Governance and Ethics Review 2016

FOR THE YEAR ENDED 31 DECEMBER

Supplementary report to the
Nedbank Group Integrated Report

see money differently
In addition, banking laws are becoming increasingly rigorous and onerous. In this regard we are seeing the King Code of Corporate Practices and Conduct (King III), according to which the bank is managed, transitioning to King IV.

Banks are expected to be able to adapt to these regulatory changes in a very short space of time, which means that we have to have deeply entrenched good-governance practices, while at the same time retaining the flexibility to respond proactively to the fast-changing regulatory environment.

However, governance within Nedbank Group represents far more than legislative compliance and best-practice principles. We believe that good governance can contribute to value creation through enhanced accountability, strong risk and performance management, transparency and effective leadership.

ROLE OF THE NEDBANK GROUP BOARD

The Nedbank Group board provides entrepreneurial leadership and vision to the group to enhance shareholder value within a framework of prudent and effective controls, which enables risks to be assessed and managed to ensure long-term sustainable development and growth. The board has ultimate accountability and responsibility for the performance and affairs of the company.

It is responsible for:
- ensuring the group adheres to high standards of ethical and corporate behaviour;
- annually approving the group strategy and continually monitoring management’s performance and implementation of such strategy;
- ensuring the necessary financial and capital resources are in place for the group to meet its strategic objectives;
- reviewing the adequacy of the group’s systems of governance, risk and compliance controls; and
- ensuring that the group has appropriate systems, including frameworks and policies, to identify, measure, control and report on all key risk areas and key performance indicators of the business.

BOARD CONTINUITY PROGRAMME

The group’s board continuity programme addresses the skills, experience and other qualities required for the effective functioning of its board. It also sets out the processes relevant to the selection and appointment of directors, their induction and ongoing training, the evaluation of their performance, and succession planning.

The group’s policy on the promotion of gender diversity at board level has been incorporated into this programme. While it is not mandatory to set targets, we measure ourselves against the targets as contained in the Financial Sector Code. This also aligns with JSE Limited (‘the JSE’) recommendations. At 31 December 2016 results are as follows:

<table>
<thead>
<tr>
<th>Target</th>
<th>Current achievement %</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% black directors</td>
<td>52.94</td>
</tr>
<tr>
<td>50% black executive directors</td>
<td>66.67</td>
</tr>
<tr>
<td>25% black female executive directors</td>
<td>33.33</td>
</tr>
<tr>
<td>40% black independent directors</td>
<td>70.00</td>
</tr>
</tbody>
</table>

Potential board candidates who have been identified and who are currently undergoing the board and regulatory appointment process will further improve the above outcomes, particularly in respect of black female directors.

Boardmembers are appointed by the board as a whole through a formal and transparent process in line with the Board Appointment Policy. Appointments to the board are made with due cognisance of the need to ensure that the board comprises a diverse range of skills, knowledge and expertise, and has the requisite independence and appropriate demographic representation to meet our strategic objectives. Non-executive directors are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company’s memorandum of incorporation. An executive director is required to retire from the board at age 60, and, unless otherwise agreed by the board, a non-executive director is required to retire at the earlier of reaching age 70 or being on the board as a non-executive director for nine years. Executive directors are subject to six-month notice periods. This excludes the chief executive, who is subject to a 12-month notice period. Executive directors are discouraged from holding significant directorships outside the group.

The board underwent the following changes during 2016:
- Errol Kruger was appointed as an independent non-executive director on 1 August 2016.
- Rob Leith was appointed as a non-executive director on 13 October 2016.

At 31 December 2016 the Nedbank Group board comprised a total of 17 directors: 10 independent, four non-independent non-executive, and three executive directors. The board is satisfied that it has sufficient professional and industry knowledge and a strong level of independence.

We have a formal induction programme for new non-executive directors, which enables new appointees to familiarise themselves with the group’s operations, financial affairs and strategic position. This programme includes sessions with the heads of each of the group’s major businesses, functional heads and the company’s internal and external auditors, and is tailored to meet the
Other key focus areas were: A robust education programme is also agreed each year for the board and board committees. Some of the topics covered at board meetings in 2016 were King IV, International Financial Reporting Standard (IFRS) 9, and an update on the JSE Listings Requirements. A cyber-resilience simulation was undertaken with boardmembers and Goldman Sachs was invited to present to the board on the ability of the SA economy to withstand stress scenarios and reforms required to modernise the economy.

The procedures for dealing with directors’ conflicts of interest continued to operate effectively during 2016 and no director had a material interest in any significant interest continued to operate effectively during 2016 and no director had a material interest in any significant contract with the company or any of its subsidiaries during the year.

**BOARD FOCUS AREAS IN 2016**

Certain of the board focus areas during the year remained unchanged from those of 2015:

- Strategic oversight of the group in a deteriorating macroeconomic environment with an escalating regulatory agenda.
- Growing the transactional banking franchise and associated transactional deposit base.
- The Anti-money-laundering (AML) Remediation Programme, with the focus on both completion of required remediation and moving to more sustainable long-term solutions.

Other key focus areas were:

- Nedbank’s role in improving the cooperation between business, government and labour relations for a better SA.
- Old Mutual plc’s strategic review and the managed separation announced to the market.

