us to enhance our client value proposition and create synergies, partnerships, and collaborations with organisations that share our values. A ‘reduce first, then offset’ strategy underpins these efforts. Internal awareness initiatives and behavioural change drive our own carbon-reduction efforts. Only then do we endeavour to use carbon credits to offset our remaining carbon emissions. Our commitment to credibility in carbon offsetting extends to our preference for verified carbon credits, rigorously audited by credible and independent bodies under recognised carbon standards, ensuring transparency and accountability in our carbon offsetting

initiatives. In addition, we prefer to support carbon offsetting projects with verifiable carbon credits that have additional sustainable development impacts.

Consequently, we connect with African projects that have positive social and natural advantages. In 2024, we retired a total of 127,000 Verified Emission Reductions (VER), including buffer, as part of our commitment to achieving carbon neutrality. Detailed information about the projects is provided in **Annexure E**. The following graphs illustrate the types of carbon credits retired and the projects each year:



# Managing impacts from own operations (paper, water, waste and recycling)

## Progress on targets •ESG•

In 2019, the baseline year, Nedbank set new reduction targets for our own operations in SA for 2020 to 2025, as the previous targets set had been achieved prior to the target deadlines. Our current progress towards these targets is outlined in the table below.

Target	2024 status
<p><b>Paper</b></p> <p>We set a target of 40% reduction in the mass of paper used by the end of 2025, based on 2019 levels (2019: 826 tonnes), which equates to a residual target of 495 tonnes of paper reduced over the period by the end of 2025.</p>	<p><b>Achieved target</b></p> <p>For the 2024 financial year, paper consumption rose by 14 tonnes compared with the previous year, totalling 81 tonnes. Despite this 21% increase, due to the expansion of our self-service kiosk (SSK) footprint, we achieved our overall reduction target. Our paper consumption target focuses on absolute reduction rather than intensity-based metrics, as a significant portion of our paper use is linked to client communication and regulatory compliance, not just employee usage.</p>
<p><b>Water*</b></p> <p>A 40% water reduction by the end of 2025, based on 2019 levels (2019: 254 801kl). This equates to a target annual consumption of 152 900 kl or 8 kl per FTE, whichever is met first.</p>	<p><b>Achieved target</b></p> <p>The total water consumption of our campus sites increased by 5,43% to 150 465 kl (2023: 159 105 kl) resulting in achieving our absolute consumption target for 2025. Additionally, the consumption per FTE improved from 9,02 kl/FTE in 2023 to 8,7 kl/FTE in 2024. These positive results in both absolute and water-intensity consumption can primarily be attributed to the reduction of our campus footprint and the implementation of water-saving initiatives such as waterless urinals.</p>
<p><b>Waste*</b></p> <p>A 40% reduction of waste sent to landfill by the end of 2025, based on 2019 levels (2019: 183 tonnes). This equates to an annual residual targeted waste to landfill generation of 110 tonnes or 5,75 kg per FTE, whichever is met first.</p>	<p><b>Ongoing</b></p> <p>The amount of landfill waste decreased significantly from 154 tonnes in 2023 to 92 tonnes in 2024, achieving a 40% reduction for the year and surpassing our 2025 target. This success is due to our awareness and education campaign, zero-to-landfill policy, and effective management by our facilities teams.</p>
<p><b>Recycling*</b></p> <p>Recycling can increase only up to the point where waste sent to landfill is zero. This is the goal and target. A new target was set to achieve a recycled waste to landfill waste mass ratio from 2,5 to 3.*</p>	<p><b>On track</b></p> <p>In absolute terms, recycling reduced from 427 tonnes to 403 tonnes (6%) in 2024. Our on-site recycling banks have proven very effective in ensuring maximum recycling and good levels of waste-sorting at source. Recycling reduced from 24,22 kg/FTE in 2023 to 23,10 kg/FTE (4,62%), allowing us to surpass our target by achieving a result of 4,40 times the mass of waste.</p>

\* Water, waste and recycling figures are based on campus FTEs equal to 17 011.

## Managing impacts from own operations (paper, water, waste and recycling) continued

Strategic focus	Our initiatives	SDG
<p>Various drivers are prompting further investment to adopt technologies and initiatives that not only generate and safeguard water and energy security, but also contribute positively to the environment.</p>	<p><b>Energy efficiency</b></p> <ul style="list-style-type: none"> <li>• <i>Replacing LED lights with more efficient 26-watt panels leading to an average saving of 35% on lighting.</i> In some instances, also reducing the number of fittings, which also decreases the routine maintenance and replacement frequency.</li> <li>• <i>Refurbishment of the cooling towers:</i> This has a significant impact on the energy consumption as we acquire cooler condensed water and thus use less energy to cool water.</li> <li>• <i>Efficient use of chillers:</i> Matching chiller runs to the building load instead of running all chillers.</li> <li>• <i>Air handling units:</i> Reconfiguring the heating and cooling conflicts at the air handling units.</li> </ul>	
	<p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Implementation of waterless urinals resulting in a decrease of 7% due to flushing of the urinals.</li> </ul>	
	<p><b>Waste-to-landfill</b></p> <ul style="list-style-type: none"> <li>• Reintroduce Bokashi at various sites which resulted in reduced landfill amounts by 8%.</li> </ul>	  

