

# Modern Slavery Act Statement

Annual review 2023

# Nedbank Group Modern Slavery Act Statement - 2023



## MODERN SLAVERY ACT STATEMENT – NEDBANK GROUP LIMITED

In line with our purpose to use our financial expertise to do good for individuals, families, businesses and societies, our philosophy is to do business ethically and responsibly, with a focus on delivering positive societal and environmental impact. We believe that human rights are integral to our business, and as such, we seek to do business with those who share our values.

Financial institutions play a key role in addressing the scourge of modern slavery – firstly through our ability to identify, prevent and report on money laundering and suspicious transactions which may be linked to forms of modern slavery, but also because we recognise that a lack of access to legitimate financial services is a key driver of modern slavery. At Nedbank, we have a robust stance against slavery and human trafficking and have for a long time been committed to ensuring financial inclusion in contributing toward socio-economic development, and at the same time, to mitigate against illicit activities such as money laundering and modern slavery.

The Nedbank Group ('we, us' our') are also cognisant of the reality that the risk of modern slavery has been exacerbated by increasing automation in many industries, climate change and environmental insecurities, economic pressures as well as violence and social instability taking place in many countries across the globe.

We are committed to implementing effective systems and controls to ensure that we are able to detect, prevent, or mitigate against the occurrence of modern slavery in our business operations and in our supply chain to the greatest extent possible. Where modern slavery does occur, we will participate in legitimate processes relating to the provision of appropriate redress.

We are making this statement in line with section 54(1) of the United Kingdom Modern Slavery Act 2015 ("Act") for the financial year ending 31 December 2022. This statement provides an overview of our business, and the steps taken by Nedbank Group Limited as well as our corporate and investment banking branch: Nedbank London and financing subsidiary N.B.S.A to ensure that slavery and human trafficking is not taking place in our supply chains and in our business operations.

### Who are we?

Our history traces back to the early 19th century with the establishment of the Cape of Good Hope Bank in 1831 and following successive branding and structural changes, Nedbank Group was formed in 2003. Nedbank Group has been listed on Johannesburg Stock Exchange since 1969 and Namibian Stock Exchange since 2007. We are one of the largest financial services groups in Africa, serving more than 7 million clients by offering wholesale and retail banking services as well as insurance, asset management and wealth management. We have just over 24,000 employees, the majority of which are based in South Africa, and over 5000 suppliers for the Group ranging from multinational corporations to small and medium enterprises.

As a financial institution, we offer a variety of products and services to our clients through four main businesses, which we call 'clusters', namely:

- Our **Retail and Business Banking** cluster, that takes care of individual clients as well as businesses with an annual turnover of up to R2.5 billion;
- Our **Wealth** cluster, that provides professional, personal wealth management, insurance and asset management services to individuals and families;
- Our **Corporate and Investment Banking** cluster offers our corporate and investment banking clients a full suite of comprehensive wholesale banking solutions; and
- Our **Nedbank African Regions** cluster which offers banking and related services to our retail clients, small and medium-sized enterprises, businesses as well as large corporates.

Nedbank Group Limited is the holding company. Outside SA we operate in five countries in the Southern Africa Development Community (SADC), through subsidiaries and banks in Lesotho, Mozambique, Namibia, eSwatini (Swaziland) and Zimbabwe. In Central and West Africa, we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and we have representative offices in Angola and 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 Guernsey, Isle of Man, Jersey and London, and we have a representative office in Dubai.

## Our approach to the governance of modern slavery

Nedbank has been long established, and we intend to continue supporting the generations to come. Our values are key to achieving our long-term goals with the collaboration of our employees. Ultimately, it is simply good business sense for us, and we recognise that our industry has a key role to play in promoting long term economic sustainability that should give way to a fairer society with opportunities of growth and development for every person.

We have adopted a holistic and coordinated approach to managing human rights in business by embedding an understanding of human rights risks and corresponding responsibilities across our business strategies and activities. As outlined in our 2023 Group Human Rights in Business Statement, we are a signatory to, and an active participant in, various initiatives aimed at promoting respect for human rights in business, including the United Nations Global Compact (UNGC), United Nations Environment Programme Finance Initiative (UNEP-FI), the Equator Principles; the International Financial Corporation (IFC) Performance Standards; and the IFC Exclusion List.

