



Nedbank Group

Sustainability / Corporate Responsibility



NEDBANK

PROUDLY
SOUTH AFRICAN 

Our Understanding of Sustainability



- Protect & grow shareholder value
- Manage relationships with diverse stakeholder constituencies
- Integrate economic, social & environmental concerns within the business model – to enhance organisational stability
- Ensure Nedbank remains relevant & accessible to clients

Sustainability spectrum



- Basis is good governance practices
 - Shareholders, Suppliers, Clients, Employees and Unions
 - Financial Sector Charter and Black Economic Empowerment
 - Affinity programmes
 - Green, Sports, Arts & Culture & Childrens' Affinity Trusts
 - Nedbank Foundation & BoE, NBS Trusts
 - Staff participation programmes – Local Hero's & Team Challenge
 - Environmental management – internal & lending / financing activities
 - Strategic partnerships
 - Reputation building
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Sustainability Structure



- Enterprise Governance & Compliance unit has management responsibility
- Adv Selby Baqwa, head of unit, sits on Nedbank Group Exco, as executive member responsible
- Direct reporting line to CE
- Board Transformation & Sustainability Committee
- Corporate Citizenship Management Committee

Rationale



- **Save costs** by **reducing environmental impact & treating employees well**
- **Increase revenues** by improving the environment & benefiting the local community by **creation of new products & services**
- **Reduce risk** through **engagement with stakeholders - Environmental, social, ethical & sustainability** concerns are also being recognised as risk areas with potentially negative financial, legal & reputational consequences
- Renewed calls for transparency & governance
- **Regulatory / legal developments** internationally & locally
- Sustainability & CSI issues are now being seen as **corporate reputation / brand** issues, not just social responsibility related - **Opportunity to increase brand awareness & value**
- Setting of high environmental, social & governance standards by **Multilateral Development Banks** such as the World Bank



‘Deep Green’

One of the ten strategic aspirations;

- ‘Highly involved in the community & the environment – We are proudly South African – We understand that being a leader in community development & caring for our environment is both the right thing to do & a business imperative.’

Sustainability Report



Deals with following main issues:

- Corporate Governance
- Staff & Unions
- HIV / Aids
- Corporate Social Responsibility – Nedbank Foundation
- Affinities - Trusts
- Financial Sector Charter & Black Economic Empowerment
- Clients
- Government & external relations
- Environment

Available from JustinS@nedbank.co.za or Nedbank group website

Affinities



- Nedbank Green Trust – R65m contributed
- Nedbank Sports Trust – R20m contributed
- Nedbank Arts and Culture Trust – substantially contributed to the R11m distributed
- Nelson Mandela Children’s Affinity – R1,2m contributed
- Unique & innovative link between business, marketing, & social & environmental concerns - mutual benefit marketing partnerships
- Build number of affinity clients thereby creating long term relationships with client, & simultaneously benefiting community conservation, sports development, arts & culture & welfare

Social Responsibility & Nedbank Foundation



- Foundation's key focus to strategically link CSI to core competencies – **alignment with business crucial**
- Nedbank Foundation – R30 million
- Focus Areas: Education, Skills Development, Welfare
- Affinity Trusts – R5 million +
- BoE / NBS Trusts – R5 million
- Foundation funding over 250 projects
- Over R130 million spent in last four years

Inclusivity



- Governing board representivity
- Financial Sector Charter alignment
- Regional CSI For a for KZN & Western Cape
- Staff involvement
 - Team Challenge
 - Local Hero Programme
 - Community Support Programme

Team Challenge Programme



- Staff Participation important part of the Nedbank culture
- Shift from corporate spending to direct engagement with communities
- Community-focused initiative that enables staff & their friends & families to become actively involved in a community or environmental project
- One of the objectives of this project is to break down barriers & encourage cross-company teamwork & communications.
- Funding of prizes to winning projects, **not** teams by Nedbank Foundation

Local Hero's



- Programme aims to increase awareness about community involvement & highlight that among our colleagues there are individuals who have another aspect to their lives, which is seldom seen or talked about, thereby encouraging others to follow suit
- The Local Hero Programme, together with the Nedbank Foundation, donates R10 000 every week to community non-profit organisations ('NPOs') in which employees volunteer. Community work conducted by employees will be recognised to the extent that there is a charitable or developmental aspect to the work done by the NPO to which the employee belongs.
- Funding available from Nedbank Foundation

