

# **Evaluation of the Nedbank Sustainable Development Goals Issuance Framework and Additional Tier I Capital Green Bond**

---

## **Second Party Opinion**

Pre-issuance report date: 27 May 2021

**Prepared by:**

Carbon Trust Africa (Pty) Ltd  
169 Corobay Avenue  
Menlyn  
Pretoria  
0081  
South Africa

**Prepared for:**

Nedbank Group Limited  
135 Rivonia Road  
Sandown  
Sandton  
Johannesburg  
2196  
South Africa

# Table of contents

Carbon Trust Second Opinion Statement .....	3
Background.....	3
Terms of Engagement and Scope of the Second Party Opinion .....	4
Basis of the Second Party Opinion .....	4
Relevant Documentation .....	7
Management Responsibilities .....	7
External Reviewer Responsibilities.....	7
Assurance Standards.....	8
External Reviewer Assurance Activities.....	8
The External Reviewer’s Competence and Independence .....	8
The External Reviewer’s Opinion .....	10
Appendix 1: Independent External Review Form concerning Nedbank Green Bond, June 2021 .....	18
Appendix 2: Nedbank Sustainable Development Goals Issuance Framework.....	24

# Carbon Trust Second Opinion Statement

## Background

Nedbank is a major South African commercial bank headquartered in Johannesburg, South Africa, and is one of the largest financial services groups in Africa. Outside of South Africa, Nedbank operates in five countries in the Southern African Development Community (SADC), and is listed on the Johannesburg Stock Exchange and Namibian Stock Exchange. Nedbank is known as a financial institution progressing a green agenda and has a diversity of products, funds and platforms that finance and enable green activities.

Nedbank is pursuing the embedding of the Sustainable Development Goals (SDGs) within its core business and is deliberately aligning its activities to support those multiple SDGs to which it has an ability to meaningfully contribute. It has identified its ability to pursue mutual value for Nedbank, its clients and society through its prioritising the 'Sustainable Development Finance lever', and has assigned nine prioritised SDGs to group executives responsible for driving a groupwide response through banking products and services. This continues Nedbank's proactivity in integrating and promoting sustainability throughout its business activities, and stems from the [Nedbank Sustainable Development Framework](#). Nedbank publishes an annual Sustainable Development Review concerning its "sustainable development action, investments and contributions" in terms of the Nedbank Sustainable Development Framework.

Nedbank has pioneered green bonds for utility scale renewable energy projects in South Africa. In April 2019, Nedbank issued its first Renewable Energy Bond to finance a portfolio of major renewable infrastructure projects in South Africa, certified by the Climate Bonds Initiative. In October 2019, it issued its second Renewable Energy Bond, also certified by the Climate Bonds Initiative. In 2020, Nedbank issued South Africa's first Tier-II Capital SDG-linked bond by private placement. These thematic bonds are each listed on the Sustainability Segment of the Johannesburg Stock Exchange. Nedbank also became the first South African sustainable bond issuer to be invited to join the Nasdaq Sustainable Bond Network as a contributing member.

Nedbank Group issued its Climate Change Position Statement in April 2020, and in April 2021 issued its new energy policy, which sees it accelerate its efforts to finance renewable energy and redirect funds away from fossil fuel investments.

Within this context, Nedbank continues actively engaging with investors in the acceleration of sustainable finance and its development of products and services. Nedbank has identified the opportunity to issue a Tier I Capital Green Bond to fund a pipeline of new green projects. Nedbank proposes to underpin the Green Bond and structure it in alignment with the existing Nedbank Sustainable Development Goals Issuance Framework (April 2019), complemented with Bond-specific eligibility criteria and a supplement for internal procedures concerning Tier I Capital proceeds use and management. Nedbank has determined the need for a Second Party Opinion, in accordance with the International Capital Markets Association (ICMA) Green Bond Principles (GBP), and an Independent External Review service in terms of the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment.

Nedbank has appointed Carbon Trust Africa (Pty) Ltd (The Carbon Trust) as a suitably qualified and experienced Independent External Review service provider in this regard.

## Terms of Engagement and Scope of the Second Party Opinion

The Carbon Trust Africa (Pty) Ltd has been commissioned by Nedbank Group Limited (“Nedbank”) (the “**Bond Issuer**”) as an Independent External Reviewer to provide a Second Party Opinion on the alignment of the Nedbank Sustainable Development Goals Issuance Framework (the “**Issuer Framework**”) (April 2019) and the Tier I Capital Green Bond<sup>1</sup> (the “**Green Bond**”), with International Capital Markets Association’s (“**ICMA**”) ‘*Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds*’ (“**GBP**”) (June 2018), and alignment to the Johannesburg Stock Exchange (“**JSE**”) Debt Listings Requirements (“**DLR**”) Service Issue 28, as amended from time to time, with regards the Sustainability Segment. Further, the assessment is to take into consideration the requirements set out in Issuer’s draft Applicable Pricing Supplement (dated May 2021).

The Carbon Trust’s role in the capacity of an Independent External Reviewer has been to act as an independent sustainability advisor as set out by the requirements of JSE DLR Service Issue 28, as amended from time to time, with regards the Sustainability Segment, and to provide a Second Party Opinion as contemplated by the ICMA ‘*Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews*’ (February 2021).

**It is important to note that no opinion or assurance is provided regarding the financial performance of the Green Bond or the value of any investments in the Green Bond or any asset deriving value from the Green Bond.** The Carbon Trust’s objective has been solely to provide an opinion concerning the Issuer Framework and the Green Bond instrument as described in the Basis of Opinion set out below.

The Bond Issuer has committed to make this Report accessible to relevant parties to the Green Bond and to include this document as additional information to its Applicable Pricing Supplement.

## Basis of the Second Party Opinion

### Overview regarding this Report in terms of the Green Bond

The Bond Issuer has established the Issuer Framework (refer Appendix 2: of this Report) linked to the Sustainable Development Goals (“SDG”) to provide evidence that:

- The Issuer Framework aligns with the principles and criteria laid out in the GBP.
- Green Bonds underpinned by the Issuer Framework are structured in alignment with the Issuer Framework in its green component and that the instrument is classified as ‘green’ pursuant to the ICMA GBP.

Furthermore, the Bond Issuer has provided supporting documentation to provide evidence that:

- The Bond Issuer and the prospective Green Bond to be issued in June 2021 is underpinned by and structured in alignment with the Issuer Framework as confirmed in the Bond Issuer’s draft Applicable Pricing Supplement (dated May 2021), with particular reference to Renewable Energy Projects contemplated by SDG 7 for eligible projects identified and selected in conformance to the Issuer’s Framework.
- The Issuer Framework and the Green Bond regarding its green component is aligned to the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment requirements.

---

<sup>1</sup> The prospective Green Bond is to be considered as the potential forthcoming bond, which issuance is subject to the Issuer’s discretion, prospectively planned for June 2021.

It is necessary to review the Nedbank Sustainable Development Goals Issuance Framework (April 2019) along with this opinion, with specific reference to the Eligible Finance Activities as outlined under the Green Bond Categories in the Issuer's Sustainable Development Issuance Framework.

## **Green Bond Principles, GBP (June 2018)**

The GBP are a set of voluntary process guidelines for issuing green bonds; a green bond being a type of bond instrument “exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects”, the latter being “projects that contribute to environmental sustainability”. The GBP are comprised of four core components detailed below. It is against these guidelines that the Carbon Trust has reviewed the alignment of the green component of the Issuer Framework (April 2019) and the Green Bond and related supporting documentation.

### **Principle one – Use of Proceeds**

The proceeds of the bond should be used to finance or refinance Green Projects which should be appropriately described in the legal documentation of the financial security. All designated Green Project categories should provide clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer. Eligible project categories and Green Projects are indicatively described in the GBP.

Further recommendations pertain to the Bond Issuer providing information regarding re-financing where all or a portion of proceeds may be used for re-financing and further guidance that may be sought by Bond Issuers with regards to categories and criteria for Green Projects.

### **Principle two – Process for Project Evaluation and Selection**

The issuer of a Green Bond should outline a process to determine how the projects fit within the eligible Green Projects categories identified in the GBP, including a process for determining eligibility and the criteria used. The process should consider the environmental objectives of the proposed bond.

The Bond Issuer is encouraged to position this information in context of overarching governance and/or other processes relating to environmental sustainability, and to disclose pertinent standards or certifications. The Bond Issuer is recommended to supplement its process with an external review.

### **Principle three – Management of Proceeds**

The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process linked to the issuer's lending and investment operations for Green Projects. So long as the Green Bond is outstanding, the balance of the tracked net proceeds should be periodically adjusted to match allocations to eligible Green Projects made during that period. A declaration should be made as to how any unallocated funds are managed.

The Bond Issuer is recommended to supplement its processes with an external review by an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Green Bond proceeds.

### **Principle four – Reporting**

Issuers should make, and keep, readily available, up-to-date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects and the amounts allocated, and their expected impact. Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis. The GBP recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures, and the disclosure of the key underlying methodology and/or assumptions used in the quantitative

determination. Bond Issuers with the ability to monitor achieved impacts are encouraged to include those in their regular reporting.

