

**RESILIENCE.  
TRANSITION.  
REIMAGINE.**



## **8<sup>th</sup> Annual Nedbank Board ESG roadshow**

Mpho Makwana (LID, Acting Chair), Errol Kruger (Independent Director), Stanley Subramoney (Independent Director), Hubert Brody (Independent Director)

May 2021

see money differently



## Nedbank boardmembers on the roadshow



**Mpho Makwana**  
Acting Chair  
Lead Independent Director

Chair: **DAC, GRPTC & GTSEC**  
Other committees: **GCRC, GITCO, Remco & GRCMC**  
**> 9 years** on the board



**Errol Kruger**  
Independent Director

Chair: **GRCMC, GCC & LEAC**  
Other committees: **DAC & GAC**  
**4 years** on the board



**Stanley Subramoney**  
Independent Director

Chair: **GAC**  
Other committees: **DAC, GRPTC, GCC, LEAC, Remco & GTSEC**  
**5 years** on the board



**Hubert Brody**  
Independent Director

Chair: **Remco**  
Other committees: **DAC & GAC**  
**3 years** on the board

DAC: Directors' Affairs Committee | GRPTC: Group Related Party Transactions Committee | GTSEC: Group Transformation, Social and Ethics Committee  
Remco: Group Remuneration Committee | GAC: Group Audit Committee | GCC: Group Credit Committee | GITCO: Group Information Technology Committee,  
GRCMC: Group Risk and Capital Management Committee | LEAC: Large Exposure Approval Committee | GCRC: Group Climate Resilience Committee (new)





# Agenda & objectives

## 1. ESG during the Covid-19 pandemic

- Governance & risk management
- Resilience: Supporting staff, clients & society + maintaining a strong balance sheet
- Technology & digital acceleration

## 2. Governance

- Board profile & changes
- Dealing with reputational matters
- Mandatory Audit Firm Rotation
- Remuneration

## 3. Society & environment

- Transformation (incl employment equity)
- Delivering on the SDGs
- Nedbank's inaugural TCFD report & energy policy

## 4. Resolutions for the AGM (28 May 2021)

### Objectives of the ESG roadshow

- Maintain strong relationships between the Nedbank Group board & shareholders
- Proactively engage on ESG matters ahead of the Nedbank Group AGM (28 May 2021)
- Obtain shareholder feedback & input



# ESG is embedded in the Nedbank purpose

## OUR PURPOSE

To use our financial expertise to do good for individuals, families, businesses and society

OUR SUSTAINABLE DEVELOPMENT FRAMEWORK



## OUR VISION

To be the most-admired financial services provider in Africa by our employees, clients, shareholders, regulators and society

## OUR BRAND PROMISE

see money differently



... and in our strategy

## OUR STRATEGY TO 2023

### Targets

DHEPS  
**> 2 565** cents  
(2019 levels)

ROE  
**> 15%**  
(2019 levels)

COST-TO-INCOME RATIO  
**< 54%**

NPS  
**#1 bank**  
(from #2 in 2020)

### Value unlocks



Delivering  
market-  
leading client  
solutions



Ongoing  
disruptive  
market  
activities



Focusing on  
areas that  
create value  
(SPT 2.0)



Driving  
efficient  
execution  
(TOM 2.0)



Creating  
positive  
impacts



# ESG DURING THE COVID-19 PANDEMIC

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# Governance during the initial lockdown phases of the Covid-19 pandemic

## **Nedbank Board calls held every 2 weeks**

plus regular contact with the Chairman of the Board & Chairpersons of Board sub-committees to keep them suitably informed & consult them for input on key decisions

