



Creating **value** by using
our **financial expertise**
to do **good**



Sustainable Development Review

for the year ended 31 December 2018

see money differently

**NEDBANK
GROUP**

OVERVIEW OF NEDBANK GROUP

Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking services as well as insurance, asset management and wealth management. In SA we have a strong franchise, evidenced by a 19% deposit and 18% advances market share.

We operate in six countries in SADC, through subsidiaries and associates in Lesotho, Malawi, Mozambique, Namibia, Eswatini (Swaziland) and Zimbabwe, and we have representative offices in Angola and Kenya. In Central and West Africa we have formed a partnership with ETI as a strategic alliance partner in the region.

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

- › Total assets above **R1 trillion** for the first time
- › Headline earnings **R13,5bn**
- › Strong capital ratios: **CET1 capital ratio 11,7%**
- › Market capitalisation **R136bn** at 31 December 2018
- › Old Mutual Limited strategic ownership **19,9%**
- › **31 277** employees
- › One of SA's most transformed banks – **level 1 BBBEE rating** (Amended FSC)
- › Included in the **Dow Jones Sustainability Emerging Markets Index** since 2004

What differentiates Nedbank?

We are a **purpose-led** business.

Our **unique corporate culture** is progressing towards being more client-centred and innovative.

Good governance and **experienced management teams**.

Leadership positions in renewable-energy finance, corporate and commercial property lending, retail vehicle finance, card acquiring, digital product ratings, asset management and wealth management.

Managed Evolution and Digital Fast Lane (our IT strategies) position Nedbank to be **more digital, agile and competitive**.

Strong and sustainable growth of main-banked client market share representing an ongoing opportunity for revenue growth.

Selective origination and good risk management enabling the delivery of a **credit loss ratio that is the lowest in the industry**.

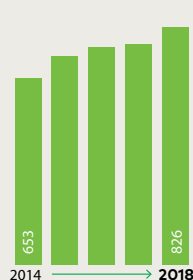
Prudent management of our expenses over time and an opportunity to continue to lower our efficiency ratio.

Strong legacy position as a bank that is committed to **doing business in a manner that positively builds society**.

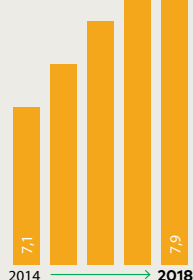
Assets
(Rbn)



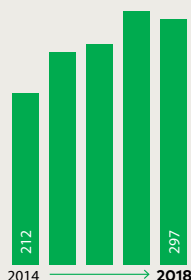
Deposits
(Rbn)



Total retail clients
(Million)



Assets under management
(Rbn)



Access to the largest banking network in Africa through our own operations in SADC and our strategic alliance with Ecobank Transnational Inc. in 39 countries.

NEDBANK GROUP SUSTAINABLE DEVELOPMENT REVIEW

'I strongly believe that businesses that are purpose-led understand they are truly part of helping to improve society and not part of some separate financial or corporate universe, and that these businesses will increasingly be differentiated in the eyes of their staff and clients and as a result will grow faster than their peers.'

– Mike Brown, Chief Executive: Nedbank Group

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About this 2018 Sustainable Development Review

This 2018 Sustainable Development Review describes Nedbank Group's sustainable development efforts, commitments, achievements and contributions towards the United Nations (UN) Sustainable Development Goals (SDGs) over the past financial year. It should be read in conjunction with the 2018 Nedbank Group Integrated Report as well as the other supplementary reports that focus on our approach to risk management, governance, ethics, people management, stakeholder engagement and transformation. These are available for download at nedbank.co.za.

Our 2017 Sustainable Development Review was our first attempt at aligning our reporting with the SDGs. This 2018 edition builds on that by demonstrating the ways in which Nedbank has deepened its efforts to address the SDGs. The content in this review covers the following three key areas of leverage:

- **Products and Services: Sustainable Development Finance**
- **Operations**
- **Corporate social investment (CSI)**

In addition to being aligned with the SDGs, the content of this Sustainable Development Review is informed by Nedbank's material matters and contributes to overall compliance with the Global Reporting Initiative (GRI) Standards for sustainability reporting and the AA1000 Accountability Principles Standard (APS).

Related online reports and publications, as listed below, can be accessed on our group website at nedbankgroup.co.za.

2018 Integrated Report



Financial and risk management reporting

- Results booklet and presentation
- Nedbank Group Annual Financial Statements
- Pillar 3 Risk and Capital Management Report
- Approach to tax
- Ten-year Review

Governance reporting

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

Sustainable development reporting

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

Shareholder information

- Notice of 52nd AGM
- Form of proxy
- Shareholding profile

* Issued for the first time in 2018.

OUR CONTEXT

The massive economic, social and environmental challenges we are facing globally continued to intensify in 2018 as the collective desire to address these challenges seemed to wane in an increasingly polarised world.

Within this context we have identified the following material matters that represent the issues that have the most impact on our ability to create sustained value for our stakeholders. While these issues change over time, as new trends and developments shape the macro environment and our stakeholders' needs evolve, the broad themes remain consistent. These material matters are addressed across the suite of Nedbank 2018 reports.

A challenging SA macroeconomic environment

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

Disruptive technologies and increased competition

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

Demands on governance, regulation and risk management

The financial services industry worldwide has seen an exponential increase in regulations since the global financial crisis. These regulations have placed new demands on banks, resulting in increased cost of banking. Globally, many systemically important banks have reduced their capital commitments and therefore exposure to emerging markets.

Managing growth opportunities vs risks in rest of Africa

Sub-Saharan Africa (SSA) is considered to be an attractive long-term investment region fuelled by its strong economic growth potential, estimated to grow on a sustainable basis between two to four times faster than SA. The United Nations estimates that Africa will see the largest relative increase in population over the coming years leading to 2030. The strong population growth, rise in middle-class population, urbanisation trends, increasing technology usage and abundant natural resources are key drivers for investments in SSA.

Requirements for scarce and evolving skills

The pace of change in banking is accelerating, and digitisation is at the forefront of the change in the industry, with strong competition to deliver superior client experiences and pressure to remain competitive. Global banking industry trends indicate an impact on the workforce as a result of digitisation relating to skill sets and a reduction in organisation sizes. Consumer behaviours and uptake of the digital offerings will influence roles and skill sets required for banks to grow their businesses.

Changing relationships between business, government, labour and civil society

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

Transformation of society within environmental constraints

The latest World Economic Forum (WEF) Global Risks Report¹ singles out the geopolitical and geoeconomic tensions, along with domestic political strains in many countries, as key hurdles to collaboratively address the most urgent global risks. In many cases it is the lack of progress in addressing these risks that exacerbates them and drives sociopolitical tensions.

Environmental risks continued to dominate the WEF Global Risks Report, accounting for three of the top five risks by likelihood and four by impact. These included extreme weather, natural disasters, water crises and failure of climate-change mitigation and adaption. It is, of course, the deep interconnectedness of these risks with human wellbeing that sees them posing systemic challenges to citizens, corporations and governments alike. The recent drought in the Western Cape drove home how heavily we rely on the environment, as losses were felt across all sectors of the economy and societal strata.

Unless the fundamental interdependence of human development and environmental wellbeing is properly appreciated, our modern economies will remain under threat. According to the latest WWF Living Planet Report², the results of climate in action and global change are becoming increasingly apparent, with an abundance of species down 60% since 1970. This loss of biodiversity has had an impact on human health and wellbeing. Other, less obvious, impacts of climate change relate to the impact of atmospheric carbon dioxide (CO₂) on nutrition. Recent research by the Harvard TH Chan School of Public Health suggests that by 2050 billions of people will experience zinc, protein and iron deficiencies due to the impact of CO₂ on nutritional staple crops³.

Global inequality may have reduced over recent years, but in many countries, including SA with its stubbornly high unemployment rate of 27%, it has continued to rise. So, while the latest International Monetary Fund (IMF) forecasts point to a gradual slowdown in the global economy, the drive to address inequality, unemployment and poverty on the African continent, which is Nedbank's primary market, cannot slow down.

The SDGs, African Union's Agenda 2063 and SA's National Development Plan (NDP) offer complementary road maps for the transformation of society and highlight investment opportunities that will meaningfully address these challenges. However, this will require courageous leadership with a focus on long-term value creation and cooperation rather than a narrow pursuit of short-term private gain and competitiveness.

¹ WEF Global Risks Report 2019, 14th edition. http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019.pdf International Monetary Fund (IMF). 2018. World Economic Outlook, October 2018: 'Challenges to Steady Growth'. Washington, DC: IMF. <https://www.imf.org/en/publications/weo>

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

³ Harvard TH Chan School of Public Health, 2018. 'As CO₂ levels continue to climb, millions at risk of nutritional deficiencies'. *Phys Org*. 27 August 2018. <https://phys.org/news/2018-08-co2-climb-millions-nutritional-deficiencies.html>

OUR RESPONSE

Our purpose

To use our financial expertise to do good for individuals, families, businesses and society.

Our vision

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

Our brand promise

See money differently.

Nedbank Sustainable Development Framework



'For Nedbank to be sustainable over the long term we need to have a clear reason for our existence – a "North Star" that demonstrates what we do to help society to develop and grow, thereby helping enable better lives for all. This is our purpose – it is why we have been building and growing Nedbank since its origins in 1834.

Doing good is easy to say but harder to measure, and what gets measured gets done. The SDGs represent a single common set of measurement criteria for "doing good" or improving the state of our economy and society. This power of common measurement and aggregation is why we chose the SDGs to measure the delivery of "doing good" as set out in our purpose statement.'



Mike Brown (Chief Executive)

Delivering value by delivering on our purpose

We understand that our success is contingent on the degree to which we deliver value to society – value that is aligned with what is material to our stakeholders. As such, it is important to understand our role in society and how society can be different because Nedbank is a part of it. As Nobel Laureate Robert Shiller puts it: 'Finance, at its best, does not merely manage risk, but also acts as the steward of society's assets and an advocate of its deepest goals.'

We agree. Banks play a crucial role in facilitating economic activity to enable sustainable growth and development by allocating capital to where it is most needed. A deep understanding of one's purpose helps to guide strategy and decisionmaking in this regard and should result in an optimal balance between long-term shared-value creation and short-term financial results.

We have defined our purpose as 'to use our financial expertise to do good for individuals, families, businesses and society'. It follows, then, that it is through the considered development and delivery of products and services that address society's 'deepest goals' that we can enable a thriving and inclusive economy, create long-term value, maintain trust and ensure the success of our brand.

The SDGs represent a universal agreement on the economic, social and environmental priorities to be met by 2030. They offer a powerful lens through which to identify opportunities for business

innovation and growth, and an objective mechanism through which Nedbank can assess and report delivery on our purpose. We therefore focus on the most material goals and targets through our three main points of leverage – Products and Services; Sustainable Development Finance; Operations and CSI.

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.

