NEDBANK GROUP

CREATING VALUE BY USING OUR FINANCIAL EXPERTISE TO DO GOOD.

SUSTAINABLE DEVELOPMENT REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2019

SD

see money differently

OVERVIEW OF NEDBANK GROUP

> As a leader, I am committed to creating the environment that is required to bring about meaningful, long-term change and resilience for ourselves and our stakeholders. This means making decisions that respect the environment and its limits and placing societal good above short-term profits. Using our financial expertise to do good is our purpose, not an empty rallying call. I believe it is the only way that we will succeed and build a society that we can be proud of.

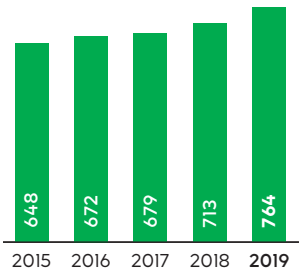
Mike Brown, Chief Executive, Nedbank Group

Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking services as well as insurance, asset management and wealth management. In SA we have a strong franchise evidenced by a 19% deposit and 19% advances market share.

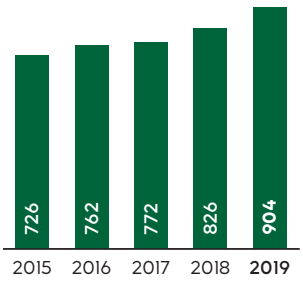
Outside SA we operate in five countries in the South African Development Community (SADC), through subsidiaries and banks in Lesotho, Mozambique, Namibia, eSwatini (Swaziland) and Zimbabwe (during 2019 we sold our operations in Malawi). In Central and West Africa we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and we have representative offices in Angola and Kenya.

Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients, in Guernsey, Isle of Man, Jersey and London, and we have a representative office in Dubai.

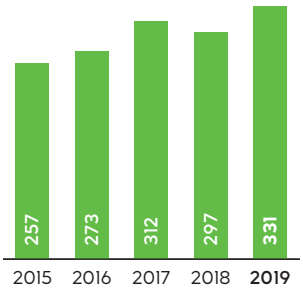
ASSETS
(Rbn)



DEPOSITS
(Rbn)



ASSETS UNDER MANAGEMENT
(Rbn)



Access to the **largest banking network in Africa** through our own operations in SADC and our strategic alliance with ETI in 39 countries



- Ecobank presence
- Nedbank presence
- Ecobank and Nedbank presence

HEADLINE EARNINGS
R12,5bn

CET1 CAPITAL RATIO
11,5%

CLIENTS
7,8m

EMPLOYEES
29 403

TOP-TIER
client satisfaction
AND LEAGUE TABLE RANKINGS

Level 1 BBBEE CONTRIBUTOR

MARKET-LEADING
digital innovations

Carbon-neutral OPERATIONS AND effectively net-zero OPERATIONAL WATER USAGE

MSCI ESG rating
AA

DOW JONES SUSTAINABILITY EMERGING MARKETS INDEX
inclusion since 2004

ABOUT THIS 2019 SUSTAINABLE DEVELOPMENT REVIEW

This 2019 Sustainable Development Review is produced and published annually. The review details how Nedbank is delivering on its purpose. It describes the sustainable development action, investments and contributions Nedbank Group has made in support of the United Nations (UN) Sustainable Development Goals (SDGs) during the period 1 January 2019 to 31 December 2019 as well as any material events after this date and up to the board approval date of 14 April 2020. This review should be read in conjunction with the 2019 Nedbank Group Integrated Report as well as the other supplementary reviews dealing with our approach to risk management, governance, ethics, people management, stakeholder engagement and transformation. These can be downloaded at nedbank.co.za.

This review contains three main sections that are aligned with our Sustainable Development Framework:

- **Sustainable development finance** – using our financial expertise, lending and investment capabilities to deliver on relevant SDG targets.
- **Operations** – managing our buildings, business practices and relationship with our staff and other stakeholders to align with relevant SDG objectives.
- **Corporate social investment (CSI)** – leveraging our CSI to contribute to those SDGs that we cannot directly target through our core business and operations.

The content of this Sustainable Development Review is also informed by Nedbank's material matters and contributes to our group's compliance with the Global Reporting Initiative (GRI) standards for sustainability reporting. Related online reports and publications, as listed below, can be accessed on our group website at nedbankgroup.co.za.

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Our integrated reporting consists of a full suite of online publications, which caters for the diverse needs of our broad stakeholder base. These can be accessed on our group website at nedbankgroup.co.za.



INTEGRATED REPORT 2019



FINANCIAL AND RISK MANAGEMENT REPORTING

- Results booklet and presentation
- Nedbank Group Annual Financial Statements
- Pillar 3 Risk and Capital Management Report
- Tax Report



SUSTAINABLE DEVELOPMENT REPORTING

- Sustainable Development Review
- Stakeholder Engagement Report
- People Report
- Transformation Report and BBBEE certificate
- Global Reporting Initiative Standards
- ESG disclosures



GOVERNANCE REPORTING

- Governance and Ethics Review
- Director and executive profiles
- Remuneration Report
- Key policies



SHAREHOLDER INFORMATION

- Notice of 53rd AGM
- Form of proxy
- Shareholding profile

OUR CONTEXT

We, and our stakeholders, continue to operate in a world that is volatile, uncertain, complex and ambiguous. This state was deepened by the tapestry of social and environmental challenges that intensified during the period under review, including the unprecedented impact of Covid-19. Bold and courageous leadership that embraces new ways of thinking and doing – and unites rather than polarises – is what is needed as we enter this new decade.

Within this context we have identified the following material matters that represent the issues that have the most impact on our ability to create sustained value for our stakeholders. While these issues change over time, as new trends and developments shape the macro environment and our stakeholders' needs evolve, the broad themes remain consistent. These material matters are addressed across the suite of Nedbank 2019 reports.

Covid-19

At the time of publishing, many governments were implementing emergency measures to curb the spread of the virus, including a full lockdown in SA. At Nedbank, we are working tirelessly to ensure that we do all we can to ensure stakeholders are prepared to deal with this escalating challenge. Our primary focus is on the health and safety of our staff alongside the continuous and uninterrupted provision of worldclass banking and other financial services to our clients.

Please refer to nedbank.co.za or our 2019 Integrated Report for further details on our response.

A challenging SA macroeconomic environment

As a financial services provider, we are highly connected to and interdependent on the macroeconomic environment, especially in SA, where we currently generate more than 90% of our earnings. Our ability to create value is dependent on key economic drivers, our response to them and their impact on our stakeholders.

Managing growth opportunities versus risks in rest of Africa

Against a muted SA economic outlook, sub-Saharan Africa (SSA) is considered to be an attractive long-term investment region, fuelled by its strong economic growth potential. Strong population growth, a long-term rise in the middleclass population, urbanisation trends, increasing technology usage and abundant natural resources are key drivers for investments in SSA. African governments are driving efforts to tackle infrastructure bottlenecks and improve the regulatory environment to attract foreign direct investment, along with additional opportunities brought about by the recent ratification of the African Continental Free-trade Agreement (AfCFTA). Continued implementation of the agreement should boost intra-Africa trade in the medium-to-long-term. Banking penetration still remains relatively low in many African countries, creating an opportunity for established banks from well-developed financial markets to grow. Mobile and digital technologies driven largely by fintech companies are gradually boosting financial inclusion in SSA.

Increased competition and threat of new entrants

Competitors in the banking sector have evolved to include new entrants, fintech disruptors and big tech disruptors. These disruptors are revolutionising the banking experience for clients.

Disruptive technologies and increased competition

As the world becomes increasingly digitised, all industries are feeling the impact of the pervasiveness of technology. Financial institutions have seen leading indicators of this revolution as it changes all aspects of providing financial services and creates new opportunities – from digitisation of financial services, enhanced client experiences and new products and channels, to evolving organisational structures and internal processes, as well as new staffing and skills requirements. New digital technologies are reshaping the value proposition of existing financial products and services and how these are delivered to and consumed by clients.

Requirements for scarce and evolving skills

The pace of change in banking is accelerating, and digitisation is at the forefront of the change in the industry, with strong competition in delivering superior client experiences and pressure to remain competitive. Global banking industry trends indicate a large impact on the workforce as a result of digitisation relating to skill sets and a reduction in organisation sizes. Client behaviours and uptake of digital offerings influence the roles and skill sets required for banks to grow their business. In addition, the increase of millennials in the workforce requires learning offerings that meet their needs to keep their skills relevant to meet the demands of the ever-changing context.

Changing relationships between business, government, labour and civil society

Government, business, labour and civil society all understand the imperative to address weak economic conditions and high levels of unemployment, avert further sovereign-credit-rating downgrades and increase levels of inclusive growth to ensure a better life for all. Working together towards a common goal will assist the SA economy in reaching its full potential and reducing inequality and poverty.

Demands on governance, regulation and risk management

The financial services industry worldwide has seen an exponential increase in regulations since the global financial crisis. These regulations have placed new demands on banks, resulting in the increased cost of banking. We support the intention of increased global regulations to protect our stakeholders by preventing a similar financial crisis from reoccuring in the future. Hence regulatory compliance and alignment with emerging risk management practices are our key strategic imperatives.

Transformation of society within environmental constraints

The World Economic Forum (WEF) has highlighted geopolitical and geoeconomic tensions, along with domestic political strains in many countries, as key hurdles to addressing effectively the most urgent global risks. In fact, in many cases

this is a real conundrum as it is this lack of progress in addressing these risks that actually drives greater levels of sociopolitical tension.

Environmental risks[1] remain among the top global risks identified by the WEF, both in terms of likelihood and potential impact. These include extreme weather, natural disasters, water crises and failure of climate change mitigation and adaptation. The interconnectedness of these risks with human wellbeing means that they pose increasing systemic challenges to communities, corporations and governments. The Western Cape's brush with Day Zero and the continued extreme water shortages being experienced in many other parts of SA emphasise how heavily we rely on the environment for economic prosperity and social stability, and how much a natural ecosystem failure puts the wellbeing of communities at risk. This is reinforced in the 2018 WWF Living Planet Report[2], which states that the results of climate in action globally are becoming increasingly apparent, with many species experiencing declines of up to 60% since 1970.

Global inequality (ie between countries) may have reduced in recent years, but within many countries, including SA with its stubbornly high and growing unemployment rate of 29%[3], it has continued to rise. So, while the International Monetary Fund (IMF) forecasts[4] the slowest growth in the global economy since 2008/09, the drive to address inequality, unemployment and poverty on the African continent, which is Nedbank's primary market, cannot stall.

As such, we consider the SDGs, the African Union's Agenda 2063 and SA's National Development Plan (NDP) as complementary roadmaps to guide our efforts in terms of helping to transform society and identify investment opportunities with the greatest potential to address meaningfully the challenges faced. We recognise that following this path requires strong, committed and courageous leadership and a sharp focus on sustainable value creation through cooperation, rather than the pursuit of purely short-term financial objectives and competitive advantage.

[1] *Global Risks Report 2020. http://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf.*

[2] *WWF Living Planet Report 2018. http://wwf.panda.org/knowledge_hub/all_publications/living_planet_report_2018/.*

[3] *www.statssa.gov.za/ (official unemployment data for 3Q 2019, which excludes Discouraged Workers).*

[4] *International Monetary Fund (IMF). 2019. World Economic Outlook, October 2019: 'Global Manufacturing Downturn, Rising Trade Barriers'. Washington, DC: IMF. https://www.imf.org/en/publications/weo.*

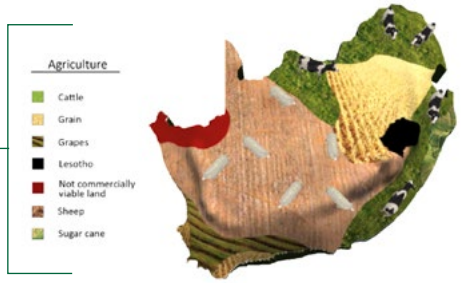
Understanding the potential impact of climate change

Southern Africa is particularly vulnerable to climate change because of its geographic positioning, with local average temperature increases anticipated to be twice the global average. Therefore, and in line with the Paris Agreement, it is essential to limit global average temperature increase to 1,5°C above preindustrial levels. The consequences of not doing so will have serious economic, social, and environmental implications for the region and on, among other things, human discomfort and health, rainfall patterns and agriculture potential.

The National Business Initiative Climate mApp uses data from the Council for Scientific and Industrial Research, the Department of Environment, Forestry and Fisheries, and Wits University to demonstrate potential impacts on SA using a number of different climate change scenarios. The scenarios are based on data that was available in 2018 but research in this field is evolving rapidly and the impacts of climate change could be far more severe than what has been depicted here. We have used this data as seen below as input into our scenario planning as it relates to prospects for our business and clients.

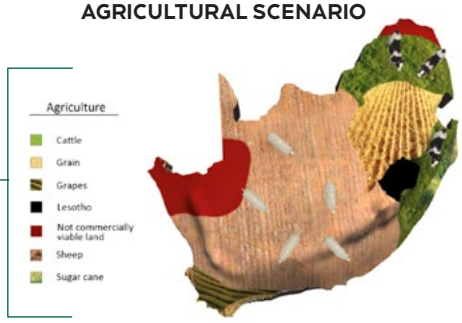
2°C – globally,
4°C – locally
In this scenario average temperature increases could range between 4°C and 7°C degrees in southern Africa, with the western half of the country becoming hotter and drier and the eastern half of the country experiencing a potential increase in sporadic and severe storms.

AGRICULTURAL SCENARIO



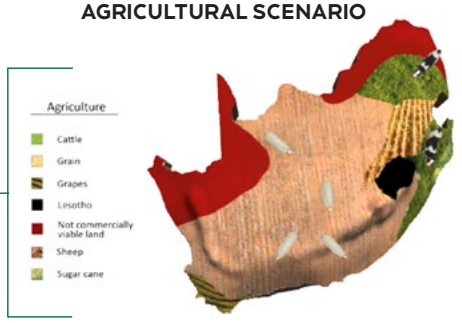
3°C – globally,
6°C – locally
In this scenario there is a general trend towards a hotter and drier climate, with greater water shortages and higher temperatures experienced. The key variable from an agricultural perspective is the balance between rainfall and heat-accelerated evapotranspiration, with direct impacts on maize and wheat for example. These crops form part of the nation's staple diet and more than 70% of the country's wheat is grown in the more vulnerable Western Cape. Sheep farming is also displaced.

AGRICULTURAL SCENARIO



4°C – globally,
8°C – locally
In this scenario almost half of the Northern Cape is no longer commercially viable for agriculture, as is much of the Western Cape, due to severe water shortages. Extremely high temperatures in northern Limpopo and the northern part of the North West would require farmers to use expensive irrigation methods. As temperatures increase beyond 4°C, cattle are also at risk of heat stress, which leads to decreased productivity, changes in reproductive cycles, as well as deterioration in general health.

AGRICULTURAL SCENARIO



OUR RESPONSE

OUR PURPOSE 〉 To use our financial expertise to do good for individuals, families, businesses and society

OUR VISION

To be the most admired financial services provider in Africa by our staff, clients, shareholders, regulators and society

OUR BRAND PROMISE

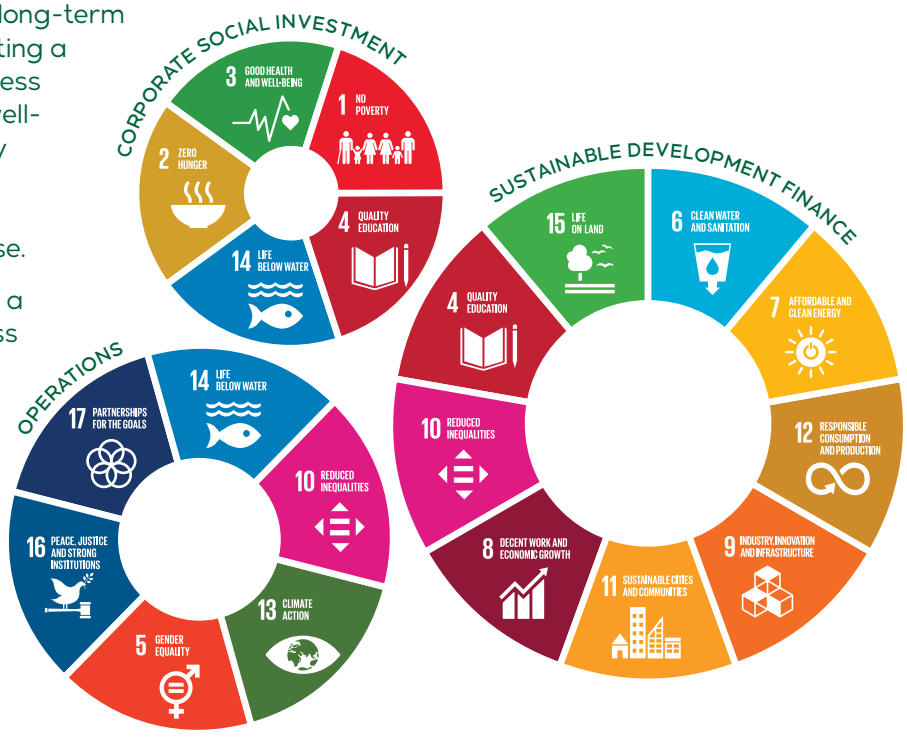
see money differently

NEDBANK SUSTAINABLE DEVELOPMENT FRAMEWORK

Our purpose guides our strategy, behaviours and actions towards delivery of long-term value. We are aware that operating a successful and sustainable business requires a thriving economy, a well-functioning society and a healthy environment. We also know that we have a responsibility and an opportunity to contribute to these.

As such, our response cannot be a secondary aspect of our business – it must be central to it, with a commitment to sustainable development as the only reasonable response. We believe that this approach is not only desirable; it is achievable. For us at Nedbank, this is the future we want. And we are committed to doing our share to realise it.

Mike Brown, *Chief Executive*



OUR EMPLOYEE VALUE PROPOSITION

#BeTheDifference

OUR VALUES

Integrity
Being honest, trustworthy, consistent and transparent in all our actions and decisions.

Respect
Recognising the inherent worth of every individual and treating everyone with dignity.

Accountability
Being prepared to take ownership of and be held accountable for our commitments and actions.

People-centred
Investing in our people and creating an environment that empowers our people to perform distinctively and to excel.