### From 2025 and beyond

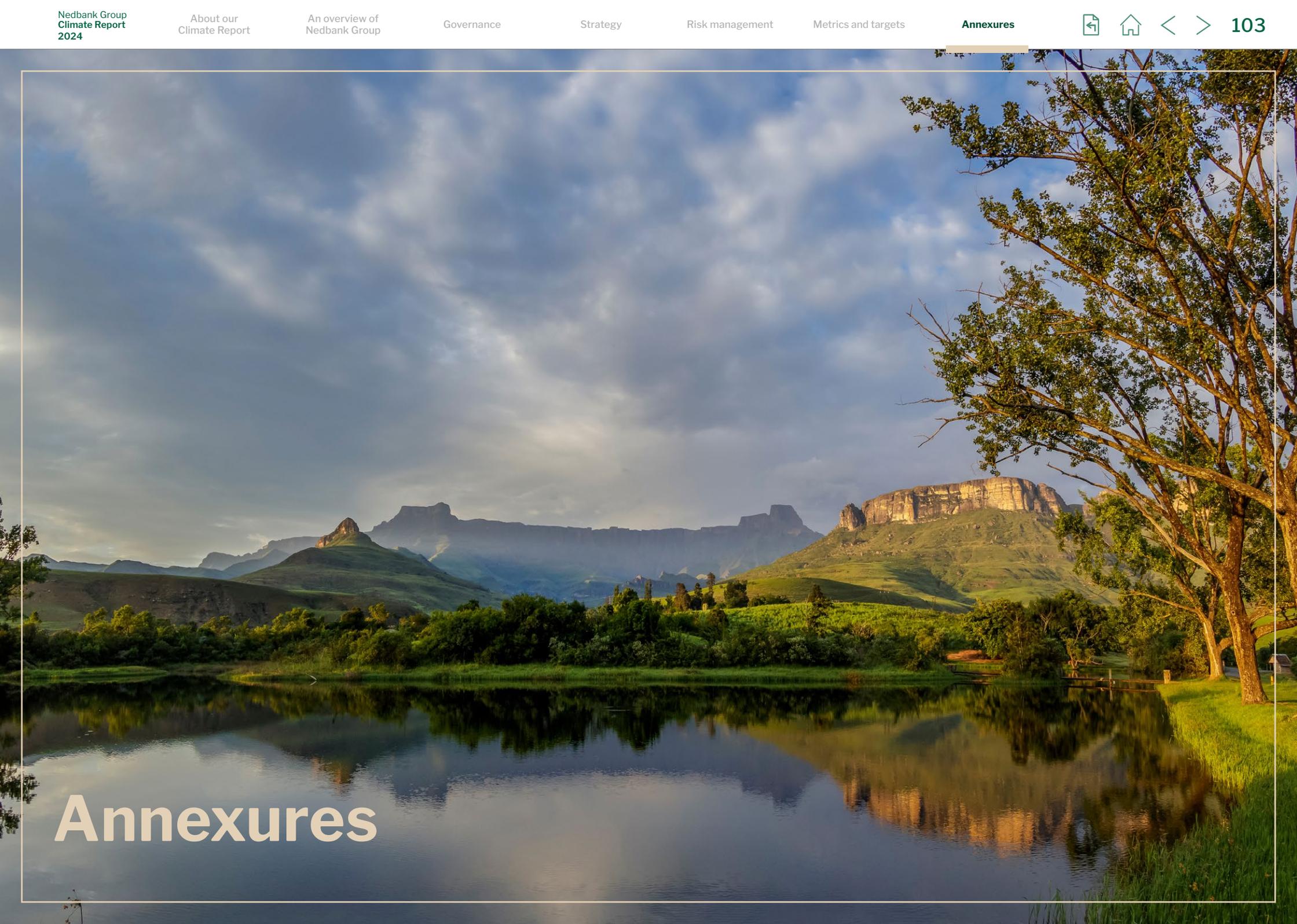
We aim to continue improving our efficiencies by implementing several installations and practices throughout our on-site building facilities, such as heating, ventilation and air conditioning (HVAC) optimisation via smart thermostats and scheduling; lighting efficiency via daylight harvesting; and instant water heaters to replace boilers in restaurants and showers.

### 2024 highlights

Nedbank Corporate Real Estate installed electric vehicle (EV) charging stations in our 135 Rivonia Road Campus parking facility. This initiative is part of Nedbank's commitment to sustainability.

Nedbank Corporate Real Estate implemented green initiatives in office renovations and interior design. Particularly in the move of our call centre from the Newtown offices to the 135 Rivonia Road Campus site, pre-used desk frames for repurposing, and building furniture fixtures from sustainable sources in line with Green Building Council South Africa (GBCSA) guidelines.





# Annexures

# Annexure A - Stakeholder engagement

Nedbank works closely with several local and global industry forums to ensure that the latest and best available science is used in its climate response. Our participation in peer, local and global industries allows us to learn, engage, network, and contribute towards harmonising methodologies and frameworks and implementing them. The selected examples exclude client engagements and Nedbank-sponsored climate-related industry or sector events.