Our holistic approach allows us to identify the direct and indirect risks, which may not be immediately visible. We consider other crimes such as bribery and corruption within our holistic approach, as we believe that these crimes are enablers of human right abuses, forced labour, modern-day slavery, trafficking of humans and other exploitation of humans and children.

We also support the International Labour Standards<sup>1</sup> and proactively seek relevant guidance and recommendations from authorities, such as the five recommendations issued by the UK's Independent Anti-Slavery Commissioner<sup>2</sup> (IASC) to the financial sector in September 2021 and other international organisations such as The Organisation for Economic Co-operation and Development (OECD).

## Codes, policies and statements

A Group Operating Manual ("GOM") was approved by the Nedbank Group Board of directors on 26 October 2018, and revised on 27 May 2021. Amongst other things, the GOM:

- governs the oversight exercised by Nedbank Group Limited over its subsidiaries and foreign branches;
- provides a framework for ensuring that the entire group has adequate processes, procedures, systems and controls in place in order to enable Nedbank Group Limited and its subsidiaries to comply with legal and regulatory obligations; and
- sets out the operating model for the Group.

We know that our actions and decisions have the potential to affect (both positively and negatively) virtually the entire spectrum of human rights – ranging from employment practices and our lending or investment activities to the supply chain. In recognising this, we have implemented a number of policies, frameworks and statements which aim to give effect to our obligations to respect and uphold human rights, and to drive positive impact in society. These include but are not limited to:

- Human Rights in Business Framework;
- Employee Code of Ethics and Conduct;
- Supplier Code of Ethics and Conduct;
- Social and Environmental Management Policy and Framework;
- Procurement Policy;
- Anti-Money Laundering, Countering the Financing of Terrorists and Related Activities and Sanctions Policy.

For more information on our codes, policies and statements, please refer to our Annual Governance Report for 2022.

<sup>1</sup> International Labour Organization (ILO): [www.ilo.org](http://www.ilo.org)

<sup>2</sup> Independent Anti-Slavery Commissioner: [www.antislaverycommissioner.co.uk](http://www.antislaverycommissioner.co.uk)

All of these codes, policies, and frameworks are reviewed on an annual basis to help us continually improve our approach in line with best practice.

## **Risk Management**

### ***Recruitment***

Our recruitment process consists of pre-employment screening which may vary according to local legislation and aims to ensure that the person has the right to work thus managing any risks related to labour rights violations according to relevant local legislation.

Our recruitment process is also influenced by wanting to support our community and contribute towards their growth and development. For this purpose, we have adopted Diversity, Equality and Inclusion (DEI) criteria within our recruitment and Talent program. While this initiative may not be immediately synonymous with human rights abuse and modern-day slavery or trafficking of humans. We believe that we are addressing one of the root causes that can make people vulnerable to exploitation due to their financial position.

### ***Procurement and Suppliers***

As a Bank, we offer financial products and related services, therefore our suppliers reflect the operational requirements and safeguards necessary to deliver what we promised to our clients. Although it is not possible to prevent and mitigate against all potential adverse human rights impacts across our entire supply chain due to the scale and complexity, we endeavour to implement reasonable risk management processes as far as we are able to do so.

- Supplier due diligence is conducted for all suppliers to identify any actual or alleged illicit or unethical activities, including their involvement in human rights violations. The level of due diligence conducted is similarly dependent on the supplier's risk level. High-risk and high-contract-value suppliers undergo frequent due diligence assessments.
- New or existing suppliers participating in tenders considered to be high-risk or high value must also complete an Ethics Responsibility Index (ERI). The ERI outlines a number of questions posed to potential suppliers in relation to ethics and human rights, and the responses, which are independently assessed by the Ethics Office, are taken into account in the selection process in order to give effect to our commitment to promote procurement from suppliers who are aligned to our own values. Specific indicators of modern slavery, conflict minerals, child labour, and fair labour practices are included in the ERI.
- Adverse media searches are conducted for all suppliers on a regular basis.