## **JSE Debt Listings Requirements for its Sustainability Segment**

The JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment requirements, pertain to its sustainability segment (the JSE's Interest Rate Market where sustainability instruments are listed). The JSE DLR Service Issue 28, as amended from time to time, stipulates that the JSE recognises ICMA GBP as an accepted sustainability standard in relation to the classification of sustainability instruments; a sustainability instrument's status being confirmed as such pursuant to the sustainability standards by an independent sustainability advisor.

The JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment, specifies the following requirements;

- An independent sustainability advisor must be appointed and confirm that the instrument or use of proceeds framework is classified as sustainable pursuant to the sustainability standards.
- For sustainability instruments that comply with the sustainability standards to qualify for the sustainability segment, the placing document published in connection with the issuance of these instruments must include (that is, in addition to the other requirements of this placing document per the JSE DLR):
  - A statement as to the use of proceeds which explains how such proceeds will be managed and allocated to, and how the issuer will report impact from eligible sustainable, green or social projects pursuant to the sustainability standards;
  - A report from an independent sustainability advisor confirming that the instruments are classified as sustainable, green or social pursuant to the sustainability standards; and
  - Information required in relation to the independent sustainability advisor.

The independent sustainability advisor responsible for issuing the report confirming that the instrument or framework is classified as a sustainable instrument pursuant to the sustainability standards, must be an entity specialising in assessing the framework of the instrument's sustainability objectives, with sufficient financial and market-specific expertise to perform a comprehensive assessment of the use of proceeds. Such expertise must be demonstrated by significant and appropriate previous experience in providing external reviews on sustainability instruments, and any affiliations with relevant and widely recognised industry bodies. The applicant Bond Issuer must include this information in the placing document.

The applicant Bond Issuer's continuing obligations with regards to the Sustainability Segment include continued compliance with the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment; confirmation that the instrument is classified as a sustainability instrument pursuant to the sustainability standards in its annual compliance certificate; confirmation that the independent sustainability advisor is and has remained independent; publication of any updates since the listing date, in relation to the disclosures made in the listing documentation in respect of the independent sustainability advisor's report; and compliance with the sustainability standards on an ongoing basis (with further specifics concerning non-compliance).

## Relevant Documentation

The following information and documents, provided by Nedbank, have been reviewed in order to form the basis of the Second Opinion:

- Nedbank Sustainable Development Goals Issuance Framework (April 2019)
- Nedbank's Sustainability Bonds Internal Procedures Document (May 2020) ("**Issuer Internal Procedures**")
- Draft Applicable Pricing Supplement (draft dated May 2021)
- Sustainable Issuance Working Committee meeting minutes (30 April 2021, redacted)
- Overarching governance and/or other processes relating to environmental, social and sustainability matters, including:
  - Sustainable Development Governance Framework
  - Society Report for the Year Ended 31 December 2020
  - Nedbank Financing policy on thermal-coal-related activities
  - Nedbank Group's Climate Change Position Statement (April 2020)
  - Task Force on Climate-Related Financial Disclosures Report for the Year Ended 31 December 2020

## Management Responsibilities

The management team of the Bond Issuer is responsible for the following "**Procedures**":

- Designing, implementing and maintaining internal controls relevant to the preparation and issuance of Green Bonds;
- Selecting and/or developing a suitable framework to underpin the issuance and management of such Green Bonds;
- Developing and applying suitable eligibility criteria and processes for selecting sustainable, green and/or social investments underpinning such Green Bonds;
- Reporting relevant information on the use of proceeds of such Green Bonds;
- Maintaining the alignment between the sustainability, and green components of Green Bonds and the respective GBP principles and criteria as applicable; and
- Maintaining alignment to the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment.

## External Reviewer Responsibilities

The Carbon Trust's responsibility is

- To plan and perform its work to form an independent opinion on whether the Nedbank Sustainable Development Goals Issuance Framework (April 2019) and the prospective Green Bond have been prepared in accordance with the ICMA '*Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds*' (June 2018) and alignment to the Johannesburg Stock Exchange ("JSE") Debt Listings Requirements Service Issue 28, as amended from time to time, as described in the Basis of Opinion;
- To report to the Bond Issuer in the form of a 'Second Party Opinion' based on the work undertaken and the evidence obtained.



**The Carbon Trust has not performed any review of, and does not express any conclusion regarding the ongoing effectiveness of the application of the Procedures described in the previous section, or the Bond Issuer's continued compliance with JSE Debt Listings Requirements continuing obligations.**

## Assurance Standards

The type of External Review undertaken is a Second Party Opinion as identified in the GBP. The Carbon Trust's services are aligned to the ICMA '*Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews*' (February 2021). The Second Party Opinion concerns the Issuer Framework and the Green Bond issue. The External Reviewer has reviewed these to confirm alignment with the four components of the GBP, as set out in the Basis of Opinion. The details for the External Review undertaken is documented in *Appendix 1: Independent External Review Form concerning Nedbank Green Bond, June 2021*.

The External Reviewer has worked in accordance with its assurance methodology which is based on the International Standard on Assurance Engagements 3000 ("**ISAE 3000**") (Revised), **noting that this Second Party Opinion is not an assurance opinion in accordance with ISAE 3000 (Revised).**

## External Reviewer Assurance Activities

The Carbon Trust planned and performed the work to obtain all the information and explanations considered necessary to provide a basis for its opinion. The Carbon Trust's work included, but was not restricted to, the following activities:

- Reviewing the Bond Issuer's positioning of the related documents and related information in context of overarching governance and/or other processes relating to environmental and sustainability matters;
- Evaluating the Issuer Framework and eligibility criteria for this Green Bond against the GBP, including the analysis of the use and management of the proceeds, the eligibility criteria and the process for project selection, as well as the reporting aspects of the Green Bond;
- Evaluating the Issuer Framework, eligibility criteria for this Green Bond and related Green Bond documentation against the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment;
- Reviewing the Internal Procedures Document implemented by the Bond Issuer in relation the Green Bond;
- Assessing the suitability of the Procedures;
- Interviewing relevant personnel of the Bond Issuer to understand the key related processes, systems, controls, both current and committed, and related documentation;
- Interviewing relevant personnel of the Bond Issuer to assess compliance with the Issuer Framework and the implementation of associated policies and procedures;
- Preparation and revision of the Second Party Opinion report, incorporating the findings, conclusions and relevant information gathered during the evaluation process.

## The External Reviewer's Competence and Independence

The Carbon Trust's commitment to impartiality and quality assurance is established in policies, procedures and management structure. We, the Carbon Trust, maintain our independence from our clients and objectivity with regards to engagements, by maintaining, and adhering to appropriate governance processes that reflect industry best practice for assurance and independent review



services. The Carbon Trust ensures the selection of appropriate professionals to carry out the work in order to give this opinion, based on their qualifications, training and experience.

The outcome of all verification and certification assessments is internally reviewed by senior management to ensure that the approach is rigorous and transparent. We have undertaken this Independent External Review guided by the fundamental ethical and professional principles of integrity, objectivity, professional competence, due care, appropriate confidentiality and professional behaviour throughout.

The Carbon Trust is a leader in the evaluation and certification of sustainability and environmental frameworks, practices and projects, providing an independent point of view to help on the decision-making in connection with Green Bonds and Sustainability Bonds.

The Carbon Trust is an Observer to the ICMA Principles approved by the Secretariat as contemplates in the Governing framework Section 4.2 (<https://www.icmagroup.org/green-social-and-sustainability-bonds/governance-framework/>) and provides regular inputs to updates and other matters put to public comment by ICMA with regards the Principles. In October 2020, the Carbon Trust has been nominated to sit on the ICMA GBP and SBP Advisory Council.

With regards Green Bonds for which the primary objectives for underlying projects is climate change mitigation and/or climate change adaptation, the Carbon Trust is an approved *Climate Bonds Initiative* verifier for carrying out Green Bond assessments and verifications under the *Climate Bonds Standard* methodology, which has incorporated the *Green Bond Principles*. Consult: <https://www.climatebonds.net/standards/assurance/approved-verifiers>

## The External Reviewer's Opinion

**Based on the work we have undertaken and the evidence provided by the Bond Issuer, we believe that the Issuer Framework and the proposed Green Bond and procedures related to its green component comply with the Green Bond Principles, GBP (June 2018). As such, we confirm the instrument is classified as green, pursuant to the GBP (June 2018), and the Issuer Framework and the proposed Green Bond and procedures related with its green component comply with the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, concerning its Sustainability Segment.**

Set out below are our specific findings and statements in relation to each of the four GBP core components and the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment, as they relate to the Issuer Framework and the Green Bond.

### Green Bond Principles, GBP (June 2018)

#### Principle one – Use of Proceeds

The Issuer Framework considers the issuance of Green Bonds as consistent with its purpose of integrating sustainability across its business activities. The Issuer Framework highlights the Bond Issuer's Sustainable Development Finance focus, where the Issuer's sustainable lending activities will increasingly focus on nine specific United Nations' Sustainable Development Goals, contributing to the achievement of the specific SDGs. Additionally, the Issuer Framework outlines the 'Eligible Assets' that qualify for financing from the proceeds of the Green Bond, and details that eligible finance activities identified are the result of a materiality process in terms of financing sustainable development activities, including products and services; operations; and corporate social investment. The Issuer Framework therefore provides a platform for supporting Eligible Assets with clear environmental benefits typically associated with them. The Issuer Framework has been incorporated into the Issuer's draft Applicable Pricing Supplement (dated May 2021) and will apply to the Green Bond's Use of Proceeds.

