



NEDBANK

# Addressing Climate Change

NEDBANK GROUP'S  
CLIMATE CHANGE  
POSITION STATEMENT

MAY 2019

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for a better tomorrow | 02

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**Doing what is  
required today  
for a better  
tomorrow**

Nedbank's purpose is 'to use our financial expertise to do good for individuals, families, businesses and society'. We understand that our own commercial prospects are contingent on the success of the societies in which we do business. It is therefore important to understand our role in the economy and how society can prosper as a result of our activities. Banks play a crucial role in driving sustainable socioeconomic development by providing capital where it is needed most. Therefore, through our core business of lending and investing, we have a crucial role to play in transforming the economy and addressing climate change.

Nedbank's position on climate change is informed by science, as described in the assessment reports of the International Panel on Climate Change (IPCC). We endorse the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and of the Paris Agreement to prevent dangerous anthropogenic interference with the climate system by limiting the global average surface temperature rise to well below 2 °C versus the long-term pre-industrial level.

All African countries in which Nedbank operates have formally committed to addressing climate change as signatories to the Paris Agreement. South Africa in particular has unacceptably high carbon emissions and urgently needs to reduce its dependence on fossil fuels while adapting to unavoidable climate change impacts. It is the responsibility of all businesses – whether they are carbon-intensive or not – to collaborate with government and other stakeholders to help meet domestic and international objectives.

## Nedbank's approach to climate change

### PRODUCTS AND SERVICES: SUSTAINABLE DEVELOPMENT FINANCE

- Nedbank supports and enables the rollout of utility-scale renewable energy across Africa.
- Our Embedded Generation business unit allows clients to mitigate the impacts of rising energy prices, supply insecurity and climate change. We also enable homeowners to invest in solar power by offering finance solutions linked to their homeloan.
- We finance green affordable housing through the joint Nedbank Development Bank of South Africa Green Fund.
- We have a market-leading position on finance for green buildings, acknowledging the climate change impacts of the built environment.
- Nedbank is the first bank in South Africa to list a renewable-energy bond on the JSE. The renewable-energy bond will see R1,7bn of investment supporting solar and wind renewable-energy projects.

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

#### Our business response

We aim to direct a significant and growing proportion of our funding to help transform the economy at a rate that is commensurate with UNFCCC objectives. Since the African continent is extremely vulnerable to the negative impacts of climate change, our response includes both mitigation and adaptation components, comprising decarbonisation of our lending book in line with the required trajectory and increased funding to enable sustainable development, including provision of modern energy services, clean water and sanitation, climate-resilient infrastructure and sustainable cities.

Importantly, as from 2018 the bank undertook not to provide project financing or other forms of asset-specific financing where the proceeds would be used to develop a new coal-fired power plant, regardless of country or technology. This commitment extends to round 1 of SA's Coal Baseload Independent Power Producer Programme.

## NEDBANK'S OPERATIONAL CARBON MANAGEMENT PROGRAMME

- Nedbank continually improves the management of energy and GHG emissions across our business by setting intensity reduction targets in line with our commitments, and investing in renewable-energy generation for our own operations. This amounted to approximately 450 MWh in 2018.
- Nedbank's carbon footprint measurement is completed internally and verified by external auditors. The group's total reported GHG emissions in absolute terms decreased by 11,02% from 2013 to 2018.\*
- Nedbank's GHG emissions per fulltime equivalent (FTE) decreased from 2017 to 2018 by 1,09% to 6,37 tCO<sub>2</sub>e, with overall reductions since 2013 of 17,33%.

### **Our operations**

In Nedbank facilities we first minimise and then offset our carbon footprint. We are working towards further reducing and eventually eliminating scope 1 and scope 2 greenhouse gas (GHG) emissions from our own operations.

### **Our corporate social investment (CSI) programmes**

Our CSI programmes support high-impact projects that are aligned with the Nedbank purpose by focusing on the relevant SDG goals and targets that we are unable to address directly through our commercial activities.

### **Our advocacy**

We strongly advocate for climate change mitigation responses that are informed by the best available science, and adaptation measures that will safeguard future prosperity within carbon constraints.

\* The overall carbon footprint came in below 200 000 tonnes of CO<sub>2</sub> for the first time, under the comprehensive boundary as used since 2009. The primary decrease in the carbon footprint is due to a decrease in the use of fossil-fuel-based electricity in SA and increased accuracy in reporting of non-South African electricity use. Additionally, Nedbank includes employee commuting in its carbon footprint which should be considered when doing a like-for-like comparison based on carbon footprint information.

## Governance

- Nedbank's Group Transformation, Social and Ethics Board Committee oversees climate change risks and opportunities.
- Our client-facing executives as well as executives focused on Risk, Finance and Strategy assume responsibility for Nedbank's direct and indirect environmental and climate change impacts.
- Our Sustainable Development Framework aligns with the SDGs by focusing on the relevant and material targets for the financial sector.
- Nedbank's group environmental policy is strongly focused on climate change mitigation and adaptation.



### CARBON FOOTPRINTING GUIDE



This guide, produced in collaboration with the University of Stellenbosch and the Sustainability Institute, provides advice on measuring, monitoring, reporting and verifying an organisation's carbon footprint so companies can mitigate their climate change impact over time.

### ENERGY EFFICIENCY GUIDE



This handbook is a practical tool to help businesses manage their energy consumption. It was developed in conjunction with the National Business Initiative and the Carbon Trust.

## Engagement and disclosure

- Nedbank discloses financial and material risks posed by climate change resulting from our lending and investments, as well as from our own operations, in line with the recommendations of the Taskforce on Climate-related Financial Disclosure.
- We continue to build on our climate change research capabilities for both internal and client use.
- Nedbank is a signatory to the Carbon Disclosure Project (CDP) and was awarded an 'A -' for performance, one of 11 companies to be awarded this score in SA.
- Since 2004 Nedbank has been included on the Dow Jones World Sustainability Index (DJSI), a global performance benchmark for companies in terms of corporate sustainability.
- Since 2017 Nedbank has been included on the FTSE4Good Index, a global responsible investment index for companies that demonstrate strong environmental, social and governance practices.
- Nedbank is Africa's first carbon-neutral financial organisation and has been carbon neutral since 2010.

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