



NEDBANK SECTOR GUIDELINES

- A AGRICULTURE
- B HAZARDOUS SUBSTANCES, ASBESTOS AND CONTAMINATION OF LAND, SURFACE AND GROUNDWATER
- C HERITAGE SITES AND OBJECTS
- D NATURAL CAPITAL AND BIOSAFETY
- E IFC EXCLUSION LIST

Why we need this guideline

These guidelines introduce conditions under which the Group ('we', 'us' or 'our') will provide financial assistance and carry out advisory and management activities for clients as far as this relates to environmental and, in certain circumstances, social risks. This is in order to comply with local and national regulations and legislation in the area we or our clients operate so that we and our employees abide by these laws and avoid penalties, lawsuits, exclusion from public contracts and reputational risks.

TERM	MEANING
Biosafety	Means the level of safety when risk management measures must be taken to avoid potential risk to human and animal health and safety and the conservation of the environment as a result of exposure to activities with genetically modified organisms (as defined in the Definition in Genetically Modified Organisms Amendment Act, 23 of 2006).
Bred in Captivity	Means a specimen that was bred and born in a controlled environment.
Hazardous Substances	Means any item or agent of a biological, chemical, radiological, or physical nature that causes harm to humans, animals or the environment.

TERM	MEANING
High Conservation Value	Means biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.
Listed Threatened or Protected Species	Means a species listed as a threatened or protected species in terms of section 56(1) of the National Environmental Management: Biodiversity Act, 10 of 2004.
Natural Capital	Means the earth's natural assets (soil, air, water, flora and fauna) and the ecosystem services resulting from them, which make human life possible.
Natural Capital	Means the world's stock of natural resources, which includes geology, soils, air, water and all living organisms. Some natural capital assets provide people with free goods and services, often called ecosystem services.
Genetically modified	Means genetic characteristics that have been altered by the insertion of a modified gene or a gene from another organism using the techniques of genetic engineering.
Occupational Exposure Limit	Means the upper limit of the acceptable concentration of a hazardous substance in workplace air for a particular material or class of materials.
Social and Environmental Risk	Means the risk of negative impacts on the environment and communities.
Social Performance Standards	Means minimum standards for avoiding social impact and promoting social wellbeing.
ToPS Regulations	Means the Threatened or Protected Species Regulations, Notice 255 of 2015.



NEDBANK SECTOR GUIDELINES

A. AGRICULTURE

1. What informs this guideline

The world critically depends on the continued ability of farmers to produce enough food to meet global needs. The recent trend to increase the consumption of biofuels, which is made from sugarcane or other food crops, and the steep rise in global demand deepens the already existing significant environmental, economic and social problems related to the agriculture sector. We can play an important role in the agricultural sector by providing capital to producers and processors and as financiers of traders of agricultural produce. Given this role, we carry a responsibility to ensure that the sector operates in a sustainable manner. By critically selecting our clients in investment and lending portfolios and by creating mechanisms to induce best practices, we have the power and the responsibility to promote sustainable practices.

2. Where this guideline applies

This guideline applies to all lending and other forms of financial assistance as well as advisory and management activities we offer and covers the agricultural sector as it relates to water resource management and land use.

3. Sector guidelines for lending

We will promote:

- Respect for the (land) rights of local communities and indigenous peoples.
- Respect for basic labour rights and avoid discrimination against women.
- Fair pricing schemes and fair purchasing practices.
- Minimum standards of animal welfare for farm animals during production and transport.
- The conservation and sustainable use of protected areas and areas with a High Conservation Value.
- Practices that avoid deforestation and encourage clients to apply best-practice technologies to ensure

strong reductions in greenhouse gas emissions.

- The use of water by clients in a sustainable manner and the avoidance of water pollution.
- Minimised production and use of genetically modified organisms (GMOs) and the establishment of labelling and traceability of GMOs in client supply chains.
- Careful and minimal use of pesticides in agricultural production.
We will encourage:
- Multistakeholder initiatives that propose standards for various agricultural products.
- Social and environmental certification of agricultural produce and production systems according to standards set by multistakeholder initiatives.

B. HAZARDOUS SUBSTANCES, ASBESTOS AND CONTAMINATION OF LAND, SURFACE AND GROUNDWATER

1. What informs this guideline

We recognise that controlling, monitoring and managing the use, storage and transport of Hazardous Substances and asbestos-containing material and avoiding contamination of land, surface or groundwater are essential tools to combat environmental degradation and pollution. We will provide services to the fuel, agricultural, manufacturing, transport, construction, property development and waste management sectors that abide by the principles of this guideline and thereby assist these sectors in achieving the benefits of sustainable development. Our involvement in the abovementioned sectors are guided by international, regional and local standards that, in being implemented, reinforce the bank's reputation as both socially and environmentally responsible in its activities.



