

MAKE
THINGS
HAPPEN



NEDBANK

MAKING

COMMITMENT TO FIGHTING CLIMATE CHANGE

HAPPEN

Nedbank Group's climate change position statement

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A BETTER TOMORROW MEANS DOING WHAT IS REQUIRED TODAY

Introduction

Climate change is an issue that needs urgent and extensive action on the part of governments, business and citizens – if the risk of serious damage to global prosperity and security is to be avoided.

Climate change poses both risks and opportunities to all parts of the business sector and, at Nedbank Group, we are committed to playing our part in increasing energy efficiency and reducing carbon emissions into the atmosphere.

Banks, in particular, have a crucial role to play in enabling the transition from a carbon-intensive economy to more efficient low-carbon alternatives.

Nedbank intends taking a leadership role by recognising that climate change is a major issue that affects the financial sector both directly through the operations we run and indirectly through our business investments.

Nedbank also recognises that climate change will pose future risks to our investments and we will work directly with our clients to mitigate these risks.

Nedbank's strategic approach to climate change

Nedbank's strategic approach to climate change is informed by its Long-term Goals for 2030, describing a preferred and prosperous future for South Africa, in which human needs are met within environmental limits as described by science. The Long-term Goals provide a framework within which Nedbank has developed a comprehensive response to climate change:

- **Nedbank's business response**
This forms an integral part of the Fair Share 2030 strategy and requires Nedbank to redirect a portion of its lending flows to accelerate decarbonisation of the economy explicitly at a rate that is commensurate with the national carbon budget, ie South Africa's equitable share of the global commitment to avoid a 2°C average surface temperature rise. Essentially, the Fair Share 2030 strategy incorporates both mitigation and adaptation. It comprises (i) a carbon screen that will serve to decarbonise Nedbank's lending book in line with the carbon budget trajectory and (ii) an annual flow of lending towards the provision of modern energy services, clean water and sanitation, etc.

- **Nedbank's operational commitment**
This commitment calls for minimising and then offsetting the residual carbon footprint of its operations. Nedbank's carbon emissions per fulltime employee (FTE) have reduced by 23% since 2007 and Nedbank has been carbon neutral since 2009. Nedbank is currently developing plans for the further reduction and ultimately elimination of Scope 1 and Scope 2 GHG emissions from Nedbank facilities, eg through direct installation and/or procurement of renewable energy for Nedbank's use.
- **Nedbank's corporate social investment (CSI) programmes**
Over time these will also be oriented towards meeting the objectives of the Long-term Goals. Nedbank will specifically focus its CSI and philanthropic investments on interventions where it has limited agency or the ability to make an impact through its core business.
- **Nedbank's advocacy** (around climate change) – The bank will be advocating for climate change mitigation responses that are informed by the requirements of science, and adaptation responses that ensure future prosperity for South Africa within the country's national carbon budget.

Long-term Goals

-  Atmospheric greenhouse gases are stabilised at a level that gives a more-than-50% probability of avoiding a 2°C temperature rise above the long-term preindustrial average.
-  Water resources are not being extracted beyond sustainable levels.
-  The labour force is employed at percentages comparable with those of other prosperous nations.
-  All citizens have affordable access to energy services essential for development and prosperity.
-  All citizens have affordable access to clean water and sanitation services.
-  Levels of saving and investment are sufficient to support national economic development objectives.
-  Good health outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.
-  Good educational outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.

Engagement and disclosure

- Nedbank will continue to provide transparent public reporting of our own emissions profile, and the actions we undertake to manage and mitigate emissions, in our integrated report.
- Nedbank is a signatory to the **Carbon Disclosure Project**, which encourages greater transparency from the corporate sector, in terms of how it is dealing with climate change. In 2014 we again participated in the SA Carbon Disclosure Project Index and received a score of 99% for disclosure and an 'A minus' for performance.
- Nedbank has been included on the Dow Jones World Sustainability Index since 2004.
- Nedbank is committed to providing improved disclosure about the financial and material risks posed by climate change, our own emissions reduction strategies and emissions resulting from financing and investment.
- We will continue to build upon our research capability for both internal and client use.

Governance

- The **Group Transformation, Social and Ethics Board Committee**

oversees climate change risks and opportunities.

- At an executive level the **Chief Governance and Compliance Officer** takes responsibility, and the **Group Sustainability Committee** meets regularly to manage Nedbank's direct and indirect environmental and climate change impacts.
- One of the key strategic focus areas at Nedbank is to lead as a green and caring bank. Climate change is actively addressed as part of this focus area.
- Nedbank's group environmental policy is strongly focussed on climate change issues and forms a core part of our corporate responsibility/sustainability framework.

