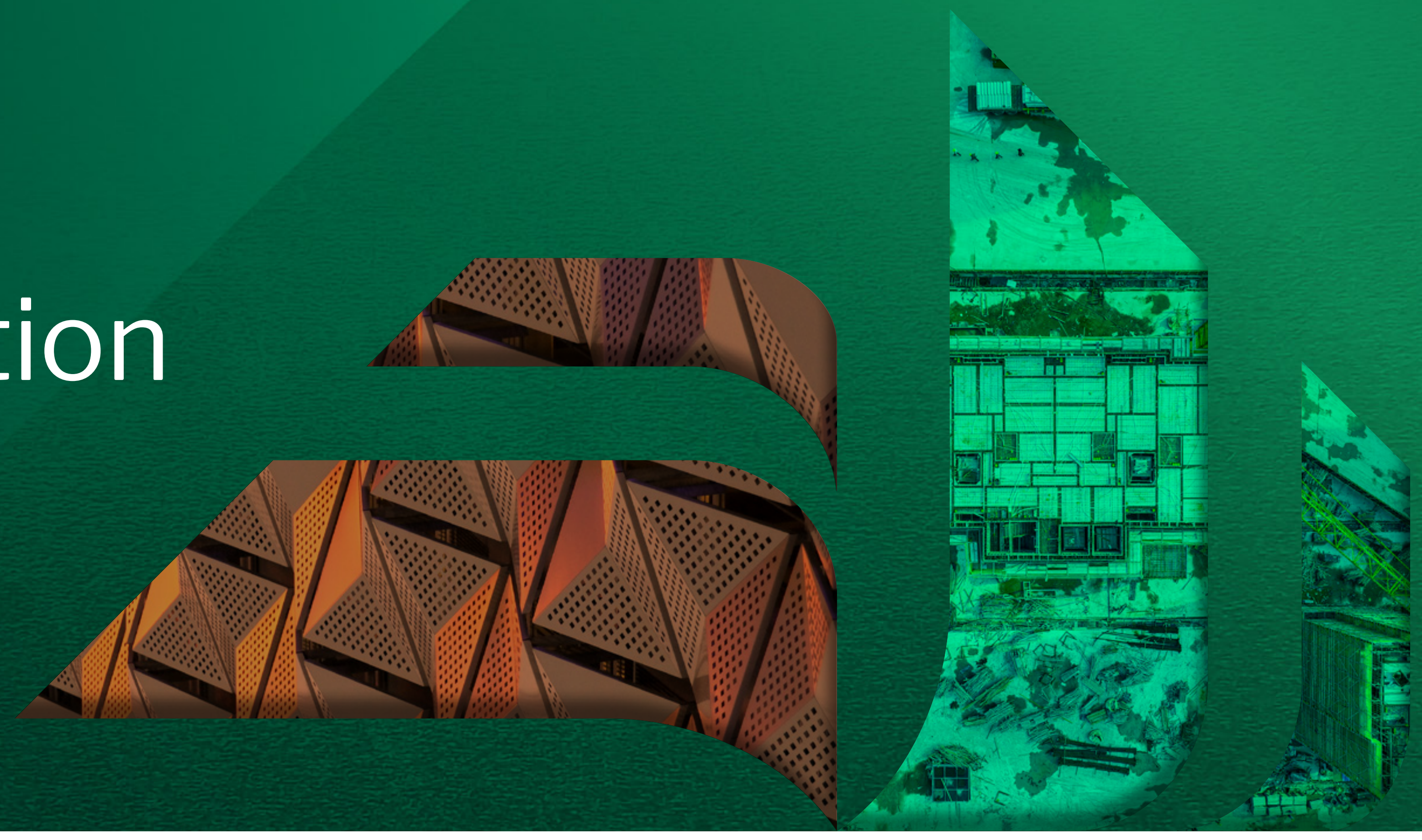
Nature Position Statement 2026



Introduction and governance

As the asset management arm of Nedbank Group Ltd, the Nedgroup Investments Nature Position Statement takes guidance from the banking group's Nature Position Statement, while taking into consideration the context of asset management and investment activities across varying asset classes and geographies.

Nature and biodiversity loss represent material, systemic risks to economies, societies and long-term investment outcomes, and are closely interlinked with climate change. As long-term stewards of capital, Nedgroup Investments recognises the importance of integrating nature-related considerations into our responsible investment approach, supporting better risk management and portfolio resilience.

> The **Nedgroup Investments Responsible Investment Committee** is tasked with drafting, reviewing, ratifying, and updating this position statement and its underlying principles. The organisation of this committee falls under the scope of the Head of Responsible Investment and the Head of Investments for Nedgroup Investments.

