1 Introduction

1.1 Nedbank Group's purpose is 'to use our financial expertise to do good for individuals, families, businesses and society' and we understand that our long-term sustainability is contingent on the success of the societies in which we do business. That is why it is vital for us to understand our role as a purpose-led organization in the economy and how society can prosper as a result of our activities.

1.2 We are committed to playing a leading role in assessing the impact of our operations and business activities on climate change and nature. We are also committed to addressing climate change, nature degradation and the overall sustainability of all of our operations and, where possible, those of our stakeholders. We will manage the risks and pursue opportunities that the transition towards net-zero by 2050 presents in ways that are sensitive to the local socioeconomic context and climate vulnerability.

1.3 Banks, insurers and asset management companies play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders, by providing capital to enable the necessary transition to a low-carbon economy and to contribute to building climate resilience through the financing of mitigation and adaptation measures.

2 Definitions

2.1 **Climate risk:** The potential negative impact of climate change on an organization. Physical risks arising from climate change can be event-driven (acute), such as increased severity of extreme weather events like cyclones, droughts, floods and fires. They can also relate to longer-term shifts (chronic) in precipitation and temperature, as well as increased variability in weather patterns (eg sea-level rise). Climate-related risks can also be linked with the transition (transition risk) to a lower-carbon global economy. The most common of these risks relate to policy changes and legal actions, technology changes, market responses and reputational considerations.

2.2 **ESG:** Environmental, social or governance matters that could have a positive or negative impact on the group's financial performance or reputation. If not managed properly, ESG matters can amplify the impact of other risk types.

2.3 **ESG risk:** Interconnected risks in nature, materializing primarily through many other existing tier 1 risk channels, including credit, conduct, financial-crime, market, operational and reputational risk. Any risk of detriment (financial or non-financial) related to the Group:

a) Inside-out perspective: The group's impact through its operations, products and services on people, the planet and the economy;

b) Outside-in perspective: The impact that people, the planet and the economy have on the group's financial position, financial performance and cash flow.

2.4 **Sustainability:** Sustainability is explicitly strategic and forward focused, considering the optimization of systems value across the 6 capitals (natural, social and relational, financial, manufactured and intellectual capital) and the need to support their resilience in the short, medium and long term. Sustainability considers what actions are needed to create a more just, equal, and prosperous society and healthier environment, now and in the future.

2.5 **Sustainability risk:** The uncertainty in achieving business objectives due to ESG factors and the impact across the group's risk universe. It incorporates the impact that a company can have on the economy, society, and the environment, how this impact can affect the performance of the company in the short, medium and long term, as well as the impact of emerging environmental and social conditions on the company's own resilience.

3 GSCRC focus and mandate

3.1 As a dedicated board sub-committee overseeing the fulfilment of the bank's Purpose to use our financial expertise for good outcomes for all stakeholders, the GSCRC recognizes that building sustainability, climate and broader environmental and social resilience is necessary in addressing the systemic issues impacting all stakeholders. Contributing to the resilience of our clients is the underlying intent of the bank's sustainable development finance (SDF) agenda. Accordingly, the GSCRC focuses on sustainability, environmental resilience, risks and opportunities, and on how the group can serve as the industry leader in SDF through supporting our clients in the transition to a low carbon and just economy.

3.2 Given the group's commitment to align its strategy, policies, mandates and incentives with:

a) the objectives of the Paris Agreement,

b) the Climate Change Act, 22 of 2024,

c) the Taskforce on Nature Related Disclosures (TNFD),

d) the Kunming Global Biodiversity Framework,

e) the International Financial Reporting Standards (IFRS) S1 & S2,

f) the Basel Committee on Banking Supervision (BCBS) principles for the effective management of climate-related financial risk, and

g) other domestic regulatory requirements.

3.3 GSCRC has been appointed and authorised by the board in terms of section 72(1)(b) of the Companies Act, 71 of 2008.

3.4 The GSCRC's mandate is to enable the board to achieve its responsibilities regarding the following:

3.4.1 The identification, assessment, control, transfer, management, reporting and remediation of all categories of sustainability - and climate-related risks and opportunities.

