



United Nations Global Compact CEO Water Mandate Communication of Progress for 2022/23

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Nedbank Group signed up to the CEO Water Mandate in March 2011, and this is our 12th Communication of Progress. It is intended to fulfil the annual reporting requirements of our commitment to the United Nations CEO Water Mandate and discloses our progress against its six principles. Much of the information in this report was also disclosed in the 2022 Nedbank Group Integrated Report and the 2022 Nedbank Society Report. Both these reports are available on [nedbank.co.za](https://www.nedbank.co.za).

1 Commitment to the United Nations Global Compact and CEO Water Mandate

Letter from our Chief Executive

Attention: United Nations Global Compact Office

May 2023

Nedbank Group – Continued commitment to the United Nations Global Compact

As Chief Executive of Nedbank Group, I reaffirm our commitment to the United Nations Global Compact (UNGC) and the 10 principles that underpin it. In addition, as a group, we remain a signatory to the Equator Principles and the CEO Water Mandate, and we continue to support the United Nations Environment Programme Finance Initiative Positive Impact Working Group.

These commitments, along with deliberate focus on the Sustainable Development Goals (SDGs), form an important part of our overall strategy as we align our core business to deliver on our purpose – to use our financial expertise to do good for individuals, families, businesses, and society. The SDGs represent a powerful lens through which to identify opportunities for business innovation and growth, and they define the 'good' in our purpose.

We have recently committed to an ambition that will see our support for sustainable development finance (SDF) grow to **20% of group total gross loans and advances by the end of 2025 (currently at 14%)**. This will be achieved through **support for more than R150bn in new SDF** that is aligned with the SDGs by the end of 2025 (from our starting base in 2021). Support for water projects and SDG 6 will be an important part of delivering on this commitment.

We are proud to support the work undertaken by the UNGC, cognisant of the important role that the private sector plays in this.

Yours sincerely



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2 Introduction to Nedbank Group

Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as insurance, asset management and wealth management services and solutions. In South Africa, we have a strong franchise evidenced by R1,3tn in assets (16,9%) market share in South Africa).

Outside South Africa we operate in five countries in the Southern African Development Community (SADC), through subsidiaries in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa, we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and we have a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey and London, and we have a representative office in Dubai. We employ over 25 000 and our market capitalisation was R109bn on 31 December 2022, with headline earnings at R14bn.

We are considered one of South Africa's most transformed and progressive banks, with a level 1 broad-based black economic empowerment (BBBEE) rating. Besides being Africa's first and only carbon-neutral bank since 2010, our environmental, social and governance (ESG) ratings are globally within the top tier across all major ESG ratings agency scores as measured by agencies including FTSE Russell and MSCI. About 85% of Nedbank-owned buildings are Green Star-rated.

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 we are part of it. Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by moving capital from where it is to where it is required. A deep understanding of one's purpose helps to guide strategy and decision-making in this regard and should result in an optimal balance between long-term 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, through the considered development and delivery of products and services that satisfy unmet societal needs, we can enable a thriving society, 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 we can assess and report delivery on our purpose. That is why we focus on the most material goals and targets through our three main points of leverage – Sustainable Development Finance, Operations, and corporate social investment (CSI).



3 Overview of water in the South African context

South Africa's freshwater resources are under immense pressure, worsening annually, and pushing the country closer to water insecurity. According to a University of Cape Town study South Africa is predicted to be one of 10 water-scarce countries in Africa by 2025. This directly compromises the country's ability to achieve the UN's Sustainable Development Goal 6. Failure to achieve SDG 6 targets will have an impact on health, education, gender equity, and the economic development of the country.

At the crux of the water crisis is the poor state of certain water-related municipal infrastructure, limited focus on water efficiency and management, insufficient investment in infrastructure, and unsustainable high water demands coupled with inadequate supply (Igamba, 2022). Climate change heightens the water crisis by shifting precipitation patterns and increasing the severity of drought as evidenced by the 2022 drought in the Eastern Cape. Which resulted in the deterioration of water supplies in the Nelson Mandela Bay (Mbovane & Sizani, 2023).