### Key issues raised

<table>
<thead>
<tr>
<th>Old Mutual managed separation</th>
<th>The implications for staff, clients and Nedbank’s strategy, the strategic shareholding to be maintained by Old Mutual, a potential share flowback or overhang, and the timeframe to conclude the orderly distribution of Nedbank shares.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our response</td>
<td>The managed separation process is overseen by an independent board committee, chaired by the lead independent director with its primary role to ensure independence and protect the interest of minority shareholders. The managed separation is a transaction at shareholding level, with no impact strategically or operationally for Nedbank – it is business as usual at Nedbank with no complicated untangling of the businesses required. The distribution of Nedbank shares in an orderly manner and at an appropriate time to an Old Mutual emerging-market business that will be listed on the JSE with an emerging-market shareholder base will limit flowback or share overhang, with the benefit of an increased free float. We will continue to evidence strong progress with our strategy and the attractiveness of Nedbank as an investment. Old Mutual South Africa will continue to hold a strategic minority state in Nedbank Group to underpin ongoing arm’s length commercial collaboration.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positioning for a sovereign credit ratings downgrade</th>
<th>Concerns around the impact on Nedbank of an SA sovereign-credit-rating downgrade to a subinvestment grade by globally recognised ratings agencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our response</td>
<td>We have planned for a tough and uncertain environment and over the past few years have been prudent in our lending and the transactions in which we have participated. Our business remains well positioned, with strong capital and liquidity levels. These precautions will ensure our ability to withstand the negative consequences of a ratings downgrade. In addition, comprehensive stress-testing was performed and the resultant risk mitigation plan, ‘Management’s response to the risk of a severe stress event in SA,’ received board approval.</td>
</tr>
</tbody>
</table>
Key issues raised

Operating conditions in Nigeria and ETI’s financial performance

ETI made a loss of $200m in the fourth quarter of 2015 and approximately 20% of this was accounted for a quarter in arrear in Nedbank’s results for the first quarter of 2016. Additionally, ongoing macroeconomic challenges in oil-exporting countries, and the devaluation of the naira and currency shortages in Nigeria imply that Nedbank may have to impair its investment and shareholders may inject more capital into ETI.

The board is satisfied that Nedbank Group’s rest of Africa strategy in Central and West Africa and its approximate 20% ownership of ETI remains appropriate as a long-term strategic investment, notwithstanding the macroeconomic and regulatory risks and costs associated with banking in the rest of Africa. The appointment of the new CEO of ETI and concurrent change in the group’s auditors at a time of economic stress in oil-exporting countries contributed towards higher impairments in the fourth quarter of 2015. Since then ETI has returned to profitability, albeit at lower levels given continued challenges in the Nigerian economy that are expected to persist into 2017 before improving in 2018 and beyond. Nedbank Group raised an impairment of R1bn against the carrying value of its investment in ETI in December 2016, reducing the carrying value to R4bn. Our strategic shareholding in ETI remains appropriate, as this enables participation in the long-term growth opportunities for financial services in Central and West Africa, in a risk mitigated manner, while servicing our clients.

Long-term incentive (LTI) share scheme

The introduction of malus and clawback in 2015 was well received. Most investors acknowledged that Nedbank has one of the best remuneration schemes of the big four SA banks and that discussions around the LTI should be seen in this context. The discussions reflected mixed views on the merits of the FINI 15 or an equivalent benchmark as an LTI CPT.

The new malus and clawback provisions in respect of our LTI share scheme are now in effect for all awards made from March 2016 onwards.

The ROE (excluding goodwill) and share price performance targets will remain unchanged from 2016. Two new strategic initiatives, with equal weighting of 10% each, replace the African Collaboration synergy target since this initiative only has one more year to run.

- The two new strategic initiatives will be:
  - benefits from the Target Operating Model (TOM); and
  - growing the transactional banking franchise, where this comprises two underlying metrics:
    - grow household transactional accounts by client numbers; and
    - grow commercial transactional deposits by value

The vesting ratios and targets for these two strategic initiatives are set out below.

### Benefits from changes to the TOM

<table>
<thead>
<tr>
<th>Net benefits (both revenue and costs) resulting from the changes to the TOM measured at 31 December 2019 relative to a baseline set for 31 December 2016</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net benefits realised</td>
<td>R600m</td>
<td>R1,0bn</td>
<td>R1,2bn or more</td>
</tr>
<tr>
<td>Vesting ratio</td>
<td>0%</td>
<td>100%</td>
<td>130%</td>
</tr>
</tbody>
</table>

Straight-line vesting will apply between the points in the above table.

Growing the transactional banking franchise

<table>
<thead>
<tr>
<th>Grow household transactional accounts by client numbers at 31 December 2019</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>13% or less</td>
<td>15%</td>
<td>17% or more</td>
</tr>
<tr>
<td>Vesting ratio</td>
<td>0%</td>
<td>100%</td>
<td>130%</td>
</tr>
</tbody>
</table>

Straight-line vesting will apply between the points in the above table.

<table>
<thead>
<tr>
<th>Grow commercial transactional deposit market share by value at 31 December 2019</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share</td>
<td>15% or less</td>
<td>16,5%</td>
<td>18% or more</td>
</tr>
<tr>
<td>Vesting ratio</td>
<td>0%</td>
<td>100%</td>
<td>130%</td>
</tr>
</tbody>
</table>

Straight-line vesting will apply between the points in the above table.
The feedback from our minority shareholders is extremely valuable to us and this input features extensively in our board deliberations. We will continue to build on our previous engagements with minority shareholders and look forward to good conversations again at our 2017 governance road show.

### Board committees

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

During 2016 the following board committees operated within Nedbank Group:

- **The Group Audit Committee (GAC)**, which assists the board in its evaluation and review of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied within Nedbank Group. It also highlights measures to enhance the credibility and objectivity of financial statements and reports, and approves the Integrated Report for recommendation to the board.

- **The Group Risk and Capital Management Committee (GRCMC)** is appointed by the board to perform the following functions:
  - Identification, assessment, control, management, reporting and remediation of all categories of the 17 risks, which include enterprise wide risk, liquidity and funding risk, operational risk, capital risk, IT risk, strategic risk and conduct risk.
  - Adherence to internal risk management policies, procedures, processes and practices.

