Sustainable Development Review

This chapter discloses the sustainable-development actions and investments we have made through our core business, and therefore our contribution to solving the critical challenges embedded in the United Nations Sustainable Development Goals.

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Purpose-led value creation

Nedbank is aware that it, alongside its stakeholders, operates in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. We also recognise that sustainability issues such as climate change, inequality, social justice and, most recently, pandemics are playing an increasingly material role in shaping this system.

Our purpose guides our strategy, behaviours and actions towards the delivery of long-term systems value for us and our stakeholders. We use the Nedbank Sustainable Development Framework to focus our efforts and identify strategic focus areas with business opportunities and risks as well as cost savings. While the precise value of these savings and opportunities may differ across geographies at a global level, they are colossal, with the Business and Sustainable Development Commission estimating them to be over US$12 trillion annually by 2030. We have prioritised nine of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as lending and investment practices. These nine goals are championed by nine group executives who are mandated to ensure that the percentage of our lending and investment towards sustainable-development finance grows in a manner commensurate with the needs of our clients, the size of the strategic opportunities offered and our desire to capture a competitive advantage in this area. This activity is a key part of Nedbank's overall strategy, driven through the 'creating positive impacts' focus area.

The Nedbank Sustainable Development Framework was conceived in 2017 to focus attention and resources on the most material goals and targets, which were selected using a rigorous proprietary methodology created by Earth Security Group. Given that the greatest contribution a bank can make to the sustainable-development agenda is through its commercial offering, we give primacy to the products and services lever.

These SDGs guide our climate change response.

Sustainable-development finance

To maximise their contributions to sustainable development and achieve the outcomes required, financial institutions must commit to the deliberate allocation of capital in steadily increasing amounts that match the scale and time sensitivity of the societal and environmental challenges threatening to erode long-term economic and sociopolitical stability.

The increasing attention to and prioritisation of environmental, social and governance (ESG) factors by organisations and their investors will add impetus to the realisation of the SDGs as economic activity starts to 'normalise' following two harrowing Covid-19 years.

In 2021 the sector started to realise this shift, with global green bond issuances to date exceeding US$1 trillion (of which US$150bn worth have been certified) and other sustainable financial instruments starting to scale as well. Many banks committed publicly to new sustainable-finance investment targets to the tune of trillions of US dollars to finance mitigation and adaptation activities that will enable a Just Transition.

At Nedbank, we recognise that there can be no authentic response to ESG matters without genuine ambition to be an effective catalytic agent of positive change. Being effective is possible only with a clearly defined purpose that acts as an organisation's North Star. For Nedbank that means using our financial expertise to do good for our stakeholders, using the SDGs as guidance for investing in new markets and meeting unmet client needs.

Together, the SDGs (as forward-looking strategic levers) and ESG (as a backward-looking measure of sustainable-financing activities) keep us on track to fulfilling our purpose consistently. Through our sustainable-development finance commitments, we aim to become the model that finance institutions want to emulate to help address the world's ESG challenges. We know that a relentless focus on sustainable-development finance rather than philanthropy is the most impactful lever we, and all other banks, have at our disposal to drive progress towards the achievement of the SDGs.

Sustainable-finance solutions

Nedbank targets and commitments

As at 31 December 2021, we have provided and/or raised over R100bn in SDG-related financing and funding relating to SDGs 4, 6, 7, 8, 9, 10, 11, 12 and 15 we will continue to expand on our ambition in our next round of annual reporting. In line with this we commit to increasing the percentage of our lending, investment and funding towards sustainable-development finance in a manner commensurate with the needs of our clients, the size of the strategic opportunities offered and our desire to continue to leverage our competitive advantage in this area.

We have provided and/or raised over

R100bn

in SDG-related financing as at 31 December 2021

For the first time, environmental and social commitments have been included in the group's 2022 long-term incentive scheme, including delivery on our Energy Policy and sustainable-development financing.

Supporting our clients' transition

Continue support of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), with limits increased to R50bn and reconsidered as the programme continues with its success.

2022 Increase financing for embedded-energy projects to R2bn.

2050 Support a net-zero carbon economy through 100% of our lending and investment activity.

Tilting our book

2025 No provision of project financing for new thermal-coal mines, regardless of jurisdiction.

2030 Thermal-coal funding declining to 0,5% of group total advances.

2035 No advancing of any new finance for oil production, regardless of jurisdiction.

2045 Nedbank aims to have zero exposure to all fossil-fuel-related activities.

Providing sustainable-finance solutions is a key imperative for Nedbank. Our specialised sector, corporate finance, capital markets, sustainable-finance and relationship teams work alongside our clients to finance transactions that progress the Just Transition that is required within our built environments as well as energy, transport and food systems. Key products include project finance for green infrastructure; corporate and investment finance and advisory services for the agriculture, water, waste and renewables sectors; and sustainability-linked loans as well as social and green bonds.

In 2021 Nedbank disbursed R3bn to clients in the form of sustainability-linked loans that embed sustainability performance criteria in the following areas:

- Reduction in carbon emissions
- Improvement in water quality
- Achievement of energy efficiencies
- Local sourcing of goods

Bond transactions continued to dominate the sustainable-finance market in 2021, including green bonds funding renewable energy, social bonds creating jobs, and sustainability bonds contributing to achieving the SDGs.

Nedbank has pioneered in this field once again by strategically raising 'use of proceeds' green funds from the capital markets to on-lend into key green impact sectors such as renewable-energy and green residential developments.

To date Nedbank has raised R6,8bn on green bonds, with R2,1bn raised during 2021.

The additional finance raised during 2021 consisted of the following instruments:

R910m

was raised through the issuance of the **first green additional tier 1 instrument in Africa from a commercial bank**. The funding will be directed strategically to supporting the financing of new green renewable-energy projects in SA.

R125m

was raised through the issuance of a **green housing bond**. The proceeds raised will support additional mortgage finance solutions for consumers buying into green-certified developments.

R1,09bn

was raised through the issuance of a **green residential development bond**. The solution is unique in that it leverages blended financing. The proceeds raised will finance EDGE-certified* green residential housing developments in SA, up to 75% of which are anticipated to be in the affordable-housing segment. This instrument is a first of its kind.

* *Excellence in Design for Greater Efficiencies (EDGE) certification gives homeowners assurance that their homes are designed to be resource-efficient.*

Sustainable-finance solutions continued

SDG 13: Addressing climate change

Climate change is the biggest challenge humankind has ever had to face. Responding effectively to this challenge requires appropriate application of immense financial resources, as well as bold and courageous leadership from the banking sector, given that the benefits of such an investment may accrue to beneficiaries outside of their traditional stakeholder base and over longer periods. Delivering on this responsibility requires a large-scale paradigm shift for most banks – one that moves them from purely commercial ambitions with value appreciated only in financial terms, to purpose-driven operations with positive societal and environmental impacts valued and integrated into financial models.

We address climate change by focusing on the following areas, which are discussed at length in our 2021 TCFD Report.

Being the impact

Embedding the climate imperative into our culture and decision-making.

Managing our operations

Minimising the negative and optimising the positive operational impacts.

Supporting our clients' transition

Enabling the realisation of the SDGs through the provision of advisory services and sustainable-finance offerings.

Tilting our book

Leading the transition by reducing our exposure to fossil fuel.

Managing climate risk

Integrating climate risk management into our risk management frameworks.

Key deliverables in 2021:

Being the impact

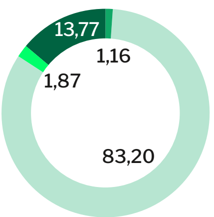
Climate training:

- Over 2 100 employees completed our electronic Climate 101 Training.
- More than 1 500 employees attended lectures on climate issues through the Nedbank Risk Training School.

Managing our operations

- Carbon-neutral operations for 12 years.
- On track to meet internal reduction targets.

Nedbank Group 2021 carbon footprint
(%)



Resource consumption not reflected above. Includes water consumption of 156 261 kℓ (2020: 191 194 kℓ); 95 tonnes (2020: 116 tonnes) of waste sent to landfill and 318 tonnes (2020: 329 tonnes) of waste recycled.

Supporting our clients' transition

- We are committed to supporting our clients as they transition their businesses to succeed in a low-carbon economy. The six SDGs that respond directly to addressing climate and activity are:

Titling our book

- Nedbank is committed to transitioning its lending book away from fossil fuels. We were one of the first banks to commit to stopping the financing of coal-fired power plants. We reinforced this commitment with our Thermal Coal Policy in 2019, which committed us to reducing our financing of coal.
- In 2020 Nedbank conducted an in-depth analysis of global carbon budgets corresponding to the Paris Agreement temperature thresholds, focusing on implications for the energy system transformation. This analysis revealed consequences for the future of fossil fuels and related financing decisions.
- In 2021 we adopted our Energy Policy, which serves to guide the transition away from fossil fuels, while accelerating efforts to finance non-fossil energy solutions needed to support socioeconomic development and build resilience to climate change, including renewable energy, energy efficiency, energy storage, electrification of high-emitting sectors (eg surface transport and heat) and other emerging technologies such as hydrogen if, when and where appropriate.
- The Energy Policy aligns and gives expression to the Nedbank Climate Change Position Statement, which outlines the commitment of the bank, over time, to aligning its business strategy, policies, mandates and incentives with the Paris Agreement. This Energy Policy integrates and supersedes the financing policy on activities related to thermal coal. We will develop relevant sector policies over the next few years to inform how we will help clients across all sectors – and society more broadly – to achieve the ambition of a net-zero economy.
- Through the ongoing development and implementation of these policies, we will play a leading role in addressing climate change in ways that are sensitive to the local context, including climate vulnerability, development imperatives and structural economic challenges.

Managing climate risk

- Climate risk is integrated into other risk types (eg credit, market, operational and funding risks) and included in the Internal Capital Adequacy Assessment Process.
- Climate risk appetite targets and limits were set in 2020 and were all within appetite during 2021.
- Embedded governance structures include the following:
  - » The Group Climate Resilience Committee (board subcommittee).
  - » The Climate Risk Committee [Group Executive (Exco) subcommittee].
  - » The Climate Task Team.