Of the 17 SDGs, we have prioritised nine goals that we believe represent the most exciting opportunities for Nedbank to develop innovative banking products and services that will deliver on unmet client needs. These goals are reflected in Nedbank Sustainable Development Framework under Sustainable Development Finance. In 2018 we allocated those nine goals to nine group executives, who own and drive Nedbank's groupwide response to their respective SDG. By doing so, the profile of sustainable development is elevated to the right level in the organisation. This will improve the alignment of purpose with culture, strategy and brand, as well as drive the innovation effort that will be required to capture winning positions in new markets highlighted by the SDGs. Activities within our operations and CSI have also been aligned where possible to addressing the SDGs.

Our values

Integrity

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

Respect

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

Accountability

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

People-centred

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

Client-driven

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

1 SUSTAINABLE DEVELOPMENT FINANCE

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



It is estimated that delivery on the SDGs offers new revenue streams and cost savings of over US\$12 trillion¹ annually by 2030. The level of redirected investment this implies will have a profound impact on the structure of the global economy, resulting in significant job creation and poverty reduction. As such, we are putting delivery of the SDGs at the heart of our strategy and using this to create an enduring competitive advantage.

Our 2018 Sustainable Development Finance efforts still fall short of what is required of a bank of our stature in the South African economy. In 2018 we prioritised 33 of the 169 SDG targets as ones that have potential banking solutions. However, we have yet to set commensurate targets in this regard. The ownership of the SDGs at a group executive level will ensure a change in this regard in 2019. Over time we desire that the percentage of our lending that delivers deliberate positive impact will increase and our lending will not undermine the achievement of the SDGs.

The year 2018 saw an encouraging level of activity in utility-scale renewable energy, several lending innovations in the rural development and agriculture space, as well as digital innovations that enhanced financial access and dropped the cost of a range of transactions. These efforts are outlined in the rest of this review in support of the relevant SDGs.

¹ Better Business Better World Report 2017, Business & Sustainable Development Commission, http://report.betterbusinesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf

For full details of our transformation efforts and progress aligned with the Amended Financial Sector Code (FSC) please see the 2018 Nedbank Transformation Report, which can be downloaded at nedbank.co.za.

Group executive owners of the Sustainable Development Finance SDGs

SDG 4: Quality Education



Anna Isaac



SDG 6: Clean Water and Sanitation



Raisibe Morathi



SDG 7: Affordable and Clean Energy



Mike Davis



SDG 8: Decent Work and Economic Growth



Priya Naidoo



SDG 9: Industry, Innovation and Infrastructure



Brian Kennedy



SDG 10: Reduced Inequalities



Iolanda Ruggiero



SDG 11: Sustainable Cities and Communities



Ciko Thomas



SDG 12: Responsible Consumption and Production



Khensani Nobanda



SDG 15: Life on Land



Mfundo Nkulu



6 CLEAN WATER AND SANITATION



'Water is the lifeblood of many sectors, including agriculture, and therefore key to economic development and job creation. Most importantly, having access to clean water and sanitation is central to living a life with dignity. As a responsible corporate citizen, we recognise the human right to clean water and sanitation. However, millions of people across the African continent still do not have access to this fundamental human right.'

SA, and many of the countries we operate in, are not only water scarce countries, but have poor water infrastructure (supply and sewage), which has contributed to increasing pressure on this limited resource. As such, Nedbank must play a meaningful role in addressing water and sanitation issues primarily through funding solutions, but also through usage at our own operations.'



Raisibe Morathi (Chief Financial Officer) SDG 6: Clean Water and Sanitation

Contributions to SDG 6 in 2018 include:

Lending and investment to address water and sanitation challenges

Nedbank continues to engage with private and public sector stakeholders to provide assistance, advisory services and finance to address the water challenges facing individuals, businesses and the country as a whole. These challenges include water infrastructure, access, efficiency, quality and quantity, as well as issues such as non-revenue water and wastewater, all of which have been exacerbated by continuing poor water governance in many parts of the country. Nedbank has a growing pipeline of water deals, but efforts to bring them to a financial close in 2018 were hampered in particular by the bankability of some of the institutions that require funding for water infrastructure. We hope that public-private partnership opportunities will help remove some of these stumbling blocks as well as increase interest from the corporate sector in actively contributing to water security, thereby protecting their own businesses as well as the needs of broader society.

Despite these challenges, we have made some strategic investments in the water space, including a co-investment with the Multiply Group to form Wellspring Group Proprietary Limited (Wellspring) which, as its first investment, has acquired a 67,2% shareholding in SBS Water Systems Proprietary Limited, a leading supplier of medium-to-large water storage tanks. Wellspring's objective is to invest in and grow companies



providing water-related products and services. SBS in turn represents a key initial investment in water and liquid storage, forming an integral part of the entire water value chain and creating a credible market presence with which further acquisitions can be made.

Nedbank has also participated in various government and industrial water initiatives. Being a member of the Western Cape water drought task force is just one example of Nedbank's role in protecting this scarce resource.

Taking action to help address SA's water challenges

Some of our other water interventions during 2018 were as follows:

- **Net-zero operational water usage** – Thanks to our support of the WWF-SA Water Balance Programme (see page 16) over the past eight years, Nedbank is effectively a net-zero operational water user.
- **Protecting water source areas in the Cape** – As part of the legacy of the Nedbank Cup, we pledged a further R2m to remove water-sapping invasive alien trees around the water catchment areas that feed the six big dams supplying Cape Town. The financial commitment targets the release of one billion litres of water annually.
- **The WWF Nedbank Green Trust** – Over the past five years more than R47m has been invested in 23 national water stewardship and conservation projects.

- **Donations of water filters** – We donated 10 water filters to a water-stressed community in northern KwaZulu-Natal. Each filter ensures that up to 10 people have access to safe, clean drinking water for 10 years.
- **Reductions in office water usage** – As a result of the use of water-saving technology such as air-flush toilets similar to those used in aeroplanes, as well as changes in staff water usage as a result of the drought, we achieved average water savings of 16,5% per fulltime employee across our operations. Reductions of up to 45% in absolute water usage in some of our Cape Town offices were achieved and these learnings will be utilised to drive further reductions in other parts of our operations.



For details of Nedbank's operational water reduction targets and progress please go to Nedbank.co.za.

7 AFFORDABLE AND CLEAN ENERGY



'We have an obligation and the will to play our role in growing the economy in a manner that reduces levels of poverty and inequality, while driving sustainable development and job creation. The efficient use of affordable, reliable and sustainable energy is paramount to achieving these objectives.'

However, energy provision is also the main contributor to climate change. Accordingly, we are committed to building an integrated modern energy sector, incorporating renewable energy sources such as solar, wind and hydropower that will accelerate access to affordable sustainable energy solutions for businesses and individual citizens alike. Through our market-leading position in the financing of renewable energy we will endeavour to finance our share of these new solutions, as there is no long-term future for businesses in an unsustainable environment.'



Mike Davis (Group Executive: Balance Sheet Management) SDG 7: Affordable and Clean Energy

Contributions to SDG 7 in 2018 include:



Utility-scale renewable-energy finance

The SA government's commitment to creating a low-cost, sustainable and balanced energy mix for the country was recently reinforced through the Draft Integrated Resource Plan (IRP) 2019. The Energy Finance team at Nedbank continues to contribute to maximising the impact of the IRP through the financing and support of renewable-energy projects. In 2018 Nedbank closed a further 12 renewable-energy project deals under round 4 of the Department of Energy's (DOE) Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) to the value of R13bn. Once constructed, these plants

will add a further 1 145 MW to the national grid. This round included various projects using solar photovoltaic (PV) and wind, as well as SA's first-ever biomass REIPPPP project, which will use natural waste recovered from Sappi's Ngodwana Mill and surrounding plantations to provide 25 MW of additional generating capacity. Of significance also was Nedbank's role in helping Enel, one of the world's largest renewable-energy companies, reach financial close on the single largest transaction ever closed in the renewable space in SA. This is attributed to an innovative approach adopted in financing five wind projects with a capacity of approximately 700 MW on a single portfolio basis.

In all REIPPPP rounds completed so far Nedbank has arranged and funded a total of 42 transactions, underwriting a total of R40bn, with R22,8bn disbursed for renewable-energy deals to date.

Embedded-energy generation finance

In addition to utility-scale renewable-energy projects, the market is also rapidly developing in the corporate and industrial space through embedded generation, with the Draft IRP 2019 making unlimited annual provisions for projects below 1 MW and a specific annual provision for 200 MW of new projects between 1 MW and 10 MW. Nedbank is building on its successful utility-scale energy portfolio to contribute towards further developing the embedded-energy sector. This not only supports government's shift towards renewable energy, but also contributes to the continued growth of the renewable-energy industry and associated job creation, and supports Nedbank clients in their endeavours to secure a reliable and affordable renewable-energy supply. In 2018 almost R1bn of our property finance lending incorporated the installation of solar power.

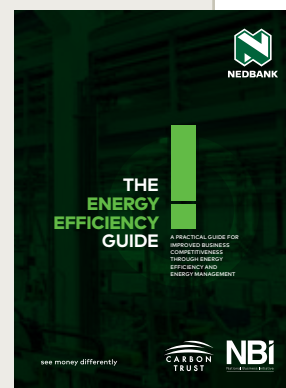
The Energy Efficiency Guide

Every business depends on energy for its operations. However, energy is a significant cost for any organisation, and with power prices set to continue rising in the coming years, businesses recognise that energy saving is imperative for long-term survival and sustainable success.

In 2018 Nedbank launched *The Energy Efficiency Guide*, which offers SA businesses advice, guidance and a range of practical tips on how to manage their energy consumption efficiently, thereby reducing costs, lowering their reliance on the national

energy grid and boosting long-term resilience. This guide was developed in association with the National Business Initiative and Carbon Trust and is based on the energy management experiences of more than 5 000 South African companies across various sectors through the Private Sector Energy Efficiency (PSEE) Programme.

Since it was officially launched in October 2018, over 3 000 copies of the guide have been distributed to Nedbank clients across the country.





Solar power for small businesses and homes

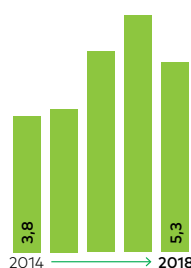
Clients can use a Nedbank Personal Loan, NedRevolve or a readvance facility on their Nedbank home loan to finance energy solutions for their homes.

We also offer finance solutions to business clients wanting to implement renewable-energy projects. These deals include numerous value-added components, including longer payback periods. In 2018 we financed R36m (2017: R24m) of transactions primarily in the photovoltaic space. We expect the number of transactions to continue to increase exponentially in coming years.

Nedbank Retail Green Savings Bond

When it was launched in 2012, the Nedbank Retail Green Savings Bond was the first 'green' savings bond open to investment by retail clients in SA. It allows a fixed-term investment of between 18 months and five years and offers a competitive interest rate with the added benefit of guaranteed returns for capital security. The funds invested are earmarked for the support of renewable-energy projects in SA that are funded by Nedbank. More than R31,3bn invested in the Nedbank Retail Green Savings Bond at 31 December, with net inflows of R5,3bn during 2018.

