

MAKE
THINGS
HAPPEN



NEDBANK
GROUP

SUPPLEMENTARY REPORT
TO THE NEDBANK GROUP INTEGRATED REPORT

2015 SUSTAINABILITY REVIEW

for the year ended 31 December 2015

NEDBANK GROUP SUSTAINABILITY REVIEW

Winning in 2020 requires that we do things differently in order to build an enduring competitive advantage. Our strong legacy position as SA's green and caring bank means we are uniquely placed to develop a differentiated commercial offering that shapes our country's macro environment and delivers a better future for all. Only by aligning what's good for SA, good for our clients and good for Nedbank, can we make significant strides towards realising our vision to be Africa's most admired bank.

- Mike Brown Chief Executive: Nedbank Group

OUR CONTEXT

Building resilience for a better future

page 3



CONTENTS

OUR RELATIONSHIPS

Stakeholder engagement page 48
Ratings and recognition page 62
Contacts OBC

OUR APPROACH AND ACTIVITIES

Sustainability governance	page 5
Committed to responsible finance	page 7
Delivery in 2015	page 11
Our approach	page 13
▣ Enabling sustainability through our products and services	page 13
▣ Leading through collaboration and partnership	page 19
▣ Managing and optimising our own impact	page 28

ABOUT THIS 2015 SUSTAINABILITY REVIEW

This Sustainability Review offers detailed information and insights concerning Nedbank Group's integrated sustainability efforts and commitments. It also provides insight into what sustainability means to our group and how we are leveraging our sustainability commitment to deliver value in our activities and relationships.

It is not intended to be a separate sustainability report, but rather supplements the information contained in our 2015 Nedbank Group Integrated Report.

As such, this review should be read in conjunction with the integrated report as well as the other supplementary documents that contain additional information on risk management, governance, ethics, transformation, and more.

In addition we have had our non-financial key performance indicators (KPIs) externally assured and we have used the Global Reporting Initiative (GRI) G4 guidelines to inform our suite of 2015 reports. Assured KPIs are marked with a (✓) throughout the review.

All of these are available for download in electronic format at nedbank.co.za/aboutus/integrated-report.

3

OUR **CONTEXT**



OUR CONTEXT



BUILDING RESILIENCE FOR A BETTER FUTURE

Numerous projections indicate that by 2030 the world will need about 50% more food, 45% more energy and 30% more water to meet rising consumption demands of a growing middle class within an increasing global population. This at a time when the limitations of the planet's natural resources are already being felt by many across the world.

The year 2015 saw some of the warmest winters and summers worldwide causing devastating floods in some places and record-breaking droughts in others. This, along with energy constraints and collapsing resource prices, impeded economic growth and further hampered the ability of many governments to deliver on the needs of their constituents, resulting in increasing social unrest.

In September 2015, against this challenging backdrop, leaders from almost 200 countries around the world committed to 17 Global Goals*. Over the next 15 years, the goals aim to end extreme poverty, fight inequality and injustice, and address climate change. Bolstered by the Paris Agreement on climate change, there is now unprecedented international resolve to reconfigure the global economic system - and the energy system that drives it - to address urgent human development needs without breaching crucial biophysical limits.

These significant global actions should give increased momentum to our ability to deliver on the eight Long-term Goals adopted by Nedbank Group in 2012. The goals are premised on the understanding that the bank cannot be successful in the long term if society is failing, so we must be deliberate in making strategic business decisions that contribute to society's success. Thus the Long-term Goals define what a successful SA would look like by 2030 and then in principle they should guide our overall strategy to build a successful business that delivers on this. They define what we should do more of - and what we should do less of - using our lending for the good of our clients and society.

While the challenging year underscored why such a strategic direction is both necessary for our group and relevant to our stakeholders, paradoxically in 2015 we have found that these events have simultaneously made it more difficult for us to do things differently to deliver on the Long-term Goals. The reaction by business to tough economic conditions is often to be more cautious and to focus on efficiency in established markets rather than seeking opportunities in new ones.

In 2016 we will endeavour to achieve the right balance between responding to

short-term pressures and delivering against the longer-term imperatives. To do this we will need the assistance and understanding of our stakeholders as we attempt to embed strong sustainability principles into our strategy and day-to-day business decisions.

We remain convinced that this commitment will result in a more resilient bank that delivers value to our shareholders and other stakeholders.

Long-term Goals



Atmospheric greenhouse gases are stabilised at a level that gives a more-than-50% probability of avoiding a 2° C temperature rise above the long-term preindustrial average.



Water resources are not being extracted beyond sustainable levels.



The **labour force** is employed at percentages comparable with those of other prosperous nations.



All citizens have affordable access to **energy services** essential for development and prosperity.



All citizens have affordable access to **clean water** and sanitation services.



Levels of **saving and investment** are sufficient to support national economic development objectives.



Good **health** outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.



Good **educational** outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.

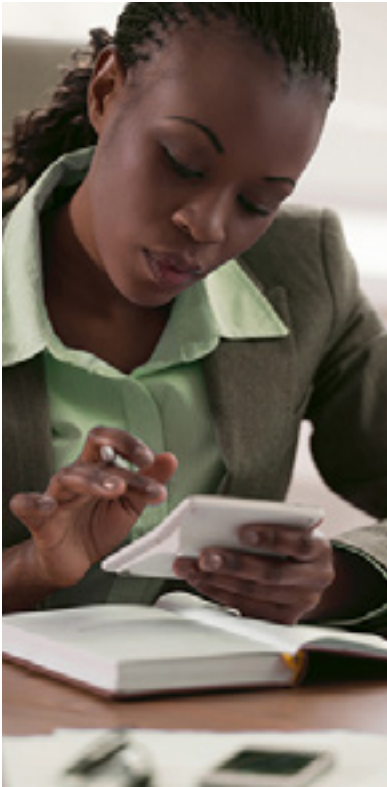
* The Long-term Goals align well with the Global Goals. To read more on this please visit https://www.nedbank.co.za/content/dam/nedbank/site-assets/AboutUs/About%20Nedbank%20Group/Group%20Strategy/Fairshare%202030/long_term_goals/Nedbank_aligns_with_New_Global_Goals.pdf



5

OUR
APPROACH
AND
ACTIVITIES

OUR APPROACH AND ACTIVITIES



SUSTAINABILITY GOVERNANCE

The senior governance bodies within our group are responsible for ensuring that sustainability has the priority it deserves across all areas of our business. The Group Transformation, Social and Ethics Committee (GTSEC) is a board committee of the Nedbank Group board. It is ultimately responsible for monitoring and refining all sustainability policies and ensuring that these are fully integrated across all businesses, plans and activities.

This robust, topdown sustainability governance structure ensures compliance with all necessary regulations as well as voluntary policy commitments, and aims to help identify new business opportunities focused on positive impact. The governance structures also serve to enable knowledge sharing and awareness creation.

Reporting to GTSEC is the Group Sustainability Committee (GSC), which is chaired by a Group Executive (the Chief Governance and Compliance Officer) and includes senior-management-level representatives from various areas of our organisation. This, in turn, is supported by a dedicated sustainability team and various cluster sustainability forums.

The primary focus of the GSC is to make sure that the entire business remains aware of the sustainability implications of any decisions and actions taken. To this end the GSC communicates extensively with Nedbank staffmembers to raise sustainability awareness and promote a groupwide culture of sustainability.

The sustainability governance process on the adjacent page provides an overview of our main sustainability governance structures, risks and opportunities, and shows how these align with our material matters.

Sustainability risk

Our management approach draws from industry best practice, including:

- the Code for Responsible Investing in South Africa (CRISA);
- the Equator Principles (signatory);
- the International Finance Corporation (IFC) Performance Standards;
- the United Nations Global Compact (signatory);
- the United Nations Global Compact's CEO Water Mandate; and
- the Principles for Responsible Investment (through our parent company, Old Mutual plc).

Our representation

As an additional means to assess, review and enhance our sustainability approach, we have chosen to serve as members on a number of industry bodies. These include the following:

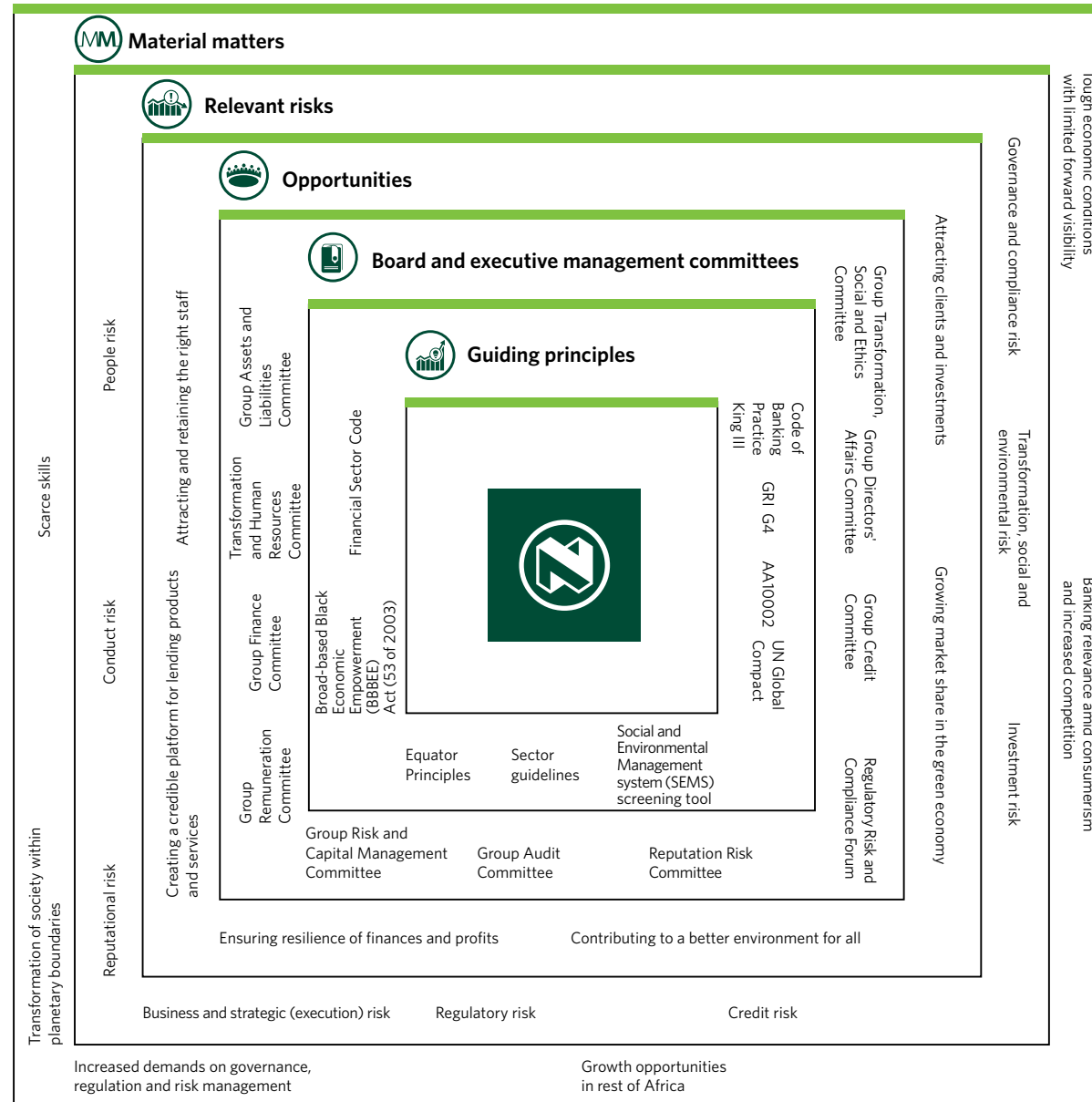
- Various United Nations Environment Programme Finance Initiatives (UNEP FI) working groups, including the African Task Force and the Positive Impact, Natural Capital Declaration and Social Working Groups.
- National Business Initiative Advisory Committee on Climate Change.
- The Banking Association South Africa: Sustainable Finance Committee.
- Association of Ethics Officers in Africa.
- National Biodiversity and Business Network.
- Network for Business Sustainability SA.
- United Nations Global Compact Advisory Committee.

SUSTAINABILITY GOVERNANCE PROCESS

Enabling sustainability through our products and services

Leading through collaboration and partnership

Managing and optimising our own impact



Value creation for stakeholders

You may be interested in:

2015 Pillar 3 Risk and Capital Management Report online

Integrated Report: Material Matters 18-26

COMMITTED TO RESPONSIBLE FINANCE

Managing social and environmental risk

Our most significant social and environmental impacts, both positive and negative, are indirect and relate primarily to the activities that we enable through our lending and investments. These include responsible funding of renewable energy, property development and infrastructure projects, as well as high-impact industries including non-renewable energy generation, mining, oil and gas, waste management and manufacturing. We take a partnership approach to these investments, working closely with our clients to maximise benefits and minimise the impacts of their activities.

Our Social and Environmental Management System

Our Social and Environmental Management System (SEMS) is key to our commitment to improving sustainability in collaboration with our clients and other stakeholders. SEMS details the policies, procedures, resources and workflow needed to identify and assess the environmental and social impacts of our lending activities.

Our SEMS assessment tool helps us and our clients to measure their alignment with accepted environmental and social standards as well as their legal compliance, and addresses any challenges or shortcomings that might otherwise have hindered their business progress or placed our business at undue risk.

All new applications and credit risk reviews in Nedbank Corporate and Investment Banking (CIB) included the screening of high-risk clients and economic profit (EP) relevant deals through the SEMS during the 2015 financial year¹. Where relevant, certain deals were also assessed using the Equator Principles. More than 512 clients and/or deals were assessed in 2015 compared with the 450 in 2014.

All of the assessment criteria are linked to the relevant Equator Principles and IFC Performance Standards. This ensures that transactions are socially and environmentally sound when tested against international benchmarks.

The SEMS assessment tool is also supported by our internal sustainability experts, environmental specialists and lawyers, who offer their skills in identifying the environmental and social risks, requirements and opportunities facing our clients' businesses or projects.

The application of these sustainability risk assessments was externally assured for the second consecutive year.

Applying the Equator Principles

As one of the leading providers of project finance in SA, Nedbank reviews all potential project finance transactions for environmental and social compliance with the Equator Principles, IFC Performance Standards and legislation. The business has adopted an integrated and risk-based approach to managing environmental and social risk within its various products. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project financing.

Our application of the Equator Principles, since 2005, has ensured greater consistency in our application of environmental and social risk management within our project finance business. Other benefits have arguably included improved

client engagement on these issues, as well as enhanced protection for project-impacted ecosystems and communities. With the further adoption of the Equator Principles III in the Corporate and Property Finance business areas, we expect to reap similar benefits.

The risk categories of the Equator Principles are broadly defined as follows:

- Category A: High Risk – projects with potentially significant adverse social and/or environmental impacts that are diverse, irreversible and/or unprecedented.
- Category B: Medium Risk – projects with potentially limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- Category C: Low Risk – projects with minimal or no social and/or environmental impacts.

In accordance with Rule 6(f) of the Equator Principles Association Governance Rules, signatories are required to submit 'Data and Implementation Reporting' and 'Project Name for Project Finance' data annually.

The recorded transactions have been measured in accordance with the requirements of the Equator Principles III, which was officially adopted on 4 June 2013. This report includes external limited assurance over Equator Principles projects that reached financial close and had their first drawdown within the 2015 financial year.



Data and implementation reporting

A total of nine Equator Principles projects were assessed for the financial year, of which seven projects reached financial close and had their first drawdown. Two projects remain undrawn. The projects were identified and assessed by applying eight IFC performance standards in accordance with the bank's adopted methodology and Equator Principles one to 10 (as appropriate to the category). The increase in deals from four in the previous financial year to nine in this financial year, may be attributed most significantly to Nedbank's participation in government's Renewable Energy Independent Power Producer Procurement (REIPPP) Programme, relative delays in projects' reaching financial close, and greater focus on new opportunities within Africa.

2015 Equator Principles deals	2015	2014	2013	2012	2011
Total number of deals - first drawdown	7	4	15	15	2
Category A	2	1	-	6	1
Category B	4	2	14	9	1
Category C	1	1	1	-	-
Total value of deals (US\$m)	589	319	965	938	172

Project finance data for 2015

By sector	Category A	Category B	Category C
Mining	2		
Infrastructure			1
Oil and gas			
Power		4	
Other			

By region	Category A	Category B	Category C
Americas			
Europe, Middle East and Africa	2	4	1
Asia and Oceania			

By country designation	Category A	Category B	Category C
Designated	1		
Non-designated	1	4	1

Independent review	Category A	Category B	Category C
Yes	2	4	
No	1		

Project-related corporate loans

For the January to December 2015 period, the total number of project-related corporate loans that reached financial close was one*. The deal was categorised as A and fell within the African region (non-designated country). The deal was not subject to independent review, but was subject to internal specialist review and fell within the infrastructure sector.

Project finance advisory services

The total number of project finance advisory services mandated from January to December 2015 was zero.

Project name disclosure

Closed project finance transactions in the 2015 financial year screened for Equator Principles compliance:

Project name	Country location	Sector
Karoshhoek Solar One (RF) (Pty) Ltd	Africa	Energy
Xina Solar One (RF) (Pty) Ltd	Africa	Energy
Mulilo Sonnedix Prieska PV (RF) (Pty) Ltd	Africa	Energy
Mulilo Prieska (Pty) Ltd	Africa	Energy
Gahcho Kué Diamond Project	Canada	Mining
GEM Diamonds Botswana - Ghaghoo Project	Africa	Mining

* Nedbank has not received client consent to disclose the project name for the project-related corporate loan.



Implementing the principles for responsible investment

Nedbank Wealth undertakes the majority of Nedbank Group's investments and conducts most of our asset management business. The sustainability imperative is fundamentally changing the competitive landscape for these two sectors. As such, we believe that incorporating environmental, social and governance (ESG) factors into investment and ownership decisions will support our pursuit of superior risk-adjusted returns for our clients.

In 2015 we continued building on the progress made previously in terms of integrating ESG factors into our investment and ownership practices. While comprehensive integration of such is an ongoing journey, we estimate that ESG criteria are considered in over 95% of our assets under management. Engagement with our external fund managers in this regard continues, with pleasing progress to date.

Nedgroup Investments identified the formal tracking of manager votes as a key focus area for 2015/16. The results of this tracking are published on the Nedgroup Investments website.

Nedgroup Investments' responsible investment (RI) guidelines, proxy voting policy and conflict-of-interest policies are published on the Nedgroup Investments website and guide the fund managers in terms of the appropriate RI approach.

Nedgroup Investments continues to develop and evolve its annual RI survey for its fund managers to assess their adoption of and continuous commitment to the principles of RI.

The active management team of **Nedbank Private Wealth** (NPW) has made considerable progress in its RI approach. The business has made public its proxy voting guidelines, as well as the proxy vote records of all stocks covered and voted for by the active management team, which is 100% of its listed equity. Active engagement with investee companies is also an integral part of the team's investment process.

While the integration of governance factors into the NPW process has always been a strong feature, the team continues to work towards improving its overall research and investment processes to enhance the integration of social and environmental factors.

In 2016 ongoing training will be incorporated into Nedbank Group's overall RI approach to ensure the various teams involved in applying RI do so from a strong knowledge base, with a shared vision, and follow global best practices.



Approach to lending in our retail bank

To manage the risk associated with our retail lending business, without compromising the ability of our qualifying clients to access the credit they need, our retail credit policies and scorecards allow for a fair, comprehensive and robust credit assessment in compliance with the standards set by both the South African Reserve Bank (SARB) and the National Credit Regulator (NCR). According to the NCR, just less than half of SA's credit-active consumers have impaired credit records and this level has remained consistently high for the past three years. We therefore facilitate a fair and sustainable client rehabilitation strategy, the positive impact of which is evidenced by the fact that in the past five years, and against a backdrop of global financial turmoil, we have helped more than 25 000 of our clients experiencing financial challenges to keep their homes. This includes a total of 2 500 Nedbank Retail clients who were assisted in avoiding home repossession in 2015.

Our success in the retail lending space is largely a result of our robust governance systems and commitment to ensuring portfolio quality. Our credit governance committees are chaired by experienced risk managers who are independent of the respective business units. Portfolio quality is closely monitored and managed

prudently, lending standards are appropriately set and carefully adhered to, and collections action is timely and effective. Nedbank Retail also reviews its credit policies and processes twice a year, with any tactical changes made regularly, depending on the prevailing credit conditions. Modelling standards are regularly improved, which delivers a steady increase in the availability of good data. The Nedbank Retail business is currently in the process of developing an information technology (IT) infrastructure road map for core components of the credit life cycle, which will see investments made in valuable new decisionmaking technology.

Nedbank Retail is an active participant in all industry discussions and interacts closely with regulators and other market participants to improve lending practices in the SA market.

The 2015 financial year was a busy period for the SA regulators, with much of the industry focus being on new legislation and the accompanying regulations such as:

- The National Credit Amendment Act, which introduced, among other requirements, expense floors, credit cost multiples and income verification. Nedbank Retail has successfully implemented a programme to ensure adherence to the provisions of this act.

- Interest rate pricing regulation, which, when becoming effective in May 2016, will have the greatest impact on the unsecured loan market as a result of a lowered maximum loan interest rate.
- Credit insurance regulations introduced in November 2015 propose a cap of R4,50 per R1 000. In 2013 we took a leadership position in proactively launching a differentiated credit life proposition, which offers a sustainable insurance solution to the entry-level market and provides top-quartile and differentiated benefits at highly competitive rates. Nedbank continues to participate in discussions with the regulator and the industry on the impact of the proposed new insurance caps.