Client-driven
Creating value and delightful experiences for our clients that exceed their expectations.

Delivering value by delivering on our purpose

Nedbank's purpose is to use its financial expertise to do good for individuals, families, businesses and society. This purpose guides our strategy, behaviours and actions towards delivery of long-term value. We are aware that operating a successful and sustainable business requires a thriving economy, a well-functioning society and a healthy environment.

The SDGs represent a universal agreement on the economic, social and environmental priorities to be met by 2030. They offer a powerful lens through which to identify opportunities for business innovation and growth, and an objective mechanism through which Nedbank can assess and report delivery on our purpose. We therefore focus on the most material goals and targets through our three main points of leverage: Sustainable Development Finance, Operations and CSI.

The Nedbank Sustainable Development Framework focuses management's attention and resources in areas where we believe we can deliver the most impact. Given that the greatest contribution that a bank will make is through its commercial offering, we give primacy to the Sustainable Development Finance lever, ie delivering products and services that generate revenue for Nedbank, value for clients and SDG solutions for society.

Of the 17 SDGs we have prioritised nine that we believe represent the most exciting opportunities for Nedbank to develop innovative banking products and services that will deliver on unmet client needs. These goals are reflected in the Nedbank Sustainable Development Framework under the Sustainable Development Finance lever. In 2018 we allocated those nine goals to nine group executives, some of whom have begun demonstrating ownership and accountability for driving Nedbank's groupwide response to their respective SDG. This is already creating greater visibility and awareness throughout Nedbank, cascading the purpose through culture, strategy and brand, as well as informing innovation to capture winning positions in new markets highlighted by the SDGs. Activities within our operations and CSI have also been aligned, where possible, to addressing the SDGs.

Group executive owners of the Sustainable Development Finance SDGs

SDG 4: QUALITY EDUCATION

Anna Isaac





SDG 6: CLEAN WATER AND SANITATION

Raisibe Morathi





SDG 7: AFFORDABLE AND CLEAN ENERGY

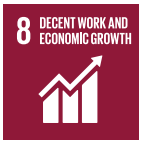
Mike Davis





SDG 8: DECENT WORK AND ECONOMIC GROWTH

Priya Naidoo





SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Brian Kennedy





SDG 10: REDUCED INEQUALITIES

Iolanda Ruggiero





SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

Ciko Thomas





SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Khensani Nobanda





SDG 15: LIFE ON LAND

Mfundo Nkuhlu





SUSTAINABLE DEVELOPMENT FINANCE

The greatest contribution that a bank can make to the sustainable development agenda is through its commercial offering. This includes the creation of innovative products and services as well as finance and investment solutions that enable our clients to achieve the lifestyle and business outcomes they desire. We will do this while contributing to national development priorities through delivery against the SDGs.



TAKING OWNERSHIP OF OUR PURPOSE AND EMBEDDING THE SDGS

It has been estimated that delivery on the SDGs offers new revenue streams and cost savings of over US$12 trillion annually by 2030[1]. This implies that the level of redirected investment will have a profound impact on the structure of the global economy, resulting in significant job creation and poverty reduction. As such, delivery of the SDGs informs the evolution of our strategy to create an enduring competitive advantage.

Our 2019 Sustainable Development Finance efforts still fall short of what is possible for a bank of our stature in the SA economy. Despite nominal ownership of the SDGs at a group executive level, we have yet to set firm targets commensurate with the business opportunities embedded in the SDGs. We will continue to increase our efforts to close this gap in 2020 and follow the example set by other leading banks who are continuing to ratchet up their actions aligned to being responsible financial institutions.

Despite these shortcomings, important progress was made in enabling Nedbank to ramp up its ambition to become a purpose-led organisation in 2019. A management information dashboard was developed to track and monitor purposeful business progress against the SDGs, to be reviewed by the group executives on a quarterly basis. We established an online repository of SDG intelligence curated from around the world to enhance understanding of solutions that already exist elsewhere, while fostering collaboration across business units.

In the second half of 2019 Nedbank engaged Steward Redqueen, an international strategy consultancy, to help us understand how the bank's lending portfolio may be impacting the sustainable development agenda positively and negatively. This was done to help inform our strategic portfolio tilt so that we continue to increase financial flows in support of activities that positively correlate to the SDGs, while mitigating the potential negative impacts of our funding. Drawing on an extensive body of academic research, the methodology used begins by identifying the positive and negative impact potential of almost 1 000 economic activities (as defined by standardised industry codes) against the 17 SDGs and 169 underlying targets and then maps these on to Nedbank's book to create an impact map. The impact map demonstrates the potential positive and negative impacts of the industries that we finance. This impact map provides us with new insights that will help to inform target-setting and business appetite. These insights will also allow us to engage proactively with clients to develop new products and services that will address the sustainable development agenda.

Pleasing developments over the period under review include an increase in lending to the embedded-generation sector, the launch of our first JSE-listed green bond and further innovations in the agriculture space. Efforts such as these are outlined in the rest of this review.

[1] *Better Business Better World Report 2017. Business & Sustainable Development Commission. http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf.*

SDG 4: QUALITY EDUCATION



Nedbank recognises education as one of the most invaluable investments that can be made. Education unlocks potential, creates opportunities, removes barriers in the economy, and equips individuals to contribute towards a better society and a better life for all. Education creates a sense of confidence, empowering individuals to develop opinions, challenge existing ways of thinking, and contribute towards a more dynamic economy.

Nedbank views the education goal as encapsulating better access to education, access to resources that support and enable education, and support that enables education to translate into income generation opportunities and an enhanced quality of life.

Nedbank appreciates that abolishing the challenges to education requires the efforts of various role players. We are only able to empower our youth, fight inequality, and end poverty if all role players, including business, commit themselves to advancing the education goal. Whilst education needs are immense, strong leadership by business can help unlock the necessary investments to ensure learning opportunities for all. It is on this understanding that Nedbank has developed its approach to SDG 4 and continues to explore financial solutions, strategic partnerships, and value propositions aimed at addressing challenges to education.

Anna Isaac, Group Chief Compliance Office



With just 10 years remaining until the 2030 deadline for the SDGs, projections prepared by the UNESCO Institute for Statistics (UIS) and the Global Education Monitoring Report[1] (GEMR) show an urgent need to significantly accelerate progress in terms of SDG 4: Quality Education. If this is not done, around 15% of global youth aged six to 17 years old will still be excluded and only 60% of the world's children will be completing their secondary schooling.

To achieve the goals set out under SDG 4 a much greater focus is needed on:

- equitable education to ensure everyone has access;
- monitoring learning outcomes – not just counting learners in classrooms;
- providing skills rather than just knowledge sharing;
- adult learning; and
- cross-sectoral cooperation.

[1] *https://en.unesco.org/gem-report./*

Nedbank's contributions to SDG 4 in 2019 include the following:

Student loans

While ensuring access to funding for students is a vital component of sustainable education outcomes, we believe that such funding should be holistically designed so as to help create an environment where learning is made easier and the potential for positive outcomes is maximised. To this end we offer financial assistance that goes beyond tuition, and covers everything from student fees to accommodation, transport and textbooks – at competitive interest rates and with flexible repayment terms. During their studies, internships and articles students are only required to repay the interest on their loans. Capital payback is only expected once the student qualifies and obtains employment.

Over the past five years Nedbank has provided approximately 5 500 students with student loans to the value of R191m. A total of R45,3m (2018: R44m) of this was disbursed to support almost 758 students in 2019 (2018: 791).

In addition, we continued our support of the Ikusasa Student Financial Aid Programme (ISFAP), through the Eyethu Community Trust. We provided R7,5m to support the studies of 45 students studying in areas that have been identified as skills scarce. The funding is used to provide comprehensive support to recipients, covering everything from tuition, books, accommodation and transport to medical and psychological care, mentoring, tutoring, guidance and a monthly allowance. ISFAP was established in 2016 to develop a sustainable funding model to help SA's so-called 'missing middle', or families with a combined monthly income of less than R40 000 cover the high costs of accessing education.

Student accommodation

The availability of affordable accommodation close to tertiary institutions is critical in enabling students to succeed in their studies, however this remains an ongoing challenge in SA. To help address this issue Nedbank has provided almost R7bn in funding for over 23 000 student beds since 2015. In 2019 we invested a total of R1,8bn (2018: R446m), which delivered an additional 8 292 beds.





Please refer to page 37 of this review, our 2019 Transformation Report and our 2019 People Report for more examples of our education activities and to see how Nedbank contributes to SDG 4 through our Operations and CSI activities.

SDG 6: CLEAN WATER AND SANITATION



> **Without water, we don't have a world. It is the lifeblood of the planet and our society, and is critical to the economic growth and development of our continent. Despite this, millions of people across Africa still do not have access to this fundamental human right. Many of the countries in which Nedbank operates, including SA, suffer from a scarcity of water. For most of these countries and their citizens, the situation is exacerbated by poor water and wastewater infrastructure and a lack of vital maintenance and expansion to accommodate the needs of growing, increasingly urbanised populations. The ongoing water shortages and flooding being experienced widely highlight the imperative of us all doing our part to address water and sanitation challenges. Nedbank takes this responsibility seriously and is positioning itself as a catalyst and facilitator of effective water partnerships and investments.**
>
> **Raisibe Morathi,** Chief Financial Officer



As early as 2012 the WEF warned that water security was one of the most significant risks to the planet and its people. Water concerns in one form or another have been listed in the top five risks of the WEF Global Risks Report ever since. In SA the release of the 2019 National Water and Sanitation Master Plan by government will inform much-needed amendments to our existing water laws and provide the framework within which all stakeholders can work together towards a water-secure future for the country.

At the launch of the master plan the Minister of Human Settlements, Water and Sanitation, Lindiwe Sisulu, publicly tendered her invitation to Nedbank and other private sector players to partner with the department in developing a model for the expedited rollout of much-needed water public-private partnership (PPP) projects.

It is our view that by linking the country's water resource strategy to an infrastructure development plan similar to the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), significant benefits will be unlocked for all water stakeholders. While government's immediate priority is to undertake meaningful reform of legislation and improve intergovernmental coordination, especially with the Department of Public Works and Infrastructure, the required focus on fast-tracking bulk water and sanitation projects will best be delivered through effective collaboration between the public and private sectors.

Nedbank's contributions to SDG 6 in 2019 include the following:

Banking to help promote water security

Unfortunately, 2019 did not see lending to the water sector at levels we would have liked, given the many challenges outlined above. We have increased our support of some key water providers and other stakeholders. These relationships have given us valuable insights into effective water management and stewardship as we grow our role of catalyst and partner in the water sector.

Examples of where we have been able to support the sector through lending and banking services in 2019 include the following:

RAND WATER — The provision of a R550m general banking facility to Rand Water to help with the supply of bulk potable water in SA.

TCTA A new word for water — Financing of R556m to the Trans-Caledon Tunnel Authority for three ongoing water projects that are of key importance to the country's water supply.

UMGENI WATER · AMANZI — Appointment as primary transactional banker for a number of water and sanitation-focused companies including, for example, Umgeni Water. Umgeni Water is one of the country's most successful organisations involved in water management. It serves approximately 60% of the KwaZulu-Natal population through the provision of 440 million cubic metres of water per annum.

STELLENBOSCH — Financing of R160m towards the Stellenbosch municipality infrastructure upgrade, including water reticulation and water treatment plants, as well as a new sewage treatment plant at Plankenburg.

Encouraging water partnerships, stewardship and learning

In 2019 Nedbank participated in various government and industry water initiatives encouraging collaboration and learning. These engagements assist in the amelioration of the sector's challenges and improve the country's prospects of a water-secure future. Some of these engagements included:

- Financial sponsorship of and partnership with the Cape Town Drought Response Learning Initiative in collaboration with the University of Cape Town (UCT). This was an innovative project through which invaluable lessons that were learned across different levels of society during the Cape Town drought were captured. The initiative documented (on film) the reflections of key people in various positions across society who were closely involved in the drought response. These indepth interviews form the Drought Response Film Library, which is housed online by UCT and open to researchers worldwide. Key findings were also shared at a number of public gatherings with attendees representing private sector organisations and other cities and municipalities.
- The hosting of the inaugural meeting of the South African Water Chamber, a non-profit organisation (NPO) formed under the auspices of the Presidency-endorsed Public-Private Growth Initiative (PPGI).
- The joint hosting of a water symposium with the New Partnership for Africa's Development (Nepad), which showcased cutting-edge, emerging waste treatment technology.

Taking action to help address SA's water challenges

Some of our other water interventions during 2019 were as follows:



Spring rehabilitation – In addition to the work we are doing with the WWF in the Umzimvubu Water Catchment in the Eastern Cape (see page 22) we funded the rehabilitation of a spring that will ensure a reliable source of water throughout the year for more than 500 people in a nearby village.


Photo credit: WWF-SA


Photo credit: WWF-SA

Donations of water wheelbarrows
We donated 120 water wheelbarrows to a water-stressed community in the Free State.

Net-zero operational water usage
Thanks to our support of the WWF-SA Water Balance Programme, which aims for the removal of alien invasive trees in key water source areas, Nedbank is effectively a net-zero operational water user.

Reductions in office water usage
In 2019 total water consumption across all our campus sites decreased by 10,30% to 254 801 kℓ (2018: 284 053 kℓ). This decrease was achieved primarily due to adherence to drastic water restriction measures that were implemented across the country and floor space consolidation. It was disappointing to note an increase in water usage per employee from 12,56 kℓ per employee in 2018 to 13,33 kℓ per employee in 2019.

Nedbank received a two-star Water Star Rating certification from the City of Cape Town for water usage and compliance at the Nedbank Clocktower and Plattekloof campus sites.

The WWF Nedbank Green Trust – Over the past five years more than R93m has been invested in 41 water and conservation projects. Altogether 11 of those projects at an investment of nearly R23m focused on water (fresh and marine).

SDG 7: AFFORDABLE AND CLEAN ENERGY



> We have an obligation and the will to play our role in growing the economy in a manner that reduces levels of poverty and inequality, while driving sustainable development and job creation. The efficient use of affordable, reliable and sustainable energy is paramount to achieving these objectives. However, energy provision is also the main contributor to climate change. Accordingly, we are committed to building an integrated, modern energy sector incorporating renewable-energy sources such as solar, wind and hydropower that will accelerate access to affordable sustainable-energy solutions for businesses and individual citizens alike. Through the financing of renewable energy we will endeavour to finance our share of these new solutions, as there is no long-term future for businesses in an unsustainable environment.
>
> **Mike Davis,** Group Executive: Balance Sheet Management



The economically devastating spate of loadshedding that struck SA at the end of 2019 again highlighted the importance of achieving President Cyril Ramaphosa's stated aim of having 25% of the country's energy needs met by renewable generation sources by 2030.

We are committed to supporting a low-cost, sustainable and balanced energy mix for the country. Key to this is that the proposed restructuring of Eskom is expedited so that an independent purchaser can pursue this course without hindrance and that organisational issues are not confused with the broader interests of the country. Unfortunately, progress in this regard is proving slow, hampering much-needed participation and investment in the sector by the local and global private sector.

In 2019 Nedbank hosted bimonthly Energy Dialogues. Hosted in partnership with EE Publishers, the dialogues brought together over 1 000 energy sector stakeholders looking for solutions to SA's energy challenges.

Nedbank's contributions to SDG 7 in 2019 include the following:

Utility-scale renewable-energy finance

In all REIPPP projects to date we have arranged 42 transactions in renewable-energy projects, underwriting a total of R35,9bn and paying out R27bn. Once constructed, these projects will add 3 517 MW to the national grid, which will not only contribute significantly to a more stable energy supply, but also help to underpin the long-term economic growth of the country.

Embedded-energy generation finance

The embedded-energy generation market continues to develop rapidly, particularly in the commercial and industrial space. The Integrated Resource Plan (IRP) has contributed to the anticipated growth in these vital generation projects by making unlimited annual provisions for projects below 1 MW and a specific annual provision for 200 MW of new projects between 1 MW and 10 MW.

We continue to build on our extensive experience with utility-scale energy projects to ensure that we make a valuable contribution towards the growth and development of the embedded-energy sector. We are confident that an effective, well-governed embedded-generation sector is a vital cornerstone on which energy security will be achieved in SA. As such, we support clients of ours that are working towards generating their own secure, reliable and affordable renewable-energy supplies, especially once government has fully clarified its policies in this regard.

In 2019 we concluded deals worth over R700m with leading developers in the embedded-generation space as well as our commercial and agriculture clients, establishing ourselves as a leading financier in this sector. In addition, R934m (2018: R1bn) of our property finance lending over the past financial year went towards the installation of solar power facilities.

Embedded energy in action:

Ideafruit solar PV plant – Nedbank worked with its long-standing agri-client Ideafruit to structure an innovative R100m working capital finance facility, part of which was used for the installation of a photovoltaic energy plant that allows the fresh produce exporter to harness solar energy to refrigerate up to 70 000 bins of apples and pears in controlled-atmosphere cold rooms ahead of their export to international markets. The idea of using the heat of the sun to refrigerate fresh produce has not only transformed the way Ideafruit approaches refrigeration but has also saved the company significantly in terms of its energy costs, cut its carbon emissions and contributed to more responsible production practices.

Funding Africa's first floating solar park – With R13,7m of Nedbank funding, some Western Cape farmers built Africa's first commercial floating solar park, which not only helps them to address the challenges of loadshedding, but is also proving effective in reducing the impact on their operations of drought conditions in the area. The floating solar park was constructed on the dam of a fruit farm outside Franschhoek. It can produce up to 60 kW of power, effectively allowing the uninterrupted function of lights, irrigation pumps and packhouses, irrespective of the electricity grid status on the farm and neighbouring farms. As an interesting side effect, the floats on which the solar panels rest have also become a haven for fish and birds. The operational savings delivered by the system, coupled with the innovative finance structure provided by the agriculture team at Nedbank, meant that the farm was cashflow positive from the day of installation, and that the asset will be fully paid off after just 10 years.



Green bond a first for SA

In 2019 Nedbank became the first commercial bank in SA to launch a green bond on the Johannesburg Stock Exchange (JSE). The instrument, which opened for auction in April, was developed in line with International Capital Market Association Green Bond Principles and the Climate Bonds Standard, thereby contributing to limiting global warming. The bond was significantly oversubscribed, and raised R1,7bn in investment proceeds, all of which is being applied to deliver financial support to a number of solar and wind renewable-energy projects that we have identified as having the potential to deliver positive, long-term sustainable energy outcomes for the country. Based on the success of the first green bond, we issued a second one towards the end of 2019. This was also very well received by the investment community and raised a further R1bn, which will also be applied in support of renewable-energy projects.

