



Our relationships

We prioritise ongoing engagement and relationship building with all our stakeholders to unlock mutual understanding and shared benefits.

Our relationships

As a participant and stakeholder in SA's socioeconomic and environmental systems, our sustainable success relies heavily on our ability to form and maintain strong and lasting relationships with all other stakeholders in these systems. To this end we prioritise ongoing engagement and relationship building with these stakeholders to unlock mutual understanding and shared benefits, while collaborating to address concerns and issues that affect us all.

OUR STAKEHOLDER ENGAGEMENT FRAMEWORK

The Nedbank Group Exco assumes ultimate responsibility for the effectiveness of all our stakeholder engagements. However, the engagement itself is the responsibility of the various businesses and operations within the organisation. To ensure consistency and protect the Nedbank brand such decentralised stakeholder engagement is still informed and governed by a comprehensive stakeholder policy and a supporting engagement framework.

The Group Operational Committee monitors compliance with this policy and framework, and every business area has to deliver regular reports on its stakeholder engagements to this committee.



Our staffmembers



Unions



Our clients



Our shareholders
(and the investment community)



Regulators



Communities



Government



Media



Industry bodies



Suppliers

The following pages provide an overview of our main stakeholders and a high-level look at how and why we engage with them, focusing particularly on the issues raised and the types and outcomes of engagements undertaken in the 2016 financial year.

CASE IN POINT

Collaborating for higher levels of inclusive growth

Nedbank is mindful that it is incumbent on all businesses in SA to do whatever they can to be a part of the economic growth solutions our country needs. This requires a commitment by the private sector and other concerned parties to help ensure that the outcomes of the country meet the expectations of its citizens and those who have the power to invest in its future growth.

Nedbank Chair, Vassi Naidoo, Chief Executive Officer (CEO) Mike Brown and our Chief Operating Office (COO) Mfundo Nkulu have been actively involved in the work of the CEO Initiative working group that started early in 2016, with the main objective of increasing levels of inclusive growth and ensuring SA does not receive subinvestment grade status from ratings agencies. For example, several of our executives attended the New York SA Tomorrow Investor Conference, aimed at increasing growth rates in our country.

One of its key outcomes of the CEO Initiative in 2016 was the creation of the R1,5bn SA SME Fund that has a vision to stimulate and support much-needed growth in SA's SME sector, which is so central to sustainable economic development and employment creation. Nedbank has invested R20m in this fund.

In addition, a key outcome of the work done by the CEO Initiative was the maintenance of SA's investment-grade rating – a vital foundation for inclusive growth.



Our staffmembers

Our staff complement comprises 32 401 staffmembers, of which 62,7% are female and 37,3% are male; 78,3% are black and 21,7% are white; 20,6% are aged below 29 and 24,3% have a tenure of more than 10 years.

WHY WE ENGAGE WITH OUR STAFFMEMBERS

- To provide staff with strategic direction and keep them informed about group activities.
- To ensure that we remain an employer of choice that provides a safe, positive and inspiring working environment.
- To understand and respond to the needs and concerns of our staffmembers.

WHY OUR STAFFMEMBERS ENGAGE WITH US

- To provide us with feedback and input that can help us improve their working environment experience as well as the performance of our business.

FREQUENCY OF ENGAGEMENT

- Ongoing and daily engagement at all levels.
- As required by staff.

Specific engagements in 2015

In addition to the regular, direct communication between managers, teams and individuals, specific employee engagements in 2016 included the following:

- Group Exco communication sessions and regular newsletters.
- The Barrett Survey.
- Nedbank results presentations.
- Chief Executive and cluster head roadshows across SA and the SADC offices.
- Cluster and group recognition functions, culminating in an international trip for top achievers.
- The annual Employment Equity Summit.

HOT TOPICS	Our response/Resulting developments
Need for an enhanced style of leadership to drive a winning culture	<ul style="list-style-type: none"> ■ Nedbank hosted its very first Leadership Lekgotla with 400 of our leaders on 10 March 2016, which was designed to deliberate and discuss the type of leaders we need in the context of our culture, brand and strategy. ■ As a result, we now have a unique Nedbank Leadership Persona and a new leadership development landscape, all of which are aligned to Nedbank's strategic direction.
Refocusing employee engagement	<ul style="list-style-type: none"> ■ Our investment in employee engagement surveys and initiatives over the years has created a strong shared identity based on values alignment, and has resulted in employees who are invested in positively directing our culture. ■ However, the 2016 Barrett Survey demonstrated some shifts in cultural entropy and values that highlight areas for improvement in business health and performance. These are being addressed through refreshed organisational diagnostics, culture, leadership, brand and engagement initiatives.



