

Using our financial expertise to do good

Governance Report

for the year ended 31 December 2022

see money differently

NEDBANK GROUP

Our reporting universe

nedbankgroup.co.za

Integrated Report



The 2022 Nedbank Group Integrated Report provides a holistic yet concise read of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term, in line with the International Integrated Reporting Framework. This report is intended to address the information requirements of long-term investors (our equity shareholders, bondholders, debt providers and prospective investors).

As part of our financial, risk management, and ESG reporting, this comprehensive 2022 integrated report supplemented by our various online publications, available on our website at nedbankgroup.co.za, including reports and disclosures relevant for other key stakeholders, such as our employees, clients, regulators and society.



Financial and risk management reporting



- · 2022 Results Booklet and presentation
- · 2022 Nedbank Group Annual Financial Statements
- · 2022 Pillar 3 Risk and Capital Management Report

Our financial and risk management reporting provides information relating to the group's financial position and performance. They are of interest primarily to Nedbank's equity and debt investors, credit rating agencies, depositors, regulators and various other stakeholders. The information disclosed can be used to assess the group's financial performance and strength, and includes risk and regulatory disclosures.

What you can find in these reports:

Key regulatory and reporting frameworks: • International Financial Reporting Standards (IFRS)

- Companies Act
- · Banks Act
- South African Reserve Bank (SARB) regulations
- · Basel Committee on Banking Supervision guidance
- · JSE Listings Requirements





Climate reporting





- · 2022 Climate Report
- · Nedbank Energy Policy*
- · Nedbank Climate Change Position Statement*

Our climate reporting includes information relating to the group's climate-related activities, policies, governance, strategy, carbon emissions and targets. It is primarily of interest to investors, non-governmental organisations (NGOs) and the group's environmental, social and governance (ESG) ratings agencies, as well as key stakeholders such as corporate clients and members of society who associate with values-aligned companies. The information disclosed can be used to assess the group's progress in managing its positive and negative impacts in addressing climate change.

- Task Force on Climate-related Financial Disclosures (TCFD)
- Basel Committee on Banking Supervision (BCBS)
 Principles for the effective management and supervision
 of climate-related financial risks (June 2022)







Societal reporting





- Sustainable-development finance
- Human capital, diversity and inclusion
- Human rights and community development
- Client responsibility
- Financial inclusion

Transformation

Broad-based black economic empowerment (BBBEE) certificate* Global Reporting Initiative (GRI) Standards* Our societal reporting includes information relating to how the group uses its financial expertise to do good by creating positive economic, societal and environmental impacts, including those aligned with the United Nations Sustainable Development Goals (SDGs). They are of interest primarily to investors, existing and prospective employees, regulators, NGOs, existing and prospective clients, ESG rating agencies and members of society. The information disclosed demonstrates the group's progress in fulfilling its purpose.

- · Global Reporting Initiative Standards
- King Report and Code on Corporate Governance for South Africa (King IV)**
- · United Nations Global Compact
- · Application of the Amended Financial Sector Code (FSC)

The JSE Sustainability and Environmental Disclosures as well as the draft International Sustainability Standards Board Sustainability-related Financial Disclosures are also considered.













- Governance
- Ethics
- Financial crime, (including AML, CFT, CPF and sanctions, fraud, and cybercrime)
- · Remuneration
- · Tax
- · Stakeholder engagement

Key policies*
Boardmember
and group
executive profiles*

Our governance disclosures include information relating to board matters, ethics, financial crime, tax and remuneration. They are of interest primarily to investors, ESG rating agencies, clients, employees, regulators, suppliers and members of society. The information disclosed demonstrates how the group does business according to sound governance practices, and the highest standards of ethics, integrity, transparency and accountability.

- King IV
- Companies ActBanks Act
- · SARB directives and circulars
- · JSE Listings Requirements
- JSE Debt Listings Requirements
- Other applicable laws, regulations and best practice principles
- Global Reporting Initiative Standards







OBIS

Shareholder information



- · Notice of 56th annual general meeting (AGM)
- · Form of proxy
- · Shareholding profile*

The notice of AGM and form of proxy provide valuable information to shareholders who want to participate in the group's 56th AGM.

- * Available separately at nedbankgroup.co.za
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Governance at Nedbank

Nedbank's governance is established by the tone set at the top through the purpose-driven leadership by the board and management, and the values and behaviours expected of all employees in the organisation. Our top leadership continues to drive and enable new governance mindsets and capabilities required to manage and thrive in an agile, digital and disruptive environment.

Leading the way for value creation and preservation through good governance

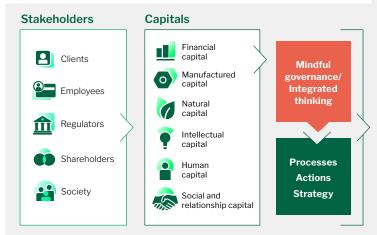
The board strives to create maximum shared value through execution of our strategy and by delivering on our purpose of using our financial expertise to do good. We ensure relevance and sustainability of our business model by monitoring the macro environment, stakeholder needs, and the availability and quantity of capital inputs, all of which inform the strategy of the group.



Our governance philosophy

Nedbank is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value and to safeguard the interests of all our stakeholders. We believe that good governance contributes to our living our values through enhanced accountability, strong risk and performance management, transparency, and ethical and effective leadership.

Our underlying **governance objectives** (which align with King IV) are to promote ethical and effective leadership that achieves the outcomes of an **ethical culture**, **good performance and sustainable value creation**, **effective control** and **legitimacy**.



Governance objectives

Ethical culture

Commitment to establish and maintain an ethical culture and leadership founded on the highest standards of ethics, integrity and best governance practices.

Good performance and sustained value creation

Strong leadership and governance structures that support good performance, the creation of value for all our stakeholders, and the protection of our capitals in a sustainable manner.

Effective controls

Corporate governance frameworks and policies that provide effective and adequate controls within Nedbank. We are **mindful** that effective and adequate controls lead to compliance with applicable laws and best-practice guidelines but also we endeavour to go beyond compliance to protect both the interests of our stakeholders and our capitals and to ensure accountability, strong risk and performance management, transparency and ethical and effective leadership.

Legitimacy

Building and maintaining trust and confidence from all our stakeholders through a stakeholder-inclusive approach that balances the needs, interests and expectations of all our stakeholders in the best interests of the organisation in the short, medium and long term.

Our approach to achieving our governance objectives is based on **mindful governance** and **integrated thinking**. We believe that, in order to achieve our desired governance objectives (ethical culture, good performance and sustainable value creation, effective control, and legitimacy), it is necessary to always be **mindful** of the potential consequences of our decisions and integrating this awareness into our decision-making processes, actions and strategies. **Integrated thinking** requires **mindful** consideration of **our capitals** and the creation of **sustainable value** for all our stakeholders over the short, medium and long term. The application of **mindful governance** and **integrated thinking** ensures that we always act in a transparent, accountable and socially responsible manner for all our stakeholders.

We embrace world-class banking practices and robust institutional governance and risk frameworks to ensure our banking services are secure and stable. We review these practices and frameworks on an ongoing basis, being **mindful** of the dynamic landscape in which we operate, which environment is influenced by, among other factors, health and economic changes, cultural shifts in the workplace, digital trends (such as artificial intelligence, geopolitics, and enhanced data safety and security requirements) and climate change risks to ensure that we act in the best interests of all our stakeholders. We are also **mindful** that 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 entails far more than legislative

compliance and best-practice principles. We are aware that good governance contributes to our living our values through ethical and effective leadership.

The board's governance oversight is guided by its commitment to its responsibilities and governance objectives achieved through the application of the principles and practices of King IV.



Key board focus areas

In line with external developments in the operating environment and the board priorities that we identified and communicated in our 2021 Integrated Report, the following areas received heightened focus in 2022:

- 1. Board and executive succession
- 2. Guiding the group through a difficult and volatile macroeconomic environment
- 3. Group's strategy and targets
- 4. Heightened focus on ESG
- 5. Reputational matters

1 Board and executive succession

Succession planning for boardmembers is one of the most important responsibilities of the board as a whole, assisted by the Group Directors' Affairs Committee (DAC). The DAC continuously monitors the split between executive, non-executive and independent directors as well as the skills, experience and tenure of boardmembers. One of the focus areas of the DAC is to ensure that, where directors are reaching tenure and retirement age, board continuity is ensured through active succession planning that considers any changes to the skills needed on the board in terms of the group's strategic focus areas.

In this context, Mpho Makwana was appointed as Non-executive Chairperson of the board on 2 December 2021 after the passing of Vassi Naidoo in 2021. Although Mpho had been on the Nedbank Group Board for more than nine years, the board believed that continuity during that time was paramount. Mpho will step down as Chairperson of the Nedbank Group Board at the close of the 56th AGM on 2 June 2023. In February 2023 we announced that Daniel Mminele will join the board from 1 May 2023 as an independent non-executive director and take over the role as

Chairperson after the upcoming AGM. During 2022 Phumzile Langeni and Mteto Nyati were appointed as independent nonexecutive directors in anticipation of some of the retirements in 2023. Prof Tshilidzi Marwala stepped down as an independent nonexecutive director at the end of February 2023 to take up the role as next rector of the United Nations University, headquartered in Tokyo. At Group Executive Committee (Group Exco) level, the group's Chief Compliance Officer, Anna Isaac, resigned in April 2022 to take up a role at a bank in the UAE. Anna was replaced by Daleen du Toit. who was appointed as the Group Chief Compliance Officer and to the Group Exco, with effect from 1 May 2022. In line with the group's retirement policy, the group's Chief Risk Officer, Trevor Adams, and Chief Information Officer, Fred Swanepoel will be succeeded by Dave Crewe-Brown (effective from 1 April 2023) and Ray Naicker (effective from 1 July 2023) respectively. The appointments of experienced and skilled leaders such as Daleen, Dave and Ray are evidence of Nedbank's deep and high-quality pipeline of internal talent and our effective succession planning processes that will allow for seamless handovers in these important roles.

2 Guiding the group through a difficult and volatile macroeconomic environment

Oversight and risk management in a difficult and volatile macroeconomic environment was a key priority for the board in 2022, with enhanced focus on the group's top five risks:

Business risk - Oversight at board and various board subcommittees of the impact of volatility and material changes in both the global and local environments. particularly the implications of the war in Ukraine, higher levels of inflation, higher SA interest rates, severe load-shedding and electricity shortages in SA, heightened levels of competition, climate change impacts and risks such as, at the time. the Financial Action Task Force (FATF) greylisting of SA. Notwithstanding these, the group reported a strong set of financial results as discussed in our integrated report and remains on track to meet its 2023 targets.

Strategic-execution risk - Oversight at board, GITCO, DAC and GTSEC of the significant change and execution risk relating to the group's technology strategy (Managed Evolution), changing the targeted operating model [Target Operating Model 2.0 (TOM 2.0)] and the introduction of changing work practices, to name a few.

Credit risk - Oversight by GCC of watchlist clients and a few corporates in CIB that

went into business rescue, the group's exposure to commercial property finance, unsecured lending trends and the risks emanating from the difficult external environment. At the end of 2022 the group's credit loss ratio at 89 bps. remained within its target range of 60 bps to 100 bps, and in line with the guidance provided to investors during the vear.

Cyberrisk - Oversight by GITCO and GRCMC of the increasing threat of cyberattacks and the increased levels of digitisation across the business, and the adoption of digital products and services as discussed in our integrated report.

People risk - Oversight by GTSEC and REMCO of risks relating to ongoing skills shortages, emigration, employee wellbeing and the introduction of new work practices, as well as succession planning.

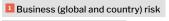
The focus for 2023 and beyond will remain on these top five risks, although some have shifted in priority as shown in the table below.

Read more about our Top 10 risks Read more about our in in our integrated report.

Our top five risks 2022

2 Strategic-execution risk





Credit risk

Cvberrisk

People risk

2023



Key board focus areas in 2022 continued

3 Strategy and targets

Strategic discussions at board and relevant subcommittee meetings remained key on the agenda, with the annual board and Group Exco strategy session held in June 2022. The board debated and provided input into the strategy before approving the group's three-year business plan (2023 to 2025) in November 2022. This included the group's material matters, financial and non-financial targets, relevant risk appetites and decisions around resource allocation involving the group's various capitals.

The group's strategy – which incorporates the value drivers of growth, productivity and risk and capital management – drives value creation as we seek to deliver on our short-, medium- and long-term targets. The targets linked to these value drivers are aimed at increasing diluted headline earnings per share (DHEPS) in a sustainable manner, increasing return on equity (ROE), reducing the cost-to-income ratio and leading the market in client Net Promoter Score (NPS) ratings.



Value creation is enabled by five strategic unlocks: delivering market-leading client solutions; engaging in disruptive market activities; focusing on areas that create value [Strategic Portfolio Tilt (SPT 2.0)]; driving efficient execution (TOM 2.0); and creating positive impacts – all underpinned by the group's Managed Evolution technology strategy.

Read more about our strategy and these value unlocks in our Integrated report.

In 2022 the board specifically focused on the following:

- Execution of the group's technology strategy and the landscape beyond the completion of the Management Evolution IT programme by the end of 2024, while we continue to lead in digital innovations, including data and Beyond Banking activities.
- Enhancing client experiences as an enabler to gaining profitable market share in targeted assets (without an unexpected increase in credit risk) and transactional deposits, including improving cross-sell.
- Achieving enterprise agility through TOM 2.0 and unlocking cost optimisation opportunities.
- Ensuring the group's purpose comes to life through sustainable-development finance solutions that meet client needs and drive revenue growth, while building positive societal impacts and ensuring that Nedbank remains a leader in ESG practices and ratings.
- Setting new medium- (2025) and long-term financial targets on the back of the good progress made towards meeting the group's 2023 targets.
- Signing off the group's capital, liquidity and funding plans, as well as IT, marketing, compliance, risk management and human capital plans. Key approvals included the adequacy of credit impairments, resource allocation to technology initiatives and ongoing digital innovations (R1,6bn annual IT cashflow spend), ongoing expansion into Beyond Banking activities such as Avo and the optimisation of various capitals under our TOM 2.0 initiative such as optimising the group's real estate (branches and own offices – manufactured capital) and employees (human capital) in a more digital world.



4 Heightened focus on ESG 🔕

Banks play a central role in driving sustainable socioeconomic development for the benefit of all stakeholders. The board acknowledges that Nedbank, alongside its stakeholders, operates in a nested, interdependent system, and that ESG and sustainability matters such as climate change, inequality, social justice and, more recently, pandemics are playing an increasingly material role in shaping this system.

In this context, Nedbank continually engages with shareholders on strategy, sustainability and ESG matters. This enables our board to exercise constructive influence, (as and when appropriate), receive valuable feedback and protect the interests of our minority shareholders, while retaining top-tier ESG ratings.

Key ESG ratings

MSCI AAA

Top 5% of global banks

discussed.

Sustainalytics

17,2

Top 8% of diversified banks

S&P Global

Top-rated South

African bank

/

Top 26% of global banks

3,9

FTSE Russell

Our ninth annual ESG shareholder roadshow, which reached almost 50% of our shareholder base (based on the number of shares owned), was hosted virtually by Mpho Makwana (Chairperson), Hubert Brody (Lead Independent Director and Chairperson of the Group Remco) and Stanley Subramoney (Independent Director and Chairperson of the GAC) in O2 2022. The following key topics were discussed, with a focus on succession planning, the increasing impact of climate change and the important role that banks play in moving towards a net-zero economy, as well as remuneration. Dividend and capital considerations, mandatory audit firm rotation (MAFR), diversity and transformation, cyberrisk and reputational issues were also

Succession planning at board and Group Exco levels – The robustness of succession planning at Nedbank was discussed in anticipation of the planned retirement of some boardmembers and group executive members as mentioned before. Shareholders noted that the group's succession processes were historically well executed. A growing concern is the retention of employees, particularly those in leadership positions and those in key areas such as technology, brought about by emigration and a shortage of skills in SA. These matters were high on the agenda for the DAC and GTSEC.

Key board focus areas in 2022 continued

4 Heightened focus on ESG continued <a> Continued

- Climate change Climate change has ratcheted up in importance for investors over the past two years and has now become a top-three topic during our ESG roadshows. While Nedbank remains highly regarded for its leadership in climate change and sustainable-development finance, asset managers are increasing their focus on this topic and there is a growing need for more engagement, a deeper understanding of strategic actions towards net zero and new disclosure requirements such as scope 3 financed carbon emissions, which require a sophisticated understanding of one's clients and the data systems to track this. Here, the GCRC is playing a strong oversight role.
- Remuneration Shareholders sought clarity on remuneration policy changes that were
 implemented in 2022, including the return to 100% of long-term incentives once again being linked
 to corporate performance targets for group executives and the first-time inclusion of ESG metrics.
 These policy changes were very well received, along with the downward discretionary adjustment
 of short-term incentives by the Group Remco.
- **Dividends and capital** Shareholders noted that Nedbank's capital levels appear very strong, with our CET1 ratio now around the top end of the South African peer group. Should credit growth remain moderate, the board will continue to consider dividend payouts around the lower end of the group's dividend range of 1,75 to 2,25 times cover and/or potential capital optimisation initiatives.
- Mandatory audit firm rotation (MAFR) Nedbank's early adoption and staggered approach to
 implementing MAFR for its joint auditors was well received. In November 2022, after a thorough
 selection process led by the GAC, we announced that KPMG will succeed Deloitte, effective from
 2024, resulting in a sensible five-year rolling audit firm rotation cycle into the future.
- Reputational matters Nedbank's ESG roadshow followed the finalisation of the Zondo Commission's reports on state capture. While no findings were made against Nedbank in the Zondo Commission reports, it was recommended that some transactions involving Nedbank where Regiments acted as a financial advisor to Acsa and Transnet be subject to further investigation. Nedbank continues to cooperate with various further enquiries and investigations that are underway in respect of these transactions, these engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings, with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.
- Transformation Shareholders continue to look for progress on Nedbank's diversity metrics
 and in particular African management representation at senior management levels and female
 representation at board level. Nedbank continues to make steady progress on both these metrics.
- Cyberrisks There is an ongoing interest in the topic of cyberresilience and general appreciation of the group's new disclosures on the topic, included in the Governance Review.

Voting outcomes at the group's 55th AGM

and important resolutions for the 56th AGM

All the resolutions at the 55th AGM (2022) were passed. Noteworthy resolutions outcomes include the following:

Key resolutions at 55th AGM (2022)	2022 votes in favour	Key resolutions at 56th AGM (2023)				
Ordinary resolution 2.1 and 2.2		Ordinary resolution 3.1, 3.2 and 3.3				
Reappointment of Deloitte	72 %	Shareholders will be asked to approve Deloitte and EY as				
Reappointment of EY	99%	Nedbank's auditors for 2023. Nedbank is committed to MAFR, as evident in the appointment of KPMG in Q4 2022, effective for the 2024 year-end audit.				
Advisory endorsement (on a non-binding basis) of the following:	Advisory endorsement (on a non- binding basis) of the following:					
Nedbank Group Remuneration Policy	Our Remuneration Policy remains a focus and we continue to engag proactively with our shareholders					
Nedbank Group Remuneration Implementation Report	73%	to obtain their feedback and address issues raised. From 2023 all the long-term incentives will be subject to corporate or individual performance.				
		Ordinary resolution 1.2				
		Appointment of Daniel Mminele as Chairperson.				

5 Reputational matters

At Nedbank we strive to build trusted and integrous relationships with our internal and external stakeholders and continue to have zero tolerance for corruption. We expect all our stakeholders – including our clients, service providers and employees – to conduct themselves ethically and with integrity.

In this context the following reputational matters were top of mind for the board in 2022:

- Zondo Commission's reports on state capture. While no findings were made against Nedbank, it was recommended that some transactions involving Nedbank where Regiments acted as a financial advisor to ACSA and Transnet be subject to further investigation. These transactions, as well as transactions concluded by Nedbank with third parties where Regiments played an financial advisory role, have already been the subject of internal and external legal and forensic reviews and, as previously reported, Nedbank's Board and management took comfort that there is no evidence of any wrongdoing, collusion or corruption by Nedbank or our employees. Nedbank continues to cooperate with various further enquiries and investigations that are underway in respect of these transactions, these engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings, with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.
- High-profile account closures. In 2022 media reports highlighted a few high-profile cases where clients' accounts had been closed. Decisions to terminate banking relationships with clients are neither arbitrary nor discriminatory and are taken extremely seriously, as clients are the essence of our business. Such decisions are taken only after a rigorous assessment and an internal independent governance process with reference to all the relevant information and facts have been followed, including a comprehensive due-diligence process overseen by the board. Nedbank is bound by client confidentiality and therefore does not disclose clients matters in our external disclosures.
- Risk of SA's greylisting. The FATF Mutual **Evaluation Report identified significant** weaknesses in parts of SA's systems relating to anti-money-laundering (AML), combating the financing of terrorism (CFT) and countering the financing of proliferation of weapons of mass destruction (CPF). The South African government was given until October 2022 to demonstrate that it had a credible plan to address the deficiencies. In February 2023 FATF placed SA on its greylist as the country is deemed to pose a high money-laundering and terroristfinancing risk given weaknesses in part of the country's AML, CFT and CPF systems. On the positive side, FAFT informed the

South African government that it recognised the significant and positive progress made by the country in addressing the 67 recommended actions or deficiencies. Eight areas of strategic deficiencies relating to the effective implementation of SA's AML and CFT laws required further and sustained progress. In response, the South African National Treasury noted the following:

'No items on the action plan that relate directly to the preventive measures in respect of the financial sector. This reflects the significant progress in the application of a risk-based approach to the supervision of banks and insurers. Treasury therefore expects that the increased monitoring will have limited impact on financial stability and costs of doing business with South Africa.'

South African National Treasury

 SARB AML-related administrative sanctions. In August 2022 SARB imposed administrative sanctions on Nedbank as a result of a limited number of AML compliance and reporting deficiencies identified more than three years ago. A fine of R20m was paid. All compliance deficiencies have been remediated and all required transactions were reported to the Financial Intelligence Centre, with no evidence of money laundering or financing of terrorism found. Importantly, the group's current compliance and risk management environment, including reporting obligations, has matured extensively when considering the initial implementation (in 2019) of the Financial Intelligence Centre Amendment Act, 1 of 2017.



Key board discussions and approvals in 2022

Board succession planning, the group's Managed Evolution technology programme, strategic portfolio tilt (SPT 2.0), target operating model (TOM 2.0), people risk, reputational risk matters and mandatory audit firm rotation were repeat discussions items in board meetings during 2022.

Other regular agenda items included detailed feedback to the full board from the chairpersons of board committees on key deliberations of those committees, comprehensive presentations by the Chief Executive on front-of-mind items (which incorporated, among other things), financial performance updates and forecasts, discussion of macroeconomic, sociopolitical and competitor environmental landscape, value creation, strategic progress and the status of key strategic actions, key risk and reputational matters, key people matters and progress on significant programmes underway in the organisation, and presentations by the Chief Financial Officer on our financial results and forecasts at regular intervals. Important discussions and approvals by our board included the following:

Jan/Feb

- · Annual board kickoff, which covered topics such as the global economy, the outlook for emerging markets, and SA's recovery prospects: the Indlulamithi SA scenarios 2030; recovery and learnings through the pandemic; SA's resolution regime and approach to resolution planning; and 10 lessons from the bank for the future.
- Discussed the results of the 2021 independent board and committee evaluations.

Mar/Apr

- Approved the 2021 annual financial results and final ordinary dividend declaration.
- Approved the 2021 Integrated Report and our suite of ESG-related reports.
- Approved the 2021 Pillar 3 report.
- Approved the group's 2022–2024 forecasts after the 2021 year-end.
- Considered and agreed on the directors to be put forward for reelection at the AGM.
- Considered reputational risk matters.
- Approved Nedbank Group's listing on A2X.
- Approved the annual remuneration review of the Chief Executive and Group Exco members, and approval of the Remuneration Policy.

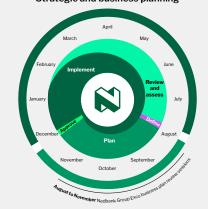
May/Jun

- Considered the impact of the Russia/Ukraine conflict on Nedbank's business.
- Attended the annual strategy planning session.
- Held the group's ninth annual ESG roadshow with shareholders and provided feedback to the board.
- Held the group's third virtual AGM (virtual and in-person options in 2023).

Jul/Aug

- Approved the group's 2023–2025 strategic planning framework.
- Approved the group's 2022 interim results.
- Approved the 2022
 Internal Capital
 Adequacy Assessment
 Process (ICAAP) Report
 and Internal Liquidity
 Adequacy Assessment
 Process (ILAAP)
 Report.

Strategic and business planning



Sep/Oct

- Held the annual meeting with the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) to discuss the group's medium- and long-term strategy. A presentation was also done on board and executive succession planning.
- Signed the annual Board Ethics Statement.
- Received annual AML, CFT and sanctions training.
- Appointed KPMG, subject to shareholder approval, to become the group's new joint auditor in 2024 in line with MAFR.

Nov/Dec

 Interrogated and approved the Nedbank Group business plan for 2023–2025, as well as new medium- and long-term targets and material matters.



Overview of corporate governance features

Our corporate governance framework and policies (which ensure effective and adequate controls within Nedbank) have been developed in compliance with applicable laws and best-practice guidelines in order to protect the interests of our stakeholders and to ensure accountability, strong risk and performance management, transparency, and ethical and effective leadership.

Board structure						
Unitary board structure	Election of directors by majority shareholder vote.	One-third of directors are elected annually.	Individual director elections.			
Separate Chairperson and Chief Executive	Non-executive Chairperson Independent Chairperson from June 2023.	Lead Independent Director	Through the Chief Executive and two other executive directors, the board has more than one link to management.			
14 directors	79% non- executive directors	72% independent non-executive directors	21% executive directors			
	tors retire at age 70 c erwise approved by th	or after nine years on t ne board.	he board (whichever			
Board diversity						
Target of 50% black directors – achieved (64%).	Target of 25% black women directors – achieved (29%).	Target of 40% of black independent non-executive directors – achieved (67%).	Target of 50% black executive directors – not achieved (33%).			
Target of 25% black women executive	The average age of the board is 55.	21% of the board is between 30 and 50.				
directors – not achieved (0%).		79% of the board is over 50.				

Board committees										
Four statutory board committees.	All board committee chairs are independent directors.	All board committees have majority independent director membership.								
Nine board committees: Group Audit Committee (GAC) Group Credit Committee (GCC) Large-exposures Approval Com Group Risk and Capital Manager		 Group Climate Resilience Committee (GCRC) Group Directors' Affairs Committee (DAC) Group Information Technology Committee (GITCO) Group Remuneration Committee (Remco) Group Transformation, Social and Ethics Committee (GTSEC) 								
GAC, Remco and GITCO have 100% independent director membership.	GAC, Remco, GITCO, DAC and GCRC have 100% non-executive director membership.	GITCO, GTSEC, GCC, GAC, DAC, GCRC and Remco have at least 50% black director membership GRCMC has less than 50% black director membership (40%).	GITCO, GTSEC, Remco, GAC, DAC and GCRC have at least 25% women director membership GRCMC (20%) and GCC (22%) have less than 25% women director membership.							
GITCO, GTSEC and GAC and GCRC	have black chairpersons.	GITCO and GTSEC have women ch	airpersons.							
Group Exco										
13 members	Combined service of 230 years.	Average tenure of 17 years per member	Average age of 54.							
23% of the Group Exco is between 30 and 50. 77% of the Group Exco is over 50.	38% black members	46% women members	15% black women members 23% black male members							
Key board policies and practi	ces									
Board charter Annual board and board committee evaluations	Nominations and appointments policy. Protections against overboarding of directors.	Conflicts-of-interest policy	Board-approved policy on independent professional advice							
Shareholder rights										
All holders of the same share class are treated equitably. No shareholder has a controlling interest in issued share capital.	All issued shares rank equally with the same voting, dividend and other rights. The entire issued share capital is made up of a single class of ordinary shares, which are publicly tradable.	The memorandum of incorporation contains no defensive mechanisms or voting or share ownership ceilings. There are no restrictions number of shares that meld by a single sharehol other than as prescribed.								
Related-party transactions										
	nitored and transparently disclosed actions involving boardmembers or 0									

Board of directors

Our board is the custodian of corporate governance within Nedbank. It retains ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.

Board's primary governance roles and responsibilities

Strategy

The board sets and steers the group's strategy and its short-, medium- and long-term direction towards realising the group's core purpose and values.

Approving policy and planning

The board approves policies, frameworks, budgets, plans and procedures that help the group deliver on the strategy and proceed in the set direction.

Oversight on strategy implementation

The board oversees and monitors the implementation and execution of strategy by management.

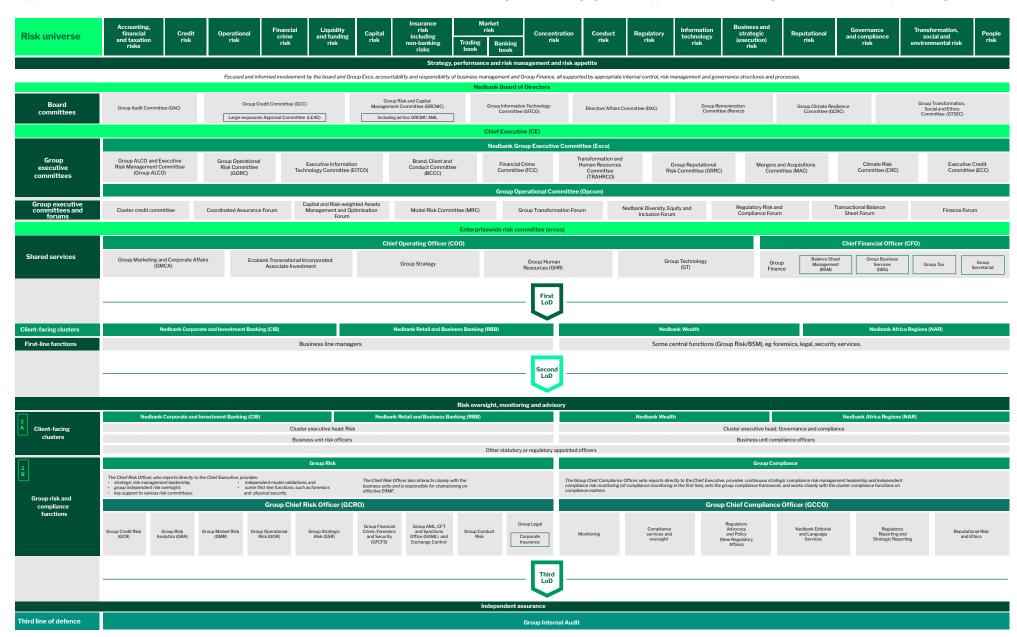
Ensuring accountability and transparency

The board ensures accountability for organisational performance and transparency through, among other things, reporting and disclosures.



Board of directors continued

Our board provides ethical leadership and strategic guidance aimed at safeguarding shareholder value creation. The board is supported by nine board committees with clearly defined mandates and decision-making powers as well as the Group Exco, which is responsible for operational matters and the day-to-day management of the business. This leadership and guidance are provided within a framework of robust and effective controls that support the establishment of an ethical culture. The framework enables continuous assessment and management of emerging risks and opportunities to ensure long-term sustainable development and growth.



Board of directors continued

Board profile

Nedbank Group has a unitary board structure. The size of the Nedbank Board (14 members at 31 March 2023) is influenced by the demands of a vast and complex banking industry. Our board charter (which is aligned with King IV) requires that at least a majority of the board should be non-executive directors (with most non-executive directors being independent directors). We exceed this threshold since 79% of our board comprises non-executive directors (of which 72% are independent non-executivedirectors). The remaining 21% of our board is made up of three executive directors (Chief Executive, Chief Financial Officer and Chief Operating Officer), which ensures that our board has more than one link to management.

Executive and non-executive directors



3	Executive directors
10	Independent non-executive directors
1	Non-executive directors
14	Total number of directors

Our board size ensures that there is adequate membership for the nine board committees, of which four are statutory, while adequate levels of independence are maintained. Each of our board committees are chaired by an independent director and all board committees comprise a majority of independent directors. Three board committees (GAC, Remco and GITCO) comprise only independent directors and two further board committees (DAC and GCRC) comprise only non-executive directors.

Our board size also ensures that the board and management have capacity and time to guide the group's strategy. Annually, our board considers whether its size, diversity, demographics, and race and gender representation are appropriate to ensure its effectiveness.

The structure of our board ensures that no single person has unfettered authority in board discussions and decisions. There are distinct and separate roles for the Chairperson, Lead Independent Director and Chief Executive.

- 1 Chairperson: The primary role of our Chairperson is to provide ethical and effective leadership to the board, set the tone for its performance and undertake management of the board. Our Chairperson regularly engages with boardmembers both as a collective and separately with the non-executive directors through one-on-one meetings, as well as at regular non-executive director dinners to maintain the collegiality among the directors.
- 2. Lead Independent Director: As contemplated by King IV, in the absence of the Chairperson, our Lead Independent Director leads the board. He acts as intermediary between the Chairperson and other members of the board, if necessary, and chairs discussions and decision-making by the board on matters where the Chairperson has a conflict of interest.
- **3. Chief Executive:** The primary roles are to lead the Group Exco and assume responsibility for the strategy as well as the day-to-day management of the businesses.

Our board continuity programme incorporates our board nominations and appointments policy, the policy on the promotion of diversity, and the requirements of Directive 4/2018 issued by the PA in terms of section 6(6) of the Banks Act, 94 of 1990. Our board nominations and appointments policy (which is available on our website) sets out the principles governing board appointments in order to ensure that board appointments are conducted in a formal and transparent manner by the board as a whole, assisted by the DAC. The board makes use of its existing networks in identifying suitably qualified candidates and, where appropriate, briefs search consultants to assist. Board appointments are subject to regulatory approval.

Induction and training

The Nedbank Group board has a sophisticated induction programme aimed at ensuring that incoming boardmembers are inducted in order to make the maximum contribution in the shortest time possible. All incoming boardmembers must participate in the induction programme. The induction programme includes a briefing on essential board and company information, as well as updates on changes and trends in the business; the banking industry: financial markets: risk management: and the economic, political, social and legal climate. The programme is administered by Group Secretariat and is regularly reviewed for improvement based on best practices. The board is satisfied with the quality and standard of the induction programme. Phumzile Langeni and Mteto Nyati participated in the induction programme following their appointments in 2022.

A bespoke board training programme is developed each year following input from the Chairperson, boardmembers and management, taking cognisance of recent legal developments, corporate governance developments, risk management, board evaluation results, and past board training programmes, among other considerations. During 2022 the directors received comprehensive updates and training on various topics, which included the following:

- Risk training, including on AML, CFT and sanctions; market risk regulations; and cyber.
- · The future of banking.
- · Covid-19 recovery and learnings.
- · World markets.
- · Resolution planning.
- Hyper-automation.
- · The metaverse.
- · Executive remuneration.
- · Governance trends.
- JSE Listings Requirements.
- · IFRS 17 transition and insurance contracts.
- · Social and ethics updates.
- The UN Framework Convention on Climate Change.
- The Presidential Climate Finance Task Team, on climate change initiatives.
- · Green hydrogen.

Election at 56th AGM

Our board of directors continued



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Mpho Makwana 52 Chairperson: Nedbank Group and Nedbank Limited Years on board: 11

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Hubert Brodv 58 Lead Independent Director Chairperson:

DAC, Group Remco Years on board: 5

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Brian Dames 57 Chairperson: GCRC

Years on board: 8

🧕 🚠 🖥 🙆 **%** 🟛

Neo Dongwana 50 Years on board: 5

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Errol Kruger 65 Chairperson: GRCMC, GCC

Years on board: 6

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Phumzile Langeni 48 Years on board: 1

Rob Leith 60

🕪 🛊 🔑

Linda Makalima 54 Years on board: 6

Chairperson: GTSEC Years on board: 5

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Chairperson: GITCO Years on board: 8

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Dr Mantsika Mteto Matooane 47 Nvati 58 Chairperson-

designate: GITCO Years on board: < 1

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Stanley Subramoney 64 Brown 56 Chairperson: GAC Years on board: 7

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Years on board: 18

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Years on board: 8

Mfundo Nkuhlu 56 COO

Mike Davis 51 CFO

Years on board: 2

♠ ★ ♣ ★

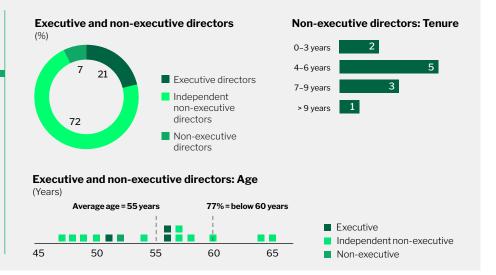
Re-election at 56th AGM

Independence -

protecting the interests of all shareholders (A) ESG

The majority of Nedbank's boardmembers are independent non-executive directors. which complies with King IV and global best-practice governance.

The size of the Nedbank Board, at 14 members, is influenced by the demands of a large and complex banking industry. The size gives the board adequate membership for its nine board committees, of which four are statutory, while adequate levels of independence are maintained.





Daniel Mminele 58 Chairperson-designate

Effective 1 May 2023 Chairperson from 2 June 2023

Nedbank policy:

- · Non-executive directors must retire at the first AGM that follows their reaching the age of 70 or after nine years of being on the board as a non-executive, unless agreed otherwise by the board.
- · 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 (MOI). An executive director is required to retire from the board at the age of 60, unless otherwise agreed by the board.
- · Executive directors are subject to sixmonth 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.
- · In terms of our MOI, one-third of all boardmembers retire at each AGM but may make themselves available for re-election.

Board diversity-

being relevant in a transforming society (

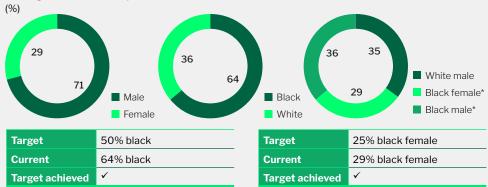


Board diversity, equity and inclusion are important for remaining relevant and sustainable in a fasttransforming society, while companies that embrace diversity (including gender, race and ethnicity) achieve better financial performance and are more sustainable.

Nedbank is committed to promoting diversity at board level. We believe that diversity is a driver of board effectiveness and that the make-up of the Nedbank boards must be appropriately representative. This benefits all stakeholders as it promotes diversity of thought in board decisions. We accordingly strive for a diverse and transformed board that closely reflects the demographics of SA.

Diversity is a key consideration in our board selection processes. Our board appointment policy provides that race, gender, age, culture and expertise (or experience) must be considered in evaluating the diversity of Nedbank boards. This policy is reviewed on an annual basis in order to ensure that our diversity considerations are revisited regularly in light of recommended governance practices and societal shifts.

Board gender and race representation



Nedbank policy: Maintain boardmembership that broadly represents the demographics of SA.

Our targets for race and gender board composition align with the Amended Financial Sector Code. We have exceeded our diversity target for black boardmembers (50%) as our board comprises 64% black boardmembers. We have also exceeded our diversity target for black women boardmembers (25%) since our board comprises 29% black women boardmembers. Our gender diversity improved from 20% in 2021 to 29% in 2022.

Although our diversity target for black women boardmembers aligns with the Amended FSC, we are mindful that gender diversity requires more than mere compliance and accordingly we are continuously revisiting our targets and succession planning in order to be closer to internationally recommended practices and gender benchmarks set out by some ratings agencies. Gender diversity accordingly remains a key priority in the board's succession plan.

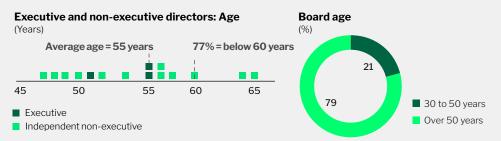
We appreciate that our diversity targets for black executive board membership and black women executive board membership have not yet been satisfied. Accordingly, addressing the race and gender composition in our executive boardmember composition is a key focus area of the board's succession plan.

Category	Target	Current achievement	Target achieved
Voting rights of black boardmembers (%)	50,00%	64,00%	✓
Voting rights of black women boardmembers (%)	25,00%	29,00%	✓
Black executive boardmembers (% of all executive boardmembers)	50,00%	33,33%	×
Black women executive boardmembers (% of all executive boardmembers)	25,00%	0,00%	×

The Amended FSC does not have a specific target for black independent non-executive board membership. Nonetheless, as part of the board's mindful approach to governance, the board has a target requiring that 40% of all independent non-executive boardmembers be black. We have achieved this target as 67% of all independent non-executive directors are black.

Seven of our board committees (GITCO, GTSEC, GCC, GAC, DAC, GCRC and Remco) have at least 50% black membership and five board committees (GITCO, GTSEC, Remco, GAC, DAC and GCRC) have at least 25% women members. The chairpersons of four board committees (GITCO, GTSEC, GAC and Remco) are black and the chairpersons of two board committees (GITCO and GTSEC) are black women.

Our board includes members from diverse ethnic and cultural backgrounds, including those speaking Sepedi, isiZulu, Afrikaans, Sesotho, Setswana, isiXhosa, xiTsonga, TshiVenda, isiNdebele, siSwati and English.



The average age of our board is 55 years, with 77% below 60 years, 79% of our board is over 50 and the remaining 21% is between 30 and 50 years. See 'Election and rotation of boardmembers' for more information concerning the tenure and retirement ages of boardmembers.

Conflicts of interest, independence and overboarding

Under the Companies Act, 71 of 2008, a director of a company must use their powers and perform their functions in good faith and for a proper purpose. A director must also use their powers and perform their functions in the best interests of the company. This includes the duty of a director to avoid a conflict of interest. Section 60 of the Banks Act, 94 of 1990, also provides for the fiduciary duties of directors and executive officers of a bank. Our conflicts of interest policy sets out the processes that the directors of Nedbank Group and its executive management must follow to declare their interests, as well as how any potential conflicts must be managed and evaluated.

Before a director accepts additional commitments, that director must discuss and have agreement on them with the Chairperson to ensure that they do not present a potential conflict of interest that would impact the director's ability to exercise their fiduciary duties.

A director or prescribed officer is prohibited from using their position or confidential or price-sensitive information to benefit themselves 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 interest that they may have in relation to particular items of business or other directorships. At the start of each board meeting, at the request of the Chairperson, all boardmembers must declare any actual and/or potential conflict of interest with matters to be considered at that meeting. 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.

The board assesses the independence of our directors on appointment and continuously during their tenure. Each director provides an annual attestation of their interests, conflicts and independence and is presented with an opportunity to declare their interests throughout the year. None of our directors have an interest in Nedbank that exceeds 5% of the group's total number of shares in issue or that is material to their personal wealth. Only executive directors participate in the group's share incentive scheme.

Good governance requires that boardmembers should not be overboarded but must be able to devote sufficient time to discharge their responsibilities as a boardmember of Nedbank. We adopt a rigorous process aimed at ensuring that boardmembers (both when appointed and during their terms) are not overboarded:

- 1 A boardmember may not accept any other board appointments (of other companies) unless the prior agreement of the Chairperson is obtained. The proposed appointment must not conflict with the group's interests and/or adversely affect the boardmember's duties to Nedbank.
- 2 A boardmember may hold the position of director on no more than five (including the Nedbank boards) listed and/or significant unlisted operating boards, with the relevant director's circumstances and the nature, scale and complexity of the respective directorships being taken into account. Directorships held in non-profit companies, private investment companies or non-operating subsidiaries are excluded from this requirement and positions on the Nedbank boards are treated as one board position.
- 3 Executive directors are generally discouraged from accepting board appointments at other companies.
- 4 A boardmember must notify the Group Company Secretary who, in turn, must notify the PA of any changes to the non-executive director's interests.

The table below lists the external directorships held by each boardmember (in listed and/or significant operating companies) at 31 March 2023.

Boardmember	Directorships in listed and/or significant unlisted operating boards					
Mpho Makwana	Invicta Holdings Ltd Eskom SOC Ltd Platinum Metals Group Ltd SAFCOL SOC Ltd					
Mantsika Matooane	JSE Ltd Drs Dietrich Voigt Mia and Partners (PathCare)					
Linda Makalima	PathCare					
Errol Kruger	Capital Appreciation Ltd Nedbank Private Wealth Ltd (IOM)					
Phumzile Langeni	Metrofile Holdings Ltd DP World Ltd Delta Property Fund Imperial Logistics Ltd					
Mfundo Nkuhlu	Ecobank Transnational Incorporated (ETI)*					
Neo Dongwana	Mpact Ltd Scancom PLC					
Brian Dames	African Rainbow Energy and Power (AREP) African Rainbow Energy General Partner Industrial Development Corporation of South Africa Limited					

Boardmember	Directorships in listed and/or significant unlisted operating boards
Rob Leith	-
Mike Brown	П
Hubert Brody	Woolworths Holdings Ltd
Mike Davis	П
Mteto Nyati	Telkom SA SOC Ltd Eskom Holdings SOC Ltd Business Systems Group
Stanley Subramoney	Sasol Ltd Terrasan Group Ltd

* Nedbank nominated Mfundo Nkuhlu to the board of ETI.

On 30 September 2022 the Minister of Public Enterprises, Pravin Gordhan, announced the appointment of Mpho Makwana as the Chairperson of Eskom SOC Limited (Eskom) and Mteto Nyati as an independent director of Eskom. Given the systemic importance of Eskom to the country, and in light of Mpho's retirement from the Nedbank Board on 2 June 2023, the Nedbank Board is supportive of Mpho's appointment as Chairperson of Eskom. The board has considered both real and perceived conflicts of interest that could arise from the appointment, and has satisfied itself that such potential conflicts will be carefully managed in terms of the group's Conflicts of Interest Policy, with additional oversight by management to ensure Mpho is not privy to, or involved in, any board or committee meetings where Eskom-related matters may be on the agenda. The board is satisfied that Mpho's appointment to Eskom has been managed in a manner that has not impacted the governance and operations of Nedbank.

Our 2021 Governance Review records that Old Mutual Limited (OML) is no longer a strategic shareholder and that no shareholder has a controlling interest. Nedbank and OML continue to work together on an arm's-length commercial basis and, where possible, pursue new commercial opportunities within regulatory and legal confines. The Group Related-party Transactions Committee (GRPTC), whose oversight was largely related to Nedbank's relationship with OML, was discontinued in 2021 as its mandate had been fulfilled. Currently, this role is fulfilled by the relevant board committees, depending on the nature of any potential related-party transactions, and transactions are conducted on an arm's-length commercial basis. Related-party transactions are monitored and transparently disclosed in AFS. In 2022 there were no related-party transactions involving any boardmembers or Group Exco members.

Election and rotation of boardmembers

Good governance requires boardmembers to be individually and collectively accountable. Our memorandum of incorporation provides that each boardmember must be individually elected by a majority vote of the shareholders at the AGM. We do not follow bundled director elections. In order to ensure accountability, boardmembers are not given a fixed term of appointment but are subject to retirement by rotation in terms of the memorandum of incorporation. One-third of all boardmembers retire at each AGM but may make themselves available for re-election.

An executive director is required to retire from the board at age 60, unless otherwise agreed by the board. A non-executive director is required to retire at the earlier of reaching age 70 or after nine years of being on the board as a non-executive director, unless otherwise agreed by the board.

Executive directors are subject to a notice period of six months. This excludes the Chief Executive, who is subject to a notice period of 12 months. Executive directors are discouraged from holding significant directorships outside the group.

Director changes

Phumzile Langeni was appointed as an independent non-executive director on 22 March 2022 and subsequently as a member of the GAC, GTSEC, and GCRC. Her appointment strengthened the board's financial services; mining, energy and resources; large corporates; macroeconomic; and public policy skillset.

Mteto Nyati was appointed as an independent non-executive director and member of GITCO with effect from 1 October 2022 and subsequently as a member of GRCMC and DAC. Mteto has also been appointed as Chairperson of GITCO with effect from 2 June 2023. His appointment has strengthened the board's information and communications technology, digital, commercial and strategic skillset. He makes himself available for election by shareholders at the AGM to be held on 2 June 2023.

Prof Tshilidzi Marwala stepped down as an independent non-executive director on 28 February 2023 to take up the role of Rector of the United Nations University, headquartered in Tokyo.

Mpho Makwana will step down as Chairperson at the close of the Nedbank Group AGM on 2 June 2023. He also steps down as a member of DAC and GCRC from the close of the AGM.

Daniel Mminele has been appointed as independent Chairperson-designate (and as a member of DAC and GCRC) with effect from 1 May 2023. Daniel will take over as Chairperson after the upcoming AGM. Daniel's appointment will strengthen the board's skillset in banking and financial services, the environment and climate (including climate finance), and large corporates.



Mantsika Matooane (who was appointed as an independent non-executive director in 2014) will retire at the close of the AGM, from which point she also steps down as a member of DAC and as both Chairperson and member of GITCO. As mentioned above, she will be succeeded by Mteto as Chairperson of GITCO.

Brian Dames (who was appointed as an independent non-executive director in 2014) reached the end of his nine-year term and would ordinarily retire at the AGM. However, board approval has been obtained to extend his tenure for an initial period of one year given the need for continuity on the GCRC while the search for additional directors with climate risk expertise is underway.

From 2 June 2023, Brian will be classified as a non-independent non-executive director having already served as an independent non-executive director for more than nine years. Brian will remain Chairperson of the GCRC and member of the GITCO, GRCMC and DAC, but steps down as a GCC member with effect from 2 June 2023.

Hubert Brody has been appointed as a member of GITCO with effect from 3 March 2023.

The board's succession plan is looking to increase expertise in areas such as legal, retail banking and complex accounting, and continues to focus on replacing the skills that will be lost as current boardmembers reach retirement age over the longer term. A further focus area of the board's succession plan is increasing gender and race diversity.

Hubert Brody, Mike Davis, Errol Kruger and Linda Makalima retire by rotation at the AGM and make themselves available for re-election.

How the board functions

Nedbank is committed to the highest standards of governance, ethics and integrity. The board charter (which is available at *nedbankgroup.co.za*) serves as a guide for directors' performance of their duties in accordance with such requirements and the principles of good corporate governance, the appropriate legislative requirements, and codes of conduct. It outlines and informs the board of directors' roles and responsibilities, the establishment of board committees and delegation of authority to those board committees. It also sets out those matters that are reserved for the board.

Subject to compliance with all applicable regulations and the memorandum of incorporation, certain governance matters are reserved for the board and may not be delegated. These governance matters are dealt with by the board itself and not the board committees.

The board regularly reviews and monitors management's execution of Nedbank's strategy, practices and frameworks, being mindful of the dynamic landscape that we operate in and that is, influenced by, among other things, digital demands, geopolitics, enhanced data safety and security requirements, and climate change risks. We believe that our matured governance structures – which are based on enhanced accountability, strong risk and performance management, transparency, strategic agility, effective leadership, people management and lived values – have contributed to our response and resilience.

We have a rolling three-year strategy focused on value creation for our shareholders, clients, employees and communities that we touch. The major macro trends in our operating environment are influenced by politics, the macro economy, society, competition, technology, regulators and the environment. Continued engagement with material internal and external stakeholders takes place and their needs and expectations are considered. Material matters are ranked according to the greatest relevance and highest potential to have a significant impact on the viability of our business and relationships with our stakeholders. Risks and opportunities emanating from these material matters are continuously assessed and tested against our vision to ensure that our strategy remains relevant.

The board ensures that responsible investment is practised by the group to promote good governance and value creation for our shareholders and follows the responsible-investment guidelines based on the key elements of the Nations Principles for Responsible Investment (UN PRI), the Code for Responsible Investing in South Africa (Crisa), as well as ESG requirements. The board ensures the protection of not only shareholder interests but also communities in our operating environment. As responsible corporate citizens our policies focus on agriculture, mining, oil, gas, natural capital, waste and recycling of hazardous substances, asbestos and contaminated land. Our approach in this regard is further explained in our Sustainability Development Framework.

Our response to the challenging environment confirms and gives comfort that our governance practices are fully integrated across the group. Working in unison, our board provides groupwide oversight of the governance processes and frameworks while our executive management implements policies and procedures through which governance is applied within the organisation. During 2022 Nedbank Group Limited, as the parent company, was able to exercise appropriate governance oversight over its subsidiaries while maintaining the independence and the legal and governance responsibilities that apply to each subsidiary.

