Nedbank Limited - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Nedbank Group Limited ('Nedbank Group') is a bank holding company, with its principal banking subsidiary being Nedbank Limited. The company's ordinary shares have been listed on JSE Limited since 1969. Nedbank Group is one of South Africa's largest banking group measured by assets, with a strong deposit franchise, a large retail deposit base, a client-centric wholesale and retail franchise and a substantial and growing bancassurance and wealth management offering. The group offers a wide range of wholesale and retail banking services through its different business clusters, namely Nedbank Corporate and Investment Banking, Nedbank Retail and Business Banking, Nedbank Wealth and Nedbank Group focuses on southern Africa and has a Pan-African banking alliance with Ecobank Transnational Inc. with access to 36 countries. The group is positioned as a bank for all – from both a retail and a wholesale banking perspective. The principal banking services offered by Nedbank Group comprise business, corporate and retail banking, property finance, investment banking, private banking, foreign exchange and securities trading. Nedbank Group also generates income from private equity, credit card issuing and processing services, custodial services, unit trust administration, asset management services and bancassurance. Nedbank Group's headquarters is in Sandton, Johannesburg, with large operational centres in Durban and Cape Town which are complemented by a regional branch network throughout South Africa and facilities in other southern African countries and certain key global financial centres. These meet international banking requirements of the group's SA-based multinational clients.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

South Africa

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)
Investing (Asset manager)
Investing (Asset owner)
Insurance underwriting (Insurance company)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Nedbank Board is responsible for climate-related issues. The Board designates a selection of Board members to drive the climate change concerns. In this case the selected Board members, with additional members and experts, form the Group Transformation, Social and Ethics Committee (GTSEC) and Group Climate Resilience Committee (GCRC). The GTSEC has the mandate to make decisions on the implementation of greenhouse gas emissions reductions interventions. A standalone committee of the board, the Group Climate Resilience Committee (GCRC), was established on 1 October 2020, and focuses purely on climate-related risks and opportunities. The first GCRC meeting was held in March 2021 (outside of this reporting year), chaired by an independent non-executive director. The committee will meet every quarter. Historically, climate change was housed within the governance structure of GTSEC. With the renewed focus on climate change, the Directors Affairs Committee temporarily oversaw climate-related risks and opportunities (Including the approval of the Climate Risk Appetite / Climate Risk Management Framework etc) during 2020 until the GCRC came into effect. An example of a company-specific climate-related decision made: During 2020 work started on the energy policy that specifies how Nedbank will sequentially exit this high climate change impact sector and which energy sectors should be expanded. This is a significant step to reduce the carbon footprint impact of the lending activities and the policy is open to the public. Company specific examples of the work by the above mentioned structure is the adoption of a resolution to publicly disclose Nedbank's energy policy and to report the company's approach to measuring, disclosing, and addressing its exposure to climate related risks.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Overseeing major capital expenditures, acquisitions and divestitures	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities	Nedbank continuously monitors its carbon footprint, which gets externally audited as part of the annual audit process. The residual carbon footprint remaining after reduction initiatives, is offset so that Nedbank can claim carbon neutral status. Nedbank has been carbon neutral since 2010. Climate-related issues, including the internal carbon neutral initiative and the Sustainable Development Goals, are frequently and consistently discussed. Nedbank regards climate-related phenomena as a significant threat to its own operations if not managed efficiently. For this reason, Nedbank has put in place governance mechanisms to ensure that the board is up to date of and always has overall oversight of climate-related issues. When reviewing its strategy concerning its own operations, Nedbank performs a quarterly risk assessment which includes potential climate-related risks and opportunities potentially imposed on its own operations with the objective to both inform internal risk management policies as well as guiding its strategy. Environmentally sustainable objectives have and always will be a factor guiding the bank's strategy, in line with its reputation of being South Africa's green bank. This includes for example Nedbank's objective to be and remain South Africa's first climate neutral financial institution. Recurring agenda items include the bank's annual footprint, including Scope 1, 2 and 3 greenhouse gas emissions. This is important for establishing the budget for offsetting its residual footprint and for the assessment of the performance of internal measures taken to reduce emissions. The GHG performance in terms of reduced Scope 1 emissions is assessed and discussed biannually during two out of four board-meetings scheduled per year. Aligned to international best practices for financial institutions, Nedbank subscribes to the Equator Principles which provides guidance on assessing the impact of its portfolio's projects on climate change. The Equator Principles are only applicable to project finance geared transactions. One of the Equator Principles is the requirement for a climate change impact assessment where projects exceed a certain carbon dioxide equivalent (CO_2e) threshold. Nedbank, in certain instances, will assess a project finance transaction and include a climate change assessment regardless of the CO_2e threshold. This approach was applied previously on project finance deals and was accepted by the client, despite the project not exceeding the Equator Principle threshold. Furthermore, Nedbank applies integrated climate risk processes and the Social Environment Management System (SEMS). This approach is in line with the TCFD requirements.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Relating to Disclosure:

The text answer follows.

Relating to Awareness:

Description of where in the organisational structure the committee lies:

The board's role is to monitor, approve, provide oversight and review the defined climate-related risks and opportunities translating into governance, strategy, risk management, as well as metrics and targets to ensure we remain relevant, enabling our operations to be aligned with global best practice.

A standalone committee of the board, the Group Climate Resilience Committee (GCRC,) was established on 1 October 2020, and focuses purely on climate-related risks and opportunities. The first Group Climate Resilience Committee meeting was held in March 2021, chaired by an independent non-executive director. The committee will meet every quarter or more frequently if required. Historically, climate change was housed within the governance structure of the Group Transformation, Social, and Ethics Committee (GTSEC). With the renewed focus on climate change, the DAC temporarily oversaw climate-related risks and opportunities during 2020 until the Group Climate Resilience Committee came into effect.

Clear rationale for why responsibility lies with this committee:

The Group Climate Resilience Committee has monitoring, steering and decision-making responsibilities informed by the Group Climate Resilience Committee charter. The Group Climate Resilience Committee (GCRC) will, at a minimum, oversee those risks and opportunities listed in the Climate Risk Management Framework (CRMF) and the GCRC charter. The Group Climate Resilience Committee therefore oversees overall climate risk management and opportunities, which facilitates monitoring progress against goals and targets). The mandate includes functions to adopt additional measures in light of changing business (including three-year group business planning), regulatory, strategic, risk or other conditions.

As climate-related risks and opportunities span various risk types, oversight of them remains incorporated across the various board committees to ensure effective and efficient governance. Other board committees may also be required to oversee climate-related matters, given that climate change impacts aspects across the mandates of various board subcommittees.

Nedbank continuously monitors its carbon footprint, which gets externally audited as part of the annual audit process. The residual carbon footprint remaining after reduction initiatives have been implemented, is offset so that Nedbank can claim carbon neutral status. Nedbank has been carbon neutral since 2010.

Relating to Management:

Company specific description of responsibilities of the Group Climate Resilience Committee**:**

The Group Climate Resilience Committee shall at a minimum exercise oversight over those risks and opportunities listed in the CRMF which shall include the consideration, assessment, recommendation and making of decisions relating to:

Description of the Group Climate Resilience Committee's climate-related issues assesment and monitoring process:

1.1 Oversight and steering of overall climate risk management and opportunities

1.1.1 Monitoring the implementation and ongoing maintenance of the Climate Risk Management Framework and the adoption of best practice in climate-related risk management to ensure risks are properly identified, evaluated/measured, managed and monitored on an on-going basis;

1.1.2 Identification of any build up and concentration of the various risks, including emerging risks, to which the Group, banking, insurance and asset management entities are actually or potentially exposed;

1.1.3 Development of a risk mitigation strategy to ensure that the Group, banking, insurance and asset management entities manage the climate-related risks in an optimal manner;

1.1.4 Ensuring that a formal risk assessment is undertaken at least annually and to monitor that the Climate Risk Management Framework risk assessment methodology is implemented, maintained and reported effectively throughout the Group;

1.1.5 Identifying and regularly monitoring all key climate-related risks and opportunities to ensure that the decision-making capabilities and accuracy of its reporting is maintained at a high level, and

1.1.6 Optimising Nedbank's market positioning and branding as a leader in sustainability, including that related to climate change.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	Nedbank has annual reduction targets and longer-term reduction targets. If these targets are met then the corporate executive team, and their subordinates, are eligible for monetary rewards as part of their Goal Commitment Contracts that were applicable for the reporting year.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as the default investment option for all plans offered	Nedbank employment-based retirement schemes frequently invest in equities listed on the Johannesburg Stock Exchange. Certain ESG ratings are considered to be listing requirements. By implication, the employment-based retirements schemes have some ESG ratings built in by default.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	2	Nedbank distinguishes between short- medium- and long-time-horizons aligned to internal frequencies in which risk-assessments are conducted. Risk-assessments for operational and financial planning are conducted more frequently then assessments related to strategic and capital planning. During each risk-assessment, climate-related impacts are considered. Due to the nature of climate change, different types of risks can be identified which need to be addressed using suitable time-frames that are not similar to all risks presented by climate change. Short-term is seen as imminent.
Medium-term	2	5	This timeline is somewhat longer, but relative short compared to other industries.
Long-term	5	20	This time horizon is considered to be very speculative. The long-time frame involves the ultimate goal to reduce all scope 1, 2, 3 emissions and put measures in place enabling adaptation to higher temperatures and more frequent natural disasters.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

A definition of 'substantive financial or strategic impact' when identifying or assessing climate-related risks:

Nedbank endorses the objectives of both the United Nations Framework Convention on Climate Change (UNFCCC) and of the Paris Agreement, which aim to prevent dangerous anthropogenic interference with the climate system by limiting the global average surface temperature rise to well below 2 ˚C compared to the pre-industrial levels.

As discussed in Nedbank's Taskforce on Climate-related Financial Disclosure (TCFD) report, a substantive impact on Nedbank's business could be the International Energy Agency's "**2,7ºC to 3,2ºC** > stated-policies scenario. This scenario reflects the impact of existing policy frameworks and the bank's announced energy policy intentions and the resulting detrimental temperature increase is defined as a 'substantive financial' impact including massive 'strategic impact.'

Nedbank's approach to climate change is guided by our Sustainable Development Framework, which is informed by the United Nations Sustainable Development Goals (SDGs). The SDGs define the 'good' in our purpose by providing a powerful lens to identify risks and opportunities for new business innovation and growth. We understand that socioeconomic development imperatives cannot be achieved unless climate change is also addressed. It is not a matter of either/or, but rather of both or neither.