NEDBANK SECTOR GUIDELINES

2. Where this sector guideline applies

This guideline applies to all lending and other forms of financial assistance, as well as advisory and management activities we offer, and covers the abovementioned sectors as it relates to controlling, monitoring and managing the use, storage and transport of Hazardous Substances and asbestos-containing material and avoiding contamination of land, surface or groundwater.

High-impact-sectors affected:

- Agriculture
- Mining
- Manufacturing
- Oil and gas
- Transport
- Construction
- Property development

3. Sector lending guidelines

- The services we offer to these high-impact sectors will be guided by our Social and Environmental Policy and Social and Environmental Management System (SEMS). In accordance with the Social and Environmental Policy, we will subject all projects and transactions to rigorous Social and Environmental Risk assessments.
- All clients should make available the standards that are being applied in respect of the activities as well as provisions for future trends in social and environmental legislation that could affect their projects. Adequate provisions to restore and decommission a waste management project site should also be provided.
- Local and regional regulations will be followed and, where insufficient, International Financial Corporation (IFC) Environmental and Social Performance Standards will be adopted.

The bank will invest only in companies that:

- are active in countries where governance is adequate;
- do not engaged in corruption or illegal activities and do not invest in conflict regions;
- respect the sovereignty of resources of the producing country by promoting public-private joint ventures as the most appropriate model for development;
- respect the (land) rights of local communities and indigenous peoples;
- ensure respect for basic human rights, including the rights of women;
- have implemented an effective environmental, health and safety (ESH) emergency response and prevention policy for all their operations; and
- commit to appropriate decommissioning plans – including a financial guarantee for rehabilitation and cleanup, restoration and ongoing monitoring of the natural environment – for all their operations.

4. Hazardous Substances

4.1 Applicable legislation

- Hazardous Substances Act, 15 of 1973.
- National Health Act, 61 of 2003 – Annexure D Standards for Hazardous Substances and Chemicals/Pesticides/Disinfectants on SANS 10231 (2010) (English): Transport of dangerous goods – Operational requirements for road vehicles.

4.2 What Hazardous Substances include

- Any industrial substance or mixture of substances, products or materials that in the course of customary or reasonable handling or use, including ingestion are hazardous, by reason of its:
 - acute toxicity, whether exposure is oral or through the skin or inhalation;
 - capacity to cause cancer;
 - capacity to affect reproductive functions;
 - capacity to cause mutations in germ cells;



NEDBANK SECTOR GUIDELINES

- being toxic to any specific target organ;
- tendency to cause skin corrosion or irritation;
- tendency to cause serous eye damage or eye irritation;
- tendency to cause respiratory sensitisation; or
- posing a breathing hazard.

4.3 Legal requirements

- The premises of a dealer in hazardous substances should be operated under a licence issued by an Environmental Health Practitioner so that the premises comply with the requirements of the Hazardous Substance Act and EH requirements.
- In terms of the Hazardous Substances Act all importers, manufacturers, whole distributors, registered pharmacists, general dealers, farmers, industries and factories, retailers (formal and informal), pest control operators, business premises, schools, laboratories, public and private premises and workplaces must be licensed or permitted in hazardous substances and chemical safety where applicable.
- Factory buildings must be made of sound construction, be in good repair and be large enough to prevent crowding of equipment and to allow adequate cleaning and the maintenance of product quality.
- Roofs must be weatherproof, impermeable or waterproof and firm, and the ceiling (or underside of the roof if there is no ceiling) must be smooth and reasonably dustproof.
- Outer walls must be weatherproof and waterproof.
- Floors must be constructed of concrete or other durable, impervious and non-slip material that is resistant to wear and corrosion and easy to clean.
- An adequate supply of fresh air and the prevention of a buildup of toxic gases must be provided for.
- Litter and waste should be disposed of promptly and efficiently in a way that will not compromise the environment and will comply with requirements of the municipality.
- Retention facilities must be provided and marshalling areas and loading zones must be able to contain any spills or firefighting water and allow safe treatment before disposal.
- Existing drains must be able to be closed off to minimise the risk of contaminated water reaching natural water sources.
- Flammable liquids must be stored in a separate area or room and protected with a fire-resistant material that can resist fire for at least 120 minutes from any room, cabinet or closed space.
- Adequate firefighting equipment should be provided as required by the local fire authority.
- Only the warehouse controller and those appointed by him or her should have access to the warehouse. An appropriate entry pass system must be implemented.
- If a warehouse is part of a larger complex of buildings or stands in its own grounds, the perimeter of the property must be protected by a wall or a fence of a height of at least 2,5 m and that has, preferably, at least two strands of electric wiring or a coil of razor wire or similar protection on top. The warehouse building itself may be burglar-proofed as necessary.
- The label for hazardous substances must conform to the requirements as stipulated in the Hazardous Substances Act:
 - For hazardous substances labelling should also include the name of the manufacturer and active ingredients(s).
 - For chemicals labelling must include directions for use, expiry and manufacture dates, list of ingredients, weight of the product and cautions (keep out of reach of children; if on eye or skin contact, wash immediately; if ingested accidentally, consult medical practitioner immediately).
- All expired or obsolete hazardous substances and