Environmental Management



- Development of Environmental Policy confirms Nedbank's commitment to develop an environmental protection & preservation culture in both its own operating environment & parties with which it has a business association
 - Two aspects: Internal environmental management, & lending / financing activities
 - Environmental policy looks at both direct impacts & lending issues (in line with greater international focus on lending)
 - Management of consumption of resources & encouraging recycling initiatives- paper, printer cartridges
 - Reporting on water & energy consumption, waste generated, emissions, recycling, land management etc. – setting targets for reduced consumption & associated savings
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The 'Equator Principles'



- An **industry approach** for financial institutions in determining, assessing & managing environmental & social risk in project financing
In adopting these principles - seek to ensure that the projects financed are developed in a manner that is **socially responsible** & reflect **sound environmental management** practices
- Undertake to review carefully all proposals for which customers request project financing. Will not provide loans directly to projects where the borrower will not or is unable to comply with environmental & social policies & processes
- Categorised the risk of a project in accordance with internal guidelines based upon the environmental & social screening criteria of the IFC
- For all Category A & Category B projects, the borrower has completed an Environmental Assessment (EA), the preparation of which is consistent with the outcome of the categorisation process & addresses satisfactorily key environmental & social issues identified during the categorisation process
- Accounting for **±90%** of total global project finance

Nedbank and the Equator Principles



Nedbank has become the **first** African Bank to adopt the Equator Principles

A number of reasons behind this:

- In line with Nedbank's existing environmental & social policies, & future commitments
- In line with the rapid developments in South African legislation & codes in this area, & will also bolster the existing risk management processes;
- Creating positive relationships with other Equator banks, clients, NGO's & other stakeholders;
- Become the partner of choice for Equator banks & Multilateral development banks in Africa

UN Global Compact



- Nedbank is a signatory of the UN Global Compact
- The Global Compact is an initiative started by UN Secretary General Kofi Annan, & seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation
- Nedbank Group supports the ten principles of the Global Compact in respect to human rights, labour rights, the protection of the environment & anti-corruption, & is proud to be a signatory to the Global Compact.
- The Global Compact is a purely voluntary initiative with two objectives:
 - to mainstream the ten principles in business activities around the world
 - to catalyse actions in support of UN goals
- The Global Compact today includes nearly 6 000 companies from more than 80 countries

United Nations Environment Programme Finance Initiatives



- Nedbank **first** SA commercial bank to become UNEP FI signatory
- Involvement on UNEP FI African Task Force promoting sustainability considerations in Africa
- **African representative** on joint UNEP FI/GRI project developing environmental reporting indicators for the finance sector
- Aim to interact with local and international banks, & learn from experiences
- Also - JSE Advisory forums, Banking Council & NBI Sustainable Futures Advisory Committee- participation at sectoral & business forums

Partnership with WWF-SA



- Green Trust partnership in place since 1990
- Nedbank & its clients have contributed over R65m to conservation projects in Southern Africa
- Broaden & strengthen partnership
- WWF input into policies, strategy & reporting, involvement of Nedbank staff & clients in WWF & Green Trust projects
- Nedbank ensure responsible internal environmental management, approach to financing, staff involvement
- Novel partnership in SA context

Indices



- JSE Socially Responsible Investment (SRI) index inclusion –
Rated in the top 20% 2005
- Dow Jones World Sustainability Index – 2005/2006 inclusion for
Nedbank
 - 1 of only 3 SA companies & 1 of only 28 banks globally to be
included

Mail and Guardian Awards



- **‘Greening the Future’** – Nedbank wins the award for most improved environmental performance 2005
- **‘Investing in the Future’** – Nedbank wins best corporate social responsibility report & finalist for best employee participation programme 2004
- Nedbank highly commended in Sustainability Investing in Africa category of Ai Africa Investor Awards & in Business Reporting category
- Nedbank also named industry leader by Professional Management Review for environmental care, roll of honour mention for social upliftment

Other Measurement of Nedbank Progress



- **Nedbank wins the Banker award for best Corporate social responsibility bank in emerging markets in London 2005**
- **Nedbank 2nd in Ernst & Young Excellence in Sustainability Reporting awards in South Africa 2005**

Steps Going Forward



- Manage reputation carefully
- Lending practices – implementation of environmental policy
- Improve internal environmental performance
- Training & Awareness throughout organisational network
- Refine view on Socially Responsible Investment – products?
- Finance sector developments: Finance Sector Charter alignment & going beyond transformation
- Further integration of non-financial/sustainability issues into business operations & strategy