The Issuer Framework outlines the 'Indicative Eligible Finance Activities' that may be funded using the net proceeds of a Green Bond. The Issuer Framework sets out specific relevant SDG targets and Eligible Finance Activities that may qualify for funding as Green Projects. These eligible finance activities are deemed appropriate for positive contribution to the respective SDGs and are consistent with the environmental objectives.

The Eligible Finance Activities and types of activities that are eligible for funding under each category are outlined in the Issuer Framework, and map clearly to the ICMA GBP Green Bond Project classification categories. These are appropriate and aligned to the Issuer's objectives, approach to sustainability, and to the achievement of the SDG to which it will contribute. Where relevant, the Issuer Framework includes climate change mitigation focused project types but does not include those focused primarily on adaptation. We note that this does not detract from the veracity and alignment of the Issuer's Green Project classification framework with the GBP.

The Issuer's draft Applicable Pricing Supplement (dated May 2021) notes that the prospective Green Bond net proceeds are to be allocated in accordance with the Issuer Framework and has identified the subject of the Green Bond to be Renewable Energy Projects contemplated by SDG 7, which is consistent with the Issuer Framework. The Issuer Framework specifies that eligible projects encompass: "Construction, maintenance, manufacture, expansion of components for clean energy, which include:

- (i) Generation or transmission which would include wind, solar, hydro power, biomass, geothermal, and their associated components".

The renewable energy projects contemplated will relate to projects to be developed under future rounds of the South African Government's Renewable Energy Independent Power Producer Programme ("REIPPP").

Furthermore, the Issuer's Climate Change Position Statement (April 2020) notes the particularly high rates of carbon emissions within South Africa and the urgent need to reduce the country's dependence on fossil fuels. As such, the Issuer's Climate Change Position Statement (April 2020) commits that the Issuer will not provide project financing or other forms of asset-specific financing towards the development of a new coal-fired power plant, regardless of country or technology. The Issuer's Financing policy on thermal-coal-related activities specifies that the Issuer will not provide financing to new coal-fired power stations and thermal coal mines outside of South Africa, and will restrict total financing in aggregate for coal mining companies, thermal coal-related infrastructure, and thermal coal-related trade.

At pre-issuance, the specific Green Projects are not yet identified and are to be subject to the Issuer Framework Process of Project Evaluation and Selection (*Refer Principle Two – Process for Project Evaluation and Selection*). The Issuer Framework Use of Proceeds section specifies that proceeds of issuance may be used to finance or refinance specified Eligible Assets. The Issuer Framework is complemented by the Issuer Internal Procedures Document that makes a clear specification that for Green Bonds, the Bond Issuer tracks and clearly reports the share of proceeds for financing versus re-financing and the expected look-back periods for the projects/portfolios that may be re-financed. The Issuer's draft Applicable Pricing Supplement (dated May 2021) indicates that proceeds from the Green Bond "will relate to projects to be developed under the Government's future rounds of the Renewable Energy Independent Power Producer Programme", therefore no re-financing of existing facilities is to be undertaken.

The Issuer Framework commits to quantifying impact and reporting on the Use of Proceeds and Impact components annually (*Refer Principle four – Reporting*). Similarly, the Issuer's draft Applicable Pricing Supplement (dated May 2021) states that the Issuer will report annually on "the impact from [the Renewable Energy Projects] pursuant to the sustainability standards".

In the External Reviewer's opinion, the Bond Issuer's process concerning Use of Proceeds, as defined in the Issuer Framework, is suitably defined and supplemented by information contained in the Issuer's draft Applicable Pricing Supplement (dated May 2021). The Green Bond Use of Proceeds are appropriately described, with Use of Proceeds to be directed to Green Projects aligned to the indicative categories identified in the GBP, specifically Renewable Energy Projects as stated in the draft Applicable Pricing Supplement (dated May 2021), and these types of Green Projects having clear environmental sustainability relevance and benefit.

**In the External Reviewer's opinion, the Issuer process for use of proceeds meets the requirements of the GBP Principle One – Use of Proceeds.**

## **Principle Two – Process for Project Evaluation and Selection**

The Issuer Framework provides a description of the overarching financing objectives and eligibility criteria as described above (*Refer Principle One – Use of Proceeds*). Furthermore, the Issuer Framework notes that the Process for Project Evaluation and Selection will consider the objectives, features and benefits of conformation with the GBP.

The Issuer Framework details the Process for Project Evaluation and Selection, noting that the Sustainable Issuance Working Committee ("SIWC") is responsible and accountable for the Issuer Framework and ensuring compliance throughout the life of the Green Bond issuance. The SIWC is constituted of Issuer senior representation from various business divisions and is required to consult with internal sustainability practitioners. SIWC oversees the use of proceeds and ensures funded projects are aligned with the Eligible Finance Activities stipulated in the Issuer Framework (which are SDG aligned) and in conformance with the ICMA GBP recommendations amongst others. Additionally, SIWC will be responsible for managing the eligibility criteria for the selection of Eligible Assets within

the context of the Use of Proceeds specification. With respect to the prospective Green Bond, the SIWC confirmed the use of proceeds, the appointment of the second party opinion provider and the placement proposed for the JSE Sustainability Segment.

The Issuer Framework, together with the Issuer Internal Procedures Document, sets out a structured approach for the selection of Eligible Assets. The Issuer Framework specifies that the proceeds from the Green Bond must fund Eligible Assets that contribute to the delivery of any of the nine SDGs selected by the Issuer (Refer *Principle One – Use of Proceeds*), subject to consistency with the Issuer's Social and Environmental Management System ("SEMS") and applicable risk policies. The Issuer's SEMS takes a precautionary approach to assessing financing activities, the processes of which are embedded in the Issuer Framework. The SEMS enables analysis and review of social and environmental risks during the lifecycle of the Issuer's lending transactions, with certain industries triggering the needs for a SEMS assessment. Additionally, the SEMS process considers conformance with the Equator Principles and works to bring projects at risk of non-compliance to conformity throughout the project life. The Issuer Framework specifies that all Use of Proceeds must be consistent with the applicable SEMS process.

In terms of the Issuer's sustainable development financing activities in the Issuer Framework, this derives from and aligns to the Issuer's Sustainable Governance Framework and is echoed in the publicly available Society Report. The Issuer Framework highlights that a significant portion of its lending book is committed towards renewable energy projects. Aligned to the Issuer corporate sustainable development strategy, the Issuer has allocated ownership and accountability of the nine SDGs to nine group executives to ensure buy-in at the highest level of the organisation and drive the Issuer's response to these SDGs.

Environmental sustainability is embedded within the Issuer's organisational governance structure and guides its strategy, behaviours and actions, as referenced by the allocated ownership of the SDGs by group executives. The Issuer's Society Report (December 2020) emphasizes the focus on sustainable development finance as its most impactful way to contribute towards the SDGs. In 2020 the Issuer adopted an energy policy that guides its transition away from financing fossil fuel energy solutions, and has established a dedicated Sustainable Finance Solutions unit mandated to partner with clients to identify sustainable finance and investment opportunities. The Issuer's Society Report was published in December 2020 and contains the Issuer's annual Sustainable Development Review, which is a clear demonstration of the Issuer's commitment to achieving the SDGs.

The Issuer Framework commits to an External Review by an independent party, in line with appropriate sustainability standards. The type of external review and its scope are to be determined depending on the underlying asset type referenced for each bond and the type of capital applicable. This may include either separately or combined: Second Party Opinion, Verification, Certification and/or Green Bond Scoping or Rating (with regard to the green component). The Issuer Internal Procedures Document stipulates that an External Review will be undertaken prior to issuance, with the scope of work including at least a review of the Process of Project Evaluation and Selection and Management of Proceeds. Post-issuance External Reviews may be undertaken to confirm that the Green Bond complies with the intended use of proceeds, and that the proceeds are managed to ensure non-contamination, with applicability determined by the applicable standard for the Green Bond or as determined by the Issuer's Specialised Distribution team.

With respect to the prospective Green Bond, the Bond Issuer has appointed The Carbon Trust in the capacity of an Independent External Reviewer as a suitably qualified independent sustainability advisor to provide independent External Review prior to issuance, and to provide a Second Party Opinion concerning the alignment of the Issuer Framework and the prospective Green Bond to the ICMA GBP and the requirements of the Johannesburg Stock Exchange Debt Listing Sustainability Service Issue 28, with regards the Sustainability Segment requirements. The appointment of the independent sustainability advisor is confirmed in the draft Applicable Pricing Supplement (dated May 2021).

The process and governance structure around the selection of assets is clearly documented and evidenced, and includes involvement of the SIWC that brings together senior stakeholders who both understand Green Projects and the associated environmental benefits and risks. The External Review of the process is covered by the Issuer Framework commitment for an External Review for the Green Bond affected through a review prior to issuance.