3.4.2 Oversight of internal climate, nature and social-related risk management policies, procedures, processes and practices.

3.4.3 Oversight of the adequacy and effectiveness of:

a) the Climate Risk Management Framework (CRMF) and

b) the Environmental, Social and Governance Risk Management Framework (ESG RMF).

3.5 In line with the Enterprisewide Risk Management Framework (ERMF), this includes key risks, key performance indicators as well as brand and market positioning, opportunities and strategies related to social, environmental and climate-related risks.

4 Fulfilling the GSCRC mandate

4.1 GSCRC has monitoring, steering and decision-making responsibilities, and listed below are common recurring activities of the committee to fulfil its mandate.

4.2 However, this charter serves as a guide and does not prevent GSCRC from performing additional functions or adopting additional appropriate measures due to changing business, regulatory, strategic, risk or other conditions.

4.3 At a minimum, GSCRC must oversee the implementation of the CRMF and ESG RMF. GSCRC must also:

a) oversee and steer overall social and environmental risk management;

b) ensure that a formal risk assessment is undertaken at least every two years and monitor that the CRMF and ESG RMF risk assessment methodology is implemented, maintained and reported effectively throughout the group; and

c) optimise the group's brand and market positioning, including topics and content related to ESG and climate change, as a leader in sustainability.

5 Responsibilities

5.1 Sustainability and climate risks manifest in other risk types such as credit, market, operational, strategic, insurance and compliance risk. Through physical, transitional and liability risk events, sustainability and climate risks may give rise to several risks within the group's risk universe.

5.2 To identify, assess and manage these risks and opportunities GSCRC must do the following to monitor the in-scope risks set out in the CRMF and ESG RMF:

a) Ensure, with respect to strategy (sustainability and environmental risks and opportunities, that link to brand and market positioning, as well as strategic and financial plans), independent oversight to unlock opportunities that require an understanding of the exposures, geographical distribution and accompanying environmental-related risks and / or challenges of the group's clients and suppliers.

b) Ensure among others, the availability and quality of information and data in relation to sectoral exposures that will have an impact on assessing the group's exposure to sustainability and climate-related risk in identified high-risk sectors.

c) Manage sustainability and environmental-related risks and opportunities.

d) Integrate ESG, sustainability and climate-related risks in line with ERMF and the Purpose Program of Work (PPOW) Target State Roles and Responsibilities, into the group's risk universe.

e) Develop sustainability and environmental -related policies in respect of risks and opportunities, including metrics and targets.

f) Ensure alignment with environmental risk and sector policies and cluster social and environmental management Systems (SEMS) to assess all high impact industry transactions in terms of compliance requirements and internal targets.

g) Monitor the implementation and ongoing maintenance of the CRMF and the ESG RMF, including the adoption of best practice to ensure risks and opportunities are identified properly.

h) Identify any build-up and concentration of the various sustainability and climate-related risks, including emerging risks, to which the group, and banking, insurance and asset management entities are actually or potentially exposed.

i) Implement a transition plan to ensure the group and banking, insurance and asset management entities manage the transition to net zero in an optimal manner.

j) Identify and regularly monitor all key sustainability and climate-related risks, controversial matters, and opportunities to ensure that decision-making capabilities and reporting accuracy are maintained at a high level.

k) Oversee the implementation of systems to capture Social, sustainability and environmental-related risk data for scenario planning and reporting in line with strategy deliverables and provide insights into the implications of developments and actions.

l) Monitor liability risk concerning the potential for damages sought by those most impacted by climate change against those held accountable for contributing to carbon emissions.

m) Ensure alignment with the group's PPOW and strategic goals, to support business goals linked to the ESG, sustainability and climate-related Sustainability Development Goals (SDGs), and optime the group's market positioning as the 'Green bank'.

n) Ensure that identified sustainability and climate opportunities are integrated into the group's strategy and business plan.