The GRCMC role includes the independent oversight of the adequacy and effectiveness of the enterprise wide risk management framework (ERMF), which include key risks, key performance indicators, as well as strategic, business and operational risks.

- **The Group Remuneration Committee (Group Remco)**, which is authorised to approve aggregate adjustments to the remuneration of employees below executive director and managing executive levels. The committee also recommends adjustments to the total remuneration of members of the Group Executive Committee (Group Exco). The board, following recommendations made by the Group Remco, approves each Group Exco member’s total remuneration. This committee is also charged with the supervision of the Nedbank Group Employee Incentive Scheme.

- **The Group Credit Committee (GCC)**, which approves our credit philosophy and policies, sets credit limits and funding risk, approves the adequacy of interim and year-end provision impairments and monitors credit risk information, processes and disclosure. Apart from the GCC, the Large-exposure Approval Committee also approves large credit exposures, as required by banking legislation.

- **The Group Directors’ Affairs Committee (DAC)**, which considers, monitors and reports to the board on reputational and compliance risk, compliance with King III and the corporate governance provisions of the Banks Act. It also acts as the nominations committee for board appointments. The membership of the DAC at 31 December 2016 comprised Malcolm Wyman (Chairman), Tom Boardman, Mpho Makwana, Bruce Hemphill, Vassi Naidoo, Nomavuso Mnxasana and Mantsika Matoane.

- **The Group Information Technology Committee (GITCO)**, which monitors all issues pertaining to information technology (IT), both operational and strategic, and aims to ensure that IT development...
spend and investment are aligned with overall group strategy and direction and that the IT systems are efficient and effective.

The Group Transformation, Social and Ethics Committee (GTSEC), which monitors integrated sustainability with a specific focus on social and economic development, good corporate citizenship, ethical behaviour of staffmembers/suppliers, environmental concerns, health and public safety, stakeholder engagement, labour and employment.

The Group Related-party Transactions Committee (RPTC), which ensures that the board and other committees fulfil their responsibilities to strengthen corporate governance and practices with regard to all related-party transactions.

Large-exposure Approval Committee (LEAC)

Regulation 24 of the regulations relating to the Banks Act defines a large exposure as any credit exposure of the bank to a person (as defined in the regulations), where such exposure exceeds 10% of the bank’s qualifying capital and reserves.

In terms of the regulation large exposures require the approval of the GCC. In addition, the South African Reserve Bank (SARB) requires that the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) and Chief Credit Officer (CCO) of the bank should be mandatory members of GCC, solely for the purpose of approving exposures at the over 10% threshold. Together with any three members of the GCC, this committee is known as the Large-exposure Approval Committee (LEAC).

Other executive committees vital to the application of sound governance principles are:

The Group Executive Committee (Group Exco) is established to assist the Chief Executive (CE) to manage the Nedbank Group, subject to the board’s limitations on delegation of authority to the CE, and the board-approved policies and authority levels of the group (the Enterprise-wide Risk Management Framework). Group Exco must execute the annual Nedbank Group business plans as approved by the board of directors and manage the business affairs of the group.

The Executive Information Technology Committee, which helps the Group Exco ensure that we have a well-coordinated, efficient, effective and properly resourced IT strategy that enables us to remain highly competitive.

The Group Asset and Liability and Executive Risk Committee, which ensures effective management of:

- liquidity risk;
- capital management risk;
- interest rate risk, both local and foreign;
- investment risk; and
- market risk, including currency translation risk and trading market risk and financial instruments used for purposes other than trading (eg balance sheet hedges and investments).

The Mergers and Acquisitions Steering Committee, which ensures proper corporate governance oversight and control of corporate actions.

The Executive Transformation and Human Resources Committee (TRAHRCO), which is tasked with:

- statutory compliance in respect of labour legislation;
- monitoring transformation progress and the implementation of the BBBEE Codes and meeting Department of Trade and Industry (dti) requirements; and
- employee recruitment, selection, remuneration, performance management, maintenance, training, development and, where necessary, termination.

The Executive Taxation Committee, which monitors tax compliance and tax policy and ensures that the management of tax risk throughout the group is in accordance with our tax policy.

The Regulatory Risk and Compliance Forum (RRCF), which provides leadership in assessing the impact of any new regulatory requirements and legislation across Nedbank Group and promotes, directs and oversees the successful implementation thereof.

The Nedbank Client and Brand Committee, which assists the Group Exco in:

- monitoring and reporting on brand health and repositioning the Nedbank brand;
- revising and amending the master brand repositioning plan in the context of group strategy;
- approving strategies for key brand-building campaigns, programmes and initiatives;
- performing strategic reviews of competitor positioning and marketing initiatives;
- ensuring alignment and coordination of groupwide marketing activities in respect of business and brand strategy;
- optimising groupwide marketing spend, including monitoring and reporting on investment and making strategic recommendations on optimal investment; and
- ensuring consistency in the application of marketing policies and processes.

The Group Operational Risk Committee (GORC), which has as its main aims:

- providing a group executive governance structure for the oversight of the implementation of the Operational Risk Management Framework; and
- recommending any changes for approval to the GRCMC, ensuring senior management oversight for any changes to operational risk capital requirements and recommending any changes to the Group Exco and to the GRCMC for approval.

COMPLIANCE WITH KING III

For any business to run efficiently there needs to be a clear commitment to sound corporate governance. In our case, this requires that processes must be effective and make it easier for clients to bank with us and that boardmembers must be independent and
skilled enough to make the right decisions to ensure a sustainable and profitable business.

