



NEDBANK GROUP LIMITED



GOVERNANCE AND ETHICS REVIEW

FOR THE YEAR ENDED 31 DECEMBER

2017

see money differently

NEDBANK

GOVERNANCE AND ETHICS REVIEW

COMMITTED TO GOOD GOVERNANCE

OUR GOVERNANCE PHILOSOPHY

Nedbank is committed to the highest standards of governance, ethics and integrity. We embrace worldclass banking practices and robust institutional frameworks, such as risk management policies and procedures, to ensure our banking services are secure and stable, and we are constantly reviewing these practices to ensure that we consistently act in the best interests of our stakeholders. Banks are expected to adapt to regulatory changes quickly, which means we have to entrench good governance practices, while retaining the flexibility to respond proactively to the fast-changing regulatory environment. However, governance within Nedbank Group entails far more than legislative compliance and best-practice principles. We believe that good governance can contribute to living our values through enhanced accountability, strong risk and performance management, transparency and effective leadership.

HIGH STANDARDS OF GOOD GOVERNANCE

OUR BOARD AND BOARD COMMITTEES

Our board of directors provides leadership and strategic guidance to safeguard stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The board has ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour. The board is led by our Chairman, Vassi Naidoo, together with our Lead Independent Director (LID), Malcolm Wyman. Individual reports from the chairs of the board and board committees are contained in the Nedbank Group Integrated Report.

Details will be extracted for the integrated report, based on the discussions in the following agenda items:

- Nedbank Group Board Continuity Programme.
- Board composition: matrix and prospective non-executive directors.
- Board committees: structure and composition.

BOARD COMMITTEES

The board committees assist the board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the board's responsibilities. Copies of these terms of reference can be accessed at nedbankgroup.co.za. The board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the group.

During 2017 the following board committees operated within Nedbank Group:

- The Group Audit Committee (GAC), which assists the board in its evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within Nedbank Group. It also highlights measures to enhance the credibility and objectivity of financial statements and reports.
- The Group Risk and Capital Management Committee (GRCMC), which assists the board in evaluating the adequacy and efficiency of risk policies, procedures, practices and controls.
- The Group Remuneration Committee (Group REMCO), which is authorised to approve aggregate adjustments to the remuneration of employees below executive director and managing executive levels as well as non-executive director fees. Included in the committee mandate is the remuneration policy and overall fairness of remuneration.
- The Group Credit Committee (GCC), which approves our credit philosophy and policies, sets credit limits and guidelines, confirms procedures to manage, control and price credit risk, approves the adequacy of interim and year-end provision impairments, and monitors credit risk information, processes and disclosure. Apart from the GCC, the Large-exposure Approval Committee also approves large credit exposures, as required by banking legislation.
- The Group Directors' Affairs Committee (DAC), which considers, monitors and reports to the board on reputational and compliance risk, compliance with King IV™ and the corporate governance provisions of the Banks Act as well as strategy. It also acts as the nominations committee for board appointments.
- The Group Information Technology Committee (GITCO), which monitors all issues pertaining to information technology (IT), both operational and strategic, and aims to ensure that IT development spend and investment are aligned with overall group strategy and direction, and that the IT systems are efficient and effective.
- The Group Transformation, Social and Ethics Committee (GTSEC), which monitors integrated sustainability with a specific focus on social and economic development, good corporate citizenship, ethical behaviour of staffmembers and suppliers, environmental concerns, health and public safety, stakeholder engagement, labour and employment.
- The Group Related-party Transactions Committee (RPTC), which ensures that the board and other committees fulfil their responsibilities to strengthen corporate governance and practices with regard to all related-party transactions.

Further details on the board committees are contained in the individual chair reports on pages 92 to 99.

HIGH STANDARDS OF GOOD GOVERNANCE

The Nedbank Group board is diverse in demographics, skills and experience and **61% of the directors are independent non-executive directors.**

OUR GOVERNANCE PHILOSOPHY

Nedbank is committed to high standards of governance, ethics and integrity.

We embrace worldclass banking practices and robust institutional frameworks to ensure our banking services are secure and stable. We are constantly reviewing these practices to ensure that we consistently act in the best interests of our stakeholders. Banks are expected to adapt to regulatory changes quickly, which means we have to entrench good governance practices, while retaining the flexibility to respond proactively to the fast-changing regulatory environment. Nedbank's corporate governance philosophy, approach, standards, policies and practices support achievement of each of the King IV™ principles and enable the board and management to conclude that we are currently achieving the King IV™ governance outcomes.

We believe that good governance can contribute to living our values through enhanced accountability, strong risk and performance management, transparency and effective leadership.

Board and board committee attendance of 95%, illustrating high levels of engagement.

OUR BOARD OF DIRECTORS

EXECUTIVE DIRECTORS



MIKE BROWN⁵¹
Chief Executive



RAISIBE MORATHI⁴⁸
Chief Financial Officer



MFUNDO NKUHLU⁵¹
Chief Operating Officer

NON-EXECUTIVE DIRECTORS



VASSI NAIDOO⁶³
Chairman



IAN GLADMAN⁵³



BRUCE HEMPHILL⁵⁴



ROB LEITH⁵⁵

INDEPENDENT NON-EXECUTIVE DIRECTORS



MALCOLM WYMAN⁷¹
Lead Independent Director



HUBERT BRODY^{53*}



BRIAN DAMES⁵²



NEO DONGWANA^{45**}



ERROL KRUGER⁶⁰



MPHO MAKWANA⁴⁷



LINDA MANZINI^{49**}



MANTSIKA MATOOANE⁴²



NOMAVUSO MNXASANA⁶¹



JOEL NETSHITENZHE⁶¹



STANLEY SUBRAMONEY⁵⁹

* Appointed in July 2017
** Appointed in June 2017

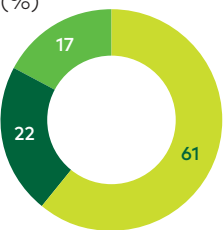
Board demographics



- White male
- Black male
- Black female
- Non-SA

relevant in a transforming society

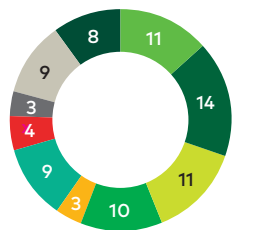
Independence (%)



- Independent non-executive directors
- Non-executive directors
- Executive directors

protecting the interests of all shareholders

Skills and experience



- Retail Banking
- Investment Banking
- Financial services/Insurance/Asset management
- Large corporate/Industrial
- Mining and resources/Infrastructure
- Accounting and auditing
- Economics/Public/Macropolicy
- Innovation/IT/Digital
- HR/Strategic planning/Stakeholder management
- Doing business in Africa/India

well diversified to add value to several aspects of Nedbank Group

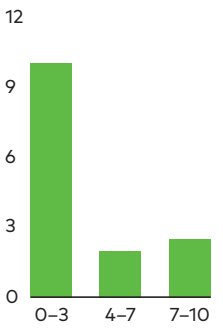
Independence

The majority of Nedbank's boardmembers are independent directors, which is in compliance with King IV™ requirements and ensures that the interests of the minority shareholders are protected. We strengthened board independence from 59% independent directors in 2016 to 61% in 2017. An independent board committee, the Group Related-party Transactions Committee, chaired by our Lead Independent Director (LID), is in place to consider, review, evaluate and provide oversight over related-party transactions to ensure the transactions are fair and in the best interests of Nedbank.

Conflict of interest

A director or prescribed officer is prohibited from using his or her position, or confidential and price-sensitive information, to benefit himself or herself or any related third-party, whether financially or otherwise. Directors and officers are also required to inform the board timeously of conflicts, or potential conflicts, of interests that they may have in relation to particular items of business or other directorships. Comprehensive registers of individual directors' interests in and outside the company are maintained and updated and signed by the directors, with details noted by the board at each board meeting.

Non-executive directors: time on board (years)



a blend of experience and new insight

Refer to pages 92 to 99 for the skills and expertise of the committee members.

Our approach to compliance

Nedbank's existing governance framework and culture provide a solid foundation for the implementation of King IV™. Adopting King IV™ is a commitment to stakeholder inclusivity, corporate citizenship and protecting the value that we create. By approaching the shift from King III to King IV™ in an inclusive and integrated manner, we ensure that principles and practices are applied with a focus on achieving the four corporate governance outcomes, ie ethical culture, good performance, effective control and legitimacy.

Read more about our response to King IV™ on pages 86 to 89.

HIGH STANDARDS OF GOOD GOVERNANCE

(continued)

Values and culture

Governance is supported by the tone at the top, the example that the board and management set and the values and behaviours embraced by all employees in the organisation. Our 2017 staff survey shows that 'accountability', 'performance-driven', 'client-driven', 'team work', 'client satisfaction' and 'brand reputation' represent six of the highest scoring values currently present in the organisation.

As part of our culture journey, we are revisiting our required culture in the context of our strategy, the new world of work and the digital transformation of financial services. The Group Executive Committee (Group Exco) is driving and enabling new leadership mindsets and capabilities required to manage and thrive in an agile, digital, fast-paced, client-centred and competitive environment.

Fair and responsible remuneration

The board is committed to ensuring that remuneration of executive management is fair and responsible in the context of overall employee remuneration. The Group Exco holds management accountable for ensuring total remuneration is distributed fairly, while the board, through Group Remco, is committed to ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration.

The high level outcomes for 2017 is shown on pages 74 to 82 and more detail in our remuneration policy at nedbankgroup.co.za

Engaging with the business on strategic matters

Although the board maintains its independence, it is important for it to have a deep understanding of the business by investigating, monitoring and engaging with management on multiple levels:

- In addition to the three executive boardmembers, the other 10 Group Exco members, with the board, serve on various board committees and engage in strategy sessions and other specific matters such as results presentations.
- Following the annual strategy session between the board and the Group Exco, the board debates and approves the Strategy Framework, group business plan and relevant risk appetites. In 2017 a key focus was setting 2020 targets that embody the outcome of our strategies and enablers.
- The board conducts onsite visits to various bank operations and business units, and attends operational meetings from time to time, while one-on-one meetings may be requested by individual directors.
- A monthly CEO Report provides the board with comprehensive feedback on the performance of the business across various disciplines, including finance, client activities, risk management and staff performance.
- There is increased interaction between the board and our stakeholders (for example, boardmembers are invited to selected client functions).

Engaging with investors on governance

We continually engage with shareholders on governance and strategic matters, thereby contributing to the multiple factors that inform our strategy and the way in which we manage the organisation. The engagement also enables our board to exercise constructive influence as and when appropriate, and to protect the interests of our minority shareholders.

Nedbank Group's fourth governance roadshow in April 2017 was hosted by Vassi Naidoo (Chairman) and Malcolm Wyman (LID), with a followup roadshow in January 2018. The overall response from shareholders was that Nedbank Group is highly regarded for its approach to governance. In 2017 the following key topics were discussed: the Old Mutual managed separation; positioning for a possible sovereign-crediting downgrade; ETI's financial performance; and components of the Nedbank remuneration policy.

Read more on pages 67 to 68.



OUR GROUP EXECUTIVE COMMITTEE

The Nedbank Group Executive Committee is a **diverse and experienced management team** that comprises the Chief Executive, Chief Operating Officer, Chief Financial Officer and 10* other members of top management.



MIKE BROWN ⁵¹
Chief Executive



RAISIBE MORATHI ⁴⁸
Chief Financial Officer



MFUNDO NKUHLU ⁵¹
Chief Operating Officer



BRIAN KENNEDY ⁵⁷
Group Managing Executive: Nedbank Corporate and Investment Banking



IOLANDA RUGGIERO ⁴⁷
Group Managing Executive: Nedbank Wealth



CIKO THOMAS ⁴⁹
Group Managing Executive: Nedbank Retail and Business Banking



TREVOR ADAMS ⁵⁵
Chief Risk Officer



MIKE DAVIS ⁴⁶
Group Executive: Balance Sheet Management



THABANI JALI ⁵⁹
Group Executive: Enterprise Governance and Compliance; Group Company Secretary



PRIYA NAIDOO ⁴⁴
Group Executive: Strategy and Economics

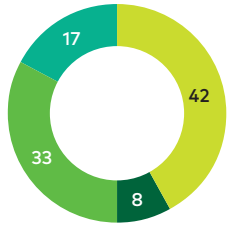


FRED SWANEPOEL ⁵⁴
Chief Information Officer



ABE THEBYANE ^{57#}
Group Executive: Group Human Resources

Group Exco demographics (%)



■ White male ■ Black male
■ White female ■ Black female

transforming from the top

Combined 184 years' service (average 16 years' service) – experienced with a strong track record

Highly regarded by investors

* The portfolio of Group Executive, Group Marketing, Communications and Corporate Affairs, is currently vacant. Mfundo Nkuhlu is overseeing this portfolio until a permanent replacement is announced.

In October 2017 we announced the early retirement of Abe Thebyane (57) after more than six years as Group Executive, Group Human Resources, and a member of the Group Exco. Abe has decided to take early retirement in terms of the rules of the bank's retirement policy. The effective date of his early retirement will be announced on the appointment of a suitable successor to ensure a seamless handover of responsibilities.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

BOARD EVALUATIONS

Apart from the evaluations conducted in Nedbank Limited, which are currently underway via an independent consultancy, evaluations were conducted in the following entities and subsidiaries:

■ Nedbank Wealth Cluster

A total of six committees were evaluated in the Nedbank Wealth Cluster's international business. These committees include the risk, audit, compliance and board committees of:

- Nedgroup International Holdings Limited
- Nedbank Private Wealth International
- Nedgroup Trust (Guernsey)
- Nedgroup Trust Limited (Jersey)
- Nedgroup Investment Limited (Isle of Man)
- Nedgroup investment Limited (UK Company)

The committees operate effectively and areas of development are continuously tracked to final resolution.

■ Rest of Africa subsidiary board evaluations

Nedbank Group also conducted the annual board evaluation for the five subsidiary boards electronically. The directors are provided with a link that they use to access and complete the online survey.

■ Wealth Insurance business evaluations

Evaluations are awaited for the Wealth Insurance business and results will be presented at its board meeting in April 2018.

Board continuity programme

The group's board continuity programme addresses the skills, experience and other qualities required for the effective functioning of the Nedbank Group board. It also sets out the processes relevant to the selection and appointment of directors, their induction and ongoing training, the evaluation of their performance, as well as succession planning. Over the next three years the following directors will reach the end of their nine-year tenure:

- Malcolm Wyman: August 2018
- Mpho Makwana: November 2020
- Joel Netshitenzhe: August 2019

Each boardmember reaching the end of his/her nine-year tenure will retire or, should the board so resolve, remain a boardmember, subject to an annual evaluation of his/her independence and his/her name being put forward for reelection by shareholders.

During the year the following changes at group executive level took place:

- Thulani Sibeko – resignation in 2017 from the position of Group Executive, Marketing Communications and Corporate Affairs.
- Abe Thebeyane – applied for and was granted early retirement in 2017, with the effective date of his early retirement to be announced on appointment of a suitable successor.

Non-executive directors are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company's memorandum of incorporation. An executive director is required to retire from the board at age 60, and, unless otherwise agreed by the board, a non-executive director is required to retire at the earlier of reaching age 70 or being on the board as a non-executive director for nine years. During 2017 the Nedbank Group board agreed that Malcom Wyman should remain as Lead Independent Director, despite having reached the age of 70, to ensure continuity of this role during the managed separation process.

Executive directors are subject to six-month notice periods. This excludes the chief executive, who is subject to a 12-month notice period. Executive directors are discouraged from holding significant directorships outside the group.

Nomavuso Mnxasana will retire as independent non-executive director with effect from the close of Nedbank Group Limited's Annual General Meeting on Thursday, 10 May 2018.

The following new directors were appointed during 2017:

Name	Type of directorship	Date of appointment
Neo Dongwana	Non-executive	June 2017
Linda Manzini	Non-executive	June 2017
Hubert Brady	Non-executive	July 2017

The group's policy on the promotion of gender diversity at board level has been incorporated into the board continuity programme. At 31 December 2017 our results against our targets were as follows:

Category	Target	Current achievement	Outcome
Voting rights of black boardmembers (%)	50	61,11	Exceeded
Voting rights of black women boardmembers (%)	25	27,77	Exceeded
Black executive members of the board (% of all executive members of the board)	50	66,67	Exceeded
Black women executive members of the board (% of all executive members of the board)	25	33,33	Exceeded
Black independent non-executive boardmembers (% of all independent non-executive boardmembers)	40	72,73	Exceeded

ONGOING EVALUATION

Through our governance structures and committees decisions are made and innovative ideas are generated in the best interests of the bank and its stakeholders. Our committees are monitored annually for effectiveness and transparency. Decisions are reviewed for the value that they add to the bank and our clients. An independent assessment of the board and board committees is currently underway, and results thereof will be presented to the board. The process includes interviews with boardmembers as well as the LID and board chairman.

KING IV™ COMPLIANCE REPORT FOR THE NEDBANK GROUP 2017 INTEGRATED REPORT

The King IV Report on Corporate Governance™ was published on 1 November 2016. Nedbank's existing governance framework and culture provide a solid foundation for the implementation of King IV™. Adopting King IV™ is a commitment to the philosophy of stakeholder inclusivity, corporate citizenship and protecting the value that we create, which is aligned with Nedbank's 2020 strategy. By approaching the shift from King III to King IV™ in an inclusive and integrated manner, we will ensure that principles and practices are applied with a focus on achievement of the four corporate governance outcomes, ie ethical culture, good performance, effective control and legitimacy.

The board has opted currently to apply all of the 17 King IV™ principles in a manner that is focused on achieving the King IV™ outcomes. Nedbank Group has reviewed its current practices to ensure alignment with the King IV™ recommended practices associated with each principle contained in the King IV™ report on Corporate Governance.

The approach to implementation was as follows:

- Diagnosis of the current state of affairs relating to corporate governance principles under King IV™.
- Independent validation exercise of impact analysis of King IV™ alignment to Nedbank Group current practices.
- Identification of development approach for continuous improvement relating to gaps.
- Disclosure of the readiness review that focused on the demonstration application of King IV™ principles and explanations that refer to the corporate governance practices applied by Nedbank Group.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

DIAGNOSTIC, IMPACT ANALYSIS AND DEVELOPMENT AREAS

To determine the impact of King IV™ on current governance practices within Nedbank Group a diagnostic assessment was undertaken, categorising the foundational concepts of King IV™ into primary areas of accountability and residency:

		Our response
Leadership, ethics and corporate citizenship	Principle 1 The governing body should lead ethically and effectively.	The board of directors provides leadership and strategic guidance continually aimed at safeguarding shareholder value creation. This leadership and guidance are provided within a framework of ethical and prudent controls, which supports the establishment of an ethical culture.
	Principle 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	
	Principle 3 Responsible corporate citizenship.	Through our responsible lending, managing of our operations, CSI initiatives and sustainability enhancements, we aim to provide value-added services and maintain our position as a responsible corporate citizen. We have a key role to play in society as a major employer, taxpayer, skills provider and facilitator of economic growth, to name a few.
Strategy, performance and reporting	Principle 4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The board annually approves the strategy of Nedbank Group. The board-approved level 3 Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy, in line with our purpose, vision, values, targets and brand.
	Principle 5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short- medium- and long-term prospects.	A validation exercise by an independent consultancy indicated that the disclosure element in this regard meets the King IV™ objectives. Information related to the required disclosures is contained in, among others, this Integrated Report and the supplementary reports, including the King IV™ principles report, available at nedbankgroup.co.za.
Governing structures and delegation	Principle 6 Board as custodian of good governance	The board has embraced governance practices and principles and has ultimate accountability and responsibility for the performance and affairs of the company, including good governance practices and principles.
	Principle 7 Board composition	The board composition is aligned with the requirements of King IV™ regarding the number of executive versus non-executive directors. Skills, experience and tenure of boardmembers are monitored continually. Refer to the composition of the board on page 16.
	Principle 8 Effective board structures and delegation of authority	We aim to ensure that board structures are effective through annual effectiveness assessments. Delegation of matters and mandates to individuals and/or ad hoc committees are managed through a formal delegation of authority process and accompanying board resolutions.
	Principle 9 Board performance evaluation	For the 2017 board performance evaluation the board has engaged EY to coordinate the self-evaluation and assessment of the performance of Nedbank's board, its committees and individual boardmembers. Previously evaluations were conducted internally, in line with established governance practices.
	Principle 10 Board/Management relationships	Nedbank Group continuously adheres to sound practices in respect of board continuity programmes, succession planning, board delegation processes and an annual CEO performance evaluation.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

		Our response
Governance functional areas	Principle 11 Risk governance	Nedbank currently adopts a well-defined enterprisewide risk management function in the bank that fully supports good governance practices.
	Principle 12 Technology and information governance	Strategies are in place for technology enhancements through both Managed Evolution execution and Digital Fast Lane, ensuring separate governance structures for information and technology.
	Principle 13 Compliance governance	Nedbank continues to approach compliance risk through the implementation of proactive and robust mitigating control measures. Being ultimately accountable, the board continually provides guidance to the group on the management of compliance risk.
	Principle 14 Remuneration governance	Nedbank continues to ensure that its remuneration policies facilitate ongoing dialogue with shareholders and that policies and disclosures are up to date. Work has been completed to align the bank's remuneration and ethics philosophies better in terms of fair and responsible remuneration, existing termination provisions, and the setting of non-executive director fees in the Remuneration Policy.
	Principle 15 Assurance	The board provides direction as to how assurance services and functions effectively combine to enable an effective control environment and support the integrity of information for internal decisionmaking and external Nedbank reports.
Stakeholder relationships	Principle 16 Stakeholder-inclusive approach	Nedbank Group is currently finalising enhancements for a more strategic approach to stakeholder relations management and stakeholder engagement in accordance with the proposed centralised stakeholder model in King IV™.
	Principle 17 Responsible investment	The Responsible Investment Standard, approved by the board, applies to all business units involved in investment practices across the group and, as such, is embraced by Nedbank Group and its subsidiaries.

It was established that Nedbank Group's current corporate governance practices are supportive of King IV™ principles.

Compliance with other banking codes

The UK Code of Corporate Governance

While Nedbank Group is listed on the JSE and Namibian Stock Exchange, we also comply with codes and practices applicable to our parent company, Old Mutual plc, which subscribes to the UK Code of Corporate Governance. The only area of non-compliance with this code relates to the Group Chairman being a non-executive director but not independent. To address this in line with the recommendations of the UK Code of Corporate Governance the position of lead independent director was created in 2007.

Code of Banking Practice

We subscribe to the Code of Banking Practice of The Banking Association South Africa, which governs all relationships with authorities, clients, competitors, employees, shareholders, local communities and other primary stakeholders. Appropriate procedures and mechanisms are in place to ensure full adherence to the code and we work with the Banking Ombudsman's Office to ensure that client complaints are resolved appropriately and timeously.

Basel Code of Principles

The Basel Committee on Banking Supervision published a guideline in July 2015 – Corporate Governance Principles for Banks. The governance and compliance teams are working to ensure compliance with the guideline.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

ENGAGING WITH STAKEHOLDERS ON GOVERNANCE

We continually engage with stakeholders on governance and strategic matters contributing to the multiple factors that inform our strategy and the way in which we manage the bank. This engagement also enables our board to exercise constructive influence as and when appropriate, and to protect the interests of our shareholders.

Nedbank Group's fourth annual governance roadshow in April 2017 was hosted by Vassi Naidoo (Chairman) and Malcom Wyman (LID).

The following key issues were identified for discussion:

Key topics discussed	Our response and action
Old Mutual managed separation – Investors continue to look for guidance on the impact, progress and timelines of our managed separation. Some investors are concerned about a potential share overhang after unbundling.	<p>Nedbank is a separately listed entity with an independent board. Our business is not integrated into Old Mutual and the managed separation will therefore not have a material effect on our strategy, staff and clients, or our financial performance and prospects. We will continue to collaborate with Old Mutual on the managed separation and synergies from our arms'-length collaboration initiatives.</p> <p>On 1 November 2017 Old Mutual plc announced that the strategic minority shareholding to be retained in Nedbank Group by Old Mutual Limited (OML) to underpin the ongoing commercial relationship between the companies has been agreed at 19,9% of the total Nedbank Group ordinary shares in issue, as held by shareholder funds.</p> <p>The 19,9% shareholding will be held by OML, which will have a primary listing on JSE Limited and a secondary listing on the London Stock Exchange. OML will be listed at the earliest opportunity in 2018, following the publication of Old Mutual plc's 2017 full-year results.</p> <p>The decrease in OML's shareholding in Nedbank Group will be achieved through the unbundling of Nedbank Group ordinary shares to OML shareholders. This will result in OML, immediately after the implementation of unbundling, holding a 19,9% strategic minority shareholding in Nedbank Group. The unbundling will occur at an appropriate time and in an orderly manner after the listing of OML, allowing suitable time for the transition of the OML shareholder register to an investor base with an SA and emerging-market focus and mandate.</p>
Positioning for a sovereign-credit-rating downgrade – Shareholders want to understand the impact of a credit-rating downgrade on the business (initially foreign currency and lately a local currency downgrade), as well as the trajectory of political and economic policy direction. As a result, as revenue growth slow, the focus on expense management increases.	<p>We performed extensive stress-testing on our balance sheet and income statement to assess the potential impacts of high- and severe-stress events. Relative to the period before the global financial crisis as shown on page 60, we are in a much stronger financial and capital position today to weather any potential downturn. We have previously shown that a credit-rating downgrade will have an insignificant direct impact on the bank, although we remain concerned about the impact of a deteriorating macroeconomic environment and, therefore, have prepared well for this possibility.</p>
Performance of the group and dividend outlook – Shareholders wanted to determine the extent to which the weak economic environment introduced forecast risk to our financial performance and dividend payout.	<p>We have a strong balance sheet and capacity to generate organic earnings. This, combined with lower credit RWA growth, enabled dividend growth ahead of HEPS growth. The lower 2017 earnings base due to ETI's loss supports stronger earnings growth in 2018 and our ability to maintain our payout ratio around 2,0. Refer to pages 55, 57 and 62 for our 2018 financial guidance.</p>
ETI's financial performance – Many shareholders were unpleasantly surprised by ETI's fourth-quarter 2016 loss. Investors are trying to get a sense of whether we are comfortable with the risk and outlook for ETI, and whether we have insight, influence and control with a shareholding of only 21,2%.	<p>ETI is making good progress in an improving environment and has attractive medium-to-long term targets. Although these targets are a stretch from the current position, ETI will be a strong contributor to our expected growth in earnings, particularly in 2018 and beyond, if these are achieved.</p> <p>ETI's share price has increased 65% in 2017, in line with the rebound in the Nigerian banks' share prices on the back of signs of early improvement in that economy. As a result, the market value of our 21,2% share in ETI, as well as our share of ETI's NAV, is now ahead of our carrying value.</p> <p>At Nedbank we take some comfort from actions taken in ETI's turnaround and remain optimistic of the long-term prospects of this strategic investment. For more insight on the strategic progress with ETI refer to page 42.</p>

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

Key topics discussed	Our response and action
Competitive landscape – Shareholders noted the increased levels of competition in the banking industry, particularly the threat from new entrants.	Our strategy in RBB is to grow transactional banking faster than the market through being first in digital, having disruptive CVPs, sales and service excellence, and robust loyalty and rewards. We have increased the pace of digitisation through DFL and innovations are gaining traction. Innovations shown on pages 37 and 38 (client section and innovation sections) position Nedbank well to meet these challenges head on.
Appointment of auditors – Shareholders asked whether we would retain KPMG as a joint auditor of the group.	<p>We indicated that the Group Audit Committee (GAC) had challenged and engaged with executives and boardmembers from KPMG regarding the allegations of corruption against the audit firm. Several engagements with the board and stakeholders have taken place to discuss the KPMG developments and assess the impact on Nedbank, considering, inter alia, regulatory requirements, business continuity, and reputational and systemic risk. KPMG SA provided assurance regarding the integrity of its audit processes and further assurance was provided by KPMG International, which agreed, at the request of Nedbank, to provide additional comfort in respect of its support of KPMG SA.</p> <p>The results of the independent enquiries into KPMG SA to assess if any further action or response is required are awaited.</p>
Remuneration – Shareholders noted that although Nedbank had arguably the best remuneration schemes among banks, with good disclosure, some enhancements can be considered, including revising the use of the FINI 15 as a corporate performance target (CPT).	Nedbank engaged with shareholders on the proposals for our 2018 remuneration scheme as shown on page 76, and received strong support for all these changes. The key change relate to replacing the FINI 15 with DHEPS growth as a CPT.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

BOARD GOVERNANCE OBJECTIVES FOR 2017

The measurement of the 2017 board objectives was undertaken in consultation with EY through its board evaluation process and ongoing engagements with stakeholders from the King IV™ programme. The review reflects that the board has successfully met the 2017 board objectives agreed to in 2016. A summation of the criteria used to determine achievement of said objectives is contained below.

Objective	Measurement
The board should set the tone and lead the group ethically and effectively. This means that, in their decisionmaking, individual boardmembers should act with independence, inclusivity, competence, diligence, courage and with the necessary insight and information.	The boardmembers are individually and collectively accountable for their ethical and effective leadership of Nedbank Group and are required to conduct themselves in accordance with the Board Code of Conduct and their legal duties as company directors under the Companies Act of 2008 and the related regulations. The directors annually subscribe to a board ethics statement, thereby committing to high ethical standards and to conduct themselves honestly, scrupulously and with integrity.
The board should provide leadership and vision to the group that will ensure sustainable growth and appropriate corporate citizenship for the benefit of all the group's stakeholders.	There are arrangements in place for familiarising stakeholders (including suppliers) with the organisation's ethical standards. Social and environmental risk is one of the risks that Nedbank actively monitors. Whether strategic or operational in nature, it is viewed as seriously as all other risks to which our business is exposed. In consultation with sustainability risk experts and various stakeholder groups, such as government departments, NGOs and other relevant institutions, we have developed a suite of sustainability risk mitigation tools and policies that not only protect shareholder interests, but also ensure the protection of communities and the environment.
The board should ensure that there is a framework of prudent and effective controls that enable risk and opportunity to be assessed and managed effectively.	The governance of risk in terms of the organisation's strategic objectives is a fundamental existing practice in the group. This is evidenced in group policies and processes and a well-defined enterprisewide risk management function in the bank. The governing body, in this instance the board, maintains an oversight function in terms of risk management in the organisation.
<p>The board is ultimately responsible and accountable for the performance of the group and should support the group in setting its purpose and achieving its strategic objectives. These responsibilities include:</p> <ul style="list-style-type: none"> ■ delegating management of the group to a competent executive management; ■ governing technology; ■ governing information; ■ ensuring compliance with appropriate legislation (including regulations), supervisory codes and appropriate best practices; ■ governing disclosures so that stakeholders can effectively assess the performance of the group; ■ safeguarding the interests of the group's stakeholders; ■ ensuring fair, responsible and transparent people practices; and ■ having oversight on risks arising from the execution of Nedbank business strategies, decisionmaking practices and/or processes, client interaction, product life cycle relating to product design, targeting, distribution and after sales services that causes detriment to Nedbank clients, stakeholders, suppliers and market. 	<p>The board-approved Strategy Risk Principles Policy addresses the principles to be taken into account in the development of strategy. The governing body ensures that a robust strategy process is defined and executed. The board has delegated its authority for oversight to committees that are mandated to oversee the following areas of responsibility:</p> <ul style="list-style-type: none"> ■ technology; ■ privacy; ■ compliance risk; ■ stakeholder engagement; ■ human resources; ■ brand, client and conduct; ■ transformational, social and ethics related matters; ■ credit; and ■ audit.

LEADERSHIP IN MANAGING CONDUCT RISK THROUGH AN ETHICS LENS

'You don't build a business – you build people – and then people will build the business.' Zig Ziglar.

The test of character and good corporate citizenship lies in whether an organisation behaves ethically during good as well as trying times. When organisations operate in a challenging economic, political and social environment that is not conducive for creating an ethical culture, they will falter more often than not.

Taking into consideration the cost of implementing ethics and compliance programmes and the added administrative burden, it is not hard to believe that organisations focus more on compliance than ethical leadership, which should in fact be the foundation of all other functions. Because of economic, political and social challenges, organisations are more focused on survival than doing the responsible thing.

The level of corporate ethics solely depends on ethical leadership, and living and setting an example of a philosophy of doing business responsibly to create sustainable value for stakeholders.

According to King IV™ the primary governance role and responsibilities of an organisation's governing body include the following:

- Setting and steering the organisation's strategic direction and guiding the way in which specific governance areas must be approached, addressed and conducted.
- Approving policy and planning that set direction and give effect to strategy.
- Ensuring accountability for organisational performance by means of, among others, reporting and disclosure.
- Overseeing and monitoring implementation and execution of policy and planning by management.

A further ethics imperative of King IV™ is that the board should present on corporate governance as being concerned not only with structure and process, but also with ethical consciousness and conduct.

One of the underpinning philosophies of King IV™ consisting of:

- integrated thinking;
- the organisation as an integral part of society;
- corporate citizenship; and
- stakeholder inclusivity

can only be brought to fruition if an organisation's philosophy is based on ethics.

King IV™ now also refers to ethics in remuneration, recognition and performance management, which means that these functions should be viewed through an ethics lens – applying ethical principles to the strategy and implementation of these strategies, monitoring and auditing according to ethical principles and reporting on outcomes in a transparent and integrated manner.

NEDBANK ETHICS PHILOSOPHY

As emphasised in King IV™, an organisation must fundamentally add value to stakeholders, which include clients, suppliers, employees, regulators, the environment and society.

To add true value to stakeholders an organisation must have a long-term view and a responsible business philosophy, taking care to create sustainable stakeholder value.

We at Nedbank therefore have a philosophy of doing business responsibly, which means doing business ethically. Responsible or ethical business is based on a trust relationship with stakeholders. Trust is created by having a sound strategy and business offering, ethical leadership, and a commonly accepted and lived set of values, which in turn lead to effective governance and risk and compliance management. And all of this will lead to building our reputation, brand and shareholder value.

It must also be noted that 'being legal' does not necessarily mean 'being ethical'. Our aim has to be the application of higher standards of ethical decisionmaking, taking stakeholder requirements into consideration to ensure value creation.

GOVERNANCE OF ETHICS

The board assumes ultimate responsibility for the company's ethics performance. This responsibility is delegated to executive management, which uses various tools to fulfil its mandate, including:

Board Ethics Statement – In King IV™ one of the beneficial outcomes of good corporate governance is an ethical culture in the organisation. Ethical leadership and effective leadership should complement and reinforce each other and this is why our boardmembers, and those of our subsidiaries, are required to acknowledge and sign the Board Ethics Statement (BES) every year. This allows them to demonstrate their continued commitment to the Nedbank Group values and to the ethical conduct we embrace. Our group executives and cluster executives now sign the BES as well.

Ethics and Corporate Accountability Framework – In line with our Deep Green aspiration to be a great place to work one of our key focus areas is to develop a unique and innovative culture with ethical behaviour at its core. Our clearly defined Ethics and Corporate Accountability Framework sets the standard in this regard.

The Ethics Panel – This panel deals with material tipoffs regarding unethical conduct and continues its efforts to ensure that independent, objective and fair courses of action are taken in instances of unethical behaviour or actions.

Code of Ethics – Being responsible is at the heart of our approach to business. This commitment is encapsulated in the Nedbank Code of Ethics to which all employees (including contractors and temporary employees) must adhere. The Code of Ethics is available on the Nedbank Group website and is also reviewed annually to ensure it stays relevant in a changing business environment.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

Code of Conduct – Our Nedbank Group Code of Conduct expands on the Code of Ethics. This operational document offers examples of ethical behaviour to help employees make ethical decisions. The Code of Conduct is posted on the organisation's intranet site and is accessible to all staff. Staffmembers must answer a set of questions to demonstrate an understanding of the code's principles when they acknowledge it. By the end of 2017 a total of 96,4% of our employees had acknowledged the Code of Conduct, which is reviewed annually.

Supplier Code of Conduct – This code is aligned with the Code of Conduct for staffmembers and supports the protection of human rights across our supply chain. The principles of the Supplier Code of Conduct apply to all our suppliers, consultants and contractors, and ensures that Nedbank adheres to the UK Bribery Act and other extraterritorial legislation.

Independent assurance of high-risk/high-value tenders

– This cost-effective, high-quality process started during 2014 and continues to help business maintain the highest governance and ethics standards during tenders.

Dow Jones, JSE Socially Responsible Investment and Financial Times Stock Exchange Indices submissions

– The Ethics Office made submissions for all these indices.

Ethics programme in African subsidiaries – Expansion into the rest of Africa is a key component of our strategy and vision, and the Ethics Office has implemented the full Nedbank Group ethics programme in our African subsidiaries. Business ethics officers, who have finalised the Ethics Officer Accreditation Programme through The Ethics Institute (TEI), have been appointed in all subsidiaries. There has been engagement with Nedbank Namibia and Swaziland, with further implementation of the ethics programme, human rights in business programme, awareness training, monitoring of gifts and outside interests, and conducting of investigations during 2017.

Appointment of ethics officers in all business clusters

– The majority of the 25 established business ethics officers have completed the Ethics Officer Accreditation through TEI. The value that the business ethics officers bring to operations is clearly illustrated in the number of reports received by the greater ethics fraternity, which decreased by 8% to 110 in 2017 (2016: 120).

MEASUREMENT OF ETHICS

We use a variety of indicators, surveys and tools to ensure that ethical conduct across our group and its subsidiaries remains at the highest possible standard. The Root Cause Analysis Framework was implemented and enhanced for conduct risk. All 2016 and 2017 investigations were analysed according to this framework and root causes were reported on, as indicated under Investigations on page 11. This ensures that we focus on proactive planning for strategy, training and awareness purposes.

DRIVING ETHICAL AWARENESS Promoting ethics among our staff

AWARENESS TRAINING

As part of its ongoing efforts to raise awareness of the importance of – and need for – ethical behaviour, the Ethics Office provided awareness training to more than 2 300 staffmembers across our group in 2017. The trends of unethical behaviour identified during the past three years are included as case studies in the awareness training. There has been a notable increase in queries to ethics officers and the Ethics Office, but a decrease in reports by staff. The increase in queries can be seen as a direct result of the awareness training and the appointment of business ethics officers throughout the group to drive the Ethics Programme in the business.

The bank takes bribery and corruption seriously and there is a concerted effort to ensure adherence to the requirements of the United Kingdom Bribery Act. As such the Employee Conduct Pledge was launched during 2017, supporting awareness relating to the United Kingdom Bribery Act. More than 92% of our staff acknowledged the pledge during 2017. Various gift and gratuity surveys were also launched to establish possible risk of unethical behaviour in our business operations and to address the risk proactively.

ACKNOWLEDGEMENT OF POLICIES

Our electronic Ethics, Governance and Compliance Management System is integral to the monitoring of our ethics awareness and education efforts among staffmembers. Declarations of outside interests and gifts are also captured on the system. These declarations and acknowledgements are monitored by business ethics officers.

During 2017 the system delivered the following data on policy acknowledgements and declarations:

Acknowledgements	% achievement		Number of staffmembers	
	2017	2016	2017	2016
Children's Pledge	94,8	87,6	26 604	26 115
Conflict Mineral Statement	94,3	85,4	26 463	24 924
Code of Conduct	97,4	97,1	28 013	29 055
Code of Ethics	97,4	97,2	27 867	29 090
Declaration of Secrecy	97,0	96,2	27 428	28 802
Employee Conduct Pledge	97,9	86,7	25 649	25 601
Human Rights in Business Policy	94,5	90,6	26 536	26 483
Social Media Policy	97,3	97,1	27 857	29 036

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

Outside interests	% achievement		Number of declarations	
	2017	2016	2017	2016
Declaration of outside interests (keeping in mind that one employee may have more than one outside interest)	15,8	13,9	4 646	4 268
Nil returns (referring to outside interests)	80,7	80,3	230 719	24 647

All targets were met for 2017.

In addition, as part of our alignment with the requirements of the United Nations Global Compact (UNGC), we have undertaken the following ethics and human rights awareness initiatives:

- Annually, we distribute awareness material with information regarding ethical behaviour and human rights to staffmembers.
- Staffmembers are encouraged to make use of the Talk to the Ethics Office email address and phone channels for ethics advice and guidance.
- Relevant articles aimed at highlighting ethics and growing awareness around human rights were posted on the group communication channels.

Promoting ethics among our suppliers

We use the Ethics Responsibility Index (ERI) continually to assess ethics, governance and human rights aspects of the suppliers who partner (or seek to partner) with us. During 2017 the Ethics Office participated in three high-risk/high-value tender processes assessing participating suppliers. The Ethics Office also performed the independent assurance of the tender process. In 2017 the ERI was enhanced through the addition of a number of ethics and human rights questions. We also created significant ethics awareness at our Vendor Indaba sessions, particularly around issues such as giving and receiving gifts, human rights in business, conflicts of interest and the reporting of unethical behaviour. A total of 30 suppliers were assessed.

Promoting ethics among our clients

Offering our business clients, particularly those operating small and medium enterprises (SMEs), relevant support is vital to the sustainability of our business and the creation of a robust and sustainable SA economy. In 2017 the Ethics Office continued with a series of training and governance workshops as part of our client value proposition in our Retail Relationship Banking and

Business Banking areas. These are provided to clients free of charge and include the following:

- Ethics awareness training for their staff.
- Professional business conduct training.
- Human rights in business awareness.
- Simplified tender submissions.
- Governance framework implementation.
- Risk profile development.

Training was provided to 12 SME clients during the year.

This ethics and governance support initiative received a very positive response from our SME clients, indicating the need for this level of support and training in the SA market.

ENABLING ENGAGEMENT ON ETHICS

A key component of a truly ethical culture is the ability of stakeholders to engage with us regarding their ethics concerns. We have implemented a variety of internal and external mechanisms for reporting actual or suspected unethical or unlawful behaviour and matters related to organisational integrity. These include:

- The Tip-offs Anonymous hotline, which is available to all our stakeholders for the anonymous reporting of any unethical or unlawful behaviour.
- The Talk to the Ethics Office email address to report any human-rights-related or other unethical behaviour.
- The Nedbank Group Risk Reporting Line, which is also available for all stakeholders to report unethical behaviour. This is not an anonymous channel.
- The Ethics Office, where any unethical behaviour or human rights violations can also be reported directly.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

INVESTIGATIONS

The table below shows incidents of unethical behaviour received, referred and investigated by the Ethics Office in 2017, compared with 2016.

Ethics investigation summary 2017

People-/Process-related issues	Total 2016	Total 2017	Type of incident 2017	Number of incidents 2016	Number of incidents 2017	Disciplinary action 2016	Disciplinary action 2017	Explanatory notes
People	103	103	Harassment	59	68	50	32	The total number of cases decreased 8%.
			Conduct unbecoming of a Nedbank employee (Values transgression)	40	31			The severity of unethical behaviour decreased as is seen by the decrease in disciplinary action taken.
			Conflict of interest/Gift-related	4	4			Harassment increased 29%. This increase is related to the perception that management is becoming very strict in performance management and the achievement of goals.
Process	17	7	Harassment	7	4	4	0	Harassment-related incidents are also reported as potential human rights violations.
			Conduct unbecoming of a Nedbank employee (Values transgression)	6	2			Values-related unethical conduct decreased 28%.
			Conflict of interest/Gift-related	4	1			
	120	110		120	110	45% of investigations, ended in disciplinary action	29% of investigations, ended in disciplinary action	

Note: Harassment includes incidents of intimidation, victimisation, bullying, threatening behaviour, racism, discrimination and sexual harassment (2016: 13 incidents; 2017: seven incidents).

GIFTS

In view of the impact of the United Kingdom Bribery Act requirements and the recent failures of corporates in terms of bribery and corruption, the bank deemed it prudent to report on measures in place to manage the giving and receiving of gifts or gratuities.

The gift or gratuity philosophy entails that staffmembers understand that receiving gifts is not a benefit or perk of employment, but rather a privilege that can be stopped when abused. The following rules apply in this regard:

- All gifts received or given must be declared.
- All gifts with a value of more than R500 must be authorised by line management before being accepted.
- No entertainment or gifts may be accepted during any tender process.
- In certain high-risk positions staffmembers are not allowed to receive any gifts.
- Receiving cash and payment of travelling and/or accommodation as gift is prohibited.
- The staffmember concerned must ensure that the value of gifts declared is correct.