Sustainable-finance solutions continued

Case study

Supporting Imperial Logistics' ESG journey

We actively engage with our clients on their ESG strategies to help them deliver a positive impact through their sustainable-development journeys.

An example of this is the R1bn sustainability-linked credit facility instrument developed for Imperial Logistics. Imperial has set key objectives and targets to enable them to achieve their longer-term ESG aspirations, which are to strive for zero harm to people and the environment, as well as to identify viable technologies that will support the transition of Imperial's emissions to net zero by 2050. The savings obtained through this ESG facility from Nedbank will be deployed into green projects that will contribute to Imperial's achieving its ESG ambitions.

Sustainable-development reporting and disclosure requirements

Sustainable-finance and sustainability-aligned frameworks, guidelines and taxonomies, as well as disclosure requirements, continued to proliferate in 2021. A move to standardise some of the more prominent artefacts, while still recognising the need for local context, has begun. The standardisation of these requirements to some degree and the use of a common language will help with clarity and certainty for sustainable-development project originators, banks and investors alike.

For those not close to the sustainable-development agenda issues, the terms 'ESG' and 'sustainability' may seem interchangeable, but this is not the case; they are linked inextricably, yet importantly different. Adherence to ESG standards and frameworks is typically delivered through company reporting. This is a valuable means of assessing the resilience of an organisation and the extent of its sincere commitment to ESG imperatives, offering a framework to evaluate companies' extra-financial performance against peers. In contrast, sustainability is explicitly normative. The SDGs are a set of desirable outcomes that aim to bring about a more prosperous and equitable society. They represent a strategic guide and lens to identify new market opportunities and unmet needs. The SDGs also provide a common language and direction for governments and civil and private sectors to work towards, with ESG the manner to measure this performance.

The following pages document important sustainable-finance solutions provided over the course of 2021.

SDG 4: Quality education

"Education remains the single most important catalyst to a better future for all people. A sound education unlocks potential, removes barriers and enables individuals to take advantage of opportunities that can improve their lives. For all these reasons, Nedbank invests financial and non-financial resources, partnering with like-minded organisations, contributing to innovative solutions that create more equitable access to education, ensuring the availability of learning resources and addressing the increased education inequalities brought about by Covid-19."

Anna Isaac
Group Chief
Compliance Officer

Key SDG 4 progress findings for 2021

Before the Covid-19 pandemic, progress in education was already too slow to achieve SDG 4 by 2030. Special efforts are required to recover learning losses caused by Covid-19. But, despite this, an estimated 65% of governments in low- and lower-middle-income countries, and 35% in upper-middle- and high-income countries, have reduced funding for education since the onset of the pandemic, and two in three students remain affected by full or partial school closures.

Fall in standards is accelerating – An additional 101 million children (roughly 9% of those in primary and lower secondary school) are projected to have fallen below the minimum reading proficiency threshold in 2020. This wipes out the progress achieved in education over the past 20 years.

Education inequalities persist – Large disparities in school completion across population groups remain pervasive and the pandemic is expected to further slow or even reverse progress in education completion.

Greater education focus is vital to the future labour force – Continuing education and training is key to improved livelihoods and to developing a labour force that is resilient to economic shocks and adaptable to technological change.

Source: UN Sustainable Development Goals Report 2021

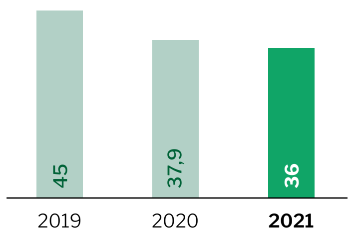
Nedbank's contributions to SDG 4 in 2021 include the following:

Student loans

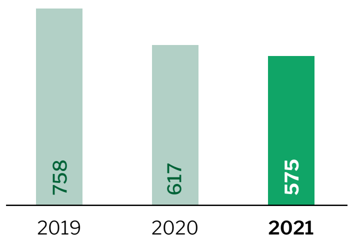
Nedbank takes a holistic approach to providing student funding, offering financial assistance that goes beyond paying tuition costs and includes everything from student fees and textbooks to accommodation and transport. The loans are provided at attractive interest rates and with flexible repayment terms. During their studies, internship and articles students are required to repay only the interest on their loans. Capital payback begins once the student has qualified and entered employment.

Over the past five years, we have provided 5 977 of these student loans to the value of R364m. A total of R36m (2020: R37,9m) of this was disbursed in 2021 to support 575 students (2020: 617).

Value of student loans provided
(Rm)



Number of students



Given the size of the need, we acknowledge that lending to less than 1 000 students a year is not materially addressing the challenge, and we have looked at how funding of alternative solutions can be scaled. Please see the case study on the following page.

SDG 4: Quality education continued

Case study

Funding alternative for 'missing middle' students

Nedbank partnered with an alternative student funding organisation to deliver an innovative finance option for institutions offering assistance to tertiary students who fall within the so-called 'missing middle' segment.

These are students who do not meet the household income criteria to qualify for funding from the National Student Financial Aid Scheme and cannot access traditional student loans from financial institutions like banks.

The risk-sharing model sees education institutes, like universities, assume a portion of the credit risk. The education institute receives 25% of the course fee upfront from the alternative student funding organisation. The balance is then payable over the duration of the loan. Should the student default on the remaining 75%, the education institute carries the risk.

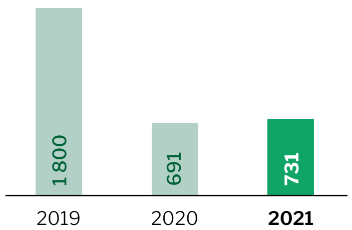
Nedbank provided a R10m facility that will enable the creation of approximately 800 new tertiary education loans for previously disadvantaged individuals. The goal is to help grow a generation of smart young South Africans who have the tools they need to become skilled professionals who can make a significant contribution to the economic growth and development of the country. Due to the initial success of the partnership, as well as high demand for the funding, Nedbank is considering further funding to expand the impact of the offering.

Student accommodation

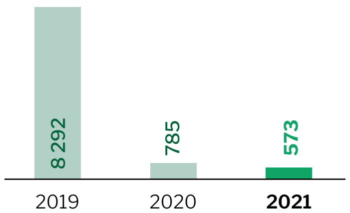
Affordable accommodation near tertiary institutions is a vital component of holistic access to quality education. A shortage of suitable student accommodation remains a challenge in SA, with Department of Higher Education and Training estimates pointing to existing on-campus student housing catering to the needs of fewer than 20% of students in the country.

To solve this student accommodation challenge, Nedbank has positioned itself as a significant contributor to and stakeholder in the provision of accommodation for students at various tertiary institutions. Our exposure to this sector amounts to approximately R6bn and has facilitated the delivery of 42 758 student beds since 2015.

Value of accommodation provided
(Rm)



Number of beds



In 2021 we partnered with our clients to invest R169m (2020: R691m) into the sector, which delivered an additional 573 beds and refinanced R500m of the existing exposure.

Unfortunately, Covid-19 delayed new development transactions in 2021, with developers taking a much more conservative approach in their planning and delivery of these projects. This resulted in many projects being postponed to 2022. Completion of these developments will depend on the ongoing impact of the pandemic on tertiary education institutions. However, we believe strong demand for such accommodation remains and that online or remote learning is unlikely to have an impact on demand for student accommodation in the short to medium term.

Partnering to deliver affordable education products

Nedbank has numerous well-established partnerships with various academic and learning organisations, including the Shaw Academy, MoveUp, TeachSA and the Global Teachers Initiative. These institutions offer a variety of valuable education services, from discounted online courses and CV creation to work readiness programmes for students as well as resilience programmes for teachers. These services are made available through Nedbank platforms like Avo and Unlocked.Me. Course content covers a range of topics, including finance, business, languages, photography, health and fitness, marketing, technology, design and beauty for adults, as well as job readiness.

Highlights of these partnerships in 2021 included the following:

- The creation of nearly 630 000 free smart CVs through MoveUp, providing a saving of around R200 per person in CV creation costs.
- A total of 187 000 courses completed through MoveUp.
- Continued high female registration numbers – 67% of all registrations in 2021 were female and total female registrations stand at 58,2% of all registrations to date.

SDG 6: Clean water and sanitation

> Water is not only essential for life. Access to safe water and sanitation is a vital pillar on which all economic activity and productivity rest. Many of the African countries in which Nedbank operates are water-scarce regions with poor water storage, purification and delivery infrastructure. Access to appropriate water development funding is an imperative, and Nedbank takes seriously its role as a facilitator of effective water partnerships and investments that can catalyse sustainable socioeconomic development.

Dr Terence Sibiya
Group Managing Executive: Nedbank Africa Regions

Key SDG 6 progress findings for 2021

Covid-19 has further underscored the need for universal access to water and sanitation services to promote a healthy, green and sustainable recovery. Currently, across the globe, only two in three schools have basic drinking water and sanitation services, and just three in five schools have basic hygiene services. The world is not on track to achieve SDG 6. A dramatic acceleration in current rates of progress and integrated and holistic approaches to water management are needed desperately.

Universal access is fundamental – Despite global progress in delivering access to water in recent years, around two billion people still lack safely managed drinking water, including 771 million people who are without even basic drinking water. Half of those lacking basic drinking water services (387 million) live in sub-Saharan Africa.

Water stress is getting worse – Improving water use efficiency is key to reducing water stress. More concrete measures are needed to save water and increase water use efficiency, particularly in those regions that have or are close to having a high to critical level of water stress.

Urgent response is needed to freshwater ecosystem challenges – Freshwater ecosystems are changing dramatically. One fifth of the world's river basins are experiencing rapid decreases in surface water areas and, globally, lake water quality is poor. Countries are lagging in the implementation of integrated management of water resources central to a sustainable future.

Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 6 in 2021 include the following:

Innovating to promote water security

Much of the African continent, including SA, is water-constrained, with many of its citizens lacking access to clean and safe water and sanitation services. Climate change is exacerbating these constraints, making a focus on water security, provision, and protection critical for all stakeholders.