Nedbank Retail Green Savings Bond investments (Rbn)



Total Retail Green Savings Bond investment is R31,3bn

Ending finance for new coal power projects

We are committed to playing an active role in addressing the current energy crisis and the challenges being experienced by Eskom. In the short term this may entail bridging finance, while in the longer term the bank will seek to help with the restructuring of Eskom into smaller, more efficient, units in line with President Cyril Ramaphosa's announcement in February 2019. It is our view that a consistent predictable annual commitment to renewable energy is necessary to stabilise the system and create and sustain a local support and manufacturing industry as an integrated solution to the energy challenges faced by SA.

We continue with our strategy of supporting the diversification of SA's electricity supply. Currently 2,13% (2017: 2,08%) of our total group lending and finance commitments relate to renewable-energy generation. This compares favourably with the 0,43% (2017: 0,56%) of total funding of coal- and fossil-fuel-based energy generation (including our direct facilities to Eskom).

Importantly, as from 2018 the bank undertook not to provide project financing or other forms of asset-specific financing where the proceeds would be used to develop a new coal-fired power plant, regardless of country or technology. This commitment extends to round 1 of SA's Coal Baseload Independent Power Producer Programme.

We continue with our strategy of supporting the diversification of Africa's electricity supply





'Cities are the hubs of modern economic activity. They are the melting pots in which the interplay between physical constraints and human needs work themselves out daily. With 3,5 billion people already living in cities worldwide, the future success of our economies will depend on sustainable development solutions being found within the built environment.

This is particularly so in SA, where we have a history pock-marked by forced urban existence, the spatial legacies of apartheid and legislation like the 1913 Land Act, all of which combined to bequeath our society the adverse legacy of suboptimal urban coexistence, initially along racial and now economic fault lines.

A bank can play a vital role in rectifying this. Lending in the residential sector can be used powerfully to effect change. Investment into safe and sustainable transport solutions and well as resilient building technologies is equally important. Banks, through our lending, have a vital role to play in the redefinition of new societies and their spatial coexistences, among other things.'



Ciko Thomas (Group Managing Executive: Retail) SDG 11: Sustainable Cities and Communities

Contributions to SDG 11 during 2018 include:

Affordable housing

Access to adequate housing is one of the key challenges of democratic SA, as government grapples with lingering backlogs in the provision of affordable housing and rising demand. In recognition of this, in 2018 Nedbank disbursed R1,2bn (2017: R863m) towards new affordable-housing developments for the building of more than 2 860 (2017: 2 100) affordable-housing units.

In addition, Nedbank partnered with International Housing Solutions and Instratin Property Developers to pursue a number of social housing projects. As part of the partnership Nedbank committed to providing capital for more than 2 700 social housing units, offering access to quality rental housing below market prices to households earning R1 500 to R15 000 per month. This initiative will also enable residents to live closer to work, schools and healthcare and other facilities, thereby reducing transport costs and boosting socioeconomic mobility.

Nedbank also provided R943m in home loans (2017: R880m) 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 clients. The decision to waive the upfront bond initiation fees of R6 000 for qualifying clients with a monthly household income of less than R22 000, which was started in 2017, continued in 2018, resulting in R20m in savings for our clients and Nedbank's market share increasing to 14% in this business.

In 2018 the offering was enhanced with a 50% discount on attorney bond registration fees for these clients. Going forward, Nedbank is partnering with the Department of Human Settlements to assist first-time home buyers qualifying for the government's Finance Linked Individual Subsidy Programme (FLISP) with the application process. This will make it easier for our clients to access the subsidy.



Green affordable housing

Nedbank's focus on providing funding and support for affordable-housing developments that incorporate energy- and water-efficient technology continued. In 2018 data relating to these Excellence in Design for Greater Efficiencies(EDGE)-rated green social and affordable-housing developments showed significant resource savings. An example is the Belhar Gardens social housing rental development. Over the course of the year, water savings ranged from 15% to 25%, with the monthly usage of each unit averaging below 6 kℓ in compliance with the extreme water restrictions in Cape Town. This has meant that lower-income residents have been shielded from steep tariff hikes associated with the drought. The Green Building Council of Southern Africa recently recognised Belhar Gardens as the most Innovative EDGE Housing Project of 2018.



Green buildings

In 2018 Nedbank provided funding of R4,8bn (2017: R1,3bn) for the construction of buildings that conform to green building standards. This will result in more than 200 000 m² of additional green building floor space and deliver further increases in energy and water efficiencies achieved by green buildings in the country.

Nedbank also occupies 10 Green Star-rated buildings, reaping the benefits of water and energy savings as well as staff wellbeing.

For details on Nedbank's operational footprint please refer to page 21.



'As individuals and consumers, we have the gift of being able to make choices, and this gift gives us great responsibility. This responsibility applies to the world of business. We know that as a bank, Nedbank is not directly involved in the production of physical goods, but many of our clients are. So, we have a choice to make: we can be a commentator, analyst and thought leader around consumption and production matters; or we can be a catalyst for positive change and transformation by helping to finance more responsible and sustainable ways of producing and consuming goods.

At Nedbank, we choose the latter. Our very distinct brand essence, positioned as a provider of financial expertise to do good, compels us to make this our choice. We recognise that the world simply can't continue to produce and consume in the same way that it has. If we do, we run the risk of depleting the natural resources that are essential to our survival. So, as a business, while we understand the need for economic growth, we are also aware that such growth must not come at the expense of our resources and those of future generations.'



Khensani Nobanda (Group Executive: Group Marketing and Corporate Affairs) SDG 12: Responsible Consumption and Production

Contributions to SDG 12 during 2018 include:

Growing sustainable agriculture through finance and innovation

At Nedbank, we view the support and enablement of sustainable and ethical agricultural practices as a vital cornerstone of food security and employment creation in Africa. As such, we invest significantly in the sector, with a particular focus on innovation that has the potential to transform the way farmers work, enabling them to protect our natural resources, and capacitating emerging farmers as they become significant and successful commercial food producers. Examples of our funding efforts in this regard are as follows:



Humansdorp Cooperative

Humansdorp Cooperative in the Eastern Cape serves 1 300 farmers, most of whom are involved in dairy and citrus cultivation. Its members produce more than 30% of SA's dairy requirements. Nedbank provided an R800m borrowing base facility to the Humansdorp Cooperative: R750m to meet the working capital needs of its members and an additional R50m for sustainable farm interventions such as soil health, water efficiency (including irrigation and storage), shade netting and renewable-energy technologies. The facility comprises an innovative borrowing base structure designed to enable orchard and dairy expansion programmes with preferential rates to incentivise the financing of sustainable farm interventions. The cooperative also has a very successful funding programme assisting emerging farmers in the area.

Aerobotics Proprietary Limited

Nedbank made a minority equity investment in Aerobotics, a disruptive technology company that builds advanced analytics on top of aerial drone and satellite imagery to deliver bird's-eye-view, multispectral images of orchards to help farmers optimise yields and manage costs. Aerial data are processed through an inhouse analytics programme that uses machine learning to help farmers assess orchard health and control pests and disease. The technology, which can even assess the health of individual trees in an orchard, is currently used across 63 000 ha of arable land by 660 commercial farmers in SA, Australia, France, Spain and the USA.



Kwa Drabo Trust

In late 2018 Nedbank approved a R15m rural livestock borrowing base facility to the Kwa Drabo Trust, which was founded in the early 2000s to support the development and upliftment of the Centane community in the Eastern Cape. The money will be used to facilitate a unique, synergistic partnership between the cattle farmers of the region and Beefmaster Proprietary Limited, one of SA's largest farm-to-fork beef-processing companies and an existing Nedbank client. The agreement will see Beefmaster acquiring weaner calves from local farmers in the region at a market-related price per kilogram and then conditioning and rearing those cattle until they are abattoir-ready. The arrangement not only enables Beefmaster to operate its abattoirs at full capacity, but also brings rural farmers into the commercial livestock arena, allowing them to command market-related prices for their cattle.





'Nedbank cannot be successful if the societies in which we operate are not successful. Decent work and economic growth are therefore critical components in creating a thriving society and delivering positive outcomes.

Poverty and inequality continue to be key challenges to overcome across the continent. One of the ways to address these challenges is to improve employment levels through the creation of decent jobs. Job creation is positively associated with economic growth, and one only needs to look at the differing prospects of countries across the continent to see that a lack of economic activity has a stark impact on unemployment levels, which, by example, in SA exceeded 27% in 2018.

The focus therefore has to be on creating new jobs that can stimulate the economy in a sustainable manner. This must include an effective policy environment that promotes investment and innovation, accountable institutions and basic infrastructure to support the growing economic needs – all of this to drive growth in the sectors of the economy that are labour-intensive. If this can be done sustainably, then we have a decent chance of reducing the ills of poverty and inequality.'



Priya Naidoo (Group Executive: Strategy) SDG 8: Decent Work and Economic Growth

Contributions to SDG 8 during 2018 include:

Inclusive banking solutions

- **MobiMoney** – To address basic consumer financial services needs such as transacting, our new digital wallet-based solution Nedbank MobiMoney enables ease of access to basic banking services for keeping money safe, buying electricity and airtime and sending money to other people. With MobiMoney anyone with a cellphone and a valid SA identity number can open an account in seconds by simply dialling *120*002#. The demand for the solution has exceeded our expectations, as it has so far been released only as a limited access pilot in a small number of communities. Since the launch in August 2018, we had a total of 68 952 enrolments on the platform, with more than 38% of the enrolled clients interacting with Nedbank for the first time. To date transactions to the value of R133m have been processed through the platform.
- **Stokvel Account** – The Nedbank Stokvel Account provides a safe, easy and effective way for groups of individuals to pool their savings and grow their money collectively. The Stokvel Account offers competitive returns, no monthly maintenance fees, dedicated support, financial education to members and a best-in-market burial benefit of R10 000 for just R15 per member per month. We have also negotiated discounts with various retail partners, and members receive discount of up to 10% on bulk groceries or school supplies. In 2018 we secured discount vouchers of up to 15% from the Edcon Group for each stokvel member captured on our stokvel management system. We further offered stokvels with balances of at least R10 000 at the end of October 2018, 5% of their balance as a shopping voucher at Shoprite Group stores. Since the launch in March 2018, the Stokvel Account has attracted over 1 600 stokvel groups with more than 48 000 members. New functionality being introduced in 2019 should see increased rates of accounts being opened and have a positive impact on our overall numbers of primary clients.
- **Unlocked.Me** – Unlocked.Me is an exclusive e-commerce marketplace for millennials. Through the platform we offer financial literacy and a first-in-market banking account with no monthly fee charges (a 'zero account') with value-added discounts on data, food and transport. To date over 30 000 users have registered on the platform. Given the challenge of youth unemployment in SA, helping students to find work and navigate career choices is also an important focus of Unlocked.Me. Under the 'Potential' pillar of the website, students can apply for jobs, with over 500 jobs advertised, and they can also get advice on career options.