A description of the quantifiable indicator(s) used to define substantive financial or strategic impact:

As per a climate change resolution tabled by the Nedbank Board in 2020, which was and unanimously and favourably voted for at our recent AGM, Nedbank will report on the bank's approach to measuring, disclosing and assessing its financial exposure to climate-related risks. This will inform shareholders of the group's journey in assessing its lending activities, investment practices and own operations in relation to climate related risks and opportunities over time as standards, guidelines and principles on climate risk mature. In particular, Nedbank is committed to maturing the group's alignment to global best practices including, inter alia, the Taskforce on Climate-related Financial Disclosure (TCFD).

Nedbank is committed to tracking and managing our own operational, lending and investment impact. Impact will be measured in financial term and Nedbank aims to have zero exposure to all fossil-fuel-related activities addressed in accordance with our Energy Policy by 2045. We will continue to fund the transition to renewable and embedded energy solutions (ie renewable energy, embedded energy and other technologies as they develop over time).

The lending book impact will be measured as disclosed in the TCFD report stating that Nedbank committed R37,2bn limits at 31 December 2020 and has appetite to increase this to R50bn for the South African renewable energy independent power producer programme. Nedbank will further its embedded generation financing to accelerate the transition and accordingly aims to achieve R2bn in financing by 2022.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Description of the process used to determine which risks and/or opportunities could have a substantive financial or strategic impact AND description is consistent with the dropdown options selected: Climate risk is systematic and climate-related risk management requires close collaboration between business, risk functions, and other support functions across the organisation. Nedbank integrates climate-related risk management across various functions, including existing governance forums. Hence, the climate change risk management process is integrated into the bank’s multi-disciplinary company-wide risk management processes. The operationalization of climate-related risk management is guided by the Climate-related Risk Management Framework (CRMF). Climate-related risk assessment is the process used to identify and understand risks relating to climate change for Nedbank. The risk assessment consists of the identification, assessment, measurement, and analysis of potential threats and vulnerabilities. We maintain an ongoing climate-related risk assessment process. The Nedbank climate-related risk management process : The CRMF is supported by the climate-related risk management process that provides details of activities and processes that form the foundation of climate-related risks. The climate-related risk management process enables Nedbank to effectively minimize downside risks and optimize upside risks. The climate-related risk management process consists of five interlinking steps that form a holistic basis for climate-related risk management. These five steps are: Step 1: Climate-related risk drivers: Identify and assess external and internal climate-related risk drivers that impact the environment in which we operate. Step 2: Climate-related risk governance components: The process includes the following components to identify, manage, monitor and measure the group’s approach to managing climate related risks: • Nedbank's CRMF is aligned with and able to be mapped to the group's strategic goals and SDGs to support the business goals. • The CRMF guides the execution of climate resilience in alignment with the group's risk appetite (ie size and scope). Step 3: Data and information: The climate-related data will be acquired, created, stored, used, maintained and retired in accordance with Nedbank data management governance standards, policies and frameworks. Step 4: Climate-related risk cyclical process: The climate-related risk management process is cyclical in nature and subject to continuous improvement, in keeping with the evolution of climate-related risk management, new capabilities, and vulnerabilities. Nedbank remains agile in the transition to a net-zero carbon economy. Step 5: Climate-related risk standards: Climate-related risk standards guide the basic aspects that must be in place across all the facets of the operations across the enterprise. A case study of how the described process is applied to Physical risks and/or opportunities: South Africa is a semi-arid country and chronic water shortages are common in certain parts of the country. Nedbank has a large retail banking branch footprint within South Africa. Adverse whether events in the past have led to a lack of running water at the branch facilities. The result was that ablution facilities could not operate properly and the physical risk (severe drought and lack of rain) had a direct physical impact on how the branch network had to be operated. The result was an increase in onsite water storage where practical and the sequential phasing in of lower water consuming ablution equipment. The process followed had to include the identifying, quantifying and assessment of the physical risk, following the steps set out above. Afterwards the capital had to be applied for and measures were put in place to reduce the risk of future events. One example of a water use reducing technology that was employed in 2020 is the ‘propelair’ (low water use toilets) installed at Nedbank facilities. A case study of how the described process is applied to Transitional risks and/or opportunities: Changes in policy and regulation are seen as major transition risks that could entail increased pricing of GHG emissions and enhanced emissions-reporting obligations. Nedbank has responded to this pre-emptively as Nedbank has been operationally carbon neutral since 2010. The result is that the necessary operational carbon accounting processes were in place when the domestic carbon tax came into effect in 2019. Furthermore, Nedbank voluntarily published a TCFD report to report in 2020. This step was taken in advance of any mandatory requirements, such as requirements imposed by regulations related to before the further or enhanced emissions-reporting is becoming a regulatory requirement.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Current regulation is included in Nedbank's risk assessment since several regulations, directly aimed at climate-related issues, are in place in South Africa and were promulgated during the reporting year. It is essential that this risk type is assessed in detail as part of the ERM process as to quantify the climate-related risk. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Company specific examples of this risk type, considered in the assessment: One example is the current South African Vehicle Carbon Emission Tax, which results in a greenhouse gas tax on the purchase price of new vehicles. The impact of this regulation risk is that it can increase costs involved with renting cars. It can also increase costs along the supply-chain and as such impact projects in Nedbank's funding-portfolio. This current regulation is assessed, and the risk is quantified as part of the ERM process. Another example is the recent promulgation of a number of regulations, including the National Greenhouse Gas Emission Reporting Regulations. These regulations could imply compliance risk in terms of Nedbank's reporting requirements as well as compliance risks along the value-chain impacting on projects within Nedbank's portfolio.
Emerging regulation	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Emerging regulation is included in Nedbank's risk assessment since regulations, directly aimed at climate-related issues, are emerging in South Africa and will potentially impact Nedbank's balance sheet. It is essential that this risk type is assessed in detail as part of the ERM process as to quantify the climate-related risk. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. A company specific example of this risk type considered in the assessment is the evolving South African Domestic Carbon Tax, which will result in a potentially increased tax liability for Nedbank and its clients. The increased tax liability lies in the fact that this emerging regulation imposes a fee on each tCO_2e emitted by a tax liable entity. As part of Nedbank's ERM process, developments around this emerging regulation are assessed regularly including ongoing quantification of the associated risk upon the entering into force in 2019.
Technology	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Technology is included in Nedbank's risk assessment as a result of climate-related issues including regulations, physical events such as flooding, etc. Technology innovation is required to help the economy adjust to a low carbon emission system and overcome these climate related issues and obstacles. Technological innovative developments can contribute in lowering a business' carbon footprint and hence reduce regulation-related risks. Technology can also reduce risk of discontinued operations through delivery of innovative solutions including improved infrastructure and accessibility of sites during extreme weather events, etc. In addition, technology can help curb reputational risk as a result of negative publicity caused by e.g. non-compliance, etc. Because of how technology can indirectly reduce other perceived risks it is essential to include this risk type to be assessed in detail as part of the ERM process as to quantify the climate-related risk. Another feature of technology developments, including in the area of climate-related issues, is that companies will apply for funding for realising their technological solutions to climate-related problems and/or business-interruptions. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. A company specific example of this risk type, considered in the assessment constitutes the potential of carbon capture and sequestration (CCS) as part of South Africa's greenhouse gas mitigation plans. Nedbank could be asked to fund a CCS initiative. It is therefore crucial for Nedbank to keep abreast of technological developments and to ensure that the risk of these technologies are included and assessed correctly as part of the ERM process.
Legal	Relevant, always included	Company –specific response relating to Nedbank: How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: It is essential that all legal matters such as potential climate-related litigation claims are assessed in detail as part of the ERM process used to quantify the climate-related risk. The potential risk for Nedbank with regard to this risk type is illustrated by the following company-specific example: Historically Nedbank funded coal mines, coal fired power stations. Nedbank has progressively started to fund renewable energy projects to a greater extentthan fossil fuel projects. It is crucial for Nedbank to continuously assess, as per this example, the legal risks associated with funding of coal mines and the use of thermal coal regarding any potential climate-related litigation claims.
Market	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: "Market" has been identified as a climate-related risk type and is included in Nedbank's risk assessment. This is important because Nedbank recognises that the transition to a low carbon economy is impacting the dynamics of supply and demand for certain commodities, products and services and has therefore potential to have an impact on the services and products provided by Nedbank. Hence it is essential that all market shifts in supply and demand for certain commodities, products, and services be assessed in detail as part of the ERM process as to quantify the climate-related risk for Nedbank. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. A company specific example of this risk type being considered in the assessment: With the global transition towards a low carbon society, demand for commodities with large carbon footprints could be decreasing. For example, the demand for steel produced in South Africa could reduce or face environmental pressure because South African steel comes with a high carbon footprint per tonne steel produced due to the South African thermal coal-based electricity grid. Globally customers are increasingly aware of the environmental footprints of products and this forces suppliers to reduce the carbon footprint along the value-chain. Nedbank being a full suite bank and offering products from the retail banking side to capital and investment banking, will feel this change inherently as a significant part of its historic project portfolio is established by high polluting operations.
Reputation	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Nedbank is the first carbon neutral bank in Africa. It is essential that reputational risk, defined as all risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy be taken into account so that Nedbank can maintain its market position. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Company specific example of a risk considered in the assessment: Nedbank is the first carbon neutral bank in Africa. It achieved this milestone in 2010 and has been able to maintain its carbon neutral status since then. Carbon neutral status is achieved by calculating the carbon footprint of the bank, reducing it as much as possible and offsetting the remainder of the carbon footprint with offset credits. The carbon neutral status is also externally audited as part of the financial audit. Nedbank's reputation within the 'green' or sustainability field is well known. Hence it is crucial to manage all reputational risks as to ensure the "green" credibility of the bank including its carbon neutral status. All risks tied to changing customer or community perceptions of Nedbank's contribution to or detraction from the transition to a lower-carbon economy are carefully monitored as indicated with the carbon neutrality initiative.
Acute physical	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Nedbank is primarily based in South Africa, which is defined as a semi-arid country. The predominant acute physical risk is an extended drought period followed by flooding. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Company specific example of a risk considered in the assessment: In the recent past, the Southern Cape experienced an acute drought, which implied that the ablution facilities within a Nedbank branch could only be used periodically. This illustrated the vulnerability and risk that Nedbank faces due to acute weather events and the result is that these types of acute events, like droughts, are considered as part of the ERM process within Nedbank. Moreover, along its value chain, projects funded by Nedbank could be forced to pause or cease operation as a result of the lack of this important resource (water). In turn this could potentially impact Nedbank's balance sheet directly. It is for these potentially substantive risks that Nedbank has to include this type of risk in its risk assessment processes both at asset and at company-wide level.
Chronic physical	Relevant, always included	Company –specific response relating to Nedbank: Decision on the relevance and inclusion of this risk type in the risk assessment, in line with organisational process(es) described in C2.2b: Nedbank is primarily based in South Africa, which is defined as a semi-arid country. Most long-term climate models are in agreement that the western half of the country will progressively become dryer whereas the eastern seaboard could experience more extreme flooding. These longer-term shifts in the climate are not ignored by Nedbank. Another threat specific to South Africa and companies operating on its market is that the effective local rise in temperature is 2 to 3 times the global average. This implies drastic changes in South Africa's agricultural activities if not coming to a halt. How risks/opportunities are assessed at a company level: Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Company specific example of how these risks are considered in the assessment: The Western Cape province is experiencing a severe drought and, as indicated above, the consensus from longer-term climate models is that this part of the country will receive less rain as the impacts of climate change become more visible. Nedbank continuously evaluates the risks associated with this chronic physical change, which impacts lending decisions and shifts business focus. One example of a shift will be funding potential seawater desalination projects on the west coast of South Africa. Another company specific example, tying in with the effective temperature rise in South Africa that comes with global warming, is that prior to lending moneys to help funding agricultural activities, the projects in question will be heavily scrutinized to assess the resilience of their operations against future sustained higher temperatures.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	Why the portfolio's exposure to climate-related risks and opportunities are not currently assessed: Work has started to assess the portfolio's exposure, but has not progressed far enough to disclose by the end of the 2020 reporting year. How we plan to assess the portfolio's exposure in the future: During the reporting year Nedbank continued to assess its portfolio against climate-related risks and opportunities. Nedbank is developing sector-specific emissions-profiles which are used to measure climate change impacts of activities in its portfolio thus quantifying Nedbank's exposure to climate-related risks and opportunities. As a result. the thermal coal policy and energy policy were developed, specifying timelines for Nedbank's withdrawal from this market segment. This process will be expanded on going forward to assess the entire portfolio of the bank."
Investing (Asset manager)	No, but we plan to do so in the next two years	Why the portfolio's exposure to climate-related risks and opportunities are not currently assessed: Work has started to assess the portfolio's exposure, but has not progressed far enough to disclose by the end of the 2020 reporting year. How we plan to assess the portfolio's exposure in the future: Some aspects are already being investigated and expanded on in 2020 onwards. A climate risk task team and Executive Committee have been constituted to assist with this.
Investing (Asset owner)	Yes	The exposure to climate-related risks and opportunities are evaluated before Nedbank invests in assets, like its own building portfolio. The carbon footprint, energy and water use are assessed as part of the investigation into purchasing the asset.
Insurance underwriting (Insurance company)	Yes	Nedbank uses South African specific location data to identify high risk areas, for storms in particular, and prices the additional risks into the premium basis. The risk of a single event with multiple exposures is further reduced through a reinsurance program.
Other products and services, please specify	Not applicable	Please refer to product categories above.