On the opposite end of the spectrum, in April 2022, the KZN coastal zone, including the greater Durban area and South Coast, received more than 300mm of rain in 24 hours. This led to calamitous flooding, with 459 people losing their lives and 88 people still missing by the end of May 2022. The cost of infrastructure and business losses amounted to an estimated US\$2 billion. President Cyril Ramaphosa declared a national state of disaster in February 2023 to enable an intensive response to widespread flooding that has affected seven provinces across the country. The affected provinces include Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, and North West provinces. The floods are a stark reminder that climate change impact are being felt now (Davies, 2023).

The National Water and Sanitation Master plan predicts that by 2030, the country will face water supply deficits of around 17%. There needs to be a prioritised focus on mainstreaming climate change adaptation into water management. The sustainable development goal 6 mid-term review shows that South Africa is behind in three of the key targets, namely: 6.1 Clean Water, 6.2 Sanitation and 6.3 Water Quality. Meeting these targets will require an investment of R130 billion/annum in infrastructure over the next 8 years, as it stands there is a 33% shortfall compared to secured funding.

The increase in loadshedding throughout South Africa has also had a detrimental impact on the delivery of both water and sanitation services, which in turn has damaged the economy and health of people living in South Africa. Nedbank is aware of how the current energy crisis in SA is overshadowing efforts by many businesses to address water issues. However, for those who are considering water solutions, the ability to repay funding from water savings helps minimise the impact of capex on cash flow and improve profit margins, while conserving water.

In 2022, the Water Partnership Office was established, thus creating the National Water Programme which will implement a programmatic water strategy for SA. The primary objective is to develop a framework through which effective water and sanitation development can take place in the country. The importance of such a framework cannot be overemphasised, particularly given the very complex nature of the country's existing water ecosystem, with its lack of regulatory clarity regarding the roles and responsibilities of the many varied stakeholders across multiple spheres of government.

Nedbank fully supports the Water Partnership Office and is committed to participating in whatever ways it can in the development of a workable water framework for the country.

At the same time, as a responsible corporate citizen with a sincere desire to contribute to water security and sustainability as well as good water stewardship, our approach to funding and influencing the water sector includes the following:

- Funding and supporting water boards and municipalities in their efforts to deliver sustainable and equitable water outcomes.
- Funding, enabling and supporting public water infrastructure development that is delivered through public-private partnerships.
- Partnering with, and advising, our commercial clients on good water stewardship practices and investments, as well as appropriate water use and reuse.
- Leading water discussions among sector stakeholders and catalysing appropriate and impactful action within the water sector

4 Responding to environmental risks and opportunities

We acknowledge the risks posed by climate change and the interrelatedness of water, food and energy security. In line with our philosophy of effectively managing risk and harnessing the opportunities it presents, climate change is approached from the dual perspective of limiting its impact on stakeholders while unlocking any potential benefits.

Key risk	Impacts	Responses and opportunities
Energy security	<ul style="list-style-type: none"> • Economic challenges • Political uncertainty • Resource instability • Price increases • Energy efficiency <p>Links to SDGs 7 and 13.</p>	<p>We have developed our Energy Policy, which builds on our Climate Change Position Statement. This policy outlines our commitment, over time, to aligning our business strategy, policies, mandates and incentives with the Paris Agreement. Accordingly, we expect to align with a science based targets across climate sensitive sectors over the next few years to inform how we will help clients – and society more broadly – to achieve a net-zero economy by 2050. In concert with a planned withdrawal from fossil fuels, we will multiply our efforts to finance non-fossil energy solutions that will accelerate socioeconomic development, including renewable energy; energy efficiency; energy storage; electrification of high-emission sectors (e.g. surface transport and heat); and other emerging technologies such as hydrogen, when and where appropriate.</p> <p>Nedbank, through its investment bank, is a leading funder of renewable energy in SA. We identified the opportunity to participate in the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) in its very early stages and have successfully grown our book through all the rounds to date.</p> <p>We are the lead arranger on four projects in the emergency round Risk Mitigation IPPPP (expected to close H1 2023); we held preferred-bidder status in round 5 for four projects (expected to close in H1 2023); and we participated in round 6, where 860 MW were allocated and we were awarded preferred-bidder status for 300 MW (in total Nedbank supported 22 projects totalling 3,8 GW). A total of 3 340 MW was not allocated given Eskom distribution limitations.</p> <p>Despite this, we remain a leading funder of the REIPPPP in SA, supporting diverse renewable-energy projects. Of the 6 323 MW procured under bid windows 1 to 4, Nedbank has participated in the funding of 3 517 MW across 42 projects.</p>