You may be interested in:

Enabling sustainability through our products and services
13-18

We acknowledge that we still have a long way to go in balancing the short-, medium-, and long-term needs of our stakeholders. While creating value like this is not an easy task, some highlights include:

70%

Staff engagement score



99,94%

System uptime

DELIVERY IN 2015



OUR STAFFMEMBERS

R370m

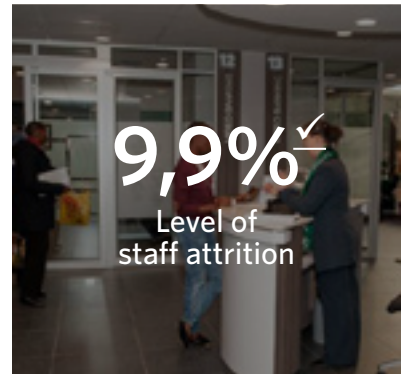
Invested in staff training



OUR CLIENTS

▲ 8,5%

Main banked clients



Level 2 ✓

BBBEE rating maintained

2,7m ✓

Main banked clients

You may be interested in:

Stakeholder engagement
47-62

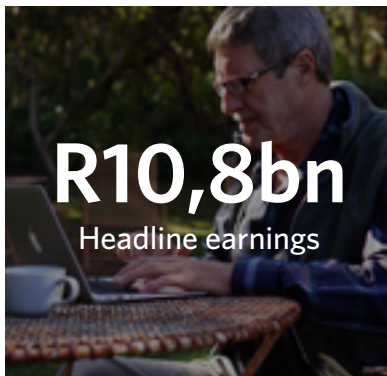
Integrated Report:
Delivering value to our stakeholders
54-71



THE INVESTMENT
COMMUNITY

17,0%

Return on equity
(excl goodwill)



R10,8bn

Headline earnings

▲7,7%

Full-year dividend
per share

R8,2bn

Estimated value created
(through our
SA BBEE scheme)

▼77bps

Credit loss ratio



REGULATORS

Responsible product and
information labelling,
compliant with relevant
legislation



FATCA

Implemented
(Foreign Account Tax
Compliance Act)

R10,7bn

Procurement spend

Sustainable lending
compliant with regulator
requirements



COMMUNITIES

R4,3bn

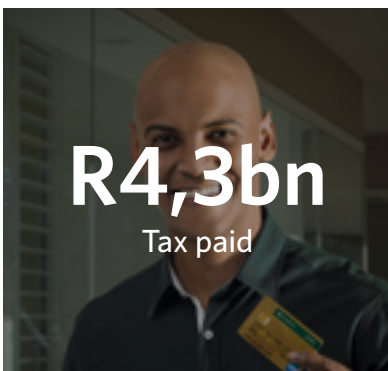
Tax paid

R5,9bn

Invested in
empowerment financing

R136m

Total CSI spend



OUR APPROACH

ENABLING SUSTAINABILITY THROUGH OUR PRODUCTS AND SERVICES

Responsible banking is a cornerstone of our sustainability commitment. As such, we strive to design and deliver products and services that enable our clients to achieve the outcomes and objectives they desire, while at the same time respecting environmental limits and helping to meet societal needs.

FAIR SHARE 2030

Fair Share 2030 represents Nedbank's strategy to get money working for the future we want. It provides an annual flow of funding - starting with a target of R6bn in 2015 - to be channelled through new products, services and projects that aim to deliver positive financial and non-financial impact to contribute towards meeting the Long-term Goals.

The outcomes of this lending should be 'additional' - in terms of quality, quantity and timing - to what would otherwise have happened in the absence of Fair Share 2030. Additionality is essential to ensure that we actively contribute to closing the gap to the future we want.



Issues such as loadshedding, record-breaking weather events, the commodities downturn and social uprising have underscored why we should be lending into new areas to address socioeconomic and environmental challenges. However, they have simultaneously made it more difficult for us to innovate and lend into new markets as the current business climate is so uncertain.

As a consequence, in 2015 we managed only R1,8bn of new lending, enabled by the Fair Share 2030 strategy. This was in support of green affordable housing, the Nedbank Insurance Green Property Plan, student accommodation and embedded energy financing, particularly for farmers. We learned much during the year about what it will take to develop differentiated products and services that will unlock new sources of value.

We remain convinced that Fair Share 2030 is the right business strategy for Nedbank to differentiate our business products and services by shaping a thriving macro environment for the better. This strategy aligns with the Paris Agreement reached at COP21, which has signalled a rewiring of the global economy over the next couple of decades.

In addressing the bank's Long-term Goals, we are planning to reshape the carbon and water intensity of our lending book over time. We are still in the process of developing the appropriate tools and processes. With regard to carbon, our strategy will be guided by the United Nations Framework Convention on Climate Change (UNFCCC) objective and the aforementioned Paris Agreement, with the ultimate objective of keeping the average global surface temperature rise below 2° C versus the preindustrial era, guided by the latest science and mindful of the developmental context of SA.

We are continuing with our strategy of supporting the diversification of Africa's electricity supply. Currently 0,66% of total group commitments is related to the funding of coal- and fossil-fuel-based energy generation (including our direct facilities to Eskom) while 2,25% of total group commitments is related to renewable-energy generation.



You may be interested in:

Renewable-energy finance
15

FAIR SHARE 2030 IN ACTION



CASE IN POINT

INVESTING TO ADDRESS THE STUDENT HOUSING SHORTAGE

Long-term Goal

Good educational outcomes are consistently being achieved.

Deal description

Proactive investment to meet the critical shortage of student housing in SA.

Less than a fifth of the country's approximately 580 000 tertiary-level students have access to quality accommodation within easy reach of our major universities and this impacts the student's time and ability to study, which in turn impacts academic results. Government estimates that it will cost about R147bn over the next 15 years to adequately address this student housing shortage.

As part of its commitment to helping deliver quality education outcomes for all, Nedbank's Property Finance Division partnered with a number of developers to focus on developing innovative solutions to the student housing shortage, including a set of lending criteria unique to this distinctive asset class. In 2015 loans amounting to more than R1,3bn were approved for student accommodation developments across the country at major universities.



Long-term Goal



You may be interested in:

Focus on Education
20



CASE IN POINT

ENABLING SA FARMERS TO MOVE TO SOLAR

Long-term Goals

- Atmospheric greenhouse gases are stabilised.
- Affordable access to modern energy services.
- Cobenefit: improved food security.

Deal description

Nedbank's financing offer to help farmers implement renewable-energy projects in their agribusinesses.

Escalating electricity costs and ongoing energy insecurity are making sustainable farming practices very difficult for SA farmers. As part of its ongoing partnership with, and support of, SA farmers, Nedbank introduced a commercial renewable-energy finance solution.

The 2015 offering included free energy audits and longer-than-usual payback periods. For some clients a 7% rebate from the French Development Agency was also secured. Farmers also receive the support of Nedbank Business Banking's teams of regional agricultural specialists.

The offering has been very well received by Nedbank agricients across SA and is proving effective in empowering farmers to green their operations, reduce the impact of annual energy increases and achieve some independence from the national grid.



Long-term Goals




CASE IN POINT

NEDBANK HELPS TURN AFFORDABLE HOUSING GREEN

Long-term Goals

- Atmospheric greenhouse gases are stabilised.
- All citizens have affordable access to energy services.

Deal description

Funds made available to enable affordable energy- and water-efficient housing units.

A pioneering affordable-housing agreement between Nedbank and the Green Fund, which is managed by the Development Bank of Southern Africa (DBSA), delivered R120m funding for 400 affordable energy- and water-efficient housing units in the Western Cape and Gauteng during 2016.

Green affordable housing integrates social and environmental sustainability imperatives, providing access to better-quality housing units with lower running costs for lower- to middle-income groups. In addition to delivering benefits to 400 new homeowners, the project will stimulate local industries and create jobs.

Lower ownership costs make green homes particularly attractive to the affordable-housing segment. It is expected that a family of four living in one of the new two-bedroom units could save as much as R350 to R450 per month, compared with the running costs of an older conventional home with no energy efficiency features. The reason is that the new units will comply with the latest international voluntary efficiency standards for energy and water, represented by the Excellence in Design for Greater Efficiencies (EDGE) standard.

Despite the savings on utilities, homeowners are not yet willing to pay a premium for these homes, so the slighter higher development cost needs to be subsidised. This is what this intervention does, with the goal of getting the market to value such green homes appropriately.

Long-term Goals



SUSTAINABLE PRODUCTS, SOLUTIONS AND INVESTMENTS

Renewable-energy finance

Given the country's energy challenges, the development of a viable and efficient renewable-energy sector is a fundamental cornerstone of a green economy. In recognition of this fact, we fully support government's REIPPP Programme, which forms an integral part of its Integrated Resource Plan (IRP) 2010.

The REIPPP Programme aims to drive a significant increase in the proportion of the country's energy needs that are met through independent, renewable-energy sources. Not only is this vital in terms of securing SA's energy supply, but the development of a vibrant renewable-energy industry also brings with it significant employment creation opportunities.

Since the inception of the REIPPP Programme, Nedbank Capital, now CIB, has been highly involved in the programme, supporting a large number of participants in the bidding process through innovative finance solutions.

In 2015 CIB reached the commercial operation date (COD) for 14 projects across round 1 and round 2, totalling 796 megawatts (MW). As a result of our continuous involvement in the REIPPP Programme, we have maintained our status as a leading bank in the support and enabling of renewable energy delivery of 3 435 MW, retaining our participation market share of 54% of total market-awarded renewable-energy capacity.

Green Savings Bond

As SA's first green bond offered to retail clients, this fixed-term investment of 18 months to five years is designed to deliver a competitive rate and guaranteed returns for capital security. It is unique in that it allows regular investors to contribute positively to socioeconomic and environmental conditions because the funds they invest are earmarked for the support of renewable-energy projects in SA. Since its inception R 11,8bn has been invested in the Nedbank Green Savings Bond, of which R4,0bn flowed in during 2015 (2014: R3,8bn).

Nedbank Insurance Green Property Plan

Nedbank Insurance introduced the Nedbank Insurance Green Property Plan in 2015. This presents clients with an innovative opportunity to invest in primarily green properties, in good locations, and with A-grade tenants on long leases. All properties will be housed in a unit-linked fund, with a specific mandate and fully transparent charging structure. The fund was established with the purchase of prime office space located in Lakeview, Constantia Kloof, Johannesburg. The transaction of R170m represents a one-third share in this four-star-rated property, and the first policies were made available to clients towards the end of 2015. As this investment structure is an endowment, it is designed for a medium-to-long-term investment horizon and access to funds is limited during the first five years.

Nedbank Affinity accounts

The Nedbank Affinity Programme is a highly successful cause-marketing initiative that is immensely popular among our clients. It allows them to support social or environmental causes close to their hearts, simply by banking, investing or insuring with us using affinity-linked products and services. Every time they transact, we donate to their chosen cause on their behalf, at no cost to them.

The programme comprises four Nedbank Affinities:

- *The Nedbank Children's Affinity* - Supports needy children in partnership with the Nelson Mandela Children's Fund.
- *The Nedbank Green Affinity* - Supports conservation, the environment and climate-change-related projects through the WWF Nedbank Green Trust.
- *The Nedbank Sport Affinity* - Supports sport development in SA through The Sports Trust.
- *The Nedbank Arts Affinity* - Supports SA arts and cultural development through the Arts & Culture Trust.

Please refer to page 24 for further information regarding the projects that are supported through the Nedbank Affinity Programme.

Since its inception in 1990 the programme has contributed more than R311m to fund more than 1 200 projects across all four affinities. For the 2015 financial year the Nedbank Affinity donations grew by 43% to R44,9m (2014: R31,4m), with most growth coming from the recently introduced Investment Affinity accounts and electronic statements.



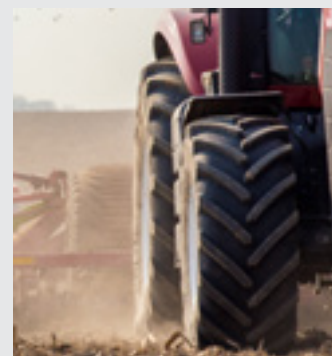
CASE IN POINT

R100m CONTRIBUTION TO A LEGACY FUND

Nedbank, Old Mutual and our three broad-based black economic empowerment (BBBEE) partners, Woman Investment Portfolio Holdings Ltd (WIPHOLD), Brimstone and Izingwe, have agreed to contribute to a legacy fund in order to further our relationship and continue to support initiatives consistent with the Financial Sector Code (FSC) and National Development Plan, that leave a lasting and beneficial legacy from our original BBBEE objectives.

To achieve this, it was agreed that three sustainable funds of R100m each over three years would be created with equal contributions from each of the parties. Nedbank's contribution to this partnership is R100m (R33m per year) split between the legacy work streams for WIPHOLD, Brimstone and Izingwe. During the past year the fund has been established and a number of potential beneficiaries are being assessed by each of the work streams.

The first disbursement of R11m has been made available to the WIPHOLD-sponsored Centane Agricultural Development Project in the Eastern Cape. This WIPHOLD-led, groundbreaking initiative focuses on creating sustainable, self-funding commercial farms from primarily communally owned land. The project intends to effect large-scale social change through rural employment, income generation and provision of food security.



Long-term Goal



PRODUCTS AIMED AT SOCIOECONOMIC TRANSFORMATION¹

Empowerment financing

Nedbank has long recognised the transformation responsibility it has to create real economic opportunities for black-owned businesses and black farmers. Our empowerment financing model encompasses a holistic approach to delivering such economic opportunities, and ranges from the provision of funding for transformational infrastructure projects to support and finance for affordable housing, agriculture, and black small and medium enterprises (SMEs).

Since 2009 we have invested a total of R50,3bn of empowerment financing, including R5,9bn in 2015. Details of the various forms of investment and specific transactions can be found in the 2015 Nedbank Group Transformation Report. These include the following:

Transformational infrastructure

Nedbank's dedicated Infrastructure, Energy and Telecommunications (IET) business unit focuses on infrastructure development such as road, rail, ports and water as well as government public-private partnerships (PPPs). The total amount we invested into transformational infrastructure projects in 2015 was R1bn (2014: R780m). We have invested a total of R5,2bn into this sector since 2009.

Affordable housing

We work closely with a number of affordable-housing developers and partners to make quality, affordable housing more readily available and accessible to many

people. In the financial period under review the unit disbursed R1bn towards new affordable-housing developments. This contributed to more than 4 000 new units. Since 2009 Nedbank has funded approximately R10bn towards this socioeconomic imperative.

Agriculture finance and support

Our dedicated team of agricultural economists, business managers and divisional managers provide support to clients and all SA agriculture stakeholders. This includes financial support, operational guidance, training and sustainable partnerships. Since 2009 we have invested R274m across various agricultural finance initiatives.

Black SMME financing

Our support of SMEs is aimed at enabling them to achieve their full potential. We follow a holistic approach that uses locally based professional teams of finance experts and business advisors situated in regional offices across the country. Through this approach, SMEs have access to a dedicated skilled banker, supported by a team of specialists. The total value of our investment and support of black SMEs in 2015 amounted to approximately R758m, with R9,6bn invested since 2009.

BBBEE transaction financing

As BBBEE evolves in SA, the number of empowerment transactions is reducing significantly every year, but we continue to look for opportunities. For example, Property Finance has funded, through debt and equity investment, some exciting developments that established shopping malls in previously underserved rural areas where none previously existed.



CASE IN POINT

DEZIGN STUDENT CURRENT ACCOUNTS

Dezign Student is a fixed-fee bundle account. For R18 a month, students can do unlimited cash withdrawals at Nedbank ATMs and Pick n Pay tillpoints; unlimited airtime topups and balance enquiries through the Nedbank App Suite™ and Nedbank Internet Banking; and unlimited electronic deposits.

The viability of our bank depends significantly on our ability to develop and grow our future client base. Our Dezign Student accounts are a key pillar of this sustainable client-growth commitment and we run ongoing campaigns to grow this vital base. A primary focus is our annual O-Week campaign, which takes place during orientation periods at tertiary institutions across the country. In 2015 we had a target of opening just over 84 000 student current accounts. Thanks to appealing marketing campaigns and the efforts of dedicated sales teams, this target was exceeded, with 86 469 accounts opened during the week-long campaign.

We have roughly 163 000 Dezign Student accounts that are used on a regular basis.



Long-term Goals



¹ Nedbank extends additional lending in these areas, however disclosed amounts relate only to qualifying FSC spend. We use 2009 as a base for FSC reporting.

Nedbank Eyethu Share Scheme

Nedbank Group's BBBEE transaction, the Nedbank Eyethu Share Scheme that was launched in 2005, has matured. To date, the overall transaction has created R8,2bn of value based on prevailing market prices for all of Nedbank Group's SA BBBEE stakeholders, driven by the company's strong financial performance over the past 10 years. Beneficiaries included black business partners (BBPs), employees, non-executive directors, clients and community interest groups affiliated to Nedbank. The BBPs element of the transaction involved The WIPHOLD Consortium and the Brimstone-Mtha-we-Mpumelelo Consortium, where a combined R1,6bn in value was created.

Enterprise development

At Nedbank we believe that effective enterprise development must balance the provision of pure financial support with comprehensive business-building initiatives, including training, capacity building, mentorship and specialist business guidance. To give effect to this philosophy we not only invest millions of rands directly into the growth and development of businesses across the country, but we also partner with programmes and initiatives that focus on ensuring that SMEs have the best possible chance of success.

In 2015 we continued to invest significantly into an extensive variety of strategic enterprise development interventions, providing support to the value of R79m that directly impacted 683 SMEs across the country, and also led to the direct creation and/or support of 90 jobs in 2015.

These enterprise development investments and interventions included the following:

- *Branson Centre for Entrepreneurship* – The Branson Centre for Entrepreneurship is an SME hub offering infrastructure, training and mentorship to SMEs. The centre works with businesses at various stages of their existence and offers its services to a broad spectrum of industries and across life cycle stages. Nedbank has supported the centre since 2012.
- *The Nedbank Municipality Programme* – In 2015 we continued our Nedbank Municipality Programme, engaging and partnering with various municipalities across the country. This culminated in a five-day workshop that covered seven municipal areas and delivered practical training and support to about 200 (2014: 350) SMEs in those municipal areas.
- *Durban Chamber of Commerce Enterprise Development Initiative* – Nedbank provided grant funding for the Durban Chamber of Commerce Business Plan intervention, which extended across various local chambers in KwaZulu-Natal. A total of 76 entrepreneurs applied to participate and 20 businesses were selected to receive comprehensive development support.

Financial inclusion

In 2015 we continued proactively to grow our national banking footprint through the rollout of traditional branches and ATMs, as well as various innovative banking opportunities aimed specifically at historically underserved communities. Initiatives in this regard included the following:

- *Increased banking footprint* – Our ATM network grew in 2015 to a total of 3 107 ATMs and 537 Intelligent Depositors across SA. Through our focused expansion plans, 86% of the SA population have access to a staffed outlet within 30 km of their home and 82% have electronic banking devices within 15 km.
- *Innovating for inclusion* – A total of 144 video banking stations have been rolled out across the country. These offer transactional services in five official languages and also provide financial planning and global trade support to users. In line with our digital and self-service strategy 233 internet stations have also been rolled out in branches across the country.
- *Extending inclusion into Africa* – Our highly successful 'branch of the future' format is currently being extended to our African subsidiaries, with the first branches having been launched in Zimbabwe and Malawi.
- *Growing access to entry-level banking* – Driven by a number of innovative product solutions such as our Savvy Banking offering and our Nedbank Ke Yona suite, we are realising our strategic objective of making banking a reality for all South Africans. In 2015, through these products and services, we brought the benefits of transacting, saving, borrowing and insuring to more than 1,4m individuals across SA.
- *Consumer Financial Education* – In 2015 more than 260 000 adults and learners across SA have been financially empowered through Nedbank's face-to-face Consumer Financial Education (CFE) programme and related industrial theatre. This investment amounted to R13,1m (2014: R10,9m). The CFE unit participated in eight Nedbank branch launches nationally where it conducted training workshops with various surrounding communities.



SOCIALLY CONSCIOUS BANKING PRODUCTS FOR INDIVIDUALS

Our retail bank offers a wide range of competitive products that cater to clients' needs throughout their life cycle. They also offer some innovative 'value-adds' with a social sustainability angle that make these unique to the market. Below are some examples.

Nedbank 4me - My Future My Bank

Targeted at SA youth under the age of 18, this banking solution encourages and enables young people to save and grow their financial fitness from an early age. Nedbank 4me is supported by four pillars - '4spending', '4saving', '4growing' and '4good' - and comprises a full transactional banking account with no monthly fees and a number of free initial transactions. Thereafter pay-as-you-use pricing applies. Free eNotes and self-service banking complete the offering. In 2015 more than 70 000 Nedbank 4me accounts were opened. We have roughly 118 000 accounts that are used on a regular basis.

Seniors' Optimum Account

We are committed to making good financial outcomes happen for South Africans at all stages of their lives. The Nedbank Optimum Account is targeted at South Africans aged 55 years or older and is designed to help these older individuals continue their journey to create and preserve their wealth for a better future. The solution offers a number of compelling features and benefits aimed at giving clients peace-of-mind banking through a solution that truly understands their unique needs. The Optimum offering also provides home banking services if clients cannot come to a Nedbank branch due to physical or illness challenges. The offering is rounded off with retirement workshops - a market first in SA - at which clients are provided with guidance on financial, psychological and emotional preparation for retirement. We engaged with approximately 1 105 retirees during 2015.

