

Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

Nedbank Group response as at 31 May 2007 14:45

General Introduction

If you would like to give an introduction to your answers, please enter it here.

Although climate change has not enjoyed as much focus in South Africa as in Europe and elsewhere to date, this is changing rapidly, with a greater realisation of the potential impact on South Africa's biodiversity, energy and water resources.

Nedbank is committed to dealing with the potential impacts of climate change in a holistic and transparent manner, looking at both our own operations, and the opportunities to work with customers and business partners, as part of our carbon management programme.

We also contextualise our climate change response within a broader environmental management framework that includes commitments such as the adoption of the Equator Principles, membership of UNEP FI and a Conservation Partnership with WWF-SA.

Section A - 1 Climate Change Risks, Opportunities and Strategy

Question 1(a)(i) - Regulatory risks

For this question, please state the time period and where possible the associated financial implications.

What commercial risks does climate change present to your company including regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards?

Although the finance sector is not a high-emission sector, Nedbank is a signatory to the Energy Efficiency Accord with the South African Department of Minerals and Energy since May 2005. This is a voluntary initiative to commit to a reduction of energy usage at a time when South Africa's energy system is under pressure. Nedbank is also working on a voluntary Utilities programme identifying energy efficiency measures across its property holdings and those of Old Mutual and Mutual and Federal, in conjunction with Eskom and the National Energy Efficiency Agency.

No particular legislation has been put in place at this stage to force industry to reduce emissions, but there are strong indications of taxes or other incentives being included in the 2008 National budget to create a stronger enabling framework to deal with climate change.

Over time the credit profiles of our customers may also be affected.

For example:

- An increasing regulatory burden on energy intensive customers from emissions regulation, hence the need to determine our portfolio exposure in this regard.
- Customers with properties in flood risk/low lying areas may find it difficult to obtain insurance or see premiums rise. This may also affect our Property finance business.

- Product sensitive sectors (e.g. fisheries, forestry or agriculture for South Africa) may need to adapt to greater extremes predicted.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(a)(ii) - Physical risks

For this question, please state the time period and where possible the associated financial implications.

What commercial risks does climate change present to your company including physical risks to your business operations from scenarios identified by the Intergovernmental Panel on climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages?

Nedbank is dependant on its customers being able to access our services with ease.

The physical impacts of climate change have the potential, in extreme circumstances, to affect our ability to service our customers. Over the last year we have experienced incidences of branch closures due to unstable energy supply/blackouts, water restrictions in certain areas and even extreme weather events such as flooding.

The Nedbank business continuity management policy and programme addresses these issues on a site specific as well as regional basis. For head office sites, contingency sites exist in separate locations while others have on-site standby generation capacity such as generators.

All insurance policies are reviewed annually to ensure cover against any growing risks, such as climate change.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(a)(iii) - Other risks

For this question, please state the time period and where possible the associated financial implications.

Apart from any regulatory and physical risks you have described in your answers to questions 1(a)(i) and 1(a)(ii) above, what other commercial risks does climate change present to your company including shifts in consumer attitude and demand?

Reputational Risk - Pressures on companies to report/disclose environmental/climate impacts more fully are growing - such as the CDP focus on SA for the first time!
Governments and NGOs are also becoming more interested in business's response to climate change - in SA WWF has appointed a climate change programme manager recently as an example.

Nedbank is currently a member of the Dow Jones World Sustainability Index and JSE SRI Index, and faces the possibility of our favourable placing in these indices being eroded if we are unable to respond positively as the climate change questions become more challenging.
A transparent and holistic response to climate change has the potential of bringing positive reputational profile from a wide range of stakeholders. Business opportunities and new potential partnerships are emerging (e.g. carbon finance and renewable energy finance) and new opportunities will arise as new technologies move from research and development into the mainstream, particularly in the SME sector and sustainable agriculture, as well as energy efficient low-income housing.
Climate change has not yet become a major consumer issue in SA. There has however been a huge increase in media coverage over the last few months and a growing number of people are concerned about the possible impacts of climate change.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(b) - Opportunities

For this question, please state the time period and where possible the associated financial implications.

What commercial opportunities does climate change present to your company for both existing and new products and services?

- Energy Efficiency initiatives for our own facilities, which is being done in conjunction with Eskom and the National Energy Efficiency agency.
- Working with our suppliers to investigate energy opportunities.
- energy efficiency opportunities with our corporate customers
- Renewable energy project investment

- Carbon financing for our customer base, as well as on project finance transaction, as well as related advisory work (CDM, etc)
- New products and services in the home loan and vehicle finance space that emphasise low emissions, energy efficiency and solar opportunities.
- Working with our Conservation Partner WWF via the Green Trust to investigate and combat the effects of climate change on biodiversity and eco-systems.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(c) - Strategy

For this question, please state the time period and where possible the associated financial implications.

Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage the risks and opportunities you have detailed in questions 1(a) and 1(b) above. Please include adaptation to physical risks.