## **Group Executive Steering Committee**

Oversees Nedbank's actions & management of the unfolding risks

### **Covid-19 Pandemic Steering Committee**

Focus on staff &  
operational matters

### **Liquidity Steering Committee**

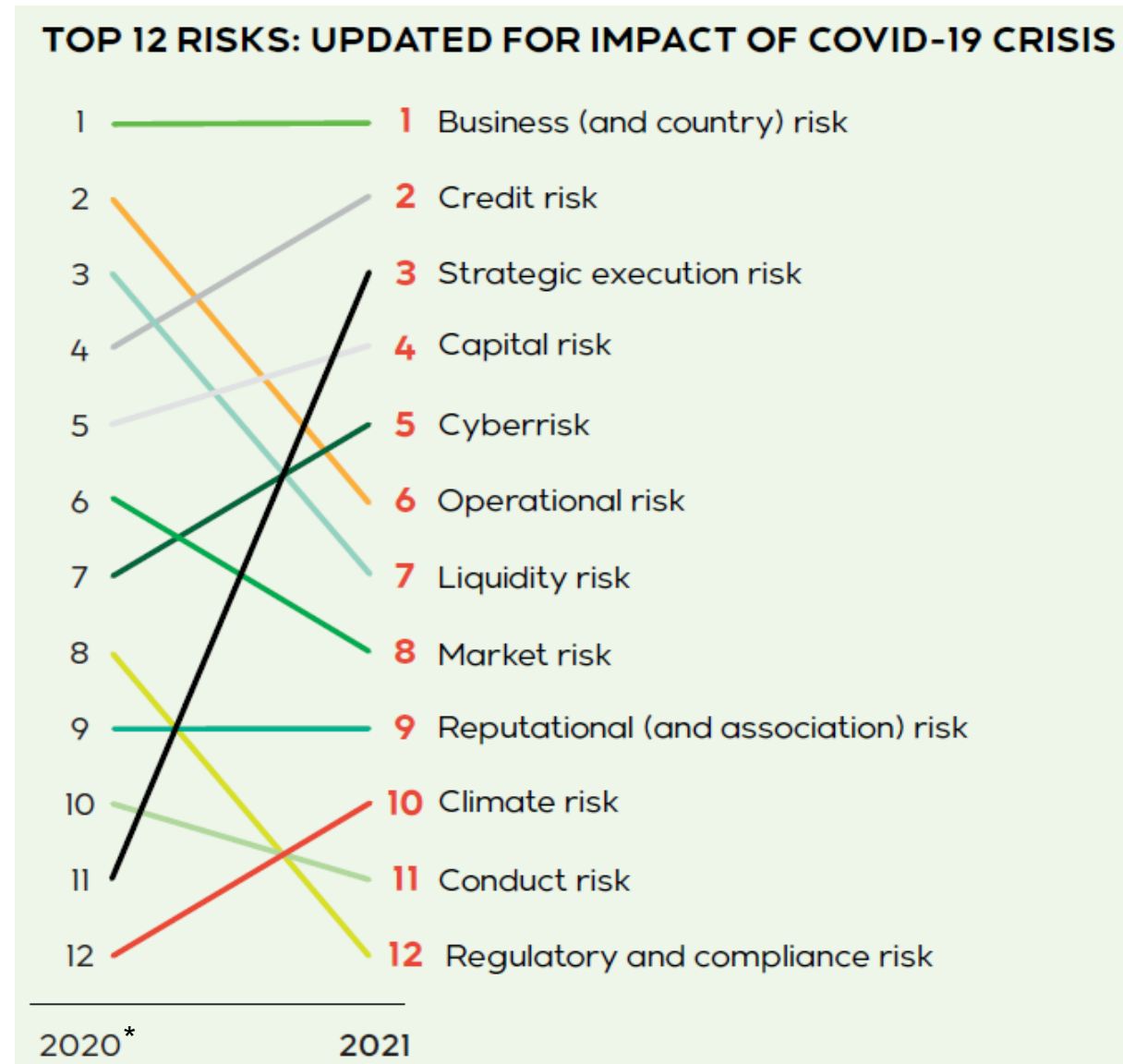
Ensuring a strong  
liquidity profile

### **Credit Steering Committee**

Manage credit risks  
& provide client support



## Risk management – evolution of our top risks during the Covid-19 pandemic

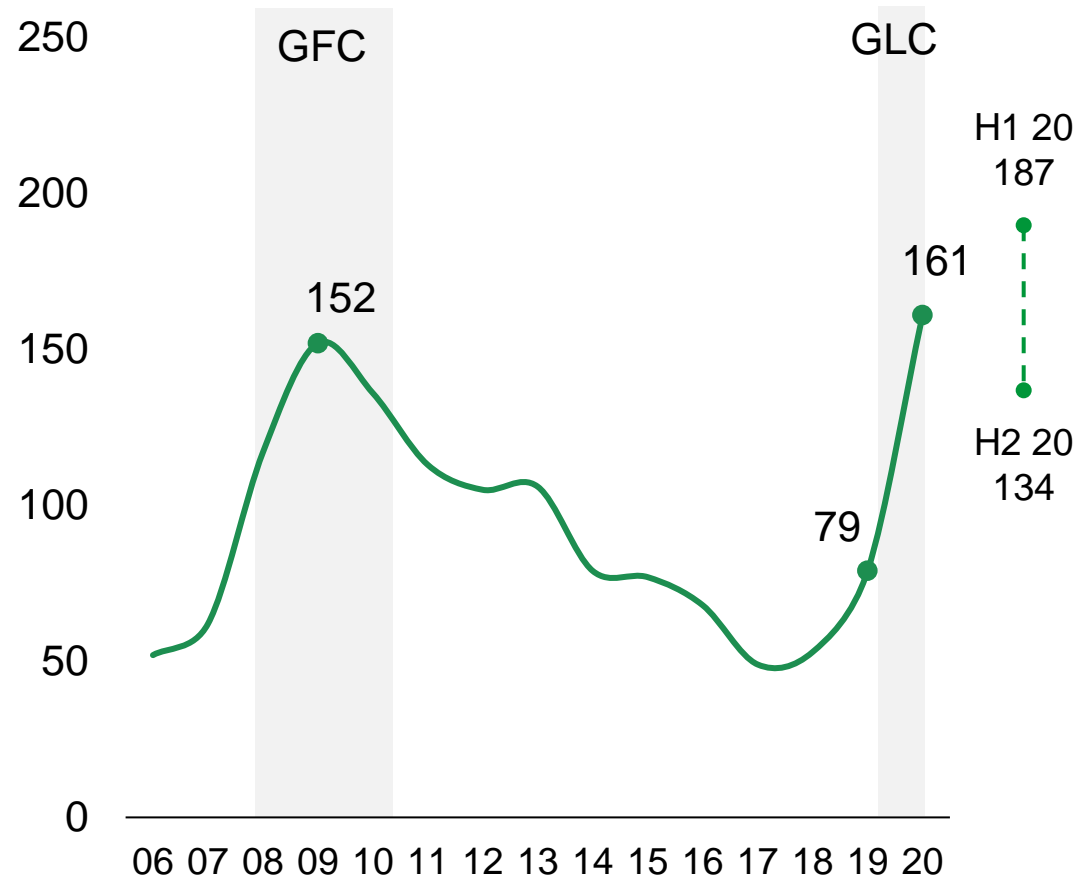






## Resilience – credit risk outcome at FY 20 better than was expected at H1 20

### Credit loss ratio<sup>1</sup> (CLR, bps)



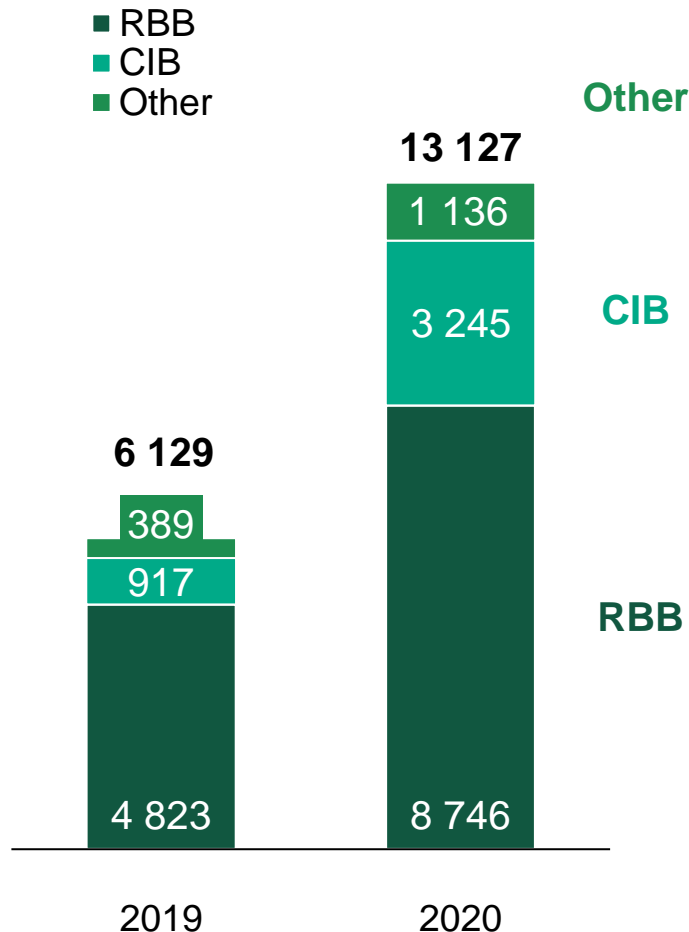
- **CLR ended only marginally higher than GFC**
- **High-quality credit book & well secured (LTVs)**
  - Selective origination (lower risk) & enhanced credit risk management & IFRS 9/Basel 3 since the GFC
- **D3 loans reduced from R121bn peak to R28bn (H1 2020: R119bn)**
- **R3,9bn of Covid-19-related adjustments/overlays raised**
- **Coverage ratios increased**
  - Total coverage from 2,26% to 3,25%
- **Commercial Property Finance book** continues to confirm its quality & perform **ahead of expectations**
- **2021 guidance: CLR 110 bps to 130 bps** (above TTC range of 60 bps to 100 bps)

<sup>1</sup> Given the restatement of loans & advances to include listed corporate bonds to align with industry practice, CLR's have also been restated for 2019, H1 2020 & 2020. The impact in 2020 was 6 bps lower CLR for Group at YE 2020 & 3 bps lower at YE 2019. | CLR 187 bps in H1 2020 & 134 bps in H2 2020.



# Resilience – R3,9bn adjustments/overlays due to Covid-19

## Impairment charge (Rm)



## Covid-19 related adjustments/overlays

▪ <b>Central Provision increase</b> of R350m in H2 to <b>R750m</b> (emerging risk not yet in models/data/macroeconomic forecasts)	R750m
▪ <b>NAR &amp; Nedbank Wealth</b> overlays of <b>R70m &amp; R98m</b>	R168m
▪ <b>IB &amp; TS macroeconomic impact: R389m</b> incorporated in model in H2 (H1: R1,0bn, lower at Dec 2020 given much improved GDP outlook beyond 2020)	
▪ <b>Additional R386m overlay for specific industry stress</b>	R386m
▪ <b>CPF total overlay of R440m</b>	R440m
▪ <b>R1,1bn job-loss D3 overlay at H1</b> incorporated in the Retail models in H2	
▪ <b>Interest rate benefit neutralisation overlay reduced to R370m</b> (MFC) from R500m in H1 (Rest of Retail adjusted in the models from H2)	R370m
▪ <b>R1,8bn Covid-19 related adjustments</b>	
– <b>R334m overlays raised</b> on Retail D3 loans to cater for short-term residual risk	R334m
– <b>BB overlay increased to R416m</b> from R314m at H1	R416m
– <b>RBB R1 027m</b> raised for longer-term impact using stressed <b>forward looking information (FLI)</b>	R1 027m
	<b>R3 891m</b>



## Resilience – balance sheet metrics remained strong & improved further in H2

	Regulatory responses	Nedbank June 2020	Nedbank Dec 2020
Liquidity	<ul style="list-style-type: none"> <li>Liquidity measures – transmission of liquidity through the system</li> <li>D1/2020 – minimum LCR from 100% to 80%</li> </ul>	LCR 115%	LCR 126%
Credit	<ul style="list-style-type: none"> <li>D3/2020 – provide temporary relief for qualifying loans (distressed Covid-19 related restructures)</li> <li>G3/2020 – ensure impairments are appropriately conservative but do not result in excessive procyclicality</li> </ul>	D3 relief R119bn	D3 relief R28bn
Capital	<ul style="list-style-type: none"> <li>D2/2020 – temporary capital relief (removal of Pillar 2A, banks can use Capital Conservation Buffer)</li> <li>Nedbank well above regulatory minimums</li> </ul>	CET1 ratio 10,6%	CET1 ratio 10,9%
Dividends	<ul style="list-style-type: none"> <li>G4/2020 – suspension of future dividends &amp; cash bonus payments to certain individuals</li> <li>G3/2021 – board discretion regarding dividends &amp; bonuses in 2021</li> </ul>	No interim dividend declared	No final dividend declared <sup>1</sup>

<sup>1</sup> G3/2021 considered.



# Resilience – supported staff, clients & society in difficult times

## Staff

- Primary focus on the **health & safety of our staff** – social distancing, sanitation & health practices, emotional wellbeing, etc
- **Activated BCPs<sup>1</sup>** – tailored for various lockdown phases
- > 75% of SA campus staff enabled to **work from home**
- **All branches reopened**
- **Increased capacity** of staff & clients to work & bank remotely
- Ongoing reviews of our **remuneration & retention strategies**

## Clients

- Enabled & educated our clients to increasingly bank through our **mobile & web capabilities**
- **Support for clients** – eg payment holidays (on R121bn loans for more than 400k clients), fees concessions amounting to R104m, claims from credit life insurance cover (> R150m), applying for readvances & drawdowns on existing facilities, etc
- **Support spaza shops & general dealers** – procurement cards, discounted prices for preapproved goods, etc
- **SARB SME Loan Guarantee Scheme: R1,4bn** paid out

## Society

- Enabled staff & clients to **contribute to Solidarity Fund** through our apps, web & internet banking – **R160m**
- One of four banks to **administer the R1bn SA Future Trust** (R300m payouts)
- **Donated > R16m to Covid-19 relief efforts** including the Red Cross
- **Numerous health & economic interventions** through BASA, BLSA & BUSA/Business4SA
- **Cash taxation paid** incl direct, indirect & other taxes: **R8,7bn**
- **79% local procurement & 92% SME suppliers paid in 30 days (#PayIn30)**



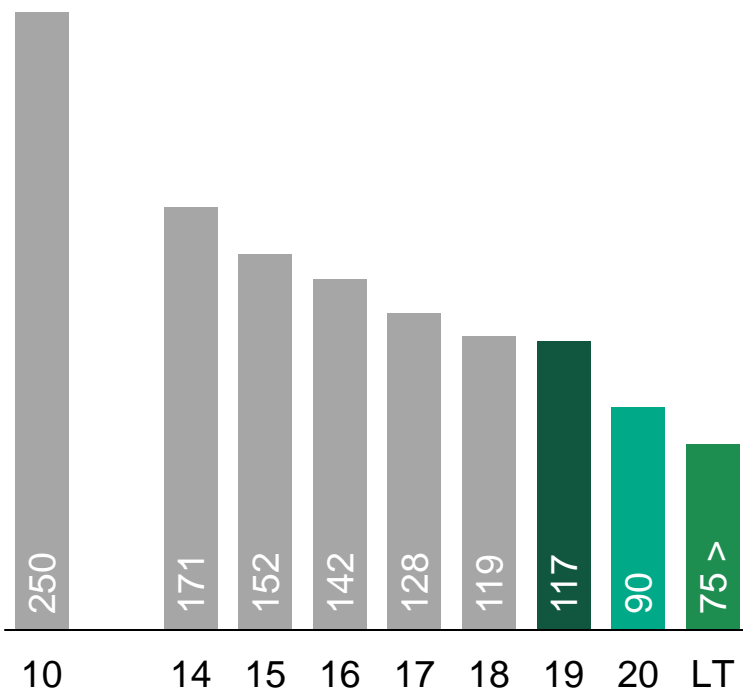




# Resilience – Managed Evolution technology strategy on track with material implementation risks behind us

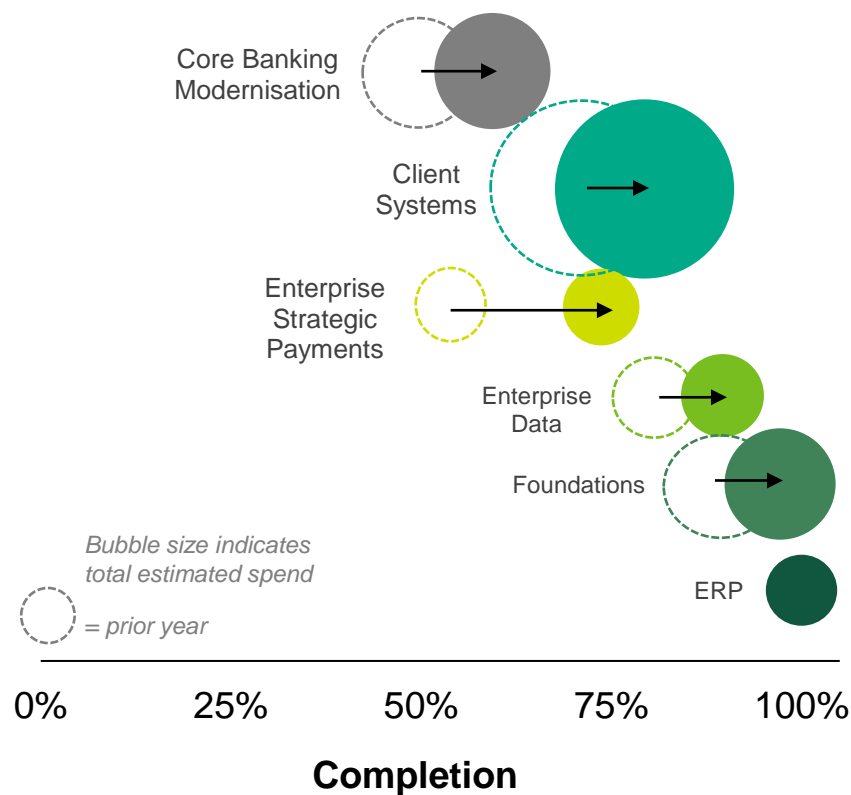
## Core systems (#)

Rationalise, standardise & simplify



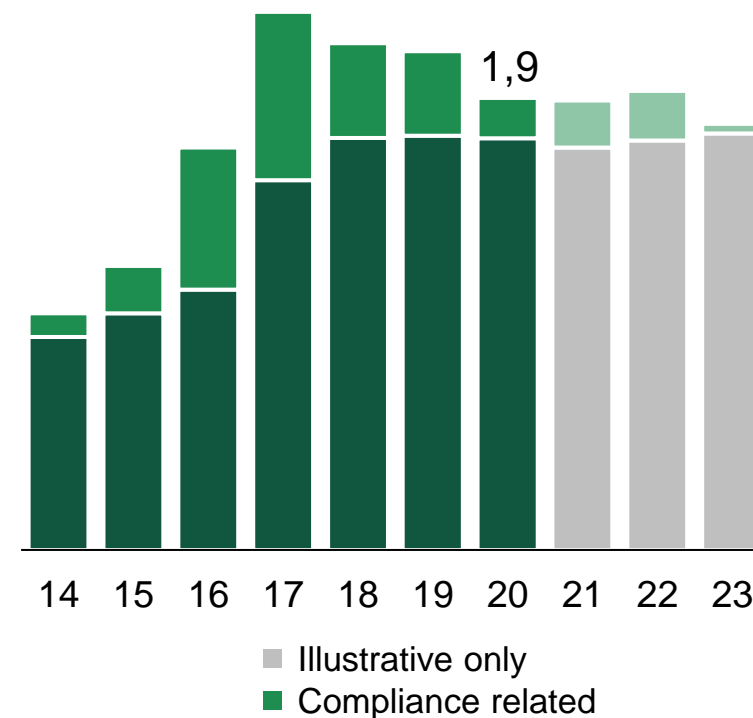
## Managed Evolution programme

~78% complete, R11,4bn spend to date



## IT software development spend (Rbn)

Annual cashflow continues to decline





# Resilience – accelerated digital sales & transactional activity & underpinned by high levels of system availability

## Managed Evolution – 78% complete (2019: 70%)

- **90** core systems (2019: 117)
- **Individual onboarding in place & juristic rollout in progress**
- **5 products/client journeys digitised** (2019: 2)
- **Digital sales: 49%** (of total sales, 2019: 21%)
- **Digitally active clients: 30%** (of total clients, 2019: 24%)
- Growth in **volume/value of app transactions: +70%/53%**
- **171** of retail services digitised (2019: 114)
- **Record levels of system uptime: 99,6%** (2019: 99,5%)

## Digital leadership externally acknowledged<sup>1</sup>

- Best SA Banking App, Best Banking Technology Implementation, Most Innovative Digital Branch Design


















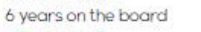

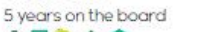



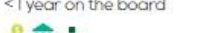



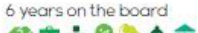



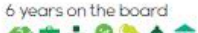




# GOVERNANCE

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# Nedbank board members & changes

Independent non-executive	 <p><b>VASSI NAIDOO</b> <sup>66</sup>  Chairman: Nedbank Group and Nedbank Limited  5 years on the board</p> 	 <p><b>MPHO MAKWANA</b> <sup>50</sup>  Lead Independent Director  Chair: DAC, GRPTC, GTSEC  &gt; 9 years on the board</p> 	 <p><b>HUBERT BRODY</b> <sup>56</sup>  Chair: Remco  3 years on the board</p> 	 <p><b>BRIAN DAMES</b> <sup>55</sup>  Chair: GCRC  6 years on the board</p> 	 <p><b>NEO DONGWANA</b> <sup>48</sup>  3 years on the board</p> 
	 <p><b>ERROL KRUGER</b> <sup>63</sup>  Chair: GRCCMC, GCC  4 years on the board</p> 	 <p><b>LINDA MAKALIMA</b> <sup>52</sup>  3 years on the board</p> 	 <p><b>PROF TSHILIDZI MARWALA</b> <sup>49</sup>  1 year on the board</p> 	 <p><b>DR MANTSIKA MATOOANE</b> <sup>45</sup>  Chair: GITCO  6 years on the board</p> 	 <p><b>STANLEY SUBRAMONEY</b> <sup>62</sup>  Chair: GAC  5 years on the board</p> 
Non-executive	 <p><b>ROB LEITH</b> <sup>58</sup>  4 years on the board</p> 	 <p><b>IAIN WILLIAMSON</b> <sup>50</sup>  &lt; 1 year on the board</p> 	Executive	 <p><b>MIKE BROWN</b> <sup>54</sup>  Chief Executive  16 years on the board</p> 	 <p><b>MIKE DAVIS</b> <sup>49</sup>  CFO  &lt; 1 year on the board</p> 
				 <p><b>MIKE DAVIS</b> <sup>49</sup>  CFO  &lt; 1 year on the board</p> 	 <p><b>MFUNDO NKUHLU</b> <sup>54</sup>  COO  6 years on the board</p> 

## Changes to the board

### New appointments

- Mike Davis (CFO)

### Retired/Resigned

- Joel Netshitenzhe
- Raisibe Morathi (CFO)
- Iain Williamson (OML nominee) – replacement process underway

### Nominees for 54th AGM

- Election: Mike Davis (CFO)
- Reelection: Neo Dongwana, Mfundo Nkuhlu & Mpho Makwana

### Medical leave

- Vassi Naidoo

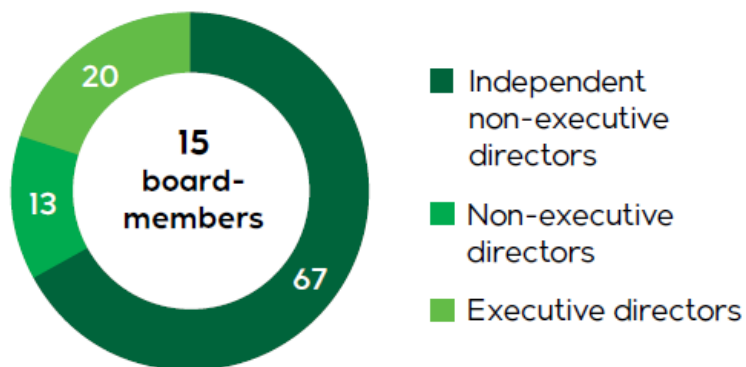




# The Nedbank board is independent & diverse from gender, age & tenure perspectives

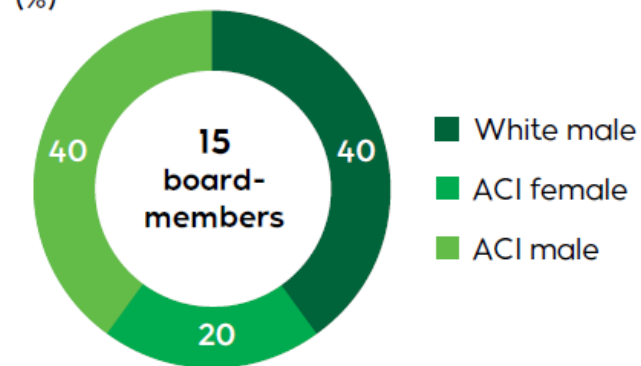
## EXECUTIVE AND NON-EXECUTIVE DIRECTORS

(%)



## BOARD DEMOGRAPHICS

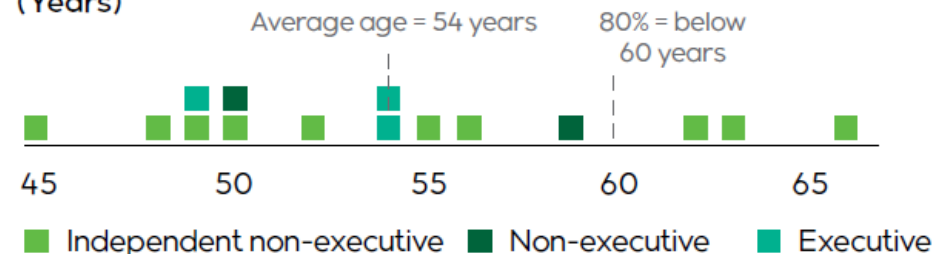
(%)



ACI = African, Coloured and Indian

## EXECUTIVE AND NON-EXECUTIVE DIRECTORS: AGE

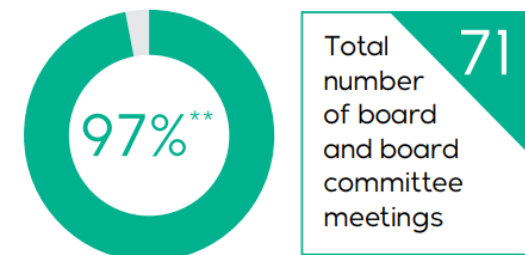
(Years)



## NON-EXECUTIVE DIRECTORS: TENURE



## BOARD MEETING ATTENDANCE (2020)

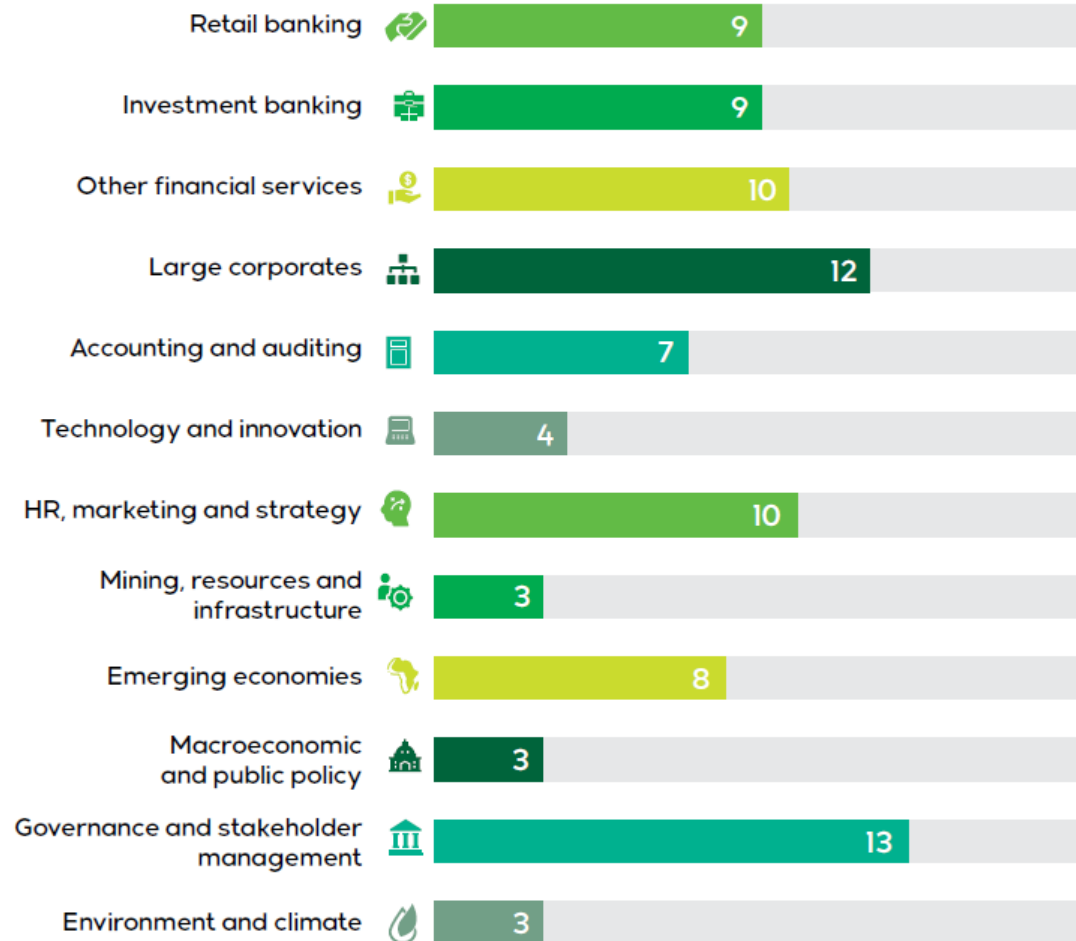




# The Nedbank board has a broad set of skills (as required for the board of a bank)

## BOARD SKILLS AND EXPERIENCE

(Number of boardmembers with experience)



## BOARD UPDATES & TRAINING IN 2020

- Rethinking change management,
- Conduct risk & lessons learnt from the Commercial Bank of Australia case study,
- Disruptive technologies,
- Climate transition strategies,
- Open banking, and
- Understanding Value-at-Risk (VaR) procyclicality & valuation adjustments including XVA.



# Governance – Group Exco members & changes

46% female  
46% AIC  
> 200 years of  
combined  
service

## Executive directors



**MIKE BROWN** <sup>54</sup>  
**CE**  
Exco member since:  
17 June 2004  
**Appointed CE:** March 2010  
27 years' service at Nedbank



**MFUNDO NKUHLU** <sup>54</sup>  
**COO**  
Exco member since:  
1 December 2008  
16 years' service at Nedbank



**MIKE DAVIS** <sup>49</sup>  
**CFO**  
Exco member since:  
1 January 2015  
24 years' service at Nedbank

## Shared services Group Executives



**TREVOR ADAMS** <sup>58</sup>  
**Chief Risk Officer**  
Exco member since:  
5 August 2009  
24 years' service at Nedbank



**DEB FULLER** <sup>48</sup>  
**Group Executive:  
Group HR**  
Exco member since:  
25 June 2018  
2 years' service at Nedbank



**ANNA ISAAC** <sup>52</sup>  
**Group Chief Compliance  
Officer**  
Exco member since:  
1 January 2019  
23 years' service at Nedbank

## Frontline MEs



**ANÉL BOSMAN** <sup>54</sup>  
**Group Managing  
Executive: CIB**  
Exco member since:  
1 April 2020  
19 years' service at Nedbank



**CIKO THOMAS** <sup>52</sup>  
**Group Managing  
Executive: RBB**  
Exco member since:  
18 January 2010  
10 years' service at Nedbank



**IOLANDA RUGGIERO** <sup>50</sup>  
**Group Managing  
Executive: Wealth**  
Exco member since:  
1 May 2015  
18 years' service at Nedbank



**DR TERENCE SIBIYA** <sup>52</sup>  
**Group Managing  
Executive: NAR**  
Exco member since:  
1 April 2020  
9 years' service at Nedbank



**PRIYA NAIDOO** <sup>47</sup>  
**Group Executive: Strategy**  
Exco member since:  
1 January 2015  
19 years' service at Nedbank



**KHENSANI NOBANDA** <sup>42</sup>  
**Group Executive: Group  
Marketing and Corporate  
Affairs**  
Exco member since:  
15 May 2018  
3 years' service at Nedbank



**FRED SWANEPOEL** <sup>57</sup>  
**Chief Information Officer**  
Exco member since:  
1 November 2008  
24 years' service at Nedbank

## New appointments in 2020 – the outcome of robust internal succession planning & bench-strength

- Anel Bosman
- Terence Sibiya
- Mike Davis (on Group Exco, but appointed as CFO after the resignation of Raisibe Morathi)



## Reputational matters – Nedbank's relationship with Regiments

**Nedbank has zero tolerance for corruption.** We expect our staff, clients & service providers to conduct themselves with integrity. We have supported all anti-corruption & anti-state capture drives; & have & will continue to support & cooperate with relevant authorities & commissions.

### **Extensive forensic investigations into activities with SOE clients, with the following key findings:**

- a. No evidence of any Nedbank or Nedbank staff dishonesty, corruption, collusion or breaches of law or regulations,
- b. At the time of entering the transactions Nedbank was not aware of, nor did we suspect any unlawful or corrupt conduct by Regiments,
  - Introduction of Derivatives Agreement: Transactions done with 3 clients over the period 2009-2012, then stopped
  - Transnet: Dec 2015 & March 2016: Nedbank paid no fees to Regiments
- c. All documents governed by normal documentation, authorized signatories & confirmations, &
- d. Nedbank pricing was generally competitive & market related, & returns reasonable for the risks assumed.





# Mandatory Audit Firm Rotation

- **IRBA's MAFR rules effective from 1 April 2023**

If a firm has served as an appointed auditor for 10 or more consecutive financial years before the financial year commencing on or after 1 April 2023, then the audit firm may not accept reappointment as auditors.

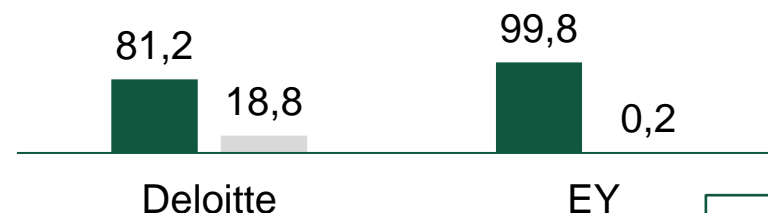
- **Some shareholders early-adopt MAFR principles** in their proxy voting, but we reiterate:

- **Our commitment to fully implement MAFR** for our 2024 financial year & Deloitte's rotation to be finalised during H2 2022 (to be approved in H1 2023 GAC) in order for elected rotational firm to walk alongside Deloitte during 2023.
- **We are limited in the short term** by regulatory requirements & the complexity & practicality of changing both auditors in a short period.
- The board supports a **staggered / risk mitigated approach to MAFR**. 2021 will see Deloitte remain auditors (until new process commence).

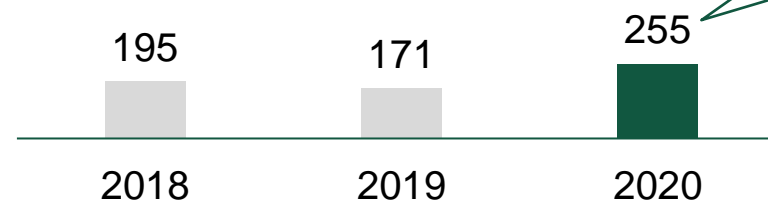
**Auditor tenure (years)**



**53<sup>rd</sup> AGM auditor votes (%)**



**Auditors fees (Rm)**



Increased due to Covid-19 risks & additional audit focus



# REMUNERATION

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# Remuneration – balancing performance & shareholder interests with retention, attraction & organisational sustainability



## Guaranteed pay

- **All staff retained at 100% guaranteed pay over the Covid-19 period.** 5,500 staff took Special Leave (unable/not equipped to work) during lockdown (1 & 2) at full pay
- Bargaining unit staff increases (ave: 2020: +6,3% | 2021: +4%) remained greater than management increases (ave: 2020: 0% | 2021: 3%)
- **Executive GP & proposed director's fee increases for 2021: +3%** (0% in 2020)

## Short-term incentives

- Under the circumstances **the group's on-target HE growth & ROE STI pool approach was augmented by Remco** with a comprehensive qualitative perspective that considered resilience & sustainability oriented actions during the crisis
- **STI pool for 2020 down 29% (2019 – down 23%) after Remco considered a holistic assessment of performance** (that complies with our remuneration policy) to provide a result that balances motivation, retention and the interests of shareholders
- 50% of any individual STI payments > R1m is deferred in shares over 3 years\*

## Long-term incentives

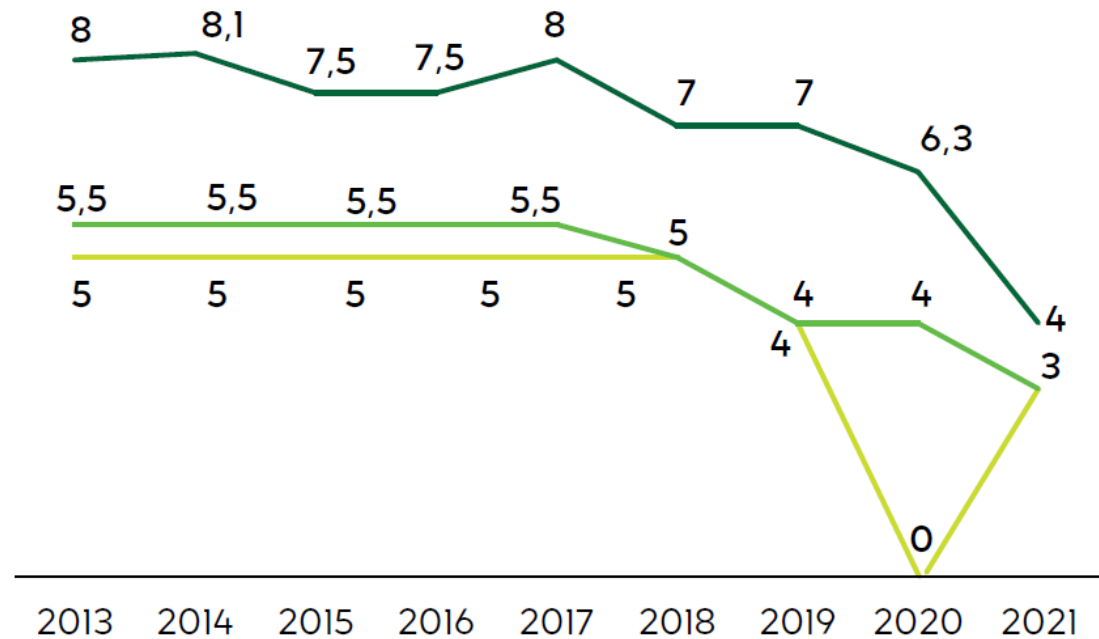
- CPTs & performance ranges on **in-flight LTIs were not changed or repriced**
- **2021 issuance:** CPTs, performance ranges & quantum of issuance have been recalibrated to be appropriate in the uncertain environment
- **Additional issuance** of approximately 15% over & above the regular allocation approved on a highly selective basis, with normal CPT's



## Remuneration – key 2020 outcomes (GP & STI)

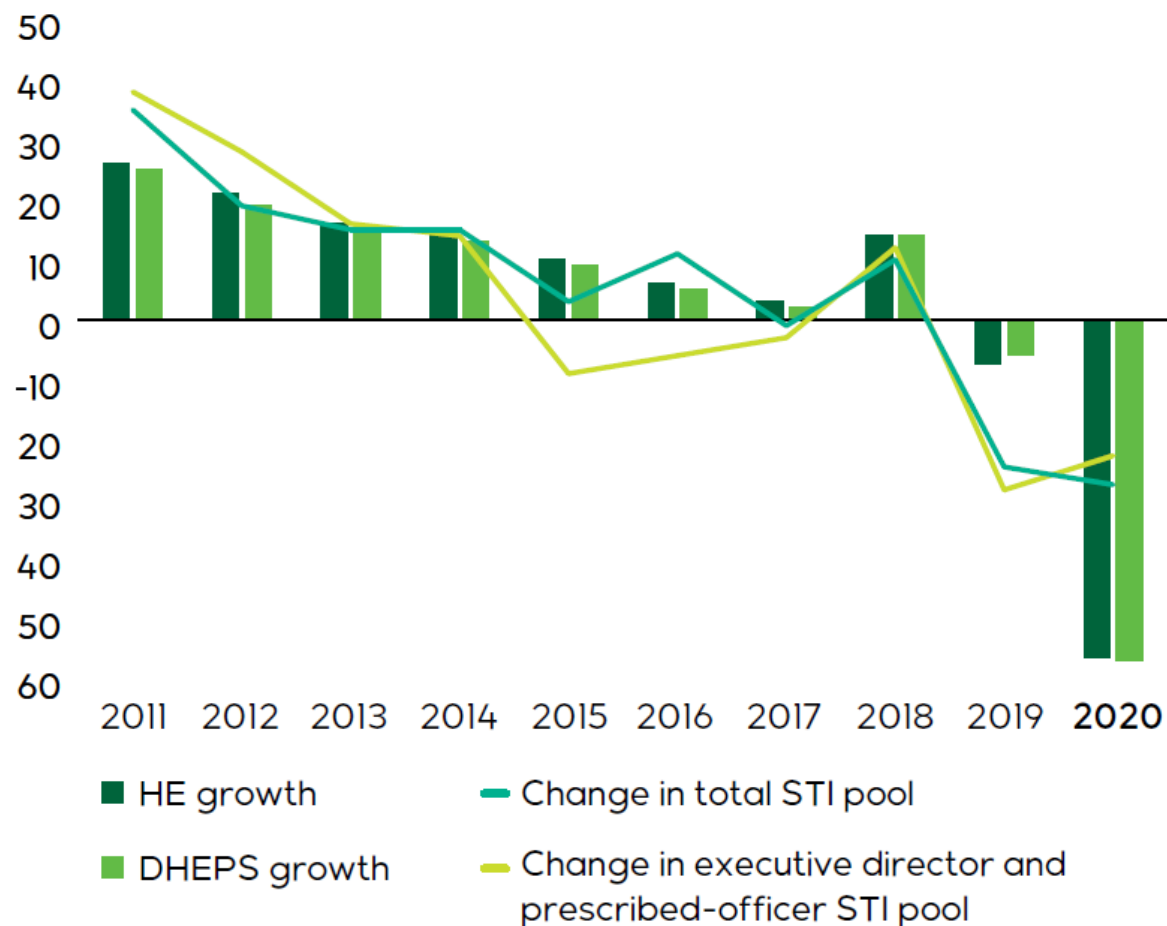
### GUARANTEED REMUNERATION INCREASES

(%)



- Executive (including Cluster Exco from 2020)
- Non-bargaining unit (below Cluster Exco level from 2020)
- Bargaining unit

### ANNUAL % GROWTH IN HE AND DHEPS\* VS % CHANGE IN STI POOLS



- HE growth
- DHEPS growth
- Change in total STI pool
- Change in executive director and prescribed-officer STI pool





## Remuneration implementation changes – 2021 LTI CPTs

**ROE** – Vesting against the ROE CPT will be based on the performance of the third year alone. The target for 100% vesting aligns with the medium-term goal of a recovery of ROE to 2019 levels of 15% by end 2023. Remco retains right to amend the vesting outcome, should there be a material windfall gain or loss resulting from unforeseen accounting effects or should COE in the final year be significantly different from what is currently projected.

**DHEPS** – CPT will be determined as a three-year cumulative target, being 2021 to 2023. The annual DHEPS targets will be reviewed by the Remco at the commencement of the second and final year of vesting to take into account any significant unforeseen changes in macroeconomic variables. The cumulative target for 100% vesting in 2023 is aligned with a level commensurate with the medium-term goal of a recovery in DHEPS to 2019 levels.

**Four ‘business recovery’ metrics** to emphasise the importance of maintaining balance sheet resilience and of navigating a recovery towards achievement of our medium-term targets:

- Capital adequacy within board-approved ranges
- Liquidity within board-approved ranges
- SPT 2.0 according to board-approved plans
- TOM 2.0 according to board-approved plans



## Remuneration implementation changes – 2021 LTI CPTs

### Vesting ranges

Achieving max stretch of both ROE & DHEPS targets will result in a vesting outcome of 200%, an increase from the previous 130% to better align with peers. Maximum vesting on business recovery metrics is 100%

### Linking to performance conditions

- From 2014, 100% of awards to executive directors have been subject to performance conditions
- On careful consideration of the current environment, retention requirements & likely future uncertainty, 20% the 2021 LTI award to Group Exco members, will not carry performance conditions

### CPT weightings

	Group Exco members %	Cluster Exco members %	All other Nedbank LTI participants %
ROE (including goodwill) by 2023	30	20	20
DHEPS, cumulative over 2021 to 2023	30	20	20
Business recovery metrics	20	20	10
% award with performance conditions	80	60	50
% award without performance conditions	20	40	50
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Matched share scheme changes

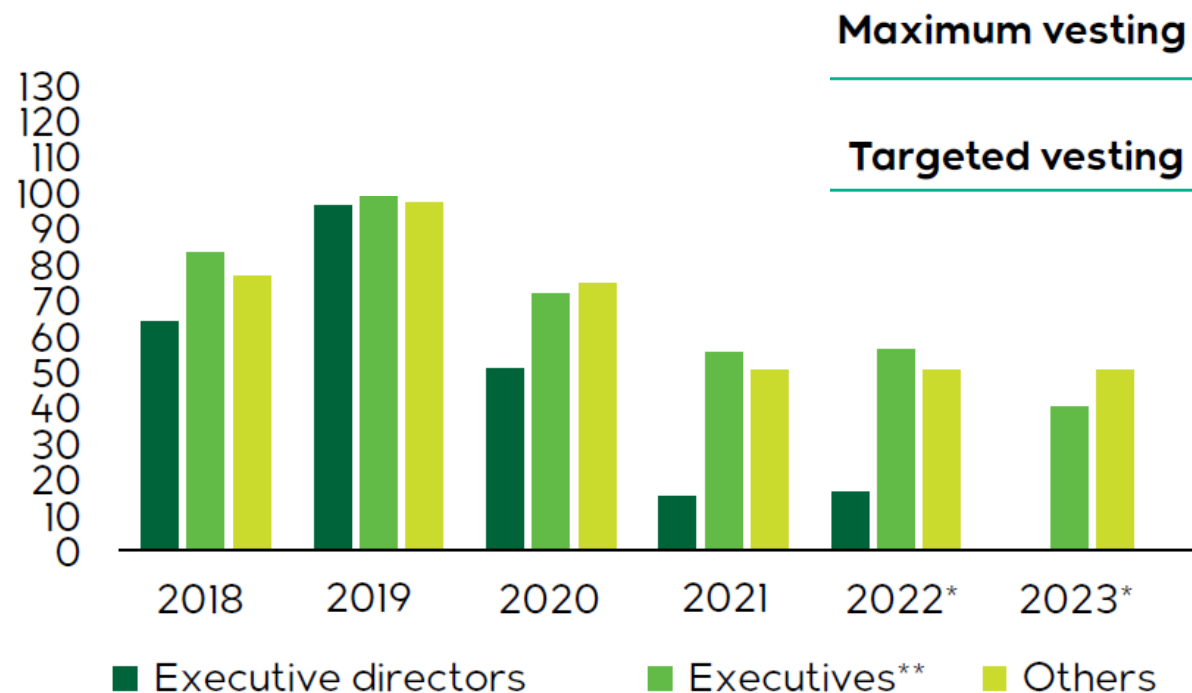
- Change in CPT from ROE  $\geq$  COE +1% to ROE  $\geq$  COE
- Change in CPT executive weighting from 100% to 50% [50%: ROE  $\geq$  COE & 50%: In service vesting]



## Remuneration – key 2020 outcomes (LTI)

### LTI VESTING

(%)



\* Estimates for future vesting only in 2022 and 2023.

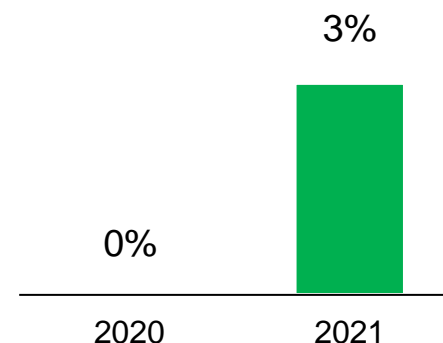
\*\* Includes Group Exco members (other than executive directors) for awards vesting in 2021. Relevant for Cluster Executives only for 2022 and 2023.



# Proposed non-executive director fees for 2021

	Proposed 2021 (R)	2020 (R)	%
<b>Boards</b>			
Chairman of the board	6 223 260	6 042 000	3,0
Lead Independent Director premium (40% of board fees)	220 111	213 700	3,0
Nedbank Group Limited	299 153	290 440	3,0
Nedbank Limited	251 114	243 800	3,0
<b>Group Audit Committee</b>			
Chair	826 575	802 500	3,0
Member	330 630	321 000	3,0
<b>Group Remuneration Committee</b>			
Chair	468 393	454 750	3,0
Member	187 357	181 900	3,0
<b>Group Risk and Capital Management Committee</b>			
Chair	619 933	601 875	3,0
Member	247 973	240 750	3,0
<b>Group Credit Committee</b>			
Chair	619 933	601 875	3,0
Member	247 973	240 750	3,0
<b>Group Directors' Affairs Committee</b>			
Chair	247 973	240 750	3,0
Member	99 189	96 300	3,0
<b>Group Information Technology Committee</b>			
Chair	371 960	361 125	3,0
Member	148 784	144 450	3,0
<b>Group Transformation, Social and Ethics Committee</b>			
Chair	371 960	361 125	3,0
Member	148 784	144 450	3,0
<b>Group Related-party Transactions Committee</b>			
Chair	93 678	90 950	3,0
Member	37 471	36 380	3,0
<b>Climate Resilience Committee</b>			
Chair	247 973		
Member	99 189		

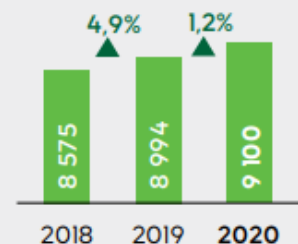
## DIRECTOR FEES (% increase)



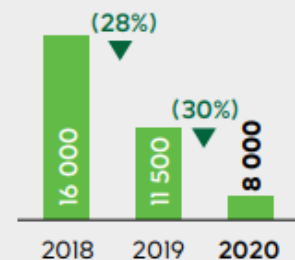


# Executive remuneration

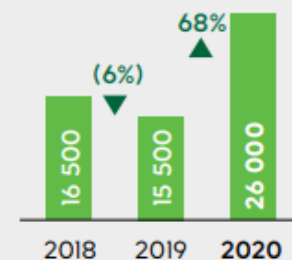
**GUARANTEED REMUNERATION**  
(R000)



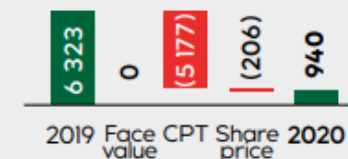
**TOTAL STI**  
(R000)



**TOTAL LTI AT FACE VALUE**  
(R000)

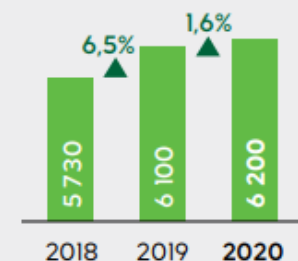


**SINGLE-FIGURE LTI**  
(R000)

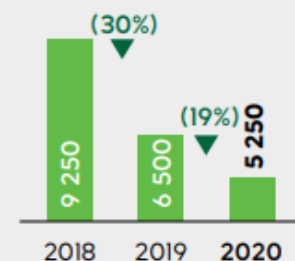


**Mike Brown**  
Chief Executive

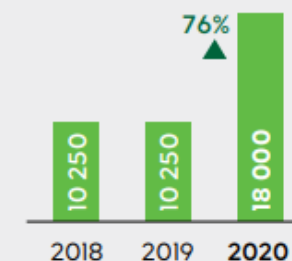
**GUARANTEED REMUNERATION**  
(R000)



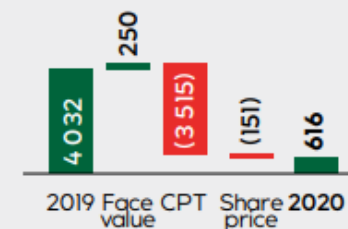
**TOTAL STI**  
(R000)



**TOTAL LTI AT FACE VALUE**  
(R000)

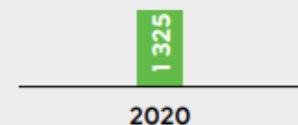


**SINGLE-FIGURE LTI**  
(R000)

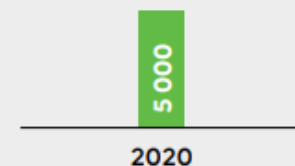


**Mfundo Nkuhlu**  
Chief Operating Officer

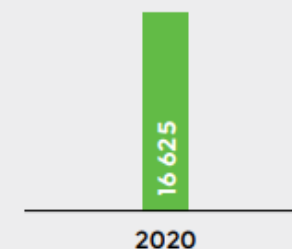
**GUARANTEED REMUNERATION**  
(R000)



**TOTAL STI**  
(R000)



**TOTAL LTI AT FACE VALUE**  
(R000)



GP from 1 October 2020 when  
appointed as a prescribed officer.

**Mike Davis**  
Chief Financial Officer





# SOCIETY & ENVIRONMENT

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# Nedbank sustainable development framework





## Sustainable development finance (key highlights)



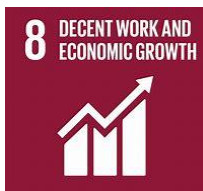
- Past 5 years provided **4 300 students with student loans** to the cumulative value of R232m & **R5,1bn in funding for 41 780 student beds**



- **Provided >R70m for the Knysna Municipality**, including R59m committed to fund a water-related infrastructure upgrade, incl. main water reticulation, water treatment plants & a new sewer plant.
- **Invested more than R112m in 34 water & conservation projects** over past 5 years. 18 of the projects focused on water (fresh and marine).



- Underwritten R50bn & paid out **R32bn in renewable energy**
- **First SA bank to launch a green bond** on the JSE



- Supported our clients with **cashflow relief on R121bn of loans** during Covid-19
- **R3,5bn new loan payouts to SMEs**



- Concluded a **US\$296m project finance deal** for the Beitbridge Border Post Upgrade and Modernisation project in Zimbabwe



- Disbursed **funds totalling R686m towards new affordable- and social-housing developments** for 2020 (1 882 units). Five-year investment of almost R5bn
- **R1,5bn** to clients in the affordable-housing market.



- **R122m funding for recycling businesses**
- Developed **innovative funding solutions to support farmers**



- **Invested R25m with WWF** to protect & develop SA's essential water source areas.
- **Work by the WWF Nedbank Green Trust complements this partnership** by ensuring that the country's many ecological assets are secured, managed & restored

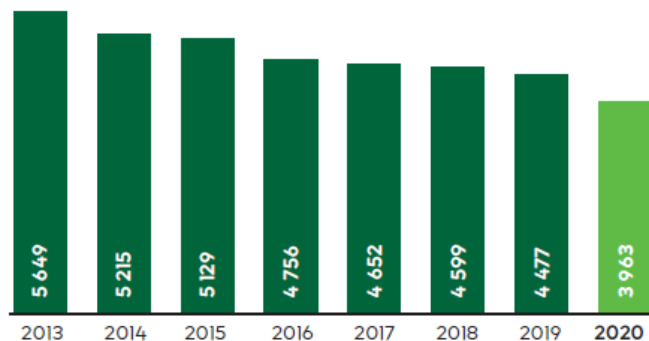


# Own operations (key highlights)

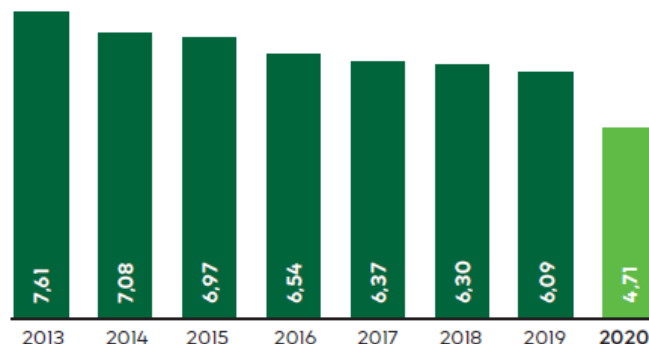


## Carbon footprint

ENERGY CONSUMPTION  
(kWh/FTE)



EMISSIONS PER FTE  
(tCO<sub>2</sub>e)



## Responsible finance

### Managing social & environmental risk

- In CIB all new applications & risk reviews of high-risk transactions are included in the SEMS assessment process & externally assured. In 2020 764 deals were assessed.

### Applying the Equator Principles

- First African bank to sign up to the Equator Principles in 2005
- Aligned our processes with Equator Principles 3 & actively participated in the development of Equator Principles 4

### Committed to responsible investment

- With R375bn in AUM, we acknowledge the far-reaching implications of how we invest. As such, environmental, social & governance factors are assessed across the range of our investment products.

## Peace, Justice & strong institutions

### Our sustainability efforts are informed by:

- The UN SDGs
- King IV
- Positive Impact Initiative & TCFD Phase II Working Group
- The IFC Performance Standards.
- The UN Environment Programme Finance Initiative
- The Code for Responsible Investing in SA
- BASA Sustainable Finance Committee
- United Nations Global Compact (UNGC)
- The Equator Principles
- The National Development Plan.
- The Association of Ethics Officers in Africa.
- The National Business Initiative Advisory Committee on Climate Change.





## Corporate social investment (key highlights)

**R103m CSI spend** – 46% education & skills development, 18% community development, 16% Health, 11% green & 9% other

DONATIONS FOR THE 2020 FINANCIAL YEAR TOTALLED

**R21,68m**

(2019: R33,5m)

BROKEN DOWN ACROSS THE FOUR TRUSTS AS FOLLOWS:

### Green Affinity



The Nedbank Green Trust

**R11,36m**

(2019: R20,3m)

### Children's Affinity



The Nelson Mandela Children's Fund

**R7,38m**

(2019: R8,5m)

### Arts Affinity



The Arts & Culture Trust

**R1,55m**

(2019: R2,4m)

### Sport Affinity



The Sports Trust

**R1,39m**

(2019: R2,3m)



- **Proud of my town initiative** - in 2020 invested R8,5m, delivering 104 projects & touched **20 651 beneficiaries in 12 communities** focusing on specific needs of a community eg school support, early-childhood development (ECD), building businesses or community safety



- **R3m investment to work with 135 farmers** in rural KwaZulu-Natal and the Eastern Cape to improve their agroecological farming practices to double their food production
- **Investing the R2m** to in the Eastern Cape to safeguard & rehabilitate springs & water infrastructure for 3 000 community members



- Looking after the **health and safety of our employees**.
- **Protecting & supporting impacted stakeholders**, eg suppliers.
- **Humanitarian efforts** – provisioning of food & hygiene items & care to the most vulnerable in society.
- **Supported healthcare workers** – provisions for field hospitals & providing protective gear to healthcare workers.



- Granted **131 external bursaries**
- Granted **609 bursaries to staffmembers**
- **Invested in R6,7m in Partners for Possibility** to date to support development of SA's basic education system.



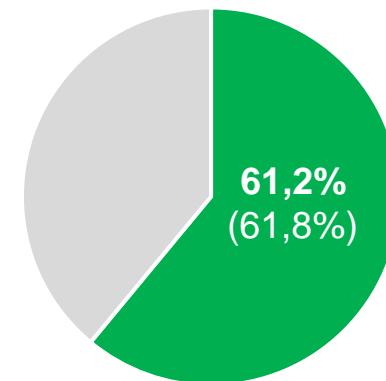
# Employees – ongoing progress on diversity metrics

## Employment equity demographics

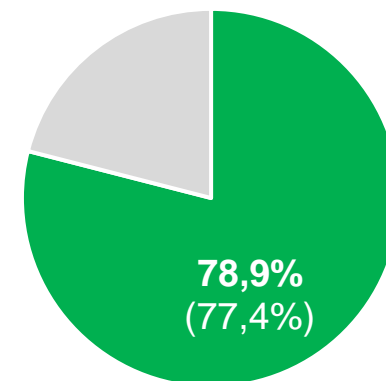
Occupational level	2020 %	2019 %
<b>Top management</b>		
Black people	38,9	41,2
Black females	16,7	23,5
Africans	22,2	23,5
<b>Senior management</b>		
Black people	45,1	43,0
Black females	19,3	18,4
Africans	18,0	16,3
<b>Middle management</b>		
Black people	64,1	62,3
Black females	34,3	33,5
Africans	30,4	28,8
<b>Junior management</b>		
Black people	89,1	88,5
Black females	60,7	60,2
Africans	59,1	58,0
Disability	3,1	2,6*

\* Note: The number reported for 2019 was rectified to reflect our December 2019 status.

## FEMALE EMPLOYEES



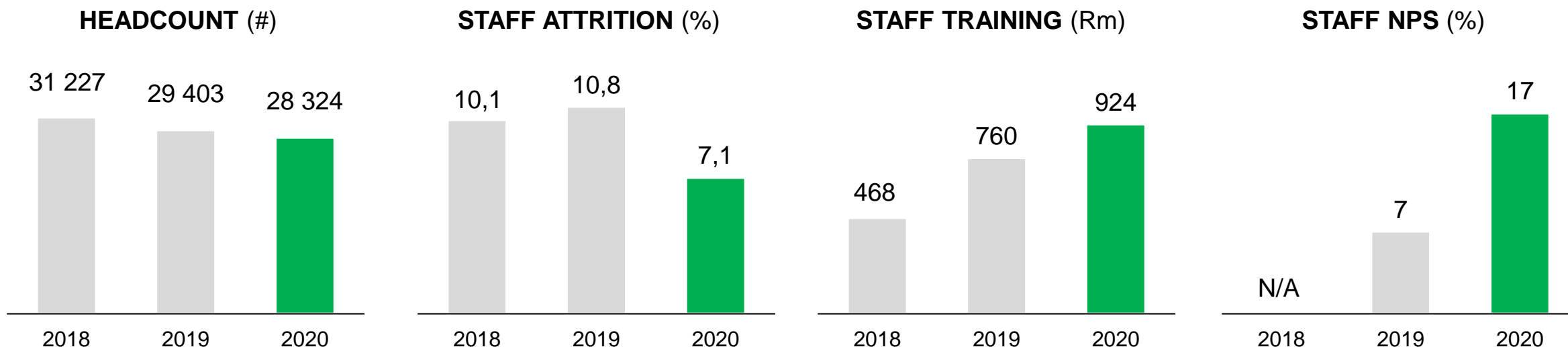
## BLACK EMPLOYEES<sup>1</sup>



<sup>1</sup> Africa, Indian, Coloured  
Brackets reflect 2018 position



## Employees – reduction in staff attrition (despite a reduction in headcount), while continuing to invest in the development of our employees



During 2020 a total of 298 employees were affected by organisational change; 234 were successfully redeployed & five chose to take early retirement. Despite our best efforts, 18 employees were regrettably retrenched.

Increased focus on digital learning:



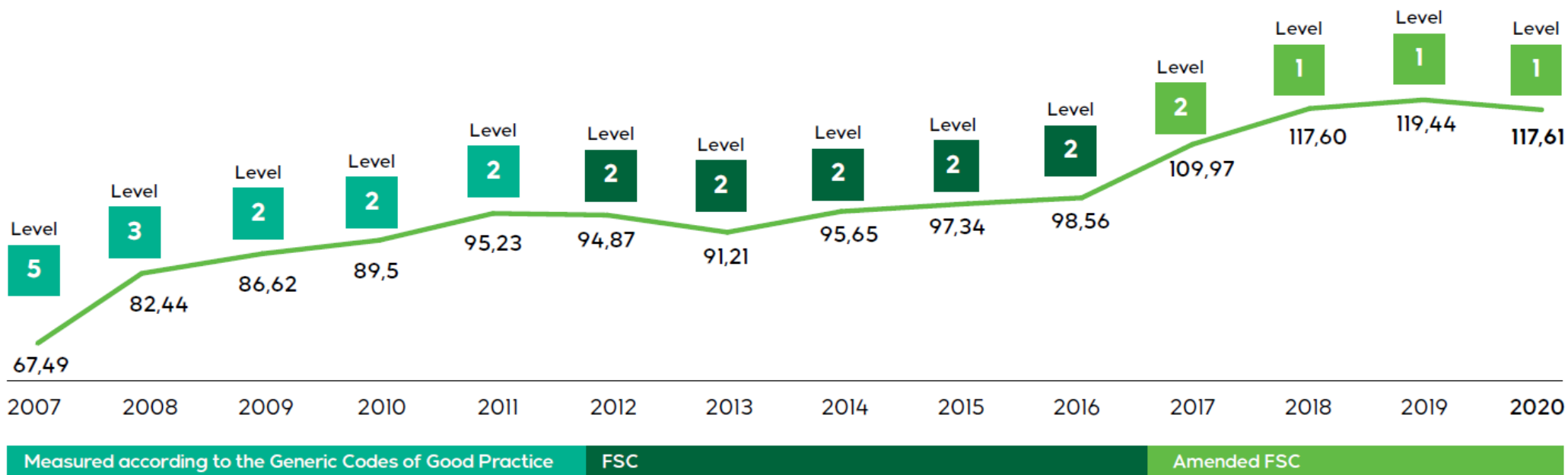
45 147  
LINKEDIN COURSES  
COMPLETED

1 033 703  
LEARNING VIDEOS  
COMPLETED



# Transformation – we retained our level 1 BBBEE contributor status

## BBBEE CONTRIBUTOR LEVEL & SCORE







## Nedbank's climate change journey

**2005** First African bank to sign up to the Equator Principles – disclosure of environmental & social impacts of project finance transactions.

**2006** Became a **signatory to the Carbon Disclosure Project** – disclosure of the carbon impact of our operations.

**2008** **Implemented energy reduction targets** & related internal reduction initiatives. Issued a climate change position statement, declaring that Nedbank Group holds itself accountable to addressing climate change.

**2010** Achieved **operational carbon neutrality**.

**2013** Disclosure of **Nedbank's renewable-energy lending**.

**2014** **Leading funder of the renewable-energy** capacity allocated by REIPPPP.

**2015** **First disclosure** of percentage of total group lending to **renewable-energy projects versus fossil fuel generation projects**.

**2016** **Publicly disclosed position on lending for coal-fired power plants**. Initial commitment excluded existing commitments to round one of SA's Coal Baseload Procurement Programme.

**2018** **Strengthened position on lending for coal-fired power plants** by including existing commitments to SA's Coal Baseload Independent Power Producer Procurement Programme

**2019** Developed **internal policy regarding the financing of thermal-coal mining and related activities**. Established a formal governance committee, the Climate Risk Leadership Group (CRLG), under the chairmanship of the Nedbank Chief Risk Officer.

Became **SA's first commercial bank to launch a renewable energy bond** on the JSE

**2020** Publicly disclosed a **thermal coal policy**.

Proactively proposed further climate change action by **tabling climate change related shareholder resolutions at our AGM**. 100% votes of approval

**2021** Released our **inaugural TCFD report**.

Publicly disclosed our **Energy policy**



## Our inaugural TCFD report was released on Earth Day 2021

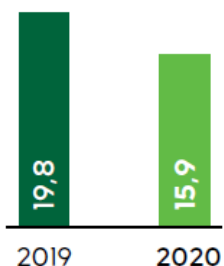
Governance	Strategy	Risk management	Metrics & targets
<ul style="list-style-type: none"><li>Established, <b>Group Climate Resilience Committee</b>, a board subcommittee focused on climate change</li><li>Established, <b>Climate Resilience Committee</b>, an Exco subcommittee, chaired by the CRO</li><li>Established a group-wide multidisciplinary <b>Climate Task Team</b></li><li>Established a <b>Climate Risk function</b> in Group Risk</li><li><b>Upskilling</b> board, management, employees &amp; clients</li></ul>	<ul style="list-style-type: none"><li>Conducted detailed analysis to inform the <b>Nedbank energy policy</b></li><li>Multiplying efforts to <b>finance renewable &amp; embedded energy solutions</b>, and withdrawal from fossil fuels</li><li>Focus on <b>climate-change-related business opportunities through SDG lens</b> (including SDG 6, 7, 9, 11, 12 &amp; 15)</li><li>Established a <b>dedicated Sustainable Finance Unit</b></li><li>Completed <b>scenario analysis</b> wrt oil, gas, thermal coal &amp; renewable</li></ul>	<ul style="list-style-type: none"><li>Approved a <b>Climate Risk Management Framework</b></li><li>Integrated <b>climate risk into the group's 17 risk types &amp; 3 lines of defence</b>, with ongoing coordinate assurance</li><li>Integrated <b>SEMS &amp; climate risk processes</b> in CIB</li><li>Approved the <b>Nedbank Energy policy</b> (financing of fossil-fuel, renewable &amp; embedded energy solutions)</li><li>Approved <b>internal climate risk appetite</b></li></ul>	<ul style="list-style-type: none"><li><b>Lending activities</b> – decrease thermal coal to 0,5% of advances by 2030, disclose energy lending portfolio metrics (thermal coal, upstream oil, renewable energy &amp; embedded energy)</li><li><b>Investing activities</b> – first SA bank to launch a green bond on the JSE, \$200m IFC renewable energy loan &amp; SA's first green tier 2 capital instrument</li><li><b>Own operations</b> – carbon neutral since 2010 &amp; revised operational reduction targets with 2019 as a new base year</li></ul>



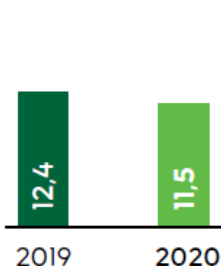
# Good progress on renewable energy, while committing to reduce our exposure to fossil fuels in line with our energy policy



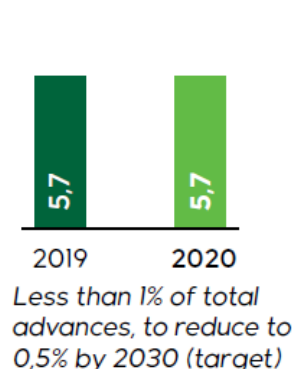
**OIL FUNDING LIMITS**  
(Rbn)



**GAS FUNDING LIMITS**  
(Rbn)

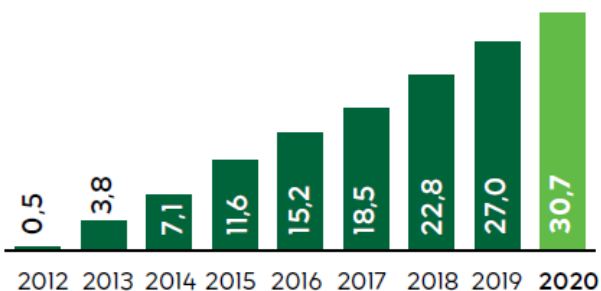


**THERMAL-COAL FUNDING LIMITS**  
(Rbn)

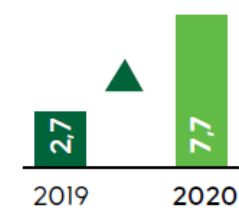


## VERSUS

**RENEWABLE-ENERGY (REIPPPP) FUNDS DISBURSED SINCE INCEPTION**  
(Rbn)



**SDG FUNDING**  
(Rbn)

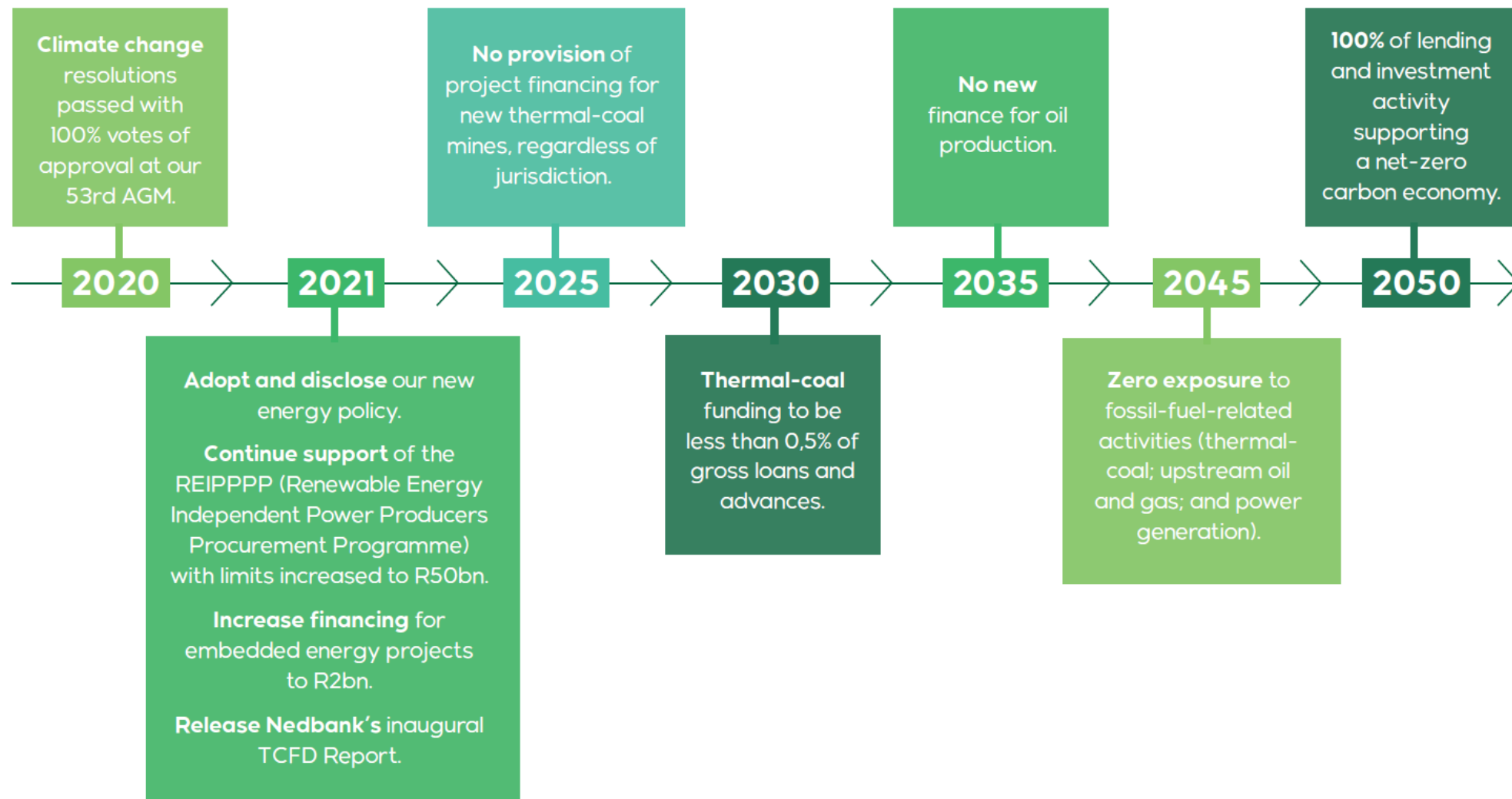


## NEDBANK ENERGY POLICY

- **Thermal coal** – a. Not to provide financing to thermal coal mines outside of SA, b. Not to provide project financing for new thermal coal mines, regardless of jurisdiction, from 1 Jan 2025 & c. Restrict total financing in aggregate for coal mining companies, infrastructure related to thermal coal & trade related to thermal coal to less than 1% of our group total advances, with this decreasing to 0,5% by 2030.
- **Oil** – a. Not to finance new oil exploration projects directly, regardless of jurisdiction, & b. Not to provide any new financing for oil production, regardless of jurisdiction, from 1 January 2035.
- **Gas** – a. Not to finance new gas exploration projects directly, regardless of jurisdiction & b. To continue to finance natural gas production where it will play an essential role in facilitating the transition to a zero-carbon energy system by 2050.
- **Power generation** – a. Not to provide financing to any new coal-fired power stations, regardless of technology or jurisdiction., b. Not to provide financing for new utility-scale or embedded oil-fired power generation, unless it is integrated as backup supply to renewable generation projects. & Not to provide financing for new utility-scale or embedded gas-fired power generation from 1 January 2030 (exceptions in detailed policy)
- **Financing renewable & embedded energy** – Continue to scale up our commitment towards renewable energy (R50bn limits already committed) & further our embedded generation financing (R2bn of financing by 2022).



# Committed to Zero exposure to fossil-fuel-related activities by 2045





# 54<sup>TH</sup> AGM RESOLUTIONS (28 MAY 2021)

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# Resolutions to be voted on at 28 May 2021 AGM

## Ordinary Resolutions 1.1

Election of directors of the company appointed during the year: **Mr MH Davis**.

Mr IG Williamson  
withdrawn

## Ordinary resolution 2.1

Re-election of **Mr PM Makwana**. Following the conclusion of his term of nine years the Nedbank boards agreed that, subject to shareholder approval, his term to be extended beyond nine years to provide additional stability during the Covid-19 pandemic and following his assumption of the role of acting Group Chairman of the Nedbank boards while the Chairman, Vassi Naidoo, is on medical leave.

## Ordinary resolution 2.2 and 2.3

Re-election of directors retiring by rotation: 2.2 **Ms NP Dongwana** and 2.3 **Mr MC Nkuhlu** (in terms of clause 25.3 of the company's memorandum of incorporation, requires not less than one-third of the directors to retire at each annual general meeting).

## Ordinary resolution 3.1 and 3.2

Reappointment of external auditors: 3.1 **Deloitte & Touche** and 3.2 **Ernst & Young** as joint external auditors from the conclusion of the 54<sup>th</sup> annual general meeting until the conclusion of the next annual general meeting.

Committed to  
MAFR

## Ordinary resolution 4

Appointment of the Nedbank Group Audit Committee members: 4.1 **Mr S Subramoney**, 4.2 **Mr HR Brody**, 4.3 **Ms NP Dongwana** and 4.4 **Mr EM Kruger** to be elected as members.

2nd year tabling this  
resolution



# Resolutions to be voted on at 28 May 2021 AGM

## Ordinary resolution 5

Placing the authorised but unissued ordinary shares under the control of directors. The authority is **limited to 2.5%** of the number of Nedbank Group ordinary shares in issue at 1 January 2020, and is further limited for the **purposes of meeting existing contractual obligations** including for the purposes of the Nedbank Group employee share incentive schemes.

Authority limited to:  
2.5% of ordinary shares  
& only in respect of meeting  
existing contractual obligations

## Advisory endorsements 6.1 and 6.2

Advisory endorsements for 6.1 the remuneration policy and 6.2 the implementation report in compliance with the requirements of King IV. Should either of the advisory endorsements be voted against by 25% or more of the voting rights exercised by shareholder further engagement with shareholders would be sought.

## Special resolutions

### Special resolutions 1.1 to 1.12

Remuneration of the Non-executive directors. On a like-for-like basis the proposed increase represents a 3% increase overall, after 0% in 2020.

### Special resolution 2

Remuneration of nonexecutive directors appointed as acting Group Chairman, acting Lead Independent Director or acting Committee Chair.



# Resolutions to be voted on at 28 May 2021 AGM

## **Special resolution 3**

General authority to repurchase ordinary shares limited to 5% of the company's ordinary shares. The directors are of the opinion that it would be in the best interest of the company to provide this general authority and thereby allow the company to be in a position to repurchase its own shares on the open market, should market conditions and price justify it.

## **Special resolution 4**

General authority to provide financial assistance to related and interrelated companies in accordance with sections 44 and 45 of the Companies Act for the provision of loans, guarantees and other financial assistance to subsidiaries and group companies.

## **Special resolution 5**

Amendments to the rules of the Nedbank Group (2005) Share Option, Matched-share and Restricted-share schemes (The proposed amendment is to align the 2005 Share Scheme to the JSE Listings Requirements with regard to the overall limit on the number of shares that may be issued to a participant)



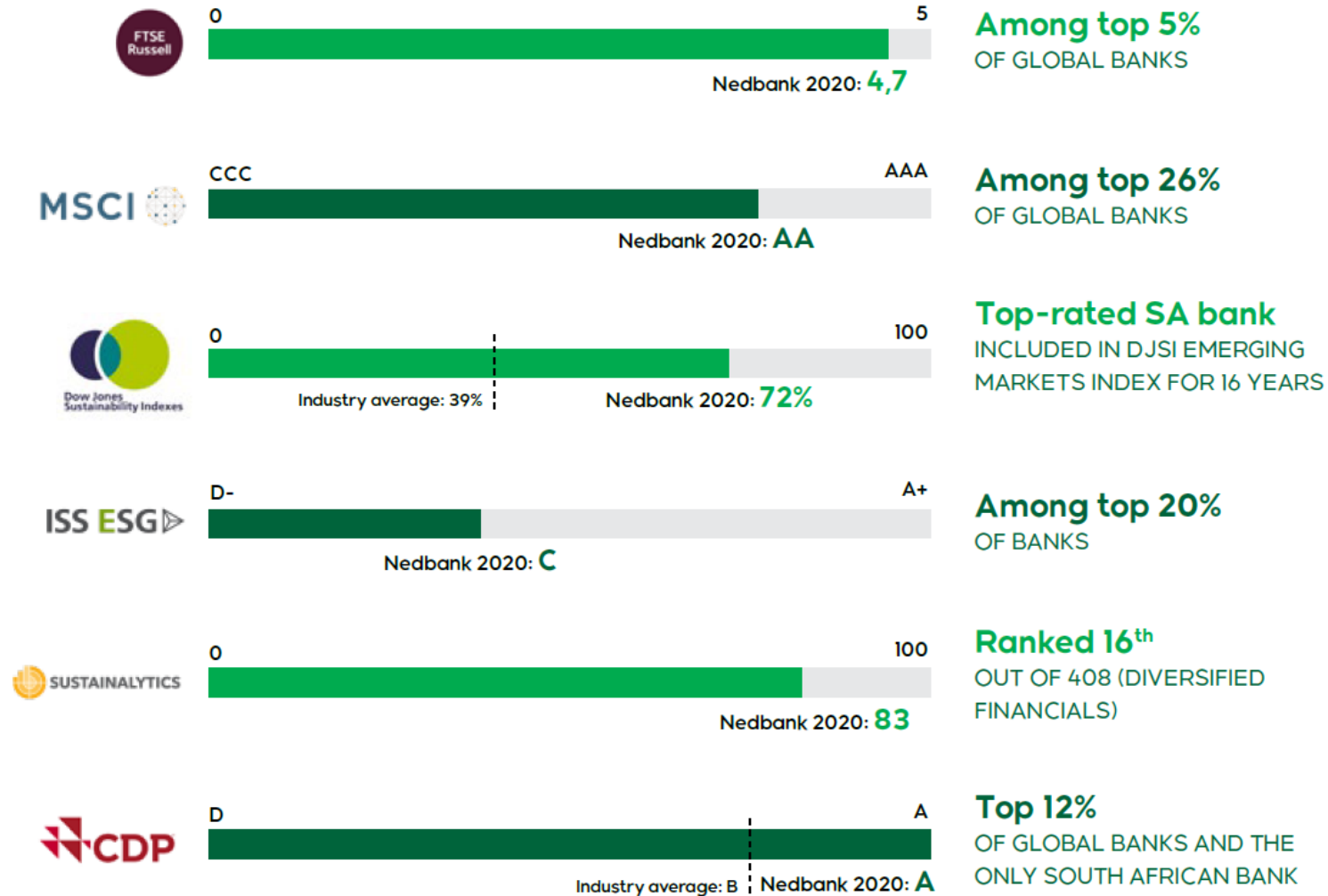
# APPENDIX: NEDBANK'S ESG PROFILE

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- Independent ESG ratings
- Commitments
- External ESG reporting



# Nedbank is rated at the top end of the ESG ratings







## Our commitments



**Africa's first carbon-neutral financial organisation** – carbon neutral since 2010 (& offset our water consumption)



**Equator Principles Financial Institution** signatory



Report in accordance with the **International Finance Corporation (IFC) Performance Standards**



Our sustainability reporting is prepared in accordance with the **Global Reporting Initiative Standards**



**WWF Nedbank Green Trust Partnership** – invested > R300m since inception in support of over 200 environmental & social projects



Signatory to the **United Nations Global Compact**



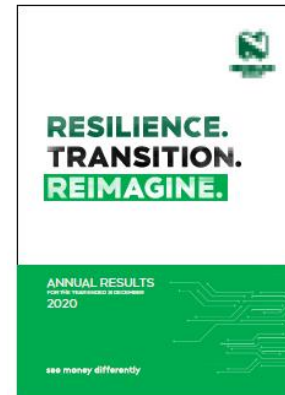
Only SA company to have ranked **#1 in EY reporting awards for 3 years in a row** + JSE Chartered Secretaries Integrated Reporting – merit award



We respond to all SDGs but have **prioritized 9 SDGs as material from a financing perspective**



# Our suite of integrated reporting cover all aspects of ESG



## FINANCIAL AND RISK MANAGEMENT REPORTING

- 2020 Results Booklet and presentation
- 2020 Nedbank Group Annual Financial Statements
- 2020 Pillar 3 Risk and Capital Management Report



## SOCIETY (SOCIAL) REPORTING

- Sustainable Development Review
- People Review
- Transformation Review
- Stakeholder Engagement Review

Broad-based black economic empowerment (BBBEE) certificate\*

Global Reporting Initiative Standards\*



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORTING

- TCFD and other climate-change-related disclosures

Nedbank energy policy\*

Nedbank climate change position statement\*



## GOVERNANCE REPORTING

- Governance Review
- Ethics Review
- Treating Clients Fairly Review (Market conduct)
- Financial Crime Review (AML, Fraud and Cybercrime)
- Remuneration Review
- Tax Review

Excel data table published with over 200 E, S & G KPIs over 3 years



# Contact us

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**CFO**

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