Nedbank Retail Green Savings Bond

When it was launched in 2012, the Nedbank Green Savings Bond was the first green savings bond open to investment by retail clients in SA. It allowed a fixed-term investment of between 18 months and five years and targets a competitive interest rate with the added security of guaranteed returns for capital security. The funds invested were earmarked for the support of renewable-energy projects in SA that are funded by Nedbank. Since the launch of the listed Green Savings Bond, the Retail Green Savings Bond has been closed for new clients. Existing clients are not impacted as their investments will remain in the fund until they mature. At investment maturity clients will have the option to transfer funds to a range of other available investment products. At the end of December 2019 the investment book was valued at almost R25,1bn.

Changing finance to support our energy system and the climate positively

As part of our journey as a purpose-led business, we are committed to playing a leading role in addressing climate change in ways that are sensitive to the local socioeconomic context and climate vulnerability. Accordingly, Nedbank commits over time to appropriately aligning our strategy, policies and mandates with the objectives of the Paris Agreement. We have recently adopted a policy to inform the financing of activities related to thermal coal which includes Nedbank's existing undertaking not to provide financing to any new coal-fired power station regardless of technology or country.

Historically Nedbank reported exposure in respect of both coal and fossil fuel energy generation in a single metric ie. this metric was a combination of fossil fuels with a focus on energy generation. As our analysis of various fossil fuel types matures and deepens, we have determined that it is more appropriate to establish approaches appropriate to fossil fuel types, as our response may differ per fossil fuel. Accordingly, the graphs below disclose our current exposure to renewable energy as well as thermal coal mining and coal generation over the past three years. Nedbank has committed to still supporting existing SA infrastructure for electricity generation, while also promoting the growth in renewable energy.

Going forward, the bank is proposing to adopt and publicly disclose an energy policy aimed at playing our part in enabling the transformation over time of the energy system by making finance flows consistent with low-emission and climate-resilient development, in a manner that supports the stability of the energy systems of the countries in which we operate. The policy will include a framework on the financing of fossil-fuel-related activities (including thermal coal, oil, and gas) and will also include commitments to intensify our financing of alternative energy solutions such as renewable energy and other technologies as they emerge.

In relation to measuring and disclosing our financial exposure to climate-related risks, Nedbank resolves to disclose its exposure to oil- and gas-related activities as a percentage of total advances, as part of the 2020 year-end reporting cycle.

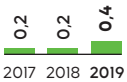
For further details re the climate change resolutions to be tabled at our upcoming AGM, please refer to the Notice of the AGM available at nedbank.co.za.

For further details regarding our operational approach and response to climate change, please refer to the Operations section of this report. In addition, our Climate Change Position Statement and thermal coal policy are also available on nedbank.co.za.

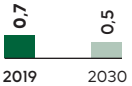
RENEWABLE ENERGY
(% of group advances)



COAL ENERGY GENERATION
(% of group advances)

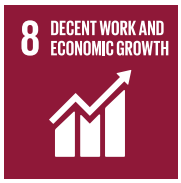


THERMAL COAL FUNDING
(% of group advances)





SDG 8: DECENT WORK AND ECONOMIC GROWTH



> Nedbank believes its success as a business is entirely dependent on the sustainable development of the society in which it operates. Access to employment opportunities and reducing inequality are vital cornerstones on which such societal sustainability rests. However, in many parts of the world, and particularly in Africa – Nedbank's primary business domain – a severe lack of employment opportunities continues to feed into a cycle of poverty and hamstring essential economic growth. As the Fourth Industrial Revolution and other issues, such as the Covid-19 pandemic, reshape the world of work, a concerted effort needs to be made to provide the skills and knowledge needed for Africa's burgeoning youth population to meaningfully participate. This requires an effective combination of employment-friendly policies, sustained investment, innovation and the commitment of all stakeholders.
>
> **Priya Naidoo,** Group Executive: Strategy



In June 2019 the SDG Center for Africa (SDGC/A) released the 2019 Africa SDG Index and Dashboards Report[1]. This was the second annual report on the progress made to date by African countries on achieving the SDGs.

While southern Africa as a region was found not to be on track to meet any of the 17 goals on time, it was also the stronger of the regions on balance, given that its performance in terms of the SDGs had not worsened over the year. In terms of SDG 8, SA was one of eight countries to be experiencing significant challenges in its efforts to deliver decent work and economic growth. Analysis of this result reveals a lack of GDP growth over the past two years and a still very poor employment-to-population ratio to be the main contributing factors to the country's stagnation in terms of SDG 8.

On the positive side SA ranks in the top five African countries in terms of access to banking or money management services for adults over 15 years of age. But while the commitment by financial institutions in SA to driving more inclusive banking is to be lauded, much more needs to be done, by the private and public sectors, in terms of restoring the economy to a growth position, attracting investment and, consequently, creating employment opportunities, particularly for our nation's youth.

[1] *https://sdgindex.org/reports/2019-africa-sdg-index-and-dashboards-report/.*

Nedbank's contributions to SDG 8 in 2019 include the following:

Inclusive banking solutions for individuals and small groups

These solutions include banking for small businesses that is personalised to the particular needs of these clients, three zero-fee propositions for individuals, a stokvel product with unique funeral benefits and discounts on goods for stokvel members, and a concierge service called HeyNed that links clients to a range of suppliers (including small businesses and BEE suppliers).

MobiMoney

Our digital wallet-based Nedbank MobiMoney solution, with over 240 000 users (2018: 68 900), meets basic consumer financial services needs, such as transacting, keeping money safe, buying electricity and airtime, and sending money to other people.

Stokvel Account

The Nedbank Stokvel Account offers competitive returns, zero monthly maintenance fees, financial education for members, as well as a burial benefit and a 10% discount on stationery and groceries at Jet and Jetmart. Since its launch in March 2018, the Stokvel Account has attracted over 4 300 stokvel groups with more than 149 000 members. In 2019 stokvel balances grew by 253%, with balances reaching R53m (2018: R15,8m).

Pay-as-you-use Account

The Pay-as-you-use (PAYU) Account is a first-in-market, zero-transactional-fee account. It seeks to provide banking access to an entry-level market that is often financially excluded due to irregular or very low cashflows. It is a card-based transactional account that offers a range of free services such as travel insurance, card swipes, stop orders, email statements and a linked savings account. In 2019 we opened over 400 000 PAYU accounts.

Please refer to nedbank.co.za or our 2019 Integrated Report for further details on our Covid-19 response.

Unlocked.Me

This is Nedbank's exclusive, zero-fee, e-commerce marketplace specifically aimed at millennials. Through the platform we offer financial literacy and career guidance, as well as advertise job opportunities at other companies, and a youth banking account with zero monthly maintenance fees. More than 100 000 users have registered on the platform, with total transactions to the value of over R2,9m processed.

Supporting the informal economy

MobiMoney is also proving to be an effective and enabling solution for SA's informal traders. Trade Intelligence estimates that the informal market in SA is valued at R164bn, and that the sector consists of over 155 000 informal traders, ranging from general dealers and large local supermarkets to small superettes, house shops, spazas and hawkers. It is estimated that up to 77% of the country's population shops in this informal sector from time to time. Historically, most informal traders have been unbanked individuals who stored their earnings in cash at home, which exposed them to the risk of crime and financial loss. Our Nedbank MobiMoney wallet was developed to help participants in this market access the banking services they need, from their mobile device, in a matter of seconds. In this way, they can steadily transform the way they receive payments from customers and make payments to suppliers. The solution also opens new potential markets for them, as it allows them to purchase airtime, data and electricity on behalf of their customers too.

Inclusive banking solutions for small businesses

SA's SMME sector is recognised as being both a key contributor to sustainable economic growth and the engine room of the country's efforts to create employment opportunities. Despite the economy contracting and reaching a historically high rate of unemployment of 29,1% in the second half of 2019, the number of SMME employees has shown significant improvement between 2018 and 2019, increasing by 22%, from 8,9 million to 10,8 million, according to the SA Small Enterprise Development Agency. The importance of supporting, nurturing and funding SMMEs to enable them to play this dual economic and employment contribution role effectively cannot be overstated, as employment by the SMME sector accounts for a substantial 66% of total employment in the country.

Nedbank embraces this imperative through the banking, lending and investment solutions and educational support offered through Small Business Services (SBS), serving close to 300 000 businesses with up to R30m annual turnover, and Business Banking (BB), focusing on more than 15 000 larger businesses with turnover of R30m to R750m.

In 2019 we advanced R3,4bn (2018: R2,8bn) to clients served in our SBS division. Market perceptions and feedback from our client base are steadily improving, with our most recent SBS SAcsi client satisfaction rating* increasing to 75,6% from 71,4 the previous year against an industry average of 73,2%. This places Nedbank among the leaders in serving the SMME sector in SA.

* *Degree of overall satisfaction, expectations being met, comparison to ideal.*

SBS's offering and delivery model for small business is built on the promise of accessibility, affordability and ease of use. Clients are allocated a dedicated relationship banker with the necessary skills to support their financial decisionmaking. These bankers, available in over 350 locations across the country, will proactively engage with clients, guide them around all aspects of their banking needs, troubleshoot any problems and facilitate the credit application process when required. Small-business owners also have 24/7 access to our ring-fenced Small Business Sales and Service team at the Nedbank Contact Centre, and the majority of day-to-day functions are available on our new electronic banking platforms – the Nedbank Money app and Online Banking, which means small-business owners can access both their personal and business accounts from one place.

Specific initiatives to support this promise include the following:

- **Ongoing tailoring of our product and service offerings to meet fast-changing client needs and make banking more affordable.** Examples include the introduction of high-value, low-cost small-business banking bundles at a fixed monthly fee; streamlining of the business card offering; introduction of travel benefits; and continued enhancement to our point-of-sale (POS) solutions, specifically PocketPOS.
- **Continued expansion and upskilling of our network of dedicated small-business banking consultants.** We continue to increase the number of small-business bankers available to our clients across the country to ensure that we continue to offer a dedicated banker to every client.
- **Evolution of our lending approach**. The credit needs of small and medium businesses are unique and require a flexible approach from financial institutions. All credit applications are assessed by a ring-fenced and geographically organised team of small-business credit specialists, who endeavour to find the right outcome for each client. GAP Access is an alternative form of lending, with cash advanced (and repaid) in line with the turnover processed through POS devices.
- **Focus on becoming first in digital.** To date, in addition to enjoying access to the standard transactional functionality, small-business owners can open a business account through online self-service; open investment accounts and manage them (statements, tax certificates, notices and reinvestments); and, when ready, register their business with the Companies and Intellectual Property Commission.

To support entrepreneurs and small-business owners in the early stages of their business life, we extend our efforts beyond just banking. Knowing that access to support, information and often simply just motivation or inspiration is a key driver of small-business success, Nedbank has over many years invested in educational properties and platforms to support the small-business community at large. Some recent examples are:

SimplyBiz – A digital community for business owners to share advice and ideas, get inspired, mentor or be mentored, build their networks and access business tools and markets. The platform also offers information and guidance on access to business funding.

SimplyBiz has approximately 14 000 registered users. In 2019 one business member of the platform was awarded R100 000 in digital marketing to help drive their growth.

Pitch & Polish – An *Idols*-style competition in which contestants can pitch their businesses or business ideas to an audience, the members of which provide feedback as to whether they would invest in the venture. A facilitated workshop then helps contestants to improve (polish) their pitches.

2019 saw 2 396 participants nationally (17% increase on 2018).

Business Ignite – An innovative programme that gives startups, entrepreneurs and private practices the opportunity to put their businesses forward to win a tailormade business incubation package from Kaello Business Hub.

The two winners in 2019 each won the business incubation package worth over R100 000, including a full range of flexible business solutions, expert guidance and mentoring. They also each received radio advertising worth R200 000 on 702 and Cape Talk.

Refer to the 2019 Transformation Report for more examples of small-business support and mentorship.

The SBS personal touch – how we are making small businesses work in SA

A small business in the fuel industry obtained a grant from Barloworld through its Mbewu programme to fund the infrastructure of a new fuel station. However, the business owners did not have the necessary personal collateral nor an adequate credit history to raise the capital required to purchase fuel stock, and so the company could not start trading. Through our partnership with Barloworld, Nedbank helped the client to clean up the credit record and in the end was able to provide a R500 000 working capital facility for the required trading stock. With this facility in place, the business was able to sell approximately 20 000 litres of fuel per month, but still fell short of the required turnover. Leveraging our broader client base, Nedbank was able to put the business in touch with another business owner in the area, who was looking for a fuel provider, and as a result the two parties were able to enter into an agreement, which almost doubled the filling station's turnover and ensured it now operates at sustainable volumes.

Creating jobs through innovative partnerships

Creating jobs requires innovative thinking and collaborative partnerships. Nedbank has a number of these that yielded good results during 2019, including the Youth Employment Service (YES) initiative and our Legacy Fund.

Youth Employment Service

One of the key components of Nedbank's commitment to the SDGs is a concerted and an ongoing effort to help build SA as an inclusive, thriving and opportunity-rich country in which all our country's people have the ability to rise above their circumstances and create the futures they desire. Nedbank's support of the YES initiative epitomises this commitment to meaningful job creation and reducing the unacceptably high levels of youth unemployment in our country.

YES, which was officially launched by President Cyril Ramaphosa in 2018, is a joint initiative between government, business, labour and civil society to collectively implement a national plan to build sustainable economic pathways for our nation's youth. Deliverables include the creation of sustainable programmes aimed at equipping youth with skills and knowledge to enhance their employability and facilitating as much as possible their absorption into the workplace to make them contributors to long-term economic development.

Nedbank was one of the first corporates in SA to sign up as a partner to the YES initiative and commit to creating skills transfer and employment opportunities for at least 3 315 young South Africans, either through direct employment within the group (253 placements) or by means of supported job opportunities through placement partners (3 062 placements).

During the year under review Nedbank teamed up with five implementation partners to deliver on its YES commitment. These partners are WILDTRUST, UnlockD, ORT SA, Tradeway and Youth@Work. In addition to the employment opportunities offered to the Nedbank YES youth during the period, the work that the youth undertook also enabled exceptional sustainable development impacts in the education, healthcare, green economy and ecotourism sectors.

The Nedbank Private Wealth Charitable Foundation

The Charitable Foundation aims to address the challenge of high youth unemployment in SA by supporting accredited skills training programmes. The programmes aim to enhance the employability of young participants, enabling them to become economically active. Currently, 318 youth between the ages of 15 to 25 are funded to participate in nine programmes nationally in the fields of hospitality, tourism, point of sale, service leadership, care work and automotive. An after-training job placement rate of around 70–80% of candidates is typically achieved. At the end of 2019, the Charitable Foundation funding support amounted to R4,2m.

Social and environmental impacts of the Nedbank-supported WILDTRUST–YES partnership

The WILDTRUST–YES programme included 1 715 youth placed across its two core programmes, WILDLANDS and WILDOCEANS, as well as with local grassroot partners. WILDLANDS focuses on terrestrial conservation and supporting the sustainable development of the green economy, whereas the WILDOCEANS programme concentrates on marine and coastal conservation and underwriting the sustainable development of the blue economy.

In 2019 impacts included 30 467 children in 319 schools across SA being exposed to valuable conservation education and awareness. Specially designed education programmes were also presented to 9 005 young learners in 376 early-childhood development centres.

In addition, over the period YES youth contributed to the recycling of 6,8 million kg of waste – over 61 000 kg collected from our coastlines, planting of over 12 900 indigenous trees and clearing of 582 ha of land overrun with invasive alien species. They also propagated more than 114 000 vegetable seedlings and facilitated the establishment of 582 vegetable gardens in schools and communities. A total of 45 200 tourists were reached through YES youth in jobs in the ecotourism sector that exposed and encouraged a better understanding of SA's social and natural heritage through the Somkhanda Community Game Reserve, the WILDOCEANS Whale Time initiative and the Mandela Capture Site museum.



Nedbank Chairman Vassi Naidoo and WILDTRUST Chairman Andile Ncontsa participate in a rhino-darting and dehorning exercise at Somkhanda Community Game Reserve, where they experienced the conservation work being carried out on the reserve by the YES field ranger youth.



Nedbank Chairman Vassi Naidoo meets the Nedbank–YES field ranger youth based at the Somkhanda Community Game Reserve. The field rangers assist with wildlife monitoring and basic maintenance, and are completing their level 1 Field Guide Association of Southern Africa course.

Nedbank and Old Mutual BBP Legacy Programme

The Nedbank and Old Mutual BBP Legacy Programme continues the strong relationship forged between Nedbank, Old Mutual and their BBPs WIPHOLD, Brimstone and Izingwe during their broad-based black economic empowerment (BBBEE) transaction period. All parties committed to the provision of a combined endowment of R300m to be disbursed under three investment streams:

- The commercialisation of small-scale farming and food security, led by WIPHOLD.
- Job creation and support for entrepreneurs, led by Brimstone.
- The development of township economies and urban renewal, led by Izingwe.

To date R187,43m (2019: R26m) has been disbursed across the three streams. Some of the particularly successful projects and initiatives supported by the funds include the following:

- **Pick n Pay township economy revitalisation programme** – This public-private partnership between the Gauteng Department of Economic Development, Pick n Pay and local spaza shopowners is working to upgrade participating spaza stores to meet the needs of customers and communities, thereby helping to grow a new generation of modern retail entrepreneurs and boosting economic revitalisation and job creation in townships. By helping entrepreneurs achieve sustainable business success, the programme enables them to play a greater role in growing SA's economy. The enhanced competitiveness of these spaza shops also makes them more resilient to the challenges of increasing competition in the retail environment.

  Since inception the programme has disbursed R17,8m (2019: R5,3m) to 13 spaza shops in Gauteng and the Western Cape to enable them to secure their profitability and sustainability. In turn, these small businesses have created 163 employment opportunities for members of their surrounding communities. While there have been various challenges in the early stages of the initiative, they have largely been resolved through the comprehensive management programme that is in place to oversee and guide the initiative and its participants.