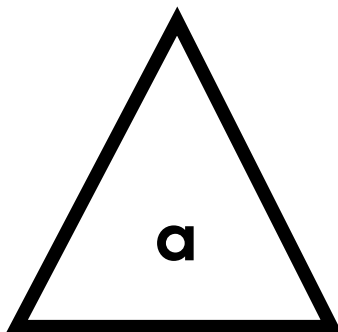


NEDBANK SECTOR GUIDELINES

chemicals must be disposed of at a licensed landfill site or licensed incinerator.

- All employees or workers must be provided with personal protective equipment (PPE) (gloves, boots, aprons and mask) at all times.
- All reported cases of pesticide and chemical poisonings from the Poison Information Centre must be reported to the municipality concerned.
- The transporter of any Hazardous Substance must be registered as a dangerous-goods operator with the relevant government department and must ensure that a valid dangerous-goods operator card is displayed in the vehicle used for the transport of dangerous goods.

5. Asbestos-containing material



WARNING!!! ASBESTOS INHALATION OF ASBESTOS DUST IS DANGEROUS TO HEALTH. FOLLOW THE SAFETY INSTRUCTIONS.

5.1 Applicable legislation

- Environmental Conservation Act, 73 of 1989 – Regulations for the Prohibition of the Use, Manufacturing, Import and Export of Asbestos and Asbestos Containing Materials (2008).
- Mine Health and Safety Act, 29 of 1996.
- Occupational Health and Safety Act, 85 of 1993.

5.2 What asbestos includes

'Asbestos' means any of the following minerals:

- Amosite
- Chrysotile
- Crocidolite
- Fibrous actinolite
- Fibrous anthophyllite
- Fibrous tremolite
- Any mixture containing any of these minerals

'Asbestos-containing material' means any mixture, product, component or material to which asbestos has been added.

5.3 Legal requirements

5.3.1 Environmental Conservation Act – Regulations for the Prohibition of the Use, Manufacturing, Import and Export of Asbestos and Asbestos Containing Materials (2008):

- No person may acquire, process, package or repackage asbestos; manufacture asbestos-containing materials; or distribute asbestos or asbestos-containing materials.
- No person may import asbestos or asbestos-containing material into South Africa or export asbestos or asbestos-containing materials from South Africa.
- No person may import asbestos-containing waste into South Africa.

5.3.2 Occupational Health and Safety Act – Asbestos Regulations (2001):

1. Where asbestos forms part of the structure of a workplace, building, plant or premises, the employer or self-employed person must
 - (a) take reasonable steps to determine the location of asbestos in such workplace, building, plant or premises and where that asbestos is likely to release asbestos dust that could impact on health or pollute the environment; and



NEDBANK SECTOR GUIDELINES

- (b) make and maintain a written inventory of the location of asbestos in such workplaces, buildings, plant or premises.
- An employer must inform the relevant health and safety representative or relevant health and safety committee in writing of the arrangements made for the identification and location procedure contemplated in subregulation (1), give them reasonable time to comment and ensure that the asbestos inventory is made available to the relevant representative or committee who may comment.
 - The employer or self-employed person must assess the risk of exposure to such asbestos and document the action necessary to ensure that
 - information about the location and condition of material containing asbestos is given to anyone likely to disturb it;
 - material containing asbestos is maintained in a good condition and that, where necessary, a planned maintenance programme is implemented; and
 - material containing asbestos and which may create a risk of exposure because of its state and location is repaired or, if necessary, removed, on condition that, if the removal constitutes demolition work, the asbestos is removed in accordance with the Regulations.
 - An employer or self-employed person must, to avoid the spread of asbestos dust, take steps, as far as is reasonably practicable, to ensure that
 - the asbestos in storage or being distributed is properly identified, classified and handled;
 - a container or a vehicle in which asbestos is transported is clearly identified, classified and packed; and
 - any article or substance that contains asbestos is clearly labelled.
 - An employer or self-employed person must, as far as is reasonably practicable, ensure that
 - all asbestos waste is placed in containers that will

prevent exposure during handling;