Unions

These include the South African Society of Banking Officials (SASBO), the Swaziland Union of Financial Institute and Allied Workers (SUFIAW), the National Union of Commerce, Catering and Allied Workers (NUCCAW) in Lesotho, and the Namibia Financial Institution Union (NAFINU).

WHY WE ENGAGE WITH THE UNIONS

- To promote fair and equitable employee-relations practices, good governance and a sound working relationship.
- To ensure that all matters having an impact on basic conditions of employment are effectively addressed through collective bargaining.

WHY UNIONS ENGAGE WITH US

- To represent their members on matters of mutual interest.
- To represent the interest of union members who are Nedbank Group employees and members of the bargaining unit.
- To consult on salary negotiations and engage on any changes impacting staff in the bargaining unit through a consultative forum and collective bargaining forum.

FREQUENCY OF ENGAGEMENT

- Annually for salary negotiations.
- Formal monthly engagements on issues that relate to changes impacting staff within the bargaining unit.
- Ongoing consultations or meetings required by unions or as a result of business changes or projects.

Specific engagements in 2016

- Annual salary negotiations.
- Monthly consultations.

HOT TOPICS	Our response/Resulting developments
Wage expectations	<ul style="list-style-type: none"> ■ The 2016 salary negotiations took place in January and the salary increase agreed on was a maximum of 8%, taking into account performance ratings at an individual level. ■ The settlement was both fair and sustainable taking, into account the challenging market conditions and the continuous economic uncertainty during 2016. ■ The union was pleased with Nedbank's approach, which continues to demonstrate our stance as a responsible employer, ensuring sustainability of our cost base and the preservation of jobs.



Our clients

All individuals in SA, the SADC and East Africa – from children to seniors and from entry level to high-net-worth individuals.

- Various legal entities such as trusts, non-governmental entities and associations, small businesses, large corporates and the public sector.
- Clients that do their everyday banking with Nedbank as well as those who engage with us on single-product classes such as insurance, asset management, investment or finance solutions. In 2016 we provided services to 7,7m clients.

WHY WE ENGAGE WITH OUR CLIENTS

- To understand them, their aspirations, businesses and financial-service needs better.
- To provide appropriate advice, proactive financial solutions and value-adding services.
- To ensure that we maintain the high service levels they expect and deserve.
- To inform product development and prioritisation.
- To ensure accuracy of clients' personal and/or business information.

WHY OUR CLIENTS ENGAGE WITH US

- To receive sound financial advice and financial education.
- To access worldclass innovative solutions and services.
- To grow and protect their investments and wealth.
- To obtain convenient access to banking, less complexity and improved flexibility (channel of choice).
- To protect their assets through secure IT systems and infrastructure.
- To get value banking that is competitive and transparent in pricing.

HOT TOPICS	Our response/Resulting developments
Responsible lending	<ul style="list-style-type: none"> ■ Despite the challenging macro environment, we have experienced a lower than expected level of arrears and default by our clients during 2016. For those clients who have experienced or are experiencing financial distress we employ various rehabilitation strategies that aim to cater for the unique needs of the individual. For example, 3 975 Nedbank Retail clients were given a fresh start through the Nedbank-assisted sales programme and we assisted clients in the agricultural sector to withstand the effects of the drought. ■ We have had continued progress in key compliance programmes, such as TCF and AML, as well as in compliance with the Financial Advisory and Intermediary Services (FAIS) Act and the Financial Intelligence Centre Act (FICA). ■ We have implemented appropriate social and environmental risk management. ■ We have continued to play a leadership role in renewable-energy financing.
Offering worldclass innovative solutions and services	<ul style="list-style-type: none"> ■ New product innovations in the retail space include the interactive teller, GAP Access™, CIPC Online (an integrated business registration and account opening service available through Nedbank.co.za) and Nedbank Masterpass. ■ Digital client experience was enhanced through introducing contracts for difference (CFDs) on the online stockbroking platform. Nedgroup Investments launched a new online 'Invest with us' tool that allows investors to follow a simple six-step process to open a new account at their convenience. Other digital enhancements include allowing existing investors to update personal details, open accounts, transact, perform switches and facilitate withdrawals through their secure online profiles. Nedbank Insurance's QuoteMe functionality was introduced for funeral and personal accident solutions on both the web and mobile channels. ■ The Nedbank interactive teller ATM, which is the first of its kind in Africa, adds value to our clients by enabling them to do teller transactions through video capability, linking a client to a teller located in a contact centre. This facilitates transactions undertaken after traditional banking hours.
Providing value banking	<ul style="list-style-type: none"> ■ Loan payouts of R162bn reflect our continued support for our clients. This included R25,7bn loans to small and medium enterprises and Business Banking clients, as well as R3,9bn for affordable housing to Corporate and Investment Banking clients. In addition, over R50bn of infrastructure finance was drawn and committed. ■ In 2016 an increases in fees were kept well below inflation at 4,3%.