Our board and executive management demonstrated their commitment to the highest standards of governance, ethics and integrity based on world-class banking practices and robust institutional governance and risk frameworks, which ensured the security and stability of our banking services.

Board Ethics Statement

Our boardmembers acknowledge and sign the Board Ethics Statement every year. This allows them to demonstrate their continued commitment to the Nedbank Group values and to the ethical conduct we embrace.

Our Company Secretary

All directors have access to the services of the Group Company Secretary, Jackie Katzin. The Group Company Secretary is not a member of the board. The board is satisfied that an arm's-length relationship exists between it and the Group Company Secretary.

Board and committee evaluations

Evaluations of the Nedbank Group Board and board committees alternate annually between independent evaluations and internal evaluations. The 2021 independent evaluation was undertaken by The Board Practice and the overall feedback was that Nedbank Group had a professional board that functioned well. The board is satisfied that the outcomes and lessons learnt from the 2021 independent evaluation were adequately applied by the board in 2022.

In 2022 Group Secretariat administered internal evaluations of the Nedbank Group Board and board committees. The evaluations took the form of self-assessments by boardmembers and board committee members. The results of the board and board committee evaluations were presented at the Nedbank Group Board session on 3 March 2023.

- The overall feedback from the board evaluation is that Nedbank Group has an efficient and effective board.
 A summary of the key findings from the board evaluation are set out below.
- The evaluation assessed the board's performance
 in 11 governance areas, being induction and training
 programmes, board submissions, board meetings, company
 secretarial support, board composition, the Chairperson,
 board and executive succession planning, ethics, functioning
 of the board, relationship with management, and purpose
 and strategy. The board's performance was good in all the

- governance areas, with the strongest areas being ethics, induction and training programmes, company secretarial support, and the Chairperson.
- The board is sufficiently focused on Nedbank's purpose and strategy, as well as its long-term future in a disruptive world. The board holds management to account for the implementation of Nedbank's purpose and strategy and is able to challenge management.
- The board as a whole has sufficient time, resources and meetings to discharge its duties. The board composition maintains a good balance between experience, continuity and new perspectives. There is an adequate balance between executive, non-executive and independent directors. Although boardmembers are generally satisfied with the diversity (including in respect of race and gender) of the board, diversity should nevertheless continue to be a focus area for the board and board committees. The board is satisfied with succession planning for boardmembers, which will continue to be a key focus area of the board.
- The Chairperson provides effective leadership to the board and sets the tone for its performance. He ensures the integrity of the board's processes and has a good understanding of shareholder and stakeholder expectations and concerns.
- The board has a strong and healthy relationship with the Chief Executive that is underpinned by trust, respect, confidence and congeniality.

- The board's relationship with management is described as a positive and healthy arm's-length relationship with robust engagement that allows for effective challenge, oversight and accountability. The board is satisfied that management appropriately apprises the board of material developments and that the board's decisions are efficiently implemented by management. Board submissions are generally of a good quality (which allows the board to assess information adequately and efficiently) and focus on the key messages. On occasion, board submissions may be voluminous and further improvements on this will assist the board in performing its functions.
- The board is satisfied that appropriate management succession plans are in place and that there is a strong leadership pool and opportunities to develop and train future leaders.
- The board is satisfied with the training and induction programme for boardmembers, which are described as very professional, structured and detailed.

The evaluations of each board committee were in five governance areas: composition, roles and responsibilities, submissions, meetings, and secretarial support. The overall feedback is that each board committee is efficient and effective. The relevant board committee members were satisfied with the respective board committee's overall performance as well as performance in each of the governance areas. The results of the board committee evaluations were presented to the relevant board committees in February and March 2023.

Board meeting

attendance

Total number of board and board

committee

meetings

68

(2021:69)

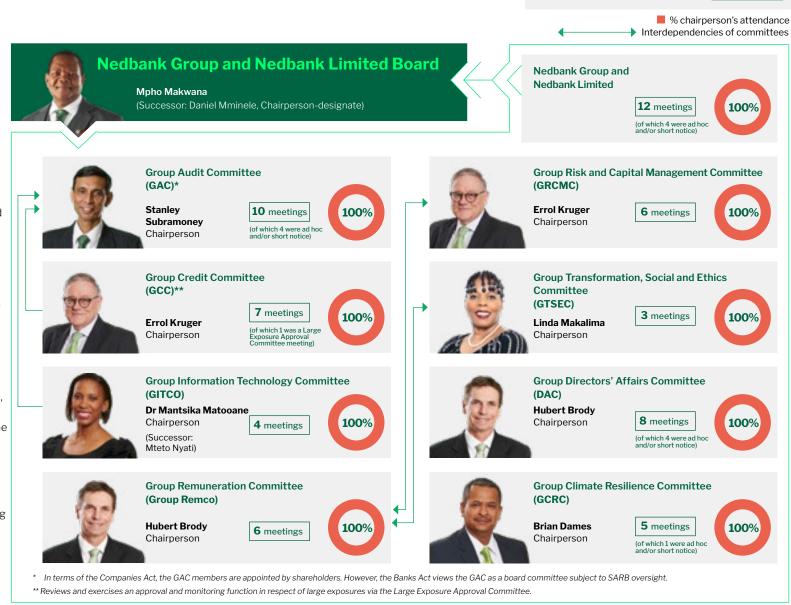
Board committees and interdependency

The board committees assist the board in the discharge of its duties and responsibilities. There are nine board committees (four of which are statutory board committees).

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. These terms of reference are available at **nedbankgroup.co.za**. The board monitors these responsibilities to ensure effective coverage of and control over the operations of the group.

Board committees report in detail on key discussions and activities at each Nedbank Group Board meeting, and the minutes of board committee meetings are also subsequently made available to all boardmembers. GAC receives regular feedback from GITCO regarding the monitoring of the adequacy and effectiveness of the group's IT controls as well as new or emerging IT risks associated with the bank's digital transformation journey, as well as receives feedback from GCC regarding its oversight of the adequacy and effectiveness of the credit-monitoring processes and systems. The chairpersons of GRCMC and Remco also meet separately to consider remuneration risks. and there is a formal process between Remco and GTSEC in respect of the consideration of the ethics of remuneration.

Details of the committees' considerations and focus areas during and for 2022 are covered in the following reports by the chair of each committee. We also provide the board's meeting attendance register showing the attendance at board and committee meetings.



Board committees and interdependency continued

Group Audit Committee (GAC)

- · Assists the board in its evaluation of the integrity of our financial statements through evaluation of the adequacy and efficiency of our internal control systems, internal financial controls and accounting policies that are relied upon for financial and corporate reporting processes.
- · Responsible for the appointment, compensation and oversight of the external auditors for the group including managing interactions with the GAC and assesses their independence and effectiveness.
- Facilitates and promotes communication between the board, executive management, the external auditors and the Chief Internal Auditor.
- · Recommends the annual financial statement to board for approval..

Overall attendance by committee members



% of committee members who are independent



- Financial
- - Intellectual
- Social and relationship

Natural

Group Credit Committee

- · Assists the board in fulfilling its credit risk oversight responsibilities, particularly with regard to the evaluation of credit mandates and governance, policies and credit
- · Confirms the adequacy of credit impairments.
- Acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group's credit rating and risk estimation systems and processes. The PA requires that the GCC is chaired by a non-executive director.
- Reviews and exercises an approval and monitoring function in respect of large exposures via the Largeexposures Approval Committee.

Overall attendance by committee members



% of committee members who are independent



- Financial
- Social and relationship
- Natural

Group Information Technology Committee (GITCO)

- · Oversees the execution of the board's approved IT and digital strategy.
- · Performs, reviews and monitors enterprise IT matters to ensure appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a group basis (eg cyberthreats and other regulatory risks).
- Ensures alignment and implementation of a wellcoordinated, efficient, effective and properly resourced IT strategy, which enables the organisation to remain highly competitive.
- · Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group's technology capability, as required by the Banks Act and in support of the requirements of the GAC.

Overall attendance by committee members



% of committee members who are independent



- Intellectual
- Manufactured

Social and relationship





White

Gender (%)



Female

Age (%)



Average 57 vears

30-50 Over 50 Race (%)



White

Gender (%)



Female

Age (%)



30-50 Over 50



Race

(%)

White





Female





Average 56 years

- 0-30 30-50
- Over 50

^{*} In terms of the Companies Act, the GAC members are appointed by shareholders. However, the Banks Act views the GAC as a board committee subject to SARB oversight.

Board committees and interdependency continued

Group Remuneration Committee (Remco)

Enables the board to achieve its responsibilities in relation to the group's Remuneration Policy. processes and procedures, and specifically enables the group to do the following:

- · Meet the requirements of section 64C of the Banks Act.
- Operate remuneration structures that are aligned with best market practice.
- · Conform with the latest thinking regarding good corporate governance on executive remuneration.
- · Align the behaviour of executives with the strategic objectives of the group.
- · Recommends CEO and Group Exco remuneration to the board for approval.

Overall attendance by committee members



% of committee members who are independent



- Financial
- Social and relationship

Group Risk and Capital Management Committee (GRCMC)

- · Ensures the identification. assessment, control, management, reporting and remediation of risks across a wide range of the organisation's FRMF.
- Sets and owns Nedbank's risk strategy and monitors conformance with risk management policies, procedures, regulatory and internal limits and exposures, and processes and practices. The monitoring of the group's Key Issues Control Log (KICL) is paramount to GRCMC's oversight role.

Overall attendance by committee members



% of committee members who are independent



- Financial
- Intellectual
- Human
- Social and relationship
- Natural

Group Transformation, Social and Ethics Committee (GTSEC)

- · Advises on, oversees and monitors Nedbank Group's activities with regard to social and economic development, ethics. transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationship, labour and employment matters.
- Applies the recommended practices and regulations as outlined in King IV and the Companies Act in executing its mandate.

Overall attendance by committee members



% of committee members who are independent



- Intellectual
- Human
- Social and relationship
- Natural

Race (%)



White

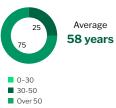
Gender (%)



Female

Age (%)





Race (%)



White



■ Female





30-50 Over 50 Race (%)



Gender (%)



Female



Average 56 years

Board committees and interdependency continued

Group Directors' Affairs Committee (DAC)

- Considers, monitors and reports to the board on reputational risk and compliance risk, application of King IV and the corporate governance provisions of the Banks Act.
- Acts as the Nominations Committee for the board.

Overall attendance by committee members



% of committee members who are independent



- Intellectual
- Social and relationship
- Natural

Group Climate Resilience Committee (GCRC)

Enables the board to achieve its responsibility in relation to the group's:

- identification, assessment, control, management, reporting and remediation of all categories of the climate-related risks and opportunities; and
- adherence to internal risk management policies, procedures, processes and practices.

Overall attendance by committee members



% of committee members who are independent



- Financial
- Social and relationship
- Natural



Race



■ Black ■ White Gender (%)



■ Male ■ Female Age



Average **57 years**



Race (%)



■ Black ■ White





■ Male ■ Female





■ 0-30 ■ 30-50 ■ Over 50



Committee chairpersons' reports

Board oversight – ensuring and protecting value Group Directors' Affairs Committee (DAC)



'Our goal is to set the gold standard when it comes to corporate governance, compliance, and reputational and strategic-execution risk by using the expertise of our highly skilled employees and continuously striving to enhance our processes in step with developments in the external environment.'

Hubert Brody, Chairperson

Ensuring and protecting value in 2022

- Continued to set the tone at the top and ensured that the group was led ethically, effectively, and responsibly within acceptable risk parameters, in line with an applicable regulatory framework, and in a manner that protects the group's reputation while building investor confidence.
- Assessed and approved the status of governance in the Nedbank subsidiaries.
- Managed succession for the board Chairperson and non-executive directors.
- Assessed and enhanced board effectiveness, where necessary.
- Considered emerging top-of-mind matters of the chairpersons of group board committees.
- Monitored execution of the group's strategy and reviewed key performance indicators.
- Considered changing trends and the implications on the group's strategy.
- Considered shareholders' input received during the governance roadshow.
- Monitored the impact of the FATF's greylisting of SA on Nedbank, including the progress of

- the group in relation to Immediate Outcome 4 of the remediation project.
- Oversaw activities of the compliance function as set out in the Banks Act, 94 of 1990, ensuring effective management of compliance risks, including regulatory and reputational risks.
- Approved an updated Compliance Risk Management Policy, supporting framework and annual coverage plan.
- Oversaw completion of the compliance coverage plan.
- Supported enhancement of compliance skills and the use of technology to augment efficiencies and effectiveness.
- Monitored AML, CFT and sanctions compliance levels.
- Oversaw regulatory and advocacy activities, participation at industry associations, and readiness and implementation of laws to achieve compliance and uncover opportunities.
- Oversaw the fair treatment of clients by

tracking market conduct compliance levels.

- Considered feedback on privacy legislation and occupational health and safety (OHS) compliance, and supported remediation plans.
- Managed reputational risk through the Group Reputational-risk Committee (GRRC) and oversaw enhancements to the Reputational-risk Management Framework and Reputational-risk Policy.
- Provided strategic guidance on the management of material reputational-risk matters, including those related to the Zondo Commission and the Sekunjalo Group.
- Maintained oversight of interactions with regulators.
- Advised on the group's strategic risk framework and risks that may impact strategic delivery.

Focus for 2023 and beyond

- · Ongoing planning and management of board succession.
- Ongoing monitoring and oversight of executive management succession planning.
- Continuing to monitor strategy execution to deliver on market commitments in the short term while building a sustainable bank for the longer term.
- Ensuring that the bank maintains an independent, effective and adequately resourced compliance function as part of its risk management framework.
- Ongoing evaluation of the efficiency and appropriateness of the corporate governance structure and practices of the group.
- Tracking completion of the compliance coverage plan.
- Ongoing evaluation of compliance risk levels, including tracking of status
 of the compliance control environment, significant compliance findings and
 related remedial action.
- Supporting the compliance function so that it can be entrepreneurial and agile
 within the confines of law and supervisory requirements.
- Maintaining oversight of AML, CFT and sanctions compliance levels, outcomes of SARB and offshore regulators inspections, and regulatory reform.
- · Continuing to oversee privacy and OHS compliance matters.
- Retaining focus on the adherence to market-conduct-related regulatory requirements in support of fair treatment of clients.
- Monitoring regulatory developments and the appropriateness of Nedbank's response, including those relevant to market conduct, ESG (including climate risk), crypto- and open finance.
- Continuing to oversee management of reputational-risk matters and to support proactive reputational-risk management.
- · Maintaining oversight of regulator interactions.

Members

Hubert Brody (Chairperson) Brian Dames Errol Kruger Linda Makalima Mpho Makwana Mantsika Matooane Stanley Subramoney

Stakeholders





Regulators



Shareholders



Board oversight – ensuring and protecting valueGroup Credit Committee (GCC)



'Credit risk management and governance across Nedbank remained excellent, especially in view of the ongoing, extremely challenging and disappointing SA and SADC macroeconomic, structural and political environments. The GCC continued to provide independent oversight and guidance, ensuring a sound, good-quality credit portfolio, which remained adequately and conservatively impaired.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2022

- Approved the adequacy of impairments biannually to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriately conservative
- Tracked and monitored the key drivers that impacted the 2022 credit loss ratio (CLR) and credit risk-weighted assets (RWA).
- Approved the review and adjustments of credit models to ensure that they were fit for purpose for the prevailing macroeconomic environment.
- Provided oversight of out-of-model overlays and post-model adjustments that, among other things, incorporated bottom-up client or sector reviews, and risk assessments of the retail and wholesale portfolios.

- Oversaw deep dives into, among other things, personal-loan and commercial-banking portfolios, as well as credit concentration risk to ensure that the risk was well managed and aligned with the approved risk appetite.
- Approved the Group Credit Policy updates and considered regulatory changes, including the Large Exposure Framework, with effect from 1 April 2022.
- Monitored the performance of the credit portfolio against SPT 2.0 initiatives for 2022– 2024 in line with the group business plan.
- Oversaw the introduction of the Credit Growth Framework (CGF), to inform enhanced strategic decisions for credit portfolio growth.
- Continued to monitor closely the resolution of complexities and challenges relating to the implementation of DebiCheck.

- Monitored the identification and management of distressed portfolios and individual watch list clients
- Monitored the efficiency and appropriateness of coordinated-assurance-thematic activities across all three lines of defence in the credit risk universe.
- Oversaw the management of credit risk from various aspects such as downside risk, volatility, strategic opportunity, risk predictor analytics and organisational resilience.
- Challenged and reviewed the appropriateness of climate-related credit risk and appetite.
- Reviewed and monitored the credit risk management practices in the Nedbank Africa Regions portfolio, to ensure alignment with group practices.

Focus for 2023 and beyond

- Oversee ongoing active credit risk management across all portfolios to optimise the outcome of the cost of credit, the CLR and credit RWA.
- Focus particularly on the personal-loan and MFC credit portfolios, and credit risk management quality, which collectively account for close to two-thirds of the forecast ECL of the group.
- Continue to focus on early-identification strategies regarding distressed portfolios, industry-specific concentration risks and the proactive management of key watch list clients.
- Monitor the operationalisation and enhancement of the CGF and the trigger analysis as part of active credit risk management practices.
- Monitor the performance of the credit portfolio against SPT 2.0 initiatives for 2023–2025 in line with the group business plan and the implementation of the recommendations of the CGF on the credit portfolio.
- Monitor and consider the impact of the implementation of Basel III reforms on the credit portfolio.
- Monitor the implementation of solutions to automate, digitise and advance credit processes and analytics emanating from the Target Operating Model (TOM) 2.0 credit risk initiatives.
- Monitor developments emanating from SARB's implementation of the proposed Amended Directive 7/2015 relating to the treatment and classification of distressed restructures on the credit portfolio.

Members

Errol Kruger, Chairperson

Mike DavisLinda MakalimaMike BrownNeo DongwanaMfundo NkuhluBrian DamesStanley SubramoneyRob Leith

Stakeholders





Regulators



Shareholders



Business

2 Credit

Climate

Board oversight - ensuring and protecting value

Group Information Technology Committee (GITCO)



'Nedbank continues to deliver technology transformation, digital innovations, differentiating operating-model enhancements and business value that supports sustainable growth and returns. GITCO maintains oversight of the execution and effectiveness of the group's IT strategy to ensure a positive impact on Nedbank Group stakeholders.'

Dr Mantsika Matooane, Chairperson

Ensuring and protecting value in 2022

GITCO carried out its mandated responsibilities to monitor and ensure the adequacy, effectiveness and efficiency of information systems from a risk and strategic-alignment perspective. The committee focused particularly on the following during the year:

- Oversaw the progress of Nedbank's Managed Evolution and other key IT programmes in terms of project delivery against targeted timelines, budget and scope, as well as value creation (realised to date and planned benefits embedded in business plans).
- · Monitored the management of critical resourcing matters, including succession planning and IT talent management, specifically across scarce and critical skills, as people risks remained a recurring theme throughout the year.
- Systems availability and stability were closely monitored. The committee specifically ensured that system health and the integrity of critical systems were well managed with potential issues proactively assessed. GITCO also monitored the maturation of Nedbank's DebiCheck implementation (the new industry debit order solution) and potential reputational impact.
- · Monitored the technology enablement of key group strategies, including strategic portfolio tilt (SPT 2.0) and the Target Operating Model (TOM 2.0).
- · Reviewed and recommended to the board for approval the group's technology strategy to 2025.

- Monitored cyberrisk and emerging technologies (threats and opportunities).
- Received training on technology trends that were of relevance to the group IT strategy, namely hyperautomation and the metaverse.

Focus for 2023 and beyond

- · Oversee and monitor the progress on delivering the approved technology strategy, digitisation and delivery of gold-standard client journeys and services across all distribution channels.
- Oversee the completion of Managed Evolution, with specific focus on core banking modernisation, and monitor the achievement of business case outcomes.
- Monitor emerging cyber- and technology trends (threats and opportunities) and assess management responses.
- Monitor the migration of Nedbank Africa Regions onto the modernised South African technology stack (our technology harmonisation strategy).
- · Ensure that operational and strategic technology risks remain well managed and that Nedbank enhances its cyberresilience.
- · Oversee the scaling of Nedbank's 'beyond banking' and platform and ecosystem strategies in SA and across the continent where we have a footprint.
- · Monitor the realisation of the value-creating opportunities of scaling our cloud operations and data analytics capabilities (especially through artificial intelligence and machine learning). This extends to the cloud-enabled ESG initiatives being delivered.
- Ensure that Nedbank's operating model and investment case are sustainably supported and enabled by technology.

Members

Dr Mantsika Matooane (Chairperson) **Brian Dames** Rob Leith

Prof Tshilidzi Marwala Mteto Nyati

* Prof Marwala stepped down from the board on 28 February 2022.

Stakeholders









Shareholders





5 Strategic execution 9 Reputational and conduct

Board oversight – ensuring and protecting value

Group Climate Resilience Committee (GCRC)



'The GCRC continues to focus on ensuring that Nedbank bolsters its climate resilience and accelerates its contribution towards achieving a net-zero economy by 2050. Impacts of climate change are increasingly more apparent, experienced first-hand during the devastating 2022 floods in KwaZulu-Natal and Mozambique. We are reminded of the importance of the Just Transition, cognisant of the most vulnerable in our society and ensuring that we deliver on our net-zero commitments.'

Brian Dames, Chairperson

Ensuring and protecting value in 2022

- · The Nedbank 2021 Task Force on Climaterelated Financial Disclosures (TCFD) Report was published on 22 April 2022.
- · The GCRC provided oversight of and guidance on the development of the Nedbank fossil fuel and energy generation portfolios' decarbonisation pathways.
- · The GCRC provided guidance to ensure that the targets reflecting in the Energy Policy remained appropriated for the group.
- · The GCRC monitors the group's climate risk appetite continuously, ensuring that all climate-related risk appetite metrics are within board-approved targets and limits throughout the year.
- · The GCRC provided oversight of and guidance on climate risk data requirements to be considered through the climate data and systems initiatives.
- · Oversaw the development by management of a minimum viable residential portfolio physical risk assessment.

- · The GCRC conducted an analysis of the impact of the April 2022 KwaZulu-Natal floods on our clients and performed a stress test to quantify the potential impact of climate transition risk scenarios.
- · The GCRC facilitated training sessions for the board with industry experts on green hydrogen and the Equator Principles to broaden its considerations of relative opportunities and risks.
- · The GCRC engaged with the Presidential Climate Finance Task Team to obtain a broader understanding of the climate change initiatives and evaluate the role Nedbank could play in supporting the Just Energy Transition Partnership.
- The GCRC continuously monitored the progress of the operationalisation of the Climate Risk Management Framework (CRMF).
- The GCRC conducted benchmark analysis on our 2020 and 2021 TCFD Reports to enhance our practices and climate-related disclosures.

- · The GCRC incorporated climate finance opportunities in the three-year group business plan.
- The Group Business Services teams embarked on several projects to heighten our ambitions in our short- and medium-term renewable-energy targets for our facilities.
- The group continuously engaged with internal and external stakeholders - including shareholders, civil society, government, industry forums, and potential partners - on how best to manage climate-related risks and finance innovative solutions in ways that are sensitive to and flexible in the specific contexts and markets in which we operate.

Focus for 2023 and beyond

- Continuously monitoring the operationalisation of the CRMF through the Climate Risk Programme, with a strong focus on climate scenario analysis.
- Continuing to engage with clients to assist with their net-zero commitments through providing ESG advisory services, collaborating on designing products suitable to their needs, and partnering with entities to manage their client iourney in transitioning to sustainable solutions.
- Keeping a key focus on the execution of Climate Data and Systems Working Group initiatives aimed at climate data collection and sourcing, as well as enhanced data capabilities to support the identification, measurement, and monitoring of climate-related risks and opportunities.
- Keeping a key focus on the development of sectoral glidepaths and making progress with separate glidepaths to be developed for each of the fossil fuel types and different credit assets portfolios across the bank.
- · Scaling the group's sectoral glidepaths development to cover a significant portion of the prioritised high-emissions portfolios.
- Guiding the development of our standardised approach to quantifying GHG emissions from our operational, investment and lending activities to ensure consistency and accuracy as we expand our carbon-accounting project to cover additional portfolios.
- Continuing our drive to engage and collaborate with internal and external stakeholders on how best to manage climate-related risks and finance innovative solutions in ways that are sensitive to and flexible in the specific contexts and markets in which we operate.
- Ensuring continuous improvements of our implementation of the TCFD recommendations.
- · Continuously reviewing our climate risk appetite to ensure compliance with board risk appetite limits and targets.
- Ensuring a smooth transition from the current to the new GCRC chairperson and members as three of the members will be stepping down from the Nedbank Board during 2023.

Members

Brian Dames (Chairperson)

Tshilidzi Marwala Mpho Makwana Linda Makalima Phumzile Langeni

Prof Marwala stepped down from the board on 28 February 2022.

Stakeholders





Regulators



Board oversight - ensuring and protecting value **Group Risk and Capital Management Committee (GRCMC)**



'The landscape of risk has continued to be impacted and expanded by the volatile, uncertain, complex and ambiguous state of the world and challenging local macroeconomic, structural and political external environments (ie sharp rising interest rates and inflation, together with increased loadshedding). Despite this, the overall governance, risk management, internal controls and conduct outcomes during 2022 continued to be exemplary, validating the effectiveness of our Enterprisewide Risk Management Framework.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2022

- · Ensured a sound risk culture was maintained within a robust and effective Enterprisewide Risk Management Framework (ERMF).
- · Remained committed to high standards of risk management and corporate governance.
- Reviewed and recommended that the board approve the annual internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP), and associated stress and scenario testing.
- · Oversaw the focus on balance sheet management culminating in an extremely strong balance sheet (capital adequacy and liquidity), by monitoring the safe guarding of our financial capital thereby unlocking value through strong dividend growth and payouts and strong balance sheet metrics to protect against downside risk.
- · Reviewed and recommended that the board approve the annual update of the Risk Appetite Framework and the updated 2023-2025 risk management plan.

- Maintained oversight of the group Key Issues Control Log (KICL).
- · Monitored and oversaw the management of market risk and its subrisk components to ensure it remained within board-approved risk appetite and tolerance levels.
- · Monitored the impacts and effects of the ongoing external shock events on Nedbank, with business risk ranked as number 1 in our top 10 risks.
- · Continued to monitor cyberrisk closely to ensure we remained cyberresilient, while also overseeing financial crime risk management across all risk types.
- Continuous monitoring of the maturity, compliance and risk management of antimoney-laundering (AML), combating the financing of terrorism (CFT) and sanctions, as well as the impact of the Financial Action Task Force (FATF) Mutual Evaluation Report's possible 'greylisting' of SA.

- Monitored and oversaw the management of operational risk, and the ongoing emphasis on operational resilience.
- Monitored and noted that people risk at Nedbank is driven mainly by a constellation of three risk factors that together exacerbate the effect of skills shortages on the organisation. These risk factors have been themed as follows: Undersupply of in-demand scarce skills; the need to transform workplace demographics; and uncertainty linked to unprecedented change.
- Obtained an overview of the strategic execution risk to ensure the organisation is changing safely amid the unprecedented level of change in the group and the impact of the ongoing Fourth Industrial Revolution.
- Monitored the management and evolution of conduct risk, together with the emphasis of treating clients fairly.

Focus for 2023 and beyond

- · Continue to monitor our risk universe heatmap, top 10 risks, risk trends and emerging risks, implementation of the 2023 risk management plan (key risk management actions), risk appetite, ERMF, and the group KICL to ensure value preservation and creation, and ongoing organisational resilience.
- Closely monitor the progress of SPT 2.0 against the group business plan targets and within approved risk appetite.
- Review, approve and recommend that the board approve the 2023 ICAAP and ILAAP, and the updated 2024-2026 risk management plan.
- Ensure that a continuous review of risk appetite is performed and updated to respond effectively to the business environment.
- Continue to monitor the Fundamental Review of the Trading Book (FRTB) project and readiness to go live in 2024, together with the other remaining Basel III reforms.
- · Continue to include thematic risk themes (eg cyber, conduct, AML/CFT and people risks) in the GRCMC agenda.
- Continue to monitor the adoption of new emerging technologies, for example machine learning, artificial intelligence (AI) and data science, crypto, digital assets, blockchain technology, to ensure we are 'changing safely' and
- Ensure that required training is received by GRCMC members to keep abreast with current developments, risk trends and emerging risks.

Members

Errol Kruger (Chairperson) Mike Brown **Brian Dames** Linda Makalima Rob Leith

Stakeholders







Shareholders



Board oversight – ensuring and protecting valueGroup Transformation, Social and Ethics Committee (GTSEC)



'Nedbank's purpose "to use our financial expertise to do good for individuals, families, business and society" inextricably aligns with the ESG agenda. Its purpose-led, values-driven approach gives it longevity and will be utilised to drive growth that will assist Nedbank's positive contribution to society.'

Linda Makalima, Chairperson

Ensuring and protecting value in 2022

- Oversaw management of the impact of the Amended FSC against the industry targets to measure BBBEE contributor status. We maintained our level 1 status in 2022.
- Oversaw continued implementation of the groupwide CSI green economy strategy. From inception, R69,6m has been invested in waste, water, energy and agriculture, and more than 870 jobs were created.
- Monitored remuneration practices as reviewed by the Group Remuneration Committee to ensure fair and ethical outcomes.
- Oversaw the continued implementation of our ethics management plan in response to the outcomes of the ethics risk assessment (ERA) conducted in 2019/2020.
- Monitored progress towards the fulfilment of our purpose as guided by our Sustainable Development Framework through regular reports received, and interrogation of progress made relative both to the market and our own plans.

- Monitored feedback on workforce surveys and the progress made towards our culture shift
- Monitored talent practices, including the retention of underrepresented (specifically African) talent.
- Oversaw the well-being agenda to preserve the health and well-being of those employees impacted by the floods in KZN in July 2022.
- Monitored progress and guided practice to enhance successful progression towards our employment equity and skills development plans.
- · Oversaw the YES initiative.
- Received reports on business-clusterspecific transformation updates.
- Oversaw the progress towards a progressive culture that focuses on diversity, equity and inclusion.
- Monitored people risk and the mitigation plans in place.

- Received reports on our market conduct and culture and on financial inclusion and transformation activities underway.
- Considered the 2022 Indlulamithi Scenarios Barometer and our contribution to society.
 The barometer considers what a socially cohesive SA could look like and the extent to which it is attainable by 2030.
- Approved an enhanced Group Human Rights in Business Statement.
- Approved the Code of Ethics and Conduct and new Harassment Procedure.
- Reviewed the mandate of the GTSEC, which remains fit for purpose.

Focus for 2023 and beyond

- Monitor our overall progress in achieving our BBBEE status, including any impacts that may emanate from the pending FSC industry realignment process.
- Monitor the creation of a Nedbank ecosystem approach that shifts green economy CSI projects from grant funding to commercial funding.
- Oversee the continued implementation of the groupwide CSI green economy strategy, with a specific focus on water, waste, energy (especially solar solutions) and agriculture, as well as introduce financial wellness into the green economy.
- · Oversee the scaling up of the Black Business Partners Programme.
- Guide the enhancement of the culture of ethics and ethical leadership, and provide strategic guidance on emerging ethical issues.
- Monitor the enablement of sustainable-development finance through our purpose.
- · Monitor the enhancement of our understanding of biodiversity.
- Oversee the consideration for the incorporation of longer-term societal impact scenarios as part of our long-term strategy development.
- · Oversee the YES initiative.
- Monitor people risk.
- Oversee the development and implementation of our Human Rights
 Management Plan based on the outcomes of the human rights assessment
 conducted in 2022.
- Monitor talent practices, including the retention of underrepresented (specifically African) talent at middle- and senior-management levels.
- Oversee our progress in respect of transformation (employment equity and skills development).
- · Monitor well-being support for the workforce.
- Monitor and oversee the impact of the People Promise and human-centred leadership as part of an ongoing culture shift in areas such as diversity, equity and inclusion.

Members

Linda Makalima (Chairperson) Mike Brown Stanley Subramoney Prof Tshilidzi Marwala Phumzile Langeni

* Prof Marwala stepped down from the board on 28 February 2022.

Stakeholders



<u> 11</u>

Regulators



Shareholders



Board oversight – ensuring and protecting value

Group Remuneration Committee (Group Remco)



'The Group Remco believes the shift to 100% performance-based long-term incentive awards will have the desired effects of motivating the achievement of our medium-term targets, retaining critical talent, and aligning interests with shareholders. None of the 2020 LTI awards to Group Exco members will yest in 2023 (40% for cluster exco and 50% for other participants).'

Hubert Brody, Chairperson

Ensuring and protecting value in 2022

- Updated financial CPTs for the 2023 LTI awards to align with our revised boardapproved medium-term targets until 2025. Non-financial CPTs have been retained. Delivery on these CPTs will support Nedbank's continued focus on value creation for shareholders by delivering sustainable earnings growth (DHEPS, nominal GDP +5%), continued increase in ROE (to greater than 17% and a lower cost-to-income ratio (less than 52%).
- Held various shareholder engagements to inform remuneration changes.
- Reviewed best-practice STI pool build-up methodologies in the financial sector, both locally and globally. STI pool linkages to non-financial commitments were improved and the impact of EP variance (actual performance at year-end against target) on the final STI pool was upweighted.
- Approved the purchase of shares in the open market for the 2023 LTI issuance. The decision to issue or purchase shares will be reviewed each year.

- Approved operating guidelines to support any malus and clawback decision.
- Reviewed detailed pay-gap analysis (equal pay for work of equal value).
- Reviewed employee benefits to ensure they are competitive and prudently managed.
- Reviewed the remuneration outcomes of the RCAF employees to ensure sufficient independence.
- Risk remuneration reports were approved in collaboration with the GRCMC.
- Approved the performance outcomes of the 2022 annual GCCs of Group Exco members as well as the 2023 GCCs of Group Exco
- Reviewed the remuneration proposals for the CE and Group Exco members, which were recommended to the board and approved.
- Benchmark remuneration data results were reviewed from Willis Towers Watson, PwC Remchannel and Aon McLagan, as well as published remuneration data from the banking and telecoms sectors which

- considered our peer groups for maintaining competitive remuneration.
- Reviewed STI and LTI awards over 200% (150% for employees in RCAF functions) and 100% of the GP respectively.
- Reviewed the findings of the annual external independent review of the group's Remuneration Policy and its implementation carried out by Sunguti Solutions and Bowmans. The review recommended an amendment to our share scheme rules whereby any special distributions to shareholders are managed appropriately at the discretion of the Remuneration Committee and in line with Schedule 14 of the JSE Listings Requirements. This amendment will be tabled at the June 2023 AGM.

Focus for 2023 and beyond

- Maintaining continued dialogue with shareholders to ensure the relevance and appropriateness of remuneration.
- Ensuring the Remuneration Policy and resultant outcomes support our strategic objectives.
- Reviewing the group's STI pool build-up methodology, ensuring it remains fit for purpose
- Reviewing the competitiveness of the group's LTI pool, the LTI CPTs, weightings and vesting ranges.
- · Ensuring that the requirements of the charter continue to be fulfilled.
- · Ensuring remuneration outcomes are fair and responsible.
- · Staying abreast of remuneration best practices.

Members

Hubert Brody (Chairperson) Neo Dongwana Rob Leith

Stanley Subramoney

Stakeholders



Shareholders



路 Society



Board oversight – ensuring and protecting value Group Audit Committee (GAC)



'In this environment the GAC continues to focus on enhancing the integrity of financial and corporate reporting processes, through several ad hoc audit committee meetings to review and assess latest financial results and to conclude the external audit tender process. Thank you to Neo Dongwana for her leadership of the tender process and the Nedbank teams that assisted the GAC to successfully execute this tender.'

Stanley Subramoney, Chairperson

Ensuring and protecting value in 2022

- Considered the Tender Evaluation Committee's proposal and recommended the appointment of KPMG as the group's next joint auditor, subject to shareholder and regulatory approval. The appointment will be presented to shareholders at the 2023 AGM.
- The GAC considered the control deficiencies identified via the group's three lines of defence (first line via cluster finance and risk functions, second line via Group Finance and Group Risk and third line via GIA), as well as the appropriateness of management's response including remediation, reliance on compensating controls and additional review procedures.
- Approved the external auditors' 2022 annual plan and related scope of work, confirming suitable reliance on GIA and the appropriateness of key audit risks identified.
- Reviewed the findings and recommendations of the external auditors and confirmed that there were no material unresolved findings.
- Reviewed the 2022 audited annual financial statements and related disclosures and recommended them to the board for approval.
- Ensured that Group Internal Audit performs an independent assurance function and monitored the effectiveness of the Group Internal Audit function in terms of its scope,

- execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation.
- Monitored and challenged, where appropriate, actions taken by management regarding adverse internal-audit findings.
- Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence.

Focus for 2023 and beyond

- Continue to focus on ensuring that the group's financial systems, processes and internal financial controls are operating effectively.
- Ensure a smooth transition and onboarding of the new joint external auditor, KPMG, through the appointment of KPMG in a 'shadow capacity' for the 2023 financial year.
- Ensure, through the College of Audit Committee Chairs, that there is meaningful engagement between the GAC chairperson and the chairpersons of subsidiary audit committees.
- Monitor audit firm rotation at a subsidiary level.
- Continue to receive feedback from the IFRS 17 implementation steering committee, including the external audit of the transition adjustments.

Members

Stanley Subramoney (Chairperson) Hubert Brody Neo Dongwana Errol Kruger Phumzile Langeni

Stakeholders







Attendance at board and board committee meetings by directors and professional consultants during 2022

		Total	% total	Ned- bank board	Nedbank board (pre- scheduled)	Nedbank board (ad hoc / short notice)	Ned- bank Limited Board	DAC	DAC (pre- scheduled)	DAC (ad hoc / short notice)	Remco	GAC*	GAC (pre- scheduled)	GAC (ad hoc / short notice)	GITCO	GCC	LEAC	GRCMC	GTSEC	GCRC	GCRC (pre- scheduled)	GCRC (ad hoc / short notice)
	Number of meetings			12	8	4	7	8	4	4	6	10	6	4	4	6	1	6	3	5	4	1
	Directors																					
e	Mike Brown	35/35	100%	12/12	8/8	4/4	7/7									6/6	1/1	6/6	3/3			
utiy	Mike Davis	26/26	100%	12/12	8/8	4/4	7/7									6/6	1/1					
Executive	Mfundo Nkuhlu	25/25	100%	12/12	8/8	4/4	7/7									6/6						
Non- executive	Mpho Makwana	32/32	100%	12/12	8/8	4/4	7/7	8/8	4/4	4/4										5/5	4/4	1/1
	Hubert Brody	41/43	95%	12/12	8/8	4/4	7/7	8/8	4/4	4/4	6/6	8/10	5/6	3/4								
	Brian Dames	49/49	100%	12/12	8/8	4/4	7/7	8/8	4/4	4/4					4/4	6/6	1/1	6/6		5/5	4/4	1/1
	Neo Dongwana	42/42	100%	12/12	8/8	4/4	7/7				6/6	10/10	6/6	4/4		6/6	1/1					
ě	Errol Kruger	50/50	100%	12/12	8/8	4/4	7/7	8/8	4/4	4/4		10/10	6/6	4/4		6/6	1/1	6/6				
executive	Phumzile Langeni	17/20	85%	9/10	5/6	4/4	4/5					4/5	2/3	2/2								
on-6	Rob Leith	40/42	95%	11/12	8/8	3/4	7/7				6/6				4/4	6/6	0/1	6/6				
Independent non-	Linda Makalima	47/48	98%	12/12	8/8	4/4	7/7	8/8	4/4	4/4						6/6	0/1	6/6	3/3	5/5	4/4	1/1
depen	Tshilidzi Marwala	29/31	94%	11/12	8/8	3/4	7/7								4/4				3/3	4/5	3/4	1/1
드	Mantsika Matooane	30/31	97%	12/12	8/8	4/4	7/7	7/8	4/4	3/4					4/4							
	Mteto Nyati	8/8	100%	5/5	2/2	3/3	2/2								1/1							
	Stanley Subramoney	53/53	100%	12/12	8/8	4/4	7/7	8/8	4/4	4/4	6/6	10/10	6/6	4/4		6/6	1/1		3/3			
Independent	Brendan Olivier**										6/6											
	Total	524/535		168/171			97/98	55/56			24/24	42/45			17/17	54/54	6/8	30/30	12/12	19/20		
	No. %	98%		98%			99%	98%			100%	93%			100%	100%	75%	100%	100%	95%		

^{*} Includes annual meeting with SARB.

^{**} Professional Consultant to Group Remuneration Committee from Vasdex Associates.

Other key areas of responsibility and oversight

Subsidiary governance

Our response to the challenging environment confirms how well our governance practices are integrated across the group. Working in unison, our board provides groupwide oversight of the governance processes and frameworks while our executive management implements policies and procedures through which governance is applied within the organisation. Accordingly, Nedbank Group Limited, as the parent company, was able to exercise appropriate governance oversight over its subsidiaries while maintaining the independence and the legal and governance responsibilities that apply to each subsidiary. Our Group Operating Manual sets out the management processes that are in place for business clusters (Nedbank Corporate and Investment Banking, Nedbank Retail and Business Banking, Nedbank Wealth and Nedbank Africa Regions) to provide oversight over the relevant subsidiaries within the group.

To ensure alignment with corporate governance standards, the Group Company Secretaries Forum was established by the Group Company Secretary to be an advisory, monitoring and information-sharing platform for company secretaries across the main operating subsidiaries within the group. Some of the items discussed at the Group Company Secretaries Forum in 2022 included recent legal developments, technological tools for purposes of corporate governance reporting and evaluations, and standardising governance frameworks within the group.

The main operating subsidiaries regularly undertake independent or internal evaluations of their boards and board committees, based on the applicable regulatory requirements, local conditions and best practice guidelines. In 2022, Group Secretariat administered internal evaluations of the board and board committees of Nedbank Private Wealth Limited which took the form of self assessments. The results were shared with the Nedbank Private Wealth Limited board and board committees in February 2023.

Annual training sessions are held for Nedbank's nominees on subsidiary boards, with training topics decided in consultation with clusters, subsidiaries and other key stakeholders in the group. Training topics in the annual training session included recent legal developments, directors' duties, ESG, financial and integrated reporting, financial sector and corporate law developments as well as data, privacy, digital and technology matters. This annual training session is in addition to other bespoke and general training programmes that may be provided by individual subsidiaries or clusters. Close ties with the subsidiary boards are also achieved through the Chairman's College, CEO College and Group Audit Committee Chairs College.

Our relationship with stakeholders

The board continuously monitors the group's relationship with its stakeholders, and engages directly with employees, clients, regulators, and shareholders from time to time to assess, collect opinions, suggestions, and feedback. Nedbank is acknowledged as a neutral convener of stakeholder dialogues on a range of national, financial, social and policy development issues. During 2022, online, hybrid and face-to-face stakeholder events facilitated by Nedbank covered areas such as ethics and good governance; green economy and the just energy transition; youth and job creation; financial inclusion; digital readiness; township economy and more. No less than 500 key stakeholders participated at these events, including CEOs of various companies, ministers of government, diplomats, civil society leaders, youth and community representatives. Top leadership at Nedbank (including the Chief Executive, the Chairperson and Group Exco members) participated actively.

Specific details of stakeholder engagements, which are too numerous to list are contained in the annual Stakeholder Engagement Report to Group Exco and GTSEC.

Fair and responsible remuneration

The Group Exco holds management accountable for ensuring that total remuneration is distributed fairly, while the board, through Remco, with consideration by GTSEC, is committed to ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration. Remco helps the board in discharging its responsibility in relation to board and executive remuneration.

Shareholder rights

All holders of the same class of shares issued by Nedbank Group are treated equitably and all issued shares rank equally and have the same voting, dividend and other rights. Our memorandum of incorporation does not contain any defensive mechanisms or share ownership ceilings. Accordingly, there are no restrictions on the number of shares that may be held by a single shareholder, other than in those instances prescribed by law. No shareholder has any priority rights and there are no multiple voting shares or shares that have no voting rights. Following the unbundling of OML's controlling interest in 2018, no shareholder has a controlling interest in our issued share capital.

In 2014, with shareholder approval, we created new preference shares to provide flexibility in the nature of financing instruments and sources of funding for the group's business activities in general. The new preference shares provide Nedbank Group with the ability to source funds from either the institutional or retail investor market in a long-term, dividend-yielding instrument that is attractive to investors and a source of stable additional funding for the group. To date, no preference shares have been issued. Our entire issued share capital is made up of a single class of ordinary shares that are publicly tradable.

Our Group Executive Committee

The Nedbank Group Exco is a diverse and experienced management team that comprises the Chief Executive (CE), Chief Operating Officer (COO), Chief Financial Officer (CFO) and 10 other members of top management. Seamless succession planning enabled the appointment of three experienced group executive members with overlapping handover periods, including Chief Compliance Officer, Chief Risk Officer and Chief Information Officer.



Mike Brown 56 CE

Group Exco member since: 17 June 2004 29 years' service at Nedhank

Mfundo Nkuhlu 56 COO

Group Exco member since: 1 December 2008 18 years' service at Nedhank

Mike Davis 51 CFO

Group Exco member since: 1 January 2015 26 years' service at Nedbank

Anél Bosman 56

Group Managing Executive: CIB Group Exco member Group Exco since:1 April 2020 21 years' service at Nedbank at Nedhank

Ciko Thomas 54

Group Managing Executive: RBB member since: 18 January 2010 12 years' service

Iolanda Ruggiero 52

Group Managing Executive: Wealth Group Exco member since: 1 May 2015 20 years' service at Nedbank

Dr Terence Sibiya 53

Group Managing Executive: NAR since: 1 April 2020 11 years' service at Nedbank

Trevor Adams 60 Chief Risk

Officer Group Exco member Group Exco member since: 5 August 2009 26 years' service at Nedbank

Dave Crewe-Brown 55

Designate Chief Risk Officer Group Exco member from: 1 April 2023 27 years' service

at Nedbank

Deb Fuller 50

Group HR Group Excomember since: 25 June 2018 4 years' service at Nedbank

Daleen du Toit 58

Group Executive: Group Chief Compliance Officer Group Exco member since: 1 May 2022

Priva Naidoo 49

Strategy Group Exco member since: 1 January 2015 21 years' service 8 years' service at Nedbank at Nedbank

Khensani Nobanda 44

Group Executive: Group Executive: Group Marketing and Corporate Affairs Group Excomember since: 15 May 2018 5 years' service

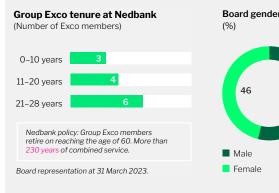
at Nedbank

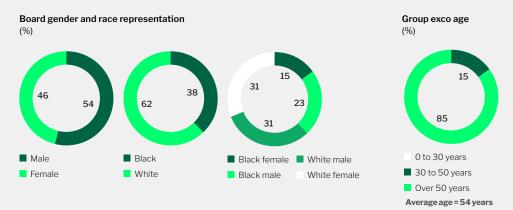
Fred Swanepoel 59 Chief Information

Officer Group Exco member since: 1 November 2008 26 years' service at Nedhank

Ray Naicker 46 Designate Chief Information Officer

Group Exco member from:1 July 2023 18 years' service at Nedbank





Group Exco changes:

Anna Isaac, the group's Chief Compliance Officer, resigned in April 2022 to take up a role at a bank in the UAE and was replaced by Daleen du Toit, who has 22 years' compliance risk management experience in the banking and financial services industry.

After reaching the group's mandatory retirement age of 60 in January 2023, Trevor Adams, the group's CRO, retired. Dave Crewe-Brown was appointed as CRO and to Group Exco with effect from 1 April 2023. Dave was the Chief Finance and Operating Officer for RBB and has significant industrywide experience in finance, operations, credit, capital management and regulatory reporting.

Fred Swanepoel will retire as CIO at the end of June 2023, when he also reaches the mandatory retirement age of 60 years. Ray Naicker will be appointed as CIO and to Group Exco with effect from 1 July 2023. He is currently the group's Chief Digital Officer and has more than 20 years' banking experience.

Disclosure of our application of King IV principles

Good performance and legitimacy

Disclosure on application of King IV

The board remains committed to the application of and adherence to the 17 King IV principles to achieve their associated outcomes. The detailed application status of the King IV principles in the bank is contained in the table below.

Leadership W

Principle 1 – The governing body should lead ethically and effectively.

Status: Aligned

The Nedbank Group Board sets the tone at the top and leads the group ethically, effectively and responsibly within acceptable risk parameters. The board provides leadership and strategic guidance continually aimed at safeguarding stakeholder value creation. This leadership and guidance is provided within a framework of ethical and prudent controls, which supports the establishment of an ethical culture.

Annually, each boardmember signs the Board Ethics Statement, which recognises that boardmembers are individually and collectively accountable for their ethical, effective and responsible leadership of Nedbank Group. Boardmembers are required to conduct themselves in accordance with the Nedbank values, the Nedbank Group Board Ethics Statement and their legal duties as company directors under the Companies Act.

The directors subscribe to the Board Ethics Statement annually, thereby committing to high ethical standards and to conducting themselves honestly, scrupulously and with integrity. As part of this statement, boardmembers acknowledge that our values must guide the way we do

business, and they commit to exercising their powers and functions in the utmost good faith, and in the interest of the bank, its stakeholders and the planet.

As part of the statement, boardmembers also acknowledge their obligation to avoid conflicts of interest, whether real or perceived, and commit to timeous and full disclosure where a conflict of interest cannot be avoided. In line with this obligation, boardmembers complete a detailed conflicts-of-interest and fit-and-proper questionnaire annually. In addition, ad hoc declarations are requested from boardmembers, where appropriate (to confirm that they have not been involved in any action that could damage Nedbank's reputation). The completed questionnaires are tabled at board meetings for full disclosure and transparency.

The performance of the board as a whole, and the individual boardmembers, is assessed through the board evaluation process.

Evaluations of the Nedbank Group Board and board committees alternate annually between independent

evaluations and internal evaluations. In 2022 Group Secretariat administered internal evaluations of the Nedbank Group Board and board committees. The evaluations took the form of self-assessments by boardmembers and board committee members. The results of the board and board committee evaluations were presented at the Nedbank Group Board session on 3 March 2023. The overall feedback from the evaluations is that Nedbank Group has an efficient and effective board and board committees.

The board reviews the group's values annually to ensure that the group adheres to high standards of ethics and corporate behaviour, and that a code of ethics and conduct that addresses conflicts of interests is in place for this purpose. The board makes an annual attestation to the Board Ethics Statement, which reads in part: 'Ethical leadership and effective leadership should complement and reinforce each other'. In line with this requirement, our boardmembers are required to acknowledge and sign the statement every year, with a similar statement also signed by subsidiaries.

Organisational ethics W



Principle 2 – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Status: Aligned

At Nedbank, ethics is governed in a way that supports an ethical culture, where we seek to ensure that ethical practices and behaviour are effectively embedded across all functions and activities of the bank.

The board establishes the tone at the top, and the group has implemented a comprehensive governance structure aimed at giving effect to the responsibilities of the board in relation to ethics, as set out in more detail in the Ethics Review chapter.

In addition to signing the annual Board Ethics Statement, whereby the board (individually and collectively) commits to conducting itself with the highest standards of integrity, the board, through GTSEC, provides leadership and strategic guidance on how ethics should be addressed across the organisation. It does this by, among other things, conducting a review and approving the Employee Code of Ethics and Conduct annually and providing oversight of the adoption and annual review of all ethicsrelated policies, as well as the communication of these policies to employees.

The board has delegated the management of ethics and human rights to the Group Ethics Office and provides oversight and guidance on all ethics initiatives implemented across the group, which include the implementation of ethics-related policies, training and awareness initiatives, ethics investigations, and other

measures designed to promote an ethical culture. Additionally, the board ensures that periodic independent ethics risk assessments are conducted for the group every three to four years, and provides strategic guidance and oversight of the implementation of the ethics management plan, which is developed to address the outcomes of these assessments.