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Majority of the portfolio	Qualitative and quantitative	The exposure to climate-related risks and opportunities are evaluated before Nedbank invests in assets, like its own building portfolio. How 'portfolio coverage' is defined: Owned real estate will be the definition of the portfolio in this case. A description of the tools used to assess the portfolio's exposure to climate-related risks and opportunities: The carbon footprint, energy and water use is assessed as part of the investigation into purchasing the asset. One tool that is frequently used is a life cycle assessment of the property/real estate being investigated as to ascertain the environmental impact and cost.
Insurance underwriting (Insurance company)	Majority of the portfolio	Quantitative	How 'portfolio coverage' is defined: The portfolio is defined as Nedbank Insurance. A description of the tools used to assess the portfolio's exposure to climate-related risks and opportunities: Various tools are used throughout the bank. In the case of Nedbank Insurance, tools are developed based on the actual experience of the insurance client book across the country. In this case models/tools incorporate the frequency of events as well as severity of the events.
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	This process has started, but will expand in future to include more areas of the bank and a larger client base. The current Social and Environmental Management System (SEMS) will be expanded to assess more transactions.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	Some aspects are already being investigated, but this was expanded on in 2020 and the expansion will continue. The newly formed Group Climate Resilience Committee is ultimately the leadership committee that was formed to assist with this.
Investing (Asset owner)	Yes	Majority of the portfolio	The exposure to climate-related risks and opportunities are evaluated before Nedbank invests in assets, like its own building portfolio. The carbon footprint, energy and water use are assessed as part of the investigation into purchasing the asset.
Insurance underwriting (Insurance company)	Yes	All of the portfolio	In some cases external models or tools are also used. As an example, flooding is an infrequent event and the data is scant. Using the flood models from reinsurers provides us with an effective manner to quantify and manage the risk.
Other products and services, please specify	Not applicable	<Not Applicable>	Please refer to product categories covered above.

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Majority of the portfolio	There is a timber finance credit standard that guides the direct lending in this class. Also, Biodiversity, Natural Capital and Biosafety is assessed through the IFC Exclusion List and other measures.
Investing (Asset manager)	Not applicable	<Not Applicable>	Nedbank does not currently own or manage substantial forestry interests.
Investing (Asset owner)	Not applicable	<Not Applicable>	Nedbank does not currently own or manage substantial forestry interests.
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	<Not Applicable>	The biggest risk to the insurance portfolio from being exposed to forests, is fire. We do price separately for this specific risk, in a similar way to the storm exposure, using frequency and severity models. Frequency however is a lot lower, but severity is substantially higher as in most cases it is a total loss.
Other products and services, please specify	Not applicable	<Not Applicable>	Please refer to product categories above.

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	Yes, for some	Th Capital and Investment division can request climate related information from some clients that trigger certain events or as deemed necessary
Investing (Asset manager)	No, but we plan to do so in the next two years	Currently most of the transactions will be done in geographical areas for which Nedbank can assess the risk internally. The result is that limited external input is required from clients at this stage. It is foreseen that the input sourced from clients could be expanded.
Investing (Asset owner)	No, but we plan to do so in the next two years	Currently most of the transactions will be done in geographical areas for which Nedbank can assess the risk internally. The result is that limited external input is required from clients at this stage. It is foreseen that the input sourced from clients could be expanded.
Insurance underwriting (Insurance company)	Yes	Yes. By inference, the geographical location of the property is a good indicator as to the risk exposure. This is based on existing models with historic data as input.
Other products and services, please specify	Not applicable	Please refer to product categories above.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

Operational risk

Company-specific description

The implemented domestic carbon tax will have a definitive financial impact on Nedbank's direct operations. The domestic carbon tax is seen as a carbon pricing mechanism and transitional risk resulting in an increased operational cost. As example, the liquid fuel used in Nedbank's standby electricity generators could be taxed, which will result in an increased operational expenditure.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)
47561

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In its simplest form the proposed domestic carbon tax could potentially tax fossil fuel based liquid fuel at R12/tCO2e. Audited and published data indicates that the liquid fuel used in equipment (generators) owned or controlled by Nedbank resulted in 943.67 tCO2e. At a proposed tax rate of 40% of the R126/tCO2e, if applied to liquid fuel and potential rebates, this could result in an increased operational expenditure of (R126 x 943.67 tCO2e x 0.4 =) R47,561. The impact will be an increased operational expenditure. This is an indicative estimate of a potential impact.

Cost of response to risk
0

Description of response and explanation of cost calculation
Nedbank has implemented two actions to manage the risk associated with the domestic carbon act. The first action constitutes actively reviewing of the content and participating in the development of the domestic carbon tax act and amendments. The involvement includes Nedbank participating in various industry bodies, including the Banking Association of South Africa, in order to be informed about the implemented domestic carbon tax and any future amendments. Through this action Nedbank stays on top of the current and proposed content of the act which provides for clear understanding and capacity to anticipate to the associated risks in the most cost-effective way. The second action that is being implemented is to actively reduce fossil fuel consumption. This action involves energy efficiency measures including intensification of the maintenance regime of equipment such as generators. The cost involved with this action is calculated to be zero since maintenance staff was already part of the facilities teams. Moreover, improved efficiency of generators reduces the demand for fuel which in turn drives down costs involved with procurement of fossil fuels.

Comment
Please see information above. This is an indicative estimate of a potential impact.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Reputation	Shifts in consumer preferences

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Reputational risk

Company-specific description
Nedbank has positioned itself as a 'green' or sustainable bank by means of various long-term initiatives, including obtaining carbon neutral status in 2010 and maintaining this status year-on-year since then. As a result, Nedbank attracts a client-segment that is conscious in terms of the environment and sustainability. With this comes the direct risk that Nedbank could lose this client-segment should a disconnect be perceived between Nedbank’s market position and real action. Consequently this could result in decreased demand for Nedbank's services.

Time horizon
Medium-term

Likelihood
Very unlikely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
2055000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Nedbank's operating income for 2020 was approximately R41.1 billion. A severe negative reputational impact could significantly impact the revenue side of Nedbank without decreasing the expense side at all. The result is that severe negative backlash from the customer base could result, in accordance with estimates, as much as a 5% loss of operating income or as much as R2,055,000,000. This is an indicative estimate of a potential impact.

Cost of response to risk
10000000

Description of response and explanation of cost calculation
Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group’s risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Nedbank’s method to manage this risk is by taking a proactive stance to fund initiatives that will enhance the resilience of the Western Cape to changing weather-patters including increased frequency of drought-periods. An

example is Nedbank's allocation of funding to desalination plants and other water freeing initiatives. Costs involved with the management of this risk are based on an estimation of the hours involved by Nedbank's entities that are tasked with identification of projects that enhance resilience among its clients to the increased frequency of water shortages. The estimated number of hours spend is translated into a financial cost amounting approximately R10,000,000.

Comment
Please see information above. This is an indicative estimate of a potential impact.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Chronic physical	Water stress

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
Funding risk

Company-specific description
Most current climate change models are in agreement that the western part of South Africa will progressively get dryer. Receiving progressively less rain and precipitation is a physical chronic risk that adversely impacts agricultural businesses/endeavours. Nedbank is a credit provider to agricultural endeavours in the drought stricken Western Cape of South Africa and hence this is an indirect risk to Nedbank, but a direct risk to Nedbank's customers.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
182000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
It was stated in the media (timeslive.co.za, 25 January 2019) that the 2018 aggregate loss in turnover in the agriculture sector in South Africa was R7,000,000,000. The assumptions related to the potential financial impact of this risk are base d on these reported figures. This is due to the lower output as a result of the drought. Nedbank has about 20% of the market and if it did not obtain an estimated 13% return on this market segment then the loss to the bank could amount to R182,000,000. This is an indicative estimate of a potential impact.

Cost of response to risk
10000000

Description of response and explanation of cost calculation
Nedbank Group follows a policy of enterprise wide risk management (ERM), which integrates risk, finance and balance sheet management across the group's risk universe. This process integrates various legal entities and business units so as to provide a company level assessment. Nedbank is taking a proactive stance to fund initiatives that will enhance the resilience of the Western Cape and the rest of South Africa to weather droughts. These droughts are a growing physical climate change risk that could result in the loss of revenue for Nedbank and its clients. One example of how Nedbank is rising to the challenge is the increased effort that the funding of desalination plants and other water freeing initiatives are receiving. Costs involved with the management of this risk are based on an estimation of the hours involved by Nedbank's entities that are tasked with identification of projects that enhance resilience among its clients to the increased frequency of water shortages. The estimated number of hours spend is translated into a financial cost amounting approximately R10,000,000.