Our clients continued

FREQUENCY OF ENGAGEMENT

- Ongoing.
- Dependent on client needs and identified sales, service or guidance opportunities.

Specific engagements in 2016

- The Nedbank Consumer Financial Education programme which directly benefited more than 180 000 (2015: 260 000) consumers across all nine SA provinces.
- Interactions through branch outlets, relationship managers, call centres and complaint lines.
- Client seminars and surveys.
- Social media, and marketing and advertising activities.
- Specific client engagements, including focus groups, one-on-one meetings, functions and events.

HOT TOPICS	Our response/Resulting developments
Tough economic times	<ul style="list-style-type: none"> ■ Our clients continue to face a number of challenges due to uncertain local and global economic conditions as well as political volatility. The formation of an integrated CIB enabled us to put the client at the centre of our activities and, subsequently, allowed us to provide integrated and bespoke solutions relative to our clients' needs. We focus on balancing what is right for the client, what is right for the bank and what is right for society.
Simple and superior client experience	<ul style="list-style-type: none"> ■ We are crafting more relevant client-value propositions and engagement models. ■ Nedgroup Investments, our asset management business, delivered excellent fund performance to clients and maintained its position as one of SA's top management companies. ■ Our IT systems were up and available to our clients 99,99% of the time in 2016. This uptime rate compares favourably with that of our competitors, many of whom experienced significant availability problems during 2016. ■ Our Net Promoter Score is 21%, reflecting client satisfaction in our retail businesses, improved by 2% when benchmarked against the industry average. Of special note was a continued improvement in the ratings in the entry-level banking segment (2016: 45%; 2015: 38%; 2014: 36%).
Improved access, accessibility to advice and financial services	<ul style="list-style-type: none"> ■ We have grown our financial planner footprint with more skilled financial planners in more locations delivering appropriate advice to clients. ■ We have significantly invested in capacity to enable digital initiatives and have delivered substantial enhancements to our digital channels and value propositions. ■ Increased banking footprint – Investment in new distribution continues in high-growth micro markets, with an additional six branches and four inretailer outlets having been built in 2016. Through focused expansion plans, Nedbank has achieved 84% coverage on staffed outlets within 30 km of where a client lives and 79% coverage on devices within 15 km of where a client lives, which is on par with our competitors. ■ We processed Nedbank AppSuite™ transactions to the value of R25bn, up 60%, enabling our clients to transact through more efficient and cost-effective channels. We expect this growth trend to continue as we enhance our digital offerings further. ■ In 2016 more than 5,3 million of our clients were digitally enabled, with 1,4m clients digitally active.
Increased internal competition	<ul style="list-style-type: none"> ■ Competition from companies, both locally and abroad, has challenged the status quo of many established businesses in SA. As a bank, we choose to stand with our clients through good times and bad, and actively look for solutions that can benefit them no matter what part of the cycle they find themselves in.



Our shareholders

(and the investment community)

21 372 EQUITY SHAREHOLDERS

- Asset management and retirement funds in SA and increasingly in international markets that invest in Nedbank equity and preference shares as well as funding instruments.
- Retail investors.
- 15 sell-side analysts.
- Two credit rating agencies: Moody's and Standard & Poor's.

WHY WE ENGAGE WITH OUR SHAREHOLDERS AND THE INVESTMENT COMMUNITY

- To provide current and future shareholders with relevant and timeous information, to ensure that Nedbank shares are appropriately valued.
- To manage shareholder expectations and reputational risk.
- 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.

WHY OUR SHAREHOLDERS AND THE INVESTMENT COMMUNITY ENGAGE WITH US

- To receive relevant timeous information on our prospects and financial and non-financial performance, so that they can value our performance and assign appropriate credit ratings.
- To understand our financial performance.
- To gain insight into our strategy and management.

FREQUENCY OF ENGAGEMENT

- On a formal basis, twice a year to coincide with the release of year-end and half-year results.
- On an ad hoc basis and as requested by the financial media, investment analysts, credit-rating agencies and investors during open periods.
- A few times a year through various broker-hosted investor events and non-deal roadshows.
- Once or twice a year through a Nedbank-initiated governance roadshow and investor days.