		<p>Private power generation finance</p> <p>The private power generation market includes embedded-energy generation and wheeling by commercial and industrial (C&I) businesses as well as small businesses and residences. The market continued to develop rapidly in 2022, driven largely by the growing energy insecurity created by extensive load-shedding. Government's decision to lift the licensing restrictions for energy projects in the private sector from 1 MW to 100 MW, and then remove the cap altogether, has catalysed activity. Perhaps as a result of the grid challenges, much of the focus in the private power generation over 2022 was on projects within C&I markets. This is because private power generation projects can be delivered faster and with more certainty in these markets than is the case with large IPP projects aimed at delivering energy directly into the national grid. The latest Energy Action Plan published by government in January 2023 states that, since the restrictive licensing threshold was abolished, the pipeline of private sector projects has grown to over 100, representing more than 9 000 MW of new capacity. Now, given the persistent load-shedding crisis, national government has announced various additional initiatives to streamline the authorisation processes for energy projects, including removing the licensing requirement for generation projects of any size. This is expected to assist with increasing the speed at which projects are rolled out going forward. Nedbank is well positioned to take advantage of these embedded-energy amendments to help accelerate the necessary green energy transition in SA and the rest of Africa.</p> <p>Private power generation investment across our various business units amounted to over R1,2bn in 2022:</p> <ul style="list-style-type: none"> • In 2022 the long-standing relationship between Nedbank and Old Mutual Group (Old Mutual) gave rise to a significant sustainable-development financing milestone between the two parties represented by a R3,125bn syndicated sustainability-linked loan facility – a first of its kind to be concluded for the group. This follows on from a
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		<p>R500m sustainability-linked loan that was concluded for Old Mutual Properties earlier in 2022. The R3,125bn Old Mutual facility aligns with and supports Old Mutual's sustainability strategy and ambitions. It also delivers on an array of financial objectives for the group, including access to a broader, more diversified lender group and the option to extend the facility.</p> <ul style="list-style-type: none"> • An international logistics company* in Gauteng needed a renewable-energy solution to overcome the impact of load-shedding on its local operations. The R15m project, which will produce 350 kW, was successfully completed in 2022. The savings on electricity costs and diesel expenses during load-shedding largely covered the repayments on the NCB sustainability financing solution provided. Additionally, the company was able to take advantage of accelerated wear-and tear allowances for businesses installing less than 1 MW of electricity and VAT rebates, which reduced the cash flow needed to install the solar solution. • When a Gauteng-based company* that develops, rents, and manages high-quality shopping centres across SA evaluated its options for replacing the Eskom electrical grid with renewable energy, it found that PV solutions were the most cost-effective option for providing electricity to its properties. A pilot installation was successfully completed and, based on the results, two more properties are now transitioning to green energy, reducing the company's electricity costs and increasing energy supply certainty. The company needed R22m in funding for the project, and drew on the NCB sustainability financing offering to finance the installations over an eight-year period. This has allowed it to avoid putting additional strain on its cash flow as the savings on electricity costs will cover a substantial portion of the repayments • In 2022 Nedbank funded the construction of a biogas plant on a mixed-farming operation in the Western Cape. The construction began in 2021 and the plant was commissioned in early 2022. The waste from the farm and abattoir, previously dumped into a slurry dam, is now used to generate gas for heating water in the chicken hatchery and batteries, and to generate electricity for the piggery and abattoir. The residue is also used for soil enrichment. The farmer signed an offtake agreement with the energy company that owns the plant and equipment, and this provides heat and energy to the operations at a favourable rate as compared to grid based energy costs. The installation showed that even a relatively small investment (around R6m) in innovative energy generation can provide an agricultural operation with a sustainable, affordable, and effective solution for generating heat and energy, while also utilising waste that would otherwise be discarded. The newly created energy company is now expanding its business model to offer similar plants to
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		<p>clients across various industries and aims to build a sustainable revenue stream through annuity income.</p> <ul style="list-style-type: none"> • MFC asset finance – Individuals and small businesses are able to apply for financing for a solar installation at their home or premises. Financing is offered for up to 72 months at a competitive interest rate. Nedbank has teamed up with a number of trusted energy partners who are helping our clients with expert guidance through the entire process of assessing their energy requirements, finding a solution that fits their needs, overseeing the installation and providing afterinstallation support. This asset finance option was launched in the second half of 2022 and by the end of the year, 56 funding deals worth R12,3m had been financed. • Finance via a Nedbank home loan – For those who have a home loan with Nedbank, a second option is either to use any money available in the loan by accessing a NedRevolve facility or to apply for a readvance or further loan on the existing Nedbank home loan. <p>We have been operationally carbon-neutral for more than 10 years and we continue to drive energy efficiency within our operations in line with our reduction targets. Our reduction targets can be found here</p>
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Key risk	Impacts	Responses and opportunities
Water security	<ul style="list-style-type: none"> • Health risks • Reduced crop yields or food shortages • Economic stagnation and decline • Water restrictions • Price increases <p>Links to SDG 6.</p>	<p>Our water strategy is three-pronged, focusing on water quality, quantity and access. Evidence of this strategy at work can be found throughout this report.</p>