(b) all asbestos waste that can cause exposure is disposed of only on sites specifically designated for this and in such a manner that it does not cause a hazard inside or outside the site concerned; and

(c) all persons occupied in the collection, transport and disposal of asbestos waste, who may be exposed to that waste, are provided with suitable PPE.

5.3.3 Mine Health and Safety Act:

- The employer must establish and maintain a system of medical surveillance for all employees who perform work in any working place where exposure to asbestos dust is over 50% of the Occupational Exposure Limit (OEL) for asbestos dust.
- The system of medical surveillance must consist of an initial examination, periodic examinations and an exit examination.

5.4 Service providers

- Occupational Care South Africa (OCSA) conducts building surveys to identify and locate asbestos-containing materials. It provides a complete written inventory that indicates the location of asbestos, the type and condition of the material, as well as the exposure risk. The report also contains recommendations on the future management of asbestos-containing materials on the relevant premises.

<http://www.oca.co.za/occupational-hygiene-environment/occupational-hygiene-surveys-monitoring/asbestos/>

- The regulations make it clear that there is a legal responsibility on the client to maintain the asbestos roof so that it does not become a hazard. If it is irreparable, the client must engage an accredited waste management service provider to dispose of it.
<http://www.heathal.co.za/asbestos-removal>



NEDBANK SECTOR GUIDELINES

5.5 Business SEMS requirement

- If asbestos is identified on a Nedbank-bonded property, the social and environmental risk manager will require a recent valuation of the property containing a description of asbestos-containing material on the property and the condition or state of repair thereof.
- The Business Manager will provide an undertaking from the owner of the bonded property to repair and maintain the asbestos-containing material on the property. The undertaking must include a commitment to comply with the Regulations for the Prohibition of the Use, Manufacturing, Import and Export of Asbestos and Asbestos Containing Materials (2008).

6. Contaminated land, surface water and groundwater

6.1 Applicable legislation

- National Environmental Management: Waste Act, 59 of 2008 (NEMWA).
- NEMWA Waste Classification and Management Regulations.
- NEMWA National Norms and Standards for Disposal of Waste to Landfill (2013).
- NEMWA National Norms and Standards for the Remediation of Contaminated Land and Soil Quality (2014).
- Environmental Conservation Act.
- National Water Act, 36 of 1998.
- National Environmental Management Act, 107 of 1998.

6.2 Contamination

'Contaminated land' is land where any form of negative impact on the natural or built environment that may have legal or financial consequences has been caused by the release of hazardous substances as products or wastes. This may include adverse impacts on soils, groundwater,

surface water and air quality associated with the present or past activities on the site or adjacent properties. There are three broad ways in which land may be affected by contaminants:

- Contamination where contaminants are attached to or contained within the ground itself.
- Contamination where contaminated water may be static or migrating on to or off the site as groundwater or surface water.
- Airborne contamination in the form of particles or gases emanating from the ground or groundwater.

'Contaminated' means the condition where there is a presence in or under any land, site buildings or structures of a substance or microorganism above the concentration that is normally present in or under that land, and which substances directly or indirectly affect or may affect the quality of soil or the environment adversely.

In general, most forms of industrial land would potentially be contaminated from accidental spillage or leakage of Hazardous Substances, especially those sites that handle Hazardous Wastes or effluents or have large amounts of Hazardous Substances in everyday use or have storage on site. Petroleum products used as fuels or lubricants are probably the most common form of contaminant associated with urban industrial and commercial properties, but the list of potential contaminants associated with individual industrial processes may be extensive and it is not unusual for over a 100 different chemical products to be in use at some point in time for some sites. In general, commercial office properties tend to be simpler to assess and the risk of soil contamination tends to be lower than that in industrial properties. Agricultural properties tend to have fertilisers and fuels in bulk but pesticides in much smaller quantities. Therefore,



NEDBANK SECTOR GUIDELINES

the risk posed by these highly toxic contaminants tends to range widely and can be intense and localised or may be extensive across large areas of farmland.