HOT TOPICS	Our response/Resulting developments
The impact of a possible sovereign downgrade	<ul style="list-style-type: none"> ■ This topic was raised in almost all meetings and was also the main focus of the RMB Morgan Stanley conference covering the risks to impairments and other key cyclical challenges, and of the Renaissance Capital Treasury Day. We reiterated that we had performed extensive stress testing on our balance sheet and income statement, and relative to the period before the financial crisis the stress testing proved that Nedbank has a much stronger balance sheet and franchise to protect our earnings performance and capital levels in a downgrade.
Old Mutual managed separation	<ul style="list-style-type: none"> ■ Nedbank presented at Old Mutual Capital Markets Day in London. In summary, following the creation of a new SA holding company, OM intends to distribute a significant proportion of the OM group's shareholding in Nedbank to the shareholders on the register of the new SA holding company at that time, leaving Old Mutual Emerging Markets (OMEM) as a principal business in the group. ■ Through its ownership of Old Mutual Life Assurance Company SA the new SA group will retain an appropriate strategic stake in Nedbank, with the exact level still to be determined together with Nedbank, based on OMEM's commercial relationship with Nedbank and influenced by the implications of the incoming Twin Peaks regulation. OM and Nedbank continue to work closely on these matters. For Nedbank it is business as usual and OM's decision will have no impact on the strategy, and the day-to-day management operations, nor will there be an impact on staff and clients of Nedbank.
Ecobank Transnational Incorporated (ETI) outlook, capital raise and impairment of investment value	<ul style="list-style-type: none"> ■ Our strategic investment in ETI has been impaired in accordance with the IFRS accounting considerations and the main driver of this was the significant change in the economic estimates and macro assumptions from Nigeria. ETI remains an important long-term investment for Nedbank, providing our clients with a pan African transactional banking network across 39 countries and access to dealflow in Central and West Africa since its acquisition in 2014. We remain supportive of ETI's endeavours of delivering a return on equity in excess of its cost of equity in due course. Conditions in the key markets in which ETI operates are currently expected to remain difficult in 2017, before improving in 2018 and beyond. ■ As a result, management has computed the value-in-use based on a number of scenarios by taking into account publicly available information. Based on the results of this value-in-use calculation, management determined that an impairment provision of R1,0bn was appropriate. This has reduced the carrying value of the group's investment to R4,0bn at 31 December 2016.
Information technology strategy	<ul style="list-style-type: none"> ■ We shared our Managed Evolution strategy at the UBS 19th Financial Services Conference. ■ To support our IT strategy we introduced Managed Evolution and digital fast lane strategic enablers.
Governance matters ahead of our annual general meeting	<ul style="list-style-type: none"> ■ During our annual governance roadshow we provide shareholders with the opportunity to engage with our Chairman and Lead Independent Director on governance matters. Refer to the 2016 Integrated Report where we provide feedback on the key topics of discussion and the voting outcomes at our annual general meeting.

Specific engagements in 2016

- Annual and interim results announcements and roadshows.
- Bank of America Merrill Lynch 17th Annual Sun City Conference.
- Citi Annual South Africa Investor Meeting.
- Various investor group meetings.
- Nedbank Group Governance roadshow.
- Renaissance Capital Treasury Day.
- RMB Morgan Stanley European Financials Conference.
- RMB Morgan Stanley Fifth Annual SA Banks Conference.
- SBG Retail Investor Day.
- UBS 19th Annual Financial Services Conference.
- More than 350 individual meetings with financial media, shareholders and analysts.
- Old Mutual Capital Markets Day.



Our Regulators

SOUTH AFRICAN REVENUE SERVICE (SARS) – RESPONSIBLE FOR BANKING REGULATION AND SUPERVISION IN SA

Other: Financial Services Board (FSB), National Credit Regulator (NCR), various government departments and Chapter 9 institutions including the dti, Department of Labour and National Treasury, Financial Intelligence Centre (FIC) and the JSE.

We also comply with various regulatory bodies outside SA, including Central banks and local financial services regulators of countries in which we have representation or operations.

WHY WE ENGAGE WITH THE REGULATORS

- To maintain open, honest and transparent relationships and to ensure compliance with all legal and regulatory requirements.
- To retain our various operating licences and minimise our operational risk.

WHY THE REGULATORS ENGAGE WITH US

- To ensure regulatory compliance.
- To promote the soundness and stability of the domestic banking and financial system, thereby contributing to its financial stability.

FREQUENCY OF ENGAGEMENT

- Daily, weekly, quarterly and as required.

Specific engagements in 2016

- Various industry and regulatory forums.
- Meetings between regulators and our board and management.
- One-on-one discussions with various executive officials at prudential meetings.
- Onsite meetings.