We endeavour at all times to apply the principles of King III in such a way that these requirements are met. King III is applied in all the group operations, which include our African subsidiaries Lesotho, Swaziland, Namibia, Malawi and Zimbabwe. During the period under review the board indicated that it was satisfied with the way in which the group applied the recommendations of King III or put alternative measures in place, where necessary.

Two instances of non-compliance with King III during 2016 are as follows:

- The Nedbank Group Chairman, Vassi Naidoo, is non-executive but not independent as defined by the governance codes as he serves on the board of the group’s parent company, Old Mutual plc. As a result, the position of lead independent director (LID) was created in 2007 and is currently held by Malcolm Wyman, who is an independent non-executive.
- Non-executive director’s fees do not comprise a base fee and an attendance fee per meeting. 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 represent stakeholders and to make the necessary preparations for meetings and other engagements. The Nedbank Group Remuneration Committee is satisfied that the fee structure applied in respect of non-executive directors remains appropriate.

In terms of the JSE Listings Requirements we are required to provide an explanation of how the King III principles were applied during the 2016 financial year and, should these not have been applied, to provide reasons therefor and an indication of alternative measures taken. To assess such compliance we use the Governance Assessment Instrument (GAI) as developed by the Institute of Directors (IOD). This tool has provided us with guidance to implement the governance principles and recommendations as required by King III. The GAI asks the correct questions needed for us to self-evaluate the effectiveness of our governance processes.

There are 75 governance principles within King III that apply to our business. A comprehensive illustration indicating our level of appliance to each is included in the table below.

### Overall score

AAA

### Application meter

<table>
<thead>
<tr>
<th>Status</th>
<th>Category</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board composition</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Remuneration</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Governance office bearers</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Board role and duties</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Accountability</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Performance assessment</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Board committees</td>
<td>AAA</td>
</tr>
<tr>
<td></td>
<td>Group boards</td>
<td>AAA</td>
</tr>
</tbody>
</table>

### Scoring key

- AAA Highest application
- AA High application
- BB Notable application
- B Moderate application
- C Application to be improved
- L Low application
- ![Diamonds](diamonds.png)

Feedback is provided on each principle in accordance with the King III principles document.
The King IV Report on Corporate Governance was published on 1 November 2016. Nedbank’s existing governance framework and culture provide a solid foundation for the implementation of King IV.

Adopting King IV is a commitment to the philosophy of stakeholder inclusivity, corporate citizenship and protecting the value that we create, which is aligned to Nedbank’s strategy. By approaching the shift from King III to King IV in an inclusive and integrated manner, we will ensure that principles and practices are applied with a focus on achievement of the four corporate governance outcomes, namely ethical culture, good performance, effective control and legitimacy.

During 2016 the King IV Steering Committee, consisting of specialists from across the group, was established to ensure the King IV requirements are appropriately embedded. The committee has established three workstreams, which were tasked with ensuring alignment with the King IV outcomes. The three workstreams, aligned to the King IV outcomes, are as follows:

- Workstream 1 addresses the outcomes ‘Ethical culture’ and ‘Trust, good reputation and legitimacy’.
- Workstream 2 addresses the outcome ‘Performance and value creation’.
- Workstream 3 addresses the outcome ‘Adequate and effective controls’.

An impact analysis will highlight changes in processes, policies or committees that will be approved at the appropriate committees. This is scheduled for completion by 31 March 2017. Based on the group’s level of King III application, and considering the major changes emerging in the transition to King IV, Nedbank Group anticipates the following impact in each area of change:

<table>
<thead>
<tr>
<th>King IV outcome</th>
<th>Responsible workstream</th>
<th>Workstream lead</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical culture, and trust, good reputation and legitimacy</td>
<td>Workstream 1</td>
<td>Company Secretariat</td>
<td>Enterprise Governance and Compliance</td>
</tr>
<tr>
<td>Performance and value creation</td>
<td>Workstream 2</td>
<td>Group Financial Control</td>
<td></td>
</tr>
<tr>
<td>Adequate and effective controls</td>
<td>Workstream 3</td>
<td>Group Enterprisewide Risk Management</td>
<td></td>
</tr>
</tbody>
</table>

Nedbank’s response

Approach and application of the code
Currently shareholders cast a non-binding vote with respect to the Nedbank Remuneration Policy. Nedbank will continue to ensure that its remuneration policies facilitate ongoing dialogue with shareholders (while updating its policies and disclosure).

The full Remuneration Policy (as opposed to a summary/extract) is disclosed in the Remuneration Report, in which the implementation of the policy is set out. Shareholders therefore currently have an opportunity to consider the policy against how it has been implemented.

Deliberate separation of technology and information
Through our strategic enabler, Managed Evolution and Digital Fast Lane, Nedbank will ensure information has the necessary governance structures, separate to those in place for technology, and will carry out a formal review of the adequacy and effectiveness of the organisation’s technology and information function.

Social and ethics committee as a prescribed board committee
GTSEC ensures, monitors and reports with respect to company ethics, responsible corporate citizenship, sustainable development and stakeholder inclusivity, as envisaged by King IV.

Stakeholder responsibilities
Nedbank continues to act in terms of the stakeholder inclusive model, in terms of which the needs, expectations and interests of stakeholders are not subject to or dependent on shareholder interests. The Nedbank board will continue to consider the legitimate and reasonable needs, interests and expectations of our stakeholders.

Risk
Nedbank’s current approach to risk management is to view risk as a threat, an uncertainty or an opportunity. This will ensure Nedbank is aligned with risk management guidance contained in King IV.
Auditor independence and the audit committee

The GAC continues to oversee auditor independence and the approval of non-audit services. Furthermore, the GAC discloses any significant audit matters considered and how the matters have been addressed by the GAC. The additional disclosure has been included in the 2016 Audit Report, which is included in the Annual Financial Statements.