Comment
Please see information above. This is an indicative estimate of a potential impact.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Nedbank-specific description: Further context on the opportunity driver, including more detail on the exact nature, location, and/or regulation of the effect concerned, as well as any notable geographic/regional examples: It is expected that the demand for lower emissions products and services will increase as a result of the implemented domestic carbon tax. Through the carbon tax legislation, carbon emissions will come at a cost to a business. The opportunity exists for Nedbank to develop new products and services that enable companies to reduce their tax burden. By playing an active role through interacting with government representatives as well as taking part as a member of various industry bodies, including the Banking Association of South Africa, in the carbon tax debate, Nedbank keeps up to date with the financial implications of the draft carbon tax bill on its clients' bottom-line. Through this knowledge, Nedbank is in an excellent position to develop lower emissions products and services. These services will inherently align with the UN's Sustainable Development Goals (SDGs) to get 'money working for the future we want'. The domestic carbon tax will be nationally applicable to South Africa. Nedbank-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations specific to the company's business or operations: As a bank, Nedbank will be uniquely positioned to offer advanced products and services related to the domestic carbon tax. This could include advisory services and trading in offset mechanisms. Initially these products and services will be focussed on the South African market. Nedbank has actively been informing its clients and communicating its view point with regards to the development of the carbon tax with the aim of being a thought leader and preferred service provider for products and services relating to the domestic carbon tax. Through its ratification of the Paris Agreement in November 2016, South Africa has committed to limiting its national greenhouse gas emissions to a range of between 398-614 MtCO2e over the period 2025-2030. Nedbank's decision to align its strategy with the UN Sustainable Development Goals lines up perfectly with this national target that South Africa has set as its share in the global effort to combatting climate change.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
180000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The national electricity supplier in South Africa is responsible for emitting approximately 225 MtCO2e per annum. Should these emissions be taxed in accordance with the carbon tax legislation and other streams, this then could amount to a tax liability of approximately R36 billion due to electricity generation only. If Nedbank only sees 5% of this flowing through the bank and 10% profit is made on this, it will result in an R180 million profit. The scale and direction of the opportunity will increase as the certainty surrounding the proposed carbon tax increases. This is an indicative estimate of a potential opportunity.

Cost to realize opportunity
150000

Strategy to realize opportunity and explanation of cost calculation
All risks and opportunities are managed through an integrated process within Nedbank. The specific opportunities relating to playing an active role in developing the carbon tax regulatory field and the subsequent client product offerings will be mainly focused in the Sustainability and Strategy departments of Nedbank. The methods to manage these opportunities include internal and external research as well as pilot studies within the Nedbank facilities and the related to actively understand the potential impacts of a carbon tax. Nedbank has engaged with various government departments to assist with the implemented carbon tax regulatory framework and any future developments. From a client base perspective, Nedbank frequently interacts with the high electricity consumption sector of the client base (the Energy Intensive User Group). Nedbank has aligned its long-term goals with the UN Sustainable Development Goals (SDGs) to differentiate its business products and services by shaping a thriving macro environment for the better and maximise opportunities presented by a proposed carbon tax. An example of current and future SDG alignment in action is Nedbank's renewable-energy financing solutions that helps farmers and their agribusinesses to avoid escalating electricity costs and potential carbon tax implications while at the same time achieving the long-term goals of stabilising atmospheric greenhouse gases, providing affordable access to modern energy services, and improving food security. The risk management and subsequent development of opportunities occurs within integrated structures. Subsequent standalone studies are however conducted on an ad hoc basis by expert specialists. Work started as early as 2017 and continued throughout 2020 with the costs remaining the same as stated in as approximately R150 000. The outcomes of these endeavours are being implemented. This is an indicative estimate of a potential opportunity.

Comment
The risk management and subsequent development of opportunities occurs within integrated structures. Subsequent standalone studies are however conducted on an ad hoc basis by expert specialists. Work started as early as 2017 and continued throughout 2020 with the costs remaining the same as stated in as approximately R150 000. The outcomes of these endeavours are being implemented. This is an indicative estimate of a potential opportunity.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced direct costs

Company-specific description
Further context on the opportunity driver, including more detail on the exact nature, location, and/or regulation of the effect concerned, as well as any notable geographic/regional examples: Nedbank believes that a clear reputational and brand equity opportunity exists by addressing climate change issues proactively. Proactive climate change action will translate into increased shareholder value as proactive climate action will enable effective management of climate-related risks. Demonstrated and effective risk management is a well-established criterion that investors require before investing. The description below deals with monetary savings associated with moving to more energy efficient buildings. Specific to Nedbank: Nedbank has realised the reputation of being a thought leader in the climate change and sustainability space. This reputation is widespread among businesses within South Africa's geographic boundaries and through its cross-border products and service offerings expanding to all geographical locations where Nedbank has a presence. Furthermore, being in more energy efficient buildings will have a clear cost saving from reduced energy consumption. Nedbank-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations specific to the company's business or operations: An example of this is the fact that Nedbank was the first carbon neutral bank in Africa. If less energy and less greenhouse gas intensive energy is used then the resulting carbon offsets will be reduced. Both the carbon offsets and the energy intensive energy cost can be reduced if managed well. Another example is Nedbank's alignment with the UN Sustainable Development Goals (SDGs) to differentiate its business products and services by shaping a thriving macro environment that enables "money to work for the future we want". Nedbank has made a strategic decision to lead in addressing climate change and hence Nedbank's reputation in this regard is of utmost importance and a great opportunity for market and associated product dominance. The primary geographical focus will be South Africa where after programmes will be expanded to all geographical locations where Nedbank has a presence.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
2300000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Nedbank has obtained carbon neutral status in 2010 and has maintained it. Maintaining and communicating its carbon neutral status is a key marketing and branding tool to increasingly attract more clients. Nedbank is reducing its carbon footprint by progressively moving into energy efficient facilities. This means that the financial impact of maintaining its carbon neutral status is reduced as less emissions need to be offset through the purchase of carbon credits. Through this, Nedbank is saving costs associated with its direct operations, as a result of resource efficient actions to move into energy efficient office space and reducing office space. Furthermore it is also nurturing the opportunity to keep on bringing across an increasingly strong branding message of being a sustainable bank. Year on year about 51,500 tCO2e was reduced. The result was a saving in carbon offsets of about R2,300,000. The opportunity exists to increase this saving as Nedbank occupies more energy efficient facilities in the future. The savings of R2,300,000 was calculated using an average carbon offset cost of R45/tCO2e multiplied by the 51,000 tCO2e. This is an indicative estimate of a potential opportunity.

Cost to realize opportunity
150000

Strategy to realize opportunity and explanation of cost calculation
Nedbank follows an integrated enterprise –wide risk management approach. A number of different units are tasked with managing the opportunities associated with reducing operating costs linked to climate change, including the dedicated Sustainability team and the Group Communication unit. The Transformation, Social and Ethics Committee (GTSEC) and Group Climate Resilience Committee (GCRC), that are also Nedbank Board members, remains ultimately responsible for the oversight of the management of all sustainability related risks and opportunities. The strategy entails assessing the energy use of all potential future facilities that Nedbank could occupy as part of the risk assessment before Nedbank decides to buy or lease a facility. The cost of potential energy use and the carbon footprint of a facility forms part of the estimated operating cost. The assessment and development of models to ascertain the potential carbon footprint and electricity consumption mainly falls within existing business structures, so most of the costs are absorbed already. Subsequent standalone studies are however conducted on an ad hoc basis by expert specialists. The work started in 2017 continued into 2020 and these costs were approximately R150 000. These opportunities are being implemented. This is an indicative estimate of a potential opportunity.

Comment
The assessment and development of models to ascertain the potential carbon footprint and electricity consumption mainly falls within existing business structures, so most of the costs are absorbed already. Subsequent standalone studies are however conducted on an ad hoc basis by expert specialists. The work started in 2017 continued into 2020 and these costs were approximately R150 000. These opportunities are being implemented. This is an indicative estimate of a potential opportunity.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Resilience

Primary climate-related opportunity driver
New products and services related to ensuring resiliency

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Further context on the opportunity driver, including more detail on the exact nature, location, and/or regulation of the effect concerned, as well as any notable geographic/regional examples. The changing precipitation patterns in South Africa is concerning for the agricultural sector, but it also affords new opportunities. Adapting to changing mean precipitation patterns could lead to financing opportunities that did not exist previously. Nedbank-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations specific to the company's business or operations: A significant segment of Nedbank's client-base deals with agricultural activities. Although changing weather patterns and reduced precipitation levels in the Western Cape are a great risk to the sector, for Nedbank the opportunity lies in facilitating its clients to research and develop new crops that are resilient to periods of drought. At the same time Nedbank can facilitate established food-producers such as vineyards to explore new locations where the conditions for growing of produce e.g. grapes is more favourable.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
42000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Changing weather patterns in South Africa have resulted in a shift of agricultural activities to regions that were previously considered to be unattractive but are now sought after due to improved temperature conditions. For example, new vineyards are being established in previously unfavourable locations. The South African wine industry contributes approximately R14 billion per annum to the Western Cape Province. The scale of the opportunity for Nedbank and the direction is estimated to be a 30% market share and with a 1% profit on that market share, the potential profit is R42 million. This is an indicative estimate of a potential opportunity.

Cost to realize opportunity
320000

Strategy to realize opportunity and explanation of cost calculation
Opportunities are managed through an integrated sustainability management approach. Specific opportunities relating to the development of new products and services, driven by potential changes in physical climate parameters, are coordinated by a dedicated Sustainability Team. This team is tasked with cascading the policies, procedures and sustainability considerations into all areas and activities of the group. The members of this Sustainability Team sit on many other Nedbank committees, which ensures that sustainability issues are considered and integrated in the decisions these committees make. The sustainability team is being overseen by the Group Executive Committee and is supported by the Strategy and Sustainability departments. The responsibility for development of the products and services lies with the relevant business cluster and progress against such is monitored by way of performance scorecard measures. An example of maximising a potential opportunity is that changing weather-patterns may affect the grape growers in the Western Cape and in the rest of South Africa. This will in turn affect the wine industry, as grapes are the primary input. It is possible that different vintages could be grown in the future, resulting in exciting new wine offerings for the domestic and international market. Nedbank's agricultural business department can then potentially benefit from financing nonconventional endeavours in this space. The development of opportunities based on changes in weather-patterns mainly falls within existing business structures so most of the costs are absorbed already. It is estimated that these costs were approximately R320 000 for 2020. These opportunities are being implemented. This is an indicative estimate of a potential opportunity.