- **Insurance** – Based on insights gleaned from extensive client research, Nedbank Insurance significantly enhanced the benefits offered to clients holding a Nedbank Insurance Funeral Plan (NIFP), making it one of the best funeral products in the market. These enhancements include increased maximum cover amounts and cash back, a reduction in the waiting period for new clients and a higher limit to the number of beneficiaries that can be added to the funeral policy.
- **Debt review** – We recognise that the current economic situation in SA has placed immense pressure on many people and businesses. We have therefore taken proactive steps to assist our clients during these trying times by offering them a range of voluntary debt relief initiatives, including debt repayment arrangements and debt restructuring. The value of client debt that has been fully rehabilitated through our debt review process for 2018 was R345m (2017: R170m).

We continue to assist clients to restructure their debt by extending their repayment terms and/or reducing their monthly instalments. Nedbank has enabled more than 33 400 clients with R18,6bn in home loans to keep their homes despite the financial challenges they have faced. We have also assisted almost 80 000 clients with debt restructuring so they can keep their motor vehicles.

As a preferable alternative to property repossessions, Nedbank-assisted Sales helps clients experiencing financial challenges to obtain offers for the sale of their assets or assists them with the sale by public auction. To date over 4 370 clients have benefited from the assisted-sales offering, to the value of R3,9bn. The programme has helped to reduce the indebtedness of participating clients by almost R850m.

Nedbank helps VBS clients

The South African Reserve Bank gave Nedbank the mandate to facilitate payments to 17 000 qualifying VBS Mutual Bank clients. Only retail depositors qualified under the agreement, including individual account holders, stokvels, burial societies and club account holders. These clients had R100 000 or less in their accounts (forming 97% of the total VBS retail depositor client base) before VBS Mutual Bank was placed under curatorship.

Nedbank embarked on a three-day consumer education drive in the Vhembe District before the start date to ensure that VBS clients understood the process of opening a Nedbank account to access their funds. We began servicing the migrated VBS clients in July 2018, and they have up to three years to access their funds. Pleasingly, 98% of these accounts remain open with Nedbank.

Enterprise development

As a bank committed to supporting and growing businesses, Nedbank has enterprise development (ED) programmes that are focused on small, medium and microenterprises (SMMEs), as they are the engines of economic growth and job creation.

Our ED programmes offer flexible financial solutions combined with specialised mentorship and training programmes in business strategy. We also offer a range of value-added services for SMME clients, including CIPC Online, an online portal that enables startups and entrepreneurs to reserve a business name or register a business online and open a business account. Nedbank was also the first bank to offer BEE certificates to businesses registered on the Nedbank SMME portal. While the details of our ED efforts and achievements as well as more details on Nedbank Small Business Services can be found in the 2018 Nedbank Transformation Report, some examples include:

- **In 2018 we were actively involved in 24 Expanded Public Works Programme (EPWP) projects**, supporting 554 learner contractors and providing R2,7m in mentorship funding. We directly contributed to the creation of 2 977 job opportunities. To date we have provided SMME lending, through the programme, to a total value of R41m.
- **We are also involved in various interventions aimed at building business skills and capacity** through 23 municipalities across the country, which directly benefit 2 400 SMMEs. In addition, we have invested R20m in the government SME Fund.
- **Our working capital solution GAP Access™** enables small and medium enterprises with a turnover of between R500k and R1,5m a year to gain access to a revolving credit facility directly linked to card turnover, earned through a point-of-sale device. The value of funding through this solution reached R123,7m.
- **Pitch & Polish is a national initiative sponsored by Nedbank. It offers free workshops targeting entrepreneurs and startup owners**, who can pitch their business ideas in front of an audience and judges (including representatives from Engen, Raizcorp and Nedbank). Finalists go through various rounds and the winner receives startup funding. Nedbank provides financial training and sponsorship and agrees to provide funding to the runnersup where possible. The year 2018 saw over 1 700 participants nationally – a 3% increase from 2017 – and 67% of participants opted to engage with Nedbank after the process.

Solar water heater installation and maintenance training programme

Nedbank prioritises investment in initiatives that have the potential to develop the technical skills, employability and entrepreneurship of young people in SA. An example of this is our partnership with the National Business Initiative (NBI) and Harambee Youth Employment Accelerator (Harambee) to implement a solar water heater installation and maintenance programme.

The pilot programme saw qualifying candidates receiving technical skills training in the installation and maintenance of solar water heaters (SWHs) so that they can be employed or become employers in the labour-intensive SWH sector. They attended classes at the Central Johannesburg College and then undertook a six-month work-placement programme with companies linked to the Institute of Plumbing SA.

As evidence of the success of the programme, of the 29 candidates that participated, nine have now been employed fulltime (eight by companies that participated) and 14 have been placed in extended experience programmes. From a long-term sustainable impact perspective, the results point to the real potential for this programme to support the integrated skills development of young people and raise their potential for employment. Based on this success, a second phase is planned, which will capacitate a further five colleges to offer the SWH training to larger numbers of students.

Thanks to Nedbank's investment of over R2m in 2018 and its commitment to providing a further R2m in 2019, the SWH programme has the potential to be a sustainable skills development initiative that could change the lives and futures of many young South Africans.



Nedbank says 'Yes' to YES

The Youth Employment Service (YES) was launched by President Cyril Ramaphosa as a joint initiative between government, business, labour and civil society in March 2018. It aims to reduce the youth unemployment rate in the country through the creation of one million work opportunities for youth over three years.

From the first quarter in 2019 we will be investing approximately 1,5% of the three-year average of SA net profit after tax per annum, based on Gazette 41866 from the Department of Trade and Industry. This will provide employment opportunities for just over 3 000 youth either through internal or sponsored placements. In addition to this investment, in 2018 Nedbank invested R5,9m in the Green Engine YES hub at Tembisa, which is set to deliver massive community benefits and create employment opportunities for young people.



Nicky Turnbull/Giraffe © copyright 2018



The hubs are high-tech urban aquaponics farming facilities. At full capacity each will deliver about 43 000 fresh lettuce heads and 1 200 kg of fish per year. They have been designed to catalyse local urban farmers and youth to prepare them to work in, or start their own, aquaponics businesses that can deliver quality vegetable and fish produce, supplementing the nutritional needs of their local communities.



'Nedbank has a critical role to play in building a nation that is inclusive and thriving – meaningful job opportunities and reducing youth unemployment are vital to this. As such, we are proud to support YES and equip young people with the skills they need to be successful entrepreneurs and contributing citizens.' *Mfundo Nkuhlu (Group Chief Operating Officer)*



4 QUALITY EDUCATION



'Education is one of the most important investments a country can make in its future and its people. Quality education enables critical thinking and innovation, producing people who are more equipped to contribute to the economy and grow their fields of expertise. It removes barriers in the economy by allowing for greater equality of opportunity, opening up access to a better life for all. Quality education creates a sense of confidence in the youth, empowering them to develop opinions and challenge existing ways of thinking. It allows for a more integrated, diverse and understanding society, encouraging the exploration of different cultures and perspectives. Quality education also dissolves barriers, creating a dynamic economy and greater access to an improved future.'

Nedbank's role in contributing to this goal includes the professional development of our staff, the provision of learnership and graduate programmes and our education-focused CSI investments. In addition, we will continue to explore new financing solutions to complement our existing student loan offerings and investments in student accommodation.'



Anna Isaac (Group Chief Compliance Officer) SDG 4: Quality Education

Contributions to SDG 4 during 2018 include:

Student accommodation

Key to the improvement of SA's educational outcomes is the availability of suitable student accommodation close to the respective tertiary institution. We continue to proactively seek out opportunities to deliver solutions to the critical shortage of affordable student accommodation across the country. The innovative solutions delivered by Nedbank are created in partnership with various property developers and include a unique set of lending criteria that has been designed specifically for this distinctive property development asset class. In 2018 we provided student accommodation funding of R446m (2017: R1,1bn), which facilitated the provision of an additional 3 750 student beds (2017: 5 700). The decline in lending in 2018 was due primarily to delays in land being made available for development in some provinces.



Student loans

Recognising that education is the bedrock on which a successful nation must be built, we offer financial assistance beyond just study loans to ensure that any academically deserving applicant has access to higher education. Our student loan product covers a broad spectrum from student fees to textbooks at competitive interest rates and on flexible repayment terms. During their studies, internships and articles, students are required to pay only the interest on their loans, and capital payback is required subsequent to completion of this. Over the past three years Nedbank has provided approximately 3 000 students with student loans to the value of R149m. A total of R44m (2017: R44m) of this was disbursed to support almost 800 students in 2018. Going forward, we will work to enable digital applications at multiple institutions to make the process less arduous and remove the anxiety around whether applicants' studies will be funded or not.

In 2018 we continued our involvement with the Ikusasa Student Financial Aid Programme (ISFAP), which is working to mobilise a range of funding sources – including developmental finance institutions, corporate funding, individual contributions and social impact bonds – to provide loans to 'missing middle' students. We have dedicated resources to the ISFAP application process to identify accurately the household means of applicants and deliver appropriate financial support for their studies. We continue to engage and partner with the ISFAP in order to identify further opportunities to broaden its base and offer more students access to tertiary education.



¹ Families with a combined income of less than R400 000.



'Investing in infrastructure, industrialisation and innovation can be a strong catalyst of economic development. Improvements in growth, productivity as well as better health and education outcomes, are reliant on adequate investment in infrastructure. In addition, implementing infrastructure and industrialisation with sound sustainability principles will leave a positive legacy and impact on the environment and society.'

In SA and the rest of Africa, basic infrastructure like roads, information and communication technology (ICT), sanitation, electric power and freshwater remain scarce, especially in rural areas, and are under increasing pressure due to urbanisation in others. Both rural and urban areas are also increasingly facing issues with ageing infrastructure or lack of maintenance. In addition, Africa will be severely impacted through climate change and in particular by water shortages, which will increase the need for efficient and effective provision of infrastructure.

Nedbank can assist in achieving SDG 9 through funding of infrastructure including mass transit, road and rail corridors, renewable energy, water-treatment plants and ICT, as well as affordable housing, schools and hospitals. We can apply our social and environmental risk expertise to identify and manage the potential impacts of this infrastructure. We can also develop innovative solutions that solve sustainability issues, or that have incremental benefits with regard to reducing costs and increased efficiency. Technical and financial support, especially to SMEs, will help create a more level playing field and allow them access to larger value chains.'



Brian Kennedy (Group Managing Executive: CIB) SDG 9: Industry, Innovation and Infrastructure

Contributions to SDG 9 during 2018 include:

Supporting infrastructure development in Africa

The development of a transport corridor in northern Mozambique has been in progress for over a decade, with Nedbank involved in project advisory as early as 2004, with construction of the project beginning in 2012. It is jointly owned by two major international companies, Vale SA and Mitsui & Co Limited, which have been key in driving the development and taking the project to bankability. Our participation includes USD50m in debt funding – an important investment in infrastructure development in Africa.

The project consists of the construction and rehabilitation of a 900 km railway line in Mozambique and Malawi, and a new export terminal located at Nacala, on the east coast of Mozambique. Managed across four concessions and two governments, the project is a key regional infrastructure initiative providing a significant socioeconomic benefit to the region.