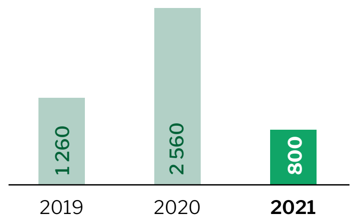
Nedbank believes that a programmatic approach to water and sanitation is required, much like the successful REIPPPP, which has delivered excellent results in recent years. Major sector players, such as the Development Bank of Southern Africa, with input from South African commercial banks, have been working on such an approach. For us, the key focus is on providing innovative financial solutions that enable the delivery of fresh drinking water and sanitation, improve water quality, facilitate recycling to potable levels, increase water use efficiency and restore ecosystems.

Given that the investment deficit for SA alone is estimated at well over R30bn per annum, the limited number of bankable projects in this sector remains a challenge, along with typically long lead times for the completion of transactions as well as challenging governance issues in the sector. While we managed to lend to more projects and clients in the water sector in 2021 than in 2020, this combination of factors continues to hamper our delivery of SDG 6.

Through our Corporate and Investment Banking and Business Banking divisions, we offer financial solutions to participants in the mining, commercial, industrial, and agricultural sectors to enable them to access safe and affordable potable water and adequate sanitation, and to enhance water use efficiency through water-recycling, treatment, harvesting and reuse.

During the 2021 financial year funding transactions to the value of R437m were completed. Many of these transactions were concluded in the agricultural sector, where recipients used the money to replace ageing and inefficient irrigation systems with improved technology. There has also been a notable increase in interest in the funding solutions from commercial and industrial businesses that are becoming increasingly aware of the risks of water scarcity to their sustainability, and the importance of water recycling, purification and rainwater harvesting. Given the possibility that these loans can be repaid from the often significant savings on water utility bills, the offering minimises the impact on business cash flows.

Funding water transactions
(Rm)



SDG 6: Clean water and sanitation continued

Highlights for the past financial year are as follows:

- Nedbank remains the sole lender and preference share issuer to the only two private water and sanitation concessions in SA.
- We support key public and private clients in the sector, including Rand Water, Umgeni Water, Trans-Caledon Tunnel Authority and Nafasi Water.
- We have advanced a R20m debt finance facility for the construction of a 4 000 kℓ per day water treatment plant at Sibanye's Kloof mine main shaft.
- We continue to participate in key water deals outside of SA, including deals in Eswatini and Lesotho.
- Nedbank participates in the Strategic Water Partnership Network, hosted by the National Business Forum, which supports the Department of Water and Sanitation. The partnership aims to close the 17% gap between water supply and demand that is anticipated to manifest in SA by 2030. For more information please refer to the **Stakeholder Engagement Review.**

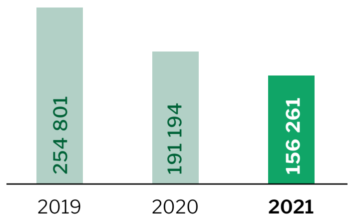
During 2021 Nedbank was awarded five public sector infrastructure finance tenders to the value of R363m. Some of the municipalities that leveraged Nedbank funding to optimise water delivery to their citizens were the following:

- **Mpumalanga Municipality** – wastewater treatment and replacement of old water networks.
- **Western Cape Municipality** – upgraded sewer infrastructure and replaced ageing water infrastructure; upgraded the main sewer networks, water supply pipelines and a reservoir; acquired demand management devices; and upgraded the central business district water reticulation.

Taking water action in our operations

- **Net-zero operational water usage:** Thanks to our support of the WWF Water Balance Programme, which removes invasive alien trees in key water source areas, we are effectively a net-zero operational water user since 2018.
- **Reductions in office water usage:** In 2021 total water consumption across all our campus sites decreased by 18% to 156 261 kℓ (2020: 191 194 kℓ). This decline was driven by floorspace consolidations and reduced levels of occupancy in our campus sites due to the lockdowns. We continued with our commitment to water efficiency in our operations despite fewer employees being able to use our facilities.

Total water consumption across all campus sites
(kℓ)



WWF NEDBANK GREEN TRUST WWF

Over the past five years more than R165m has been invested in 72 water and conservation projects through the WWF Nedbank Green Trust. Altogether, 17 of those projects at an investment of nearly R41m focused on water (fresh and marine).

Case study

WWF Nedbank Green Trust* Project: Restoring the waterways in the Phillipi Horticultural Area

The Philippi Horticultural Area (PHA) is an area of great environmental importance for the City of Cape Town. It is a natural recharge area for the Cape Flats Aquifer and a critical area for food security in Cape Town because of its lower-than-average monthly temperatures during the hot summer months.

The project was started by the Stellenbosch University Water Institute in 2020 and is jointly funded by the WWF Nedbank Green Trust, Water Research Institute and Western Cape Provincial Department of Agriculture. The R3,7m investment involves restoring declining water quality, improving community cohesion and creating job opportunities in this horticultural area on the Cape Flats. A total of 31 job opportunities (70% women and 30% men) have been created.

The benefits of this multifaceted approach are numerous, with the project assisting in the restoring of adverse community relations between farmers, informal settlement dwellers and property owners who have previously been antagonistic towards each other but are now working together on the project. By clearing rubbish and debris out of these canals, the project is beginning to improve the quality of water infiltrating the Cape Flats Aquifer System. Overall, this means an increase in good-quality recharge that will gradually improve groundwater quality and farming yields in the area. From a business perspective, the community is being empowered to take over the research project through the development of three primary cooperatives (tourism, labour and agriculture and water management) in the community that will eventually be able to apply for funding and tender for opportunities on their own. A total of 60 people (mostly women) from diverse communities in the PHA (farmers, formal and informal residents) have been trained in the management of these cooperatives, and the project is in the process of registering these cooperatives so that they can take over the running of the project when the research has been completed.

* *Nedbank, through donations on behalf of our clients, is the sole funder of the WWF Nedbank Green Trust.*

SDG 7: Affordable and clean energy

"According to the UN Environment Programme, more than three billion people across the world still rely on wood, coal, charcoal or animal waste for cooking and heating. Not only is this lack of access to safe and reliable energy sources a highly inequitable situation, but the extensive use of wood and charcoal, whether at household levels or in the generation of electricity, is also a massive contributor to poor health outcomes and carbon emissions. Nedbank is changing this reality by contributing to an equitable, sustainable-energy sector that incorporates renewable-energy sources such as solar, wind and hydropower, and accelerating access for all to clean, reliable and affordable energy."

Mike Davis
Chief Financial Officer

Key SDG 7 progress findings for 2021

Over the past decade access to electricity has expanded, use of renewable energy in the electricity sector has increased, and energy efficiency has improved. However, hundreds of millions of people still lack electricity, and progress across regions has been uneven in terms of ensuring access to affordable energy.

Substantial energy investment on a systematic scale is vital – Improving energy efficiency, along with increasing renewable-energy deployment, is central to the global goal of reducing greenhouse gas emissions.

Poverty is limiting electricity access in parts of Africa and Asia – The global electricity access rate improved from 83% in 2010 to 90% in 2019, with 1,1 billion people receiving electricity for the first time. However, 759 million people were still without access to electricity in 2019, with three-quarters of them in sub-Saharan Africa. In Africa as a whole, the number of people without electricity has increased in the early part of the new decade after having declined for at least six years before the outbreak of Covid-19.

Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 7 in 2021 include the following:

Utility-scale renewable-energy finance

Nedbank, through its investment bank, is a leading funder of renewable energy in SA. We identified the opportunity to participate in the REIPPP in its very early stages and have successfully grown our book through all the rounds to date. Our participation in the programme has also created opportunities for successful collaboration within our organisation, which has created additional value for our clients. Today, Nedbank is at the forefront of renewable-energy finance and is a leading funder of the REIPPPP in SA, funding diverse renewable-energy projects that have added a total of 3 517 MW to the national electricity grid as part of a total of the 6 422 MW added.

An overview of our lending activities within the REIPPPP:

Description/Year	2021	2020	2019
Arranging (number of renewable-energy deals)	**42**	42	42
Limit*	**R35,6bn**	R36,2bn	R35,9bn
Drawn exposure	**R29,0bn**	R31,5bn	R25,4bn

* *Limits include all committed facilities approved to the clients in the respective portfolios.*

Case study

Wind farms contribute to SA's energy needs

One of the wind farms financed by the Nedbank Energy Finance Team was completed in 2014 and has been supplying power to SA ever since.

During 2021 the windfarm supplied 316,5 GWh to the grid, representing about 1,5% of SA's total generation. Besides generating a significant amount of power, this project contributes to the social upliftment of the surrounding communities, including through over 470 jobs. Highlights for the year include the successful completion of a youth skills development project, the provision of early-childhood development infrastructure and providing practical training to wind turbine technician students.

SDG 7: Affordable and clean energy continued

Embedded-energy-generation finance

The embedded-energy-generation market continues to develop rapidly and is expected to continue gaining momentum as markets open due to the relaxation of lockdown restrictions. Government is helping to catalyse this sector growth with the lifting of the licensing floor for energy projects in the private sector (embedded generation) from 1 MW to 100 MW. The announcement was in response to ongoing load-shedding, significant pressure on the ageing Eskom generation fleet, and lobbying by business and civil society. We are well positioned to take advantage of the embedded-energy amendment to help accelerate the necessary green energy transition in SA and the rest of Africa.

Many businesses have now pledged strong carbon reduction plans and this change to the embedded-generation regulations will help them achieve these goals. The shift to 100 MW has been broadly welcomed by labour, business, civil society and the public, as a significant step towards addressing energy supply constraints effectively and stimulating sustainable economic investment and job creation in SA.

Nedbank is targeting R2,0bn of embedded-energy financing by the end of 2022. Deal flow in 2021 saw our Investment Banking division completing three material transactions totalling over R420m and our Business Banking division completing 40 transactions totalling R191m, with a healthy pipeline of future deals in place.