Comment
The development of opportunities based on changes in weather-patterns mainly falls within existing business structures so most of the costs are absorbed already. It is estimated that these costs were approximately R320 000 for 2020. These opportunities are being implemented. This is an indicative estimate of a potential opportunity.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	Yes, we intend to include it as a scheduled AGM resolution item	The following ordinary resolutions were developed in 2020 to be presented at the AGM in 2021: ORDINARY RESOLUTIONS 6.1 AND 6.2 – Adopting and publicly disclosing an energy policy; and Reporting on the company's approach to measuring and assessing its exposure to climate-related risks.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
IEA Sustainable development scenario IEA NPS IEA CPS	Regarding Awareness: How Nedbank's selected scenario(s) were identified, with reference to the inputs, assumptions and analytical methods used: The inputs and the targets were based on financial exposure within a sector. More will be said about this in the timeline discussion below. The major assumption was also set as major targets, being: 2045 Nedbank aims to have zero exposure to all fossil-fuel-related activities. 2050 100% of our lending and investment activity supporting a net-zero carbon economy The analytical method used focused on quantifying the current and future exposure in financial terms and to track this. A description of the time horizon(s) considered, and why they are relevant to our organization: The following timelines and targets were committed to in our TCFD report: 2021 Continuing support of the South African Renewable Energy Independent Power Producer Procurement Programme within a R50bn limit. 2022 Aim to have increased financing for embedded energy projects up to R2bn. 2025 No provision of project financing for new thermal coal mines, regardless of jurisdiction. 2030 Thermal-coal funding reducing to 0,5% of gross total advances. 2035 No advancing of any new finance for oil production, regardless of jurisdiction. 2045 Nedbank aims to have zero exposure to all fossil-fuel-related activities. 2050 100% of our lending and investment activity supporting a net-zero carbon economy A description of the areas of Nedbank that have been considered as part of the scenario analysis: Nedbank tracks total financing in aggregate for coal mining companies, thermal-coal-related infrastructure, and thermal-coal-related trade to ensure this remains less than 1% of group total advances, reducing to 0,5% by 2030. At 31 December 2020 the thermal-coal ratio remained stable at 0,7%. Other GHG-intensive industries have been identified as: • Energy • Transportation • Material and buildings (commercial and residential) • Agriculture, food and forest products • Manufacturing Regarding Management: Nedbank specific description summary of the results of the conducted scenario analysis: The key outputs of the scenario analysis can be summarized as: Power generation: Nedbank's current energy portfolio is heavily tilted toward renewable energy in alignment with the Sustainable Development Scenario. It should be noted that most of the exposures are in the form of projects, which will have to be replaced by projects of similar value to remain within the Sustainable Development Scenario target. Upstream fossil fuels: Gas is viewed as a transition technology within the IEA scenarios due to its lower GHG emission factor. Nedbank will continue to finance natural gas production where it will play an essential role in facilitating the transition to a zero-carbon energy system by 2050. A description of how the results of the scenario analysis have informed business objectives and strategy: The thermal coal business objectives and strategy were directly influenced by the scenario analysis. The result is that Nedbank's thermal coal funding is tracked and the total financing in aggregate for coal mining companies, thermal-coal-related infrastructure, and thermal-coal-related trade to ensure this remains less than 1% of group total advances, reducing to 0,5% by 2030. At 31 December 2020 the thermal-coal ratio remained stable at 0,7%. A case study of how the results of the scenario analysis have directly influenced business objectives and strategy: Here again the specific targets within the thermal coal field acts as the best case study to illustrate direct influence of the scenario analysis: Nedbank tracks the total financing in aggregate for coal mining companies, thermal-coal-related infrastructure, and thermal-coal-related trade to ensure this remains less than 1% of group total advances, reducing to 0,5% by 2030. At 31 December 2020 the thermal-coal ratio remained stable at 0,7%. Regarding Leadership: Please see above.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Regarding Disclosure: Please refer to text answer below. Regarding Awareness: Clear rationale relating to Nedbank: Nedbank has a climate impact through its products and services. The strategic focus is set out in various disclosures. Climate-related risks and opportunities have directly influenced the bank's strategy and one example is the expansion of sustainability related products and serves that will be discussed below. Regarding Management: A description of how strategy in this area has been influenced by climate-related risks and opportunities AND the time horizon(s) it covers: As per Nedbank Group's Climate Change Position Statement, Nedbank remains committed to, over time, aligning strategy, policies and mandates with national obligations under the Paris Agreement, ensuring energy security alongside responsible credit granting. As part of Nedbank's ongoing commitment, the FINANCING POLICY ON THERMAL-COAL-RELATED ACTIVITIES has been adopted. This policy states that the total financing in aggregate for coal mining companies, thermal coal-related infrastructure, and thermal coal-related trade should be less than 1% of its Group Total Advances, reducing to 0,5% by 2030. A case study of the most substantial strategic decision made in this area to date that have been influenced by the climate-related risks and opportunities: The FINANCING POLICY ON THERMAL-COAL-RELATED ACTIVITIES and the exiting of this market segment is the most relevant and strategic case study. Expanding on above mentioned, the policy states that Nedbank undertakes to: Not provide financing to any new coal-fired power stations regardless of technology or jurisdiction Not provide financing to thermal coal mines outside of South Africa Thermal coal mining company relates to mining companies that derive more than 40% of their revenue from thermal coal mining; Thermal coal related trade relates to commodity traders that derive more than 40% of their revenue from thermal coal trading, or thermal coal trade approved facilities for any commodity traders; Thermal coal related infrastructure means fixed infrastructure which is related to the dedicated handling of thermal coal. The above restrictions exclude: Financing support for Eskom, as an integral provider of electricity to South Africa. The provision of environmental guarantees to thermal coal mining companies.
Supply chain and/or value chain	Yes	Regarding Disclosure: Please refer to text answer below. Regarding Awareness: Clear rationale relating to Nedbank: Nedbank has a climate impact through the products and services that it uses. The operational impact, also of the supply chain, is discussed in various disclosures. Climate-related risks and opportunities related to the supply chain have directly influenced the bank's strategy and one example is the procurement of less pollutant rental car vehicle and serves that will be discussed below. Regarding Management: A description of how strategy in this area has been influenced by climate-related risks and opportunities AND the time horizon(s) it covers: As per Nedbank Group's Climate Change Position Statement, Nedbank remains committed to, over time, aligning strategy, policies and mandates with national obligations under the Paris Agreement, ensuring energy security alongside responsible credit granting. As part of Nedbank's ongoing commitment, sequentially less pollutant services (like rental cars) and products (like paper) are being sourced by procurement. The time horizons for these initiatives differ between supply chain sectors, but some initiatives date back to 2020 and will be closed out by 2030. Another example of sequential project timelines is the inclusion of climate change criteria in the vendor selection process of rental car suppliers that occurs every 3 to 5 years. A case study of the most substantial strategic decision made in this area to date that have been influenced by the climate-related risks and opportunities: The strategic decision to source and use less greenhouse gas pollutant products and services has resulted in: A decrease in greenhouse gas emissions from rental cars by 84% when comparing 2013 with 2020. A decrease in greenhouse gas emissions related to the use of paper by 74% when comparing 2013 with 2020.
Investment in R&D	Yes	Regarding Disclosure: Please refer to text answer below. Regarding Awareness: Clear rationale relating to Nedbank: Nedbank's investments in research and development relating to climate-related risks and opportunities occur in various parts of the bank. The three main areas of research can be summarized as follows: 1. Reducing the impact of the bank's operations. 2. Research into regulatory and policy developments, like the domestic carbon tax. 3. Research into new products and services to clients. Regarding Management: A description of how strategy in this area has been influenced by climate-related risks and opportunities AND the time horizon(s) it covers: As per Nedbank Group's Climate Change Position Statement, Nedbank remains committed to, over time, aligning strategy, policies and mandates with national obligations under the Paris Agreement, ensuring energy security alongside responsible credit granting. As part of Nedbank's ongoing commitment, research is continuously done in the three main areas identified above. This is a strategic initiative to reduce climate related risks and to benefit from the opportunities that are arising. The research specifically relating to the domestic carbon tax started in approximately 2010 and the first phase of the research will conclude in 2022 when the first stage of the tax comes to an end. A case study of the most substantial strategic decision(s) made in this area to date that have been influenced by the climate-related risks and opportunities: The strategic decision to develop more climate-related products came to fruition in 2019 when Nedbank became the first South African bank to issue a Renewable Energy Bond. The Renewable Energy Bonds have been placed on the Johannesburg Stock Exchange. This endeavour provides tangible support to the United Nation's Sustainable and Development Goals.
Operations	Yes	Regarding Disclosure: Please refer to text answer below. Regarding Awareness: Clear rationale relating to Nedbank: Nedbank has a climate impact through its operations. The operational impact is discussed in various disclosures. Climate-related risks and opportunities related to the direct operations have directly influenced the bank's strategy and one example is the pressure to progressively reduce the greenhouse gas pollution per square meter occupied which will be discussed below. Regarding Management: A description of how strategy in this area has been influenced by climate-related risks and opportunities AND the time horizon(s) it covers: As per Nedbank Group's Climate Change Position Statement, Nedbank remains committed to, over time, aligning strategy, policies and mandates with national obligations under the Paris Agreement, ensuring energy security alongside responsible credit granting. As part of Nedbank's ongoing commitment, the operational impacts of the business are sequentially reduced before the rest of the carbon footprint is offset as to obtain carbon neutral status. Nedbank has been operationally carbon neutral since 2010 and operational impact targets have mostly been consolidated with a 2025 goal set for each aspect. A case study of the most substantial strategic decision(s) made in this area to date that have been influenced by the climate-related risks and opportunities: The strategic decision to reduce the carbon footprint though initiatives, like increased energy efficiency endeavours and increased photovoltaic generation, has been successful. Due to these strategic initiatives the pollution decreased from 0.33 tCO2e/m2 to 0.22 tCO2e/m2 when comparing 2013 to 2020.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs	Description of influence: The South African national grid primarily generates electricity by coal combustion. This results in a climate-related risk due to the coal combustion activity, and the implementation of a domestic carbon tax. This has also led to opportunities to expand the own generation and use of renewable energy generation, like photovoltaic systems. A Nedbank case study of how climate-related risks and opportunities have influenced the financial planning in the direct cost element: Nedbank's own electricity generation in 2020 was 668 MWh. During 2020 there was a continued drive to expand the photovoltaic generation of electricity for own use as the financial planning (payback period, capital to invest, etc.) is becoming more favourable. This combined with the increase in the cost of the electricity sourced from the national grid will continue to drive the increase in own renewable energy electricity generation. Currently the national grid cost per unit electricity can increase in excess of 10% year on year. Specify the time horizon covered by the financial planning of the increase renewable energy for own use initiative: The first photovoltaic installation for own use was installed approximately 7 years ago. The capital cost of these initiatives has decreased and the typical payback period now hovers in the 5 to 7 year range. More installations are planned between the 2021 to 2030 period.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Please refer to response above.

