

# MANAGING OUR FACILITIES



## Goal 13: Climate action

Although the impact of our operations is relatively small, we still strive to minimise the negative impacts of our operations on society while maximising the positive ones.

### 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.

The targets are integrated into applicable performance contracts, and regular communication ensures that our staffmembers are aware of the important role they have to play in helping to limit the impact of our operations on the environment. In assessing the achievement of our reduction targets, it is necessary to define what we measure and where such measurement is undertaken in the group. This is outlined in the table below:

#### Reporting period: Financial year 2017

Methodology	<i>The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (revised edition).</i> External experts were consulted where no clear guidance or guidance applicable to SA was available. <sup>1</sup>
Inclusions	Measurement includes: <ul style="list-style-type: none"><li>■ our SA activities, equipment and operations;</li><li>■ the actions of Nedbank employees associated directly with 723 (2016: 768) SA offices and branches; and</li><li>■ all non-SA equipment and operations integrated into the greater Nedbank group.</li></ul> Some facility consolidation took place in 2017, which resulted in fewer office locations being included in the measurement. However, overall floor space showed an increase.
Exclusions	The data required for emissions calculation are currently not available for the following: <ul style="list-style-type: none"><li>■ Scope 1 and 3 as they relate to non-SA offices and where there is a lack of reliable data.</li><li>■ Emissions associated with the operation and servicing of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises, and other remote devices.</li><li>■ Any other premises or activities owned or operated by us, but not explicitly referenced in this report, such as Nedbank kiosks in retail stores.</li></ul>

#### Summary of normalised greenhouse gas numbers

Fulltime employee (FTE) count and occupied office space included in the report	2017	2016	2015	2014	2013 baseline
Total occupied floor space of reported buildings (m <sup>2</sup> )	<b>745 429<sup>2</sup></b>	686 149	672 617	717 236	672 367
Employees included in FTE calculations	<b>32 249<sup>3</sup></b>	31 812	30 822	30 121	29 077
Percentage of all employees covered by the report	<b>100</b>	100	100	100	100

<sup>1</sup> In some cases the vendor-supplied emission factors or a variation on the stated value will be used. An example of this is the SA grid emission factor. Eskom, the main supplier to the grid, states an electricity-generating factor of 0,98 tCO<sub>2</sub>e/MWh in its latest disclosure, whereas the last publicly disclosed corresponding Department for Environment, Food and Rural Affairs (Defra) factor for SA is 0,869 tCO<sub>2</sub>e/MWh, excluding distribution losses, and 0,961 tCO<sub>2</sub>e/MWh, including distribution losses. Due to the varying values and for consistency Nedbank will continue to use 0,99 tCO<sub>2</sub>e/MWh for this report as was used in the report for the previous financial year.

<sup>2</sup> While there was an increase in occupied floor space, the total number of buildings decreased.

<sup>3</sup> Greenhouse gas (GHG) emissions are monitored monthly and reported against monthly FTE numbers. The result is that the annual FTE number used for GHG emissions is a 12-month average.

#### Reduction target progress

Resource	Target	Achievement
Paper <sup>1</sup>	A 15% reduction based on end of 2013 levels or 1 443 tonnes by the end of 2020.	Paper consumption in the 2017 financial year was 1 306 tonnes, which is a 23,2% decrease year on year.  Paper consumption remains a small part of our overall footprint, accounting for only 1,08%. The 2020 target was achieved earlier than anticipated. The new target set is a reduction of 35%, based on the 2013 baseline, by the end of 2025. This implies consumption of 1 162 tonnes of paper.
Water <sup>2</sup>	A 6% reduction by the end of 2016 based on 2011 levels or consumption of 15,01 kℓ per FTE.	Water consumption remained stable, despite a number of new buildings being added to the campus building portfolio and an overall increase in the staff count.  In 2017 the consumption level was 15,05 kℓ per FTE, which is very close to the end-of-2016 target of 15,01 kℓ per FTE. This was a good decrease from the 2016 value of 15,78 kℓ per FTE. As the 2016 target has almost been met, a new target was set at 14,17 kℓ per FTE by the end of 2025. This is a 15% reduction based on the end-of-2013 baseline.
Waste <sup>2</sup>	A 10% reduction based on 2013 levels or 17,73 kg per FTE by the end of 2020.  The 2016 result was 14,65 kg per FTE.	In absolute terms the waste sent to landfill decreased from 294 tonnes in 2016 to 220 tonnes in 2017, which implies a 25,1% reduction. This means that 10,42 kg per FTE was sent to landfill.  This is an excellent achievement, with the end-of-2020 target being met earlier than anticipated. A new reduction target was set at a 35% reduction, based on end-of-2013 levels, by the end of 2025. This implies a waste rate of 8,42 kg per FTE.