Case study

Embedded-energy funding in action

In 2021 we provided R116m in funding to the Mulilo Energy Group for a portfolio of rooftop solar photovoltaics (PV) projects across SA.

Mulilo is a renewable-energy developer with extensive solar PV and wind projects in progress. They have been at the forefront of SA's drive to deliver clean and affordable electricity to the national grid through the REIPPP. With Nedbank debt funding, Mulilo was able to implement an embedded-generation-solar-energy portfolio across 11 Coca-Cola bottling plants in SA. The transaction was structured on the back of a power purchase agreement between Mulilo and Coca-Cola, through which Mulilo would own the projects and sell the electricity to Coca-Cola. The combined generation capacity of the 11 projects is approximately 11 MW, and they are expected to generate around 16,9 GWh of electricity annually. The shift to renewable energy will also have a positive climate change impact through a 16 200 tCO_2 reduction by these manufacturing plants.

Embedded-energy solutions

Nedbank's renewable-energy financing offering provides term debt funding for medium to large commercial, industrial and agricultural businesses to construct, install and maintain components needed for the production of clean energy, including wind, solar, hydropower, biomass, and geothermal generation. Typically, the installations funded by our Business Banking division produce up to 1 MW of power and cost an average of R3m to R4m. The energy is mostly for own use, but applications to fund energy efficiency initiatives in new and refurbished buildings, energy storage infrastructure, smart grids, appliances and products are also considered.

Renewable energy in agriculture

- **Biomass energy generation funding –** During the 2021 financial year Nedbank provided funding for the establishment of a 500 kW biogas-fired steam boiler and a 120 kW biogas-fired generator at a poultry farm in the Western Cape. This is the first bioenergy installation we have funded, but the success of the plant points to demand for this type of renewable-energy funding increasing going forward. Waste from the farm and abattoir, which was previously pumped into a slurry dam, is now converted into gas used to heat the chicken hatchery and to generate electricity for the cheese factory, piggery and abattoir. The residue is used for soil enrichment. The farmer does not own the equipment, but has an offtake agreement with the energy company to provide heat and energy for which the farmer pays a predetermined rate. While the initial installation was a small plant costing R6m, the energy company is planning on scaling up its operations to create a sustainable revenue stream in the form of annuity income.
- **Mushroom grower goes green –** We provided R2,6m in funding to enable a large mushroom grower in KwaZulu-Natal to install approximately 212 kWh of renewable-energy capacity as part of the total energy mix on his farm. The aim was to reduce the client's 100% reliance on the Eskom grid, contain the escalating energy costs and deliver environmental benefits. The funding is amortised over an extended period and is covered comfortably by the savings achieved on electricity costs.

SDG 7: Affordable and clean energy continued

Supporting embedded energy across the continent

In the year under review many of Nedbank's clients outside of SA looked to install embedded-energy-generation solutions. Some of these projects that Nedbank enabled were as follows:

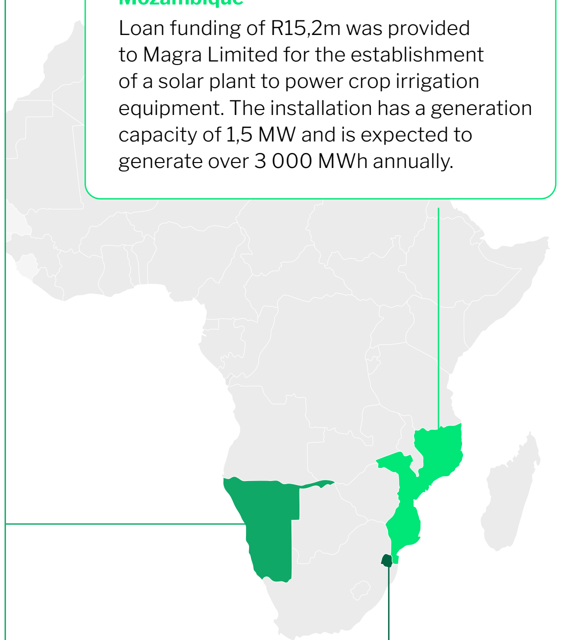
Namibia

Embedded-energy deals to the value of N$151,7m were completed in 2021. These installations have a generation capacity of 15 MW and are expected to generate over 36 000 MWh annually.

- **Dunes Mall** – funding for rooftop solar installations to help with energy generation for common areas in the mall, thereby reducing running costs.
- **Allensby Capital** – funding for rooftop solar installations that they then lease out.
- **Vingerklip Lodge** – funding for rooftop solar installations to generate reliable electricity and reduce operating expenses.
- **Okapuka Ranch** – funding for rooftop solar installations to generate reliable electricity and reduce operating expenses.
- **Nedbank Namibia head office** – green material funding for the implementation of solar and energy-efficient solutions in the new building.

Mozambique

Loan funding of R15,2m was provided to Magra Limited for the establishment of a solar plant to power crop irrigation equipment. The installation has a generation capacity of 1,5 MW and is expected to generate over 3 000 MWh annually.



Eswatini

Embedded-energy deals to the value of E25,2m were completed in 2021. These installations have a generation capacity of 2,5 MW and are expected to generate over 6 000 MWh annually.

- **Canterbury** – funding for a rooftop solar installation to generate electricity to reduce operating expenses.
- **Tambankulu Estate** – funding for a rooftop solar installation to generate electricity to reduce operating expenses.

In addition, E600m was approved for contractors taking part in tenders for solar electricity supply to the Eswatini Electricity Company.

Residential solar-energy finance

The cost of electricity continues to put a strain on the finances of most South Africans, so we are helping our clients manage their electricity budget and reduce, or negate, their monthly electricity bills.

In mid-2020 we launched a residential solar-energy finance offering that allows clients to leverage their home loans to fund the installation of solar panels and put them in contact with accredited solar installers. To date, interest in this solar offering has been positive, with over R14,1m in loans made towards residential solar installations.

In 2021 we added a new product for affordable-housing clients and first-time homeowners. The solution enables them to invest in water- and energy-efficient technology for their homes. In addition to the reduced living costs due to cheaper utility bills and lower maintenance costs, the finance for the product is also offered at a reduced interest rate.

Green Building Council: EDGE client value proposition

Nedbank supports the Green Building Council's commitment to reducing the costs of formal housing through the introduction of the International Finance Corporation (IFC) EDGE accreditation system to support energy-efficient buildings. Following a successful pilot in late 2020, we launched a new targeted client value proposition for EDGE-accredited developments. This included the payment of three months' levies for qualifying clients, resulting in R51m in grants. In addition, in late 2021, a bond-plus-cost offering was launched for first-time homebuyers who are main-banked with Nedbank and buying property of up to R1,5m in an EDGE-accredited development.

SDG 8: Decent work and economic growth

"Raising employment levels and ensuring that all people have access to decent work opportunities are vital for sustainable development. Quality employment not only provides essential income, but also helps to reduce inequalities, address poverty, and empower people to achieve their aspirations and live decent lives. Despite global efforts to create employment opportunities, the challenge of unemployment grows, particularly across Africa, hampering sustainable economic development and limiting meaningful and sustainable social upliftment. An urgent, collaborative and innovative response is needed, and Nedbank is committed to contributing to that response through purpose-led investments and financial solutions."

Priya Naidoo
Group Executive: Strategy

Key SDG 8 progress findings for 2021

The Covid-19 crisis disrupted economic activities around the world and caused the worst recession since the Great Depression. In 2020, 8,8% of global working hours were lost, equivalent to 255 million full-time jobs. The pandemic has put workers in informal employment at most risk, as they lack protection against illness or lockdowns.

Road to economic recovery may be bumpy and long – The global economy grew by an average of about 2% from 2014 to 2018. In 2019 real gross domestic product (GDP) per capita increased by only 1,3% globally and is estimated to have decreased by 4,6 % in 2020. While real GDP growth in the least-developed countries is projected to pick up again, it is expected to remain well below the 7% target envisioned by the 2030 Agenda for Sustainable Development.

Massive job losses, particularly among youth and women – By 2020 the global unemployment rate had reached 6,5%. The number of people unemployed worldwide increased by 33 million, reaching 220 million. Youth and women were especially hard hit. This is not surprising, as young workers were more severely affected than older workers by employment losses, and both technical and vocational education and on-the-job training suffered massive disruption, forcing many to quit their studies.

Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 8 in 2021 include the following:

Inclusive banking solutions for individuals and small groups

We offer a range of banking solutions customised to the needs of individuals and small groups of clients, including zero-fee propositions for individuals and a stokvel product with unique funeral benefits and discounts on goods.

MobiMoney

Our digital wallet-based solution, Nedbank MobiMoney, enables easy access to banking services without the need for a formal bank account. It is designed to keep money safe, enable clients to send money to other people, and facilitate the buying of electricity and airtime. Between 2019 and 2021, 1,4 million MobiMoney Accounts were opened.

The MobiMoney offering was also enhanced in 2021 with additional functionality that enables the payment of beneficiaries via the wallet and allows for cashless payments for small businesses such as informal traders. During the year under review, we also concluded several strategic partnerships, including an agreement with Pick n Pay to provide cardless cash-out vouchers in its stores. This gives MobiMoney clients the opportunity to 'withdraw' money from their wallets. We also entered in a partnership with the South African Red Cross Society to enable the payment of digital cash relief to recipients in need.

An example of the way in which Nedbank is leading the transformation of mobile channels in SA is our facility that enables clients to apply for foundational funeral cover and buy grocery vouchers via our Cellphone Banking channel. Future enhancements will include the functionality to access micro loans.

Stokvel Account

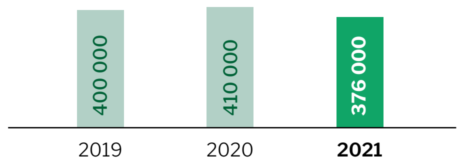
The Nedbank Stokvel Account offers competitive returns, zero monthly maintenance fees, financial education for members, as well as a funeral cover of R10 000 per member at a discounted premium of just R25 per member per month (up to 65 years), and up to 10% shopping discounts at various retailers such as Makro, Waltons, Fashion Fusion and Mr Price.