If a supplier acts in breach of our Supplier Code of Ethics and Conduct, or where adverse allegations have arisen, we will conduct a review of the supplier relationship. This may involve, among other things, engagements with the supplier, the conducting of further due diligence assessments, the conducting of site inspections, or request for additional information. Following the review of the relationship, we may decide to amend the terms and conditions of a supplier's contract or to terminate the relationship, if appropriate.

### ***Client due diligence***

We continue to support the Joint Statement by OSCE, Independent Anti-Slavery Commissioner and Liechtenstein Initiative (FAST)<sup>3</sup> where they believe that financial services industry can contribute by "following the money". We agree with this statement as it aligns with the approach taken within our client due diligence process that is founded on anti-money laundering legislation for which we must identify the source of monies and where these monies will travel to.

<sup>3</sup> Joint Statement on the Critical Role of the Financial Sector in Combatting Trafficking in Human Beings and Modern-day Slavery, December 2021. Joint Statement made by Organization for Security and Co-operation in Europe (OSCE), Independent Anti-Slavery Commissioner (United Kingdom) and Liechtenstein Initiative: Finance Against Slavery & Trafficking. [joint-statement-for-release.pdf \(antislaverycommissioner.co.uk\)](https://www.antislaverycommissioner.co.uk/joint-statement-for-release.pdf)

Our client due diligence provides us with a holistic overview of the risks associated with the client based on risk factors such as the product or service, the geographical operational footprint, supply and delivery chain, business sector and third party's involvement to name a few. The risks considered cover all financial crime which includes modern-slavery and trafficking of humans. It also considers other associated risks and perceived enablers to modern-slavery, forced labour and trafficking of humans such as Human Rights sanctions and corruption.

Nedbank conducts specific environmental impact assessments (as part of our Social and Environmental Management System) prior to advancing finance to clients in high-risk industries. The industries include the following: mining, construction, chemical and oil, manufacturing, property development, agriculture, waste management and fuel service stations. Our Social and Environmental Management System assessments include human rights related questions around child labour, forced labour, and compliance with labour legislation.

Transactional monitoring and adverse media monitoring are additional existing controls that assist in identifying whether clients are involved in any unethical or illicit activities (which include but are not limited to financial crime, modern slavery and human trafficking).

### **Financial Inclusion**

We are aware of the Leichtenstein Initiative: Finance Against Slavery and Trafficking where the lack of access to financial products, especially cross-border payments can cause individuals to become vulnerable to modern-day slavery and trafficking.

We believe in the empowerment of individuals through financial inclusion and are committed to delivering financial services at reasonable costs to previously disadvantaged and low-income segments of society. Our 2022 Annual Society report sets out our commitment and initiatives aimed at promoting financial inclusion.

### **Training and awareness**

All employees are required to read and acknowledge our Codes, Policies and Frameworks on an annual basis. In addition to this, regular training and awareness workshops are provided for employees (including fixed-term employees) on topics relating to ethics and human rights.

Our financial crime and client due diligence procedures require employees to be fully aware of what is required of them, and therefore role specific training is regularly deployed to employees.

However, more we believe that we can do more to raise general awareness of these crime and have included this training improvement action in our next steps here below.

### **Reporting**

We encourage our internal and external stakeholders to report confidentially any actual or suspected illicit activities, unethical behaviour, or adverse human rights impacts or concerns through our various reporting mechanisms. These reporting channels are displayed prominently on the Group website, as well as in various public documents such as our Employee Code of Ethics and Conduct, our Supplier Code of Ethics and Conduct, our Human Rights in Business Statement, as well as in the Human Rights chapter of our Annual Society Report. [Click here](#) for more information on our reporting channels.

### **Additional measures taken during 2022**

In addition to the ongoing activities implemented in order to identify and combat modern slavery, during 2022 the following additional steps were taken:

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- We conducted a comprehensive human rights assessment for the Group, which included a particular focus on modern slavery. The outcome of the assessment will culminate in the development of an action plan to be rolled out over the next 2 – 3 year period.

This statement is reviewed annually and has been approved by the Nedbank Group Limited Board of Directors, through the Group Transformation, Social and Ethics Committee on 28 February 2023 and signed by the CEO.

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MWT Brown