Key risk	Impacts	Responses and opportunities
Food security	<ul style="list-style-type: none"> Economic decline Health risks Food shortages Price increases Land use change Social unrest <p>Links to SDGs 2 and 12</p>	<p>We offer an innovative sustainable-agriculture funding solutions aimed at mitigating the risks and challenges for farmers associated with rising temperatures and changes in weather patterns including lower rainfall. The agricultural sector uses the majority of South Africa's water. That is why working with this sector to improve farming practices and issues like water efficiency is vital. We support farmers directly, or through a financing arrangement with their local cooperative, with sustainable farm interventions ranging from water storage maximisation solutions and soil health to cutting-edge irrigation equipment and shade netting to reduce Evaporation and provide protection from events like hail</p> <p>Sustainable-agriculture highlights delivered through this funding in 2022 include the following:</p> <ul style="list-style-type: none"> Finance for shade netting – In 2022 shade-netting finance deals totalling R43m were completed, with a further almost R280m pending pay-out or being assessed. This is in addition to the shade-netting facilities that we have in place with cooperatives like The Humansdorp Agricultural Cooperative. We have entered into a cooperation agreement with Partners in Agri Land Solutions (SA PALS) to provide non-recoverable enterprise development funding of R7m over the next three years. The funds will go towards building capacity in SA PALS and enhancing its systems and processes so that it can deliver more services to farmers and extend its offering beyond the Western Cape, Mpumalanga, and Free State, where it currently operates. The funding also includes a R1m allocation specifically to be used for the training of farmers. As funders, we will have the opportunity to access deal flow stemming from the transformation partnership with SA PALS, thereby expanding our presence and impact in the agricultural transformation space. We have partnered with southern Africa's largest irrigation supplier, Agrico, to offer farmers alternative financing options and solutions for new-technology irrigation equipment. For more than 100 years funding has been available at a preferential interest rate of 0,25% below prime Advanced irrigation technology is an essential component of sustainable farming as it delivers increased efficiencies, higher yields, and reduced water usage – all of which can result in cost savings and revenue upside over time, while also ensuring sustainable farming practices built on sound water stewardship. Nedbank Zimbabwe provided Forster Irrigation in Bulawayo with a US\$300 000 loan facility to support Zimbabwean farmers with the installation of solar PV facilities to enable sustainable farming activities despite lingering energy insecurity in the country.

		<p>Support for emerging and small-scale farmers</p> <ul style="list-style-type: none"> • Agriqua Taung Agriqua Holdings Proprietary Limited is an incubator established by Northern Cape based agri-company GWK in partnership with Nedbank and Old Mutual Black Business Partners (BBP) Legacy Programme. It provides business development and specialist technical support to 88 emerging farmers with 700 hectares under management. Each farmer is allocated a minimum of 10 hectares, with the objective being to support these emerging agribusinesses to achieve commercialisation and have complete control of the value chain. Given the success of the project, and following full repayment of the first R6m loan, in 2022 Nedbank and Brimstone approved an additional R15m loan to cover operational-cost support for 66 famers (33 new and 33 existing and excelling farmers from the first project) farming a combined 1 400 hectares. The project seeks to create 1 055 permanent jobs and 4 000 seasonal jobs both directly and indirectly through the value chain. • Export Trading Group Export Trading Group (ETG) is a diversified agricultural conglomerate that operates a vertically integrated agriculture supply chain across five continents. In Africa, ETG operates in a number of countries: Cameroon, Rwanda, Ghana, Tanzania, Ivory Coast, Senegal, Kenya, Uganda, SA and Malawi, to name a few. ETG's development arm, the ETG Farmers Foundation, focuses on providing farmers with the tools, technologies and training they need to improve their yield and thereby raise their socioeconomic status. Nedbank is a long-standing partner of ETG and provides funding to enable and support its vital activities in Africa. In 2022 we facilitated and provided funding of R2,5bn to support ETG's efforts to empower an increasing number of smallholder farmers in the African countries in which it currently operates. • Plaasmedia Climate Smart Ambassador project We are one of the main sponsors, in collaboration with Plaasmedia/ Veeplaas, of a project aimed at identifying livestock producers who implement climate-smart farming practices on their farms and who are passionate about the conservation of their land and resources. Participants are assessed on their management practices, and in 2022 the focus areas were veld management, herd management, the management of bare areas, erosion and bush encroachment, drought management, financial management, and knowledge regarding climate change.
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5 Meeting the commitments to the CEO Water Mandate: Direct operations

