

# THE COLOUR *of* MONEY

Although the nature of their business doesn't traditionally put banks in the environmental firing line, there are some banking institutions that have taken their environmental responsibilities seriously. Of these, Nedbank has risen above the rest, laying justifiable claim to the title of South Africa's 'Green Bank'.

**N**edbank's long-running commitment to the environment started 17 years ago with the launch of the Nedbank Green Affinity programme. In 1990, together with WWF-SA, the bank founded The Green Trust, which aims to help protect the unique biological diversity of southern Africa and to counter the adverse effects of unsustainable development. Says Nombulelo Moholi, Nedbank Group Executive Strategy and Corporate Affairs, 'We wanted to make a long-lasting difference to the state of our planet in a way that would engage our staff and clients.'

In a move away from a more traditional concept of corporate social investment (CSI), where businesses provide funding to worthy initiatives, Nedbank Green Affinity is more sustainable, offering clients the opportunity to participate in conservation and the upliftment of local communities. In short, every time a client uses one of a range of banking products, Nedbank makes a donation to The Green Trust – at no cost to the client. In this way, The Green Trust has received over R75-million and, in turn, has funded over 140 major conservation projects.

For Thérèse Brinkcate, Green Trust manager from WWF-SA, 'This financial support has played a key role in furthering vital conservation education. It has also played a part in protecting numerous species, such as cheetahs, African wild dogs, black rhinos and blue cranes.'

*'Environmental responsibility represents an important part of our culture and identity as an organisation'*

SELBY BAQWA, EXECUTIVE DIRECTOR ENTERPRISE, GOVERNANCE AND COMPLIANCE

'Moreover,' she continues, 'The Green Trust's contribution to ensuring that ecosystems such as fynbos, grasslands and fresh water remain intact will help the country to adapt to climate change.'

The Green Trust and the Nedbank Green Affinity programme also support community-based conservation initiatives, particularly those that try to maintain a healthy environment through the sustainable use of natural resources.

Water security is going to become one of our biggest concerns as we adapt to a changing climate. In the Craigieburn community near Hoedspruit in the Limpopo province, 100 subsistence farmers, mostly elderly women, feed households of four to 10 children from their vegetable plots in the Sand River wetlands. These women play a critical role in the fate of the wetlands and the river, but as their demands on these

resources have increased, there has been a substantial reduction in river flow.

The Association for Water and Rural Development (AWARD) Project is working with the Craigieburn community to introduce environmentally sustainable wetland farming practices that will help to rehabilitate the river system, not just where they live, but many kilometres up and downstream. 'Gaining the community's trust and encouraging a culture of conservation takes time,' acknowledges project leader Sharon Pollard, 'but we are making good headway.'

Nedbank's award-winning Green Affinity programme has been hailed internationally as a mutual-benefit marketing success story – last year saw its client base increase by 15 per cent over 2005.

Nedbank's long-term relationship with WWF-SA has also facilitated the first formal conservation partnership of its type in South Africa. In terms of the agreement, WWF-SA will provide input into the group's environmental and sustainability policies, while Nedbank will look at developing new products and services to support The Green Trust and will ensure that its management practices are conducted in an environmentally sound manner.

Says Greg Garden, Divisional Director Group Marketing, 'We are tremendously proud of our special partnership with WWF-SA and we will continue to engage meaningfully with the organisation to ensure that Nedbank remains a sector leader in

developing best practice across the board for environmental sustainability.'

Nedbank also supports WESSA, the Wildlife and Environment Society of South Africa, and serves on the National Business Initiative Sustainable Futures Advisory Committee and the Environmental Consultative Forum of the JSE (Johannesburg Stock Exchange).

**A**t Nedbank, however, environmental awareness is not confined to one or two CSI programmes. 'Environmental responsibility,' explains Selby Baqwa, Executive Director Enterprise, Governance and Compliance, 'represents an important part of our culture and identity as an organisation.' In 2005, the Group Transformation and Sustainability Committee, a sub-committee of the Nedbank Board, was formed and charged with monitoring and redefining social and environmental policies, and ensuring that these policies are integrated into the group's philosophy and practice.

Nedbank's Environmental Management Programme, built around the precautionary approach to environmental management, has been expanded and revised. It is committed to equipping its staff members with the knowledge and tools to lessen their impact on the environment, and has garnered their support for achieving targets aimed at reducing water and energy consumption, emissions and waste. The group is piloting a number of recycling and consumption initiatives, which are already showing results – between 2004 and 2006, paper usage decreased by over 50 per cent.

There is still a way to go, however. Over the same period, the group's energy consumption increased, as did its use of generators. 'The instability of South Africa's energy supply and the growth in our staff complement and physical distribution network led to an increase in energy consumption, which we are trying to address through a group energy efficiency project,' explains Justin Smith, Senior Manager Enterprise, Governance and Compliance.

**A**ccording to a recent report from the United Nations Environment Programme's Finance Initiative or UNEP FI (a private-public partnership between the UN and the worldwide financial sector) seven out of 10 banks in South Africa are now factoring environmental, social and governance issues into their credit risk assessment for corporate and consumer loans. 'By including social and environmental risk analysis in their credit processes, African banks can take the necessary steps to ensure that the finance sector is playing its role in securing long-term sustainable growth in the continent,' comments Smith. The development, mirroring those in other parts of the globe, is also being fuelled by a variety of factors including 'reputational risks', reflecting concerns by banks over being linked to an environmentally unfriendly or socially damaging project.

The environmental impacts of the third parties with which it has dealings has engaged Nedbank for some time. ▶

Funded by Nedbank donations, The Green Trust supports grassland conservation in South Africa. Maintaining the integrity of ecosystems will improve our ability to withstand the impacts of climate change.





SASSI, which also enjoys support from The Green Trust, advises consumers on the fish that they should – and shouldn't – be eating.

Back in February 2004, it became the first South African bank to join UNEP FI. Nedbank clients, investors and business partners are expected to complete environmental impact assessments and are encouraged to operate on sound environmental principles. Investigation into environmental risks has been included in the credit policies of the group, as well as its risk management frameworks.

*'Combating global warming has become a priority issue locally, internationally and for Nedbank'*

TOM BOARDMAN, NEDBANK CEO

When it comes to project finance, sponsors are already obliged to carry out environmental studies in terms of the host countries' legislation or the standards of multilateral development banks. Nedbank Project Finance, however, has gone one step further by adopting the Equator Principles.

The Equator Principles aim to provide a guideline for banks to ensure that the projects they finance are developed in a socially responsible and environmentally sound manner. Writing in the *Business Day* in June this year, Alex Hetherington, who consults to WWF-SA in helping Nedbank improve its sustainability, said that, 'The principles obligate banks to demand from their clients social and environmental assessments; action plans; stakeholder

consultation; and independent reviews on high-risk projects.' In June 2003, these principles were adopted by 10 of the world's leading banks, representing an estimated 80 to 90 per cent of the global project finance market. Of the now 50-plus banks that have adopted the Equator Principles, Nedbank remains the only African signatory.

Why go to all this trouble? The group's motivation for doing so is a classic example of why sound CSI is good business. 'In adopting the Equator Principles, Nedbank has considerable potential to build on its reputation regarding environmental matters, particularly in the South African market, where we have been strongly identified as "the green bank", says Brian Kennedy, Managing Director Nedbank Capital. 'Having a formal policy in place regarding

environmental and social responsibility in project finance is in line with rapid developments in South African legislations and codes. Also, the banks that adopted these principles have started to work very closely together in various projects, which affords us an opportunity to share skills and knowledge. So yes, in this case, "doing the right thing" has benefits for everyone.'

In accordance with the Equator Principles, therefore, Nedbank Project Finance carefully evaluates requests for loans where the borrower's proposed use of proceeds would fund activities that the group determines could adversely affect a critical natural habitat. Of the 14 project finance transactions approved for 2006 (three were declined), all were subjected to environmental and social assessments.

If the Equator Principles are something of a stick, then the launch of the Nedbank Capital Green Mining Awards in 2006 can be seen as a large, if slightly green, carrot. Instituted as a way of broadening the debate on environmental sustainability issues with its clients, the awards recognise companies that are striving to achieve a balance between economic objectives, social upliftment and environmental responsibility. In their inaugural year, the awards honoured Anglo Coal for its Isibonelo

Wetlands Project, Palabora Mining Company's Palabora Foundation and Anglo Platinum's sustainability programme.

Nedbank's dedication to environmental matters has not gone unnoticed. In 2007, the group was included in the Dow Jones World Sustainability Index for the third year in succession – one of only 28 banks worldwide and four companies with primary listings in South Africa to be included. It was fully supportive of the efforts by the JSE to develop a socially responsible investment (SRI) index, which rated Nedbank first in the low-environmental impact category in 2006.

It is not surprising, therefore, that Nedbank has become increasingly concerned with the looming threat of climate change. For Nedbank CEO Tom Boardman, 'Combating global warming has become a priority issue locally, internationally and for Nedbank.'

In 2005, the bank was one of a number of large corporations to sign an Energy Efficiency Accord with the South African Minister of Minerals and Energy. The Accord forms an integral part of South Africa's National Energy Efficiency Strategy, which has set the industrial sector a 15 per cent reduction target in its final energy demand by 2015, and a 12 per cent improvement in energy efficiency for the nation by the same date. 'The Energy Efficiency Accord is in line with Nedbank's existing commitment to the responsible management of environmental issues,' explains Boardman. Nedbank's sister companies, Old Mutual SA and Mutual and Federal, are also partners of the national energy efficiency campaign.

Nedbank is also a signatory to the Carbon Disclosure Project, which seeks to encourage greater transparency from the corporate sector in how it is dealing with climate change. The bank's first energy and carbon audit took place in 2006, and resulted in the first calculation of its carbon footprint.

Overall, the 'Green Bank' remains firm in its commitment to the environment in which we live and on which we are utterly dependent for survival. 'Nedbank is proud of the products it has developed which highlight the clear line between environmental responsibility and economic prosperity,' concludes Boardman. 'We shall continue to research new and innovative ways of re-enforcing our commitment to environmental issues.'

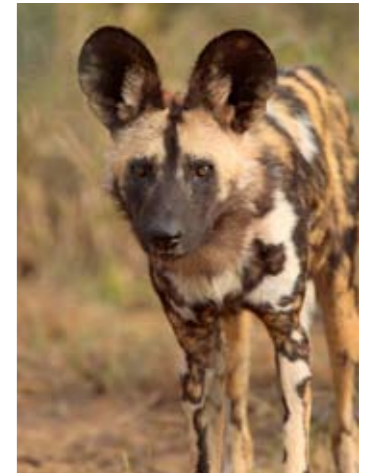
## The Green Trust projects

Last year Nedbank and its Green Affinity clients donated nearly R4.3-million to The Green Trust for conservation initiatives. Here are just a few examples of the 26 projects supported by this award-winning programme.

### LEADERS OF THE PACK

The Green Trust, in partnership with the Endangered Wildlife Trust (EWT) and Ezemvelo KZN Wildlife, has launched a new three-year Wild Dog Project in KwaZulu-Natal. The goal is to track the movement patterns of African wild dogs from Hluhluwe-Imfolozi Park to uMkhuze, some 80 kilometres away. To get there, they have to cross a highway, several communities and many farms, few of which are currently 'dog-friendly'. Whereas the first Wild Dog Project focused on re-introductions, this one aims to educate people about wild dogs and to dissipate their fears of these endangered canids.

Currently, the total African wild dog population in South Africa fluctuates between 200 and 400 individuals, with the majority in the Kruger National Park. To counter the threats to their survival, wild dogs have been re-introduced to a handful of South African reserves.



### GRAPE NEWS

Since November 2004, some 56 wine producers in the Western Cape have set aside a total of 30 000 hectares (nearly a third of the 100 000-hectare footprint of the province's vineyards) to conservation. They have done so as part of the Biodiversity and Wine Initiative (BWI), a programme dedicated to protecting the Cape Floral Kingdom, in which all the vineyards are situated. This is the world's smallest plant kingdom, yet one of its richest and, through the BWI, many rare and endangered species and vegetation types are being conserved. The Green Trust is right behind this conservation drive, which is breaking new ground internationally by recognising the link between conserving biodiversity and wine production.



### CATCH OF THE DAY

An alarming 67 per cent of South Africa's top 27 recreational linefishing species have been classified as 'collapsed'. Six out of the 10 most important linefish species are well below critical stock levels. Recognising the crisis, The Green Trust is helping to sponsor the South African Sustainable Seafood Initiative (SASSI), which aims to conserve overexploited linefish and other seafood species through education and awareness. The first leg of its national campaign focused on educating seafood dealers and restaurateurs about which fish species they should – and shouldn't – be selling and buying. The initiative now runs a general public advocacy campaign, which encourages consumers to reject overfished or unsustainably caught species. A small booklet has been produced and a text-message service has been introduced. Simply SMS the name of the fish to 079 499 8795 and receive an immediate yes/no response.

For more information on The Green Trust or any of its projects, contact Thérèse Brinkcate on tel. (+27-21) 888 2836 or e-mail [tbrinkcate@wwf.org.za](mailto:tbrinkcate@wwf.org.za). You can also visit [www.wwf.org.za](http://www.wwf.org.za) or [www.nedbankgreen.co.za](http://www.nedbankgreen.co.za)

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