Since the Nedbank Stokvel Account was launched in 2018, more than 4 200 accounts have been opened, with deposits of over R75m having been made. A total of 662 new Nedbank Stokvel Accounts were opened in 2021, with an average of 32 000 active people insured through its innovative funeral cover solution.

Pay-as-you-use Account

In 2019 the Pay-as-you-use (PAYU) Account was the first of its kind in the South African market to offer zero monthly fees for a transactional account. It provides banking access to entry-level clients who are often excluded financially due to irregular or low cash flows. 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 2021 we opened over 376 000 PAYU accounts, building on the 410 000 accounts opened the previous year.

PAYU accounts opened
(Number)



SDG 8: Decent work and economic growth continued

Supporting small businesses with affordable banking solutions

South African business owners have had to weather severe headwinds since the beginning of 2020.

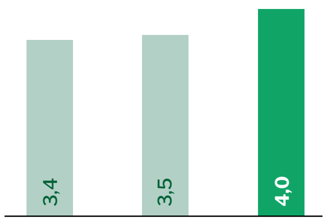
The ongoing Covid-19 restrictions and protracted lockdown response have resulted in extra costs and/or loss of revenue for most businesses. The civil unrest in July 2021 and subsequent supply chain constraints further hampered business activity and placed many businesses at risk of closure.

Against the backdrop of all these challenges, the importance of SA's small, medium and microenterprise (SMME) sector as a vital contributor to the country's sustainable economic growth has been highlighted. Not to mention the role that SMMEs have to play in the creation of much-needed employment opportunities. The provision of business support for SMMEs, including access to funding and markets, has never been more critical.

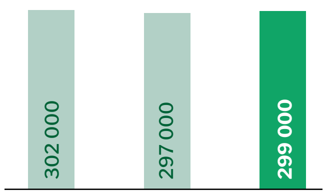
Nedbank, through its Small Business Services (SBS) division, is delivering this support via a comprehensive suite of payment, investment and finance solutions, as well as industry specialisation and services that extend beyond banking. Today, SBS offers this service and support to 299 000 businesses that have an annual turnover of up to R30m each.

In 2021 SBS continued to deliver this valuable business support, advancing R4,0bn (2020: R3,5bn) in finance facilities to our clients. This allowed Nedbank to maintain its position as a market leader in the small-business banking sector and see a 1% gain in urban market share to 24%. Ongoing improvements in client experience and market perception have served to entrench Nedbank as a go-to brand in the small-business community.

SBS advances to clients
(Rbn)



Number of SBS clients
(Number)



To grow this momentum while meeting the growing need for small-business support, especially for start-ups, Nedbank introduced the Startup Bundle, offering six months' free banking for new Nedbank single-owned businesses (via digital application only) and various feature-rich, low-cost merchant solutions.

The Nedbank Money app and Online Banking services were also enhanced, enabling business clients to open transactional accounts for companies with multiple directors from their smartphones. Other new features included the introduction of international payments, the MoneyTracker invoicing and transaction tracking tool, and merchant servicing via a dedicated merchant portal.

Building SMMEs and creating jobs

The Nedbank Enterprise and Supplier Development (ESD) Programme has been in operation since 2015. It combines business mentorship with specialist guidance and financial support to help SMMEs operate across various industries to succeed, grow and create employment opportunities. In 2021 our ESD Programme continued to support businesses and provided tailored solutions to help address their diverse needs. The following businesses and initiatives were supported in 2021:

Programme/ Business	Nedbank support for training and mentorship	Businesses receiving support (and jobs created)
RLabs	R3,6m	104
AWIEF Accelerator	R2,6m	50 women-owned
Fix Forward	R3,6m	100 (plus 116 permanent jobs and 71 temporary jobs)
Riversands Hub	R2,9m	60 (plus 139 jobs)

For details on some of the enterprise development highlights in 2021, please refer to the **Transformation Review.**

SDG 8: Decent work and economic growth continued

Case study

Supporting small businesses to grow the township economy

- Business owners in Mamelodi, Tshwane, and Kathorus, Boksburg, were assisted after widespread looting and unrest in KwaZulu-Natal and Gauteng. Proud of My Town (PoMT)* sponsored cleaning equipment and supplies, and 436 volunteers were mobilised in four communities. A total of 30 small-business owners from the business rescue initiative were also onboarded to the Building Business Programme to receive six months' worth of business support, training and mentorship.
- The Chicago Business Collective was established in Paarl in the Western Cape, and 15 entrepreneurs held the community's first-ever market day, attended by over 200 residents. A total of 13 small-business owners also participated in a product showcase held in Lantana, Paarl, aimed at identifying entrepreneurs to be onboarded onto the Building Business Programme for 2022.
- The CoCreate Hub was officially opened in Stellenbosch. This is an economic development hub in the heart of the city that offers centrally located trading, meeting and training space to benefit majority-black-owned businesses based in the Stellenbosch municipal district. By the end of November 2021 a total of 40 entrepreneurs were trading from the hub.
- A total of 23 Stellenbosch-based entrepreneurs graduated from the 18-month Building Business Programme in 2021. Over the period 75% of the businesses increased their turnover by an average of 93%, grew their asset base and created more jobs. A total of 10 new jobs were created across these businesses.

* See details about PoMT in the ***Transformation Review.***

Nedbank Black Business Partners Legacy Programme

During 2021 Old Mutual and Izingwe withdrew from the Nedbank and Old Mutual Black Business Partners (BBP) Legacy Programme. Nedbank, Brimstone and WIPHOLD will see through their commitment to the endowment – a commitment that came about following the success of their BBBEE transactions.

The total endowment of R300m will now be reduced to R166m – comprising the Nedbank (R100m), Brimstone (R33m) and WIPHOLD (R33m) contributions. The funds are disbursed under three investment streams as follows:

- 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 Nedbank.

This programme is aimed at enabling and supporting sustainable development by providing capital funding to relevant projects over favourable periods and at low-to-zero interest rates. To date R126m has been invested in a range of projects. In addition to the Pick n Pay investment detailed below, some other investments are shared under **SDG 12.**

Pick n Pay Township Revitalisation Programme – Pick n Pay has partnered with a number of spaza stores across the country to support them by upgrading and formalising their operations to better meet the needs of the customers and communities they serve, while at the same time underpinning their sustainability and profitability. The Nedbank BBP Legacy Programme invested R20m in 13 stores. While the programme has experienced some challenges and it is likely that the model will need to be revisited in parts, in 2021 most of the participating store owners experienced an uptick in revenue of around 8% to 10%, which allowed them to regain some of the revenue lost in 2020 due to the lockdown restrictions.

A total of 218 jobs were sustained in 2021 across all active stores, which is a nominal 1% decrease from the 2020 job figures. Nedbank also provides transactional banking to 32 of the market stores and has provided more funding to a further 16 stores outside of the Nedbank BBP Legacy Programme.

SDG 9: Industry, innovation and infrastructure

"It is a business and moral imperative that we ensure we hand over a sustainable world to the next generation. Prioritising investment in infrastructure and technology is key to driving sustainable economic growth and development. In addition, a thriving infrastructure sector has the potential to create untold employment opportunities, and sound infrastructure is integral to the effective operation and profitability of most businesses. Nedbank intends taking a leadership role in funding these solutions. Our ambition is that there is a future state where there isn't a need to differentiate between policy and sustainable policy, or banking and sustainable banking – they should all be sustainable. We are determined to leverage our expertise in this area to fulfil our purpose for the benefit of our stakeholders, especially in Africa."

Anél Bosman
Group Managing Executive: Corporate and Investment Banking

Key SDG 9 progress findings for 2021

Due to tariffs and trade tensions between the world's dominant economies, global manufacturing growth was already in decline before the Covid-19 pandemic. When it struck, the movement of people and goods was restricted, disrupting global value chains, as well as the global manufacturing and transport industries. Small-scale industries, in particular, have been affected severely.

Investment in innovation and infrastructure is more crucial than ever – For the global community to achieve SDG 9, industrialisation, improvements in infrastructure, and the promotion of technological innovation by increasing investment in research and development are key. The development and production of vaccines against Covid-19 in record time is one example of the power of technological innovation, which has given the world cause for hope.

Access to credit is essential – Access to credit for small-scale industries remains uneven across countries and regions. Countries in sub-Saharan Africa and least-developed countries suffer the most from a lack of credit – approximately one in six small-scale industries in these countries have a loan or line of credit, compared with almost half in Latin America and the Caribbean.

Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 9 in 2021 include the following:

Investment in infrastructure

Nedbank contributes towards the achievement of SDG 9 through funding of infrastructure, including mass transit, road and rail corridors, renewable energy, water treatment plants and information and communication technologies, as well as affordable housing, schools and hospitals as reported throughout this review. We apply our social and environmental risk expertise to identify and manage the potential impacts of this infrastructure and develop innovative solutions that solve sustainability issues, or that have incremental benefits in terms of reducing costs and increasing efficiency.

Helping to bridge Africa's digital divide

Nedbank has developed a formal digital strategy to unlock resources and capacity to support and fund projects that have the potential to help eliminate Africa's digital divide by delivering equitable and inclusive digital access for all. Examples of digital deals funded in 2021 include the following:

Rain Holdings – We participated in a R700m senior secured revolving credit facility valued at R2,5bn for Rain Holdings. The facility will be used to fund capital expenditure as Rain continues to roll out its 5G network footprint across SA.

Seacom Limited – We completed a US$65m senior secured term loan facility to Seacom Limited, acting as the mandated lead arranger and sole funder. The facility will be used to fund capital expenditure as Seacom embarks on its business strategy to upgrade and expand its network footprint across the African continent.

Thabure TowerCo – We provided R181m in empowerment financing to Thabure TowerCo. The Independent Communications Authority of South Africa has licensed them to build, own and lease passive infrastructure, and to provide telecoms services in rural and peri-urban geographies.