C-FS3.6

(C-FS3.6) Are climate-related issues considered in the policy framework of your organization?

Yes, we have exclusion policies for industries and/or activities exposed or contributing to climate-related risks

C-FS3.6b

(C-FS3.6b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Bank lending	New business/investment for new projects	Description of the exclusion threshold in place: Nedbank undertakes to: 1.1. Not provide financing to any new coal-fired power stations regardless of technology or jurisdiction 1.2. Not provide financing to thermal coal mines outside of South Africa 1.3. Restrict total financing in aggregate for coal mining companies, thermal coal-related infrastructure, and thermal coal-related trade to less than 1% of its Group Total Advances, reducing to 0,5% by 2030. 1.3.1. Thermal coal mining company relates to mining companies that derive more than 40% of their revenue from thermal coal mining; 1.3.2. Thermal coal related trade relates to commodity traders that derive more than 40% of their revenue from thermal coal trading, or thermal coal trade approved facilities for any commodity traders; 1.3.3. Thermal coal related infrastructure means fixed infrastructure which is related to the dedicated handling of thermal coal. 2. The above restrictions exclude: 2.1. Financing support for Eskom, as an integral provider of electricity to South Africa. 2.2. The provision of environmental guarantees to thermal coal mining companies.

C-FS3.7

(C-FS3.7) Are climate-related issues factored into your external asset manager selection process?

Yes, for some assets managed externally

C-FS3.7a

(C-FS3.7a) How are climate-related issues factored into your external asset manager selection process?

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Review asset manager's climate-related policies	Nedbank factors ESG compliance certificates in all appointments of our Service Providers, be it Investment Managers, Retirement Funds Administrators and Investment Consultants.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2013

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based) +3 (upstream & downstream)

Base year
2013

Covered emissions in base year (metric tons CO2e)
221378.81

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
35

Covered emissions in target year (metric tons CO2e) [auto-calculated]
143896.2265

Covered emissions in reporting year (metric tons CO2e)
137540.01

% of target achieved [auto-calculated]
108.203413222534

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
The previous reduction target was achieved ahead of schedule and a new target was set at a 35% decrease, based on end-of-2013 values, by the end of 2025. This new target amounts to 5.25 tCO2e per full time employee (FTE). It is important to note that some targets and achievements are disclosed in the Nedbank TCFD report as normalized figures, but Nedbank uses absolute figures and targets. Furthermore, the bank's long-term goals are being aligned to the United Nation's Sustainable Development Goals (SDG), which includes scenario analysis and potentially Science Based Targets, but this is still an on-going endeavour. One reasons for this is that the applicability of the Science Based Target Initiative (SBTI) model is still being investigated. Nedbank is also operationally carbon neutral. The internal actions and carbon neutrality is considered to be over and above what is necessary for a science based target. The coverage of the carbon footprint and carbon neutral endeavour is 100% of the operational carbon footprint.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Year target was set
2013

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based) +3 (upstream)

Intensity metric
Metric tons CO2e per unit FTE employee

Base year
2013

Intensity figure in base year (metric tons CO2e per unit of activity)
7.61

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure
100

Target year
2025

Targeted reduction from base year (%)
35

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]
4.9465

% change anticipated in absolute Scope 1+2 emissions
35

% change anticipated in absolute Scope 3 emissions
35

Intensity figure in reporting year (metric tons CO2e per unit of activity)
4.71

% of target achieved [auto-calculated]
108.879294161817

Target status in reporting year
Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
The reduction target was achieved ahead of schedule and a new target was set at a 35% decrease, based on end-of-2013 values, by the end of 2025. This new target amounts to 5.25 tCO2e per FTE. It is important to note that some targets and achievements are disclosed in the Nedbank Sustainability Review as normalized figures, but Nedbank uses absolute figures and targets. Furthermore, the bank's long-term goals are being aligned to the United Nation's Sustainable Development Goals (SDG), which includes scenario analysis and potentially Science Based Targets, but this is still an on-going endeavour. One reasons for this is that the applicability of the SBTI modelis still being investigated.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Other climate-related target(s)

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2013

Target coverage
Company-wide

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Waste management	metric tons of waste generated

Target denominator (intensity targets only)
unit FTE employee

Base year
2013

Figure or percentage in base year
0.019733

Target year
2025

Figure or percentage in target year
0.00842

Figure or percentage in reporting year
0.00605

% of target achieved [auto-calculated]
120.949350304959

Target status in reporting year
Achieved

Is this target part of an emissions target?
No as it relates to solid waste sent to landfill.

Is this target part of an overarching initiative?
Other, please specify (Company own overarching management of environmental impact.)

Please explain (including target coverage)
This is not part of Nedbank's emissions target because the reduction of waste sent to landfill does not reduce the bank's Scope 1 and Scope 2 emissions. The target is a company-wide initiative to reduce environmental impact. In absolute terms the waste sent to landfill decreased from 183 tonnes in 2019 to 116 tonnes in 2020, which implies a 37% reduction. This means that 6,05 kg per fulltime employee (FTE) was sent to the landfill.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	12	25000
To be implemented*	2	8000
Implementation commenced*	2	7000
Implemented*	3	31400
Not to be implemented	2	22000

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Maintenance program

Estimated annual CO2e savings (metric tonnes CO2e)
2500

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
6250000

Investment required (unit currency – as specified in C0.4)
12000000

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
Consistent and preventative maintenance is done at all the Nedbank owned facilities to ensure that the optimal functioning of devices like drives, motors, air-conditioning, etc. to prevent breakdowns or excessive use.

Initiative category & Initiative type

Transportation	Teleworking

Estimated annual CO2e savings (metric tonnes CO2e)
3900

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
45000000

Investment required (unit currency – as specified in C0.4)
12000000

Payback period
<1 year

Estimated lifetime of the initiative
3-5 years

Comment
Reduced travel (flights, rental car use, travel claims) has a massive cost saving with a moderately small accompanying pollution reduction. This reduction, both in cost and pollution, can be driven by policy initiatives and behavioural change.

Initiative category & Initiative type

Transportation	Employee commuting

Estimated annual CO2e savings (metric tonnes CO2e)
25000

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
1150000

Investment required (unit currency – as specified in C0.4)
6000000

Payback period
4-10 years

Estimated lifetime of the initiative
16-20 years

Comment
Nedbank offsets emissions from staff commuting in order to become carbon neutral. The increased working from home drive in 2020 had a massive decrease in the Scope 3 staff commuting component.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Internal price on carbon	Nedbank has obtained and maintained carbon neutral status since 2010. Being carbon neutral implies that a carbon price is set to offset the residual footprint after reduction initiatives were implemented.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

In April 2019, Nedbank became the first bank in South Africa to list a Renewable Energy Bond on the green segment of the Johannesburg Stock Exchange. The instrument, which opened for auction on 24 April, was developed by Nedbank in line with International Capital Market Association Green Bond Principles and the Climate Bonds Standard, thereby contributing to limiting global warming, Nedbank uses the investment proceeds from the new bond to deliver financial support to solar and wind renewable energy projects that have been identified by the bank as having the potential to deliver positive, long-term sustainable energy outcomes for the country. The product was still active in 2020.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year

5

% of total portfolio value

5

Asset classes/ product types

Investing	Listed Equity

Comment

Please refer to comment above.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
800.31

Comment

Scope 2 (location-based)

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
162609.5

Comment
Supply of electricity and electricity tariffs are primarily determined by the state in South Africa. The only alternative to purchasing electricity from the state-owned utility is to place electricity generation installations such as rooftop-solar PV on your buildings. Nedbank is doing this, but the electricity demand exceeds the supply through own generation capacity. Therefore, Nedbank does not have a choice in terms of alternative sources for electricity, other than electricity supplied by Eskom, South Africa's only utility. The associated emission factor is an average, taking into account the energy generation sources, including independent power producers with which the utility has an offtake agreement. Besides its own energy generation from renewable energy sources, Nedbank does not have operations where it is possible to access electricity supplier emission factors or residual emissions. For this reason, the location-based result has been used as a proxy since a market-based figure cannot be calculated.

Scope 2 (market-based)

Base year start
January 1 2013

Base year end
December 31 2013

Base year emissions (metric tons CO2e)
0

Comment
Supply of electricity and electricity tariffs are primarily determined by the state in South Africa. The only alternative to purchasing electricity from the state-owned utility is to place electricity generation installations such as rooftop-solar PV on your buildings. Nedbank is doing this, but the electricity demand exceeds the supply through own generation capacity. Therefore, Nedbank does not have a choice in terms of alternative sources for electricity, other than electricity supplied by Eskom, South Africa's only utility. The associated emission factor is an average, taking into account the energy generation sources, including independent power producers with which the utility has an offtake agreement. Besides its own energy generation from renewable energy sources, Nedbank does not have operations where it is possible to access electricity supplier emission factors or residual emissions. For this reason, the location-based result has been used as a proxy since a market-based figure cannot be calculated.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
1260.48

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment
Nedbank owns some of its larger facilities, but the majority of the facilities, like retail bank branches, are not owned by Nedbank. The retail spaces, most regional offices and some other facilities are leased spaces. The result is that the landlord supplies the electricity and Nedbank pays the associated fee. In other cases, Nedbank pays the local council or municipality directly for electricity. The national electricity supplier calculates and publishes its grid emission factor, associated with its electricity generation activities, on an annual basis. This grid emission factor is an average of all its electricity generating facilities country-wide. Therefore, it does not represent the specific emission factor applicable to a region or given municipality in South Africa and hence the emission factor of electricity purchased from e.g. a municipality or local council remains unknown. South Africa has a single national grid supplier which publishes an emission factor however this factor is highly debated. Nedbank is unable to follow a market- based approach because the market consists of a single suppler and the end user buys from various intermediaries.

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
118047.09

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Nedbank owns some of its larger facilities, but the majority of the facilities, like retail bank branches, are not owned by Nedbank. The retail spaces, most regional offices and some other facilities are leased spaces. The result is that the landlord supplies the electricity and Nedbank pays the associated fee. In other cases, Nedbank pays the local council or municipality directly for electricity. The national electricity supplier calculates and publishes its grid emission factor, associated with its electricity generation activities, on an annual basis. This grid emission factor is an average of all its electricity generating facilities country-wide. Therefore, it does not represent the specific emission factor applicable to a region or given municipality in South Africa and hence the emission factor of electricity purchased from e.g. a municipality or local council remains unknown. South Africa has a single national grid supplier which publishes an emission factor however this factor is highly debated. Nedbank is unable to follow a market- based approach because the market consists of a single suppler and the end user buys from various intermediaries.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Emissions associated with the operation and servicing of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises, and other remote devices.