## Nedbank engages in the following:

- African Natural Capital Alliance
- The UN Environment Programme Finance Initiative (UNEP FI): Africa Network, National Capital Declaration, Positive Impact Initiative and TCFD Phase
- The United Nations Sustainable Development Goals
- The King IV Report on Corporate Governance
- The Positive Impact Initiative
- The Code for Responsible Investing in South Africa
- The National Development Plan
- The Banking Association South Africa: Sustainable Finance Committee, Positive Impact Finance Task Group and
- Climate Risk Forum
- United Nations Global Compact: the CEO Water Mandate
- The National Business Initiative Advisory Committee on Climate Change
- The Embedding Project: South Africa Peer-to-peer Network
- The International Finance Corporation Performance Standards
- The Equator Principles
- The United Nations Global Compact Advisory Committee Working Group

## Global collaboration

<p><b>African Natural Capital Alliance (ANCA)</b></p> 	<p>The African Natural Capital Alliance (ANCA) is an African-led, multi-stakeholder initiative established in 2022 by FSD Africa. ANCA aims to drive coordinated advocacy and action across the continent to ensure that Africa's voice is represented in the global nature agenda.</p>	<p>In 2024 we joined ANCA, an African-led initiative launched by FSD Africa. Nedbank joined the ANCA as it amplifies Africa's voice in global discussions and ensures that emerging nature-related risk frameworks are tailored to the continent's context. We are also sharing the alliance commitment to raising awareness and building capacity with our staff, clients, Board and other stakeholders and to integrate biodiversity considerations in our business activities and mitigate transition risks. By participating in ANCA, we benefit from peer experience, technical support and best-practice sharing. This has been critical in the development of our Nature Risk Materiality Assessment, groupwide nature training for staff, upskilling of our Board on Nature and Finance and integration of these insights into our business strategies and nature-focussed sustainable development.</p>
<p><b>2 Degrees Investing Initiative (2 DII)</b></p> 	<p>The 2DII is an independent, non-profit think tank working to align financial markets and regulations with the Paris Agreement goals. The 2DII coordinates some of the world's largest research projects on sustainable finance. Its team of finance, climate, and risk experts develop research, tools, and policy insights to help financial institutions and regulators hasten and adapt to the low-carbon transition.</p>	<p>Nedbank is in partnership with 2DII and uses the PACTA tools developed by 2DII, which measure the exposure to and alignment with a series of decarbonisation scenarios of companies and financial portfolios.</p>
<p><b>Basel Committee on Banking Supervision (BCBS)</b></p> 	<p>The BCBS is the primary global standard setter for the prudential regulation of banks and provides a forum for regular cooperation on banking supervisory matters. Its 45 members comprise central banks and bank supervisors from 28 jurisdictions.</p>	<p>The BCBS has published a public consultation paper on principles for the effective management and supervision of climate-related financial risks. The document forms part of the committees' holistic approach to addressing climate-related financial risks to the global banking system and aims to promote a principles-based approach to improving both banks' risk management and supervisors' practices in this area. The IIF (which Nedbank is a member of) has provided a response to the BCBS on the consultation paper. The BCBS published its finalised principles for the effective management and supervision of climate-related financial risks in June 2022.</p>

## Annexure A - Stakeholder engagement continued

### Global collaboration continued

<p><b>The Institute of International Finance (IIF)</b></p> 	<p>The IIF is the global association of the financial industry, with more than 450 members from more than 70 countries. Its mission is to support the financial industry in the prudent management of risks; to develop sound industry practices; and to advocate for regulatory, financial and economic policies that are in the broad interests of its members and foster global financial stability and sustainable economic growth.</p>	<p>Nedbank contributes towards the following climate-related working groups:</p> <ul style="list-style-type: none"> <li>• Sustainable Finance Working Group (SFWG).</li> <li>• Task Force on Scaling Voluntary Credit Markets.</li> <li>• Climate and ESG Disclosure, Data, and Taxonomies.</li> <li>• Sustainable Finance Policy.</li> </ul>
<p><b>International Finance Corporation (IFC)</b></p> 	<p>The IFC, a member of the World Bank Group, advances economic development and improves the lives of people by encouraging the growth of the private sector in developing countries.</p>	<p>Nedbank makes use of credit lines from the IFC. The IFC established the Climate Risk Programme in 2008 and has done numerous climate risk pilot studies since. The lessons learned from these studies form part of the resources used in updating our CRMF. The IFC's Sustainability Framework, which includes the IFC's Performance Standards, applies to all investment and advisory clients whose projects go through IFC's initial credit review processes.</p>
<p><b>Operational Riskdata eXchange (ORX)</b></p> 	<p>ORX is the largest operational risk management association in the financial services sector. Since 2002, ORX has been developing a global community of financial institutions committed to improving the management and measurement of operational risk.</p>	<p>Nedbank actively participates in ORX, which accumulates data submitted quarterly by each of the member banks. Nedbank uses a set of anonymous operational-risk scenarios (including climate-related scenarios) from ORX to identify trends and benchmark with international peers. Climate-related items are covered in the damage-to-physical-assets, business-disruption and- system-failure, and third parties and supply chain scenarios. The benchmarking culminated in Nedbank improving its definition of climate's impact on operational risk and identifying exposures and potential solutions or mitigation actions as part of continuous improvement. In addition, Nedbank benchmarks itself against, and aligns to ORX's top and emerging operational risks, which include climate and natural catastrophes.</p>
<p><b>UNEP FI</b></p> 	<p>The UNEP FI is a partnership between UNEP and the global financial sector to mobilise private sector finance for sustainable development. UNEP FI works with more than 450 banks, insurers, and investors and over 100 supporting institutions to help create a financial sector that serves people and the planet while delivering positive impacts.</p>	<p>Nedbank is an active member of the Positive Impact Initiative and working group. The Positive Impact Initiative is a collaborative movement that started in 2015 by UNEP FI member banks and investors who believed in the need to transition to an impact-based business and financing paradigm to achieve a sustainable world as defined by the SDGs.</p>
<p><b>Worldwide Fund for Nature (WWF)</b></p> 	<p>As the world's leading conservation organisation, WWF works in nearly 100 countries. At every level, they collaborate with people around the world to develop and deliver innovative solutions that protect communities, wildlife, and the places in which they live. The WWF works to help local communities conserve the natural resources they depend upon, transform markets and policies toward sustainability, and protect and restore species and their habitats. Their efforts ensure that the value of nature is reflected in decision-making from a local to a global scale.</p>	<p>We have been partners with the WWF for more than 30 years. One of the focus areas of the current partnership between Nedbank and WWF is safeguarding critical water source areas, biodiversity hotspots and rural livelihoods, with a strong focus on the Eastern Cape. By driving collective action, we are helping to maintain and restore the ecological integrity of these vital catchments. In addition, Nedbank is the sole funder of the WWF Nedbank Green Trust, which is a mutually beneficial partnership that supports socio-environmental projects in SA.</p>