Innovation in investments

In 2018 Nedgroup Investments focused on leveraging innovation and digital advancements to enhance its offering. One such advancement was Extraordinary Life, an automated online investment portal. It is a unique service solution driven by a userfriendly chatbot that personalises and optimises the asset allocation and tax efficiency of individuals' portfolios at a quarter of the price that is levied by many competitor

investment companies. The solution uses a combination of complex algorithms and client-led design to provide an easy and simple-to-use solution. Extraordinary Life won *The Banker Tech Project of the Year* award for 2018 in the category Artificial Intelligence and Robotics. It was also a finalist in the 2018 Gartner Eye on Innovation Awards. To date 77% of the investors using the platform are new to Nedbank, meaning the tool is attracting new clients to the brand.

10 REDUCED INEQUALITIES



'Inequality undermines trust, which is a precondition for long-term economic success. Reducing inequality is especially important in the African context because we have had such a long history of disparity in much of our continent. However, it is important to recognise that global inequality affects us all, no matter who we are or where we are from. By reducing inequality, we can reduce poverty, improve long-term social and economic development, give people a sense of fulfilment and self-worth and eventually reduce crime, disease and environmental degradation.

If we want to reduce inequality it is important that we, as corporate business, support efforts to address inequality through policies, financial products and services and programmes that work to fight poverty and improve education. More so, we need to practise what we preach by promoting fairness and equality, not only in the day-to-day running of our business but also through the products that we design and market. In so doing, we will begin to reverse the growing divide.'



Iolanda Ruggiero (Group Managing Executive: Wealth) SDG 10: Reduced Inequalities

Contributions to SDG 10 during 2018 include:

Supporting and enabling philanthropy

Nedbank Private Wealth (NPW) clients have access to specialised philanthropy advice and services to facilitate charitable giving. The NPW Philanthropy Office has a philosophy of ensuring long-term financial sustainability through investments. It currently manages approximately R8bn in assets for philanthropy clients. It was internationally recognised for excellence in the 2019 Euromoney Private Banking and Wealth Management Survey, which named NPW as Top Private Bank and Wealth Manager in SA for ESG/Social Impact Investing.

Crossborder remittances

In partnership with Ecobank we introduced a crossborder remittance solution that allows documented people living and working in SA to instantly transfer money to friends and families in 33 countries across Africa. The service is highly affordable, with clients paying just 3,5% of the remittance value. The product is currently available on the Nedbank Money app™, and is therefore highly convenient as Nedbank clients are not required to provide any documentation or visit a branch to sign up or make transfers. Nedbank has leveraged its internal treasury function and associated real-time systems to ensure that real-time forex rates are sourced at appropriate costs, which contributes to our market-leading pricing proposition. Since the launch of the crossborder remittance solution in November 2018, more than R80 000 in funds have been transferred.



Improving financial inclusion

- **Digital banking that drives inclusion** – Our focus is on delivering better self-service and improved levels of engagement through our digital channels. This allows us to drive down costs and pass on savings to our clients. In 2018 we saw increasing numbers of our clients transacting online, primarily through their mobile devices. The number of retail clients using our digital platforms to transact has increased to 5,9 million, and approximately 95% of our Business Banking clients are digitally enabled.
- **Innovating for inclusion** – We continue to develop products and services, technologies and distribution channels to reach more clients and improve access to financial services for all our clients. Our physical distribution footprint includes 498 branches, 106 instore outlets and over 270 personal-loan kiosks. In addition to this, we have 411 self-service kiosks inbranch, allowing clients to complete self-service transactions such as ATM limit changes and overseas travel notifications at their own convenience. Video banking and contact centre access from within branches provides convenient alternatives to clients, especially during busy times. We also launched a function for clients to access authorised bank statements on our Intelligent Depositor devices, with more than 300 000 statements being accessed by clients monthly.

Our contact centre is available 24 hours a day and the client experience has been improved through the launch of voice biometrics and a new online live chat feature, giving clients access to our services and advice by texting our knowledgeable agents at any time of day. Over the past 18 months, 20% of contact centre interactions have shifted to text and video mechanisms.

- **Educating for inclusion** – In the past five years we have reached over one million individuals (2018: 175 000) through our consumer financial education programme that focuses on holistically empowering people to make better financial decisions. We have also provided financial training to more than 100 000 youths (2018: 10 000) and more than 1 800 entrepreneurs (2018: 800).

15 LIFE ON LAND



Land is both the origin and sustenance of life. Forests account for 30% of the earth's surface, providing vital habitats for millions of people and animal species, and they are important sources of food, clean air and water, as well as being crucial for combating climate change.

The 'Life on Land' goal aims to protect, restore and promote sustainable use of terrestrial and inland freshwater ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss.

Critical then is the managing of land as a finite resource, thereby promoting sustainable living within planetary limits. In the context of our history of division and strife, land, and its use, is obviously an emotive subject in SA and in many other places on the African continent. Nedbank is therefore committed to using finance where possible to address the imperatives of SDG 15 in a manner that is relevant and responsive to domestic requirements.'



Mfundo Nkuhlu (Group Chief Operating Officer) SDG 15: Life on Land

Contributions to SDG 15 during

2018 include:



Rodney February / WWF-SA



The Nedbank cofunding will support the mobilisation of an official community public-private partnership in the region supporting the Umzimvubu Catchment Partnership Programme Partnership (UCPP) and local partners to scale up their activity in the area. It is envisaged that this work will serve as the blueprint for how such an integrated landscape approach can be replicated across other critical water source partnerships throughout SA. Importantly, learnings from the partnership will be used to develop innovative lending solutions for our clients across sectors such as agriculture.

New conservation partnership with WWF-SA

From 2019 the long-standing relationship between Nedbank and WWF-SA will enter its next phase, with the establishment of a new R25m conservation partnership supporting water security, reducing land degradation and improving local economic opportunities for rural communities in the Eastern Cape over the next five years. The Eastern Cape is home to the second-largest water source area in SA, providing close to 20% of the country's freshwater runoff.

The partnership prioritises the safeguarding of these critical water source areas and downstream catchments, which are also home to national biodiversity hotspots. These unique landscapes and downstream catchments will be maintained through sustainable rangeland management and improved agriculture production, with WWF-SA and partners supporting and incentivising compatible, responsible land-use practices within the catchments, as well as the use of innovative rural local economic development opportunities including job creation, youth involvement and enterprise development.

This partnership will build on the previous investments made by Nedbank through the WWF Nedbank Green Trust, the WWF-SA Sustainable Agriculture Programme and the WWF-SA Water Balance Programme, and draws extensively from the learnings and achievements of these programmes in order to deliver even greater environmental, social and economic sustainability benefits for the country.



Rodney February / WWF-SA

The WWF-SA Water Balance Programme

The WWF-SA Water Balance Programme is an initiative that ensures healthy and effective water source areas in SA through the removal of invasive alien plants. Nedbank donated R12m to this programme over an eight-year period, effectively balancing our current operational water usage by ensuring an equivalent amount of water is not lost to water-thirsty invasive alien plants.

In the eight years Nedbank has supported the programme the following has been achieved:

- A total of over 450 ha of densely infested land has been cleared of invasive alien vegetation and received at least three followup treatments. This has allowed approximately one billion litres of water a year to remain in vital water catchments and this will continue annually.



Saskia Fourie / WWF-SA

- More than 23 ha of previously cleared land were restored through the planting of more than 25 000 indigenous, water-wise plant varieties.
- We assisted in unlocking over R4,8m of government cofunding into Riviersonderend, one of the Western Cape's top priority catchments.
- More than 47 000 workdays were created for people from communities surrounding the project's focus areas.

The WWF-SA Sustainable Agriculture Programme

Sustainable agriculture practices are vital given the significant strain that could potentially be placed on food security in SA as a direct result of a dysfunctional food production and consumption value chain. The WWF-SA Sustainable Agriculture Programme was established to promote innovation and drive responsible farming practices to reduce environmental impacts on constrained water, energy and soil resources and to maintain healthy, natural ecosystems in large-scale commercial, small-scale and communal farmlands.

In the six years that Nedbank has partnered with and financially supported the programme the following has been achieved:

- We have invested R18m in support of WWF-SA's work with farmers, agricultural industry bodies, consumers and government.

- The programme delivered industrywide environmental best-practice production standards and highly successful industry value-chain partnerships, implementing these standards in five priority agriculture sectors: fruit, wine, dairy, beef and sugar farming.
- The programme has supported the development of an independent and integrated social, ethical and environmental assurance platform for responsible farming across the SA agricultural sector.
- A network of small-scale farmers promotes the participation and further development of smallholder farmers, while also building inclusive market access.

Importantly, the positive results achieved by the programme, with the support of Nedbank, are fully sustainable into the future, well integrated, adopted by industry and promoted by farmers themselves – illustrating the importance and benefits of sustainable agriculture practices.



2 OPERATIONS

Our operations comprise the activities undertaken to run our business as well as our office and branch network, related supplier activity and effective management of our 32 177 employees. The direct impact of our operations is relatively small and not all of our operational activity responds to the SDGs, but where it does, we still strive to minimise the negative impact and maximise the positive.



 Please refer to our Stakeholder, People and Pillar III Risk and Capital Management Reports on nedbank.co.za for more information.



Our approach to sustainable development

Our approach to sustainable development is informed by the SDGs and guided by the Nedbank Sustainable Development Framework. It recognises our three key areas of leverage – Products and Services; Sustainable Development Finance; Operations and CSI – and seeks to ensure alignment of these with our purpose, while primacy is given to the Products and Services lever. Activities in these areas are underpinned by robust sustainable development governance processes, frameworks and structures that ensure adherence to both the letter and the spirit of relevant legislation and regulation.

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

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

The UN SDGs	The Energy Efficiency Leadership Network Pledge
King IV™	The UN Environment Programme Finance Initiative (UNEP FI): Africa Network, National Capital Declaration and Positive Impact Working Group
The Code for Responsible Investing in South Africa (CRISA)	The UNGC Advisory Committee
The National Development Plan (NDP)	The Banking Association South Africa (BASA): Sustainable Finance Committee and Positive Impact Committee
UNGC: the CEO Water Mandate	The Association of Ethics Officers in Africa
The Taskforce on Climate-related Financial Disclosures	The Organisation for Economic Co-operation and Development: Financial Sector Mapping Advisory Group
The National Business Initiative Advisory Committee on Climate Change	The National Biodiversity Business Network
The National Energy Efficiency Accord	The Embedding Project: South Africa Peer-to-Peer Network
The International Finance Corporation (IFC) Performance Standards	The Equator Principles



Sustainable Development Governance

Group Transformation, Social and Ethics Committee

Integration of sustainable development principles into the Nedbank strategy is a groupwide commitment that is embraced in a decentralised manner aligned with the structure of the group. The Group Transformation, Social and Ethics Committee (GTSEC) spearheads all sustainable development governance bodies and commitments under the guidance of Nedbank's Strategy Group Executive, Priya Naidoo. The GTSEC also makes recommendations to the Nedbank board and executives on ways in which our group can improve and

enhance its activities that positively impact on broader society while minimising its negative impacts, thereby increasing our relevance to clients and our other stakeholders.