## Reduction target progress

Resource	Target	Achievement
Recycling <sup>2</sup>	A 6% increase in recycling based on 2011 levels by the end of 2016 or 33,58 kg per FTE.	In absolute terms the recycling increased from 620 tonnes to 689 tonnes or by 11,09%. This amounts to a recycling rate of 32,65 kg per FTE.  The 2016 target was achieved and a new target was set at a 35% reduction based on end-of-2013 levels or 42,38 kg per FTE. Recycling can arguably increase only up to the point where waste sent to landfill is zero, so this will be the ultimate goal and target.

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

<sup>2</sup> Water, waste and recycling are based on campus FTEs.

## Water

In 2017 total water consumption across all campus sites increased 0,41% to 317 580 kℓ (2016: 316 278 kℓ). A decrease was hoped for, but this did not materialise as the scope of reporting (amount of occupied floor space and number of employees) increased. As indicated in the table on page 18, a good decrease was achieved per FTE. At our Western Cape campus sites we expect savings to increase to align with that being asked for by the City of Cape Town in 2018.

Water technology interventions include the installation of waterless urinals in all buildings, implementation of aerators on all taps to lower usage, removal of hot water in bathrooms, reduction of water supply system pressure and use of waterless hand sanitisers in bathrooms in our Western Cape offices.

 For more on our water activities please see page 7.

We continue to invest significantly in the monitoring and maintenance of our water infrastructure. Water leaks typically demand immediate action and cannot be fully prevented through proactive means. Often the only way of identifying a

water leak is through meter readings, which means that substantial volumes can be lost before a leak is noticed. Our employees play a vital role in our water reduction efforts and we continue to invest in raising awareness and educating our staffmembers on ways in which they can reduce their water usage.

## Waste and recycling

Ongoing staff awareness and education campaigns continue to drive our achievements in terms of waste management, as does our zero-to-landfill policy. We will also be working to perfect our zero-to-landfill concept, with a view to reducing, and eventually doing away with, waste to landfill.

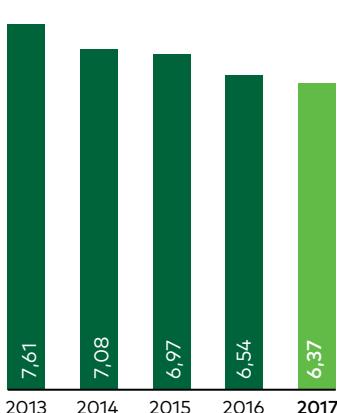
Our onsite recycling banks have proven very effective in ensuring maximum recycling and good levels of waste sorting at source. In 2017 about 76% of our total waste was recycled. We continue with our rigorous recycling efforts and are constantly looking at increasing our use of recyclable materials. We are currently looking at different recycling streams and hope to reduce the use of virgin material even further.

## Energy and carbon reduction target progress

Resource	Target	Achievement
Energy	At the end of 2014 we set a new target of a 10% reduction, based on 2014 levels (5 215 kWh per FTE), by the end of 2020, equating to 4 694 kWh per FTE. In 2016 we achieved 4 756 kWh per FTE.	In 2017 we achieved 4 652 kWh per FTE, which implies that the 2020 target was achieved ahead of schedule. A new target was set at a 35% reduction, based on end-of-2013 values, by the end of 2025. Only fossil-fuel-derived electricity will count towards the figures, as renewable energy will be exempted from this calculation. This amounts to 3 899 kWh per FTE.
Carbon emissions (including business travel)	A 7% reduction based on end-of-2013 levels by the end of 2020 or 7,08 tCO <sub>2</sub> e per FTE. The 2016 pollution rate amounted to 6,54 tCO <sub>2</sub> e per FTE.	The 2017 pollution rate amounted to 6,37 tCO <sub>2</sub> e per FTE. The reduction target was achieved ahead of schedule and a new target was set at a 35% decrease, based on end-of-2013 values, by the end of 2025. This amounts to 5,25 tCO <sub>2</sub> e per FTE.