## Annexure A - Stakeholder engagement continued

### Local collaboration

<p><b>Alliance for Climate Action (ACA) South Africa</b></p> 	<p>This is a local chapter of a global network that is working to build domestic constituencies for climate action, partnering with cities, private and public sector to accelerate progress toward the Paris Agreement targets.</p>	<p>Nedbank is a signatory to the Alliance for Climate Action (ACA) South Africa.</p>
<p><b>Business Unity South Africa (BUSA)</b></p> 	<p>BUSA aims to ensure that organised business plays a constructive role in ensuring an economic and socioeconomic environment that is conducive to inclusive economic growth, development and economic transformation. Such an environment is critical for businesses of all sizes and in all sectors to thrive, expand and be competitive, both domestically, and internationally.</p>	<p>As financier of all the industries represented at BUSA, Nedbank participates in BUSA's Environmental Committee to understand the challenges faced by the various industries in reducing their environmental and social impacts that lead to climate change.</p>
<p><b>National Business Initiative</b></p> 	<p>NBI is a voluntary coalition of SA and multinational companies working towards sustainable growth and development in SA and the shaping of a sustainable future through responsible business action, thereby demonstrating business action for sustainable growth. Since its inception in 1995, the NBI has made a distinct impact on, among other things, the spheres of housing delivery, crime prevention, local economic development, public sector capacity building, further education and training, schooling, public-private partnerships, energy efficiency, and climate change.</p>	<p>Nedbank contributes through the National Business Initiative Advisory Committee. Nedbank remained abreast of the work undertaken by the NBI on Just Transition pathways and this work helped to inform our Energy Policy.</p>
<p><b>South Africa National Treasury</b></p> 	<p>The National Treasury is responsible for managing SA's national government finances.</p>	<p>Nedbank is part of the Disclosure Working Group (previously known as the TCFD Working Group).</p>
<p><b>South African Reserve Bank (SARB)</b></p> 	<p>The Financial Sector Regulation Act, 9 of 2017, makes provision for the establishment of the prudential regulator – the Prudential Authority (PA) – within the administration of SARB. The PA is responsible for regulating banks (commercial, mutual, and cooperative banks), insurers, cooperative financial institutions, financial conglomerates, and certain market infrastructures.</p>	<p>During 4 on-site visits by SARB PA, climate was a specific item on the agenda, specifically relating to the following:</p> <ul style="list-style-type: none"> <li>• Credit risk.</li> <li>• Operational risk.</li> <li>• ICAAP (climate risk appetite).</li> <li>• Nedbank's board and SARB PA annual meeting.</li> </ul>
<p><b>The Banking Association South Africa (BASA)</b></p> 	<p>BASA advances the interests of the industry with its regulators, legislators and stakeholders, to make banking sustainable, profitable and better able to contribute to the social and economic development and transformation of the country.</p>	<p>Nedbank participates in the following working BASA groups:</p> <ul style="list-style-type: none"> <li>• Gas Working Group.</li> <li>• Sustainable Finance Committee.</li> <li>• Climate Committee.</li> </ul>

## Annexure A - Stakeholder engagement continued

### Indices

<p><b>Carbon Disclosure Project (CDP)</b></p> 	<p>CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.</p>	<p>Nedbank submits annual disclosures to the CDP on its emissions, strategy, risks, and opportunities.</p>
<p><b>Dow Jones Sustainability Index (DJSI)</b></p> 	<p>DJSI is a family of best-in-class benchmarks for investors who have recognised that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria.</p>	<p>Engagement with and questions raised by the DJSI served to inform Nedbank's ongoing climate risk journey.</p>
<p><b>Financial Times Stock Exchange Russel Group (FTSE) 4Good</b></p> 	<p>The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. Transparent management and clearly defined ESG criteria make FTSE4Good indices suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products.</p>	<p>Questions raised by the FTSE4Good served to inform Nedbank's ongoing climate risk journey.</p>



**Annexure A - Stakeholder engagement** continued

Environmental, social and governance rating agencies and Nedbank's latest available ratings