A central sustainability team provides advisory support to enable the integration of the bank's Sustainable Development Framework as well as sustainability policies and procedures throughout the group. This team is bolstered by members from various areas of the organisation that sit on numerous other Nedbank committees such as Brand, Credit and Risk. This ensures that sustainable development considerations are integrated into all strategic and operational decisions or actions taken by these committees. This approach not only ensures that our business complies with all regulations and legislation, but also enables the early identification of sustainability risks and opportunities.

Key actions taken by the GTSEC in 2018

- Monitored progress of Employment Equity Plans with a focus on enhancing the group's AIC profile.
- Provided oversight on the development of a wellbeing strategy, emphasizing the holistic wellbeing of our people.
- Implemented the requirements for MAFR through an external audit tender process, and nominated the appointment of EY and reappointment of Deloitte for 2019.
- Continued to provide critical challenge in respect of the bank's progress in delivering value by delivering on the bank's purpose, including guidance and monitoring progress in terms of delivering on the SDGs.
- Monitored relevant regulatory developments, including the impact of the Amended FSC, specifically improved skills development and enterprise and supplier development, thereby achieving a level 1 BBBEE contributor status.

GTSEC focus areas for 2019

- Oversee progress towards improving African representation at middle and senior management levels.
- Oversee the implementation and monitoring of the plans in support of the wellbeing of our people.
- Continue to provide oversight and guidance of progress made on the bank's sustainable development finance offer as per the nine priority SDGs.
- Manage the impact of the Amended FSC with specific focus on executing against new targets.
- Focus on implementing the Youth Employment Service (YES) Programme.
- Increase focus on working with key stakeholders and industry bodies to deliver better outcomes for society.



Partnerships

Partnerships with our stakeholders are a key element of our sustainable development approach. Given the size of the sustainable

development challenge we acknowledge that it will be impossible to make any meaningful change without such partnerships. In line with King IV™ we have adopted an inclusive approach to working with our stakeholders to balance their needs, interests and expectations with the best interests of our

organisation and with what is demanded of us by the sustainable development agenda. To ensure consistency and protect the Nedbank brand, stakeholder engagement is informed and governed by a comprehensive stakeholder policy and a supporting engagement framework. We also have a formalised grievance procedure in place through which our stakeholders may submit queries or concerns related to the projects that we finance or Nedbank's activities.

 Further details on some of our partnerships can be found throughout this review as well as in the 2018 Stakeholder Engagement Report on nedbank.co.za.

Maximising our effectiveness through education and partnerships

Nedbank regularly invests in the research for and publication of sustainability guides in partnership with a number of reputable institutions. These guides are made freely available to our stakeholders to encourage and enable widespread sustainable behaviour change in relation to how we live our lives as individuals and how we run our businesses. They include:

- **The Energy Efficiency Guide** – A publication offering SA businesses advice, guidance and a range of practical tips on how to manage their energy consumption efficiently.
- **Carbon Footprinting Guide** – A practical carbon footprint calculation guide for business, produced in collaboration with the University of Stellenbosch and the Sustainability Institute.
- **Smart Living Guide** – A comprehensive sustainability guide that walks South Africans through the various actions they can take in the four key sustainability areas of energy, water, waste and ecosystem health.
- **Guide to Biodiversity in Your Garden** – A unique guide that offers practical advice on how to embrace, nurture and protect biodiversity in gardens of all shapes and sizes.



Managing social and environmental risk

Nedbank actively manages 17 risk categories, one of which is social and environmental risk. Our primary exposure to these risks results from our lending and investment activities. For the most part the highest-risk areas in which these lending and investment activities take place are energy, property development and infrastructure, as well as high-impact industries such as mining, oil and gas, waste management and manufacturing.

We actively manage these risks using our social and environmental management system (SEMS) and by ensuring that we are aligned with industry best practice and environmental, social and human rights benchmarks. We take a partnership approach to all sensitive investments, working closely with our clients and relevant authorities to maximise benefits and minimise the negative impacts of these activities. Application of our SEMS within specific business units in 2018 reflects as follows:

- In the Investment Banking and Client Coverage divisions all new applications and credit risk reviews of high-risk transactions were included in the SEMS assessment process and externally assured. In total 688 deals were assessed. This represents an increase from the 632 assessments completed in 2017.

Applying the Equator Principles

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

A total of 15 Equator Principles deals equating to approximately USD538m had their first drawdown in the 2018 financial year and were submitted for external assurance. Thirteen of these deals reached financial close in 2018 and will be submitted to the Equator Principles Association in accordance with its rule 6(f).

For more details on our Equator Principles activity in 2018 please refer to Nedbank.co.za or equator-principles.com



Approach to climate change

We know that socioeconomic development imperatives cannot be achieved unless climate change is also addressed. Our position on

climate change is informed by science, as described in the assessment reports of the International Panel on Climate Change (IPCC). We endorse the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and of the Paris Agreement to prevent dangerous anthropogenic interference with the climate system by limiting the global average surface temperature rise to well below 2 °C versus the long-term preindustrial level.

Since the African continent is extremely vulnerable to the negative impacts of climate change, our response includes both mitigation and adaptation components. These comprise decarbonisation of our lending book in line with the required trajectory and increased funding to enable sustainable developments, including provision of modern energy services, clean water and sanitation, climate-resilient infrastructure and sustainable cities.

Our climate change position statement can be found at Nedbank.co.za.

- The number of transactions assessed in Property Finance for 2018 was 774.
- The SEMS is also used in Nedbank's Retail, Business Banking and Wealth Clusters. Due to the number of clients in Retail, a risk-based approach is taken, whereby clients are required to disclose any negative environmental or social impact their activities might have. These disclosures are then assessed through the SEMS process and, where necessary, mitigating actions are taken.
- The SEMS process is maturing in our Business Banking operations. High-impact industries have been defined and a further 1 125 clients (2017: 2 062) involved in these high-impact sectors were assessed in the 2018 financial year. The reduction is due to a review of the scope and application of the Social and Environmental Risk Framework to exclude low-impact transactions. Clients previously assessed with no further lend or change in business or operations were also excluded.
- In the Nedbank Wealth business most of our exposure results from client acquisition of industrial and commercial properties that could present asbestos or land contamination concerns. The total number of clients assessed in 2018 was 242.

For more details on our social and environmental risk management please refer to Nedbank.co.za.

Committed to responsible investment

Most of our group's investments and asset management activities take place through Nedgroup Investments and Nedbank Private Wealth. With around R240bn in assets under management, we acknowledge the far-reaching implications of how we invest with environmental, social and governance (ESG) criteria considered for 95% of our investments. The past 12 months saw the continuation and growth of our Responsible Investment (RI) drive, as it becomes increasingly synonymous with the strategic direction of the overall business. ESG factors are central to our risk management framework and ultimately inform our role as responsible stewards of client capital.

As we further entrench RI into our investment ethos, we expect the same from third-party managers who invest funds on our behalf. We continue to work together, identifying where there is room for improvement and creating a symbiotic environment to progress from where we currently stand as a collective.

For more details on our responsible investment activity in 2018 please refer to Nedbank.co.za.





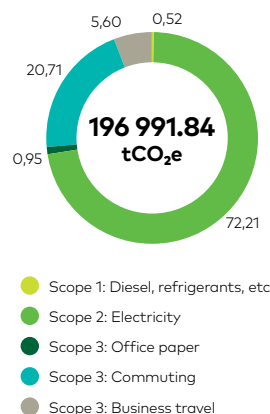
Carbon footprint

We have been carbon-neutral since 2010 and follow a 'reduce first, then offset' approach. Our own carbon reduction efforts centre on internal awareness initiatives and behavioural change. Only then do

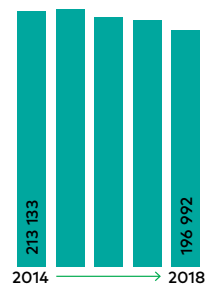
we seek to offset the remaining carbon through carbon credits from projects that demonstrate the biggest potential to benefit the natural heritage and social structure of Africa. In 2018 our overall operational investment in environmental sustainability initiatives totalled R46,8m (2017: R42,5m). One of the biggest contributors to this total investment was the purchase of carbon credit offsets that totalled about R9m in 2018 (2017: R9,2m).

With a total carbon footprint of 196 991,84 tCO₂e³ for the year, our overall reported greenhouse gas (GHG) emissions decreased by 4,17% in absolute terms from 2017 to 2018. The overall carbon footprint came in at less than 200 000 tCO₂e for the first time under the comprehensive boundary used since 2009. Year on year, the carbon emissions per fulltime employee (FTE) decreased by 1,09% to 6,30 tCO₂e and emissions per square metre of office space increased by 3,99% to 0,29 tCO₂e. In 2018 we generated approximately 450 MWh of our own energy. Unlike most other entities, Nedbank includes employee commuting in its carbon footprint. This should be taken into account when doing a like-for-like comparison based on carbon footprint information.

Nedbank Group 2018 carbon footprint (%)



Total carbon footprint (tCO₂e)



Reduction targets

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

Summary of achievements against targets in 2018

Resource	Target	Achievement
Paper ¹	A 35% reduction based on end-of-2013 levels or 1 162 tonnes by the end of 2025.	Paper consumption in the 2018 financial year was 1 102 tonnes, which is a 15,6% decrease year on year and implies that the 2025 target was achieved ahead of schedule. The paper target will now be reviewed.
Water ²	A 15% reduction by the end of 2025 based on 2013 levels or consumption of 14,17 kℓ per FTE.	In 2018 the consumption level was 12,56 kℓ per FTE following aggressive drought emergency action. This was a good decrease from the 2017 value of 15,05 kℓ per FTE. In absolute terms our water usage reduced by 10,56%. The water target will now be reviewed.
Waste ²	A 35% reduction based on 2013 levels or 8,42 kg per FTE by the end of 2025.	In absolute terms the waste sent to landfill decreased from 220 tonnes in 2017 to 195 tonnes ³ in 2018, which implies a 11,1% reduction. This means that 8,64 kg per FTE was sent to landfill.
Recycling ²	A 35% increase in recycling, based on 2013 levels, by the end of 2025 or 42,38 kg per FTE.	In absolute terms waste recycled increased from 689 tonnes to 723 tonnes ³ or by 4,95%. This amounts to a recycling rate of 31,97 kg per FTE.
Energy	A target was set at a 35% reduction, based on end-of-2013 values, by the end of 2025. Only fossil-fuel-derived electricity counts towards the figures, as renewable energy is exempted from this calculation. This amounts to 3 899 kWh per FTE.	In 2018 we achieved 4 599 kWh per FTE (2017: 4 652 kWh per FTE).
Carbon emissions (including business travel)	The target was set at a 35% decrease, based on end-of-2013 values, by the end of 2025. This amounts to 5,25 tCO ₂ e per FTE.	The 2018 pollution rate amounted to 6,30 tCO ₂ e per FTE (2017: 6,37 tCO ₂ e per FTE).

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

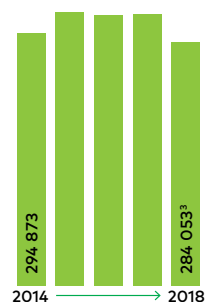
² Water, waste and recycling are based on campus FTEs.