Relevance of Scope 1 emissions from this source
No emissions excluded

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions excluded

Explain why this source is excluded
Emissions associated with the operation and servicing of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises, and other remote devices are deemed as not relevant as: 1. These emissions can form part of the person using the device in the same sense that the carbon footprint of the electricity used by a computer bought from a supplier forms part of the carbon footprint of the end user and not part of the carbon footprint of the supplier. 2. The electricity use will be less than 1% of total usage and including this will be irrelevant compared to the bigger users.

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
724.17

Emissions calculation methodology
This includes the consumption of office paper in accordance with the GHG Protocol as guidance.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All activity data is sourced from suppliers and/or from Nedbank's procurement department (internal finance department).

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
The GHG Protocol Corporate Accounting and Reporting Standard is used for guidance. Nedbank is not a major purchaser of capital goods or emission intensive goods, like steel. Nedbank also progressively is reducing its fleet of vehicles and opts to include rental used trucks under 'rental cars' as opposed to having any emissions from capital goods purchased.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2290.21

Emissions calculation methodology
The GHG Protocol Corporate Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
This includes business travel in employee-owned cars, which leads to staff expense claims.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This could possibly include emissions associated with the transport of paper. Data from suppliers are not available, but Nedbank overestimates the carbon footprint of the purchased goods, like paper, so that no leakage, like transport, can occur. It is hence not relevant to include transport of goods again.

Waste generated in operations

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
All greenhouse gas generated waste is already included in other sections. Other waste generated is sent to landfill and does not generate any greenhouse gases. No organic material from the major managed, owned or operated sites is sent to landfill.

Business travel

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
1143.05

Emissions calculation methodology
The GHG Protocol Corporate Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All data is sourced from the suppliers and/or through the internal finance system. This includes domestic and international flights and rental car use.

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
14075.01

Emissions calculation methodology
The GHG Protocol Corporate Accounting and Reporting Standard.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
All data is supplied by the employees as part of a survey and incorporated in the GHG Protocol Corporate Accounting and Reporting Standard approach in combination with the applicable emission factors. In 2020 an extrapolation of historic and current data was used, as approved by the external auditors, due to decreased office occupancy.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
All emissions from leased spaces, like electricity, are already accounted for as part of the carbon footprint.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank, as bank, provides services (and not products), which implies that there is no product that leaves the bank (barring cash and paperwork) that requires transport. For this reason, this set of emissions are not relevant except TCFD specific questions as introduced in the CDP

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank, as bank, provides services (and not products), which implies that there is no product that leaves the bank (barring cash and paperwork) that requires processing. For this reason, this set of emissions were considered as not relevant.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank, as bank, provides services (and not products), which implies that there is no product that leaves the bank (barring cash and paperwork) that requires processing. For this reason, this set of emissions were considered as not relevant.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank, as bank, provides services (and not products), which implies that there is no product that leaves the bank (barring cash and paperwork) that requires processing. For this reason, this set of emissions were considered as not relevant.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank does lease assets, but the associate carbon footprint of the use of the product is allocated to the end-user as opposed to Nedbank. As example, Nedbank might lease or finance a vehicle for a client, but the petrol use (and associated pollution) is associated with the client and not with Nedbank. Part of the reason for this is that Nedbank has no control (refer to control principle) regarding the amount of use of the car.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Nedbank, as bank, does not follow a franchising model.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No further emissions are taken into account.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No further emissions are taken into account.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000002903

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
119307.57

Metric denominator
unit total revenue

Metric denominator: Unit total
41094000000

Scope 2 figure used
Location-based

% change from previous year
4.82

Direction of change
Increased

Reason for change
The intensity figure increased as the unit total revenue decreased more than the decrease in the Scope 1 and 2 emissions decreased (numerator). The emissions decreased due the initiatives/projects discussed in other sections. One specific example of initiatives that were implemented during the reporting year include the continued rollout of energy efficiency technologies at various facilities, including motion sensors for lights.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	The renewable energy generation decreased from 687 MWh (2019) to 668 MWh (2020). Grid sourced electricity decreased by 22 755 MWh and this offset the 19 MWh decrease in renewable energy generation. The result is that decreased renewable energy generation did not directly result in an increase in pollution.
Other emissions reduction activities	19261.13	Decreased	13.9	The total Scope 1+2 emissions for the previous reporting period (2019) was 138,568.69 tCO2e and for this reporting period (2020) it decreased to 119,307.57 tCO2e. The percentage reduction is the difference divided by the previous total as in the guidance and results in a 13.90% reduction.
Divestment	0	No change	0	Not applicable as no divestment occurred or resulted in a change.
Acquisitions	0	No change	0	No acquisitions occurred.
Mergers	0	No change	0	No mergers occurred.
Change in output	0	No change	0	There was no change in output other than already specified.
Change in methodology	0	No change	0	There was no methodological change.
Change in boundary	0	No change	0	No boundary change occurred.
Change in physical operating conditions	0	No change	0	No physical operating changes occurred.
Unidentified	0	No change		All reasons for changes were identified.
Other	0	No change	0	No other reasons exist for increases or decreases.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	4126	4126
Consumption of purchased or acquired electricity	<Not Applicable>	0	115732	115732
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	668	<Not Applicable>	668
Total energy consumption	<Not Applicable>	668	119858	120526

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
116

Metric numerator
Tonnes sent to landfill

Metric denominator (intensity metric only)
Full time employees

% change from previous year
36.9

Direction of change
Decreased

Please explain
In absolute terms the waste sent to landfill decreased from 183 tonnes in 2019 to 116 tonnes in 2020, which is a 36,9% reduction. This means that 6,05 kg per full time employee (FTE) was sent to landfill.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Y
2020 Nedbank Group Integrated Report (High Res single page).pdf

Page/ section reference
Refer to the page numbered 102 to page 103 entitled Independent Assurance Providers' Limited Assurance Report.

Relevant standard
AA1000AS

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Y
2020 Nedbank Group Integrated Report (High Res single page).pdf

Page/ section reference
Refer to the page numbered 102 to page 103 entitled Independent Assurance Providers' Limited Assurance Report.

Relevant standard
AA1000AS

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Y
2020 Nedbank Group Integrated Report (High Res single page).pdf

Page/section reference
Refer to the page numbered 102 to page 103 entitled Independent Assurance Providers' Limited Assurance Report.

Relevant standard
AA1000AS

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C5. Emissions performance	Year on year change in emissions (Scope 1 and 2)	Alignment with AA1000APS (2008) principles	Any and all claims of emission reductions between different years are audited as part of the annual external audit.

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Energy efficiency: households

Project identification
The Gyapa project has made insulated and efficient cookstoves available to 4,1m people in Ghana, saving them more than US $84m in fuel costs. The Gyapa stove cooks food quicker than conventional stoves, requiring 50-60% less fuel and producing fewer smoky fumes. More than 830 000 stoves were sold in Gyapa's first 10 years, generating 2 million tonnes of CO_2 emission savings. Families are less likely to suffer from respiratory diseases linked to indoor air pollution. It also helps to protect Ghana's dwindling forests because fewer tonnes of this non-renewable biomass is consequently harvested for use as a cooking fuel. In addition, the project creates jobs and helps people to develop valuable skills.

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
34490

Number of credits (metric tonnes CO2e): Risk adjusted volume
34490

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment

GHG Scope
Scope 1
Scope 2
Scope 3

Application
Nedbank is operationally carbon neutral. This implies that the carbon footprint of the group is calculated, managed downwards and the remainder of the carbon footprint is offset to achieve carbon neutral status. The internal carbon price (price of offsetting) includes Scope 1, 2 and 3 emissions and is applied (application) to the entire Nedbank group's operational carbon footprint. This implies that the carbon price influences all operational matters.

Actual price(s) used (Currency /metric ton)
45

Variance of price(s) used
Uniform pricing: A uniform price is applied all throughout Nedbank. Evolutionary pricing: The price is changed annually based on the average price of purchased offsets for the carbon neutral program.

Type of internal carbon price
Implicit price
Offsets

Impact & implication
A Nedbank-specific description of how the organization uses internal price on carbon: Nedbank is operationally carbon neutral. This is achieved by calculating Nedbank's carbon footprint on various timescales and auditing it annually. The total carbon footprint is reduced by various projects and activities, including energy savings measures, etc. The remaining emissions in the inventory are offset through the purchase of offset credits. These are the emissions that cannot be avoided through the various emissions reducing initiatives. The internal carbon price is informed by the price of these project-based carbon credits, however other aspects including the costs of reducing carbon emissions through e.g. energy savings interventions is also taken into account when determining Nedbank's internal carbon price. Therefore, we categorize our internal carbon price as an implicit price. The internal carbon price includes Scope 1, 2 and 3 emissions and is applied (application) to the entire Nedbank group's operational carbon footprint. Disclose how/if the internal carbon price has impacted Nedbank's business (i.e. has it revealed material risk or impacted business decisions?): Unavoidable emissions, i.e. the remainder of the carbon footprint after measures such as energy savings intervention have been taken, are multiplied with Nedbank's internal carbon price per tCO2e. The result is that the cost of these emissions are internalized and become an expense to Nedbank. It makes business-sense to keep expenses as low as possible and therefore the cost of purchasing carbon credits must be kept as low as possible. The result is that all of the impact on greenhouse gas emissions of all Nedbank's expansions and retrofits of existing facilities are carefully calculated as to model whether the carbon footprint (and the offsetting cost) will be increased or decreased. The carbon footprint initiative then fulfils its original intent by ensuring that the climate change impact of all Nedbank's operations are taken into consideration. One example of a tangible impact is the impact that the carbon neutral program had on lighting initiatives, which resulted in Nedbank adopting more efficient lighting faster than otherwise anticipated.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number
20

% total procurement spend (direct and indirect)
80

% of supplier-related Scope 3 emissions as reported in C6.5
80

Rationale for the coverage of your engagement
How and why this group of suppliers was chosen for the engagement selected: The most important reason for Nedbank to continuously engage with its suppliers is to keep abreast of any climate-related issues that its suppliers face and which may have an impact on the continuous supply of goods and services. Nedbank aims to engage with all its key suppliers both during the initial process of supplier selection and during subsequent interactions, in order to continuously gather climate change related information that affects the suppliers. The majority of the key suppliers, based on percentage of total procurement spend (direct and indirect), are frequently interacted with. During these interactions any non-conformity to the service level agreements, including climate related issues, are addressed.