GTSEC receives reports from the Group Ethics Office covering the state of ethics and human rights in business. This report includes an overview of key trends and regulatory developments in relation to ethics and human rights, information on whistleblowing and ethics investigations, updates on ethics and human rights management across the group, and other ethics and human rights risk indicators from across the group. The report received from GTSEC recognises that being ethical goes beyond legal and regulatory compliance. It monitors all ethical requirements in terms of the Companies Act, Banks Act, regulations, supervisory requirements as well as all other requirements in terms of the Nedbank Code of Ethics and Conduct (including compliance by directors and employees with the group's Code of Ethics and Conduct) and related policies. In addition to this, the GCCO attends quarterly meetings with the Chairperson to provide an update on the group's performance in relation to ethics and human rights.

Please refer to the Ethics Review chapter for more detail.



Responsible corporate citizen



Principle 3 – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

Status: Aligned

The group's strategy supports our vision of being Africa's most admired financial services provider, with a clear driving purpose to use our financial expertise to do good for individuals, families, businesses and society. We recognise that we are an integral part of the communities in which we operate, and that businesses have a responsibility to contribute positively towards the social, economic and environmental development of these communities.

The board, through its various subcommittees, provides strategic guidance on these aspects. This includes the annual review and approval of the Group Human Rights Statement and the Modern Slavery Act Statement. The various subcommittees also continually monitor the group's performance and impact. From a human rights perspective we report through our bi-annual state of ethics and human rights. and from 2023 will be implementing a human rights plan through which progress reports will be provided to GTSEC.

There are further arrangements in place for familiarising stakeholders (including suppliers) with the organisation's ethical standards and ensuring accountability with regard to these 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.

The board, through its subcommittees, provides direction in relation to the management of human rights risk as part of our commitment to conducting business ethically and responsibly. This is done through, among other things, the annual review and approval of the Group Human Rights Statement and the Modern Slavery Act Statement, which

set out our commitments and further outlines steps that we have taken to ensure that human rights are monitored, respected and upheld. Our clients in high-impact sectors are assessed on social impact, including human rights, through a social and environmental assessment. Sign-off on social and environmental risk is a prerequisite for a credit committee considering a credit application. The board has also delegated responsibility for the management of human rights to several key functions across the organisation, and the Group Ethics Office serves as the central function for the oversight and coordination of human rights across the group.

In consultation with social, environmental and climate risk experts and various stakeholder groups, such as government departments, non-governmental organisations (NGOs) and other relevant institutions, we have developed a suite of risk management, mitigation, monitoring and reporting tools that not only protect shareholder and stakeholder interests, but also in particular ensure the protection of communities and the environment. These tools focus on agriculture, mining, oil, gas, natural capital, waste and recycling. Our approach in this regard is further explained in our Task Force on Climaterelated Financial Disclosures (TCFD) Report.

Climate change is the single largest threat we are facing as a society. Its impacts are far-reaching. As part of our journey as a purpose-led business, we are committed to playing a leading role in addressing climate change in ways that are sensitive to the local socioeconomic context and climate vulnerability. We will continue to take steps to identify, manage and mitigate climate-related risks in our business through the implementation of our Climate Risk Management

Framework. These risks are reported in the TCFD Report. Working with stakeholders and clients, we will unlock climaterelated opportunities, which we will harness to deliver value for our stakeholders.

The group strategy is purpose-led and values-based and takes into account the needs and expectations of our stakeholders. We develop strategies that support the board's strategic outcomes and further support our fulfilment on our purpose and corporate citizenship status.

The teams driving the sustainability and social responsibility strategy and processes through the organisation include the Group Ethics Office, Sustainability, HR (Learning and Development, Remuneration, and Transformation), Occupational Health and Safety, Group Financial Crime and Forensic Services (GFCFS), Group Tax and the Nedbank Foundation. As a responsible corporate citizen, Nedbank adheres to corporate tax requirements and the board is ultimately accountable for determining the group's tax philosophy and approach and, together with the GAC, providing oversight of the group's tax practices and affairs.

Our tax strategy supports our vision of being Africa's most admired financial services provider, with a clear driving purpose to use our financial expertise to do good for individuals, families, businesses and society. We are committed to being a responsible taxpayer that pays its fair share of tax within industry norms, acting with integrity when engaging with revenue authorities to support positive and sustainable relationships and for the purposes of obtaining certainty of our tax positions.

Disclosure of our application of King IV principles continued

Strategy and performance W



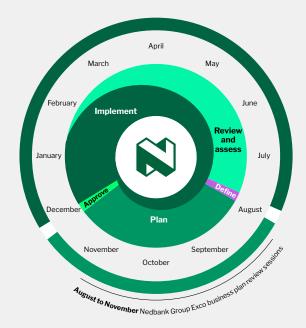
Principle 4 – The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Status: Aligned

The setting of strategic direction and supporting holistic operational performance are the primary responsibilities of the Nedbank Group Board. The strategy development process identifies relevant factors across the operating context, risks, opportunities, financial performance, business model relevance and sustainable-development matters, which are considered in terms of the group's purpose, vision, targets, long-term goals and underlying corporate values for annual board approval.

The board delegates the formulation and management of strategy and execution to management. The boardapproved Strategy Risk Principles Policy addresses the risk principles to be taken into account in the development of strategy.

The board ensures that a robust strategy process is defined and executed. The strategy planning timetable entails detailed business planning at business unit and Group Exco level, and a strategy review by the board, culminating in final approval of the strategy framework by the board in August and the final approval of the group business plan in November (by both the Group Exco and the board). Nedbank has a rolling three-year planning window that is focused on value creation and underpinned by strategic choices and goals that consider the economy, society and environment. Management initiates the strategy review and business planning process in January with Group Exco.



The major macro trends in our operating environment are identified by analysing political, macroeconomic, social, competitive, technological, regulatory and environmental drivers. The effect of these trends on our client base and extant strategic objectives is assessed. Continued engagement with material internal and external stakeholders takes place and their needs and expectations are considered. Stakeholders include employees, clients, shareholders, regulators and communities. This process assists in highlighting whether any changes are required to any of Nedbank's material matters - ie the issues that have the most impact on our ability to create value, with both opportunities and risks looked at.

These material matters are continually assessed through regular environmental-scanning efforts to ensure that the strategy remains contextually relevant. Risks and opportunities arising from the material matters are identified and their impact on both the short- and mediumterm strategy is assessed. The material matters are also considered in the context of Nedbank's purpose, vision, targets and long-term goals. The outcome of this analysis assists in assessing the appropriateness of the extant strategy and further informs any new strategic focus areas for the business planning window, which spans the next three years. This continual scanning and review process ensures that we are staying close to changes in the operating environment, enabling us to proactively review our strategic choices should there be significant changes in the material matters.

The Strategic Risk Principles Policy addresses the principles to be taken into account in the development of strategy. The policy is considered and approved by the DAC and by the Nedbank Group Board through the annual review of the Nedbank Group ERMF.

Disclosure of our application of King IV principles continued

Reporting W



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.

Status: Aligned

Nedbank Group incorporates integrated thinking in its strategy, decision-making, operations and reporting. The mandate of the GAC remains effective in its review of the suitability of information made available to stakeholders for them to extract the relevant value from such information.

Information related to the required disclosures appears in the group's financial reporting, annual integrated report, as well as its suite of ESG reports. This includes information on financial and non-financial performance, the group's purpose, vision and strategy; short-, medium- and long-term targets; as well as stakeholder and ESG-related matters in relation to the group's ability to create value. These disclosures are available at nedbankgroup.co.za.

The company's performance, financial and non-financial, is disclosed semi-annually in the group's results announcements, and annually in its financial statements, as well as the group's integrated report and supplementary reports.

Our annual financial statements are assured by our joint external auditors, Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte); limited assurance on selected sustainability information is provided by Deloitte; and Mosela Rating Agency provides limited assurance on our application of the Amended Financial Sector Code (FSC) and the group's broad-based black economic empowerment status.

Primary role and responsibilities of the governing body



Principle 6 – The governing body should serve as the focal point and custodian of corporate governance in the organisation.

Status: Aligned

The board has ultimate accountability and responsibility for the performance and affairs of the company, including good-governance practices and principles.

The board displays adequate alignment with the King IV objective in terms of its oversight functions and monitoring, as well as the roles and responsibilities set out in the respective charters.

All board and board committee charters are reviewed annually to ensure that they are appropriately aligned with the principles and practices of King IV and to any changes that may be required to the board committee areas of responsibility. Current audit committee oversight functions have been reviewed against King IV recommended practices for audit committees, including audit committee disclosures.

Composition of the governing body



Principle 7 – The governing body should comprise the appropriate balance of knowledge. skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Status: Aligned

The board, through the DAC, reviews its composition on an ongoing basis. The reviews are done based on the criteria set out in the boardapproved board continuity programme. The board continuity programme sets the requirements for skills, experience, diversity, conflicts of interest and independence.

With regard to directors reaching the end of their tenure or retirement age, board continuity is ensured through active succession planning. The qualifications of directors and their experience in specific industries are further scrutinised for applicability. Annual board reviews are conducted, alternating between independent evaluations and self-assessments, to ensure that the board composition is aligned with best practice and governance codes.

The board composition is aligned with the requirements of King IV regarding the number of executive versus non-executive and independent directors. In this regard, 79% of the board is made up of non-executive directors (of which 72% are independent non-executive directors) and 21% executive directors. The skills, experience and tenure of boardmembers are monitored continuously.

Committees of the governing body



Principle 8 – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Status: Aligned

The board of directors has the ultimate responsibility for the group's business strategy, financial soundness, governance, risk management and compliance and has allocated oversight of risk governance to GRCMC. This includes, among other things, the overall effectiveness of the process relating to corporate governance, internal controls, risk management, capital management and capital adequacy.

The board provides leadership to the group that enhances shareholder value and provides entrepreneurial vision within a framework of prudent and effective controls to ensure long-term sustainable development and growth. The board has established the following committees to oversee the management of the group.

The current board committees are GAC, DAC, Remco, GCC, LEAC, GTSEC, GITCO, GCRC and GRCMC. By conducting annual effectiveness assessments, we aim to ensure that board structures are effective. The delegation by the board includes the review of committee charters. Board structures undergo a review for effectiveness through independent and internal board evaluations.

The ERMF specifically allocates the 17 key risks (which individually also include various significant subrisks) across various board committees, executive management committees at group executive level and governance within business clusters, and individual functions, roles and responsibilities. Risk management frameworks (for all significant risk types) are in place enterprisewide. Statutory board committees (as required by the Banks Act and Companies Act, etc) and their roles of oversight and monitoring are catered for.

Accountability is delegated through committee charters for the respective committees and effectiveness of the committees is measured regularly.

Delegation of responsibilities and mandates to individuals and/or ad hoc committees are managed through a formal delegation-of-authority process and accompanying board resolutions.

Evaluations of the performance of the governing body



Principle 9 – The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

Status: Aligned

Evaluations of the Nedbank Group Board and board committees alternate annually between independent evaluations and internal evaluations. The evaluation questionnaires are developed to support continued improvement. In 2022 Group Secretariat administered internal evaluations that covered the Nedbank Group Board, board committees, Chairperson and Company Secretary. All boardmembers completed the online evaluation.

Appointment and delegation to management W



Principle 10 - The governing body should ensure that the appointment of and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Status: Aligned

Nedbank adheres to sound practices in respect of board continuity programmes, succession planning, board delegation processes and annual Chief Executive performance evaluation. This includes a professional corporate governance service available to the board. Board structures undergo annual review for effectiveness, alternating between independent and internal board evaluations. Additionally, the Group Exco defines charters and Group Exco subcommittee and forum charters undergo annual evaluations to determine the level of effectiveness and to identify areas for improvement.

Disclosure of our application of King IV principles continued

Risk governance W



Principle 11 – The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Status: Aligned

The board is ultimately responsible for all risks in the group and the setting of risk appetite.

The board has delegated its risk governance responsibility to GRCMC, which has the responsibility to provide independent oversight of the adequacy and effectiveness of the group's ERMF. GRCMC meets at least quarterly, receives reports from management and requests thematic deep dives by management.

The ERMF enables the group to identify, measure, manage, price and control risks and risk appetite, and to relate these to capital requirements to assist in ensuring capital adequacy and sustainability. The ERMF thus promotes sound business behaviour by linking capital adequacy and sustainability with performance measurement and remuneration practices. The fully embedded ERMF covers the group's risk universe and major risk classifications, with board and executive responsibility assigned to each. The risk universe has been allocated to the respective board committees.

The ERMF provides a solid and well-established, tried and tested framework for governance and the management of risk and compliance throughout the group. In addition to providing a foundation, the ERMF demonstrates a simple, yet effective, system covering all lines of defence to ensure that governance, risk and compliance matters are properly dealt with at all levels and that significant matters are timeously and effectively escalated to the appropriate levels of authority. The ERMF also provides for a good flow of information between the lines of defence. The Three-linesof-defence (3LoD) Model sets out and positions the three lines of defence across the group.

The group's sound risk governance and risk management are underpinned by the 3LoD Model, based on 'function' rather than 'location' in the organisation.

The 3LoD Model forms an important part of the ERMF. which provides the structure in which the group operates. If risks taken are not managed and controlled effectively, it can prevent the group from achieving its strategic objectives. The roles and responsibilities of the 3LoD Model provides a structure to consider risk and control to ensure that they are appropriate and managed effectively. The 3LoD Model provides guidance as to the appropriate organisational structure to be implemented, assigning roles and responsibilities to parties that will increase the effective management of risk and controls.

As part of TOM 2.0 in the risk function, Group Risk is refreshing the ERMF to ensure that Nedbank has digitally enabled, efficient and effective risk management that adapts to evolving internal and external stakeholder needs and client experience.

The Group Operating Manual caters for risk management and governance at the level of operating subsidiaries.

Technology and information governance



Principle 12 – The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Status: Aligned

There are various governance forums at board and Group Exco levels for the governance and management of technology and information.

The GITCO and the Executive IT Committee (EITCO) are responsible for discharging the governance of technology and information in the organisation.

The board has delegated its governance responsibility to GITCO, which has the responsibility to ensure the effectiveness and efficiency of information systems from a risk and strategicalignment perspective, as well as to monitor the adequacy, efficiency and effectiveness of all the group's systems relevant to information technology, both operational (as reviewed and monitored by EITCO) and strategic (as reviewed and monitored by GITCO), in as much as these may impact the business strategy, financial performance, risk profile and information technology strategy of the group. The committee receives reports from management and meets quarterly.

Disclosure of our application of King IV principles continued

Compliance governance



Principle 13 – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Status: Aligned

Nedbank is committed to the preservation of its reputation, financial soundness, and integrity through compliance with applicable regulatory requirements (including acts, rules, directives and codes made and maintained by authorities such as parliament, regulators, supervisory bodies and organs of state that Nedbank Group and its subsidiaries must by law comply with, as well as industry rules, codes and practices to which the Nedbank Group voluntarily adheres).

The board is ultimately accountable for compliance risk, which is one of the 17 risk types identified in the ERMF. Compliance is a material risk for the group and the board is responsible for reviewing the adequacy of group systems of governance, risk, compliance risk and compliance controls that are implemented to ensure that the group complies with regulatory requirements. The board sets the compliance risk appetite, which states that 'the group ensures that appropriate controls are in place to comply with regulatory requirements and has no appetite for material non-compliance with regulatory requirements'.

The board delegates its governance responsibility for compliance to the DAC. The DAC ensures that the group has an independent and effective compliance function headed by the GCCO, who reports directly to the Chief Executive. The GCCO is responsible for the facilitation, coordination

and independent monitoring of compliance risk within the group. The GCCO reports to the DAC on the level of compliance risk, compliance issues and their resolution, and provides an overview of the regulatory environment and appropriate responses to changes and developments, emerging trends, engagements and relationships with regulators. The GCCO is invited to attend board and subcommittee meetings and has the authority and access necessary to communicate directly and freely with the Chairperson, boardmembers, all layers of management, and internal and external auditors about compliance-risk-related matters.

The compliance function is responsible for creating and nurturing a healthy compliance culture, raising awareness of compliance risk and encouraging recognition of the value of managing compliance risk in the business. Leadership and management reinforce this message by communicating and modelling behaviours that support a culture of compliance. The compliance function measures the perceptions of general employees of the compliance culture of Nedbank.

Group Internal Audit undertakes independent reviews of the compliance function and the Compliance Risk Management Framework.

Remuneration governance



Principle 14 – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Status: Aligned

The board has delegated its governance responsibility in respect of remuneration to Remco. Remco is responsible for remuneration governance, and its groupwide responsibilities are fully set out in the board-approved charter, which is available at **nedbankgroup.co.za**. The committee applies the guiding principles provided for in terms of the Remuneration Policy as far as it is feasible but retains the right to apply discretion to deviate from this policy in exceptional circumstances.

The committee ensures that it remains knowledgeable about the changing remuneration regulatory environment, both locally and globally, and is supported by regular updates from the Group Reward Team and external advisers. This has enabled the committee to ensure full compliance with the regulatory requirements outlined in our Remuneration Policy. The committee also had full access to independent remuneration consultants Vasdex Associates during 2022.

Assurance M

Principle 15 – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Status: Aligned

The board has delegated its governance responsibility in respect of assurances to the GAC on an ongoing basis. The GAC evaluates the effectiveness of the coordinated-assurance model. GAC considers whether the extent of reliance placed on Internal Audit by the external auditors is appropriate and whether no significant gaps in audit assurance exist between Internal Audit and External Audit. The GAC meets at least quarterly and receives regular reporting from each of the following functions: management, internal audit and external audit.

The board governs Group Exco by giving it direction on how it should ensure that assurance services and functions enable an effective control environment and support the integrity of information for internal decision-making and of Nedbank's external reporting purposes. Key elements are the following:

- Nedbank Group's Code of Ethics and Conduct is communicated and must be acknowledged by all employees (permanent and fixed-term) annually.
 Employees are required to adhere to the code and other ethics-related policies. Awareness and implementation are supported by ongoing ethics awareness and training campaigns.
- Nedbank Group's Internal Audit Charter is reviewed annually and stipulates the mandate, authority, roles and responsibilities of the function. It also clearly indicates the functional and operational reporting line of the Chief Internal Auditor to ensure the independence and objectivity of the function.

- Nedbank Group Internal Audit also undertakes periodic independent assessments every five years to assess conformance with the Institute of Internal Auditors standards and to ensure that a best-in-class service is provided to the group.
- Nedbank's GAC Charter is reviewed annually and stipulates the oversight responsibilities of the committee, such as internal audit, external audit and coordinated assurance. The Group Internal Audit Annual Coverage Plan is risk-based and approved by the GAC annually, and includes an assessment as to whether Group Internal Audit has sufficient resources to execute the approved plan. The plan is assessed quarterly and changes are submitted to the GAC for approval.
- Nedbank's Whistleblowing Policy enables internal and external stakeholders to inform the bank of matters of concern about duty, integrity and disclosure that may require internal investigation. Nedbank has a variety of internal reporting channels available as well as an anonymous reporting channel managed independently by an external service provider through which both internal and external stakeholders can report concerns and suspicions in relation to unethical behaviour. This is further supported by internal independent functions (namely the Group Ethics Office and GFCFS) who conduct investigations.
- Nedbank adopts practical approaches to coordinated assurance with the development of a jointly agreed list of priorities and plans annually to demonstrate adequate assurance activity undertaken by all lines of defence.

Stakeholders W

Principle 16 – In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Status: Aligned

Stakeholder engagement at Nedbank is overseen by the GTSEC and material engagements are reported to the Board annually through the Stakeholder Engagement Report (extracts of which are contained within this Governance Report).

The Group Stakeholder Relations and Public Affairs (GSRPA) team compiles an annual report to the GTSEC incorporating input from the Group Exco and the Nedbank Stakeholder Relations Forum (NSRF) which consists of representatives from all clusters across the Nedbank enterprise.

The process of engaging with our stakeholders is decentralised and forms part of the operations of our various clusters and business areas. This means that interactions with stakeholders, both formal and informal, are conducted by the functions directly aligned with the stakeholder group, on an ongoing basis.

Stakeholder engagement is governed by a comprehensive Stakeholder Engagement Policy, which is available at **nedbankgroup.co.za**. The policy is reviewed and approved annually by GTSEC.

Key stakeholder engagement focus areas for 2022 included external stakeholder relationship building, enabling dialogue sessions on issues of global, national and regional importance, and ensuring effective communication to ensure shared understanding.

The quality of our stakeholder relationships was once again measured in 2022. A sample of stakeholders from 8 stakeholder categories were surveyed, with both the internal (Nedbank employees) and external stakeholders of the relationship being required to participate. Overall, the stakeholder satisfaction score improved from 67% in 2021 to 80% in 2022...

Disclosure of our application of King IV principles continued

Responsibilities of institutional investors



Principle 17 - The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and creation of value by the companies in which it invests.

Status: Aligned

Nedgroup Investments, the main investment business unit, follows responsibleinvestment guidelines, which are published on its website. As Nedbank is a signatory, the guidelines are based on key elements of UN PRI, as well as Crisa in the South African context. Nedgroup Investments has also published proxy voting and responsible-investing guidelines that inform the proxy voting across its suite of geographies and funds. In 2022 Nedgroup Investments published its third Responsible Investment Report, which provides an overview of the current landscape in SA and across the globe. The report covers our fund manager assessment programme and how we measure our managers on their responsible-investment progress. It is also a blueprint for asset managers to improve on their current standing by identifying and applying best practices. The 2021 report also saw the introduction of our key sustainability focus for the decade to 2030.

Operationally and from a governance perspective, the Nedbank Wealth Responsible Investment Committee performs an oversight function and ensures that responsible investment is aligned and championed across the business. The in-house investment team in Nedbank Private Wealth actively incorporate ESG factors into its investment process. The team makes use of proprietary and external research in its assessment and application of ESG issues.

In line with responsible stewardship, there are regular engagements with the management of investee companies and all proxy votes are exercised.

External fund managers employed by Nedbank are engaged annually on their incorporation of ESG factors and responsible stewardship through a survey and meetings.

All the proxy voting results for these funds are consolidated and published on the Nedgroup Investments website. Nedbank Wealth and Nedgroup Investments' responsible-investment guidelines are available on the website, along with the proxy voting results.

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.

Ethics

Tax

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Governance of ethics

Nedbank's Ethics Governance Framework is premised on and closely aligned with that proposed by The Ethics Institute of Southern Africa, and involves four key dimensions: leadership commitment, governance structures, ethics management and independent assessment and external reporting.



Independent assessment and external reporting

Driving the correct tone at the top

Leadership commitment is essential in building and maintaining an ethical culture. At Nedbank, ethics is governed in a way that starts with the correct 'tone at the top'. The Nedbank Board sets the tone and leads the group ethically, effectively and responsibly within acceptable risk parameters. This is aligned with the King IV principle that 'the governing body should lead ethically and effectively' and formally constitutes one of the 'board corporate governance objectives' against which the board is measured annually.

In support of instilling an ethical culture, the Group has put a number of mechanisms in place, including but not limited to:

- Directors' disclosure of interests and 'fit and proper' questionnaires that are completed annually.
- A Board Ethics Statement that all board members have to sign annually. The statement sets out the expectations and commitments undertaken by each and every board member.

Nedbank Group Board Ethics Statement, October 2022

'As the Nedbank Group Board of Directors, we are committed to the highest ethical standards and we conduct our business honestly, scrupulously and with integrity. We will provide ethical, effective and responsible leadership, and we will act with independence and diligence in making decisions.

At the core of our Code of Ethics and Conduct are our values of integrity, accountability, respect, people-centeredness, and being client-driven. We use these to guide and direct the way we do business. We know that business depends on trust, which is why we do all we can to earn it and strive to do nothing to impair it. We will set an example knowing that what we do, and refrain from doing, is as important as what we say.' - Extract

- Periodical upskilling on ethics, governance and risk through training and information sessions. In 2022, the Group Transformation, Social and Ethics Committee received training on the roles and responsibilities of a Social and Ethics Committee and the creation of an ethical culture.
- Biannual attestations by relevant group, cluster and subsidiary executives (through our Letter of Representation process).

Our Ethics Governance Structures

Nedbank has implemented a comprehensive governance structure for ethics and human rights, which, among others, gives effect to the responsibilities of the board in relation to ethics as outlined in the King IV Code. While the Nedbank Board remains collectively responsible for leading the organisation effectively and ethically, the ethics-related governance functions exist across various board and executive committees.

At board level, the primary responsibility for oversight has been delegated to the **Group Transformation**, **Social and Ethics Committee (GTSEC)**, while the responsibility for oversight at executive management level primarily rests with the **Transformation and Human Resources Committee (TRAHRCO)**.

Group Transformation, Social and Ethics Committee (GTSEC)

The ethics role includes oversight and reporting on organisational ethics, responsible corporate citizenship, social and economic development, labour and employment and stakeholder relationships. The GTSEC also monitors Nedbank's activities in respect of the United Nations Global Compact (UNGC) and the Organisation for Economic Cooperation and Development (OECD) recommendations regarding corruption and the OECD Guidelines on Multinational Enterprises.

Transformation and Human Resources Committee (TRAHRCO)

The TRAHRCO oversees people management policies and practices, as well as Nedbank's transformation agenda. In doing so, TRAHRCO also reviews, approves and recommends the approval and adoption of policies and practices relating to human resources, social, ethics, transformation, integrated sustainability and human rights.

Our approach to managing ethics

Snapshot

How we embed ethics at Nedbank

Ethics is comprehensively managed and embedded through various structure and processes. These include the following:

- · Dedicated Ethics Office
- · Board Ethics Statement
- · Employee Ethics Pledge (new)
- · Ethics codes, policies and frameworks.
- 'Personal integrity management' checks during recruitment
- Remuneration policy to ensure fair and responsible remuneration
- Biannual declarations by group, cluster and subsidiary executives on corporate governance and internal processes
- Employee and supplier training and awarenessraising activities
- Supplier due diligences and the participation of the Ethics Office in high risk/ high-value tenders
- Anonymous (external) and confidential internal channels for reporting unethical behaviour
- Quarterly meetings between the Group Chief Compliance Officer and the Chairperson of the Board on the state of ethics and human rights
- Inclusion of a leadership, values and culture (LVC) goal into the performance appraisal criteria for Group, Cluster and Divisional Executives, as well as for management committee members
- Ensuring fair and consistent consequence management through our Disciplinary Code

Dedicated Ethics Office

Various functions across Nedbank play a role in ethics management and have responsibilities towards creating and maintaining a strong ethical culture. The primary responsibility for ethics management, oversight and coordination rests with our **Group Ethics Office**. The Ethics Office falls under Group Compliance and is overseen by the Group Chief Compliance Officer (GCCO). This means that the Ethics Office, through the GCCO, has direct and independent access to the Nedbank Chief Executive, its Board, and its Chairman.

The Ethics Office is the custodian of the Nedbank Employee Code of Ethics and Conduct and is responsible for developing and coordinating the group's ethics and human rights management strategies and plans. Its functions include the following:

- Helpdesk: Providing independent and objective advice and support to employees and business functions on ethics and human rights-related matters.
- Ethics investigations: The Ethics Office is mandated to conduct all investigations across the group (including within our subsidiaries and foreign offices) into all allegations of harassment (including sexual harassment), unfair discrimination, assault, human-rights abuses, nepotism and cronyism, conflict of interest not related to financial crime or dishonesty, and other forms of breach of values as outline in our Code.
- Training and awareness on ethics and human rights: The Ethics Office conducts ongoing training and awareness initiatives for employees as well as suppliers.
- Independent tender observer: The Ethics Office
 participates as an independent observer in high-risk and
 high-value supplier tenders (>R10 million in value or high
 risk). During these tenders, all participating vendors must
 also complete an Ethics Responsibility Index, which is
 assessed by the Ethics Office for consideration in the
 awarding of the tender.
- Monitoring and reporting on the state of ethics and human rights
- Facilitating independent ethics risk assessments conducted by The Ethics Institute every three to four years.

Our ethics codes, policies, frameworks and statements

We expect all of our employees to conduct themselves in line with our values, over and above complying with applicable laws and regulations. To this end, we have various ethics-related codes, policies, frameworks and statements that, ultimately, aim to ensure that our employees always do the right thing, and that ethics remains a central component of our business.

The Ethics Office is the owner and custodian of 6 of our core ethics policies, which include the Employee Code of Ethics and Conduct; the Ethics Governance Framework; the Gifts Policy; the Outside Interest and Conflict of Interest Policy; Policy on Ethics in Digital Technology and Artificial Intelligence; and the Personal Account Trading Policy. The Ethics Office further provides input into other ethics-related codes and policies, including the Supplier Code of Ethics and Conduct and the Whistleblowing Policy.

Our approach to managing conflicts of interest

We aim to proactively manage actual, potential and perceived conflicts of interest. In considering the socio-economic realities together with the rising trend of 'side-hustles', employees are allowed to hold outside business interests, but before doing so, must complete a declaration on our online declaration system and obtain prior approval. Our Policy on Conflict of Interest and Outside Interest sets out in detail what must be declared; the level of approval required per type of outside interest; activities that do not have to be declared; as well as practical guidelines to assist in identifying conflicts of interest.

Special approval from the Cluster Executive and Group Exco is required for certain types of outside interests, including interests held in State-Owned Enterprises and public listed companies (or in entities owned or controlled by such entities); as well as leadership positions in political parties and holding public office.

Once a year, all employees must **submit a declaration** of their outside interests, or a declaration of nil return if no outside interest is held. At 31 December 2022:

- 19,7% of employees have declared an outside interest (20,06% holding an outside interest as at 31 December 2021)
- **79,5%** of employees have declared a nil return (79,49% declared a nil return as at 31 December 2021).



Our approach to the giving and receiving of gifts

We believe in conducting business in an ethical and responsible way, and in a manner that does not give rise to undue influence and does not jeopardise our reputation and the trust of our stakeholders. Our Gifts Policy sets out strict rules around the giving and receiving of gifts to or from clients, suppliers, and other third parties, and our gift and gratuity philosophy emphasises the fact that receiving gifts is not a benefit or perk of employment and is subject to conditions and restrictions.

Employees must declare all gifts given or received irrespective of the value and must obtain approval for gifts over a certain threshold or involving certain defined stakeholders. Stricter rules for approval apply to gifts given and received to and from suppliers, state-owned enterprises, organs of state and public officials.

Our rules about the giving or receiving of gifts take into consideration the provisions of the Prevention and Combating of Corrupt Activities Act, 12 of 2004, and the UK Bribery Act, 2010.

The following gifts are prohibited:

- Cash, cash equivalents (including cryptocurrency and Kruger coins), and gift vouchers that can be exchanged for cash.
- Travel or accommodation for leisure (whether in whole or in part).
- Gifts to current external auditors (including representatives of their firms and immediate family members).
- Gifts to or from any third party and intermediaries whose business involves introducing clients or referring clients to us.
- · Gifts to or from any third party acting as an agent of a client.
- · Any gifts to or from political parties.

The Ethics Office frequently conducts monitoring exercises to identify and/or prevent potential breaches.

Some of our core ethical principles as contained in our Code of Ethics and Conduct and our other policies include, but are not limited to the following:

- · Commitment to respect and uphold human rights.
- We prohibit **political donations and sponsorships**, and any employee who wishes to hold public office or a leadership position in a political party must obtain express consent from our Group Executive Committee.
- · During 2022, no political donations or sponsorships were given.
- We are committed to upholding and driving a fair and competitive marketplace.
- We promote diversity, equity and inclusion and a safe and healthy work environment: we strive to create a culture of equality, inclusion and belonging, because in our world, different is good. We do not tolerate any form of harassment, violence, or unfair discrimination and expect all our employees to act in a way that embraces and accommodates the differences or unique characteristics of our stakeholders.
- We do not tolerate dishonest conduct or the concealment of dishonest conduct, and we will not be associated with or facilitate tax evasion in any way.
- We are committed to being transparent and cooperative with **government and regulators** and will never attempt to improperly influence a decision made by a government official or any public or private sector employee.
- We consistently promote a **Speak Up culture**, and an environment that is free from any form of retaliation.



Our new Harassment Procedure

Nedbank does not tolerate harassment in any form, including sexual harassment and any form of violent conduct or threat of such conduct, whether perpetrated by or against employees, clients or suppliers, or any other person that deals with the group or its employees. Following the release of the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace in March 2022, in 2022 we launched a completely **new Procedure for the reporting, management and resolution of harassment complaints**.

The Procedure sets out extensive guidelines to employees and includes both informal and formal mechanisms. All complaints relating to harassment must be referred to the Ethics Office in order to ensure consistency in the handling of complaints, as well as to ensure centralised oversight to enable the Office to monitor and report on trends. As part of the new Procedure, the Ethics Office can refer a complaint for mediation where deemed appropriate with a view of resolving the concerns raised through dialogue, facilitated by an independent third party.

After launching the new Procedure, five matters were referred for mediation, four of which were successful, and one which was subsequently referred back for formal investigation.

All of our policies are reviewed annually, and all employees (including fixed term or contract employees) must read and acknowledge the policies within 3 months of communication. Most policies also require employees to complete an assessment to demonstrate their understanding, where a compulsory pass mark of 80% is required.

Examples of acknowledgment statistics for 2022 (at 31 December 2022)	%
Employee Code of Ethics and Conduct	
 2021/2022 (as circulated in October 2021 and applicable to employees until October 2022 	98
 2022/2023 (revised version as circulated in November 2022) 	88
Outside Interest and Conflict of Interest Policy	96
Personal Account Trading Policy	93
Gift Policy	96
Ethics in Digital Technology and Artificial Intelligence Policy	98
Ethics Governance Framework	98
Human Rights Framework	96
Market Conduct Policy	95
Reputational Risk Management Policy	87
Competition Law Policy	97
Contact with Regulators Policy	95
Fraud and Corrupt Activities Policy	95
Combined AML and Sanctions Policy	94
Policy for Anti-money-laundering, the Combating of the Financing of Terrorist and Related Activities, the Countering of Proliferation Financing and Related Activities and Sanctions	94
Exchange Control Policy	96
Occupational Health and Safety Policy	93

Examples of acknowledgment statistics for 2022 (at 31 December 2022)	%
Privacy Policy	95
Procurement Policy	98
Whistle-blowing Policy	95

We consider a 90% completion rate as an acceptable level, taking into account employee attrition and the ongoing appointment of new employees.

Training and awareness on ethics

Regular training and awareness workshops are provided for employees (including fixed-term and contract employees) as well as for our suppliers. In encouraging our stakeholders to do the right thing, we have placed an emphasis on making ethics real and practical, and aim to provide our stakeholders with both the knowledge and tools to make better, more ethical decisions.

Overall, **5 786 employees** (24% of our employees) and **97 supplier representatives** received some form of training on ethics during 2022 across various platforms, including face-to-face and virtual.

In addition to this, almost all of our employees completed an assessment attached to the various ethics-related codes, policies and frameworks.

All our employees must undergo mandatory training about specific topics, which takes the form of an online course and assessments. Apart from additional role and/or cluster-specific mandatory training, all employees must complete the following awareness training modules every two years:

- AML, CFT and Sanctions awareness
- · CvberSMART awareness
- · Corruption Risk awareness
- · Fraud awareness
- · Privacy awareness
- · Sustainability awareness

Ethics awareness highlights

Dedicated practical training to roll-out our **new Harassment Procedure** was conducted for 596 of our Human Resources employees.

474 employees attended dedicated training workshops on Conflicts of Interest, Outside Interests, and the Giving and Receiving of Gifts.
We also collaborated with

We also collaborated with our Group Financial Crime and Forensic Services to conduct joint training on Gifts and Bribery and Corruption. 182 employees attended training workshops on **ethical decision-making**.

4 534 employees attended other training and awareness workshops, which covered Nedbank's Code of Ethics and Conduct: unfair discrimination and forms of harassment: sexual harassment: conflicts of interest and outside interest; the giving and receiving of gifts; practical guidance on identifying and managing ethical dilemmas in the workplace; and reporting channels for dishonest or unethical behaviour.

97 current suppliers attended training on **Corruption Awareness**, which included conflicts of interest, the giving and receiving of gifts, as well as Nedbank's reporting channels.

In addition, Nedbank's in-branch employee TV channel, 'The Good Stuff', is aired weekly before branches open and after branches close across South Africa. In 2022 ethics-related content was included in 14 episodes, covering topics ranging from the Nedbank Outside Interest and Gifts Policies, daily ethics affirmations, the Code of Ethics and Conduct, and the Nedbank reporting channels. Each episode reaches a potential number of 8 000 employees.

The re-introduction of the Employee Ethics Pledge was approved by our Executive Committee, with the roll-out campaign to commence in early 2023.

Looking forward into 2023, we will be focusing on the development and roll-out of online and self-paced compulsory ethics training modules for employees as well as the development of an ethical leadership series geared toward management at all levels of the organisation.

Measuring and monitoring our ethics performance

Continuously measuring and monitoring our ethics performance is an essential component of sustainable, responsible and competitive business.

We measure, monitor and report on our ethics performance through a variety of mechanisms such as:

- Auditing our performance through an Independent Ethics Risk Assessment every 3 to 4 years
- Conducting regular behavioural and cultural surveys throughout the year
- Conducting regular audits and compliance reviews on ethicsrelated risks and functions
- Monitoring and reporting on key ethics indicators to executive management and the board in order to provide crucial insight into trends and observations



Snapshot of our performance2020 Independent Ethics Risk Assessment for our South African operations

An ERA was conducted on behalf of Nedbank by The Ethics Institute for Nedbank's African subsidiaries in 2018, and for our South African operations in 2019/2020. The ERA covered three dimensions, namely ethical culture maturity; ethics behaviour risk; and ethics management, and consists of a qualitative component (ie face-to-face interviews and focus group sessions), as well as a quantitative component consisting of an anonymous online survey that was sent to all our employees.

The outcomes of the Ethics Risk Assessment is benchmarked against 20 other South African organisations across the public and private sector.

The outcome of our Assessment indicated the following:

- Ethics culture maturity: The assessment found that we have a developing ethical culture and performed better than most other benchmarked entities across Southern Africa.
- Ethical behaviour: The assessment found that we performed better than the vast majority of other benchmarked organisations, and that, overall, we are at a low risk for unethical behaviour.

Some of our focus areas coming out of the Ethics Risk Assessment, was the need for greater transparency of consequence management and sanctions imposed for unethical behaviour, as well as increased transparency and awareness around reward and remuneration practices, and a need to more consistent ethics awareness and communication across the Group. Our next Independent Ethics Risk Assessment has been earmarked to take place in 2024.

Ethics-related complaints have increased significantly over the past three years in line with global trends.

The **Whistleblowing section** of our report on **page 50** provides more information.

Given our heightened focus on ensuring a speak up culture and the protection of whistle-blowers, a group-wide thematic review was conducted by Group Compliance in 2022 to assess the adequacy and effectiveness of "whistleblowing controls", taking into account the following legislations: Protected Disclosures Act, 26 of 2000 (PDA), Prevention and Combating of Corrupt Activities Act 12 of 2004, Labour Relations Act, 66 of 1995 and Companies Act, 71 of 2008. The outcome was that the controls were found to be adequate.

Nedbank has also developed a comprehensive **Ethics Management Plan** for its South African operations as well as for each subsidiary, which has considered the outcomes of the ERA, the Pulse Survey results, as well as other relevant trends identified as part of our ongoing monitoring activities.

Channels to seek advice and whistleblowing

We encourage our employees to engage openly with us on any matters of concern within our business and call on all of our stakeholders to report unethical conduct in order to contribute toward creating and maintaining a positive culture of ethics and responsible business practices.

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Protection of whistle-blowers

Nedbank is committed to the creation and maintenance of a culture of openness and transparency. Our Whistle-blowing Policy outlines our commitment to, among others, the following:

- Maintaining procedures and processes that enable all persons to make full disclosure freely, voluntarily and without fear, favour, or prejudice.
- Protection of whistle-blowers in accordance with the Protected Disclosures Act, 26 of 2000, including the
 protection of employees against occupational detriment.

Nedbank does not tolerate any form of retaliation against whistle-blowers, and employees are encouraged to report actual or suspected forms of retaliation through one of the channels outlined above. If an employee is found to have retaliated against a whistle-blower, they will be subjected to disciplinary action.

Nedbank has a number of internal channels available for the reporting of grievances relating to employment; dishonest behaviour (including fraud and corruption); human rights infringements; and all other forms of unethical behaviour and the breach of Nedbank values.

In addition to this, we pride ourselves on having an anonymous tip-off line that is managed independently by an external service provider, thus providing complete anonymity for whistleblowers.

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Reporting channels for employees

- · The Nedbank Report-It channel for reporting any actual or suspected unethical conduct.
- The **Grievance Procedure** is available for employees who wish to report any complaints regarding breaches of HR policies and processes, performance outcomes, bonus or remuneration, work requirements, management practices, and complaints around the employment relationship and work environment. Details about the grievance procedure are included in the Grievance Policy to which all employees have access.



Reporting channels for employees and external stakeholders

The following reporting channels are available for all of our internal and external stakeholders. This includes but is not limited to employees (including fixed-term employees), consultants, clients, suppliers, civil society organisations, human rights defenders, as well as groups or persons potentially affected by our operations or those we do business with:

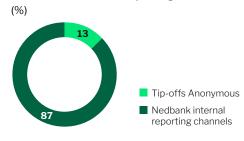
- The Ethics Office is for the reporting by internal and external stakeholders of any harassment (including sexual harassment), discrimination, assault, human rights abuses, nepotism and cronyism and other breaches of values-related transgressions of the Employee Code by employees. The Ethics Office can be contacted at
- talktotheethicso@nedbank.co.za or on +27 (0)10 227 2086.
- Tip-offs Anonymous is managed externally and independently by
 Deloitte and is available to internal and external stakeholders who wish
 to report any unethical, dishonest or corrupt activities by employees.
 Complainants have the option to remain anonymous. They can send an
 email to nedbankgroup@tip-offs.com; send a letter to Tip-offs Anonymous,
 Freepost DN 298, Umhlanga Rocks, 4320; visit tip-offs.com; or call
 0800 000 909.
- The Client Complaint Helpline is available for Nedbank clients who wish to report any complaint. They can email ClientFeedback@Nedbank.co.za or call +27(0) 86 044 4000.

Our 2020 Ethics Risk Assessment showed that 84% of our employees were aware of our reporting channels and knew how to report actual or suspected ethical breaches. Since then, we have focused on raising even more awareness around these aspects through training and ongoing communications. All training conducted by the Ethics Office includes detail around whistleblowing, including our zero tolerance for retaliation. **This training reached 5 786 employees during 2022**.

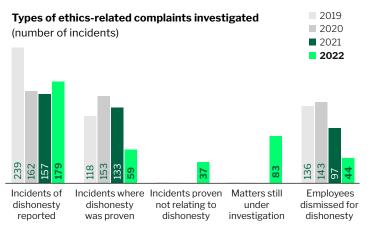
Our whistleblowing statistics for 2022

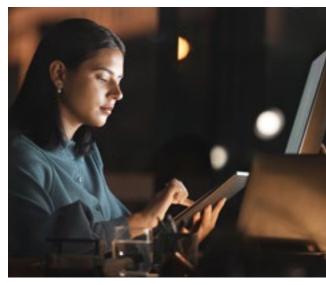
Complaints received

Complaints received via Tip-offs Anonymous tip-offs vs Nedbank's internal reporting channels



Dishonesty investigations





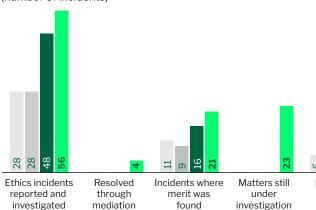
Types of ethics-related complaints investigated

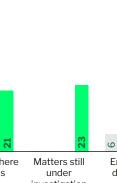
Investigations into other unethical conduct (nor relating to dishonesty)

The Ethics Office has been centrally mandated by the Group Transformation, Social and Ethics Committee to investigate all complaints relating to harassment (including sexual harassment), unfair discrimination, assault, human-rights abuses, nepotism and cronyism, conflict of interest not related to financial crime or dishonesty, and other forms of breach of values as outlined in our Code. In doing so, our dedicated Ethics Investigators ensure that all of our complaints are handled confidentially, with independence, objectivity and consistency to ensure fairness and accountability irrespective of the persons involved.

Other unethical conduct (not relating to dishonesty)

















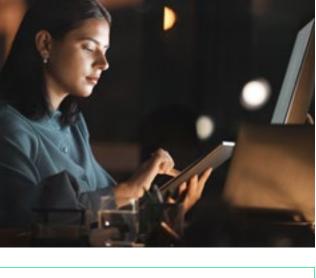
(number of incidents)

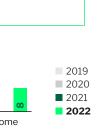


Breach of values

Harassment Sexual harassment Physical assault

Unfair discrimination





Our year in reflection

All ethics-related codes, policies and frameworks underwent an annual review and approval process. This saw substantive changes being made to our Conflict of Interest and Outside Interest Policy in particular, where we have introduced additional requirements to ensure effective risk mitigation and management, as well as to ensure greater insights into our employee trends.

We launched a new Procedure on the Receiving, Management and Resolution of Harassment Complaints.

We began to overhaul our ethics training material with a greater shift toward a behavioural approach to ethics and to providing employees with practical skillsets to empower more ethical decision-making. This will continue into 2023.

We revised the annual Board Ethics Statement, which was signed by all board members in October 2022.

We launched a new Employee Conduct Tool – an inhouse system developed for all employee outside business interest, conflict of interest and gift declarations. The new Tool will replace the existing system currently utilised, and provides for enhanced risk management, tracking and reporting capabilities.

We continued to implement our Ethics Management Plan, which was developed by taking into account the outcomes of the ethics risk assessment, employee pulse survey results, key ethics indicators, and global trends.

We provided ethics-related training to **5 786 employees** and **97 suppliers**.

We enhanced our monitoring and reporting capabilities in order to give our stakeholders crucial insight into ethics trends and observations within the bank. This includes the introduction of cluster-specific 'state of ethics' breakdowns. Our enhanced reporting also draws on a combination of data and behavioural analytics to enable us to implement interventions that are effective and relevant, but also allows us to become more forward looking.

As part of our strategy to re-brand the ethics office as a proactive and strategic partner to business, **we grew our ethics advisory portfolio**.

Looking forward

Looking forward to 2023 and beyond, we have adopted an ambitious ethics plan, where we aim to further embed ethics as a core part of our broader strategy and day to day operations. In doing so, the ethics office has identified the following key activities for the year ahead:

Develop and roll-out **online and self-paced ethics modules** that will be compulsory for all employees, including fixed-term employees.

Building **ethical resilience within leadership** through the launch of dedicated ethical leadership training modules.

Focus on **growing our ethics advisory function** through the increased participation of the ethics office in key committees, the issuance of guidance notes on critical ethics issues, and closer collaboration with key business functions to ensure that ethical considerations are proactively built into strategies and operational activities.

Launch an **ethics ambassador programme** across the bank, including in our foreign offices and subsidiaries. The ambassador programme will predominantly focus on strengthening an ethical culture through the promotion of ethics awareness initiatives.

Place a greater focus on **emerging ethical issues**, including data ethics, crypto-assets, the metaverse and ESG.



Financial Crime

Integrated financial crime risk management

In recognition of the ever-present and ever-growing threat posed by financial crime to the financial services industry, Nedbank Group has long since elevated the risk of financial crime to a key risk in the Nedbank risk universe, governed at an executive level by the Financial Crime Committee (FCC) and at board level by the Group Risk and Capital Management Committee (GRCMC). At a more granular and focused level various subcommittees provide oversight, make recommendations and take decisions relating to specific financial crime types.

Nedbank considers financial crime to be an economically motivated crime covering a wide range of illegal activities and regulatory contraventions that may result in fines and/ or prosecutions, including human rights abuses, trafficking of humans, slavery and environmental crimes. 'Financial crime', as defined by Nedbank, includes cybercrime, commercial and violent crime (ie fraud, corruption and violent crime), money laundering, terrorist financing and sanctions contraventions, exchange control violations, market abuse, tax evasion, and privacy breaches. Financial crime is often committed through a combination of these different crime types, which is why having an integrated view of financial crime risk management enables us to identify, assess, mitigate, monitor and manage the risk posed by financial crime more progressively and holistically.

Vision: Be market-leading in identifying, assessing, managing, monitoring and mitigating financial crime risk by integrating risk management of the different financial crime types across Nedbank.

Mission: Embedding sound financial crime risk management principles throughout Nedbank, enabled by the right data, intelligence and technology to identify and assess real risks that are effectively managed, monitored and mitigated, thereby adding value to clients and internal and external stakeholders.

Nedbank's Integrated Financial Crime Risk Management Framework

Through the application of our Integrated Financial Crime Risk Management (IFCRM) Framework and strategy, and with support from the relevant governance forums, these financial crime types are managed on a more integrated basis. IFCRM is the combined and holistic identification and measurement of financial crime risk, as well as mitigation and reporting of the identified risks. This integrated approach allows us to identify similarities across the different financial crime types, which enables a more robust view of the real risk the bank is exposed to and holistic management of financial crime risk.

The IFCRM Framework sets out how we have embedded sound risk management principles throughout the organisation. The principles on which the framework is built include the establishment of an appropriate organisational culture; the determination of the group's risk appetite; the functioning of effective governance structures supported by the Linesof-defence (LoD) Model, with clear assignment of roles and responsibilities; and the development, implementation and maintenance of group frameworks, policies and manuals relating to financial crime risk management. Furthermore, the IFCRM Framework requires the appointment and retention of adequate resources to assist in the management of financial crime (both from a headcount and skills perspective) and provision of independent assurance through the group ccoordinated-assurance model. The group - through preventative, detection, responsive and reporting measures manages the identification and measurement of financial crime risks.

Risk appetite (expressed in qualitative and quantitative terms) is an integral part of risk measurement and refers to the type and level of risk that we are willing to take, pursue or retain to meet our strategic objectives. Decisions that impact the

financial crime risk profile of the group are taken within the defined risk appetite and approved within the appropriate governance structures responsible for financial crime and operational risk.

Nedbank has **zero tolerance** for the intentional participation of the group and/or its employees or associated parties (clients, agents, vendors) in any form or part of financial crime.

Risk assessment

Risk identification and assessment are key activities that allow us to understand where we are more exposed to financial crime inherently and how well controls help to manage and mitigate these risks. Individual risk assessments are performed across the group for each financial crime type, including holistically for a consolidated, enterprisewide integrated financial crime risk assessment. This integrated assessment provides a view of the most significant threats and vulnerabilities arising from our overall financial crime risk, as well as a view of the effectiveness with which we manage the identified threats and vulnerabilities.

Prevention, detection and response

We manage financial crime risk through preventative, detection and responsive measures – including timeous reporting, an embedded organisational culture of ethics and integrity, and risk management systems – that support and enable effective prevention of financial crime. Prevention is aided by various combinations of initiatives that include compulsory training and awareness on different crime types, pre-employment screening, vendor screening, completion of risk assessments, alignment of internal controls with industry standards and international better practice, and identification and verification processes to confirm the veracity of information and authenticity of documents received from clients and third parties.

Governance Ethics Financial Crime Review Review Review Review Review Review Review Review Review Review

Integrated financial crime risk management continued

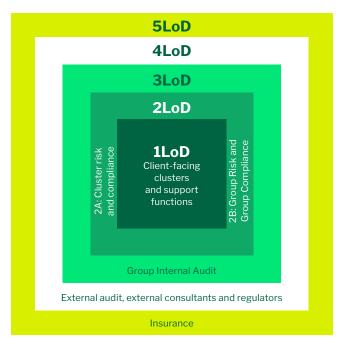
In instances where preventative measures in respect of financial crime are not successful, it is important that we detect such incidents timeously. Detection includes the analysis of data for the purpose of early identification of crimes. An effective detection programme invariably forms an integral part of a comprehensive risk management strategy, and accordingly we adapt and mature detection measures continuously as new trends are identified.