Summary of Nedbank's Nature Position Statement

Nedbank's Nature Position Statement articulates a vision of an economy that operates within planetary boundaries, supports equity and inclusion, and enables current and future generations to thrive. Nedbank recognises that **nature and climate are inextricably linked**, with healthy ecosystems underpinning climate regulation, economic resilience and societal well-being.

Nedbank's approach is guided by global and domestic frameworks including:

- The Kunming-Montreal Global Biodiversity Framework (GBF)
- The United Nations General Assembly resolution and Section 24 of South Africa's Constitution
- The Taskforce on Nature-related Financial Disclosures (TNFD)
- South Africa's National Biodiversity Framework and National Biodiversity Action Plan
- And as Nedgroup Investments membership to the Principles for Responsible Investing

Guided by the GBF, Nedbank will establish nature-related targets as its understanding evolves. The bank has pledged that 100% of its lending and investment activities will contribute to a net zero economy by 2050. It is also committed to strengthening internal capabilities to assess nature-related dependencies, impacts, risks, and opportunities. By reporting progress annually, Nedbank aims to set science-based targets aligned with the GBF. Nedgroup Investments will support this ambition through capability development, stewardship, and the ongoing integration of nature considerations into its asset management mandate.

The **full suite of Nedbank's** public documentation can be found here: **Nedbank Integrated Reporting suite**

Our Best of Breed™ and third-party model

With the entirety of our assets managed by third-party investment managers, Nedgroup Investments' approach to nature and biodiversity reflects the diversity of mandates, asset classes and geographies across our Best of Breed™, multi-manager and passive (Core) offerings. Our role is primarily one of oversight, stewardship and influence rather than direct asset selection.

A key intervention for us is progressing nature-related awareness, assessment and action across our network of appointed managers. This is achieved through:

- **Ongoing engagement** with managers on nature-related risks, dependencies and impacts
- **Incorporating nature** considerations into our annual Responsible Investment Review
- **Using nature-related insights** to inform collaborative engagement priorities
- **Ensuring proportionality and relevance** based on mandate, asset class and geography

For passive strategies, while our work on nature is at an early stage, we aim to leverage available data, metrics and engagement channels to better understand portfolio-level risks and support collaborative engagement where feasible.

The scientific backdrop: Nature and biodiversity

Nature underpins all economic activity through the provision of ecosystem services such as food production, water regulation, pollination, climate regulation and protection against extreme events. However, nature is in a state of rapid decline. Globally, biodiversity loss, ecosystem degradation and land-use change are accelerating, with significant implications for long-term economic and financial stability.

In southern Africa, nature loss poses particularly acute risks. A significant proportion of ecosystems are already threatened or degraded, undermining water security, food systems, livelihoods and social resilience. These risks are expected to intensify as climate change compounds existing pressures on natural systems.

The principal drivers of nature loss include:

- Land and sea use change
- Overexploitation of natural resources
- Invasive species and disease
- Pollution
- Climate change

Nature-related risks and opportunities for asset managers

Nature loss presents material financial risks to asset managers through dependencies on ecosystem services and impacts on natural capital. These risks can manifest across portfolios via investee companies and sovereign exposures.

We recognise three broad categories of nature-related risk:

1. **Physical risks** arising from the degradation or loss of ecosystems, such as water scarcity, soil degradation or loss of natural flood protection
2. **Transition risks** driven by changes in regulation, policy, technology, market preferences and societal expectations related to nature protection
3. **Systemic risks** where widespread ecosystem collapse threatens economic and financial system stability

Understanding these risks is an evolving area, and Nedgroup Investments will continue to build internal capability and engage with managers as data, tools and standards mature.

Alongside these risks, nature also presents **emerging opportunities** for asset managers. These include the development of solutions and strategies aligned with nature themes such as sustainable agriculture, water infrastructure, ecosystem restoration and biodiversity conservation.

Companies depend on a range of ecosystem services provided by nature, typically categorised as provisioning, regulating, supporting and cultural services. Together, these ecosystem services form the foundation of economic activity, with varying degrees of dependency across sectors and geographies.

1. **Provisioning services** include the supply of raw materials such as water, agricultural inputs and timber
2. **Regulating services** encompass benefits such as climate regulation, water purification and flood control
3. **Supporting services** underpin core ecological functions such as soil formation, nutrient cycling and pollination
4. **Cultural services** relate to the social, recreational and aesthetic value of nature.

At the portfolio level, companies that actively manage their dependencies and impacts on nature may demonstrate greater operational resilience, stronger supply chain stability and improved long-term value creation. As data and frameworks evolve, there is an increasing opportunity to identify and allocate capital to issuers and projects that contribute to nature-positive outcomes while supporting sustainable economic growth.