Africa faces various challenges in ensuring water security for businesses and citizens alike. These include water scarcity due to drought and limited water resources; ageing infrastructure leading to water loss; and declining levels of water quality, which is often due to water sanitation issues. In addition, businesses face increasing water costs due to rising tariffs and water management fees, which can negatively impact their bottom line. Climate change and its impact on water availability, quality, and infrastructure exacerbate the challenge. Access to appropriate water development funding is imperative, and Nedbank places a priority on investing in, and facilitating, partnerships that support water development.

Operational 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 use levels to which we aspire as a group and which we use to guide behaviour at group, cluster, business unit, team and individual level.

These targets are integrated into applicable performance contracts, and regular communication ensures that our employees 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 the measurement is undertaken in the group. We measure actual water consumption (in owned and managed buildings) against our water intensity reduction target and progress reports to the Group Transformation, Social and Ethics Committee, a subcommittee of the Nedbank Group Board. The water data and supporting information are reported annually in the Nedbank Group Integrated Report and the TCFD Report. The data is also externally and independently assured as part of the Deloitte and Ernest & Young assurance of the report.

Thanks to our support of the WWF Water Balance Programme, which removes invasive alien trees in key water source areas, we have been effectively a net-zero operational water user since 2018. In 2022 total water consumption across all our campus sites decreased by 7,2% to 144 955 kℓ* (2021: 156 261 kℓ). This decline was driven by floorspace consolidations and reduced levels of occupancy in our campus sites due to hybrid work arrangements. We continued with our commitment to water efficiency in our operations despite fewer employees using our facilities.

Water-saving initiatives: We advocate behavioural change in our employee base. The following campaigns and activities were used in 2022/23 to drive employee awareness on the importance of water conservation:

The Nedbank Water Savings Guide – We continued to run external and internal campaigns to drive water-saving awareness and market our water savings guide. The guide is geared towards helping individuals and families understand the country's delicate water situation and gives simple tips that they can implement to reduce their water footprint. The guide has been downloaded over 375 times since its launch. [Click here](#) to view the guide.

Thought leadership sessions – These are run for employees and covered what we and our civil society partners such as the World Wide Fund for Nature (WWF-SA) are doing to support water conservation in South Africa. The objective of these sessions is update employees on work happening through us and others to develop and support the water sector and to inspire employees to do more through work and at home to conserve water.

Water risks: We are dependent on our clients' being able to access banking services with ease. The physical impacts of climate change have the potential, in extreme circumstances, to affect our ability to serve our clients. Our climate change strategic plans take account of this potential physical risk and provide for action plans (business continuity and disaster recovery) for the medium term (three to five years). We have already experienced incidences of branch and office closures due to unstable water supply, water restrictions in many areas and even extreme weather events such as flooding. Our risk management processes, and business continuity and disaster recovery plans are designed to identify and address these potential physical impacts of climate change on our business processes and premises. Our business continuity management policy and programme address physical risks on a site-specific as well as regional basis.

Lending: The current energy crisis in SA is overshadowing efforts by many businesses to address water issues. However, for those who are considering water solutions, the ability to repay funding from water savings helps minimise the impact of capex on cash flow and improve profit margins, while conserving water. Through our Corporate and Investment Banking and Corporate Banking divisions, we offer financial solutions to participants in the mining, commercial, industrial, and agricultural sectors to enable them to access safe and affordable potable water and adequate sanitation, and to enhance water use efficiency through water recycling, treatment, harvesting and reuse.