Where incidents of financial crime are detected, we respond to minimise losses for the group and/or our clients, reduce regulatory exposure, and curtail reputational and legal risk. Even though financial crime risk types are managed by various business areas in Nedbank, investigations of financial crime incidents are conducted centrally by Group Financial Crime, Forensics and Security (GFCFS), with certain business areas having dedicated specialist investigators responsible for the investigation of product-specific external fraud. Confirmed or suspected financial-crime-related incidents are reported within the required legislative time frames to the South African Police Service (SAPS), relevant regulators and industry databases such as those of the Southern African Fraud Prevention Service (SAFPS) and South African Banking Risk Information Centre (SABRIC). All areas of the group, including subsidiaries and branches, have an obligation to report on failures to comply with certain reporting requirements (eg Financial Intelligence Centre Directive 3 reporting).

Nedbank's Lines-of-defence Model

In addition to the mitigating controls and processes, we manage and mitigate financial crime risk through a strong culture of corporate governance, with the 3LoD Model embedded in the organisation. The external fourth line of defence (4LoD), formed by regulators and external auditors, performs important oversight in respect of financial crime. With regard to cyberrisk and large internal fraud matters, we use a fifth line of defence (5LoD) in the form of insurance or risk transfer. The board is ultimately responsible for managing financial crime risk, with reliance placed on cluster senior management, relevant Group

Risk functions, Group Compliance (GC) and Group Internal Audit (GIA), which provide assurance that such risks are identified, assessed, managed, monitored and mitigated to an appropriate level, with effective escalation and reporting of material risks. Aligned with our 3LoD Model, a coordinated-assurance model is in place to provide sufficient oversight of our controls, which form part of our financial crime risk management. The coordinated-assurance model consists of risk and compliance reviews conducted by cluster assurance, Group Risk, GC and GIA. The outcomes of such reviews – which focus on how compliant we are with our own policies, methodologies and processes – are reported to the board through the relevant governance forums.



Commercial and violent crime

We follow mainly a centralised approach to commercial- and violent-crime risk management. As the bank adheres to the principles of the Basel regulatory framework, commercial and violent crimes are classified as operational risks and more particularly as fraud risks (with corruption as internal fraud and violent crime as external fraud). Losses related to these risks are reflected as operational losses, with fraud related to credit products included in these losses but flagged as boundary events for risk measurement purposes.

The strategy for commercial and violent crime risk management is underpinned by the legislative and regulatory framework within which we must operate, as well as by appropriate policies and risk appetite. Processes, procedures and controls are put in place to deter, detect and respond to commercial and violent crime incidents committed by internal and external parties. These components form the basis of our commercial- and violent-crime risk management programme.

Nedbank has zero tolerance for crime in which it features intentionally as the perpetrator or instrumentality. The extent to which it tolerates being the victim of crime is determined by the risk appetite within the relevant business areas in respect of systems, processes and products. However, organisations are inevitably always exposed to fraud, and zero tolerance therefore implies that Nedbank will take all reasonable steps to mitigate the risk of fraud and to manage the consequence arising from it when it occurs.

Prevention

Various prevention initiatives are embedded in Nedbank and include awareness and training programmes for both employees and clients, pre-employment screening, the listing of employees who have been found guilty of dishonesty on the Register of Employees Dishonesty System (REDS) (managed since April 2020 by REDalert – an independent third party), and risk assessments and process reviews that include testing conformance to security protocols in branches and campus sites. Details of employees dismissed for dishonesty (together with details of the transgressions) are published internally on a quarterly basis to create awareness of activities that constitute employee dishonesty and to act as a deterrent. Pre-employment screening is completed in accordance with our Recruitment Policy, with an increasing degree of due diligence dependent on the seniority or risk exposure of the position.

In addition to the above, during 2022 client fraud and corruption awareness campaigns were run using platforms such as Online Banking, the Money app, social media (Twitter, Facebook and Instagram), the Nedbank Private Wealth (NPW) app, push notifications and SMSs. ATMs and the Nedbank website to create awareness of cybercrime (phishing, smishing, vishing and email hacking), investment schemes and scams, card fraud, mobile banking security, post-login messages, withdrawing cash safely at ATMs, using cellphones safely, reporting lost and stolen cellphones, reporting SIM swaps and number porting, as well as protecting personal information. A refresh was done on Nedbank's website to include a library of fraudulent messages so that clients can view the latest scam emails and text messages sent by fraudsters. A security awareness programme was conducted nationally at branches to highlight both the importance of adhering to branch security measures and the crime trends being experienced, as well as to provide guidance on how to be vigilant to protect the bank's assets, employees and clients, and how consumers can bank safely.

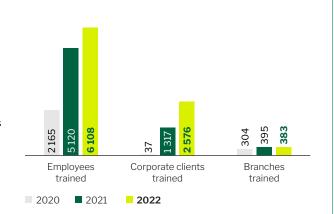
Our Fraud and Corrupt Activities Policy and Whistleblowing Policy set out our zero-tolerance approach as well as key aspects of fraud risk management and anti-bribery and corruption measures. These policies are reviewed annually and must be acknowledged by all employees, including contractors.

As part of our supplier onboarding process, suppliers (including



Fraud awareness training

We have an ongoing training and awareness programme that includes a focus on the requirements of the United Kingdom Bribery Act, 2010 (UKBA), including specific focus on due diligence for employees in Procurement. During 2022 specific training sessions were also conducted for high-risk positions in our Corporate and Investment Banking cluster (CIB), including at our London branch. The training programme also covers the risk of corruption in general and includes a corruption awareness campaign throughout the bank and our subsidiaries in the rest of Africa to promote awareness of anonymous reporting, fraud and security (with specific focus on adherence to process in the case of robberies). This entails online learning, presentations via Microsoft Teams, and face-to-face workshop sessions.



During 2022 a total of **6 108 employees** underwent fraud and corruption awareness and training. A total of **2 576 corporate clients** from various organisations received fraud awareness training from Nedbank. In addition, **383 branches** and **4 049 employees** received training on security-related procedures.

consultants and independent contractors) are required to acknowledge our Supplier Code of Ethics and Conduct. Suppliers and their employees are required to adhere to the code when conducting business with and/or on behalf of Nedbank. The objective of the code is to ensure that the integrity of the bank and its employees, suppliers and representatives is beyond reproach in all business transactions. The code also informs suppliers of requirements that we must meet under the UKBA and the South African Prevention and Combating of Corrupt Activities Act (PRECCA), 12 of 2004, as well as our due-diligence requirements for suppliers. In terms of the standard contractual agreement with suppliers, failure to adhere to the Supplier Code

of Ethics and Conduct or legislation is grounds for contract termination. We perform due-diligence checks on suppliers as part of the onboarding process and do periodic due-diligence checks to ensure that they adhere to the requirements included in the code.

Fraud and corruption risks are assessed annually by all business units in Nedbank as part of the risk and control self-assessment (RCSA) methodology. Fraud and corruption risk reviews (also called 'deep dives') are conducted by GFCFS on business processes, systems and products that have either the potential to facilitate fraudulent and corrupt practices or inherent fraud and corruption risk due to the nature of the business model of

To help educate our clients, we used an email campaign to remind them how to protect their online banking login credentials as fraudsters use various scams to try and get clients to compromise these details.



Dear Client

Fraudsters use many schemes and scams to trick bank clients into disclosing their secret information so that they can commit fraud. Just as you wouldn't give anyone access to your home or car, don't give fraudsters access to your bank account by sharing your Nedbank ID password and card PIN with anyone.

Here are some of the latest banking scams.



Watch out when you receive a calf from someone pretending to work at Nedbank, offering to help reverse an incorrect debit order or fraudulent transaction on your account. You could also receive an SMS saying there is a debit order or transaction on your account with a contact number to query it.

In both instances these fraudsters will ask you for either your Nedbank ID password, card number and PIN or to download software on your device so that they can 'reverse' the transaction.



You may receive an email that looks as if it came from Nedbank, asking you to click on an attachment or a link to view your statement or proof of payment.

When you click on this link though, it wil take you to a fake website, asking you to enter your Nedbank ID and password or card and PIN to view your statement.



You may see an advert on social media for a broker with great client reviews who can help you invest with guaranteed high returns.

Once you reply to the advert you are contacted on WhatsApp by the fraudster and requested to share your personal information. This could include your Nedbank ID and password, card number and PIN. Fraudsters could even ask you to pay money into an account that they have access to

To make their scame seem more legitimate, traudaters do the following:



- They use special software so that it looks as if they are cating from Nections, so don't trust caller ID.
- They use the name of someone who actually works at Nectonik to make you believe you are falking to a mail Rectonik employee when you've not. When you call book to confirm a call from He-disank, don't just confirm if the person series at Nectonik. Talk to the person and offsech whether they have indeed contacted you.
- They by to trick you into accepting an Approve it message, telling you that you need to accept the message to 'reverse' a transaction or debit order that is not real.
- They write their own reviews on social media to make you believe that they are legitimate brokers who have made accessful investments for other clients.

that area. The purpose of these reviews is to identify areas of concerns, make recommendations on how to mitigate the identified risks and track management action to implement or enhance controls to address these risks. As part of this process, in 2021 Nedbank conducted its first enterprisewide fraud and corruption risk assessment that focused on the fraud and corruption risk posed by the various transactional products and channels. Phase two of this assessment was concluded in 2022 and focused on non-transactional products. The assessment of the full spectrum of products (both transactional and non-transactional) for Nedbank subsidiaries in Africa has commenced and will be concluded in early 2023. The results of this assessment are incorporated into the integrated financial crime enterprisewide risk assessment and have provided a deeper understanding of the fraud risk posed to the bank in terms of transactional products.

In line with requirements included in the Physical-security Policy, regular risk assessments are conducted on four key areas – namely all ATMs, branches, regional offices and campus sites – to identify risks and ensure that effective control measures are implemented to reduce or keep exposure to these risks (including the risk of robberies) at an acceptable level. The enterprisewide security risk assessment conducted in 2021 – which included ATM security, branch security, property physical security (campus sites) and people security – was reviewed and updated in 2022. The results of this assessment are incorporated into the integrated financial crime enterprisewide risk assessment and have provided a deeper understanding of the higher security and violent-crime risks posed at branches, ATMs and campus sites.

Detection

Globally, financial institutions and their clients are exposed to ever-increasing volumes of fraud attacks on the internet. As perpetrators are frequently able to hide behind the considerable anonymity afforded by the internet, law enforcement struggles to deter this onslaught. Detection and prevention of online fraud are therefore a

key strategy in keeping our clients safe when they transact online. We see the prevention of card and online banking fraud and related losses as a priority and maintain a mature real-time fraud detection system that has helped minimise fraud losses. Innovation by fraudsters is being countered continuously through a proactive team that is responsible for the early detection of fraud and fraud attempts. Detection technology is also used to prevent other forms of fraud, including internal fraud committed by dishonest employees who have access to bank systems. A risk-based approach is followed to determine where to focus automated fraud detection initiatives. The combined magnitude of probability and materiality (both tangible and intangible, ie financial and reputational respectively) of the fraud is used in prioritising detection initiatives.

We have introduced various measures to mitigate the risk of cybercrime. Given the growing importance of fraud committed electronically, we maintain a resilient anticybercrime capacity and provide our employees and clients with various awareness communications focusing on phishing, smishing, vishing and SIM swaps, and on how to bank safely when using digital banking channels by protecting their personal information and never sharing their PIN.

Although not primarily a detection tool, various reporting channels are available to employees, vendors, service providers and clients. Actual or suspected security, fraud. corruption and other dishonesty-related incidents can be reported at any time through Report-It, which is integrated with our case management system and internally replaced the Nedbank Group Risk Reporting Line in June 2022. Anonymous reporting of these suspicions is facilitated by an external, independently managed whistleblowing hotline. This hotline is available to employees and clients in SA, as well as to employees and clients in our subsidiaries in Namibia, Eswatini, Lesotho, Mozambique and Zimbabwe. The service is promoted to both employees (internally) and external parties (through Nedbank's website) such as clients, service providers, partners, agents and intermediaries, joint ventures, and vendors. Below is an extract from Nedbank's website on how to report corrupt and unethical behaviour.

Ethics

Review

Integrated financial crime risk management continued

CASE in point

Reporting corrupt and unethical behaviour

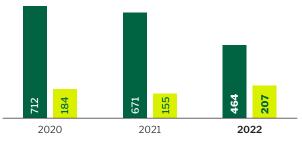
Below is an extract from Nedbank's website on how to report corrupt and unethical behaviour.

Nedbank is committed to the highest ethical standards when conducting business and requires all employees, contract workers, parttime employees, partners, agents or intermediaries, joint ventures and vendors to act with honesty and integrity. Report unethical behaviour and corruption here (you can remain anonymous):

Unethical behaviour – *talktotheethicso@nedbank.co.za*Corruption – 0800 000 909 or *nedbankgroup@tip-offs.com*

We adhere to the Protected Disclosures Act, 26 of 2000 (as amended), and our policies ensure that all reports are treated confidentially and are not discussed or disclosed other than for investigation.

Number of reports of and investigations into unethical behaviour



- Number of reports received from Tip-offs Anonymous
- Number of reports that resulted in investigations

Altogether, **464 reports were received via Tip-offs Anonymous** in 2022. A total of **207 reports resulted in investigations**, and to date six of those resulted in disciplinary action being taken against employees.

Response

In response to commercial and violent crime (including allegations or suspicions of employee-related dishonesty such as theft, fraud or corruption and other dishonesty-related conduct or crime) we conduct investigations and attempt to recover losses. This is conducted both centrally by GFCFS and in certain businesses by dedicated specialist investigators. In line with our zero-tolerance approach to fraud and corruption, disciplinary and criminal proceedings are instituted in all cases where the evidence allows for this.

During 2022 at total of **79** employees were dismissed for dishonesty-related offences and two for corruption-related offences.

In compliance with section 34 of PRECCA, **1 056 reports** related to suspected fraud and corruption (where the value was more than R100 000) were made to SAPS.

We continue to participate in industry initiatives with other financial institutions and law enforcement agencies to ensure that the perpetrators of commercial and violent crime activities are identified, caught and brought to book.

Corruption risk management in terms of the United Kingdom Bribery Act, 2010

We have a governance and risk management structure in place to ensure that we comply with the requirements of the various pieces of legislation and guidelines on corruption and bribery, including guidance issued by the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN). To ensure compliance

with these requirements, we have a formal corruption risk management programme and implementation plan in place. Progress against the plan is tracked through the Commercial and Violent Crime Risk Committee, and significant risks and issues are escalated to the FCC and GRCMC. These committees form part of the governance structure related to the management of corruption risk in Nedbank.

The corruption risk management plan, among other things, aims to meet the requirements for a defence of 'adequate procedures' against a criminal prosecution in terms of section 7 of UKBA. Initiatives by our Ethics Office, in conjunction with the implementation plan, enable us to comply with the international guidelines issued by the OECD and the UN Global Compact, which overlap with UKBA.

As part of our corruption risk management plan, all new and existing suppliers are requested to acknowledge the Supplier Code of Ethics and Conduct and must adhere to this code when conducting business with and/or on behalf of Nedbank. In addition, we complete a corruption risk assessment questionnaire for each supplier, either at onboarding or when an existing contract is renewed. The aim of the questionnaire is to identify potential associated persons, as defined in the UKBA. Once identified, the supplier is risk-rated and an appropriate level of due diligence is conducted. In terms of thirdparty risk management, a process is in place for ongoing and risk-based third-party due diligence. The process is aimed at ensuring that all third parties continue to comply with relevant regulations, protect confidential information, have a satisfactory performance history and record of integrity and business ethics, and mitigate operational risks. In 2022 our procedures were further enhanced through the implementation of a policy aimed at providing principled guidance on how to manage entities identified as associated persons and through partial automation of the identification and risk assessment of associated persons as part of our new case management system.

Governance Review Ethics Review

Integrated financial crime risk management continued

Our anti-money-laundering (AML), combating-the-financing-of-terrorism (CFT), counter-proliferation-financing (CPF) and sanctions due-diligence processes assess the direct and indirect risks of bribery and corruption before we enter into a business relationship and on a transaction basis as needed. We apply a holistic approach that requires considering the possibility of other crimes being enabled by an act of bribery or corruption, such as violation of human rights and freedom.

Reporting on the progress and outcome of the corruption risk management plan is both a part of the plan and a feeder for determining and revising policies and risk appetite approaches. Such reporting also feeds into the risk management objectives as it acts as a checkpoint to determine whether procedures are adequate and proportionate to the risk exposure. Reporting to senior management is seen as part of the 'monitoring and review' requirement to ensure that an entity has adequate procedures in place to prevent, detect and manage corruption. Oversight and reviews are conducted by GFCFS as the second line of defence and GIA as the third line of defence.

Although annual corruption risk assessments conducted in terms of UKBA are integrated into the RCSA, a separate risk assessment to identify areas that are high-risk for prosecution under section 7 of PRECCA is also conducted annually.

The corruption risk management plan ensures that both general and targeted awareness relating to UKBA is facilitated across the group. All our employees are subject to the compulsory computer-based training on corruption risk management.

This module has been completed by **96%** of employees. New compulsory corruption awareness training in the four subsidiaries in the Nedbank Africa Regions was launched during 2022 and has been completed by more than 85% of employees.

Anti-money-laundering, combating the financing of terrorism, counterproliferation-financing, and sanctions

AML, CFT, CPF and sanctions risk management resourcing continues to be bolstered to ensure the adequacy, effectiveness and oversight of the compliance and risk management control environments. The board is ultimately responsible for oversight of AML, CFT, CPF and sanctions risks, with reliance placed on business cluster senior management; GFCFS; Group AML, CFT and Sanctions; Group Compliance; and GIA. Coordinated assurance across the three lines of defence continues to be emphasised, with AML, CFT, CPF and sanctions being a main theme and with management actions being implemented inclusive of risk mitigants to close identified gaps, where relevant.

We implemented by 2021 our R4,1 bn Regulatory Change Programme, of which the AML, CFT and Sanctions Programme comprised six components accounting for R1,6bn, inclusive of the implementation of the Financial Intelligence Centre Amendment Act (FICAA), 1 of 2017. Our approach to sustainable FICAA implementation has been integrated with our technology journey through Managed Evolution (ME), specifically Eclipse (Enterprisewide Client and Product Onboarding and Servicing), which supports digital onboarding for individual and juristic clients. ME was formalised in 2016 as the group's vehicle for executing its IT transformation agenda.

Risk management and compliance programme

FICAA requires Nedbank to provide initial and ongoing training to all employees to comply with FICAA and our risk management and compliance programme (RMCP). All employees are required to complete the awareness training for AML, CFT, CPF and sanctions risk management. Specialised, face-to-face training on AML, CFT, CPF and sanctions is also provided. The board is trained annually, and training in the past year took place on 28 September 2022.

At 31 December 2022, about 91% of employees had completed the AML online training, which is above the internal 90% threshold.

Nedbank has processes in place to identify if a prospective or existing client, associated party or beneficial owner:

- is a domestic politically exposed person (DPEP) or foreign politically exposed person (FPEP);
- is an immediate family member of a DPEP or FPEP; or
- · is a known close associate of a DPEP or FPEP.

To assess the money laundering, terrorist financing, proliferation financing and sanctions risk introduced as a result of establishing the business relationship. If Nedbank determines that a prospective client or beneficial owner of a prospective client with whom it engages to conclude a single transaction or establish a business relationship is a high-risk DPEP or FPEP, Nedbank:

- obtains senior management approval for establishing the business relationship:
- takes reasonable measures to establish the source of wealth and source of funds of the client; and
- conducts enhanced ongoing monitoring of the business relationship.

Governance

The ongoing identification, assessment and management of AML, CFT, CPF and sanctions risk are tracked, assessed, evaluated and reported on through various governance committees across the three lines of defence, including board committees. The AML, CFT, CPF and sanctions governance committees ensure that the board is informed of AML, CFT, CPF and sanctions risk affecting the group to assist the board in discharging its AML, CFT, CPF and sanctions risk management obligations.

Over and above these business-as-usual processes underpinning the governance committees, Nedbank uses an enterprisewide risk assessment, together with key risk indicators, to identify and assess its AML, CFT, CPF and sanctions risk, enabling it to develop appropriate controls to manage and mitigate this risk exposure.

Regulatory inspection

The South African Reserve Bank Prudential Authority (SARB PA) imposed administrative sanctions on Nedbank Limited (Nedbank) in August 2022 in terms of section 45 of the Financial Intelligence Centre Act (FIC Act), 38 of 2001, following a compliance inspection conducted over three years ago during May to June 2019, and less than two months after fundamental amendments to the FIC Act were required to be implemented by 2 April 2019.

While Nedbank has paid the financial penalty and acknowledged the limited administrative shortcomings present at the time in 2019, it would like to highlight that the lengthy delays in the promulgation of the amended FIC Act had particular adverse implications for Nedbank, given the resultant extended delays in requirements definitions that impacted the timeous finalisation of information technology system requirements that had to be contended with in conjunction with Nedbank's comprehensive information technology transformation programme (ME) that was already well underway.

Since the revised FIC Act implementation and the SARB PA inspection in 2019, Nedbank's related compliance and risk management environment, including its reporting obligations under the FIC Act, has matured extensively and ongoing significant investments (including major new systems integrated with Nedbank's ME rollout) have been implemented successfully to further enhance the end-to-end control and compliance environments.

With regard to the administrative sanctions imposed, it is important to highlight the following:

- These sanctions were imposed purely as a result of a limited number of administrative compliance deficiencies identified in samples of data tested back in 2019. There was no evidence of Nedbank facilitating any transactions involving money laundering or the financing of terrorism.
- These administrative compliance deficiencies have all since been remediated by Nedbank, which has cooperated fully with the SARB PA.
- A total financial penalty of R20 million was paid in April 2022 (excluding R15 million, which was conditionally suspended).



Cybersecurity awareness

We produced a four-part mini-series to educate employees on physical security, QR code phishing, passwords and fake news.









 R15 million (excluding R10 million conditionally suspended for 12 months) of the total R20 million financial penalty paid related to reporting gaps that Nedbank had identified and disclosed upfront to the SARB PA prior to their inspection in 2019 as a remediation programme was already underway to resolve these gaps. The gaps related to deficiencies in certain aspects of Nedbank's cash threshold reporting processes following the implementation of a new financial industrywide reporting system (goAML) in 2016 that resulted in the failure by Nedbank to identify a number of reportable cash transactions timeously. These have subsequently been reported in full by Nedbank.

Cyberrisk

The challenging macro and political environments and the complexity of increasing digital activity remain a key driver of increasing financial crime, and the trend is expected to continue for the foreseeable future. Our most important cyberrisks include loss of money and client data (at Nedbank or a third party) as well as system downtime to the extent that transactions cannot be processed. We strive to be cyberresilient, protecting our 'crown jewels' – personal and client data as well as critical systems, platforms and infrastructure.

Ever-escalating cyberrisk exposure on the back of the Fourth Industrial Revolution and accelerated advances in technology, digital landscapes and interconnectedness has prompted a radically elevated focus on cyberresilience risk management in Nedbank. The cyberrisk environment is dynamic and fast-changing.

New threat actors

The evolving threat landscape presents significant challenges in how cyberthreats and vulnerabilities across complex operational frameworks are managed. Cybercriminals are constantly improving their techniques to compromise networks, forcing us to adopt an adaptive defence stance in line with evolving threats to mitigate the material negative effects of a potential cyberevent. Social engineering attacks (phishing, vishing and smishing) and the exploitation of remote-working vulnerabilities remain a threat, necessitating continuous enhancement of preventative and detective controls, with ongoing employee awareness being a critical focus area. The most likely avenues for a successful cyberattack are analysed through threat modelling and resilience testing by attack path mapping and red-team testing. Resilience testing is a crucial step in understanding the severity of consequences associated with cyberattacks and in continuously building on the experience of successfully responding to threats such as the observed escalation of ransomware and supply chain attacks in 2021 and 2022. The independent red-team testing programme managed by the second line of defence provides assurance on the capability of the first and second lines of defence to detect and respond to cyberthreats.

Technology

We continuously invest in IT security to detect and respond effectively to cyberattacks, and the assumption is that these attacks will continue across the industry. We apply a variety of strong technical controls, further augmented with non-technical controls such as a comprehensive employee security awareness programme. We apply various measures to counter cybercrime and fraud, including client awareness campaigns, state-of-the-art technology and digital forensic capability to detect and monitor suspicious activity, and provide communication facilities where clients can report suspicious activity. We continue to work closely

with industry bodies – eg Sabric, peers and law enforcement agents – to combat cybercrime and fraud. Our internal Computer Security Incident Response Team and Cybercrisis Management Team continue to respond effectively to cyberincidents and cybercrime and, if needed, recover losses from these. Cybercrisis playbooks are in place for relevant threat scenarios, and include communication to regulators, our clients and employees.

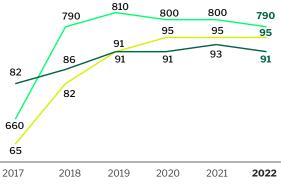
Monitoring, management and reporting

As required, the board, management and the Nedbank security community continue to focus on cyberrisk to address known and newly identified gaps through various initiatives that will enhance cyberresilience and reduce residual operational risk. Cyberrisk is a standing agenda item on both the GRCMC and Group Information Technology Committee (GITCO). Cyberawareness was also included in training for boardmembers, focusing on ransomware risk due to the increased global threat. The training of boardmembers has been enhanced with a comprehensive analysis of publicly available (open-source intelligence) information such as social media and the risk it holds in terms of crafted attacks against our boardmembers and executives. An advanced cybermanagement information system has been embedded to produce metrics that inform the board and management when cyberrisk increases outside of the risk appetite. There is continued implementation of the various components of the Cyberresilience Risk Management Framework (CRRMF) through the cyberresilience programme. Nedbank subscribes to the Information Security Forum (ISF) Standards of Good Practice for its policy suite, augmented by the International Organization for Standardization (ISO) 27000 series of standards and other goodpractice documentation. The CRRMF has been operationalised and since its implementation, significant improvements have been made in the cybersecurity capability at Nedbank, as well as alignment with leading practices. We use an established process based on the Federal Financial Institutions Examination Council (FFIEC) cybersecurity assessment tool to determine the inherent cyberresilience risk of the organisation and the maturity levels for the domains covered in the FFIEC methodology. The assessment provides a repeatable and measurable process for financial institutions to measure their cybersecurity preparedness over

time. Our cyberresilience programme activities are prioritised and agreed to by executive committees and tracked in detail. The prioritisation is influenced by the changing cyberthreat landscape, a focus on crown jewels and threat modelling input from an external, internal and third-party perspective.

The progress of the cyberresilience programme is reported at several board and executive-level committees as well as at cluster risk committees. New initiatives are added as and when threats are identified and in line with changes in the cyberrisk environment. As shown below, our external security (internet footprint) is rated at an advanced level (790 in 2022) by an independent security rating vendor (BitSight). We have subscribed to BitSight since 2017, which enables better risk decisions based on ratings and analysis. The BitSight ratings range from basic (250-640) to intermediate (640-740) to advanced (740-900). Our aim is to maintain a rating of advanced. The internal maturity self-assessment maintained the target rating of 95%, but more work is being done to enhance the outcomes with effectiveness and coverage of key controls. A 2% deterioration has been recorded on the set of cybermetrics measuring key risk indicators. During 2022 this rating improved to 95%, but 21 new metrics were introduced mid-year, with the overall rating dropping to 89% and improving to 91% at the end of 2022, which remains within target.

Cybersecurity metrics



- BitSight security rating (score out of 900)
- Internal cybermaturity status (%)
- Cyber MIS key cybermetrics (%)

In addition to the security rating, independent assessment of our cyberresilience includes international consulting firm benchmarking, independent red-team testing (ethical hacking), annual GIA cyberrisk audit coverage, as well as an annual external audit cyberrisk assessment. In 2022 a comprehensive red-team test was performed with a very good outcome, confirming the strength of the technical control environment, superior detective capabilities and effective incident response processes. Similarly, an independent cyberresilience assessment and benchmark based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) was completed, confirming the good progress made and rating Nedbank above a strong international and local peer group.

We participate in the SWIFT Customer Security Programme required standards to protect the payment system. In 2022 compliance was assessed independently, and 100% compliance was achieved on all mandatory controls.

A third-party risk management process is in place to assess whether sufficient controls and secure connections are in place to protect Nedbank sensitive data. This process is applied to existing and newly onboarded high-risk cyber and privacy third parties. The BitSight security platform is used to augment the risk management through ongoing monitoring and remediation.

A data classification framework and policy are in place to guide the implementation of appropriate controls for handling, managing and maintaining data in line with the defined classification schemes. In line with defined classification schemes, security controls such as access to sensitive data and critical systems are managed through the Identity and Access Governance programme, and encryption in transit (when sensitive data is transmitted externally) is also in place.

Comprehensive cyberassurance activities are performed by the various lines of defence to ensure extensive coverage of the environment and crown jewels. Cyberrisk remains a key coordinated assurance theme, with comprehensive oversight provided by both internal and external assurance providers.

Only one material cyberincident was reported and successfully managed by the cybercrisis management team in 2022. The incident was related to a data breach at a third-party supplier (a consumer credit reporting agency) and impacted the entire financial services industry in South Africa.

As a final line of defence, we maintain dedicated cyberinsurance cover through international insurance providers.



Be CyberSMART awareness

Ongoing cyberawareness initiatives and testing are a cornerstone of the cyberresilience programme. Initiatives included the following:

- The return of face-to-face interactions and physical events, including a custom-built escape room.
- Online and face-to-face awareness training sessions and presentations conducted throughout the year, with approximately 9 200 employees in attendance.
- Online cybergames played and videos watched by 1750 employees.
- Two hybrid (online and in-person) 'Cyber Talks' hosted by external cyberawareness professionals and a well-known local media personality as part of Cybersecurity Awareness Month, and attended by 7 300 employees.
- Various social engineering assessments, including vishing, smishing and phishing simulations.
- Various communications to address social engineering, secure online behaviour, data loss prevention, securing digital devices, and improving human security vulnerabilities with mindfulness techniques published via various channels.
- A new version of the formal Be CyberSMART e-learning training module, released in 2022. At year-end 86% of employees had completed the training.
- A total of 16 individual awareness sessions conducted with group executives and non-executive directors as part of board awareness initiatives for the year.

Privacy

Privacy governance

We have adopted core privacy principles to address every stage of the personal information life cycle in accordance with the Protection of Personal Information Act (POPIA), 4 of 2013. The Nedbank Privacy Framework ensures that the bank (including its subsidiaries) is adequately prepared to comply with local and international privacy best practice. Every year all employees are required to attest that they have read and understand the Privacy Policy, and must complete an e-learning segment relating to privacy. The Privacy Policy is legislation-agnostic and focuses on general privacy principles and applies to all entities that make up Nedbank Group, including those that are outside of South Africa. The policy provides for the reasonable collection, processing, protection and storage of data. In support of the Privacy Policy, we have additional governance documents that provide detailed privacy guidance to employees. These documents detail each of the privacy principles in simple steps (contained in the Privacy Standard) and key roles and responsibilities (contained in the Privacy Target Operating Model).

The Nedbank Privacy Notice (available on all client-facing sites across the entire Nedbank Group) highlights our commitment to privacy and provides specific details on processing activities, including the sharing of data with third parties.

Our Privacy Office

Our Information Officer and a Deputy Information Officer are registered with the South African Information Regulator. The Information Officer and Deputy Information Officer are responsible for ensuring our compliance with legislative requirements. A dedicated privacy office is in place to manage all operational aspects of privacy within Nedbank, ie incident management, privacy risk assessments, third-party privacy assessments, etc. Details of these appointments are available in the manual created in terms of the Promotion of Access to Information Act (PAIA), 2 of 2000 (PAIA Manual), as well as the Nedbank Privacy Notice (available at nedbank.co.za).

Additionally, each cluster has a dedicated cluster privacy representatives (CPR) whose mandate is to ensure that privacy risk is managed effectively. The CPRs meet with the Information Privacy Office monthly to discuss privacy matters.

Governance Ethics Financial Crime Review Review Review Review Review Review Review Review Review

Integrated financial crime risk management continued

Requests for data

All requests for data by the public are managed via the PAIA Manual and supporting processes. Our processes afford all clients and non-clients an opportunity to request access to, as well as the deletion or correction of, their personal information via Form 2. which is also contained in the PAIA Manual.

Privacy reporting

Privacy matters are reported into several board committees, where details of regulatory impacts, incident statistics and other privacy issues are tabled.

Privacy culture

A privacy culture is promoted through regular change management activities driven by the Information Privacy Office as well as the respective business areas. Transgressors of our privacy policies receive strict sanctions as prescribed by Human Resources.

Privacy compliance assessments

Privacy assessments are conducted by GC to ensure that all required privacy controls are in place and working effectively. Where findings may be noted, appropriate remediation activities are agreed and tracked to closure.

Usage

Data is obtained and used fairly, appropriately and for specified business purposes only and with a client's informed consent. Nedbank adheres to compliance with applicable regulatory, legislative and contractual requirements in respect of data and data management, balancing open access and the release of data with the need to protect classified, proprietary and sensitive data.

Cybersecurity

To ensure that the information that is collected by the bank is secure, the following mechanisms are in place:

- Access governance (including privileged user access).
- · Encryption.
- · Data leakage prevention tools.
- · Regular cyber-related assessments.
- Intrusion detection systems.

Data breaches

To support our commitment to protecting the personal information of our clients and employees, privacy governance structures and privacy breach processes are in place to investigate and prevent unauthorised access or disclosure of personal information. All relevant privacy breaches are reported to the Information Regulator and the impacted clients are notified accordingly.

All Nedbank privacy breaches are monitored and tracked on an ongoing basis, and relevant governance (cybersecurity, data privacy, data management and compliance) structures and processes are in place to proactively identify any relevant risks that may result in client detriment. Once the root causes have been identified, through collaboration by the respective specialist areas and business, relevant control measures are considered and implemented to mitigate the risk of recurrence of similar breaches. Lessons learnt are taken from each breach and specific change management steps are also considered. In many cases this results in additional internal communication to business areas to ensure that employees are aware of their responsibilities in protecting the personal information of fellow employees, clients and third parties whom we may serve.

Where information may be exposed to unauthorised persons, the appropriate reporting obligations (in terms of POPIA) are followed. This includes the reporting of breaches to the South African Information Regulator.

Specific cybertools have also been adopted to ensure that all personal information is protected when in use, at rest or being transferred outside of Nedbank. Controls are in place to guard against both malicious and accidental transfer of data outside of the Nedbank environment. Appropriate and safe channels have also been provided for business to use when a need arises to transfer data to authorised external recipients.

Third-party due diligence

Third parties that process personal information on our behalf are required to undergo a robust cyber and privacy due-diligence process. They must also sign formal contracts and data-sharing agreements before any data is given to them. Certain high- and medium-risk suppliers undergo additional on-site assessments to ensure that the appropriate controls are in place.

Exchange control

Exchange control aims to prevent the loss of foreign currency resources through the transfer abroad of real or financial capital assets held in SA, and constitutes an effective system of control over their movement into and out of SA, while simultaneously avoiding interference with the efficient operation of the commercial, industrial and financial system.

The Financial Surveillance Department (FinSurv) of SARB is responsible for the administration of exchange control on behalf of the National Treasury. The Minister of Finance appoints certain banks to act as authorised dealers (ADs) in foreign exchange, thereby giving these banks the right to buy and sell foreign exchange, subject to conditions and within limits prescribed by FinSurv. ADs are not the agents of FinSurv but act on behalf of their clients. Accordingly, Nedbank has been issued with an AD licence from SARB in terms of which it may buy, borrow, receive, sell, lend or deliver any foreign currency or gold for these purposes, subject to the conditions allowed by the governing regulatory requirements.

We have not only developed a comprehensive approach to managing our compliance risk in relation to exchange control but also instituted a comprehensive risk management framework to ensure adequacy and effectiveness across our control environment in managing our risk effectively and ensuring our discharge of responsibilities as an AD. This is further underpinned by a revised governance structure and oversight across the three lines of defence by the coordinated-assurance providers, which include Group Exchange Control, GC and GIA.

Market abuse

We are committed to taking all the necessary measures to prevent market abuse in any form, including abuses defined in the South African Financial Markets Act, 9 of 2012, namely insider trading; unlawful publication of inside information; prohibited trading practices; and publishing of false, misleading or deceptive statements, promises or market forecasts. Similarly, we maintain the required vigilance and oversight in relation to market abuse regulatory requirements in all jurisdictions in which we operate, and we implement the highest standard of protocols to identify, prevent and meet our regulatory and market conduct obligations in relation to market abuse.

We have a zero-tolerance approach to practices that amount to market abuse. Market abuse is classified as a financial crime and falls under the broader definition of 'market conduct'. As such, Nedbank has embedded various market conduct and financial crime policies, most notably the Market Conduct Policy, Personal-account Trading Policy, Conflicts of Interest Policy, Code of Ethics and Conduct Policy, and Outside Interests and Conflict of Interest Policy, all of which, among other things, address market abuse together with the prevention, detection and monitoring thereof. In response to suspicions of possible contraventions, investigations are undertaken by the business unit compliance function where applicable. If necessary, these investigations are escalated to GFCFS for a forensic investigation, which will be followed by disciplinary action and criminal proceedings against employees, if appropriate.

Tax evasion

We have a zero-tolerance approach to tax evasion and tax evasion facilitation, and we have adopted a policy that aims to mitigate the risks posed by client tax evasion. These risks include failure to comply with relevant laws and regulations; tax evasion facilitation by clients, employees, suppliers and associated persons; and risks that manifest from client tax information compliance regimes, such as in respect of the

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS). Compliance with this policy also ensures compliance with the United Kingdom Criminal Finance Act, 2017, and mitigates the risk of corporate sanction. In addition, we have implemented a process through GFCFS to comply with the requirement of the South African Tax Administration Act, 28 of 2011, which places an obligation on banks to monitor suspicious tax refunds paid to client accounts, block the relevant funds and report the refunds to the South African Revenue Service for their confirmation of tax fraud.

We are committed to implementing policies and procedures – which includes having clear roles and responsibilities – concerning the prevention of, detection of and response to tax evasion, providing awareness training, promoting ethical behaviour, undertaking risk assessments to identify possible high-risk exposure, and encouraging employees to be vigilant and report any suspicions of tax evasion. Employees are prohibited, in the course or scope of their employment, from any conduct that facilitates, supports or results in tax evasion, including giving any advice to clients, suppliers or other third parties.





Remuneration

- 65 Letter from the chairperson of the Group Remuneration Committee
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Part 1 – Letter from the chairperson of the Group Remuneration Committee

• The Nedbank Group Remuneration Committee is pleased to present the 2022 Remuneration Report, in which we outline the committee's activities in 2022, including the business performance and how it links to key remuneration outcomes for the year. We also reflect on the feedback we received during our various stakeholder engagements.

Hubert Brody, Chairperson: Group Remco



Key highlights

Strong 2022 group performance, with **HE up 20**%.

2023 LTI awards now **100% performance- oriented for all employee levels.**

Nedbank share price **increased by 21%** in 2022, ahead of the SA bank index increase of 12%.

Shares required for 2023 LTI issuance will be acquired in the market. Previously, shares were issued.

0% of 2020 LTI awards to Group Exco members will vest in 2023 (40% for cluster exco and 50% for other participants).

Group Remco composition

The Group Remco convened six times in 2022. All the current members are independent non-executive directors:

Name	Directorship status	Current membership
Hubert Brody	Lead Independent Director	Chairperson of Group Remco
Neo Dongwana	Independent non-executive director	Current member
Robert Leith	Independent non-executive director	Current member
Stanley Subramoney	Independent non-executive director	Current member

The Group Chairperson, Chief Executive (CE), Chief Operating Officer, Chief Financial Officer (CFO) and Group Executive for Human Resources are permanent invitees but are not present in discussions regarding their own remuneration.

Covered in this section:

Business performance for 2022 and key remuneration outcomes		
Shareholder engagement		
Remuneration outcomes		
General: including additional focus areas		

Part 1 - Letter from the chairperson of the Group Remuneration Committee

Business performance for 2022 and key remuneration outcomes

Nedbank Group's 2022 financial performance was strong, as headline earnings (HE) grew by 20% to R14bn, return on equity (ROE) increased to 14,0% (2021:12,5%), but still remained below both the 2019 level of 15% and our estimated cost of equity (COE) of 14,9%. The increase in HE was supported by double-digit revenue growth, a slightly higher credit loss ratio (CLR) of 89 bps (2021: 83 bps) and well-managed expenses. All our business clusters reported pleasing earnings growth and a higher ROE. A strong balance sheet and excess levels of capital enabled the group to declare a record-high final dividend of 866 cents per share as well as announce a R5bn capital optimisation initiative to be executed through both a share repurchase and an odd-lot offer.

We have made solid progress on our strategic value drivers of growth, productivity, and risk and capital management. Growth trends across net interest income (NII) (+12%), non-interest revenue (NIR) (+10%) and gross banking advances (+7%) increased when compared with those reported in our 2022 interim results. Levels of productivity improved, evident in our cost-to-income ratio declining to 56,5% (2021: 57,8%) and the 15% increase in preprovisioning operating profit. Capital and liquidity ratios increased to multi-year highs, with a commonequity tier 1 (CET1) ratio of 14,0% (Dec 2021: 12,8%), an average fourth-quarter liquidity coverage ratio (LCR) of 161% (Dec 2021: 128%) and a net stable funding ratio (NSFR) of 119% (Dec 2021: 116%). The group's total expected credit loss (ECL) coverage increased to 3,37% (2021: 3,32%) and remained well above pre-Covid-19 levels of 2,26%.

We continue to focus on areas that create value, particularly through our Strategic Portfolio Tilt 2.0 (SPT 2.0) initiative, which is a groupwide strategy focused on growing profitable market share in selected areas. A number of SPT 2.0 targets have, however, not been achieved and outcomes in this respect have been mixed.

Our strategy to build a modern, modular and agile technology platform (Managed Evolution or ME) has reached 91% completion of the IT build, enabling continued double-digit growth in digital metrics, client satisfaction scores at the top end of the South African banking peer group, higher levels of cross-sell, main-banked client gains, market share gains in household deposits as well as improved efficiencies evidenced by cumulative operating model (TOM 2.0) cost savings of R1.5bn.

We continued to create positive impacts through R123bn of exposures that support sustainable-development finance, aligned with the United Nations Sustainable Development Goals (UN SDGs), and retained our top-tier rankings on environmental, social and governance (ESG) scores, including with MSCI upgrading Nedbank's ESG rating to AAA (now within the top 5% of global banks) and maintaining our level 1 broad-based black economic empowerment (BBBEE) status under the Amended Financial Sector Code (FSC) for the fifth year in a row.

In 2022 we paid our 25 924 employees' salaries and benefits of R19,9bn and concluded annual salary increases of 5,2% for our bargaining-unit employees, with non-bargaining-unit employees receiving increases of 4,0%. The blended average employee salary increase was 4,6% in 2022.

ROE R14,Obn up 20% 2022 14,0 2021 11,7 2020 5,4 2019 12,5 ROE 14,0% 2022 14,0 2021 12,5 2020 6,2 2019 15,0

Guaranteed-package (GP) increases for 2023

5-6% for Group Exco and non-bargaining unit employees (2022: 4%)

7% bargaining-unit employees (2022: 5,2%)

Minimum GP

▲ 10% from R190 000 to R210 000, with effect from April 2023

LTI vesting

0% of the 2020 awards will vest in 2023 for **Group Exco members**

40% of the 2020 awards will vest for **cluster exco members**

50% of the 2020 awards will vest for **other participants**

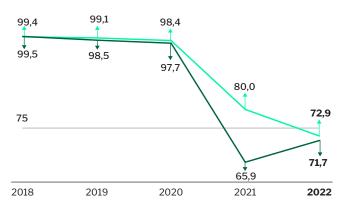
STI pool 19% to R2 9hn

Non-executive director fees 2023
6% increase recommended for shareholder approval with effect from July 2023 (2022: 4%)

Shareholder engagement

Voting history on remuneration

Shareholder votes in favour of proposed remuneration (%)



- Policy
- Implementation
- 75% threshold

Shareholder voting at the 27 May 2022 AGM

Remuneration resolutions	Votes in favour (%)	Votes against (%)	Total shares voted (% of total shares issued)
Remuneration policy	71,70	28,30	70,51
Remuneration implementation report	72,86	27,14	70,36

Shareholder engagement

Shareholder feedback

We held various engagements to clarify shareholder preferences on our Remuneration Policy and Implementation Report. The remuneration voting results in 2021 and 2022 can be attributed primarily to non-support from one large shareholder relating to all our long-term incentive (LTI) awards not being 100% performance-based and subject to the achievement of corporate performance targets (CPTs). This is discussed further below:

Group Remco response

The Group Executive Committee's (Group Exco's) LTI awards made in 2021 in respect of the 2020 financial year reverted to a 20% time-based portion alongside an 80% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	The 20% time-based portion of the 2021 LTI award was intended to partially address the materially increased retention risk resulting from the significant loss of value in the in-flight LTI awards in the face of extreme Covid-19 volatility. This was a temporary measure.
	The 2018, 2019 and 2020 LTI awards for Group Exco members vested at only 15%, 18% and 0% respectively due primarily to the impact of Covid-19 on the ability to meet CPTs set prior to its onset. Bank employees have continued to be targeted by telcos, fintechs and others, and several of Nedbank's peers had made retrospective adjustments to CPTs that Nedbank did not believe appropriate.
	The 2022 and 2023 LTI and Matched-share Scheme (MSS) awards have reverted to 100% CPTs for Group Exco members.
The Cluster exco members' LTI awards made in 2022 in respect of the 2021 financial year contained 25% time-based awards alongside a 75% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	In 2022 the Group Remco increased the percentage of LTI and MSS awards to cluster exco members that are subject to CPTs from 60% to 75%. For the 2023 LTI and MSS awards, the Group Remco has increased this from 75% to 100% now being subject to CPTs.
LTI awards at levels below cluster exco level made in 2022 in respect of the 2021 financial year contained 50% time-based awards alongside a 50% performance-based portion. Some shareholders support only LTI awards that are 100% performance-based.	The 2023 awards below cluster exco level will be 100% performance-based: 50% subject to the participant maintaining a minimum acceptable individual performance standard over the vesting period, and 50% subject to CPTs. LTI awards are made on a highly selective basis to a limited number of employees, approximately 1700, who have been carefully identified as critical to retain for the longer-term delivery of our strategy. Our long-term incentives have a proven track record of reducing attrition rates, and therefore retaining critical talent. Employees below cluster exco have less direct line-of-sight influence on the setting of the group's strategic objectives but are nevertheless critical to the delivery of this strategy. The Group Remco believes a balance of 50% CPTs and 50% individual performance is appropriate to ensure employees at this level are held accountable through a robust performance management process that aligns with our strategic objectives.

The Group Remco believes the shareholder concerns have been addressed comprehensively and appropriately.

Part 1 - Letter from the chairperson of the Group Remuneration Committee

Remuneration outcomes

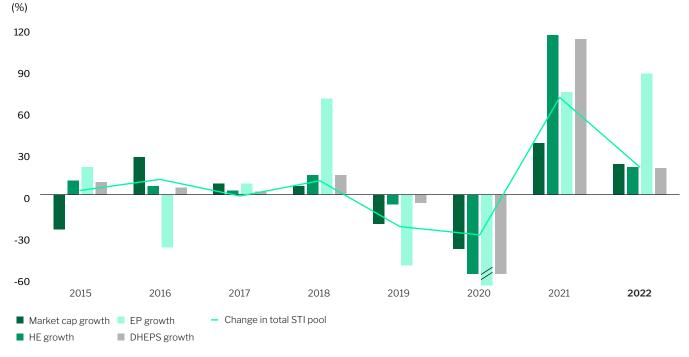
Guaranteed package

The overall budget for GP increases for Group Exco, cluster exco and non-bargaining-unit employees was limited to a range of 5–6% in the 2023 (2022: 4%) annual pay review. Increases of 7% (2022: 5,2%) for employees in the bargaining-unit level, with effect from April 2023, were agreed with our employee union, the South African Society of Bank Officials (the finance union) (Sasbo).

Short-term incentives

The final STI pool of R2 900m is 19% above the 2021 pool of R2 427m, against an increase in HE of 20,2% and an improvement in economic profit (EP) of 87%. The scheme was driven by actual EP and HE performance versus targets that are agreed annually by the Group Remco. The 2022 STI pool represents 13% of HE (pre-bonus and pre-tax), the same level as 2021. The Group Remco is satisfied that the STI is well aligned with the group's increase in HE and improvement in EP (see graphic below).

Annual % change in HE, DHEPS, market capitalisation, and EP vs % change in STI pool



Long-term incentives

Changes to the 2023 awards

CPTs for the 2023 awards have been updated. The three financial performance measures of ROE, diluted headline earnings per share (DHEPS), and efficiency ratio (cost to income) have been retained as they align with our revised board-approved medium-term targets to 2025. The non-financial CPTs have also been retained but with more granular detail: the environmental and social targets prioritise our Energy Policy commitments, sustainable-development-financing (SDF) targets, employee and client Net Promoter Score (NPS) rankings and our competitive BBBEE status. The Group Remco also retained the strategic SPT 2.0 CPT that will drive faster revenue growth through selected market share gains, this being a key area of focus.

Awards to the Group Exco and cluster excos will be 100% subject to the achievement of these CPTs. For cluster exco participants this is an increase from 75%. Awards to other participants will also be 100% performance-based, with 50% subject to these CPTs and the balance contingent on the participant maintaining a minimum acceptable individual performance standard and ongoing employment over the vesting period.

Delivery on these CPTs will support Nedbank's continued focus on value creation for shareholders in line with our 2025 targets by delivering sustainable earnings growth (DHEPS growth of nominal GDP + 5%), continued increase in ROE (to greater than 17%) and a lower cost-to-income ratio (less than 52%).

The MSS is operated under our approved LTI plan, whereby 50% of all STI awards above the current deferral threshold of R1m are compulsorily deferred into shares on a post-tax basis [Compulsory Bonus Share Scheme (CBSS)]. The deferrals may be subject to forfeiture (*malus* and clawback) at the discretion of the Group Remco. In addition, all employees may elect to voluntarily defer not more than 50% of their post-tax STI into the Voluntary Bonus Share Scheme (VBSS) subject to the deferral (including the compulsory deferral set out above). In the CBSS and VBSS, participants are offered a share-matching opportunity of up to a one-for-one basis after three years if they are still in

Governance Ethics Financial Crime Remuneration Tax
Review Review Review Review Review

Part 1 - Letter from the chairperson of the Group Remuneration Committee

Remuneration outcomes continued

service and the matching performance condition is met. For 2023, 100% of the match will be contingent on a corporate performance matching condition (ROE \geq COE +1%) for Group Exco and cluster exco participants (previously 75% for cluster exco participants). For other participants, 50% of the match will be contingent on the same corporate performance condition and the remaining 50% based on the participant maintaining a minimum individual performance standard and ongoing employment over the vesting period.

Remco believes this shift to 100% performance for all share-based awards (LTI and MSS) to all participants will have the desired effects of motivating the achievement of our medium term targets, retaining critical talent, and aligning interests with shareholders.

Feedback on the qualitative CPTs

To enhance transparency, the Group Remco has committed to providing feedback in the Remuneration Report each year until vesting on progress towards the achievement of any qualitative CPTs.

Update on business recovery CPTs (2021 LTI awards)

To achieve the maximum vesting of 100% on the business recovery CPTs on the 2021 LTI awards, the Group Remco would need to be satisfied that substantial progress over the three-year vesting period ending 2023 has been made. In the period up to the end of 2022 the following was achieved, representing an overall estimated vesting at 75%:

- Capital adequacy The CET1 ratio of 14,0% (2021: 12,8%) shows continued improvement on 2020 and is now well above the pre-Covid-19 level of 11,5% (2019), while exceeding the South African Reserve Bank (SARB) minimum requirements and the group's board-approved target ranges.
- Liquidity metrics The average LCR for Q4 2022 of 161% (Q4 2021: 128%, Q4 2020: 126%, 2019: 125%) is comfortably above the regulatory minimum level of 100%, and the 2022 NSFR of 119% (2021: 116%, 2020: 113%, 2019: 113%) is also above the 100% regulatory minimum.
- **SPT 2.0** Our SPT 2.0 initiative is a groupwide strategic initiative focused on growing profitable market share in selected areas.