Group governance

The Nedbank board is responsible for group governance and for oversight of the implementation of the Group Governance Framework, which is approved and adopted by each subsidiary.

Combined assurance model

Nedbank will continue to adopt a practical approach to combined assurance, embedding activities to demonstrate assurance work undertaken across all lines of defence.

The combined assurance plan has been presented to the GMCRC and the GAC.

Definition of independent directors

Nedbank regards the duty of independence of directors (whether executive, non-executive or independent) as exceptionally important and seeks to ensure that the board and committees have the necessary skills and experience to fully discharge their duties. The board and board committees are assessed annually to ensure that there is adherence to this requirement.

Strategy and performance

Strategy and performance are regarded as primary responsibilities of the board and every effort is made to ensure (as required by King IV) that strategy, opportunities, performance, business model and sustainable development are essential to the value-creation process.

Nedbank follows the principles of disclosure set out in King III and will apply the principle of 'apply and explain' as contained in King IV. Nedbank will continue its practice of high levels of disclosure.

Integrated thinking and the Integrated Report

Nedbank will continue to incorporate the philosophy of integrated thinking in operations and reporting.

While the Nedbank Integrated Report is not audited, it includes information from various sources, on which assurance has been provided.

The GAC will continue to consider the appropriateness of the assurance provided for information contained in the Integrated Report.

Once the impacts have been identified and analysed, changes required will be made by September 2017 for us to report on the application of King IV by 31 December 2017. Nedbank strives to achieve a high level of application of good-governance principles and practices, which are continually improved, to ensure the achievement of the governance outcomes.

**COMPLIANCE WITH OTHER BANKING CODES**

**The UK Code of Corporate Governance**

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

**Code of Banking Practice**

We subscribe to the Code of Banking Practice of The Banking Association SA, which governs all relationships with authorities, clients, competitors, employees, shareholders, local communities and other primary stakeholders. Appropriate procedures and mechanisms are in place to ensure full adherence to the code and we work with the Banking Ombudsman’s Office to ensure that client complaints are resolved appropriately and timeously. Nedbank won the 2016 Ombudsman for Banking Service Award based on quality, fairness and efficiency of complaint resolution.
ENSURING GOOD GOVERNANCE THROUGH ONGOING EVALUATION
Nedbank Group board and board committee evaluations

Nedbank overall board effectiveness dashboard assessment results for 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Overall</th>
<th>Board and responsibilities of directors</th>
<th>Board relationships</th>
<th>Board meetings</th>
<th>Committees of the board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>89%</td>
<td>91%</td>
<td>87%</td>
<td>0%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Nedbank board governance objectives
We have reviewed the current 10 board governance objectives as set out below and have refined these into five new objectives for 2017:

**Current board governance objectives**
1. Maximisation of efficiency and profitability within acceptable risk parameters.
2. Implementation of the group’s strategy within defined compliance requirements.
3. Adherence to correct and proper corporate behaviours and providing ethical leadership to the group.
4. Balancing the interests of shareholders and other stakeholders who may be affected by the conduct of directors or executives of the group, within a framework of effective accountability.
5. Minimisation or avoidance of conflicts of interest between the business interests of the group and personal interests of directors or executives.
6. Timeous and accurate disclosure of matters that are material to the business of the group or the interests of stakeholders.
7. Appropriate balance between conformance with governance constraints and an entrepreneurial spirit.
8. Achievement of balanced and integrated economic, social, environmental and cultural performance (integrated sustainability) and the implementation of an integrated sustainability across the business.
9. Efficient and effective functioning of the ERMF.
10. Compliance in substance, not just in form, with the provisions of the Code of Corporate Practices and Conduct of the King III Report on Corporate Governance 2010 and the main acts and regulations affecting the financial services industry.

**Board governance objectives for 2017**
1. Setting the tone at the top and leading the group ethically and effectively. This means that, in their decisionmaking, individual boardmembers should act with independence, inclusivity, competence, diligence, courage and with the necessary insight, information and challenge.
2. Providing leadership and vision to the group that will ensure sustainable growth and appropriate corporate citizenship for the benefit of all stakeholders of the group.
3. Ensuring that there is a framework of prudent and effective controls, which enables risk and opportunity to be assessed and managed effectively, but with the necessary entrepreneurial mindset.
4. Being ultimately responsible and accountable for the performance of the group and supporting the group in setting its purpose and vision and achieving its strategic objectives. These responsibilities include:
   - delegating management of the group to a competent executive management;
   - providing input and oversight regarding succession planning for key management roles;
   - governing technology;
   - governing information;
   - ensuring compliance with appropriate legislation, including regulations, supervisory codes and appropriate best practices;
   - governing disclosures so that stakeholders can effectively assess the performance of the group; and
   - having oversight of the risk appetite and adequacy and effectiveness of the ERMF, which will include key risks, key performance indicators, as well as strategic, business and operational risks arising from the execution of Nedbank business strategies, decisionmaking practices and/or processes.
5. Being responsible for sound corporate governance in the group and for governance at board and board committee level. The board is responsible for the board and its committees’ performance, including:
   - evaluating the effectiveness and composition of the board and its committees to improve their performance;
   - disclosing all outside interests or possible conflicts;
   - providing oversight and guidance with regard to succession planning;
   - creating governance structures to ensure the effective discharge of responsibilities; and
   - taking responsibility for the group’s remuneration practices, which should be aligned to best market practices but also consider the sociopolitical environment in which the group operates.
**Evaluation of entities in Nedbank Wealth Cluster**

A total of eight committees were evaluated in the Nedbank Wealth Cluster. These committees include the risk, audit, compliance and board committees of Nedbank Group Insurance Holdings, Nedgroup Investments and Nedgroup Trust, which are located in SA, the Isle of Man, Guernsey and Jersey respectively. The committees operate effectively and areas of developments are continuously tracked to final resolution.