- **Pay 4 Performance** – This pilot project involves the upskilling and active transitioning of young people, who have previously been economically excluded, into entry-level jobs with contracts of at least 12 months. It's a first in SA and is modelled on the concept of a Social Impact Bond. The model promotes a public, private and social sector solution to youth unemployment and is a real-time approach to growing the pool of entry-level, non-tertiary-educated, semiskilled employees needed for growth sectors effectively. It is also scalable and replicable, and once proven, the model can be rolled out as a sustainable multistakeholder solution to youth unemployment in SA.

  The BBP Legacy Programme participated in the first year of the pilot, lending R11,3m over 12 months for skills provision to 600 participants. The second investment cycle has a three-year duration (2019-2022), and the project was expanded through an additional investment of R20m from the Legacy Programme to target 5 600 young people with skills training to enhance their employability. To date a total of 1 056 youth have been placed in employment positions across a range of industries – including artisanal, sales and digital and analytics – in phase 2 of the project.



















SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE



> When it comes to catalysing economic and social development, infrastructure and innovation are both key. Increased investment in these areas will see improvements in economic growth and things like education, communication, healthcare as well as mass transport and mobility. However, in much of Africa, such infrastructure investment has long been lacking. The continent is in dire need of basic infrastructure such as roads, telecommunications, water, sanitation, and electricity, and the need is especially felt in rural areas, where poverty and unemployment remain significant hurdles on the path to economic development. Nedbank recognises the responsibility and opportunity it has to leverage its experience and position as a leading financial services provider and encourage investment to meet the targets linked to this SDG, and is committed to doing so in a manner that will leave a positive environmental and societal legacy.
>
> **Brian Kennedy,** Group Managing Executive: CIB



SDG 9 remains a key pillar on which the development of emerging countries can be achieved, for the ultimate benefit of all citizens of those countries. While the prevailing global environment of recent years has not been overly conducive to such investment in industry and infrastructure, we have seen a marginal increase in the finance made available for economic infrastructure, in some parts of Africa.

This is especially true in sectors such as telecommunications and, to a lesser extent, property development, but there is still a dire need for focused attention on, and investment into, industries such as manufacturing, scientific research, technology, innovation and transportation, all of which are essential drivers of sustainable economic development.

Nedbank's contributions to SDG 9 in 2019 include the following:

Investing in Africa's infrastructure

Our commitment to the development of pioneering infrastructure projects goes beyond SA's borders. In 2019 we participated in a syndicated loan facility providing USD30m for the Ethiopian Railways Corporation (ERC) to help with the construction of a 404 km strategic railway corridor. The corridor will link passengers and freight in the northern, central and eastern regions of Ethiopia, ultimately connecting them to the Djibouti. The project forms part of eight railway corridors that the ERC is developing across the country to increase the national railway network to 2 400 km, thereby boosting Ethiopia's long-term economic growth.

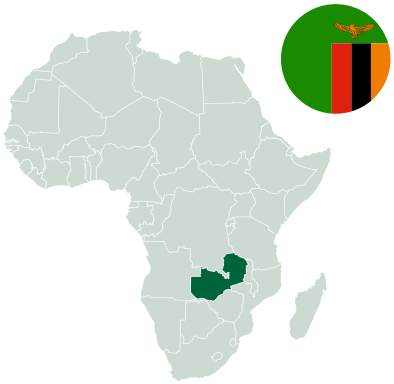


Expanding telecoms access across Africa

We provided R400m in funding to aid the expansion of Community Investment Ventures Holdings (CIVH), an emerging Africa telecommunications powerhouse that includes assets of leading fibre providers Vumatel and Dark Fibre Africa. Given the fact that Africa has the highest internet growth rate in the world, but a still small base in relation to its young and surging population, CIVH's strategy is to invest in new infrastructure on the continent to increase telecommunications access, particularly in historically underrepresented areas and communities. The planned infrastructure expansion includes the creation of open-access or independent data centres and the installation of fibre connections, especially in townships, settlements and secondary cities, in line with the 5G rollout by mobile network operators. CIVH's business model includes significant potential for job creation through the skills development of local community members to allow them to be involved in the deployment of infrastructure, ongoing network maintenance and even sales.

Supporting healthcare in Africa

A USD294m buyers' credit facility for the government of Zambia under UK Export Finance's Direct Lending Facility will be used to fund the design, construction and equipping of three district hospitals and 108 mini-hospitals throughout Zambia. This work will be undertaken by a UK-based contractor and Nedbank client, NMS Infrastructure Limited. The mini-hospitals, serving mostly rural communities, will be a first-stop facility providing primary healthcare services. More complicated healthcare problems will be referred to the district hospitals, which will provide more advanced secondary healthcare services. The Zambian government's enhanced referral healthcare system will ensure a more efficient use of healthcare resources between district hospitals and mini-hospitals, provide access to quality primary healthcare for rural community members who previously travelled long distances to receive medical care, and produce a more skilled healthcare workforce through dedicated, long-term training programmes and initiatives.



SDG 10: REDUCED INEQUALITIES



> Where inequality is rife, there can be few opportunities for growth. The aim of SDG 10 is to reduce inequalities, whether these are based on income, gender, age, disability, sexual orientation, race, class, ethnicity, religion or opportunity. Such inequality not only creates a dysfunctional society, but it also erodes trust. And without trust, it is impossible to achieve the levels of cooperation needed to overcome the challenges facing much of the continent. As a business, we support efforts to address inequality through policies that govern our sector and how we operate. We are also committed to developing innovative financial products and services that fuel sustainable economic growth and reduce social inequalities.

Iolanda Ruggiero, Group Managing Executive: Wealth



Inequality has caused social unrest on almost every continent, although it may have been triggered by different things – such as unemployment, lack of services, corruption, constitutional breaches or the rise in prices for basic goods and services. A recent study[1] by the World Bank rated SA as the most unequal country in the world and indicated a substantial and increasing disparity between the income levels of the rich and poor in the country.

Despite the focus of the SDGs, income inequality continues to increase across the world. As populations, particularly in emerging economies, continue to grow at a stellar pace, this inequality is steadily increasing, which makes collaborative, focused attention on SDG 10 a significant priority for all nations.

This is especially true of SA. While a concerted effort over the past two decades by government to address this inequality challenge has delivered some positive results, it is not enough to merely try and provide social 'safety nets' for the vulnerable members of our society. The importance of addressing this as a matter of urgency is highlighted by the recent economic stagnation of the country, with a combination of few income increases and fast-increasing living expenses placing a large proportion of the country's middle-class families at risk of also falling below the poverty line.

In the 10 years leading up to the 2030 deadline for the achievement of the SDGs, it is imperative that SA takes deliberate action to close the still widening gaps that exist between the country's rich and poor. This will require commitment from all stakeholders in the future of the country; the adoption of policies and workable plans designed to empower and sustainably uplift those in the bottom income brackets; an honest assessment of education outcomes and quick action to address any shortcomings; a clear plan to provide affordable, well-located, fully serviced housing to replace the many underserviced informal settlements (and the allocation of budget to achieve this); an increased focus on promoting and ensuring racial, gender and ability equality; and the continuation of the work that has been done thus far to promote meaningful economic inclusion for all South Africans.

[1] *http://documents.worldbank.org/curated/en/530481521735906534/pdf/124521-REV-OUO-South-Africa-Poverty-and-Inequality-Assessment-Report-2018-FINAL-WEB.pdf*

Nedbank's contributions to SDG 10 in 2019 include the following:

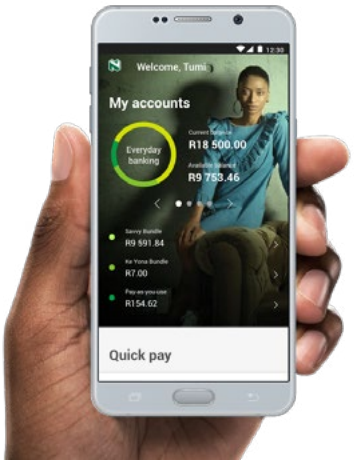
Crossborder remittances

Africa is well known for its massive population of migrant workers, many of whom earn an income in one country but support family and friends in another. In partnership with Ecobank we introduced a crossborder remittance solution that allows documented people living and working in SA to transfer money to friends and family members in 33 African countries instantly. Clients pay a fee of just 3,5% of total remittance value. The offering can be accessed conveniently on the Nedbank Money app, and users are not required to provide any documentation or visit a branch to sign up or make transfers. We have also leveraged our internal treasury function and associated systems to ensure that real-time forex rates, at appropriate costs, are available. In the less-than-two-months in which the solution was available at the end of 2018, transfers of more than R80 000 were made. In 2019 the value of crossborder transfers rose significantly, with approximately R1,6m transferred by clients using the solution.

Improving financial inclusion

Digital banking that drives inclusion

Our focus is on delivering better self-service and improved levels of engagement through our digital channels. This allows us to drive down costs and generate savings that can be passed on to our clients. In 2019 we saw increasing numbers of clients transacting online, primarily through their mobile devices, with growth in digitally active clients of 16%, from over 1,544 million clients to 1,777 million. Of our 186 services (such as reporting of fraudulent account activity and requesting of proof of transactions), 114 are now digitised, and over one million clients have enrolled on the Money app. The number of digitally enabled retail clients has increased to over 6,1 million, with approximately 95% of our Business Banking clients digitally enabled.



Innovating for inclusion

We continue to develop products and services, technologies and distribution channels to reach more clients and improve access to financial services for all our clients. Our physical distribution footprint includes 481 branches, 108 inretailer outlets and over 223 personal-loans kiosks. In addition, we have 438 inbranch self-service kiosks that allow clients to complete self-service transactions such as ATM limit changes and overseas travel notifications at their own convenience and without the need to wait for assistance from a branch consultant. Video banking and contact centre access from within the branches also provide convenient banking alternatives for clients, especially during busy times. We also offer our clients a convenient way of making deposits and accessing authorised bank statements with our Intelligent Depositor devices. An average of approximately 77% of all cash deposits are made using these devices, and more than 320 000 statements are accessed on them by clients every month.

Our contact centre is available 24 hours a day and the client experience continues to be improved through the inclusion of voice biometrics as well as a new online live chat capability that allows clients to access services and information 24/7. Over the past year we saw a continued shift in the way our clients choose to access our contact centre with around 25% of all interactions now through non-voice channels, such as text or video.



Educating for inclusion

Over the past five years we have leveraged existing resources and specific technology to achieve more inclusive financial wellness in the communities in which we operate. We have reached just over 7,5 million people across SA through various initiatives, including face-to-face workshops and mass media. During the same period just over 993 000 clients were trained through our consumer financial education workshops that focus on holistically empowering people to make better financial decisions. In 2019 we reached a total of 175 500 (2018: 175 000) clients through these workshops.

A further 6,1 million individuals were reached through radio and TV shows, reenforcing the message around better money management touching on topics such as budgeting, savings, debt management, etc. We have also provided financial training to more than 398 000 youths (2018: 100 000) and more than 1 200 entrepreneurs (2018: 1 800).

In 2019 we extended our programme beyond money management as we began to immerse ourselves in the communities in which we operate to address other social ills such as substance abuse, crime and violence.

Money Secrets campaign enables focused financial education

In 2019, aligned to our purpose and in support of our consumer financial education programmes, we ran a successful Money Secrets campaign. Launched during savings month, Money Secrets leveraged the powerful medium of short film to illustrate some of the limiting beliefs many people have about money, and raise awareness of how recognising those beliefs, understanding our relationship with money, and talking about it, are vital steps towards good money management.

In conjunction with the films, South Africans were invited to visit the Money Secrets website (www.nedbankmoneysecrets.co.za) to engage in money conversations and take an enlightening money quiz to identify their money archetype. Classified as Penny Pincher; Gifter; Carer; Dreamer; Mattress Banker; Risker; Big Shot and Social Bonder; these archetypes give insight into limiting and positive behaviours as they relate to money. The insights gained through this campaign and our client interactions have been used to inform the delivery of contextually relevant financial education content. The Money Secrets campaign reached more than 22 million people across top tier media channels, and elicited widespread positive reaction from South Africans.



SDG 11: SUSTAINABLE CITIES AND COMMUNITIES



> Cities have a vital role to play in the sustainable development of humankind. With more than 3,5 billion people around the world living in these urban centres, the need to make cities smarter, safer, more efficient and more sustainable is patently clear. This is particularly true of cities in Africa, where legacies of colonisation and oppressive governance have left built environments characterised by dysfunctional spatial legacies and significant levels of socioeconomic inequality. It is imperative that these legacies be reversed through a combination of appropriate redress, dynamic planning and committed investment designed to reshape the fabric of urban society. Nedbank views investment in cities as a powerful catalyst for the required positive change and the redefining of a successful urban society.

Ciko Thomas, Group Managing Executive: Retail



According to the World Bank, urbanisation is the single most important transformation that the African continent will undergo in this century. In its report entitled *Harnessing Urbanization to End Poverty and Boost Prosperity in Africa*[1], it projects that more than half of the African population will live in cities by 2040. This translates to around 40 000 new city inhabitants on the continent every day for the next 20 years.

Sustainable development within this fast-growing urban environment will not be achieved without a massive paradigm shift in terms of the way local governments approach the construction, expansion, and management of their built environments. For many African cities this is not the case yet with urban environments continuing to grow in largely uncontrolled ways. However, some local authorities are trying to change this by breaking down historical approaches to city development, sharing knowledge and insights with other city governments through forums such as C40, W12 and the South African Sustainable Cities Network. Nedbank participates in some of these forums as one way to better understand the issues at hand, thereby enabling us to support our clients in this sector more effectively.

[1] *https://www.worldbank.org/en/region/afr/publication/africa-harnessing-urbanization-end-poverty-boost-prosperity*

Nedbank's contributions to SDG 11 in 2019 include the following:

Affordable housing

Access to adequate housing is one of the key challenges of democratic SA, as government grapples with lingering backlogs in the provision of affordable housing and rising demand. To help address this issue Nedbank provided R1,1bn (2018: R1,2bn) for the development of affordable housing for lower-income households, bringing our five-year investment in this key sector to R4,2bn.

Home loans for affordable housing

In 2019 Nedbank Home Loans provided R1 034m in home loans (2018: R943m) to clients in the affordable-housing market. We continue to support this market through improved distribution and product enhancement aimed at making housing solutions more affordable for South Africans. Since 2017 we have waived the upfront bond initiation fees of R6 037 for qualifying clients with a monthly household income of less than R23 200. This continued in 2019, resulting in over R50m in savings for our clients since the inception and an increase in market share to 12,66%.

Green buildings

In 2019 Nedbank provided funding of R790m (2018: R4,8bn) for the construction of buildings that conform to green building standards, supplementing the R10bn lent over the past five years. This will result in more than 44 300 m^2 of additional green building floor space and deliver further increases in energy and water efficiencies achieved by green buildings in the country. The reduction in the year-on-year funding provided was primarily due a suppressed construction sector over the period.

Nedbank also occupies nine Green Star-rated buildings[2] with 16 Green Star ratings across various rating certifications, including Office (design), Office (as built) and Existing Building Performance. Green Star ratings are external verification of the water and energy savings benefits as well as staff wellbeing benefits that the investment in our building portfolio yields. Nedbank was one of the key sponsors of the 2019 Green Building Convention. This was done in a bid to facilitate shared learnings across the sector and enable the industry as a whole to minimise its negative impacts while growing its positive impacts.

[2] *Reported 10 in the 2018 Sustainable Development Review – decline is due to the sale of a single property in line with our consolidation strategy.*

Investing in tech for smart cities

We invested a minority equity interest in WhereIsMyTransport, a big data platform for sustainable mobility in urban transport systems. The purpose of the platform is to equip mobility service providers and cities with data to improve the passenger experience for millions of people, with a particular focus on emerging markets. The platform is designed to help make formal and informal public transport more reliable, safe, inclusive and accessible. To date WhereIsMyTransport has mapped routes of more than 450 000 km in over 35 cities and fielded more than 75 million requests from passengers in emerging cities who need reliable transport information.

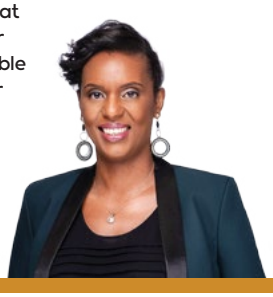
Nedbank finances Accra's first green building

Nedbank provided US$37,5m for the Actis Africa Real Estate Fund in Accra, Ghana. This included financing for the One Airport Square building situated in the established commercial office node known as Airport City in Accra. One Airport Square is the first Green Star-certified building in Ghana and was awarded four stars (Design Stage) by the Green Building Council of South Africa (GBCSA). Given the high temperatures and solar radiation, the design of the building takes into account cooling strategies and technologies are also in place to ensure reduced water usage.

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION



> **The world cannot continue to apply and consume its resources in the same way it has previously. While we certainly understand the benefits of economic growth, particularly in an emerging-market context, that growth cannot happen at the expense of our natural capital base. We are cognisant that Nedbank is not directly involved in the manufacture or production of goods, but many of our clients are. As such, we recognise and embrace the responsibility we have to make sustainable choices ourselves and influence others to do the same. Most importantly, we need to use our financial expertise to drive positive change and transformation through financial solutions that support responsible production and consumption.**



Khensani Nobanda, Group Executive: Group Marketing and Corporate Affairs

Population growth and changing consumer choices and demand are placing growing pressure on food production and related natural resources. And with the world's agriculture and manufacturing sectors already facing massive environmental and economic challenges, it is imperative that financial institutions evolve in terms of their approach to investment as well as the role they have to play in transforming the way people produce and consume products. For Nedbank that means a focus on innovative support for our clients as they find answers to the consumption and production challenges facing the planet.

For Nedbank the application of environmental, social and governance (ESG) screens to investment decisions is one way in which this transformation of production and consumption can be driven, as is innovation funding solutions that unlock solutions that support the circular economy and doing this at significant scale.

Nedbank's contributions to SDG 12 in 2019 include the following:

Supporting the recycling sector

Mpact makes an impact

We concluded a R700m term funding facility with Mpact Limited. Employing more than 5 000 staff, Mpact is the largest paper and plastic packaging and recycling business in southern Africa. Its integrated business model focuses on closing the loop on plastic and paper packaging through recycling and beneficiation, resulting in positive impacts, including recycling 24 000 tonnes of used liquid cartons a year and saving over 65 000 m^3 of landfill space and approximately 11 400 tonnes in carbon emissions. In addition, the polyethylene terephthalate (PET) recycling plant processes 29 000 tonnes of used PET bottles each year, saving about 180 000 m^3 of landfill space and supporting the global drive to reduce plastic waste.