Historical disposal of waste materials remains an issue that can affect all forms of property and buried dumps are often discovered only during construction activities and may be a considerable liability for property developers. Residential properties are not normally affected by direct contamination issues but may be impacted by migration of contaminants from off-site high-risk sites. Environmental stigma associated with local or regional environmental problems can impact on property values. Typically, this may be related to proximity to contaminated areas or industrial zones, where issues of air quality or noise may lower property values, this being likely to be reflected in a market survey.

In Gauteng there is concern that over the long term impacts of the environmental legacy of acid mine drainage associated with the eventual rise in the regional water table may result in a regional scale blight on properties in areas impacted by discharge of contaminated groundwater. Properties where water resources form part of the assets of the property or that are reliant on boreholes or surface water as a sole source of water supply are sensitive to contamination issues. Agricultural properties may be prone to significant loss of value based on chemically or biologically impacted soil or water quality, which will be reflected in loss of income from the land.

6.3 Legal requirements

- An owner of land that is significantly contaminated or a person who undertakes an activity that causes the land to be significantly contaminated must inform the Minister of Environmental Forestry and Fisheries or the MEC responsible for waste management in the province.

- The Minister may by notice direct the owner or person responsible in terms of section 36(5) of NEMWA to cause a site assessment to be conducted by an independent person at that owner's or person's own cost.
- After consideration of the assessment reports, the minister may decide that:
 - the site must be remediated urgently; or
 - the site must be remediated within a specified time.
- The remediation order may include measures to be undertaken and standards to be complied with in remediation.
- No person may transfer contaminated land without informing the person to whom that land is to be transferred that the land is contaminated and must notify the Minister or MEC of transfer.

6.4 Terms of reference of the valuation report by valuers

6.4.1 Before transfer of property to the client

6.4.1.1 Conduct a site visit.

6.4.1.2 Determine what activities or operations were conducted on the site.

6.4.1.3 Check the list of activities and/or industries in Annexure A and corresponding contaminants of concern, and make a note on the valuation document.

6.4.1.4 If any of the activities and/or industries in Annexure A be applicable, request a full deed from the Registrar of Deeds and determine whether the property has been listed on the Register of Contaminated or Rehabilitated Land.

6.4.1.5 Determine whether there are any features on the property that are not linked to the current or intended operations of the client, eg water treatment facilities, waste disposal site or tailings dump.

6.4.2 Existing property owned by the client

6.4.2.1 Determine the previous operations on the land.



NEDBANK SECTOR GUIDELINES

6.4.2.2 Determine the intended operations.

6.4.2.3 Determine whether greenfield or brownfield:

- Greenfield – consider wetlands and underground water.
- Brownfield – consider boreholes and environmental-authorisation conditions (monitoring of underground water or water treatment facilities).

6.4.2.4 Determine whether there are any features on the property that are not linked to the current or intended operations of the client.

IMPACT OF PROJECT/ TRANSACTION	YES	NO	DETAILS
Greenfields			
Brownfields			
GPS coordinates			
Operations or activities conducted on site previously – Annexure A			
Intended operations or activities – Annexure A			
Deed search conducted and findings			
Any features on the property not linked to the current or intended operations			

C. HERITAGE SITES AND OBJECTS

1. Applicable legal framework

- National Heritage Resources Act, 25 of 1999.
- Level 3 Policy for Nedbank Group Limited Heritage and Archives.

IMPACT OF PROJECT/ TRANSACTION	YES	NO	DETAILS
Any features on the property not linked to the current or intended operations			
Borehole			
Water monitoring programme			
Storage infrastructure for solid, liquid or gas			
Industrial plants			
Existing dams and reservoirs			
Impact on heritage property (eg property older than 60 years or religious or archaeological sites)			
High noise levels (within the factory and/or within the site limits)			
Asbestos-containing material			

2. What informs this guideline

Nedbank recognises the importance of cultural diversity and the protection of heritage objects and heritage sites. Heritage management offers an opportunity for job creation and community, social and economic development while protecting the environment. Nedbank will provide services to the heritage and property development sector that abide by the principles of this guideline and thereby assist the sector in achieving the benefits of sustainable development.



NEDBANK SECTOR GUIDELINES

Nedbank's involvement in the heritage and property development sectors is guided by international, regional and local standards that, in being implemented, reinforce the bank's reputation as both socially and environmentally responsible in its activities.