**Rest of Africa subsidiary board evaluations**

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

Overall, the boards appear to be performing effectively. Common themes arising in the 2016 evaluation were the following:
- Shareholder relationships, with a focus on director induction and development (internal).
- Accountability of the board for risk, which encompasses the board’s understanding of the bank’s risks, specifically global, technology, pension and HR risks. An understanding of the adequacy of the whistleblowing process also required improvement.
- Communication/Information received between meetings required improvement. It should be noted that each subsidiary had a different focus area for development regarding communication, specifically as regards:
  - the time taken for both the board and management to respond to each other’s requests; and
  - communication from the organisation to the directors to keep them updated on current events (internal and external) that affect their ability to make decisions.

The company secretary of each subsidiary presents the evaluation results to the Chairman, who discusses it with the board. Issues raised are tracked to ensure that actions decided on are implemented to ensure the resolution of these issues.

**Leadership through Ethics and Human Rights**

‘Power does not change who you are, it only reveals who you are.’

The responsible use of power is a fundamental requirement of ethical leaders. This becomes even more difficult in times of continued economic challenges.

To equip our leaders and managers better for the future, we enhanced our ethics strategy to address the needs identified.

With global challenges such as digitisation, the 100-year life and the war for talent, we need to start thinking more aggressively in terms of entrepreneurship and value-add for all stakeholders, giving effect to stakeholder inclusivity as set out in King IV.

**Governance of Ethics**

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

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

**Ethics and Corporate Accountability Framework** –

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

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

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

**Code of Conduct** – Our Nedbank Group Code of Conduct expands on the Code of Ethics. This operational document offers examples of ethical behaviour to help employees make ethical decisions. The Code of Conduct is posted on the organisation intranet so that it is accessible to all staff. Staff members must answer a set of questions to demonstrate an understanding of the code’s principles when they acknowledge it. By 31 December 2016, 97.2% of our employees had acknowledged the Code of Conduct, which is reviewed annually.

**Supplier Code of Conduct** – This code is aligned with the Code of Conduct for staff members and supports the protection of human rights across our supply chain. The principles of the Supplier Code of Conduct apply to all our suppliers, consultants and contractors.

**Independent assurance of high-risk/high-value tenders** – This cost-effective, high-quality process, started during 2014, continues to help business maintain the highest governance standards during tenders.

**Dow Jones, JSE SRI and FTSE submissions** – The Ethics Office made submissions for all these indices.

**Ethics programme in African subsidiaries** – Because expansion into the rest of Africa is a key component of our strategy and vision, the Ethics Office has implemented the full Nedbank Group ethics programme within our African subsidiaries. Business ethics officers have been appointed in all subsidiaries and are finalising
the Ethics Officer Accreditation Programme through The Ethics Institute (TEI) as well as the Nedbank Ethics Officer Internship. There has been considerable engagement with Nedbank Namibia and Swaziland, with further implementation of the ethics programme, human rights in business programme, awareness training and monitoring of gifts and outside interests during 2016.

**Appointment of ethics officers in all business clusters** – The majority of the 20 established business ethics officers have completed the Nedbank Ethics Officer Internship that is supported by TEI. The programme has been running for two years and is considered best practice in SA. The value that the business ethics officers bring to operations is clearly illustrated in the number of reports to the Ethics Office, which increased substantially during 2016 (2015: 58; 2016: 120; 107% increase).

**MEASUREMENT OF ETHICS**

We use a variety of indicators, surveys and tools to ensure that ethical conduct across our group and its subsidiaries remains at the highest possible standard. The year 2016 was one of consolidation and implementation. A Root Cause Analysis Framework was developed for conduct risk, which the Ethics Office has implemented and reported on. All 2016 investigations were analysed according to this framework and the root causes were reported (see page 14) to ensure that we focus on proactive planning for strategy, training and awareness.

**DRIVING ETHICAL AWARENESS**

**Promoting ethics among our staff**

**Awareness training**

As part of its ongoing efforts to raise awareness of the importance of – and need for – ethical behaviour, the Ethics Office provided awareness training to more than 3 100 staffmembers across our group in 2016. All trends of unethical behaviour identified during the past three years are included as case studies in the awareness training. There has been a notable increase in queries and reports to the Ethics Office by staff as a direct result of this awareness training and the appointment of business ethics officers throughout the group to drive the Ethics Programme in business.

The Ethics Office is a partner in the implementation of the UK Bribery Act Programme in the bank. The Anti-corruption Pledge and the Ethical Leadership and Dignity Pledge were incorporated in the Employee Conduct Pledge. The revamped Employee Conduct Pledge was launched to all our staffmembers and more than 80% of our staff have acknowledged it. A gift and gratuity survey was also launched to establish possible risk of unethical behaviour in our business operations and to address these proactively.