Nedbank Carbon Management Programme

- Nedbank's carbon footprint is completed internally and verified by external auditors.
- The group's total reported greenhouse gas (GHG) emissions in absolute terms decreased by 3,72% year-on-year from 2013 to 2014.
- The emission rate per fulltime employee (FTE) also decreased year-on-year, by 7,06%. FTE was calculated as 7,08 tCO₂e per FTE in 2014, down from 7,61 tCO₂e per FTE in 2013.

- Based on floor space, the GHG intensity rate decreased by 9,75% to 0,30 tCO₂e/m² (2013: 0,33 tCO₂e/m²).
- Nedbank is committed to reducing our carbon footprint through our carbon management programme, which comprises energy efficiency, awareness raising and other recognised forms of carbon reduction.
- Nedbank is committed to improving the management of energy and greenhouse gas emissions across our businesses.
- Nedbank has set intensity reduction targets for energy and greenhouse gas emissions in line with our commitments under the National Energy Efficiency Accord. The group has implemented a 12% reduction target in greenhouse gas emissions from 2005-2015.
- Nedbank is, wherever possible, procuring energy for our office complexes from clean sources. The group's Lansdowne branch in Cape Town, for example, is Africa's first ever banking branch powered entirely by renewable energy.
- In the green building space, Nedbank currently occupies six buildings accredited by the Green Building Council of South Africa.

COMMITTED TO DEVELOPING INNOVATIVE FINANCING SOLUTIONS

Products and services

- Nedbank's is committed to developing innovative financing solutions that facilitate investment in clean energy efficiency projects. Our energy project finance team finances a host of renewable energy projects and will increase investments in this sector and other clean technologies.
- We were involved in all three rounds of the **Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)**, effectively funding and supporting projects that have delivered 2 198 MW which translates into 54% of the total renewal energy capacity allocated by the Department of Energy so far.
- Nedbank has set up a carbon finance team, which is involved in the origination of clean development mechanism projects under the framework of the **Kyoto Protocol**.
- Nedbank will advise and work with clients and project developers in an attempt to minimise the overall carbon footprint of our project-financing portfolio, and will investigate the viability of setting portfolio-wide carbon reduction targets.
- Nedbank will avoid supporting activities that result in deforestation, but will support sustainable transport and property development initiatives.
- The **Nedbank Green Savings Bond** allows investors to grow their savings while, at the same time, supporting investment in renewable energy projects.

AFRICA'S FIRST CARBON-NEUTRAL FINANCIAL ORGANISATION

Sustainability credentials and indices

- **Carbon neutral** – Africa's first carbon-neutral financial organisation.
- **Dow Jones World Sustainability Index membership** – the world's premier performance benchmark for companies in terms of corporate sustainability. Included for the ninth year.
- **JSE SRI Index** – inclusion since 2004.
- **WWF Water Balance Programme** – invested R9m in South Africa's water security.
- **WWF-SA Green Trust partnership.**
- **WWF Sustainable Agriculture Programme** – Official sponsor – invested R8,3m.
- **South African Carbon Disclosure Project Index 2014** – 99% disclosure score and an 'A minus' for performance.
- **Nedbank occupies six Green Star-rated buildings.**
- **Natural Capital Leaders Index** – Natural Capital Decoupling Leader.
- **2014** – highest score in the **IRAS Sustainability Data Transparency Index** in the Banking and Financial Services Sector.
- **Inclusion in RobecoSAM's 2014 yearbook of the most sustainable companies in the world** – one of only six South African companies.
- **2014 African Banker Awards** – Socially Responsible Bank of the Year award.

- **2014 African Banker Awards** – Innovation in Banking award.
- **2014 ABSIP Company with the Most Developmental Impact.**
- **2014 EY Africa Excellence in Integrated Reporting** – ranked Excellent.

We are represented on, or a signatory to, the following:

- Equator Principles – First African bank signatory.
- Principles for Responsible Investment (through Old Mutual plc).
- UNEP FI African Task Force.
- UNEP FI National Capital Declaration.
- UNEP FI Social Working Group.
- United Nations Global Compact Advisory Committee.
- United Nations Global Compact CEO Water Mandate.
- National Business Initiative Advisory Committee on Climate Change.
- National Energy Efficiency Accord.
- Energy Efficiency Leadership Network Pledge.
- The Banking Association SA: Sustainable Finance Committee.
- Association of Ethics Officers in Africa.
- OECD Financial Sector Mapping Advisory Group.
- National Biodiversity Business Network.
- Network for Business Sustainability SA.

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