You may be interested in:

Nedbank Affinity Accounts
15



CASE IN POINT

NEDBANK 4ME - ENTREPRENEURSHIP DAY PROGRAMME

To support the Nedbank 4me solution in its objective of building the financial position and resilience of SA's young people, an annual Entrepreneurship Day is held at schools across the country. The Nedbank 4me Entrepreneurship Day Programme educates primary school learners to be money savvy by teaching them entrepreneurial skills. Visits to the schools include the distribution of curriculum-aligned learner material, workshops with teachers to ensure material is understood, and an Entrepreneurship Day at which learners can apply the skills they have learned by 'opening' their businesses and selling their products or services. Teachers, parents, fellow students and the local Nedbank branch are invited to support the learners, which serves to



entrench Nedbank as the preferred bank for the community at large. In 2015 the programme was run in Gauteng, the Western Cape, KwaZulu-Natal, the Eastern Cape and the North West. We visited a total of 240 primary schools, reaching 1 440 educators, 72 000 learners and 108 000 parents.



Long-term Goal



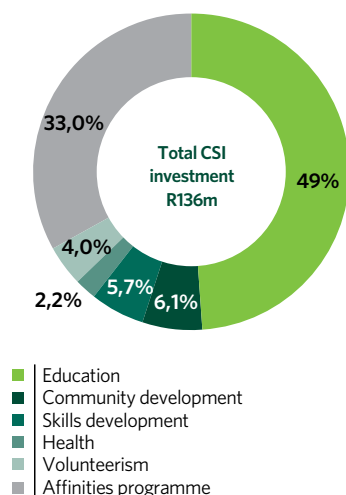
LEADING THROUGH COLLABORATION AND PARTNERSHIP

For us, partnership and collaboration are vital requirements for the effectiveness of our sustainability efforts. We work tirelessly to develop strong relationships with our stakeholders and like-minded individuals or organisations – all with the ultimate goal of maximising our combined sustainability impact and delivering lasting benefits for communities, our country and the planet as a whole.

INVESTING TO BUILD RESILIENT COMMUNITIES

For our bank to remain profitable and continue to thrive, we know that we need to be actively investing financial and non-financial resources into the communities in which we operate, and on which we, and our shareholders, depend. Our corporate social investment (CSI) efforts are, therefore, directed at strengthening the social fabric of SA and are underpinned by our culture of active citizenship and the belief that social upliftment is everyone's responsibility.

In 2015 the total amount we delivered in CSI support across our group amounted to over R136m (2014: R151m), which can be broken down across our social investment focus areas as follows:



Most of this social investment was facilitated through the following channels, initiatives and business units:

CHANNEL	Description	Investment in 2015
The Nedbank Foundation	Our primary CSI arm, the Nedbank Foundation, which focuses on long-term contributions to education, skills development and job creation, health and community development.	R32,5m in 89 projects
The Nedbank Eyethu Community Trust	Through the Nedbank Foundation, the Nedbank Eyethu Community Trust funds students attending institutions of higher learning and research.	R21,3m
The Nedbank Private Wealth Foundation	Focuses in particular on youth between 15 and 25 years through accredited skills-based learnerships, entrepreneurial skills training and identified programmes with a strong focus on absorption into fulltime employment, or enables and equips youths to be gainfully employed.	An average of R7m per year
The Nedbank External Bursary Fund	Provides a number of external bursaries, which are administered by the National Student Financial Aid Scheme (NSFAS) through a public-private partnership.	R11,2m to 111 students
Nedbank business units	CSI support is also delivered through the individual Nedbank business units, such as Nedbank Wealth and CIB.	R13,3m into over 50 projects
The Nedbank Affinities Programme	We donate to causes and organisations on our clients' behalf, at no cost to them, whenever they use their Nedbank Affinity-linked products.	R44,9m across the four affinities
Staff volunteerism	Intrinsic to our CSI approach, a large portion of our staff complement makes the time to offer their skills and talents towards improving the lives of others.	Volunteerism support at an estimated value of R5,5m

BUILDING SA'S FUTURE THROUGH A FOCUS ON EDUCATION

Education remains a key focus area in our CSI strategy and we consistently aim to invest over 50% of our CSI budget towards improving outcomes in this vital area. Over the years our holistic approach to education has contributed at all education stages and across multiple levels, including teacher development programmes, learner and student support, research, and infrastructure development. We believe, particularly, that building capacity among teachers should be one of the priorities in our quest to improve the standard of education, thus enabling the creation of a knowledge-based economy.

Breakdown of our education investment in 2015	Rm
Basic education	34m
Tertiary education	32m
<ul style="list-style-type: none"> ■ Academic chairs ■ Student bursaries managed by Nedbank ■ Student bursaries managed by universities ■ Research support grants ■ Support for tertiary initiatives 	<p>7,5m</p> <p>11,2m</p> <p>5,2m</p> <p>5,2m</p> <p>3,1m</p>
Total overall in basic and tertiary education	R66m (2014: R75m)

Partnering to create a better future for SA's youth

The #FeesMustFall campaign highlighted the many challenges faced by SA's youth as they endeavour to get a tertiary qualification and make a meaningful contribution to the country's success. It is widely accepted that the private sector has a role to play in helping to make access possible. This year Nedbank continued its support for a range of programmes by partnering with government and education bodies to ensure the effective implementation thereof.

Examples of our tertiary education support and skills development programmes include the following.

The Nedbank External Bursary Fund - The Nedbank External Bursary Programme funds students who are performing academically, show potential, but do not have the financial means to study towards a first degree. Bursaries are primarily awarded with a view to address scarce-

skills requirements in the banking sector as well as for fields of study that can contribute to the greater good of SA, ranging from medicine to the performing arts. In 2015 we awarded Nedbank bursaries to 111 undergraduate students, across 19 SA public universities and universities of technology. The total investment amounted to R11,2m.

To maximise the students' potential we also introduced online career guidance for all bursary students to assist them in identifying suitable careers. Workshops are held with final-year bursary students to prepare them for employment and the world of work.

Nedbank Eyethu Community Trust

In addition to the Nedbank bursaries, funding for students is provided through the Nedbank Eyethu Community Trust. Established in 2005 the trust supports institutions of higher learning and research. In 2015 the bursaries managed by the Nedbank Eyethu Community Trust included the following:

Institution	Number of beneficiaries
Rhodes University	Three Bachelor of Science students.
Wits University	10 postgraduate students in Accounting Science, Economics, Mathematics, Statistics, Law and Commerce.
Cape Winemakers Guild	Nine protégés.
Tsiba Education	A total of 200 students from disadvantaged communities studying towards a Higher Certificate in Business Administration and a Certificate in Practical Business Administration.



CASE IN POINT

PARTNERS FOR POSSIBILITY

Nedbank has been involved with Partners for Possibility (PfP) since its inception in 2010. The project aims to transform education through partnering business leaders with school principals in a year-long leadership development programme. A total of 22 Nedbank business leaders have participated in this transformational journey, at a Nedbank investment of over R800 000. The formal part of the PfP programme aims to deliver four cornerstone outcomes at each school, namely strong leadership and management, an empowered and effective teaching body, a highly involved parent body and school community, and motivated, inspired and successful learners. Through these partnerships, the impacted schools are starting to turn themselves around through the social cohesion that is facilitated by boundary crossing and cross-sectoral collaboration - business and education working together to transform society.



Long-term Goal



You may be interested in:

Fair Share 2030 in action: Student housing
14

The Nedbank Graduate Development Programme

The Nedbank Graduate Programme enables Nedbank to build a pipeline of scarce and critical skills to achieve business objectives. Having the right talent with the right skills and potential to grow our business is a critical part of remaining competitive.

We appointed 44 graduates in 2015 (2014: 39). The programme has included 600 graduates over the past five years. We retained 43,3% in 2015 (2014: 69,4%). The decrease in the retention rate between 2015 and 2014 was due to the fact that there were fewer positions available following the merger of the Capital and Corporate business units early in 2015 as well as the integration of Retail and Business Banking. This does not impact on the future strategy of the Nedbank Graduate Programme.

Enactus SA

Since 2009 the Nedbank Eyethu Community Trust has invested in this programme, which helps university students gain a practical understanding of economics while developing a culture of ethical business conduct. Nedbank's annual investment helps train hundreds of students to develop effective community outreach projects that focus on market economics, entrepreneurship, financial literacy and more. In 2015 we invested R1m (2014: R600 000) in support of the programme.

Umthombo Youth Development Fund

There is a significant shortage of medical personnel in the SA public sector. Vacancy rates in the order of 60% are not uncommon in rural hospitals for positions such as doctors, radiographers and pharmacists. This impacts negatively on healthcare services to rural communities, which have high disease burdens. At the same time rural young people have very few education and employment opportunities due to a lack of money, information and poor rural schooling. The Umthombo Youth Development Fund represents a concerted effort to deliver a solution to all these problems. Since it was established in 1999, the scheme has grown to the point where it now supports 230 youths. A total of 253 qualified healthcare professionals have been produced, 77 of whom are medical doctors, while the others cover 12 different health science disciplines. Nedbank started supporting the Umthombo Youth Development Fund in 2013, and in 2015 we invested R600 000 towards the training of eight medical practitioners in different health science disciplines.

Learnerships

Our learnerships are leveraged as key vehicles by which we can address the skills shortage challenge in line with our Workplace Skills Plan. The programmes allow for employee participation and result in South African Qualifications Authority (SAQA)-accredited qualifications within a period of 12 to 18 months. We follow a highly inclusive approach to these programmes, which ensures that learners receive ongoing support from the business for the duration of their learnerships. Learnership attendees are also allocated dedicated coaches who are integrally involved in their learning process.

In 2015 one internship and 20 learnerships were implemented. These were attended by 2 283 learners (2014: 2 271), including unemployed graduates, matriculants and current Nedbank employees.

Thuthuka Bursary Fund

The objectives of the fund, through the South African Institute of Chartered Accountants (SAICA), are to grow the pipeline of prospective chartered accountants (CAs) in SA and to transform the profession to match the country's demographic profile. The fund offers bursaries to qualifying grade 12 learners who lack the financial means to pursue careers as CAs. Nedbank has supported the fund since 2010 by covering the cost of tuition, accommodation and books and a monthly allowance for students. In 2015 Nedbank made it possible for 45 eligible students to begin their tertiary education journey. Nedbank is the largest contributor to the fund in the financial services sector.



CASE IN POINT

HELPING THE UNIVERSITY OF LIMPOPO ACHIEVE SAICA ACCREDITATION

The SAICA report on the racial composition of registered CAs in SA indicates that black CAs constitute less than 8% of registered CAs in the country.

One of the main priorities of the Chartered Accountant Charter is to grow the number of black people in the CA profession, so that this is more representative of the country's demographics, and serves to help transform the industry and the SA economy. Key to this objective is ensuring that historically disadvantaged universities are able to gain and sustain SAICA accreditation.

In response to this requirement, Nedbank entered into a partnership with the University of Limpopo in 2009 to assist the institution in obtaining SAICA accreditation, thereby affording accounting students at the university the opportunity to qualify as chartered accountants.

Through Nedbank's funding and support, the University of Limpopo managed to achieve an accreditation rating of level 1 for its undergraduate (Bachelor of Accounting Science) programme. This means it can now apply for Certificate in Theory of Accounting (CTA) accreditation, thereby allowing students to achieve their accounting qualification goals without having to travel to accredited universities outside of Limpopo.

Long-term Goal



Investing in early-childhood development

Development of the skills required to attain a degree begins during the first few years of childhood. We are therefore committed to ensuring the best possible early-childhood development interventions, facilitated mainly by giving practitioners in the field access to good training and education. In 2015 we supported the training of 125 early-childhood development practitioners. Over and above this early-childhood development training we donated mobile classrooms with a wide range of learning materials and aids. We also donated 22 mobile libraries and books to 11 secondary schools and 11 primary schools throughout the country.

Also in 2015 we donated R2m towards the Spell It programme, which reaches 70 primary schools in Gauteng and 20 schools in the Eastern Cape. The programme provides invaluable learning opportunities for grade 4 and 5 learners.



PARTNERSHIPS THAT HELP TO DRIVE OUR SUSTAINABILITY AGENDA

- *Caring for Communities* - Caring for Communities is our group's sustainability outreach programme, which sees hundreds of staffmembers volunteering their time to further sustainable thinking and action among communities and build food tunnels at schools and community centres. Every year we sponsor approximately 50 food tunnels, as well as spinach seedlings and fertiliser.

The building projects are completed by volunteers, working with learners and community members, and form part of interactive sustainability workshops held with learners, teachers and communities on all aspects of sustainability. As part of the Caring for Communities programme, we have partnered with like-minded organisations that have prioritised food security programmes in their strategies, including the Wildlife and Environment Society of South Africa (WESSA) and the City of Johannesburg. In 2015 we also introduced the programme to six schools in Magaliesberg - as part of a broader sustainable development programme in that town - and five schools in Cape Town.

- *Bottle2Build* - Bottle2Build is a groupwide initiative aimed at promoting recycling by building community centres using 'bricks' made from empty plastic bottles. Each reusable bottle connects end to end to form the bricks in the structure. The process not only translates into plastic recycling without the need for energy consumption, but also reduces the number of space-consuming plastic bottles that end up in landfills.

Specially bottled water is sold at our headoffice and we are in the process of rolling this out nationally to other campus sites. These bottles are also available at events, exhibitions and promotions where we have a presence. They include information on the Bottle2Build project and have also proved to be a great sales conversation starter and client-engagement tool. The empty bottles are then returned and donated to various youth centre projects. To date 17 000 bottles have been donated.

- *Carbon Footprinting Guide* - This valuable free guide forms part of our commitment to helping SA businesses thrive, and enabling them to contribute positively towards an abundant future for all by lessening their impact on the environment. In late 2015 we updated the *Carbon Footprinting Guide* to make it even more effective in assisting SMEs to accurately calculate and reduce their greenhouse gas (GHG) impact. The first guide was downloaded more than 53 000 times and we hope for the same success with the second edition.

- *Generation Earth* - We are Generation Earth's official banking partner and are proud to be associated with a like-minded organisation that is investing in developing tomorrow's global green leaders. Nedbank and Generation Earth have a vision to cocreate a powerful partnership to enable our youth to play a meaningful role in the green economy, and in turn a better tomorrow. In 2016 we aim to have a presence at all Generation Earth regional meetings and enable every school to open a Nedbank investment account for fundraising purposes. We will also expand our Youth Programme to incorporate 10 Generation Earth schools, including involving each school in the Nedbank 4me Entrepreneurship Days and donating a vegetable garden to each school, complemented by sustainability and financial education workshops.

- *Nedbank Green Wine Awards* - The primary objective is to recognise and reward those wine producers in our country that put the wellbeing of the planet and its people first. The awards encourage consumers to drink sustainable wines and support green winemakers. With more than 120 entrants, 2015 category winners included wines from Reyneke, Waverley Hills, Wildekrans, Spier and Lourensford estates. For more information on the winners and the 2015 Nedbank Green Wine Awards visit greenwineawards.com.

- *SA Green Wine Map* - The map promises a unique experience by showing consumers the way of discovering environmentally conscious wine estates in the Cape region. The Nedbank Green Wine Map will be part of the global Green Map System network, connecting more than 800 cities, towns and communities in over 60 countries. The map is available on the Nedbank website and at all major airports across SA.

PARTNERING WITH THE WORLD WIDE FUND FOR NATURE SA

Our partnership with the World Wide Fund for Nature SA (WWF-SA) extends back to 1990. This relationship was initially formed with the intention of establishing the WWF Nedbank Green Trust, but once this had been achieved, the partnership continued across a number of other sustainability programmes in various environmental and social sectors. Some of the important WWF-SA programmes that we currently support are the following:

The WWF Water Balance Programme

The current water shortages across SA have highlighted the urgent need that exists for all members of the SA society to become proactively involved in water conservation. At Nedbank we have long prioritised water stewardship as a pillar of sustainability and in 2011, as part of this commitment, we pledged to invest R9m, over five years, in the WWF Water Balance Programme. The programme is working to clear alien vegetation at key water catchment areas around the country. Doing this not only helps increase water supply, but also delivers tangible economic and social benefits through job creation, as it is a highly labour-intensive process.

The Nedbank investment will see enough alien trees removed from the catchments to balance Nedbank's operational water usage, estimated at 530 000 kℓ in 2015. The end of 2015 signalled the completion of our first commitment period to the WWF Water Balance Programme. Results achieved are extremely pleasing with 441 ha (2015: 158 ha) of alien vegetation being cleared, over 915 500 kℓ (2015: 328 000 kℓ) of water released back into the country's water catchments, while also creating over 24 000 (2015: 9 116) workdays.

In 2016 we will renew our commitment to this important programme, committing a further R3m over a three-year period. The funds will be used to maintain the areas already cleared during the first commitment period to protect the water savings into the future. In addition, for the first time we will be contributing to active restoration of these landscapes. This will happen through the propagation and planting of indigenous plants to speed up the contribution that the cleared areas make to a fully functioning ecosystem.

Refer to page 42 for information on how we manage water in our operations.

WWF-SA Sustainable Agriculture Programme

As a developing country, SA depends heavily on agriculture for its economic and social development. For SA, farming is not just the process of growing crops or raising livestock. It is the lifeblood of our economy, creating hundreds of thousands of jobs, feeding millions of people, producing raw materials for manufacturing and construction, and even attracting vital tourism to our shores. So it is essential that we protect, nurture and develop sustainable agriculture practices along the whole food production and consumption value chain.

Against this backdrop, in 2012 we furthered our existing commitment to sustainable agriculture by partnering with WWF-SA to fund its Sustainable Agriculture Programme. Given the results achieved in a relatively short time, the partnership was renewed in 2015 and will continue until 2017. We have committed a further R10m to the programme, over and above the R8,3m we initially invested for the first three years.

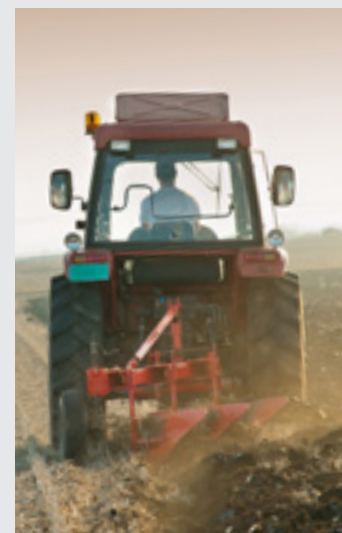
The end goal of the WWF-SA Sustainable Agriculture Programme is to promote innovation to solve key resource challenges, be it for water, energy or soil, and to maintain a healthy natural resource base that farmlands depend on. To do this the programme works with farmers, consumers and government with a view to ensuring SA can maintain healthy, functioning ecosystems on its farmlands. This would require the implementation of proven sustainable production practices, especially in the five key sectors of fruit, wine, dairy, beef and sugar farming.

Importantly, the programme is not just supporting farmers and helping them become more sustainable in what they do, it is also making sure that South Africans from all walks of life have access to nourishing food, long-term job opportunities, and a thriving economy with a positive long-term future.



We have a team of regional agricultural specialists that works closely with our country's farmers and adopts a proactive approach to identifying clients impacted by the drought and then engaging with them to find a solution. Each case is treated on its own merit as circumstances vary from client to client and region to region. Importantly we consider financial solutions to ensure repayment with a long-term view understanding that, while our farming conditions are being impacted by climate change, the current drought is a relatively short-term issue.

We donated R1m towards project drought relief fund in early 2016. The funds are allocated specially for the farming communities throughout SA.



Long-term Goals



You may be interested in:

Enabling SA farmers to move to solar
14

The WWF Nedbank Green Trust – supported by the Nedbank Green Affinity

In 1990 Nedbank, in partnership with WWF-SA, established the WWF Nedbank Green Trust to be a leading, independent and long-term funding entity for environmental conservation in southern Africa.

The WWF Nedbank Green Trust’s vision is to ‘ignite new ways for people and nature to thrive’. It is a vision that is pursued through a commitment effectively to bring together environmental and social sustainability to unlock benefits for communities and nature. In 2015 the WWF Nedbank Green Trust celebrated its 25th year of existence. During this time it has proved that a strong people focus is imperative for the achievement of true environmental sustainability and the protection of the planet’s natural heritage.

Since the trust’s inception we have supported it financially through the Nedbank Green Affinity Programme, donating more than R211m in support of over 200 environmental projects throughout SA. As Nedbank clients use their Green Affinity accounts, more money is donated to the WWF Nedbank Green Trust, all at no cost to them. For 2015 Nedbank Green Affinity donations to the WWF Nedbank Green Trust increased by 69,6% to more than R34,6m (2014: R20,4m). The number of clients with Nedbank Green Affinity products or services has now grown to more than 528 000. The partnership has been widely heralded, in banking and environmental circles, as a significant success story.



The WWF Nedbank Green Trust has eight key focus areas, namely: species and freshwater conservation; sustainable agriculture; climate change (adaptation and mitigation); environmental leadership; marine conservation focus; land stewardship; and community work.

WWF Nedbank Green Trust-funded projects in 2015 include the following:

- *The Duzi Green Corridor Pilot Project* – The uMsunduzi River is one of the country’s highest priority ecological infrastructure and water security assets. The recent decline of the river poses significant economic and environmental consequences for KwaZulu-Natal. The project seeks to restore and maintain freshwater ecological infrastructure, ecosystems and water security in the upper uMsunduzi River stem. It is doing this by catalysing the creation of an action-oriented community public-private partnership (CPPP) to establish a 60 km green corridor on the upper uMsunduzi River from Pietermaritzburg to the uMsunduzi source. Nedbank has committed to sponsoring R3m to the project over a three-year period.
- *Food security transformative scenarios* – The project seeks to maximise the impact of the food security transformative scenario process (TSP) by catalysing public, private and civil society stakeholders to engage in a strategic conversation leading to insights about possible futures in SA. These insights will guide the development and execution of a marketing plan and associated materials to create targeted awareness around food security to a broad base of influencers in government, private sector and civil society. In the past year Nedbank has invested more than R600 000 in this project.