5.3 Monitor the provision of adequate and reliable information for effective risk management which enables GSCRC to:

a) ensure that a strong risk culture is maintained and that it is fit for purpose to facilitate the integration of sustainability and climate-related risks and opportunities across the risk culture;

b) understand the climate-related risks and opportunities, set out in the CRMF, and to comply with risk appetites, limits, authority levels and the strategies to deal with abnormal events or issues;

c) manage sustainability and climate-related risks and opportunities in the group, formulate a opinions about these risks and opportunities and adequately understand the issues involved;

d) review and provide recommendations to the board and other committees on sustainability and climate-related risks and opportunities and the integration into other risk types and related matters;

e) consider corrective measures taken by management to address sustainability and climate-related risks and opportunities to implement risk management enhancements; and

f) co-ordinate the monitoring of groupwide sustainability and climate- related risks and opportunities.

6 Other functions

6.1 Other functions of the GSCRC include the following:

6.1.1 Making recommendations regarding any of the matters listed above, including any other matters that GSCRC deems necessary or appropriate to manage climate-related risks.

6.1.2 Oversee the development of a risk mitigation strategy to ensure that the group and banking, insurance and asset management entities manage sustainability and climate-related risks in an optimal manner.

6.1.3 Oversee the development, adoption and opportunities effectively and to perform other functions:

a) prescribed by the South African Reserve Bank (SARB) Prudential Authority (PA) in the regulations related to banks;

b) directed by the board or required by regulations over and above the South African Bank's Act, 94 of 1990 (as amended); and

c) directed by the board to ensure alignment, where appropriate, with global leading practices including, among others, the TNFD, the Kunming Global Biodiversity Framework, the Network for Central Banks and Supervisors for Greening the Financial System (NGFS), the BCBS, the International Sustainability Standards Board (ISSB) and Partnership for Carbon Accounting Financials (PCAF), subject to domestic legislation and regulations taking precedence.

6.2 Reviewing plans and monitoring the implementation of any new group regulatory programmes related to sustainability and climate-related risks and opportunities within the GSCRC scope.

6.3 Engaging with other committees, including but not limited to the following:

a) The Sustainability Risk Committee (SRC) regarding matters related to sustainability and environmental risks.

b) The Group Remuneration Committee (Group Remco) regarding the evaluation of the incentive's principles and standards related to sustainability and the environment.

c) The Directors Affairs Committee (DAC) regarding sustainability or climate risks that may have an impact on governance, compliance and reputational risk.

d) The Group Credit Committee (GCC) regarding sustainability or climate risks that may have an impact on credit and credit concentration risks.

e) The Group Risk and Capital Management Committee (GRCMC) regarding sustainability or climate risks that may have an impact on liquidity and funding risks; operational risk (including legal risk); capital risk; market risk [including trading risk, derivatives, interest rate risk Assets and Liabilities Management and Executive Risk Committee (ALCO)]; conduct risk; regulatory risk; business and strategic (execution) risks, insurance risk and concentration risk (relevant to the GRCMC risk types).

f) The Group Audit Committee (GAC) regarding sustainability or climate risks that may have an impact on accounting, financial and taxation risks.

g) The Group Transformation, Social and Ethics Committee (GTSEC), regarding sustainability or climate risks have an impact on the various enablement functions and roles of Group HR, Group Marketing and Corporate Affairs, Group Finance and Group Compliance as set out in the GTSEC agenda matrix and charter.

h) The Group Information Technology Committee (GITCO) regarding sustainability or climate risks that may have an impact on technology risk.

7 Meetings and related matters

7.1 The GSCRC is a committee of record. The GSCRC Secretary will:

a) prepare the agenda for each meeting and facilitate the meetings;

b) collate and distribute all meeting documents;

c) draft and distribute the minutes of the meeting for review and approval;

d) keep record of meeting minutes, decisions and all documents that show GSCRC's fulfilment of its responsibilities; and

e) facilitate the assessment of the effective performance of its functions, with the exception of any recordings, draft notes and transcripts of meetings that will be destroyed once GSCRC has approved the minutes of the relevant meeting.

7.2 A majority of the members of GSCRC will constitute a quorum.

8 Charter review

8.1 GSCRC reviews this charter annually to ensure it remains fit for purpose.

8.2 GSCRC reviews its operating efficiency annually by completing a self-assessment questionnaire to ensure that it complies with best practice and the ERMF.