During the 2022 financial year Nedbank completed funding transactions to the value of R514m (2021: R800m) in the water sector, with a very pleasing R4,5bn pipeline.

Highlights for the past financial year are as follows:

- In 2022, R234m in funding was provided for water-related projects, mainly for agricultural irrigation system upgrades as well as specific projects such as a reservoir construction in Lesotho to ensure clean water to several rural villages
- Nedbank provided a R133m revolving credit facility to Silulumanzi for their capex programme to improve service delivery and maintain water infrastructure in the concession's peri-urban areas.
- Nedbank Lesotho extended revolving credit and loan facilities of M18,4m (R18,4m) to various players in the water sector in Lesotho, including Sigma Construction, a service provider for the Ministry of Water for the construction of a reservoir to supply clean water to rural villages; Makhakhe Lions Construction and SB Tswelopele Joint Venture, which are service providers for the Lesotho Lowlands Water Project; and A&C, a service provider for the Lesotho Highlands Water Project.
- We continue to enjoy a close relationship with Umgeni Water and we actively support its activities through our lending products. We have been Umgeni Water's primary banker since 2020.
- Nedbank structured a R67m debt funding solution for Talbot Integrated Services (TIS) to design, build, and operate a water treatment and reuse plant at Sovereign Foods' Crown Chickens' facility in Kariega, SA. This will improve water security for the area, which has been affected by drought for many years, and potentially recover up to 1,2 million litres of water per day for Crown Chickens' operations. TIS is a subsidiary of Talbot Group, a leading African provider of sustainable water and wastewater solutions.

No new public sector funding tenders were awarded in 2022, but disbursements of R62m were made to two municipalities to reduce water waste and provide essential services. The two funded municipalities were:
an Mpumalanga municipality that required funding for wastewater treatment and replacement of old water networks;
– a Western Cape municipality that needed funding to upgrade sewer infrastructure and replace ageing water infrastructure. We take a shared commitment approach to water saving by including water sustainability considerations in the environmental screening processes that inform our lending decisions.

Where necessary, we guide clients on ways to improve their social and environmental performance, including their water dependency. Our Safety and Environmental Management System (SEMS) assessment tool is fundamental as it enables us and our clients to measure alignment with accepted environmental as well as social standards and legal compliance, and also address any challenges or shortcomings that might otherwise have hindered business progress or created exposure to undue risk.

Nedbank has been using the WWF Water Risk Tool on an ad hoc basis for client assessments, but currently we are looking at assessing our water risk exposure through the tool on portfolio and jurisdiction level. The assessment will also inform our climate risk scenarios that we are developing across our water intensive sectors and our social and environmental assessment of clients in high impact industries through our Social and Environmental Management System.

6 Meeting the commitments to the CEO Water Mandate: Greening the supply chain and watershed management

Our suppliers are key to our long-term success. Our procurement methodologies and practices are therefore designed to meet our need for goods and services in a way that achieves value for money while also promoting positive outcomes for our suppliers, the environment and society as a whole. To enable this our procurement function works closely with our suppliers to promote and enable shared growth, strong relationships, and greater sustainability across our entire supply chain

In support of Nedbank's carbon and environmental aspirations, our procurement strategy includes efforts to mitigate the potential negative impacts associated with the company's supply chain. Understanding our suppliers and the impact they have on our environment and carbon footprint is a fundamental part of our procurement strategy and an important part of our climate risk mitigation strategy. Suppliers are required to complete a detailed questionnaire of their environmental management practices. In December 2022 more than 5 000 of our suppliers (95%) responded to the Supplier Profile Questionnaire (SPQ) to assess the maturity of their environmental and sustainability practices. We also conduct continuous and thorough screenings of our suppliers to understand their environmental and sustainability performance. In 2022 we terminated one of our key supplier relationships based on the company's environmental misconduct. We also launched our Supplier Relationship Management (SRM) programme during 2022. The goal of this programme is to strengthen the collaboration with our suppliers and encourage them to make a significant contribution towards our sustainability targets. We will expand the programme in 2023 to further our engagement.

Our total supplier base has a transformation status that counts towards our BBBEE procurement spend scorecard. Over the past two years we have seen pleasing improvements across key transformation categories, particularly through supplier relationships in the small, medium and microenterprise (SMME) business development sectors.