South Africa is one of the world's 20 largest contributors to greenhouse gases (GHGs). Recognising that we have an important role to play in addressing global warming and climate change issues, Nedbank Group was one of a number of large corporations to sign an Energy Efficiency Accord with the Minister of Minerals and Energy in 2005. The National Energy Efficiency Strategy targets a 15% reduction in final energy demand for the industrial sector by 2015 and a 12% improvement in energy efficiency for the nation as a whole by the same date. The Energy Efficient Accord is in line with Nedbank's existing commitment to the responsible management of environmental issues, and is a way of maintaining good partnerships with government. A group Utilities programme is underway to implement the energy efficiency targets that we have set for ourselves. More detail is attached.

Nedbank Group is also a signatory to the Carbon Disclosure Project, which seeks to encourage greater transparency from the corporate sector in how it is dealing with climate change. Nedbank Group's first energy and carbon audit took place in 2006, and resulted in the preparation of the first carbon footprint of the organisation and protocols for reporting.

With 2006 having been the first year that a comprehensive carbon footprint was prepared for the group, we are still busy refining our group strategy to climate change, in conjunction with a number of stakeholders.

Our energy team in project finance, and carbon finance team in treasury are also working with our clients to identify further opportunities.

Our broad carbon management strategy is based on calculating our emissions footprint, identifying internal abatement opportunities. identifying offsetting opportunities and offering new products and services to the market.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Please see the Nedbank Sustainability Report for 2006 as well.

Section A - 2 Greenhouse Gas Emissions Accounting
Question 2(a) (i) - Methodology - Accounting Year

Please state the accounting year used to report GHG emissions.

Financial accounting year:31 December 2006

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(a) (ii) - Methodology

Please state the methodology by which emissions are calculated.

GHG Protocol

Please provide additional information below

Assistance has been received from ERM, and Promethium carbon in the calculation of Nedbank's carbon footprint.

Please state the reporting boundaries for the data provided in this questionnaire

Option 4 - other

Please provide additional information below

South African operations

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(a) (iii) - Methodology - External verification

Please state whether the information provided has been externally verified or audited.

Yes

ERM has assisted in the calculation methodology for energy usage, and Promethium Carbon has assisted in the calculation of our business travel footprint.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Copies of the reports can be provided.

Question 2(a) (iv) - Methodology - Variations in emissions

Please provide an explanation for any significant variations in emissions from year to year eg: due to major acquisitions, divestments, introduction of new technologies etc

N/A

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(b) - Scope 1 and Scope 2 GHG Protocol - Year 1 answers

Please state your direct and indirect GHG emissions in metric tonnes CO2e for global and Annex B countries. If you are having difficulty reporting your emissions figures in CO2e metric tonnes please see the further guidance on answering the CDP5 questionnaire available [here](cdp5reportingguidance.asp).

Please enter the accounting year used to report GHG emissions details below.

31 December 2006

Total Global Emissions

87575 CO2e metric tonnes

Total Emissions Annex B countries

Scope 1 activity emissions globally

417.5 CO2e metric tonnes

Scope 1 activity emissions Annex B

Scope 2 activity emissions globally

87157.5 CO2e metric tonnes

Scope 2 activity emissions Annex B

Please state the MWh of electricity purchased and consumed by your company globally.

87157454MWh

Please state the MWh of electricity purchased and consumed by your company in Annex B countries.

0MWh

Please state the percentage of purchased and consumed MWh of electricity from renewables globally.

0%

Please state the percentage of purchased and consumed MWh of electricity from renewables in Annex B countries.

0%

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Scope 1 emissions are based on generator usage.
Scope 2 on energy purchased.

All figures cover only South African operations, and as such, not Annex B countries. Renewable energy is not readily available in South Africa at this time.

Please note that amount of electricity purchased is supplied in kilowatt hours

Question 2(b) - Scope 1 and Scope 2 GHG Protocol - Year 2 answers

Please state your direct and indirect GHG emissions in metric tonnes CO2e for global and Annex B countries. If you are having difficulty reporting your emissions figures in CO2e metric tonnes please see the further guidance on answering the CDP5 questionnaire available here.

Please enter the accounting year used to report GHG emissions details below.

31 December 2005

Total Global Emissions

76631 CO2e metric tonnes

Total Emissions Annex B countries

Scope 1 activity emissions globally

257.44 CO2e metric tonnes

Scope 1 activity emissions Annex B

Scope 2 activity emissions globally

76325.23 CO2e metric tonnes

Scope 2 activity emissions Annex B

Please state the MWh of electricity purchased and consumed by your company globally.

82722132MWh

Please state the MWh of electricity purchased and consumed by your company in Annex B countries.

0MWh

Please state the **percentage** of purchased and consumed MWh of electricity from renewables globally.

0%

Please state the **percentage** of purchased and consumed MWh of electricity from renewables in Annex B countries.

0%

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Electricity purchased is in kilowatt hours

Question 2(c) - Scope 3 of GHG Protocol - Year 1 answers

Please enter the accounting year used to report GHG emissions details below.