HOT TOPICS	Our response/Resulting developments
Increase in regulatory scrutiny and inspections	<ul style="list-style-type: none"> ■ Sound implementation and ongoing enhancement of the Advanced Measurement Approach (AMA) for operational risk management were maintained, and similarly the Internal Model Approach (IMA) for market risk continued to meet the regulators' requirements. ■ We maintained the alignment of our Enterprisewide Risk Management Framework (ERMF) with regulatory developments. ■ In line with international and local trends Nedbank observed an increase in regulatory scrutiny and inspections. All regulatory reviews were attended to with significant attention to detail, professionalism and prompt reaction to matters raised.
Foreign Account Tax Compliance Act (FATCA) – US legislation	<ul style="list-style-type: none"> ■ We successfully implemented the reporting requirements for FATCA during 2016 and continue to comply with FATCA requirements. We have also expanded the control environment to cater for Common Reporting Standards issued by the Organisation for Economic Cooperation and Development (OECD) and supported by SARS.
Increased focus on consumer protection, such as Treating Customers Fairly (TCF)	<ul style="list-style-type: none"> ■ We consider the fair treatment of clients at all stages of their relationship with our bank of critical importance. We have therefore proactively embraced and adopted the proposed TCF regulations and are working to ensure that our clients benefit from the consistent delivery of all six TCF outcomes. These TCF outcomes connect very closely to our existing client-centred ethos and our code of conduct. As such, treating our clients fairly is already an integral part of our culture and the way we design, market and promote our products and communicate with and service our clients. In 2017 we will formalise the incorporation of TCF across our business.
Money-laundering, terrorist financing and sanctions risk management	<ul style="list-style-type: none"> ■ We continue to invest significantly in IT, processes, procedures and resourcing in ongoing efforts to remedy administrative deficiencies noted by SARB during its anti-money-laundering and sanction regulatory reviews of SA's big banks.
Resolution and recovery planning	<ul style="list-style-type: none"> ■ We maintained resilient business continuity management processes.
Tax-free savings accounts	<ul style="list-style-type: none"> ■ The National Treasury has imposed regulatory requirements on financial institutions to create tax-free savings products. In line with this requirement we have created a tax-free savings account. Tax-free savings accounts are an attractive offering for people to be able to save. Returns on these products do not attract dividend or income tax, but investors are required to remain within the stated annual and lifetime contribution limits.
Competition Commission recommendation that 17 local and international banks be referred to the Competition Tribunal for prosecution for alleged price fixing and market manipulation in the trading of foreign currency pairs involving the rand from 2007.	<ul style="list-style-type: none"> ■ Nedbank was one of the two large SA banks not mentioned in this recommended prosecution. Nedbank views these allegations in a serious light and the legal process is to run its course. We understand the important role banks play in society and that allegations like these can undermine this role and must be dealt with and clarified through the legal process.



Communities

Communities represent greater society and include citizens of the countries within which we operate, including individual members of society, NGOs and suppliers as well as the environment on which those citizens depend for their wellbeing.

WHY WE ENGAGE WITH COMMUNITIES

- To create partnerships that serve to facilitate our integrated sustainability activities.
- To obtain input from environmental experts, communities and non-governmental organisations (NGOs) regarding key focus areas.
- To create awareness of our integrated sustainability commitment and initiatives.

WHY COMMUNITIES ENGAGE WITH US

- To get advice and guidance on how to achieve desired outcomes for themselves, their families, their businesses and their 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.

FREQUENCY OF ENGAGEMENT

- Ongoing, as partnerships dictate or stakeholder needs require.

Specific engagements in 2016

- The Nedbank consumer financial education programme, which directly benefited more than 180 000 (2015: 260 000) consumers across all nine SA provinces.
- The UNGC Business and Human Rights Workshop, through which we engaged with businesses and civil society.
- In-depth engagements with many NGOs through the Nedbank Foundation, and engagements with sustainability-focused NGOs through our sustainability teams. Primary stakeholders being education NGOs, schools, tertiary institutions, WWF-SA and the Endangered Wildlife Trust.
- Working with academic leaders and thought-leaders to encourage change within Nedbank and create awareness of sustainability issues with a broader range of stakeholders. Primary stakeholders in this regard are the Sustainability Institute, Cambridge Institute for Sustainability Leadership, UNEP FI and Network for Business Sustainability (NBS).