**In the External Reviewer's opinion, the Issuer process for project evaluation and selection meets the requirements of the GBP Principle Two – Process for Project Evaluation and Selection.**

### **Principle Three – Management of Proceeds**

The Issuer Framework, together with the Issuer Internal Procedures Document, provides an outline of the governance structures and processes for the Management of Proceeds. The Issuer Framework specifies that net proceeds of the Bond will be credited to a sub-account, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented. Allocated funding of Eligible Assets will be monitored against the issuance portfolio to ensure that there is no shortfall. Additionally, the Issuer Internal Procedures Document details the process flow, processes and responsibilities for management of net proceeds of the bond from the point at which liability is created through the lifetime of the bond, including the procedures by which the proceeds of the bond will be credited to a subaccount, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented.

The Issuer Internal Procedures Document sets out the process for establishing new facilities booked to the Subordinated Debt Green Floating: Jibar-linked subordinated notes. Separate portfolios (Debt Green Liability portfolios) will be opened to distinguish the Green Bond from vanilla senior unsecured instruments and the relevant Debt Green Liability portfolio will be credited with the Green Bond proceeds amount. The Green Bonds raised will be earmarked in a separate line under long term debt in the management accounts and will be monitored. The Issuer Internal Procedures Document provides guidance on the process for earmarking the relevant Green Bond proceeds to Eligible Assets and tagging Eligible Assets. This includes monitoring asset drawdowns, and asset balances will be monitored which will reduce the existing asset balance in the pool proportionately. In addition, the Issuer Internal Procedures Document includes the management, tracking and reporting processes for the use of proceeds and the outstanding balance of the proceeds. The Issuer will report annually to investors the draw downs on net proceeds and the temporary permitted assets funded in that year using unallocated proceeds.

The Issuer Internal Procedures Document sets out the process for managing unallocated Green Bond proceeds prior to allocation to eligible Green Projects. Specifically, and to avoid contamination of the proceeds, unallocated proceeds will be invested in:

- Temporary investment instruments that are cash, cash equivalents; and/or
- Other liquid marketable instruments (including Treasury securities).

The Issuer may also allocate the proceeds on a temporary basis against permitted assets already on the Issuer's balance sheet that exclude greenhouse gas intensive projects or manage the proceeds in any other manner that would be deemed acceptable to ensure the funds are applied as intended, subject to the Issuer's Framework. Temporary allocation of proceeds against assets on the balance sheet should:

- Exclude greenhouse gas intensive projects; and
- Not be directly linked to another bond instrument.

The Issuer's Internal Procedures Document specifies that with respect to the permitted assets on the balance sheet, temporary allocated proceeds may be applied to include renewable energy projects and green buildings. The Issuer Internal Procedures Document specifies that the size of the pool of

existing permitted assets used for this purpose would be targeted at two times the envisaged bond value to ensure adequate coverage.

Furthermore, the Issuer Internal Procedures Document stipulates that External Review will be undertaken on the following and reported to investors annually:

- Tracking of Green Bond proceeds raised;
- Management of unallocated proceeds; and
- Earmarking of proceeds to identified assets and tagging of the assets.

The scope of work for External Review will include at least a review of the Process of Project Evaluation and Selection and Management of Proceeds. In addition, post-issuance External Reviews may be undertaken to confirm the conformance of the Green Bond to the Issuer Framework and GBP, with applicability determined by the applicable standard for the Bond or as determined by the Issuer's Specialised Distribution team.

The External Reviewer appointed by the Issuer to supplement and validate the Issuer's Project Evaluation and Selection procedures, as described in the Issuer Framework and Issuer Internal Procedures Document, will similarly verify and validate the Issuer's process for Management of Proceeds in accordance with the ICMA GBP.

With respect to the prospective Green Bond, the Bond Issuer has appointed The Carbon Trust in the capacity as an Independent External Reviewer to act as an independent sustainability advisor as set out by the requirements of JSE DLR Service Issue 28, as amended from time to time, with regards the Sustainability Segment. The appointment of the Independent External Reviewer is confirmed in the draft Applicable Pricing Supplement (dated May 2021).

The Issuer Framework has also committed to disclosure of details relating to the underlying Eligible Assets annually, including on the Use of Proceeds and Impact components of the Eligible Assets. The Issuer Internal Procedures Document and draft Applicable Pricing Supplement (dated May 2021) commit to reporting for the ongoing management of proceeds, including identified use of funds raised, earmarking and allocation to assets, associated impact indicators, management of unallocated proceeds.

In the External Reviewer's opinion, the Issuer's approach to management of proceeds as set out in its Issuer Framework, Issuer Internal Procedures Document and draft Applicable Pricing Supplement, and applied for the Green Bond is in accordance with the requirements of the GBP Principle Three – Management of Proceeds.

**In the External Reviewer's opinion, the Issuer process for management of proceeds meets the requirements of the GBP Principle Three – Management of Proceeds.**

#### **Principle Four – Reporting**

The Issuer Framework commits that the Bond Issuer will report annually on the use of the Green Bond proceeds and Impact components of the Eligible Assets. Reporting on Use of Proceeds will centre on eligible asset volume in comparison to the value of the net proceeds of the Green Bonds raised, as well as a summary of eligible assets and eligible asset removals or substitutions. The Issuer Internal Procedures Document includes a detailed process for the use and management of proceeds, as well as internal monitoring and reporting processes, as detailed for *Principle Three – Management of Proceeds*. This includes initial investor reporting at issuance of the identified Use of Proceeds for the Green Bonds raised, with subsequent reporting on the Use of Proceeds demonstrating application to the identified assets.

The Issuer Framework stipulates that where confidentiality agreements and privacy, competition or other relevant regulation limits the information that can be disclosed, information regarding the impacts and the Use of Proceeds for individual projects may be aggregated in accordance with such agreements.

The Issuer Internal Procedures Document details the processes for the use and management of the proceeds, internal monitoring and reporting, noting that the key monitoring processes will be conducted on a monthly basis, with internal processes allowing for the monitoring of developments, and will allow the Issuer to maintain current information relating to the Use of Proceeds.

The Issuer Framework outlines the indicative impact criteria related to the nine SDGs deemed by the Issuer to be most material, which are appropriate quantitative measures and are aligned to the categories set out in the ICMA 'Green Project Mapping' document (June 2019), in the External Reviewer's opinion, as described above (Refer Principle One – Use of Proceeds). The draft Applicable Pricing Supplement (dated May 2021) specifies that proceeds from the Green Bond will fund Renewable Energy Projects and that reporting will occur annually on "the impact from [the Renewable Energy Projects] pursuant to the sustainability standards".

The Issuer Internal Procedures Document specifies that the methodology, assumptions and results will be validated by an appropriately skilled and experienced person prior to reporting. Furthermore, it commits to disclosing the key underlying methodology and/or assumptions transparently to the extent possible in the Issuer annual report concerning the Bond.

The Issuer Internal Procedures Document specifies that an investor report will be published on an annual basis regarding the notional figures of identified asset drawdowns, interim permitted assets and green bonds raised, including, subject to SIWC approval, whether any substitutions or supplementation of assets referencing the Green Bond have occurred over the 12-month period covered by the report.

The draft Applicable Pricing Supplement (dated May 2021) confirms the Issuer commitment to annual reporting concerning the Green Bond and commits to publishing a SENS announcement of when the Issuer Report will be made publicly available.

The Johannesburg Stock Exchange Debt Listing Sustainability Segment Requirements stipulate continuing obligations, including confirmation that the instrument is classified as a sustainability instrument pursuant to the sustainability standards, such as the GBP, in its annual compliance certificate submitted to the JSE. Any non-compliance with the sustainability standards, such as the GBP, are to be reported to the JSE within 25 business days.

In the External Reviewer's opinion, the Issuer's approach to reporting as set out in its Issuer Framework and Issuer Internal Procedures Document, and applied for the Green Bond, is in accordance with the requirements of the GBP Principle Four – Reporting.

**In the External Reviewer's opinion, the Issuer process for reporting meets the requirements of the GBP Principle Four – Reporting.**

## **JSE Debt Listings Requirements for its Sustainability Segment**

### **Classification of the instrument as a 'sustainability instrument' according to sustainability standards by an independent external reviewer**

The Issuer Framework commits to an External Review by an independent party, in line with appropriate sustainability standards. The type of external review and its scope are to be determined depending on the underlying asset type referenced for each bond and the type of capital applicable. This may include either separately or combined: Second Party Opinion, Verification, Certification and/or Green Bond Scoping or Rating (with regard to the green component).

With respect to the prospective Green Bond, the Bond Issuer has appointed the Carbon Trust as a suitably qualified independent sustainability advisor to provide independent External Review prior to issuance, and a Second Party Opinion concerning the alignment of the Issuer Framework and the prospective Green Bond to the GBP, and in doing so confirm that the instrument is a sustainability instrument pursuant to that sustainability standard as defined by the JSE DLR Service Issue 28, as amended from time to time, with regards the Sustainability Segment. The appointment of the



independent sustainability advisor is confirmed in the draft Applicable Pricing Supplement (dated May 2021) and detailed in *Appendix 1: Independent External Review Form concerning Nedbank Green Bond, May 2021* of this report. The scope of the Carbon Trust engagement includes providing a Second Party Opinion, which is the subject of this Report

The Bond Issuer has committed to make this Report accessible to relevant parties to the Green Bond and to include this document as additional information to its Applicable Pricing Supplement, in conformance with the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment.