31 December 2006

If possible, please provide estimates in metric tonnes CO₂e for the following categories of emissions:

Use/disposal of company's products and services

Your supply chain

External distribution/logistics

Employee business travel

15030 CO₂e metric tonnes

Other

Please provide details of the sources of emissions if you have entered a figure in the "Other" box

Please provide further information about your measurement of scope 3 emissions.

Please see attached calculation of business travel. 2006 is the first year that we have calculated the carbon footprint arising from business travel, so unfortunately no comparative information is available.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Section B - 3 Additional Greenhouse Gas Emissions Accounting

Question 3(a) - Scope 1 and Scope 2 GHG Protocol emissions per country

Using the methodology set out in 2(a), please state your emissions per country. NB : If it is not practical for you to list emissions on a full country by country basis, please list here countries with significant emissions in the context of your business and combine the remainder under "rest of world". If you already have this information in another format (e.g Excel) please attach it.

Country	Scope 1 Emissions (Tonnes CO2e)	Scope 2 Emissions (Tonnes CO2e)
South Africa	417.5	87157.5

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 3(b) - Facilities covered by the EU Emissions Trading Scheme

Please provide details of total emissions in metric tonnes CO2e for all facilities covered by the EU ETS and details of allowances issued under the applicable National Allocation Plans

Emissions from the total of all facilities covered by EU ETS figure in metric tonnes CO2e

Total number of allowances issued under all National Allocation Plans applicable to installations covered by the EU ETS

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 3(c) - EU ETS impact

What has been the impact on your profitability of the EU Emissions Trading Scheme?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B - 4 Greenhouse Gas Emissions Management
Question 4(a)(i) Reduction programmes

What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.

Does your company have an emissions reduction program?

What is the baseline year for the emissions reduction program? (YYYY format eg. 1990)

If you do not use a baseline year for your reduction programme, please provide details of your reference point for the programme here.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(ii) Reduction programmes

What are the emissions reduction targets and over what period do those targets extend?

Emissions reductions target (%)

Time frame for reduction target

Further information.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (iii) Reduction programmes

What investment has been/will be required to achieve the targets. (In US \$)

Over what time period? (In years)

More detail

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (iv) Reduction programmes

What emissions reductions and associated costs or savings have been achieved to date as a result of the program?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (v) Reduction programmes

What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(b) Emissions trading

What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant? Explain your involvement for each of the following:

EU ETS

CDM/JI

CCX

RGGI

Others

More detail

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(c) Emissions intensity

Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

Best measurement of emissions intensity for you company

Historical intensity details

Current intensity details

Target details

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(d) Energy costs

What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?

Total costs of energy consumption (in US\$)

3030000US\$

Percentage of total operating costs (%)

0.003%

More Details.

Please see page 100 of the Nedbank Sustainability Report for 2006
R21,3m at an average exchange rate of R7 to \$1 = \$3,030m

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(e) Planning

Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

Do you estimate your company's future emissions?

Please provide details of these estimates and summarize the methodology for this or provide details of why you do not estimate your company's future emissions.

How do you factor the cost of future emissions into capital expenditure planning?

Have these considerations made an impact on your investment decisions?

Please provide details below.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B - 5 Climate Change Governance - Responsibility
Question 5(a)(i) Responsibility

Which Board Committee or other executive body has overall responsibility for climate change?

The Board Transformation and Sustainability Committee, a sub-committee of the Board takes overall responsibility for climate change issues.

At an executive level, the Group Executive for Enterprise Governance and Compliance, who reports directly to the Chief Executive, takes accountability for climate change issues, as well as other environmental and sustainability issues.

See also the Nedbank Sustainability Report for 2006 page 26/7

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 5(a)(ii) Responsibility

What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

Consideration of the annual sustainability report, which details progress over the course of the last year regarding climate change and other environmental issues.

Annual presentation to the Board, Board Transformation and Sustainability Committee and Exco on climate change strategy and progress.

Consideration of Nedbank's participation in the Carbon Disclosure Project.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 5(b) Individual performance

Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets?

Yes

If so, please provide details.

Only for Facilities managers in terms of achievement of energy efficiency improvements and resulting carbon emissions reductions, as well as for the carbon finance team within Nedbank treasury.

Climate change is a shaping force identified as part of Nedbank's strategic planning process, and as such is integrated into the strategic framework of the organisation.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

General Information

Please add any general information and attachments that are not related to a specific question but that you would still like to include with your response here.

Nedbank is deeply committed to Sustainability - ie ensuring financial prosperity and stability for our investors and staff, integrating social and environmental responsibility for our local communities and the countries in which we operate, and remaining relevant and accessible to our clients.

Sustainability has become a key driving force during the revival of Nedbank Group, underpinning the long-term targets that have guided our progress over the past three years, and constituting the foundation of our cultural transformation programme. Sustainability is a crucial part of the Nedbank Group culture, and one of our Deep Green aspirations remains 'to be highly involved in the community and environment'.

More information as to our objectives and progress can be found in the 2006 Group Sustainability Report.