10 REDUCED INEQUALITIES

SDG 10: Reduced inequalities

‘While Covid-19 is a global virus, its impact has been felt unevenly, highlighting and, in many cases exacerbating, existing inequalities, particularly on the African continent. Reducing those inequalities, whether based on income, gender, age, disability, sexual orientation, race, class, ethnicity or religion, is imperative and urgent, and can be achieved only through the creation of a trusting and well-performing society. Nedbank develops innovative financial products and services that fuel sustainable economic growth and reduce social inequalities. We also support all efforts to address inequality by contributing to and endorsing policies that govern our sector and the way we and our banking peers operate.’

Iolanda Ruggiero
Group Managing Executive: Wealth

Key SDG 10 progress findings for 2021

Before the Covid-19 pandemic income inequality had fallen in some countries, low-income countries continued to benefit from preferential trade status, and the transaction costs of remittances were trending down. However, inequality persists, whether in income, wealth, opportunities or other dimensions. The pandemic has exacerbated these inequalities and hit the most vulnerable people and the poorest countries hardest.

Improvements in income inequality are under threat – Before Covid-19 the average Gini index for emerging-market and developing countries were falling. However, the International Monetary Fund World Economic Outlook for October 2020 estimated that Covid-19 would increase the average Gini index for these countries by 2,6. This would reverse the fall in inequality since the global financial crisis in 2008, with SA still the country in the world with the highest Gini coefficient along with many of the other sub-Saharan African countries.

Low incomes put many at risk of being left behind – Latest estimates show that in some countries as much as 25% of the population live on less than half the median income.

Remittance costs are low, but more effort is still needed – Over the past decade significant progress has been made in reducing the transaction cost of remittances. Despite the pandemic, the cost of sending money reached a record low of 6,5% in the final quarter of 2020. However, on average, it is still expensive to send money to sub-Saharan Africa. Coordinated efforts remain necessary to achieve the target of a global average cost of 3%.

Source: UN Sustainable Development Goals Report 2021

Please refer to the Transformation Review for more information on our BEE and empowerment financing.

Nedbank’s contributions to SDG 10 in 2021 include the following:

Enabling inclusive banking

The acceleration of our digital journey continued in 2021, with core capabilities built to make clients’ lives easier and more convenient, security enhanced to counter cybercrime and onboarding experiences and transactional capabilities improved.

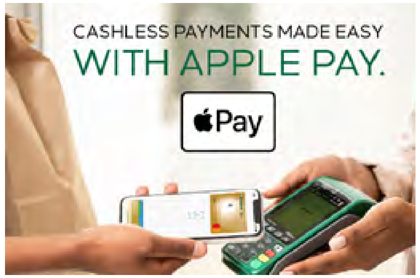
Improvements included functionality that enables clients to join the bank through our self-service kiosks (SSKs) and have their bank card issued immediately. They can also apply for homeowner’s insurance and claim directly through the bank’s digital platforms and apply for an overdraft digitally. Informal traders can now also join the bank easily and get a pay code via a simple cellphone banking process.

Clients’ payment and investment experiences were also improved, with an array of unit trusts, over 230 airtime and data products and an improved experience for claiming free basic electricity rolled out. A host of user-friendly features was introduced, including the ability to redeem Nedbank Greenbacks into a savings or investment account or to donate them to a charity, enhanced statements, and a more seamless loan application process.

Significant transacting capabilities, like getting cash at an ATM by scanning a QR code (a first in SA), the launch of Apple Pay and a new WhatsApp-based payment functionality, have proved to be valuable and convenient features for our clients.

We also established key strategic relationships that will deliver products through an application programming interface (API) marketplace, further extending our digital distribution capability beyond Nedbank-owned channels. Notably, Gumtree has partnered with our Motor Finance Corporation (MFC) division to use the vehicle asset finance (VAF) APIs to connect buyers and sellers on Gumtree Auto. Global small-business cloud accounting platform Xero has collaborated with Nedbank to provide SME clients with access to their financial data through a fully digital, API-enabled bank feed.

All the above activities resulted in digitally active clients increasing to 2,3 million, with 1,6 million clients using the Nedbank Money app. Digital sales grew strongly, with the digital contribution to total retail sales increasing to 49% in 2021.



SDG 10: Reduced inequalities continued

Optimising our physical footprint

Nedbank's physical footprint reflects both the increased drive towards client self-service and a diverse South African consumer base that still requires personal assistance. In response to shifts in client behaviour and preferences that were fast-tracked by Covid-19, we continued to optimise our branch footprint. This reduction in physical branches has not affected our coverage of the bankable population in SA, which remains around 85%.

We further expanded our ATM footprint in 2021, and 89% of cash transaction volumes are now happening through cash-accepting ATM devices.

We continued to improve the client experience at our devices through the roll-out of our new ATM front end, which enabled first-in-market functions such as app-initiated withdrawals using QR codes, meaning that clients do not have to insert cards into our ATMs when withdrawing cash.

Our network of 438 in-branch SSKs enables clients to complete self-service actions such as changing their ATM limit, maintaining their profile, issuing statements, and blocking and replacing personalised cards for PAYU and Savvy Plus Accounts. Clients can also pick up cards round the clock, without having to go into a branch, by using one of our 92 locker offerings, or have their cards delivered to them.

In 2021 we identified the need to change our distribution approach in the township economy and we have piloted in-community branches and mobile operating units successfully in a number of locations throughout SA. This model will be expanded in 2022.

Cross-border remittances

SA hosts approximately 3,2 million foreign nationals who earn an income in the country and send money back home to support their families and friends.

In partnership with Ecobank, we introduced a cross-border remittance solution that enables documented people living and working in SA to transfer money instantly to people in 33 African countries at any time, day or night.

Clients pay a fee of just 4,5% of the total remittance value. (We acknowledge that this is still 1% higher than the SDG 10 target of 3,5% and we hope to drop the fee in time as volumes increase.) The offering can be accessed conveniently on the Nedbank Money app and Online Banking, and users are not required to provide any documents or visit a branch to 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. The average value of remittances sent in 2021 increased by 38% yoy, despite the financial impact of Covid-19 on many individuals.

Educating for inclusion

We continue to leverage our resources and technology to help the communities in which we operate to achieve more inclusive financial wellness. In 2021 we reached over 15,2 million people across SA through various initiatives and channels, including radio stations, personal workshops, digital platforms, and social and mass media.

During the same period 18 179 clients were trained through our personal consumer financial literacy workshops, which focused on empowering people to make better, informed financial decisions. We also opened over 20 000 new accounts following financial fitness training offered in collaboration with JLD Fuze and BLC Academy in KwaZulu-Natal.

As part of digital consumer financial literacy and education platforms we launched #BeMoneyWise, designed to reach rural communities. The programme was rolled out in Mokopane, Limpopo, and reached approximately 35 000 people.

SDG 11: Sustainable cities and communities

"By 2050 more than two-thirds of the world's population will be urban. That is because most of the world's economic activity takes place in and around cities. Urbanisation is thus a fundamental component of social and economic development. That is why it is imperative that we ensure that our cities can cope with the massive influx of people, and that they are safe, efficient and sustainable. Nedbank seeks out opportunities proactively to help realise this vision of sustainable, smart cities through appropriate partnerships and finance solutions."

Ciko Thomas
Group Managing Executive: Retail and Business Banking

Key SDG 11 progress findings for 2021

Cities in many countries became epicentres of Covid-19, exposing their vulnerabilities due to lack of adequate and affordable housing, insufficient public health systems, and inadequate urban infrastructure such as water, sanitation and waste services, public transport and open public spaces. Recovery from the pandemic offers the opportunity to rethink and reimagine urban areas as hubs of sustainable and inclusive growth.

The pandemic has worsened the plight of the vulnerable – Slum dwellers are most prevalent in three regions: Eastern and Southeast Asia (370 million), sub-Saharan Africa (238 million) and Central and southern Asia (226 million). The needs and concerns of these people are rarely considered in conventional urban planning, financing and policymaking, leaving an enormous segment of the global population behind. Without concerted and collaborative action, the number of slum dwellers will continue to rise in most developing countries.

Safe, accessible and reliable public transport is imperative – Only about half of the world's population live within 500 m walking distance of low-capacity transport systems (such as buses or trams) and within 1 km of high-capacity systems (such as trains and ferries). Access to public transport was significantly disrupted during the pandemic. As the pandemic response continues, countries and cities need to provide options for clean, accessible, safe, reliable and sustainable public transport systems.

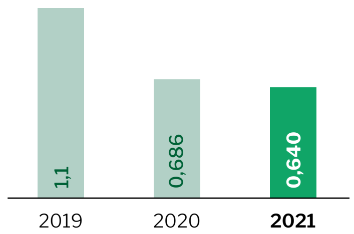
Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 11 in 2021 include the following:

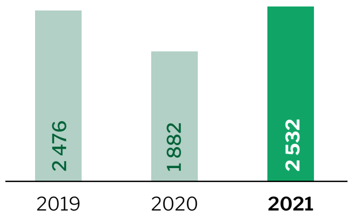
Affordable housing

Access to adequate housing is one of the key challenges of democratic SA, as government grapples with lingering backlogs in the provision of housing and steadily rising demand. To help address this issue Nedbank provided R640m (2020: R686m) for the development of affordable housing for lower-income households in 2021. This brings the total funding we have provided to this sector since 2015 to R5,5bn. Affordable housing is defined as housing priced at R880 000 and below, or rental housing with monthly rentals of R8 000 and below. Our funding to this segment facilitated delivery of 2 532 affordable- and social-housing units in the 2021 financial year.

Affordable-housing loans
(Rbn)



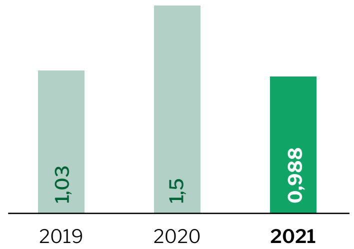
Affordable- and social-housing units
(Number)



Home loans for affordable housing

In 2021 Nedbank Home Loans provided R988m in home loans (2020: R1,52bn) 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. Interventions included a cashback bonus of R5 000 to help clients settle in their new homes and a 50% discount on attorney bond registration costs.