	2024/5 rating	
 MSCI	<b>AAA</b>	<b>Top 9%</b> of global banks
 FTSE Russell FTSE4Good	<b>4,0</b>	<b>Top 26%</b> of global banks
 SUSTAINALYTICS	<b>14,4</b>	<b>Top 8%</b> of 262 diversified banks
 ISS ESG	<b>C</b>	<b>Top 10%</b> of global banks
 S&P Global	<b>63</b>	<b>Top 10%</b> of global banks
 CDP	<b>B</b>	<b>Top 3</b> domiciled bank in SA





## Annexure B - Acronyms and abbreviations

<b>1LoD</b>	first line of defence
<b>2LoD</b>	second line of defence
<b>3LoD</b>	third line of defence
<b>AGM</b>	Annual General Meeting
<b>ALCO</b>	Asset and Liability Committee
<b>AT1</b>	additional tier 1
<b>ATM</b>	automated teller machine
<b>BASA</b>	Banking Association South Africa
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BBBEE</b>	Broad-based Black Economic Empowerment
<b>BCP</b>	Business Continuity Planning
<b>BUSA</b>	Business Unity South Africa
<b>CBAM</b>	Carbon Border Adjustment Mechanism
<b>CDP</b>	Carbon Disclosure Project
<b>CIB</b>	Corporate and Investment Banking
<b>CO<sub>2</sub></b>	carbon dioxide
<b>CO<sub>2</sub>e</b>	carbon dioxide equivalent
<b>COP29</b>	2024 United Nations Climate Change Conference of the Parties
<b>CRO</b>	Chief Risk Officer
<b>CRMF</b>	Climate Risk Management Framework
<b>ECC</b>	Executive Credit Committee
<b>ERMF</b>	Enterprisewide Risk Management Framework
<b>ESG</b>	environmental, social and governance
<b>Exco</b>	Executive Committee
<b>FSB</b>	Financial Stability Board
<b>FTE</b>	full-time employee
<b>FTSE</b>	Financial Times Stock Exchange

<b>GC</b>	Group Compliance
<b>GCC</b>	Group Credit Committee
<b>GSCRC</b>	Group Sustainability and Climate Resilience Committee
<b>GCRC</b>	Group Climate Resilience Committee
<b>GDP</b>	gross domestic product
<b>GHG</b>	greenhouse gas
<b>GIA</b>	Group Internal Audit
<b>GORC</b>	Group Operational Risk Committee
<b>GLAA</b>	gross loans and advances
<b>GRCMC</b>	Group Risk and Capital Management Committee
<b>GSCRS</b>	Group Sustainability and Climate Resilience Committee
<b>GRNP</b>	Gola Rainforest National Park
<b>GtCO<sub>2</sub>e</b>	gigaton carbon dioxide equivalent
<b>ICAAP</b>	Internal Capital Adequacy Assessment Process
<b>ICE</b>	internal combustion engine
<b>IEA</b>	International Energy Agency
<b>IFC</b>	International Finance Corporation
<b>IFRS</b>	International Financial Reporting Standards
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>ISSB</b>	International Sustainability Standards Board
<b>IUCN</b>	International Union for Conservation of Nature
<b>IT</b>	information technology
<b>JSE</b>	Johannesburg Stock Exchange
<b>kℓ</b>	kilolitre
<b>ktCO<sub>2</sub>e</b>	kilotonne of carbon dioxide equivalent
<b>MW</b>	megawatt

<b>NBI</b>	National Business Initiative
<b>NDC</b>	Nationally Determined Contribution
<b>NGFS</b>	Network for Greening the Financial System
<b>NO<sub>2</sub></b>	nitrous oxide
<b>NF<sub>2</sub></b>	nitrogen trifluoride
<b>NGO</b>	non-governmental organisation
<b>PACTA</b>	Paris Agreement Capital Transition Assessment
<b>PCAF</b>	Partnership for Carbon Accounting Financials
<b>RBB</b>	Retail and Business Banking
<b>RCSA</b>	risk and control self-assessment
<b>REDD+</b>	reducing emissions from deforestation and forest degradation
<b>REIPPPP</b>	Renewable Energy Independent Power Producer Procurement Programme
<b>Remco</b>	Group Remuneration Committee
<b>SA</b>	South Africa
<b>SARB PA</b>	South African Reserve Bank Prudential Authority
<b>SDF</b>	Sustainable Development Finance
<b>SDGs</b>	Sustainable Development Goals
<b>SEMS</b>	Social and Environmental Management System
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TNFD</b>	Task Force on Nature-related Financial Disclosures
<b>tCO<sub>2</sub>e</b>	tonne of carbon dioxide equivalent
<b>UN</b>	United Nations
<b>UN PRI</b>	United Nations Principles for Responsible Investments
<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>UNEP</b>	United Nations Environment Programme
<b>UNEP FI</b>	United Nations Environment Programme Finance Initiative



