



Sustainability Review 2016

FOR THE YEAR ENDED 31 DECEMBER

Supplementary report to the
Nedbank Group Integrated Report

see money differently

NEDBANK

Nedbank Group Sustainability Review

'Nedbank recognises that it has a responsibility not only to be good with money, but more importantly to *do good* with it. Our core purpose as a bank is therefore to use our financial expertise to do good for individuals, businesses and society across our country and our continent. By seeing money differently in this way, we are confident that we will achieve our vision to be Africa's most admired financial services provider.'

– *Mike Brown, Chief Executive: Nedbank Group*



Contents

02	Our context
05	Sustainability governance
09	Committed to responsible finance
11	Delivering in 2016
14	Integrating sustainability
14	Products and services
19	Collaboration and partnerships
33	Managing our direct impact
33	Our people
43	Our operations
50	Our relationships

ABOUT THIS 2016 SUSTAINABILITY REVIEW

This Sustainability Review augments the 2016 Nedbank Group Integrated Report and offers a detailed look at Nedbank's integrated sustainability efforts, commitments and achievements over the past financial year. It should also be read in conjunction with the other online supplementary reviews that describe our approach to risk management, governance, ethics and transformation.

The Sustainability Review is a key document in terms of our commitment to transparent and comprehensive reporting. It demonstrates how, as a financial institution, we are leveraging the power of our bank to build a more successful society, and upholding the values enshrined in our Constitution. Our approach aims to balance socioeconomic and environmental risks and opportunities through the deliberate use of our products and services, collaboration and partnership, and by managing our own impact.

In producing this Sustainability Review we aligned the content with our organisation's identified material matters, in particular the Transformation of Society with Environmental Constraints and Scarce Skills as well as the Global Reporting Initiative (GRI) G4 guidelines for Sustainability Reporting. Key performance indicators (KPIs) have also been assured as part of our combined assurance model (see page 12).

All of these reviews, as well as the GRI reference table, are available for download in electronic format at nedbank.co.za.



Our context

Our core purpose as a bank is to use our financial expertise to do good for individuals, families, businesses and society.

Our context

USING OUR FINANCIAL EXPERTISE TO DO GOOD

The world faces massive economic, social and environmental challenges, ranging from unemployment and income inequality to an increasing disease burden, food and water security issues and climate change, as a result of steady population growth and growing levels of consumption.

In addition, the need for an accelerated energy transformation to combat climate change and energy poverty, combined with new disruptive technologies – particularly in transport and communications – is changing the way the world understands and uses natural resources. This will impact demand for oil and other fossil fuels and add significantly to the volatility seen in prices of these commodities in recent years. Global divestment from fossil fuels and the rapid deployment of cost-competitive renewable-energy technology will undoubtedly continue to impact Africa, and SA in particular.

To ensure that we consistently deliver financial services to meet our clients' needs within this rapidly changing

context, we depend on a highly and relevantly skilled workforce. Meeting this requirement in a country beset by significant levels of unemployment and a legacy of education inequality is an ongoing challenge and we are committed to doing our part to address this challenge. See page 22 for more details.

RESPONDING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In response to the clear need for deliberate and collaborative action that will promote sustainable global development, the United Nations Sustainable Development Goals (SDGs) were adopted by all participating countries in 2015. These define global priorities and aspirations for 2030 and offer a clear road map for the transformation of society within environmental constraints.

Nedbank is committed to this sustainable development agenda and this commitment was demonstrated in 2013 – ahead of the agreement on the SDGs – when we adopted our eight Long-term Goals for 2030. These Long-term Goals are closely aligned with the SDGs and form the framework we have used for our Fair Share 2030 strategy that is designed to ensure that, over time, we use our financial expertise to contribute positively towards meeting the future growth and development needs of individuals, businesses and society. Going forward we will use the SDGs as the guiding framework for Fair Share 2030, as depicted in the figure below.

SUSTAINABLE DEVELOPMENT GOALS

The sustainable development goals (SDGs) define the global sustainable development agenda and act as a compass for our organisation, guiding effective support of sustainable development across Africa through our core business and steering us towards operational sustainability excellence.



FAIR SHARE 2030 – INTEGRATING SUSTAINABILITY AT NEDBANK

Fair Share 2030 is Nedbank's strategy to integrate sustainability across the full breadth of our business activities. It is a strategic enabler of our group's purpose to use our financial expertise to do good for individuals, families, businesses and society.

It guides our activities and product development, ensuring that we focus on identifying and investing in finance opportunities that have the potential to impact social, environmental and economic development positively and serves to expedite the transformation required. It also informs our operational and corporate social investment (CSI) activities.

In 2015 and 2016 we had set a stretching R6bn annual lending target to encourage new and innovative lending with deliberate social and environmental impact. While we did not meet the target in either year (R2,3bn in 2016 and R1,8bn in 2015), the outcome of our lending provided much-needed student accommodation across the country and supported the rollout of additional embedded energy installations (see page 14 for our contribution to renewable-energy and other socioeconomic investments). It also provided opportunities for the bank to learn more about sustainable development finance as a driver of value in tough economic times, within a limiting regulatory environment.

Aligned with our purpose, a broader approach is being adopted for Fair Share 2030. One of the key changes is that the R6bn annual target will be replaced by a larger cumulative target for sustainable development finance up to 2020. This cumulative target will be expressed as a set of outcomes aligned to the SDGs. More details will be provided in the report for the 2017 financial year.

NEDBANK MATERIAL MATTERS

Our group's material matters are derived from the global macro context, local trends, the needs of our key stakeholders and relevant industry developments. They guide our strategic response as we strive to deliver on our purpose, thereby ultimately achieving our vision to be Africa's most admired financial services provider.

These material matters and our strategic responses are detailed in the 2016 Nedbank Group Integrated Report (page 34) but, to frame the context of this Sustainability Review, they are summarised below:

- 1 A volatile and uncertain socioeconomic environment, characterised by slower growth and rising inequality.
- 2 Disruptive technologies, disintermediation and increased competition.
- 3 Increased demands on governance, regulation and risk management.
- 4 Managing growth opportunities versus risks in the rest of Africa.
- 5 Transformation of society within environmental constraints.
- 6 Scarce and evolving skills requirements.
- 7 Changing relationships between business, government, labour and civil society.





Sustainability governance

Robust governance and stringent risk management are key to us being able to successfully integrate sustainability across the Nedbank Group.


Sustainability governance

To ensure that sustainability matters remain a priority across Nedbank Group, a number of senior governance bodies are mandated to monitor adherence to all sustainability policies and ensure that these are diligently applied across the bank's strategy, plans, business activities and decisions.

At the helm of these governance bodies is the Group Transformation, Social and Ethics Committee (GTSEC), a committee of the Nedbank Group board that regularly reports on all sustainability matters to the board of directors and makes recommendations on how our organisation might better integrate sustainability to drive maximum benefit for stakeholders.

A dedicated sustainability team is tasked with cascading the policies, procedures and sustainability considerations into all areas and activities of the group. The members of this sustainability team sit on many other Nedbank committees, which ensures that sustainability issues are considered and integrated in the decisions these committees make.

The sustainability team is also tasked with communicating with Nedbank managers and staffmembers to keep sustainability top of mind across the organisation and entrench a sustainability culture.

 This stringent, top-down sustainability governance approach is set out on page 6.

This approach ensures that all areas of our business comply with all relevant regulations and legislation. It also delivers the additional benefits of ensuring early identification of risks that need to be addressed and business opportunities that have the potential to deliver a positive impact both for our business and our stakeholders.

Key actions taken by GTSEC in 2016

- Understanding Nedbank's role in helping to address the Fees Must Fall issue. This resulted in the establishment of an ad hoc committee, which is coordinating our response.

 See page 56.

- Assessing the culture work stream to reshape the bank's operating model and the impact digitisation would have on headcount, processes, costs and skills.
- Monitoring regulatory developments and accordingly reviewing the transformation strategy and achievement against identified targets. The committee is satisfied with the group's target-setting methodology.

At 31 December 2016 the group achieved level 2 broad-based black economic empowerment (BBBEE) rating for the eighth consecutive year.

- Monitoring progress of the scaleup of Fair Share 2030, the bank's strategic response to delivery on Nedbank's Long-term Goals. The committee is satisfied with the progress achieved to date.
- Monitoring activities relating to socioeconomic development, access to finance, lending to enable healthcare, housing and education, supplier development, enterprise development, community upliftment, economic empowerment and empowerment finance. The committee is satisfied with the progress to date.

 See case study on page 32.

2017 Focus areas

- Providing critical challenge to ensure delivery of Nedbank's stated purpose.
- Driving the group's transformation agenda, including the impact of regulatory requirements and targets, and building a culture of inclusion.
- Analysing the impact of the realigned Financial Sector Code (FSC) with the emphasis on the priority elements of ownership, skills development, enterprise and supplier development and empowerment financing.
- Reviewing Fair Share 2030 progress as a strategic enabler.
- Monitoring how best practice regarding ethics management is implemented in the group.
- Monitoring the further implementation of the United Nations Global Compact (UNGC) Guiding Principles regarding human rights in business and due diligence on products and services.
- Considering global macro trends and critical trends that are emerging in SA to ensure that Nedbank is prepared or responding appropriately.

Alignment with industry best practice

Our sustainable risk management approach is informed by, among others, the following industry best practices:

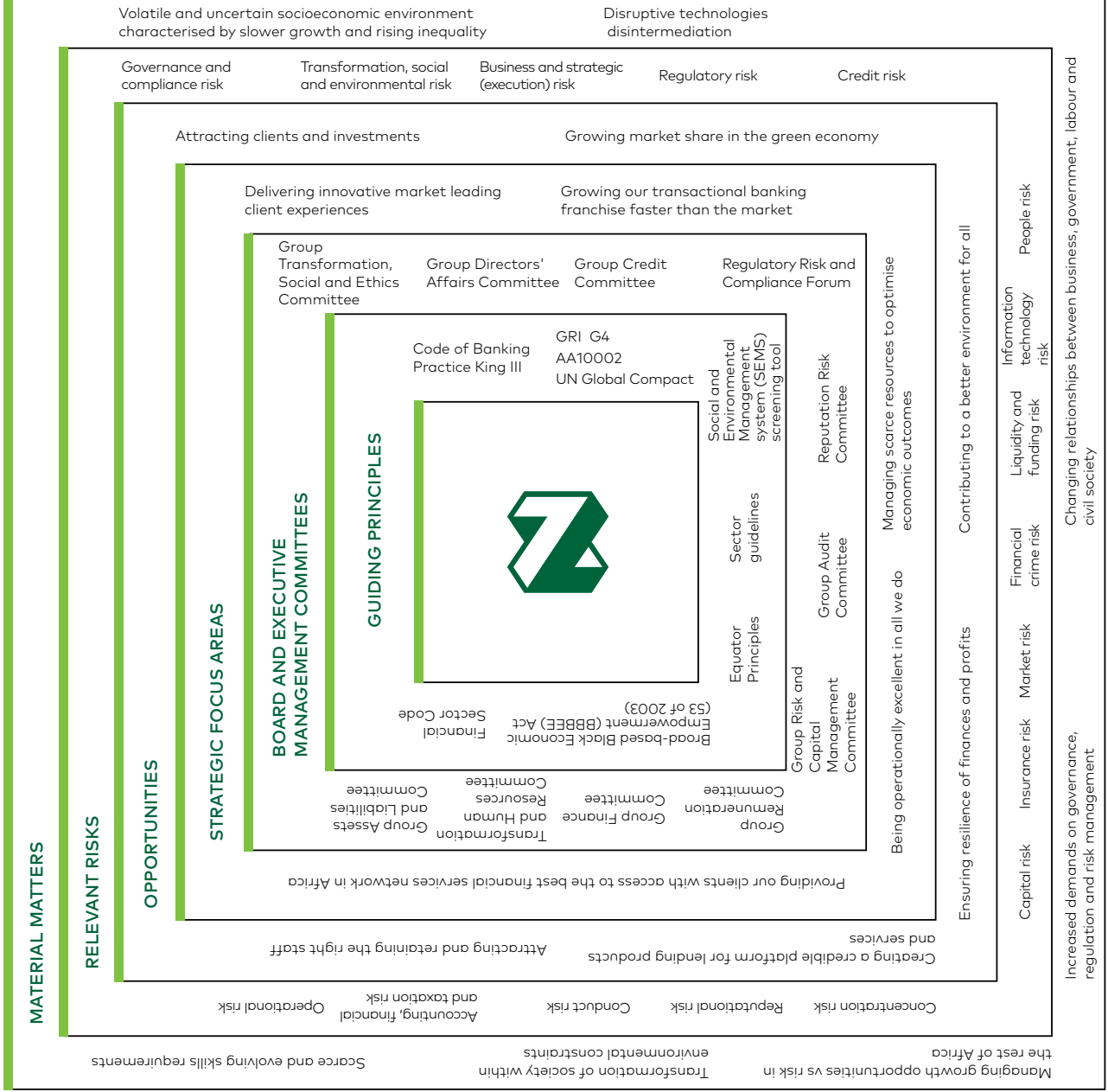
- The Equator Principles (signatory).
- The International Finance Corporation (IFC) Performance Standards.
- The UNGC (signatory).
- The UNGC's CEO Water Mandate.
- The Code for Responsible Investing in South Africa (CRISA).
- The Principles for Responsible Investment (through our parent company, Old Mutual plc).
- The United Nations SDGs.
- The National Development Plan (NDP).

Participation in industry platform

As a group we have representation on numerous sustainability organisations and platforms. This external involvement ensures that we stay abreast of global trends and best practices. It also helps us to make a contribution to furthering the sustainability agenda, particularly in SA but also throughout the continent. In 2016 we were represented on the following:

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

INPUTS THROUGH:



OUTCOMES:

Creating value for our stakeholders
 through delivery on our purpose of using our financial expertise to do good for individuals, families, business and society

YOU MAY BE INTERESTED IN

2016 Pillar 3 Risk and Capital Management Report online.

Integrated Report: Material Matters on page 34.

Managing growth opportunities vs risk in the rest of Africa
 Transformation of society within environmental constraints
 Scarc and evolving skills requirements
 Accounting, financial and taxation risk
 Operational risk
 Concentration risk
 Reputational risk
 Conduct risk
 Reputational risk
 Concentration risk
 Capital risk
 Insurance risk
 Market risk
 Financial crime risk
 Liquidity and funding risk
 Information technology risk
 People risk
 Increased demands on governance, regulation and risk management
 Changing relationships between business, government, labour and civil society

Committed to responsible finance

MANAGING SOCIAL AND ENVIRONMENTAL RISK

Social and environmental risk is one of the risk categories that Nedbank actively monitors. Whether strategic or operational in nature, it is viewed as seriously as all other risks to which our business is exposed.

Our most significant social and environmental impacts are indirect and result from our lending and investment activities. 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 all such sensitive investments, working closely with our clients and relevant authorities to maximise benefits and minimise the impacts of these activities.

In consultation with sustainability risk experts and various stakeholder groups such as government departments, non-governmental organisations (NGOs) and other relevant institutions, we have developed a suite of sustainability risk mitigation tools and policies that not only protect shareholder interests, but also ensure the protection of communities and the environment. Some examples of these policy interventions and tools include:

- The Human Rights Framework.
- The Human Rights Statement.
- Sector policies for agriculture, mining, oil and gas, natural capital, waste and recycling and hazardous substances, asbestos and contaminated land.

Our recently completed Hazardous Substances, Asbestos and Contaminated Land Sector Policy is a particularly important sustainability risk management component for our bank. It provides a comprehensive framework of applicable legislation by which we can monitor and assess our investment in sectors that have the potential to cause the greatest threat of lender liability under SA legislation.

We recognise the important role we have to play in helping to prevent and combat environmental degradation and pollution. This policy provides essential guidelines for monitoring and managing the use, storage and transport of hazardous substances and asbestos-containing material, and avoiding contamination of land, surface or groundwater. We therefore use it to inform our advice, lending and service provision to the energy, fuel, agricultural, manufacturing, transport, construction, property development and waste management sectors.

In addition we continue with our strategy of supporting the diversification of Africa's electricity supply. Currently, 1,81% (2015: 2,25%) of our total group lending and finance commitments relate to renewable-energy generation. This compares very favourably with the 0,58% (2015: 0,66%) of total funding that is going to coal- and fossil-fuel-based energy generation (including our direct facilities to Eskom).

Please refer to the Pillar 3 Risk and Capital Management Report for more information on how we address all other risks, including reputational risk and information technology risk.

OUR SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Nedbank's focus on our accountability as an environmentally and socially responsible company serves to underpin business growth. By demonstrating our commitment to upholding the principles and spirit of sustainability, we enhance the likelihood of attracting investments from increasing numbers of investors and asset managers that are seeking environmentally and socially responsible companies in which to invest.

Nedbank has adopted an integrated and risk-based approach to managing environmental and social risk within its various products. Our Social and Environmental Management System (SEMS) assessment tool is fundamental to this responsible business response and underpins the bank's application of Equator Principles as outlined below.

SEMS details the policies, procedures, resources and workflow needed to identify and assess the environmental and social impacts of our lending activities. It allows us and our clients to measure alignment with accepted environmental and social standards and legal compliance, and addresses any challenge or shortcoming that might otherwise have hindered their business progress or placed our business at undue risk. It is therefore a core element in our ongoing commitment to improving sustainability in partnership with our clients and other stakeholders.

Progress of the Social and Environmental Management System across the business

All Investment Banking and Client Coverage credit risk reviews and new applications included the screening of high-risk clients in accordance with SEMS. 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.

Approximately 435 deals were assessed in 2016 of which 194 were SEMS applicable. This is a drop in the number of transactions (512) screened in 2015, most significantly attributed to the internal merger process between Nedbank Capital and Nedbank Corporate, now known as CIB. Duplicated SEMS processes on the same client/transaction resulted in higher volumes in the preceding years.

Due to the number of clients in Retail, a risk-based approach has been adopted. Retail clients are required to disclose any environmental or negative social impact their activities might have. This could be operations such as restaurants and vehicle servicing, as both involve oil disposal. These disclosures are then assessed through the SEMS process and mitigating actions agreed with the client.

The SEMS process is maturing in Business Banking, with high-impact industries having been defined and in excess of 2 000 clients in these high-impact sectors assessed in the past 12 months.

In Wealth our exposure is mainly limited to the acquisition of industrial and commercial properties, which could pose risks such as the presence of asbestos or land and water contamination.

APPLYING THE EQUATOR PRINCIPLES

As one of the leading providers of project finance in SA, Nedbank reviews potential project finance transactions for environmental and social compliance with the Equator Principles, IFC Performance Standards and legislation. We take an integrated and risk-based approach to managing environmental and social risk relating to our 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 and corporate financing.

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.

This report includes external limited assurance for Equator Principles projects that had their first drawdown in the 2016 financial year.

Data reporting

Four Equator Principles deals have been submitted for the financial year in accordance with rule 6(f). Two were new Equator Principles deals, which reached financial close and drawdown in 2016, while two were closed at the end of 2015 and reached drawdown in 2016. A number of Equator Principles renewable-energy deals from government's round 4 Renewable Energy Independent Power Producer Procurement (REIPPP) programme were also reviewed but did not reach financial close in 2016.

2016 Equator Principles deals	2016	2015	2014	2013	2012
Total number of deals – first drawdown	4	7	4	15	15
Category A	1	2	1	–	6
Category B	3	4	2	14	9
Category C		1	1	1	–
Total value of deals (US\$m)	306	589	319	965	938

Project finance data for 2016

By sector	Category A	Category B	Category C
Mining			
Infrastructure			
Oil and gas			
Power	1	3	
Other			

By region	Category A	Category B	Category C
Americas			
Europe, Middle East and Africa	1	3	
Asia and Oceania			

By country designation	Category A	Category B	Category C
Designated			
Non-designated	1	3	

Independent review	Category A	Category B	Category C
Yes	1	3	
No			

PROJECT-RELATED CORPORATE LOANS

For the January to December 2016 period the total number of project-related corporate loans that reached financial close was zero.

PROJECT FINANCE ADVISORY SERVICES

The total number of project finance advisory services mandated from January to December 2016 was zero.

PROJECT NAME DISCLOSURE

Closed project finance transactions in the 2016 financial year screened for Equator Principles compliance:

Project name	Country location	Sector
Longyuan Mulilo De Aar 1 Wind Energy	SA	Energy/Power
Longyuan Mulilo De Aar 2 Wind Energy	SA	Energy/Power
Amandi Power	Ghana	Energy/Power
Kathu Solar Park	SA	Energy/Power

Implementation reporting

While the requirements of Equator Principles III are still relatively new, it is implemented in Investment Banking and Client Coverage. We are now embedding Equator Principles III within other areas of the bank using a risk-based materiality approach.

RESPONSIBLE INVESTMENT

Nedgroup Investments and Nedbank Private Wealth undertake the majority of our group's investments and conduct most of our asset management business. Both of these businesses consider environmental, social and governance (ESG) criteria for more than 95% of our assets under management.

After a number of years of doing this, our responsible investment approach and philosophy has begun to mature and provides an increasingly entrenched framework against which our investment decisions are assessed. The use of third-party ESG data research in 2016 has helped to gain a more indepth view of the stocks that are held, and the way in which ESG issues impact the performance of those stocks.

As ESG becomes increasingly accepted, and valued, within local and global investment markets, the responsible investing approach taken by these two businesses will undoubtedly unlock even greater long-term risk adjusted returns for our business and our clients.

As responsible investment (RI) is a continually developing area, we engage with our external fund managers both to gain a better understanding of their RI approach and to partner with them in further entrenching RI into their businesses where possible.

Our Responsible Investment Guidelines, Proxy Voting Policy and Conflict of Interest Policy are published on the Nedgroup Investments and Private Wealth websites and guide fund managers in terms of the appropriate RI approach.

In 2017 the focus will be on more sophisticated analysis of manager votes that are tracked, continued analysis of our holdings using third-party ESG data, more frequent engagement with asset managers on their stock holdings that do not meet acknowledged ESG standards, and ongoing training for the Nedbank teams that are involved in implementing our RI activities.

APPROACH TO RESPONSIBLE LENDING IN OUR RETAIL AND BUSINESS BANK

To manage the risk associated with Retail and Business lending, without compromising the ability of our qualifying clients to access the credit they need, our 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 Act (NCA). According to the National Credit Regulator, 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. However, despite the challenging macro environment we have experienced a lower than expected level of arrears and default by our clients during 2016. For those clients who have experienced or are experiencing financial distress, we employ various rehabilitation strategies that aim to cater for the unique needs of the individual. The positive impact is evidenced by the fact that, in the past five years and against a backdrop of global financial turmoil, we have helped more than 28 600 of our clients experiencing financial challenges to keep their homes as a result of loan restructuring. This includes 2 300 Nedbank Retail clients who were assisted in avoiding home repossession in 2016.

Part of our approach to responsible lending includes enabling clients to move from the informal economy into the formal economy using banking as the conduit. One measure of this progress is the growth of our entry-level banking (ELB) client base.

The Nedbank ELB client base has grown at 7,1% a year since 2012. The majority of these clients take up a transactional product such as a savings or current account as the first step in their formal banking relationship. In our efforts to bridge the gap between the formal and informal economy, 19% of the ELB client acquisition comes from rural areas in SA. In addition to that, 12% of ELB clients in rural environments have also taken up a personal loan to help them meet some of their needs and aspirations.

Our Business Banking Lending Unit has assisted clients in the agricultural sector to withstand the effects of the droughts that have been experienced over the course of 2016 by restructuring debt and providing lending assistance in excess of R100m. In addition, 3 975 financially distressed Retail clients were given a fresh start through the Nedbank-assisted sales programme.

Our success in the Retail and Business Banking (RBB) lending space is largely a result of our robust governance systems and commitment to ensuring portfolio quality.

Nedbank RBB 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 2016 financial year was a busy period for SA regulators, with much of the industry focus being on new legislation and the accompanying regulations such as:

- **Interest rate pricing regulation in May 2016** – This had the greatest impact on the unsecured loan market as a result of a lowered maximum loan interest rate.
- **New affordability assessment regulations** – Nedbank was one of the first credit providers to comply with these.
- **Proposed debt forgiveness programme** – The Regulator recently proposed this programme, which is intended for credit providers that are forced to write off debt with no prospect of recovery from the client. We have engaged the Department of Trade and Industry (dti) to discuss the concept of debt forgiveness in certain situations and have agreed to possible alternative solutions and enhancements to our current client financial rehabilitation processes.
- **Remedial action in our anti-money-laundering (AML) administration** – This remains high on our agenda and our central regulation project office has been established to coordinate all key regulatory requirements.

PROTECTING OUR CLIENTS AND THEIR INVESTMENTS

Responsible finance also involves ensuring the security and fair treatment of the valued clients who entrust their money to us. While the full detail of regulations and security protocols that we subscribe to are covered in the 2016 Pillar 3 Risk and Capital Management Report, the information below provides insight into the work undertaken to put our clients first:

Treating Customers Fairly – We consider the fair treatment of clients at all stages of their relationship with our bank of critical importance. We have therefore proactively embraced and adopted the proposed Treating Customers Fairly (TCF) regulations and are working to ensure that our clients benefit from the consistent delivery of all six TCF outcomes, which are the following:

- Clients are confident that they are dealing with businesses where their fair treatment is central to the business culture.
- Products and services marketed and sold in the retail market are designed to meet the needs of identified client groups and targeted accordingly.
- Clients are given clear information and are kept appropriately informed before, during and after the time of contracting.

- Where clients receive advice, the advice is suitable and takes account of their circumstances.
- Clients are provided with products that perform as they have been led to expect, and the associated service is both of an acceptable standard and what they have been led to expect.
- Clients do not face unreasonable post-sale barriers to change a product, switch provider, submit a claim or make a complaint.

These TCF outcomes connect very closely to our existing client-centred ethos and our code of conduct. As such, treating our clients fairly is already an integral part of our culture and the way we design, market and promote our products and communicate with and service our clients. In 2017 we will formalise the incorporation of TCF across our business. We have embarked on a TCF and conduct risk programme to ensure that industry guidelines and best practices are embedded within our business. This will see greater fairness outcomes for clients and greater efficiency and integrity in the way the financial institution conducts itself and is already being evidenced in that no determinations were made by the Ombudsman against Nedbank for the past year in relation to TCF. In fact Nedbank won the 2016 Ombudsman for Banking Services annual award for commitment to fair client treatment and our client-centric approach to dispute resolution.

The Protection of Personal Information Act – We see the Protection of Personal Information (POPI) Act as a valuable means by which stakeholder confidence in the SA financial services sector will be enhanced, due to the assurance it gives them that their personal information is protected and safeguarded by law. While we still await the publication of the effective date of compliance, we are in the process of implementing a comprehensive, continuous enhancement programme that delivers protection at every stage of the information life cycle. We are also in the process of finalising our monitoring indicators, which will highlight our overall level of compliance on an ongoing basis. This is currently in line with international developments and we will continue to align our efforts with both local and international best practice in this regard.

Cybersecurity – One of the primary sources of information security risk for any business is its ability, or lack thereof, to ensure the confidentiality, integrity and availability of client information for which it is accountable. Worldclass information security technologies are, therefore, of paramount importance, as is cyber-resilience – which entails effective detection, response and remediation of all cyberthreats. Nedbank has a Cyber-resilience Risk Management Framework aimed at enhancing our organisation's cyber-resilience and enabling the effective management of our critical business information assets to protect these against threats and prevent unwanted consequences.

We are very aware of the growing threat of cybercrime to the banking industry and its clients. We counter these risks by implementing comprehensive fraud detection systems as well as client-end security software (Trusteer) and transaction notification services. Our internal forensic department works tirelessly to identify, prevent or investigate instances of cybercrime.

Delivering in 2016

Products and services

Invested a total of **R64,4bn** in **empowerment financing** since 2009 (2016: R14,1bn, 2015: R5,9bn).

Enabled **1 162 MW** of renewable energy in SA through R13bn of lending.

Set up a new Embedded-Generation unit to facilitate the scaleup of lending into **rooftop solar**.

Invested a total of **R17bn** has been invested in the **Green Savings Bond** (R5,6bn in 2016).

Continued to focus on **responsible finance**, looking after the needs of our clients and greater society, including the environment.

More than **5 000 beds** were made available through our **R2,3bn** Fair Share 2030 lending in student accommodation.

Market-leading digital innovations – Launched new products to benefit clients (see page 52).



Partnerships and collaboration (including advocacy)

Fees Must Fall – Nedbank Mogale Empowerment Trust invested **R100m** in the MTN Zakhele Futhi scheme, with dividends used to benefit black students and contribute to supplier development.

Invested **R141m** in socioeconomic activities through the **Nedbank Foundation**.

Provided over **R100m** in **drought support** including working capital for clients and donations for boreholes, animal feed and bottled water.

Managing our direct operations (staff and operations)

Invested **R413m** in **training our staff**.

Water – Reduced our operational water use by 1,1% and invested **R1m** in alien-invasive removal and restoration through the **WWF Water Balance Programme**.

Carbon neutral – Since 2013 decreased our total carbon footprint by 6,05% and our carbon footprint per fulltime employee (FTE) (tCO₂e) by 14,09%.

Key performance indicators

These key performance indicators demonstrate how we are delivering tangible value to our stakeholders. They are regularly monitored and all receive some level of assurance as indicated in the table below.

	Key performance indicators	How does it link to value creation?	Yoy change
Staffmembers	Staff costs (Rbn)	Remuneration and benefits to staff	⬆️
	Annual unionised salary increase (%)	Salary increases for bargaining unit	⬆️
	Training spend (Rm)	Investment in staff development	⬆️
	Staff turnover (%)	Ability to retain and rotate skills	⬇️
	Staff engagement/morale (entropy score, %)	Reduction in entropy drives levels of staff morale higher	⬇️
	Transformation – black staff (%)	Transformation of Nedbank staff profile in line with demographics	⬆️
Clients	Loan payouts (Rbn)	New loan payouts to clients	⬇️
	Digital – App Suite transactions (Rbn)	Uptake of more convenient and affordable channels	⬆️
	Service – Net Promoter Score (NPS) (%)	Quality of service experience reflected in reputational NPS	⬇️
	Service – client complaint resolution (days)	Resolution of escalated complaints to retain clients	⬇️
	Service – Nedbank systems availability (%)	Systems uptime to enable uninterrupted financial processing	⬇️
	Pricing – Average annual price increase (%)	Value-for-money banking	⬆️
Shareholders	Total shareholder return (%)	Total return for shareholders per year	⬆️
	Share price performance (%)	Share price appreciation	⬆️
	Full-year dividend per share (cents) and cover (times)	Dividends for shareholders	⬆️
Regulators	Basel III compliance – tier 1 ratio	Strength of capital position	⬆️
	Basel III compliance – LCR ratio	Strength of liquidity position	⬆️
	Basel III compliance – NSFR ratio	Strength of stable funding	⬆️
	Regulatory fines or penalties (Rm)	Indicator of adherence to regulatory requirements	⬇️
	Direct, indirect and staff taxes (Rbn)	Contribution to government coffers	⬆️
	diti level as per FSC score card	Reflection of corporate transformation	⬇️
Communities	Empowerment financing (Rbn)	Contributing to a transformed, thriving society	⬆️
	Consumer finance education (# participants)	Value through education	⬇️
	Total socioeconomic spend (Rm)	Contribution to society	⬆️
	Local procurement spend as percentage of total (%)	Supporting local suppliers	⬇️
	Renewable-energy lending (Rbn)	Commitments to renewable-energy deals	⬆️
	Annual Fair Share lending (Rbn)	Lending with deliberate social and environmental outcomes	⬆️
	Carbon footprint (tCO ₂ e) offset to neutral	The impact of our business on the environment	⬇️
	Carbon footprint per FTE (tCO ₂ e)	The impact of our business on the environment	⬇️
	Social and environmental management system (SEMS) (number of deals/clients reviewed)	The impact of our business on the environment and society	⬇️
	Finance assessed under Equator Principles (USDm)	The impact of our business on the environment and society	⬇️
	Operational water usage on campus sites (kℓ)	The impact of our business on the environment	⬇️
	Waste to landfill (tonnes)	The impact of our business on the environment	⬇️
	Waste to recycling (tonnes)	The impact of our business on the environment	⬆️

Assurance indicators

LA

External limited assurance on selected sustainability information and the application of the FSC and the group's BBBEE status.

IN

Information sourced from external sources, eg independent surveys.

MO

Management and board oversight through rigorous internal reporting governed by the group's ERMF.

OV

Independent oversight by regulatory bodies including the SARB, FSB, and various financial sector ombudsman offices.

FS

Financial information extracted from the 2016 Nedbank Group Limited Audited Annual Financial Statements.

	2016	2015	2014	Peer benchmark	Outlook/target	Assurance
	15 524	14 296	13 838	N/A	Maintain competitive remuneration	MO FS
	8,0%	7,5%	8,2%	N/A	Above the increase for management	MO
	413	370	491	N/A	Continue to invest in staff	LA
	9,6%	9,9%	8,0%	12% (industry benchmark)	Maintain despite organisational change	MO LA
	12	13	12	10% (worldclass levels)	Improve	IN
	78,3%	76,9	75,9	Current FSC	Continue driving transformation	LA
	162	185	167	N/A	Continue to extend credit responsibly	MO
	25	16	9	N/A	Continue to drive digital adoption	MO
	21	21	15	> 20% (peer average)	Improve	IN LA
	8	8	7	21 (industry average)	Continue to improve and remain below target of <10	MO
	99,99%	99,94%	99,95%	Nedbank: a leader	#1 in industry	IN LA
	Below inflation	Below inflation	Flat fees	N/A	Below inflationary increases	MO
	32,3%	(19,8%)	23,2%	31,9% (peer average)	Perform above peers	IN
	26,3	(24,3%)	18,6%	1% (FINI 15)	Perform above peers	IN
	1 200	1 107	1 028	N/A	Within our 1,75 to 2,25 target range	MO FS
	2,0	2,06	2,07			
	13,0%	12,0%	12,5%	SARB: > 8,365%	> 12%	MO OV
	109,3%	88,5%	66,4%	SARB: 70% for 2016	Continue to phase in to > 100% by 2019	MO OV
	Pro forma compliant	ND	ND	SARB: 100% for 2018	> 100% by 2018	MO OV
	1	0	25	N/A	Zero, although risk of fines has increased	MO OV
	8,7	8,2	8,0	N/A	Responsible tax payer	OV
	2	2	2	Nedbank: No 1 bank	Top-tier bank, but dti level to be impacted by new codes	MO LA
	14,1	5,9		Current FSC	Amended FSC	MO LA
	180 000	260 000	400 000	N/A	Maximum impact aligned to strategy	MO LA
	141	136	112	Top performer in <i>Dialogue CSI Handbook</i>	Spend > R100m	MO LA
	75	75	80	As per FSC charter	> 75%	MO LA
	13,3	11,0	3,5	Nedbank: #1 bank	R35bn committed, with drawdowns over next few years	MO
	2,3	1,8	0,5	N/A	Longer-term annual target of > R6bn	MO
	207 975	214 967	213 133	Nedbank: only carbon-neutral bank in Africa	Maintain carbon neutrality	MO LA
	6,54	6,97	7,08	Leader in performance in the Carbon Disclosure Project	Continue to reduce impact through the resetting of reduction targets in 2017	MO LA
	435	512	450	Leader in disclosure	Enhance SEMS integration	MO LA
	306 (4 deals)	589 (7 deals)	319 (4 deals)	Leader in disclosure	Enhance Equator Principles integration	MO LA
	316 278	319 801	294 873	Leader in reduction activities	Release operational water equivalent back into ecosystem	MO LA
	294	317	324	Leader in reduction activities	Continue to reduce impact	MO LA
	620	581	574	Leader in recycling activities	Continue to reduce impact	MO LA

Integrating sustainability: Products and services

We believe that the greatest contribution we can make in achieving positive outcomes for our clients, our communities and our natural environment is through our lending and other products and services.



Financing environmental solutions

RENEWABLE-ENERGY FINANCE

REIPP programme

Given the country's energy challenges, the development of a viable and efficient renewable-energy sector is a fundamental cornerstone of a thriving economy. In recognition of this fact, we fully supported government's REIPP programme, supporting a large number of participants in the bidding process through innovative finance solutions.

In 2016 CIB reached the commercial operation date (COD) for 18 projects across round 1 and round 2, totalling 1 162 MW. As a result of our continuous involvement in the REIPP programme, we have maintained our status as a leading bank in the support and enabling of renewable-energy delivery of 3 462 MW, retaining our participation market share of more than 50% of total market-awarded renewable-energy capacity.

Embedded Generation Finance

Based on the realisation that the next wave of renewable-energy investment in SA would be in the corporate and industrial space, CIB established its Embedded Generation (EG) business unit in 2016. Our focus on EG:

- builds on Nedbank's successful funding of the REIPP programme;
- is the primary means by which we will offer further support to government's shift towards renewable energy as set out in the (draft) Integrated Resource Plan (IRP) 2016;
- will facilitate the continued growth of the renewable-energy industry and the jobs created as a result; and
- supports clients as they tackle increasing electricity prices, uncertainty with regard to electricity supply and environmental stewardship.



Lake Turkana wind farm, Kenya.

SOLAR POWER FOR BUSINESS

We offer innovative and attractive finance solutions to clients wanting to implement renewable-energy projects in their businesses. These deals include numerous value-added components, including longer payback periods.

Nedbank funding brings renewable energy to Mall of Africa



Mall of Africa, Midrand, Gauteng.

Shopping malls are significant energy users due to the sheer size of their built footprint and their need to create a comfortable environment for customers, most often by means of extensive air conditioning and lighting. In recent years, however, there have been encouraging moves by the owners of many of the country's large shopping malls to invest in meeting their own energy requirements, and those of their tenants, by means of renewable-energy installations.

In 2016 Attaq, owners of the recently opened Mall of Africa in Waterfall, committed to investing over R76m for the installation of rooftop solar panels aimed at substantially reducing the mall's dependence on the national electricity grid.

As long-standing finance partners with Attaq, and primary funders of the Mall of Africa development, Nedbank was pleased to be given the opportunity to provide R62m of the funding required for this important renewable-energy installation.

The installation provides a boost to the Mall of Africa's bottomline. Not only will the self-generated power mean that the mall will not be exposed to future electricity price increases, but the renewable energy it generates will also be sold on to tenants. It is anticipated that the total value of the electricity generated will start at around R8m in the first year and that this figure will grow annually to approximately R34m by year 2036.

The solar installation generates energy from renewable sources to meet much of its own power needs. As such, it will significantly reduce its overall carbon footprint, thereby contributing towards the country's commitment to reducing its reliance on fossil fuel energy sources. The solar installation also means that the Mall of Africa will not need backup diesel generators should there be electricity outages in the future.

It is generally estimated that the average four-person household uses around 14 000 kWh of energy per year. Given that the Mall of Africa installation is predicted to generate around 8 000 000 kWh annually, this effectively frees up enough grid-generated electricity to power 570 households every year.

The use of solar power to deliver the energy needs of the Mall of Africa is an outstanding example of the many different types of value that a sustainability-driven approach to power generation offers stakeholders.

GREEN BUILDINGS

We remain a market leader in the financing of green buildings, having provided approximately R7bn for the construction of buildings that conform to Green Star ratings standards. Currently, our green buildings portfolio amounts to over 360 000 m², a portion of which we also occupy. A further green building construction pipeline of R5,2bn is already in place, which will raise the total floor space of our portfolio by another 180 000 m².

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 inception R17,5bn has been invested in the Nedbank Green Savings Bond, of which R5,6bn flowed in during 2016 (2015: R4bn).

GREEN AFFORDABLE HOUSING

In 2015 we entered into a pioneering affordable-housing agreement with the Development Bank of Southern Africa (DBSA) Green Fund to deliver R120m of preferential funding towards over 500 – 1 000 affordable energy- and water-efficient housing units in major metropolitan areas. In 2016 R57m was allocated and the first green affordable housing units completed. Occupants of the Belhar Gardens social housing development, owned by Madulammoho Housing Association, are expected to carry a lower utility burden as a result. In 2017 we will begin the process of monitoring and measuring the actual environmental and financial benefits of these units.

The performance of the homes is measured against Excellence in Design for Greater Efficiencies (EDGE) tool. To qualify they need to achieve savings of at least 20% in energy water and building material embodied energy. This data will inform future decisions regarding additional investment in green affordable housing.



NEDBANK AFFINITY PROGRAMME

The Nedbank Affinity Programme remains a highly popular means for our clients to support those social or environmental causes that are close to their hearts. This is done through the programme making a donation to the relevant Nedbank Affinity on behalf of clients, at no cost to them, every time they transact, invest or insure using an affinity-linked product or service. The programme comprises the following four Nedbank Affinities:

- **The Nedbank Children's Affinity** – Supports children in need 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 and Culture Trust.

Refer to page 29 for further information on projects supported through the Nedbank Affinity Programme.

Since the inception of the programme in 1990 the four affinities have contributed more than R350m to over 1 200 projects across their social and environmental development focus areas. For 2016 the value of donations made through the Nedbank Affinity Programme grew by 3,1% to R39m (2015: R37,8m*). Much of this growth can be directly attributed to increased uptake of affinity-linked investment accounts and greater numbers of our clients signing up to receive electronic statements, which also results in affinity donations.

* 2015 donations have been restated down. Impacted stakeholders have been made aware of this.

NEDBANK eSTATEMENTS

For every client who elects to receive electronic statements for his or her current account rather than printed statements, we donate 25 cents to the WWF Nedbank Green Trust, specifically in support of the Climate Change Programme.

For more information on donations please refer to page 30.

Looking forward

The year 2017 will see the introduction of a home loan product that will allow our clients to add solar installations to their homes as part of their mortgage bond agreement. Our research into this solution has shown that, while many homeowners have a desire to move to solar energy, very few know where to begin the process. The planned solar solution will include full guidance and assistance on all aspects of solar installations to maximise uptake of the product.

Promoting for socioeconomic transformation and enabling economic inclusion

EMPOWERMENT FINANCING

Nedbank continues to focus on creating real economic opportunities for black-owned business across the economy, ranging from small-scale farmers to large-scale infrastructure projects. We provide specialised funding solutions for black small and medium enterprises (SMEs), affordable housing, agriculture and transformational infrastructure projects. Since 2009 we have invested a total of R64,4bn of empowerment financing, including R14,1bn in 2016 (2015: R5,9bn). Details of the various forms of investment and specific transactions can be found in the 2016 Nedbank Group Transformation Report. These include the following:

Transformational infrastructure

Nedbank's transformational infrastructure projects are engineered to both complement the electricity grid and contribute to the country's growth. Through our dedicated Infrastructure, Energy and Telecommunications (IET) unit, infrastructure development initiatives undertaken include ports and water, rail and road projects. These are in addition to ongoing government public-private partnerships (PPPs). The total amount we invested into transformational infrastructure projects in 2016 was R482m (2015: R1bn), with a total of R5,7bn invested in this sector since 2009.

Affordable housing

The Affordable Housing (AH) Unit sustained its trajectory of leveraging good client relationships with leading affordable-housing developers to expand its business and grow its lending book to aid the creation of much-needed affordable-housing stock in SA.

The AH Unit disbursed new development funding for 2016 totalling R1,7bn, and this included funding for rental stock to an amount of R900m. Nedbank has provided funding of more than R1bn to affordable-rental specialists, such as International Housing Solutions and the Cosmopolitan Group, resulting in 2 000 new affordable-rental units becoming available. The inclusion of energy- and water-efficiency technologies formed a new part of our work in the area of affordable housing. This ensures that the homes run optimally, therefore reducing operating costs and using less of our natural resources.

For more information please refer to page 52.

Since 2009 Nedbank has contributed approximately R11bn, creating more than 50 000 new affordable houses (rental and sale) towards this socioeconomic imperative.

Agriculture finance and support

Nedbank is committed to the agricultural sector and will continue to channel its specialist industry expertise to assist all roleplayers in agriculture in creating a conducive environment for farming in the country that will reflect the diversity of natural resources and farmers. Since 2009 we have invested R471m across various agricultural finance initiatives. Nedbank also contributed R1,25m to the Agri SA Drought Disaster Fund in 2016. Nedbank also contributed R1,25m to the Agri SA drought disaster fund in 2016.

Legacy fund in action

CREATING AN ENDURING LEGACY

Following the success of Nedbank Group's BBBEE Eyethu transaction that came to maturity at the end of 2015, Nedbank Group and Old Mutual Group committed to continuing their transformational legacy by partnering with their black business partners (WIPHOLD, Brimstone and Izingwe) to establish three sustainable legacy funds worth R100m each with a view to funding suitable transformational business projects over a three-year period. Nedbank's contribution to these funds amounts to R100m (R33m per year).

The WIPHOLD-sponsored Centane Agricultural Development Project

The successful launch of the R100m WIPHOLD endowment initiative is testament to the intention of the funds, with R66m (R22m from Nedbank Group) already being deployed to a project that seeks to address rural unemployment, food security and sustainability through the application of large-scale commercialisation practices to small-scale agricultural projects.

Based in the Eastern Cape, Centane Development Company (Centane Devco) is a farming cooperative that produces white maize for maize meal production. Crops such as soybeans and yellow maize are being produced in the 2016/2017 season.

Despite low yields, the farming initiative recorded a profit of R1,4m, after distributions to the landowner, in the period under review. Aided by high maize prices, cost savings and a subsidy from government, this profit margin is an improvement on the 2014/2015 season when the farm operation reported a loss of R3,2m.

The project is currently supporting 1 431 direct beneficiaries that have received training on farming and financial management, with 43 jobs created.

Black SMME financing

Nedbank is highly involved in enabling the growth and sustainability of SMEs through a holistic support approach. This sees locally based professional teams of finance experts and business advisers partnering with SMEs across the country to afford business owners' access to a dedicated skilled banker, a team of business specialists, and relevant and affordable finance solutions customised to their unique needs.

BBBEE transaction financing

The evolving landscape of BBBEE in SA means that the number of empowerment transactions available to finance continues to decrease significantly. The notable decline in the share prices of local mining companies has put pressure on the funding of BBBEE transactions in the sector. Nedbank continues to look for ways to provide financing to black-owned businesses seeking innovative funding solutions. One such opportunity is the introduction of the Black Business Growth Financing, which will focus on the financing of black businesses, including the creation and support of black industrialists. Nedbank fully supports this new initiative as a means of developing primary industries along with its potential for higher job creation.

Enterprise development

As a leading SA industry player, Nedbank has the responsibility of ensuring that companies owned by black people are given a platform to develop and grow their businesses in the Nedbank supply chain.

Nedbank implements this philosophy both by investing directly into the growth and development of businesses and partnering with other initiatives that ensure SMEs are able to prosper and become a key contributor to economic growth and job creation.

In 2016 we continued to invest significantly in 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 237 jobs.

These enterprise development investments and interventions included the following:

Branson Centre for Entrepreneurship – The Branson Centre of Entrepreneurship in SA focuses on providing appropriate skills, infrastructure and training to SMEs. Training includes workshops on the key facets of business management, augmented by mentorship, thus ensuring that each entrepreneur has expert support on hand. Entrepreneurs selected to participate in the programme extend across all phases of the business life cycle. Nedbank has provided R3,3m in grant funding since 2013 and has supported the creation of 474 jobs.

The Nedbank Municipality Programme – Nedbank supports partnerships between the public and private sectors as a means to transform SA's economy. Nedbank continued its municipality programme by engaging and partnering with various municipalities across the country. SME business management training weeks were implemented in several municipalities with 250 entrepreneurs (2015: 200). Refer to page 27 for additional information on municipal support initiatives.

STUDENT ACCOMMODATION

We proactively seek out opportunities to help meet the critical shortage of affordable student accommodation across SA. As part of this commitment, our Property Finance Division has partnered with a number of developers to focus on providing innovative and affordable solutions. We have established a set of lending criteria unique to this distinctive asset class. In 2016 student accommodation construction loans with a total value of R2,3bn were finalised. A further pipeline of approximately R700m will flow into 2017.



FINANCIAL INCLUSION

Nedbank continued to grow its national banking footprint through the rollout of traditional branches and ATMs, as well as various innovative banking opportunities aimed specifically at underserved communities.

Innovating for inclusion – A total of 219 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 342 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 2016, through these products and services, we brought the benefits of transacting, saving, borrowing and insuring to more than 630 000 new individuals across SA.

Consumer financial education – More than 180 000 adults and learners were financially empowered through Nedbank's face-to-face consumer financial education (CFE) programme. The CFE Unit participated in seven Nedbank branch launches nationally and conducted training workshops in various surrounding communities, eg during branch launches and provision of expert financial education and training to the public sector.

Socially conscious banking products for individuals

Our retail bank also offers a wide range of solutions aimed at enabling our clients to maximise their lifestyles and achieve optimum financial outcomes. Some of these are outlined below:

Nedbank 4me – My Future My Bank

This innovative banking solution enables SA's young people under the age of 18 to save and grow their financial fitness from an early age. Nedbank 4me is based on the four pillars of '4spending', '4saving', '4growing' and '4good' and comprises a full transactional banking account with no monthly fees and a number of free initial transactions. More than 70 000 accounts were opened, which is 9% less than the 2015 year-end figure of just over 76 000, but within our acquisition target range.

In 2016 the Nedbank 4me Entrepreneurship Day Programme was run in Gauteng, the Western Cape and KwaZulu-Natal. We visited a total of 100 primary schools, reaching 21 450 learners, 600 educators and 37 500 parents. A total of 60 of these learners were selected to attend an entrepreneurship workshop, where they honed their business skills further, in preparation for the 'market takeover' round. In this round the learners were given startup capital to set up their stalls at a local market and sell to the general public, getting a sense of how a business would operate in the real world.

Dezign Student Current Accounts

The viability of our bank depends significantly on our ability to develop and grow our future client base. Our Dezign Student accounts allow us to do exactly that by offering students a low-cost, fixed-fee bundled account they can use to make unlimited cash withdrawals at Nedbank ATMs, Pick n Pay and Boxer tillpoints, make unlimited electronic deposits, and do unlimited airtime topups and balance enquiries through the Nedbank App Suite™ and Nedbank Internet Banking.

A key focus of this offering is our annual O-Week campaign, which takes place during orientation periods at

tertiary institutions across the country. In 2016 this campaign saw 74 519 Dezign Student accounts opened across the country (2015: 86 469). Although our sales volume reduced in 2016, the quality of our accounts increased by 5% year on year, with our total Dezign Student client base sitting at over 110 000 accounts.

Seniors' Optimum Account

We are committed to making good financial outcomes happen for South Africans at all stages of their lives. Part of this is ensuring that our more mature clients (55 years and older) feel valued, respected and appreciated for their business. Our Optimum Account solution is built around an enhanced client-centred engagement model, an affordable transactional account (that includes free and discounted fees), investing for a better future and feeling at home in our new revamped branches. The solution also includes digital-enablement sessions to help mature clients use digital channels. We also offer retirement readiness workshops providing guidance on financial, psychological and emotional preparation for retirement. During 2016 we engaged with over 2 000 pre- and postretirement clients at these workshops.

Technology advances for our Nedbank Insurance Funeral Plan policyholders

Funeral cover is an important product in the SA mass, emerging and middle markets due to the importance placed on providing a dignified funeral for family members. One of the unique attributes of the Nedbank Insurance Funeral Plan is the ability to cover up to 29 beneficiaries, including immediate family, extended family and domestic workers. In 2016 we added video insurance capability to enhance the client experience of our more than 82 000 Nedbank Insurance Funeral Plan policyholders. This value proposition makes it much more convenient for clients to engage with us about queries and claims, as they are handled by product specialists sitting at the video desk in the Nedbank Insurance Funeral Plan service contact centre rather than by general branch staff.

Integrating sustainability: Collaboration and partnerships

When we work together, we do good better. We recognise that collaboration and partnership are key to making a lasting positive impact. We therefore constantly seek out partnerships and relationships with like-minded people and organisations so that we may learn from each other and maximise our sustainability efforts.

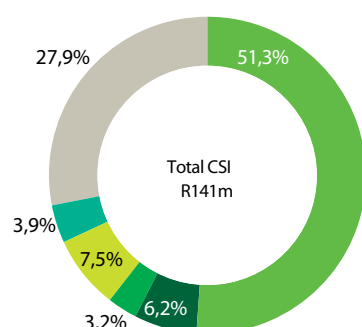
INVESTING IN OUR COMMUNITIES

The future of our business is inextricably linked to the success of the countries and communities in which we operate, and we continue to augment our lending activities with considered CSI initiatives.

In 2016 the value of our CSI support across the group amounted to R141m (2015: R136m). This support was delivered in all our social investment areas as shown below:



Total CSI



- Education
- Community development
- Skills development
- Health
- Volunteerism
- Affinities programme

This social investment was primarily facilitated through the following channels, initiatives and business units:

Channel	Description	Investment in 2016
The Nedbank Foundation	Our primary CSI arm, the Nedbank Foundation, focuses on long-term contributions to education, skills development and job creation, health and community development.	R30,3m in 91 projects
The Nedbank Eyethu Community Trust	Through the Nedbank Foundation, the Nedbank Eyethu Community Trust funds students attending institutions of higher learning and research.	R18,9m
The Nedbank Private Wealth Foundation	The foundation focuses particularly on youth between 15 and 25 years old through accredited skills-based learnerships, entrepreneurial skills training and identified programmes with a strong focus on obtaining fulltime employment.	R8,8m for 23 organisations
The Nedbank External Bursary Fund	The fund provides a number of external bursaries through the Nedbank Education Trust.	R11m to 104 students
Nedbank business units	CSI support is also delivered through the individual Nedbank business clusters, such as Nedbank Wealth and CIB.	R24,5m in 50 projects
The Nedbank Affinities Programme	The programme donates to causes and organisations on our clients' behalf, at no cost to them, whenever they use their Nedbank Affinity-linked products.	R39,3m across the four affinities
Staff volunteerism	Many of our staff invest their time and offer their skills and talents towards improving the lives of others. For more details please refer to page 24.	R5,6m for staff volunteerism
Thuthuka Bursary Fund	Funds donated to Thuthuka Bursary Fund. For more details please refer to page 23.	R2,5m for 45 students

CASE IN POINT

The South African Healthcare Foundation

Established in 2011 the mandate of the foundation is to improve the quality of healthcare services in SA. It provides services at primary, secondary and tertiary healthcare levels, primarily through:

- the training of healthcare professionals; and
- the provision of medical equipment to improve the quality of service and infrastructure improvement.

In 2016 the Nedbank Foundation donated R500 000 towards a park home that is used as a clinic at Ramakgopa Village in Limpopo. The park home structure is used to attend to patients with chronic conditions and also houses a dietician. It typically attends to more than 120 patients a day.

As a result of the financial support of the Nedbank Foundation, during the year under review the clinic was able to provide the following services:

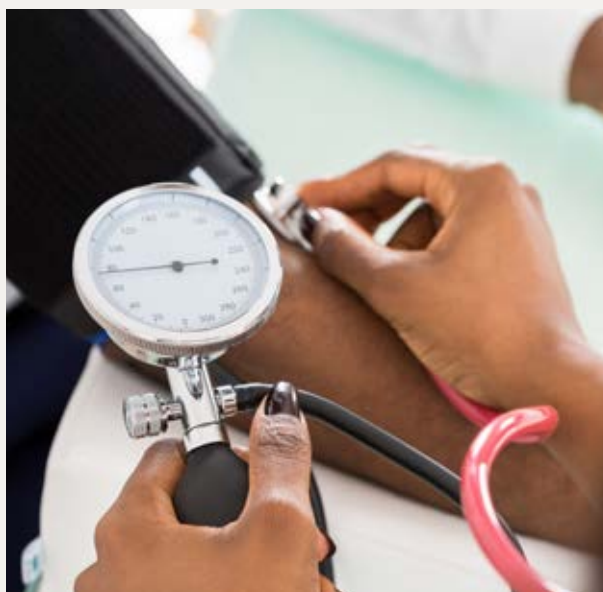
First antenatal visits for 283 patients

Diabetes treatment for 1 155 patients

Hypertension treatment for 6 517 patients

Arthritis care for 325 patients

Asthma treatment for 363 patients



Epilepsy care and treatment for 474 patients

Psychiatric consulting for 1 007 patients

HIV care and treatment for 752 patients

TB care for 28 patients

CREATING FUTURES BY SUPPORTING EDUCATION

Education remains a key focus area in our CSI strategy and we consistently invest more than 50% of our total CSI budget towards improving education outcomes at all levels including:

- teacher development programmes;
- learner and student support;
- research; and
- infrastructure development.

The table below shows our investment into SA's education outcomes in the 2015 and 2016 financial year:

Breakdown of education investment and support

Basic education	2016	2015
Early-childhood development	R2,2m	R3,7m
Primary school	R12,1m	R2,8m
Secondary school	R26,2m	R17,5m
Total: Basic education	R40,0m	R34,0m
Tertiary education 2016*	2016	2015
Undergraduate bursaries	R14,3m	
Postgraduate bursaries	R2,9m	
Student assistance	R8,2m	
Research	R2,0m	
Other	R4,1m	
Total: Tertiary education	R31,5m	
Total education	R72m	R66m

* Categories changed in 2016, so there are no comparable 2015 numbers.



CASE IN POINT

Partnering to make consistently good education outcomes possible

Partners for Possibility (PFP) is the flagship programme of Symphonia for South Africa (SSA), a national non-profit organisation with a bold vision to deliver quality education for all children in SA by 2025.

The PFP programme establishes a partnership between a business leader and a school principal from an under-resourced school. Together, the business leader and school principal complete a tailored leadership development course, which aims to facilitate the design of a school improvement plan that addresses the school's specific challenges. The partners then collaborate to bring the whole community together to become involved in the education of their youth, and help one another address and overcome the various challenges faced by the school and the community.

PFP allows Nedbank leaders to learn and apply key leadership skills outside the usual classroom environment. The programme equips our leaders to deal with ambiguity and complexity and to develop a better understanding of colleagues and clients who come from diverse communities. In addition, PFP has been an ideal vehicle for Nedbank's value proposition to staff as it provides staff with an opportunity to make a difference in our communities.

One of the schools that were part of the programme earned a 100% pass rate for the first time since being formed in 1995. The Kwena Molapo High School, situated in the densely populated township of Diepsloot, credits their partnership with Nedbank through the PFP initiatives for their success. In total, 80 students wrote exams, with 41 qualifying for study towards a bachelors degree.

Nedbank has supported PFP since 2010 through a total investment of R3,4m and with 35 employees committing many hours each year to work with the school principals they are assigned to (2016: R1m investment and 13 employees).

PARTNERING TO DELIVER GOOD TERTIARY EDUCATION OUTCOMES

Since 2010 we have invested more than **R400m** towards basic- and tertiary-education programmes for students and learners from all social backgrounds.

This involvement in, and support of, tertiary education includes the following:

We provide **STUDENT LOANS** to pay for tuition fees, student accommodation and textbooks and other study-related material. Our loans offer competitive interest rates and flexible repayment terms. Students who have to undertake community service, internships or articles to complete their chosen field of study are granted a repayment grace period.

We provide meaningful **SUPPORT TO MANY UNIVERSITIES** through financial contributions towards the implementation and maintenance of faculty chair positions.

In 2016 we provided more than **R2,3BN IN LENDING AND INVESTMENT** towards the provision of **STUDENT ACCOMMODATION**, thereby addressing a critical need in an effort to improve educational outcomes.

We contributed to the Ikusasa Student Financial Aid Programme (ISFAP) pilot project.

Through the **NEDBANK EXTERNAL BURSARY FUND** we provide funding to students on the basis of academic merit and financial need. This fund is aimed at encouraging and rewarding bright young people with learning potential from lower-income families to study towards a first degree at an SA public university or university of technology. The 2016 bursary allocation criteria included a minimum aggregate matric mark of 60%. A low number of applicants met this requirement, which led to a surplus of funds. These were then offered to universities to assist us in identifying financially needy, academically strong students who were unable to pay their 2015 debt and fund their final year of study. In 2016 we awarded **NEDBANK BURSARIES TO 104 UNDERGRADUATE STUDENTS** (2015: 111), across 16 SA public universities and universities of technology. The total investment amounted to **R11M** (2015: R11,2m), of which R9m went to undergraduates and R2m towards helping students in their final year with student debt.

In line with our purpose we are committed to supporting activities that ensure good education outcomes. In addition, we partner with government and other stakeholders in the private and public sectors – including the relevant ministerial task team – to explore and develop sustainable funding solutions for tertiary education.

While this support – delivered mainly through our social investment arm, the Nedbank Foundation – covers all education levels, in recent years the growing crisis in the country's tertiary education sector has prompted us to make this a high-priority area for support and investment.

Nedbank has created the **NEDBANK MOGALE EMPOWERMENT TRUST** for the benefit of black students and enterprise development. It is an additional intervention to support the Fees Must Fall campaign. The initial investment of R100m made by the trust is in the MTN Zakhele Futhi scheme. The trust will distribute the dividends earned on investments to the defined beneficiaries based on a ratio of 33,3% and 66,7% to black student bursaries and enterprise development respectively. This type of support will enhance Nedbank's empowerment credentials and it is envisioned that the trust would invest in further transactions for the benefit of black beneficiaries in time to come.

The **THUTHUKA BURSARY FUND** is offered through the South African Institute of Chartered Accountants (SAICA) with the aim of growing the pipeline of prospective chartered accountants (CAs) in SA. Nedbank has supported the fund since 2010 by covering the cost of tuition, accommodation and books and a monthly allowance for a number of students. In 2016 we made it possible for 45 (2015: 45) eligible students to begin their tertiary-education journey. Nedbank is the largest contributor to the fund in the financial services sector.

The **NEDBANK EYETHU COMMUNITY TRUST** has also invested in Enactus SA since 2009. The programme affords university students a practical understanding of economics and seeks to instil in them a culture of ethical business conduct. In 2016 we invested R650 000 (2015: R1m) in support of the programme.

Letsema and Kuyasa **LEARNERSHIP PROGRAMMES** are key vehicles by which we can help address SA's skills shortage. In 2016 one internship and 17 (2015: 20) learnerships and skills programmes were implemented. These were attended by 1 422 learners (2015: 2 283), including unemployed graduates, matriculants and current Nedbank employees. The decrease in learners attending these programmes is due to a revised training programme that is due to roll out in 2017. Learnerships create opportunities for us to attract quality talent that can then be trained and developed in line with our identified skills needs over 12 to 18 months. The programmes provides the candidates with workplace experience and a nationally accredited qualification.

During 2016 Nedbank employed 47 (2015: 44) graduates in The **NEDBANK GRADUATE PROGRAMME**, which aims to provide work experience for these individuals, while at the same time developing a talent pipeline aligned to our identified current and future skills requirements. Over the eight years that this programme has been run, we have retained 68,4% of the more than 750 graduates that have participated in it.

DR HOLSBOER EDUCATION FUND

In 2016 altogether 222 staffmembers earning less than R500 000 a year were assisted with their children's tertiary-education fee commitments through the Dr Holsboer Education Fund. Assistance was also provided to 2 157 staffmembers with their children's school fee commitments, which amounted to R3,6m in 2016.

CASE IN POINT

Local Hero programme



Sylvester Funani is an area manager for Nedbank at Uitenhage and surrounds in the Eastern Cape. He first became involved in the Local Hero programme in his personal capacity in 2014 when he applied for financial support for Seyisi Lower Primary School, which he once attended. As part of the programme he contributed his time and talents to empower and uplift the learners and educators. The R15 000 grant allowed Sylvester to establish and equip a secure computer room. To add to the value of the Local Hero grant, Sylvester enlisted the help of the choir that he sings for to paint the entire school for the first time since it was established in the 1950s.

Since then Sylvester, with the support and assistance of Nedbank, has been deeply involved in supporting and partnering with numerous charities and upliftment projects. He believes his position as a Nedbanker has allowed him to achieve his career aspirations and live out his calling to help others.

'Nedbank has helped me to live out my purpose of reaching the disadvantaged, disempowered, poor and hurting. I am forever grateful for the humbling opportunity to be the hands and feet for Nedbank.' *Sylvester Funani, Area Manager Nedbank Uitenhage.*

A FOCUS ON VOLUNTEERISM

Our employees are invaluable partners in our CSI efforts. We provide every possible opportunity for them to do good in society actively through an extensive volunteerism programme that includes the following:

Local Hero

Objectives	To provide financial support to the organisations where staffmembers volunteer and to recognise staffmembers' efforts.
Programme description	A donation of R15 000 is allocated to staffmembers who are approved as Local Heroes. They must: <ul style="list-style-type: none"> ■ be an employee of Nedbank for at least six months; ■ have been volunteering at a non-profit organisation (NPO) of choice for at least six months; and ■ be working on a strictly voluntary basis.
Impact	<ul style="list-style-type: none"> ■ Number of Local Heroes in 2016: 90 (2015: 68) ■ Number of organisations that benefited: 90 NPOs nationally.

Sports for change

Objective	To make matched funding available at a maximum of R5 000 per individual or team application for staff that participate in registered sports fundraising initiatives.
Programme description	Matched funding is provided to staffmembers who are passionate about sports such as running, cycling and soccer and who would like to bring about change in communities through sport. The applicant enters a challenge, race or tournament to raise funds for a charity of their choice and has the opportunity to approach Nedbank to match the funds they raise to a maximum of R5 000 .
Impact	<ul style="list-style-type: none"> ■ Number of Sports Heroes supported in 2016: Four. ■ Number of organisations that benefited from the programme: Four (CANSAs Bloemfontein, CANSAs Upington, Reach for a Dream Foundation and FC Glamdene).



Payroll Giving

Objective	A structured and efficient programme that facilitates regular financial donations from staff to NPOs.
Programme description	Payroll Giving is a channel that enables staffmembers to commit a certain amount of their salary towards charitable causes. An agreed amount is deducted from the monthly salary and sent directly to The Giving Organisation, which then forwards the money to a number of charities and projects.
Impact	<ul style="list-style-type: none"> ■ Number of Payroll Givers in 2016: 5 711 staffmembers (2015: 6276). ■ Number of organisations that benefited: 11 ■ Over R16,2m has been contributed by staffmembers since inception of the programme in 2006. In 2016 R2,1m was donated by staff.

Team Challenge

Objective	To allow staffmembers to form teams to give of their time and talent in support of a variety of NPOs over a period of 10 months, with seed funding of R5 000 made available to get the project off the ground.
Programme description	This is a 10-month challenge that runs annually from January to October. The Nedbank Foundation makes R5 000 seed funding available to every team that registers to help get its charitable support project off the ground.
Impact	<ul style="list-style-type: none"> ■ Number of Team Challenge participants in 2016: 350 staffmembers in 43 teams (2015: 38 teams). ■ Number of organisations that benefited: 43.

Saturday School

Objective	To provide extra tuition in English and Mathematics for 50 learners (2015: 50 learners) in grade 5 to grade 7 to help improve their results in these vital subjects.
Programme description	Learners from Zenzeleni Primary School attend extra classes at 135 Rivonia Road every second Saturday. Learners are split into small groups according to their grades. The lessons are delivered by employee volunteers, and extracurricular activities, such as soccer and cricket, form part of the programme. Meals are also offered.
Impact	<ul style="list-style-type: none"> ■ Number of Saturday School volunteers in 2016: 16 (2015: 16) ■ Number of learners benefitting: 50 (2015: 50)

CASE IN POINT

Nedbank Team Challenge

Woodside Sanctuary provides safe shelter for 94 residents who are profoundly intellectually handicapped and can no longer be taken care of by their parents. Several of the residents have no means of financial support and the sanctuary carries the entire cost of their accommodation and care.

Since 2013 the GFS Power Team has entered the Nedbank Team Challenge as a way of providing support and assistance to Woodside and its residents. They have painted the entire facility, established and maintained the garden, improved accessibility for residents with mobility challenges, and upgraded the occupational therapy facilities to include new mattresses and even a Jacuzzi and corner bath. Currently they are working on repairing the carports.

'While it's been a privilege to help these incredibly special people, they have also helped us to realise how grateful we are for our health and loved ones. We have learned that there is always a reason to smile, no matter how tough it seems things are.'

Pam Barnard, Risk Incident and Administration, Group Risk.



UNLOCKING THE POWER OF PARTNERSHIPS TO DO GOOD

PARTNERING TO DELIVER DROUGHT RELIEF

In 2016 Nedbank donated R1,25m towards various drought relief and water provision initiatives. The donations were made either directly or in partnership with organisations such as Gift of the Givers. Our donations contributed to the installation of boreholes in the driest regions of the country, namely the Free State, North West Province and Northern Cape. We contributed towards the installation of 17 boreholes, three water storage tanks and 20 JoJo tanks. The boreholes provide 700 000 ℓ of water daily, equating to 21 million litres per month. We have also provided 200 tonnes of animal feed aid and humanitarian assistance in the form of food and hygiene aid, as well as thousands of litres of bottled water through a staff collection campaign. This work augmented the debt restructuring and provision of an additional R100m of working capital that was provided to assisted clients in the agricultural sector weather the effects of the drought.

CARBON FOOTPRINTING GUIDE

This valuable free publication offers SA businesses a practical carbon footprint calculation guide focused on measuring, monitoring, reporting and verifying their carbon footprint. It forms part of our commitment to helping businesses thrive while contributing positively towards an abundant future for all by lessening their impact on the environment. While there is much credible information about calculating and reducing carbon footprints, most of it is generally not userfriendly. This guide demystifies carbon footprint approaches and helps readers to grasp easily the main concepts and perform actual calculations. Throughout the guide the theory is constantly explained by applying real-life cases. Since it was first produced, the guide has been downloaded more than 60 000 times.

SMART LIVING GUIDE

As SA faces increasing environmental challenges, from climate change to pollution and resource depletion, many homeowners want to take action to ensure that their homes contribute towards solutions for a better future, rather than adding to the problem. This comprehensive guide connects all South Africans to the simple choices they can make to help solve our country's environmental challenges in the four key sustainability areas of energy, water, waste and ecosystem health. The guide has been immensely popular and a second edition was released early in 2017.

GUIDE TO BIODIVERSITY IN YOUR GARDEN

Produced in collaboration with Pam Golding Properties and the Endangered Wildlife Trust, the guide offers South Africans useful and practical advice on how to protect nature's life-giving biodiversity and save money and water in their gardens, whether these are large estates or small container corners on an apartment balcony.



NEDBANK AND WILDLANDS PARTNERSHIP

Since 2014 Nedbank has partnered with Wildlands, a leading environmental NPO that works in 120 communities, supporting over 4 000 green-preneurs to grow 1,2 million trees and collect 4,5 million kilograms of recyclable materials a year. These are bartered for livelihood support, including school fees, bicycles, building material and health and wellbeing hampers. The projects also enable the restoration of land, river, wetland and grassland systems.

One of the Wildlands cross-sectoral (business, government and NGO) programmes is aimed at sustainably transforming the Acornhoek community in Mpumalanga. The programme includes various interventions that cut across social, environmental and economic sustainability. Nedbank's contribution of R1,4m over the past three years has enabled the growth of the Wildlands Trees for Life and Recycling for Life programmes in Acornhoek and sparked a number of other programmes, ranging from food security and financial education to vegetable gardening and even permaculture. In 2016 the programme expanded to include Magaliesberg in Mogale City and three nodes in KZN – Durban, Pietermaritzburg and Richards Bay. Three community hubs have been established in the KZN nodes which provide central venues for food security and financial education training. Vegetable demonstration gardens are in place to provide training and mentorship on sustainable agriculture and promote food security and permaculture-based small-scale farming.

Nedbank consumer education trainers reached over 6 000 people across these nodes in 2016. Nedbank and Wildlands also launched the Learn2Earn pilot in 2016, with the aim of training and mentoring an initial group of 50 Nedbank clients between the ages of 18 and 34 in financial literacy, small-business skills, job readiness and life skills. The programme will be expanded to include 300 community members in 2017.



THE PLACES PROGRAMME

The programme was launched in 2013 and focuses on sustainable community transformation. It employs an innovative model that pursues sustainable socioeconomic impact through interventions that are not only aligned with government legislation, regulatory requirements and development policies, but which also promote active citizenry and effective public-private-community partnership.

The programme aims to transform six places by 2020. Participants and beneficiaries of the programme currently include Magaliesburg, Paarl, Klapmuts, Jamestown, Kylemore and Princess.

On a practical level the Places Programme team works in collaboration with a network of partners to implement interventions that include: capacity building at municipalities; community empowerment workshops; support for local entrepreneurs and community events (ie festivals) that boost tourism and provide a marketing platform for local artisans, artists and entrepreneurs; and support for early-childhood development and schools and development opportunities in the energy, waste and agricultural sectors.

In 2016 the programme touched, created or impacted the following beneficiaries: 30 schools, 35 community-based forums, four municipalities, 140 businesses, 40 spaza shops, three taxi associations, two residents associations, 42 small enterprises and 52 NGOs.

PARTNERING WITH THE WORLD WIDE FUND FOR NATURE SA



Nedbank has partnered with the World Wide Fund for Nature SA (WWF-SA) since 1990. The relationship began when our two organisations collaborated to form the WWF Nedbank Green Trust, but since then it has continued and expanded across a number of other sustainability programmes in various environmental and social sectors.



THE WWF-SA WATER BALANCE PROGRAMME

In a highly water-constrained environment, such as that currently being experienced across SA, it is vital that as much rainfall as possible remains in the country's water catchment areas. Left unchecked, invasive alien vegetation can limit this flow of water to catchments, as this type of flora is typically very 'thirsty'. WWF-SA implemented its water balance programme to address this significant challenge to SA's water security by clearing invasive alien vegetation in key water catchment areas around the country. In 2011 Nedbank invested R9m over five years, as part of its comprehensive water stewardship commitment to support this work.

In the five years since it was implemented – with Nedbank's investment alone – the programme has seen the clearing of 445 ha of invasive alien vegetation, resulting in more than 915 500 kℓ of water remaining in the country's water catchments annually instead of being lost to these water-thirsty plants. At the same time this investment has had significant socioeconomic benefits, creating over 24 000 workdays for people from communities surrounding the project focus areas.

Nedbank renewed its commitment to supporting the programme in 2016, with a further pledge of R3m for the next three years. This second contract phase will ensure that the land already cleared of invasive species remains so through regular maintenance and adds a new element of restoration to the alien clearing work. The restoration will take the form of natural or 'soft restoration' through replanting and revegetation rather than 'hard restoration' using engineered structures. An example of how our funds are used for restoration follows.

➔ Refer to page 45 for information on how we manage water in our operations.

CASE IN POINT

Bringing home the benefits of sustainable action

The WWF Water Balance Programme partnered with the Department of Environmental Affairs (DEA) and the Breede Gouritz Catchment Management Agency (BGCMA) to establish a community nursery in Genadendal in the Western Cape. Community members are trained in indigenous plant identification, seed harvesting and propagation.

As a result participating members have harvested 250 kg of various indigenous seeds and succeeded in germinating almost 45 000 indigenous saplings for planting as part of the programme's restoration focus. As proof of the effectiveness of this approach an area of approximately 17 ha has already been restored on either side of a bridge on the Meul river. This restored area is far greater than what WWF-SA originally anticipated, and it has been achieved in a relatively short space of time.

The restoration team is one of the programme's most productive teams. It works under the supervision of local community member, Johannes Arendse, who is encouraged and coached to expand the project into his own business, slowly moving away from full reliance on grant funding and donations.



Before restoration efforts.



After restoration efforts.

Credit: Helen Gordon, WWF – SA

WWF-SA SUSTAINABLE AGRICULTURE PROGRAMME

As a developing country SA depends heavily on agriculture for its economic and social development. In many ways farming 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. So it is essential that we protect, nurture and develop sustainable agriculture practices along the whole food production and consumption value chain.

The goal of the WWF-SA Sustainable Agriculture Programme is to promote innovation to solve key natural-resource challenges, be it for water, energy or soil, and to maintain healthy natural ecosystems that farmlands depend on. To do this the programme works with farmers, agricultural industry bodies, consumers and government with a view to promoting environmentally sound farm management practices and the protection of conservation on their farmlands. It also works with markets and consumers to garner support for farmers committed to these leading best practices. The programme focuses on supporting five priority sectors, namely the fruit, wine, dairy, beef and sugar farming sectors, developing industry standards and continued best-farming practices, while also working with markets to support the procurement of these standards.

Key successes include work with the SA sugar sector, particularly the Midlands regions of KwaZulu-Natal, where rapid implementation of sustainable sugar farm management systems has taken place, ensuring the protection of key wetlands and river systems. In this particular sector 300 growers are directly supported to develop land use and conservation plans, and 340 growers are submitting their annual sustainability performance report on delivery of their sugar to their respective mills in the Noodsberg and Eston region. An additional 600 small growers are also supported in sustainable land-use planning and production by Illovo Sugar in Noodsberg.

WWF-SA has also initiated a smallholder support programme, which promotes training and extension support models for agroecological farming principles. The aim of the programme is to assist smallholder farmers to adapt to a rapidly changing climate, minimise their vulnerabilities and risks, improve their yields and access between Nedbank and WWF-SA markets.

Given the results achieved in a relatively short time, the partnership was renewed for another three years in 2015 and will continue until 2018, by which time our total investment in the programme will amount to R18,3m over the six years.

Through the partnership we are able to access the expertise of the WWF-SA agriculture team. This has benefited both our clients and our own agriculture teams as they are regularly exposed to best practice for sustainable agriculture, which assists with the running of farm operations and helps Nedbank to improve the management of risk exposure in this key sector.



THE WWF NEDBANK GREEN TRUST – SUPPORTED BY THE NEDBANK GREEN AFFINITY

The WWF Nedbank Green Trust was formed in 1990 through a partnership between Nedbank and WWF-SA. Established to be a leading, independent and long-term funding entity for environmental conservation in southern Africa, the WWF Nedbank Green Trust has a vision to 'ignite new ways for people and nature to thrive'. It pursues this vision by working to bring together environmental and social sustainability with a view to unlocking benefits for communities and nature.

Over the 26 years that it has been doing good for nature and communities the WWF Nedbank Green Trust has proved that a strong people focus is imperative to achieve environmental sustainability and protect the planet's natural heritage. The objectives of the trust include maintaining and enhancing the integrity of SA's ecological assets, ensuring that the ecological systems and the services they provide underpin social and economic wellbeing, as well as addressing the risks and capitalising on the opportunities of climate change.

Since the Green Trust's inception Nedbank has provided more than **R237m** in support of more than 200 environmental causes throughout SA.

The primary vehicle for this financial support is our Nedbank Green Affinity. As our clients use their Green Affinity-linked accounts or other products, money is donated to the WWF Nedbank Green Trust at no cost to them.

In the 2016 financial year Nedbank Green Affinity donations to the WWF Nedbank Green Trust increased to R26,8m (2015: R25,1m*). The number of clients with Green Affinity-linked products also continues to grow steadily, with almost 570 000 clients now contributing to the Green Trust, at no cost to themselves, every time they transact.

* 2015 number was restated down. Impacted stakeholders have been made aware of this.

Some of the WWF Nedbank Green Trust-funded projects in 2016 included:

Biodiversity Stewardship Fiscal Benefits Feasibility Study –

This study was initiated with a view to establishing whether the practical implementation of fiscal benefits (specifically tax incentives) can be used effectively in various Biodiversity Stewardship Programmes (BSPs) to increase uptake by landowners. The ultimate desired outcome is a fiscal benefits model that involves both new and existing tax incentives and municipal rebates, that provides a systematic approach to the practical implementation of such benefits in BSPs and that may be upscaled nationally and transferred across the conservation sector. The findings are being thoroughly detailed and the case studies will give stewardship officers a clear indication of what tools are most effective in advancing the aims and outcomes of biodiversity stewardship.

Greening of social housing – In 2012 the National Association of Social Housing Organisation (NASHO) initiated a process of examining the potential for, and issues relating to, the 'greening' of the social housing sector in SA. As part of this, NASHO entered into an agreement with WWF-SA for further developing sustainable approaches to the 'greening' of social housing and to obtaining clarity about the respective roles and responsibilities of various stakeholders in the planned retrofitting process. First-phase work has been completed in the form of a comprehensive assessment involving tenant engagement, which has yielded good intelligence for further development of the greening of social housing initiative.

For more information on the WWF Nedbank Green Trust go to www.nedbankgreen.co.za or www.greentrust.co.za.

OTHER NEDBANK AFFINITY PARTNERSHIPS



THE NEDBANK ARTS AFFINITY AND THE ARTS AND CULTURE TRUST

The Arts and 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. ACT funds projects in the vital development areas of job creation, creative skills, management skills and cultural diversity.

Since its establishment 23 years ago, ACT has disbursed more than R22m to more than 850 projects across SA.

In 2016 the Nedbank Arts Affinity donations to ACT totalled **R1,6m** (2015: R1,18m), bringing the total amount donated to the trust to nearly **R17m** over the past 23 years.

Examples of the projects and initiatives funded by ACT in 2016 include:

- **The ACT Professional Development Programme –**
The programme supports activities that increase job opportunities and help develop the sustainability of SA arts and culture organisations, associations, cooperatives, networks, individual artists and practitioners. In 2016 a total of 32 projects were funded across the country, improving the lives of 2 599 direct beneficiaries.
- **The ACT Performing Arts Scholarships Programme –**
This national programme aims to enhance the quality of SA's performing arts by making funding and other resources available to undergraduate students. Since the programme was launched in 2009, more than R2,3m has been allocated to 34 talented young performers. In 2016 a total of R800 000 was awarded to 17 students who can use the funding to study any performing arts course at an accredited SA tertiary institution.

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



THE NEDBANK CHILDREN'S AFFINITY AND THE NELSON MANDELA CHILDREN'S FUND

Founded by former President Nelson Mandela in 2005, the Nelson Mandela Children's Fund ('the fund') has a vision to change the way SA society treats its young people, with a particular focus on neglected, orphaned, abandoned and homeless children. Over the years the fund has evolved into a development agency that not only supports these beneficiaries, but also helps to build capacity in SA's social development sector. In 2016 research commissioned by the fund led to the fund realigning its focus and identifying a number of key areas that it will seek to address by means of targeted interventions going forward. These focus areas and interventions have been clustered into the three core priorities, namely child survival and development, child safety and protection, and youth leadership.

Since the launch of the Nedbank Children's Affinity, in 1995, Nedbank has donated nearly R74m to the fund.

In 2016 Nedbank Children's Affinity donations to the fund amounted to **R8,5m** (2015: R8,1m).

Examples of the projects and initiatives supported by the fund include:

Girls and Boys Town – Working with AB Phokompe Secondary School in Mohlakeng, the programme aims to identify learners who are at risk and to help educators and parents to work with and manage learners better with the assistance of relevant resources. The project targets learners between the ages of six and 18 years, who are experiencing social, emotional and psychological challenges that can lead to behavioural issues. A primary outcome is to help these learners to overcome the challenges they face and, most importantly, stay in school.

Tswaranang Legal Advocacy Centre – With a primary focus on supporting women and girls who experience gender-based violence, the centre works with affected individuals and communities to help them understand and exercise women's rights, ensure they get whatever legal assistance and representation they may need, and address any other needs they may have as a result of their experiences. The organisation also conducts research into evidence-based programming, training and capacity building, focusing on duty bearers such as traditional leaders and community structures. Other projects include the development of 15 community advice officers from five provinces to give legal advice and support to victims of gender-based violence.

New Jerusalem Children's Home – New Jerusalem Children's Home was founded by two sisters who combined their social work, legal and business experience for the benefit of the children and community. The centre transformed the traditional dormitory nature of children's home to family unit houses with provision of 24-hour housemother care. It currently hosts 84 children and has 37 staffmembers who manage day-to-day work requirements and other responsibilities. Children are supported through different programmes including an aftercare programme, the Montessori preschool, computer literacy, IT and recreational activities. There are also essential social work services such as therapy, counselling, family reunification and hosting, facilitation of foster care and adoption.

For more information on the fund go to www.nedbankchildren.co.za and www.nelsonmandelachildrensfund.com.



THE NEDBANK SPORT AFFINITY AND THE SPORTS TRUST

The vision of The Sports Trust is to enhance education through sport. It achieves this by increasing access to opportunities to participate in sport and through the provision of sporting kit, equipment and facilities. By providing learners with opportunities to participate in activities that build healthy minds and bodies, better behaviour and academic performance are typically also achieved.

Since the launch of the Nedbank Sport Affinity, in 1990, we have donated over R27m to The Sports Trust.

In 2016 the Nedbank Sport Affinity donations to the trust amounted to **R2,3m** (2015: R3,3m).

Examples of the projects supported by The Sports Trust in 2016 include:

Golf Development Programme – In 2016 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 – Almost R3m has been invested into this invaluable programme. Now in its 11th year, the programme has afforded more than 1 000 children the opportunity to enjoy the benefits of cycling. In 2016 a total of 19 bicycles were purchased, and 80 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 the past financial year 300 more runners, from 10 schools, benefited from this programme.

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

A SUSTAINABLE SUPPLY CHAIN FOR MAXIMUM STAKEHOLDER BENEFIT

Nedbank has an obligation to produce the best quality financial solutions and services and deliver these to its clients affordably and conveniently, while at the same time showing a sustainable profit for its shareholders. To this end we consider our suppliers to be vital partners in our business and strive to develop close working relationships with them – not only to ensure seamless value delivery throughout the supply chain, but also to support those suppliers in sustainably growing their own businesses.

By way of demonstrating this partnership-based approach to commitment, recent years have seen us successfully transform our procurement spend from a business cost to an effective vehicle for transformation investment, business support and community development.

The Group Procurement Committee (GPC) takes ultimate responsibility for procurement across Nedbank Group. Its

roles, responsibilities and composition are detailed in a Group Procurement Committee Charter. All procurement tenders above R10m are presented and agreed on at the GPC in line with the established charter.

In 2016 total procurement spend across Nedbank Group amounted to **R10,8m** (2015: R10,7bn).

Nedbank supply chain at a glance

Number of suppliers engaged or supported in 2016

	6 819
Total procurement spend in 2016	R10,8bn
Primary supplier locations and relative % of spend	Gauteng: 87% KwaZulu-Natal: 5% Western Cape: 4% Other regions: 4%
Value-adding supplier spend in 2016	R 6,4bn
Total BBBEE procurement value in 2016 (94,56% of total procurement spend)	(59,41% of total spend)
	R 10,2bn

Top procurement categories

	2016 spend (Rbn)	2015 spend (Rbn)
Professional fees and insurance	2,8	2,6
Occupation and accommodation	2,8	2,5
Computer processing	1,9	2,3
Marketing and public relations	1,4	1,4
Other operating expenses	1,2	1,1

Supporting SMMEs, black-owned and black-woman-owned businesses

Key to our transformation commitment is the responsibility we have to ensure that Nedbank suppliers owned by representatives of historically disadvantaged groups are enabled and empowered to develop and grow their businesses by being part of our supply chain.

We set annual transformation and social development targets. These are supported by ringfencing tenders, requests for proposals (RFPs) and requests for quotations (RFQs) to ensure exclusive access by black-owned businesses, black-woman-owned businesses and small, medium and microenterprises (SMMEs).

Diligent execution against our transformation strategy saw Nedbank grow its procurement from black-owned companies from 15,54% in 2015 to 22,47% in 2016. Procurement from black-woman-owned organisations increased from 8,21% in 2015 to 12,29% in 2016, ensuring that Nedbank surpasses the FSC target of 8% procurement from black-woman-owned organisations.

In support of our commitment to growing the country's vital SMME sector, which is a key contributor to job creation and poverty eradication, we increased our SMME spend as a percentage of total procurement spend from 13,7% in 2015 to 17,80% in 2016. This translated to a total SMME procurement investment of R1,9bn in the past financial year.

Responsible procurement

- Preferential procurement policies are designed to maximise our contribution to broad-based business and societal empowerment. In terms of this policy, goods and services can be obtained only from registered suppliers and within clear ethical guidelines.
- Ethical procurement involves representatives from Nedbank’s Forensics and Ethics teams sitting on the evaluation panel that conducts all supplier sourcing. These teams also engage with suppliers at roadshows and run due-diligence investigations on all suppliers and directors that are brought on as Nedbank suppliers.
- Growing local procurement remains a priority. With the changes to BBBEE legislation and more emphasis placed on creating value and empowering suppliers in the economy, 2016 showed that a total of R6,4bn was spent with suppliers classified as value-adding and that R1,3bn was spent with suppliers classified as empowering. Nedbank’s local procurement spend is 75% of the total procurement spend.
- Our adherence to the Prompt Payment Code demonstrates our commitment to partnering with our suppliers to ensure their fair treatment and to help them achieve their business growth and development objectives. As signatories to the National Small Business Chamber (NSBC)’s Prompt Payment Code we continue to pay qualifying microenterprises within seven business days and all other small businesses within 30 days of receipt of valid, compliant and accurate invoices. This is working effectively, with R9,9m of our annual spend being paid to small suppliers in seven days and R19,2m being paid in 15 days. Any instances in which prompt payment does not occur are investigated. In 2016 the primary reason for delays was inaccurate invoicing.

CASE IN POINT

Enterprise and supplier development as a vehicle for job creation

Complementing our focus on SMMEs is our enterprise supplier development (ESD) programme. A select number of black-owned and black-woman-owned SMMEs participate in this three-year programme and are benefiting from the business support that our professional mentors offer them.

Skills and benefits delivered through the programme include business acumen, networking and market access, personal leadership development and the development of a strategic growth plan. Key statistics and achievements relating to the ESD programme are shown in the table below:

Achievement	Unit
New jobs created	127
Total people employed	461
Hours mentored	453 hours
Highest new contract value	R17m – Monabo
Largest turnover increase	88% – Jubilee Laundry and Dry Cleaning
Warehouses leased	1
Training days	8
Business analysis conducted	9
Brands redone/enhanced	6
Awards won	3

Integrating sustainability: Managing our direct 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 indicates the results we achieved in 2016.

Our people

Skilled, motivated and energised staff create value by providing quality services and solutions to our clients. It is vital that the culture in our organisation supports such delivery and ensures that our people embrace our strategy and live our values through appropriate behaviours and actions.

What our employees expect of us

If we expect our employees to contribute to the success and sustainability of our business, it is vital that we understand and acknowledge what they expect of Nedbank. Through our ongoing employee research we have established that the key expectations of Nedbank staffmembers are as follows:

- Competitive remuneration, effective performance management and recognition.
- Career development and advancement opportunities.
- Challenging and rewarding work in a safe, positive and inspiring work environment.
- A strong brand that resonates with them and is demonstrated through Nedbank's reputation as a good employer.

- Ongoing progress around the transformation of the Nedbank staff profile and the continued promotion of diversity and inclusivity.
- The opportunity to make a difference to the business and its stakeholders.

Recognising our challenges

Sweeping global forces continue to reshape the workplace, the workforce and work itself. SA is not insulated from such pressures, which are exacerbated domestically by our own unique macroeconomic and sociopolitical issues and challenges. As an employer of choice it is essential that Nedbank is cognisant of these challenges and influences, and constantly strives to create a culture in which our people can thrive in spite of them. At the same time it is worth noting that, like most businesses in SA, Nedbank operates in an environment of cost constraints, skills shortages, labour mobility, unrest and constant political shifts. While the challenges are not small, we are addressing them through proactive, innovative and sustainable human resources (HR) initiatives that help to build a robust and relevant workforce to serve our clients and other stakeholders.

THE NEDBANK GROUP WORKFORCE AT A GLANCE

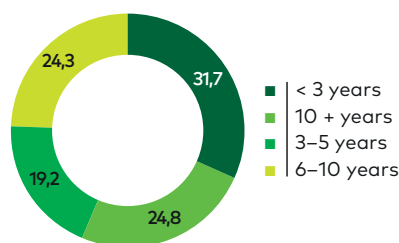
Staff gender profile (%)



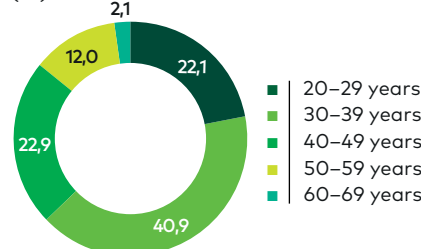
Attrition: Gender profile (%)



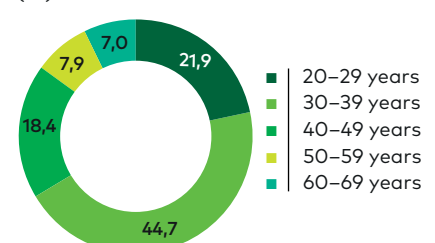
Employee tenure (%)



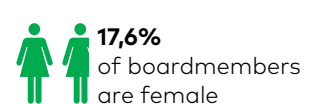
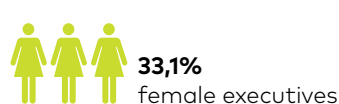
Employee age profile (%)



Attrition - age profile (%)



Female management



INTEGRATING SUSTAINABILITY: MANAGING OUR DIRECT IMPACT(continued)

Workforce profile	2016	2015	2014
Total number of employees opening balance	31 312	30 499	2 9513
SA permanent employees at the beginning of the year	27 819	27 446	2 6119
Add			
Recruitment	2 657	3 119	3 757
Reclassification of staff category (changed to permanent)	364	-	-
Take-on		-	-
Less			
Terminations (actual ytd):	2 684	2 746	2 430
Resignations	2 083	2 170	1 863
Deaths	50	38	55
Dismissals	253	195	183
Retirements	232	223	239
Retrenchments	8	39	11
Emigration	-*	35	35
Disability	44	38	41
Other	14	8	3
Reclassification of staff category (changed from permanent)	50		-
SA permanent employees at the end of December	28 106	27 819	27 446
Permanent headcount change on previous year	287	373	1 327
Attrition rate	9,61%**	9,90%	8,90%
Add other employee categories			
Contractors and financial planners	1 603	1 394	1 138
International employees (including Africa)	2 628	2 042	1 859
External entities	64	57	56
Total number of employees (excluding temporary staff)	32 401	31 312	30 499

* For the 2016 reporting year, no employee indicated on the SAP system that they were leaving the organisation due to emigration.

** Below the industry average of between 11% and 13%.

Nedbank has international employees in Angola, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zimbabwe, Guernsey, Isle of Man, Jersey, United Kingdom (London) and Mauritius. 8,11% of our total number of employees are internationally based.

Nedbank SA workforce profile according to the Department of Labour occupational levels (based on the Employment Equity Act at 31 December 2016)

	December 2016										
	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Total
Top management	5		1	8	1		1	2			18
Senior management	58	29	91	359	58	19	68	140	25	7	854
Middle management	1 147	506	799	1 646	1 278	633	881	1 757	90	74	8 811
Junior management	2 916	900	711	480	6 166	1 929	1 379	1 350	54	89	15 974
Semiskilled	478	100	58	41	1 074	393	169	196	7	12	2 528
Total permanent	4 604	1 535	1 660	2 534	8 577	2 974	2 498	3 445	176	182	28 185
Temporary employees	316	81	88	270	496	111	93	152	32	36	1 675
Grand total	4 920	1 616	1 748	2 804	9 073	3 085	2 591	3 597	208	218	29 860*

* 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.

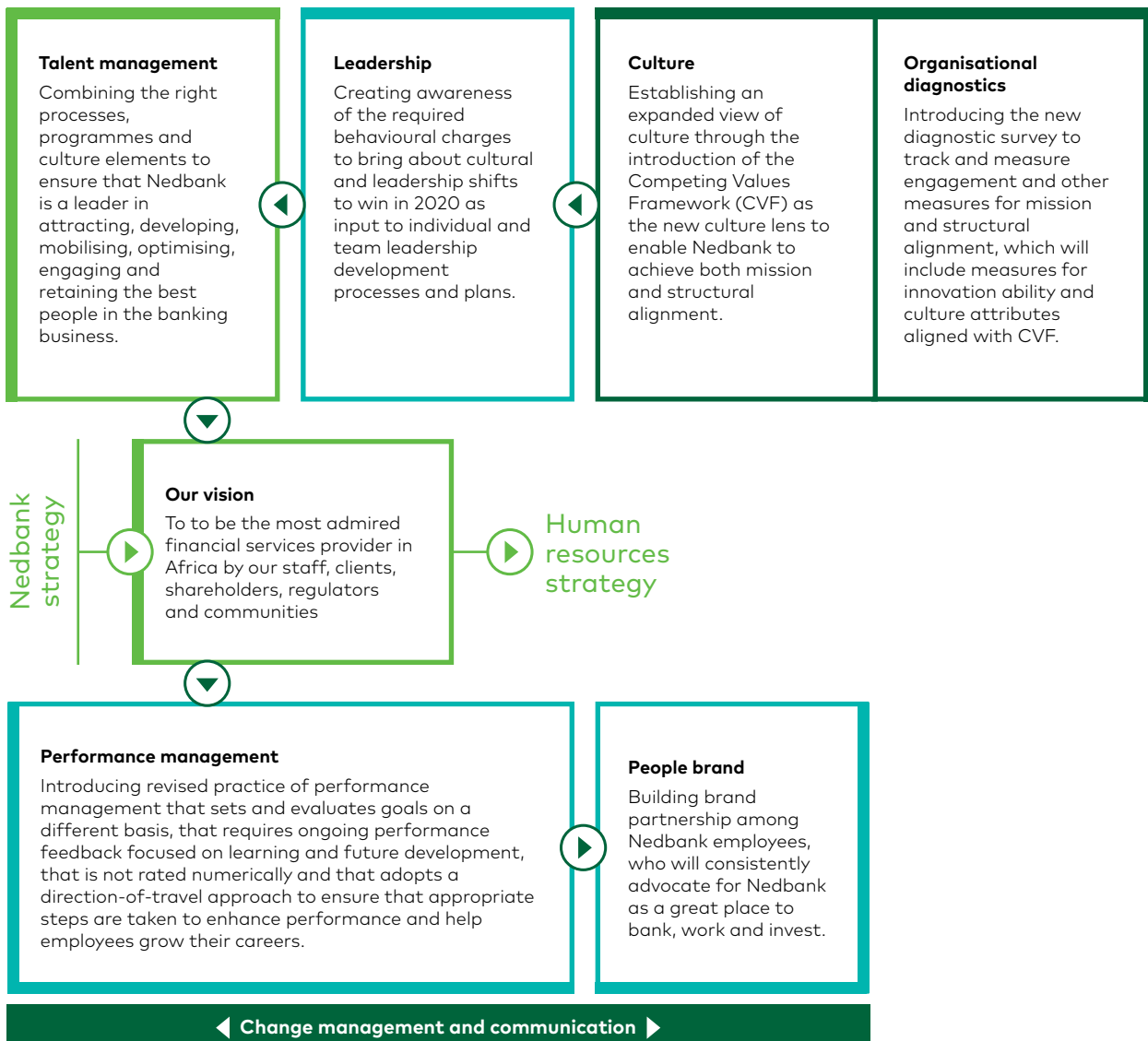
A WINNING HUMAN RESOURCES STRATEGY

Given these challenges, and the many opportunities we face, Nedbank took the bold move to rethink and redefine its people management focus and approach. The result is an organisational strategy aligned with the group's business strategy, which focuses on accelerating positive organisational change to achieve our vision to be 'the most admired financial services provider in Africa by our staff, clients, shareholders, regulators and communities'.

The achievement of this vision is wholly dependent on the people of Nedbank. That is why we are focused on optimising the way we operate through our strategy.

The strategic enablers

Our strategy is underpinned by the following main strategic enablers:



Put another way, everything we do from a Nedbank HR point of view is deliberately focused on enabling our bank to achieve its vision of being Africa's most admired financial services company. The rest of this section of the 2016 Sustainability Review therefore focuses on demonstrating the progress we have made in terms of each of these strategic enablers in the year under review.

ENHANCING OUR CULTURE

Towards the end of 2015 Nedbank started on a culture journey to create a culture that will fully enable our bank to deliver on its business objectives, while also creating an enabling environment which will continue to attract and retain the best people in the market. Over the past year significant strides have been made in progressing this culture journey.

While we recognise many very good elements in our organisation's culture, we believe that many of the ways in which we do things will need to shift to ensure we remain competitive in the changing economic environment. Our new, evolved culture must be more innovative, commercially focused, entrepreneurially competitive and success-driven – all of which we have been working towards through our culture change efforts over the past year.

In 2016 the members of the Executive Committee (Group Exco) completed an organisational culture assessment, which yielded insights into the culture shifts needed across the organisation to secure long-term success. The results of the assessments were used to inform a series of cluster exco culture workshops to guide the strategic dialogue.

An appealing employee value proposition

Given the shift in our culture and the recent repositioning of our corporate brand promise, we have reassessed our employee value proposition. Our talent requirements have shifted, and we are striving to attract more competitive, agile and innovative talent to our business. The findings of our people brand research showed that Nedbank staff rate the organisation well in terms of being a 'great place to work', but do not to the same extent rate Nedbank as being considered a 'great place to bank'. We recognise that having a people brand that is rated highly on both measures is essential for us to attract top talent.

In addition, and as important, we are emphasising the role that our employees should play in shifting the culture and with that in mind there is going to be a strong alignment of brand, people and business to ensure strategic dialogue takes place at all levels in our business. This alignment will be linked to every role in the bank so that employees understand that delivering on brand is part of our business success. This is, therefore, one of the key pillars of our evolving performance management practice and will be translated into high-performance behaviours.

In response to these findings we have developed our People Brand Programme, which supports and aligns with our strategy. The programme focuses on integrating and aligning elements of the external Nedbank brand (brand strategy, products and services) and the internal brand (culture, leadership and values) into an experience that builds brand affinity among employees. Ultimately, it is about recognising that Nedbank employees are both the bank's employees and clients.

DEVELOPING LEADERSHIP

Nedbank's leaders are key drivers of the strategy and the culture of the organisation. In March 2016 Nedbank hosted its first Leadership Lekgotla with 400 leaders from across the various businesses. The event created the opportunity for these leaders to discuss and decide on the type of leaders the bank needs to deliver successfully on its strategy.

The Leadership Lekgotla considered both the internal and external changes in the business environment and created tremendous momentum for the leadership of Nedbank to reposition itself. After the Leadership Lekgotla, the Nedbank LEAD 2020 programme was designed with the objective of creating awareness of the required behaviour changes to bring about cultural and leadership shifts that would enable Nedbank's strategy. The purpose of the

LEAD 2020 programme is to shape leaders who are aligned to the Nedbank Leadership Persona and who are equipped to lead themselves and others in Nedbank, while delivering on the strategic imperatives, building the brand and positively changing and impacting the culture.

The Leadership Persona is a set of key attributes required from the various leaders and employees in Nedbank to enable a strategic focus that will contribute to the achievement of our organisational goals. The Leadership Persona attributes do not operate in isolation as they are aligned with the CVF, which incorporates Nedbank's desired cultural shift. In this regard specific cultural barriers have been identified.

The process of embedding the Leadership Persona among our leaders, and across the organisation, will continue through 2017 and 2018. In parallel, a new leadership development landscape LEAD 2020 will be designed, developed and prototyped across the enterprise to ensure the building of appropriate leadership capacity.

In addition, all other Nedbank leadership and management development programmes planned for 2017 were put on hold. This was to ensure that the full leadership development focus of the bank will now be on creating awareness of the required behavioural changes to bring about the necessary cultural and leadership shifts to deliver successfully on the bank's strategy.

ATTRACTING AND MANAGING TALENT

Our ability to attract, retain, develop and deploy talent across the group is critical to Nedbank's long-term success. To ensure that our talent management approach supports this we have undertaken a comprehensive review of our talent practices over the past financial year.

The talent profile has been redefined to take into account the culture and leadership shifts that will underpin the Nedbank strategy. This alignment provides a more holistic view of the individual, which is a key enabler in retaining our key talent while we build our talent bench strength. The Leadership Persona attributes are behavioural and we have translated these behaviours into specific capabilities and competencies that will be required to meet our strategic imperatives and ensure the sustainability of our business.

During 2016 our talent acquisition focused on broadening sourcing channels for professionals through partnerships with specialist talent search vendors. We also introduced targeted selection practices in an effort to attract and hire the right people with a view to future business success. This exercise was to enable us to identify the critical skills and individuals across the industry in which we compete in order to fill the gaps in attaining our strategic objective and to assist us with an external succession plan for if and when opportunities arise in the bank.

Succession planning

Annual talent review meetings are held to ensure succession plans are in place for key positions and that development plans are focused on building a diverse and sustainable talent pipeline. The following statistics highlight some key metrics for our Group Exco succession pipeline and demonstrate our detailed approach to:



* The succession ratio confirms that Nedbank has an internal bench strength of high-potential employees identified for future leadership positions. This is a key risk mitigation strategy that is often referred to as an internal succession pipeline. The ratio 2:1 refers to the immediate readiness of identified successors, whereas the overall succession ratio refers to the number of overall potential successors identified across a broader time horizon of readiness, in relation to critical positions required for the sustainability of the organisation.

** By identifying the number of potential retirees at a leadership level we ensure that our efforts are focused on identifying a ready internal successor and developing that person to replace the individual immediately on retirement so as to ensure business continuity and mitigate any risk to sustainable performance over the short to medium term.

*** The retention of identified potential successors refers to the percentage of identified successors at a leadership level retained in the organisation year on year, which ensures the sustainability and robustness of the executive-talent pipeline.

MANAGING PERFORMANCE

Effective performance management supports the development and sustainability of our culture, talent and leadership journey. During 2016 the board approved the new performance management approach aimed at setting and evaluating employee goals differently than in the past. The new performance management system involves ongoing performance feedback focused on learning and future development, is not rated numerically and takes a 'direction of travel' approach to ensure that appropriate steps are taken to enhance performance and help employees develop their careers. The approach is also focused on building on strengths, and therefore motivation and commitment, rather than highlighting weaknesses.

This enhanced Nedbank performance management practice is sustainable and, when consistently applied across the organisation, will strengthen employee engagement and place greater accountability for execution on each employee – which is needed for Nedbank to deliver successfully on its strategy. The resulting differentiation of performance will also facilitate appropriate rewards and recognition.

In 2016, 100% of our employees (2015: 99,5%) participated in performance reviews and were confirmed as having a performance scorecard and a career development review as well as a final rating for the year on the Nedbank rating portal.

Rewarding our top performers

Supporting Nedbank's performance management practice, our reward approach allows for attracting and retaining talent, as well as providing opportunities for learning and growth. Top performers are recognised through the competitive remuneration and recognition processes that support a performance-driven culture.

The recognition programme is a powerful motivator and creates a positive working environment that encourages employees to thrive.

We have a remuneration policy that provides a framework for the management of total remuneration in the group. One of the guiding principles of this policy is to incentivise employees to deliver sustained high levels of performance and excellent execution of our strategic priorities, while being cognisant of the impact this delivery has on our culture, risk profile and exposure.

SKILLS DEVELOPMENT AND TRAINING

Skills development and training continue to play a key role in the realisation of our strategy. In addition to empowering employees to perform at their peak, skills development and training enable improved engagement levels and increase the ability of staffmembers to push beyond their boundaries, both for their own benefit and that of the organisation.

The tables below provide details of the average training hours and overall training expenditure for the 2016 financial year:

Average training hours by occupational level 2016

Occupational level	Female	Male
Senior management	32	29
Middle management	43	44
Junior management	46	52
Semiskilled	38	48
Not classified*	412	438

* Employees not linked to a Paterson Grade, ie non-payroll contractors or Letsema Learners.

Training investment in 2016

	2016	2015	2014
Total basic payroll (Rm)	R12 434	R11 170	R11 284
Total training spend (Rm)	R413	R371	R491
Training spend as a % of basic payroll	3,3%	3,3%	4,4%
Training spend for black staff as a % of basic payroll	2,6%	2,5%	3,4%
Training spend for black female staff as a % of basic payroll	1,6%	1,5%	2,1%
Training spend for black staff with disabilities as a % of basic payroll	0,05%	0,05%	0,06%
Training spend for black female staff with disabilities as a % of basic payroll	0,03%	0,03%	0,03%
Skills development achieved score	8,19	8,68	9,22

In 2016 we recorded an average of 49 hours (2015: 46,9 hours) of training per employee. This has increased, compared with the figure for the previous year. For female employees the average to 47 hours per employee remained the same.

It remains our commitment to ensure that Nedbank complies with all legislation while driving high-quality education. We understand that, rather than merely doing a job, our employees have unique career aspirations and regard continuous personal development as a priority. Providing them with the support they need to reach their full potential is key to our ability to be an employer of choice.

Our commitment to skills development extends beyond our own organisation in an effort to address the skills shortage in SA. We invest significantly in the advancement of the knowledge and skills needed for the banking sector as well as associated industries.



Refer to Investing in our youth on page 22 to learn more about the bursaries, learnerships and graduate programmes that we offered in 2016.

Committed to sustainability

Our staff are key to helping embed sustainability principles across the business, and we therefore require them to understand the issues and commit to applying them in their roles at Nedbank. One of the ways we drive awareness is through the acknowledgement of all relevant social and environmental policies. At the end of 2016:

96,36% (2015: 98%) of employees had formally acknowledged the **Nedbank Group Environmental Policy**

96,92% (2015: 98%) of employees had formally acknowledged the **Nedbank Group Code of Conduct**

97,02% (2015: 98%) of employees had formally acknowledged the **Nedbank Group Code of Ethics**

96,37% (2015: 95%) of employees had formally acknowledged the **Nedbank Group Fraud and Corrupt Activities Policy**

EMPLOYMENT EQUITY AND TRANSFORMATION

Nedbank complies with the Employment Equity Act, 55 of 1998, and embraces the transformation of our workforce as imperative to the operational success of the bank.

Director-General Review

During the past year Nedbank underwent a Director-General Review in terms of section 43 of the Employment Equity Act. The review focused on the progress of employment equity (EE) at Nedbank. The review was positive with its recommendations, the primary one being to ensure EE targets are informed by the economically active population (EAP) and this has been done appropriately. Refer to page 34 for the employment equity table reflecting the race and gender representation at Nedbank.

Culture of inclusion

The Nedbank transformation strategy places special focus on the culture of inclusion, with leadership encouraging inclusivity in the workplace. All Nedbank employees are valued and decisionmaking is participatory. To encourage the culture of inclusion Nedbank has embarked on the following:

- Continued identification of barriers that prevent the designated employees from having meaningful participation and involvement in the running of business.
- Provision of rooms for religious activities involving different faiths.
- Revival of the disability forum to enable different stakeholders to discuss issues that affect them in the workplace.

CREATING OPPORTUNITIES FOR GENDER EQUITY

Female staff at Nedbank represent 62,15% of its workforce against the EAP figure of 45,2%. While the majority of the staff is female, representation at senior management level remains low and Nedbank has not yet been able to meet EE targets at this level. To support gender equity Nedbank has the Nedbank Women's Forum to address the advancement of women into leadership positions in the bank. This forum continues to provide a space for women and men to share their insights, wisdom, experiences, challenges, fears and circumstances with a view to creating greater opportunities for women. In 2016 the forum embarked on initiatives such as a women's conference, Cell C Take a Girl Child to Work Day and coaching and mentoring. This forum will continue to advance the need for gender representation through continued coaching and mentoring.

The following are initiatives in the new EE Plan to assist Nedbank in addressing underrepresentation of women:

- Distributing arising opportunities among the designated groups (women in particular).
- Linking Nedbank's recruitment and skills development initiatives to the EE Plan to support the implementation of the plan.



CREATING OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Nedbank is progressive in the recruitment and retention of persons with disabilities. While organisations are expected to reach 2% for black people with disabilities, Nedbank has reached a target of 1,72%, with 3,1% of the current workforce being employees with disabilities. Nedbank has a disability forum, which serves as a vehicle for consulting on issues that affect persons with disabilities. The forum is a platform through which the bank is able to raise awareness about disability and reasonable accommodation of such persons.

In the EE Plan Nedbank has committed to the following:

- Clusters will have recruitment plans to ensure Nedbank maintains the 3% disability target and 2% black disability target.
- A reasonable-accommodation audit will be conducted to ensure all persons with disabilities in the bank are reasonably accommodated.
- The Group Transformation Unit will raise awareness among top and senior management to encourage the creation of an inclusive work environment.

EMPLOYEE RELATIONS

Employee relations is the cornerstone that binds the relationship between Nedbank and its employees. While the relationship can be complex, it has two fundamental key factors, which are formal and informal. The formal part is guided by contracts of employment, policies and procedures, while the informal is in the shape of psychological contracts, which express certain assumptions and expectations about what managers and employees have to offer and are willing to deliver. They can have an individual dimension, which refers to individual contracts and expectations, or a collective dimension, which refers to relationships between management and trade unions. Managing these relationships in Nedbank is done through relevant dialogue and relevant stakeholder engagements.

For our strategy to be successful in changing the DNA of our organisation, we have to assess whether our policies, procedures and practices have limited the innovativeness, agility and competitive spirit required for our organisation and its people to move forward effectively. We are also in the process of reviewing our employee relations policies to ensure that they support the spirit of this strategy.

Disciplinary and grievance processes

At Nedbank we continue to foster just and fair labour practices that are underpinned by our values and the prerequisite ethical behaviour. Our policies and procedures are in place to guide the expected behaviour and conduct, and these serve as the medium for managers to maintain discipline effectively as well as address any deviances in a constructive manner. In the year under review 6 087 incidents of misconduct were managed (2015: 18 437). Due to the implementation of SAP there was a change in the measurement approach which enabled us to measure only relevant cases without any duplication. While this measurement approach, contributed to a drop in cases, we are pleased with this significant drop in the number of cases, as it is an indication that the training for managers and employees regarding ethical behaviour is paying off.

We continue to encourage and ensure that direct and frequent communication is established between management and all our employees. While dialogue with trade unions is essential, it does not replace the close relationship our management continues to maintain with our employees. Regular dialogue with our employees and union representatives creates an opportunity to discuss matters of mutual concern and allows our employees to acquire a full understanding of the business activities and the objectives of the bank. While a total of 282 grievances were handled formally through our formal grievance process in 2016 (2015: 243) we continue to strive to create an environment that enables open and honest dialogue, as this is a key enabler in developing open and trusting relationships.

CCMA referrals

During 2016 altogether 131 Commission for Conciliation Mediation and Arbitration (CCMA) referrals were received. A total of 70 cases were subsequently referred for arbitration and 22 of these were in favour of the bank, 10 were settled, while the remaining 38 were either withdrawn by the applicant or dismissed by the CCMA. There was a noticeable drop in the cases referred to the CCMA from 243 in 2015 to 131 in 2016. This is indicative of how effective our enhanced employee relations training for managers has been.

Collective bargaining

For many years we have had two unions – the Insurance and Banking Staff Association (IBSA) and the South African Society of Banking Officials (SASBO) – with which we have had a constructive relationships. In 2015 a process of negotiating a new recognition agreement with both unions was started. However, at the end of those negotiations, only SASBO could meet the membership threshold set to enjoy the status of being the only recognised union. During 2016, even though the salary negotiations took place only with SASBO, Nedbank took the unconventional decision to extend the recognition status of IBSA by a further six months, to enable them to reach the 15% threshold for minority rights, which they failed to achieve. In light of the derecognition of IBSA, there has been a significant reduction in the number of employees who are union members. The current number is around 33% of the current workforce, as compared with more about 55% in 2015.

Of the more than 32 400 Nedbank staffmembers, 34% are members of SASBO. We are working to evolve the relationship we have with SASBO to ensure that it is an effective partnership built on shared goals and values. As part of this process, we have expanded the focus of our monthly union meetings from purely business restructures to information-sharing sessions on broader business issues as well. We did not experience any industrial action in our European and SA operations in 2016.

EMPLOYEE RELATIONS IN THE REST OF AFRICA

In Swaziland issues that were negotiated and which resulted in a dispute were:

- The cost-of-living adjustment.
- Job evaluation and salary review.

We reached agreement with the union on the cost-of-living adjustment. There was, therefore, neither a loss of work time nor a strike.

In Namibia Nedbank and the Namibian Financial Institutions Union (NAFINU) resorted to litigation during 2016, when the union engaged in unfair labour practice in the form of a dispute regarding the Interim Recognition Agreement, which the union wanted to have finalised.

Nedbank engaged with the union with a view to replacing the Interim Recognition Agreement with a formal Recognition and Procedural Agreement (RPA) to improve management of the relationship between the parties. Finalisation of the RPA is still pending.

It is important to note that each country operates within the legislative framework and market practices of that country. All salaries and benefits are therefore benchmarked against those of the competitors in that country and not with those in SA. The SA benchmarks are used only in instances where no benchmarks or legislative framework exists.

MEASURING OUR PROGRESS

Over the past 10 years Nedbank has measured values alignment and staff engagement through two diagnostic tools, namely the Barrett Survey and the Nedbank Staff Survey (NSS).

As Nedbank works towards implementing its strategy and developing a new culture that will enable the organisation to achieve its vision, the lens with which we view and measure organisational effectiveness needs to be expanded so that we can measure the strategic drivers of the business. A decision was therefore taken to replace the long-standing NSS with a new organisational diagnostic survey. Referred to as the Nedbank Compass, this new organisational diagnostic will measure engagement, alignment and agility as well as the critical capabilities needed to execute on Nedbank's business priorities.

The new survey was piloted in November 2016 and will be rolled out across the group in the first half of 2017.

The Barrett Survey, used to inform our efforts in making Nedbank a 'great place to work', will remain in place to assess values alignment, but in future will be conducted every second year rather than annually. In 2016 the Barrett Survey indicated that there was a marginal decrease in cultural entropy (an indicator of dysfunction in the system) from 13% in 2015 to 12% in 2016. In addition, the value matches between current and desired culture increased from five in 2015 to six in 2016. This points to a good level of confidence, which is a strong position to be in as we embark on the shift to our new evolved culture.

LOOKING AFTER OUR EMPLOYEES

Our continued success depends on employees who are healthy, resilient and productive. For this reason investment in wellness-related interventions is recognised as a priority. We are currently in the process of refreshing and redefining our organisational wellness strategy as part of our overall strategy and in line with the anticipated increases in stress levels that employees in financial services are likely to face going forward, given the rapidly changing environment.

To this end the primary intent of our wellness strategy is to create a positive culture in which employees can thrive and that fosters a long-term commitment to healthy lifestyles and the reduction of health risks among all our employees.

The Employee Wellness Programme provides assistance and support for a range of issues, including: emotional and personal difficulties; family and relationship concerns; alcohol or drug abuse; managing stress and change; financial matters; legal concerns; HIV/Aids; violence; and bereavement and loss. Onsite debriefing is also provided to staffmembers who have been exposed to traumatic events such as bank robberies.

In 2016 the overall employee wellbeing engagement rate, which includes the use of all services provided, stood at 25,7% (2015: 42,4%). The drop in usage was as a result of some of the services being discontinued. Annualised individual usage of the core counselling and advisory services of 23,3% was recorded during the most recent period (2015: 21,3%). This remains higher than the financial sector average and demonstrates that our wellness service provider, Independent and Advisory Services (ICAS), has been widely accepted as a trusted support and counselling service by a relatively high proportion of our staff. Problems relating to relationship issues and stress were the most commonly reported reasons for engaging with wellness counsellors over the 2016 period.

During the year under review a number of wellness events and awareness sessions were hosted, covering topics

ranging from men's and women's health, cancer and dreaded diseases, to awareness about vaccinations and how to talk to your child about substance abuse.

NEDBANK BENEFIT FUND

Nedbank has a benefit fund which resides under Dr Holsboer Benefit Fund (a subsidiary of Nedbank) whose mandate is to help staff pay excessive medical costs that are not covered by the medical aid or gap cover. In 2016 support was provided to 1 127 staff to the value of R4,0m.

PLANNING FOR RETIREMENT

We are committed to partnering with our employees to ensure they make good decisions when planning for a financially secure future. Our retirement planning workshops are well attended and provide sound financial guidance while addressing any attendee concerns around retirement. Recently, we have also noticed increasing attendance of these workshops by younger employees, which indicates that these individuals are taking planning for their future seriously early in their careers. During the 2016 year 20 workshops were held, which were attended by approximately 500 employees. Since the workshops started in 2012 a total of 1 323 employees have attended.

EXECUTIVE HEALTH

From a governance perspective the risk relating to a key executive 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 the ignoring of chronic life stress play a prominent role in the development of chronic diseases, especially cardiovascular disease. Given these considerations, the logic for well-structured executive health programmes is self-evident. At Nedbank our response to this is delivered through our external executive health programme provider, Exec|Care. The programme includes a comprehensive wellbeing assessment by professionals who are experienced in executive wellbeing. During the year under review 277 (2015: 228) executives made use of this facility.

NEDBANK CRÈCHE FACILITIES

As part of its efforts to be an employer of choice, Nedbank provides childcare facilities at two of its headoffice buildings in Gauteng. By addressing the needs of working mothers and fathers we effectively retain some of our best employees and reduce absenteeism due to the challenges of combining parenthood and a career. These facilities currently accommodate 238 children.

MANAGING LIFESTYLE DISEASES AND HIV/AIDS AT THE WORKPLACE

We offer treatment to our HIV-positive staffmembers through the Nedgroup Medical Aid Scheme. Staffmembers and their dependants who are registered on the programme qualify for an additional unlimited benefit per registered beneficiary. To assist us in managing chronic lifestyle disease we have developed a holistic and inclusive wellness strategy that covers lifestyle diseases and HIV/Aids. We are moving away from focusing exclusively on HIV education and testing towards managing lifestyle diseases more holistically. It is hoped that this will help normalise and destigmatise HIV specifically.

To prevent and manage these diseases effectively education and health screening is vital. We also believe that, by testing for all four lifestyle diseases, we will increase testing takeup among employees. All health screening is undertaken in partnership with the Nedgroup Medical Aid Scheme, with tests done for blood pressure, cholesterol, glucose, body mass index and HIV.

This education and health screening programme helps Nedbank to gain a better understanding of the collective health risks of employees and to target its intervention programmes accordingly. It also provides participating individuals with much-needed health information so that they can manage their current health status and prevent health problems.

To date 1 496 employees have gone for testing at selected wellness days, of which 1 050 have elected to incorporate HIV testing. In addition, 13 awareness sessions on HIV/Aids were held nationally.

OCCUPATIONAL HEALTH AND SAFETY

A safe work environment is a vital component for employee productivity, wellbeing and performance. Therefore, to ensure a safe and healthy environment for our employees and all stakeholders, we 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 (COID) Act, 130 of 1993.

We have a dedicated Occupational Health and Safety (OHS) Division that guides our group on all health and safety matters, legislation and regulatory updates. With the recent appointment of senior leadership in this department, efforts are underway to raise the profile of occupational health and safety as a critical business imperative.

Our foreign 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 Policy.

OHS Policy

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

OHS committees

It is compulsory that each Nedbank site (headoffices, regional offices and branches) has a fully functional health and safety committee. Management is 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. All our OHS appointees are put through extensive training programmes and

Injuries on duty

The table below reflects IOD incidents recorded in 2016:

Incident category	Number of incidents 2016	Number of incidents 2015	Number of incidents 2014
Medical	153	196	175
Workmen's compensation claims – Nedbank	64	53	53
Workmen's compensation claims – contractors	1	1	3
Injuries – public/visitors	10	9	8
Fatalities – Nedbank	1	0	0
	(result of a medical condition; not a work-related injury)		
Fatalities – public/visitors	3	0	0
	(result of a medical condition of a client and police-related deaths of two criminals that attempted to rob a branch)		

In 2016 there were 296 (2015: 295) first-aid cases (FACs), which include IODs leading to minor treatments (such as a plaster being required). Our lost-time injury frequency rate for the period under review was 0,11 (2015: 0,14*). The total recordable injury frequency rate is 0,19 (2015: 0,16). In 2016 the average sick-leave days taken per staffmember was 1,3 days (2015: 2,2 days).

* Number restated as the rate incorrectly included injuries where no work days were lost in 2015.

regular refresher programmes to ensure their skills are constantly updated. In 2016 a total of 227 OHS appointees (2015: 153) received this training.

Emergency preparedness

Emergency procedures are planned, documented, reviewed, practiced and regularly updated to ensure preparedness for all types of emergencies. Practising these procedures are done at all our sites at least twice per year. The inclusion of local disaster management, emergency medical, fire and law enforcement (traffic) services form part of our emergency preparedness procedure.

Compliance audits

OHS compliance audits are conducted independently, both internally and externally, every year and the results of these audits are reported to Nedbank Group management. In the year under review 200 sites were audited for legal compliance, and in the rare cases where non-compliance was observed remedial actions were implemented.

Training and awareness

In Nedbank it is compulsory for all our employees to complete OHS training. This includes reading and acknowledging the Nedbank Group OHS Policy every year. In 2016 a total of 97% of staffmembers (2015: 97%) acknowledged that they had read and understood this policy.

Our ongoing OHS awareness campaigns include posters, leaflets, awareness events and presentations by the OHS Division at the induction of new staffmembers.

Emergency medical facilities

Our medical emergency (advanced first aid) rooms are equipped with the latest emergency equipment. Our first-aiders are fully trained to use the equipment as and when required to assist during medical emergencies. The total number of first-aiders trained during 2016 is 124 (2015: 99).

Incident reporting and attendance

All injuries on duty – from minor first-aid events such as paper cuts to severe medical conditions such as heart attacks and work-related injuries – are attended to by our trained and accredited first-aiders. These incidents are then recorded, reported on daily, and added to the monthly executive reports. Injuries on duty (IOD) are immediately reported to the Compensation Commissioner in terms of the COID Act.

Our operations

OUR STRATEGIC APPROACH TO CLIMATE CHANGE

2016 saw many parts of the world experiencing the hottest weather conditions in recorded history. SA did not escape this global heatwave, with new all-time highs recorded in Pretoria and Johannesburg. After the lowest annual rainfall figures ever in 2015, most of SA continued to suffer from severe drought conditions, with many parts of the country even declared disaster zones and most cities and regions imposing increasingly stringent water restrictions in the hope of preserving what little remains of life-giving potable water resources.

The drought conditions have had an understandably severe impact on the country's agriculture sector and disturbingly low harvests of essential crops are now being felt by consumers by way of rapidly rising food inflation levels.

Given this worrying backdrop, the importance of the implementation of the Paris Agreement on 4 November 2016 – less than seven months after it was ratified by 195 countries attending Conference of the Parties (COP) COP 21 – cannot be overestimated.

With its primary objective being the comprehensive transformation of the world's energy sector by the middle of the current century, the agreement was a watershed moment for world climate action and will set the foundation for the planet to have its best chance of building a climate-neutral future before the arrival of the 22nd century.

As a signatory to the Paris Agreement, SA has committed itself to being a part of this all-important solution to the world threat of climate change and global warming. As a country with still unacceptably high carbon emissions, SA must answer the call to reduce its reliance on fossil fuels, and we believe it is the responsibility of all businesses in the country – whether they produce high carbon emissions or not – to work with government and other stakeholders to do our share to meet our nation's Paris Agreement commitments and create a climate-secure future for the planet.

Our primary response to this takes the form of our Fair Share 2030 strategy. In addition to maintaining and building on our group's strong track record of sustainability leadership and excellence, Fair Share 2030 represents a significant increase in our ambition around sustainable-development finance. In years to come this commitment in terms of climate risk mitigation will be particularly realised through our continued involvement in, and support of, SA's renewable-energy programme.

This strategic approach to climate change is informed by the SDGs. This response is summarised in the points below:

- **Our business response** – We are committed to directing a significant portion of our lending 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). In this regard our Fair Share 2030 strategy includes both mitigation and adaptation components and comprises (i) a decarbonising of our lending book in line with the carbon budget trajectory and (ii) an increased flow of lending to sustainable-development finance to enable the provision of modern energy services, clean water and sanitation, etc.
- **Our operational commitment** – This involves minimising and then offsetting the carbon footprint of our operations. As part of this commitment, we continue to work towards the further reduction, and eventual elimination, of scope 1 and scope 2 GHG emissions from our facilities.
- **Our CSI programmes** – These are already delivering significant social benefits towards meeting the SDGs.
- **Our advocacy (around climate change)** – We strongly advocate for climate change mitigation responses that are informed by the requirements of science, and adaptation responses that ensure future prosperity for SA our national carbon budget.



REDUCTION TARGETS

We have set ambitious reduction targets to limit the impact of our operations on the environment. These reduction targets clearly specify the carbon emissions and resource usage levels to which we aspire as a group and use to guide behaviour at a group, cluster, business unit, team and individual level.

As such, the targets are integrated into all performance reviews, which ensures that our staffmembers are aware of the important role they have to play in helping to limit the impact of our operations on the environment.

In assessing the achievement of our reduction targets, it is firstly necessary to state exactly what we measure and where such measurement is undertaken in the group. This is outlined in the table below:

Reporting period: financial year 2016

Methodology	<i>The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard</i> (revised edition). External experts were consulted where no clear guidance or guidance applicable to SA was available. ¹
Inclusions	Measurement includes: <ul style="list-style-type: none"> ■ our SA activities, equipment and operations; ■ the actions of Nedbank employees associated directly with 768 (2015: 777) SA offices and branches; and ■ all non-SA equipment and operations integrated into the greater Nedbank group. Some facility consolidation took place in 2016, which resulted in slightly fewer office locations being included in the measurement. However, overall floor space showed a slight increase.
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 where there is a lack of reliable data. ■ Emissions associated with the operation and servicing 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, such as Nedbank kiosks in retail stores.

Summary of normalised GHG numbers

Fulltime employee (FTE) count and occupied office space included in the report	2016	2015	2014	2013 baseline
Total occupied floor space of reported buildings (m ²)	686 149²	672 617	717 236	672 367
Employees included in FTE calculations	31 812³	30 822	30 121	29 077
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 later annual reports, 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 tCO₂e/MWh, including distribution losses. Due to the varying values and for consistency Nedbank will continue to use 0,99 tCO₂e/MWh for this report as was used in the report for the previous financial year.

² While there was an increase in occupied floor space, the total number of buildings decreased due to consolidation.

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	A 15% reduction based on end-of-2013 levels or 1 443 tonnes by the end of 2020.	Paper consumption in the 2016 financial year was 1 701 tonnes, which is a 22,1% increase year on year. One of the reasons for the increase is the full implementation of a new procurement system. Paper consumption remains a small part of our overall footprint, accounting for only 1,41%, but the 2020 target will remain as is.
Water ²	A 6% reduction by the end of 2016 based on 2011 levels or consumption of 15,01 kℓ per FTE.	Water consumption decreased despite a number of new buildings being added to the campus building portfolio. In 2016 the consumption level was 15,78 kℓ per FTE, which slightly exceeds the end-of-2016 target of 15,01 kℓ per FTE. As the 2016 target has not been met, the target will remain in place for 2017.
Waste ²	A 10% reduction based on 2013 levels or 17,73 kg per FTE by the end of 2020. The 2015 result was 16,17 kg per FTE (2014: 16,25 kg per FTE).	In absolute terms the waste sent to landfill decreased from 317 tonnes in 2015 to 294 tonnes in 2016, which implies a 7,4% reduction. This means that 14,65 kg per FTE was sent to landfill. The end-of-2020 target will be kept as is, although it was reached. This will be done to ensure that the reduced consumption levels can be maintained as more campus sites come online.
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 581 tonnes to 620 tonnes or by 6,75%. This amounts to a recycling rate of 30,95 kg per FTE. The 2016 target was not achieved as less waste is now being generated across our operations, resulting in fewer recycling opportunities. The target will be kept as an aspirational target.

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 to individual employee usage.

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

Water

In 2016 total water consumption across all campus sites decreased by 1,10% to 316 278 kℓ (2015: 319 801 kℓ). A larger decrease was hoped for, but this did not materialise as the scope of reporting (amount of occupied floor space and number of employees) increased.

We continue to invest significantly into the monitoring and maintenance of our water infrastructure. Water leaks typically demand immediate action and cannot 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.

Our employees play a vital role in our water reduction efforts and we continue to invest in raising awareness and educating our staffmembers on ways in which they

can help us save water. The scope of water usage measurement will continue to be expanded in 2017.

Waste and recycling

Ongoing staff awareness and education campaigns continue to drive our achievements in terms of waste management, as does our 'zero-to-landfill' policy. We will also be working to perfect our zero-to-landfill concept with a view to reducing, and eventually doing away with, waste to landfill.

Our onsite recycling banks have proved very effective in ensuring maximum recycling and good levels of waste sorting at source. In 2016 about 68% of our total waste was recycled. We continue with our rigorous recycling efforts and are constantly looking at increasing our use of recyclable materials. We are currently looking at different recycling streams and hope to reduce the use of virgin material even further.

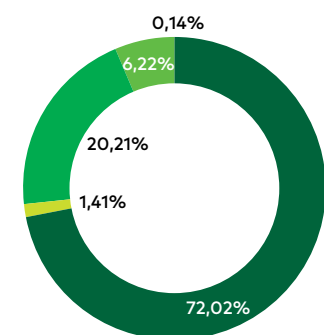
Energy and carbon reduction target progress

Resource	Target	ACHIEVEMENT
Energy	At the end of 2014 we set a new target of a 10% reduction based on 2014 (5 215 kWh per FTE) by the end of 2020, equating to 4 694 kWh per FTE. In 2015 we achieved 5 129 kWh per FTE.	In 2016 we achieved 4 756 kWh per FTE, which implies that the 2020 target was almost reached. The target will be kept the same to ensure that it can be met continually before a new target is set.
Carbon 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.	The 2016 pollution rate amounted to 6,54 tCO ₂ e per FTE. Both 2015 and 2016 pollution rates were below the target. The target will therefore be reviewed and a new target set.

CARBON FOOTPRINT MEASUREMENT

In absolute terms our overall reported GHG emissions decreased 3,25% from 2015 to 2016. The carbon emissions per FTE decreased year on year by 6,26% to 6,54 tCO₂e a year and emissions per square metre of office space decreased by 5,16% to 0,30 tCO₂e a year. This is a fantastic achievement that illustrates each staffmember's dedication to the reduction targets. Short-term fluctuations in floor space, and other factors, could decrease annual performance, but overall Nedbank's reduction targets show a positive long-term trend.

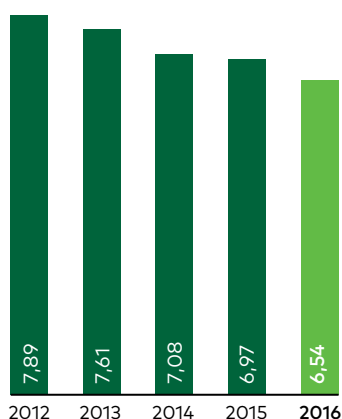
The primary decrease in the carbon footprint can be attributed to the decreased amount of electricity use.

Nedbank Group 2016 carbon footprint – 207 975 (tCO₂e)


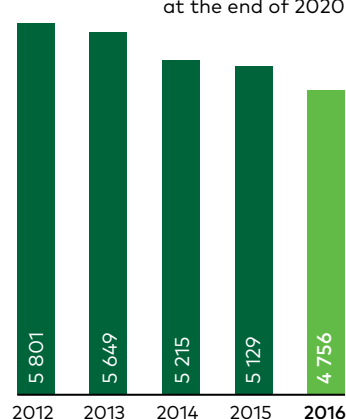
- Scope 1: Diesel, refrigerants etc.
- Scope 2: Electricity
- Scope 3: Office paper
- Scope 3: Commuting
- Scope 3: Business travel

Emissions per FTE

(tCO₂e) Target: 7,08tCO₂e/FTE at the end of 2020


Energy consumption

(kWh/FTE) Target: 4 694kWh/FTE at the end of 2020


Nedbank group GHG emissions inventory – tCO₂e (tonnes)

Scope	2016	2015	2014	2013 new baseline
Scope 1: Direct emissions from:	295,56	417,99	379,88	800,31
Fuel used in equipment owned or controlled by us (eg generators)	74,37	56,69	43,18	248,82
Air conditioning and refrigeration gas refills	43,71	148,42	100,62	272,94
Our fleet of vehicles	177,48	212,88	236,08	278,55
Scope 2: Indirect emissions from purchased electricity:	149 780,60	156 495,91	155 507,83	162 609,50
Purchased electricity – SA	138 413,11	146 188,48	147 473,57	150 538,64
Purchased electricity – non-SA	11 367,49	10 307,43	8 034,25	12 070,86
Total scope 1 and 2 emissions	150 076,15	156 913,90	155 887,70	163 409,81
Scope 3: Indirect emissions from: ¹	57 899,70	58 053,95	57 245,63	57 969,01
Business travel in rental cars	354,19	316,25	373,91	424,38
Business travel on commercial airlines	6 172,99	6 902,44	6 627,02	7 733,08
Business travel in employee-owned cars	6 405,39	6 238,76	6 359,47	6 356,23
Employee commuting	42 040,75	42 067,00	41 459,61	40 406,56
Consumption of office paper	2 926,38	2 529,50	2 425,62	3 048,76
Total scope 1, 2 and 3 emissions (GHG protocol)	207 975,88	214 967,85	213 133,33	221 378,81
Split of Nedbank Group carbon emissions (tCO ₂ e)				
Scope 1 (%)	0,14	0,19	0,18	0,36
Scope 2 (%)	72,02	72,80	72,96	73,45
Scope 1 and 2 (%)	72,16	72,99	73,10	73,81
Scope 3 – Nedbank operations (%)	7,63	7,44	7,41	7,93
Scope 3 – staff commuting (%)	20,21	19,57	19,45	18,25

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

Scope 1 emissions

After increasing in the previous financial year, scope 1 emissions from refrigerants decreased by 71% in 2016. This decrease can be attributed primarily to a very rigorous maintenance regime. However, as stated in last year's report, refrigerant refills will be necessary in future, which is likely to result in an increase in scope 1 emissions in the short term.

Emissions due to Nedbank fleet vehicles, including the use of Nedbank fleet fuel cards, decreased by 17%. This was due mainly to the decrease in actual usage of these fleet vehicles.

The amount of diesel used in generators increased by 31% as the electricity supply to the campus sites required more standby power in 2016.

The overall reduction in scope 1 emissions was 29%. As previously, emissions from all scope 1 activities in 2016 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 2016, constituting about 72% of our overall carbon footprint.

We continue to target reduced energy consumption through a variety of initiatives.

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 reduced by 7,3% year on year to 4 756 kWh per FTE (2015: 5 129 kWh per FTE; 2014: 5 215 kWh per FTE) for the period under review. This is a massive achievement.

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 2016 we invested R9,2m in energy-, water- and sustainability-specific initiatives (2015: R12,8m; 2014: R5,5m), most of which concentrated on the installation of a photovoltaic system and more efficient monitoring of water and energy usage in our regional operations.

Scope 3 emissions

Approximately 28% of the total 2016 GHG emissions was the result of reported scope 3 activities, while around 73% of the scope 3 emissions was the direct result of staff commuting. As these staff-commuting emissions are not under our direct control, they are considered separately from emissions as a direct result of our operations.

Our comprehensive Business Travel Policy includes green travel guidelines to ensure the most sustainable travelling practices. We continue to promote the use of tele- and videoconferencing wherever possible, and encourage all staff to use these alternatives to face-to-face meetings that require carbon-intensive road or air travel.

In 2016 overall GHG emissions due to business travel came down by 3,9% from 2015 levels. This is mainly due to a decrease of 10,6% in flights. However, rental car use increased by 12,0% and staff travel claims went up by 2,7%.

This limited increase in GHG pollution as a result of travel is encouraging and points to the effective groupwide application of our travel policy and the green travel guidelines. It is, however, likely that business travel will increase in the coming years as our group expands its footprint across Africa and beyond.

Nedbank Group – performance targets

Key performance targets	Progress from 2013 new baseline and year-on-year %	2016	2015	2014	2013
		Total carbon emissions tCO ₂ e (including non-SA)	(6,05%)	207 975,88	214 967,85
Emissions per FTE	(14,09%)	6,54	6,97	7,08	7,61
Emissions per m ²	(8,15%)	0,30	0,32	0,30	0,33
Emissions per operating income (g/rand)	(35,63%)	4,58	5,26	6,32	7,12
Energy					
Consumption in kWh	(9,12%)	151 293 533	158 076 678	157 078 611	166 468 203
Consumption in kWh per FTE	(15,81%)	4 756	5 129	5 215	5 649
Paper					
Tonnes used	6,1%	1 701,00	1 392,71	1 294,00	1 602,75
Usage per FTE (tonnes)	(3,0%)	0,0535	0,0452	0,0427	0,0551

ENVIRONMENTAL EXPENDITURE

In 2016 our overall operational investment in environmental sustainability initiatives totalled R56,4m (2015: R63,3m). One of the biggest contributors to this total investment was the purchase of carbon credit offsets that amounted to about R23,1m in 2016 (2015: R16m). Other initiatives included the installation of a photovoltaic system at our Kingsmead campus in Durban and the installation of systems to improve the monitoring of energy and water consumption at our regional operations in East London, Kimberley, Nelspruit, Polokwane and Pietermaritzburg.

Leveraging carbon neutrality to do good

Since achieving carbon neutrality in 2010, we have placed an intensive focus on leveraging this position to contribute to the development of SA's green economy, to unlock synergies, partnerships and collaborations with like-minded organisations, and to enhance our client value proposition.

We also continue to extend the scope and positive impact of our carbon-neutral position. As was the case when we first achieved carbon neutrality, these efforts are underpinned by a 'reduce first, then offset' approach. Our own carbon reduction efforts centre on internal awareness initiatives and behavioural change. Only then do we seek to offset the remaining carbon through carbon credits from projects that demonstrate the biggest potential to benefit the natural heritage and social structure of Africa.

We continue to focus mainly on supporting domestic carbon-offsetting projects that have verifiable carbon credits and deliver appropriate social upliftment and empowerment. Unfortunately, such investable, socially aware carbon-offsetting projects remain relatively scarce in SA – a situation exacerbated by regulatory uncertainty regarding possible future offsetting requirements of high-level polluters.

Against this backdrop, the majority of our carbon credits in 2016 were acquired from the following projects:

- **The Lifestraw Water Filtration Project** – Nearly 900 000 water filtration devices were distributed in the Kakamega Province in Kenya. These filtration devices can last for 10 years and reduce more than two million tonnes of carbon dioxide a year. The provincewide, door-to-door, free distribution programme reached about 90% of all homes without access to safe municipal water sources. This was achieved at no cost to local residents, government agencies or donor groups.
- **The Highveld Air Quality Project** – We continue our support for this SA project that 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.

- **Mai Ndombe** – This project protects approximately 300 000 ha of humid tropical and swamp forest located in the central part of the Congo River basin in the Democratic Republic of Congo. The area is a former logging concession and its protection is expected to reduce emissions by more than 100 million tonnes of carbon dioxide over the next 30 years. It also provides habitat for threatened and endemic species such as bonobos and forest elephants, and includes some of the most important wetlands in the world. It is also home to some 50 000 people, most of who live on the shores of Lake Mai Ndombe.
Income raised through carbon offsets provides a pathway to low-carbon economic development through improved access to potable water, agricultural and economic diversification, education and healthcare development, and capacity-building activities to empower local communities.
- **Ethekwini landfill sites** – The Durban municipality generates electricity from decomposing landfill waste, at the same time reducing GHG emissions. The project captures methane-rich landfill gas from landfill sites to provide fuel for the production of electricity. This project is expected significantly to reduce the amount of GHG fugitive emissions vented to atmosphere.

Looking forward

We recognise that, while a number of our reduction targets have been achieved, our responsibility to continue driving down our carbon, energy, waste and water figures remains. However, doing so will require ever-increasing amounts of capital investment and an even more concerted effort to encourage and enable behavioural change among all our stakeholders. To this end we will continue to engage with all these stakeholders, and particularly our staffmembers, through targeted communication campaigns and participative projects and initiatives. All of these are aimed at harnessing our collective power to bring about the positive environmental change we know we must deliver.

YOU MAY BE INTERESTED IN

- Reduction targets on page 44.
- Our strategic approach to climate change on page 43.





Our relationships

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

Our relationships

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

OUR STAKEHOLDER ENGAGEMENT FRAMEWORK

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

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



Our staffmembers



Unions



Our clients



Our shareholders
(and the investment community)



Regulators



Communities



Government



Media



Industry bodies



Suppliers

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

CASE IN POINT

Collaborating for higher levels of inclusive growth

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

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

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

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



Our staffmembers

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

WHY WE ENGAGE WITH OUR STAFFMEMBERS

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

WHY OUR STAFFMEMBERS ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

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

Specific engagements in 2015

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

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

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



Unions

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

WHY WE ENGAGE WITH THE UNIONS

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

WHY UNIONS ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

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

Specific engagements in 2016

- Annual salary negotiations.
- Monthly consultations.

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



Our clients

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

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

WHY WE ENGAGE WITH OUR CLIENTS

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

WHY OUR CLIENTS ENGAGE WITH US

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

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



Our clients continued

FREQUENCY OF ENGAGEMENT

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

Specific engagements in 2016

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

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



Our shareholders

(and the investment community)

21 372 EQUITY SHAREHOLDERS

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

WHY WE ENGAGE WITH OUR SHAREHOLDERS AND THE INVESTMENT COMMUNITY

- To provide current and future shareholders with relevant and timeous information, to ensure that Nedbank shares are appropriately valued.
- To manage shareholder expectations and reputational risk.
- To maintain strong relationships, keep abreast of market developments and inform our shareholder targeting strategy.
- To ensure good governance and deepen the trust placed in us and our brand.
- To get feedback that informs our strategy, business operations and how we govern.

WHY OUR SHAREHOLDERS AND THE INVESTMENT COMMUNITY ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

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

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

Specific engagements in 2016

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



Our Regulators

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

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

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

WHY WE ENGAGE WITH THE REGULATORS

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

WHY THE REGULATORS ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

- Daily, weekly, quarterly and as required.

Specific engagements in 2016

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

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



Communities

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

WHY WE ENGAGE WITH COMMUNITIES

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

WHY COMMUNITIES ENGAGE WITH US

- To get advice and guidance on how to achieve desired outcomes for themselves, their families, their businesses and their communities.
- To partner on common social and environmental issues.
- To collaborate in a way that furthers social, environmental and other common agendas for the greater good.

FREQUENCY OF ENGAGEMENT

- Ongoing, as partnerships dictate or stakeholder needs require.

Specific engagements in 2016

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

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



Government

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

WHY WE ENGAGE WITH GOVERNMENT

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

WHY GOVERNMENT ENGAGES WITH US

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

FREQUENCY OF ENGAGEMENT

- Monthly, or as deemed necessary by either party.

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

Specific engagements in 2016

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

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

*Minister Pravin Gordhan:
SA Finance Minister.*

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

*Mncane Mthunzi: President of
the Black Management Forum*

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

*Jabu Mabuza: Chair Business
Leadership SA.*



Media

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

WHY WE ENGAGE WITH THE MEDIA

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

WHY THE MEDIA ENGAGES WITH US

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

FREQUENCY OF ENGAGEMENT

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

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

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



Industry bodies

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

WHY WE ENGAGE WITH BUSINESS AND INDUSTRY BODIES

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

WHY BUSINESS AND INDUSTRY BODIES ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

- As required by association or membership agreements.

Specific engagements in 2016

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

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



Suppliers

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

WHY WE ENGAGE WITH SUPPLIERS

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

WHY SUPPLIERS ENGAGE WITH US

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

FREQUENCY OF ENGAGEMENT

- Ongoing, and as required.

Specific engagements in 2016

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

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

We have received numerous awards that recognise our efforts in managing our business sustainably, and while we do not do our work to win awards, we appreciate receiving them as confirmation that we are moving in the right direction.

RATINGS AND RECOGNITION

Legend of Empowerment and Transformation award at the 15th Annual Oliver Empowerment Awards – The award recognises Nedbank's outstanding achievement as a top-empowered company in the financial services sector. This award comes after Nedbank retained its level 2 BBEE rating for the eighth consecutive year.

- **JSE Top Most Empowered Companies 2016** – Nedbank was named the most empowered company in the financial services sector.
- **Sunday Times Top Brands 2016** – Nedbank was the winner of the Top Brands Green Grand Prix award for our environmental sustainability campaigns.
- **Sunday Times Top Brands 2016** – Nedbank was placed third in the corporate-banking category.
- **Nkonki Integrated Reporting Awards 2016** – Nedbank took first place in the finance sector and fifth place overall.
- **EY Excellence in Integrated Reporting 2016** – Nedbank ranked eighth among leading SA companies in the top 10 category.

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

- **Carbon-neutral status** – Nedbank was the first carbon-neutral financial organisation in Africa and has been operationally carbon neutral since 2010.
- **Dow Jones World Sustainability Index 2016** – Dow Jones is a global performance benchmark for companies in terms of corporate sustainability and Nedbank's inclusion helps it to attract investment to the company. Nedbank is one of only 27 global banks on the index and the only African bank. We were included for the 11th year.
- **South African Carbon Disclosure Project Index 2016** – Nedbank was one of 11 South African companies included in the global Climate Disclosure Leadership Index and was included on the 'A' list.
- **Nedbank occupies seven green-star-rated buildings.**

CASE IN POINT

The Triologue CSI Handbook

The Triologue CSI Handbook is an industry-leading publication that provides reliable data and thought leadership in CSI in SA. As part of its annual research, Triologue asks corporate and NPO respondents to list three companies and three NPOs that they perceive to have the greatest developmental impact.

For the 2016 companies ranking Nedbank was ranked second (behind Anglo American) and first for the 2016 NPOs ranking (an improvement from our second place ranking in 2015).

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

**SENIOR MANAGER: SUSTAINABILITY STRATEGY AND REPORTING
ENTERPRISE GOVERNANCE AND COMPLIANCE**

Tel: +27 11 295 5672

Email: kerris@nedbank.co.za



Introducing MTN Zakhele Futhi.

Now is the time to plant seeds for the future.

Prospectus

A copy of this prospectus has been registered with the Companies and Intellectual Property Commission as required by the Companies Act 71 of 2008, as amended.

This prospectus and the documents referred to in paragraph 3 of section 4 of this prospectus were attached to the copy of the prospectus which was filed for registration with the Companies and Intellectual Property Commission.



Working together across all our businesses to find innovative solutions for our clients

The MTN Zakhele Futhi BBBEE deal is a good example of how businesses from across the group work together when having a common strategic goal to deliver innovative solutions to our clients.

Nedbank has always aspired to be at the forefront of transformation, as is evident from our leadership in launching our own BBBEE deal in 2005. In line with this and building on our long-standing relationship with MTN Group, we were successful in leading an integrated, bespoke solution to facilitate the implementation of MTN's new R9,9bn BBBEE scheme, MTN Zakhele Futhi.

This integrated solution demonstrates our ability to advise on, structure, manage, fund and distribute highly complex solutions for our clients, and has further strengthened our partnership with MTN. Nedbank is proud to have been part of this landmark follow-on BBBEE transaction and will continue to act as a key enabler and supporter of BEE principles.