³ External limited assurance provided.

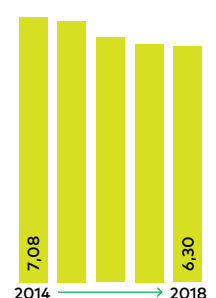


Read more about Nedbank's operational footprint and its related scope and boundaries at nedbank.co.za

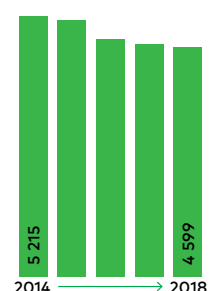
Water Consumption (kℓ)



Emissions per FTE (tCO₂e)

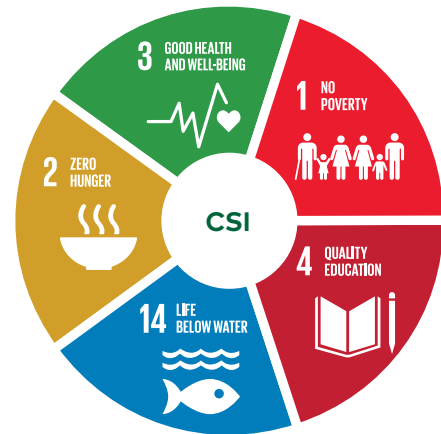


Energy consumption (kWh/FTE)



3 CORPORATE SOCIAL INVESTMENT

Our CSI programme is designed to deliver maximum positive social impact through long-term targeted investment in flagship projects that align to our Sustainable Development Framework.



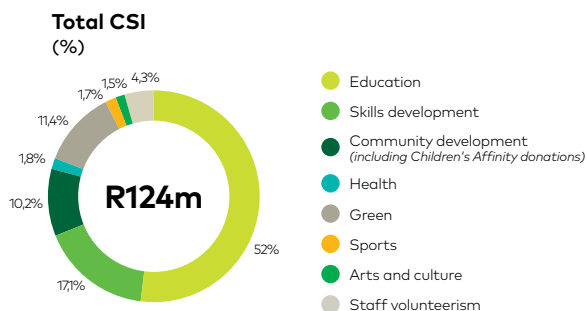
CSI is the third of our key areas of leverage. In financial terms it is the smallest; consider R124m invested in 2018 to meet some of the needs of communities within which we operate versus the R181bn of new advances to clients for the same period.

Given the relative scarcity of CSI funding, it is important to be deliberate in terms of how these funds are used to meet the immense needs of communities. The year 2018 saw a number of improvements in this regard with more of our CSI funding directly responding with needs that align to the relevant SDGs.

Investing in our communities

Our CSI programme is facilitated primarily by the Nedbank Foundation and extends beyond the financial contribution made to deserving causes – it is designed to deliver maximum positive social impact through long-term targeted investment in flagship projects that align to our Sustainable Development Framework.

In 2018 the total value of CSI delivered across our group was R124m (2017: R168m), split predominantly across education and skills development, as well as ongoing investment in staff volunteerism, health, community development, environmental development and the highly effective giving partnerships we have with our clients through our four Nedbank affinities. The decline in contributions year on year relates to a once-off donation of R20m made through our Eyethu Community Trust to support various university professorships in 2017 as well as a change in contributions to The WWF Nedbank Green Trust.



The Nedbank Affinity Programme is a unique giving solution that enables Nedbank clients and staff to support causes close to their hearts, at no cost to them, by using affinity-linked bank accounts, investments or insurance offerings. Nedbank then delivers valuable support to a diverse range of causes, in partnership with four trusts.

Nedbank Affinity	Support delivered through	Value of support In 2018
Green Affinity	WWF Nedbank Green Trust	R14,3m (2017: R26,8m)
Children's Affinity	Nelson Mandela Children's Fund	R8,6m (2017: R8,5m)
The Nedbank Sport Affinity	The Sports Trust	R2,4m (2017: R3,6m)
The Nedbank Arts Affinity	Arts & Culture Trust	R1,9m (2017: R1,5m)

For the 2018 financial year Nedbank affinity donations totalled nearly R27m (2017: R40m). The decline in donations was due to Nedbank discontinuing the incentive donation to The WWF Nedbank Green Trust for clients that elected to receive eStatements. As eStatements are now automatic for clients, the incentive is no longer needed. Since the inception of the programme in 1990 the four affinities have contributed more than R457m to nearly 3 000 projects across their social and environmental development focus areas.

SDG 4: Quality Education



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

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

 Nedbank is impacting educational outcomes positively through our lending into related SDGs. Refer to page 13.

Contributions to SDG 4 during 2018 include:

Supporting educational outcomes

Nedbank invested more than R63,9m (2017: R94,2m) in education across a range of projects, including basic and tertiary education initiatives, graduate programmes and learnerships as well as bursary support for our own staff and their families. The decline in contributions year on year relates to a once-off donation of R20m made through our Eyethu Community Trust to support various university professorships in 2017.

Supporting Nedbank staff

Helping our staff educate their children is important to the bank. This is evidenced through support from the Dr Holsboer Education Fund, which assisted more than 2 220 staffmembers (2017: 2 380) with a once-off grant for their children's education, amounting to R4,1m (2017: R3,9m).

Nedbank Graduate Development Programme and learnerships

Learnerships are key vehicles through which we can help address SA's skills shortages and infuse young talent into the organisation to enable a future-fit workforce. In 2018 Nedbank ran 22 learnership programmes that included almost 1 380 learners with black representation remaining at 92% for both years. Nedbank's appointment rate of the learners across the four programmes in 2018 was 15,2%, compared with 4,9% in 2017. While this is an acceptable rate given the lower skills of the learners, it is desirable to increase this rate to make a bigger contribution to employment opportunities for unemployed youth.

Our various Nedbank graduate programmes provide candidates with workplace experience and a platform to apply their theoretical knowledge to real business. During 2018 Nedbank employed 61 graduates across our four graduate programmes, namely the Nedbank Graduate Development Programme, CIB Graduate Programme, CA Programme and Quants Programme (2017: 70).

Partners for Possibility

The programme brings together established business professionals and school principals from historically disenfranchised schools. Through a 12-month partnership-based mentoring and guidance programme, facilitated by a coach, the management and leadership skills of the school principals are significantly enhanced and, as a result, the operations and effectiveness of the entire school are optimised. The programme also works to involve the broader school community in a collaborative, broad-based school improvement plan. Each partnership is catalytic and has the potential to be fully transformational for students, teachers, communities and the principals and business leaders themselves.

Successes include school infrastructure improvements such as the provision of water tanks and playgrounds, more effective administration and governance systems, mentoring of children and financial literacy interventions for teachers, parents and surrounding communities.

In 2018 the programme saw marked increases in the confidence and leadership style of the principals as well as meaningful changes in the strategic perspective and leadership styles of the business leaders.

Nedbank invested a further R1,5m (R2,8m in 2016 and 2017) in the programme, and facilitated involvement by 15 Nedbank professionals. This directly impacted the 15 principals with whom these Nedbank leaders partnered and, in turn, had a positive knock-on effect on the quality of education provided by 550 teachers to over 22 000 learners.

ORT SA Trust coding and robotics programme

The programme provides 21st-century skills training to teachers and learners on coding and robotics programmes. The objective of this initiative is to expose the learners to IT skills. The course opens up a world of possibilities through the transfer of relevant and sought-after future-focused skills. It also motivates pupils to study STEM subjects and to choose careers in science, engineering and technology. In 2018 the Nedbank Foundation invested R1,3m in the programme, directly benefiting 24 teachers and 220 learners.



SDG 3: Good Health and Wellbeing



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

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

 Nedbank is impacting good health and wellbeing positively through our lending into related SDGs. Refer to pages 5–17.

Contributions to SDG 3 during 2018 include:

First 1 000 days of life

The Nelson Mandela Children's Fund – Child survival and development programme aims to ensure that the country's social and healthcare system adequately responds to the needs of children under the age of five years to raise their chances of survival and healthy development. It specifically supports the development of community healthworkers, mobile health clinics and monitoring of community health. The initiative offers on-the-ground support through mom clubs that bring together women in communities. There are currently 29 clubs with over 1 200 members, and 158 community healthworkers have been trained on family-based early-childhood development. Since its inception in 2016, the programme has supported about 7 000 children, with 87% of the children dewormed and given vitamin A shots, 74% fully immunised at 18 months, and 60% of infants under the age of one immunised.

#VaxTheNation

The year 2018 was a particularly significant one for the Nedbank Children's Affinity as it marked the centenary celebrations of the life of Nelson Mandela, the patron and founder of the Nelson Mandela Children's Fund. To mark the occasion Nedbank launched its #VaxTheNation movement to align with global and national commitments to child survival encompassed in both the SDGs and SA's National Development Plan.

The #VaxTheNation initiative was Nedbank's rallying call to all South Africans to come together to get the country's children vaccinated against preventable diseases. In addition to asking people to help raise awareness about the importance of vaccinations, Nedbank asked South Africans to link their existing or new Nedbank current account to the Nedbank Children's Affinity so that their affinity donations could be directed to support this cause as well.

In addition, Nedbank CE Mike Brown announced an additional R5m donation towards the #VaxTheNation programme at the Global Citizen Festival. This investment will be used to fund a stipend for over 260 community healthcare workers who will drive better early-childhood healthcare, including vaccinations across a range of communities.



SDG 1: No Poverty



End poverty in all its forms everywhere.

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

 Nedbank is impacting poverty levels positively through our lending into related SDGs. Refer to pages 5–17.

Contributions to SDG 1 during 2018 include:

Proud of my Town

A first for corporate SA, Nedbank's Proud of my Town (PoMT) initiative follows a smart investment approach towards delivering a collective and sustainable impact in towns and neighbourhoods. PoMT is currently being implemented in nine nodes in Gauteng and the Western Cape.

In practical terms PoMT involves the development of transformation strategies for specific geographical areas. Community-public-private partnerships are key to the programme, as is the activation of local change agents and the involvement of community members. Following the development of detailed community investment plans for the areas, targeted, on-the-ground interventions are implemented to support the overall objectives.

To date the total programme investment amounts to R6,4m, of which 40% has gone towards a range of catalytic projects spanning the economic, education and safety sectors.

Intensive and broad-based stakeholder collaboration across multiple sectors is ongoing. Currently, the team works with some 5 200 stakeholders. From community workshops, business forums, planning sessions and network building meetings, the programme has thus far resulted in almost 3 000 engagements. The programme has also resulted in the participation of a host of network partners and other

funders from the corporate, impact funding, CSI and NGO sectors. This network has contributed additional funding to the amount of R1,3 m to projects that form part of the programme.

Highlights of the programme throughout 2018 include:

- an early-childhood development project in Paarl and Stellenbosch, currently benefiting over 1 600 children in 60 crèches;
- agripreneurship and food garden projects that feed on average 1 600 children per day;
- development of 180 small businesses through business forums, product showcases and ED programmes;
- festival support that helps boost tourism;
- development of a community safety plan that will benefit 2 500 households in Paarl; and
- assistance of four communities to access funding for the development of farmland in their possession.