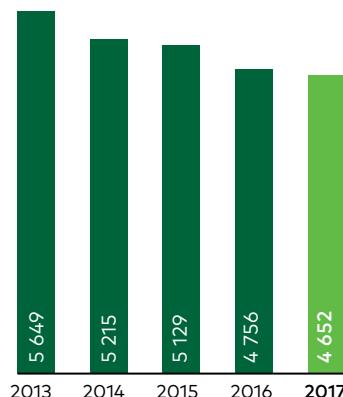
### Emissions per FTE

(tCO<sub>2</sub>e)  
Target: 5,25tCO<sub>2</sub>e/FTE  
at the end of 2025



### Energy consumption (kWh/FTE)

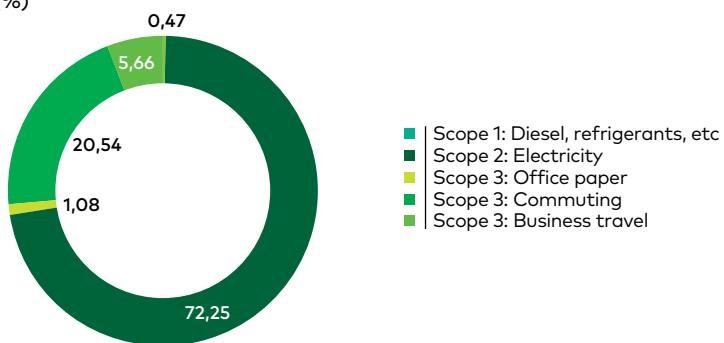
Target: 3 899kWh/FTE  
at the end of 2025



## CARBON FOOTPRINT MEASUREMENT

In absolute terms our overall reported GHG emissions decreased by 1,16% from 2016 to 2017. Year on year, the carbon emissions per FTE decreased by 2,50% to 6,37 tCO<sub>2</sub>e and emissions per square metre of office space decreased by 9,02% to 0,28 tCO<sub>2</sub>e. This is a solid achievement that illustrates each staffmember's dedication to the reduction targets. Nedbank's reduction targets show a positive long-term trend. The primary decrease in the carbon footprint can be attributed to the decreased amount of electricity use and a reduction in business travel.

Nedbank Group 2017 carbon footprint – 205 569 (tCO<sub>2</sub>e)



## Nedbank Group GHG emissions inventory – tCO<sub>2</sub>e (tonnes)

Scope	2017	2016	2015	2013 baseline
Scope 1: Direct emissions from:				
Fuel used in equipment owned or controlled by us (eg generators)	<b>962,35</b>	295,56	417,99	800,31
Air-conditioning and refrigeration gas refills	<b>506,02</b>	74,37	56,69	248,82
Our fleet of vehicles	<b>312,88</b>	43,71	148,42	272,94
	<b>143,44</b>	177,48	212,88	278,55
Scope 2: Indirect emissions from purchased electricity:				
Purchased electricity – SA	<b>148 516,78</b>	149 780,60	156 495,91	162 609,50
Purchased electricity – non-SA	<b>136 532,36</b>	138 413,11	146 188,48	150 538,64
	<b>11 984,42</b>	11 367,49	10 307,43	12 070,86
Total scope 1 and 2 emissions	<b>149 479,12</b>	150 076,15	156 913,90	163 409,81
Scope 3: Indirect emissions from: <sup>1</sup>				
Business travel in rental cars	<b>56 090,31</b>	57 899,70	58 053,95	57 969,01
Business travel on commercial airlines	<b>353,00</b>	354,19	316,25	424,38
Business travel in employee-owned cars	<b>5 623,98</b>	6 172,99	6 902,44	7 733,08
Employee commuting	<b>5 657,82</b>	6 405,39	6 238,76	6 356,23
Consumption of office paper	<b>42 227,36</b>	42 040,75	42 067,00	40 406,56
	<b>2 228,15</b>	2 926,38	2 529,50	3 048,76
Total scope 1, 2 and 3 emissions (GHG protocol)	<b>205 569,43</b>	207 975,88	214 967,85	221 378,81
Split of Nedbank Group carbon emissions (tCO <sub>2</sub> e)				
Scope 1 (%)	<b>0,47</b>	0,14	0,19	0,36
Scope 2 (%)	<b>72,25</b>	72,02	72,80	73,45
Scope 1 and 2 (%)	<b>72,71</b>	72,16	72,99	73,81
Scope 3 – Nedbank operations (%)	<b>6,74</b>	7,63	7,44	7,93
Scope 3 – staff commuting (%)	<b>20,54</b>	20,21	19,57	18,25

