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THINGS
HAPPEN



NEDBANK
GROUP

NEDBANK GROUP LIMITED

**SUPPLEMENTARY INFORMATION:
GOVERNANCE
AND ETHICS REVIEW**

for the year ended 31 December 2014

To be read in conjunction with the 2014 Nedbank Group Integrated Report

A Member of the  **OLDMUTUAL** Group

Sound governance practices, transparency and accountability are all non-negotiable components of the way we conduct our business.

Our commitment to governance excellence underpins our decisionmaking abilities, enables us to deliver on our fiduciary responsibilities, informs our values and ethical culture and equips us to justify the faith that our clients and other stakeholders have in us and in our brand.

As such, governance within Nedbank Group implies far more than just compliance with relevant legislation and best-practice principles. Rather, it involves a deep-rooted culture of accountability, transparency, respect, efficiency, ethical thought and action, and a thoroughly values-driven approach to everything we do.

A robust framework for consistently good governance

At Nedbank Group we have a clearly defined Governance and Compliance Framework, which is considered and approved by the board annually. This framework allows us to focus on providing long-term sustainable value for all stakeholders by, among other things:

- operating efficiently and profitably;
- maintaining an appropriate balance of interests between all stakeholders;
- complying with the many laws applicable to our business; and
- contributing to our country's economy by looking after the environment and people.

Governance roadshow well received

In 2014, Lead Independent Director, Malcolm Wyman, hosted the first-ever Nedbank Group governance roadshow, making us one of a handful of SA companies that have proactively engaged with stakeholders on governance in this way.

The main objective of the roadshow was to build deeper relationships and encourage dialogue between minority shareholders and the Nedbank board on governance and strategic matters.

The roadshow was very well received and attendees did not raise any material issues of concern. Shareholders were supportive of management, highlighting quality and depth when discussing retirement and succession planning. They also indicated that they were comfortable with our policies regarding remuneration and our levels of remuneration across our business.

Feedback indicated that Nedbank Group was generally considered a leader in terms of governance and sustainability matters, and this reputation was well supported by shareholders. Other topics of discussion included:

- The need to exercise caution in our proposed acquisition of a 20% stake in Ecobank.
- A requirement for more information on the proposed Old Mutual long-term incentive scheme, which was developed further during 2014 and early in 2015 to include a strategic-initiative component. This will be standard across the three Old Mutual Group businesses in Africa and within the existing long-term incentives arrangements for senior executives (set out in more detail in the Reporting back on remuneration section).
- The continued need for minority shareholder protection.
- General board matters such as independence, succession and skills in the light of various board retirements scheduled for 2015.

OUR APPROACH TO COMPLIANCE RISK

Our board-approved Nedbank Risk Appetite Policy is founded on a zero-tolerance approach to compliance risk. This policy mandates compliance with all regulatory requirements and monitors and measures such compliance through the Group Directors' Affairs Committee (DAC), a board committee established in terms of the Banks Act, 94 of 1990 ('the Banks Act').

COMPLIANCE WITH KING III

For any business to run efficiently there needs to be a clear commitment to sound corporate governance. In our case this requires that:

- processes are effective and make it easier for clients to bank with us; and
- that boardmembers are independent and skilled enough to make the right decisions to ensure a sustainable and profitable business.

We endeavour at all times to apply the principles of King III in such a way that these requirements are met. During the period under review the board again indicated that it was satisfied with the way in which the group applied the recommendations of King III or put alternative measures in place where necessary.

In terms of the JSE Ltd ('the JSE') Listings Requirements we are required to provide an explanation of how the King III principles were applied during the 2014 financial year and, should these not have been applied, to provide reasons and an indication of alternative measures taken. To assess such compliance we use the Governance Assessment Instrument as developed by the Institute of Directors. This tool has provided us with guidance to implement the governance principles and recommendations as required by King III. The Governance Assessment Instrument asks the correct questions for us to self-evaluate the effectiveness of our governance processes.

There are 75 governance principles in King III that apply to our business, and a comprehensive statement outlining our approach to each is included in Table 1.1 below.

COMPLIANCE WITH OTHER BANKING CODES

The UK Code of Corporate Governance

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

Code of Banking Practice

We subscribe to the Code of Banking Practice of The Banking Association SA, which governs all relationships with authorities, clients, competitors, employees, shareholders, local communities and other primary stakeholders. Appropriate procedures and mechanisms are in place to ensure full adherence to the code and we work with the Banking Ombudsman's Office to ensure that client complaints are resolved appropriately and timeously.