**In the External Reviewer's opinion, the Issuer's Framework, the Green Bond and procedures related to its green component are aligned to the ICMA GBP and the JSE Debt Listings Requirements Service Issue 28, amended from time to time, with regards the Sustainability Segment, regarding the appointment of an independent sustainability advisor and the subject of the engagement.**

### Continuing obligations

The Issuer has confirmed to the External Reviewer the intention to comply with the Continuing Obligations of the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment, including confirmation concerning the continued classification of the instrument as green pursuant to the GBP in its annual compliance certificate.

**Subject to the Issuer performing in accordance with its continuing obligations, as set out in the JSE DLR Service Issue 28, and maintaining conformance with the Issuer Framework, and Issuer Internal Procedures Document, it is the External Reviewer's opinion that the Green Bond is aligned to the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment, concerning Continuing Obligations.**

### Use and management of proceeds towards green projects

The Issuer's alignment with the core components of the ICMA GBP, namely *Principle One – Use of Proceeds*, *Principle Two – Process for Project Evaluation and Selection*, *Principle Three – Management of Proceeds* and *Principle Four – Reporting*, regarding the Issuer Framework and the Green Bond verifies that the procedures in place are adequate to ensure the proceeds are used and managed in conformance with the sustainability standards and JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment.

The Issuer draft Applicable Pricing Supplement (dated May 2021) defines the Use of Proceeds to fund Renewable Energy Projects as contemplated by SDG 7 in accordance with the Sustainable Development Goals Issuance Framework's Eligible Financing Activities, and stipulates that the Issuer Framework is incorporated by reference into the draft Applicable Pricing Supplement. The Issuer Framework is available on the Issuer website at the time of our Independent Review at this location:

<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/debt-investor/debt-investors-programme.html>.

The Issuer Framework's Eligible Financing Activities, together with the draft Applicable Pricing Supplement, namely Renewable Energy and Energy Efficiency projects, aligns with GBP Green Project types.

**In the External Reviewer's opinion, the Issuer Framework and the Green Bond are aligned to the JSE DLR Service Issue 28, as amended from time to time, with regards the Sustainability Segment, regarding a statement concerning the Use of Proceeds and by reference explaining the process and use and management of proceeds in the Issuer Framework.**

### Current and ongoing independence of the advisor

The Issuer Framework and draft Applicable Pricing Supplement commit to an External Review by an independent party, in line with appropriate sustainability standards. The Issuer draft Applicable Pricing

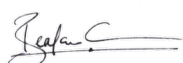
Supplement (dated May 2021) confirms the Issuer has appointed the Carbon Trust as an "independent sustainability advisor" in terms of the JSE Debt Listing Sustainability Segment Requirements.

In addition, the Second Party Opinion provides a statement of Competence and Independence of the External Reviewer; the Bond Issuer and External Reviewer having undertaken assessments of these aspects. This information is to be included in the Applicable Pricing Supplement by reference, on the basis that the Bond Issuer has committed to include this Report as additional information to its Applicable Pricing Supplement in terms of the JSE Debt Listing Requirements.

The appointment of the Carbon Trust for Independent External Review prior to issuance includes providing confirmation subsequent to issue of the Carbon Trust's current and continued independence. The Issuer has confirmed to the External Reviewer the undertaking to similarly and separately assess the External Reviewer's current and continuing independence and confirm this to the JSE to meet its continuing obligations.

**In the External Reviewer's opinion, the Green Bond is aligned to the JSE Debt Listings Requirements Service Issue 28, as amended from time to time, with regards the Sustainability Segment, regarding information required in relation to the independent sustainability advisor.**

These Opinions shall be read in the context of the inherent limitations of the Procedures and this statement's intended use.



Benjamin Curnier

Director

Carbon Trust Africa (Pty) Ltd

27 May 2021

# Appendix 1: Independent External Review Form concerning Nedbank Green Bond, June 2021

## Section 1. Basic Information

**Issuer name:** Nedbank Group Limited

**Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:** The ISIN code will be generated with the registration of the security. The Nedbank Sustainable Development Goals Issuance Framework (April 2019) has reference.

**Independent External Review provider's name:** Carbon Trust Africa (Pty) Ltd

**Completion date of this form:** 20 May 2021

**Publication date of review publication:** 27 May 2021

## Section 2. Review overview

### Scope of Review

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

### Role of Independent External Review Provider

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify):         |   |

### Executive Summary of Review

The full version of the Second Party Opinion will be available on the following website relating the Issuer's Debt investors programme:

<https://www.nedbank.co.za/content/nedbank/desktop/gt/en/investor-relations/debt-investor/debt-investors-programme.html>

## Section 3. Detailed review

### 1. Use of Proceeds

#### Overall comment on section:

The Issuer Framework highlights the Bond Issuer's Sustainable Development Finance Focus, where the Issuer's sustainable lending activities will increasingly focus on nine specific United Nations' Sustainable Development Goals. The Issuer Framework outlines the 'Indicative Eligible Finance Activities' that may be funded using the net proceeds of its Green Bond. The Issuer Framework sets out specific relevant SDG targets and Eligible Finance Activities that may qualify for funding as Green Projects. The Eligible Finance Activities and types of activities that are eligible for funding under each category are outlined in the Issuer Framework, and map clearly to the ICMA GBP Green Bond Project classification categories.

The Issuer's draft Applicable Pricing Supplement (dated May 2021) notes that the Green Bond proceeds are to be allocated in accordance with the Issuer Framework and has identified the subject of the Green Bond to be Renewable Energy Projects. These include renewable energy projects contemplated by SDG 7 and will also relate to projects to be developed under future rounds of the South African Government's Renewable Energy Independent Power Producer Programme ("REIPPP"). The types of Green Projects identified in the Issuer Framework for SDG 7 are Renewable Energy and Energy Efficiency.

Furthermore, the Issuer's Climate Change Position Statement (April 2020) commits that the Issuer will not provide project financing or other forms of asset-specific financing towards the development of a new coal-fired power plant, regardless of country or technology.

The Issuer Framework Use of Proceeds section specifies that proceeds of issuance may be used to finance or refinance specified Eligible Assets. The Issuer Framework is complemented by the Issuer Internal Procedures Document that makes a clear specification that for Green Bonds, the Bond Issuer tracks and clearly reports the share of proceeds for financing versus re-financing and the expected look-back periods for the projects/portfolios that may be re-financed. The Issuer's draft Applicable Pricing Supplement (dated May 2021) indicates that proceeds from the Green Bond "will relate to projects to be developed under the Government's future rounds of the Renewable Energy Independent Power Producer Programme", therefore no re-financing of existing facilities is to be undertaken.

The Issuer Framework commits to quantifying impact and reporting on the Use of Proceeds and Impact components annually. Similarly, the Issuer's draft Applicable Pricing Supplement (dated May 2021) states that the Issuer will report annually on "the impact from [the Renewable Energy Projects] pursuant to the sustainability standards".

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input type="checkbox"/> Energy efficiency   |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs: n/a

## 2. Process for Project Evaluation and Selection

#### Overall comment on section:

The Issuer Framework details the Process for Project Evaluation and Selection, noting that the Sustainable Issuance Working Committee ("SIWC") is responsible and accountable for the Issuer Framework and ensuring compliance throughout the life of the Green Bond issuance. SIWC oversees the use of proceeds and ensures funded projects are aligned with the Eligible Finance Activities stipulated in the Issuer Framework (which are SDG aligned) and in conformance with the GBP

recommendations amongst others. Additionally, SIWC will be responsible for managing the eligibility criteria for the selection of Eligible Assets within the context of the Use of Proceeds specification.

The Issuer Framework, together with the Issuer Internal Procedures Document, sets out a structured approach for the selection of Eligible Assets. The Issuer Framework specifies that the proceeds from the Green Bond must fund Eligible Assets that contribute to the delivery of any of the nine SDGs selected by the Issuer, subject to consistency with the Issuer's Social and Environmental Management System ("SEMS") and applicable risk policies. The Issuer's SEMS takes a precautionary approach to assessing financing activities, the processes of which are embedded in the Issuer Framework. The Issuer Framework specifies that all Use of Proceeds must be consistent with the applicable SEMS process.

The Issuer Framework commits to an External Review by an independent party, in line with appropriate sustainability standards. The type of external review and its scope are to be determined depending on the underlying asset type referenced for each bond and the type of capital applicable. The Issuer Internal Procedures Document stipulates that an External Review will be undertaken prior to issuance, with the scope of work including at least a review of the Process of Project Evaluation and Selection and Management of Proceeds. Post-issuance External Reviews may be undertaken to confirm that the Green Bond complies with the intended use of proceeds, and that the proceeds are managed to ensure non-contamination, with applicability determined by the applicable standard for the Green Bond or as determined by the Issuer's Specialised Distribution team.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |   |   |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):  |   |

### 3. Management of Proceeds

#### Overall comment on section:

The Issuer Framework specifies that net proceeds of the Bond will be credited to a sub-account, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented. Allocated funding of Eligible Assets will be monitored against the issuance portfolio to ensure that there is no shortfall. Additionally, the Issuer Internal Procedures Document details the process flow, processes and responsibilities for management of net proceeds of the bond from the point at which liability is created through the lifetime of the bond, including the procedures by which the proceeds of the bond will be credited to a subaccount, moved to a sub-portfolio, or be tracked by the issuer in an appropriate manner and documented.