Gleaners free up landfills

A R126m facility with another recycling company will see approximately 2,5 million PET bottles being recycled daily and new employment opportunities being created for plastic 'gleaners' that collect plastic waste from households and businesses. These gleaners earn market-related fees for the collection and delivery of these bottles, which would have ended up in a landfill otherwise. This plastic is converted to pellets for onselling to plastic moulders and manufacturers.



Sustainable development of SA's agri-sector

Nedbank applies its investment and agriculture expertise and innovation to this vital sector to contribute to the transformation of the sector, its farming practices as well as secondary agriculture industries. In this way we not only help to ensure the sustainability of existing farming operations, but also capacitate and support emerging farmers, while protecting and preserving natural resources. Below are some examples of our support of sustainable agriculture in 2019:

Sustainable Development Finance for shade netting and water efficiency measures

The combination of rising temperatures, growing food insecurity, and an increasingly water-constrained future is putting immense pressure on all participants in the agriculture sector. To mitigate the risks and challenges associated with this combination of factors for farmers Nedbank developed an innovative funding solution designed to support farmers directly (or through a financing arrangement with their local cooperative) with sustainable farm interventions, ranging from water storage maximisation solutions and soil health interventions to cutting-edge irrigation equipment and shade netting to reduce evaporation.

Already, there has been positive uptake of shade netting (2019: R100m) by farming organisations such as the Humansdorp Co-op and Overberg Agri. The solution is a way to use resources more responsibly and boost income through increased export fruit pack-out percentages. Use of the facility also triggers reporting to Nedbank on actual water savings achieved per farmer, as well as the increase in yield, and uniformity and quality of fruit on a seasonal basis.

Innovative support for emerging and small-scale farmers

- **ECOM Sustainable Management Services (SMS) Impact Assessment** – ECOM, a client of Nedbank involved in international cocoa and cotton trading, initiated this social impact project with the aim of promoting the sustainability of commodity supply chains and supporting small-scale and emerging coffee and cocoa producers. The project was made possible through an interest rate concession provided by ECOM's banking partners, including Nedbank, specifically for this purpose. The value of the Nedbank facility is USD25m (R360m).

  The SMS initiative contributes to smallholders' livelihood in a variety of ways, from providing technical advice to financial management assistance. The main objectives of the programme are to develop a standardised impact assessment methodology and tool to measure ECOM's impact on smallholder farmers and their communities and further leverage technology to collect data, provide analysis and measure impact, with the ultimate aim of enhancing these positive impacts for supported farmers in the future.

- **Agriqua Taung** – Agriqua Holdings (Pty) Ltd is an incubator that was established by GWK to provide business development support to emerging farmers. It also works to develop irrigation-based crop rotation farming through a coordinated, integrated full-value-chain strategy. Each farmer is allocated 10 ha plots and – through organised, coordinated farming using the latest technology and farming practices – has the opportunity to produce in line with the commercial farmers in the area.

  To date R6m of working capital has been provided by Nedbank and Old Mutual's Black Business Partners' (BBP) Legacy Programme (see page 15), which has enabled participants to access R20m in commercial funding from the Land Bank. The first production cycle of the initiative supported 24 emerging cotton farmers, while the second supported 29 emerging wheat farmers (21 of whom are also part of the cotton farmer cohort). The third cycle started at the end of 2019, with maize crops as the focus. The results already achieved are very promising.

  - **Yield enhancement** – The project enabled these farmers to plant 250 ha and 319 ha of cotton and wheat respectively in 2019. While only 11 of the cotton farmers made a profit this first cycle due to hail damage and other complications, average yields almost doubled, from 2,65 tonnes/ha to 4,67 tonnes/ha. The wheat cycle was a bigger success, with the project making a total profit of R1,9m. Early indications are that maize yields will also increase substantially in the third cycle.
  - **Capacity building and extension** – All farmers on the project have now had two production cycles of experiential learning with a mentor. Technical farming expertise has been transferred and at least R3m has been invested to ensure sustainability and successful commercialisation of operations.

Driving development of the game meat industry

The WWF-SA Nedbank Green Trust has invested R2,1m over a three-year period (2018 to 2020) for a feasibility study and business plan to upgrade the Skukuza game meat-processing facility in the Greater Kruger area, and to develop a game meat guideline for the industry Until now, the game processing facility has been used to process primarily impala and buffalo offtakes from the Kruger National Park, with the bulk of meat sold to staff or donated to schools for catering purposes. The development of the Greater Kruger game meat market is intended to change this approach by driving more commercial game meat production and catalysing a range of wildlife economy opportunities in the region, including the development of small-businesses trading in game meat pies and use of hides, horns and other materials to make and sell décor and furniture items. The Skukuza meat-processing facility will be used to process all livestock and game meat source from this area, act as a training facility and develop related small, medium and micro enterprises (SMMEs) for SANParks and communities living in and around the Kruger National Park.

The game meat industry guideline will form the basis for a protocol to be developed and submitted to the South African Meat Industry Company, which will allow for the creation of the Greater Kruger game meat brand. The intention is to create a market focused on the Greater Kruger area, which provides market access to existing and new community-owned protected areas.


Photo credit: WWF-SA

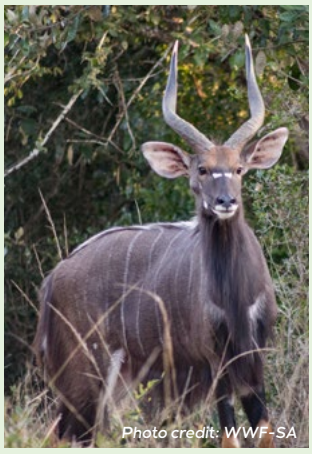

Photo credit: WWF-SA


Photo credit: WWF-SA

SDG 15: LIFE ON LAND



> **For most Africans, land is life. It is not only a vital source of sustenance, dignity and opportunity. But it is also a finite resource that requires nurturing and protection. Land can be effective in its lifegiving role only if humans commit to being good stewards, living sustainably, and caring for the land in ways that recognise that their lives literally depend on it. Nedbank is committed to leveraging its financial expertise and human resources to deliver on the SDG 15 targets so that the land-based resources to which we are privileged to have access can be nurtured, protected and sustainably managed.**



Mfundo Nkuhlu, Group Chief Operating Officer

This goal is a vital enabler of many of the other SDGs, most obviously clean water and sanitation, zero hunger and no poverty. But for that to be the case, governments and the private sector need to pay far more attention in the next decade to addressing issues such as land and ecosystem degradation, biodiversity loss, invasive alien species and wildlife poaching and trafficking.

We are confident that we can effect change to deliver on SDG 15 by providing financial support to efforts such as conservation, restoration and sustainable use of ecosystems (target 15,1), the clearing of invasive alien species (target 15,8) and the mobilisation of finance to conserve biodiversity (target 15a). To date our support for these initiatives has been through partnerships primarily with WWF-SA and through philanthropic donations, rather than through lending, to generate a response at scale. While the commercial financial model to address some of the SDG 15 issues is not yet clear, we are looking for opportunities to work with partners to help us unlock these opportunities. Our support for mining rehabilitation is the only mainstream financial support that we are applying to the achievement of this goal so far.

Nedbank's contributions to SDG 15 in 2019 include the following:

Partnering with WWF-SA

For more than five decades WWF-SA has been working to address SA's land, water, food and biodiversity challenges. The organisation is involved in awareness, protection and conservation at all levels of society. It drives action and stewardship initiatives with communities, businesses and government; helps to identify risks and opportunities; and strives to ensure SA has healthy life-sustaining, water-supplying landscapes.

Nedbank previously partnered with WWF-SA on its Water Balance Programme for eight years, providing R12m in funding, as well on its Sustainable Agriculture Programme, investing R18m over six years. These long-term projects focused on clearing water-thirsty invasive alien vegetation in and around vital water catchment areas to maximise the amount of water that remains in our catchments and promoting better farming and production practices in the fruit, dairy, beef, wine and sugar sectors.

In 2019 Nedbank took its partnership with WWF-SA to the next level by entering into a five-year, R25m water source area conservation partnership. The focus of this programme is on the protection and development of effective water ecosystems that consider the need to protect SA's essential water source areas, while at the same time supporting communities that rely on these areas for their livelihoods. The new partnership prioritises support of water security, reducing land degradation and improving local economic opportunities for rural communities in the Eastern Cape, which is home to the second-largest water source area in SA. The hope is that, over the five years of the partnership, the project will come to showcase the value of a water source partnership model and deliver valuable learning and insights that can be replicated nationally.

While this new partnership is still in its early stages, a number of important milestones were achieved in 2019. These build on successes over the past five years that include the creation of more than 600 jobs in the area and increased incomes in over 1 100 households, as well as the clearing of invasive alien vegetation on 1 500 ha of land and the replenishment of 1,9 billion litres of water in the system.

- A dedicated convening function was established to formalise the water source partnership for the upper uMzimvubu catchment. The non-profit organisation Environmental Rural Solutions, based in Matatiele, was contracted by WWF-SA as part of the Nedbank partnership to provide the convening role in the uMzimvubu Catchment Partnership going forward. There are more than 30 partners across government and civil society that have an interest in working in this region, so coordination of efforts is key.
- Parties agreed on the importance of increased focus on formalising a water source partnership for the upper catchment that falls within the Eastern Cape Drakensberg and Southern Drakensberg water source areas. This would involve safeguarding this water source area by proposing to designate it as a Matatiele Watershed protected area with support from five traditional tribal authorities.
- An updated five-year vision and strategy (2019 to 2024) was agreed on for the upper catchment area. This will follow a phased approach and then extend to the middle and lower catchments from 2023 to 2025.

In 2020 a comprehensive monitoring, evaluation and learning framework will be developed to track progress and impact after initial engagement in 2019 using a range of tools from citizen science and rigorous research incorporating surveys. The potential indicators will be aligned to measure specific impact contributing to the SDGs.



Photo credit: WWF-SA

Driving impactful mine rehabilitation

Mining has played a massive role in SA's economic development and will continue to do so in the future. But while mines provide vital resources and employment, mining activities can have a catastrophic impact on the environment. In addition to applying our Social and Environmental Management System (SEMS) to mining finance applications that we receive, we are responding to this issue with the provision of mining rehabilitation guarantees that amounted to R320m in 2019 as well as a R700 000 investment in a WWF Nedbank Green Trust project – the Mining Incubator.

The Mining Incubator project aims to catalyse a shift in mining attitudes and behaviours and make mining more sustainable. The project is engaging with SA mines, as well as all mining stakeholders, to build a collaborative effort to improve environmental practices in the sector. Mine closures and rehabilitation are a particular focus and the project participants have identified a key need to scale up innovative approaches to rehabilitation so that the process not only helps restore soil and water quality in the areas around discontinued mines, but also delivers social and economic benefits for communities in these areas.

Catalysing the establishment of a national grassland park

Securing significant portions of SA's strategic water source areas (SWSAs) is a critical part of ensuring critical biodiversity protection and a more water-secure future. In 2019 we invested R3,3m through the WWF Nedbank Green Trust in support of a vital WWF-SA project in the Southern Drakensburg SWSA. The donation enabled WWF-SA to continue its work towards establishing a new 30 000 ha+ grasslands national protected area across a number of SWSAs. To maximise the potential for success this project focuses on breaking the stereotypical nature of national parks as often excluding or prohibiting access to people. Instead, this project seeks to ensure the participation and involvement of surrounding communities, with the ultimate goal of addressing the crucial need for economic growth and improved livelihoods by means of sustainable rangeland farming initiatives as well as increased adventure tourism opportunities in the area.



Photo credit: WWF-SA



Photo credit: WWF-SA

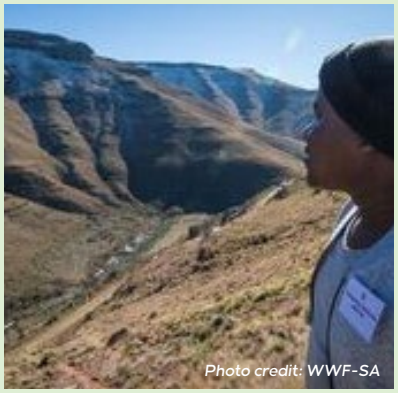
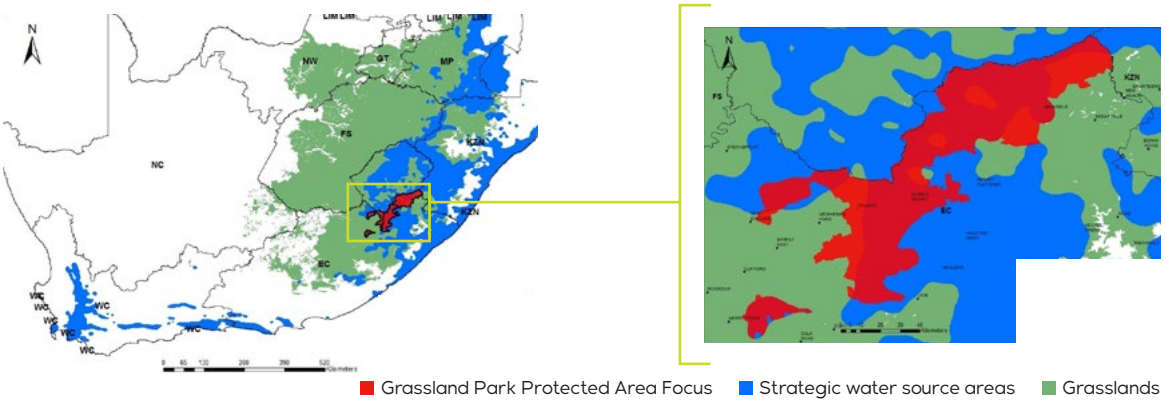


Photo credit: WWF-SA



Photo credit: WWF-SA




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OPERATIONS

While the direct environmental impact of our operations is relatively small, we embrace our responsibility to work continuously to ensure our operational activity contributes positively to as many SDGs as possible. We do this while also encouraging innovative thinking and sustainability-related action and alignment among our staffmembers, clients, suppliers and business partners.

Please refer to our Stakeholder, People and Pillar III Risk and Capital Management reports for more information.

PEACE, JUSTICE AND STRONG INSTITUTIONS

Nedbank is proud to contribute to the sustainable development of the regions within which we operate. Key to this contribution is strong governance and adherence to both the letter and the spirit of relevant legislation and regulation. Our approach to sustainable development is informed by the SDGs and guided by the Nedbank Sustainable Development Framework. Activity aligned with the framework is underpinned by robust governance processes, frameworks and structures.

In addition, we are represented in or are a signatory to a range of industry bodies and are members of numerous sustainability platforms. This ensures that we are aware of global trends and best practices and allows us to contribute to furthering the sustainable development agenda while building strong, resilient institutions – including our own and those of our clients.

Our sustainability efforts and governance and risk management approaches are informed by, among others, the following industry best practices and bodies:

- The UN SDGs.
- King IV.
- The UN Environment Programme Finance Initiative (UNEP FI): Africa Network, National Capital Declaration, Positive Impact Initiative and TCFD Phase II Working Group.
- The Code for Responsible Investing in South Africa.
- The National Development Plan.
- The Banking Association South Africa: Sustainable Finance Committee, Positive Impact Finance Task Group and Climate Risk Forum.
- United Nations Global Compact (UNGC): the CEO Water Mandate.
- The Association of Ethics Officers in Africa.
- The Organisation for Economic Cooperation and Development: Financial Sector Mapping Advisory Group.
- The National Business Initiative Advisory Committee on Climate Change.
- The Embedding Project: South Africa Peer-to-peer Network.
- The International Finance Corporation (IFC) Performance Standards.
- The Equator Principles.
- The UNGC Advisory Committee.

UNLOCKING THE VALUE OF PARTNERSHIPS THROUGH EFFECTIVE STAKEHOLDER ENGAGEMENT

Our experience has repeatedly shown that our efforts in supporting and driving sustainable development are significantly enhanced through partnerships with like-minded organisations and individuals. We take an inclusive approach to working with all these stakeholders to balance their unique needs, interests and expectations with the best interests of our group and, at the same time, maximise our positive impact in terms of our sustainable development agenda. Stakeholder engagement is informed and governed by a detailed stakeholder policy and supporting engagement framework.

Please refer to the Nedbank Stakeholder Report for further details on our stakeholder engagement efforts.

Sharing knowledge for maximum sustainability impact

Nedbank's suite of sustainability guides is researched and produced in partnership with a number of highly regarded professional organisations and institutions. The guides are freely available for download on the Nedbank website and we encourage extensive sharing of these useful electronic publications as a way of encouraging and equipping as many people and institutions as possible to become more committed and effective in their sustainability efforts. The suite of guides is as follows:

- **Water Savings Guide** – The latest addition to the suite of sustainability guides offers valuable insights into the vital need for every individual and household to save water and offers practical tips on using less of this vital, but critically endangered, natural resource.



- **The Energy Efficiency Guide** – Provides advice, guidance and practical tips that businesses can use to manage and optimise their energy consumption.
- **Carbon Footprinting Guide** – Produced in collaboration with the Sustainability Institute, this guide gives businesses all the information they need to calculate their carbon footprint accurately.
- **Smart Living Guide** – An easy-to-read household sustainability guide that helps individuals and families to take decisive sustainability action in the vital areas of energy, water, waste and ecosystem health.
- **Guide to Biodiversity in Your Garden** – A visually stunning and highly practical guide on how to embrace, increase and protect biodiversity in gardens of all shapes and sizes.



GOOD GOVERNANCE UNDERPINS OUR DELIVERY ON OUR PURPOSE

The Group Transformation, Social and Ethics Committee (GTSEC) oversees all the bank's sustainable development governance bodies and oversees that its commitments remain in line with the overarching business strategy. GTSEC makes recommendations to the Nedbank board and executives in terms of how our organisation can continually enhance its impact on society, responses to better manage climate change and increase its relevance and value to all stakeholders.