7 Meeting the commitments to the CEO Water Mandate: Collective action and community engagement

We know that value is optimised through shared responsibility and collaborative action. We place a priority on partnering with people, organisations and communities that share our passion for sustainable development and recognise the potential that exists to maximise positive impacts by working together. That is why we proactively look for such partnerships across all our stakeholder groups to contribute towards increased awareness and understanding of the sustainable development imperative to address water- and sustainability-related challenges.

Such partnerships and engagements in 2022/23 included the following:

- **WWF-SA Water Balance Programme** – Our partnership with WWF-SA on its Water Balance Programme for nine years, having provided R12m in funding, with this resulting in our being operationally net-zero water users, as well on its Sustainable Agriculture Programme, having invested R18m over six years. These long-term projects focused on clearing water-thirsty invasive alien vegetation in and around vital water catchment areas to maximise the amount of water that remains in our catchments and promoting better farming and production practices in the fruit, dairy, beef, wine and sugar sectors. In 2022 we continued with our water source area conservation partnership with WWF-SA. The focus of this programme is on the protection and development of effective water ecosystems that consider the need to protect South Africa's essential water source areas, while at the same time supporting communities that rely on these areas for their livelihoods. This partnership prioritises support of water security, reducing land degradation and improving local economic opportunities for rural communities in the Eastern Cape, which is home to the second-largest water source area in South Africa. The hope is that, over the five years of the partnership, the project will come to showcase the value of a water source partnership model and deliver valuable learning and insights that can be replicated nationally.
- **The WWF Nedbank Green Trust** – Over the past five years more than R120m has been invested in 53 water and conservation projects through the WWF Nedbank Green Trust. Altogether 14 of those projects constitute an investment of nearly R34m that is focused on water (freshwater and marine).
- **Grasslands National Park** - The WWF Nedbank Green Trust invested R3,3m (from October 2018 to July 2022) into preliminary work aimed at establishing a dedicated 30 000+ hectare grasslands national park within this critical strategic water source area. This parcel of land will be constituted through various protected-area expansion mechanisms that apply to the area in and around the project footprint, including land purchase, contractual national-park and biodiversity stewardship agreements.
- **WWF Nedbank Green Trust Marine Plastic Pollution Programme** – The WWF Nedbank Green Trust approved an amount of R2,88m for the project, which commenced on 1 July 2018 and ran for period of 3.5 years. The aim of the project was to address the increasing levels of plastic pollution in nature, primarily from plastic packaging, using circular-economy concept. While the project ended in December 2021, it gave rise to numerous strategic 'sub-projects' that continued in 2022. Significant achievements in the year under review included the following: The establishment of a multistakeholder platform- the South African Plastics Pact- for industry and government to collectively find upstream solutions to plastic packaging. The development of the WWF African Plastics Strategy, which resulted in the Regional Plastics Policy project. The development of Extended Producer Responsibility policy recommendations for plastic packaging in SA. Research into the barriers and opportunities to increasing recycling and inclusion of post-consumer recycled content in plastic packaging.
- **Design for Good**- Nedbank partnered with Design for Good in their efforts to address SDG 6. Design for Good are a non-profit of leading global organisations that harness the creative talent of thousands of designers to design and deliver positive impact against the United Nation's Sustainable Development Goals, on a scale only possible through global collaboration. Design for Good brings together designers around with world with a shared goal of improving lives through human-centered design. They develop products and services with impacted communities, that are donated fully open-source. In 2023 they focused on SDG 6: Clean Water and Sanitation, ideas being explored to date range from female menstrual hygiene and education to AI-powered rainwater harvesting and filtration solutions.