OTHER AFFINITY PARTNERSHIPS

The Arts & Culture Trust – supported by the Nedbank Arts Affinity

The Arts & Culture Trust (ACT) was set up as a unique and sustainable way of supporting the arts in SA with the participation of business and the general public, and leveraging the expertise of a leading arts organisation. Among the many valuable accomplishments, ACT has funded more than 850 projects in the development areas of job creation, creative skills, management skills and cultural diversity since inception 21 years ago.

Examples of the projects and initiatives funded by ACT in 2015 include the following:

- *ACT Professional Development Programme* – The programme makes provision for the support of activities that increase job opportunities and help develop the sustainability of SA arts and culture organisations, associations, cooperatives, networks, individual artists and practitioners by means of various grants. In 2015 a total of 32 projects were funded across the country, improving the lives of 92 direct beneficiaries.
- *ACT Performing Arts Scholarships Programme* – This national programme makes resources available for undergraduate studies, which ultimately increases the quality of performing arts in SA. Since the programme was launched in 2009, more than R1,5m has been allocated to 15 talented young performers. In 2015 a total of R315 000 was awarded to three scholars – one from the Western Cape and two from the Eastern Cape, who are at liberty to study any performing arts course at an accredited SA tertiary institution.

Since its establishment, ACT has disbursed more than R21m to more than 850 projects from across SA. In 2015 the Nedbank Arts Affinity donations to ACT totalled R845 000 (2014: R1,26m), bringing the total amount donated to the trust to nearly R15m over the past 21 years.

For more information on the Arts & Culture Trust go to nedbankarts.co.za and act.org.za.



The Nelson Mandela Children's Fund, supported by the Nedbank Children's Affinity

The Nedbank Children's Affinity was launched in mid-2005 in partnership with the Nelson Mandela Children's Fund. The vision of the fund, which was founded by former president Nelson Mandela in 1995, is to 'change the way society treats its children and youth'. The fund's mission is to give voice and dignity to the African child by building a rights-based movement. To maximise the positive impact on the resources, the fund works closely with fellow development organisations, government, the private sector and other interested parties.

Examples of projects supported by the fund include the following:

- *Vusisizwe Aids Awareness Project (Vusisizwe)* - Vusisizwe is in the magisterial district of Flagstaff, under Ingqusa Hill Local Municipality, in the OR Tambo District of the Eastern Cape. Due to chronic poverty in the area, the organisation was established to operate programmes that will help to address challenges caused by HIV and Aids and improve awareness of human rights. The other main objective of the organisation is to strengthen families and their vulnerable children economically through self-help groups and to facilitate coordinated and effective access to service delivery.
- *Boikhuco Orphans and Vulnerable Children Project* - Based in Thaba-Nchu in the Free State, the project provides care and support programmes for orphaned and vulnerable children in seven villages in and around the area. This project was introduced in 2005 to look at the dire conditions that children live under, some in child-headed households, some not receiving child-support grants and some going without food for days. Boikhuco is also engaged in the home-based care programme for people living with HIV and Aids and provides old-age home services.

Since the launch of the Nedbank Children's Affinity, we have donated over R60m to the Nelson Mandela Children's Fund. In 2015 Nedbank Children's Affinity donations to the fund were R8,1m (2014: R8,5m).



For more information on the Nelson Mandela Children's Fund go to nedbankchildren.co.za and nelsonmandelachildrensfund.com.

The Sports Trust - supported by the Nedbank Sports Affinity

The vision of The Sports Trust is to enhance education through sport. It delivers on this vision by increasing access to opportunities for all South Africans to participate in sport through the provision of kit, equipment and facilities. Aligned with the Minister of Sport's mandate to increase participation in sport in schools, thereby enhancing their educational achievements, The Sports Trust works closely with the Department of Sport and Recreation and the Department of Basic Education to identify disadvantaged schools that require sport upliftment. By providing learners with opportunities to participate in activities that positively expend their energies, while building a healthy mind in a healthy body, better behaviour and academic performance is assured.

Examples of the projects supported by The Sports Trust in 2015 include the following:

- *Nedbank Sports Trust Soccer Development Programme* - In less than five years our partnership with The Sports Trust has resulted in the investment of more than R7,75m towards soccer development at nearly 550 schools across all nine provinces in SA.
- *Golf Development Programme* - In 2015 The Sports Trust, in partnership with Nedbank and Sun International, supported the South African Golf Development Board with a donation of R450 000 as well as a donation of

R250 000 to the South African Disabled Golf Association.

- *Nedbank Sports Trust Development Cycling Programme* - More than R2,85m has been invested in this strong and sustainable project, which is now in its 10th year and has given more than 1 000 children the opportunity to cycle. In 2015 a total of 15 new bicycles were purchased to boost the 70 distributed in 2014, and 170 cycling kits were provided to promising young cyclists.
- *Nedbank Sports Trust Running Programme* - In partnership with The Sports Trust, we continue to support young runners in KwaZulu-Natal by providing running shoes and kits to ensure they can develop their talents. In 2015 a total of 10 schools and a total of 300 runners benefited from this programme.

Since the launch of the Nedbank Sport Affinity, Nedbank has donated over R25m to The Sports Trust. In 2015 the Nedbank Sport Affinity donations to the trust were R2,95m (2014: R2,9m).

For more information on The Sports Trust go to nedbanksport.co.za or thesportstrust.co.za.



ADDING VALUE THROUGH A SUSTAINABLE SUPPLY CHAIN

The government's quest to foster the creation of a sustainable economy by increasing local business development forms an integral part of the transformation and enterprise development agenda in our country. Similarly, procurement is a vital contributor to the achievement of Nedbank Group's overall vision and central to our transformation and sustainability strategies.

Our relationship with our suppliers is seen as a unique opportunity to express our enterprise development commitment tangibly. As a result, we have effectively transformed our procurement spend from a mere business cost centre into a highly effective vehicle for transformation investment, business support and community development.

The Group Procurement Committee (GPC) takes ultimate responsibility for procurement across the Nedbank Group. This is a board committee that reports to the Nedbank Finance Forum and is chaired by the Executive Head: Group Business Services. Its roles, responsibilities and composition are detailed in a Group Procurement Committee Charter.

All procurement tenders above R10m are presented and agreed upon at the GPC in line with the established charter.

In 2015 alone our total procurement spend across the group amounted to R10,7bn (2014: R10,6bn).

NEDBANK SUPPLY CHAIN AT A GLANCE

Number of suppliers engaged or supported in 2015	6 457
Total procurement spend in 2015	R10,7bn
Primary supplier locations and relative % of spend	Gauteng: 87% KZN: 5% Western Cape: 4% Other regions: 4%
Value-adding supplier spend in 2015	R8,76bn (81,96% of total spend)
Total BBBEE procurement value in 2015 (98,95%[✓] of total procurement spend)	R10,58bn

While this procurement spend cuts across a vast array of industries, there are a number of key procurement areas that are essential to our ability to operate and, as a result, we commit the highest percentage spend allocations to those areas. These areas make up approximately 93% of our total procurement spend annually and are as follows:

Top procurement categories [*]	2015 Spend (Rbn)
Professional fees and insurance	2,6
Occupation and accommodation	2,5
Computer processing	2,3
Marketing and public relations	1,4
Other operating expenses	1,1

^{*} These categories cannot be compared with the 2014 breakdown due to the new ERP implementation and different configuration.

To make our sourcing more efficient and transparent we have migrated all procurement and accounts payables onto a new enterprise resource planning (ERP) system. Benefits have been the increased transparency in how we manage our supply chain, automation and streamlining of requests for proposals (RFPs) and requests for quotations (RFQs) on the system, making it more accessible and convenient for the supplier, and more time-efficient for Nedbank. With this type and magnitude of implementation comes a level of disruption to existing processes, and this ultimately resulted in delayed payments to suppliers. We worked extensively on addressing these backlogs at the end of 2015 and 90% of backlog payments were paid to all suppliers. We thank our suppliers for their patience during the transition.

The transition did not impact our commitment to the Prompt Payment Code materially. In line with the Department of Trade and Industry's Revised Codes of Good Practice (RCoGP), we are committed to paying any supplier that qualifies as a microenterprise within seven business days, and all other small businesses within 30 days. This is conditional on the receipt of valid, compliant and accurate invoices from approved suppliers that have met our supplier onboarding requirements. We paid over R650m to these important suppliers within the committed period in 2015, despite a small delay in the beginning of the year due to the new ERP system.

Committed to helping transform procurement in SA

It is our stated intention to be recognised as a leader in procurement transformation in SA over the next three years (2016 to 2018), and our preferential procurement commitment is central to the achievement of this goal. To this end our preferential-procurement policies are designed to maximise our contribution to broad-based empowerment. In terms of this policy purchases of goods and services can be made only from registered suppliers and within clear ethical guidelines.

For the year to 31 December 2015 we increased our group procurement spend with black-owned suppliers to 15,54% of total procurement spend - up from 11,42% in 2014. We have almost tripled our spend with black-women-owned (BWO) suppliers from 3,86% of total spend in 2014 to 8,21% of total spend in 2015.

We acknowledge, however, that our overall preferential-procurement spend with black-owned and BWO suppliers had declined in percentage terms since 2012, and that we continued to lag behind our competitors in this aspect of transformation. This situation has been made all the more challenging by the proposed changes in FSC scorecard basis, and the resulting shift in focus towards prioritising the development of SMEs and those enterprises owned by youths and people with disabilities.

Despite these challenges, delivery on our procurement transformation objective is well underway.

Procuring locally through value-adding suppliers

We continue to place a priority on growing the proportion of our local procurement, now referred to as value-adding suppliers. A value-adding supplier is an entity with a combined net profit before tax and labour cost of more than 25% of its turnover. Despite 2015 being the first year of implementation of this value-added supplier concept, already a total of R8,8bn was spent with suppliers classified as value-adding, representing 81,96% of our total spend.

Ensuring a more sustainable supply chain in 2015

Our procurement philosophy recognises that fully sustainable procurement has to cut across all areas of our business and must prioritise the following:

- Socially and ethically responsible purchasing.
- The minimisation of environmental impact through the supply chain.
- Delivery of economically sound solutions.
- Sound business practices.

By leveraging this understanding, and through the entrenchment of a groupwide

culture of truly sustainable procurement, we delivered a number of notable achievements in 2015, not least of which were:

- *Supplier enablement* – Our suppliers answer questions about environmental behaviour and are scored against their potential environmental impact. At the end of 2015 a total of 29,56% of our suppliers had informed us that they have their own environmental policies. While this figure is low, it is a true reflection of the still slow integration of environmental sustainability priorities into many SA businesses.
- *Travel savings* – We promote reduction in travel as a means of lowering carbon emissions. This can be seen in the reduction of air travel and need for shuttle services by 15,5% and 9,3% respectively for 2015, building on the decreasing trends we have witnessed in the recent years.
- *Enhanced onboarding* – We have included questions regarding local procurement, anti-corruption and the protection of personal information in our supplier onboarding process.
- *Risk management* – We undertake random sampling checks of BBBEE certificates provided by our suppliers to identify any instances of BBBEE fraud or fronting.





CASE IN POINT

SUPPORTING SUPPLIER DEVELOPMENT

The year 2015 saw the official launch of Nedbank’s enterprise and supplier development (ESD) programme aimed at identifying and developing suitable suppliers in our supply chain and assisting them through a formalised growth programme designed to make their businesses more sustainable in current and future markets. ESD can be broken down into the two distinct categories of enterprise development and supplier development. Suppliers, across a diversity of industries, were selected to participate in the 2015 ESD programme.

In addition to assisting these suppliers with access to market through the Nedbank supply chain, we are also providing them with formal training, mentoring and development interventions, as well as advocating responsible business in maintaining social and environmental sustainability.

This innovative programme demonstrates our commitment to enterprise and supplier development as critical channels for driving transformation and supporting SME growth through market access, capacity building and training.

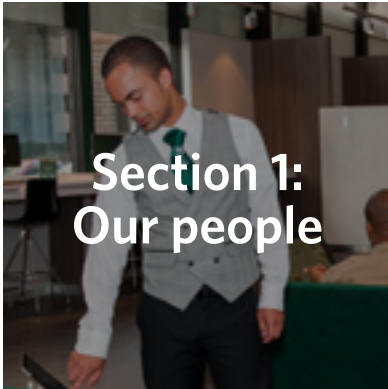
Long-term Goal 

You may be interested in:

Products aimed at socioeconomic transformation
16

MANAGING AND OPTIMISING OUR OWN IMPACT

Our operations, offices and branches, as well as our staff complement, comprise the majority of our direct impact. To deliver on our sustainability strategy we must aim to limit our negative impacts and maximise our positive ones. This section of the Sustainability Review illustrates how we do this and what the results of our efforts in 2015 are.



WINNING THROUGH OUR PEOPLE

It is common cause that an organisation's people are a primary and differentiable source of competitive advantage. The ways in which people are led, engaged, developed, rewarded and recognised are critical to providing the foundations for them to reach their full potential, and to serve their clients and stakeholders excellently. Aligned to this view, Nedbank, as one of our Deep Green aspirations, aims to be a great place to work. In support of this there is a strong focus within Nedbank on our people, because we are acutely aware that having the best people, who bring their best to work every day in support of their clients, is key to Nedbank Winning in 2020.

Our People 2020 strategy is a living framework that evolves and adapts to the rapidly changing context in which we, our people and our clients do business. It seeks to address the key human capital focus areas, in alignment with and in support of Nedbank's Winning in 2020 objectives. People 2020, and the related implementation plans, programmes and practices, are consolidated under the following core focal areas:

- Capable leadership (including talent).
- Positive culture and values.
- Organisational effectiveness (people, systems and processes that drive the right behaviours).

These core focal areas enable a common purpose within the organisation, and ensure that all related human capital practices – including job design, reward, performance management, career and succession planning, recruitment and onboarding, people development and management of employment relations – are all aligned and act in concert to achieve the People 2020 objectives.

Underpinning the above is a worldclass technology enablement platform in the form of SAP Human Capital Management (SAP HCM), which will enable greater efficiency in the overall management of our people processes. It also brings line

managers to the fore in people management by providing them with the tools and technology to better manage their people. The platform seeks to improve operational efficiency and enable economies of scale and standardisation on common people processes, thus ensuring that our human resources (HR) business partners are freed up to engage with their line management partners on implementing best-practice human capital solutions that enable Nedbank to attract, retain, reward and develop top talent. The revised operating model also greatly improves our ability to manage and mitigate our core people and transformation risks.

In the subsequent pages of this section, we set out the progress made in respect of the above during 2015, and highlight some of the key issues for consideration in 2016 onwards, as we progress to Winning in 2020.

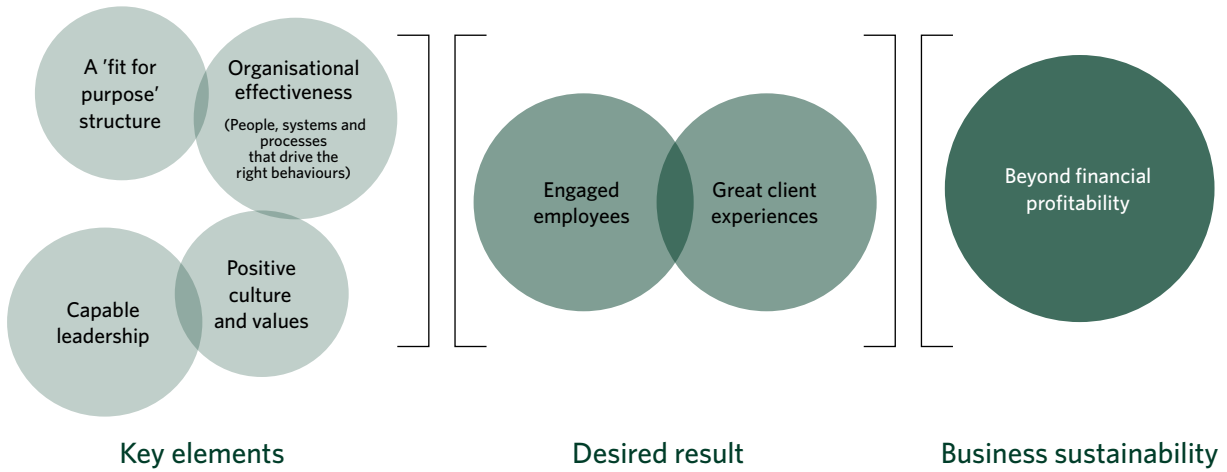
People 2020 – moving towards the future of people management

People 2020 is the name given to our HR transformation journey. It is a journey that involves the integration and enablement of business, people and technology through carefully designed and executed strategic and innovative people management practices, policies and procedures.

At the heart of Nedbank's Winning in 2020 strategy is a workforce that is empowered, engaged and enabled to make a real contribution to our bank's culture, performance and bottomline. Our HR function recognises that it has the responsibility to make sure that we not only have the right people, in the right positions, across our organisation, but that we also adopt technologically advanced HR systems to empower Nedbank employees to take greater control of their own needs, personal growth and career advancement.

This virtuous circle of employee development and growth, solid systems and a positive culture that leads to client satisfaction and, ultimately, enhanced, sustainable profits, is illustrated in the graphic on the next page:

HOW WE ENVISAGE WINNING IN 2020 THROUGH OUR PEOPLE



EMBEDDING PEOPLE 2020

In 2015 we had an opportunity to develop an engagement platform for the purposes of socialising SAP HCM to all employees. As a result our People 2020 vision and strategy were born. People 2020 seeks to integrate people, business and technology as we focus on Winning in 2020 through our people.

People 2020 has already delivered success in terms of rallying employees to work towards a shared goal and this platform will now be further leveraged to facilitate the process of engaging the organisation on strategic initiatives.

Change management during the SAP HCM implementation was driven under the People 2020 banner, which created widespread awareness of the strategy as a whole. This focused on engaging management and leadership as change agents, and saw more than

4 000 line managers attending the engagement sessions.

In a relatively short time People 2020 has become part and parcel of everyday life for Nedbankers, and the intention is now to leverage this to drive other strategic enablers that will have positive impacts on our people and business. We believe that through this strong people brand we will be able to build an even more compelling employee value proposition that will result in high levels of brand ambassadorship and advocacy.

Staff profile

In 2015 Nedbank Group had 31 312 staffmembers

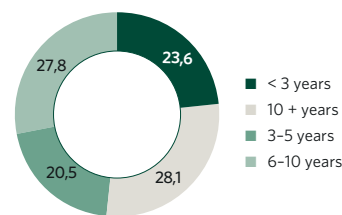
Staff gender profile (%)



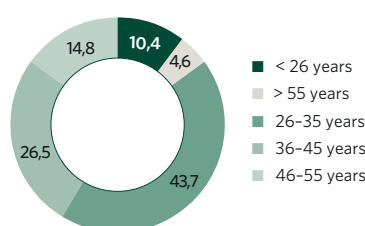
Attrition: Gender profile (%)



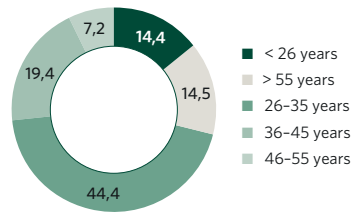
Staff tenure (%)



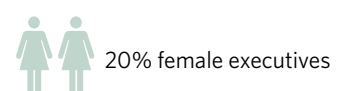
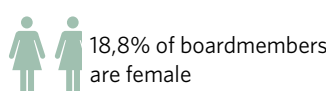
Staff age profile (%)



Attrition: Age profile (%)



Female management



Nedbank Group Ltd	2015	2014	2013	2012
Total number of employees opening balance	30 499	29 513	28 748	28 494
Add				
Recruitment	3 119	3 757	2 872	2 547
Reclassification of staff category (changed to permanent)	-	-	1	2
Take on	-	-	-	-
Less				
Terminations (actual ytd)	2 746	2 430	2 285	2 096
Resignations	2 170	1 863	1 711	1 554
Deaths	38	55	32	48
Dismissals	195	183	208	210
Retirements	223	239	232	187
Retrenchments	39	11	27	14
Emigration	35	35	31	42
Disability	38	41	41	41
Other	8	3	3	-
Reclassification of staff category (changed from permanent)	-	-	0	1
Attrition rate:	9,9%✓	8,9%	8,7%	8,2%
Add other employee categories				
Contractors and financial planners	1 394	1 138	1 564	1 527
International employees (including Africa)	2 042	1 859	1 771	1 634
External entities	57	56	59	56
Total number of employees (excluding temporary staff)	31 312	30 499	29 513	28 748

Current international headcount	2015	2014
Africa	1 738	1 533
Angola	3	
Kenya	6	6
Lesotho	293	244
Malawi	157	124
Namibia	735	684
Swaziland	264	231
Zimbabwe	280	244
Other	304	316
Guernsey	45	45
Isle of Man	22	22
Jersey	10	180
United Kingdom (London)	56	64
Mauritius	-	5
International headcount (excl international secondees)	2 042	1 849

Nedbank SA workforce profile as per the Department of Labour occupational levels (based on Employment Equity Act as at 31 December 2015)

Headcount	December 2015										
	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	6			10	1			1	2		20
Senior management	63	21	82	342	48	20	46	134	22	6	784
Middle management	1 041	471	723	1 585	1 120	597	795	1 596	83	69	8 080
Junior management	2 984	940	770	569	6 240	2 098	1 468	1 626	32	68	16 795
Semiskilled	373	91	67	47	795	313	171	197	15	17	2 086
Unskilled	10		2	2	7	4		4	4		33
Total permanent	4 477	1 523	1 644	2 555	8 211	3 032	2 481	3 559	156	160	27 798
Temporary employees	340	77	64	238	448	81	90	151	34	27	1 550
Grand total	4 817	1 600	1 708	2 793	8 659	3 113	2 571	3 710	190	187	29 348

Note: The figures include international secondees, non-payroll temporary employees, non-payroll contractors and employees from external entities. The numbers are the SA workforce profile only.