3. Where this sector guideline applies

This guideline applies to all forms of financial assistance as well as advisory and management activities offered by Nedbank, and cover all sectors.

4. What a national estate includes

- Places, buildings, structures and equipment of cultural significance.
- Places to which oral traditions are attached or which are associated with living heritage.
- Historical settlements and townscapes.
- Landscapes and natural features of cultural significance.
- Geological sites of scientific or cultural importance.
- Archaeological and palaeontological sites.
- Graves and burial grounds, including:
 - (i) Ancestral graves.
 - (ii) Royal graves and graves of traditional leaders.
 - (iii) Graves of victims of conflict.
 - (iv) Graves of individuals designated by the Minister by notice in the Gazette.
 - (v) Historical graves and cemeteries.
 - (vi) Other human remains which are not covered in terms of the Human Tissue Act, 65 of 1983.
- Sites of significance relating to the history of slavery in South Africa.
- Movable objects, including:
 - (i) Objects recovered from the soil or waters of South Africa, including archaeological and palaeontological objects and material, meteorites and rare geological specimens.

- (ii) Objects to which oral traditions are attached or which are associated with living heritage.
- (iii) Ethnographic art and objects.
- (iv) Military objects.
- (v) Objects of decorative or fine art.
- (vi) Objects of scientific or technological interest.
- (vii) Books; records; documents; photographic positives and negatives; graphic, film or video material.
- (viii) Sound recordings, excluding those that are public records as defined in section 1 of the National Archives of South Africa Act, 43 of 1996.

5. Sector lending guideline

- The services offered by Nedbank to the property holding and development sectors will be guided by the Nedbank Social and Environmental Policy, and adherence to the Equator Principles, and local and regional regulation will be followed. In accordance with the Social and Environmental Policy and the SEMS, Nedbank will follow the National Environmental Management Act and the National Heritage Resources Act and all relevant transactions will be subjected to social, environmental and heritage impact assessments.
- All clients should make available the standards that are being applied on request in respect of the relevant activity as well as provisions for future trends in social, environmental and heritage legislation that could affect the subject property. Adequate provisions to restore and decommission any project site should also be provided.

6. Heritage sites

- No person may alter or demolish any structure or part of a structure that is older than 60 years



NEDBANK SECTOR GUIDELINES

without a permit issued by the relevant provincial heritage resources authority.

- No person may destroy, damage, deface, excavate, alter, remove from its original position, subdivide or change the planning status of any heritage site without a permit issued by the heritage resources authority responsible for the protection of such site.

7. Heritage objects

- No person may export or attempt to export from South Africa any heritage object without a permit issued by the South African Heritage Resource Agency (SAHRA).
- The owner of a heritage object listed in Part II of the register of heritage objects must notify SAHRA of the name and address of the new owner when such object is sold or otherwise alienated and must provide the new owner or custodian with any certificate or badge relating to such a heritage object.
- No person may destroy, damage, disfigure or alter any heritage object, or disperse any collection listed in Part II of the register, without a permit issued by SAHRA.

D. NATURAL CAPITAL AND BIOSAFETY

1. Overview

1.1 What informs this guideline

The banking sector has a significant (indirect) impact on Natural Capital, particularly as it provides financial support to high-impact sectors such as forestry, mining, oil and gas, fisheries, water delivery and infrastructure, or sectors that are using genetic resources such as biotechnology, pharmaceuticals, agriculture and cosmetics.

Nedbank can play an important role in the Natural Capital sector, providing capital to producers and processors and as financiers of traders of Natural Capital. Given this

role, Nedbank assumes the responsibility of ensuring that the sector operates in a sustainable manner. By critically selecting our clients in investment and lending portfolios and by creating mechanisms to induce best practices, Nedbank has the power and the responsibility to promote sustainable practices.

Nedbank recognises the impact and potential benefits of the financing of hunting of animals in the wild. Therefore, a standard has been developed to consider the financing of hunting operations not in isolation but as a tool that is part of a wider conservation strategy.

Nedbank can play an important role in promoting legal compliance, cultural and religious sensitivity, and environmental management programmes that will conserve wildlife populations and species, while benefiting the surrounding communities.

1.2 True purpose of this guideline

- To create awareness of measures in the Genetically Modified Organisms (GMO) Amendment Act, 23 of 2006, to promote the responsible development, production, use and application of genetically modified organisms that may have an adverse impact on the conservation and sustainable use of biological diversity and human and animal health.
- To create awareness with client-facing staff of the legal framework applicable to hunting in South Africa and to provide a guideline for social and environmental risk managers on the assessment of applications for financing of hunting operations.