The GTSEC's strategic focus areas are as follows:

- Being operationally excellent in all we do.
- Supporting the national agenda to effect transformation.
- Adopting a collaborative approach to ethical leadership and having a commonly accepted and lived set of values, effective governance, and effective risk and compliance management.
- Managing scarce resources to optimise economic outcomes.

Key actions taken by GTSEC in 2019

- Conducted a deep dive into the governance and institutionalisation of ethics at Nedbank.
- Monitored progress of employment equity plans with focus on underrepresentation and attrition rates of Africans at senior and middle management levels.
- Oversaw the YES initiative (see page 14 of this report).
- Oversaw management of the impact of the Amended Financial Sector Code (FSC).
- Oversaw plans to address employee health and wellness and culture concerns proactively.
- Continued oversight of Nedbank's delivery of its purpose, as measured against the UN SDGs.
- Oversaw the bank's response to climate change from an operational perspective and received training to be best placed to inform the bank's understanding of and approach to the impact of climate change.

GTSEC focus areas for 2020

- Continued oversight of and guidance on enhancing the culture of ethics at Nedbank.
- Increased focus on working with stakeholders and industry bodies to help deliver better outcomes for society and inform the industry view at relevant events.
- Oversight of ongoing human resources, labour relations and organisational-development efforts.
- Oversight of efforts to execute against new targets set for access to financial services and empowerment financing.
- Continued guidance of the delivery on the bank's purpose through the oversight of the bank's development and delivery of its sustainable finance offering.
- Oversight of the bank's maturing approach to the measurement, assessment and disclosure of its financial exposure to climate-related risks.

Sustainable development at Nedbank is driven by the Nedbank Strategy Executive, a central sustainability team and a network of employees across the group, from different disciplines, with a good understanding of sustainable development imperatives and therefore what it will take to deliver on our purpose. This dynamic team also provides advisory support to the GTSEC and related governance bodies.

Our governance has been further bolstered by the establishment of a new Climate Risk Leadership Group. This formal governance committee, under the chairmanship of the Nedbank Chief Risk Officer, guides Nedbank with regard to measuring, assessing and disclosing its financial exposure to climate-related risks. This committee is also supported by a Climate Task Team that assists with the operationalisation of strategic climate-change-related decisions.

This approach not only ensures that our business complies with all relevant regulations and legislation, but also enables the early identification of sustainability risks and opportunities.



APPROACH TO CLIMATE CHANGE

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 preindustrial level.

All African countries in which Nedbank operates have formally committed to addressing climate change as signatories to the Paris Agreement. SA 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 have carbon-intensive operations or not – to collaborate with government and other stakeholders to help meet domestic and international objectives.

There was a growing focus on banks and their role in addressing climate issues in 2019. An increasing number of stakeholders, including nongovernment organisations, rating agencies and key activist investors, have asked for more detailed reporting and transparent disclosures from Nedbank – with some believing that the pace at which the financial sector is adapting to manage the climate emergency is too slow.

We have been on a climate change journey for some time. It started with a focus on the impact of our own operations and included a commitment to operational carbon neutrality – a commitment that is still honoured annually. The journey then matured with our commitment to supporting diversification of SA's energy supply and the disclosure of our exposures to renewable- and fossil-fuel-based energy generation.

This disclosure was followed by a commitment 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.

Our lending in this regard is now informed by our thermal coal policy which is available at nedbank.coza. This builds on our previous disclosures of renewable-energy projects versus thermal-coal mining and coal generation projects (see page 10 for further details). Nedbank's credit approval process includes a review of climate-related considerations through our SEMS.

In 2019 we signed up to be part of the UNEP FI Task Force for Climate-related Financial Disclosures working group, which will enable us to learn from others in the sector as well as participate in the development of tools to assess the physical and transitional risk that climate change poses for banks. Nedbank undertakes to perform scenario analysis on high-risk sectors identified as part of the ongoing Internal Capital Adequacy Assessment Process. In 2019 the potential impact from climate-related risks on Nedbank were assessed from two angles: 1) the impact of temperature increases on Nedbank's agricultural book; and 2) the impact of different climate risks on Nedbank Insurance.

For further details regarding climate risk management and the operationalisation of it, please refer to the Pillar III Report available at nedbank.co.za.

In recognition of the urgency of addressing climate change we engaged stakeholders and in response to their – and other market – voices the Nedbank board is proposing climate-change-related resolutions at our annual general meeting (AGM) in May 2020. Their positive adoption will see further broadening of our response to this global issue.

For further details regarding the resolutions, please refer to the Notice of the AGM available at nedbank.co.za.

Nedbank's climate change journey

2005 First African bank to sign up to the Equator Principles – disclosure of environmental and social impacts of project finance transactions.

2006 Became a signatory to the Carbon Disclosure Project – disclosure of the carbon impact of our operations.

2008 Implemented energy reduction targets and related internal reduction initiatives. Issued a climate change position statement, declaring that Nedbank Group holds itself accountable to addressing climate change.

2010 Achieved operational carbon neutrality.

2013-2014 Disclosure of Nedbank's renewable-energy lending.
Leading funder of the renewable-energy capacity allocated by REIPPPP.

2015 First disclosure of percentage of total group lending to renewable-energy projects versus fossil fuel generation projects.

2016 Continued disclosure of percentage of total group lending to renewable-energy projects versus fossil fuel generation projects.

2017 Publicly disclosed position on lending for coal-fired power plants. Initial commitment excluded existing commitments to round one of SA's Coal Baseload Procurement Programme.

2018 Strengthened position on lending for coal-fired power plants by including existing commitments to SA's Coal Baseload Independent Power Producer Procurement Programme.

2019 Developed internal policy regarding the financing of thermal-coal mining and related activities.

Established a formal governance committee, the Climate Risk Leadership Group (CRLG), under the chairmanship of the Nedbank Chief Risk Officer. The CRLG guides the measuring, assessing and disclosing of Nedbank's financial exposure to climate-related risks and is also supported by a Climate Task Team that assists with the operationalisation of strategic climate-change-related decisions.

2020 Publicly disclosed a thermal coal policy. Proactively proposed further climate-change action by shareholder resolutions at our AGM. Refer to the Notice of the AGM for more details.

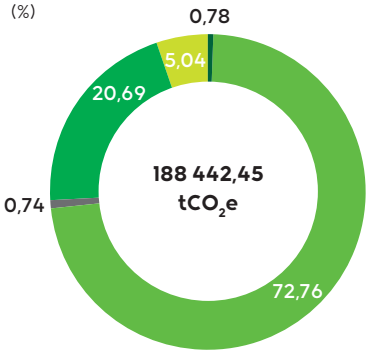
CARBON FOOTPRINT

We have been carbon-neutral since 2010, and follow a 'reduce first, then offset' approach. As such, our own carbon reduction efforts prioritise raising internal awareness and driving behavioural change, after which we offset remaining carbon through carbon credits from African projects that demonstrate meaningful social and environmental impact.

In 2019 our overall operational investment into environmental sustainability initiatives amounted to R82,98m (2018: R46,8m). The substantial year-on-year increase was a consequence of our significant investments into the air-conditioning systems that service our data centres. This new plant is much more energy-efficient, uses less water and also gives us the ability to use free cooling during the cooler winter months. We also invested R9,4m (2018: R9m) into the purchase of carbon credit offsets to meet our operational carbon-neutral commitment. A total of 195 000 tCO_2e was retired for the 2019 period.

With a total carbon footprint of 188 443,45 tCO_2e for the year, our overall reported greenhouse gas emissions decreased by 4,34% in absolute terms from 2018 to 2019. Pleasingly, the overall carbon footprint came in at less than 200 000 tCO_2e for the second time under the comprehensive boundary we have used since 2009. Year on year the carbon emissions per FTE decreased by 3,37% to 6,09 tCO_2e and emissions per square metre of office space increased by 2,28%. In 2019 we generated approximately 687 MWh of our own energy. This equates to 0,5% of our total electricity use. Unlike most other entities, Nedbank includes employee commuting in its carbon footprint. This should be taken into account when doing a like-for-like comparison based on carbon footprint information.

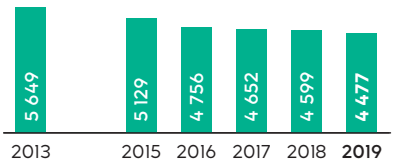
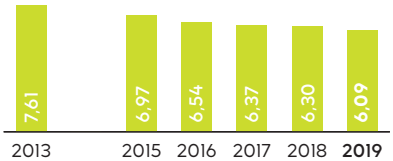
NEDBANK GROUP 2019 CARBON FOOTPRINT
(%)



REDUCTION TARGETS

We continue to set reduction targets to limit the impact of our operations on the environment. These targets clearly specify the carbon emissions and resource usage levels to which we aspire as a group and that we use to guide behaviour at group, cluster, business unit, team and individual level.

SUMMARY OF ACHIEVEMENTS AGAINST TARGETS IN 2019

Resource	Target	Achievement
Paper[1,3]	A 35% reduction based on end-of-2013 levels or 1 162 tonnes by the end of 2025.	Paper consumption in the 2019 financial year was 826 tonnes, which is a 25,0% decrease year on year. Paper consumption remains a small part of our overall footprint, accounting for approximately 1%. The target was kept as to ensure that current consumption levels can be maintained. A new target will be set during 2020.
Water[2,3]	A 15% reduction by the end of 2025 based on 2013 levels or consumption of 14,17 kℓ per fulltime equivalent (FTE).	In 2019 the consumption level was 13,33 kℓ per FTE compared with to the 2018 consumption rate of 12,56 kℓ per FTE. The consumption rate did increase, but remains under the set target. The target was kept as to ensure that current consumption levels can be maintained.
Waste[2,3]	A 35% reduction based on 2013 levels, or 8,42 kg per FTE by the end of 2025.	In absolute terms the waste sent to landfill decreased from 195 tonnes in 2018 to 183 tonnes in 2019, which implies a 6,18% reduction. This means that 9,59 kg per FTE was sent to landfill.
Recycling[2,3]	A 35% increase based on 2013 levels, or 42,38 kg per FTE by the end of 2025.	In absolute terms the recycling decreased from 723 tonnes to 616 tonnes or by 14,86%. This amounts to a recycling rate of 32,20 kg per FTE, which is very close to the 2018 value of 31,97 kg per FTE. Recycling can arguably increase only up to the point where waste sent to landfill is zero, so this will be the ultimate goal and target.
Energy[3]	A 35% reduction based on end-2013 values by the end of 2025. This amounts to 3 899 kWh per FTE. Only fossil-fuel-derived electricity counts towards the figures. Renewable energy is exempted from this calculation.	In 2019 we achieved 4 477 kWh per FTE (2018: 4 599 kWh per FTE). **ENERGY CONSUMPTION (kWh/FTE)** 
Carbon emissions (including business travel)[3]	We set a target of a 35% decrease based on end-2013 values by the end of 2025. This amounts to 5,25 tCO_2e per FTE.	The 2019 pollution rate amounted to 6,09 tCO_2e per FTE (2018: 6,30 tCO_2e per FTE). **EMISSIONS PER FTE (tCO_2e)** 

[1] *The paper target is an absolute rather than intensity reduction target, as most of our paper usage is related to client communication and regulatory requirements, rather than to individual employee usage.*

[2] *Water, waste and recycling are based on campus FTEs.*

[3] *External limited assurance provided.*





RESPONSIBLE FINANCE

Managing social and environmental risk

One of the 17 risk categories actively managed by Nedbank is social and environmental risk. Our primary exposure to such risks results from our lending and investment activities. For the most part the highest-risk areas in which these lending and investment activities take place are energy, property development and infrastructure, as well as high-impact industries such as mining, oil and gas, agriculture, waste management and manufacturing. We actively manage these risks using SEMS and by ensuring that we are aligned with industry best practice and environmental, social and human rights benchmarks.

We also take a partnership approach to all sensitive investments, working closely with our clients and relevant authorities to maximise benefits and minimise the negative impacts of these activities. In 2019 the most significant application of SEMS within our specific business units was as follows:

- In our Investment Banking and Client Coverage divisions all new applications and credit risk reviews of high-risk transactions were included in the SEMS assessment process and externally assured. In total 526 deals were assessed. This represents a decrease from the 688 assessments completed in 2018. The number of transactions assessed in Property Finance for 2019 was 1 012. These transactions were specifically screened for environmental risks ranging from contamination to water risk.
- The SEMS is also used in Nedbank's Retail, Business Banking and Wealth Clusters. Due to the number of clients in Retail, a risk-based approach is taken. This requires clients to disclose any negative environmental or social impact their activities might have in the necessary client documentation. Any disclosures are then assessed through the SEMS process and, where necessary, mitigating actions are taken.
- In our Business Banking operations we have identified and defined high-impact industries. In 2019, 861 clients (2018: 1 125) involved in these sectors were assessed. The reduction in the number of reviews is due to a tightening of the scope and application of the Social and Environmental Risk Framework that ensures only high-impact transactions are included. Previously assessed clients that then had no further lending requests or changes in their businesses or operations were also excluded in 2019 to streamline the process.
- In the Nedbank Wealth business most of our social and environmental risk exposure results from clients' acquisition of industrial and commercial properties that could present asbestos or land contamination concerns. The total number of clients assessed in 2019 was 91.
- Our SEMS was also rolled out to Nedbank Africa Regions, including Namibia, Lesotho, Zimbabwe and Malawi, in 2019. Face-to-face training was provided to more than 300 business managers as well as compliance, risk and legal managers across these countries. The training included domestic social and environmental legislation, social and environmental risk in high-impact industries and case studies on class action suits based on environmental and social impacts. Online training and policies, processes and frameworks, as well as an analysis of local legislation, support the implementation of social and environmental risk management principles.

For more details on our social and environmental risk management please visit nedbank.co.za.

Applying the Equator Principles

As a leading provider of project finance in SA we carefully consider all prospective project finance transactions, project-related corporate loans, project finance advisory services and specific bridge loans against the clearly defined, globally accepted environmental and social sustainability standards. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project and corporate financing.

We have aligned our processes with Equator Principles 3 and have actively participated in the revision of the Equator Principles and the development of Equator Principles 4. We also voted in favour of the adoption of Equator Principles 4 by 1 July 2020. Our appointment to the Equator Principles Steering Committee will enable us to be at the forefront of the implementation of Equator Principles 4 and to represent our region and developing countries in general more effectively.

One Equator Principles deal, equating to approximately USD75m, had its first drawdown in the 2019 financial year and was submitted for external assurance as well as the Equator Principles Association in accordance with rule 6(f).

For more details on our Equator Principles activity in 2019 please visit nedbank.co.za or equator-principles.com.

Committed to responsible investment

Most of our group's investments and asset management activities take place through Nedgroup Investments and Nedbank Private Wealth. With around R310bn in assets under management, we acknowledge the far-reaching implications of how we invest. As such, environmental, social and governance factors are considered for 95% of our investments up to the period ending July 2019.

Due to a manager change on one of our sub-advised global funds, ESG factors will be considered for 100% of our funds going into 2020, and beyond.

Our approach to fund management also uses the SDGs as a guiding framework. In the context of asset management, this largely takes the form of responsible investment (RI), which encompasses many aspects, ranging from company culture to the way that capital is allocated, with the ultimate goal being to ensure responsible stewardship of client capital and shared equitable growth.

We embarked on an extensive RI review of assets under management in 2019. The assessment was not limited to internally managed funds, but extended to external subadvised portfolios and the role that ESG factors play in investment decisionmaking. The aim is to advance the RI standing across the full range of Nedgroup Investments' funds.

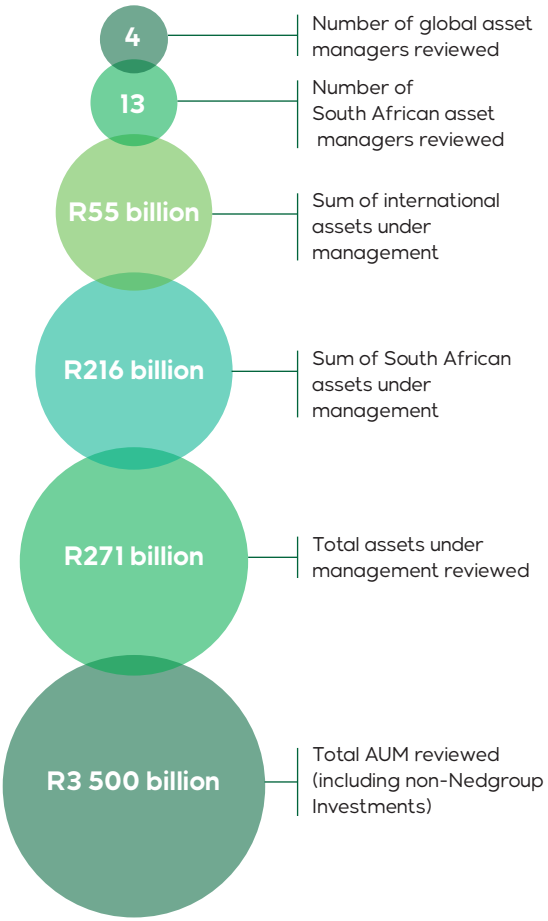
By incorporating ESG factors into our investment oversight, we are holistically able to monitor the financial and non-financial risks of our portfolios. We believe ESG data serves as an enabler for deeper and more constructive engagement with the companies that we invest in. Furthermore, the companies that embrace sustainability will show outperformance over the long term, and thus align themselves with the investment horizons of our fund offerings.

With all this in mind, the assessment process measured our fund management across the following six pillars:

- Commitment to responsible investing.
- Integration of ESG factors into the investment decisionmaking process.
- Proxy voting participation.
- The depth and quality of corporate engagement.
- ESG transparency and disclosure.
- Overall support and presence in the broader RI community.

The 2019 review saw R271bn of clients' assets being assessed against these RI pillars. The collective effort, undertaken between our analysts and our partner asset managers, covered the entire range of funds. This included SA domestic and global portfolios across multiple asset classes, while covering both active and passively managed unit trusts.

THE RESPONSIBLE INVESTMENT REVIEW IN NUMBERS



For more details on our responsible investment activity in 2019 please visit nedbank.co.za.

Committed to responsible lending

Integrating sustainability into our business practices includes the fair treatment of our clients at all stages of their relationships with us, the protection of their personal information and the use of cyberresilience to counter increasing levels of cybercrime. Our approach entails not only complying with the letter of the law and regulations that govern our conduct, but embracing their spirit as well.