<sup>1</sup> Total Nedbank Group FTEs were used, although only limited non-SA scope 3 emissions were included. This was due to limited data availability.

### Scope 1 emissions

In 2017 some refrigerant refills were necessary as part of our maintenance schedule, which resulted in an increase in scope 1 emissions. Emissions due to Nedbank fleet vehicles, including the use of Nedbank fleet fuel cards, decreased by 19%. This was due mainly to the decrease in actual usage of these fleet vehicles. The amount of diesel used in generators increased due to a shift in the maintenance regime. It is anticipated that the diesel consumption will stabilise going forward. The overall increase in scope 1 emissions was more than twofold, but emissions from all scope 1 activities in 2017 remained below 0,5% of total emissions.

### Scope 2 emissions

Our energy use, in the form of electricity, continued to be the predominant source of emissions in 2017, constituting about 72% of our overall carbon footprint.

We continue to target reduced energy consumption through a variety of initiatives. It is encouraging to note that own generation from renewable sources is steadily increasing. Overall electricity consumption per FTE was also reduced through our ongoing facilities consolidation project, which includes comprehensive investigation and implementation of operational energy usage savings. The result is that the overall energy (electricity) consumption was reduced by 2,19% year on year to 4 652 kWh per FTE (2016: 4 756 kWh per FTE) for the period under review. The major focus for future energy reduction initiatives remains on implementing the lessons from our campus sites to drive similar reductions across our non-campus sites. Focused capital investment also remains a vital component of energy reduction effectiveness, and in 2017 we committed to invest R9,7m in energy-, water- and

sustainability-specific initiatives (2016: R9,2m), most of which concentrated on the installation of a photovoltaic system and more efficient monitoring of water and energy usage in our regional operations. Going forward, a distinction will be made between electricity from non-renewable sources and energy from low-carbon or renewable-energy sources once the installed capacity or purchases become significant.

### Scope 3 emissions

Approximately 28% of the total 2017 GHG emissions was the result of reported scope 3 activities, while around 75% of the scope 3 emissions was the direct result of staff commuting. As these commuting emissions are not under our direct control, they are considered separately from emissions as a direct result of our operations.

Our comprehensive Business Travel Policy includes green travel guidelines to ensure the most sustainable travelling practices. We continue to promote the use of tele- and videoconferencing wherever possible, and encourage all staff to use these alternatives to face-to-face meetings that require carbon-intensive road or air travel.

In 2017 overall GHG emissions due to business travel came down by 10% from 2016 levels. This was due mainly to a decrease in flights by 9% and in staff travel claims by 12%.

This reduction in GHG pollution as a result of travel is encouraging and points to the effective groupwide application of our travel policy and the green travel guidelines. It is, however, possible that business travel will increase in the coming years as our group expands its footprint into Africa and beyond.