The Issuer Internal Procedures document sets out the process for establishing new facilities booked to the Subordinated Debt Green Floating: Jibar-linked subordinated notes. Separate portfolios (Debt Green Liability portfolios) will be opened to distinguish the Green Bond from vanilla senior unsecured

instruments and the relevant Debt Green Liability portfolio will be credited with the Green Bond proceeds amount. The Green Bonds raised will be earmarked in a separate line under long term debt in the management accounts and will be monitored. The Issuer Internal Procedure provides guidance on the process for earmarking the relevant Green Bond proceeds to Eligible Assets and tagging Eligible Assets. This includes monitoring asset drawdowns, and asset balances will be monitored which will reduce the existing asset balance in the pool proportionately. In addition, the Issuer Internal Procedure includes the management, tracking and reporting processes for the use of proceeds and the outstanding balance of the proceeds. The Issuer will report annually to investors the draw downs on net proceeds and the temporary permitted assets funded in that year using unallocated proceeds.

The Issuer Internal Procedure document sets out the process for managing unallocated Green Bond proceeds prior to allocation to eligible Green Projects. Specifically, and to avoid contamination of the proceeds, unallocated proceeds will be invested in temporary investment instruments that are cash, cash equivalents; and/or other liquid marketable instruments (including Treasury securities). The Issuer may also allocate the proceeds on a temporary basis against permitted assets already on the Issuer's balance sheet that exclude greenhouse gas intensive projects or manage the proceeds in any other manner that would be deemed acceptable to ensure the funds are applied as intended, subject to the Issuer's Framework.

The scope of work for External Review will include at least a review of the Process of Project Evaluation and Selection and Management of Proceeds. In addition, post-issuance External Reviews may be undertaken to confirm the conformance of the Green Bond to the Issuer Framework and GBP, with applicability determined by the applicable standard for the Bond or as determined by the Issuer's Specialised Distribution team.

#### Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

#### Additional disclosure:

- ☒ Allocations to future investments only      ☐ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements      ☒ Allocation to a portfolio of disbursements
- ☒ Disclosure of portfolio balance of unallocated proceeds      ☐ Other (please specify):

## 4. Reporting

#### Overall comment on section:

The Issuer Framework commits that the Bond Issuer will report annually on the use of the Green Bond proceeds and Impact components of the Eligible Assets. Reporting on Use of Proceeds will centre on eligible asset volume in comparison to the value of the net proceeds of the Green Bonds raised, as well as a summary of eligible assets and eligible asset removals or substitutions. The Issuer Internal Procedure includes a detailed process for the use and management of proceeds, as well as internal monitoring and reporting processes. This includes initial investor reporting at issuance of the identified Use of Proceeds for the Green Bonds raised, with subsequent reporting on the Use of Proceeds demonstrating application to the identified assets. The draft Applicable Pricing Supplement (dated May 2021) confirms the Issuer commitment to annual reporting concerning the Green Bond and

commits to publishing a SENS announcement of when the Issuer Report will be made publicly available.

The Issuer Framework stipulates that where confidentiality agreements and privacy, competition or other relevant regulation limits the information that can be disclosed, information regarding the impacts and the Use of Proceeds for individual projects may be aggregated in accordance with such agreements.

The Issuer Framework outlines the indicative impact criteria related to the nine SDGs deemed by the Issuer to be most material, which are appropriate quantitative measures and are aligned to the categories set out in the ICMA 'Green Project Mapping' document (June 2019), in the External Reviewer's opinion. The draft Applicable Pricing Supplement (dated May 2021) specifies that proceeds from the Green Bond will fund Renewable Energy Projects and that reporting will occur annually on "the impact from [the Renewable Energy Projects] pursuant to the sustainability standards".

The Issuer Internal Procedures Document specifies that the methodology, assumptions and results will be validated by an appropriately skilled and experienced person prior to reporting. The Internal Procedures Document commits to disclosing the key underlying methodology and/or assumptions transparently to the extent possible in the Issuer annual report concerning the Green Bond.

#### Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

#### **Information reported:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |   |

#### **Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

#### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

#### **Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

#### **Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings              |
| <input type="checkbox"/> Decrease in water use              | <input type="checkbox"/> Other ESG indicators (please specify): |

#### Means of Disclosure

- |  |   |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|



- ## Useful Links

The Issuer Framework is available at the same website.

☒ Second Party Opinion ☐ Certification

☐ Verification ☐ Scoring/Rating

☐ Other (please specify):

Nedbank Sustainable Development Goals Issuance Framework and Additional Tier I Capital Green Bond | 23

## **Appendix 2: Nedbank Sustainable Development Goals Issuance Framework**





# SUSTAINABLE DEVELOPMENT GOALS ISSUANCE FRAMEWORK

APRIL 2019





# 1. OVERVIEW

---

## 1.1 PURPOSE

The purpose of this document is to outline a framework under which Nedbank Limited (“Nedbank”) intends to issue green, social and/or sustainability notes, the proceeds of which are envisaged to be directed towards funding assets / initiatives which would contribute to achieving specific objectives of the United Nations’ Sustainable Development Goals (“SDGs”). The focus on sustainable issuance is congruent with Nedbank’s purpose and vision of using our financial expertise to do good for individuals, families, businesses and society.

## 1.2 NEDBANK AS ISSUER

Nedbank Limited, is a public company listed on the Johannesburg Stock Exchange and Namibian Stock Exchange. As a fully-fledged South African bank, we offer retail, business, trading and corporate and investment banking products to our clients. Nedbank has been operating for several years and has positioned itself as Africa’s first carbon neutral organisation through managing our operations and carbon footprint in an environmentally-friendly manner.

In January 2017, Nedbank Limited signed up to the Principles for Positive Impact Finance, through the UNEP Finance Initiative, which calls for a new paradigm of financing. The Principles jointly consider the three pillars of sustainable development – namely economic, environmental and social – and provide a set of guidelines for financiers to identify, promote and communicate Positive Impact Finance across their portfolios.

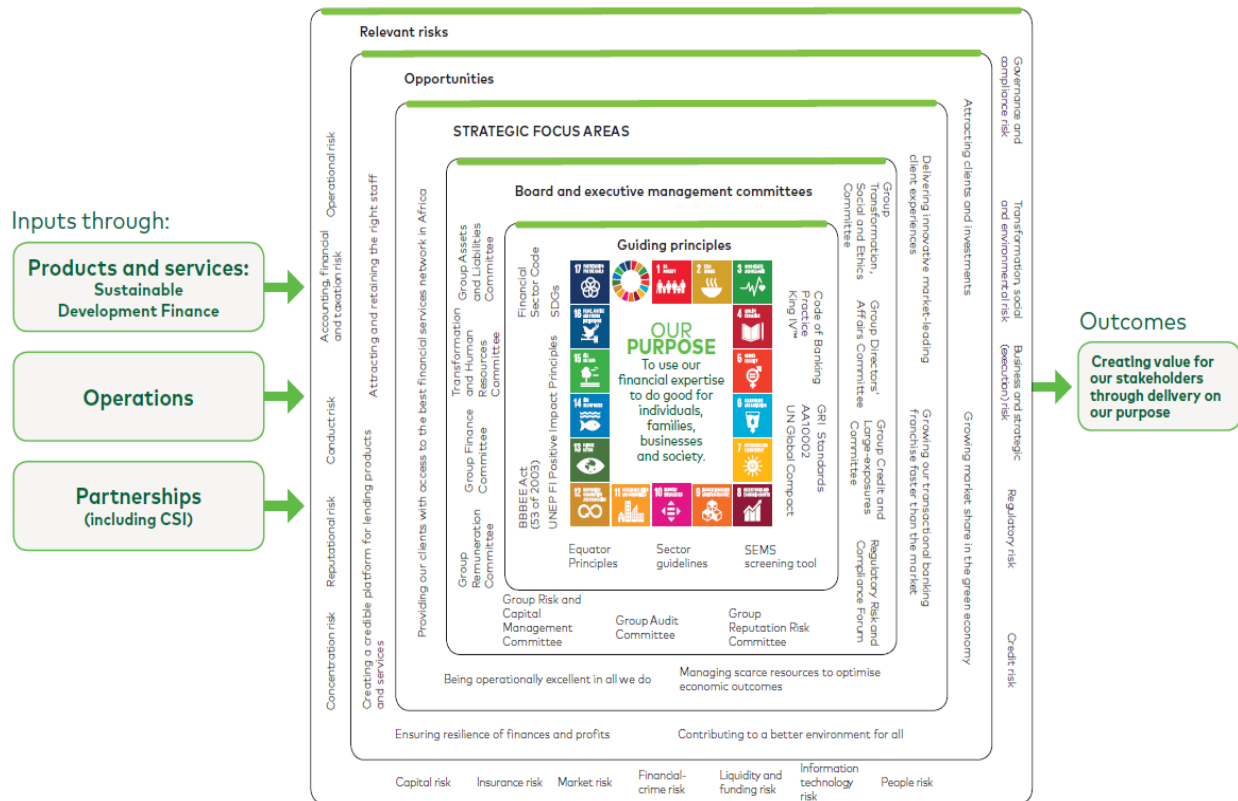
In 2017 Nedbank began the process of aligning its reporting with the SDGs and as such Nedbank’s annual Sustainable Development Review references the SDGs of greatest relevance to a financial services organisation.