Performance against our SPT targets remains mixed. We increased market share in retail overdrafts and both household transactional and non-transactional deposits while we saw reductions in personal loans and vehicle finance. Home loans market share improved in the second half of 2022. In wholesale lending we were selective in granting loans as we continued to manage risk and focus on increasing net interest margins, resulting in a slight decline in market share although growing advances strongly in the second half of the year. In commercial mortgages we remained selective in origination and our market share declined. Retail main-banked clients grew by 6% to 3,24m in 2022.

 TOM 2.0 – In 2022 we recorded benefits of R0,6bn, bringing the cumulative number to R1,5bn, on our way to unlocking benefits of R2,5bn by the end of 2023.

Update on environmental, social and strategic CPTs (2022 LTI awards)

To achieve the maximum vesting of 100% on the environmental, social and strategic CPTs on the 2022 LTI awards, the Group Remco would need to be satisfied that substantial progress over the three-year vesting period ending 2024 has been made. In the period up to the end of 2022 the following was achieved, representing an overall estimated vesting at 80%:

• Environmental – As a leader in environmental matters, we continued to make good progress on delivery against our Energy Policy commitments, evident in strong pipelines of renewable-energy finance that will start being drawn from 2023. We also laid the foundations for disclosing our fossil fuel and energy generation glidepaths in 2024, by agreeing our methodologies and disclosing our 2022 base line as part of our 2022 TCFD Report. In our own operations, our operational stage 1, 2 and 3 carbon emissions declined by 3,5% yoy and have declined by 32% since 2019, showing that we are well on our way to meeting our 2025 commitment of a 40% reduction on the 2019 baseline. The SDF we provide, aligned with the UN SDGs, increased to R123bn (14% of gross loans and advances) from R108bn in 2021, and we have set ourselves the ambition to increase this to around 20% by 2025, representing R150bn in new SDF

Social

 Our employee 'great place to work' NPS increased to 22 (from 19 in 2021), reflecting continued improvement.

Stakeholder Engagement

Review

- Our client NPS improved from the #2 position (Consulta survey) among SA banks to the #1 position in 2022 (Kantar survey).
- We have retained our level 1 BBBEE status for 5 years in a row. This was supported by diversity metrics improving across gender and race.
- ME Our Managed Evolution reached 91% completion of the information technology (IT) build, supporting great client experiences, new revenue growth opportunities, cross-sell, cost optimisation and strong growth across all digital metrics.
- SPT 2.0 Outcomes in 2022 were mixed, as reflected above, with market share gains recorded in household deposits and overdrafts, and with decreases in a number of other key areas.
- TOM 2.0 In 2022 we recorded benefits of R0,6bn, bringing the cumulative number to R1,5bn, on our way to unlocking benefits of R2.5bn by the end of 2023.

Update on the 2021 DHEPS CPT

Due to the high forecasting risk at the time of setting the DHEPS CPT on the 2021 LTI awards, the Group Remco retained discretion up to the vesting date to consider whether, in aggregate, the macroeconomic variables over the vesting period are significantly different to the expectation at issuance. The purpose of this discretion is to minimise the risk of material undue windfall gains.

Since setting this CPT in March 2021, the Group Remco has reviewed the macroeconomic variables in March 2022 and March 2023. The Group Remco concluded that no revision to the DHEPS target was appropriate, at the time, and a more accurate assessment of the macroeconomic variables is possible only nearer to the end of the full vesting period. This will therefore be reviewed again towards the end of 2023 or beginning of 2024 before the vesting.

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Part 1 - Letter from the chairperson of the Group Remuneration Committee

Additional focus areas

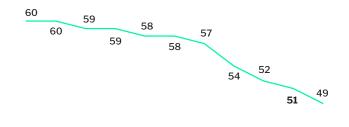
In addition to the primary matters raised above and the standard requirements of the Group Remco Charter, the following areas received additional attention from the Group Remco during the year:

- STI pool methodology review: In a separate workshop, the Group Remco reviewed best-practice STI pool buildup methodologies in the financial sector, both locally and globally. Following this review, adjustments were made to improve STI pool linkages to clearly identified non-financial commitments that are included in the goal commitment contracts (GCCs) of the executive directors (EDs) and prescribed officers (POs). Furthermore, the impact of EP variance (performance against target) on the final STI pool has been upweighted.
- Protecting shareholders: The board approved the purchase of shares in the market at prevailing share prices for the 2023 LTI issuance. This is a departure from previous practice of issuing shares and will be reviewed each year.
- Malus and clawback guidelines: The Group Remco approved operating guidelines to support any malus and clawback decision as provided for in the group's remuneration policy, the Phantom Share Plan Rules and the 2005 Share Scheme Rules.
- Ethical remuneration and pay ratios: Fair and responsible
 pay is a cornerstone of good corporate citizenship and, in this
 regard, 'pay ratios' or 'wage gaps' continue to gain currency
 as a measure of fairness.

The Group Remco reviews detailed pay gap analysis at its November meeting each year, looking at both vertical pay gaps and horizontal parity (equal pay for work of equal value). The Group Remco also worked closely with the Group Transformation, Social and Ethics Committee (GTSEC) on the oversight of remuneration differentials. Both committees were satisfied with the results of the work done, which revealed no material concerns. Specifically:

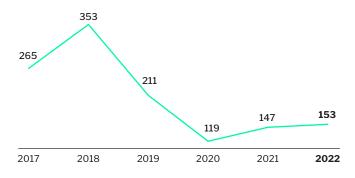
- the findings of the actuarial models show that there is little to no discernible bias in pay differentials based on race or gender; and
- the vertical pay gap analysis (top vs bottom) has trended down, as shown in the two graphs alongside, which use previously published remuneration data.

CE Guaranteed Package (GP) vs bank minimum GP (multiple)



2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

CE single-figure remuneration vs bank minimum remuneration (multiple)



The Group Remco is mindful of the numerous methodologies available to indicate a sense of 'pay fairness' and yet at the same time of the need to ensure that the remuneration of executive management is fair and responsible in the context of overall employee remuneration. Single-figure remuneration has become a standard disclosure item in SA, and uses actual remuneration adjusted for actual vesting (ie performance against the CPTs), and

not face values. However, in the context of pay gap analysis it may not be an ideal measure because of inconsistent valuation and disclosure methodologies of LTIs. Currently, there is no commonly accepted standard in SA for calculating these ratios and, as a result, disclosure of these ratios can lead to inaccurate or uninformed comparisons.

A further measure of 'pay fairness' is to consider the absolute level of pay at the lower levels. The 2023 STI spend for the bargaining unit increased from 7,8% of GP in 2022 to 9% of GP in 2023. This, combined with the 10,5% increase in the annual minimum GP from R190 000 to R210 000, makes a material difference to the financial well-being of employees most vulnerable to the high cost of living experienced in 2022, with inflation peaking at 7,8% in July 2022. R210 000 per annum is comfortably above the current legislated minimum wage in SA of R25,42 per hour, which translates to just above R50 000 per annum.

- Senior risk, compliance, internal audit and finance (RCAF)
 employees' remuneration outcomes for the 2022 financial
 year and a review of their GCCs: The Group Remco reviews the
 remuneration outcomes of the RCAF employees to ensure that
 individuals in these functions remain sufficiently independent
 of the businesses they serve. Overall, the Group Remco was
 satisfied with the outcome.
- the findings of the annual external independent review of the group's remuneration policy and its implementation carried out by Sunguti Solutions and Bowmans. The findings remain positive, providing comfort that our remuneration practices have been implemented in accordance with the remuneration policy in all material respects and that the policy is aligned with applicable legislation, regulations and governance codes. The review recommended an amendment to our share scheme rules whereby any special distributions to shareholders are managed appropriately at the discretion of the Remuneration Committee and in line with Schedule 14 of the JSE Listings Requirements. This amendment will be tabled at the June 2023 annual general meeting (AGM).
- Risk remuneration reports of the Chief Risk Officer (CRO) and Group Internal Audit (GIA) – approved by the Group Risk and Capital Management Committee (GRCMC): These reports provide input as to whether the financial and strategic outcomes of the 2022 STI and the 2020–2021 LTI schemes have been

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Part 1 - Letter from the chairperson of the Group Remuneration Committee

Additional focus areas continued

achieved in a sustainable and risk-appropriate manner. The Group Remco was satisfied that appropriate consideration was given to these inputs and that there were no issues to warrant the implementation of *malus* or clawback.

The Group Remco also spent time on the following standard charter requirements:

- · Reviewed the competitiveness of the LTI pool.
- Approved the overall remuneration spend for all employees.
- Approved the performance outcomes of the 2022 annual GCCs of the Group Exco members as well as the 2023 GCCs of the Group Exco members.
- Reviewed the remuneration proposals for the CE and Group Exco members and recommended these to the board for approval.
- Reviewed benchmark remuneration data results from Willis
 Towers Watson, PwC Remchannel and Aon McLagan, as well as
 published remuneration data from the banking and telecoms
 sectors, which include players considered as being among our
 peer groups for maintaining competitive remuneration.
- Approved all STI and LTI awards over 200% (150% for employees in RCAF functions) and 100% of the GP respectively.
- Reviewed the single-figure remuneration outcomes of the EDs and POs. As disclosed in the implementation report, 0% of the 2020 LTI awards to Group Exco members vested in 2023, (18% of the 2019 LTI awards and 15% of the 2018 awards vested) due primarily to the impact of Covid-19 on the ability to meet CPTs set prior to its onset.
- Reviewed employee benefits to ensure they are competitive and prudently managed.
- · Performed oversight of bespoke incentive schemes.

Discretion

Consistent with our remuneration policy, our remuneration outcomes are not driven only by a fixed formulaic approach to the determination of STI and LTI pools and individual awards. A pure formulaic approach can lead to adverse risk and reward outcomes. Adjustments for non-quantifiable factors, including risk and factors outside of pure financial performance, will ensure fair and responsible outcomes aligned with overall performance. The rationale, nature and extent of any discretion will always be fully disclosed. This year no material discretion was deemed necessary on the pools.

Future focus areas

We have entered 2023 well capitalised and well positioned to support our clients and the real economy in an environment of continued uncertainty. The Group Remco's future focus areas are the following:

Maintaining **continued dialogue** with shareholders to ensure the relevance and appropriateness of the remuneration policy.

Ensuring that the remuneration policy and resultant **outcomes support our strategic objectives** and that these are appropriate to the changing environment.

Reviewing the group's **STI pool build-up methodology**, ensuring it remains fit for purpose.

Ensuring remuneration outcomes are **fair and responsible**.

Staying abreast of remuneration **best practices**.

Reviewing the competitiveness of the group's LTI pool, the LTI CPTs, weightings and vesting ranges.

Ensuring that the requirements of the charter continue to be fulfilled.

Committee effectiveness

In 2022 an independent evaluation of the Group Remco was undertaken to evaluate the committee's effectiveness against the objectives of its charter. The committee was found to be effective in delivering on its responsibilities.

Service providers: advisors and benchmarking

The Group Remco received remuneration consulting advice from Vasdex Consultants and is satisfied that it acted independently and objectively. The Group Remco also refers to primary data from Remchannel and Willis Towers Watson for remuneration benchmarking purposes. Data from Aon McLagan is used for investment banking roles in CIB (SA and the UK). We also refer to the published remuneration disclosures of other financial services institutions and telcos for non-executive directors. EDs and POs.

Approval

The Group Remco is satisfied that it has fulfilled the requirements of its charter and that the objectives of the remuneration policy have been met, without material deviation.

This report was approved by the board for publishing, on 18 April 2023.

Conclusion

I wish to express my sincere appreciation for the support and wisdom received from each of the members of the Group Remco, the executive leadership and human resources function of Nedbank.

Hubert Brody - Chairperson: Group Remco

Part 2 – Remuneration policy

Covered in this section:

Policy fundamentals

Reward governance

Nedbank's remuneration framework

Risk and remuneration

Other policy elements

Scope of the policy

This policy has been approved by the board. It sets out how total remuneration must be managed in the group and is supported by detailed operating procedures and practices at cluster level.

The policy applies to all entities in Nedbank Group, including wholly owned subsidiaries, subsidiaries and joint ventures in which we have a majority interest, and excludes companies in which we have only a private-equity investment or a minority investment.

The policy applies uniformly in all such jurisdictions, except where it conflicts with either local statutes or regulations, in which case such statutes or regulations will apply. Where an operating jurisdiction has a more onerous regulatory or statutory framework, the local standards of governance in that jurisdiction will apply.

Aims of the policy

Our reward arrangements should do the following:

 Enable us to attract, motivate and retain people of high calibre, with the right mix of experience, skill, and knowledge to deliver on the strategy.

- Reinforce our desired culture and encourage ethical behaviour consistent with our values, thereby stimulating employee engagement.
- Create appropriate balance between and alignment of the needs, expectations, and risk exposures of our stakeholders

 including our employees, clients, shareholders, regulators, and communities – to ensure the creation of sustainable, long-term value for each of them.
- Incentivise employees to deliver sustained high levels of performance and excellent execution of the group's strategic priorities, while preserving their well-being and being cognisant of the impact this delivery has on the risk profile and exposure of the organisation.
- Enable appropriate transparency in the development of remuneration programmes and the distribution of individual remuneration awards to ensure equity and fairness (ethical outcomes) based on valid and appropriate external and internal benchmarks.
- Align with the principles of good corporate and remuneration governance, ensuring an appropriate share of value for the relevant stakeholders. While employees should not be prejudiced because of remuneration design issues, remuneration programmes should equally not be designed to favour or benefit employees at the expense of other stakeholders.

Fixed and variable remuneration is aimed at enabling the bank to remain competitive, which encompasses market relativity, sustainability, and commercial sensibility in the allocation and delivery of remuneration awards.

We are committed to ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration, with the following arrangements:

 There is a dedicated and skilled remuneration committee to provide independent oversight and direction on

- remuneration, with clear roles and responsibilities set out in the committee's charter.
- There is cross-membership between the Group Remco and the GTSEC so that regular and healthy interaction between these committees takes place with the aim of promoting an ethical culture.
- The Group Remco reviews the terms and conditions of service of all employee levels of the group.
- A robust remuneration system is implemented and maintained by management. This system includes the following:
 - A comprehensive pay structure and earnings ranges.
 - A clear and transparent process for matching remuneration data to market benchmarks.
- Careful use of market benchmarks, not as absolute targets but to guide remuneration decisions.
- A performance management system that enables our talent management objectives and promotes positive individual and team contribution towards strategic objectives. One of the objectives of the performance management system is to provide a basis for consistent remuneration decisions across the bank.
- Incentive schemes that are well designed and tested and that include carefully selected CPTs with sufficient levels of stretch.
- Our stakeholders, specifically shareholders and employees, have opportunities to engage on remuneration matters.
 Proactive shareholder engagement takes place before material changes to our remuneration policy are introduced.
 Employees are given an opportunity to engage with management on remuneration through membership of a recognised union and other channels.
- Remuneration information provided to our stakeholders is transparent, within the constraints of privacy legislation, and straightforward.

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Remuneration governance

Overview

We comply with the relevant remuneration governance codes that apply in our various operating jurisdictions. These include groupwide compliance with the Financial Stability Board (FSB) Principles for Sound Compensation Practice. In SA we meet the requirements of the King IV Code on Corporate Governance for South Africa (King IV); Regulations 39 and 43 of the Banks Act, 94 of 1990; as well as section 64C of the Banks Amendment Act, 3 of 2015. For operations domiciled in the United Kingdom (UK) the provisions of the Prudential Regulatory Authority Remuneration Code apply. For our South African insurance operations, the provisions of the Prudential Governance Standards of Insurers apply.

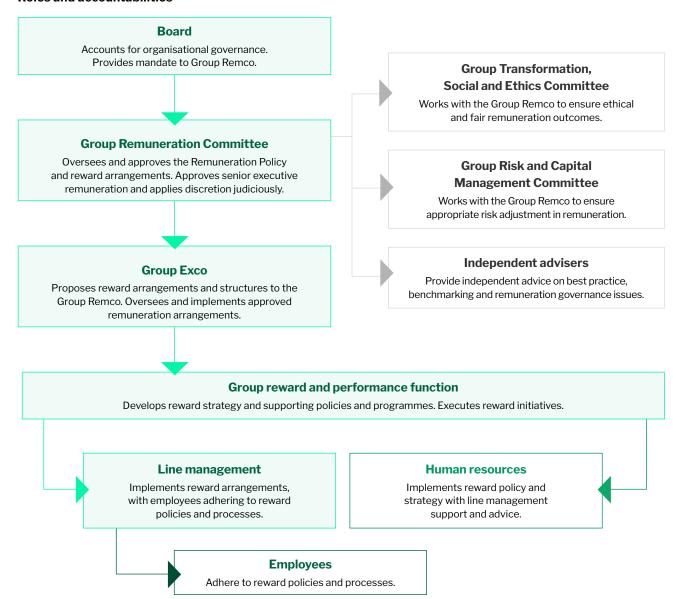
An external independent review of the remuneration policy and its implementation is regularly performed to obtain comfort that our remuneration practices have been implemented in accordance with the policy in all material respects and that the policy is aligned with legislation, regulations, and governance codes.

Our Group Remco is mandated by the board to oversee and govern all aspects of remuneration and operates according to an approved charter. Outcomes of all Group Remco meetings are reported to the board.

The Group Remco regularly conducts an evaluation of its effectiveness. Independent advisers provide strategic input and advice on international and local best practice and benchmarking. The Group Remco is further supported by the group reward and performance function.

The Group Remco works closely with the GRCMC to ensure a comprehensive approach to risk and reward.

Roles and accountabilities



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Part 2 - Remuneration policy

Remuneration governance continued

Authority framework

The authority for the material remuneration aspects is delegated to the respective decision-making bodies as set out below:

Element	Shareholders	Board	Group Remco	CE/Management
Remuneration policy	Endorses on a non-binding basis	Approves	Recommends to the board	Proposes to the Remco
Remuneration report	Endorses on a non-binding basis		Approves	Proposes to the Remco
STI plan changes			Approves	Proposes to the Remco
STI performance target setting			Approves	Proposes to the Remco
LTI scheme changes	Approves	Recommends to the shareholders	Recommends to the board	Proposes to the Remco
LTI performance target setting			Approves	Proposes to the Remco
Bargaining unit remuneration			Approves	Proposes to the Remco
NBU remuneration			Approves	Proposes to the Remco
Group executive remuneration (excluding EDs and POs)		Approves	Recommends to the board	Proposes to the Remco
RCAF employee remuneration			Approves	Proposals to Remco by CRO, CFO and the CCO
PO remuneration		Approves	Recommends to the board	Proposes to the Remco
ED remuneration (excluding CE)		Approves	Recommends to the board	Proposes to the Remco
CE remuneration		Approves	Recommends to the board	Board chairperson proposes to Remco
Non-executive director fees	Approves			Proposed by an independent management committee based on independent advice

Shareholder engagement

Engagement with shareholders on the remuneration affairs of the group is an important governance requirement that the board actively endorses. Such shareholder engagement is seen as a necessary and ongoing effort that contributes to fair and responsible remuneration outcomes.

Specifically, if 25% or more of the voting rights exercised by shareholders at an AGM are against the remuneration policy or the implementation report or both, the board will engage with shareholders.

Governance Ethics Financial Crime Review Review

Part 2 - Remuneration policy

Nedbank's remuneration framework

Our remuneration framework, excluding bespoke schemes, is described below, highlighting the three remuneration components, their respective reward objectives, and the distinction between 'awarded' and single-figure remuneration:

				2000	2022	Deferral or vesting period				
Components	Reward objectives	Description	Frequency of payment/award	2022 awarded remuneration	single-figure remuneration	2023	2024	2025	2026	
1 Annual GP	"Reward for skills and experience (month-to-month orientation)."	Fixed annual cash salary and benefits including medical, retirement, death and disability. Benchmarked against banking peer group and listed telcos, supported by external survey data sourced from PWC and WTW.	Reviewed annually; increase effective April; paid monthly.	⊗	\otimes					
2 STI in respect of 2022"	"Reward for achievement of annual HE and EP targets (annual orientation). The funding rate applied to target HE is subject to Remco	Total STI consists of two elements: 1 Compulsory STI deferral 50% of all STIs over R1m are compulsorily deferred into shares, in the MSS, on a post-tax basis over a deferral period of 30 months."	Deferral period is 30 months; the deferral is released from forfeiture (malus) in three equal tranches on month six (Oct 2023), month 18 (Oct 2024) and month 30 (Oct 2025).	⊗	⊗	33,3% released	33,3% released	33,3% released		
	approval. The final pool varies based on actual HE and EP performance and Remco discretion for non-quantifiable factors."	2 STI cash incentive (the balance) The cash incentive paid and deferred award already released from forfeiture (<i>malus</i>) are subject to clawback at the discretion of the Group Remco, for up to three years from award date.	Cash incentives are awarded annually in March. Awards are discretionary, based on cluster, divisional and individual performance.	⊗	⊗					
3 LTI award in March 2023 in respect of 2022"	Reward for achievement of published medium-term targets (three-year orientation) and alignment of interests of management and shareholders.	The shareholder-approved LTI plan consists of two schemes: 1 Restricted-share awards A forfeitable share award in March, with a three-year vesting period, subject to malus and clawback for five years from the award date. Vesting of at least half the awards will be subject to CPTs, which align with medium-term strategic targets."	Face value of LTI is awarded annually in March with the three-year vesting period (2023, 2024, 2025), vesting in March 2026, subject to achievement of CPTs and ongoing employment.	⊗		١	esting perio	od	Vesting (March)	
		2 MSS A share-matching arrangement on the STI deferral, of up to one share for every share held, provided the deferral is retained in the MSS plan for 36 months and the matching performance condition is met. All employees also have the opportunity to participate in the scheme by voluntary investment subject to meeting the matching performance condition and specified limitations.	"The match is awarded to the extent that the deferral is retained in the MSS for 36 months, ie until April 2026 and the performance condition is achieved."			D	eferral perio	od	Match (April)	
Total awarded	remuneration for 2022: The su	m of GP, total STI and face value of LTI award.		⊘						
Single-figure LTI: This is the value of the award that vests in March 2023 for which the three-year vesting period ends in 2022, ie it was granted in March 2020 (at a share price of R168,80). The value vested (settled) in March 2023, differs to face value at award in March 2020 due to share price movement over the three-year performance period and achievement or non-achievement against the CPTs. Value vested is valued at the 2022 year-end share price of R212,58.					⊗					
Single-figure match: This is the value of any matched shares settled in April 2023, but for which the measurement of the performance condition concluded on 31 December 2022. This is also valued at the 31 December year-end share price of R212,58.					Ø					
Dividends: These are dividends received during the financial year on unvested share-based awards.					⊗					
Total single-fig	gure remuneration for FY2022:	: The sum of GP, total STI, single-figure LTI, single-figure ma	atch and dividends.		Ø					

Changes to remuneration arrangements

The group reserves the right, subject to compliance with the relevant legislation or collective agreements, to change or withdraw any aspect of its Remuneration Framework.

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Part 2 - Remuneration policy

Nedbank's remuneration framework continued

Performance enablement

The aim of our performance management approach is to promote alignment of individual, team and cluster performance objectives with those of the group. This enables translation of our strategic focus areas into individual action plans. The core principles of our performance management process are as follows:

- Performance management is consistently applied across the group to ensure effective alignment of strategic objectives and individual outputs.
- Performance objectives feature both financial and non-financial goals, which are aligned with our strategic imperatives.
- Performance management is an ongoing process featuring regular conversations.
- Performance outcomes are appropriately differentiated to reflect the various levels of contribution made by employees to the success of the group. Where performance deficits are identified, these are dealt with actively, with the primary objective of returning the employee to full performance.
- Performance management is a primary input into remuneration, with the aim, among other things, of ensuring appropriate differentiation in remuneration based on contribution and performance.
- Individual performance outcomes are subjected to a checkand-challenge practice before finalisation to help promote fair outcomes free of any conscious or unconscious bias.
- The priorities of the performance management approach are to:
- ensure that transactional, transformational, and valuesbased goals, as documented in the GCCs, are focused on, and aligned with our strategic objectives;
- ensure that feedback cycles are shorter and feature open and informal performance conversations that build on strengths instead of featuring only the formal reviews that merely measure and assign a rating for past performance; and
- develop our managers to become performance coaches able to hold forward-looking quality conversations that are integrated with learning and development opportunities as well as talent management objectives.

Guaranteed remuneration

Guaranteed remuneration comprises salary and employee benefits and is delivered to employees in a form determined by local market conditions. Guaranteed remuneration usually reflects the prevailing 'rate for the role' within an earnings range, with actual remuneration being distributed about the median of the range.

In SA, and in some non-SA operations, this will take the form of a GP, which represents the fixed cost of employment and, depending on local market practice, comprises a combination of the following:

- Cash salary
- · Retirement benefits
- · Medical benefits
- · Death and disability benefits
- Motor vehicle benefits

A core principle under a GP approach is that changes to benefit contribution levels are cost-neutral to the group. This means that changes to benefit pricing result in a corresponding increase or decrease in the monthly cash salary of the individual.

Where appropriate, local market conditions may necessitate a basic-salary-plus-add-on-benefit approach. In these instances, the salary is fixed, with benefit costs being a function of utilisation (ie if the benefit is not used, there is no cash compensation in lieu of the benefit). The group carries the risk of increases in the cost of benefits.

The primary determinant of guaranteed remuneration is market relatedness, where we target the median of the market's pay rate for the job. Annual benchmarking is conducted using data from Remchannel and Willis Towers Watson. Data from Aon McLagan is used for investment banking roles in Corporate and Investment Banking (CIB) (SA and the UK). We also refer to the published remuneration disclosures of other banking institutions and telcos for our EDs and POs. Bespoke surveys are conducted from time to time for specific talent segments.

The combination of distribution of guaranteed remuneration within the earnings ranges and the market relativity of our guaranteed remuneration is a primary input into the annual salary review process, but in all instances subject to affordability and the sustainability of our remuneration practices.

In support of remuneration benchmarking there is a robust process of job profiling. This enables consistency in the sizing of roles and the associated benchmarking of guaranteed-remuneration levels.

At an individual level, performance, experience, and market position are key determinants of the individual's progression within an earnings range.

Adjustments to guaranteed remuneration outside the annual review process are the exception and are linked to changes in responsibility or the intention to retain specific talent. These are subject to appropriate approval based on the relevant delegations of authority.

Employee benefits are regularly reviewed to ensure they remain appropriate and are prudently managed.

Most of our retirement schemes are of a defined-contribution nature, except where the benefits according to the rules of the old defined-benefit scheme are still applicable to members and where local legislative and regulatory conditions provide otherwise. Most of our South African employees are members of the Nedgroup Defined-contribution Pension and Provident Funds, which were transitioned into the Old Mutual SuperFunds in 2015.

All EDs and POs are members of the Nedgroup Definedcontribution Pension or Provident Fund. Contributions to the retirement funds form part of the GP.

Our non-South African operations have a variety of definedcontribution and legacy defined-benefit schemes, and if the defined-benefit schemes are in deficit, appropriate steps to manage their financial impact are put in place.

Short-term incentives

STIs are delivered through our discretionary STI arrangements. Where appropriate, and subject to appropriate governance and approval, bespoke plans may be implemented, subject to Group Remco oversight.

The aim with STIs is to drive the achievement of sustainable results in line with our strategy and within an agreed risk appetite and to encourage behaviour that is consistent with our values and aligned with the best interests of our stakeholders. STI schemes are structured to reward collaborative work across different clusters. As a rule, all STI plans are funded from our overall STI pool. Bespoke plans will therefore result in a drawdown from the pool. Where there is a specific dispensation to exclude a bespoke plan from the overall STI pool (usually in cases of low guaranteed and high-variable remuneration models), Group Remco approval for such exclusion is required.

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Part 2 - Remuneration policy

Nedbank's remuneration framework continued

We do not operate any individual line-of-sight schemes that could encourage inappropriate risk-taking or increase the risk of moral hazard. In the case of commission-type arrangements (usually in respect of low-risk, income-generating sales roles), appropriate safeguards are included to mitigate any potential moral and conduct hazards.

STI participation is discretionary and therefore there is no right to a performance incentive award in any given year. At an individual level, STIs are determined primarily based on performance, with the principle of 'exceptional reward for exceptional performance' observed. Furthermore, employees performing below a minimum acceptable level are typically not eligible for consideration for an STI award.

STIs are typically in the form of cash and employees must be in service on the date of payment. In accordance with global financial services governance and prudent risk management principles, we have an arrangement of compulsory deferral into shares of STI awards paid above a threshold approved by the Group Remco from time to time, and it has been effective since 2010. Such deferrals may be subject to forfeiture at the discretion of the Group Remco. Where forfeiture applies, we will not retest conditions or extend the period over which shares must be held.

Any cash incentive paid and any deferred STI award made from 2016 already released from forfeiture is subject to clawback at the discretion of the Group Remco in respect of some or all participants, for up to three years from the original award date if any of the following have occurred, as set out in the rules of the Nedbank Group Employee Share and Phantom Scheme:

- · Gross misconduct.
- Loss to the group due to failure to observe risk management policies.
- Presentation or publication of misleading or misstated financial results.

Should any of these triggers occur, *malus* and clawback will be applied in accordance with the principle of procedural and substantial fairness. Additional provisions exist for employees in the UK operations to comply with applicable regulation.

Specific Group Remco approval is required for all individual STI awards that exceed 200% of the GP.

The Group Remco has approved a 200% cap on variable pay for the material risk-takers in our UK operations, as required under UK and EU regulations.

Deferral of short-term incentives

The current deferral thresholds and periods for the compulsory and voluntary deferral schemes are set out below:

R0 to R1m

No compulsory deferral.

Compulsory STI deferral> R1m

Fifty percent of any STI amount in excess of R1m is deferred into the Compulsory Bonus Share Scheme, which is a subscheme of the MSS, over a period of 30 months, with releases from forfeiture occurring in three equal tranches at 6, 18 and 30 months from the date of the award. Deferral is on a post-tax basis. basis.

Voluntary bonus share scheme

Employees may select to defer a portion of their post-tax STI voluntarily into the Voluntary Bonus Share Scheme, which is a subscheme of the MSS, subject to the total deferral (including the compulsory deferral) not exceeding 50% of the total post-tax STI award.

Long-term incentive plan – Nedbank Group (2005) Employee Share Scheme

The group operates one LTI scheme, the Nedbank Group (2005) Employee Share Scheme, which has been approved by our shareholders. Under this LTI scheme, awards are made in the form of restricted-share awards and matched awards. Share awards are restricted awards because they may not be disposed of or otherwise encumbered at any time up to, but

not including, the vesting date and are subject to the control of the board and/or Group Remco. These restrictions lapse on the vesting date.

The ordinary shares available for purposes of the LTI scheme is capped at 5% of the issued ordinary share capital.

a) Matched-share Scheme, operated under the approved longterm incentive plan

We offer a share-matching arrangement (matched awards) up to a one-for-one basis on compulsory and voluntary STI deferrals. The compulsory deferral is 50% of the STIs that exceed predefined a threshold, currently R1m, which is deferred in the CBSS. All employees also have the option to participate in the VBSS. This allows employees to participate in both potential share price appreciation and the application of share-matching arrangements.

The match is subject to the participant remaining in service on the vesting date and subject to the retention of the deferral in the plan for 36 months. The delivery of matched shares may be partially or wholly contingent on the achievement of a specified matching performance condition.

b) Share plan

Shares are awarded with the aim of aligning the interests of stakeholders and retaining key employees. The criteria and quantum of allocations are benchmarked to the market annually. All LTI awards are discretionary and motivated by the Group Exco and approved by the Group Remco members in their capacity as trustees of the Nedbank (2005) Employee Share Scheme Trust. Specific Group Remco approval is also required for all LTI awards greater than 100% of the GP.

For our international and Nedbank Africa Regions operations LTIs are made on a phantom basis under the Nedbank Group Employee Phantom Scheme Plan Rules, which mirrors the Nedbank Group (2005) Employee Share Scheme in design and structure. The phantom scheme is also subject to *malus* and clawback provisions similar to those of the Nedbank

Part 2 - Remuneration policy

Nedbank's remuneration framework continued

2005 scheme. Such arrangements have been implemented to ensure that operations outside SA can also participate in LTI arrangements linked to the group's share price performance, and thereby ensure appropriate alignment of the interests of executives based abroad with those of the group's shareholders.

LTI awards are based on the following eligibility criteria:

- Individuals key to driving the business strategy
- Talent management and succession planning
- · Critical talent and scarce skills
- · Transformation objectives
- · Potential and performance
- Leadership

The following are the core principles applicable to the group restricted-share award arrangements (including phantom share awards):

- Awards may typically be made at only two intervals per year

 the annual pay review (typically March) and the once-off
 cycle award (typically August). All awards are subject to the
 necessary governance and approval processes.
- Awards subject to CPTs may lapse in full or in part if the conditions are not met. Where awards lapse because of non-fulfilment of the CPTs, the CPTs will not be retested, and targets will not be adjusted.
- Awards are subject to vesting over a period of no less than three years from the date of the grant. Where awards lapse, no replacement compensation is issued.
- Employees may not take steps to hedge or otherwise insure themselves against potential losses in respect of their LTI participation before vesting.
- The pool available for allocation under our LTI arrangements is approved in advance by the Group Remco.

- The Group Remco assesses and confirms the CPT outcomes, ensuring that the interests of all stakeholders are appropriately considered.
- Awards from 2016 onwards are subject to malus and clawback provisions, to be invoked at the discretion of the Group Remco in respect of some or all participants for a period of up to five years from the original date of the award if any of the following have occurred, as set out in the rules of the Nedbank Group (2005) Employee Share Scheme and the Phantom Scheme:
- Gross misconduct.
- Loss to the group due to failure to observe risk management policies.
- Presentation or publication of misleading or misstated financial results.
- Should any of these triggers occur, malus and clawback will be applied in accordance with the principles of procedural and substantial fairness. Additional provisions exist for employees in the UK operations to comply with applicable regulation.
- Restricted shares may be awarded at the discretion of the Group Remco to new senior managers on appointment and on an exceptional basis to employees who have been appointed to more senior positions and have been recommended for an allocation by the Group Exco.
- On-appointment allocations may take place typically biannually (and by exception on the date of appointment with specific approval), with awards based on the volumeweighted average share price (VWAP) using the relevant trading days from the announcement of the annual or interim financial results (as applicable).
- Restricted-share awards and matched awards are not, under any circumstances, backdated.
- No retrospective adjustments are made to performance conditions to mitigate the impact of weak performance.

 Participants are eligible for dividends from the date of the granting of the awards.

Special-purpose short-term variable remuneration arrangements

We use special-purpose short-term variable remuneration arrangements on an exceptional basis to help attract and retain key employees and holders of scarce skills. These include sign-on awards and deferred short-term incentive (DSTI) arrangements, both of which are subject to individual performance and service conditions to ensure an appropriate return on the remuneration investment. Sign-on awards are cash-based and made to prospective employees on joining the group, typically awarded to compensate for loss of certain accrued benefits or to make these employees whole in terms of their existing contractual obligations to previous employers. DSTI awards are cash-based awards, comprising an upfront payment (typically 40% of the award), with a deferred component (the remaining 60%) payable subject to minimum service and individual performance conditions. EDs and POs are not eligible for DSTIs in the normal course.

Employee ownership plans

Broad-based schemes operate in jurisdictions where local regulations or statutes require specific economic participation by employees, usually by means of ownership of a stake in the business. In most instances these plans are put in place to redress past imbalances in participation in the economy of the respective country. Participation in such plans, therefore, may be limited to certain employees based on demographic specifications. Failure to adhere to the requirements may have material legal implications for the relevant business. Broadbased schemes are typically implemented at zero cost to employees. All employee ownership plans are subject to board approval (and may, subject to the nature of the transaction, require regulatory, stock exchange or shareholder approval). Accordingly, strict governance and approval processes apply.

Governance Ethics Review Review Financial Crime Review Remuneration Review Tax Review Stakeholder Engagement Review

Part 2 - Remuneration policy

Risk and remuneration

Overview

We use a three-year budgeting, forecasting, and planning process that is integrated with our strategic objectives, risk appetite and capital planning, enabling us to have a forward-looking view of the strategic, financial, and risk-and-return outcomes of remuneration policies and outcomes. The mandatory STI deferral of up to 30 months and the three-year vesting of LTI share awards are aligned with this forward-looking business cycle. The deferral period provides for risk-based outcomes to be monitored over the three-year period after the deferral and enables the application of *malus* or clawback.

The STI scheme is designed to incentivise a combination of profitable returns, appropriate risk-taking and growth. It is driven by actual EP and HE performance versus targets, using risk-based capital allocation as set out in the Risk and Balance Sheet Review, available online.

There is cooperation between the Group Remco and the GRCMC to ensure that the overall risk environment is considered when making remuneration decisions, with formal discussion between the Group Remco chairperson and the GRCMC chairperson on the risk aspects of remuneration held. This reflects our commitment to achieving a balance between the prudent management of remuneration within the context of both our risk appetite and risk profile, and the need to attract, retain and motivate key talent to enable delivery on our strategic objectives. Risk is considered in the remuneration process by including ex ante or 'before the fact' risk adjustments.

The Group Remco works with GTSEC to ensure appropriate levels of oversight of the application of ethical principles aimed at achieving fair and ethical remuneration outcomes.

Short-term incentive pool allocation process

Our remuneration arrangements are not driven by a fixed formulaic approach only. As is evident below, the Group Remco may make qualitative adjustment to the STI pool for any required corrections based on non-quantifiable factors.

Total group pool

 This is approved by the Group Remco against benchmarks. It includes a targeted group pool for delivery of target HE and EP that are cascaded down to cluster-level targets.

Quantitative approach

HE and **EP** performance

- The allocation of the Group Remco-approved group pool to each cluster is done by the CE, with input from the CRO, Chief Internal Auditor and Group Exco.
- The cluster pools are based on a weighted combination of group and cluster performance. The group and cluster pools are adjusted for actual year-end performance variances to targets, with a slant towards EP in order to incentivise returns on equity, where:
 - 40% is based on HE variance to target; and
- 60% is based on EP variance to target
- There is a 10% variance set for the bottom-up cluster pools relative to the overall group pool.

Goal commitment contracts

- The financially determined pools (top-down and bottom-up) are adjusted up or down by up to 15% based on the achievement or otherwise of the non-financial elements of the Group Exco members scorecards.
- · Risk metrics are included in the relevant GCCs and aligned with the group five-year plan and risk frameworks.

Qualitative approach



- The CE makes discretionary adjustments to quantitatively determined cluster pools based on judgement and nonquantifiable metrics.
- The Group Remco also makes discretionary adjustments to the group pool for any required corrections based on non-quantifiable metrics, including an assessment of the circumstances pertaining to a particular financial period, and non-financial performance and risk and conduct.

5

Individual-bonus proposals

- Individual-bonus proposals are discretionary, and no fixed formulaic approach is used by the bank. All cluster executive bonus proposals are analysed by the Group Exco and the necessary adjustments are made to ensure appropriate consistency across the bank.
- All Group Exco bonuses are individually motivated by the CE and recommended by the Group Remco for approval by the board. The CE bonus is motivated by the Group Chairperson and recommended to the Group Remco for approval by the board.
- Individual bonuses for all senior RCAF employees are reviewed and ratified by the CRO, Chief Compliance Officer (CCO) and CFO. The remuneration of the Chief Internal Auditor is agreed with the chairperson of the Group Audit Committee (GAC), and the remuneration of the CRO is agreed with the chairperson of the GRCMC.
- The CRO and Chief Internal Auditor prepare independent annual risk remuneration reviews and report to the GRCMC and Group Remco.
- All proposed bonuses above 200% (150% in the instance of senior RCAF function employees) of GP require individual motivation and Group Remco approval.
- The Group Remco has approved a 200% cap on variable pay for the material risk-takers in our UK operations, as required under UK and EU regulations.

Governance Review Ethics Review Financial Crime Review Remuneration Review

Risk and remuneration continued

Employees in the following bespoke schemes are excluded from the STI distribution process:

- Market analysts in CIB, since their STIs are predominantly determined using externally published ratings.
- Participants in the private-equity 'locked box' remuneration scheme, which is the market norm for private-equity collective-investment performance-based remuneration, based on a sharing of 'carried interest' on realised investments.
- Participants in the Nedbank Financial Planners and Insurance commission and earnout schemes.

Employees in the following bespoke schemes are included in the STI distribution process:

- The NGI Active scheme within Wealth.
- MyRewards, a sales incentive scheme for front line sales employees in Consumer Banking.

In line with the principle of substantive and procedural fairness, the board has sole discretion as to the quantum and nature of any forfeiture, *malus* or clawback relating to compulsory STI deferrals and LTI awards. In this regard STI deferrals and LTI awards will be forfeited should the employee resign or be dismissed before the end of the release of the outstanding forfeiture obligations or vesting period. LTI awards and STI deferrals will also be forfeited, at the sole discretion of the board, should material irregularities or misrepresentation of financial results become known during the deferral period.

Our summarised approach to the governance of risk in remuneration

Long-term incentive awards

- Awards are discretionary, with three-year vesting periods, subject to malus and clawback.
- CPTS are aligned with published medium-term strategic targets and value creation.
- Minimum shareholding requirements apply to Group Exco members to promote alignment of interests.

Short-term incentive awards

- Awards are discretionary, with up to a 30-month partial compulsory deferral so that riskbased outcomes may be monitored, and subject to malus and clawback.
- There are no line-of-sight schemes that encourage inappropriate risk-taking.

Group Remco

- The board approves the Remco Charter setting out the committee's roles and responsibilities, and the remuneration policy.
- · The committee is independent.
- The committee commissions an annual external independent review to ensure implementation is in accordance with the policy and that the policy adheres to the requirements of King IV, the Banks Act, 94 of 1990, Prudential Governance Standards for Insurers, the JSE Listings Requirements, and Financial Stability Board Principles for Sound Compensation Practices (FSB).
- · Additional committee oversight is applied to the following:
 - CE and Group Exco awards.
 - STI awards > 100% GP, and LTI awards > 200% GP.
 - RCAF employee awards.

The governance of risk in remuneration

GRCMC and Group Remco

- Formal interaction between the GRCMC and Group Remco takes place to ensure the overall risk environment is considered when making remuneration decisions.
- The CRO and GIA provide annual risk remuneration reviews for Group Remco and GRCMC approval.

Stakeholder engagement

- · Annual governance roadshows take place with shareholders.
- Shareholders vote on the Remumeration Policy and Implementation Report.
- · Sasbo engagement takes place for bargaining-unit employees.

GTSEC and Group Remco

- The GTSEC and Group Remco work closely to ensure there is robust oversight on fair remuneration.
- Group Remco is responsible for ensuring that appropriate measures are in place to ensure the organisation pays fairly, responsibly and ethically, within the tone set by the GTSEC.

Recognition programme

The Nedbank Recognition Programme is aligned with our People Promise and enables all our employees to #BeTheDifference through contributions to our purpose to do good.

Employees who deliver performance excellence and role-model the desired behaviour are celebrated informally throughout the year by means of the award of virtual badges, as described below, and formally once a year through recognition of the achievements of individuals and teams in the form of the prestigious annual Top Achievers international incentive trip, incentivising desired performance, maintaining motivation, and always keeping our values and purpose top of mind:



Purpose-led (our core People Promise theme)

Live our purpose and impact our world with passion. Be a force for good for Nedbank as a whole and our broader stakeholders and environment.



Service excellence

Put our clients first, always. Deliver service excellence with purpose in every action and interaction.



High performance

Make excellence a daily habit. Stand accountable for decisions, actions, impact, and results.



Growth and development

Grow to know more and be more. Be adaptable, flexible, and open to new ways of being and doing.



Diversity and inclusion

Show up in every way, every day. Celebrate differences united by our common purpose, goals, and work. Put the team first and care for others.



Human-centred leadership

Adopts a human-centred approach in interactions with others and creates an environment that enables others to deliver and lead.

The core principles of the recognition programme are as follows:

- · Recognition should be ongoing, timely and spontaneous.
- · Recognition should promote specific desired behaviour.
- · Business units determine how recognition will be conducted in their area within specified guidelines.
- Any awards made under the recognition programme are compliant with the relevant tax legislation.

Working together with the performance management approach, the enhanced recognition programme enables a positive environment in which employees can contribute their best.

The approval of formal Top Achiever nominations can be accompanied by the award of Avo vouchers, at the discretion of the line manager.

Minimum shareholding requirements

As approved by the Group Remco in 2012, members of the Group Exco are subject to minimum shareholding requirements. The following minimum requirements must be met within five years from the date of appointment to the Group Exco:

СЕ	2 times GP
EDs and POs	1,5 times GP
Other members of the Group Exco	1 times GP

Termination arrangements

EDs and POs are entitled to severance pay equal to two weeks' GP per completed year of service if their services are terminated by the company on a no-fault basis. Contractual notice (where applicable) will be served, and accrued leave will also be paid out in the normal course.

Treatment of any unpaid bonus, unvested deferrals or unvested LTI awards will be dealt with in accordance with the rules of the various schemes and will in all instances be subject to Group Remco and board oversight and approval. There are no special termination arrangements or golden-parachute agreements in place. *Malus* or clawback may apply to some or all participants, including those who have been granted no-fault termination status or fault termination status. The provisions applying to unvested deferrals and unvested LTI awards are outlined below (the board and/or Group Remco may apply discretion to classify a termination as a no-fault termination for unvested LTI awards):

		STI	L TI
Fault termination	Resignation or dismissal	Employees who resign or are dismissed before the payment or vesting date of cash awards or deferrals will forfeit these awards.	Employees who resign or are dismissed before the vesting date of the unvested LTIs will forfeit these awards.
No-fault termination. Generally, this is any termination	Retirement, retrenchment or permanent disability	Cash and deferred STI awards continue in the normal course for the duration of the vesting period.	The LTI awards continue for the duration of the vesting period and remain subject to the applicable rules and performance conditions.
any termination not treated as a fault termination.	Death	Deferred awards vest on death and any applicable match is settled within 30 days.	Unvested LTI awards vest on death and are adjusted for expected vesting outcomes as approved by the Group Remco.

Group executive service contracts

Service contracts of EDs and POs are aligned with the general conditions of service applicable to all group employees based in SA, except for specific provisions relating to notice periods, which are set out below

	Notice period	Retirement age
CE	12 months	60
EDs	6 months	60
POs	6 months	60

All Group Exco members, other than the CE, have a standard six-month notice period, which is a requirement for all new appointments. Normal retirement ages can be extended at the board's discretion, by mutual agreement.

Change of control

The Nedbank Group (2005) Employee Share Scheme rules provide that there may be no automatic early or accelerated vesting in the event of an offer of Nedbank Group Limited shares. They do, however, allow for accelerated vesting of unvested awards in limited circumstances. As an example, if there is a 100% takeover and the offeror wishes to vary the terms to accelerate the vesting and provided that the board is satisfied that the terms are not less favourable to the participants on an overall basis, and it is in the best interests of the group.

Non-executive directors' fees

Non-executive director appointments are made in terms of the company's memorandum of incorporation and confirmed at the first AGM of shareholders after their appointment. Directors are then re-elected by shareholders at least every three years.

Each year, the fees are considered, and proposals are made by an independent committee comprising the CE and CFO with advice from independent experts. The fees are reviewed against the local banking sector and are subject to approval in advance by shareholders at the AGM. Changes to fees, where approved by shareholders, become applicable on 1 July of each year.

The fees of the Group Chairperson and the non-executive directors reflect the specific responsibilities relating to their membership of the board and, where applicable, board committees. The Group Chairperson receives a single fee for his role. Non-executive directors are paid a fixed fee for board membership and receive additional fees for their participation in the board committees. Neither the Group Chairperson nor the board members receive any performance-related remuneration or any employee benefits.

Non-executive directors are accountable for decisions made, regardless of attendance at meetings. Non-executive directors are also required, as a matter of course, to engage stakeholders and to make the necessary preparations for meetings and other engagements.



Part 3 - Implementation report

Covered in this section:

Fair and responsible remuneration

Guaranteed-package outcomes

Retirement scheme status

Short-term incentive outcomes

Long-term incentive outcomes

Employee ownership scheme status

Executive director and prescribed-officer remuneration outcomes

Additional disclosure

Remuneration of risk, compliance, audit and finance specialists

Non-executive director remuneration

Directors and prescribed-officers interests

Fair and responsible remuneration

Each year, remuneration differentials are thoroughly tested using a model that considers a wide range of admissible factors, as set out in Regulation 7 to the Employment Equity Act, 55 of 1998, that includes seniority, length of service, qualifications, performance, and skills scarcity. By applying such factors that are justifiably expected to influence remuneration, the model predicts an expected value of remuneration (GP and STI) for each employee. Employees with a large variance between the actual and expected value, are red-flagged, which is either validated or resolved by the clusters after consideration of factors that the model was unable to consider, such as job profile discrepancies or other data inaccuracies, length of time in the role, or performance of the division.

The Group Remco and GTSEC are satisfied that there is little to no discernible bias in pay differentials based on gender or race and that overall, pay differentials are warranted.

Executive GP increases are set by reference to, among other things, the increases of the broader workforce, which is represented by Sasbo, the finance union in SA. Employees have a right to freedom of association and unions representing their interests. There are also collective-bargaining arrangements in our subsidiaries in Lesotho, Namibia, Eswatini and Zimbabwe. Care is taken to ensure that salary increase settlements are appropriate within the context of local market and economic conditions. We accordingly continue to remunerate our employees in the BU appropriately relative to the industry. In addition to monetary reward, Nedbank provides lower-income employees and their dependants additional benefits to improve their skills and capacity, which should in time translate to a higher remuneration opportunity, as outlined below:

Nedbank study grants

Employees who earn less than R600 000 per annum qualify for this benefit, which provides a R10 000 once-off study grant for their children who have successfully completed the first year of study at a recognised tertiary institution. In 2022 Nedbank assisted 81 employees with grants to the value of R1,2m. In 2021 Nedbank assisted 88 employees with grants to the value of R1,1m.

The Dr Holsboer Education Assistance

The fund provides qualifying applicants who earn a joint income of up to R450 000 per annum with a once-off grant for their children and legal dependants towards the costs of formal primary- and high-school education fees. In 2022 the fund paid out R4,6m, assisting 2 056 employees, compared to 2021, when the fund paid out R4.3m, assisting a total of 2 143 employees.

The Dr Holsboer Medical Assistance

The fund supports employees with medical-aid shortfalls. At the end of December 2022 the fund had assisted 890 employees to the value of R3m, compared to 2021, when the fund assisted 877 employees to the value of R2,7m.

The Evergreen Trust

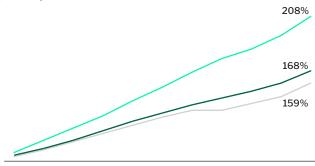
This scheme has the specific purpose of improving the living standards and personal circumstances of black permanent employees at lower income levels by providing grants or benefits to qualifying employees. In 2022, R2,2m (2021: R35 000) was disbursed. The pilot of several new learnerships in 2022 saw 13 beneficiaries enrolled in the Higher Certificate in Information Technology at UJ, 21 participating in a Data Science Learnership and 52 in a Wealth Management programme. 2023 will see the launch of a new study grant initiative aimed at funding tertiary education studies for dependents of the trust beneficiaries, with the continuation of the Higher Certificate in IT at UJ.

Guaranteed-package outcomes Guaranteed-package increases in 2022

Following negotiations with Sasbo, the total GP of employees in the BU was increased by 5,2% with effect from April 2022, compared with 4% for the NBU employees and executives at cluster and group level. The minimum GP for permanent, full-time employees in SA was increased to R190 000 per annum in 2022, up from R180 000 in 2021 and is significantly higher than the minimum wage in SA.

GP increases during 2013–2023

(indexed)



2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

- Bargaining unit employees
- Non-bargaining unit employees (below cluster exco)
- Executive (including cluster exco)

Governance Review

Guaranteed package increases in 2023

Employees at Group Exco level and NBU employees will receive an increase in their total GP averaging 5–6%. This compares with 7% for the BU. The minimum GP for permanent, full-time employees in SA was increased by 10,5% to R210 000 per annum in 2022, up from R190 000 in 2021, and remains significantly higher than the minimum wage in SA.