Impact of engagement, including measures of success
Impact of engagement, including measures of success: Discussing the impact of this engagement and how Nedbank measures its success: Specific to Nedbank, its' engagement activities typically include a number of meetings, telephone calls and emails. The result of these forms of engagements is a service level agreement between Nedbank and the supplier that is in line with Nedbank's agenda of moving towards a low carbon future. In other words, through engagement activities Nedbank enters into a service level agreement with the majority of its suppliers, including all the key-suppliers. These service level agreements stipulate the low carbon conditions to which the supplied goods and services must adhere. An example of a positive outcome achieved: An example is Nedbank's engagement with its rental car suppliers where Nedbank has negotiated the condition that the vehicles that Nedbank rents are typically vehicles with a lower pollution rate per kilometre driven. One of the successful results of this engagement is the increased awareness among Nedbank's rental car suppliers that customers, like Nedbank, prefer less polluting vehicles over higher polluting vehicles and that it therefore makes business-sense to invest in a less polluting fleet of vehicles. At the same time, Nedbank has been able to set and achieve a more ambitious rental car emissions reductions target.

Comment
Please see above.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5
50

Portfolio coverage (total or outstanding)
All of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
Explain the rationale for selecting this group of customers and scope of engagement: Nedbank's climate-related engagement strategy with its customers follows a multipronged approach. This engagement strategy primarily relies on publishing multiple publications on an annual basis. All of these publications are free of charge and easily available in the public domain. Arguably the two most downloaded publications will be the Task Force on Climate-related Financial Disclosures (TCFD) Report and the Nedbank Carbon Footprinting Guide. Another key form of engagement with its customers, occurs when customers enter a Nedbank branch. When waiting to be assisted, customers are exposed to multiple short and informative educational video clips which are displayed on screens in the reception areas. When engaging with its customers on climate-related issues, Nedbank distinguishes different customer-segments among its audience in order to reach different customers as comprehensive as possible. This segmentation is done in order to reduce the difficulty for customers to engage with climate-related information and to provide feedback related to climate-related issues. The result is an open and transparent communication and engagement process between Nedbank and its clients. As example, one segment of clients may be approached using infographics while another segment is communicated through live-blogs, video-clips and/or publications.

Impact of engagement, including measures of success
Impact of engagement, including measures of success: The aim (impact) of Nedbank's efforts to engage with its customers on climate-related issues is to raise awareness and understanding about the topic among the widest possible audience through the distribution of information on this topic. An example is the publication of the Carbon Footprinting Guide as well as the regular updating of this document. To reach as many customers as possible, this document is downloadable for free from Nedbank's website. The number of downloads were tracked in order to measure the success of distributing the Guide and information by this means. Regular tracking and the use of the updated versions of the Guide have indicated that the document is used at various universities as a text book and that it has been downloaded more than 53 000 times. Moreover, its reach has grown over the years due to Nedbank's continued support. This is a clear indication that awareness and understanding of climate-related issues is growing among Nedbank's customer-base.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

The National Business Initiative (NBI) The NBI is a voluntary coalition of South African and multinational companies, working towards sustainable growth and development in South Africa 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 in, amongst others, 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. The NBI is a global network partner of the World Business Council for Sustainable Development (WBCSD), the focal point of the United Nations Global Compact (UNGC) Local Network in South Africa and an implementation partner of the CEO Water Mandate, We Mean Business and the CDP.

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

Neither Nedbank nor the NBI questions the existence of climate change, as established by science, and advocate for swift action. The NBI is domestically a strong advocate for mitigation and adaption as it relates to climate change. Both Nedbank and the NBI use science as the basis for a call to climate change action and heavily rely on the UNFCCC’s 5th Assessment Report and comparable reputable publications. The NBI’s position on climate change does not differ from that of Nedbank.

How have you influenced, or are you attempting to influence their position?

During the reporting year Nedbank's Executive Head: Sustainability served as a director of the NBI. Through this channel, Nedbank aims to positively contribute to the direction that the NBI is taking. The NBI is the South African partner of the CDP, but it has various other projects that also closely aligned with Nedbank’s goals. A few of the interactions where Nedbank and the NBI work together include the developing of the domestic carbon tax, previous energy efficiency endeavours and discussions regarding the applicability and practicality of science-based targets for south African companies, to name a few.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Nedbank follows an enterprise wide risk management (ERM) framework. One identified risk that is managed by the ERM framework is the potential misalignment of internal and external policy. The objective of this framework is to provide for cascading and prioritising policies including engagement with external parties to prevent inconsistent communication and to provide for a clear hierarchy of policies. Through this framework, clear guidance is available as to ensure that the overarching policy, like the policies referencing climate change, will be enforced even in the unlikely event of a policy clash. A clash will also be resolved once the responsible risk officer has identified it.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

Y

2020 Nedbank Group TCFD Report (spreads).pdf

Page/Section reference

Please refer to table of contents. Operational carbon footprint: P22 - P28

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Please see above.

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Equator Principles	As a leading provider of project finance in South Africa we carefully consider all prospective project finance transactions, project-related corporate loans, project finance advisory and specific bridge loans against clearly defined, globally accepted, environmental and social sustainability standards. Key to this approach is compliance with the Equator Principles (EP), an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project and corporate financing. We have aligned our processes with EP3 and have actively participated in the revision of the Equator Principles and the development of EP4.
Industry initiative	Positive Impact Initiative	Nedbank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) and also 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 Sustainable Development Goals (SDGs).
Commitment	Other, please specify (Carbon Neutral)	Nedbank is operationally carbon neutral. This is a voluntary initiative that started in 2010.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No, but we plan to do so in the next two years	<Not Applicable>	Initial investigation has begun during the reporting year.
Investing (Asset manager)	No, but we plan to do so in the next two years	<Not Applicable>	Initial investigation has begun during the reporting year.
Investing (Asset owner)	No, but we plan to do so in the next two years	<Not Applicable>	Initial investigation has begun during the reporting year.
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	<Not Applicable>	Initial investigation has begun during the reporting year.
Other products and services, please specify	No, but we plan to do so in the next two years	<Not Applicable>	Initial investigation has begun during the reporting year.

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 “Investments” emissions or alternative carbon footprinting and/or exposure metrics)

During the reporting year, Nedbank continued with developing methodologies to screen projects for their climate change impact as part of its risk management screening tool. However the work is currently limited to focussed high impact sub-sectors, like the oil and gas sector.

This is also in line with Equator Principles to which Nedbank subscribes. The screening methodology must be aligned to both the Sustainable Development Goals and the Task Force on Climate-related Financial Disclosure and subsequently integrated into Nedbank’s risk assessment approach in respect to lending-activities. Metrics could be estimated based on, as example, absolute Scope 1+2 emissions per year during the project’s operational lifetime. As example, if this exceeds 100 000 tCO_2e the bank needs to assess the alternatives of the project. However, at the end of the 2020 reporting year, Nedbank was still investigating the best approach that is specific to South Africa and the banking sector.

Exposure is currently presented as monetary exposure and percentage of total advances and not yet in units of tonnes of carbon dioxide equivalent. This work is still in progress.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No, but we plan to do so in the next two years	From the onset of the Paris Agreement, Nedbank has been progressively putting in place measures to align its portfolio to a well below 2-degree world. However, this has not yet been formalised through e.g. a science-based target. Setting targets and achieving them is not a universally similar exercise. Specifically, in countries like South Africa which historically rely on carbon intensive economic activities. Nedbank can only align its portfolio to a well below 2-degree world by working together with its clients. During the reporting year Nedbank has made bold decisions in terms of its portfolio, including to start phasing out the financing of thermal coal-related activities. It is planning to formalise these activities through setting a science-based target. The newly released TCFD report and starts to set out targets and initialize to reduce the climate impact of Nedbank's lending activities as decreased lending targets have been communicated for high impact sectors, like the oil and gas industry.
Investing (Asset manager)	No, but we plan to do so in the next two years	From the onset of the Paris Agreement, Nedbank has been progressively putting in place measures to align its portfolio to a well below 2-degree world. However, this has not yet been formalised through e.g. a science-based target. Setting targets and achieving them is not a universally similar exercise. Specifically, in countries like South Africa which historically rely on carbon intensive economic activities. Nedbank can only align its portfolio to a well below 2-degree world by working together with its clients. During the reporting year Nedbank has made bold decisions in terms of its portfolio, including to start phasing out the financing of thermal coal-related activities. It is planning to formalise these activities through setting a science-based target. The newly released TCFD report and starts to set out targets and initialize to reduce the climate impact of Nedbank's lending activities as decreased lending targets have been communicated for high impact sectors, like the oil and gas industry.
Investing (Asset owner)	No, but we plan to do so in the next two years	From the onset of the Paris Agreement, Nedbank has been progressively putting in place measures to align its portfolio to a well below 2-degree world. However, this has not yet been formalised through e.g. a science-based target. Setting targets and achieving them is not a universally similar exercise. Specifically, in countries like South Africa which historically rely on carbon intensive economic activities. Nedbank can only align its portfolio to a well below 2-degree world by working together with its clients. During the reporting year Nedbank has made bold decisions in terms of its portfolio, including to start phasing out the financing of thermal coal-related activities. It is planning to formalise these activities through setting a science-based target. The newly released TCFD report and starts to set out targets and initialize to reduce the climate impact of Nedbank's lending activities as decreased lending targets have been communicated for high impact sectors, like the oil and gas industry.
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	From the onset of the Paris Agreement, Nedbank has been progressively putting in place measures to align its portfolio to a well below 2-degree world. However, this has not yet been formalised through e.g. a science-based target. Setting targets and achieving them is not a universally similar exercise. Specifically, in countries like South Africa which historically rely on carbon intensive economic activities. Nedbank can only align its portfolio to a well below 2-degree world by working together with its clients. During the reporting year Nedbank has made bold decisions in terms of its portfolio, including to start phasing out the financing of thermal coal-related activities. It is planning to formalise these activities through setting a science-based target. The newly released TCFD report and starts to set out targets and initialize to reduce the climate impact of Nedbank's lending activities as decreased lending targets have been communicated for high impact sectors, like the oil and gas industry.
Other products and services, please specify	No, but we plan to do so in the next two years	From the onset of the Paris Agreement, Nedbank has been progressively putting in place measures to align its portfolio to a well below 2-degree world. However, this has not yet been formalised through e.g. a science-based target. Setting targets and achieving them is not a universally similar exercise. Specifically, in countries like South Africa which historically rely on carbon intensive economic activities. Nedbank can only align its portfolio to a well below 2-degree world by working together with its clients. During the reporting year Nedbank has made bold decisions in terms of its portfolio, including to start phasing out the financing of thermal coal-related activities. It is planning to formalise these activities through setting a science-based target. The newly released TCFD report and starts to set out targets and initialize to reduce the climate impact of Nedbank's lending activities as decreased lending targets have been communicated for high impact sectors, like the oil and gas industry.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Please refer to the responses in each section.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms