

Biodiversity mainstreaming at Nedbank

Nedbank is one of South Africa's four largest banking groups with a wide range of wholesale and retail banking services as well as insurance, asset and wealth management. Their primary market remains South Africa, however, this continues to expand into the rest of Africa. The bank's purpose is to use their financial expertise to do good for individuals, families, businesses and society. As a financial services provider, Nedbank is deeply connected to the environment and societies in which they operate. As such, they adopted the United Nations Sustainable Development Goals (SDG's) as a framework to guide their business approach to focus on the most material SDG's through three key areas of leverage - Products and Services: Sustainable Development Finance, Operations and Partnerships (including Corporate Social Investment). It is within this deliberate consideration of development and delivery of their products and services that they can satisfy unmet societal needs and enable a thriving society in order to create long-term value, and maintain trust in and success of their brand.

What is the business case for biodiversity at Nedbank?

Globally we are facing massive economic, social and environmental challenges. Environmental risks - such as extreme weather, biodiversity loss and ecosystem collapse, major natural disasters, man-made environmental disasters, and failure of climate change mitigation and adaptation – are increasingly being recognised as posing high risks to businesses worldwide. It is the deep interconnectedness of these risks with human wellbeing that sees those posing systematic challenges to citizens across the world.

In response to these challenges, Nedbank ensures that sound practices, transparency and accountability are non-negotiable components of their business conduct. The company integrates sustainability across the full breadth of its business activities and focuses on identifying and capturing finance opportunities that carry high potential to deliver positive and deliberate economic, social and environmental impact.



Figure 1: Provision of trees to impacted schools, community organisations and clients

The banking sector has a significant impact on natural capital, including biodiversity, particularly as it provides financial support to high-impact sectors such as forestry, mining, oil and gas, fisheries, water delivery and infrastructure; and other sectors that use genetic resources such as biotechnology, pharmaceuticals, agriculture and cosmetics. Nedbank can play an important role in the natural capital sector by providing capital to producers and processors and as a financier to traders of natural capital. Given this role, Nedbank carries a responsibility to ensure that the sectors they operate do so in a sustainable manner. To ensure this, Nedbank critically selects clients in investment and lending portfolios by creating mechanisms to induce best practices and promote sustainable practices.

Nedbank developed its Natural Capital Sector Policy in 2016 to guide financing decisions on lending to natural capital sector clients. In terms of scope, the policy applies to all lending and other forms of financial assistance, advisory and management activities offered by Nedbank, and covers the natural capital sector as it relates to water resource management and land use. Much of the guidance provided is aimed at minimising the company's risk due to biodiversity.

Examples include the following:

- Ensure that clients do not undertake activities, which have a negative impact upon any of the protected areas covered by the IUCN I-IV categories, UNESCO World Heritage and the Ramsar Convention;
- Endeavour to avoid deforestation and encourage clients to apply best practice technologies to ensure strong reduction of greenhouse gas emissions;
- Ensure the use of water by clients is in accordance with legal authorisations and the avoidance water pollution;
- Engage clients to minimize ecosystem impacts and restore impacted ecosystems to mimic their original state after commercial activities have ended;

- Ensure that activities will not have a negative impact on the community or population level of any species identified on the IUCN Red List;
- Ensure that activities will not lead to the illegal trade of any species listed as endangered under CITES;
- Encourage clients to provide assessments of the cumulative biodiversity impacts upstream and downstream (including impacts on ecosystems, species and genetic resources);
- Provide ongoing monitoring and reporting of impacts of the activities of clients that are consistent with the guidelines found in the Global Reporting Initiative for reporting on biodiversity and land use.
- Sustainable management of all living natural resources, such as forests, animals and plants;
- Ensure that activities will not involve the intentional or unintentional introduction of invasive alien species in our operations; and
- Identify, in consultation with NGOs and scientists, areas as “no-go zones”, such as High Contrast Visual Acuity, endangered forests, biodiversity hotspots, river watersheds, fish spawning grounds and spiritual sites, and where necessary exclude activities in those areas from investment.



Figure 2: Nedbank assisting communities

Nedbank is currently updating the policy to include guidelines on financing hunting operations with a conservation lens. The current Nedbank position on hunting was published in the [2016 Sustainable Development Review](#), Pg.56: “Despite a few stakeholders disagreeing with our decision not to finance any activity constituting captive breeding of mammalian predator species for hunting or the exotic pet trade, our decision remains firmly in place.”

The World Wildlife Fund, our conservation partner, is of the opinion that trophy hunting can be an effective conservation tool as part of a broad mix of strategies. According to the [WWF Policy and Considerations on Trophy Hunting July 2016](#), hunting has to be sustainable and benefit the wildlife populations or affected species. While it is legal, meets conservation standards, and is considered culturally and religiously appropriate, local communities must benefit from these hunts.

Under the Biodiversity Act, 2004, Threatened or Protected Species Regulations have been promulgated regulating the hunting of listed species. In the Nedbank Natural Capital Sector Policy it is stated that Nedbank must promote the sustainable management of all living resources we use such as forests, animals and plants. Hunting of endangered, vulnerable and protected species warrants a precautionary approach. This will provide a consistent approach, backed by legislation and International Conventions (CITES), to an environmental and reputational risk issue.

Nedbank has developed a set of Guidelines based on the above for your consideration. The Guidelines has been incorporated into the Natural Capital and Biosafety Sector Policy and aim to create awareness with client facing staff and provide guidance to Social and Environmental Risk Managers in assessing financing application for hunting operations. The financing of hunting operations are subject to an environmental management programme that ensures the sustainable use of the wildlife populations and affected species and will be required to meet community needs and conservation standards.

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