Materiality, assessments and toolkits

To support the identification of material nature-related risks and opportunities, Nedgroup Investments draws on emerging tools and frameworks, including:

- The ENCORE tool to identify sector-level dependencies and impacts on nature
- The TNFD LEAP approach to structure the assessment of nature-related risks and opportunities:
  - Locate interfaces with nature
  - Evaluate dependencies and impacts
  - Assess risks and opportunities
  - Prepare to respond and disclose

These tools are used to inform dialogue with managers rather than to impose prescriptive requirements, recognising the current limitations in data availability and consistency.

WWF relationship

The WWF Nedbank Green Trust is a long-standing conservation partnership that funds innovative projects addressing South Africa's most pressing environmental and socio-ecological challenges. Administered by WWF-South Africa and financed through Nedbank, the Trust works closely with communities, NGOs, and other partners to conserve biodiversity, protect water resources, support climate-resilient livelihoods, and promote sustainable use of natural capital, all guided by its purpose of "igniting new ways for people and nature to thrive."

In addition to the WWF Nedbank Green Trust, Nedbank is also partnered with **WWF through the WWF Nedbank Transformative Partnership.** It is through this partnership that Nedgroup Investments supports responsible stewardship with thought leadership, policy advice and the utilization of the WWF Water Risk Filter.

Portfolio approach and considerations

As with climate change, Nedgroup Investments intends to advance its nature ambitions as understanding and data quality improve. We welcome the increasing standardisation of nature- and biodiversity-related metrics across issuers and ESG data providers.

At this stage, nature-related data points are primarily used to:

- **Enhance risk** identification and portfolio oversight
- **Inform engagement** priorities with managers
- **Support alignment** with evolving best practice and disclosure frameworks

We acknowledge that many commonly available metrics remain climate-centric and that nature-specific indicators are still developing. Accordingly, our approach is iterative and adaptive. Below are the nature-related indicators that form part of our periodic portfolio assessments.

Factor	Description
Fund Potential Direct Contribution to Deforestation	The percentage of the fund's market value invested in issuers that produce commodities that contribute to deforestation (palm oil, soy, beef, and timber), that are classified as operating in a high-risk area or that have been involved in controversies linked to deforestation.
Fund Potential Indirect Contribution to Deforestation	The percentage of the fund's market value invested in issuers with Potential Indirect Contribution to Deforestation.
Fund Weighted Average Total Water Consumption Intensity	The weighted average of the fund's issuers' Total Water Consumption Intensity (m3/ USD million sales).
Fund Operations in Biodiversity Sensitive Areas	The percentage of the fund's market value invested in issuers with three or more known physical assets in Biodiversity Sensitive Areas denoted as either being Healthy Forests, Intact Biodiversity Areas, Prime Areas for Conservation or Deforestation Fronts.
Fund Operations in Deforestation Fronts	The percentage of the fund's market value invested in issuers with three or more known physical assets in areas with a significant concentration of deforestation and where large areas of remaining forests are under threat.
Fund Operations in Healthy Forests	The percentage of the fund's market value invested in issuers with three or more known physical assets in Healthy Forests or forests with an above average high forest integrity according to MSCI methodology.
Fund Operations in Intact Biodiversity Areas	The percentage of fund's market value invested in issuers with three or more known physical assets in areas with intact biodiversity or with an above average Mean Species Abundance according to MSCI methodology.
Fund Palm Oil Involvement - Highly Restrictive	The percentage of portfolio's market value exposed to companies flagged for involvement in palm oil according to our Highly Restrictive screen definition. This includes palm oil producers, and distributors that derive => 5% of revenue. The full weight of each flagged company is included in the calculation.
Fund Red Flag Environmental Controversies	The percentage of fund's market value exposed to companies facing one or more Very Severe ongoing environmental controversies related to Energy & Climate Change, Land Use & Biodiversity, Toxic Spills & Releases, Water Stress, or Operational Waste, with the company's direct involvement.

Source: MSCI

Concluding remarks and commitments

The Nedgroup Investments Nature Position Statement reflects our commitment to integrating nature considerations into our responsible investment framework in a manner that is proportionate, pragmatic and aligned with our fiduciary duty. Guided by Nedbank's ambition and bold leadership, we recognise the importance of protecting and restoring nature to support long-term economic resilience and sustainable investment outcomes.

As an asset manager operating predominantly through third-party managers, our primary levers are capability-building, engagement, collaboration and transparency. With this backdrop in mind, our business model informs our key commitments to:

1. **Enhance internal capabilities** to incorporate nature-related considerations into responsible investment and stewardship practices.
2. **Establish internal processes, tools, and data systems** necessary to facilitate nature-focused assessments and disclosures, in alignment with evolving frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD).
3. **Provide regular reporting** on progress and, as methodologies develop, evaluate the implementation of relevant portfolio-level metrics and targets.

We expect this position statement to evolve over time as data, tools, regulation and market practice mature, and we commit to reviewing and refining our approach accordingly.