NEDBANK GROUP BOARD OF DIRECTORS

Independence of chairman

The Nedbank Group Chairman is not independent as defined by the governance codes as he serves on the board of the group's parent company, Old Mutual plc. To address this the position of Lead Independent Director was created in 2007, which is currently held by Malcolm Wyman. The current Chairman, Dr Reuel Khoza, retires in May 2015. A robust succession planning process for the role of chairman commenced in 2012, and the appointment of the chairman designate is covered in the Chairman's Review on page 78.

Independence of directors

The board provides for independent and objective input into the decisionmaking process, thereby ensuring that no single director holds unfettered decisionmaking powers. During 2014 the board internally assessed the status of Nedbank Group independent non-executive directors and was satisfied that these boardmembers met the criteria of independent directors in terms of King III. Independence is debated by DAC following detailed analysis of the circumstances of all the independent non-executive directors.

Composition of board and board committees

In line with the recommendations of King III we have a unitary board structure. Details of the board composition are included in the Directors' Report on page 14a of the 2014 Nedbank Group Integrated Report.

There is no overlap between the roles of chairman and chief executive. The chairman leads the board, while the executive management of the group is the responsibility of the chief executive. This ensures that no

individual has unrestricted decisionmaking powers. At the same time the board and executive management work closely together in determining the strategic objectives of the group.

At 31 December 2014 the Nedbank board comprised eight independent and six non-independent non-executive directors. In accordance with the board continuity programme, the composition of the board is monitored and discussed by the directors on an ongoing basis. The board believes it has a wide range of skills, knowledge and expertise, with sufficient professional and industry knowledge and a strong level of independence.

King III recommends that board committees should comprise a majority of non-executive directors, the majority of whom should be independent. It also specifies that committees should be chaired by independent non-executive directors. At 31 December 2014 the Nedbank Group board committees did not fully comply with King III in the following respects:

Table 1.1: Areas of board non-compliance with King III

Status at 31 December 2014	Explanation
The Group Transformation, Social and Ethics Committee (GTSEC) was chaired by a non-executive director who was not independent. In addition, the membership comprised an equal number of independent and non-independent non-executive directors.	As Gloria Serobe will retire from the board on 11 May 2015, Tom Boardman, an independent director, has been appointed as Chairman of GTSEC with effect from 20 February 2015. This has also resulted in the membership of GTSEC comprising a majority of independent directors.
The Group Finance and Oversight Committee (GFOC) comprised an equal number of independent and non-independent non-executive directors.	Due to the role of the GFOC, its membership comprised the Lead Independent Director, the Chairmen of the GAC, the Group Risk and Capital Management Committee (GRCMC), the Group Credit Committee (GCC) and the Group Information Technology Committee (GITCO), and one boardmember who is an Old Mutual plc executive. Following a number of board committee membership changes approved on 20 February 2015, the GFOC now comprises a majority of independent directors.
The GCC comprised a majority of non-executive directors, but the majority of these are not independent non-executive directors.	This will be addressed following the retirement of two members on 11 May 2015.
The GRCMC is chaired by a non-executive director who is not independent.	As Mustaq Brey will retire from the board on 11 May 2015, Tom Boardman, an independent director, has been appointed as Chairman of GRCMC with effect from 20 February 2015.
DAC is currently chaired by the board Chairman, who is a non-independent non-executive director.	The board has resolved that, following the retirement of the current Chairman on 11 May 2015, DAC will be chaired by the Lead Independent Director.

While King III requirements have not always been met, the board is satisfied that the committees have been appropriately constituted given the expertise and experience of the committee chairmen and members, which has been borne out by the results of the board and annual board committee evaluations.

Board appointments

Boardmembers are appointed by a formal and transparent process in line with the board appointment policy. The entire board is involved in this process, with assistance provided by DAC.

Appointments to the board are made with due cognisance of the need to ensure that the board comprises a diverse range of skills, knowledge and expertise, and has the requisite independence, appropriate demographic representation, a relevant balance of skills and expertise, and the professional and industry knowledge necessary to meet our strategic objectives. Non-executive directors are given no fixed term of appointment, but all directors are subject to retirement by rotation in terms of the company's memorandum of incorporation. An executive director is required to retire from the board at age 60, while a non-executive director is required to retire at age 70. In terms of our policy non-executive directors and independent non-executive directors who have served on the board for longer than nine years are required to retire from the board.

Reappointment of non-executive directors is not automatic. Executive directors are subject to six-month notice periods. This excludes the chief executive, who is subject to a 12-month notice period. Executive directors are discouraged from holding significant directorships outside the group.

Non-executive directors' remuneration

King III recommends that the remuneration of non-executive directors should comprise a base fee and an attendance fee for each meeting. The board is of the view that this requirement is less pertinent to non-executive directors of Nedbank Group because of the greater responsibilities associated with being a director of a bank. In addition to scheduled board meetings, Nedbank Group boardmembers are required to devote a substantial amount of time in preparing for board meetings and keeping themselves abreast of the business of Nedbank, and also have to make themselves available for short-notice ad hoc meetings where necessary, attend site visits, and ensure continuous development through Nedbank Group's ongoing education programme. Also, boardmembers are required to provide continuous input and expertise to Nedbank over and above attending board meetings.

The results of regular independent evaluations continue to demonstrate high levels of commitment from boardmembers and, accordingly, they are paid an annual fee for their services.

ENSURING GOOD GOVERNANCE THROUGH ONGOING EVALUATION

Evaluation of the Nedbank Group entities

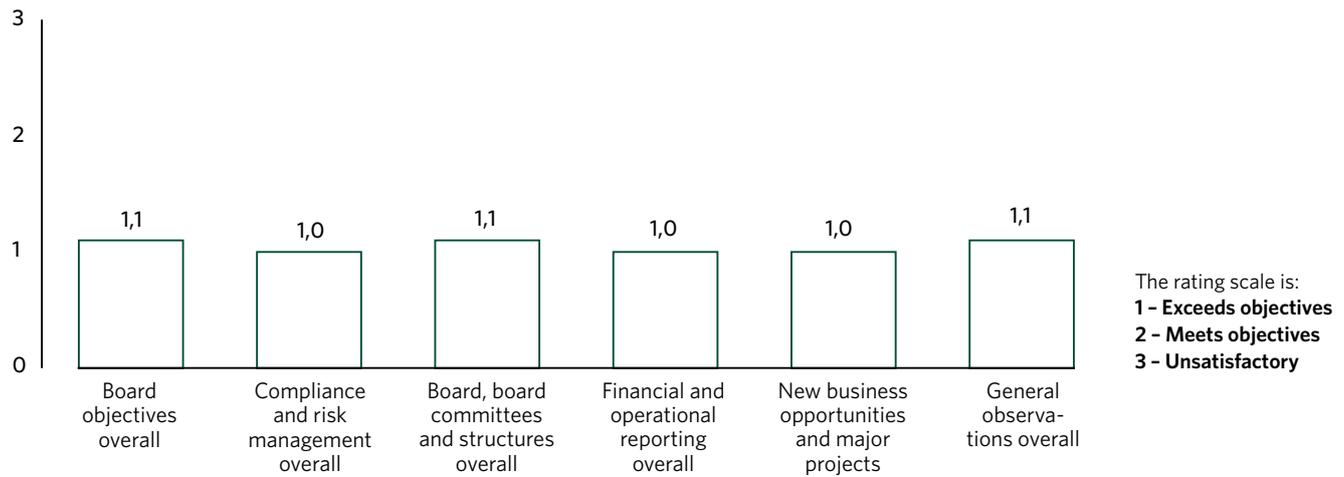
During 2014 Enterprise Governance and Compliance (EGC) examined the governance of all 263 entities within the group. The report focuses particularly on the boards of directors of the various entities, the category of business and status (active or dormant) of the entities as well as governance in respect of monitoring the entities. Recommendations have been made to the Nedbank board and the respective clusters to enhance the processes and monitoring at entity level.

Board evaluations

In the last quarter of 2014 internal evaluations of the full Nedbank Group board and all board committees were conducted. EGC also conducted evaluations of the Group Executive Committee (Group Exco), the Group Exco subcommittees and 23 other high-level governance committees in Nedbank Group, including those in our African and other subsidiaries.

Evaluations provide the committee members and attendees the opportunity to give honest and frank feedback on what is working or what can be improved upon. EGC collates and analyses these results and ensures that comments are tracked and discussed at relevant followup meetings. A wide array of matters was assessed. The following graph depicts the results of the board evaluation as assessed by its members.

Overall



The Chief Executive’s performance is evaluated according to his performance scorecard, which is approved annually by the Group Remuneration Committee (GRC). The feedback from this board evaluation process contributes to the production of the Regulation 39(18) Report addressing the state of our corporate governance and is submitted annually to our main regulator, the South African Reserve Bank (SARB).

GROUP SECRETARIAT

All directors have access to the advice and services of the Group Company Secretary, the Chief Governance and Compliance Officer and the Chief Risk Officer, who are, among others, responsible for ensuring that board procedures and applicable rules and regulations are fully observed.

Group Secretariat is responsible for the production and collation of all board packs, ensuring good information flow between the board and executive management, and oversight of sound governance at all times. The Nedbank board has decided to use Diligent Boardbooks as a global partner to make the production of board packs more cost-effective and less time-consuming, and bring it in line with the group’s aspiration of being greener and paper-free.

The board also has an established procedure whereby directors may obtain independent professional advice at the group’s cost. New directors are informed of their duties and responsibilities by way of induction courses, which are presented by the Group Company Secretary and other experts, and cover board effectiveness, corporate governance, risk management, integrated sustainability, and banking and technical information.

BOARD CHARTER

The board has a formal charter that is reviewed by the directors annually. It currently sets out the main functions of the board as:

- Determining the overall objectives of the group.
- Reviewing and accepting management strategies to meet those objectives.
- Formulating company policies.
- Evaluating management performance on the basis of our results.
- Assuming overall responsibility for risk management.
- Evaluating the performance of the group’s directors so that they may self-correct.

The charter also formalises policies regarding board membership and composition, board procedures, the conduct of directors, risk management, remuneration, board evaluation and induction. The full terms of reference can be accessed at nedbankgroup.co.za.

DEVELOPMENT OF DIRECTORS

A formal, ongoing director development programme focuses on keeping all members of the board and board committees up to date with local and international industry developments, technology issues, risk management and corporate governance best practice. Business cluster heads also deliver regular presentations to update the board on progress and key issues in their businesses. In accordance with board policy, as well as the SARB requirement that all directors should continue with formal and informal development, the directors participate in various education initiatives internally and externally at the Gordon Institute of Business Science (GIBS). GIBS facilitates the Banking Board Leadership Programme, which focuses on risk management.

SUCCESSION PLANNING

Succession planning is an important focus area at board, executive and senior management levels. Detailed and intensive planning is conducted by DAC. The Chief Executive is required to report regularly to the board on group's management development and employment equity programmes.

BOARD AND COMMITTEE MEETINGS

The Nedbank Group board met nine times in 2014. The record of attendance for all 2014 board and committee meetings is included on page 10 of this supplementary information document. Boardmembers are excused from attending meetings in exceptional circumstances only, in which case the approval of the Chairman is required.

BOARD COMMITTEES

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

During 2014 the following board committees operated within Nedbank Group:

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

The Group Risk and Capital Management Committee (GRMC), which assists the board in evaluating the adequacy and efficiency of risk policies procedures, practices and controls.

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

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

The Group Directors' Affairs Committee (DAC), which considers, monitors and reports to the board on reputational and compliance risk, compliance with King III and the corporate governance provisions of the Banks Act. It also acts as the nominations committee for board appointments.

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

The Group Finance and Oversight Committee (GFOC), which provides a discussion forum for the consideration of financial risks within the bank and ensures that the relevant board committees address those risks effectively.

The Group Transformation, Social and Ethics Committee (GTSEC), which monitors integrated sustainability with a specific focus on social and economic development, good corporate citizenship, ethical

behaviour of staffmembers/suppliers, environmental concerns, health and public safety, stakeholder engagement, labour and employment.

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

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

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

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

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

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

- Statutory compliance in respect of labour legislation.
- Monitoring transformation progress and the implementation of the broad-based black economic empowerment (BBBEE) codes and meeting Department of Trade and Industry requirements.
- Employee recruitment, selection, remuneration, performance management, maintenance, training, development and, where necessary, termination.

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

The Nedbank Capital Investment Committee, which considers private-equity and mezzanine equity investments and the underwriting of share issues, including initial approval, periodic reviews and any material changes.

The Nedbank Corporate Property Investment Committee, which considers private-equity investments in client-driven property ventures and strategic investments in the listed-property sector and allied service companies, including initial approval, periodic reviews and any material changes.

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

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

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

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

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

INTERNAL AUDIT

Group Internal Audit (GIA) is a centralised, independent assurance function. It was constituted in terms of the Banks Act and the regulations thereto, with its purpose, authority and responsibilities set out in the Banks Act and regulations, and formally defined in a charter approved by GAC.

The Chief Internal Auditor reports functionally to the Nedbank Group GAC Chairman and administratively to the Chief Executive. GIA forms part of the Enterprisewide Risk Management Framework (ERMF) as a third line of defence and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

GIA has dedicated teams that perform internal audits in the group's various business operations, subsidiaries and joint ventures. GIA is responsible for developing a 12-month rolling audit plan, using a risk-based methodology and taking into consideration specific regulatory requirements pertaining to internal audit, including any risks or control concerns identified by management and the board. This plan is approved by GAC.

OUR APPROACH TO ETHICS AND HUMAN RIGHTS

It isn't the absence of conscience or values that prevents us from being all we should be, it is simply the lack of moral courage.

*Michael Josephson
American ethicist*

One of the primary reasons for corporate scandals and business failures globally is a lack of dedicated ethical leadership, which results in governance and compliance lapses. For this reason, at Nedbank Group, we place an absolute priority on putting ethical behaviour at the core of our business, and ensure that such a culture of ethics is built on a clear value system, a focus on sustainability, strong leadership, and a robust governance framework that guides decisionmaking and action.

We believe that such a strong, sustainable and proactive approach must include effective recruitment, ongoing awareness creation and training, and the constant monitoring of cultures and ethical behaviour to limit and address instances of misconduct.

GOVERNANCE OF ETHICS

The board assumes ultimate responsibility for the company's ethics performance. This responsibility is delegated to executive management, which utilises various management frameworks to fulfil this mandate, including:

- **Ethics and Corporate Accountability Framework** – In line with our Deep Green aspiration to be a great place to work, one of our key focus areas is to develop a unique and innovative culture. We believe that ethical behaviour lies at the heart of such a culture and our clearly defined Ethics and Corporate Accountability Framework sets the standard for this. The framework is reviewed and updated as and when necessary to address new challenges.
- **The Ethics Panel** – This panel deals with all tipoffs regarding unethical conduct and now reports to the GTSEC on its continued efforts to ensure that independent, objective and fair courses of action are taken in all instances of unethical behaviour or actions.
- **Board Ethics Statement** – In line with the King Code of Governance Principle 1.1, which states that the board should provide effective leadership on an ethical foundation, our boardmembers, and those of our subsidiaries, are required to acknowledge and sign the Board Ethics Statement (BES) every year. This allows them to demonstrate their continued commitment to the Nedbank Group values and to the ethical conduct we embrace. During 2014 we also implemented a Group Executive Ethics Statement, which was signed by all our group executives. In 2015 similar ethics statements will be implemented for all our cluster and divisional executive committees.
- **Code of Ethics** – Doing the right thing is at the heart of our approach to business. This commitment is encapsulated in the Nedbank Code of Ethics, to which all employees (including contractors and temporary employees) are required to adhere. The Code of Ethics is available on the Nedbank Group website and is reviewed annually to ensure its relevance in a changing business environment. Currently the Code of Ethics is being aligned with the Old Mutual plc Group Responsible Business Policy.
- **Code of Conduct** – Our Nedbank Group Code of Conduct expands on the Code of Ethics. This operational document offers examples of ethical behaviour to help employees make ethical decisions. The Code of Conduct is posted on our intranet as part of our compliance tool. The acknowledgement includes a set of questions that must be answered to demonstrate an understanding of the policy principles. At 31 December 2014, 97,3% of our employees had completed the Code of Conduct policy acknowledgement.
- **Supplier Code of Conduct** – This is aligned with the Group Code of Conduct and supports the protection of human rights across our supply chain. The principles of the Supplier Code of Conduct apply to all our suppliers, consultants and contractors.

African subsidiary implementation

Because expansion into the rest of Africa is a key component of our strategy and vision, our Ethics Office has implemented the full Nedbank Group ethics programme within our African subsidiaries. In 2014 the office closely monitored the implementation and effectiveness of the programme within these subsidiaries. The ethics officer responsible for subsidiaries also conducted extensive subsidiary management and staff training in 2014. These subsidiaries were also included in the ethics risk assessment conducted during the latter part of 2014.

Appointment of ethics officers in all business clusters

- The need to create capacity for ethical thinking in business is essential in the light of governance scandals in the financial services industry during the past decade. To promote a culture of ethical thinking and awareness across our group we have appointed ethics officers in all our business clusters, including those of our subsidiaries. The appointment process was finalised in 2014, and the Ethics Office is now in the process of developing and implementing an ethics internship. We also established a Business Ethics Council, which held two meetings during 2014. This council will be responsible for:
 - Providing input into strategy, policy and framework development from a business point of view.
 - Acting as a sounding board for senior and executive management regarding ethical dilemmas in business.
 - Actively supporting and facilitating the implementation of the group ethics programme and the Human Rights in Business Project.

MEASUREMENT OF ETHICS

We use a variety of indicators, surveys and tools to ensure that ethical conduct across our group and its subsidiaries remains the highest possible standard.

Nedbank ethics indicator (NEI) – NEI is performed every two to three years and will again be undertaken in 2016.

Nedbank Staff Survey – The ethics risks identified through the ethics risk assessment and NEI are included in the annual Nedbank Staff Survey (NSS) to monitor improvement, or lack thereof, in terms of the following corporate culture dimensions:

- Strategic direction
- Leadership
- Ethics
- Management style
- Communication
- Change and transformation
- Training and development
- Organisational culture and values
- Engagement
- Diversity
- Rewards, recognition and performance management
- Relationships and trust
- Employment equity
- Policies and procedures

The results of the 2014 NSS showed that ethics remains one of the most highly rated dimensions by staff, with a positive response of 80,4. Two of the most positive rated statements in the survey come from the ethics dimension, namely:

- I am aware of Nedbank's code of ethics (98,1).
- I report gifts received in the business environment in accordance with the policy (92,1).

In addition, one of the most positively rated statements in terms of improvement comes from the ethics dimension, namely:

- In Nedbank important business information is always disclosed to management.

DRIVING ETHICAL AWARENESS

Through experience gained in the Ethics Office over the past eight years we have realised that we need a variety of tools for effective awareness creation as our staffmembers respond differently to methods of learning based on their personalities. We therefore make use of a wide variety of awareness channels, including a formal computer-based policy acknowledgement tool, face-to-face interaction with staff in awareness sessions, articles in our group publications, poster and email campaigns, video case studies and information pieces on topical issues that are screened in our branch networks.

Promoting ethics among our staff

Awareness training – As part of its ongoing efforts to raise awareness of the importance of, and need for, ethical behaviour, the Ethics Office performed more than 150 (2013: 90) training initiatives across our group in 2014. There has been a notable increase in queries and reports to the Ethics Office by staff as a direct result of this awareness training.

Acknowledgement of policies – Our electronic EGC Management System is integral to our ethics awareness and education efforts among staffmembers. Declarations of outside interests and gifts are also captured on the system. These declarations and acknowledgements are monitored by governance and compliance officers.

During 2014 the system delivered the following data on policy acknowledgements and declarations:

Acknowledgement/Declaration	% achievement 2014	% achievement 2013
Anti-corruption Pledge	97,4	95,3
Code of Conduct	97,3	93,3
Code of Ethics	97,6	94,7
Employee Conduct Pledge	97,9	94,6
Declaration of Secrecy	93,9	95,2
Declaration of Outside Interests	12,98	13,4
Nil returns (referring to outside interests)	84,2	83,4
Ethics Leadership and Dignity Pledge (New December 2014)	80,1	

In addition, as part of our alignment with the requirements of the Global Reporting Initiative (GRI), we have undertaken the following ethics and human rights awareness and protection initiatives:

- Awareness training was conducted with more than 3 029 staffmembers.
- We highlighted and discussed ethics dilemmas and questions in an 'agony aunt'-style column in our staff publication, 3Sixty.
- Calendars and bookmarks with information on ethical behaviour and human rights were distributed to staffmembers.
- Staffmembers were encouraged to make use of the 'Talk to the Ethics Office' email and phone channels for ethics advice and guidance.
- Relevant articles aimed at highlighting ethics and increasing awareness around human rights were made available through group communication channels.
- The Nedbank Group Human Rights Statement was published on the group's intranet site and awareness, with ongoing staff awareness generated through all group communications channels.

The appointment of business ethics officers in all business clusters (including subsidiaries) will significantly add to staff awareness and encourage engagement around ethics and human rights issues or questions.

Promoting ethics among our suppliers

We use the ethics responsibility index (ERI) continually to assess ethics, governance and human rights aspects of the vendors and suppliers who partner (or seek to partner) with us. In 2014 the ERI was enhanced with a number of ethics and human rights questions. We also created significant ethics awareness at our Vendor Indaba sessions, particularly around issues such as and receiving gifts, human rights in business, and the reporting of unethical behaviour.

Promoting ethics among our clients

Offering our business clients, particularly those operating small, medium and microenterprises (SMMEs), relevant support is vital to the sustainability of our supply chain and the creation of a robust and sustainable SA economy. In 2014 the Ethics Office launched a series of training and governance products as part of our client value proposition within our Retail Relationship Banking and Business Banking areas. These products are provided to clients free of charge and include the following:

- Ethics awareness training for staff
- Business etiquette training
- Human rights in business awareness
- Simplified tender submissions
- Governance framework implementation

The Ethics Office has also collaborated with the Nedbank National Acquisitions team within Retail Relationship Banking on the implementation of a similar initiative for 265 independent contractors to whom a government tender has been awarded and for whom we will manage the disbursement of funds. This ethics and governance support initiative has generated a positive response from our SMME clients, indicating the vital requirement that exists need for this level of support and training in the SA market.

Using every opportunity to promote ethics

During the 2014 Nedbank Golf Challenge we invited visitors, clients and staffmembers in our different hospitality areas to sign our Ethical Leadership and Dignity Pledge (see page 9) – the same pledge that has been acknowledged and signed by more than 22 000 staffmembers on the policy management tool.

Enabling engagement on ethics

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

- The Tip-offs Anonymous hotline, which is available to all our stakeholders for the anonymous reporting of any unethical or unlawful behaviour.
- The ‘Talk to the Ethics Office’ email address to report any human rights-related or other unethical behaviour.
- The Nedbank Group Risk Reporting Line available to all stakeholders for the reporting of unethical behaviour. This is not an anonymous channel.
- Any unethical behaviour or human rights violations can also be reported directly to the Ethics Office.

COMMITTED TO UPHOLDING HUMAN RIGHTS

We embrace and uphold the protection of human rights as enshrined in the SA Constitution and, specifically, the Bill of Rights. We also adhere to the 10 principles of the United Nations Global Compact (UNGC) and have started the process of implementing the requirements of the John Ruggie Report, which was commissioned by the UNGC.

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

- Our group sustainability area delivers comprehensive reports on compliance with the Equator Principles and the data generated by our Social and Environmental Management System.

- The Ethics Office has developed the ERI, which is currently being implemented across all our tender processes. This includes a detailed section on human rights as a component of our business partnership requirements.
- We conduct human rights training with various vendors and suppliers at our annual Vendor Indaba sessions.
- Our Supplier Code of Conduct, which includes a commitment to ethical behaviour that prizes human rights, forms part of our contract with vendors and suppliers.

Human rights investment – We continue to invest in raising stakeholder awareness of, and compliance with, human rights principles. In 2014 this investment resulted in the following initiatives and outcomes:

- Awareness training was conducted with more than 3 000 staffmembers. The awareness sessions last at least 90 minutes, which means that we delivered more than 4 500 training hours for ethics and human rights during 2014.
- The Ethics Office recruited an additional ethics officer whose main focus will be the implementation of the ‘Human Rights in Business’ project. This person is responsible for the development and implementation of human rights strategies, policies, pledges and training and awareness creation. This incumbent will work closely with Old Mutual plc to determine the human rights risks in terms of our clients, value chain and products and services provided to clients. This due diligence will start during 2015.
- We launched a client value proposition initiative that includes the provision of training to small and medium-sized businesses. This will include awareness around human rights in business principles and guidelines.

Incidents of misconduct related to human rights

Altogether 13 human-rights-related incidents were raised by management in 2014 (2013: seven), but all were successfully resolved. In addition, 89 human-rights-related grievances were logged by staff (2013: 151). The status of these incidents is shown in the table below. There has been a significant year-on-year decline (35%) in human-rights-related incidents. While it is not possible to pinpoint the exact reasons for the positive movement, we are confident that our continued strong focus on building an ethical culture that encourages mutual respect is a contributing factor.

Type of incident	New	Stage 2 intervention	Withdrawn	Resolved	Total 2013		Total 2014	
					Disciplinary action	Grievances	Disciplinary action	Grievances
Assault	6	1	1	3		7		11
Discrimination	5		5	4		21		14
Intimidation					5		5	
Sexual harassment	2		2	2	1	6	5	6
Victimisation	24		15	19	1	117	3	58
Total	37	1	23	28	7	151	13	89
						158		102

Promoting ethics in SA business

As part of our multiple-bottomline approach, we endeavour to add value to the larger SA business community by participating in various external business ethics initiatives. In 2014 these included the following:

- Working as a member of the UNGC Advisory Committee for SA to establish priorities for SA in terms of the UNGC Principles, and actively participating in the implementation of these initiatives.
- Regular assistance to the Ethics Institute of SA, including training and presentations at the Ethics Officer Accreditation Course, presenting at the Ethics Officer Learning Forum.
- Involvement in an initiative to develop and enhance a framework for the implementation of human rights in business in SA and a framework for the management of employee indebtedness, in conjunction with the National Business Initiative and the UNGC.
- Partnership by the Nedbank Ethics Officer with RicTa, a training provider, to deliver governance and ethics training to delegates from other African countries.
- Participation in an interview by the Strategic Partnership Network for Business Sustainability to assist with the establishment of international benchmarks for business ethics.
- Addressing the Kelly School of Business visiting students from the Indiana University US on the implementation of human rights in business.
- Delivering a presentation at the UNGC XII Annual Local Network Forum and the United Nations system private sector focal points meeting in Addis Ababa.
- Delivering a presentation during Governance Week on prescribed officers and conflicts of interests.
- Interview of the Nedbank Ethics Officer by Anthony Ewing, Lecturer in Law, Columbia Law School on behalf of the United Nations Global Compact, creating best practice frameworks for business.
- Through a collaborative initiative with Influence Africa, we contributed to the 'Greening our future' documentary that was commissioned by the African Institute of Corporate Citizenship (AICC) in Malawi. The aim of the documentary was to highlight the AICC support of young innovative farmers and demonstrate the opportunities that these young farmers have to increase their influence in the agri-business sector in Africa. Nedbank participated in the 'Farmers Market', an event that showcased the products of some of the young innovative farmers.

Ethics memberships

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

- **The UNGC** - We have been a member of the UNGC Advisory Committee for South Africa since 2009. This strategic policy initiative includes businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We strive to lead in all four of these areas and our strategy reflects this aspiration. We also submit an annual Communication of Progress to the UNGC to confirm our continued commitment to the 10 principles.
- **The Ethics Institute of SA** - We continue to be active through members of Nedbank's Ethics Office who support the institute in numerous activities during the year.
- **The Organisation for Economic Cooperation and Development (OECD)** working group on human rights in business.

The Nedbank Group Ethical Leadership and Dignity Pledge

I pledge:

- to uphold the Constitution of the Republic of South Africa;
- to abide by the laws of the country;
- to respect the rights of others irrespective of age, race, gender, sexual orientation or disability;
- to report any form of wrongdoing to authorities;
- to honour the responsibilities that come with my rights and to be a good citizen;
- not to look away, not to be bystanders and not to be silent;
- to play a role in my personal, professional and leadership capacities to stop -
 - rape and sexual violence;
 - the killing and abuse of women and children;
 - domestic violence;
 - abuse of people with disabilities; and
 - violence in all forms;
- to change my attitudes and actions that perpetuate sexism and violence;
- to provide support to women and children who have suffered abuse;
- to support programmes that seek to create safer and healthier communities by addressing gender-based violence, drug and alcohol abuse, HIV and tuberculosis in our communities, workplaces and areas of influence;
- to play an active role in ridding the society of harmful practices such as child labour, forced marriages and trafficking of women and children;
- to foster a culture of respect for women, persons with disabilities and children, and be a rolemodel to younger children in my community;
- to use my networks to engage my friends, colleagues and relatives and encourage them to take an active stand against violence and the abuse of all human beings; and
- to support women in my country and actively participate and support their initiatives to address issues of violence and abuse.

BOARD ATTENDANCE

	Nedbank Group Limited Board	Nedbank Group Limited Board pre- scheduled	Nedbank Group Limited Board ad hoc	Nedbank Limited Board	Nedbank Limited Board pre- scheduled	Nedbank Limited Board ad hoc	Nedbank Group Directors' Affairs Committee	Nedbank Group Remu- neration Committee
Number of meetings	10	8	2	9	8	1	5	6
Directors								
David Adomakoh ¹	8/8	6/6	2/2	7/7	6/6	1/1		
Tom Boardman	10/10	8/8	2/2	9/9	8/8	1/1	5/5	
Mike Brown	9/10	8/8	1/2	8/9	8/8	0/1		
Brian Dames ³	4/5	3/4	1/1	4/5	3/4	1/1		
Graham Dempster	9/10	7/8	2/2	8/9	7/8	1/1		
Mustaq Enus-Brey	9/10	8/8	1/2	8/9	8/8	0/1	4/5	
Ian Gladman	10/10	8/8	2/2	9/9	8/8	1/1		
Paul Hanratty ⁴	4/4	3/3	1/1	4/4	3/3	1/1		
Reuel Khoza	10/10	8/8	2/2	9/9	8/8	1/1	5/5	
Mpho Makwana	8/10	7/8	1/2	7/9	7/8	0/1	5/5	5/6
Mantsika Matooane ²	6/6	5/5	1/1	6/6	5/5	1/1		
Nomavuso Mnxasana	10/10	8/8	2/2	9/9	8/8	1/1	5/5	6/6
Raisibe Morathi	10/10	8/8	2/2	9/9	8/8	1/1		
Joel Netshitenzhe	8/10	7/8	1/2	7/9	7/8	0/1		
Julian Roberts	9/10	8/8	1/2	8/9	8/8	0/1	5/5	6/6
Gloria Serobe	8/10	7/8	1/2	7/9	7/8	0/1	3/5	
Malcolm Wyman	9/10	8/8	1/2	8/9	8/8	0/1	5/5	6/6

¹ Appointed as director with effect from 21 February 2014.

² Appointed as director with effect from 15 May 2014.

³ Appointed as director with effect from 30 June 2014.

⁴ Appointed as director with effect from 8 August 2014.

^{*} Includes annual meeting with SARB.

Details of appointments to, and resignations from, the board committees are provided on page 69a of the Remuneration Report in the 2014 Nedbank Group Limited Integrated Report.

Nedbank Group Remuneration Committee pre-scheduled	Nedbank Group Remuneration Committee ad hoc	Nedbank Group Audit Committee	Nedbank Group IT Committee	Nedbank Group Credit Committee	Large-exposure Approval Committee	Nedbank Group Risk and Capital Management Committee	Nedbank Group Transformation, Social and Ethics Committee	Nedbank Group Finance and Oversight Committee
5	1	6*	4	8	10	5	4	4
		2/3	4/4	8/8	10/10		2/2	4/4
			1/1	8/8	8/10		2/2	
				2/4	2/5			
				6/8				
				6/8	9/10	4/5		3/4
				7/8	7/10	3/5		4/4
5/5	0/1	6/6	4/4				3/4	
			2/2					
5/5	1/1	6/6		8/8	10/10	5/5		
			4/4			5/5		
5/5	1/1			6/8	7/10		4/4	
5/5	1/1	6/6				4/5		4/4