## Nedbank Group – performance targets

Key performance targets	Progress from 2013 new baseline and year-on-year %				
		2017	2016	2015	2013
Total carbon emissions tCO <sub>2</sub> e (including non-SA) – 2013	(7,14)	<b>205 569,43</b>	207 975,88	214 967,85	221 378,81
Emissions per FTE – 2013	(16,24)	<b>6,37</b>	6,54	6,97	7,61
Emissions per m <sup>2</sup> – 2013	(16,43)	<b>0,28</b>	0,30	0,32	0,33
Emissions per operating income (g/rand) – 2013	(40,33)	<b>4,25</b>	4,58	5,26	7,12
<b>Energy</b>					
Consumption in kWh – 2013	(9,88)	<b>150 016 948</b>	151 293 533	158 076 678	166 468 203
Consumption in kWh per FTE – 2013	(17,65)	<b>4 652</b>	4 756	5 129	5 649
<b>Paper</b>					
Tonnes used – yoy	(23,22)	<b>1 306,00</b>	1 701,00	1 392,71	1 602,75
Usage per FTE (tonnes) – yoy	(26,50)	<b>0,0405</b>	0,0535	0,0452	0,0551

## ENVIRONMENTAL EXPENDITURE

In 2017 our overall operational investment in environmental sustainability initiatives totalled R42,5m (2016: R56,4m). One of the biggest contributors to this total investment was the purchase of carbon credit offsets that totalled about R9,2m in 2017 (2016: R23,1m). This year-on-year decrease was due to previous carbon purchases, which resulted in a buffer. Other initiatives included the continued installation of photovoltaic technology and the installation of systems to improve the monitoring of energy and water consumption at our regional operations, as well as rainwater harvesting systems.

### Leveraging carbon neutrality

We use our carbon-neutral positioning to unlock synergies, partnerships and collaborations with like-minded organisations, and to enhance our client value proposition (CVP). These efforts are underpinned by 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 African projects that have positive social and environmental benefits. While we prefer to support domestic carbon-offsetting projects that have verifiable carbon credits, such carbon-offsetting projects remain relatively scarce in SA – a situation exacerbated by regulatory uncertainty regarding possible future offsetting requirements of high-level polluters.

Against this backdrop, most of our carbon credits in 2017 were acquired from the following projects:

### WILDLIFE WORKS

This project protects approximately 300 000 ha of humid tropical and swamp forest located in the central part of the Congo River basin in the Democratic Republic of Congo. The area is a former logging concession and its protection is expected to reduce emissions by more than 100 million tonnes of carbon dioxide over the next 30 years. It also provides habitat for threatened and endemic species such as bonobos and forest elephants, and includes some of the most

important wetlands in the world. It is also home to some 50 000 people, most of whom live on the shores of Lake Mai Ndombe. Income raised through carbon offsets provides a pathway to low-carbon economic development through improved access to potable water, agricultural and economic diversification, education and healthcare development, and capacity-building activities to empower local communities.

### PACE – HOUT BAY RECYCLING COOPERATIVE

This project is run by community members from the Imizamo Yethu informal settlement in Hout Bay. It is a dry-waste recycling solution for Hout Bay residents, including the 30 000 residents of Imizamo Yethu who do not have access to door-to-door municipal services. The public are able to bring household waste to the Hout Bay Recycling Cooperative depot. Here the waste gets sorted and the recyclable material that would otherwise end up in a municipal landfill is sold on.

### PACE – WALKER'S RECYCLING

Walker's Recycling is a small enterprise that collects high-value waste from the Cape Town central business district. The business was established by two unemployed brothers living in Mitchells Plain and now employs 10 people, all from historically disadvantaged backgrounds.

### LIFESTRAW

This project has resulted in nearly 900 000 water filtration devices being distributed in the Kakamega Province in Kenya. These filtration devices can last for 10 years and reduce more than two million tonnes of carbon dioxide a year. The provincewide, door-to-door, free-distribution programme reached about 90% of all homes without access to safe municipal water sources. This was achieved at no cost to local residents, government agencies or donor groups. The Nedbank 2017 investment enabled the distribution of 300 000 water filtration devices.

### NOVA

The Nova projects reduce ambient air pollution and GHG emissions by introducing an alternative ignition technique that is more efficient than the conventional bottomup ignition technique. It is adopted by households that use coal for domestic cooking, water and space heating and ironing.