**Acknowledgement of policies**

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

During 2016 the system delivered the following data on policy acknowledgements and declarations:

<table>
<thead>
<tr>
<th>Acknowledgements</th>
<th>% achievement</th>
<th>Number of staffmembers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children’s Pledge (newly launched)</td>
<td>87,6</td>
<td>26 115</td>
</tr>
<tr>
<td>Conflict Mineral Statement (newly launched)</td>
<td>85,4</td>
<td>24 924</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>97,1</td>
<td>29 055</td>
</tr>
<tr>
<td>Code of Ethics</td>
<td>97,2</td>
<td>29 090</td>
</tr>
<tr>
<td>Declaration of Secrecy</td>
<td>96,2</td>
<td>28 802</td>
</tr>
<tr>
<td>Employee Conduct Pledge (newly launched)</td>
<td>86,7</td>
<td>25 601</td>
</tr>
<tr>
<td>Get to know your Ethics Office/Officers</td>
<td>95,5</td>
<td>28 558</td>
</tr>
<tr>
<td>Harassment</td>
<td>95,7</td>
<td>28 645</td>
</tr>
<tr>
<td>Human Rights in Business Policy (newly launched)</td>
<td>90,6</td>
<td>26 483</td>
</tr>
<tr>
<td>Use of Social Media</td>
<td>97,1</td>
<td>29 036</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outside interests</th>
<th>% achievement</th>
<th>Number of declarations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration of Outside Interests (keeping in mind that one employee may have more than one outside interest)</td>
<td>13,9</td>
<td>4 268</td>
</tr>
<tr>
<td>Nil returns (referring to outside interests)</td>
<td>80,3</td>
<td>24 647</td>
</tr>
</tbody>
</table>

All targets were met for 2016.
In addition, as part of our alignment with the requirements of the United Nations Global Compact (UNGC), we have undertaken the following ethics and human rights awareness initiatives:

- Awareness training has been conducted with more than 3,100 staffmembers.
- Annually, we distribute awareness material with information regarding ethical behaviour and human rights to staffmembers.
- Staffmembers are encouraged to make use of the ‘Talk to the Ethics Office’ email and phone channels for ethics advice and guidance.
- Relevant articles aimed at highlighting ethics and growing awareness around human rights were posted on the group communication channels.
- The appointment of business ethics officers in all business clusters (including subsidiaries) significantly adds to staff awareness and encourages engagement around ethics and human rights issues or questions.

Promoting ethics among our suppliers
We use the Ethics Responsibility Index (ERI) to continually assess ethics, governance and human rights aspects of the suppliers who partner (or seek to partner) with us. During 2016 the Ethics Office was involved in eight high-risk/high-value tender processes through the assessments of all participating suppliers. In 2016 the ERI was enhanced through the addition of a number of ethics and human rights questions. We also created significant ethics awareness at our Vendor Indaba sessions, particularly around issues such as giving and receiving gifts, human rights in business, conflicts of interests and the reporting of unethical behaviour. A total of 45 suppliers were assessed. The Ethics Office also performed the independent assurance in eight tenders.

Promoting ethics among our clients
Offering our business clients, particularly those operating a small and medium enterprise (SME), relevant support is vital to the sustainability of our business and the creation of a robust and sustainable SA economy. In 2016 the Ethics Office continued with a series of training and governance workshops as part of our client value proposition in our Retail Relationship Banking (RRB) and Business Banking areas. These are provided to clients free of charge and include the following:

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

Training was provided to 19 SME clients during the year. This ethics and governance support initiative received a very positive response from our SME clients, indicating the need for this level of support and training in the SA market.

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

- The Tip-offs Anonymous hotline, which is available to all our stakeholders for the anonymous reporting of any unethical or unlawful behaviour.
- The ‘Talk to the Ethics Office’ email address to report any human rights-related or other unethical behaviour.
- The Nedbank Group Risk Reporting Line is also available for all stakeholders to report unethical behaviour. This is not an anonymous channel.
- The Ethics Office, where any unethical behaviour or human rights violations can also be reported directly.
- During 2016 we received 120 reports through the channels above, compared with 58 reports during 2015.

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

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

- All human-rights-related policies have been approved by the board during 2016 and the requirements of the policies are addressed with line managers in the Managers Toolkit training sessions. These policies include The Nedbank Human Rights in Business Policy, The Conflict Mineral Statement and The Nedbank Children’s Rights Pledge.

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

- Our risk and sustainability teams use compliance with the Equator Principles and the data generated by our Social and Environmental Management System to monitor protection of human rights.
- The Ethics Office has developed an ERI that is used in all high-risk/high-value tender processes. The index has a detailed section on human rights as a component of our business partnership requirements.
- We conduct human rights training with various vendors and suppliers at our annual Vendor Indabas, as well as during tender processes and business training.
- Our Supplier Code of Conduct, which includes a commitment to ethical behaviour that protects human rights, forms part of the contract our vendors and suppliers sign with us.

Human rights investment – We continue to invest in raising stakeholder awareness of, and compliance with, human rights principles. In 2016 this investment resulted in the following initiatives and outcomes:

- Awareness training was conducted with more than 3,100 staffmembers.
- We launched a client value proposition that includes the provision of training to SMEs. This includes awareness around ‘human rights in business’ principles and guidelines.
We provide ongoing articles on human rights in Nedbank on the internal communication channel MyWorkSpace.

The human rights officer for Nedbank is also the chair for the Group Disability Forum, which is an integral part of human rights management. The Ethics Office supports this forum with advice and guidance.

A section on ‘human rights in business’ has been included in the Managers Toolkit training.

We ran campaigns focused on creating awareness of human rights, as well the different types of harassment and how it must be reported and addressed.