CAPABLE LEADERSHIP

Importance of leadership

As we strive to understand what it will take to win in 2020, Nedbank is deliberating on the type of leaders needed to (a) drive the strategic intent of Winning in 2020, (b) lead the 2020 desired culture and (c) live the Nedbank brand. These discussions will lead to a redefined 'Leadership persona' as well as the behaviours and capabilities that will be needed to take Nedbank into 2020 and beyond.

This will impact the 'what', the 'why' and the 'how' with regard to developing leaders across the group. This journey will impact the performance and sustainability of the group going forward.

Retention of senior leadership

During 2015 three Executive Committee (Group Exco) members left our bank, two through retirement and one as a result of a move within Old Mutual Group. These vacancies were filled internally from our talent pool and allowed for the appointment of two talented and experienced female professionals to our Group Exco. A total of 100% of the talent pool for the Group Exco roles was retained during the period June 2014 to July 2015, in comparison with 97,6% for June 2013 to July 2014.¹ This means that we have an excellent retention ratio among our talent pool incumbents for the Group Exco roles and adequate succession coverage. At cluster exco level there was a 12% decrease in cluster exco members, from 118 to 104, between June 2014 and July 2015. This can be attributed primarily to the strategic consolidation and integration of a number of our business units. A total of 97,5% of this talent pool was retained for the review period June 2014 to July 2015.

Developing capable leadership

The Nedbank Leader Manager Academy focuses on achieving our Deep Green aspiration of 'being at the forefront of transformation and leadership'. This is achieved through actively developing leaders and managers who are vision-led and values-driven at all levels of our organisation.

The approach is focused wider than just our group, and we strive also to develop leaders who can be effective in helping to uplift and transform the communities in which we operate, and in SA as a whole. Ultimately, it is our hope that these leaders will have even global influence.

The leadership development journey is one that requires commitment, dedication and discipline from our people as we galvanise ourselves towards a common goal of leadership and management excellence. The Nedbank Leader Manager Academy operates in support of this approach and

the Nedbank people development philosophy, which has the following three objectives:

- 1 To prepare leaders and managers for broader, more complex roles.
- 2 To offer leaders and managers opportunities for continuous professional development (CPD).
- 3 To get all leaders and managers to full performance.

In 2015 a total of 395 managers (2014: 786) participated in various development programmes, ranging from Manager of Others to Executive Development. More than 1 100 (2014: 1 600) of our staff attended other job-family-related academies such as the Retail Banking Academy and the Marketing Academy, which were added to the training offering during the 2015 period.

POSITIVE CULTURE AND VALUES

Building a culture that is ready to win in 2020

Over the years we have made significant progress in transforming our organisational culture into one that is highly people-centred. Our progress in this regard is primarily measured by means of three annual diagnostic surveys, as well as feedback from our Leading for Deep Green processes and other leader development initiatives. The three staff and culture surveys are as follows:

- *Barrett Survey* – The results of the Barrett Survey are analysed annually and used to inform our efforts in making Nedbank a great place to work. In 2015 the Barrett Survey results indicated that there has been a marginal deterioration in cultural entropy (which is an indicator of dysfunction in the system) from 12% to 13%. While not a major cause for concern, this entropy value will be monitored closely and processes put in place to mitigate further declines. In addition, the number of value matches between our current and that desired by our employees reduced to five in 2015. This drop is also not cause for undue concern and is likely the result of the significant organisational changes that took place over the past year, particularly the merging of our Capital and Corporate business units as well as our Business and Retail banking clusters.
- *Nedbank Staff Survey* – The Nedbank Staff Survey (NSS) is used to measure and enhance staff engagement levels. Overall results based on the 14 dimensions showed a slight

¹ Dates are different to reporting boundary of 1 January to 31 December to ensure talent review for full financial year.

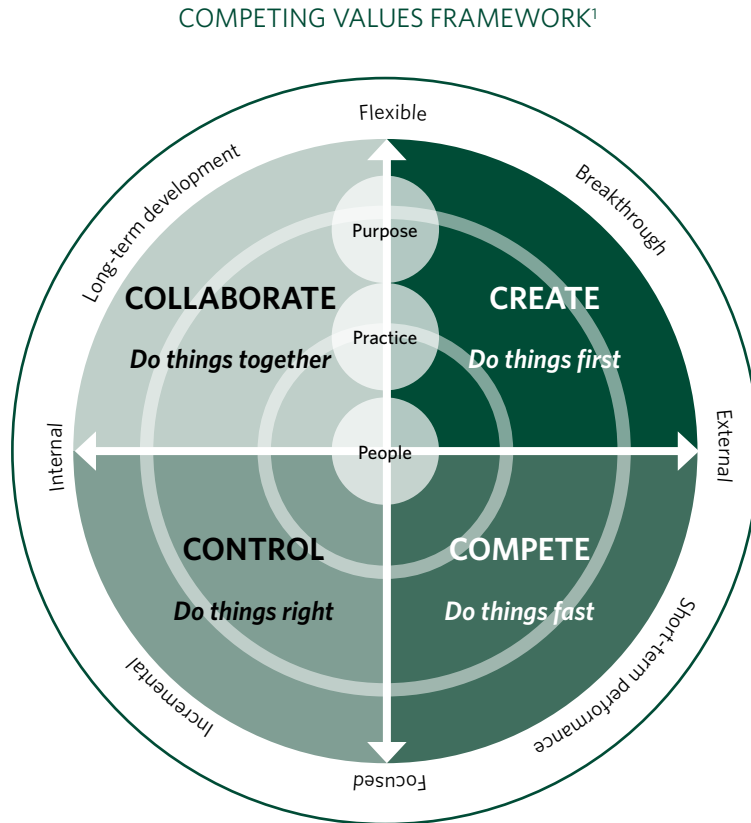
decline from 76,4% in 2014 to 75,5% in 2015. Although there has been a general decline across all the dimensions, scores overall remain relatively high. Positive shifts were seen in the dimensions of relationships and trust, rewards, recognition and performance management, diversity and ethics.

- *Hewitt Engagement Survey* - This survey forms part of the NSS and measures the level of employees' emotional and intellectual connection to Nedbank. It also reveals what motivates our employees to do their best work. The overall Nedbank engagement score declined from 72% in 2014 to 70% in 2015. While we remain below the Global Best Employer Average (78% in 2015), our score means we have maintained our position in the high performance/ Hewitt Best Employer range, which is above 66%.

All three surveys provided a robust foundation to measure and facilitate values alignment and staff-engagement levels across our group. In order to add a forward-looking component to this insight, and ensure that our current culture is able to support and enable our Winning in 2020 aspirations, we recently introduced another culture lens known as the Competing Values Framework (CVF). The CVF is based on more than 25 years of research and has been applied successfully at hundreds of global blue-chip organisations to transform their cultures with a view to supporting shifting business priorities. It is well positioned to enable us to ensure that we have the right culture conversations so that we may tilt our culture to enable achievement of our 2020 business objectives.

The premise of the CVF is that there are four basic competing values within every organisation, namely Collaborate, Create, Compete and Control. These values compete for an organisation's limited resources. How leadership responds to the tension created between these competing values will shape the organisation's culture, practices, products as well as its innovation and growth. Ultimately the need exists to tilt our culture to make it directly and specifically supportive of our aspiration of Winning in 2020, while retaining all that is good in our current culture.

The CVF can be represented visually as follows:



1 Adapted from Cameron and Quinn, *Diagnosing Changing Organisational Culture*

Using this lens, in 2015 we embarked on a process - emanating at the Group Exco level and cascading through the entire organisation - that seeks to identify the step change required between our existing culture and the culture we need in order to win in 2020. The process is supported by an online culture assessment tool and involves extensive dialogues aimed at unpacking the leadership and team implications of this required culture shift. In addition, new organisational diagnostic metrics are being introduced to ensure that the right measures of organisational effectiveness are in place to track progress towards 2020 and beyond.

Enabling our staff to care for communities

At Nedbank we believe that social responsibility is everyone's responsibility. We therefore do everything we can to enable our employees and clients to be highly involved in giving back to their communities by, among other things:

- providing our employees with two corporate social responsibility leave days a year to enable them to make things happen in the community, without it impacting on their paid annual leave allowance;

- promoting activities and causes for which our employees can volunteer their time and talents;
- offering financial support to organisations where our employees and clients volunteer in their own time; and
- affording our clients opportunities to support causes close to their hearts, by means of volunteerism or financial donations through our Nedbank Affinities.

In recent years staff volunteerism has become a critical part of Nedbank's CSI DNA. Through the Nedbank Foundation and other business-led initiatives, we encourage all staffmembers to volunteer and support causes that they are passionate about, whether in their professional or personal capacities.

Over the past five years we have invested more than R22,5m in our individual and team volunteerism programmes. In 2015 our total investment in staff volunteerism was R5,5m (2014: R5,5m), with approximately 30% of our workforce participating in our various programmes. This exceeds the national average of 3,5%.

Our volunteerism programmes include the following:

Local Hero programme

The objective of this programme is to provide financial support to the organisations where staffmembers perform volunteer work, thereby recognising their efforts and boosting their positive impact on their community. A donation of R15 000 is allocated to staffmembers who are approved as Local Heroes.

In 2015 we invested R945 000 (2014: R935 000) through this programme, with the help of 66 (2014: 40) participating staffmembers.

Sports for Change

We make matched funding available (to a maximum of R5 000) per individual or team application for staff who participate in registered sports fundraising initiatives.

Payroll Giving

This programme enables staffmembers to commit a certain amount of their salary towards charitable causes each month. An agreed amount is deducted from their monthly salary and sent directly to The Giving Organisation, which distributes the funds to a variety of charities and community projects. The Nedbank Foundation matches all the funds donated by staffmembers up to R1,5m.

Since its inception in 2006, Payroll Giving has raised just over R17m for charity. In 2015 a total of 6 256 staffmembers (2014: 6 108) contributed R2,2m (2014: R1,49m), which was matched by a further donation of R1,5m from the Nedbank Foundation.

Team Challenge

This programme allows staffmembers to form teams to give of their time and talent in support of a variety of non-profit organisations over a period of 10 months,

with seed funding of R5 000 made available to get the project off the ground.

In 2015 we invested R500 000 (2014: R500 000) through Team Challenge, which saw 440 staffmembers (2014: 256) assisting 38 community and environment projects across the country.

Santa Shoe Box

In 2015, for the fourth consecutive year, staff from across the business participated in the Santa Shoe Box initiative, giving their time and money to gather and package gifts for underprivileged children across SA and Namibia. This initiative is run by the non-profit Kidz2Kidz Trust and coordinates the donation, collection and distribution of personalised gifts to over 100 000 children at Christmas time. Nedbank volunteers donated 1 744 gift boxes (2014: 3 170) at an approximate value of R480 000.

Saturday School programme

The programme sees Nedbank volunteers offering grade 5 to 7 learners extra tuition in Maths and English. Meals are also offered to attendees, and extracurricular activities, such as soccer and cricket, also form part of the programme.

In 2015 we invested R210 000 (2014: R200 000) through the initiative, which involved 14 staffmembers and benefited 50 learners.

My Future, My Career

Staffmembers volunteer to deliver a career guidance television programme aimed at grade 8 to grade 12 learners, exposing them to more than 100 careers over 16 episodes. Delivery is championed by a core team of volunteers in five provinces, with other staffmembers participating at different times during the year. More than 60 schools and 12 500 learners benefited from the programme in 2015.



ORGANISATIONAL EFFECTIVENESS

The right people and processes in the organisation

The project to reprofile all jobs across the bank was successfully completed in 2015, resulting in the number of active job profiles being reduced from over 3 000 to just over 1 000.

The new profiles are role-specific, use a common competency approach and ensure that employees doing the same job are linked to the same profile.

Ensuring that our job profiles are updated and standardised not only enhances fairness and consistency when recruiting, assessing and developing employees, but also creates a consistent, common understanding of job requirements, among both employees and line managers, regardless of the cluster or department in which the job falls. This also improves options for employee career mobility as the expectations of the job content in different areas of our bank are similar.

The profiling project also contributed to the streamlining of the Nedbank Job Family Frameworks and the creation of the Nedbank Job Catalogue. These are published on our internal websites and are available on SAP, making all of the career streams and jobs visible and accessible to all Nedbank employees. This allows employees to view the job catalogue and access specific job content to actively plan their careers and fill development gaps in line with their aspirations. Line managers now also have more information on all the jobs available in the bank and will be able to guide their employees more actively during their career discussions.

Aligned to global best practice, creating more clearly defined career paths in this way is a proven way of reducing employee churn and attrition, while at the same time strengthening our employer brand and our appeal to the best talent in our industry.

The year 2015 also saw the creation of a resource planning policy, which sets out how resource planning is to be managed in the group. It covers strategic workforce planning, scarce skills, headcount planning, organisation design, job profiling and competency management, and is supported by detailed operating procedures and practices.

Attracting and acquiring talent

We continuously strive to make Nedbank a great place to work and ensure that we retain our key talent. During our 2015 talent review cycle we retained 100% of individuals in the talent pool for group executive jobs and 97,5% of individuals in our talent pool for cluster executive jobs. To

grow individuals' careers and ensure that they are prepared for more senior roles it is important to encourage talent mobility by making all vacancies visible across the group.

In 2015 we established a centralised recruitment team to enhance efficiencies and bolster the effectiveness of our recruitment processes. The central recruitment team will handle sourcing for approximately 75% of the jobs across our group and it is anticipated that this will result in an improved and more consistent candidate experience and increased overall recruitment efficiencies. One of the major benefits of centralising the recruitment team is ensuring that specialised recruiters have a view of all vacancies within the respective job families across the bank. This means that internal staff who are ready for their next opportunity or external individuals who have applied for specific jobs will be able to be considered for multiple vacancies that fit their profile once recruiters have screened their applications.

The recruitment policy was revised in 2015.

In addition, we cocreated the Old Mutual Rotation Programme pilot in 2015. The pilot is an intercompany talent-management programme aimed at middle management, high-potential talent across the Old Mutual Group and is expected to run through 2016. The goal of the programme is to broaden the commercial and cultural experience of mid-career, high-potential employees who can drive the Old Mutual Group ambition of being an African financial services champion. It is intended to encourage greater mobility of talent across the Old Mutual group of companies in the future and offers participants a unique opportunity of working across the various businesses and geographies. In addition, moving people around the group is one of the best ways of ensuring that we are sharing our skills and experience across the organisation. While only a small number of employees have participated so far, initial feedback has been positive.

Career development and succession processes

Our talent and career management policy provides line managers and employees with guiding principles and minimum standards for talent management, career management and succession planning in Nedbank.

These are important tools in helping us to achieve our strategic objectives by ensuring that we have the right skills, in the right place, to succeed. It ensures that our people risk is mitigated, that business continuity is enabled, and that we retain our valuable institutional knowledge. All of these translate into a full and flowing pipeline of talent for our key roles, which is not only vital for the career mobility and growth of

our employees, but also creates peace of mind for our investors and shareholders.

All our HR team members have been trained on the new policies and processes so that they can provide employees and line managers with the necessary guidance and support.

Performance management

We place a priority on attracting and retaining talented employees who support our goals and objectives. It is the only way to ensure the sustainability of our organisation and consistently deliver value to all our stakeholders. Key to achieving this objective is ensuring an appealing corporate culture underpinned by a high-performance commitment.

An integrated approach to performance management and a performance-based remuneration policy are two of the pillars on which high-performance rests. Our focus is to elevate the value of effective performance management so that it helps to deliver the strategic objectives of the organisation and create the desired high-performance orientation with high aspirations, common vision and individual accountability for actions and decisions.

For us, the benefits of this performance management philosophy and approach include the following:

- Employees and line managers take greater accountability for the performance of their roles in the organisation.
- It enables the management of objective setting, performance review and 360-degree review in an integrated manner, and places the responsibility for executing the processes with the employee.
- It creates more efficient HR processes and strengthens employee satisfaction.
- It provides clearer differentiation of performance, which facilitates the appropriate reward strategies.

Rewarding for performance

We align our remuneration policy with all relevant local and international governance and regulatory requirements as well as international best practice, while ensuring that our people are rewarded and recognised competitively for their achievements over the long term.

Our remuneration policy supports our performance-driven culture by ensuring that individual rewards and incentives are broadly determined based on the performance of the group, cluster, business unit and individual. Our total remuneration is commercially competitive in the relevant markets within which we operate, assisting us to attract and retain talented employees.

The agreed performance management outcomes are a key input to decisions regarding short-term incentives and are secured through a performance scorecard linked to a performance contract. This focuses on translating strategic plans into individual, team and business unit actions as well as measuring how our organisation responds to the many variables that influence our organisational performance.

In 2015 a total of 99,5% of our employees (2014: 98,4%) participated in performance reviews and were confirmed as having a performance scorecard/performance contract/career development review as well as a final rating for the year on the Nedbank rating portal.

Recognising good performance

The application of our Nedbank Achiever Recognition Programme helps to create a positive working environment that encourages employees to perform at their best. The programme is designed to make employees feel valued and appreciated, contribute to higher levels of employee morale, increase organisational productivity, and aid in recruitment and retention.

In 2015 the culmination of the recognition programme saw 700 staffmembers recognised and rewarded through formal and informal recognition processes. The pinnacle of this recognition approach is the Nedbank Top Achiever Programme, which recognises those who have made a material contribution to our group's success. In 2015 over 552 employees were formally recognised as Nedbank Achievers. Of these, 157 were named Nedbank Top Achievers including one Top Team Winner, and one Chief Executive Winner.

Skills development

Skills development and training continues to play a key role in the realisation of our strategy to win in 2020.

We not only aspire to be an employer of choice, we are also committed to investing in all our people to ensure that they have the skills required to perform at their peak. This will enable them to deliver tangible benefits for themselves and their futures, while contributing to the growth and success of the business and the achievement of its vision.

Our commitment to skills development extends beyond our own organisation, and we invest significantly into advancing the knowledge and skills of participants in the entire banking sector as well as many associated industries.

Committed to investing in people development

While we comply with all relevant training and skills development legislation, our investment in people goes beyond mere legislative adherence. We believe in the importance and value of continuous personal development and, in support of this belief, we recorded an average of 46,9 hours (2014: 43 hours) of training per employee in 2015, which has increased compared with the figure for the previous year. For female employees, this average decreased slightly to 47 hours per employee, compared with 50,5 hours in the previous year.

Average training hours by occupational level 2015

Occupational level	Female	Male
Top management	11	17
Senior management	35	30
Professionally qualified, experienced specialists and middle management	41	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	48	51
Semiskilled and discretionary decisionmaking	41	43
Unskilled and defined decisionmaking		9
Temporary staff	74,7	66,1

Training investment in 2015

	2015	2014
Total basic payroll (Rbn)	11 170	11 284
Total training spend (Rm)	370	491
Training spend as % of basic payroll	3,3%	4,35%
Training spend for black staff as % of basic payroll	2,5%	3,4%
Training spend for black female staff as % of basic payroll	1,5%	2,1%
Training spend for black staff with disabilities as % of basic payroll	0,05%	0,06%
Training spend for black female staff with disabilities as % of basic payroll	0,03%	0,03%

Entrenching sustainable thinking among our staff

Since our staffmembers are key to the successful realisation of our sustainability objectives, we require them to confirm that they fully understand, and buy into, those objectives and commitments. Each employee is also required to acknowledge that he or she has received, read and understands all relevant social and environmental policies each year. At the end of 2015:

- 98% (2014: 97%) of employees had formally acknowledged the Nedbank Group Environmental Policy;
- 98% (2014: 97%) of employees had formally acknowledged the Nedbank Group Code of Conduct;
- 98% (2014: 97%) of employees had formally acknowledged the Nedbank Group Code of Ethics; and
- 95% (2014: 93%) of employees had formally acknowledged the Nedbank Group Fraud and Corrupt Activities Policy.

Ensuring employee wellbeing

As a caring employer we recognise that our staff may occasionally need guidance and help to deal with some of the challenges that they may face in life or at work. Our Employee Wellbeing Programme (EWP) has been carefully designed to give our staffmembers easy, confidential and cost-effective access to the support they need to stay healthy and happy, or address any problems they encounter in life. To this end the intention behind our wellness strategy is to create a 'culture of health' that fosters a long-term commitment to healthy lifestyles and the reduction of health risks among all our employees. This, in turn, contributes to a productive and engaged workforce.

Counselling and advisory services

The EWP provides assistance and support to staff who are battling with issues ranging from emotional and personal difficulties, family and relationship concerns, and alcohol or drug abuse, to managing stress and change, financial wellbeing, legal concerns, HIV/Aids, violence, bereavement and loss. Onsite debriefing is also provided to staff who have been exposed to traumatic events such as bank robberies. Services are provided by Independent Counselling and Advisory Services (ICAS).

The overall EWP engagement rate by staff, which includes uptake of all services provided, amounted to 42,4% for the period under review (2014: 39,9%). Annualised individual usage of the core counselling and advisory services of 21,3% was recorded in 2015 (2014: 23,3%). This remains higher than the financial sector average and demonstrates that ICAS has been widely accepted by most of our staff as a valuable support and counselling service. Problems relating to relationships and stress were the most common reasons for employees seeking counselling.

Planning for retirement

Retirement is one of the biggest life changes that employees will face and it cannot simply be left to chance. We are committed to assisting our employees in making the right decisions when planning for a financially secure and meaningful future. Our retirement planning workshops not only demonstrate our commitment to helping our employees secure their financial futures, but also serve to address any concerns they have, thereby alleviating anxiety or stress that would otherwise have impacted their current performance. During 2015 a total of 21 workshops were held and were attended by 337 employees. These workshops will continue in 2016.