We provide a full range of products and services that help our clients transact, borrow, invest and grow, to help them meet their lifestyle and business ambitions. Despite the challenging environment and slow economic growth, we provided banking advances of R764bn in 2019 (2018: R712bn), financing key sectors of the economy that are driving sustainable growth.

We recognise that the current economic situation in SA has placed immense pressure on many individuals, families and businesses. We empathise with our clients who are facing difficult financial situations as a direct result of this challenging economic environment, and we are committed to providing them with the counselling, guidance and assistance they need. As such, we offer a range of voluntary debt relief initiatives, including debt repayment arrangements and debt restructuring. In 2019 the total value of client debt that was fully rehabilitated through our debt review process was R343m with a total of R848m worth of fully rehabilitated loans over the past five years.

We continue to help clients to restructure their debt by extending their repayment terms and/or reducing their monthly instalments. To date we have successfully helped more than 36 789 clients, with R20,14bn in home loans, to keep their homes despite their financial challenges.

Where it is not possible for a homeowner to retain their home due to financial challenges, our Nedbank-assisted Sales programme helps them to obtain offers for the sale of their asset, or assists them with the sale by public auction. We consider this to be a more effective and dignified solution than repossession of the property. To date more than 5 113 clients, with properties to the value of R4,22bn, have benefited from the assisted-sale offering.

In 2019 we also helped more than 19 400 (2018: 14 900) clients to restructure their vehicle finance accounts to the value of R3,2bn and enabled them to retain possession of their vehicles. Pleasingly, 92% of these clients are now keeping up with their repayments. Most recently, following the Covid-19 outbreak, we have implemented a host of support mechanisms for clients.

Principles for Responsible Banking

We welcome the launch of the Principles for Responsible Banking (PRB) by the United Nations Environment Programme Finance Initiative, which aim to increase the positive impact of the global financial sector through alignment with the SDGs and the requirements of the Paris Agreement.

The PRB call for transformation of the financial sector is commensurate with the level of urgent change that is required to address pressing socioeconomic development needs within the context of the climate emergency. The PRB effectively mean that all banks will need to reconsider their business models and operations to ensure that they are contributing to the future of the planet and society in this way.

While our purpose to use our financial expertise to do good for individuals, families, businesses and society has already been guiding our activities in alignment with the PRB, we recognise that we will need to increase our efforts to achieve the desired outcomes. That said, we elected not to sign up to the PRB as an initial 'endorser bank' because we believe it is important to first assess the related reporting, assurance and disclosure obligations thoroughly and ensure that we have a full understanding of the requirements and obligations at strategic, portfolio and transactional levels before formally endorsing the principles.

CORPORATE SOCIAL INVESTMENT

CSI is an important part of how we contribute to sustainable development. Given the immense CSI need in SA and the relative scarcity of available funding, it is imperative that our investments in this area are deliberate and deliver maximum impact.

During 2019 we continued to refine our strategy of investing in fewer, high-impact, SDG-aligned projects. While the number of projects supported consequently decreased by 70% over the past three years, the total number of beneficiaries has increased substantially, as has the positive impact of our investment on the lives of these beneficiaries. Our process to monitor and evaluate this impact also improved during the year, albeit comprehensive impact measurement on all projects remains challenging.



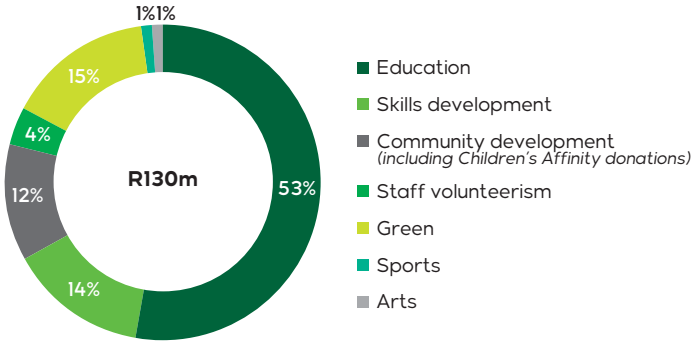
INVESTING IN OUR COMMUNITIES

The Nedbank Foundation is our primary CSI arm and is mandated to contribute towards the social wellbeing of the people of SA. The foundation focuses on two core areas of support for communities:

- **Education support** – which primarily aligns with SDG 4 and includes early-childhood development, basic and tertiary education initiatives, graduate programmes and learnerships, as well as support for research chairs in various universities.
- **Skills development** – which primarily aligns with SDG 8, helping to create jobs and economic growth. Particular attention is given to scarce and critical skills, skills with high employability potential and entrepreneurship.

In 2019 the total value of CSI support and investment delivered across our group was R130m (2018: R124m), split predominantly across the above two focus areas, but also with investment going into staff volunteerism, healthcare, community development and environmental development through the four Nedbank affinities and a range of other trusts and CSI funding vehicles such as the Eyethu Community Trust.

TOTAL CSI
(%)



Accurate and ongoing measurement of the outcomes and impacts of these investments play a vital part in the continued success and effectiveness of the foundation's efforts. As such, we have developed a comprehensive monitoring and evaluation framework to assess the social return on our investments. The benefits of such ongoing monitoring and evaluation include:

- better programme conceptualisation;
- improved overall programme performance;
- high level of transparency;
- enhanced work performance;
- better value for money; and
- improved information management.

The Nedbank Affinity Programme

The unique multibeneficiary Nedbank Affinity Programme enables Nedbank clients and staff to support a cause close to their hearts, at no cost to them, just by doing their everyday banking.

In 2019 the Nedbank Affinity Programme was integrated into the current Nedbank Greenbacks programme. The Nedbank Affinity Programme continues to award our beneficiary trusts and fund, and at the same time clients can earn Nedbank Greenbacks. This means all Nedbank clients who are members of the Greenbacks programme are able to build a better financial future for themselves through membership of the Greenbacks programme and, as they earn Greenbacks, Nedbank will make commensurate contributions to their chosen affinity as well – still at no cost to them.

In this way the Nedbank affinities have been better positioned to deliver on our purpose to use our financial expertise to do good for individuals, families, business and society as clients can do good simply by using our range of financial products and by practising good money behaviours.

The process of linking the Nedbank Affinities Programme with Greenbacks may result in some short-term logistical challenges and a drop in the financial support afforded to the affinities through client activity, but Nedbank has committed to underwriting the shortfall until the move is complete and client activity linked to affinities has resumed in appropriate proportions.

For the 2019 financial year Nedbank affinity donations totalled R33,5m (2018: R27,2m). Donations handed over to the four trusts in 2019 were as follows:

Green Affinity

WWF NEDBANK GREEN TRUST

The Nedbank Green Trust

R20,3m
(2018: R14,3m)

Children's Affinity

Nelson Mandela CHILDREN'S FUND

The Nelson Mandela Children's Fund

R8,5m
(2018: R8,6m)

Arts Affinity

act ARTS & CULTURE TRUST

The Arts & Culture Trust

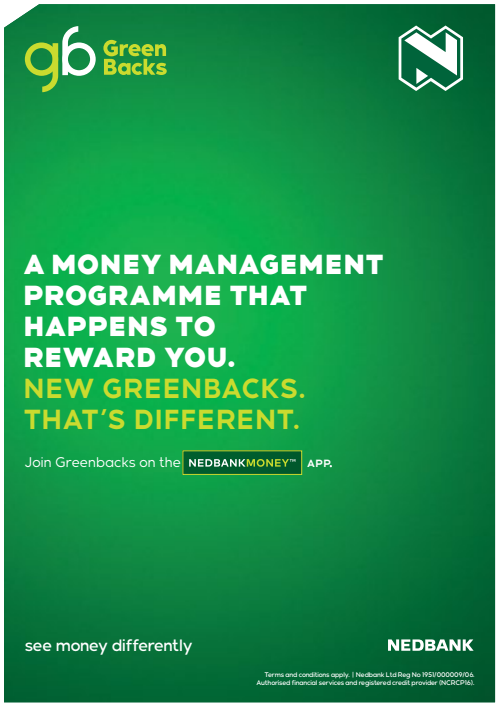
R2,4m
(2018: R1,9m)

Sport Affinity

THE SPORTS TRUST

The Sports Trust

R2,3m
(2018: R2,4m)



gb Green Backs

Making Nedbank Greenbacks even more rewarding and inclusive

The past year saw us extensively revamping our loyalty and rewards programme – Greenbacks. The focus of Greenbacks has shifted from a purely points-based redemption programme to one that equips our clients with the tools, information and incentives to enable them to manage their money better.

Linked to a range of Nedbank products such as transactional, savings and loans accounts, it also encourages and incentivises better banking behaviours, including the use of card payments as a safer, more easily trackable alternative to cash; greater use of digital banking channels, which are cheaper and more convenient; and the development of savings and investment habits. The Greenbacks programme has no inbuilt limitations on rewards earnings based on programme tiers or levels. Instead, the programme gives every member access to the full spectrum of partner deals from the outset.

In 2019 we successfully transferred all of our existing Greenbacks members from the old programme to the new one, with the aim that, ultimately, every Nedbank client will be a Greenbacks member.

SDG 1: NO POVERTY



End poverty in all its forms everywhere.

While extreme poverty has eased considerably since 1990, pockets of the worst forms of poverty persist. Ending poverty requires universal social protection systems aimed at safeguarding all individuals throughout the life cycle. It also requires targeted measures to reduce vulnerability to disasters and to address specific underserved geographic areas within each country.

Source: United Nations

Nedbank is impacting poverty levels positively through our lending towards related SDGs. Refer to pages 6 to 23.

Nedbank's contributions to SDG 1 in 2019 include the following:

Proud of My Town – transforming SA one community at a time

Our country is facing a myriad of challenges. One of the biggest opportunities we have to address these and change the current trajectory of SA is to help unlock the incredible talent, value and positive energy in our townships, cities and neighbourhoods. Proud of my Town (PoMT) is a holistic community transformation initiative that is currently active in 12 communities in eight towns across six provinces.

PoMT is based on the premise that collective, authentic engagement with civil society and the activation of local change agents at grassroots level have the potential to bring about positive transformation that is deep-rooted, systemic and sustainable. To this end we take a collective approach, working in partnership with the communities that face immense challenges and obstacles every day, harnessing their proven resilience and courage. PoMT is Nedbank's contribution to supporting these everyday heroes and to strengthening the resilience of the townships, neighbourhoods and towns in which we conduct our business. The programme has been running for six years, with a total direct financial investment of R13m (2019: R5,2m). Non-financial benefits are not as easily quantifiable, but their impact is seen and experienced in the streets of these communities.

The PoMT programmes are: Community Safety, Early-childhood Development (ECD), Strong Schools, Building Business (entrepreneurial and enterprise support), Fix Your Space (rapid repair interventions), People Care and Development, Tell Your Story (community and therapeutic storytelling projects) and Land and Property Development. By end 2019 a total of 49 programmes had been launched in the communities where PoMT is active.

In every town where the initiative is rolled out, we adopt a collective approach from the onset, initiating the convening of diverse groups of stakeholders (over 43 000 in 2019) to identify the challenges to be tackled and the opportunities to be harnessed in those towns. A crucial part of the process is creating a common agenda, and then providing a common sightline for all activities and projects in that specific area. Innovative and unique urban- and spatial-planning techniques that assist stakeholders in visualising proposed developments and programmes serve to strengthen the common agenda.



Lerato Mtiya and Bulelwa Tito run their own fashion design studio, Yeyethu Designer Studio, in the Kayamandi township. They have been participants of the Proud of my Town Building Business programme in Stellenbosch for the past year. Here they are, dressed in some of their own designs, with a local band of street performers.

Photo credit: Lizelle Lotter

PoMT funds to enable continued progress

The 2019 year also saw the launch of a dedicated PoMT fund in each of the five new towns that joined the initiative during the year under review. These funds enable us to tackle on-the-ground projects. In total 55% of the dedicated PoMT funds in 2019 supported ECD centres in Paarl and Stellenbosch, with the remaining 45% targeting the Building Business programme, People Care and Development, Strong Schools and Community Safety.

Inclusion through consumer education

Our consumer financial education sessions have evolved from training sessions to relationship-building platforms and gatherings where community members become part of the greater, unfolding PoMT vision. In 2019 we reached over 85 558 people in our 12 communities at schools, churches, further education and training colleges, correctional services, small businesses, stokvels and NGOs and provided them with knowledge around responsible money management. We combined some of our educational sessions with motivational speakers addressing key social ills in communities, such as substance abuse (drug and alcohol), violence and crime prevention, and leadership training in youth, touching a total of 869 community members.

Sustainable results through partnerships and co-funding

Our intentional and consistent network-building efforts since 2016 are also bearing fruit. Examples include collaboration with three universities as well as two local and two prominent international institutions, which are assisting with research and practical programme support in Stellenbosch. In Mamelodi East in Tshwane, we are in the early stages of partnering with official government community development workers who can add significant capacity in local development programmes.

In Paarl we launched our first large-scale, co-funded project involving other corporates and an impact funding platform. The Chicago Development Initiative is evidence of collective investment in a multisectoral, community-actioned intervention.

Through our extensive Stellenbosch network, we could respond within 72 hours to assist 163 people who lost their homes and belongings in a devastating fire. The distribution of 400 25 ℓ water containers, donated by a network partner, will also greatly alleviate the burden of lack of access to water in homes in the Kayamandi township.

A growing movement of citizen-led transformation

PoMT is emerging as a movement that is yielding fruit beyond its programme strategies and project plans. The activation of citizen-led initiatives, the creation of connections and the capacitating of local change agents are delivering evidence of the innate strength and potential within our cities, townships and neighbourhoods and unlocking doors for a better future for all in SA.

Creating shared value

Nedbank's PoMT programme is steadily growing our client base, building brand trust and growing resonance in these towns and communities. The programme responds to a number of the SDGs (in addition to SDG 1) and it has built a compelling business case for a public-private-NGO-community model with both social and business impact that can be replicated at scale across SA.

PROUD OF MY TOWN AT A GLANCE: 2019

1
bank

2
- business dialogue platforms
- NGO dialogue platforms

- community and two school rugby tournaments supported

3
university cooperation agreements

5
fitness clubs assisted

6
provinces

8
towns

12
- communities
- dynamic women completed a customised, one-year empowerment programme

15
entrepreneurs mentored and supported, with five having graduated from Stellenbosch University Small Business Academy

16
sports clubs assisted

17
schools assisted in the Strong Schools programme

32
home security alarms installed in Paarl

49
projects

50
elderly community members served by a mobile clinic

60
crèches supported

136
Kayamandi fire victims supported

200
community members trained in fire safety and first aid

410
students engaged in a social impact exercise

1 716
preschoolers now enjoy safer crèches

9 093
nutritious meals delivered to ECD centres

Over 12 000
visitors attended three community festivals supported by Ranyaka and Nedbank

43 349
stakeholders and beneficiaries engaged directly

85 558
community members received Nedbank financial training

R1m
in community fund to catalyse projects

SDG 2: ZERO HUNGER



End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

After a prolonged decline, world hunger appears to be on the rise again. Conflict, drought and disasters linked to climate change are among the key factors causing this reversal in progress. Unfortunately, the rates of under- and overnourished people worldwide have also increased. However, there has been some pleasing progress made to reduce market-distorting agricultural subsidies across the globe.

Source: United Nations

Nedbank is positively impacting agricultural and manufacturing practices through our lending towards related SDGs. Refer to pages 20 and 21.

Nedbank's contributions to SDG 2 in 2019 include the following:

Helping emerging farmers succeed

As part of our commitment to enabling emerging farmers to attain commercial viability, Nedbank Foundation supports the Buhle Farmers Academy, in Vuwani, in the Vhembe district municipality in Limpopo. The three-year programme started in 2018 with a R2,1m investment and is aimed at equipping farmers to participate in the food value chain fully so that they are significant contributors to local economic development and food security as well as local employment. The investment in 2019 was R2,4m.

The programme focuses on helping the 10 farmers set up their businesses and ensure they have the necessary infrastructure through grants, technical support, training and mentoring. The programme has enjoyed good early success, with all but one of the participating farmers cultivating between two and five crops. In addition, all the farmers have managed to extend the hectares of land they have under cultivation. The project is also delivering clear results in terms of improving business performance, farm productivity, job creation, access to formal markets and income generation. The farmers have been through financial education training and have a finance manager helping them with bookkeeping and other business-related skills.



Addressing food security through sustainable production and consumption

The South African Resource Smart Food Systems Project, funded by the WWF Nedbank Green Trust, is working to address SA's ailing food system. An investment of R2,7m over three years (2017 to 2019) was made to create a secure and resilient ecological foundation for long-term food production.

The project encouraged collaboration with a diversity of stakeholders from government, business, academia and civil society to undertake research to inform decisions and interventions, and to provide pragmatic solutions for a sustainable transition. Activities over the three-year period included research, report publications, pilot projects, localised partnerships and training and learning that have filled much-needed gaps in knowledge in a range of topics from food waste to those that enable small-scale farmers and more inclusion and integration across the food system.



Nedbank staff pack 33 000 food parcels for World Food Day

A study by the UN suggests that sub-Saharan Africa remains the region with the highest prevalence of hunger, with the rate north of 23% and increasing. Households in lower-income brackets are most severely impacted, given that they typically have to spend over a quarter of their total consumption expenditure on food.

To contribute towards alleviating these pressures, and in commemoration of World Food Day on 16 October, Nedbank, together with Rise against Hunger, an NPO focused on alleviating hunger worldwide, packed 33 000 food parcels that will provide food for a year to 212 children in ECD centres and families in need. More than 200 Nedbank employees participated.





SDG 3: GOOD HEALTH AND WELLBEING



Ensure healthy lives and promote wellbeing for all at all ages.

Many more people today are living healthier lives than in the past decade. Nevertheless, people are still suffering needlessly from preventable diseases, and too many are dying prematurely. Overcoming disease and ill health will require concerted and sustained efforts, focusing on population groups and regions that have been neglected.

Source: United Nations

Nedbank is impacting good health and wellbeing positively through our lending towards related SDGs. Refer to pages 8 and 9.