PROMOTING ETHICS IN SA BUSINESS

We believe that Nedbank cannot be a successful business if it operates in a failing environment and that, as corporate citizen, Nedbank has a responsibility to uplift SA business. This is also why Nedbank is a member of the UNGC and shares information and best practice with other businesses and stakeholders. In 2017 the Nedbank Ethics Officer (NEO):

- was asked for the fourth consecutive year with the hosting of the Kelley School of Business students and a presentation on the implementation of human rights in business;
- gave a presentation on the implementation of ethics and human rights programmes to the Coalition of Ethical Operations;
- contributed to the GIBS Ethics and Governance Think Tank on how to address ethics concerns in corporate SA;
- gave presentation on corporate responsibility at the Child Welfare Conference on Combatting Sexual Exploitation of Children;
- gave a presentation on ethics in communication at the International Association of Business Communicators Conference; and
- contributed, with The Ethics Institute, to the ethics handbook for corporates in SA.

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

(continued)

ETHICS MEMBERSHIPS

Nedbank Group is a member of, or a signatory to, the following:

- **The UNGC** – We have been a member of the UNGC Advisory Committee for SA since 2009. This strategic policy initiative includes businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anticorruption. We strive to lead in all four of these areas and our strategy reflects this aspiration. We also submit an annual Communication of Progress to the UNGC to confirm our continued commitment to the 10 principles.
- **The Ethics Institute** – The Nedbank's Ethics Office supports the institute in numerous activities during the year.
- **Coalition for Ethical Operations** – Nedbank supports the coalition, the purpose of which is to engage in a programme of activities aimed at promoting ethical business and reducing bribery and corruption across sub-Saharan Africa. The specific objectives are:
 - To share best practices.
 - To promote training of SMEs, including company suppliers. Nedbank is a member of the working group developing and implementing training initiatives for SMEs.
 - To engage in occasional and voluntary collective/collaborative action.

COMMITMENT TO UPHOLDING HUMAN RIGHTS IN BUSINESS

We embrace and uphold the protection of human rights as enshrined in the SA Constitution and, specifically, the Bill of Rights. We also adhere to the 10 principles of the UNGC and have shown significant progress in implementing the requirements of the John Ruggie Report commissioned by the UNGC.

Governance of human rights in business – This ensures that we have an effective framework in place to manage the implementation of human rights in business.

- All human-rights-related policy requirements are addressed with line managers in the Managers Toolkit training sessions. These policies include The Nedbank Human Rights in Business Policy, The Conflict Mineral Statement and The Nedbank Children's Rights Pledge.

Human rights screening – A commitment to ongoing screening for the violation of human rights is integral to all our operations and relations with our stakeholders.

- Our risk and sustainability teams use compliance with the Equator Principles and the data generated by our Social and Environmental Management System to monitor the protection of human rights.
- The Ethics Office has developed an ethics responsibility index that is used in all high-risk/high-value tender processes. The index has a detailed section on human rights as a component of our business partnership requirements.
- We conduct human rights training with various vendors and suppliers at our annual Vendor Indabas, as well as during tender processes and business training.

- Our Supplier Code of Conduct, which includes a commitment to ethical behaviour that protects human rights, forms part of the contract our vendors and suppliers sign with us.

Human rights investment – We continue to invest in raising stakeholder awareness of, and compliance with, human rights principles. In 2017 this investment resulted in the following initiatives and outcomes:

- Awareness training was conducted for more than 2 300 staffmembers.
- We launched a client value proposition that includes the provision of training to SMEs. This includes awareness around human rights in business principles and guidelines.
- We provide ongoing articles on human rights in Nedbank on the internal communication channel, NedNews.
- The Ethics Office supports the Group People with Disability Forum with advice and guidance.
- A section on human rights in business has been included in the Managers Toolkit training.
- During the year we ran campaigns focused on creating awareness of human rights, as well the different types of harassment and how it must be reported and addressed.
- We continue to support the Corporate Responsibility to Eliminate the Sale of Children (CRES) pledge. The pledge reads as follows:

'As a responsible business, we hereby pledge the following:

- To tolerate no degree of sexual exploitation of children by our employees, contractors, business partners or clients as a fundamental principle of the Nedbank Group Human Rights Statement.
- To avoid causing or contributing to the commercial sexual exploitation of children through our own activities, and to the best of our efforts prevent such exploitation in our sphere of influence and manage the consequences appropriately.
- To develop, follow and share best practice throughout our industry to ensure that we neither cause, nor contribute or are linked to the sexual exploitation of children directly or indirectly through our business relationships.
- To implement an appropriate strategy to prevent and address any actual or potential threat of sexual exploitation, including human rights due diligence with reference to the Social and Environmental Management System and the Ethics Responsibility Index.
- To consult and report on and communicate our work and progress, in particular by engaging with stakeholder organisations dealing with the elimination of the sexual exploitation of children, ie the South African Human Rights Commission, the United Nations Global Compact (Communication of Progress) and the National Business Initiative.
- To use the leverage we have with our peers and business partners to prevent and address sexual exploitation of children.'

NEDBANK GROUP GOVERNANCE AND ETHICS REVIEW

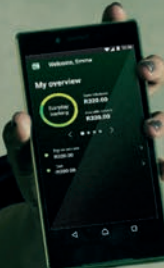
(continued)

EXTERNAL STAKEHOLDERS

- Banking Association of SA
- Coalition for Ethical Operations
- Corporate Responsibility to Eliminate the Sale of Children
- Ethics Practitioners Association
- Global Child Forum
- JSE Limited
- National Business Initiative
- SA Human Rights Commission
- The Ethics Institute
- United Nations Global Compact
- The United Nations Children's Fund
- The Joint United Nations Programme on HIV/Aids



MANAGE YOUR MONEY LIKE NEVER BEFORE



DOWNLOAD THE NEW **NEDBANKMONEY™** APP

Check your assets and liabilities in a single-view personal dashboard and easily pay your beneficiaries using Quick Pay – a Mzansi first. Buy airtime or electricity for anyone on your phone contact list. You can also reduce or bump up your ATM card limit, and if your card is lost or stolen, you can block and reorder immediately, and we'll deliver or you can collect.

QUICK | SAFE | EASY



see money differently

NEDBANK

A Member of the  **OLDMUTUAL** Group

Terms and conditions apply. Nedbank Ltd Reg No 1951/000009/06. Authorised financial services and registered credit provider (NCRCP16).