Executive health

From a governance perspective, a key executive's risk is a material consideration in terms of business continuity and shareholder interests. SA mirrors the global health trend, which demonstrates that lifestyle choices such as physical inactivity, smoking, poor nutrition and neglect of chronic life stress play a prominent role in the development of chronic diseases, especially cardiovascular illness. Given these considerations, the logic for well-structured executive health programmes is self-evident. The cornerstone of our EXEC|Care programme is a comprehensive, professional wellbeing assessment that informs comprehensive lifestyle and health guidance and advice. In 2015 a total of 261 executive staffmembers (2013: 118) made use of this valuable facility.

Managing HIV/Aids and lifestyle diseases at the workplace

Our group offers confidential treatment to HIV-positive staffmembers through the Nedgroup Medical Aid Scheme. Staffmembers and their dependants registered on the programme qualify for an additional unlimited benefit per registered beneficiary.

To assist with the management of chronic lifestyle disease we have developed a holistic and inclusive wellness strategy covering lifestyle diseases and HIV/Aids. We continue to move away from focusing exclusively on HIV education and testing, and instead take a broader approach to managing lifestyle diseases more holistically. We believe this is essential in order to destigmatise HIV and deliver more widespread health benefits through lifestyle disease education and health screening. Testing for all lifestyle diseases is also likely to increase takeup by staff as it appeals to a larger audience than single-disease testing. All health screening is undertaken in partnership with the Nedgroup Medical Aid Scheme and includes assessment of staff's blood pressure, cholesterol and glucose levels, measurement of their body mass index and HIV testing.

This broader education and health screening programme has already proven beneficial in terms of giving us a better understanding of the collective health risks of our employees and informing the development of targeted health and wellbeing programmes. It also provides individual staffmembers with much-needed health information so that they can manage their own health status and prevent health problems before they occur. During 2015, 2 377 employees underwent screening at 38 selected wellness days. Of these, 1 524 elected to incorporate HIV testing.

Employment equity

Driving effective and sustainable organisational transformation remains a key pillar of Nedbank Group's overall people strategy.

In line with our aspiration to become a great place to work, the objectives of our People Transformation Policy are to:

- promote equity to attain equal opportunities and fair treatment, all through the elimination of unfair discrimination and the implementation of affirmative action measures/strategies;
- advance women, black people and people with disabilities to ensure their equitable representation in all occupational categories and at all levels in the workforce; and
- attract, retain and develop the best talent in the SA financial services sector.



CASE IN POINT

NEDBANK RECOGNISED FOR EE LEADERSHIP

In 2015 the Department of Labour hosted the inaugural Employment Equity Awards that are aimed at recognising companies that have shown significant progress in achieving their employment equity (EE) objectives. Of the 133 companies that entered the awards, Nedbank Group was ranked in the top five and was presented with a certificate of recognition for its EE achievements.

A comprehensive range of talent transformation and optimisation initiatives exist across our group, including an EE plan, inclusive empowerment debates and dialogue sessions, and comprehensive gender equity and persons with disabilities programmes.

Advancement of previously disadvantaged groups

The advancement of women and persons with disabilities (PWD) remains a key focus for our business. In 2015 we maintained a 62% female employee representation.

In 2015 we continued to implement our strategy on PWDs employed across our group. This PWD representation was 3,5% at the end of 2015, a marginal decline, but remains well above the 1,6% average for SA government entities and the private sector target of 2%. We enjoyed a steady annual increase for a number of periods and stood at 3,5% (2014: 3,8%) at 31 December 2015.

A continued commitment to inclusion

To address this vital aspect of business sustainability we have operated a comprehensive diversity programme called Batho Pele since 2008. In June 2015 the programme was halted in order to shift focus to piloting our Inclusion Project. Based on the findings of indepth research into creating a more inclusive environment for staff and other stakeholders, this initiative focuses primarily on raising our levels of inclusion as a means of further entrenching diversity, innovation and collaboration across our group. The results and learnings of the pilot project will inform the development of various transformation-led inclusion initiatives that will be rolled out in the coming months and years.

Employee relations

Employee relations form an integral part of risk management in Nedbank. The implementation of fair and equitable employment practices ensures a stable and productive work environment, which, in turn, translates into better productivity and consistently good client service. This stability is evident in the fact that we did not experience any industrial action in 2015.

Disciplinary and grievance processes

Our fair and equitable employee relations processes and policies ensure that line management can maintain discipline effectively as well as address employee dissatisfaction objectively and with confidence. In the year under review 14 242 incidents of misconduct were managed (2014: 18 437). We are pleased with the drop in the number of cases and will continue to drive good compliance and ethical awareness to improve these statistics.

Our staffmembers are encouraged to engage with us, without fear of reprisal, on any issue that may impact on the work environment. We pride ourselves on creating a workplace that is fair and that gives employees the freedom to voice their opinions and engage with management. A total of 243 grievances were managed through our formal grievance process in 2015, with another 57 handled by our Ethics Office.

CCMA referrals

During 2015 we received 139 Commission for Conciliation, Mediation and Arbitration (CCMA) referrals (2014: 98), of which 44 were settled directly with employees. A total of 26 referrals proceeded to arbitration, with 25 decisions made in favour of Nedbank and one against. The remaining 69 referrals will be finalised in 2016. The relatively low number of CCMA referrals, compared with the total number of misconduct incidents managed during 2015, illustrates the effectiveness of our employee relations management processes.

Collective bargaining

Nedbank's constructive engagement with the recognised unions, the South African Society of Banking Officials (SASBO) and Insurance and Banking Staff Association (IBSA), has contributed to a stable and productive workplace. Collectively, the unions represented 18 948 employees in 2015 (2014: 18 308), which is approximately 55% of our workforce. In 2015 our relationship with the trade unions assisted in minimising any negative effects of business change, particularly during the merging of our Capital and Corporate businesses.

We also engage annually with our trade unions on salary negotiations. In 2015 the parties reached agreement on a 7,5% increase versus 8,2 % in the previous year. Although we have maintained a satisfactory performance, the prevailing economic headwinds influenced salary adjustments for 2015/2016.

Rest of Africa

The tremendous growth opportunity presented by Africa must be seen against a backdrop of massive regulatory changes that have the potential to affect our operations significantly. As such, in capitalising on the opportunities, our rest of Africa expansion strategy is built on the cornerstones of a risk-mitigated approach to growth through building our own franchise in the South African Development Community (the SADC) and East Africa, while leveraging our partnership with Ecobank Transitional Incorporated in West and Central Africa.



You may be interested in:

Supplementary Governance and Ethics Review online

To this end our rest of Africa strategy has been refined to encompass the following four areas:

- Focus on better execution.
- Leverage risk as an enabler.
- Focus on client-centred innovation and grow the transactional franchise.
- 'Optimise and invest'.

Given that our employees in our African operations are key to the implementation of this strategy, we are working to deliver on our rest of Africa vision through the following processes:

- Embedding change management through targeted and improved communication and role modelling.
- Developing an execution mindset among staff through enhanced project management and change management capabilities.
- Embarking on targeted development of leadership and staff capabilities.
- Aligning our employee value proposition (EVP) and performance management and rewards processes to facilitate the required changes in mindset and behaviour among staff.
- Enablement of the client service team model to ensure improved turnaround times and operational efficiency.
- Continuing with the standardisation of IT systems and processes for all Nedbank Africa subsidiaries.
- Deepening our alliance with Ecobank and exploring strategic alliances to access key local expertise and open more economic corridors in Africa.

One of the most successful interventions in 2015 to increase skill levels and team effectiveness has been the 'Winning Teams' rollout that has focused on enabling staff across the organisation to be exposed to and understand the Nedbank Rest of Africa strategy. This resulted in tangible positive results in the 'Strategic Direction' measurement in the NSS. In particular, MBCA (Nedbank's Zimbabwe subsidiary) had a significant shift from 84% to 90,6%. Nedbank Swaziland and Nedbank Malawi had positive shifts in their training and development metrics, and the engagement scores in Malawian and Zimbabwean subsidiaries that traditionally struggled to

feel part of the 'Nedbank family', increased on average by more than 8%.

Systems that drive the right behaviours

The SAP HCM technology platform was implemented across Nedbank in November 2015. It replaced a plethora of old, non-integrated HR systems as a single, integrated, state-of-the-art solution that opens the door for us to implement world-best HR system practices that drive consistent, rationalised, standardised and simplified processes across our group.

While the implementation of SAP HCM has not been without some hurdles and challenges, a delay in implementation, due to unforeseen technical difficulties, had the positive spinoff of allowing the business better to prepare for and manage the impact that the new system would have on our people. Ultimately, the switch to SAP HCM on 1 November 2015 has proved a success in terms of putting our staff in control of many of their HR requirements. In the first month that the system was active 90% of employees logged in and more than 43 000 transactions were completed.

During 2015 awareness and understanding of SAP HCM were created across the group, as the system is going through its embedding phase and glitches are being resolved. The full benefits of the system will be realised in 2016.

This will help managers identify and develop top talent in support of succession and inclusion objectives.

SAP HCM will transform HR in Nedbank through the introduction of a new operating model that delivers improved efficiencies and effectiveness.



You may be interested in:

Integrated Report: Delivery on strategy through our business clusters
43

Occupational health and safety

The issue of health and safety of our employees, clients and contractors remains a top priority as a safe work environment is a vital component for productivity, wellbeing and performance delivery. Our focus on complying with the Occupational Health and Safety Act, 85 of 1993, and its regulations, as well as the Compensation for Occupational Injuries and Diseases Act, 130 of 1993, ensures a safe and healthy environment for our employees and all stakeholders. We have a dedicated Health and Safety Department that guides our group on all health and safety matters, legislation and regulatory updates.

Our subsidiaries adhere to the relevant occupational health and safety laws and regulations in the countries in which they are located. It is also compulsory for our subsidiaries to comply with the Nedbank Group Occupational Health and Safety (OHS) Policy.

OHS policy

Our OHS Policy, which is endorsed by our Chief Executive, is reviewed and updated annually, as is all our health and safety procedural documentation, such as our emergency procedures.

Occupational health and safety committees

It is compulsory that each Nedbank site (headoffice sites, regional offices and branches) has a fully functional health and safety committee. All our OHS appointees are put through extensive training and refresher programmes to ensure their skills are always up to date.

Management are responsible for ensuring that OHS appointees are available and trained to conduct their assigned health and safety role as part of their daily work-related activities.

Emergency preparedness

Emergency procedures are planned, documented, reviewed, practised and updated to ensure preparation for all types of emergencies. These procedures are put into practice at all our sites at least twice annually. The inclusion of local disaster management, emergency medical services, fire services and law enforcement (traffic) forms part of our emergency preparedness procedure.

Compliance audits

OHS compliance audits are conducted independently, both internally and externally, annually and reported to management. These audits were carried out in branches and

headoffices during the year, with most branches and headoffice sites being compliant.

Training and awareness

It is compulsory that all employees complete the OHS training, including reading and acknowledging the Nedbank Group OHS Policy, every year. Our ongoing OHS awareness campaigns include posters, leaflets, awareness events, presentations and inductions conducted by the Health and Safety Department. At the end of 2015 a total of 97% of all staff had completed the OHS training.

Emergency medical facilities

Our medical emergency (advanced first-aid) rooms are equipped with the latest emergency equipment. Our first-aiders and medics are fully trained to use the equipment as and when required to assist during medical emergencies.

Incident reporting and attending thereof

All incidents – from minor issues such as paper cuts, to serious matters such as heart attacks, and work-related injuries – are attended to by our first-aiders and/or medics. They are then duly recorded, reported on daily, and added to our monthly executive reports. Injuries on duty (IOD) are immediately reported to the Compensation Commissioner in terms of the Compensation for Occupational Injuries and Diseases (COID) Act.

Injuries on duty

The table below reflects IOD incidents recorded in 2015:

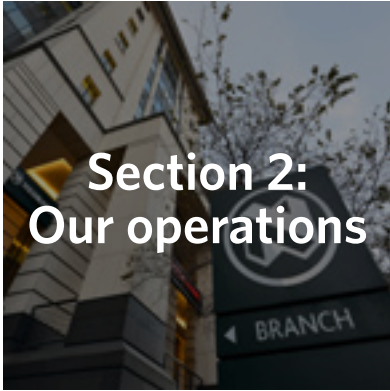
Our lost-time injury frequency rate for the period under review was 0,16 (2014: 0,17).

In 2015 a total of 2,02% of man-days (2014: 2,3% man-days) were lost due to sick leave.

Incident category	Number of incidents		
	2015	2014	2013
Medical ¹	196	175	131
Workmen's compensation claims - Nedbank	53	53	42
Workmen's compensation claims - contractors	1	3	1
Public/Visitors injuries	9	8	4
Fatalities ²	0	0	2

¹ Medical incidents were related to medical conditions and were not caused by work-related injuries.

² The fatalities in 2013 were related to medical conditions and were not caused by work-related injuries.



OUR STRATEGIC APPROACH TO CLIMATE CHANGE

With 195 countries reaching consensus on the need to cut greenhouse gas (GHG) emissions, COP21 saw the adoption of the Paris Agreement. In seeking to prevent dangerous and irreversible levels of climate change, the agreement acts as a bridge between today's policies and achieving climate neutrality in the second half of this century.

It is a formal global deal to cut GHG emissions, with a shared sense of responsibility between developed and developing nations to ensure a sustainable world. The agreement also contains a legally binding framework for reporting, transparency and review of implementation.

For the first time all countries will be held accountable by independent review for acting according to their emission reduction pledges, and private business will find significant new opportunities for value creation in helping them meet those targets. SA's latest international commitments on climate change are broadly aligned with its previous pledges and signal a significant deviation from business as usual. However, Climate Action Tracker, an independent scientific analysis, rates SA's commitments as 'inadequate' and, should all countries have a similar level of ambition, warming would likely exceed 3 °C to 4 °C. There also remains some misalignment between SA's commitments and the country's energy policy as detailed in the IRP of 2010. The still-to-be implemented carbon tax is also somewhat controversial.

In the light of the strong agreement at COP21 on the need to reduce emissions and the realities of the SA economy's comparatively high carbon intensity, it can be assumed that internal and external pressure on SA to reduce emissions further will increase.

Against this backdrop, our strategic approach to climate change is informed by our Long-term Goals for 2030, which set out a vision for a preferred and prosperous future for SA - one in which human needs are met within environmental limits. To this end these Long-term Goals (on page 3) provide a framework within which we have developed our comprehensive response to climate change, which is outlined briefly below:

- *Our business response* - This is integral to our Fair Share 2030 strategy and takes the form of a commitment to redirect a significant portion of our lending flows to accelerate decarbonisation of the SA economy at a rate that is commensurate with the national carbon budget (SA's equitable share of the global commitment to avoid a 2 °C average surface temperature rise). The Fair Share 2030 strategy includes both mitigation and adaptation, and comprises (i) a carbon screen that will serve to decarbonise our lending book in line with the carbon budget trajectory and, (ii) an annual flow of lending towards the

provision of modern energy services, clean water and sanitation, etc.

- *Our operational commitment* - This commitment involves minimising and then offsetting the residual carbon footprint of our operations. As part of this commitment, we are developing plans for the further reduction, and ultimately elimination, of scope 1 and scope 2 GHG emissions from our facilities, for example through the installation and/or procurement of renewable energy for our own business use.
- *Our CSI programmes* - While these are already delivering significant social benefits, our intention is to tilt our CSI spend increasingly towards meeting the Long-term Goals.
- *Our advocacy (around climate change)* - We continue to advocate for climate change mitigation responses that are informed by the requirements of science, and adaptation responses that ensure future prosperity for SA within our national carbon budget.



REDUCTION TARGETS

Our clearly set-out reduction targets remain key to our effectiveness in limiting and reducing our impact on the environment, as well as our usage of scarce and diminishing natural resources. These reduction targets specify our ideal carbon emissions and resource usage, and are filtered through our organisation to drive behaviours at a group, cluster, business unit, team and individual level.

The achievement of the specified reduction targets is also an integral part of our ongoing performance reviews, which helps to ensure that our staffmembers clearly

understand the role and responsibility they have in enabling us to meet our overall targets.

Most of our targets were met well before the timeline we anticipated. This does not mean that we automatically reset the target as we need to ensure we are able to sustain the reduced level. Where applicable, new targets were set and these are reflected in this report.

It is important to state what and how we measure before discussing our targets and achievements in the year under review. In 2015 we continued with the reporting drive to ensure that all GHG sources are included.



REPORTING PERIOD: FINANCIAL YEAR 2015

Methodology	The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (revised edition). External experts were consulted where no clear guidance or guidance applicable to SA was available. ¹
Inclusions	Our activities, equipment and operations, as well as the actions of Nedbank employees associated directly with 777 SA offices and branches (2014: 767 and 2013: 828), and all non-SA equipment and operations integrated into the greater Nedbank group. Some facility consolidation took place in 2015, which implied that larger office locations were consolidated resulting in an overall floor space reduction, although the number of buildings increased as more branches were opened.
Exclusions	The data required for emissions calculation is currently not available for the following: <ul style="list-style-type: none"> Scope 1 and 3, as they relate to non-SA offices and there is a lack of reliable data. Emissions associated with the operation and service of ATMs, self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises and other remote devices. Any other premises or activities owned or operated by us but not explicitly referenced in this report.

Summary of normalised greenhouse gas numbers

Fulltime employee (FTE) count and occupied office space included in the report	2015	2014	2013 new baseline	2012
Total occupied floor space of reported buildings (m ²)	672 617 ²	717 236	672 367	671 649
Employees included in fulltime employees (FTE) calculations	30 822 ³	30 121	29 077	28 695
Total number of FTEs	30 822	30 121	29 077	28 695
Percentage of all employees covered by the report	100	100	100	100

¹ In some cases the vendor-supplied emission factors or a variation on the stated value will be used. An example of this is the SA grid emission factor. Eskom, the main supplier to the grid states an electricity-generating factor of 1,01 tCO₂e/MWh in the latest annual report whereas the corresponding Department for Environment, Food and Rural Affairs (Defra) factor for SA is 0,869 tCO₂e/MWh excluding distribution losses and 0,961 including distribution losses. Due to the varying values, Nedbank will continue to use 0,99 tCO₂e/MWh for this report as was used in the report for the previous financial year.

² The decrease in square metres is due to the consolidation of larger office space sites, although the overall number of facilities increased due to more branches being opened.

³ GHG emissions are monitored monthly and reported against monthly FTE numbers. The result is that the annual FTE number used for GHG emissions is a 12-month average.

REDUCTION TARGET PROGRESS

Resource	Target	Achievement
Paper ^{1,3}	A 15% reduction based on end-of-2013 levels or 1 443 tonnes by the end of 2020.	The 2015 paper consumption amounted to 1 392 tonnes, which year on year implies a 7,6% increase (2014: 1 294 tonnes). See below for an explanation of the increase. It is encouraging to see that paper consumption is still under the 2020 target, despite the year-on-year increase.
Water ^{2,3}	A 6% reduction by the end of 2016 based on 2011 levels or consumption of 15,01 kl per FTE.	As was expected, the water consumption levels increased as campus sites that came online in 2014 were fully operational in 2015. The result was a consumption level of 16,31 kl per FTE (2014: 14,78 kl per FTE) or a 8,45% increase to 319 801 kl (2014: 294 873 kl).
Waste ^{2,3}	A 10% reduction based on 2013 levels or 17,73 kg per FTE by the end of 2020.	In absolute terms the waste sent to landfill decreased from 324 tonnes in 2014 to 317✓ tonnes in 2015, which implies a 2,2% reduction. This implies that 16,17 kg per FTE (2014: 16,25 kg per FTE) was sent to landfill. The waste sent to landfill remains below the 2020 target.
Recycling ²	A 6% increase in recycling based on 2011 levels by the end of 2016 or 33,58 kg per FTE.	In absolute terms the recycling increased from 574 tonnes to 581✓ tonnes or by 1,18%. This amounts to a recycling rate of 29,63 kg per FTE (2014: 28,79 kg per FTE). The FTE rate increased due to more employees on our campus sites. The 2016 target might not be achieved as less waste exits Nedbank, which in turn implies that less can be recycled.

¹ The paper target is an absolute rather than an intensity reduction target, as most of our paper usage is related to client communication and regulatory requirements rather than individual employee usage.

² Water, waste and recycling are based on campus FTEs.

³ We have not reset targets as we need to ensure that we can maintain the reduced levels.

Paper

Pollution due to paper consumption across the group increased by 4,3% year on year, with a total of 1 392 tonnes of paper used in 2015 compared with 1 294 tonnes in 2014.

Nedbank Retail is the main paper consumer in the group and this business area undertakes numerous paper-saving initiatives, which are carefully tracked. As stated in the previous year's report, some of the paper reductions recorded during the period could be attributed to the lengthy shutdown of the SA postal service, as well as a change in our procurement system, both of which may have artificially inhibited paper usage for a period of time. The result is that the marginal paper usage increase in 2015 was expected.

Water

In 2015 total water consumption across all campus sites increased by 8,45% to 319 801✓ kl (2014: 294 873 kl). The main reason for the increase in water use was that campus sites that were brought online during 2014 were operational for a full year in 2015.

Water leaks remain one of the main challenges in terms of reducing our water consumption. We continue to invest significant resources in the monitoring and maintenance of our water infrastructure. Water leaks typically demand immediate action when they occur and cannot necessarily be fully prevented by proactive means. Often the only way of identifying a water leak is through meter readings, which

means that substantial volumes can be lost before a leak is noticed. The measurement of water usage will be expanded in 2016 to assist in tracking leaks and to expand our water usage trend analysis.

Our staff also play a vital role in our ongoing water reduction efforts. We advocate behavioural changes through constant awareness creation and proactive reduction campaigns.