Nedbank's contributions to SDG 3 in 2019 include the following:

The Nelson Mandela Children's Fund

In 2005 we partnered with the Nelson Mandela Children's Fund (NMCF) to work together towards realising Nelson Mandela's dream of giving SA's children the best chance for a good future. In line with our support of SDG 3 and through the Nedbank Children's Affinity we support various NMCF health and wellness programmes directly, in particular those aimed at improving the health of pregnant women and reducing the mortality rates of children in the first five years of their lives. In 2019 an investment of R4,9m reached 2 184 pregnant mothers, 12 074 children under two years old, and 9 460 children under six years old.

Importantly, parental awareness of the importance of immunisation is growing in most communities, and the ongoing efforts of community healthcare workers are succeeding in lowering mother-to-child HIV transmission rates. There is also evidence of a steady improvement in the nutritional status of children as more mothers commit to breastfeeding their babies exclusively.

In addition to the progress outlined above, a training programme for community health workers was developed during the year. A total of 125 clinic committee members were trained in the establishment and functioning of clinics and clinic committees, and 30 ECD practitioners attended the First 1 000 Days of Life programme.





#VaxTheNation

At the end of 2018 we launched our #VaxTheNation campaign in partnership with the NMCF and as part of our participation in the Global Citizen initiative. The #VaxTheNation initiative was born out of the recognition that SA still suffers from unacceptably high levels of infant mortality, with about 33 out of every 1 000 children dying at birth and up to 40 out of every 1 000 dying before they reach the age of five.

#VaxTheNation was, and still is, a rallying call to all South Africans to come together to get our country's children vaccinated against the totally preventable viruses and diseases that threaten their young lives immediately after they are born. It aligns with the global and national commitments to child survival contained in both the SDGs and SA's NDP.

Since its inception the #VaxTheNation campaign has been delivering positive results and has reached over 16 100 children aged six and younger and more than 1 370 pregnant mothers across KwaZulu-Natal, North West, the Eastern Cape and the Western Cape either by ensuring that children are vaccinated or by providing them with vital healthcare during their critical infant and toddler years.



SDG 4: QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

More than half of the children and adolescents worldwide are not meeting minimum proficiency standards in reading and mathematics. Refocused efforts are needed to improve the quality of education. Disparities in education along the lines of gender, urban-rural location and other dimensions still run deep, and more investments in education infrastructure are required, particularly in developing nations.

Source: United Nations

Nedbank is impacting educational outcomes positively through our lending towards related SDGs. Refer to page 7.

Nedbank's contributions to SDG 4 in 2019 include the following:

Supporting educational outcomes

In 2019 Nedbank invested R68,5m (2018: R63,9m) in education across a range of projects, including basic and tertiary education initiatives, graduate programmes and learnerships, as well as bursary support for our own staff and their families.

Research Chairs Initiative

We have partnered with the National Research Foundation (NRF) to help strengthen the international competitiveness of SA universities through the Research Chairs Initiative. This is implemented by the NRF on behalf of the National Department of Science and Technology. The value of strong university chairs is well documented in terms of the ability these positions have to strengthen and improve the research and innovation capacity of tertiary institutions, help produce high-quality postgraduate students and enhance research and innovation outputs.

The partnership allows us to co-invest in the establishment of the SARChI/Nedbank NDP Research Chairs, with the accompanying awarding of three research chairs to support scientific research and innovation, while also responding to key development priorities identified by government. To date our support of the programme has enabled the establishment of the following chairs:

Institution	Chair	Province
University of Fort Hare	Economics – Financial Markets	Eastern Cape
University of the Western Cape	Funding a professor position in faculty of commerce with a focus on taxation	Western Cape
Walter Sisulu University	Sustainable Rural Development	Eastern Cape
Cape Peninsula University of Technology	Cardiometabolic Health	Western Cape
Wits University	Energy Materials	Gauteng
Sefako Makgatho University	Substance Abuse and Population Mental Health	Gauteng

Between 2017 and 2027 we will have invested R26m in this initiative, with an average of R2,6m paid each year.

Learnerships, internships and graduate programmes

We are constantly seeking new opportunities to develop a future-fit workforce that can effectively respond to the dynamic demands of the Fourth Industrial Revolution. Learnerships, internships and graduate programmes are key vehicles through which we are helping to address SA's skills shortages and, at the same time, deepen the young talent pool in our organisation. In 2019 we offered 42 learnership and internship programmes (2018: 22) that involved 2 267 learners and interns (2018: 1 380). Black representation in these programmes is at 90% (2018: 92%). The year-on-year increase in overall participation is due to the addition of several learnerships aimed at Nedbank staffmembers. This is in line with our commitment to re- and upskill our existing workforce to position ourselves well for a changing global financial services environment.

We have four learnerships with 169 participants that target unemployed graduates and matriculants.

Our various Nedbank graduate programmes continue to provide candidates with workplace experience and a platform from which to apply theoretical knowledge to real business problems. This approach is designed to build foundational skills for young talent, while supporting Nedbank's journey in becoming more digital and client-centred. In the 2019 financial year we employed 78 graduates (2018: 61) across our graduate programmes, with over 90% having been offered permanent employment.

External bursaries

Our external bursary programme, sponsored by the Nedbank Education Trust, granted 97 bursaries to the value of R12,5m for the 2019 academic year (2018: R12m). Funding decisions prioritised scarce and future skills required for Nedbank and South Africa more broadly.

In addition to the provision of funding to help students acquire their qualifications, Nedbank undertakes various initiatives to help the students establish their careers or own businesses after they have graduated. A total of 27 bursars who graduated in 2019 attended a work readiness programme to prepare them for the world of work. The programme offered them valuable insights into creating business plans, entrepreneurship 101, CV writing, interview tips, social media behaviour and personal branding.

Supporting Nedbank staff

We are committed to enabling our staffmembers to perform at their full potential through continuous professional development. As such, internal bursaries are granted to permanent staff and are not limited to qualifications linked to an employee's current role. In 2019 bursaries to the value of more than R13,6m (2018: R12,5m) were awarded to over 860 staffmembers (2018: 804).

Helping our staff to educate their children is also vitally important to us. This is evidenced through support from the Dr Holsboer Education Fund, which assisted more than 2 150 staffmembers (2018: 2 220) with a once-off grant for their children's education amounting to R4,1m (2018: R4,1m).

Partners for Possibility

The Partners for Possibility programme brings together established business professionals and school principals from historically disenfranchised schools. Through a 12-month, partnership-based leadership development and guidance programme facilitated by a coach, the management and leadership skills of the school principals are significantly enhanced and, as a result, the operations and effectiveness of the schools they lead are optimised. The programme also works to involve the broader school community in a collaborative, broad-based school improvement plan. Each partnership is catalytic and has the potential to be fully transformational for students, teachers, communities and the principals and business leaders themselves. Successes include markedly improved school culture and team dynamics, as well as school infrastructure improvements such as the provision of water tanks and playgrounds, more effective administration and governance systems, mentoring of children, engagement of the parent body and broader community, and financial literacy interventions for teachers, parents and surrounding communities.

In 2019 the programme saw marked increases in the confidence and leadership style of the principals as well as meaningful changes in the strategic perspective and leadership styles of the business leaders. Nedbank invested R1,5m (2018: R1,5) into the programme, which was facilitated by 15 Nedbank professionals. This directly impacted the 15 principals with whom these Nedbank leaders partnered and, in turn, had a positive knock-on effect on the quality of education provided by an estimated 300 teachers and 9 000 learners.

Nedbank has invested R5,7m in the Partners for Possibility programme since 2017. This programme is one of Nedbank's key leadership development programmes, as leaders of ours who have participated in the programme return with a renewed passion to make a difference in SA, a better understanding of the SA context and as such the role of a bank in that society, improved engagement and mentoring skills, and a more developed sense of empathy.





The Nedbank Private Wealth Educational Foundation

The Educational Foundation supports maths and science learning at secondary-school level and includes a teacher development programme as well as the provision of extra tuition. Improvements in matric results are used as the measure of the programmes' effectiveness. There are currently 1 029 learners participating in 10 programmes nationally and 35 teachers participating in onsite teacher training. The foundation also provides special-project funding to the National Education Collaboration Trust, which goes towards maths and science interventions as well as development and implementation programmes in KwaZulu-Natal and the Eastern Cape. At the end of 2019 Educational Foundation support amounted to R4 275 000.

Creating futures through science, technology, engineering and mathematics

The world is witnessing an exceptionally rapid increase in the pace of technological development, characterised by the fusion of a variety of technologies such as artificial intelligence, nanotechnology and data-driven automation. The SA government has recognised this significant shift and the need for education and training in the country to undergo a similar realignment by prioritising science, technology and innovation (STI).

Education has been a primary focus for Nedbank for many years, but this focus has now shifted to aspects of education that have the potential to deliver maximum positive results and employment opportunities through the STI lens. Some of the support in this regard over the past year includes the following:

EDSA programme

- The Eyethu Community Trust provided R2,8m to allow 20 students to attend an intensive 12-month data science accredited skills programme at the Explore Data Science Academy and receive qualifications that will open up better opportunities for employment. From July 2019 these young data scientists were placed with Nedbank Group Technology, Group Risk and Group Human Resources for their practical training. To date Nedbank has employed five of the students and seven others have been employed elsewhere. The Eyethu Community Trust has committed to train an additional 20 data scientists in 2020.

ORT SA

- The ORT SA coding and robotics project gives learners from historically disenfranchised communities the opportunity to harness technology in creative ways and deliver outcomes that can improve their futures and help transform society. The project gives educators and learners a strong foundation for learning programming languages, with the aim being to train them in application development and text coding principles. In 2019 the Nedbank Foundation invested R1,5m (2018: R1,3m), directly benefiting 240 teachers and 240 learners (2018: 24 teachers and 220 learners) across five schools.

SDG 14: LIFE BELOW WATER

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Advancing the sustainable use and conservation of the oceans continues to require effective strategies and management to combat the adverse effects of overfishing, growing ocean acidification and worsening coastal eutrophication. The expansion of protected areas for marine biodiversity, intensification of research capacity and increases in ocean science funding remain critically important to preserve marine resources.

Source: United Nations

Nedbank is addressing fresh-water challenges through our lending and stakeholder engagement activities. Refer to pages 8 and 9.

Nedbank's contributions to SDG 14 in 2019 include the following:

We currently have limited direct influence over this goal, given our chosen strategic direction, the small number of clients that we have in this sector and our regional positioning. From an operations perspective we address potential negative impacts through our SEMS (see page 29). From a CSI perspective we invest in ocean-related projects through the WWF Nedbank Green Trust and staff and client volunteerism initiatives.

WWF Ocean Plastics Project

Single-use plastic accounts for about 15% of all non-combusted oil used in the petrochemicals industry, with millions of tonnes of this plastic ending up in our oceans and causing untold damage. As such, the WWF Nedbank Green Trust is funding a R2,8m project over three years (2018 to 2021) focused on developing a circular plastics economy as one way to mitigate this problem. The initial findings of an extensive assessment conducted in 2019 have been used to develop the WWF African Plastics Strategy.

In addition, the WWF has successfully initiated a voluntary plastic commitment called the South African Plastics Pact. Current signatories include a range of stakeholders in the SA plastic value chain who have committed to time-bound targets that will enable and support the shift to a circular plastics economy in SA.

In July 2019 the WWF also partnered with The Beach Co-op and Twyg, as well as influencers and volunteers on the Plastic-free July campaign. The campaign set a #PlasticFreeMzansi challenge for individuals to pledge to reduce their use of unnecessary and problematic plastic, with specific focus on three items that are part of the top 12 items polluting SA's beaches, namely earbud sticks, chip packets and plastic bottles.

Nedbank extended its support of the plastic issue through communications campaigns with our staff as well as a large beach cleanup initiative in KwaZulu-Natal after the floods.

NEDBANK GREEN AFINITY

#TeamUp4KZN campaign in lead up to the Nedbank Cup Final

Soccer fans came together in response to Nedbank's call to #TeamUp4KZN flood relief efforts ahead of the Nedbank Cup Final held in Durban on 18 May. More than 2 200 soccer fans gave their time and energy to participate in five beach cleanups facilitated by the Nedbank Green Affinity and the WildTrust. The fans removed more than 12,5 tonnes of waste from the Durban coast, of which 70% was recyclable. In appreciation of their efforts Nedbank gave them free tickets to the soccer final. Nedbank also donated R1m to the South African Red Cross Society to assist with flood relief efforts.













RECOGNITION AND RATINGS

Awards are not our primary measure of success. However, the recognition that we received in 2019 serves as external confirmation that we are on the right path as we strive to deliver on our purpose.

Awards received in the 2019 financial year included the following:

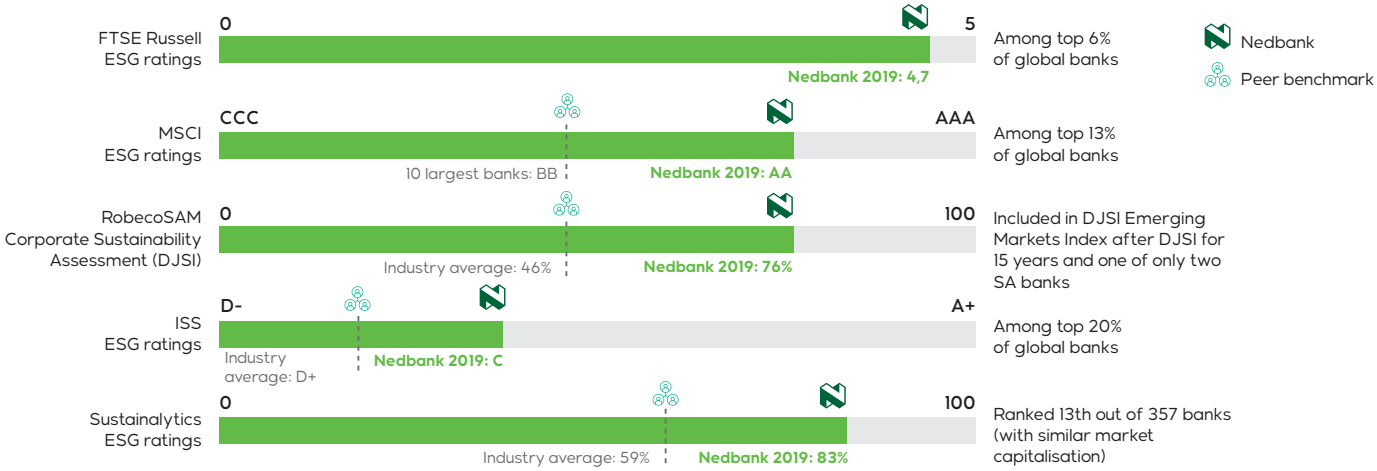
- **2020 Euromoney Private Banking and Wealth Management Survey** – Nedbank Private Wealth named Top Private Bank and Wealth Manager in SA for ESG/Social Impact Investing and Philanthropic Advice.
- **2020 Raging Bull Awards** – Nedgroup Investments named Offshore Management Company of the Year for the fifth year in a row.
- **2019 Wealth Briefing MENA Region Awards** – Nedbank Private Wealth (International) named Best Boutique Private Bank.
- **2019 Sunday Times Top Brand Awards** – Nedbank placed second in the Overall Favourite Brand category and won the Business Green Award for the preservation of the natural environment.
- **2019 Hollard Sport Industry Awards** – Nedbank won Activation of the Year and Best Use of PR awards category for its work on Nedbank Cup #TeamUp4KZN.
- **2019 EY Excellence in Integrated Reporting Awards** – Nedbank achieved first place with honours at the 2019 EY Excellence in Integrated Reporting Awards (second year in a row).
- **2019 CSSA/JSE Integrated Reporting Awards** – Overall winner at the 2019 Chartered Secretaries Southern Africa Johannesburg Stock Exchange Integrated Reporting Awards, which recognises and celebrates excellence in integrated reporting.
- **2019 South African Reward Association Awards** – Won the Remuneration Report Award in recognition of the outstanding contribution made in reporting on remuneration issues in a trustworthy and transparent manner.
- **2019 All Africa Business Leader Awards,** hosted and supported by CNBC Africa – Nedbank won the Company of the Year Award.
- **34th Investment Analysts Society Awards** – Overall winner at the Investment Analysts Society of South Africa Awards, winning the Best Reporting and Communication Award and voted the leader in the banking sector for the 2018 financial year (second year in a row).
- **2019 Banker Africa: Southern Africa Awards** – Rated as the Best Corporate Bank in SA.
- **2019 Top Brands Awards** – Placed third in the Business Social Investment Award category.
- **2019 Trialogue Survey** – Rated first by NPOs for the fifth consecutive year. Improved our ranking by other corporates from third place in 2018 to second place in 2019.

Our sustainability credentials include the following:

- **Carbon-neutral status** – Africa's first carbon-neutral financial organisation. Carbon-neutral since 2010.
- **FTSE4Good Index** – A global responsible-investment index for companies that demonstrate strong environmental, social and governance practices. Included in 2019.
- **FTSE/JSE Responsible Investment Top 30 Index** – Constituent of the index.
- **Dow Jones Sustainability Emerging Markets Index 2019** – A global performance benchmark for companies in terms of corporate sustainability. Included since 2004. Inclusion helps attract investment to the company.
- **SA Carbon Disclosure Project Index 2019** – Scored a 'B' for performance. Score recognises our corporate environmental action on climate change.
- **WWF-SA Water Source Areas partnership (2019–2023)** – Invested R25m (R5m annually over five years) to safeguard critical water source areas, improve rural livelihoods and promote land stewardship.
- **WWF Nedbank Green Trust partnership** – Invested over R300m since the trust's inception in support of over 200 environmental projects throughout SA.
- **WWF-SA Water Balance Programme (2011–2018)** – Invested R14m in national water security to help increase water supply and deliver economic and social benefits through job creation.
- **WWF-SA Sustainable Agriculture Programme (2013–2018)** – Invested R18m as official sponsor. Partnership helped to promote and support national sustainable agricultural production practices.
- **Green buildings** – Nedbank occupies nine Green Star-rated buildings with 16 Green Star ratings across various rating certifications, including Office and Existing Building Performance.
- **Independent ESG ratings** – Nedbank rates well among its global peer group.

Nedbank ESG ratings

We appreciate the important role that ESG scores and ratings play in enabling stakeholders to evaluate the positive and negative impacts of our business on society – and hence its true value – in addition to more traditional financial metrics. Our ESG scores as rated by a number of key rating agencies are disclosed below, indicating Nedbank performs well against its peers.



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