HOT TOPICS	Our response/Resulting developments
Trust in the financial sector	<ul style="list-style-type: none"> ■ We continue to build relationships with our stakeholders. The tough economic times have seen us supporting many clients so that they could keep their homes and businesses during 2016. We also supported farmers during the drought through donations and the restructuring of over R70m in debt. Our client numbers continue to grow and the result of our surveys are positive. Should we find ourselves in a difficult place with any of our stakeholders, then honest and open engagement paves the way to common understanding and resolution.
Student activism (Fees Must Fall)	<ul style="list-style-type: none"> ■ Despite our investment of more than R400m towards basic- and tertiary-education programmes for students and learners from all social backgrounds since 2010, the movement demonstrates more needs to be done. We have set up a dedicated steering committee to see how Nedbank can further leverage its resources and support the Ministerial Committee to address the critical issue.
Climate change and the fossil fuel divestment campaign	<ul style="list-style-type: none"> ■ This issue remains front of mind for stakeholders particularly because of the ratified Paris agreement. Nedbank has not made any public commitments to the divestment campaign, but we are cognisant of our role in facilitating the decarbonisation of the economy and enabling renewable-energy scaleup. We will be guided by the SDGs in this regard in the long term, while in the short term we have started to reduce finance available for fossil fuels.
Captive breeding of lions	<ul style="list-style-type: none"> ■ During 2015 captive breeding for hunting purposes had been headline news and the attention intensified during 2016. Despite a few stakeholders disagreeing with our decision not to finance any activity constituting captive breeding of mammalian predator species for hunting or the exotic pet trade, our decision remains firmly in place.
Drought	<ul style="list-style-type: none"> ■ In 2016 Nedbank donated R1,25m towards various drought relief and water provision initiatives. Our donations contributed to the installation of 17 boreholes, three water storage tanks and 20 JoJo tanks. We have also provided 200 tonnes of animal feed aid and humanitarian assistance in the form of food and hygiene aid, as well as thousands of litres of bottled water through a staff collection campaign. This work augmented the debt restructuring and provision of an additional R100m of working capital that was provided to assisted clients in the agricultural sector weather the effects of the drought.
Child trafficking	<ul style="list-style-type: none"> ■ Responsibility to Eliminate the Sale of Children (CRES) are calling on companies to put an end to the sexual exploitation of children in SA. The initiative focuses on mobilising the private sector, especially banks, that have the capacity to permanently disrupt this crime by stopping payments being made that support or are associated with child trafficking. A working group was formed to further address this issue. Members include the SA Police, the Financial Intelligence Centre, Interpol, Child Welfare and representatives from financial institutions. ■ In support of the above the Nedbank Children's Rights Pledge was launched at the Building Partnerships for the Protection of Children Conference in November 2016.



Government

Primarily SA government, but also those of other countries within which we operate.

WHY WE ENGAGE WITH GOVERNMENT

- To cement our social licence to operate with society, with government being one of the key stakeholders.
- To build and strengthen relationships with government, both as a partner in the development of the country and as a key client.
- To provide input into legislative development processes that will affect the economy and our activities and operations.
- To reaffirm our commitment to public sector business development.
- To participate visibly in, and be a partner to, the transformation of SA and the financial sector.
- To partner in increasing economic growth and reducing inequality and unemployment.

WHY GOVERNMENT ENGAGES WITH US

- Nedbank Group is a key roleplayer in the economic, social and environmental transformation of the country.

FREQUENCY OF ENGAGEMENT

- Monthly, or as deemed necessary by either party.

HOT TOPICS	Our response/Resulting developments
Corporate responsibility in building an engaged society	<ul style="list-style-type: none"> ■ Nedbank Chairman, Vassi Naidoo, hosted over a hundred private sector and senior government leaders for a dinner and dialogue at which the topic 'Corporate Responsibility to drive an engaged society' was discussed. Some commitments were made to drive an engaged society by the leaders who were in the room. This was in response to a government call for cooperation between the private and public sectors to try to build a proper engaged society in SA.
Possibility of a sovereign downgrade and increasing levels of inclusive growth	<ul style="list-style-type: none"> ■ Nedbank was part of the leadership of captains of industry who worked together with government and labour organisations to avert a downgrade by the rating agencies in June and December 2016. The Nedbank Chairman and CEO, along with a number of senior executives of the bank, participated in numerous work streams trying to avert a possible downgrade of SA and to increase the levels of inclusive growth. This continued to show the mettle of Nedbank as a good corporate citizen.
Partnering with government to meet their banking needs	<ul style="list-style-type: none"> ■ We are fully committed to partnering with government and providing innovative solutions for its financing requirements as well as worldclass service. The dedicated focus has seen us winning of a number of new public sector clients, including Matatiele Municipality, Namakwa District Municipality, Elias Motsoaledi Municipality, Knysna Local Municipality, Mossel Bay Municipality, Ekurhuleni Metro Municipality, Midvaal Local Municipality and the Department of Public Works. ■ Nedbank made a R2m grant to the Public Affairs Research Institute to assist them in their work with government in supporting improvements in procurement processes.