By capacitating, connecting and activating individuals, groups and organisations within specific areas, the PoMT initiative is serving as a catalyst for sustainable change which, we believe, will continue to yield impressive returns for years to come.



SDG 2: Zero Hunger



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

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

 Nedbank is impacting agricultural practices positively through our lending into related SDGs. Refer to page 9.

Contributions to SDG 2 during 2018 include:

Working with WILDTRUST

WILDTRUST* is a leading non-profit, public welfare entity and non-governmental organisation (NGO) that has a vision of creating a sustainable future for all. It aims to achieve this by developing programmes that work at the intersection of environmental sustainability and human wellbeing to improve the livelihoods of underprivileged communities while, at the same time, restoring the ecosystems that support them. Since 2014 Nedbank has partnered with WILDTRUST to deliver a sustainable environmental and socioeconomic development impact in communities around SA. In addition to being a funding partner to WILDTRUST, Nedbank provides WILDTRUST communities with access to financial services through bank accounts, financial education and relevant product offerings. Programmes supported include:

- **The WILDTRUST Trees for Life and Recycling for Life programmes.** These create opportunities for so-called 'Greenpreneurs' to grow indigenous trees and collect material for recycling, which they then exchange for livelihood goods and small-business grants. The trees are planted at local restoration sites and the recyclable material is sent to WILDTRUST recycling depots for sorting, distribution and ultimately beneficiation into Green Desks and other end-use applications.
- **The WILDTRUST National Integrated Sustainable Schools and Communities Programme.** This programme engages with schools to encourage the recycling of waste, establish permaculture vegetable gardens for food security, and provide sustainability education.

As a direct result of Nedbank's contribution of R8,2m (2018: R1,5m) to WILDTRUST over the past five years:

- 23 621 community members and learners (2018: 3 157) have received training nationally;
- 87 jobs have been enabled (2018: 13);
- 261 schools have received environmental education interventions, touching the lives of over 79 400 learners (2018: 19 000 learners);
- 125 schools of these schools have collected 1,52 million kg of recycling (2018: 377 433 kg);
- 118 community vegetable gardens (2018: 95) have been established;
- 71 community engagement opportunities have been enabled, reaching over 17 300 community members; and
- more than 2 000 bank accounts have been opened.

* Previously known as WildLands.

The Nedbank Emerging Farmers Programme

In partnership with Buhle Farmers Academy in Limpopo, the programme addresses specific constraints that developing farmers face, and supports them through training, skills transfer, coaching, mentoring and startup assistance. In 2018 the Nedbank Foundation invested just under R2m, benefiting 10 farmers. This three-year intervention will see the farmers fully participating in the food value chain, contributing to general local economic development and food security as well as local employment.

Nedbank and Old Mutual BBP Legacy Programme

The Nedbank and Old Mutual Black Business Partners' (BBP) Legacy Programme is the continuation of the strong relationships forged between Nedbank, Old Mutual and their BBPs namely WIPHOLD, Brimstone and Izingwe during their respective 10-year BBBEE transaction periods. The parties have committed a total endowment of R300m to be disbursed under three investment streams:

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

To date R138,5m has been disbursed in patient loans across the three streams with R34m disbursed in 2018 (2017: R26,5m). One of the projects funded is the Centane/Mbashe Agricultural Initiative, which focuses on large-scale community maize production and addresses food security and rural employment. The total number of families benefiting from the project has increased to almost 2 200 (2017: 2 000) and the number of villages involved in the project has increased to 32 (2017: 22), with 31 permanent and 1 989 temporary jobs supported.



SDG 14: Life Below Water



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

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

Source: United Nations.

Contributions to SDG 14 during 2018 include:

This goal is one that we have little influence over given the small number of clients that we have in this sector and our regional positioning. From an operations perspective we address potential negative impacts through our SEMS (see page 20). From a CSI perspective we invest in ocean-related projects through the WWF Nedbank Green Trust.

The WWF Nedbank Green Trust: #PristineSeas

Since 1950 an estimated 8 300 million tons of plastic have been manufactured – half of it since 2005. Only 25% of this plastic is still in use. Most of it is waste, as only small volumes have been recycled or turned into energy. The majority, if not captured in landfills, has found its way to the natural environment. In response, the WWF Nedbank Green Trust launched a three-year Marine Plastic Pollution Programme to address marine plastic pollution at a number of levels. The programme requires clients, industries, retailers and government to work towards urgently implementing practical approaches and policies to address the marine and environmental plastic problem collectively throughout its life cycle – from production and consumption to waste management. This national programme is being funded through the WWF Nedbank Green Trust for 2018 to 2021 to the amount of R2,8m.



Nedbank volunteers recycle over 3,2 tons of rubbish to save our oceans

In 2018 Nedbank ran a series of 11 cleanups around the Western Cape to raise awareness about the impact of plastic and other pollution on our waterways and oceans, as well as the link between land-based pollution and ocean health. Over 1 500 volunteers collected over 3,2 tons of rubbish and over 1,2 tons were recycled.



RECOGNITION AND RATINGS

Nedbank received several awards that recognise our efforts in managing our business sustainably in 2018. While our sustainability efforts are not undertaken with the aim of winning awards, the external recognition we received serves to affirm that our efforts are well directed.

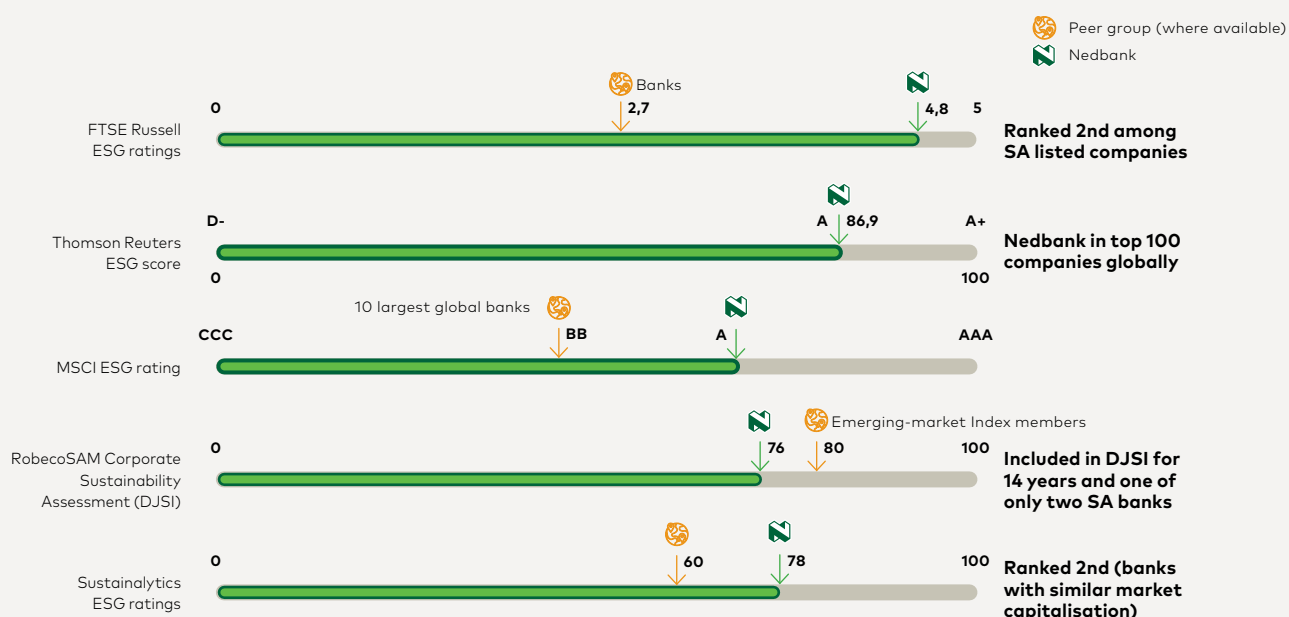
Awards include:

- **2018 EY Excellence in Integrated Reporting** – Won first place among leading companies in SA in the top 10 category.
- **2018 Sunday Times Top Brands** – Winner of Community Upliftment Award in business category and runnerup for the Business Green Award.
- **2018 International Banker Awards** – Best Banking CEO and Best Innovation in Retail Banking.
- **2018 Banker Africa: Southern Africa Awards** – Rated the Best Corporate Bank in SA.
- **2018 Investment Analyst Society** – Acknowledged as leader in corporate reporting in the banking sector.
- **2018 SA Board for People Practices Employment Equity, Diversity and Transformation Awards** – Employment Equity, Diversity and Transformation award.
- **2019 Euromoney Private Banking and Wealth Management Survey** – Nedbank Private Wealth named Top Private Bank and Wealth Manager in SA for Super Affluent Clients (USD1m to USD5m) and Top Private Bank and Wealth Manager in SA for ESG/Social Impact Investing.
- **2019 Raging Bull Awards** – Offshore Management Company of the Year: Nedgroup Investments; Best SA Global Multi-Asset Low-Equity Fund on a Risk-Adjusted Basis: Nedgroup Investments; and Best SA Global Multi-Asset Low-Equity Fund on a Risk-Adjusted Basis.
- **2018 Global Finance magazine** – Best Consumer Digital Bank in Mozambique – Banco Único.
- **2018 The Banker Magazine** – Bank of the Year Award in Mozambique: Banco Único and Bank of the Year Award in Swaziland: Nedbank Swaziland.

Our sustainability credentials include:

- **Carbon-neutral status** – Africa's first carbon-neutral financial organisation. Carbon-neutral since 2010.
- **FTSE4Good Index** – A global responsible-investment index for companies that demonstrate strong environmental, social and governance practices. **Included in 2018.**
- **FTSE/JSE Responsible Investment Top 30 Index** – Constituent of the index.
- **Dow Jones Sustainability Emerging Markets Index 2018** – A global performance benchmark for companies in terms of corporate sustainability. Included since 2004. Inclusion helps to attract investment to the company.
- **SA Carbon Disclosure Project Index 2018** – Scored a 'A -' for performance. One of 11 companies to be awarded this score in SA. Score recognises our corporate environmental action on climate change.
- **WWF-SA Water Balance Programme** – Invested R14m in national water security. The programme helps to increase water supply and delivers economic and social benefits through job creation.
- **WWF Nedbank Green Trust partnership** – Invested R264m since the trust's inception in support of over 200 environmental projects throughout SA.
- **WWF-SA Sustainable Agriculture Programme** – Invested R18m as official sponsor. Partnership helps to promote and support national sustainable agricultural production practices.
- **Green buildings** – Nedbank occupies 10 Green Star-rated buildings.

Independent ESG ratings – Nedbank is highly rated among its global peer group



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Fintech partnership of the year

Nedbank is proud to have won *The Banker* magazine's 2018 fintech partnership award for our 'Satellite and drone imagery analytics experimentation'. Together with Aerobotics (Pty) Ltd, a disruptive technology company that builds advanced analytics on top of aerial drone and satellite imagery, we deliver precision farming tools for our agricultural clients.



Winner

Fintech partnership