## Annexure C – Definitions

<b>Acute risks</b>	Risks that are event-driven, including increased severity of extreme weather events, such as hurricanes, drought or floods.
<b>Adaptation</b>	<p>The process of finding ways to lower the physical risks (see definition) of climatic change and dealing with its impacts. Humans have been adapting to their environments throughout history by developing practices, cultures and livelihoods suited to local conditions. However, climate change raises the likelihood that existing societies will experience climatic shifts (in temperature, storm frequency, flooding, and other factors) for which previous experience has not prepared them.</p> <p>Adaptation is complementary to 'Resilience'. Climate mitigation is not about reducing climatic shocks; it's about reducing the scale of climate change that we experience. Adaptation is about how we deal with the climate change impacts that eventuate. In short, mitigation is avoiding the unmanageable, while adaptation is managing the unavoidable.</p>
<b>Anthropogenic</b>	Relating to or resulting from the activity of humans
<b>Carbon-neutral</b>	When a company has calculated its carbon footprint, reduced it wherever possible, and off set its residual carbon footprint by buying emission reduction certificates so that the net result of its carbon footprint is zero.
<b>Chronic risk</b>	Risk that is related to longer-term shifts in climate patterns (such as sustained higher temperatures and changing rainfall patterns) that may cause a rise in sea level or chronic heat waves.
<b>Climate change</b>	A change in the statistical distribution of weather patterns when that change lasts for an extended period (ie decades to millions of years). Climate change can also refer to a change in average weather conditions or in the time variation of weather around longer-term average conditions. Natural climate change is caused by factors such as biotic processes, variations in solar radiation received by earth, plate tectonics and volcanic eruptions. However, the term 'climate change' is more often used to refer specifically to anthropogenic climate change (also known as global warming). Anthropogenic climate change is caused by human activity, as opposed to changes in climate that result from earth's natural processes.
<b>Climate-related risk</b>	A potential negative impact of climate change on an organisation. Physical risks arising from climate change can be event-driven (acute), such as increased severity of extreme weather events (eg cyclones, droughts, floods and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (eg sea-level rise). Climate-related risks can also be linked with the transition (transition risk) to a lower-carbon global economy, and the most common of these risks relate to policy and legal actions, technology changes, market responses and reputational considerations.
<b>Climate resilience</b>	The ability of an entity to absorb stresses caused by climate change and maintain operations, as well as to adapt in an agile manner and evolve in ways that ensure it is better prepared for future climate change impacts.
<b>ESG: environmental social governance</b>	Environmental, social or governance matters that could have a positive or negative impact on the group's financial performance or reputation. If not managed properly, ESG matters can amplify the impact of other risk types.
<b>ESG risk</b>	<p>Interconnected risks in nature, materialising primarily through many other existing tier 1 risk channels, including credit, conduct, financial-crime, market, operational and reputational risk. Any risk of detriment (financial or non-financial) related to the group:</p> <ol style="list-style-type: none"> <li>Inside-out perspective: The group's impact through its operations, products and services on people, the planet and the economy.</li> <li>Outside-in perspective: The impact that people, the planet and the economy have on the group's financial position, financial performance and cash flow.</li> </ol>
<b>Greenhouse gas (GHG) emissions scope levels</b>	<p>Scope 1: All direct greenhouse gas emissions.</p> <p>Scope 2: Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam.</p> <p>Scope 3: Other indirect emissions not covered in scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions could include the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (eg transmission and distribution losses), outsourced activities and waste disposal.</p>



## Annexure C – Definitions continued

<b>Just Transition</b>	A Just Transition ensures that environmentally sustainable economies are promoted in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. It aims to ensure that the transition to net-zero emissions and climate resilience is orderly, inclusive and just.		
<b>Mitigation</b>	<b>Climate change mitigation:</b> Means the process of addressing the root causes of climate change by preventing or reducing GHG emissions. The Intergovernmental Panel on Climate Change defines mitigation as an 'anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases'. Mitigation progress is frequently driven by policy measures aimed at promoting the use of cleaner technologies and renewable energy sources, at changing corporate disclosure practices or at motivating consumers to decarbonise. Climate mitigation is not about absorbing climatic shocks, but about reducing the scale of climate change that is experienced, by cutting and eventually eliminating GHGs.		
	<b>Risk mitigation:</b> Means the process of taking steps to reduce the negative effects of threats and disasters on business continuity. Risk mitigation focuses on the fact that some disasters cannot be avoided and is used for those situations where a threat cannot be avoided entirely.		
<b>Nedbank Group</b>	Nedbank Group Limited, which is also referred to as the group and us or ours.		
<b>Network for Greening the Financial System (NGFS)</b>	A network of 114 central banks and financial supervisors that aims to accelerate the scaling up of green finance and develop recommendations for central banks' role for climate change. The NGFS was created in 2017 and its secretariat is hosted by the Banque de France.		
<b>Net-zero carbon economy</b>	Creating a balance between the amount of GHGs produced and the amount of GHGs removed from the atmosphere.		
	One can achieve a net-zero carbon economy when any remaining human-caused GHGs are balanced out by activities removing carbon from the atmosphere in a process known as carbon removal. First and foremost, human-caused emissions, like those from fossil fuel production and its use in homes, transportation, farming and industry, should be reduced as close to zero as possible. Any remaining GHGs would be balanced with an equivalent amount of carbon removal, for example, by restoring forests, or sequestering carbon in soil.		
<b>Physical risk</b>	Risks resulting from climate change can be event-driven (acute, ie weather-related events) or longer-term shifts (chronic, ie permanent changes in underlying climate drivers). Physical risks are divided into acute risks and chronic risks. Physical risks may have financial implications for organisations (direct and indirect). Nedbank's financial performance may be affected by changes in water availability, sourcing and quality; food security; and extreme temperature changes. This can affect an organisation's premises, operations supply chain, transport needs and employee safety, which impacts the organisation directly or because of business practices. The associated impacts of climate-related hazards, among others, that will affect specific sectors of the economy are set out below:		
	<b>Sector</b>	<b>Hazard</b>	<b>Non-exhaustive associated impacts</b>
	Energy	Hurricanes/Typhoons	Downed or damaged transmission lines, substations, or poles due to wind and rain, leading to disruptions. Debris or trees damaging lines or poles, causing a short circuit.
		Water stress	Potential for energy supply disruptions from sources that rely on hydropower. Potential for overheating of generation equipment that relies on water for cooling, which could lead to transmission disruptions.
		Temperature increase	Reduced thermal rating (ie the maximum current allowed at a given temperature), causing lines to sag to dangerous levels.
	Agriculture	Changes in rainfall patterns	Reduction in crop yields and feedstocks might occur.
		Temperature increase	Potential for an increase in pest infestation and disease.
	Manufacturing	Drought/Floods	Productivity in water-intensive industries might be impacted adversely.
Water stress		Potential for an increase in water costs.	