Specific engagements in 2016

- The Nedbank Chairman's dialogue. The dialogues in 2015 focused on social licence to operate, whereas this year's dialogue focused on active corporate citizenship to achieve inclusive growth. Attendees included two government ministers and more than 100 senior business leaders. Nedbank has been and continues to be committed to building an equal prosperous SA society. We will continue to engage with government as well as other stakeholders to lend support to the call to all South Africans to commit to radical economic transformation.
- The National Budget Competition and the Human Settlements and Home Affairs Departments' budget votes.
- Participation on various platforms with government.
- Various engagements with national and provincial departments of Home Affairs, Women, Children and People with Disabilities, Land Affairs, Education, Human Settlements and Health, and the Premier's Office of Gauteng, Eastern Cape and Mpumalanga.
- Engagements with the ministers of Small Business Development, National Treasury, and Trade and Industry about economic matters that affect Nedbank as a business and ways in which we can be of assistance to SMEs and the economy of SA.

'What we require is the most imaginative, boldest, progressive, enlightened and transformative among us to map out a different kind of future.'

*Minister Pravin Gordhan:
SA Finance Minister.*

'Country risk is the most important – more so than economic, industry or even business risk. Yet, the behaviour of our leaders, business and political, sometimes does not reflect this.'

*Mncane Mthunzi: President of
the Black Management Forum*

'The work that chief executives are doing points to engaged corporate citizenship. It is important to understand that our stakeholders – employees, suppliers, customers, government and shareholders – are all bringing certain elements to the enterprise.'

*Jabu Mabuza: Chair Business
Leadership SA.*



Media

Global media across all mediums including social, print, radio and TV.

WHY WE ENGAGE WITH THE MEDIA

- To leverage the reach and influence of media channels to share our business and citizenship story with stakeholders.
- To communicate with relevant stakeholders and the broader public with a view to having a positive influence on behaviour that will lead to desired business results.
- To protect and manage our reputation.

WHY THE MEDIA ENGAGES WITH US

- To educate and inform their audiences on developments in the financial services sector and Nedbank Group specifically.
- To be informed about our contribution to the SA economy and our products and services.
- To empower their audiences with appropriate information to make informed financial decisions.

FREQUENCY OF ENGAGEMENT

We take both a proactive and a reactive approach to media relations by means of:

- Daily interactions in response to business-related media enquiries.
- Regular interactions to share information and respond to media requests for commentary about our business.
- Ad hoc engagements in response to our various business and sustainability initiatives.
- Proactive, scheduled engagements to build vibrant, mutually beneficial media relationships.

HOT TOPICS	Our response/Resulting developments
Banking industry – termination of banking relationships	<ul style="list-style-type: none"> ■ Following the furore about a number of SA banks terminating their relationship with Oakbay Investments, Nedbank issued a statement on the terminating of its relationship with a client, stressing that a banking relationship is based on a contract and may be terminated for various reasons as set out in the underlying contracts and/or by giving reasonable notice.
Top Companies Reputation Index	<ul style="list-style-type: none"> ■ Reputation is the single most significant measure of a company's intangible assets, calibrated across the broadest range of performance dimensions and attributes. The Top Companies Reputation Index (TCRI) is the foremost measure of corporate reputation in SA, in 2016 covering a sample of 2 718 national and over 181 top SA businesses. 2016 was the first year in which Nedbank was in the country's top 10 on the index.
New NCA regulations interest caps	<ul style="list-style-type: none"> ■ Ongoing engagement with media confirming that Nedbank adjusted its pricing in accordance with the new NCA regulations promulgated by the dti. ■ As a responsible financial services provider, Nedbank upholds sound risk management in accordance with the Code of Banking Practice; while delivering distinctive client experiences and great-value banking based on simplicity, transparency and affordability.
Competition Tribunal for prosecution for alleged price fixing and market manipulation in the trading of foreign currency pairs involving the rand since 2007.	<ul style="list-style-type: none"> ■ As mentioned on page 55 when outlining engagement with our regulators, Nedbank was not mentioned in the recommended prosecution. Nedbank believes the legal process is to run its course. It is Nedbank policy to cooperate with investigations conducted by our regulators.



Industry bodies

Industry bodies include Business Unity SA, BASA, the National Business Initiative (NBI), Business Leadership South Africa (BLSA) and various United Nations working groups.

WHY WE ENGAGE WITH BUSINESS AND INDUSTRY BODIES

- To continue learning through interaction with the industry and cross-sectoral organisations.
- To use business associations as a forum through which we can promote our viewpoints and collaborate on key industry issues.

WHY BUSINESS AND INDUSTRY BODIES ENGAGE WITH US

- To deliver mutually beneficial learning.
- To influence and/or promote common agendas.

FREQUENCY OF ENGAGEMENT

- As required by association or membership agreements.