Nedbank recognises that the most effective way to deliver on our purpose is by commercialising innovative products and services that help to address the relevant SDG targets, thereby enabling our clients to achieve the positive outcomes they desire.

## 1.3 NEDBANK’S APPROACH TO SUSTAINABILITY

Nedbank has been integrating sustainability across the full breath of business activities. Nedbank’s current approach is to focus on what Nedbank deems to be the most material SDGs and related targets to guide our sustainable development activities. Nedbank has undertaken a materiality process to map relevant targets to our three levers of influence: products and services; operations; and corporate social investment, thereby creating the Nedbank Sustainable Development Framework which offers a roadmap for how Nedbank can contribute to the transformation of society.

## SUSTAINABILITY GOVERNANCE FRAMEWORK



Nedbank Group – 2017 Sustainable Development Review

In terms of Nedbank's sustainable development financing activities, a significant portion of Nedbank's lending book is committed towards renewable energy initiatives as Nedbank positioned itself as a leader in the initial rounds of the renewable energy independent power producer procurement programme (REIPPPP), initiated by the South African Department of Energy. Going forward Nedbank's sustainable lending activities will increasingly focus on 9 of the 17 SDGs and 33 of the 169 associated targets. The 9 specific SDGs (representing significant funding needs) are outlined below whilst the specific targets associated with these are outlined under section 2.2

### Sustainable Development Finance Focus



### SDGs

- 4. Quality Education
- 6. Clean Water and Sanitation
- 7. Affordable and Clean Energy
- 8. Decent Work and Economic Growth
- 9. Industry, Innovation and Infrastructure
- 10. Reduced Inequalities
- 11. Sustainable Cities and Communities
- 12. Responsible Consumption and Production
- 15. Life on Land

## **1.4 NEDBANK'S SOCIAL AND ENVIRONMENTAL MANAGEMENT POLICIES AND SYSTEM**

The Nedbank Social and Environmental Management System (SEMS) is a system which enables the review and analysis of social and environmental risks during the life cycle of Nedbank's lending transactions where the SEMS process is applicable. Sensitive industries which trigger a need for a SEMS assessment include mining, chemical, agriculture, energy and manufacturing.

Nedbank is an Equator Principle Financing Institution (EPFI) and the Equator principles process falls within the overall SEMS process. During monitoring, pre and post an initial drawdown, if a transaction fails to comply with certain environmental or social terms Nedbank would work with the client to bring the transaction into compliance once again.

## **1.5 RAISING AND LISTING GREEN / SOCIAL / SUSTAINABILITY BONDS**

Nedbank's Domestic Medium Term Note Programme (DMTN) is listed on the JSE Limited. Green, social and/or sustainability bonds would be issued under Nedbank's DMTN programme and would provide investors with a unique opportunity to participate in funding assets that deliver positive non-financial impacts and funding that would contribute toward meeting the United Nations Sustainable Development Goals targets.

## 2. NEDBANK SDG FRAMEWORK

---

### 2.1 OUTLINE OF THE FRAMEWORK

Nedbank's SDG issuance framework has been developed in line with the International Capital Market Association ("ICMA") Green Bond Principles ("GBP"), Social Bond Principles ("SBP") and the Sustainability Bond Guidelines ("SBGs") and therefore adopts the four key pillars as described below:

1. **Use of Proceeds**
2. **Process for Project Evaluation and Selection**
3. **Management of Proceeds**
4. **Reporting**

The GBP, SBP and SBG are voluntary process guidelines that are globally accepted by issuers and investors and provide a framework for sustainable issuance. The green, social and sustainable capital finance market continues to evolve, and the principles are updated from time to time.

### 2.2 USE OF PROCEEDS

The use of proceeds forms the cornerstone in classifying an instrument as green, social and/or sustainable. The proceeds of issuance under this framework would be used to finance and/or re-finance either:

1. Financing to retail customers, businesses, corporates and projects ("Loan Assets"); or
2. Nedbank's own operating and/or capital expenditures ("Nedbank's Expenditures")

(together referred to as "Eligible Assets")



that would deliberately contribute to the delivery of any of the 9 SDGs and 33 targets outlined below, subject to consistency with Nedbank's Social and Environmental Management System (SEMS) and applicable risk policies, and that meet the Process for Project Evaluation and Selection set out under 2.3.

In particular Loan Assets would include corporate loans with a purpose that aligns to the Eligible GBP and/or SBP categories or which are made to a business or project that derives at least 90% of its revenues from activities as described under the Eligible Finance Activities.



## Outline of Indicative Eligible Finance Activities

Table 1 :

Sustainable Development Goal	Relevant SDG Target	Green Bond Principle Categories	Social Bond Principle Categories	Eligible Finance Activities
 <p><b>4</b> QUALITY EDUCATION</p>	<p>4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education</p> <p>4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>		<p>Access to essential Services (4.3, 4.a)</p>	<p>Activities that expand access for youths and adults to education or otherwise improve educational infrastructure</p> <p>Activities that target women and minority inclusion in education systems, including access to tertiary education or vocational and technical skills training and access to campus infrastructure</p>
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<p>6.1 Access to safe and affordable drinking water for all</p> <p>6.2 Access to adequate and equitable sanitation and hygiene for all</p> <p>6.3 Improve water quality</p> <p>6.4 Increase water-use efficiency and reduce the number of people suffering from water scarcity</p> <p>6.6 Protect and restore water-related ecosystems</p>	<p>Sustainable Water and Waste Water Management (6.1, 6.2, 6.3, 6.4)</p> <p>Terrestrial and Aquatic Biodiversity Conservation (6.6)</p>	<p>Affordable basic infrastructure (6.1, 6.2, 6.3, 6.4)</p>	<p>Activities that include:</p> <p>Expanding public access to safe and affordable drinking water</p> <p>Providing access to adequate sanitation facilities</p> <p>Improving water quality to be fit for human use / consumption</p> <p>Increasing water-use efficiency through water recycling, treatment and reuse</p>



7.1 Ensure universal access to affordable, reliable and modern energy services

7.2 Increase substantially the share of renewable energy in the global energy mix

7.3 Double the global rate of improvement in energy efficiency

7.b Expand infrastructure and upgrade technology for supplying modern and sustainable energy services

Energy Efficiency (7.3)

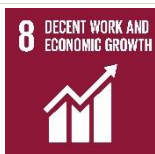
Renewable Energy (7.2)

Affordable basic infrastructure (7.1, 7.b)

Construction, maintenance, manufacture, expansion of components for clean energy, which enable:

(i) Generation or transmission which would include wind, solar, hydro power, biomass, geothermal, and their associated components; or

(ii) Energy efficiency Including energy efficient technologies in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products



8.2 Achieve higher levels of productivity

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium sized enterprises

8.4 Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation

8.9 Devise and implement policies to promote sustainable tourism that creates jobs and promote local culture and products

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (8.4)

Energy Efficiency (8.4)

Renewable Energy (8.2)

Access to essential services (8.3, 8.10)

Employment generation (8.2, 8.3, 8.9)

Socioeconomic advancement and empowerment (8.3)



9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being with a focus on affordable and equitable access for all

9.3 Increase the access of small-scale industrial and other enterprises, to financial services, including affordable credit

9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

Energy Efficiency (9.4)

Renewable Energy (9.1)

Access to Essential Services (9.3, 9.c)

Affordable Basic Infrastructure (9.1, 9.a, 9.c)

Financing of roads, rail corridors, power plants, renewable energy, communications, water treatment plants

Public sector – infrastructure funding

Property Finance – Affordable housing, schools, hospitals

Financing of new manufacturing plants

Financing of new and innovative technology with positive environmental /social benefits

Investment into companies that address social needs or scarcities for the country

Embedded generation

Construction, renovation or operation of buildings to make them sustainable, improve resource efficiency,



10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes

10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

Access to essential services (10.c)

Activities aimed at supporting previously disadvantaged individuals to advance their socio-economic position through:

- i) Financial education programmes
- ii) Training programs for individuals to access employment / self-employment or
- iii) Services for individuals in financial, legal, social, housing, transport, IT, health and education services
- iv) Access to affordable housing in urban and suburban areas with high employment



11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

Clean transportation (11.2)  
Green Buildings (11.c)

Pollution Prevention and Control (11.6)

Affordable basic infrastructure (11.1, 11.2)

Affordable Housing (11.1)

Activities that contribute to:

Construction or investment of registered affordable housing, accredited as such in the jurisdiction in which they operate; or

Construction, equipping or operation of clean transportation facilities or associated infrastructure, such as any of light passenger rail, new rail facilities for public use, electric vehicles, and other transportation infrastructure that would reduce harmful emissions

Construction, renovation or operation of buildings to make them sustainable, improve resource efficiency, adopt environmentally sound technologies.



12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes (12.5)

Environmentally Sustainable Management of Living Natural Resources and Land Use (12.2)

Pollution Prevention and Control (12.3, 12.5)

Sustainable Water and Waste Water Management (12.2, 12.5)

Food Security (12.3)

Activities that improve waste management by

- 1) Reducing waste from the source
- 2) Recycling or composting to divert waste from landfill
- 3) Organic farming, water efficiency initiatives, waste water reuse



<p>15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species</p> <p>15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p>	<p>Environmentally sustainable management of Living Natural Resources and Land Use (15.8)</p> <p>Terrestrial and Aquatic biodiversity Conservation (15.1)</p>	<p>Ecotourism</p> <p>Removal of invasive species to improve water catchments</p> <p>Mine remediation activities</p>
--	---	---

## 2.3 PROCESS FOR PROJECT EVALUATION AND SELECTION

Nedbank has established a Sustainable Issuance Working Committee (“SIWC”) which will hold ultimate responsibility and accountability for Nedbank’s SDG issuance framework including compliance, throughout the life of all Nedbank SDG issuance.