1.3 Where this sector guideline applies

This guideline applies to all lending and other forms of financial assistance as well as advisory and management activities offered by Nedbank, and covers the Natural Capital and Genetically Modified Organism sector as it relates to manufacturing, waste management,



NEDBANK SECTOR GUIDELINES

water resource management and land use. The hunting guidelines will be applied to all species listed in the TOPS Regulations.

2 Sector lending guidelines

2.1 Nedbank will not finance:

- The hunting of animals Bred in Captivity as defined by the TOPS Regulations.
- The hunting of species listed as critically endangered or endangered species in the TOPS List.
- The hunting of listed large predator species and lions.
- Any hunting operation that does not meet conservation standards.

2.2 Nedbank must promote:

- Respect for (land) rights of local communities and indigenous peoples.
- Respect for basic labour rights and avoid discrimination of women.
- Fair pricing schemes and fair purchasing practices.
- The establishment of labelling and traceability of GMOs in the client's supply chain.
- The careful and minimal use of pesticides in producing agricultural products.
- Conservation strategies that enable communities to prioritise habitat and wildlife strategies for the protection of listed species.
- The registration of game farms where hunting operations will take place.
- Strategies to be developed by clients in support of the sustainability of and to the benefit of wildlife populations and affected species.
- The development of client management plans and agreements that would provide for benefits accruing to surrounding local communities.
- Environmental norms and standard for hunting of

listed species as published by government.

2.3 Nedbank must:

- confirm that clients comply with legislation prohibiting activities that have a negative impact on any of the protected areas covered by the International Union for Conservation of Nature (IUCN) I–IV categories, United Nations Educational, Scientific and Cultural Organization 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;
- confirm the use of water by clients in accordance with legal authorisations and the avoidance of water pollution;
- foster respect for minimum standards of animal welfare for farm animals during production and transport; and
- confirm that the production, use, import, export, sale or trans-boundary movements of modern biotechnology applications, practices and products conform fully to all relevant national legislation and international agreements and obligations.

2.4 Nedbank will:

- engage actively in multistakeholder initiatives that propose standards for various Natural Capital and GMO products and services;
- promote social and environmental certification of agricultural produce and production systems according to standards set by multistakeholder initiatives;
- engage clients to minimise ecosystem impacts and ensure that impacted ecosystems are restored to mimic their original state after commercial activities have ended;
- ensure that activities will not have a negative impact



NEDBANK SECTOR GUIDELINES

- 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 Curation on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- ensure that clients do not produce or trade in any living genetically modified organism except with the approval of the importing country and as otherwise required under the Cartagena Protocol;
- 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, at least consistent with the guidelines found in the Global Reporting Initiative for reporting on biodiversity and land use;
- sustainably manage all living natural resources we use in our operations, such as forests, animals and plants;
- ensure that activities will not involve the intentional or unintentional introduction of invasive alien species in our operations;
- meet the consent and benefit-sharing requirements found in the UN Convention on Biological Diversity regarding activities involving access to genetic resources;
- identify, in consultation with non-governmental organisations and scientists, areas as 'no-go zones', such as endangered forests, biodiversity hotspots, river watersheds, fish spawning grounds and spiritual sites, and where necessary exclude activities in those areas from investment; and
- promote public awareness, education and participation in the decision-making processes – essential for ensuring the ethical and judicious use of modern biotechnological applications, practices and products for socioeconomic development – without jeopardising the environment, indigenous cultures and practices, biodiversity or human health.

E. IFC EXCLUSION LIST

See following page for details



NEDBANK SECTOR GUIDELINES

Projects	Production	Trade	Applicable to	Not applicable to
Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements	Illegal products or services	International trade embargos	Test of compliance with local and international laws.	Applicable to all transactions.
Production or trade in weapons and munitions	Legal production within the legislative framework of country	Trade within the local and international regulatory requirements	Only where the client is regarded to be substantially involved in weapon and munitions production. IFC typically regards anything that contributes 20% or more of total revenues as 'substantially involved/significant'.	This does not apply to project sponsors who are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary to a project sponsor's primary operations. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation.
Production or trade in alcoholic beverages (excluding beer and wine)	Legal production within the legislative framework of country	Legal production within the legislative framework of country	Only where the client is regarded to be substantially involved in alcoholic beverages production and trade. IFC typically regards anything that contributes 20% or more of total revenues as 'substantially involved/significant'.	Beer and wine are excluded. This does not apply to project sponsors who are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary to a project sponsor's primary operations. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation.
Production or trade in tobacco	Legal production within the legislative framework of country	Social benefits of farmers producing tobacco is taken on a case-by-case basis	Only where the client is regarded to be substantially involved in tobacco production and trade. IFC typically regards anything that contributes 20% or more of total revenues as 'substantially involved/significant'.	This does not apply to project sponsors who are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary to a project sponsor's primary operations. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation.