As shown in the graph above, from 2013 the GPs at BU level have, on average, more than doubled (109%), while at NBU and exco level the average GPs have increased by 70% and 60%, respectively. This is a result of a deliberate long-term approach to narrow vertical pay gaps and reduce income inequality and has the added effect of increasing the STI awards of the BU members as variable pay is determined as a percentage of GP.

Retirement schemes status

Set out below are the details of the current South African funds and the number of members at 31 December 2022:

Retirement fund	Number of active members
Defined-contribution Pension Fund	8 538
Defined-contribution Provident Fund	14 294
Nedgroup Defined-benefit Pension Fund 1.2	1932

- ¹ Has an actuarial surplus and remains a stand-alone fund.
- ² Has 70 active members + 18 11 pensioners + 51 deferred pensioners.

Short-term incentive outcomes

Short-term incentive spend in 2022

The total STIs approved by the Group Remco in respect of the 2022 financial year was R2 900m, compared with R2 427m for 2021. In accordance with its charter, the Group Remco also approved 25 individual STI payments above 200% of GP, compared with 20 for 2021.

Special-purpose short-term variable remuneration outcomes

Scheme type	Number of awards
Sign-on bonus	48 awards (2021: 40) totalling R14,4m (2021: R15,8m).
DSTI awards	145 awards (2021: 116) totalling R66,9m (2021: R68,2m). Included in this are awards made to key revenuegenerating employees and key IT resources.

Long-term incentives outcomes

Long-term incentives outcomes

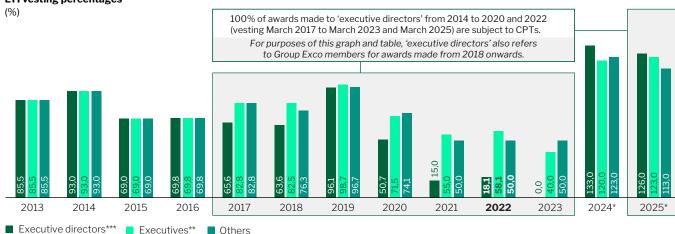
A limit of 24 905 446 shares for purposes of the LTI plan, representing 5% of the issued ordinary share capital on 1 January 2018, was approved by shareholders at the 10 May 2018 AGM. As at 31 December 2022, 18 318 126 shares were used against this limit. Shares will be purchased in the open market for the 2023 LTI issuance, averting further utilisation against this limit and shareholder dilution.

Restricted-share scheme

The effectiveness of our LTI scheme depends on the application of appropriate performance conditions on the award. The 2023 awards are all performance-based: Group Exco and cluster exco awards are 100% subject to CPTs, and awards below cluster exco level are 50% CPT-based and 50% subject to the participant's maintaining a minimum acceptable individual performance standard over the vesting period and ongoing employment. The 2022 Group Exco awards were also 100% subject to CPTs. The percentage of cluster exco LTI awards subject to CPTs has progressed from 60% in 2021 to 75% in 2022 and to 100% in 2023. The introduction of a minimum individual performance standard for participants below cluster exco is a meaningful adjustment that the Group Remco believes is appropriate, considering that these employees are key to the delivery of the group's strategic objectives, yet have less direct line of sight to the CPTs than cluster exco employees, and are held accountable through a robust performance management practice.

Only 18% of the 2019 LTI awards to Group Exco members vested in 2022, and 0% of the 2020 awards vested in 2023. These low-vesting percentages are due primarily to the impact of Covid-19 on the ability to meet CPTs set prior to its onset. The impact of this is evident in the single-figure remuneration outcomes of EDs and POs. Currently, 133% of the 2021 awards, which are also subject to certain Group Remco discretion, are estimated to vest in 2024 (as shown in the LTI vesting graph).

LTI vesting percentages



These are estimates for vesting in 2024 and 2025. The 2024 vesting outcome is subject to certain Group Remco discretion.

to Group Exco members for awards made from 2018 onwards.

** Executives' refers to cluster exco and Group Exco members (other than EDs) for awards vesting up to 2020, and refers to cluster exco only, for vesting in 2021 to 2025.
*** 100% of awards made to 'executive directors' from 2014 to 2020 and 2022 are subject to CPTs. For purposes of this graph and table, 'executive directors' also refers

% of awards subject to CPTs	_	_		_									Vesting in 2025
Executive directors	50	50	50	50	100	100	100	100	100	100	100	80	100
Executives	50	50	50	50	50	60	60	60	60	60	60	60	75
Others	50	50	50	50	50	50	50	50	50	50	50	50	50

The performance conditions and weightings for awards made in 2023

	Group and cluster exco %	All other %
ROE	30	15
DHEPS growth	30	15
Efficiency ratio	20	10
Environmental and social	10	5
Strategic	10	5
Total	100	50
% of award linked to group business performance and continued employment	100	50
% of award linked to individual performance and continued employment	0	50 ¹
Total	100	100

Vesting of this portion is subject to a minimum acceptable individual performance standard and ongoing employment over the vesting period.

Vesting ratios and targets for awards made in 2023

ROE, DHEPS and efficiency ratio	Minimum vesting 0%	Target vesting 100%	Maximum vesting 200%
ROE ¹	15%	17%	18,5%
DHEPS CAGR growth ²	CPI + GDP + 1%	CPI + GDP + 5%	CPI + GDP + 8%
Efficiency ratio (2025) ³	54%	52%	50%

Straight-line vesting applies between the points in the above table.

- ¹ Measured in final year of vesting in 2025. Remco retains discretion to amend the vesting outcome either down or up should actual COE be materially above or below the currently forecast COE.
- ² DHEPS growth is measured as the CAGR over the three-year vesting period 2023 to 2025 (2022 as base year).
- ³ Efficiency ratio, including associate income, is measured as the ratio in the final year of vesting, namely 2025.

Environmental, social and strategic	Minimum vesting 0%	Target vesting 60%	Maximum vesting 100%
Environmental, social and strategic	Rating = 0 (no progress)	Rating = 3	Rating = 5 (substantial progress)

Straight-line vesting applies between the points in the above table.

Environmental, social and strategic CPTs are measured as a qualitative evaluation by the Group Remco of 'substantial progress made' on the board-approved metrics with input from relevant board committees, on a scale of 0 to 5 (with 3 at 60% vesting). For the maximum vesting in 2025 of 100% to be achieved, after having received feedback from the respective board committees, the Group Remco would need to be satisfied that the group has made substantial progress over the three-year period ending 2025 in the following areas:

Environmental and social commitment

	Achieve progress on our Energy Policy commitments: Renewable-energy finance (SDG 7) and Energy Policy-related timelines and targets, including fossil-fuel-related glidepaths to be communicated in 2024.
Environmental	Meet SDF ambitions*: By the end of 2025, it is our ambition to have increased SDF exposures to around 20% of the group's total gross loans and advances (2022: 14,3%), representing more than R150bn in new SDF finance that is aligned to the SDGs.

	Maintain an employee 'great place to work' (NPS) of an average of around 20 over the period (in the face of ongoing optimisation).
Social	Maintain a strong client NPS.
	Maintain level-1 BBBEE status over the vesting period based on current FSC targets.

^{*} Also relevant to social commitment.

Strategic commitment

	Achieve selected market share gains in retail secured and unsecured lending, within appropriate risk appetite.
SPT	Achieve market share gains in retail and commercial transactional deposits.
	Achieve market share gains in main-banked clients.

Matched-share Scheme

The 2023 matching performance conditions under the CBSS and VBSS are set out in the table below:

	Matched-share Scheme			
	CBSS (Deferral on a post-tax basis on 50% of any amount over R1m)	VBSS (No more than 50% of total post-tax STI (including any compulsory deferral))		
Group Exco and cluster exco	100% of the match subject to ROE ≥ COE + 1% and ongoing employment on vesting date.			
	50% of the match subject to achieving ROE \geq COE + 1% and ongoing employment on vesting date.			
All other participants 50% of the match subject to the participant's maintaining minimum acceptable individual performance standard a employment over the vesting period.				

For employees with earnings falling within the highest tax bracket, the gross STI has the potential to increase by 27,5% (before share price movement) if the performance condition in the MSS is met.

The performance conditions and weightings for awards made in 2022

	Group exco %	Cluster exco %	All other %
ROE vs COE	30	25	15
DHEPS growth	30	25	15
Efficiency ratio	20	15	10
Environment and social	10	5	5
Strategic	10	5	5
Total	100	75	50
% of award with performance conditions	100	75	50
% of award without performance conditions	0	25	50
Total	100	100	100

The vesting ratios and targets for awards made in 2022

ROE, DHEPS and efficiency ratio	Minimum vesting 0%	Target vesting 100%	Maximum vesting 200%
ROE vs COE ¹	ROE = COE +0,25%	ROE = COE +1,75%	ROE = COE+ 3%
DHEPS CAGR growth ²	= CPI + GDP + 3%	= CPI + GDP + 7%	= CPI + GDP + 10%
Efficiency ratio ³	55%	53%	50%

- 1 RoE (including goodwill) vs COE is measured in the final year of vesting, 2024.
- 2 DHEPS growth is measured as the CAGR (compound annual growth rate), 2022 to 2024. CPI and GDP are for SA only this will be reviewed and appropriately adjusted in the event of material acquisitions outside SA.
- 3 Efficiency ratio (including associate income) will be calculated as the cost-to-income ratio for the financial year before the vesting date (ie 2024 year-end cost-to-income ratio).

Environmental, social and strategic	Minimum vesting	Target vesting	Maximum vesting
	0 %	60%	100%
Environmental, social, ME, SPT and TOM	Rating = 0	Rating = 3	Rating = 5

Straight-line vesting applies between the points in the above table.

Environmental and social commitment

	Environmental	Active progress on the Energy Policy commitments.	
	Environmental	Meet sustainable-development financing targets.	
ı			
		Maintain positive employee NPS.	
	Social	Maintain strong client NPS.	
		Maintain a competitive BBBEE status (inclusive of diversity).	

Strategic commitment

_		
ME	Successfully complete the group's technology programme in line with the board-approved business case.	
	Achieve selected market share gains in retail secured and unsecured lending, within appropriate risk appetite	
SPT 2.0	Achieve market share gains in retail and commercial transactional deposits.	
	Achieve market share gains in main-banked clients.	
TOM 2.0	Achieve cumulative cost savings (opex) from 2022 to 2024.	

Employee ownership scheme status

Nedbank Eyethu employee scheme

We implemented our black economic empowerment employee schemes in August 2005. The remaining shares in these schemes will be used for the benefit of black people and funding of social and economic development initiatives.

Other employee ownership or empowerment schemes

Set out below are the ownership or empowerment schemes approved in our NAR operations:

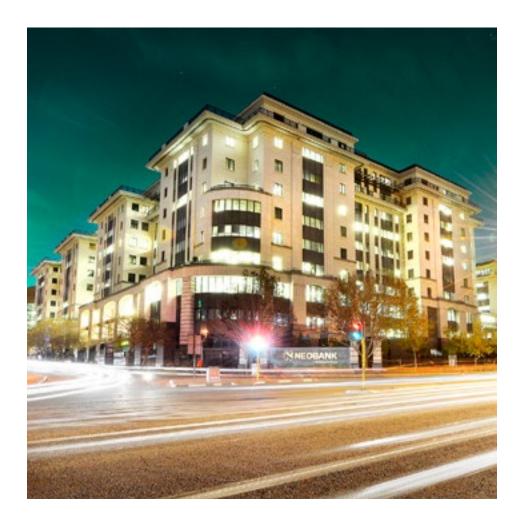
Nedbank operation	Ownership/ Empowerment scheme	Scheme details
Namibia	Ofifiya Black Management Scheme	The purpose of the scheme is to facilitate black economic empowerment in terms of the framework established by the financial sector in Namibia. Vesting period: four years. A Nedbank cash dividend was paid in April 2022.

Ethics Review Financial Crime Review Remuneration Review

Executive directors and prescribed-officers outcomes

Executive directors and prescribed officers

The managing executives of the four frontline, income-generating clusters are included in the disclosures set out below. The board has approved these executives to be regarded as prescribed officers. The performance for 2022 of the CE and other EDs and POs is outlined in this section.



Mike Brown Chief Executive

Financial performance

- Achieved Strong revenue growth: HE growth of 20% to a record high R14bn, an increase in ROE to 14%, and a CET1 ratio of 14%.
- Achieved strong balance sheet, with key capital, liquidity and balance sheet provisioning metrics at all-time highs, and declared a record total 2022 dividend that represents an increase of 38%.
- Announced a R5bn capital optimisation programme to be executed via a share buy-back and odd-lot offer.

Strategy

- Delivered great client satisfaction rating outcomes (#1 South African bank on NPS).
- Increased retail main-banked clients by 6% to 3,24m, and achieved 25 primary transactional account wins in CIR
- Accelerated digital uptake, including reaching two million Money app users and two million Avo users.
- Recorded market share gains in household deposits and selected retail advances categories.
- Realised R1,5bn in TOM 2.0 benefits and are on track to unlock R2,5bn in value by end-2023.
- Achieved 91% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
- Made good strategic and financial progress on the Ecobank Transnational Incorporated (ETI) turnaround.
- Mixed SPT 2.0 performance as market share gains in retail overdrafts and deposits, were offset by slight losses in other areas.
- Achieved a Nedbank brand ranking of #9 in SA.

ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 the highest level since inception of the survey.
- Provided first-time job opportunities to 1 835 participants in the Youth Employment Service (YES) programme.
- Continued to drive Nedbank's overall leadership in climate-change-related matters and are recognised as a leading renewable-energy and embeddedgeneration financier in SA.
- Improved the MSCI ESG rating for Nedbank from AA to AAA (top 5% of global banks).
- Reduced headcount by 937, mostly through natural attrition, and limited retrenchments to only 63 employees.
- © Achieved female employees as a percentage of total employees at 62% and African, Coloured and Indian (ACI) employees at more than 81%.
- Maintained level 1 BBBEE score in transformation under the Amended FSC codes for five years in a row.
- Nedbank reported an improvement across all AIC (Black) management levels, but fell short of the internal targets for African middle management.
- Worked with government, the banking industry, business and labour through participation and leadership in key industry bodies.
- Ensured sound cybersecurity.
- Managed ongoing reputational issues well.
- Ensured seamless succession planning in key roles.
- Incurred AML-related SARB administrative sanctions of R35m of which R15m was conditionally suspended, largely for self-reported matters which have since been remediated.



◆ Value creation ✓ Value preservation ◆ Value erosion





Governance Review Financial Crime Review

Ethics

Review

Remuneration Review Tax Review

Part 3 - Implementation report

Executive directors and prescribed-officers outcomes continued

Mfundo Nkuhlu Chief Operating Officer

Financial performance

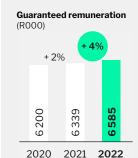
- Increased HE by 20%, improved ROE to 14% and a CET1 ratio to 14%.
- Managed expenses well across all shared-services clusters.
- Delivered a strong recovery in associate income from ETI of R779m and HE of R610m, partially offset by the estimated impact of Ghanaian sovereign debt restructures.

Strategy

- Achieved 91% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
- Realised R1,5bn in TOM 2.0 benefits and are on track to unlock R2,5bn in value by end-2023.
- Ensured good strategic and financial progress on the ETI turnaround. As an ETI boardmember, ensured improvement in ETI's profitability, risk, liquidity and capital levels.
- Managed the COO function well and continued to deliver improvements in operational excellence and collaboration.
- Achieved Nedbank brand ranking of #9 in SA.

ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 – the highest level since inception of the survey.
- Provided first-time job opportunities to 1835 participants in the YES programme.
- Maintained a level 1 BBBEE score in transformation under the Amended FSC codes for five years in a row.
- ☑ Achieved female employee representation of 62% of total employees and ACI employee representation of more than 81%.
- Maintained IT systems uptime at world-class levels of 99,3% and sound cybersecurity.
- Raised the purpose, sustainability and ESG agenda across the organisation.
- Managed succession planning well in key roles.
- © Continued participation and leadership on Banking Association South Africa (BASA) forums and proactive industry and regulatory engagements.







Mike Davis Chief Financial Officer

Financial performance

- Achieved strong revenue growth: HE growth of 20% to a record-high R14bn, an increase in ROE to 14% and CET1 ratio of 14%.
- Managed expenses well across all shared-services clusters.
- Increased capital and liquidity metrics to record-high levels and declared a record total dividend for 2022 that represented an increase of 38%.

Strategy

- Enhanced communication to investors and achieved top-tier investor relations rankings.
- Ensured good cost management in Group Finance, unlocking efficiencies and benefits from digitisation, headcount optimisation, improved office space and procurement.
- Executed liquidity risk and capital management strategies optimally.
- Implemented a solution to eliminate macro fair-value hedge accounting volatility.
- Set new financial medium-term and long-term targets as part of business planning to support ongoing value creation for shareholders.
- Enabled the group's R5bn capital optimisation programme.
- Managed taxation risk well.
- ♥ Continued to drive an optimal capital structure, including the raising of AT1 and tier 2 capital at competitive pricing.

ESG delivery

- Ensured the achievement of sustainability efficiencies through a reduction in high-pollution electricity consumption and water and commenced the sourcing of green power from independent power producers.
- Ensured, as part of our commitment to the #PayIn30 campaign, that 91% of small and medium enterprises (SMEs) were paid within 30 days of our receiving their invoices.
- Managed the process of mandatory audit firm rotation (MAFR) and announced appointment of KPMG to provide services alongside EY from January 2024.
- © Received multiple prestigious industry awards in recognition of Nedbank's high standards of financial reporting.
- Maintained robust and efficient tax compliance and incurred no penalties or interest charges.
- © Obtained good AGM outcomes (excluding remuneration votes) and maintained ESG ratings in the top tier of both local and global peers.
- Maintained good relationships with key stakeholders through regular and proactive engagements.



◆ Value creation Value preservation Value erosion



2021 **2022**

2020



Part 3 - Implementation report

Executive directors and prescribed-officers outcomes continued



Financial performance

- Increased HE in CIB by 14% and delivered an ROE of 17,7% above the group's cost of equity.
- Managed credit risk well with CLR at 22 bps within its TTC range of 15 bps to 45 bps.
- Achieved higher banking advances growth of 8%.
- Maintained optimal capital levels through portfolio optimisation.
- Experienced a decline in trading income as debt and interest rate markets were impacted by unfavourable conditions.
- Saw increase in stage 3 loans, largely as a result of three listed clients entering business rescue.

Strategy

- Gained 25 primary clients while facing increased competition and maintained a healthy lending pipeline.
- Completed migration of clients onto juristic onboarding as part of the Nedbank Business Hub.
- Continued to deliver a marketleading efficiency ratio for CIB of 44.6%.
- Made steady progress in improving our Africa business model, achieving good growth of the African book and recruitment outcomes and continuing collaboration with Nedbank Africa Regions (NAR) and ETI.
- Made capital allocation decisions with data-driven portfolio and conducted sector and client analysis

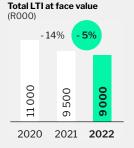
- with a deal origination committee in place as part of portfolio optimisation.
- ☑ Managed reputational and credit risk well with a focus on clients filling for business rescue in the property and agricultural sectors.

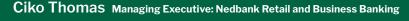
ESG delivery

- ♣ Facilitated sustainable-finance credit facilities for clients to the value of R11,7bn, up by > 100% year on year (yoy).
- Recorded R27bn in renewableenergy finance drawn exposures and maintained our status as lead arranger on independent power producer projects. Recognised as a leading private power generation financier, with R735m in exposures and a strong pipeline in place.
- Became the first South African bank to introduce a key performance indicator (KPI)-measured sustainability-linked syndicated loan – value of US\$350m and oversubscribed.
- Focused on accelerating CIB's digital change agenda while building a culture of diversity, equity and inclusion.
- Maintained a strong governance and control environment.









Financial performance

- Increased HE in Retail and Business Banking (RBB) by 13% and ROE to 16,0%, above group's cost of equity.
- Achieved strong revenue growth of 11% and expenses growth below inflation, resulting in a reduction in cost-to-income ratio.
- ➡ Impairments up by 28% and CLR to within the upper half of the RBB TTC target range of 120 bps to 175 bps, this reflecting the impact of macro deterioration and higher interest rates as well as weaker collections outcomes in December 2022.

Strategy

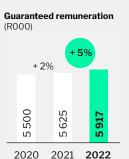
- Increased retail main-banked clients by 6% to 3,24 million across all segments and the cross-sell ratio to 1,94.
- Accelerated digital uptake, including reaching two million Money app users and two million Avo users.
- Remained focused on growth vectors and opportunities, with the Avo ecosystem play continuing to scale as RBB signed up more than two million users, up 1,9 times.
- Realised market share gains in household deposits and selected retail advances categories such as overdrafts and home loans in the second half of 2022.
- Contributed a large part of the group's R1,5bn in TOM 2.0 cumulative savings benefits supported by

strategic initiatives such as Project Imagine and Project Phoenix, resulting in improved efficiencies and operational metrics.

© Ensured good progress made in juristic onboarding as part of the Nedbank Business Hub roll-out to our Commercial Banking clients.

ESG delivery

- Increased 'great place to work' employee NPS from 19 to 22 – the highest level since inception of the survey.
- Increased support to more than 300 000 SMEs with loan exposures of R21bn (up by 6%).
- Enabled and educated our clients to increasingly bank through our mobile and web capabilities.
- Partnered with Hohm Energy to finance and install solar power solutions in SA for homeowners.
- Leveraged partnerships to co-create solutions with clients in 12 township markets and provided business workshops to more than 7 000 entrepreneurs.
- Oversaw since 2019 more than 13 400 of employees completing Service Excellence Programme training to drive a client-centred culture.
- ☑ Provided extensive interventions to support employees affected by the RBB optimisation.



◆ Value creation Value preservation Value erosion





Iolanda Ruggiero Managing Executive: Nedbank Wealth

Financial performance

- Increased HE by 18% and improved ROE to 26,1%, well above the group's cost of equity.
- Increased revenue by 6% and managed risk well with CLR at 20 bps below the cluster's through-the-cycle (TTC) target range of 20 bps to 40 bps.

Strategy

- Reported strong digital growth across all Wealth businesses with increases in usage, interaction, volume and value and a high Nedbank Private Wealth app rating of 4,7.
- Achieved good sales growth in the suite of Nedbank Insurance solutions such as MyCover personal lines, MyCover Life and MyCover Funeral due to channel expansion and increased awareness.
- Made good progress in digital innovation in Wealth Management (International) by enhancing mobile and online banking and client onboarding and introducing eKYC technology.
- Concluded the sale of the International Trust business, shifting the company's focus to core business activities.
- Experienced reduced death claims in the insurance life portfolio, offset by lower investment returns and an increase in non-life claims due to the KwaZulu-Natal floods.
- © Continued to optimise the Wealth Management (SA) business structure and operations to enhance client experiences through improved

- segment-specific client value propositions, a single distribution channel and digitisation of key processes.
- © Reported a 7% decline in AUM driven by negative market performance and net outflows, particularly in the cash portfolio. However, reported good inflows into the low core and global funds. In SA and Internationally, ranked sixth and third largest in total assets under management (AUM) with 7% and 12% market shares respectively.

ESG delivery

- Hosted investment summit on risks to biodiversity with various subject matter experts and business leaders and released third responsible-investment research survey among asset managers to provide insight into ESG adoption and practices.
- Approved as signatories to the United Nations Principles for Responsible Investment (UN PRI).
- Received various awards recognising Nedbank Private Wealth: Best Boutique Private Bank Overall Client Service for the fourth consecutive year at the Wealth MENA Awards, and Total Wealth Planning High Net Worth at the Private Asset Managers Awards.
- Made good progress and concluded various risk and compliance initiatives that are aligned with a changing environment.







Total LTI at face value



Dr Terence Sibiya Managing Executive: Nedbank African Regions

Financial performance

- Increased NAR HE by 64% and improved ROE to 13,8%, although COE is still below the group's cost of equity.
- Improved performance of Southern African Development Community (SADC) operations, with HE up by more than 100% to R365m.
- Reported solid HE from ETI, up by 17% and return on initial investment static at around 12,4%.
- Monitoring and provisioning for the impact of ETI's Ghana domestic bond exposures and foreign currency translation reserves (FCTR) adjustments, while Zimbabwe continued to be impacted by hyperinflation and currency volatility.

Strategy

- Accelerated digitisation and digital usage uptake, achieving an increase of 18% in digitally active clients, 29% in app users and 17% in value-added services volumes.
- Increased the total number of SADC clients by 7% to 360 000, of which 162 000 are main-banked clients.
- Achieved market leader status in brand sentiment scores in Lesotho and Mozambique, and leading NPS scores in Eswatini and Mozambique.
- Enabled clients to apply for insurance products and fixed deposits via the app and web, and implemented payment APIs in Lesotho and Eswatini.
- Made good progress in Nedbank Mozambique, leveraging the group's

capabilities through collaboration efforts with CIB, with increased focus on multinational corporates.

- Made good strategic and financial progress on ETI turnaround.
- Received multiple prestigious industry awards in digital banking space in Lesotho and Mozambique.
- While good progress has been made, continued focus is required on improving the risk environment in our NAR subsidiaries.

ESG delivery

- Completed various embeddedenergy generation deals in Namibia, Eswatini and Lesotho.
- Continued to support housing development projects in Namibia and received a six-star Green Star rating for the Nedbank Namibia head office.
- Provided funding to support Zimbabwean farmers with the installation of solar PV facilities to enable sustainable farming activities
- Participated in key water deals in Lesotho.
- Provided financing for infrastructure projects such as mass transit, roads and rail in Namibia and through partnerships in Côte d'Ivoire.
- Ensured effectiveness governance and compliance, although still some improvement is required in the control environment.



◆ Value creation Value preservation Value erosion





Part 3 - Implementation report

Increase in guaranteed package

The GPs of the CE and other EDs and POs were reviewed and recommendations were made to the board by the Group Remco. GP increases with effect from 1 April 2023 were in line with the overall 5–6% increase (2022: 4%), other than as noted below.

		GP*			Yoy movement		
	New GP with effect from April 2023 (R'000)	GP at April 2022 (R'000)	GP at April 2021 (R'000)	2022–2023 % change	2021–2022 % change		
Mike Brown	10 275	9 750	9 375	5,4	4,0		
Mfundo Nkuhlu	7 000	6 650	6 385	5,3	4,2		
Mike Davis**	6 400	6 000	5 460	6,7	9,9		
Anél Bosman	5 400	5100	4 900	5,9	4,1		
Ciko Thomas**	6 400	6 000	5 665	6,7	5,9		
Iolanda Ruggiero	4 750	4 500	4 300	5,6	4,7		
Dr Terence Sibiya	4 750	4 500	4 120	5,6	9,2		

^{*} Audited.

STI awards

The following table represents the way in which STI awards have been determined, based on the holistic assessment of the group and cluster performance, as well as the performance of the EDs and POs against their agreed individual GCCs in 2022:

	On target STI % of GP	Maximum target STI % of GP	% of GP achieved for group and cluster financial measures	% of GP achieved for individual performance and discretion	Final STI as % of GP 2022	Final STI as % of GP 2021
	A		В	С	B+C	
Executive directors						
Mike Brown	150	250	160	14	174	144
Mfundo Nkuhlu	150	250	160	13	173	145
Mike Davis	150	250	160	27	188	160
Prescribed officers						
Anél Bosman	250	400	246	97	343	306
Ciko Thomas	150	250	163	29	192	172
Iolanda Ruggiero	150	250	179	5	183	151
Dr Terence Sibiya	150	250	172	11	183	152

Minimum shareholding requirements

The minimum shareholding requirements of all affected Group Exco members have been met as shown below.

These requirements are broadly in line with local peer practice. The following Group Exco members are still within their qualifying period from their appointment date to meet their minimum shareholding requirement: Daleen du Toit, Khensani Nobanda and Dr Terence Sibiya.

	Minimum shareholding requirement, as a multiple of GP	Current holding relative to required GP (multiple)
Mike Brown	2,0	19,1
Mfundo Nkuhlu	1,5	3,0
Mike Davis	1,5	3,1
Anél Bosman	1,5	5,1
Ciko Thomas	1,5	1,5
Iolanda Ruggiero	1,5	7,9
Trevor Adams	1,0	4,6
Fred Swanepoel	1,0	3,6
Priya Naidoo	1,0	9,0
Deb Fuller	1,0	1,4

^{**} Higher increases made to align closer to market benchmarks..

ED and **PO** remuneration

The tables below disclose total awarded remuneration for the financial year as well as the total single-figure remuneration.

The total awarded remuneration contains the LTI award made in March 2023 in respect of the 2022 financial year, at face value. The total single-figure remuneration reflects the LTI issued in 2020 at vested value at end 2022. This is the value of the award made in March 2020 that will be settled in March 2023, but for which measurement of performance conditions was concluded on 31 December 2022.

The 2020 LTI award at face value to the CE was R17m, compared with R16,5m in 2019. The 2020 awarded value translated into a value vested at the end of 2022 of R0m when compared with the 2019 value vested at the end of 2021 of R1,94m. This decrease is a result of the net negative CPT performance over the respective vesting periods. There is no matching for Group Excomembers in 2023 and 2022 (other than Group Excomembers who were cluster excomembers in 2020 or 2019) as the performance condition was not achieved.

	Mik	e Brown		Mfun	ido Nkuhl	lu	Mic	hael Davis	5	Anél	Bosman		Cike	Thomas		loland	la Ruggie	ro	Tere	nce Sibiya	
	2022 R000	2021 R000	%	2022 R000	2021 R000	3 %															
Cash portion of package	8 204	7 922		5 484	5 357		4 756	4 404		4 493	4 393		4 949	4 701		3 818	3 624		3 817	3 556	4
Other benefits	269	244		294	206		226	200		204	129		160	156		87	122		218	190	
Defined-contribution retirement fund	1183	1140		807	776		883	816		354	340		808	768		545	523		370	344	
GP	9 656	9 306	3,8	6 585	6 339	3,9	5 865	5 420	8,2	5 051	4 862	3,9	5 917	5 625	5,2	4 450	4 269	4,2	4 405	4 090	7,7
Cash performance incentive	9 000	7 250		6 250	5 125		6 125	4 875		9 250	8 000		6 250	5 375		4 625	3 750		4 625	3 625	
Deferred performance incentive (delivered in shares)	8 000	6 250		5 250	4 125		5 125	3 875		8 250	7 000		5 250	4 375		3 625	2750		3 625	2 625	
Total STI ¹	17 000	13 500	25,9	11 500	9 250	24,3	11 250	8 750	28,6	17 500	15 000	16,7	11 500	9 750	17,9	8 250	6 500	26,9	8 250	6 250	32,0 ⁶
GP and Total STI	26 656	22 806	16,9	18 085	15 589	16,0	17 115	14 170	20,8	22 551	19 862	13,5	17 417	15 375	13,3	12 700	10 769	17,9	12 655	10 340	22,4
LTI – Standard award at face value ²	17 000	16 500	3,0	12 000	12 500	(4,0)	11 000	10 000	10,0	9 000	9 500	(5,3)	11 000	10 000	10,0	8 000	7 500	6,7	8 000	8 000	7
Total awarded remuneration ³	43 656	39 306	11,1	30 085	28 089	7,1	28 115	24 170	16,3	31 551	29 362	7,5	28 417	25 375	12,0	20 700	18 269	13,3	20 655	18 340	12,6
Total awarded remuneration	43 656	39 306		30 085	28 089		28 115	24 170		31 551	29 362		28 417	25 375		20 700	18 269		20 655	18 340	8
Less: LTI award at face value	(17 000)	(16 500)		(12 000)	(12 500)		(11 000)	(10 000)		(9 000)	(9 500)		(11 000)	(10 000)		(8 000)	(7 500)		(8 000)	(8 000)	
Add: Single-figure LTI ⁴	0	1936	(100)	0	1203	(100)	0	733	(100)	2 065	1582	31,0	0	1173	(100)	0	821	(100)	1 511	1 318	15,0
Face value at award⁵	15 500	16 500		10 250	10 250		6 000	6 250		9 600			10 250	10 000		6 750	7 000		7 000	3 500	9
CPT performance ⁶	(15 500)	(13 514)		(10 250)	(8 395)		(6 000)	(5 119)		(7 960)	(1760)		(10 250)	(8 190)		(6 750)	(5 733)		(5 800)	(1 467)	
Share price performance ⁷	0	1050		0	(652)		0	(398)		425	(858)		0	(637)		0	(446)		311	(715)	10
Add: Single-figure match ⁸	0	0		0	0		0	0		2 367	928		0	0		0	0		789	309	
Performance and time-vested match ⁹	o	0		0	0		0	0		934	1341		0	0		0	0		311	447	11
Share price performance ¹⁰	0	0		0	0		0	0		1 433	(413)		0	0		0	0		478	(138)	
Add: Dividends ¹¹	6 810	1801	278,0	4 607	1175	292,0	3 784	931	306,0	3 861	896	331,0	3 737	1009	270,0	2 760	740	273,0	2 485	558	345,0
Total single-figure remuneration ¹²	33 466	26 543	26,0	22 692	17 967	26,0	20 899	15 834	32,0	30 844	23 268	33,0	21 154	17 557	20,0	15 460	12 330	25,0	17 440	12 526	39,0

- 1 In terms of the rules of the MSS, the total STI has the potential to increase by up to 27,5% (before share price movement) if the deferred amount is invested in the MSS for 36 months and the performance condition in the MSS is met.
- The LTI award at face value is the share-based award made in March 2023 in respect of the 2022 financial year - 'face value at award' is the share price at award multiplied by the number of shares.
 - Total awarded remuneration is the sum of GP, total STI and LTI awards at face value in respect of the financial year.
- 4 Single-figure LTI is the value that will be settled in March 2023 but for which the measurement of performance conditions was concluded on 31 December 2022. This is valued at the year-end share price of R212,58 (2021: R175,02).
- Face value of shares awarded in March 2020 at the award price of R168,80 (awarded in March 2019 at the award price of R269,95 respectively).
- The CPT performance is the variance of number of shares at award over the number of shares at vesting and is valued at the share price on award.
- The share price performance is the variance of the share price at award over the share price at vesting and is valued on the actual number of shares vested.
- The match is the value of matched shares that will be settled in April 2023 but for which the measurement of the performance condition was concluded on 31 December 2022. This is valued at the year-end share price of R212,58 (2021: R175,02).
- The matching shares that will be settled in April 2023 valued at original award price.
- O The share price performance is the variance of the share price over the three-year deferral period and is valued on the actual number of shares to be matched.
- 11 This represents the total value of dividends received during the financial year on unvested share-based awards
- 12 Total single-figure remuneration is the sum of GP, total STI, singlefigure LTI, single-figure match and dividends.

Additional disclosures

Additional Regulation 43/Pillar 3 disclosures

Specific disclosures relating to senior managers and material risk-takers, the quantum of the remuneration paid in the year, sign-on awards, guaranteed bonuses, severance payments and the amount of remuneration subject to adjustment are set out below.

Aggregate remuneration of senior managers and material risk-takers:

Material risk-taker Senior manager

Includes EDs and POs, members of Group Exco, as well as other members of the group's senior management with executive responsibility for a material part of the group's business.

Includes employees whose individual actions have a material impact on the risk exposure of the group, as well as those responsible for setting and monitoring trader mandates and risk and stop-loss limits.

	2022				
	Senior m	anagers	Material ri	sk-takers	
Total value of remuneration in the 2022 financial year	Unrestricted	Deferred	Unrestricted	Deferred	
Fixed remuneration (Rm)	132,5		125,7		
Variable remuneration – cash award (Rm)	147,5		83,9		
Variable remuneration – deferred performance incentive (Rm)		115,5		39,0	
Variable remuneration – long-term incentive awards (Rm)		184,0		85,5	
Total 2022 remuneration (unrestricted and deferred remuneration) (Rm)	280,0	299,5	209,5	124,5	
Total number of employees	32		36		

Value of outstanding deferred remuneration at 31 December 2022	Senior managers	Material risk-taker
Compulsory Bonus Share Scheme (Rm)	153,2	39,9
Restricted-share Scheme (Rm)	758,7	273,6
Total deferred remuneration outstanding (Rm)	911,9	313,5
Value of deferred remuneration paid out during 2022 (Rm)	88,6	32,9
Value of deferred remuneration forfeited during 2022 (Rm)	74,7	16,7

	2021						
	Senior m	anagers	Material risk-takers				
Total value of remuneration in the 2021 financial year	Unrestricted	Deferred	Unrestricted	Deferred			
Fixed remuneration (Rm)	114,0		99,9				
Variable remuneration – cash award (Rm)	113,5		53,2				
Variable remuneration – deferred performance incentive (Rm)		85,5		41,4			
Variable remuneration – long-term incentive awards (Rm)		161,6		60,3			
Total 2021 remuneration (unrestricted and deferred remuneration) (Rm)	227,5	247,1	153,1	101,7			
Total number of employees		28		33			

Value of outstanding deferred remuneration at 31 December 2021	Senior managers	Material risk-taker
Compulsory Bonus Share Scheme (Rm)	111,5	36,6
Restricted-share Scheme (Rm)	547,8	172,2
Total deferred remuneration outstanding (Rm)	659,3	209,2
Value of deferred remuneration paid out during 2021 (Rm)	75,5	17,9
Value of deferred remuneration forfeited during 2021 (Rm)	51,8	12,5

Remuneration subject to adjustment in 2022

Outstanding deferred remuneration exposed to ex post explicit and/or implicit adjustments¹ is indicated in the following table:

Year	Amount
FY2022	R3,090m ¹
FY2021	R2,683m

¹ This is valued at the year-end share price of R212,58.

The total amount of reductions during the financial year due to expost explicit adjustments (adjustments because of non-fulfilment of specified performance conditions) is indicated in the following table:

Year	Amount
FY2022	R355,5m
FY2021	R219,9m

Variable remuneration, guaranteed bonuses, sign-on awards and severance awards

Further disclosures specifically required in terms of regulation 43 of the Banks Act are set out below:

Other remuneration disclosures	2022 Rm	2021 Rm
Variable remuneration during the year	3 961,0	3 435,0
Total guaranteed bonuses	-	-
Total sign-on awards	14.4	15,8
Total severance awards*	3,9	6,1

^{* &#}x27;Severance awards' mean payments that exceed the bank's contractual redundancy payment.

It is not our policy to award guaranteed bonuses and accordingly no such payments have been made. Where specific compensation is indicated for new employees for the loss of an accrued benefit, the forfeiture of a performance bonus or in respect of a specific outstanding contractual obligation, a sign-on or DSTI award may be made. This is subject to the passage of time and, in the case of DSTI awards, ongoing minimum individual performance.

Remuneration of risk, compliance, audit and finance specialists

Consistent with good corporate governance and related local and international regulations, there is special oversight on the remuneration of senior RCAF specialists in the group. This serves to ensure that individuals in these functions remain sufficiently independent of the businesses they serve. Their remuneration is not determined within the relevant business unit alone. In addition, their STIs are not inappropriately tied to the financial outcomes of the group or their business unit. Their STIs are also linked to individual function objectives while overall, as they fluctuate, they will reflect the group's performance as well. As a starting point, proposals are made by the business unit's management, but the CRO, CFO and the CCO have scope to influence the remuneration outcomes of senior employees within

the respective RCAF functions. The final outcomes are presented to and carefully considered by the Group Remco, thereby providing a further layer of independent oversight.

Non-executive directors' remuneration

The Group Remco is satisfied that the fee structure applied in respect of non-executive directors remains appropriate. Non-executive director remuneration (excluding VAT) for the years ended 31 December 2022 and 2021 was as follows:

	Nedbank and Nedbank Group board fees (R'000)	Committee fees (R'000)	2022 (R'000)	2021 (R'000)
HR Brody	786	1068	1854	1 457
BA Dames	561	1 012	1573	1399
NP Dongwana	561	781	1342	1 297
EM Kruger ¹	561	1703	3 377	3 307
P Langeni ^{2,3}	439	250	689	
RAG Leith	561	849	1 410	1192
L Makalima	561	1088	1649	1284
PM Makwana ⁴	6 348	0	6 412	3 174
T Marwala	561	405	966	885
MA Matooane	561	481	1042	1006
V Naidoo	0	0	0	4 600
M Nyati⁵	143	39	182	
S Subramoney	561	1540	2 101	2 061
IG Williamson	0	0	0	217
Total	12 204	9 216	22 597	21 879

- 1 Errol Kruger's total fee is inclusive of the Nedbank Private Wealth (Isle of Man) chairperson fees of £55 120 (R1 113 018).
- 2 Phumzile Langeni was appointed as a member of the GAC with effect from 27 May 2022.
- 3 Phumzile Langeni appointed as a member of the GTSEC, as well as the Group Climate Resilience Committee with effect from 28 October 2022.
- 4 Mpho Makwana's fee includes taxable reimbursements and fringe benefit tax.
- 5 Mteto Nyati was appointed as a member of the Group Information Technology Committee with effect from 1 October 2022.

The non-executive director fee proposals as set out below were evaluated by an independent board committee consisting of Mike Brown and Mike Davis under advice from independent experts. Such evaluation was conducted from several perspectives, including the macroeconomic environment, peer group comparisons across the banking sector, effective rates per committee and yoy increases. Increases to the Chairperson's fee, board fees and committee fees (excluding VAT) are proposed to be 6%.

Non-executive directors' remuneration continued

	Increase (%)	Current annual fee (1 July 2022 to 30 June 2023) ^{4,5} R	Proposed annual fee (1 July 2023 to 30 June 2024) ^{3, 4, 5} R
Chairperson ¹	6,0%	6 472 190	6 860 521
Lead independent Director fee (additional 40% on both the Nedbank Group and			
Nedbank Limited boardmember fees)	6,0%	228 915	242 650
Nedbank Group boardmember	6,0%	311 119	329 786
Nedbank Limited	6,0%	261 159	276 829
Committee members' fee 2			
Group Audit Committee	6,0%	343 855	364 486
Group Credit Committee	6,0%	257 891	273 364
Group Directors' Affairs Committee	6,0%	103 157	109 346
Group Information Technology Committee	6,0%	154 735	164 019
Group Remuneration Committee	6,0%	194 851	206 542
Group Risk and Capital Management Committee	6,0%	257 891	273 364
Group Transformation, Social and Ethics Committee	6,0%	154 735	164 019
Group Climate Resilience Committee	6,0%	103 157	109 346

¹ The chairperson will be paid a single fee, inclusive of committee chairship and membership fees.

To acknowledge the additional responsibilities and time commitments for non-executive directors who may, in exceptional circumstances, be required to perform the role of Acting Chairperson of the Nedbank boards, Acting Lead Independent Director or acting board committee chairperson for extended periods of time, the following additional monthly fees are proposed, payable monthly arrears, on a pro rata basis:

	Increase %	Current monthly fee (1 July 2022 to 30 June 2023) R	Proposed monthly fee (1 July 2023 to 30 June 2024) R
Acting Group Chairperson fee	6,0%	130 000	137 800
Acting Lead Independent Director fee	6,0%	19 077	20 222
Acting committee chairperson fee	6,0%	28 416	30 121

The payment of these additional fees would be subject to prior approval by the Group Remco, which would consider the relevant circumstances and the extent of additional commitments on a case-by-case basis. At 22 March 2023, the time of finalising this report, no acting fees are payable to any director. The above proposals are effective from 1 July 2023, subject to shareholders' approval at the AGM on 2 June 2023.

Directors' and prescribed officers' interests (audited)

On 31 December 2022 the directors' and POs' interests in ordinary shares in Nedbank Group Limited were as follows:

Directors	Beneficial direct 2022 (number of shares)	Beneficial direct 2021 (number of shares)	Beneficial indirect 2022 (number of shares)	Beneficial indirect 2021 (number of shares)
Hubert Brody	2 737	2 737		
Mike Brown	515 837	488 530	435 871¹	423 210
Brian Dames	64	64		
Michael Davis	52 058	43 498	244 816	219 448
Mantsika Matooane	2 261	2 261		
Vassi Naidoo				50 124
Mfundo Nkuhlu	24 023	30 967	297 680	277 757
Stanley Subramoney			2 300	2 300
Iain Williamson		7 154		
Prescribed officers				
Ciko Thomas	11 064	24 167	239 183	220 313
Iolanda Ruggiero	80 866	80 866	180 835	170 990
Anél Bosman	73 640	48 218	244 792	211 218
Terence Sibiya	37 478	28 279	158 706	131 838
Total ordinary shares	800 028	756 741	1804183	1 707 198

¹ Includes 925 ordinary shares held in a Family Trust.

No change in the above interests occurred between 31 December 2022 and 6 March 2023 and none of the holdings are subject to security, guarantee or collateral or are encumbered.

² The committee chairperson will be paid at 2,5 times the member fees.

³ Subject to shareholders' approval at the 2023 AGM.

⁴No fees are payable to executive directors.

⁵ All fees are exclusive of VAT.

Share-based payments to executive directors and prescribed officers

		Opening balance a	2022		Awards made during 2022				Awards vesting/lapsing during 2022				Dividends	Closing balance at 31 December 2022			
Executive directors	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Vesting date	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Final vesting/ exercise date	Number of restricted shares/ options released	Number of restricted shares/ options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ³ (R)	Total value of dividends paid in respect of all plans ⁴ (R)	Number of restricted shares/ options	End of performance period	Final vesting exercise date
Mike Brown																	
	61 122	14 March 2019	269,95	15 March 2022					11 064	50 058	219,37	2 427 110	(10 981 223)				
	91824	19 March 2020	168,80	20 March 2023											91824	31 December 2022	20 March 2023
	158 090	25 March 2021	131,57	26 March 2024											158 090	31 December 2023	26 March 2024
	39 523	26 March 2021	131,57	27 March 2024											39 523	31 December 2023	27 March 2024
Nedbank restricted shares					75 632	17 March 2022	218,16	18 March 2025							75 632	31 December 2024	18 March 2025
	16 307	31 March 2019	252,95	1 April 2022					16 307		224,82	3 666 140					
	34 638	31 March 2020	83,36	1 April 2023											34 638	31 December 2022	1 April 2023
	14 347	31 March 2021	134,17	1 April 2024											14 347	31 December 2023	1 April 2024
Compulsory Bonus Share Scheme ¹					14 394	31 March 2022	238,81	1 April 2025							14 394	31 December 2024	1 April 2025
	1087	31 March 2019	252,95	1 April 2022					1087		224,82	244 379					
	3 298	31 March 2020	83,36	1 April 2023											3 298	31 December 2022	1 April 2023
	2 049	31 March 2021	134,17	1 April 2024											2 049	31 December 2023	1 April 2024
Voluntary Bonus Share Scheme ²					1151	31 March 2022	238,81	1 April 2025							1151	31 December 2024	1 April 2025
Total value of dividends														6 809 856			
Total	422 285				91 177				28 458	50 058		6 337 629	(10 981 223)	6 809 856	434 946		
Mfundo Nkuhlu																	
Milando Nkulliu	37 969	14 March 2019	269,95	15 March 2022					6 873	31 096	219,37	1507730	(6 821 530)				
	60 722	19 March 2020	168,80	20 March 2023					00/3	31030	213,37	1307730	(0 021 000)		60 722	31 December 2022	20 March 2023
	109 447	25 March 2021	131,57	26 March 2024											109 447	31 December 2023	26 March 2024
Nedbank restricted	27 362	26 March 2021	131,57	27 March 2024											27 362	31 December 2023	27 March 2024
shares					57 297	17 March 2022	218,16	18 March 2025							57 297	31 December 2024	18 March 2025
	8 969	31 March 2019	252,95	1 April 2022					8 969		224,82	2 016 411					
	18 144	31 March 2020	83,36	1 April 2023											18 144	31 December 2022	1 April 2023
Compulsory Bonus Share	8 710	31 March 2021	134,17	1 April 2024											8 710	31 December 2023	1 April 2024
Scheme ¹					9 500	31 March 2022	238,81	1 April 2025							9 500	31 December 2024	1 April 2025
	1087	31 March 2019	252,95	1 April 2022					1 087		224,82	244 379					
	3 298	31 March 2020	83,36	1 April 2023					/		,				3 298	31 December 2022	1 April 2023
Voluntary Bonus Share	2 049	31 March 2021	134,17	1 April 2024											2 049	31 December 2023	1 April 2024
Scheme ²					1151	31 March 2022	238,81	1 April 2025							1151	31 December 2024	1 April 2025
Total value of dividends														4 607 197			
Total	277 757				67 948				16 929	31 096		3 768 520	(6 821 530)	4 607 197	297 680		

¹ Matching on the Compulsory Bonus Share Scheme (CBSS) occurs only on shares in the scheme at the vesting date. If CPTs are met, 100% matching occurs.

² For the VBSS, employees invest their own Nedbank shares in the scheme. After three years, if the CPTs are met, a 100% matching occurs.

³ Value determined based on the number of shares lapsing, multiplied by the market share price on the scheduled vesting date.

⁴ Plans exclude the VBSS, which consists of own shares.

Part 3 - Implementation report

	Opening balance at 1 January 2022					Awards made	during 2022	2		Awards ves	sting/lapsing du	uring 2022		Dividends	Closing balance at 31 December 2022		
Executive directors	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Vesting date	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Final vesting/ exercise date	Number of restricted shares/ options released	Number of restricted shares/ options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ³ (R)	Total value of dividends paid in respect of all plans ⁴ (R)	Number of restricted shares/ options	End of performance period	Final vesting/ exercise date
Mike Davis																	
	23 152	14 March 2019	269,95	15 March 2022					4 191	18 961	219,37	919 380	(4 159 475)				
	35 545	19 March 2020	168,80	20 March 2023											35 545	31 December 2022	
	101 086	25 March 2021	131,57	26 March 2024											101 086	31 December 2023	26 March 2024
Nedbank restricted	25 272	26 March 2021	131,57	27 March 2024	45.007	17.14	210.10	10.14							25 272	31 December 2023	27 March 2024
shares					45 837	17 March 2022	218,16	18 March 2025							45 837	31 December 2024	18 March 2025
	6 3 0 5	31 March 2019	252,95	1 April 2022					6 3 0 5		224,82	1 417 490					
	15 505	31 March 2020	83,36	1 April 2023					0303		22 1,02	1 117 150			15 505	31 December 2022	1 April 2023
Compulsory Bonus Share	8 198	31 March 2021	134,17	1 April 2024											8 198	31 December 2023	1 April 2024
Scheme ¹			,		8 924	31 March 2022	238,81	1 April 2025							8 924	31 December 2024	1 April 2025
								·									
	1087	31 March 2019	252,95	1 April 2022					1087		224,82	244 379					
	3 298	31 March 2020	83,36	1 April 2023											3 298	31 December 2022	1 April 2023
Voluntary Bonus Share																	
Scheme ²					1151	31 March 2022	238,81	1 April 2025							1 151	31 December 2024	1 April 2025
Total value of dividends														3 783 615			
Total	219 448				55 912				11 583	18 961		2 581 249	(4 159 475)	3 783 615	244 816		
Prescribed officers																	
Anél Bosman																	
	9 335	14 March 2019	269,95	15 March 2022					2 820	6 515	219,37	618 623	(1 429 196)				
	6 223	15 March 2019	269,95	16 March 2022					6 223		224,45	1396752					
	47 155	19 March 2020	168,80	20 March 2023											47 155	31 December 2022	20 March 2023
	9 716	20 March 2020	168,80	21 March 2023											9 716	31 December 2022	21 March 2023
	66 884	25 March 2021	131,57	26 March 2024											66 884	31 December 2023	26 March 2024
Nedbank restricted	16 721	26 March 2021	131,57	27 March 2024											16 721	31 December 2023	27 March 2024
shares					43 546	17 March 2022	218,16	18 March 2025							43 546	31 December 2024	18 March 2025
	10 599	31 March 2019	252,95	1 April 2022					10 599		224,82	2 382 867					
									5 300		236,96	1255888					
	22 267	31 March 2020	83,36	1 April 2023											22 267	31 December 2022	1 April 2023
Compulsory Bonus Share	15 884	31 March 2021	134,17	1 April 2024											15 884	31 December 2023	1 April 2024
Scheme ¹					16 121	31 March 2022	238,81	1 April 2025							16 121	31 December 2024	1 April 2025
	1087	31 March 2019	252,95	1 April 2022					1087		224,82	244 379					
	3 298	31 March 2020	83,36	1 April 2023											3 298	31 December 2022	1 April 2023
Voluntary Bonus Share	2 049	31 March 2021	134,17	1 April 2024											2 049	31 December 2023	1 April 2024
Scheme ²					1 151	31 March 2022	238,81	1 April 2025							1 151	31 December 2024	1 April 2025
Total value of dividends																	
Total value of dividends														3 861 171			
Total	211 218				60 818				26 029	6 515		5 898 510	(1 429 196)	3 861 171	244 792		

¹ Matching on the Compulsory Bonus Share Scheme (CBSS) occurs only on shares in the scheme at the vesting date. If CPTs are met, 100% matching occurs.