The SIWC membership consists of senior representatives from Nedbank’s Balance sheet management, Specialised Distribution, Enterprise Risk Management, Sustainability, Operations and Asset lending teams. It may be supplemented from time to time, or expanded, by representatives from other teams.

The purpose of the SIWC will be to manage the eligibility criteria of the use of proceeds by consulting with internal sustainability practitioners and making recommendations to and seeking confirmation from the working committee prior to issuance where appropriate

For both new and existing issuances, the Eligible Assets selection process will consider the following objectives, features and benefits:

- Conformance with the Eligible Finance Activities set out above
- Conformation with the GBP, SBP and SBG;
- For existing issuances decide on Eligible Assets for substitution purposes
- Assessing compliance with Nedbank’s SEMS policy where applicable
- Applying Nedbank’s own professional discretion and judgement
- Where Nedbank elects, conformance with any other principles, standards or tools that may otherwise become commonplace in the market

## 2.4 MANAGEMENT OF PROCEEDS

The intention is for the allocated funding of Eligible Assets to be at least equal to the rand equivalent of green, social and/or sustainable bonds issued. Nedbank will monitor the size of the allocated portfolio of Eligible Assets against the issuance proceeds and if there is a shortfall Nedbank will invest an amount equivalent to that shortfall in a liquidity pool within the Group.

The unallocated proceeds may be temporarily invested in investment instruments that are cash or cash equivalents and/or other liquid marketable instruments (including Treasury securities). Nedbank may also allocate the proceeds on a temporary basis against assets already on Nedbank's balance sheet that exclude greenhouse gas intensive projects or manage the proceeds in any other manner that would be deemed acceptable to ensure the funds are applied as intended.

Nedbank will maintain a set of internal procedures for the management of proceeds.

## 2.5 REPORTING

Nedbank will report annually on the Use of Proceeds and Impact components of the Eligible Assets. Reporting on Use of Proceeds will centre on Eligible Asset volume in comparison to sustainable bonds in issue, summary of Eligible Assets and Eligible Asset removals or substitutions. A summary of the impacts of the Eligible Assets may include the metrics set out below, where the data is available from clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant regulation:

Sustainable Development Goal	Indicative Impact Criteria
Number 4: Quality Education	<ul style="list-style-type: none"><li>- Number of people receiving education services</li><li>- Education facilities for inclusive and effective learning environments (number of beds provided for student housing)</li></ul>
Number 6: Clean Water and Sanitation	<ul style="list-style-type: none"><li>- Number of people provided with safe and affordable drinking water</li><li>- Number of people provided with adequate and equitable sanitation</li><li>- Volume of water saved</li><li>- Volume of wastewater treated for reuse</li><li>- Area covered by sustainable land and water resources management practices</li></ul>
Number 7: Affordable and Clean Energy	<ul style="list-style-type: none"><li>- Renewable energy produced (MWh)</li><li>- Avoided greenhouse gas emissions (tons CO<sub>2</sub>eq)</li><li>- Number of people with access to clean energy services</li></ul>
Number 8: Decent work and economic growth	<ul style="list-style-type: none"><li>- Number of loans, deposits or insurance products in line with SDGs or number of people provided these</li><li>- Number of jobs created</li><li>- Number of jobs retained</li></ul>



Number 9: Industry, innovation, and infrastructure	<ul style="list-style-type: none"> <li>- Length of sustainable road construction with equitable access</li> <li>- Length of rail construction</li> <li>- Number of first-time internet connections</li> <li>- R&amp;D expenditure in line with SDGs as % of sales</li> <li>- Number of electric vehicles financed</li> </ul>
Number 10: Reduced inequalities	<ul style="list-style-type: none"> <li>- Number of jobs created in low-income areas, among disadvantaged groups and other target populations</li> <li>- Number of local SME suppliers and smallholder farmers in supply chain</li> </ul>
Number 11: Sustainable cities and communities	<ul style="list-style-type: none"> <li>- Number of people with access to safe, affordable and sustainable housing</li> <li>- Number of people with access to sustainable transport systems</li> <li>- Number of electric vehicles deployed</li> <li>- Number of electric vehicle charging points installed</li> <li>- Floor space of green real estate</li> <li>- Waste that is prevented, minimised, reused or recycled before and after the project</li> <li>- Number of people benefiting from selective collection of recyclables</li> </ul>
Number 12: Responsible consumption and production	<ul style="list-style-type: none"> <li>- Avoided resource waste</li> <li>- Avoided emissions to air (other than greenhouse gases)</li> <li>- Avoided emissions to water</li> <li>- Materials sourced sustainably or recycled</li> <li>- Absolute or % reduction in local pollutants</li> <li>- Reduction of hazardous materials used</li> </ul>
Number 15: Life on Land	<ul style="list-style-type: none"> <li>- Avoidance or reduction of land pollution (ecotoxicity, acidification, salinization, transformation)</li> <li>- Avoidance or reduction of biodiversity loss (number of species)</li> <li>- Certified afforested or reforested land</li> <li>- Area covered by sustainable land and water resources management practices</li> </ul>

## 2.6 EXTERNAL REVIEW

As an external review, depending on the underlying asset type referenced for each bond, either the Climate Bonds Initiative (CBI) or the Green Building Council SA (GBCSA) or any other acceptable certification agency will independently provide a certification for the bond issuance. This certification will be made publicly available.

### 3 DISCLAIMER

---

#### General disclaimer

This document has been provided to you solely for information purposes. The information contained in this document is confidential and is not intended to be, nor should it be construed as, "*advice*" as contemplated in the South African Financial Advisory and Intermediary Services Act, 2002 (as amended) or otherwise, or a direct or indirect invitation or inducement to any person to engage in investment activity relating to any securities or any derivative instrument or any other rights pertaining thereto of any company mentioned herein ("**financial instruments**").

Prior to entering into any transaction (a "**Transaction**") you should determine, without reliance upon Nedbank Limited ("**Nedbank**") or its ultimate holding companies or any direct or indirect subsidiary undertakings of such holding companies (its "**Affiliates**"), the economic risks and merits (and independently determine that you are able to assume these risks), as well as the legal, tax, regulatory and accounting characterizations and consequences of any such Transaction. Nedbank is not in the business of providing legal, tax, regulatory or accounting advice. Given that there may be legal, tax, regulatory or accounting risks associated with any Transaction, you should receive (and rely on) separate and qualified legal, tax, regulatory and accounting advice and you should apprise senior management in your organization as to such legal, tax, regulatory and accounting advice (and any risks associated with any Transaction) and the content of this disclaimer.

The distribution of this document in certain jurisdictions may be prohibited or restricted by rules, regulations and/or laws of such jurisdictions and persons into whose possessions this presentation comes should inform themselves about, and observe, any such restrictions. Any failure to comply with such prohibitions or restrictions may constitute a violation of the laws of such other jurisdictions.

All trademarks, service marks and logos used in this document are trademarks or service marks or registered trademarks or service marks of Nedbank or its Affiliates. All material presented in this document, unless specifically indicated otherwise, is under copyright to Nedbank. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of Nedbank.

The Carbon Trust is an independent company with a mission to accelerate the move to a sustainable, low-carbon economy. The Carbon Trust:

- > advises businesses, governments and the public sector on opportunities in a sustainable, low-carbon world;
- > measures and certifies the environmental footprint of organisations, products and services;
- > helps develop and deploy low-carbon technologies and solutions, from energy efficiency to renewable power.

[www.carbontrust.com](http://www.carbontrust.com)

**+44 (0) 20 7170 7000**

Whilst reasonable steps have been taken to ensure that the information contained within this publication is correct, the authors, the Carbon Trust, its agents, contractors and sub-contractors give no warranty and make no representation as to its accuracy and accept no liability for any errors or omissions. Any trademarks, service marks or logos used in this publication, and copyright in it, are the property of the Carbon Trust. Nothing in this publication shall be construed as granting any licence or right to use or reproduce any of the trademarks, service marks, logos, copyright or any proprietary information in any way without the Carbon Trust's prior written permission. The Carbon Trust enforces infringements of its intellectual property rights to the full extent permitted by law.

The Carbon Trust is a company limited by guarantee and registered in England and Wales under Company number 4190230 with its Registered Office at: 4th Floor, Dorset House, 27-45 Stamford Street, London SE1 9NT.

Carbon Trust Africa (Pty) Ltd is a company wholly owned by Carbon Trust, registered in the Republic of South Africa registration number 2016/398205/07, with its registered office at 80B 107 Nicolson Street, Brooklyn Office Park, Pretoria, 0181, South Africa, and physically located at Unit 14, Network Space, Ground Floor, Block B, Corobay Corner, 169 Corobay Avenue, Menlyn, Pretoria, 0081, South Africa.

Published in South Africa: May 2021

© The Carbon Trust 2021. All rights reserved.