## Annexure C – Definitions continued

<b>Risk culture</b>	The group's norms, attitudes, and behaviours related to risk awareness, risk-taking, and risk management that shape decisions on risks.
<b>Risk management</b>	A set of processes that are carried out by an organisation's board and management to support the achievement of the organisation's goals by addressing its risks and managing the combined potential impact of those risks.
<b>Scenario analysis</b>	A process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenario analysis allows an organisation to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies and financial performance over time.
<b>Sector</b>	A segment of organisations performing similar business activities in an economy. A sector generally refers to a large segment of the economy or grouping of business types, while the term 'industry' is used to describe more specific groupings of organisations within a sector.
<b>Stranded asset</b>	Means an asset that experiences unanticipated or premature write-off, is revaluated downwards, or is converted to a liability. This deterioration can result from physical (eg increasing water scarcity as a result of climate change), technological (eg emergence of disruptive technologies), social (eg shifting consumer preferences), or regulatory forces.
<b>Strategy</b>	Means an organisation's desired future state. An organisation's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organisation's activities and the nature of its businesses, considering the risks and opportunities it faces and the environment in which it operates.
<b>Sustainability</b>	Sustainability is explicitly strategic and forward focused, considering the optimisation of systems value across the 6 capitals (natural, social and relational, financial, manufactured and intellectual capital) and the need to support their resilience in the short, medium and long term. Sustainability considers what actions are needed to create a more just, equal, and prosperous society and healthier environment, now and in the future.
<b>Sustainability risk</b>	The uncertainty in achieving business objectives due to ESG factors and the impact across the group's risk universe. It incorporates the impact that a company can have on the economy, society, and the environment, how this impact can affect the performance of the company in the short, medium and long term, as well as the impact of emerging environmental and social conditions on the company's own resilience.
<b>Transition risk</b>	<p>The risks that a transition to a net-zero carbon economy poses to the financial sector arise predominantly through exposure to clients, are long term and specific to a sector. While some subsectors may benefit from the transition (eg renewable energies and electric vehicles) or remain unaffected, some would be strongly impacted by the transition (eg coal-fired power generation and ICE vehicles).</p> <p>This leaves banks exposed to loan losses through the financing of stranded (or redundant) assets in these industries and because of client preferences for zero-carbon products.</p> <p>The following transition risk categories have been identified: policy and regulation risk, technology risk, market risk, reputational risk, legal risk, credit risk, operational risk, and strategic risk.</p>



# Annexure D - Scope 3 categories

Inclusions	Justification for inclusion	Exclusions	Justification for exclusion
 <p><b>Category 1:</b> Purchased goods and services</p>	<p>Materiality is high, as supply chain emissions are a key component of Nedbank's scope 3 footprint.</p> <p>Data availability is reasonable, with procurement records providing a strong basis for emissions estimates.</p> <p>Aligns with sustainability strategy, allowing Nedbank to engage suppliers on emission reductions and drive sustainable procurement practices.</p>	 <p><b>Category 2:</b> Capital goods</p>	<p>Capital goods emissions are typically low for financial institutions, with minimal impact on overall scope 3 emissions.</p>
 <p><b>Category 5:</b> Waste generated in operations</p>	<p>Data availability is high, with waste management providers tracking disposal methods and emissions factors.</p> <p>Aligns with reporting best practices under ISO 14064-1 and the GHG Protocol.</p> <p>Supports Nedbank's waste reduction and circular economy initiatives, enabling the tracking of recycling programmes and landfill diversion rates.</p>	 <p><b>Category 3:</b> Fuel- and energy-related activities (not included in scope 1 or 2)</p>	<p>This category captures upstream emissions from fuel extraction, refining and transportation, as well as electricity transmission and distribution losses that are not already reported under scope 1 and 2.</p>
 <p><b>Category 6:</b> Business travel</p>	<p>High data availability through corporate travel providers and reimbursement systems.</p> <p>Standardised emissions factors ensure accurate and consistent reporting.</p> <p>Supports Nedbank's sustainability strategy, including travel reduction initiatives and lower-carbon transport options.</p>	 <p><b>Category 4:</b> Upstream transportation and distribution</p>	<p>This category is currently excluded from Nedbank's scope 3 carbon footprint, as emissions from supplier transport and distribution are not considered material. This category captures emissions generated by third-party logistics providers responsible for delivering goods to Nedbank.</p>
 <p><b>Category 7:</b> Employee commuting</p>	<p>Data availability through employee surveys and travel reimbursement records.</p> <p>GHG Protocol provides standardised emissions factors for commuting calculations.</p> <p>Supports Nedbank's sustainability strategy, including remote work initiatives and low-carbon commuting programmes.</p>	 <p><b>Category 8:</b> Upstream leased assets</p>	<p>Nedbank does not lease significant upstream assets as part of its normal operations. Where relevant leases exist, emissions would typically be reported by the lessor.</p> <p>Most material leased assets fall under scope 1 and 2, making additional scope 3 reporting unnecessary.</p>