² For the VBSS, employees invest their own Nedbank shares in the scheme. After three years, if the CPTs are met, a 100% matching occurs.

³ Value determined based on the number of shares lapsing, multiplied by the market share price on the scheduled vesting date.

⁴ Plans exclude the VBSS, which consists of own shares.

		Opening balance a	at 1 January 2	2022		Awards made	during 202	2	Awards vesting/lapsing during 2022					Dividends	Closing balance at 31 December 2022		
Prescribed officers	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	V esting date	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Final vesting/ exercise date	Number of restricted shares/ options released	Number of restricted shares/ options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ³ (R)	Total value of dividends paid in respect of all plans ⁴ (R)	Number of restricted shares/ options	End of performance period	Final vesting/ exercise date
Ciko Thomas																	
	37 043	14 March 2019	269,95	15 March 2022					6 705	30 338	219,37	1470876	(6 655 247)				
	60 722	19 March 2020	168,80	20 March 2023											60 722	31 December 2022	20 March 2023
	88 166	25 March 2021	131,57	26 March 2024											88166	31 December 2023	26 March 2024
Nedbank restricted	22 041	26 March 2021	131,57	27 March 2024	45.027	17 Manala 2022	210.10	10 M 2025							22 041	31 December 2023	27 March 2024
shares					45 837	17 March 2022	218,16	18 March 2025							45 837	31 December 2024	18 March 2025
Compulsory Bonus Share	7149	31 March 2020	83,36	1 April 2023											7 149	31 December 2022	1 April 2023
Scheme ¹					10 076	31 March 2022	238,81	1 April 2025							10 076	31 December 2024	1 April 2025
Voluntary Bonus Share Scheme ²	5192	31 March 2021	134,17	1 April 2024											5 192	31 December 2023	1 April 2024
Total value of dividends														3 736 634			
Total	220 313				55 913				6 705	30 338		1470876	(6 655 247)	3 736 634	239 183		
Iolanda Ruggiero																	
	25 930	14 March 2019	269,95	15 March 2022					4 6 9 4	21 236	219,37	1 029 723	(4 658 541)				
	39 988	19 March 2020	168,80	20 March 2023											39 988	31 December 2022	20 March 2023
	62 324	25 March 2021	131,57	26 March 2024											62 324	31 December 2023	26 March 2024
Nedbank restricted	15 581	26 March 2021	131,57	27 March 2024											15 581	31 December 2023	27 March 2024
shares					34 378	17 March 2022	218,16	18 March 2025							34 378	31 December 2024	18 March 2025
	5 000	31 March 2019	252,95	1 April 2022					5 000		224,82	1124100					
	9 072	31 March 2020	83,36	1 April 2023											9 072	31 December 2022	1 April 2023
Compulsory Bonus Share Scheme ¹	6 661	31 March 2021	134,17	1 April 2024	6 333	31 March 2022	238,81	1 April 2025							6 661 6 333	31 December 2023 31 December 2024	1 April 2024 1 April 2025
	1087	31 March 2019	252,95	1 April 2022					1087		224,82	244 379					
	3 298	31 March 2020	83,36	1 April 2023											3 298	31 December 2022	1 April 2023
Voluntory Berry Char-	2 049	31 March 2021	134,17	1 April 2024											2 049	31 December 2023	1 April 2024
Voluntary Bonus Share Scheme ²					1151	31 March 2022	238,81	1 April 2025							1151	31 December 2024	1 April 2025
Total value of dividends														2 760 014			

¹ Matching on the Compulsory Bonus Share Scheme (CBSS) occurs only on shares in the scheme at the vesting date. If CPTs are met, 100% matching occurs.

² For the VBSS, employees invest their own Nedbank shares in the scheme. After three years, if the CPTs are met, a 100% matching occurs.

³ Value determined based on the number of shares lapsing, multiplied by the market share price on the scheduled vesting date.

⁴ Plans exclude the VBSS, which consists of own shares.

Ethics Financial Crime Governance Remuneration Tax Stakeholder Engagement Review Review Review Review Review Review

Part 3 - Implementation report

Executive directors and prescribed-officers outcomes continued

		Opening balance a	at 1 January 2	2022		Awards made	during 2022	2		Awards ves	ting/lapsing d	uring 2022		Dividends	Closing balance at 31 December 2022		
Prescribed officers	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Vesting date	Number of restricted shares/ options	Date of issue/ inception	Issue price (R)	Final vesting/ exercise date	Number of restricted shares/ options released	Number of restricted shares/ options lapsed	Market price at vesting (R)	Value gained on vesting (R)	Notional value of loss on lapsing ³ (R)	Total value of dividends paid in respect of all plans ⁴ (R)	Number of restricted shares/ options	End of performance period	Final vesting/ exercise date
Dr Terence Sibiya																	
	37 043	14 March 2019	269,95	15 March 2022					6 705	30 338	219,37	1470876	(6 655 247)				
	60 722	19 March 2020	168,80	20 March 2023											60 722	31 December 2022	20 March 2023
	88 166	25 March 2021	131,57	26 March 2024											88166	31 December 2023	26 March 2024
	60 722	19 March 2020	168,80	20 March 2023											60 722	31 December 2022	20 March 2023
	88 166	25 March 2021	131,57	26 March 2024											88166	31 December 2023	26 March 2024
Nedbank restricted	22 041	26 March 2021	131,57	27 March 2024											22 041	31 December 2023	27 March 2024
shares					45 837	17 March 2022	218,16	18 March 2025							45 837	31 December 2024	18 March 2025
	3 533	31 March 2019	252,95	1 April 2022					3 533		224,82	794 289					
									1767		236,96	418 708					
	7 422	31 March 2020	83,36	1 April 2023											7 422	31 December 2022	1 April 2023
Compulsory Bonus Share	2 562	31 March 2021	134,17	1 April 2024											2 5 6 2	31 December 2023	1 April 2024
Scheme ¹					6 045	31 March 2022	238,81	1 April 2025							6 045	31 December 2024	1 April 2025
	395,00	31 March 2019	252,95	1 April 2022					395,00		224,82	88 804					
	1199	31 March 2020	83,36	1 April 2023							, ,				1199	31 December 2022	1 April 2023
	1490	31 March 2021	134,17	1 April 2024											1490	31 December 2023	1 April 2024
Voluntary Bonus Share Scheme ²				·	1046	31 March 2022	238,81	1 April 2025							1046	31 December 2024	1 April 2025
Total value of dividends														2 485 400			
Total	131 838				43 761				13 231	5 429		2 981 318	(1190 960)	2 485 400	158 706		

¹ Matching on the Compulsory Bonus Share Scheme (CBSS) occurs only on shares in the scheme at the vesting date. If CPTs are met, 100% matching occurs.

² For the VBSS, employees invest their own Nedbank shares in the scheme. After three years, if the CPTs are met, a 100% matching occurs.

³ Value determined based on the number of shares lapsing, multiplied by the market share price on the scheduled vesting date.

⁴ Plans exclude the VBSS, which consists of own shares.



Tax

101	Letter	trom	tne	Chief	Financial	Officer

Stakeholder Engagement Review

About our 2022 Tax Review

Tax

Review

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Letter from the Chief Financial Officer



6 Nedbank Group is committed to being fully compliant with all tax legislation and regulatory requirements in all the jurisdictions in which it operates, we remain committed to deliver on our purpose of using our financial expertise to do good and to contributing to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society. 9

Mike Davis. Chief Financial Officer

I am pleased to introduce our Tax Review for the year ended 31 December 2022, which is included in our governance reporting and forms part of our integrated and ESG reporting universe.

The global economic conditions deteriorated throughout 2022. As a result, global economic activity slowed noticeably during the second half of the year. However, the South African economy proved relatively resilient in the face of multiple domestic and global shocks. The higher interest rates were beneficial to banks, whilst credit growth and client transactional activity continues to rebound post the Covid-19 pandemic. This had a positive effect on our profitability and, consequently, to the amount of taxes we pay.

We strive to improve our tax transparency review every year to ensure that we effectively and clearly communicate how we manage tax to all our stakeholders. We are particularly proud to be acknowledged in the recently published PwC Building Public Trust Through Tax Reporting review for consistently providing value-added, high-quality tax disclosure based on the criteria of the PwC Tax Transparency Framework.

Businesses and societies benefit where there is transparency and trust. The Tax Review aims to provide increased transparency and valuable financial and non-financial information to all our stakeholders about our tax strategy and policies, our approach to tax management and the key tax principles that we have adopted to demonstrate that we are doing business in a sustainable and responsible way. To act with integrity, respect and accountability, while being people-centred and client-driven, are the principles that guide us.

We acknowledge that our total economic contribution is a key source of revenue and economic value for governments in all the jurisdictions in which we operate and believe that the Tax Review will demonstrate that we continue to make significant tax and economic contributions.

We are furthermore confident that our approach to tax, as set out in this report, demonstrates our commitment to advancing the achievement of the United Nations (UN) Sustainable Development Goals (SDGs), which we have adopted as a framework for measuring delivery on our purpose.

Nedbank Group is committed to being fully compliant with all tax legislation and regulatory requirements in all the jurisdictions in which it operates. We remain committed to deliver on our purpose of using our financial expertise to do good and to contributing to the well-being and growth of the societies in which we operate by delivering value to our employees, clients, shareholders, regulators and society.

We hope that throughout the Tax Review we answer the relevant questions about tax fairness and tax transparency, and I encourage you to read our 2022 Integrated Report, as well as our 2022 Society Report, including the Sustainable Development Review chapter for more details on the other initiatives, social investments and contributions that we have made this year.

About our 2022 Tax Review

Our 2022 Tax Review is the outcome of a groupwide reporting process that is governed by the board, led by the Group Executive Committee (Group Exco), assured through our coordinatedassurance model and delivered through groupwide collaboration. Integrated-thinking enables us to create and preserve value as we fulfil our purpose to use our financial expertise to do good for individuals, families, businesses and society.

The process we follow to complete the Nedbank Tax Review

The 2022 Tax Review is the outcome of various internal and external discussions, minutes, business plans, decisions and approvals, as well as internal and external information.

A cross-functional team, led by the Executive Head: Group Tax and representing various subject matter experts in Group Tax and across the group, produce the content that is included in the Tax Review. The process is governed by the Group Audit Committee (GAC) which provides final approval of the report, while the Group Integrated Report Approval Committee (which has delegated authority from the board) provides final sign-off for publication.

The reporting frameworks we adhere to

Our Tax Review is guided and influenced by the principles and requirements of:

- the Integrated Reporting Framework,
- the King Code of Corporate Governance Principles for South Africa (SA); (King IV);
- · the B Team, which provides companies with a set of responsible tax principles to follow and report on:
- the Global Reporting Initiative's Sustainability Reporting Standard on Tax (GRI 207);
- · World Economic Forum Stakeholder Capitalism Metrics;
- the S&P Global Sustainability Assessment;
- the MSCI ESG Ratings Methodology; and
- the Johannesburg Stock Exchange's (JSE's) Sustainability and Climate Disclosure Guidance

As a predominantly South African-based bank and a company listed on the JSE, we align with the JSE Listings Requirements; the South African Companies Act, 71 of 2008, and the Banks Act, 94 of 1990.

How we ensure the integrity of our report

The GAC considered the integrity of the Tax Review and concluded that it adequately provides material disclosures of the group's financial and non-financial tax matters.

The financial information contained in this report has been extracted from the Nedbank Group Limited Consolidated Annual Financial Statements for the year ended 31 December 2022. An unmodified audit opinion was expressed on the Consolidated Annual Financial Statements. We have also engaged Deloitte to provide limited assurance over selected non-financial performance indicators, presented in the Nedbank Integrated Report and Climate Report, which have been referenced in the Tax Review. This limited assurance was conducted in accordance with ISAE 3000.

The board ensures the integrity of the report through our integrated-reporting process and, the various approvals and sign-offs by the Group Exco and the board, as well as relies on our coordinated-assurance Model, which is overseen by the GAC, and assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group's Enterprise-wide Risk Management Framework (ERMF), Internal Audit and independent external sources and service providers.

Our 2022 Tax Review

The Nedbank Tax Review presents a detailed view of our strategic approach to tax and tax-related processes, tax governance and the Tax Risk Management Framework, stakeholder engagement and our tax contributions in the various jurisdictions in which we operate for the financial year ended 31 December 2022.

We are a predominantly South African-focused banking group with a vision to be the most admired financial services provider in Africa by our stakeholders. We have a clear and driving purpose: to use our financial expertise to do good for individuals, families, businesses and society. In this Tax Review, in line with our purpose, we will position tax as a strategic asset to our stakeholders by showing how our approach to tax is linked to the SDGs, disclosing the wider- economic impact analysis of our tax contributions, highlighting initiatives that support adherence to our key strategic tax principles, and providing specific information on our contribution as a strategic financial services role player to the tax collections system and tax reform.

Nedbank is committed to the highest ethical standards when conducting business and requires all employees, contract workers, parttime employees, partners, agents, intermediaries, joint ventures and vendors to act with honesty and integrity. Nedbank has mechanisms in place for reporting concerns about unethical or unlawful behaviour, and including integrity in relation to tax. In this regard, tax evasion and tax evasion facilitation are listed as financial crimes under Nedbank Group's Financial Crime Risk Management Framework and inappropriate behaviour by our employees linked to tax evasion is prohibited in terms of our Code of Ethics and Conduct.

Channels for reporting unethical behaviour are discussed in the Ethics Review on page 43 of this report.

Nedbank's approach to tax

Nedbank's tax strategy and approach to tax are reflected in its key tax principles as contained in the Nedbank Group Tax Policy, which the GAC reviews and approves annually. Our tax strategy and approach to tax is guided by our purpose, vision, brand promise and values.

We, therefore, believe that it is essential to have a set of guiding tax principles as set out in the Nedbank Group Tax Policy, which we adhere to, and which sets the tone for our approach to and governance of tax. The principles that guide Nedbank's approach to tax are not unrelated to how Nedbank creates value, preserves value and minimises the erosion of value for our stakeholders, including our employees, clients, regulators and society. Nedbank's Group Tax Policy is reviewed annually and was approved by the Finance Forum on 20 May 2022 and GAC on 27 October 2022.

Our strategy and targets

Responsible corporate citizen

Tax Morality

- · Paying our own fair share of tax.
- · Complying with all tax laws.
- · Collecting. withholding and remitting taxes to revenue authorities.
- Zero tolerance for any form of tax evasion.



Regulators





Shareholders



Human capital

Transparency

- · About the taxes that we pay to governments.
- About our approach to tax to provide a better understanding to our stakeholders.
- To build trust among our stakeholders.



Regulators



Risk management and governance

- · Having robust governance and managing tax risks within the risk appetite guidelines of the group.
- Seeking to identify, assess, control and report tax risks in accordance with its Tax Risk Management Framework.
- Ensuring that the group has a sustainable effective tax rate and cash tax paid.
- Ensuring that all adopted tax positions are:
- subject to robust risk assessment; and
- adequately supported.
- Ensuring that the reputation of the group is protected.



Shareholders

Constructive engagement

- Engaging constructively and cooperatively with revenue authorities and industry bodies in the interests of its stakeholders.
- Supporting the development of effective and efficient tax systems, laws and administration to support economic growth, job creation and long-term sustainable tax contributions.



Regulators

Regulatory compliance

- Ensuring the integrity of all reported tax data.
- **Ensuring timely** compliance with all relevant statutory tax obligations (including payment of all taxes) in the jurisdictions in which we operate.
- Continuously identifying and monitoring the potential impact of new tax legislation.



Regulators

People development



Human capital

Tax digitalisation



Driving efficient execution

Our tax strategy

We are committed to being a responsible taxpaver that pays its fair share of tax, always acting with transparency and integrity to support positive and sustainable relationships and tax certainty. Our tax strategy is designed to support us on our purpose, vision, values and strategy. We provide our support through our commitment to tax compliance, tax transparency, tax risk management and governance and constructive engagement with our stakeholders. Our tax strategy is executed and strategic value is unlocked through our future-fit people development strategy and underpinned by our tax digitisation roadmap. Our tax strategy and actions reflect our values and principles.

Tax principles

The principles that guide Nedbank's approach to tax are not unrelated to how our group creates value for our stakeholders, including our employees, clients, regulators and society.



Read more on how we deliver value for our stakeholders on page 106.

We support the B Team Responsible Tax Principles which have been developed through dialogue with a group of leading companies and contributions from civil society, institutional investors and international institutional representatives. It aims to establish the principles and an approach to taxation that companies can endorse to demonstrate responsibility and play their part in creating a stable, secure and sustainable society.

Nedbank's approach to tax continued

The six key tax principles that guide our actions are as follows:

1 Responsible corporate citizen

As a responsible corporate citizen and taxpayer, we are committed to -

being a responsible taxpayer that pays its fair share of tax within industry norms, acting with integrity when engaging with revenue authorities to support positive and sustainable relationships and, for the purposes of obtaining certainty of its tax positions, engaging with revenue authorities regarding the application of the tax law and identifying and resolving disagreements with the revenue authorities promptly.

2 Transparency

We are committed to -

being transparent about the taxes that we pay to governments and the approach to tax to provide a better understanding to all stakeholders, manage their expectations and build trust among all stakeholders.

3 Risk management and governance

We are committed to -

having strong governance, managing tax risks within the risk appetite guidelines of the group; seeking to identify, assess, control and report tax risks in accordance with our Tax Risk Management Framework; ensuring that the group has a sustainable effective tax rate and cash tax paid; ensuring that all adopted tax positions are subject to robust risk assessment and adequately supported; and ensuring that the reputation of the group is protected.

4 Constructive engagement

We are committed to -

engaging constructively and cooperatively with revenue authorities and industry bodies in the interests of our stakeholders and supporting the development of effective and efficient tax systems, laws and administration to support economic growth, job creation and long-term sustainable tax contributions.

5 Regulatory compliance

We are committed to -

ensuring the integrity of all reported tax data and timely compliance with all relevant statutory tax obligations (including payment of all taxes) in the jurisdictions in which we operate, and continuously identifying and monitoring the potential impact of new tax legislation.

6 People development

We are committed to -

developing highly qualified tax professionals, with digital and analytical skills as part of a leading tax function.

Our approach to developing our people

To provide expert advice, strategic framework and practices on regulatory compliance, tax risk and business tax management across Nedbank.

Enhancing team effectiveness

Specific focused development plans

Clear goals and purposedriven performance underpinned by inclusive behaviours and values

Multi skilled and diverse team



Upskilling to be the tax function of the future

Embedding a collaborative culture that fosters accountability and innovation

Trusted partner in customer service and value creation

Tax and sustainability

Creating value in a sustainable manner through our strategy:

Nedbank is aware that it, alongside its stakeholders, operates in a nested, interdependent system. This means that for our business to succeed, we need a thriving economy, a well-functioning society and a healthy environment. The tax that we pay is an important part of the wider economic, social, and environmental impact and plays a key role in the development of the jurisdictions in which we operate.

We ensure that all the tax implications of our sustainablefinance solutions and investments are considered from both an organisational and client perspective and are aligned to our tax strategy and tax principles.

Our responsible tax strategy and the tax that we contribute in the jurisdictions in which we operate fund critical infrastructure to support our SDG commitments.



Refer to our economic contribution of taxes paid on **page 119** below.

Tax as a material matter

We have identified tax as a material topic given the significant financial and social impact thereof on the organisation and our stakeholders. Identifying our material matters is a groupwide responsibility and requires input from our businesses, an assessment of the risks and opportunities in our operating environment and input and feedback from our various stakeholders.

We apply the principle of materiality in assessing what information should be included in our Tax Review. Although all the material matters as noted on page 2 of the 2022 Integrated Report all impact tax, the demand on governance, regulation and risk management plays a significant role in the management of tax. The business of banking remains fundamentally about the management of risk, and we always strive to be world-class, with a strong risk culture, sound governance and robust enterprise risk management framework. We strive for agile but responsible, accountable and effective governance and risk management, while creating and protecting value for all our stakeholders.

Our tax digitalisation roadmap

To enhance our productivity and improve operational efficiency, as well as improve the integrity of our tax reporting, we will leverage the technology platforms that we have put in place and continue to drive automation and digitisation of our tax processes.

What?

Implementation of more robust and efficient tax processes, enabled by tax technology solutions to move towards a strategic and leading tax function

How?

Integrate, automate and digitise tax data and processes to improve risk management and provide data insights into the business.

Workflow Compliance

The use of a digital interface with the SARS E-filing platform, with workflow functionality to align with new digitisation reform of revenue authorities

Third Party Appointments

End-to-end automation of the third-party appointment process, with appropriate workflow

Value Added Tax

Design and implement enhanced **VAT** reporting capabilities through the creation of a Data Mart with automated preparation of the VAT return

Transfer **Pricing**

Design. consolidate and implement a cross-border and inter-company transfer pricing capability by leveraging existing internal systems

Corporate Income Tax

Leverage the existing internal general-ledger technology to facilitate realtime analytical and data insights for the client-facing clusters for their direct tax charge

Third Party Reporting

Automation of processes to facilitate client reporting to revenue authorities

Why?

- · Mitigation of operational tax risk associated with compliance and reporting in current and future state
- Enhancement and efficiencies in tax processes
- Insightful data analytics that will assist in budgeting and provisioning
- Enhanced governance and transparency

Stakeholder engagement

Delivering value by fulfilling our purpose

As a financial services provider, we are deeply connected to the environment we operate in and the societies we serve. Our ability to create and protect value is dependent on our relationships. our activities and the contributions we make to our stakeholders, including our economic contribution through the taxes we pay and collect. By providing for their needs and meeting their expectations in relation to tax matters, we create and protect value for our stakeholders and for Nedbank, while looking to minimise value erosion.

Nedbank Group

A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders and society at large. Trust is core to our relationships and to creating and preserving value.

Employees



communities in which they live and

work through tax contributions.

Value is created and preserved through ...

- providing support to employees with their personal income tax compliance obligations;
- providing tax specific training and awareness;
- developing our employees with future fit tax skills;
- equipping our business with professional tax advice and oversight to ensure tax risks are mitigated;
- rewarding employees for the value they add; embracing flexible working practices; and

gender equality.

contributing to the transformation towards a more inclusive society through employment equity and

Clients



Value is created and preserved through ...

- providing clients and revenue authorities with accurate and valid tax information to ensure tax compliance:
- providing tax guidance in relation to our products and services:
- providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs and the drive to transition to a net-zero economy by 2050; and
- developing innovative solutions that meet our clients' specific needs.

Shareholders

Our shareholders require from us transparent and accurate tax reporting and disclosure. They are interested in our tax strategy and how we create value and contribute to our ESG practices in a sustainable way.

Value is created and preserved through ...

- providing insightful, relevant and transparent tax reporting;
- · ensuring robust tax governance and tax risk management; and
- · operating within our tax risk appetite.

Government

The taxes we pay are imperative for the economic and social development of the countries in which we operate. Our government and regulators expect open and honest dialogue on tax matters and active contribution to industry working groups.

Value is created and preserved through ...

- · active participation in industry forums on tax matters;
- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes; and
- collaborating with legislators and tax policy setters to ensure clear and unambiguous tax legislation.

Revenue authorities

We engage cooperatively and constructively to ensure an effective and efficient tax administration. We act with integrity to support positive and sustainable relationships and obtain tax certainty. We have a responsibility to comply fully with the regulations of the jurisdictions in which we operate.

Value is created and preserved through ...

- regular industry engagements on various operational and service
- · commitment to the banking accord between BASA and SARS;
- · integrity of our tax data reporting to revenue authorities;
- ensuring the broadening of the tax base through the eradication of corruption, fraud and tax evasion through robust anti-financial crime risk and compliance programmes;
- · supporting SARS to transform into a more digitized tax administrator; and
- · working closely with revenue authorities during times of crisis.

Society

We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have the same values. Our tax contributions ensure investment in sustainable infrastructure and critical services

Value is created and preserved through ...

- building trust through our transparent reporting on the taxes we contribute in the jurisdictions we operate;
- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment (CSI) activities.

Governance Review

Ethics Review Financial Crime Review

Remuneration Review

Tax compliance

We are committed to tax compliance in all the jurisdictions in which we operate. We ensure the integrity of all our reported tax data through robust internal control frameworks and our combined assurance methodology...



Read more about our approach on tax governance and risk management on page 109.

We pay our taxes promptly and in accordance with all applicable laws and regulations. We aim to take account of the letter as well as the spirit of the tax laws and regulations. Where tax law is unclear or subject to interpretation, we evaluate whether our position is more likely than not to be upheld and, where appropriate, seek external advice or resolve any uncertainty directly with revenue authorities. We also escalate any uncertain tax positions to leadership and relevant governance forums for their review and advice. Following careful consideration and risk evaluation of tax disputes with revenue authorities, we may seek a resolution through the judicial system to test the legal principle of the tax law concerned.

We continuously scan the regulatory landscape to identify and monitor the potential impact of changes to, or of new tax legislation on our business operations.

As a financial institution, we are also subject to client tax compliance and reporting obligations, including obligations under the United States (US) Foreign Account Tax Compliance Act (FATCA) and, the Common Reporting Standard (CRS) and including in respect of, income earned on financial products, withholding taxes and exchange of information upon request from the revenue authorities. Clients' tax positions remain their responsibility. However, we require clients, including high-net-worth clients, to confirm their worldwide tax obligations as part of its onboarding processes. In relation to the standardised products we offer, we advise clients of likely tax implications, and in the case of new products, tax implications are discussed and considered carefully at the appropriate governance committees. Some of these products often deliver tax incentives specifically introduced by government, such as tax-free savings accounts.

Tax evasion and fraud entail taxpayers' deliberately misrepresenting or concealing the true state of their affairs to the tax authorities to reduce their tax liability and include dishonest tax reporting (such as under-declaring income, profits or gains, or overstating deductions). Nedbank has a zero-tolerance approach to tax evasion and tax

evasion facilitation and has implemented policies and procedures to prevent such conduct by its employees and associated parties. These include having clear roles and responsibilities for preventing, detecting and responding to tax evasion; providing awareness training; promoting ethical behaviour; undertaking risk assessments to identify possible high-risk exposures; and encouraging employees to be vigilant and report any suspicions of tax evasion. Employees are prohibited from any conduct and the giving of any advice to clients, suppliers and third parties in the course or scope of their employment that facilitates, supports or results in tax evasion.

We do not condone, encourage or support tax evasion nor the wilful misrepresentation of facts to revenue authorities or independent assurance providers. Compliance with all applicable laws and regulations of the jurisdictions in which we operate is embedded in our Code of Ethics and Conduct found here. Employees (including contract staff) and third parties with which Nedbank has a business relationship may raise ethical and compliance concerns, anonymously if preferred, through – Report-IT. You can report corrupt and unethical behaviour here.

Our approach to tax planning

We believe that tax planning initiatives may be conducted in a responsible and sustainable manner and that during such planning due consideration needs to be given to Nedbank's legitimate interests, reputation, brand and corporate social responsibility.

We have clear procedures in relation to tax risk management and carry out risk assessments as part of any tax planning and review of significant business decisions. We do not enter into aggressive and contrived tax planning structures.

We further believe that our products should not be used by our clients to shelter information from the tax authorities and to avoid or evade taxation.

Principles and risk appetite

The board sets the risk appetite for the group. The risk appetite in relation to tax is the level of tolerance for taxation risk in the group.

The underlying principle in setting the taxation risk appetite is that tax planning should support the group's strategy and be aligned with the group's commercial and economic activity.

Taxation risk should be minimised and mitigated, with both the cost versus the benefit of doing so, as well as the financial and reputational impact of a tax planning initiative being considered.

The group applies the following principles to tax planning:

- · Zero tolerance for evading any tax liability or facilitating the evasion of any tax liability on behalf of a third party:
- · Zero appetite for transactions that have no valid commercial purpose other than obtaining a tax benefit;
- · Zero appetite for arrangements where the tax benefit is paid to clients, but the tax risk remains within the group;
- May enter into transactions with significant tax uncertainty only if the commercial benefits clearly exceed the potential cost (ie risk-reward equation), and in this context risk appetite is guided by the 'more likely than not' principle:
- · Low appetite for arrangements that could rebound to the detriment of the group in the event of external disclosure, eg litigation, and accordingly the group enters only into transactions that can be fully justified if they become public;
- May not purposefully structure its affairs to shift profits to low-tax jurisdictions or 'tax havens' and will operate in these jurisdictions only if there are valid business reasons and sufficient commercial substance;
- May enter into cross-border transactions with controlled parties only on an arm's-length basis.

Tax compliance continued

Incentives

Governments offer tax incentives to support investment, employment or economic development. We seek to ensure that tax incentives are transparent and consistent with statutory and regulatory frameworks before deciding whether to make use of them. We make use of incentives only where they are aligned with our business and operational objectives and where we have a qualifying business activity. By way of example, Nedbank made a conscious decision during the Covid-19 pandemic, not to make use of any incentives or payment deferral schemes.

We continually review our approach to tax incentives to ensure transparency and that unfair tax advantages are not gained. If there is uncertainty about tax incentives, we would seek clarity from relevant authorities to ensure the incentive meets government's intended policy objectives.

Nedbank has benefited from the following allowances and Incentives in terms of the Income Tax Act, 58 of 1962, during the 2022 financial year:

Learnership allowances in terms of section 12H amounting to R56,1m

(2021: R172,2m)

Employment tax incentive through the participation in the YES programme amounting to **R9.7**m

(2021: R7,5m)

Nedbank is now also offering photovoltaic (PV) solar asset finance for clients in support of its sustainability goals, including continuing to lower its energy consumption. This asset-finance offering was launched during the year and by the end of the year 56 funding deals had been financed at a value of R12,3m.

Nedbank will again pursue the benefits of energy efficiency allowances offered in terms of the Income Tax Act.

Transfer pricing

In terms of transfer pricing documentation, there is a requirement to file both a master file, with high-level information about global business operations and transfer pricing policies, as well as a local file with detailed transactional transfer pricing documents specific to each country and identifying material related-party transactions, the amounts involved in those transactions, as well as the company's analysis of the transfer pricing determinations that have been made regarding those transactions.

Nedbank adheres to the key principles set out in the baseerosion-and-profit-shifting (BEPS) package and the related regulations put in place by fiscal authorities. In this regard, the group adopted an internal policy that outlines key principles and mandatory requirements with which the business must comply to ensure that transfer pricing methodologies are applied consistently, that the terms of all intergroup dealings are in accordance with the arm's-length principle, and that contemporaneous transfer pricing documents are maintained. Nedbank has been filing master file documents and country-bycountry reporting (CbCR) for financial reporting periods up to 31 December 2021. In the section titled 'Economic contribution of taxes paid', more information is provided on Nedbank's tax contribution on a country-by-country basis.

Tax havens

As a matter of principle, we do not purposefully structure our affairs to shift profits to low-tax jurisdictions or 'tax havens' to avoid paying our fair share of taxes and will operate in these jurisdictions only if there are valid business reasons and sufficient commercial substance. All significant business decisions, such as acquisitions and business restructurings involving low-tax jurisdictions or 'tax havens', must be approved by Nedbank Group Tax before being approved by the appropriate governance structure.

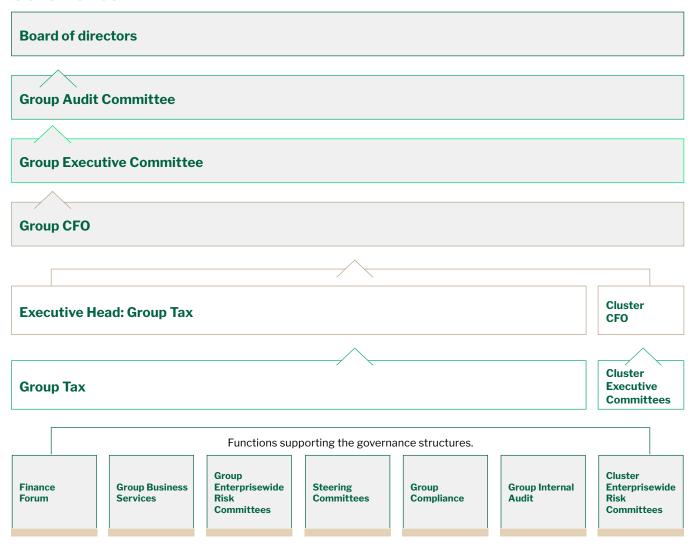
We have banking, asset management and wealth management businesses in Isle of Man, Guernsey and Jersey that have operated in these jurisdictions for more than 30 years. These operations are fully fledged stand-alone businesses with proper business and economic substance. We have historically operated in these jurisdictions to grow our international footprint and allow our clients to diversify their investments on a global scale. During 2022 we disposed of our interest in Nedgroup Trust Ltd and its subsidiaries which were registered and operated in Isle of Man and Guernsey. The disposal did not attract any capital gains tax in South Africa, or in-country, due to the specific exemptions provided in the applicable respective tax laws of the relevant jurisdictions.



Tax governance and tax risk management

Nedbank's tax status is reported quarterly to the GAC, which is responsible for monitoring all significant tax matters, including compliance with the Nedbank Group Tax Policy.

Governance



Oversight

The Nedbank Group Board is ultimately accountable for determining Nedbank Group's tax strategy and approach to tax and, together with the GAC, provides oversight of the tax practices and affairs of the group.

The board holds the Chief Financial Officer accountable for ensuring compliance with the Nedbank Group Tax Policy. To this end, the Finance Forum, which the Chief Financial Officer has established and chairs, supports him in performing his duties to the board. The forum monitors tax compliance and compliance with the Nedbank Group Tax Policy, ensures that taxation risk is managed appropriately throughout the group, and deals with tax matters across the group. The forum meets monthly and is represented by the cluster chief financial officers and the Executive Head: Group Tax.

Nedbank Group's tax risk status is reported quarterly to the GAC, which is responsible for monitoring all significant tax matters, including compliance with the Nedbank Group Tax Policy.

The GAC also receives regular updates on changes to the tax landscape. An area of continued focus during the 2022 financial year was managing the outcome of ongoing SARS audits in respect of corporate income taxes and value-added tax (VAT).

Policies and control

The tax strategy and approach to tax are incorporated in the Nedbank Group Tax Policy, which is reviewed and approved by the GAC annually and provide the mandatory minimum principles and standards for the management of tax risk across the group, including tax compliance, transaction planning and implementation. The policy applies to all taxes and tax-reporting obligations to relevant fiscal authorities in all jurisdictions in which the group carries on business.

The Nedbank Group Tax Policy, the Tax Risk Management Framework and associated supporting procedures, standards and guidance documents are subject to periodic review by the Executive Head: Group Tax to ensure these are updated to

Ethics **Financial Crime** Remuneration Tax Stakeholder Engagement Governance Review Review Review Review Review Review

Tax governance and tax risk management continued

reflect any changes in leading practice, tax risk governance and control standards, and changes in the organisational structure of Nedbank Group and in the external tax and regulatory environments. No significant changes were made to these documents in the past year, and they were considered fit for purpose.

An annual letter of representation is used to track adherence to the governance structure, processes and procedures of enterprise risk management and is an attestation of compliance completed twice a year by all executives in the group and signed by the Chief Risk Officer, Chief Financial Officer and Chief Executive Officer.

An annual questionnaire is also distributed to board members and prescribed officers to determine the related-party transactions and tax compliance of these individuals as required by International Accounting Standard (IAS) 24. These individuals confirm their tax status and standing with the revenue authorities. This is in alignment with King IV and demonstrates that Nedbank Group and its key representatives exhibit responsible corporate citizenship. These individuals also acknowledge that they pay their fair share of tax and are not party to any aggressive tax-planning transactions.

We publish a UK Tax Strategy for our respective businesses in the UK in compliance with paragraph 22(2) of Schedule 19 to the UK Finance Act 2016. These respective tax strategies are aligned with the group tax strategy and our published approach to tax contained in our relevant Tax Review and can be found in the links below:

- Nedbank CIB London;
- Nedbank Private Wealth: and
- Nedgroup Investment Advisors (UK).

Ongoing liaison with the revenue authorities and other specific tax investigations

Due to the complex and diverse nature of our business we receive ongoing requests for information from revenue authorities on various tax matters. It's the Group's policy to be transparent and proactive in all our interactions with the revenue authorities to ensure we meet all our compliance obligations and that all information is adequately presented. The status of the more significant revenue authority investigations conducted during the financial year are as follows:

Entity	Tax type	Tax year	Nature of query/dispute	Status
Nedbank Limited	VAT audit	December 2017 to December 2022	The audit commenced in May 2022 with some of the key issues being bad debts, imported services and our apportionment ratios.	Information provided to SARS is currently being reviewed
Nedbank Limited	Customs audit	September 2020 to August 2022	The objective of the audit was to promote and ensure compliance with the provisions of the Customs and Excise Act, 91 of 1964.	Audit finalised with no adjustments
BoE Private Equity Investments (Pty) Ltd	Income tax audit	2020	Based on a risk assessment, an audit was conducted on the tax consequences of the disposal of assets.	Audit finalised with no adjustments
Nedbank Eswatini	PAYE audit	2019 and 2020	A draft letter of findings has been issued regarding treatment relating to study loans; professional subscriptions and long-service awards.	Currently under dispute
Nedbank Mozambique	VAT and PAYE audit	Various	Draft letter of findings issued regarding VAT from services provided by Visa and Mastercard; employee tax benefits as a result of interest rates being below the market and withholding taxes on Visa fees.	Currently under dispute
Nedbank Zimbabwe	Voluntary disclosure programme	2022	Nedbank Zimbabwe were delayed in implementing the new intermediated money transfer tax (for the period 1 January 2022 to 31 March 2022) resulting in an underpayment of the tax to the Zimbabwe Revenue Authority (ZIMRA) of approximately USD 325,000. The tax has since been collected from the affected clients and paid to ZIMRA, as well as disclosed in terms of the voluntary-disclosure programme.	In progress
Nedbank Eswatini	Voluntary disclosure programme	2020 and 2021	After the seeking of legal advice, it was established that tax must be withheld on Visa fees. Nedbank Eswatini is addressing the issue of noncompliance through the Practice Note on Voluntary Disclosure 2016 of the Eswatini Revenue Service, which will include a waiver of penalties and interest. The determined tax liability for the financial year 2020 and 2021 is estimated to be E500 000.	In progress
Glenmore Seaside Resorts (Pty) Ltd	Income Tax verification	2021	Supporting schedules and information in support of income statement items and adjustments in respect of leases in respect of 2021 tax return.	In progress

Due to the abandonment of the IT14SD during 2022, most tax returns submitted for the 2021 year of assessment were subject to verification audits. All these verification audits have been finalised with no adjustments made by SARS.

Tax governance and tax risk management continued

Tax risk management Risk Framework

Tax risk is managed in the context of Nedbank Group's ERMF and the Three-linesof-defence Model, which is the backbone of this framework. In line with this. Nedbank has developed the Tax Risk Management Framework, which incorporates the group's approach to tax and aims to ensure that tax risks are identified, assessed, managed and reported appropriately and in accordance with the group's risk frameworks and principles. The Nedbank Group Board and GAC provide oversight of the Tax Risk Management Framework, considering the potential financial, legal, business and reputational risks of failing to detect and manage tax risks timeously.

Regular and transparent tax reporting is embedded in the governance structures of the group, including the GAC, various board committees and group and cluster executive committees.

At Nedbank, tax risk forms part of one of the 17 main risk categories comprising the enterprise-wide risk universe, with the relevant category consisting of accounting. financial and taxation risk. The group's risk taxonomy describes taxation risk as any event, action or inaction in tax strategy, operations, financial reporting or compliance that either adversely affects the group's tax objectives or results in an unanticipated or unacceptable level of tax liabilities. Tax risk can be divided into general risks that most commercial organisations are likely to face, and specific risks attached to the industry in which the group operates, and can arise from the following:

- Non-compliance with tax regulations resulting in penalties, fines, payment of interest or under-provision for tax.
- Incorrect assessment, deduction and payment of tax liabilities.
- · Ineffective tax planning and implementation.
- Inability to engage timeously with revenue authorities and other relevant governmental departments.

In terms of the Nedbank Group Tax Policy the tax implications of all significant business decisions must be evaluated, documented and approved by Group Tax, and the group must comply with all tax regulations in all the jurisdictions in which it operates. In this regard the group employs highly qualified tax professionals and takes advice from reputable professional firms, when appropriate.

The Group Tax team is measured against the following key performance indicators:

- · Level of compliance.
- · Introduction of technology to enhance and improve the effectiveness and efficiency of the operational tax processes.
- · Maintenance of an acceptable level of operational losses, such as tax penalties and tax interest, within a predetermined acceptedloss tolerance level.
- Feedback from stakeholders, being regulators, shareholders and business.
- Management and resolution of key audit issues and regulatory disputes.
- · Accurate and adequate provision and disclosure of all tax obligations.

The Group Tax Team fully met all its key performance indicators during the 2022 financial year and Nedbank is fully compliant with all its tax obligations in all the jurisdictions in which it operates.

Material tax risks

We operate in a complex regulatory environment with extensive global scrutiny. Through our risk management processes, we have identified the following key taxation considerations and focus areas:

Review

Transfer Pricing

To ensure client centricity, many support functions in the group are centralised and they provide support services to subsidiaries in other jurisdictions in the group. OECD Transfer Pricing Guidelines, require that the provider of such services must be remunerated for the services they perform on an arm's length basis. We follow the OECD Transfer Pricing Guidelines when developing appropriate transfer pricing policies and when documenting our transfer pricing studies for domestic transfer pricing compliance purposes on a fully transparent and commercially validated basis. Revenue authorities and banking regulators pay close attention to how MNEs implement transfer pricing policies to ensure that profits are appropriately allocated to the jurisdictions where the relevant economic activity takes place.

Significant business decisions

All significant business decisions must be evaluated and documented from a tax perspective and approved by Group Tax. As a key component of the evaluation of many complex financial transactions, the accounting treatment may play a critical role in the evaluation of the tax implications. We require internal accounting opinions as part of our Finance and Accounting Risk Policy before we enter into these significant business transactions.

Regulatory compliance

As a financial institution, we are subject to extensive tax reporting and compliance regulations in respect of our clients' tax status and their income earned on financial products, including tax debt collection, criminal investigations, and information requests. The consequences for noncompliance are sanctions, personal liability of clients' tax debt or criminal prosecution. Due to the significant increase in regulations and revenue collection efforts of revenue authorities, we are exposed to significant financial and reputational risk in this regard. We directly, or through the dedicated established BASA work group, engage on a regular basis with the revenue authorities to manage these requests for relevant material.

Governance Ethics Financial Crime Remuneration Tax Stakeholder Engagement Review Review Review Review Review Review

Tax governance and tax risk management continued

Combined Assurance

Nedbank has adopted an organisational risk governance structure that reflects the concepts represented in the 'Three-lines- ofdefence Model'. Taxation risk is managed in this context and assurance is provided by all three lines of defence, as well as external audit.

First line of defence -Risk-taking and risk ownership

- · Comprise business line management, client facing operations and activities.
- Has 'ownership' of taxation risk. whereby it acknowledges and manages the risk that arises in conducting its business activities.
- Responsible and accountable for the ongoing management of taxation risks which includes identifying, assessing and reporting such risks and issues, as well as taking into account our tax risk appetite and its policies, procedures and controls.
- Responsible for assessing taxation risks of significant business decisions, tax compliance requirements and the implementation of regulatory changes in respect of the products, services, conduct, activities, processes and systems for which it is accountable.
- · Any person in the organisation who has a delegation, deploys resources or makes decisions is responsible and accountable for managing taxation risk.

Second line of defence -Oversight, monitoring and advisory

- · Comprise independent risk management and compliance functions.
- The risk management function complements the business line's risk activities through its oversight, monitoring, advisory and reporting responsibilities.
- Responsible for overseeing the risktaking activities, and assessing risks and issues independently from the first line.
- The risk management function is sufficiently independent of the business units and is not involved in revenue generation.
- Group Tax both acts as a policy-, process-, procedure- and standardsetting function for the first line of defence and at the same time provides oversight and review to ensure that its requirements are being discharged in the first line of defence.

Third line of defence -Independent assurance

- · Comprise an independent and effective internal audit function.
- Provides independent detailed testing, review and objective assurance on the quality and effectiveness of internal control systems, the first and second lines of defence and the risk governance framework, including links to organisational culture, as well as strategic and business planning, compensation and decision-making processes.
- It provides an independent assurance to the board of directors and senior management on the quality and effectiveness of Nedbank's internal control, risk management and governance systems and processes, thereby helping the board and senior management protect their organisation and its reputation.

Internal and External Audit provide independent assurance on the effectiveness of the management of tax risk across the Group. Internal Audit conducts process audits to express a view on the adequacy of the internal control environment. External Audit provides assurance on the appropriate compliance and financial frameworks in Nedbank, including recomputing all tax calculations and confirming that there are adequate tax risk provisions held against uncertain tax positions.

Uncertain tax positions and controversies

Due to the complex nature of tax there may be transactions and calculations for which the ultimate tax treatment is uncertain, and in these instances external advice may be obtained. Taking external advice into account, the 'more likely than not' principle will be applied in determining whether the tax position is uncertain. If the position is uncertain, relevant tax provisions will be raised in accordance with the principles as envisaged in IAS 37 - provisions, contingent liabilities and contingent assets, and IFRIC 23 – uncertainty over income tax treatments and will affect the current or deferred tax computations. Uncertain tax positions are governed by our tax risk management principles.

We constantly review our level of tax provisioning across the group. As it can take several years to obtain finalisation in respect of our tax positions adopted in the tax returns, it is necessary to reflect the risk that the final tax liabilities could differ from the submitted tax computations. The level of provisioning involves management judgement. As a result, all major tax positions adopted are subject to review by executive management and reported to the GAC for approval. Nedbank has made adequate provision for any potential losses arising from tax exposures that are more likely to occur than not. We have discussions with relevant revenue authorities on specific matters regarding the application and interpretation of tax legislation affecting the group and the industry in which it operates. We have considered all matters in dispute with tax authorities and have accounted for any exposure identified, where necessary. Nedbank is not involved with any revenue authority in any tax dispute that has not been provided for.

An area of continued focus during the 2022 financial year was managing the outcome of the ongoing SARS audit in respect of corporate income taxes declared for the 2015 to 2017 years of assessment, as well as the VAT audit for the December 2017 to December 2022 VAT periods. SARS has concluded on most of the areas under the corporate income tax audit without raising any additional tax assessments. However, an additional assessment was raised for a particular transaction that was concluded in a prior period. The group had fully provided for the anticipated tax liability associated with this transaction and this assessment is currently under dispute with SARS. SARS has agreed that the alternative dispute resolution process is appropriate for resolving this tax dispute.

All the relevant information requested in respect of the VAT audit has been provided to SARS.

A further associated corporate income tax audit in relation to a transaction that was implemented during the 2017 year of assessment was conducted and finalised by SARS without any adverse tax adjustment.

Stakeholder dialogue and advocacy

In line with our tax principles, we engage constructively and cooperatively with revenue authorities and industry bodies in the interests of our stakeholders and support the development of effective and efficient tax systems, laws and administration.

Public policy and advocacy

We participate actively in various industry bodies and forums where we can influence the outcome of revenue authority behaviour. taxpayers' rights and legislative changes.

The Banking Association of South Africa (BASA), of which Nedbank is a member, is the representative of the banking sector in SA. The BASA Taxation Committee focuses on direct and indirect tax issues and assists in formulating industry positions or motivations for tax reforms in respect of relevant tax legislation. Similar industry bodies are in operation in Nedbank Africa Regions (NAR), and tax developments in all jurisdictions are monitored centrally by Group Tax.

We also have representatives on various other industry and professional forums, such as the CFO Forum Tax Committee, the South African Institute of Chartered Accountants (SAICA) National Tax Committee and the Association for Savings and Investment South Africa (Asisa) Tax Committee.

During 2022 Nedbank participated and provided input into the following initiatives:

- Completing a general review and commenting on the tax amendment bills (2022).
- Addressing unintended tax consequences regarding the proposed tax amendments impacting the treatment of the rehypothecation of securities in collateral arrangements.
- Addressing tax challenges faced by employees working from home and making submissions on tax regulations.
- Engaging SARS on the interpretation and application of the Organisation for Economic Cooperation and Development (OECD) Mandatory Disclosure Rules (MDR) for the avoidance of the CRS regulations.
- · Submissions on the OECD public consultation document on Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard.
- Presentations to the OECD Peer review Committee for SA on the exchange-of-information (EOI) policy and interpretation.

- · Comments on various draft interpretation and practise notes.
- · Submissions on the General Laws Amendment Bill to strengthen anti-money laundering measures to avoid Financial Action Task Force (FATF) grey-listing, for among other things, weaknesses in the identification of beneficial ownership.

Nedbank supports the Banking Accord signed by SARS and BASA. The accord is a commitment to cooperative tax compliance and open dialogue about tax issues between BASA and SARS. In addition, the accord has established the BASA & SARS Operational Forum to facilitate interaction between SARS and BASA in relation to all tax-related operational issues that are relevant to the banking industry and SARS. The SARS Commissioner regularly meets with the banking industry CEOs.

Nedbank, directly and through BASA, pledged its commitment to facilitating and supporting SARS in the automation of third-party data processes and other SARS information technology initiatives.

BASA collaborated with SARS on the following operational issues and initiatives during 2022:

- Continuous engagement in relation to service delivery improvement at SARS.
- · Digitisation of tax compliance and real-time tax data and assessments.
- · Continuous engagement in relation to the improvement of the taxpayer debt collection processes through third-party bank accounts.
- Continuation of the mitigation of illicit financial flows through the implementation of the Advanced Payment Notification (APN) in respect of cross border payments for the importation of goods.
- Implementation of the OECD MDR.
- · Automated pre-screening for suspicious tax refunds.

We support the aims of the various OECD domestic tax BEPS initiatives, which entail assisting tax regimes to develop in ways that make the tax system fairer and more transparent. Developing countries rely more on corporate income tax, which means they suffer disproportionately from BEPS.

Over 140 countries, including SA, have worked together on the OECD/ G20 Inclusive Framework on BEPS (the Inclusive Framework) to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment. The top priority of the Inclusive Framework is to develop a solution to address the tax challenges arising from the digitisation of the economy.

On 1 July 2021, 130 members of the Inclusive Framework agreed to a two-pillar solution to address the tax challenges arising from the digitisation of the economy. Pillar 1 aims to expand the taxing rights of market jurisdictions where there is an active and sustained participation of a business in the economy of that jurisdiction. Pillar 2 introduces global anti-base-erosion rules to ensure a minimum level of effective taxation to address remaining BEPS concerns. The Pillar 1 scope excludes financial services industries following the lobbying efforts of the International Banking Federation (IBFed). BASA is a member of the IBFed and actively contributed to these efforts.

On 8 October 2021, 136 members of the Inclusive Framework politically committed to enacting a jurisdiction-level minimum-tax system, with a minimum effective tax rate (ETR) of 15% on corporate tax for multinationals under Pillar 2. This will be charged to either the parent or subsidiary (branch) jurisdictions through revised rules. Banks are not excluded from these rules. IBFed's consultation focused on how the minimum tax would be calculated for multinational banks. Recent concerns for members during consultation with the OECD include the complexity of rules, compliance and reporting, the impact for offshore branches, the treatment of losses and bank levies; and the inconsistent treatment of regulatory instruments in calculating global income for the rate calculation.