NEDBANK SECTOR GUIDELINES

Projects	Production	Trade	Applicable to	Not applicable to
Gambling, casinos and equivalent enterprises	Legal, licensed operations	Legal, licensed operations	Only where the client is regarded to be substantially involved in gambling and casinos. IFC typically regards anything that contributes 20% or more of total revenues as 'substantially involved/ significant'.	This does not apply to project sponsors who are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary to a project sponsor's primary operations. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation.
Trade in wildlife or wildlife products regulated under CITES	Prohibition in use of products derived from prohibited species	Prohibition on trade in prohibited species	http://www.cites.org NEM: Biodiversity Act TOPS Regulations CITES Regulations	CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from the Sustainability Division. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation.
Production or trade in radioactive materials	Legal, licensed operations	Legal, licensed operations	<ul style="list-style-type: none"> • Nuclear Energy Act, 46 of 1999 • National Nuclear Regulator Act, 47 of 1999 • RSA Government Gazette 8755 – Safety Standards R388 28 April 2010 	This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the International Finance Corporation considers the radioactive source to be trivial and/or adequately shielded. Last audited financial statements will be used to differentiate between operations involved in excluded activities and those not. Activities not in the Exclusion List will be excluded from threshold calculation. Does not apply to nuclear power stations where the production and subsequent trade in nuclear waste constitutes less than 20% of operations.
Production or trade in or use of unbonded asbestos fibres	Legal, licensed operations	Legal, licensed operations	Asbestos Regulations, 2001 under Occupational Health and Safety Act, 85 of 1993	This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%*.



NEDBANK SECTOR GUIDELINES

Projects	Production	Trade	Applicable to	Not applicable to
Commercial Logging operations and purchase of logging equipment for use in primary tropical moist forest	Legal, licensed operations	Legal, licensed operations	List of tropical and subtropical moist broadleaf forests ecoregions available at: http://forrests	Supply chain for mining operations.
Production or trade in pharmaceuticals subject to international phase outs or bans	Legal, licensed operations	Legal, licensed operations	Pharmaceuticals that are banned or being phased out internally http://www.un.org/products	Pharmaceuticals produced and traded in line with national and international laws
Production or trade in pesticides/herbicides subject to international phase outs or bans	Legal, licensed operations	Legal, licensed operations	Pesticides/Herbicides subject to international phase outs or bans http://www.un.org/esa/coordination/CL-15-Final.for.Printing.pdf	Pesticides and herbicides produced and traded in line with national and international laws
Drift net fishing in the marine environment using nets in excess of 2,5 km in length	Legal, licensed operations	Legal, licensed operations	Nets longer than 2,5 km	
Production or activities involving harmful or exploitative forms of forced labour /harmful child labour	Legal, licensed operations	Legal, licensed operations	Forced labour is all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labour is the employment of children that is economically exploitive or is likely to be hazardous to or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.	Certain types of work performed by children may be acceptable, but only when carried out in a manner that is both legal and safe. Most countries impose legal restrictions on the use of child labour, although terms vary. In countries where applicable laws do not specify a minimum age, children aged below 15 (14 in some less-developed countries) should not perform work. Where applicable laws diverge from this specified age standard, the higher standard should apply.
Production or trade in products containing PCBs	Legal, licensed operations using oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.	Legal, licensed operations using oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.	PCBs: Polychlorinated biphenyls – a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 to 1985.	



NEDBANK SECTOR GUIDELINES

Projects	Production	Trade	Applicable to	Not applicable to
Production or trade in ozone-depleting substances subject to international phase out	http://chm.pops.int/ .	http://chm.pops.int/ .	Ozone-depleting substances (ODSs) – Chemical compounds that react with and deplete stratospheric ozone, resulting in the widely publicised ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase-out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents and fire protection agents, together with details of signatory countries and phase out-target dates, is available from the Environment Division.	