**Annexure D – Scope 3 categories** *continued*

Inclusions	Justification for inclusion	Exclusions	Justification for exclusion
 <b>Category 9:</b> Downstream transportation and distribution	<p>Materiality is likely high, as CIT services operate fuel-dependent vehicle fleets across multiple locations.</p> <p>Data should be available, with CIT and courier providers tracking vehicle use and fuel consumption.</p> <p>Aligns with sustainability strategies, allowing Nedbank to monitor and engage with transport service providers on low-carbon logistics solutions.</p>	 <b>Category 10:</b> Processing of sold products	<p>Nedbank provides financial services rather than physical products. Emissions from product processing apply to companies selling intermediate goods that require further transformation by downstream users, which is not relevant to Nedbank's operations.</p>
 <b>Category 15:</b> Investments	<p>This category is included in Nedbank's scope 3 carbon footprint but reported separately from the bank's facility-based emissions. Financed emissions (scope 3, category 15) arise from the operational activities of entities in which Nedbank holds equity or debt investments.</p>	 <b>Category 11:</b> Use of sold products	<p>Nedbank provides financial services rather than physical products. Emissions from product use typically apply to companies selling energy-consuming goods (eg vehicles, appliances, or fuels), which does not apply to Nedbank's operations.</p>
		 <b>Category 12:</b> End-of-life treatment of sold products	<p>Nedbank provides financial services rather than physical products. Emissions from product disposal typically apply to companies selling goods that require end-of-life treatment (eg electronics, packaging, or consumer products), which does not apply to Nedbank's operations.</p>
		 <b>Category 13:</b> Downstream leased assets	<p>This category is not currently included in Nedbank's scope 3 carbon footprint. Downstream leased assets refer to emissions from properties, equipment, or infrastructure that Nedbank owns and leases to third parties.</p>
		 <b>Category 14:</b> Franchises	<p>Nedbank does not operate a franchise-based business model. Franchise emissions typically apply to businesses where independent operators run branded locations, which does not apply to Nedbank's operations.</p>



## Annexure E - Carbon Credit Projects

### The Makira Forest Protected Area in Madagascar (Verra Registry)

Through carbon credit sales from avoided deforestation, the Makira Forest Protected Area REDD+ Project finances the long-term conservation of one of Madagascar's most pristine remaining rainforest systems containing rare and threatened biodiversity, improve community land stewardship and governance, and support sustainable livelihood practices for local people.

In 2001 the government of Madagascar, in collaboration with the Wildlife Conservation Society, created the 372 500-hectare Makira Forest Protected Area. In 2012 the Makira Forest became Makira Natural Park – Madagascar's newest and largest park, and an International Union for Conservation of Nature category II protected area. The Makira Forest Protected Area Project will prevent more than 33 million tonnes of CO<sub>2</sub> emissions over the course of 30 years.

**Carbon offsets of 10 478 verified emission reductions (VERs) were retired in 2024.**



### Gyapa Improved Cook-Stoves Project in Ghana (Gold Standard registry)

The Gyapa Improved Cook-Stoves Project in Ghana focuses on manufacturing and distributing efficient charcoal stoves, called 'gyapa', as a replacement for traditional coal pots. Initially launched in the greater Accra and Ashanti regions, their use has since expanded nationwide. Active since 2007, the project was registered under the Gold Standard in 2010 (GS407) and successfully renewed its crediting period in 2015 for another 7 years.

By reducing GHG emissions and charcoal consumption – an essential cooking fuel for many urban and semi-urban households – the project achieves environmental and economic benefits. Stoves typically last over 3 years with proper care, and revenues from carbon finance are reinvested to support the stove value chain, marketing, and distribution.

Additional benefits include reduced indoor air pollution, leading to better respiratory health, and conservation of biodiversity through decreased reliance on non-renewable biomass.

**In 2024 the project achieved carbon offsets equivalent to 83 344 VERs.**





## Annexure E - Carbon Credit Projects continued

### ReCarbon – Hermanus and Uitenhage (Credible Carbon registry)

The ReCarbon Hermanus project focuses on diverting municipal green waste, such as plant residues, garden waste, and park waste, from landfills in the Overstrand Municipality (Hermanus), Western Cape. This waste is composted using bespoke technology. Similarly, the ReCarbon Ground Trading project in Uitenhage diverts food waste, liquid waste, and sawmill byproducts from landfills. GHG emissions are reduced by avoiding the release of methane ( $\text{CH}_4$ ) and nitrous oxide ( $\text{N}_2\text{O}$ ) that would have occurred if the organic waste had been managed using conventional methods.

The project also generates significant social benefits, including the creation of local jobs in the circular, green economy. It supports community-focused charities and social projects, particularly in the Western Cape, by donating compost to promote local and urban farming. Additionally, 50% of the carbon revenue earned by ReCarbon is reinvested in local community development.

**In 2024 the project achieved carbon offsets equivalent to 33 178 VERs.**



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