ENERGY AND CARBON REDUCTION TARGET PROGRESS

Resource	Target	Achievement
Energy	A 10% reduction based on 2014 levels by the end of 2020, or 4 694 kWh per FTE.	In 2015 we achieved 5 129 kWh per FTE, which implies that we are still on track for our 2020 target.
Carbon ³ emissions (including business travel)	A 7% reduction based on end-of-2013 levels by the end of 2020 or 7,08 tCO ₂ e per FTE.	The 2015 pollution rate amounted to 6,97 tCO ₂ e per FTE (2014: 7,13 tCO ₂ e per FTE). This is the first time since Nedbank reported its carbon footprint that the pollution rate of the total carbon footprint is less than 7,00 tCO ₂ e.

³ We have not reset targets as we need to ensure that we can maintain the reduced levels.

Waste and recycling

The early success in attaining our reduction targets for waste can be attributed largely to an increase in our staff complement's greater levels of awareness and education. Another contributor is the proven effectiveness of our onsite recycling banks, which encourage and enable the appropriate sorting of waste at source.

The total amount of waste sent to landfill in 2015 was 317 tonnes (2014: 324 tonnes) or 16,17 kg per FTE (2014: 16,25 kg per FTE). This implies that the 2020 target was achieved ahead of schedule.

As explained above, we will keep on reviewing our target-setting process as well as further interrogating whether the achievement is sustainable into the future.

This reduction can be attributed to a zero-to-landfill concept that Nedbank is undertaking. We will strive to perfect this concept in 2016 and hopefully this will have a positive impact on the reduction of Nedbank's landfill.

In terms of recycling the bank continues to recycle and Nedbank is constantly looking at increasing its recyclable content.

We are currently looking at different recycling streams and we hope to further reduce the use of virgin material. In 2015 about 65% of our total waste was recycled.

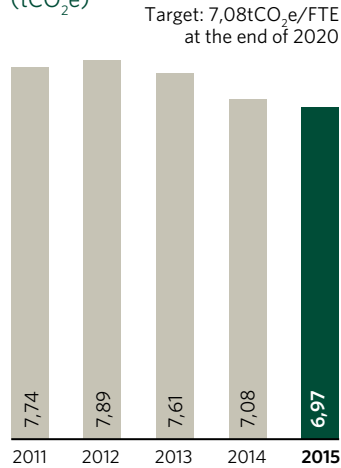
Carbon footprint measurement

In absolute terms our overall reported GHG emissions increased by 0,86% from 2014 to 2015. The carbon emissions per FTE decreased year on year by 1,43% to 6,97 tCO₂e per annum and emissions per square metre of office space increased by 7,55% to 0,32 tCO₂e per annum. These results indicate that the overall carbon footprint remained very similar to the previous year,

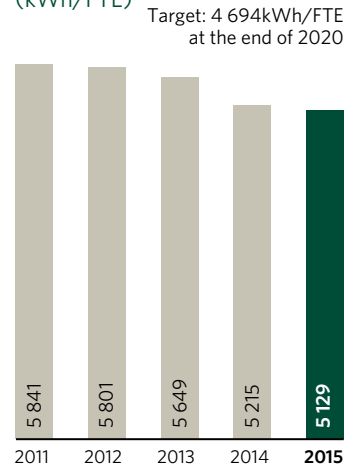
while staff count grew and floor space was overall reduced due to campus site consolidation. All indicators point to the fact that the space Nedbank occupies is in transition, and that we will still reach and maintain our set targets.

The primary increase in the carbon footprint can be attributed to a higher reported pollution rate for Nedbank entities based outside SA.

EMISSIONS PER FTE (tCO₂e)



ENERGY CONSUMPTION (kWh/FTE)



NEDBANK GROUP GHG EMISSIONS INVENTORY – tCO₂e (tonnes)

Scope	2015	2014	2013 new baseline	2012
Scope 1: Direct emissions from:	417,99	379,88	800,31	847,56
Fuel used in equipment owned or controlled by us (eg generators)	56,69	43,18	248,82	203,96
Air-conditioning and refrigeration gas refills	148,42	100,62	272,94	587,06
Our fleet of vehicles	212,88	236,08	278,55	56,53
Scope 2: Indirect emissions from purchased electricity:	156 495,91	155 507,83	162 609,50	164 803,52
Purchased electricity – SA	146 188,48	147 473,57	150 538,64	154 022,54
Purchased electricity – non-SA	10 307,43	8 034,25	12 070,86	10 780,98
Total scope 1 and 2 emissions	156 913,90	155 887,70	163 409,81	165 651,08
Scope 3: Indirect emissions from: ¹	58 053,95	57 245,63	57 969,01	60 658,73
Business travel in rental cars	316,25	373,91	424,38	504,36
Business travel on commercial airlines	6 902,44	6 627,02	7 733,08	7 606,11
Business travel in employee-owned cars	6 238,76	6 359,47	6 356,23	7 788,30
Employee commuting	42 067,00	41 459,61	40 406,56	41 248,00
Consumption of office paper	2 529,50	2 425,62	3 048,76	3 511,96
Total scope 1, 2 and 3 emissions (GHG protocol)	214 967,85[✓]	213 133,33	221 378,81	226 309,81
Split of Nedbank Group carbon emissions (tCO ₂ e)				
Scope 1 (%)	0,19%	0,18%	0,36	0,37
Scope 2 (%)	72,80%	72,96%	73,45	72,82
Scope 1 and 2 (%)	72,99%	73,10%	73,81	73,20
Scope 3 – Historic unsplit ²	-	-	-	-
Scope 3 – Nedbank operations (%)	7,44%	7,41%	7,93	8,58
Scope 3 – Staff commuting (%)	19,57%	19,45%	18,25	18,23

¹ Total Nedbank Group FTEs were used, although only limited non-SA scope 3 emissions were included. This was due to limited data availability.

² Historic non-GHGs were omitted for simplicity, which resulted in a shortfall of ±1% for 2007 only.

Scope 1 emissions

Scope 1 emissions from refrigerants increased by 48% after decreasing previously by 63% year on year. This increase is due to the maintenance regime. Refrigerant refills are necessary and resulted in the increase.

Emissions due to Nedbank fleet vehicles, including the use of Nedbank fleet fuel cards, decreased by 10%. This was due mainly to the decrease in actual usage of these fleet vehicles.

Diesel used in generators increased by 31% as the electricity supply to the campus sites was largely stable in 2015, but some standby power was necessary. As expected, this figure increased in 2015 due to the constraints in electricity supply that SA faces.

The overall reduction in scope 1 emissions was 10%. As previously, emissions from all scope 1 activities in 2015 remained below 0,5% of total emissions.

Scope 2 emissions

Our energy use, in the form of electricity, continued to be the predominant source of emissions in 2015, constituting about 73% of our overall carbon footprint.

We continue to target reduced energy consumption through a variety of initiatives. A reduction in electricity use was achieved at campus sites that are owned by Nedbank, but the reported electricity use for non-SA entities reduced the overall reduction achieved. It is

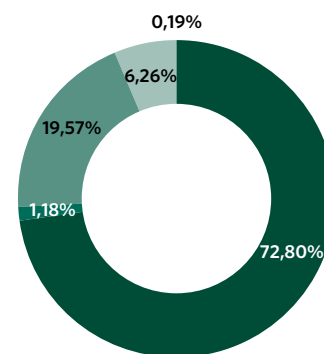
encouraging to note that the electricity consumption at campus sites decreased by 1,5% year on year from 2014.

A thorough assessment of our building management and monitoring systems continued to provide us with good insights into accurately assessing our energy consumption in order to identify further opportunities for reduction initiatives. Many of the energy-saving initiatives will be introduced or expanded in 2016.

Overall electricity consumption per FTE was also reduced through our ongoing facilities consolidation project, which includes comprehensive investigation and implementation of operational energy usage savings. The result is that the overall energy (electricity) consumption was a pleasing 5 129 kWh per FTE (2014: 5 215 kWh per FTE) for the period under review.

The major focus for future energy-reduction initiatives remains on implementing the lessons from our campus sites to drive similar reductions across our non-campus sites. Focused capital investment also remains a vital component of energy reduction effectiveness, and in 2015 we invested R12,8m in energy-, water- and sustainability-specific initiatives (2014: R5,5m), most of which concentrated on increasing the efficiency of air-conditioning units and the installation of energy-efficient light fittings.

NEDBANK GROUP 2015 CARBON FOOTPRINT



Scope 1: Emissions	0,19%
Scope 2: Electricity	72,80%
Scope 3: Office paper	1,18%
Scope 3: Commuting	19,57%
Scope 3: Business travel	6,26%

Scope 3 emissions

About 27% of the total 2015 GHG emissions arose from reported scope 3 activities, while more than 72% of the scope 3 emissions were from staff-commuting. As stated in previous reports, scope 3 staff-commuting emissions must be highlighted separately, as these are not under our direct control.

Our comprehensive Business Travel Policy includes green-travel guidelines aimed at empowering staffmembers to follow the most sustainable practices when travelling. We also actively promote the use of tele- and videoconferencing, wherever possible,

as alternatives to travelling by road or air to attend meetings.

In 2015 overall GHG emissions due to business travel increased by 0,7% from 2014 levels. This result can be attributed to an increase of 4,2% in flights whereas rental-car use decreased by 15,4% and staff travel claims decreased by 1,9%.

It is encouraging to see the limited increase in GHG pollution associated with travel due to the application of the travel policy. That said, it is anticipated that business travel could increase further, in gross terms, as our group expands its footprint across Africa and beyond in the coming years.

You may be interested in:

Reduction targets
41-43

NEDBANK GROUP – PERFORMANCE TARGETS

Key performance targets	Progress from 2013 new baseline and year-on-year %	2015	2014	2013	2012
Total carbon emissions tCO ₂ e (including non-SA)	(3)	214 967,85	213 133,33	221 378,81	226 309,81
Emissions per FTE	(8)	6,97	7,08	7,61	7,89
Emissions per m ²	(3)	0,32	0,30	0,33	0,34
Emissions per operating income (g/rand)	(7)	5,26	6,32	7,12	NA
Energy					
Consumption in kWh		158 076 678	157 078 611	166 468 203	166 469 204
Consumption in kWh per FTE	(9)	5 129	5 215	5 649	5 801
Paper					
Tonnes used	(19)	1 392,71	1 294,00	1 602,75	1 850,96
Usage per FTE (tonnes)	(18)	0,0452	0,0427	0,0551	0,0645



ENVIRONMENTAL EXPENDITURE

In 2015 our overall investment in environmental sustainability initiatives totalled R63,3 (2014: R59,7m). One of the biggest contributors to this total investment amount was the purchase of carbon credit offsets that amounted to about R16m in 2015 (2014: R14,6m). The depreciation of the local currency during 2015 could result in significant increases in the price of future non-SA carbon credit transactions. Other initiatives include recycling banks, water meters and the installation of energy-efficient LED lighting within existing buildings. There was also an energy and metering audit conducted at campus sites.

LEVERAGING CARBON NEUTRALITY TO DELIVER MAXIMUM BENEFIT

We achieved carbon neutrality in 2010. Since then we have made it a strategic priority to harness our carbon-neutral position to contribute to the development of SA's green economy, unlock and leverage synergies, partnerships and collaborations with like-minded organisations, and enhance our client value proposition.

We have also continued to extend the scope and positive impact of our carbon-neutral position through our established approach of reducing our own impact as much as possible by means of internal initiatives and behavioural change, before offsetting any remaining emissions through carbon credits.

In line with our understanding of the need for strong social and environmental sustainability interconnectedness, we continue to acquire these carbon credits from projects that benefit the natural heritage and social structure of Africa where possible.

As in the past, we focused mainly on supporting domestic carbon-offsetting projects that had verifiable carbon credits with the appropriate social-upliftment benefits. That said, there are still limited eligible SA-based carbon-offsetting projects in which we can invest. This local market weakness has been exacerbated by regulatory uncertainty regarding possible future offsetting requirements of high-level polluters.

Against this backdrop, in 2015, the carbon credits we required were obtained primarily from the following projects:

- *The Rukinga Project* - Located in Kenya's Kasigau Corridor, the Rukinga Project was the world's first Reducing Emissions from Deforestation and Forest Degradation (REDD) project to issue carbon credits. In 2015 we continued our support of this project, which is helping to prevent the deforestation of this ecosensitive

region, while delivering massive economic and social upliftment benefits to local communities.

- *Reliance Compost (Pty) Ltd* - This SA company operates a composting organic waste process. Through the issuance of carbon credits, the financial sustainability of this important business has been bolstered, allowing it not only to deliver environmental benefits, but also to provide ongoing employment opportunities. It also contributes to education and environmental awareness within the communities it supports.
- *The Lifestraw Water Filtration Project* - Thanks to our support, the project was able to distribute one million point-of-use water filters in rural Kenya during the 2013 financial year. We have continued our support of the project through the purchase of carbon credits that were retired against the group's carbon footprint in 2014 and 2015.

- *The Highveld Air Quality Project*

We are continuing our support for this SA project, which has introduced alternative ignition techniques for domestic coal fires into domestic homes and resulted in significant emission reductions. Furthermore the project has led to a drastic reduction in indoor and ambient air pollution, better visibility and reduced health risk.

LOOKING FORWARD

Our future success in continuing to drive down our carbon, energy, waste and water figures will require ever-increasing capital expenditure and a more concerted effort to encourage and enable behavioural change among our stakeholders. To this end we will continue to engage with all stakeholders, including our staff, through formal reportback sessions to management and regular communication campaigns aimed at delivering education and awareness.



You may be interested in:

Our strategic approach to climate change
40



48

OUR
RELATIONSHIPS

STAKEHOLDER ENGAGEMENT

We recognise that our business is but one of the stakeholders in the socioeconomic and environmental system, and that we are dependent on robust relationships with all other stakeholders. We are committed to engaging with other stakeholders to foster impactful relationships that deliver mutual benefits and respond appropriately to any concerns and perspectives that other stakeholders may have, or input they offer.



Our stakeholder engagement framework

While the Group Exco has ultimate responsibility for our group's stakeholder engagement efforts, the actual process of engaging with stakeholders is decentralised to form part of the operations of our various clusters and business areas.

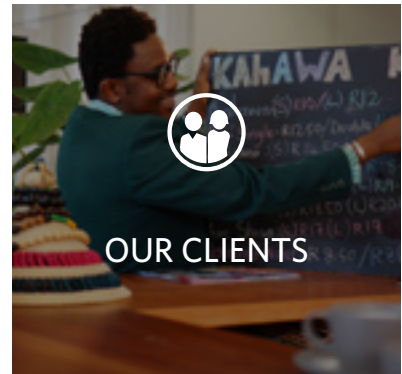
All such cluster-based stakeholder engagement is governed by a comprehensive group stakeholder engagement framework and policy, which includes our corporate identity and communication guidelines, and aligns with the recommendations of King III. Each business area is required to report regularly on its stakeholder engagements through the Group Operational Committee (Opcom).

The following pages provide an overview of who our main stakeholders are, why we engage with them, and what our key engagements involved during 2015.

Hot topics are the most material issues that were raised through our engagements.



OUR STAFFMEMBERS



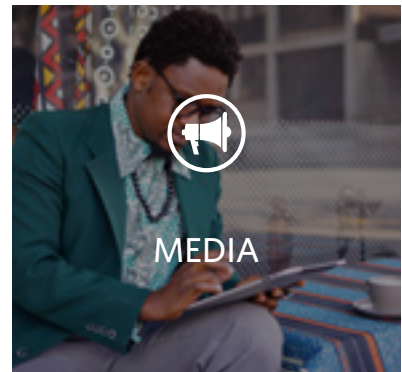
REGULATORS



COMMUNITIES



GOVERNMENT



SUPPLIERS



BUSINESS PARTNERS
AND INDUSTRY
BODIES



UNIONS



OUR STAFFMEMBERS

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 2015 included the following:

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



HOT TOPICS

Our response/Resulting developments

Organisational effectiveness

- The implementation of the SAP HCM technology solution for people management on 1 November 2015 has proved to be a success.
- The SAP HCM platform replaced a plethora of old non-integrated HR systems and is a state-of-the-art solution introducing world best practise that the whole bank has adopted, resulting in rationalised, standardised and simplified HR practice across the business.

Employment equity progress

- While some transformation challenges remain, particularly at middle management level, we are making steady progress.
- The Department of Labour recognised Nedbank in the inaugural EE Awards as one of the five top-performing employers when it comes to the implementation of the Employment Equity Act.

Opportunities for career development, particularly at middle management level

- We continuously strive to make Nedbank a great place to work and ensure that we retain our key talent. During our 2015 talent review cycle we retained 100% of individuals in the talent pool for group executive jobs and 97,5% of individuals in our talent pool for cluster executive jobs. To grow individuals' careers and ensure that they are prepared for more senior roles it is important to encourage talent mobility by making all vacancies visible across the group.
- In 2015 we established a centralised recruitment team to enhance efficiencies and bolster the effectiveness of our recruitment processes. The central recruitment team will handle sourcing for approximately 75% of the jobs across our group and it is anticipated that this will result in an improved and more consistent candidate experience and increased overall recruitment efficiencies. One of the major benefits of centralising the recruitment team is ensuring that specialised recruiters have a view of all vacancies within the respective job families across the bank. This means that internal staff who are ready for their next opportunity or external individuals who have applied for specific jobs will be able to be considered for multiple vacancies that fit their profile once recruiters have screened their applications.

Organisational restructures

- Successfully integrated Nedbank Corporate and Nedbank Capital into Nedbank Corporate and Investment Banking, and the backoffice operations of Retail and Business Banking into Nedbank Retail and Business Banking. Also reorganised our insurance businesses.



OUR 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.

Frequency of engagement

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

Engagements in 2015

- 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

Responsible lending

Our response/Resulting developments

Judicious credit extension has resulted in lower-than-market growth in mortgage and personal loans, but protects vulnerable clients against overindebtedness.

Significant process and client experience enhancements in key compliance programmes, such as Treating Clients Fairly (TCF), Know Your Client (KYC) and Anti-money-laundering (AML), as well as in compliance to the Financial Advisory and Intermediary Services (FAIS) Act and the Financial Intelligence Centre Act (FICA). Nedbank was the first bank to run a media campaign to inform our clients of the need to FICA themselves as part of SARB requirements.

Appropriate social and environmental risk management.
Playing a leadership role in renewable-energy financing.

Offering worldclass innovative solutions and services

The Tax-free Savings Account, Goal-save and Nedbank 32Day Notice Account. These products are designed to help clients save and to generate Basel III-friendly deposits for Nedbank and attractive savings and investment products for our clients.

The Instant Bond Indicator[®] is an easy-to-use home loan application that provides a real-time credit and affordability indication, prior to completing a full online application.

The Nedbank SHOP Card provides a convenient way to redeem Greenback loyalty points. Over 100 000 clients have taken up the product.

We are streamlining and automating credit processes to enable a hassle-free and convenient banking experience.

Business Registration Online allows clients to register their business and open a business current account online.

Nedgroup Investments introduced online transaction capabilities and launched 'Invest With Us' functionality to educate and assist clients with their first-time unit trust purchase.

Nedbank Insurance launched a new app to log and track policyholders' claims, thereby enabling self-service.

Simple and superior client experience

We are industry and market leaders in complaints resolution.

Our worldclass contact centre performance resulted in the Nedbank Contact Centre (NCC) winning the Best Contact Centre in SA award, across all industries, at the Contact Centre Management Group (CCMG) Industry Awards.

Nedbank's IT systems' availability led the peer group in 2015.

Convenient access to banking, less complexity and improved flexibility

We have optimised our staffed outlets in SA with a coverage ratio of 86% of bankable population within a 30 km radius, A total of 36% of SA branches have been changed to our 'branch of the future' format and the concept is now being rolled out to Rest of Africa subsidiaries. There are six new 'branch of the future' formats in the rest of Africa.

Nedbank app users have increased 43%.

Providing value banking that is competitive and transparent in pricing

We reduced digital banking fees and introduced inflation-related fees for traditional banking channels and cash handling.



THE INVESTMENT COMMUNITY

Why we engage with the investment community

- To provide current and future shareholders with relevant and timeous information, ensuring Nedbank shares are appropriately valued.
- To manage shareholder expectations and reputational risk.
- To maintain good relationships and deepen the trust placed in us and our brand.
- To get feedback that informs our strategy, business operations and how we govern.

Why the investment community engages with us

- To receive relevant timeous information on our prospects and financial and non-financial performance, so that they can value 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, four times a year to coincide with the release of year-end, half-year, and first- and third-quarter trading 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

Challenging economic environment

Our response/Resulting developments

- The group's balance sheet remains well capitalised with a diversified funding profile and strong coverage ratios.
- Our wholesale bias and our presence in the rest of Africa are favourable for advances growth against the background of a weak SA consumer environment.
- We are well positioned for the increasing interest rate cycle. Our credit loss ratio (CLR) was below our 2015 target and within our 2016 target range, with retail impairments reflecting the benefit of selective growth and early action taken in the home loans and personal-loans markets while we, bolstered our central provision to R500m and increased RBB layouts to R699m.
- Our 'optimise and invest' strategy generated cost efficiencies of R915m, resulting in expense growth of only 6,4%, while investing in our mobile and distribution channels, innovation and systems, compliance demands and the rest of Africa.
- Strategic portfolio tilt promotes attractive EP growth areas, particularly transactional banking and deposits offering downside risk protection.
- We supported our clients by keeping increases in bank fees at or below inflation levels, following zero increases in 2014, and by introducing reductions in areas such as small business in Retail Relationship Banking and Business Banking.

Weak commodity market

- The oil and gas companies that we have funded in both SA and the rest of Africa are generally operating in the lower quartile of the cost curve.
- Our exposure to mining is limited to 3,2% of our total advances book.
- Portfolio provisions in Nedbank CIB have been strengthened to 0,29%, given the increased tail risk in the wholesale sector.