8 Meeting the commitments to the CEO Water Mandate: Transparency

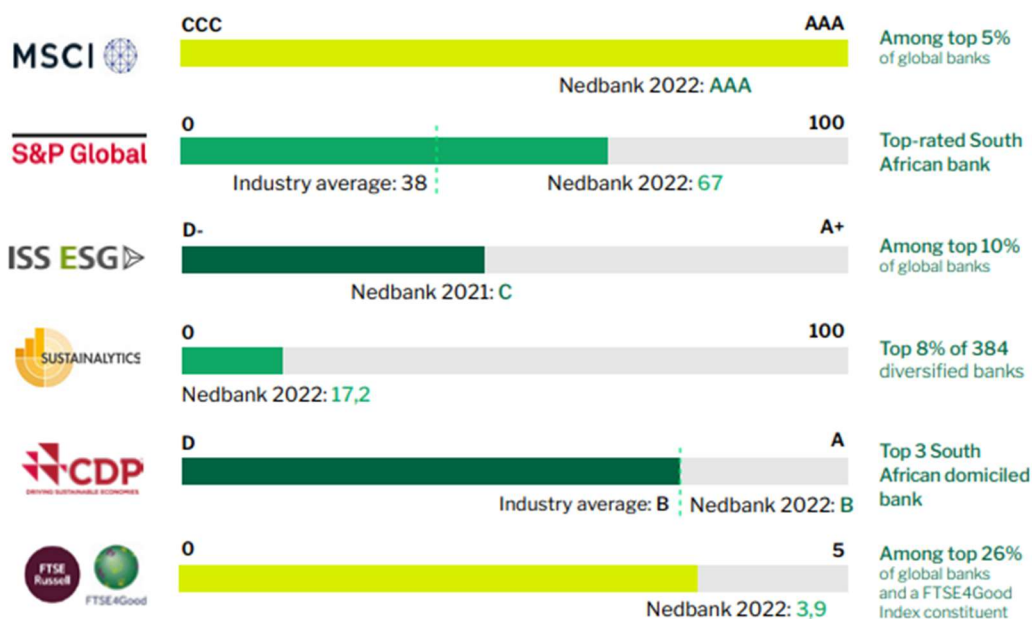
We report according to the Global Reporting Initiative G4 principles and King IV integrated reporting requirements. Our water use is independently assured by Deloitte and Ernst & Young as part of their assurance of our integrated report.

Our sustainability credentials include the following:

- 2022 Global Finance Sustainable Finance Awards: Outstanding leadership in sustainability linked bonds.
- 2022 Global Finance Sustainable Finance Awards: Best Corporate ESG strategy South Africa
- SA Carbon Disclosure Project Index 2022 – We scored an ‘B’ for performance. The score recognises our corporate environmental action on climate change.
- FTSE4Good Index – In 2021 we were included in this global responsible-investment index for companies that demonstrate strong ESG practices. Among top 26% of global banks and a FTSE4Good Index constituent.
- Green buildings –85% of our office buildings are operating at best-practice levels and meet Green Star Building accredited standards. 19 Nedbank-owned buildings awarded Green Star ratings.
- Carbon-neutral status – We are Africa’s first carbon-neutral financial organisation - carbon-neutral since 2010.
- UN Principles for Responsible Investment (UNPRI) - Nedbank Wealth signatories since 2022

Independent ESG ratings:

Independent ESG ratings¹ – Nedbank is highly rated among its global peer group



¹ Ratings are as at 31 March 2023.

We retained our top tier ESG ratings, with the highlight being our MSCI rating improving from AA to AAA (now within the top 5% of global banks); Sustainalytics – low-risk score of 17,2 (top 8% of 384 diversified banks); ISS – C rating (within the top 10% of global banks); FTSE Russell – 3,9 rating out of 5 (top 26% of global banks and a FTSE4Good Index constituent); S&P Global – score of 67 out of 100 (a top-tier South African bank); and CDP – Nedbank is rated as a top-3 domiciled bank.

Nedbank aligns with or is represented on the following:

- The United Nations Sustainable Development Goals (UN SDGs). United Nations SDGs.
- The King Code of Governance Principles for South Africa King IV.
- United Nations Environment Programme Finance Initiative: Africa Network. (UNEP FI): Africa Network
- United Nations Global Compact.
- United Nations CEO Water Mandate.
- United Nations Principles for Responsible Investing. (UN PRI).
- The Code for Responsible Investing in South Africa. (CRISA).
- National Development Plan (NDP)
- Banking Association South Africa: Sustainable Finance Committee (Positive Impact project).
- Finance Task Group, Climate Risk Forum, and the Disclosure Working Group.
- The Association of Ethics Officers in Africa.
- The Organisation for Economic Cooperation and Development: Financial Sector Mapping
- The Advisory Group.
- The National Business Initiative.
- The Embedding Project: South Africa Peer-to-Peer Network.
- The Alliance for Climate Action.
- The International Finance Corporation (IFC) Performance Standards.
- The Equator Principles.

9 Contact details

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