On 10 May 2016 a multistakeholder meeting was held at Nedbank on a new initiative calling on companies to put an end to the sexual exploitation of children in SA. The meeting was hosted by Nedbank, the National Business Initiative (NBI) and The Corporate Responsibility to Eliminate the Sale of Children (CRES). The private sector, especially banks, have the capacity to play a major role in permanently disrupting one of the worst crimes against children. The initiative encourages entities to implement measures that will stop payments associated with child trafficking. As an initial step, CRES asked the private sector to take a stand by joining a common pledge of support. Nedbank was the first corporate member to join. The Nedbank Children’s Rights Pledge was launched on 8 November 2016 at the Building Partnerships for the Protection of Children conference hosted by Nedbank, the NBI, CRES, the Global Child Forum and the UNGC. A working group was formed to address the requirements of the pledge for business SA. The SA Police Service, the Financial Intelligence Centre, Interpol, Child Welfare SA and representatives from financial institutions make up the members of the group. Other high-level stakeholders include the JSE and the Banking Association South Africa (BASA). More than 80 corporates and children’s rights organisations attended the conference.

The pledge reads as follows:

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

- To tolerate no degree of sexual exploitation of children by our employees, contractors, business partners or clients as a fundamental principle of the Nedbank Group Human Rights Statement.
- To avoid causing or contributing to the commercial sexual exploitation of children through our own activities, and to the best of our efforts, prevent such exploitation in our sphere of influence, and to manage the consequences appropriately.
- To develop, follow and share best practice throughout our industry to ensure that we neither cause, nor contribute or are linked to the sexual exploitation of children directly or indirectly through our business relationships.
- To implement an appropriate strategy to prevent and address any actual or potential threat of sexual exploitation, including human rights due diligence with reference to the Social and Environmental Management System and the Ethics Responsibility Index.
- To consult, report and communicate on our work and progress, in particular by engaging with stakeholder organisations dealing with the elimination of the sexual exploitation of children, ie the South African Human Rights Commission, the United Nations Global Compact (Communication of Progress) and the National Business Initiative.
- To use the leverage we have with our peers and business partners to prevent and address sexual exploitation of children.’
INVESTIGATIONS
Incidents of unethical behaviour received, referred and investigated by the Ethics Office 2016:

<table>
<thead>
<tr>
<th>Process root cause</th>
<th>Level 2 root cause</th>
<th>Level 3 root cause</th>
<th>No</th>
<th>Referral summary</th>
<th>Types of allegations summary</th>
<th>Outcomes summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-compliance to policy</td>
<td>Intentional non-compliance</td>
<td>Business: 2, HR: 9, Ethics Office: 6</td>
<td>Conflict of interest not related to fraud: 4</td>
<td>Action taken against external service provider: 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of personal values</td>
<td>16</td>
<td>Dismissals: 1, Malicious/no evidence found: 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of personal values</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management lack of interpersonal skills</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of personal values</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management lack of interpersonal skills</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-compliance to policy</td>
<td>Intentional non-compliance</td>
<td>Assault: 2, Bullying: 3, Conflict of interest not related to fraud: 4, Discrimination: 14, Inappropriate conduct: 40, Intimidation: 2, Racism: 7, Sexual harassment: 12, Threatening behaviour: 8, Victimisation: 11</td>
<td>Counselling: 31, Disciplinary action: 4, Dismissal: 15, Malicious/no evidence found: 39, Awareness training: 13, Ongoing investigation: 1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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The Ethics Office received a total of 120 reports of unethical behaviour during 2016.

Altogether 60 of these reports came through Tip-Offs Anonymous and 60 reports were made directly to the Ethics Office.

Inappropriate conduct includes social media incidents, extramarital affairs where it impacts on the working environment, working under the influence and general bad behaviour.

There was an increase in incidents reported of 106% (2015: 58 incidents; 2016: 120 incidents).

The average time spent on an investigation is 19 working days. Regarding the outcome ‘Malicious/no evidence found’ there are various instances where there are real suspicions, but no evidence found as they are situations of ‘he says/she says’ between employees.

The Ethics Office performs preliminary investigations on all incident reports to establish substance to the report and whether the case must be referred to HR (Human Resources), Business or Group Forensic Services (GFS).

Trend: Employees’ lack of applying personal and work values.

The Ethics Office contributed significantly to the Root Cause Analysis Framework, developed by Enterpriswide Risk Management, that won the Institute of Risk Management South Africa (IRMSA) Industry Specific Risk Award Category.

PROMOTING ETHICS IN SA BUSINESS

We believe that we cannot be a successful business operating in a failing environment and as a corporate citizen we have a responsibility to uplift business SA. This is also why we are a member of the UNGC and share information and best practice with other businesses and stakeholders. In 2016 these included the following:

The Nedbank Ethics Officer (NEO) was asked for the third year in a row to host Kelley School of Business students and do a presentation on the implementation of human rights in business during May 2016.

The NEO was asked to provide advice and information to the City of Joburg on the implementation of an ethics programme.

ETHICS MEMBERSHIPS

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

The UNGC – We have been a member of the UNGC Advisory Committee for SA since 2009. This strategic policy initiative includes businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We strive to lead in all four of these areas and our strategy reflects this aspiration. We also submit an annual Communication of Progress to the UNGC to confirm our continued commitment to the 10 principles.

The Ethics Institute – We continue to be active through members of Nedbank’s Ethics Office who support the institute in numerous activities during the year.

Coalition for Ethical Operations – The purpose of the Coalition for Ethical Operations is to engage in a programme of activities aimed at promoting ethical business and reducing bribery and corruption across sub-Saharan Africa. The specific objectives are as follows:

- To share best practices.
- To promote training of SMEs, including company suppliers. Nedbank is a member of the working group developing and implementing training initiatives for SMEs.
- To engage in occasional and voluntary collective/collaborative action.

Founding member of the Ethics Practitioners Association in 2016.

External stakeholders

BASA
Coalition for Ethical Operations
CRES
Ethics Practitioners Association
Global Child Forum
The JSE
NBI
SA Human Rights Commission
The Ethics Institute
The UNGC