Specific engagements in 2015

- Annual and interim results announcements and roadshows.
- Bank of America Merrill Lynch 16th Annual Sun City Conference.
- Citi Annual South Africa Investor Meeting.
- Citi Remuneration Policy Investor Lunch.
- Deutsche Bank Global Emerging Markets Conference.
- Deutsche Foreign Investor Group Meeting.
- Nedbank Group Governance roadshow.
- Nedbank Group Basel III and IFRS 9 Investor Presentation.
- Renaissance Capital Banking IT Day.
- RMB Morgan Stanley European Financials Conference.
- RMB Morgan Stanley Fourth Annual SA Banks Conference.
- SBG Global Markets Investor Day.
- UBS 18th Annual Financial Services Conference.
- More than 296 individual meetings with financial media, shareholders and analysts.

We also regularly engage with Old Mutual plc to align our financial reporting and communications, ensuring that we have a holistic group message and that collaboration opportunities are maximised.

In addition to the regular issues that we engage on, the following were topics that our stakeholders raised:

HOT TOPICS

Our response/Resulting developments

Nedbank's influence on Ecobank given a minority shareholding

- The largest shareholders in Ecobank Transnational Incorporated (ETI) all work towards a common objective of building the Ecobank franchise.
- Nedbank Group is represented on the ETI board by our Chief Operating Officer, Mfundo Nkuhlu.
- We have a technical and strategic alliance with ETI that enables us to collaborate across all areas of banking, including new-business opportunities, but also balance sheet management, branch optimisation and IT, where Nedbank and Ecobank both operate on the Flexcube banking system in the rest of Africa.
- The combined strengths of Nedbank, ETI and Qatar National Bank (QNB) present a unique competitive advantage in potentially concluding large and attractive deals. The three parties participate in our monthly deal forum, which reviews opportunities for new transactions, and have built a good deal pipeline.
- We believe a 20% shareholding, supported by our long-standing strategic and technical banking partnership, is more prudent given the impact of Basel III capital requirements and regulations for measures such as anti-money-laundering under a controlling shareholding scenario as well as in tough macro environments in oil exporting countries.

Increased regulation

- We continue to meet Basel III phase-in of minimum capital and transitional liquidity coverage ratio requirements and are well positioned for the proposed net stable funding ratio requirements, these will continue to put pressure on net interest margins.
- Lower interchange charges were introduced in March 2015 and although non-interest revenue (NIR) was impacted by R261m, the full effect was partly mitigated by initiatives such as our loyalty card, which offers great value back for our clients.
- The impact of interest rate caps on personal loans was lower than originally expected and will have a material impact on the business in 2016.
- Our credit life fees at R3,51 per R1 000 are below the proposed level of R4,50 and we are well positioned as one of the lowest priced insurers in the market.
- Remedial action in our anti-money-laundering administration remains high on our agenda and a central regulation project office has been established to coordinate all key regulatory requirements.

Leadership changes

- We announced various board and executive appointments, including that of our new Chairman, Vassi Naidoo, during the year. All executive appointments were internal and evidenced our well-thought-out succession planning processes and the depth of our talent pipelines.

You may be interested in:

Fair Share 2030 in action
14



REGULATORS

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 2015

- 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

Increase in regulatory scrutiny and inspections

Our response/resulting 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.

We maintained the alignment of our Enterprisewide Risk Management Framework (ERMF) with regulatory developments.

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.

Nedbank's economic capital and International Capital Adequacy Assessment Process (ICAAP) methodology is constantly reviewed and updated, taking cognisance of regulatory developments such as Basel III from 1 January 2013. Nedgroup Insurance successfully implemented Solvency Assessment and Management (SAM) during 2015.

Foreign Account Tax Compliance Act (FATCA) - US legislation

We successfully implemented the reporting requirements for the Foreign Account Tax Compliance Act (FATCA) (US legislation) during 2015 and continue to comply with FATCA requirements.

Increased focus on consumer protection, such as the Twin Peaks regulation and the Protection of Personal Information Act (POPI)

Nedbank Group has embarked on a TCF and conduct risk programme to ensure that industry guidelines and best practice are embedded within its business and has already achieved certain milestones. We have had an independent assessment of Nedbank Group's state of readiness for TCF and conduct risk management that revealed no material issues with the implementation programme. We believe that the continued focus on clients through TCF enhancements will enrich our client value proposition and further create value for our entire stakeholder group.

To mitigate conduct risk, we are taking steps to embed conduct considerations in our strategies, governance structures and fundamental workings of our business models. This includes the way that we sell our products and provide client service to avoid poor outcomes for clients and, therefore, TCF is also enveloped within the concept of conduct risk. In this way we aim to identify and mitigate risk before clients suffer adverse outcomes.



<p>Money-laundering, terrorist financing and sanctions risk management</p>	<p>We have invested 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.</p>
<p>Trading book and counterparty risk</p>	<p>We participated in industry meetings on the Regulatory Consistency Assessment Programme undertaken by the Bank for International Settlements in Basel.</p> <p>We were one of the banks reviewed as part of the Securities Trading Review conducted by SARB and the outcome was positive for us.</p>
<p>National Credit Regulator - R699 scheme</p>	<p>We invested time in managing our clients and any potential reputational risk associated with the R699 scheme.</p>
<p>Resolution and recovery planning</p>	<p>We maintained resilient business continuity management processes.</p>
<p>Unsecured lending</p>	<p>We contributed to implement our policy of responsible lending and reduced our market share proactively.</p>
<p>Confidence and trust in the banking sector</p>	<p>To continue to strengthen confidence and trust in the banking system, banks were urged to place a greater emphasis on the comprehensive public disclosure of their risk and capital positions and risk management processes in relation to key business activities. The Financial Stability Board established the Enhanced Disclosure Task Force (EDTF) to develop principles for enhanced disclosures by institutions. Nedbank first implemented the EDTF recommendations in 2013, where appropriate, and continues to enhance and drive improvement in the quality, clarity, consistency and comparability of risk disclosures, thereby allowing stakeholders to draw increased value, understanding and insight from the reports. The refinement of our Pillar-3 report is an ongoing process to keep up with changing regulation and leading practice.</p>

You may be interested in:

Committed to responsible finance
7 - 10



COMMUNITIES
(including social and environmental non-governmental organisations)

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.



HOT TOPICS

Our response/Resulting developments

Trust in the financial sector

We are steadily building relationships with our stakeholders, with pleasing outcomes. Evidence of such is our growth in client numbers and the positive results we received from our client surveys, as well as surveys such as Trialogue, which measures our delivery to communities and NGOs.

Student activism (#FeesMustFall)

This civic action signalled the need for change in the way that tertiary education is financed. Going forward, there will be a need for government and the private sector to collaborate so that the funds distributed bring about the right educational outcomes. Nedbank's commitment to educational support equates to more than 49% or R66m of our CSI budget. In addition to the learnerships and graduate programmes we run, our External Bursary Fund issued Nedbank bursaries to 111 undergraduate students across 19 SA public universities and universities of technology. The total cost amounted to R11,2m.

Climate change and the fossil fuel divestment campaign

The intensive loadshedding experienced during 2015, along with the highly publicised divestment campaign, kept this issue front of mind for stakeholders. 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 our Long-term Goals in this regard in the long term, while in the short term we will start to reduce finance available for fossil fuels.

You may be interested in:

Integrated Report: Making tradeoffs
38



Specific engagements in 2015

- The Nedbank Consumer Education Programme directly benefited more than 36 000 consumers across all nine SA provinces.
- The United Nations Global Compact (UNGC) Business and Human Rights Workshop, through which we engaged with businesses and civil society.
- Indepth engagements with many NGOs through the Nedbank Foundation, and engagements with sustainability-focused NGOs through our sustainability teams. Primary stakeholders in this regard are education NGOs, schools and 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
Captive breeding of lions	During 2015 captive breeding for hunting purposes was headline news. To gain a better understanding of the issue and related regulations we attended a number of workshops and engaged with interested and impacted stakeholders. Following our research into the issue we have taken an in-principle decision not to finance any activity constituting captive breeding of mammalian predator species for hunting or the exotic pet trade. This decision will form part of the total policy and book review in 2016 to better manage the biodiversity impact of our lending decisions.
Access to CSI funding	In 2015 we disbursed R136m to more than 139 deserving projects. However, we are unable to give support to all projects that apply for funding. We have a stringent approval process that culminates in signoff by a board of independent trustees to ensure transparency and fairness.
Scarce skills	In 2015 we invested more than R370m in training our employees. This increases their employability, thereby benefiting delivery in our business while they work for us. Bursary schemes, learnership and graduate programmes also address this national issue.

You may be interested in:

Partnering to create a better future for SA's youth
20



GOVERNMENT

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

Building relationships and trust between business and government

Our response/Resulting developments

Given the economic challenges that SA has faced, we engaged even more regularly during 2015. This strengthened our relationships with many government departments as we gave them insight into our immediate and longer-term strategies and how they contribute to building the country.

We also engage through formalised associations and structures such as The Banking Association South Africa and Business Unity South Africa (BUSA).

In January 2016 Nedbank hosted a meeting with the Minister of Finance, Pravin Gordhan, the Head of BUSA, Jabu Mabuza, and more than 50 SA corporate chief executives (CEs). The meeting focused on a number of the short-term issues facing our country and, in particular, the importance of retaining our country's investment grade credit ratings and the need to build confidence and work together to change the negative sentiment that currently prevails in many areas. We specifically stressed the importance of government and business working together to increase the level of investment in our economy, and participants committed to ongoing dialogue around this. This was followed by a meeting of over 100 CEs with the President, Deputy President and Ministers of Finance, Trade and Industry, and Economic Development.

Government, business and labour are working together to use the challenging economic environment as a catalyst for increased collaboration to accelerate the rate of economic growth and job creation and to strengthen public finances. The group has been and will continue to be an active participant in these discussions.

Loadshedding and its impact on communities and business

The impact that energy insecurity is having on education, healthcare and general business cannot be underestimated. In line with government's IRP 2010, we have fully supported the REIPPP Programme, which is enabling the addition of renewable energy at scale into the SA energy mix. In addition, we have developed an embedded energy lending product to help business become more energy-secure.

From an operational perspective we are committed to doing our part to reduce the strain on our national electricity grid through the pursuit of our stated energy-reduction targets. Our electricity usage declined by 1,5% in 2015. We also drive awareness among our staff and the public through publications such as our *Nedbank Green Living Guide* and our *Carbon Footprinting Guide*.



Specific engagements in 2015

- The Nedbank Chairman’s dinner.
- The National Budget Vote Competition and the Human Settlements Department’s budget vote.
- Participation on various platforms with government.
- Participation in various government efforts, such as the Diplomatic Fair and the Goodwill Project of the South African National Defence Force (SANDF).
- Various engagements with national and provincial departments of Education, Human Settlements and Health.
- Engagements with the ministers of Small Business Development, Trade and Industry and Economic Development about economic matters that affect Nedbank as a business and how we can be of assistance to small and medium enterprises in SA.

‘Our long and difficult history makes it imperative that companies and government work actively together to try and improve a history of mistrust. This can be challenging, since a broad social licence between government and business can be eroded by the bad behaviour of one or two companies, or one or two government officials. Continued frank dialogue between one another – as we are doing in this forum* – helps to foster social licence.’

– Previous Finance Minister Nhlanhla Nene, (MP).

* Nedbank Chairman’s Dinner.



HOT TOPICS

Our response/Resulting developments

Drought and food security

Our Fair Share lending in the areas of embedded energy and affordable housing helps to address resources efficiency; however, it is not at the scale required yet. Our dedicated Agrifinance Division has adopted a proactive approach both in identifying clients impacted by the drought and engaging with them to find solutions.

We have also long been committed to water stewardship and conservation through our involvement in the WWF-SA Water Balance Programme, releasing over 900 000 kℓ of water back into the ecosystems – an amount equivalent to almost double our operational water usage. The programme facilitates the removal of alien vegetation, thereby enabling increased water in critical catchment areas. Our Hippo Roller project saw us donating 200 water rollers in 2015 to rural communities to ease the burden they typically encounter in accessing water daily.

Transformation

Government has focused on transformation of the financial sector, of which we are part. We remain absolutely committed not only to participating in, but also to driving the transformation of our industry and country. More detail on our transformation efforts can be found in our 2015 Transformation Report.

Support to small, medium and microenterprises SMMEs

Through the Ministry of Small Business Development, Nedbank was asked how we could raise our level of support for small business. We supported and developed SMMEs through a variety of programmes, such as the Branson Centre for Entrepreneurship, the Nedbank Municipality Programme and Durban Chamber of Commerce Enterprise Development Initiative. A total of 682 entrepreneurs benefited from these enterprise development interventions, which also led to the direct creation and/or support of 90 jobs in 2015.

Partnership with the Department of Higher Education and Training

Government raised the issue of bursaries and internships in the financial sector and how these can complement what government is already doing. We highlighted the fact that education investment represents more than 50% of our annual corporate social investment and we offer a full portfolio of bursaries that are available to anyone who meets the qualifying criteria. In 2015 a total of 111 students received Nedbank bursaries.



MEDIA

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.

Specific engagements in 2015

- One-on-one meetings and media-related functions with the Group Executive Committee and boardmembers.
- Product launches and sponsorships, such as the Talks for Success initiative, Ke Yona Team search, Green Wine Awards, Nedbank Golf Challenge and Winter Warmer Campaign.
- A media programme to communicate financial results (annual and interims).
- An annual media and spokespeople networking event.



HOT TOPICS

Our response/Resulting developments

Stability of the sector following rating agency downgrades	<p>Extensive engagement within the industry and government resulted in a firm industry position to generate confidence and stability.</p> <p>Regular CE engagement with key media representatives to communicate this position.</p>
Leadership changes	<p>Given the experience and rationale for selection, the leadership changes were positively received in the media following a programme of engagement and meetings with key media representatives.</p>
Cybercrime - phishing	<p>Open and transparent engagement with the producers of an investigative television programme to explain the facts and client impacts of cybercrime. Followed by extensive programme of consumer education.</p>
Rogue debit orders	<p>Communication through the media to explain the introduction of a new payment approval system through Payments Association of South Africa (PASA), which will significantly reduce the likelihood of rogue debit orders.</p>
Pricing and bank fees	<p>Ongoing client and media communication about the value-add of banking services in the context of bank fees. In addition, the campaign focused on correcting the perception that Nedbank is the most expensive bank in SA.</p>



SUPPLIERS

Why we engage with suppliers

- 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 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 2015

- Ongoing interaction with suppliers and contractors for procurement purposes.
- Supplier education workshops, indabas, fairs, etc.
- One-on-one negotiations and meetings.
- Changes to procurement and payment system.

'DeltaCab, as a BWO, has gained a lot from our business relationship with Nedbank. As a small business associated with a brand such as Nedbank, we have been able to approach other large corporates, using Nedbank as our point of reference to market and the response has been very positive. We are also looking at expanding to other cities in SA where our services are needed by Nedbank. This also gives us the opportunity to gain national recognition for our brand.'

- DeltaCab, BWO supplier to Nedbank.



HOT TOPICS

Our response/Resulting developments

Delayed payments due to implementation of a new ERP system

- While there are many benefits to the new system for both Nedbank and our suppliers, the implementation was not without teething problems. One of these was delays in payment for some suppliers. We worked extensively on addressing the backlogs and at the end of 2015 a total of 90% of backlog payments were made to suppliers. The remaining 10% were as a result of new processes not followed properly and human error. These issues were resolved by the end of February 2016. We thank our suppliers for their patience during the transition.

Corruption

- We continued to conduct investigations into possible criminal supplier practices, such as 'fronting'. We are happy to announce that we reported only one case to Nedbank Group Forensics for further investigation.

Complexity of dealing with Nedbank as a supplier

- To simplify and streamline our engagement process with our suppliers we:
- refined our protection of personal information processes and made various Code of Conduct enhancements;
 - reviewed our procurement policy against global best practice and implemented this in February 2015;
 - introduced an e-invoicing system to streamline payments of vendors; and
 - introduced a full due-diligence process for the onboarding of new suppliers.

'Women- and minority-owned businesses have often been overlooked. However, Nedbank's Enterprise and Supplier Development Programme has been a pioneer in fostering and promoting a collaborative environment, one which my business thrives on. Their support in building my organisation shows their commitment to job creation. Nedbank is making things happen ... a true community builder.'

- Tammy Moodley, BWO supplier to Nedbank.



BUSINESS PARTNERS AND INDUSTRY BODIES

Why we engage with business and industry bodies

- To continue learning through interaction with the industry and cross-sectoral organisations.
- To leverage and build our strategic business partnerships for the maximum benefit of all our stakeholders.
- To use business associations as a forum through which we can promote our viewpoints 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 or dictated by performance contracts and association or partnership membership agreements.

Specific engagements in 2015

- Monthly meetings with various industry bodies as well as attendance at relevant annual general meetings (AGMs).
- Interactions with the National Business Initiative (NBI). Engagements in 2015 included the Energy Efficiency Leadership Network (EELN), being part of the Advisory Committee on Environment and Society (ACES), participating in the Carbon Disclosure Project (CDP) and the Greenhouse Gas Accounting Programme.
- Interactions with BUSA and The Banking Association South Africa, especially regarding the development of new policies through the Sustainable Finance Committee.
- Interactions with various research institutions, ie the Sustainability Institute and University of South Africa (UNISA). Input was also received from the South African National Energy Association (SANEA) and the South African Energy Efficiency Convention (SAEEC). The input provided by these and various other institutions is highly appreciated.



HOT TOPICS

Our response/Resulting developments

The protection, promotion and fulfilment of social, economic and environmental rights

This issue was raised by The Banking Association South Africa: Sustainable Finance Forum. Nedbank had already addressed this issue. However, we fully support a more consistent approach throughout the industry.

Transparent reporting in relation to implementation of Equator Principles III

We have embraced these new reporting requirements as evidenced on page 7 of this report and our Equator Principles reporting is externally done.

Climate change

We participated in the extensive programme run by the NBI in the run up to COP21. The high-profile event was also used as an awareness and education opportunity for our staff. Following the Paris Agreement, we expect to see policies and lending practices adapted.

Sluggish township economies

We have partnered with Izingwe and Old Mutual to change this through the application of funds from the Legacy Fund that has been set up by Nedbank, Old Mutual and our three BBBEE partners, WIPHOLD, Brimstone and Izingwe. Legacy Fund projects will support initiatives consistent with the FSC and National Development Plan, thereby leaving a lasting and beneficial legacy from our original BBBEE objectives.

‘The relationship between Brimstone and Nedbank has been mutually beneficial at many levels. There are many other areas where we can, and will, continue to cooperate and work with Nedbank.’

– *Mustaq Brey, CEO: Brimstone.*



UNIONS

Why we engage with the unions

- To promote fair and equitable employee-relations practices, good governance and a sound working relationship.
- To ensure 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 in monthly consultations on any changes impacting staff within 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 2015

- Annual salary negotiations.
- Monthly consultations.



HOT TOPICS

Termination of our recognition agreement

Our response/Resulting developments

- The recognition agreement entered into between Nedbank and its recognised unions was concluded in 1990. On 27 August 2015 Nedbank issued a notice to the South Africa Society of Banking Officials (SASBO) and the Insurance and Banking Staff Association (IBSA) of its intention to terminate the recognition agreement and enter into negotiations to conclude a new agreement due to amendments to the Labour Relations Act, as well as to align its relationship with the unions in the everchanging labour relations landscape in SA.
- The 1999 recognition agreement was terminated on 27 November 2015. A new recognition agreement was entered into and signed with SASBO on 8 January 2016.
- The new agreement recognises SASBO as the bargaining agent at Nedbank. IBSA has been derecognised due to its low membership in the bargaining unit.

Wage expectations

- The 2015 salary negotiations took place on 13 and 14 January 2016.
- The negotiations were informed by the tough economic climate experienced during 2015 and the volatile economic conditions anticipated for 2016.
- Despite the tough economic conditions Nedbank and SASBO were able to reach agreement on an increase of 7,5%, which was in line with employee and industry expectations.

RATINGS AND RECOGNITION

Recent global corporate shocks, many of which are still generating negative fallout for the shareholders of the companies concerned, have underscored the importance of external sustainability verification.

We therefore share some of the awards we have received during 2015 in recognition of our approach and activities:

- Bank of the Year for Africa and SA* - *The Banker* magazine
- Nkonki Integrated Reporting Awards - first place in the finance sector and fourth overall
- *Sunday Times* Top Brands - winner of the Green Category

In addition to the awards listed above, our external sustainability accolades include the following:

- *Carbon-neutral status* - We are Africa's first carbon-neutral financial organisation.
- *FTSE/JSE* - Nedbank is included on their Responsible Investment Index and the FTSE/JSE Responsible Investment Top 30 Index.
- *Dow Jones World Sustainability Index* - This is the world's premier performance benchmark for companies in terms of corporate sustainability. We were included for the 10th year.
- *South African Carbon Disclosure Project Index* - We obtained a 98% disclosure score and an 'A' for performance and inclusion in the Climate Disclosure Leadership Index.
- *IRAS Sustainability Data Transparency Index* - We obtained the highest score in the Banking and Financial Services Sector.

* This is the fourth time we have received the award for SA, having been named Bank of the Year in 2011, 2013 and 2014. It is the first time we have won the award for all of Africa.

OUR CONTACT DETAILS

Brigitte Burnett

Head: Sustainability Nedbank Group

Enterprise Governance and Compliance

Tel: +27 11 294 3692

Email: brigittebu@nedbank.co.za

Kerri Savin

Stakeholder Engagement Manager

Enterprise Governance and Compliance

Tel: +27 11 295 5672

Email: kerris@nedbank.co.za