Value of home loans provided
(Rbn)



SDG 11: Sustainable cities and communities continued

Case study

Green residential development bond – a first for Africa

In the year under review Nedbank structured and arranged a R1,09bn green residential development bond, issued under its domestic medium-term note programme and listed on the Sustainability Segment of the JSE on 10 December 2021.

This innovative instrument is a first of its kind from a commercial bank in Africa and was the result of a collaborative effort with the IFC to develop a blended-finance solution that would enable the scaling up of green building financing, particularly in the residential sector. This is critical to supporting the decarbonisation of SA's built environment.

The solution will offer Nedbank clients in the affordable-housing segment with attractive funding for green-accredited homes in green residential developments. Technical training and certification support for the bank and prospective developer clients will also be provided.

Green buildings

Nedbank is focused on investing in green and sustainable buildings that improve the quality of life for occupants and reduce carbon emissions and other negative impacts on the environment. In assessing these transactions, we consider properties that:

- are green-certified (includes EDGE-accredited and Green Star-rated buildings); and
- have sustainable features (including gas, solar PV, solar geysers, wind or hydro power, rain harvesting, and black- and grey-water systems).

We currently have R25bn of exposure linked to green-certified properties and those containing sustainable features. However, this number should increase as we get more sophisticated in how we track these kinds of investments, particularly within properties that are already on our books.

In 2021 we also financed 17 EDGE-certified residential developments (1 755 units) worth a total of R1,5bn and exposure of R520m. No new green-certified buildings were financed.

Case study

Using technology to support clients

The Covid-19 pandemic and resulting lockdown presented the Nedbank Property Finance (PF) business with numerous challenges, including restrictions on travel.

The PF Team could not visit construction sites to monitor progress and authorise disbursements of development loans, which had the potential to inhibit construction progress for clients severely.

The PF Team implemented a solution called OpenSpace, which involves the installation of 360-degree cameras on the hard hats of site managers, enabling real-time photographic and video evidence of on-site construction progress. The platform uses artificial intelligence (AI) and computer vision technology to document and compile images photographically to form a visual walk-through of the construction site.

The technology, a first to be used by banks globally, enables regular and remote monitoring of construction sites. Clients can view the development of the property as frequently and in as much detail as they want, reducing costs and the time to resolve queries, making it a significant value-add to their business.

SDG 12: Responsible consumption and production

"Successfully balancing and integrating economic growth with environmentally sustainable actions remains one of the biggest challenges to the achievement of the Sustainable Development Goals. The only way to achieve this is by moving away from the traditional linear economy and embracing a circular approach in which resource wastage is eliminated and all members of society have access to the sustainable means to meet their needs. This circular economy can be achieved only by design and through deliberate, collaborative effort."

Khensani Nobanda
Group Executive: Group Marketing and Corporate Affairs

Key SDG 12 progress findings for 2021

A growing global population, combined with the unsustainable use of natural resources, continues to have a devastating impact on the planet – propelling climate change, destroying nature and raising pollution levels. About 14% of the world's food is lost along the supply chain prior to the retail level. Estimates put SA's food loss due to wastage at closer to 25%. Around the world, one million plastic drinking bottles are purchased every minute, and five trillion single-use plastic bags are thrown away each year.

Progress on eliminating fossil fuel subsidies remains uneven – Fossil fuel subsidies from governments provide incentives to produce and consume fossil fuels, such as coal, crude oil and natural gas, over the development and use of clean and renewable energy and material feedstocks. Subsidies were expected to decline sharply in 2020 due to cratering demand and the oil price shock. That drop in fossil fuel subsidies (measured as a proportion of GDP) is likely to be smaller than expected however, due to a simultaneous decrease in worldwide GDP in 2020.

Need to tap into potential for renewable energy and materials – Globally, new renewable-electricity-capacity installations witnessed remarkable development over the past decade, outpacing installations in non-renewable electricity capacity since 2012 and consistently since 2015. In 2018, for the first time, most of the new renewable electricity capacity was installed in developing countries. The most recent data show that renewable-energy capacity continued to grow at even higher levels, despite Covid-19.

Source: UN Sustainable Development Goals Report 2021

Nedbank's contributions to SDG 12 in 2021 include the following:

Supporting the recycling sector

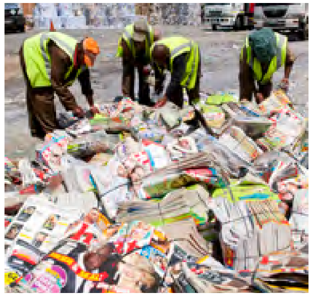
We continue to support a range of SA's prominent recycling businesses. These businesses not only remove waste in the form of glass, paper, plastic and other non-biodegradable materials from the environment, but also create work for many families that collect and sell waste to recyclers. Recycling also creates alternative income streams for factories where waste materials may be sold to recycling entities rather than being dumped in landfills.

In 2021, in addition to our suite of clients who are supported at a balance sheet level, new transactions of R55m were concluded and a number of other transactions are underway for completion in 2022. We also approved a R100m facility for the importation and installation of polyolefin (rigid plastics) recycling equipment.

Case study: Mpact impacts positively

Nedbank is proud to bank Mpact, the largest paper and plastic packaging and recycling business in southern Africa, whose integrated business model focuses on closing the loop on plastic and paper packaging through recycling and beneficiation.

They have 47 operating sites and over 5 100 employees and generated a revenue of R11,5bn in 2021.



Mpact values the principles of the circular economy and recycles most of the products it produces. The paper business is particularly well integrated, converting recovered paper into paper products used for packaging and corrugated containers. The recycling division recovers around 530 000 tonnes of recyclable material annually. The plastics business is continually increasing recycled content in non-food-grade packaging products.

SDG 12: Responsible consumption and production continued

Financing sustainable agriculture

Nedbank offers an innovative sustainable-agriculture funding solution aimed at mitigating the risks and challenges for farmers associated with rising temperatures and lower rainfall.

The intention is 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 to cutting-edge irrigation equipment and shade netting to reduce evaporation. Sustainable-agriculture highlights delivered through this funding in 2021 include the following:

- **Finance for shade netting** – This offering for the horticultural sector has been embraced by the citrus industry, which has about 1 400 growers with an area of 77 708 ha under production. In addition to the R50m facility used by the Humansdorp Cooperative during 2021, six deals totalling R64m paid out, with a strong pipeline for 2022 in place.
- **Humansdorp Cooperative** – We funded a R50m term loan for the installation of shade netting over the citrus orchards of farmers in the Humansdorp service area. To date 3 867 ha of citrus have been covered with netting, resulting in a saving of 11,2 million cubic metres of water annually. To put this saving into context, a total of 375 000 medium-sized swimming pools can be filled with water saved every year. In addition, the citrus yields graded for export have increased by up to 35 tonnes per hectare (from 42 t/ha to 77 t/ha, or 83%). At a realisable value of R16 387 per tonne of export fruit, this translates to an increase in revenue of R575 000 per hectare annually.
- **Ideafruit solar PV plant** – We structured an innovative amortising term loan facility to enable long-standing Nedbank client Ideafruit to install a PV energy plant that enables the fresh produce exporter to refrigerate up to 70 000 bins of apples and pears in controlled-atmosphere cold rooms using solar energy. Electricity savings to date amount to R2,6m, with a total of 1 963 MWh having been produced and used for refrigeration.
- **Ghana cocoa industry** – We are actively funding sustainable enterprises in Africa, such as the Ghana Cocoa Board (COCOBOD), a statutory public board established in 1947 to supervise Ghana's cocoa industry principally by purchasing, marketing and exporting Ghana's cocoa production. Nedbank has been a mandated lead arranger and major syndication partner to the Ghana COCOBOD syndication for more than a decade, with current participation valued at US$100m (R1,6bn).

Contributing to the vital work of FoodForward SA

Nedbank continues to partner with FoodForward South Africa (FFSA) in several ways, including support for its Second Harvest Programme, which encourages large commercial farmers to donate their agricultural surplus to address hunger and reduce the environmental impact by diverting good-quality, edible surplus food. The WWF Nedbank Green Trust also committed funding to FFSA to the amount of R4,7m over three years. The money will be applied to fund research to reduce waste at a farm level and help FFSA to expand its footprint across all provinces, enabling the distribution of nutritious food parcels. Currently, FFSA supports over 1 850 beneficiary organisations that collectively serve 700 000 people and families.

Support for emerging and small-scale farmers

The Nedbank BBP Legacy Programme is committed to providing financial support to emerging farmers under its 'commercialisation of small-scale farming and food security' funding stream. Two of the projects currently supported are as follows:

- **Centane and Mbashe Agricultural Initiative** – The Centane and Mbashe Agricultural Initiative (CMAI) was started by WIPHOLD as a project focused on proving that communally owned land can be farmed in a profitable and sustainable manner. The project has been running since 2012 and annually benefits about 3 000 community members, 60% of whom are women. After a good start to the 2021 season, with decent rainfall and healthy crops, operating conditions became more challenging when a severe summer drought set in. This had a devastating impact on maize crops. On the positive side, maize and soybean prices for the season were very high, helping to offset some of the yield losses. Despite its many challenges, the CMAI continues to have a considerable positive social impact in Centane and Mbashe. Since its inception, almost R70m has been distributed to participating community members in the form of cash payouts and maize allocations.
- **KwaDrabo Trust** – In 2021 Nedbank and Brimstone approved a R10m rural livestock borrowing facility to the KwaDrabo Trust. KwaDrabo Trust has constructed a cattle-holding station (CHS) near Butterworth in the Eastern Cape. The CHS will purchase, process and condition cattle bought from the local small-scale cattle farmers in the Eastern Cape at market-related prices. The animals will then be sold to Beefmaster, a Nedbank client. It is estimated that up to 10 000 small-scale farmers will benefit from the initiative, with between R30m to R50m flowing into the local community through the sale of these cattle annually. In addition, participating farmers will receive training on animal husbandry and other business-related issues. The model is highly replicable and scalable, and we aim to work with other commercial abattoirs and rural communities across the country to encourage the adoption of similar models based on the success of this investment.