Specific engagements in 2016

- Monthly meetings with various industry bodies and attendance at relevant annual general meetings.
- Interactions with the NBI, engagements with the Energy Efficiency Leadership Network (EELN), being part of the Advisory Committee on Environment and Society (ACES), and participating in the Carbon Disclosure Project (CDP), the Greenhouse Gas Accounting Programme and NBS (SA).
- Interaction with BASA as a prominent participant in the deliberations regarding the alignment of the FSC with the Revised Codes of Good Practice 2013 and as an active member of the Sustainable Finance Committee.
- Interactions with various research institutions, ie the Sustainability Institute University of Cape Town and University of South Africa (UNISA).
- Engagement with renewable-energy associations and suppliers to best understand how to support the industry and possible accreditation of suppliers to start to regulate the industry.

HOT TOPICS	Our response/Resulting developments
Role of leadership in embedding corporate sustainability	<ul style="list-style-type: none"> ■ Nedbank is a member of NBS (SA). In 2016 the issue of leadership and strategically embedding sustainability were paramount. In particular, accessible tools for change agents to gain a better understanding and to support senior leaders in the strategic embedding of sustainability were piloted and the need to redesign business models with an emphasis on social and environmental issues was extensively debated.
Positive impact finance	<ul style="list-style-type: none"> ■ The greater part of the necessary financing of the 17 SDGs will have to come from private finance and, to date, the amount of private finance mobilised remains in marked contrast to the scale of the needs. Nedbank therefore continues to serve as a member of UNEP FI's Positive Impact Working Group focused on the financing paradigm needed, which enables financiers, investors and other providers of capital to gain a holistic understanding of the impact of the funds they make available. The group has developed Principles for Positive Impact Finance. In the fourth quarter of the year the focus was on creating awareness of and encouraging engagement with the principles among banks and investors and on the official launch of the principles in January 2017. The focus for 2017 will be on implementation support, the development of KPIs and thresholds for certification and assessment.
Implementation of Equator Principles III	<ul style="list-style-type: none"> ■ While the requirements of Equator Principles III are still relatively new, its implementation has already matured in Investment Banking and Client Coverage. We are now embedding Equator Principles III within other areas of the bank using a risk-based materiality approach.
Climate change	<ul style="list-style-type: none"> ■ We continue to participate in relevant forums aimed at implementing the requirements of the Paris Agreement. We concluded an extensive staff awareness programme on climate change. Our lending book has tilted further towards the support of renewable energies rather than fossil-fuel-based energy, although we acknowledge that this will need to speed up if we are to help the country meet its carbon target
Financial sector code and challenges of the new BBBEE legislation and FSC	<ul style="list-style-type: none"> ■ Although Nedbank has achieved industry leadership according to the FSC, it is also aware that stricter legislation will lead to an industry rebasing with lower BBBEE levels projected going forward. The gazetting of the Draft Amended FSC is imminent and Nedbank is committed to focus on the strategic objectives that it has set and drive towards the targets that will facilitate sustainable transformation. In addition, after the gazetting of the FSC, Nedbank will participate in drafting the technical assistance guidelines at the Financial Sector Charter Council (FSCC) through its representation at BASA.



Suppliers

We have 6 819 active suppliers. The majority of our spend is on professional fees and insurance, computer processing, travel and accommodation and marketing.

WHY WE ENGAGE WITH SUPPLIERS

- To obtain products or services required for conducting our business.
- To maintain an ideal and timeous supply of goods and services for our operations.
- To encourage responsible practices across our supply chain, bearing in mind BBBEE, local procurement, supplier conduct and environmental considerations.
- To include critical suppliers in cross-functional teams in order to contribute expertise and advice before specifications are developed for products or services.

WHY SUPPLIERS ENGAGE WITH US

- To provide products and services.
- To negotiate pricing and contracts.
- To promote new products and service offerings.
- To respond to tenders.
- To seek input and guidance on their sustainability journeys.

FREQUENCY OF ENGAGEMENT

- Ongoing, and as required.

Specific engagements in 2016

- Ongoing interaction with suppliers and contractors for procurement purposes.
- Supplier education workshops, indabas, workshops, roadshows, etc.
- One-on-one negotiations and meetings.
- Changes to the BBBEE Codes of Good Practice.
- Changes to trading arrangements in terms of our procurement systems, ERP.

HOT TOPICS	Our response/Resulting developments
Corruption	<ul style="list-style-type: none"> ■ We continued to conduct investigations into possible criminal supplier practices such as 'fronting'. These matters are referred to Group Financial Crime and Forensic Services.
FSC	<ul style="list-style-type: none"> ■ New BBBEE legislation will bring new opportunities for black-owned, black-woman-owned businesses and SMMEs to become suppliers for companies such as ourselves.
Prompt payment	<ul style="list-style-type: none"> ■ The implementation of our ERP systems did cause some delays in 2015 but 2016 saw us starting to reap the many benefits of the new systems, including prompt and seamless payment of our approved suppliers.