The OECD issued a detailed implementation framework for Pillars 1 and 2 during 2022, which will take effect in 2023. In his Budget Speech on 22 February 2023 the Minister of Finance committed government to publishing a draft position on the implementation of a global minimum tax of 15% for multinational enterprises in line with the Pillar 2 proposals and draft legislation in the 2024 legislative cycle for comment.

Pillar 2 will have an impact on our businesses in IoM, Guernsey and Jersey, due to the lower than 15% corporate tax rates in those jurisdictions. However, we estimate that the tax impact will most likely be immaterial for Nedbank.

Tax landscape

Local tax landscape

Nedbank has procedures in place to ensure that the group stays abreast of all key changes in the global tax landscape. Recent developments worth noting, and the group's response, are set out below.

The Minister of Finance acknowledged that an efficient, effective tax administration that builds trust to increase voluntary compliance is a cornerstone of SA's progressive tax system.

As a result, SARS continues to enhance its service offering as it rebuilds from the period of state capture. Over the past three years it has strengthened revenue collection and worked to ensure that its systems, officials and leadership are capacitated to improve the taxpayer's experience, increase compliance and generate additional tax revenue. In November 2022, SARS finalised the reparation process for current and former employees as recommended by the Nugent Commission of Inquiry.

Nedbank continues to support the Commissioner of SARS in these initiatives through constructive participation in relevant forums and modernisation initiatives.

SARS has also taken active steps to strengthen the management of its information communication technology (ICT) systems, rebuild its technical prowess, and harness opportunities arising from information-sharing agreements between national tax authorities. Nedbank, as one of the larger contributors to the fiscus, is committed to assisting SARS with these initiatives and adhering to specific requests for information and special investigations, as well as monitoring and reporting on suspicious refunds. Over the past year we have experienced a significant increase in collections of third-party tax debt (TPA), as well as an increase in investigations and information requests in respect of third-parties, as being illustrated in the graphs alongside.

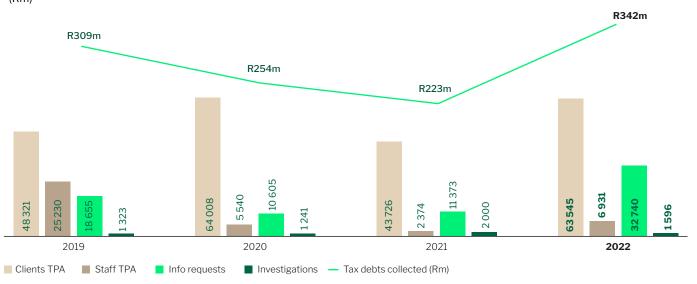
International tax landscape

As a reporting financial institution, Nedbank is required to provide client financial information to the relevant regulatory authority in terms of FATCA and the OECD CRS (collectively referred to the Automatic Exchange of Information or AEOI). Nedbank is compliant with the AEOI regimes in the jurisdictions where it operates and continuously enhances its systems and processes and trains its people to ensure the integrity of data and our clients' experiences are seamless.

The Mandatory Disclosure Rules (MDR) for CRS Avoidance Arrangements and Opaque Offshore Structures, forms part of the CRS regulations, introduces additional reporting obligations of affected transactions, and will take effect from 1 March 2024. We are in the process of implementing additional controls and procedures to comply with the MDR. Our businesses in the UK and IOM are already compliant with the MDR legislated in those jurisdictions.

Due to Nedbank's operations in London, the group subscribes to the UK Code of Practice on Taxation for Banks (the code), which was introduced on 9 December 2009. The code aims to ensure that banking groups operating in the UK comply with the spirit and the letter of the law when it comes to tax matters.

Tax debt collected and remitted to SARS (Rm)



Tax landscape continued

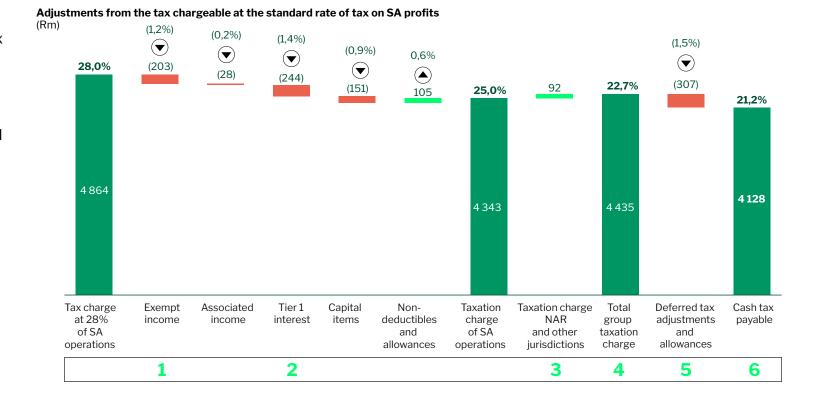
The table alongside represents the tax legislation changes affecting the domestic and international landscape, as well as the proposed changes to tax legislation. We have actively engaged and submitted comments, through the relevant industry forums and tax committees, to the Regulators in shaping the legislation to ensure that there is no adverse impact on our business.

The proposed changes in legislation will not have a material impact on the Group or the specific incountry legal entity.

Entity	Тах	Developments		
South Africa	Income tax	Amended Tax legislation for life companies with effect from 1 January 2023 due to the implementation of IFRS 17.		
		Please refer to page 26 of our 2022 Integrated Report.		
		Corporate income tax rate change from 28% to 27% with effect from 1 January 2023. Please refer to page 117 of this report.		
Nedbank Namibia	Income tax	Thin Capitalisation rules: Debt-to-equity ratio in excess of 3:1 with effect from 1 January 2023.		
	PAYE	Increase deductibility of Pension, Retirement Fund and Educational policy contributions from N\$ 40 000 to N\$ 150 000 effective for yeas of assessment commencing on or after 1 March 2022.		
		For 2023 the rate will increase from 19% to 23% with effect from 1 April 2023. The banking surcharge limit has increased to GBP100m at a rate of 3%.		
Nedbank Eswatini	Witholding tax	Withholding tax on Payments of Interest to resident persons with effect from 1 July 2022.		
	Income tax	Expenses not supported by valid tax invoices will be treated as non-deductible expenses for corporate tax purposes with effect from 1 January 2023.		
Nedbank Zimbabwe	VAT	VAT rate increased from 14,5% to 15% with effect from 1 January 2023.		
	Witholding tax	Intermediated Money Transfer Tax rate of forex transactions reduced from 4% to 2% with effect from 1 January 2023.		
	VAT	VAT rate reduced from 17% to 16% with effect from 1 January 2023.		
Nedbank Mozambique	VAT	5% now applicable on some previously exempt supplies with effect from 1 January 2023.		
	VAT	Banking and Insurance services remain exempt from VAT provided they are subject to stamp duty with effect from 1 January 2023.		

Reconciliation of tax charge to cash tax rate

The graph alongside illustrates the various adjustments made to the tax chargeable at the standard rate of tax on South African profits before tax to achieve the actual taxation charge and effective tax rate of the South African operations. The actual tax charge of the South African operations is then adjusted for tax payable by the Nedbank African Regions (NAR) and other non-South African jurisdictions, and then adjusted by actual tax deductions and allowances to achieve the cash tax payable and cash tax effective rate of the Group.



Reasons for reconciling items and adjustments

Taxation charge of SA operations

1 Exempt income from listed and unlisted ordinary and preference shares.

2 Tax relief in respect of interest paid on Tier 1 capital is accounted for in comprehensive income, although the interest paid is accounted for in equity.

Taxation charge NAR and in other jurisdictions

3 The NAR taxation charge consist of SADC banking subsidiaries and excludes any tax charge associated with our investment in ETI. The adjustment reflects the net tax charge of all our non-SA tax jurisdictions.

Total group taxation charge

4 The total taxation charge of the group decreased to 22,7%. due mainly to the lower tax charge in Nedbank Zimbabwe and Nedbank Namibia as a result of the treatment of certain income as exempt in terms of the respective incountry tax laws.

Deferred tax adjustments and allowances

5 These adjustments include mainly the tax effect of reversal of prior year provisions, as well as an increase in the loss allowances relating to impairments, as contemplated in IFRS 9. During the current year there was a migration from stage 1 and stage 2 loss allowances to stage 3.

Effective cash tax payable

6 The Group's effective cash tax rate at 31 December 2022 is 21,2% (2021: 26,2%) as a result of the reversal of prior year provisions and an increase in the loss allowances relating to impairments.

Effective taxation rate

A detailed reconciliation between the statutory tax rate and the effective tax rate on adjusted headline earnings and International Financial Reporting Standards (IFRS) is provided below.

Effective taxation rate

	2022 %	2022 Rm	2021 %	2021 Rm
Standard rate of SA normal taxation	28,0		28,0	
Dividend income	(1,0)	(725)	(1,3)	(737)
Share of profits of associate companies	(1,3)	(879)	(1,3)	(799)
Capital items	(0,7)	(540)	(0,1)	(27)
Effects of profits taxed in different jurisdictions	(1,5)	(1 021)	(0,6)	(380)
Additional tier 1 capital instruments	(1,3)	(871)	(1,2)	(737)
Assessed losses not subject to deferred tax and special allowances	(0,2)	113	(0,3)	(232)
Non-deductible expenses	0,7	262	0,6	356
Prior-year adjustments	(0,7)	(151)	0,4	76
Tax rate change	0,1	23	-	
Effective taxation rate on headline earnings	22,1		24,2	
Impairment of non-financial instruments and other gains and losses	(0,2)	(176)	0,4	295
Effective taxation rate on IFRS	21,9		24,6	

Headline earnings effective rax rate

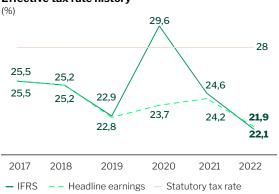
The Headline earnings effective tax rate is defined as the adjusted tax charge as a percentage of the headline earnings of the Group. Headline earnings is defined as the profit attributable to equity holders of the parent, excluding specific separately identifiable remeasurement, net of related tax and controlling interest.

IFRS effective tax rate

The IFRS effective tax rate is defined as the direct income tax charge as a percentage of the profits before tax of the Group.

Refer to note B7.2.2 on page 47 of the Nedbank Group Limited Consolidated Annual Financial Statements for the year ending 31 December 2022 for more detail

Effective tax rate history



The graph above depicts the six-year historical analysis of the effective tax rate on a Headline Earnings and IFRS basis for the Group.

The increase in the IFRS effective tax rate in the 2020 financial year was due to:

- · impairments of goodwill in the Wealth Cluster;
- · impairments of our investment in ETI; and
- · devaluations of our capital investments due to poor market conditions experienced because of Covid-19.

Tax contribution

Direct taxation charge

1234

2019 2020 2021 2022

2019 2020 2021 2022

(Rm)

1891

2 059

Tax numbers and performance

ndividual clients and

High-net-worth individuals. and other retail, business

10000

and corporate clients.

businesses.

The graphic below reflects our organisational structure through which we deliver our products and services through four main business clusters, and includes the direct taxation and indirect taxation charges contributed.

Cluster

Areas of strength and differentiation

Nedbank Corporate and Investment Banking

Nedbank Retail and

Business Banking



- Market leader with strong expertise in commercial property, corporate advances and renewable-energy
- · Market-leading trading franchise with excellent trading capabilities across all asset classes.
- · Leading expertise across various sectors such as mining, telecoms and public sectors.

· A leader in business banking with end-to-end digital

products across various channels.

Nedbank's 7.2 million clients.

investment approach.

(CVPs) across different client segments.

onboarding capability for transactional and lending

Differentiated and disruptive client value propositions

· Leverages existing distribution channels and platforms to

Top fund managers identified through Best of Breed

net-worth offering for local and international clients.

sell short-term, credit life and other insurance products to

An award-winning, integrated and holistic advice-led, high-

Outputs

- Investment banking.
- Global markets and treasury.
- · Commercial property finance.
- · Deposit-taking.
- · Transactional banking.





- · Transactional banking.
- · Card and payment solutions.
- · Lending and deposit-taking.
- · Investment products.











- · Wealth management.
- · Asset management.
- · Insurance.







2019 2020 2021 2022



2019 2020 2021 2022

Indirect taxation charge

2019 2020 2021 2022

Nedbank **Africa Regions**

Nedbank

Wealth



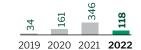
- · Presence and positioned for growth in five SADC countries with technology investments to enhance CVPs and achieve scale.
- Access to the largest banking network in Africa through our ETI strategic alliance.
- Transactional banking.
- Lending, deposit-taking and card products.
- · Wealth management.



Ecobank

Centre

The group's frontline business clusters are supported by various shared services functions, including compliance, finance, tax, human resources, marketing and corporate affairs, risk, technology and strategy, as well as sustainability, that make up the balance of the tax contributions.



2019 2020 2021 2022



2019 2020 2021 2022

Economic contribution of taxes paid

This section of the report outlines the ways in which Nedbank Group aims to fulfil its purpose by using its financial expertise to do good by creating value for society. The group has prioritised nine of the 17 SDGs in respect of which we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products, lending, and investment practices.

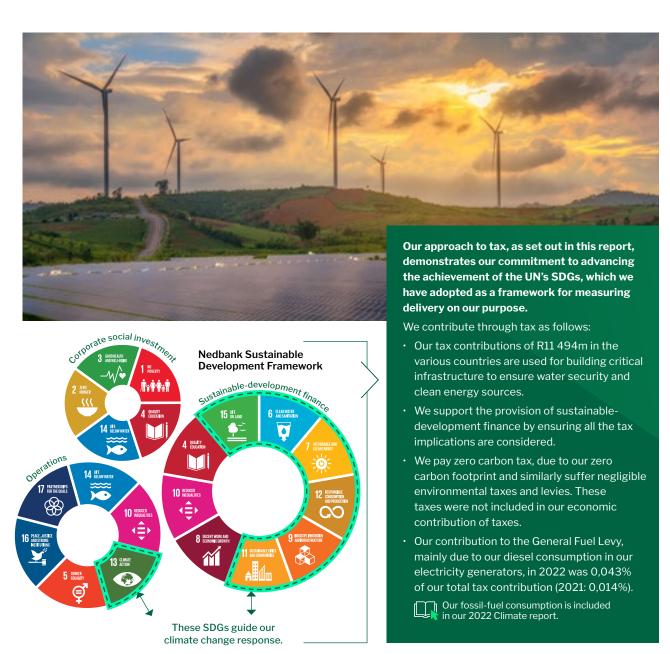
The details of the group's commitment to driving sustainable development are contained in the 2022 Nedbank Society Report.

We recognise that the tax we pay is crucial to the economic and social development of the countries in which we operate, and we are aware of the need for sustainable-development actions that not only address immediate challenges and crises, but also ensure social upliftment, inclusion, equity and access to opportunities for all. There are few regions in the world where sustainable development, balanced with social justice, is needed more than right here in Africa. We recognise and embrace the fact that society demands that we be more than a profit-driven commercial entity. We are a vital part of the 'nested social system' in which the economy is fundamentally dependent on society, and society is fully dependent on a well-functioning ecology.

The ESG risks facing Africa are numerous, intertwined and growing, both in number and in the level of threat they pose to the future and well-being of the continent and its people. Challenges include extreme weather events, water scarcity, poor access to energy, unemployment, food insecurity and resulting inequality. These challenges are a risk to the financial resilience of the continent and limit its ability to fund the sustainable development required to build a more prosperous future for all.

We recognise that an effective response to these challenges demands the appropriate application of financial resources, combined with courageous and pioneering leadership and collaboration across all sectors of the economy. Plans such as South Africa's Integrated Pathway to Net Zero to ensure a Just Transition guide these ambitions. calling on financial institutions like Nedbank to shift their views on risk and value from considering only financial returns to integrating positive societal and environmental impacts into risk and credit models.

- Mpho Makwana, Chairperson.



Governance Ethics Financial Crime Remuneration Tax Stakeholder Engagement Review Review Review Review Review Review

Economic contribution of taxes paid continued

Our economic contribution

Today, Nedbank Group is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as insurance, asset management and wealth management services and solutions to more than 7 million clients. In SA. Nedbank has a strong franchise which contributes 90% of the group's R1,3tr in assets and 86% of the group's R14bn headline earnings.

Outside SA we operate in five countries in the Southern African Development Community (SADC), through subsidiaries and banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa, we have a strategic alliance with ETI and we have a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey and London, and we have a representative office in Dubai.

We recognise that we have a responsibility not only to be good with money, but also to do good with money. Our core purpose as a bank is therefore to use our financial expertise to do good for individuals, families, businesses and society across the country and the continent. By seeing money differently in this way, we are confident that we will achieve our vision of being Africa's most-admired financial services provider.

The world faces massive economic, social and environmental challenges as a result of a steady population growth, growing levels of consumption and climate change, with challenges ranging from unemployment and income inequality to an increasing disease burden and food and water deficiencies.

Against this background we recognise that the tax we pay is vital to the economic and social development of the countries in which we operate, and that we have a responsibility to comply fully with the regulations in these countries.

This section of the report sets out the group's total economic contribution for the 2022 financial year, compared with the total economic contribution for 2021.

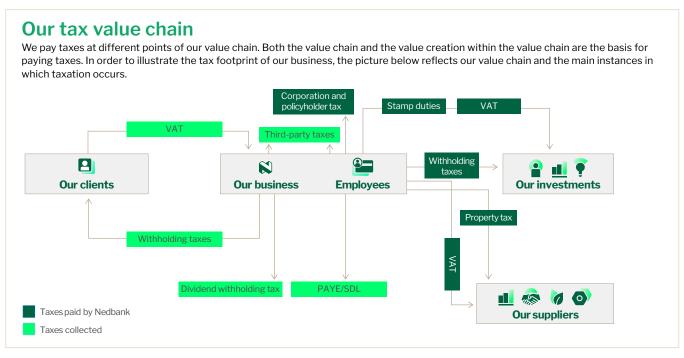
Types of taxes

Tax consists of more than just a tax charge on a company's profits. We pay and collect taxes through our business cycles from our business activities, over and above the tax that we ultimately pay on our profits that we generate.

Taxes contributed to the revenue authorities can be categorised as follows:

- Nedbank Group's direct cash tax contribution in each country. consisting mostly of tax on profits, securities transfer tax (STT). as well as withholding taxes on dividends, management fees and interest received.
- Cash taxes collected by the group on behalf of revenue authorities, including PAYE, skills development levies (SDLs) and Unemployment Insurance Fund (UIF) contributions, which would not have been collected if the group had not employed people.

- · Consumption taxes and VAT that the group collected on behalf of revenue authorities, and that would not have been collected had the group not offered financial services or financial products to the clients responsible for paying the relevant tax, or had the group not procured from its suppliers goods and services on which these taxes are due. Being a bank, we can claim back only a relatively small proportion of the VAT we have incurred, resulting in a significant cost that we absorb.
- Taxes paid to other spheres of government, excluding taxes raised by revenue authorities in line with the country's directtaxation regime, such as rates and taxes and levies.
- Dividend tax that is withheld from shareholders who are liable for the tax and paid over to the revenue authority as a result of the group declaring interim and final dividends to shareholders annually. Had the group not generated profits, it would not have had to pay dividends to shareholders. The 2022 full-year dividend amounted to 1649 cents per share.
- · Tax debts of third parties that the group collected on behalf of revenue authorities.

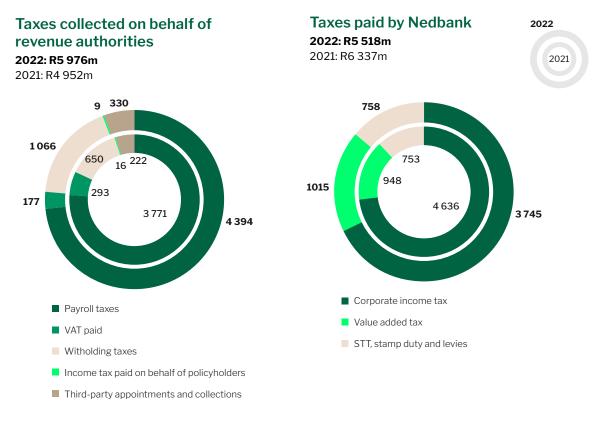




Delivering value through our tax contributions

The taxes we pay and collect are a key source of revenue to Government finances and contributes to the upliftment and sustainability of the societies in which we operate.

The graphic below represents our total tax contribution for 2022 of R11 494m (of which R5 518m represents taxes contributed by the group and R5 976m represents taxes collected by the group) compared with R11 289m in 2021 (of which R6 337m represents taxes contributed by the group and R4 952m represents taxes collected by the group). The 2022 corporate income tax paid by Nedbank decreased to R3,7bn (2021: R4,6bn) as a result of the change in the macro-economic environment which led to a migration of expected credit loss provisions from stages 1 and 2 to stage 3.

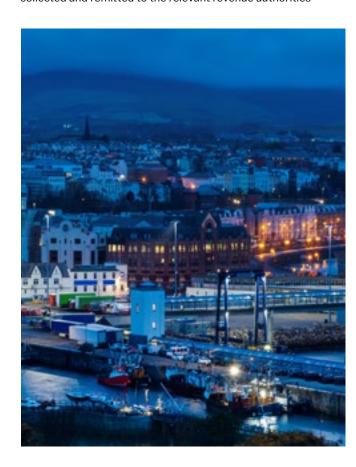


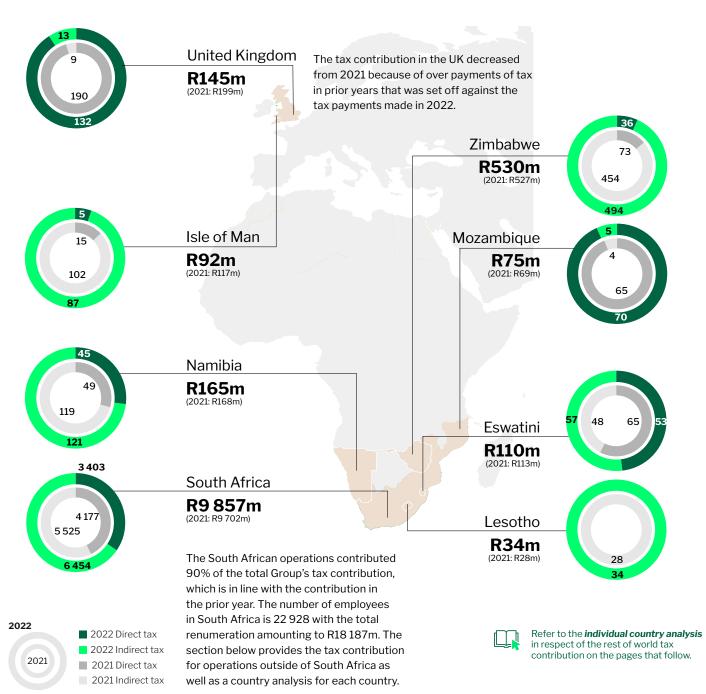
Governance Ethics Financial Crime Remuneration Tax Stakeholder Engagement Review Review Review Review Review Review

Economic contribution of taxes paid continued

Our tax contributions to Governments where we operate

The graphic alongside provides the geographical split of the taxes that we pay in each tax jurisdiction where we operate. The total tax contribution of R11 494m in the 2022 year is split between direct taxes of R3 745m and indirect taxes of R7 267m compared to a total tax contribution of R11 289m in the 2021 year split between direct taxes of R4 636m and indirect taxes of R6 290m. Direct taxes only include corporate taxes paid and indirect taxes include all other taxes that we withheld or collected and remitted to the relevant revenue authorities





Individual country analysis

Namibia

Total tax contribution: R165m



Tangible assets: R1 023m



- · NedCapital Investment Holdings (Pty) Ltd
- · NedNamibia Holdings Ltd
- · Nedbank Namibia Ltd
- · NedCapital Namibia (Pty) Ltd
- NedNamibia Life Assurance Co. Ptv Ltd
- NedPlan Insurance Brokers Namibia (Pty) Ltd
- · Walvis Bay Land Syndicate (Pty) Ltd
- Ten Kaiser Wilhelm Strauss (Pty) Ltd
- NedLoans (Pty) Ltd
- · CBN Nominees (Ptv) Ltd

Business activity

Nedbank Namibia is a Namibian registered commercial bank, providing a wide range of wholesale (including corporate and investment banking) and retail (including private and business banking) banking services as well as insurance, asset management and wealth management solutions.

Employee remuneration

tion R386 959 355

Tax overview

We paid R45m in corporate income taxes and R121m of indirect taxes compared to a total tax contribution of R168m in 2021.

The effective corporate income tax rate of 14,40% on our consolidated operations was lower than the statutory tax rate of 32% because the return on investments from corporate funds and the return on investments outside of Namibia are not taxable.

Zimbabwe

Total tax contribution: **R530m** Employees: **248**

Lilipioyees. 240

Tangible assets: **R141m**



Nedbank Zimbabwe Limited

Business activity

The main services offered constitute financial services banking activities.

R174 861 857

Employee remuneration

Tax overview

We paid R36m corporate income taxes, R69m of indirect taxes and state taxes of R425m compared with a total tax contribution of R527m in 2021.

The effective corporate income tax rate of 1,73% on our operations was lower than the statutory tax rate of 24,72% because the unrealised foreign exchange gain on a USD investment is considered capital in nature and therefore exempt from tax.

Lesotho

Total tax contribution: **R34m** Employees: **277**

Tangible assets: **R167m**



Nedbank Lesotho Limited

Business activity

The main services constitute financial services banking activities.

Employee remuneration

R92 780 921

Tax overview

We paid R0 in corporate income taxes and R34m indirect taxes as compared with a total tax contribution of R28m in 2021.

The effective corporate income tax rate of 23,9% on our operations was marginally lower than the statutory tax rate of 25% due to exempt receipts.



Individual country analysis continued

Mozambique

Employees: 551

Total tax contribution: R75m

Tangible assets: **R261m**



Name of resident entities

· Nedbank Mozambique, SA (previously Banco Único)

Business activity

The main services offered constitute financial services banking activities.

Employee remuneration

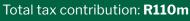
Tax overview

R282 859 726

We paid R70m of corporate income taxes and R5m indirect taxes compared to a total tax contribution of R69m in 2021.

The effective corporate income tax rate of 21% on our operations was lower than the statutory tax rate of 32%. The difference is due to the use of tax assets arising from prior year tax losses, which enabled us this year to recognise mainly tax on income at the liberatory rate which is at 20%.

Eswatini



Employees: 228

Tangible assets: **R134m**

Name of resident entities

· Nedbank Eswatini Limited

Business activity

The main services offered constitute financial services banking activities.

Employee remuneration

Tax overview

R134 906 733

We paid R53m of corporate income taxes and R57m indirect taxes as compared with a total tax contribution of R113m in 2021.

The effective corporate income tax rate of 16% on our operations was lower than the statutory tax rate of 27,5% due to prior year-tax payments and tax-deductible donations.

United Kingdom

Total tax contribution: R145m Employees: 37

Tangible assets: R109m

Name of resident entities

- NNedgroup Investment Advisors (Pty) Ltd
- Nedgroup Private Wealth Nominees (UK) Ltd
- · Nedbank London Branch

Business activity

The main services constitute financial services banking activities.

Employee remuneration

Tax overview

R206 150 377

We paid R132m of corporate income taxes and R13m indirect taxes as compared with a total tax contribution of R199m in 2021. The tax contribution in the UK decreased from 2021 because over payments made in prior years were set off against tax payments to be made in 2022.

The effective corporate income tax rate of 16,65% on our operations was lower than the statutory tax rate of 19% due to prior year adjustments.

Individual country analysis continued

Isle of Man



Total tax contribution: **R92m** Employees: 184

Tangible assets: **R5 033m**

Name of resident entities

- Nedgroup Insurance Company Ltd
- · Nedbank Private Wealth Ltd

Business activity

The main services offered are wealthrelated financial services.

Employee remuneration

R428 320 517

Tax overview

We paid R5m of corporate income taxes and R87 million indirect taxes compared with a total tax contribution of R117m in 2021.

The effective corporate income tax rate of 3,13% on our operations was in line with the statutory tax rate of between 0 % and 10%.

Ecobank Transnational Incorporated (ETI)



Business activity

Nedbank and ETI established a strategic banking alliance in 2008. In 2014, the strategic partnership was strengthened when Nedbank acquired a shareholding of 21.2% in ETI enabling a unique one-bank experience for our clients across the largest banking network in Africa.

ETI is the leading pan-African bank with more than 2000 branches in 36 countries across the Africa continent. It has a larger continental footprint than any other bank in the world.

Tax overview

The associate income of ETI represent the profit after tax for the period 1 October 2021 to 30 September 2022.



Refer to note B7.2.2 on page 47 of the Nedbank Group Limited Consolidated Annual Financial Statements for the year ending 31 December 2022 for more detail.

ETI paid USD122m in corporate taxes compared with an amount of USD130m in 2021.

The income tax rate applicable to the majority of income of the ETI subsidiaries ranged from 25% to 45%.

Country-by-Country Reporting (CbCR) definitions

Revenue

Represents all revenue, gains, income or other inflows as reflected in the AFS and is split between unrelated and related party revenue.

Profit/(loss) before tax

Represents all of the entity's profits without the consideration of any taxes.

Income Tax Paid

Represents amounts of taxes actually paid during the reporting fiscal year and includes payments made in respect of prior year tax obligations.

Income Tax Accrued

Represents amounts of accrued current tax expense recorded on taxable profits or losses in the reporting fiscal year irrespective of whether the tax has been paid.

Stated Capital

Represents an amount equal to the cash consideration received by an entity in exchange for the issue of shares.

Accumulated Earnings

Represents the retained earnings of an entity and is the accumulated net income that is retained by the entity at a particular point of time, such as at the end of the reporting period.

Tangible Assets

Represents an asset that has a physical substance.

Related party receivables/payables

Represents current accounts, deposits, derivatives, and loan funding. The interest rates are consistent with the pricing of funding and deposits with independent third parties.

Headcount

Represents the number of people employed by an entity at a given time and excludes contract workers, temporary employees and contingent employees.

Governance Ethics Financial Crime Remuneration Tax Stakeholder Engagement Review Review Review Review Review

Individual country analysis continued

The tables and information below reflect the CbCR information and are based on CbCR requirements of the Global Reporting Initiative's Sustainability Reporting Standard on Tax. The CbCR information has been prepared on an entity standalone basis at a jurisdiction level and the amounts will not agree to the consolidated Nedbank Group AFS numbers. The individual country reports in the tax overview section above provide an explanation of the movement in the tax cash contribution as well as an explanation for the difference between the in-country effective tax rate and the statutory tax rate applicable to that jurisdiction. The CbCR report for the 2022 financial year has not been submitted to SARS yet and is only due on or before 31 December 2023.

Pro-forma CbCR for Nedbank Group at 31 December 2022

Tax Jurisdiction	Unrelated- party Revenue R'000	Related- party revenue R'000	Total Revenue R'000	Profit (Loss) Before Tax R'000	Income Tax Paid (on cash basis) R'000	Income Tax Accrued – Current Year R'000	Stated Capital R'000	Accumulated Earnings R'000	Tangible Assets other than Cash and Cash Equivalents R'000	Related-party receivables R'000	Related-party payables R'000	Headcount
South Africa	83 496 018	5 184 249	88 680 267	25 906 088	3 377 936	3 954 576	48 342 102	67 596 732	54 817 660	372 616 444	373 756 299	22 928
England and Wales	5 298 705	214 341	5 727 388	1379156	132 550	322 266	1800746	3 962 540	109 288	34 219 280	39 599 722	37
Guernsey	61 353	-	61 353	(93 883)	7 370	1280	_	(14 229)	_	_	_	_
Isle of Man	1150033	109 841	1 369 715	709 594	4843	22 241	6 760 715	584 350	5 033 046	2 121 644	105 379	184
Lesotho	340 552	54 133	448 818	61 311	_	9 384	20 000	583 499	116 587	759 670	95 421	277
Mauritius	3 124	522	4168	(9 826)	-	-	131 925	(102 380)	123 637	6132	-	-
Mozambique	986 897	-	986 897	165 047	57 025	34 860	562 758	316 770	260 773	_	28 009	551
Namibia	1786 961	316 895	2 420 750	318 556	44 608	44 502	219 523	2 644 086	1023206	4 790 157	1997901	722
Eswatini	642 443	29 154	700 751	202 567	52 964	35 519	22 375	525 306	134 338	478 213	170 993	228
Zimbabwe	868 090	9 866	887 821	341 406	11 861	12 035	354 425	700 552	140 965	774 956	12 772	248
Total	95 368 928	5 919 000	101 287 928	28 980 016	3 692 012	4 436 663	58 214 569	76 797 225	61 759 498	415 766 496	415 766 496	25 175

[·] Nedgroup Trust (Jersey) Ltd was disposed of during the current year and the data is not included in the CbCR table.

Submitted CbCR for Nedbank Group at 31 December 2021

		-										
									Tangible Assets			
					Income Tax	Income Tax			other than			
	Unrelated-party	Related-party	Total	Profit (Loss)	Paid (on cash	Accrued -	Stated	Accumulated	Cash and Cash	Related-party	Related-party	
	Revenue	revenue	Revenue	Before Tax	basis)	Current Year	Capital	Earnings	Equivalents	receivables	payables	
Tax Jurisdiction	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Headcount
South Africa	69 046 949	5 983 890	75 030 838	18 177 322	4 160 259	3 564 060	47 728 939	62 337 195	56 361 342	373 026 760	372 953 050	23 422
England & Wales	3 757 326	112 765	3 870 091	705 756	190 021	134 086	1800746	2 818 267	130 928	27 203 736	33 614 983	43
Guernsey	142 184	-	142 184	40 490	556	4 068	1 271	105 214	42 865	79 281		30
Hong Kong	-	-	-	5 289	-	(22)	_	(56)	-			-
Isle of Man	778 733	87 984	866 717	252 210	14 155	1998	6 760 715	63 142	5 150 084	2 330 500	157 989	235
Jersey	43 217	-	43 217	2 527	418	243	424	29 306	-			7
Lesotho	300 233	53 074	353 307	36 016	-	5 927	20 000	536 661	116 095	1 288 618	165 487	285
Mauritius	90	3 994	4 085	43 061	-	2	299 529	(299 232)	39 416	37 723		5
Mozambique	746 573	-	746 573	106 326	64 565	29 411	562758	211 570	275 182		16 709	595
Namibia	1563888	278 627	1842515	228 828	49 368	21 926	219 523	2 427 473	905 464	4 679 898	1955304	756
Eswatini	587 174	21 639	608 813	181 181	64 969	50 556	22 375	488 767	120 814	470 339	295 238	319
Zimbabwe	738 411	4 077	742 488	325 083	73 272	84 061	246 134	1 358 361	177 163	50 155	8 250	290
Total	77 704 777	6 546 051	84 250 827	20 104 091	4 617 581	3 896 317	57 662 414	70 076 666	63 319 353	409 167 010	409 167 010	25 987

[•] The year on year decrease in the tangible assets is due to a restatement of the post-retirement benefit assets. 🕎 Refer to note G1.1 on page 146 of the Nedbank Group Limited Consolidated Annual Financial Statements for the year ending 31 December 2022 for more detail.

[·] Old Mutual is no longer a related party, resulting in the decline in related-party revenue.

[•] The Nedbank Zimbabwe numbers are reflected pre-hyperinflation adjustments.

Demonstrating compliance

Compliance of our Tax Review with the relevant reporting frameworks is demonstrated as follows:

GRI 207 GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4 Standards Approach to tax **Cooperative Relations and Publication of the Country-**Tax governance, control and risk management **Advocacy** by-Country report · The tax strategy is included in the · Internal control risk framework · Application of the UK Banking Voluntary publication of the and processes to ensure tax Code of Good Tax Practices. Tax Review and approved by the country-by-country Report (CbCR) board. compliance. prepared according to OECD and · Collaboration with local and GRI-207 criteria. The board approves the Tax Policy · Internal procedure for setting international policy-setting · The published Country-by-Country and oversees the implementation transfer prices aligned with value organisations and local of the strategy and the creation and the arm's-length Report contains economic governments. Evidence management of tax risks. principle. magnitudes related to the Group's performance, as well as a Corporate structure aligned with Organisational structure and description of its business model the business and in line with legal adequate means to ensure the with background information on requirements and corporate proper performance of the tax the business activities carried out function. governance standards. in each country. Non-use of special-purpose Existence of a 24/7 complaints · The Country-by-Country Report is vehicles in non-cooperative channel. made public on a pro-forma basis iurisdictions. · Application of the tax law in for the current financial year and accordance with the letter and the actual report submitted to the spirit of the law. revenue authorities in respect of the prior year.

Tax Principles (aligned to The B Team **Responsible Tax Principles**)

- Responsible corporate citizen
- · Transparency

- · Risk management and governance
- · Regulatory compliance
- · Constructive engagement



Stakeholder Engagement

Introduction

Stakeholder engagement focus areas in 2022

Mapping of material stakeholder groupings

Introduction

Following a two-year Covid-19-imposed hiatus, it has been gratifying to be able to engage in-person again with our stakeholders in pursuit of a common objective of creating shared value. Our relationships with our stakeholders and their support are key not only to our success and the sustainability of our business, but also to our contributing to the success of the societies in which we operate.

In line with Principle 16 of King IV Code on Corporate Governance, the Nedbank governing body has adopted a stakeholder-inclusive approach that balances the needs. interests, and expectations of material stakeholders in the best interest of the organisation over time when executing its governance role and responsibilities.

The following information is disclosed in this report in line with recommendation Part 5.5, Principle 16 of King IV:

- i. Governance and management of stakeholder relationships (overview).
- ii. Stakeholder engagement coordination.
- iii. Our Stakeholder Engagement Policy.
- iv. Key focus areas during the period 2022.
- v. Mapping of material stakeholder groupings.
- vi. Measurement of quality of stakeholder relationships.
- vii. Areas of focus in 2023.

i. Governance and management of stakeholder relationships (overview)

Stakeholder engagement at Nedbank is overseen by the Governance. Transformation. Social and Ethics Committee (GTSEC) of the board. The status of any material engagements with stakeholders are reported to the board annually through the Stakeholder Engagement Report, extracts of which form part of the Governance Report (previously part of the Society Report) as part of the Integrated Report.

The Group Stakeholder Relations and Public Affairs team compiles an annual report to the GTSEC incorporating input from the Nedbank Stakeholder Relations Forum (NSRF) and the Group Executive Committee (Group Exco).

ii Stakeholder engagement coordination

The process of engaging with our stakeholders is decentralised and forms part of the operations of our various clusters and business areas. This means that interactions with stakeholders. both formal and informal, are conducted by the functions directly aligned with the stakeholder group on an ongoing basis.

All Nedbank client-facing business units and corporate functions in South Africa and Nedbank Africa Regions (NAR), which include Lesotho, Mozambique, eSwatini, Namibia and Zimbabwe, report regularly on their stakeholder engagement activities to the NSRF. which has clear terms of reference that guide its existence and functioning, and which predominantly focuses on fulfilling the Stakeholder Engagement Policy.

iii Stakeholder engagement policy

To ensure that our business units and corporate functions engage with our key stakeholders in a consistent and coordinated manner, our cluster-based stakeholder engagement is governed by a comprehensive Stakeholder Engagement Policy, which is available at nedbankgroup.co.za. The Stakeholder Engagement Policy is reviewed and approved annually by GTSEC following input from the NSRF and group Exco.

iv Key focus areas during 2022

As committed to in the 2022 Stakeholder Engagement Report, we focused on the following six key performance indicators (KPIs) for stakeholder management:

- 1. Improve operations excellence.
- 2. Conduct internal stakeholder needs analysis.
- 3. Establish and maintain strategic relationships and partnerships with key external stakeholders in SA and NAR.

- 4. Position Nedbank as a thought leader on issues of global, regional, and national importance.
- 5. Scan the sociopolitical environment, with an assessment of key issues that might impact the Nedbank Group.
- 6. Communicate key Nedbank activities, products, and capabilities, to a wider stakeholder audience.

We are pleased with the outcomes that we have been able to achieve, despite the challenges of 2022. A few highlights are reflected in the subsequent pages.



Stakeholder engagement focus areas in 2022

Focus area	Activity/Achievements
Operational excellence	 Reconfigured the composition of the groupwide NSRF to include representatives from across the group and ensure that all key stakeholder relationship groupings were represented.
	• Developed the terms of reference to guide the optimal functioning of the NSRF.
	Improved the cooperation and coordination of stakeholder engagement activities across the group with more meaningful impact.
Internal stakeholder needs analysis	• Embarked on an internal stakeholder needs analysis to inform the development of the stakeholder engagement plan and public affairs strategy.
External stakeholder	Execution of the stakeholder engagement plan resulted in flagship strategic partnerships being established and existing relationships being strengthened. Some of the key external stakeholders included:
relationship building	• The National School of Government (NSG) – We established a formal partnership with the NSG in line with our purpose of doing good to help build state capacity.
Sunding	• National Treasury – Budget Speech competition dinner – The year 2022 marked the 50th anniversary of the Nedbank–Old Mutual Budget Speech Competition Awards, which has over the years contributed to the development of young bright economics students across the country who have gone on to occupy senior strategic positions in their respective careers.
	• Spanish Chamber of Commerce – The Spanish Chamber of Commerce in South Africa Conference was hosted in partnership with the Spanish Embassy.
	• Free State Provincial Government (FS government) – As part of onboarding the FS government, we have defined areas to create shared value outcomes with the FS government for the province.
	• Government of Namibia – The President of Namibia, His Excellency Dr Hage Geingob, and the First Lady, Madame Monica Geingos, were hosted during the inauguration of the new Nedbank Namibia Campus in Windhoek.
	• Nedbank Golf Challenge (NGC) – Foreign and local dignitaries and esteemed clients from across the Group were hosted in person at the NGC.
	Nepad Business Foundation (NBF) 20th anniversary – The NBF 20th anniversary luncheon, which was attended by key Nedbank external stakeholders from both public and private sectors.

Stakeholder engagement focus areas in 2022 continued

Focus area	Activity/Achievements					
Thought leadership	Positioned Nedbank as a thought leader on issues of global, regional, and national importance through our participation at The Conference of the Parties (COP 27), Top Empowerment Awards, News24 Panel Discussion, Township Economy, Proud of my Town Programme, and our Nedbank–NBF Business Forum dialogue sessions.					
	Delivered thought leadership dialogue sessions on the following themes:					
	• Ethics and Good Governance – Nedbank hosted the National School of Government (NSG) Induction Programme for the boards of state-owned enterprises. The programme focused on ethical leadership and governance at boards. Prof Mervyn King, the author of the King IV Code, and Prof Michael Katz were keynote speakers.					
	• Green Economy/Just Energy Transition – A successful Chairman's Nedbank–NBF Networking Forum on the topic 'Greening SADC towards Vision 2030'. The event was attended by about 100 people, including our Chairman Mpho Makwana, Chief Executive Mike Brown, and Corporate and Investment Banking Group Managing Executive Anel Bosman, who all participated as thought leaders. Minister of Fisheries, Environment and Forestry, Barbara Creecy was the keynote speaker.					
	• Youth Job Creation – A successful Youth entrepreneurship Awards ceremony took place on 7 October 2022. The awards ceremony was the culmination of the 'STEP UP 2 A GREEN START-UP' programme – an initiative championed by PrimeStars, a youth agency that seeks to raise young entrepreneurs for a changing climate by helping them to identify opportunities in the green economy. Minister of Social Development Lindiwe Zulu was the keynote speaker.					
	• Financial inclusion – We facilitated platforms for financial literacy training to clients and key stakeholders throughout the year.					
	• Digital conversion – A successful virtual Nedbank–NBF business networking forum took place on 5 April 2022 on the topic 'Expanding digital readiness: Supporting the development of digital infrastructure in the SADC region'. Over 80 participants participated.					
	• COP27 – We participated at the COP27 Summit held in Egypt on 6 to 20 November 2022 to discuss climate-change-related issues.					
	• Top Empowerment Awards – Executive team members provided thought leadership on transformation and being a purpose-led organisation at the Top Empowerment Awards.					
	• News24 Panel Discussion – CE Mike Brown was one of the panellists at the News24 panel discussion at which Chief Justice Mogoeng Mogoeng was the keynote speaker.					
	• Township Economy – We engaged with township entrepreneurs across 12 townships to discuss topics relevant to their businesses, run pitch competitions and award prize money.					
	• Proud of my Town Programme – We engaged different communities to understand their needs and find ways to support and help (eg raising funds for early-childhood development centres, providing education for SASSA recipients, and building business programmes).					
Sociopolitical analysis	There was a key focus this year on scanning and analysing the sociopolitical environment and flagging possible implications to Nedbank to be considered in strategy and business planning.					
	• Issues analysed included: Covid-19 vaccine mandate; Russia-Ukraine conflict; local government coalitions; Zondo Commission; electricity crisis.					
Effective communication	• We kept our internal stakeholder community updated on major sociopolitical developments globally, regionally, and nationally through regular internal newsletters, which ensured shared understanding and involvement of relevant Nedbank representatives in the various stakeholder engagement activities happening across the group.					
	We published stakeholder activities on social media platforms, particularly LinkedIn.					

v. Mapping of material stakeholder groupings

In line with King IV, Part 5.5, Principle 16, we determine our material stakeholder groupings based on the extent to which they affect or are affected by Nedbank's activities, outputs, and outcomes. These stakeholder groupings have not changed over the years.

Our stakeholder relationships matrix

Stakeholder	Why we engage with stakeholders	Why they engage with us
Employees	 To ensure we address employee matters that will contribute towards Nedbank becoming an employer of choice. To understand and respond to the needs and concerns of our employees and how they contribute to Nedbank's achievements. To provide all employees with strategic direction and pertinent information about group activities. 	To give us feedback and input that can help us improve our working environment and business performance.
Unions	 To promote fair and equitable employee relation practices, good governance and a sound working relationship. To ensure that all matters impacting the primary conditions of employment are addressed adequately through collective bargaining. 	 To represent their members on issues of mutual interest. To serve the interests of their members who are members of the bargaining unit. To consult on salary negotiations and engage on any changes impacting employees in the bargaining unit through a consultative forum and collective bargaining forum.
Shareholders	 To provide current and future shareholders with relevant and timeous information to ensure that Nedbank shares are valued appropriately. To manage shareholder expectations. To maintain strong relationships, keep abreast of market developments and inform our shareholder targeting strategy. To ensure good governance and deepen the trust placed in us and our brand. To get feedback that informs our strategy, business operations and how we govern. 	 To derive value through share price appreciation and an attractive and sustainable dividend stream. To receive relevant timeous information on our strategy, competitive position, and financial and non-financial performance, so that they can assess our performance and prospects. To assess and gain insight into our practices and quality of leadership.
Clients	 To ensure financial inclusion and accessibility to our products and services. We give particular attention to identifying client vulnerabilities and specific needs so that we can tailor our financial products and services in a manner that is sensitive and accommodating. We believe that the fair treatment of our clients through quality service delivery is the cornerstone of our business. To understand client needs and requirements. To become their financial services provider of choice. 	 To receive sound financial advice and financial education. To access world-class innovative solutions and services. To grow and protect their investments and wealth. To enjoy convenient access to financial services, less complexity, and improved flexibility. To protect their assets through secure information technology (IT) systems and infrastructure. To get value for financial service offerings that are priced competitively and transparently.

Stakeholder Engagement Review Ethics Financial Crime Tax Governance Remuneration Review Review Review Review Review

v. Mapping of material stakeholder groupings continued

Our stakeholder relationships matrix continued

Stakeholder	Why we engage with stakeholders	Why they engage with us
Suppliers	 To manage and mitigate risk across our supply chain. To assist with obtaining products or services required for conducting our business. 	 To provide products and services. To negotiate pricing and contracts. To promote new products and service offerings. To respond to tenders and requests for proposals. To seek input and guidance on their sustainability journeys.
Society	 To create partnerships that serve to facilitate our integrated sustainability activities. To obtain input from environmental experts, communities, and non-government organisations about key focus areas. To create awareness of our integrated sustainability commitment and initiatives. To remain relevant in the communities in which we operate. 	 To get advice and guidance on achieving desired outcomes for themselves, their families, businesses, and communities. To partner on common social and environmental issues. To collaborate in a way that furthers social, environmental, and other common agendas for the greater good.
Governments	 To seek alignment on the implementation of the National Development Plan 2030 and all associated national campaigns aimed at socioeconomic development, as well as the development of sustainable communities. To support the productive capacity of the economy. To facilitate economic growth through effective public and private partnerships. To help preserve the fiscus. 	 To ensure regulatory oversight over the financial community at large. To partner on national campaigns aimed at socioeconomic development, and the development of sustainable communities. To seek out a financial partner and banker.
Regulators	 To maintain open, professional, honest, and transparent relationships as well as to ensure compliance with all legal and regulatory requirements. To maintain our operating licences. 	 To ensure regulatory compliance. To promote the soundness and stability of the domestic banking and financial system, which in turn contributes to its financial stability.
Industry bodies	 To continue learning through interaction. To use business associations as a forum through which we can promote our viewpoints and collaborate on key industry issues. To influence regulatory developments collectively as an industry. 	 To deliver mutually useful learnings. To influence or promote common agendas. To promote effective engagements with regulators as a collective body with common goals.
Media	 To communicate our business and corporate citizenship story. To share information about our products and services. To promote, protect and manage our corporate reputation. 	 To share and inform their audiences on developments in the financial services sector generally and in Nedbank specifically. To enquire about our contribution to the South African economy and our products and services.

vi. Measurement of quality of stakeholder relationships.

In line with Part 5.5, clause 4 (e) of the King IV recommendation that the quality of stakeholder relationships should be measured and results appropriately responded to, 2022 was the second year that Nedbank commissioned a third-party service provider to conduct an independent stakeholder relationship quality assessment survey. The data gathered is used to continue improving the quality of stakeholder relationships and to enhance the stakeholder engagement plan.

vi.i. Stakeholder relationship quality measurement

The stakeholder relationship quality measurement framework has six pillars: i Context; ii Materiality; iii The Parties; iv Engagement; v Atmosphere; and vi Value Creation. Each pillar has four drivers. In total it has 24 drivers, which are then translated into a questionnaire.

Inherent and sacrosanct in the framework is the principle that both parties to the relationship must participate in the measurement. Internal stakeholders (our employees) and the external stakeholder for each category of stakeholder were interviewed. A total sample of 36 stakeholders from eight stakeholder categories were surveyed.

It should be emphasised that the assessment was a crosssectional study that reflected the state of the relationships only at a particular point in time - the survey was conducted from September to December 2022. It was not a longitudinal study, which typically tracks phenomenon over a long period of time. Therefore, the assessment should be understood and equated to a balance sheet, which is a snapshot at a particular point in time.

vi.ii. Summary of quality of relationships surveyed in 2022

Overall, at Nedbank we have improved our stakeholder satisfaction score from 67% in 2021 to 80% in 2022, which is a result of focusing on continuous improvement of the quality of relationships with our stakeholders. However, there continue to be areas for improvement in our relationship with the media and unions, which will continue to be a focus in 2023.

vii. Areas of focus in 2023

In 2023 we will focus on six KPIs for stakeholder management, which will be the responsibility of the Group Stakeholder Relations and Public Affairs Team in collaboration across the group.

These are as follows:

1. Operations excellence

Develop a digital stakeholder engagement activity log across the group to keep an accurate record and repository of engagements.

Ensure coordination of stakeholder engagement activities across the provinces by establishing the Nedbank Provincial Management Boards (PMBs).

2. Measurement of quality of stakeholder relationships

Conduct an annual independent stakeholder survey to measure the quality of our stakeholder relationships.

3. Create shared value for our stakeholder

Establish and maintain strategic mutually beneficial relationships with key stakeholders identified by business areas in the group.

4. Sociopolitical analysis

Formalise the establishment of the sociopolitical analysis Centre of Excellence (COE)

5. Thought leadership

Position Nedbank as a thought leader on issues of global, regional, and national importance

6. Stakeholder communication

Communicate key Nedbank activities, products, and capabilities effectively to a wider stakeholder audience.