SDG 12: Responsible consumption and production continued

Advocating for more sustainable farming

- **Promoting sustainable dairy farming**
  In 2021 Nedbank funded the compilation of a comprehensive business case motivating for regenerative farming practices in dairy production. The business case, undertaken by WWF and Trace and Save, proves that implementing sustainable best practices on dairy farms will lead to more profitable milk production and a lower environmental impact. This is advantageous for farmers, milk processors, consumers, and the dairy industry as a whole. We have been promoting sustainable agriculture practices across our client base and the Sustainable Dairy Business case provides the necessary proof and guidance for more clients to adopt new ways of farming.

Learn more about the impact that sustainable dairy is having on farmers.

- **MPO Nedbank Stewardship Awards**
  Profitable farming requires constant adaptation to keep up with rapidly changing technology, the challenges of climate change and the increasing demands from government and consumers. Living up to these expectations is a formidable task, which is why Nedbank, in partnership with the Milk Producers Organisation (MPO), recognises and rewards outstanding farmers through the MPO Nedbank Stewardship Awards every year. Winners share their knowledge with other farmers to improve the performance of the sector as a whole.

Winning farmers must do the following:

- Apply sustainable farming practices and conservation.
- Maintain high standards of animal welfare and an effective herd health management programme.
- Ensure a high quality of life for all the people on the farm and add value to the local community.
- Produce a healthy, safe and high-quality product.
- Improve profitability continuously by increasing the business's resilience or capacity to deal with volatility and adverse events, and improving on-farm efficiency.

Nedbank client Andrew Morphew of the Colbourne farm in the Howick district, KwaZulu-Natal, was declared the winner of the fifth annual MPO Nedbank Stewardship Awards during the virtual Congress of the MPO in October 2021.

The winner of the 2021 MPO Nedbank Stewardship Awards

SDG 15: Life on land

"Ultimately, every living organism as well as our economies need a healthy and optimally functioning environment to survive and thrive. That is why sustainable land reforms that recognise historical ownership imbalances and protect biodiversity and ecosystems are essential. At Nedbank we recognise this, and through investment and key partnerships we are raising awareness of key issues and collaborating to find long-term solutions."

Mfundo Nkuhlu
Group Chief Operating Officer

Key SDG 15 progress findings for 2021

Ending environmental decline and restoring our planet are fundamental to sustainable development. Nevertheless, forests are being cut down, biological diversity is declining, and terrestrial ecosystems are being degraded at alarming rates, with profound consequences for human survival and well-being. The Covid-19 pandemic has reminded us that by threatening biodiversity, humanity threatens its own survival.

Risks of species extinction are rising – Human activities are causing biodiversity to decline faster than at any other time in human history. The Red List Index of the International Union for Conservation of Nature, which monitors the overall extinction risk for various species, shows a 10% decline since 1993. Among 134 400 species assessed, 28% (more than 37 400 species) are now threatened with extinction.

Safeguarding key biodiversity areas (KBAs) has stalled – The protection of KBAs has long been considered a cornerstone of biodiversity conservation. However, increases in protection coverage have plateaued over the past five years. On average, more than half of each KBA remains outside of protected areas.

Source: UN Sustainable Development Goals Report 2021

More information on Nedbank's approach to biodiversity is available on our group website at nedbankgroup.co.za.

Nedbank's contributions to SDG 15 in 2021 include the following:

Securing SA's biodiversity assets

Humankind, including businesses and the economy as we know it, depends on biodiversity for everything that sustains it, including water, food, fuel and fibre, energy, medicine and other genetic materials. Healthy biodiversity is also critical for the regulation of our climate, water quality, pollution, pollination services, flood control and storm surges. SA is renowned for being one of the 17 megadiverse countries in the world, meaning that we are counted among nations with the greatest variety of plant and animal species.

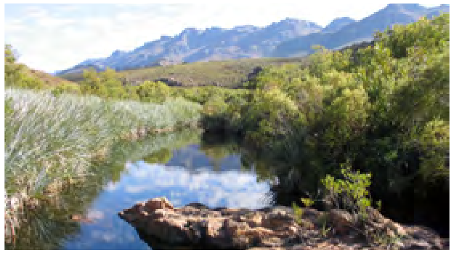
The banking sector has a significant impact on biodiversity and natural capital through the financial support it provides to high-impact sectors such as forestry, mining, oil and gas, fisheries, water delivery and infrastructure, or sectors that are using genetic resources such as biotechnology, pharmaceuticals, agriculture or cosmetics.

At Nedbank, we believe that we can play an important role in protecting the natural capital sector by selecting our clients and the projects that we finance critically and by creating mechanisms to encourage best practice and sustainable practices.

Through our Social and Environmental Management System we encourage our clients to identify, measure and value the biodiversity dependencies and impacts of their operations to establish biodiversity action plans, disclose their risks and performance and have a monitoring system in place.

In addition to working with our clients, we partner with key stakeholders such as the WWF. One of the focus areas of the current partnership between Nedbank and WWF is safeguarding critical water source areas, biodiversity hotspots and rural livelihoods, with a strong focus on the Eastern Cape. By driving collective action, we are helping to maintain and restore the ecological integrity of these vital catchments. This will ensure that they continue to provide water, food and livelihoods; generate jobs and develop local SMMEs; as well as build climate resilience for local and downstream communities who rely on them. The 2021 year was the second year of the partnership and great strides were made in co-funding key areas of WWF's Conservation Strategy within the regional node of the Eastern Cape over the 12 months.

Achieving the necessary scale of impact and change required to address the over-exploitation of an already constrained natural resource base requires that we manage our ecosystems effectively and safeguard and optimise the resources they provide in a holistic and integrated manner. The partnership between WWF and Nedbank works to do this at a systemic, landscape level that brings together multiple land users, public and private sector business and industry partners, as well as communities ranging from smallholders, traditional authorities and local communities to civil society partners.



SDG 15: Life on land continued

Partnership progress in 2021

- **Eastern Cape and southern Drakensberg spatial node** – The work in the Eastern Cape and southern Drakensberg spatial node is focused on contributing towards the national Community of Practice in Water Source Areas, as well as securing critical biodiversity areas as part of the Provincial Eastern Cape Protected Areas Expansion Strategy. A dedicated water source partnership coordinator has been appointed in Matatiele to facilitate the efforts of key stakeholders to promote long-term water yield of the water source areas in the region. The project will also track new jobs created in rural areas through direct employment in roles that are not currently government-funded.

  Key achievements in 2021 included the following:
  - The formation of the Maloti Thaba Tsa Metsi Protected Environment Management Authority. Its constitution, adopted by six traditional authorities, is geared towards improving the management of 49 200 ha of communal watershed.
  - A springs hydro-census that provides an extensive database of 3 204 sites. This data will help to select spring protection areas.

- **Kouga and Sundays River spatial node** – The partnership's work in the Kouga and Sundays River spatial node is focused on supporting awareness and training, as well as monitoring the adoption of industry standards for better production practices across the citrus, dairy and forestry sectors in the Eastern Cape. The partnership is also geared towards supporting the development of sustainable value chains, improved markets, and innovative financial products that incentivise communities and producers.

  Key achievements in 2021 included the following:
  - Ongoing sustainable-farming capacity building with the citrus growers in the area.
  - The launch of the business case for sustainable dairy production.
  - Identification of additional opportunities for ecological infrastructure restoration projects.

Grasslands National Park expands protected areas

The grassland biome is one of the most threatened biomes found in SA, with only 3% conserved formally, despite being home to the largest proportion of our Strategic Water Source Areas. The WWF Nedbank Green Trust is currently funding work towards the establishment of a dedicated Grassland National Park in the Eastern Cape through appropriate mechanisms, including land purchase and biodiversity stewardship agreements with surrounding community and commercial landowners.

The establishment of this national park will mark a new and innovative approach to protected-area expansion as it will be located within a working agricultural landscape. Not only is this area rich in biodiversity and endemic species, but it also lies within the Eastern Cape Drakensberg Strategic Water Source Area, which is a natural source of freshwater for people downstream. When declared, the park will also improve formal protection of SA's grasslands, which have been identified as a national conservation priority.

To date three landowner participation applications have been received, involving 5 000 ha, which is a positive development given the total target of 30 000 ha by 2024. The next step is a biodiversity assessment to determine the merit of additional potential land purchases.

Supporting conservation in southern Africa

Nedbank Namibia's Go Green Fund celebrated its 20th anniversary in 2021. Since inception the fund, which is a partnership with the Namibia Nature Foundation, has supported more than 40 conservation projects totalling N$7m. In 2021 the Go Green Fund disbursed more than N$700 000 to support approximately 15 projects in environmental education and other environmental projects.

Funding for marine protected areas

Many of SA's fishery resources are overexploited or collapsed, or the stock status is simply unknown. Mitigation and adaption measures are critical to conserving our oceans better and ensuring our fisheries are sustainable going forward. Part of the solution is marine protected areas (MPAs), which support fishery sustainability by providing safe spaces in which fish can breed undisturbed and protecting spawning and nursery areas that let young fish mature into adulthood. MPAs also serve to maintain healthy ecosystems and provide a refuge for marine resources as climate change becomes more severe. SA currently has 42 MPAs. The WWF Nedbank Green Trust has provided catalytic funding for MPAs over many years and recently approved a new round of funding, R3,9m, for the South African MPA network project (SAMPAN). A key part of SAMPAN is capacitation of management authorities with training for MPA employees, including legislation and enforcement to improve the effectiveness of MPAs in protecting marine species from exploitation and illegal fishing. The funding is also used to coordinate an MPA forum. The forum facilitates regular engagement and collaboration between parties to encourage better, quicker and more systemic decision-making with regard to the management and future of SA's ocean resources.