

## 1 Why we need this charter

This charter sets out the composition, aims and responsibilities of the Group Remuneration Committee (Group Remco), as well as where it fits in the processes of the group. The charter helps the committee fulfil its function.

## 2 Main goals

The Group Remco is appointed by the Nedbank Board to perform the functions set out in this charter to enable the board to carry out its responsibilities regarding the remuneration policies, processes and procedures of the group.

Specifically, this is to ensure that the group:

- meets the requirements of section 64C of the Banks Act, 94 of 1990;
- meets the minimum governance requirements for insurers in line with the principles and requirements set out in the prudential standards issued under the Insurance Act, 18 of 2017;
- operates remuneration structures that are aligned with best market practice; and
- follows the latest thinking regarding good corporate governance of executive remuneration and aligns the behaviour of executives with the strategic objectives of the group.

The committee must consider remuneration in its totality in an integrated and complete manner, to help the board discharge its corporate governance duties related to the remuneration strategy, structure and costs.

## 3 Authority and board resolutions

The committee is appointed and authorised by the board in terms of section 72(1)(b) of the Companies Act, 71 of 2008, and must carry out the functions set out in section 64C of the Banks Act, the regulations under this act, and the prudential standards issued under the Insurance Act (**the regulations**).

In terms of board resolutions, this committee is responsible for supervising all material remuneration policies and incentive schemes (short and long term) in the group, including the following:

- Nedbank Group (2005) Share Option, Matched-share Scheme, and Restricted-share Schemes.
- Nedbank International LTIP (2012).
- Eyethu employee schemes.
- Any schemes in operation in the non-South African operations.

## 4 Membership

The committee must consist of at least three members. They must all be non-executive directors of the group and most of them must be independent. The chairperson must be an independent director but may not be the Chairperson of the board.

Non-executive members of the committee act as the trustees of the Nedbank Group (2005) Share Option, Matched-share Scheme and Restricted-share Scheme.

## 5 Roles and responsibilities

The committee is responsible for monitoring and decision-making. The functions listed below will be the common recurring activities of the committee in discharging its mandate. This charter serves as a guide and does not prevent the committee from carrying out such additional functions and adopt such additional measures as may be appropriate in light of changing business, regulatory, strategic, risk or other conditions.

The overall function of the committee is to help the board of directors do the following:

### 5.1 General

- a) Oversee the design and operation of the remuneration system.
- b) Ensure that the group remunerates employees in a manner that:
  - is fair, responsible and transparent in the context of the group's overall remuneration; and
  - promotes the achievement of strategic objectives and positive outcomes.

### 5.2 Compliance with regulatory requirements and principles

- c) Ensure that the remuneration policy, processes and procedures of the group comply with:
  - i) the relevant requirements of the regulations;
  - ii) any further requirements set down in writing by the regulator; and
  - iii) any corporate governance principles to which the group subscribes.
- d) Conduct an annual remuneration review that is independent of management and that must, among other things, assess the compliance of the group with the items mentioned in (i), (ii) and (iii) above.

### 5.3 Measurement against targets and benchmarks

- e) Ensure that performance measures are based principally on the achievement of the board-approved objectives of the group and its relevant functions.
- f) Monitor any explicit links between remuneration and environmental, social and governance (ESG) targets.
- g) Define the appropriate peer group against which group remuneration will be evaluated and evaluate remuneration competitiveness against this.
- h) Review and approve the annual performance scorecard of the Chief Executive, and review those of the executive directors, prescribed officers and other members of the Group Exco.

### 5.4 Judgement

- i) Exercise competent and independent judgement on remuneration policies, processes and practices, and the incentives created for managing risk, capital and liquidity. This includes evaluating remuneration proposals for the group to ensure they are aligned with best practice and that:
  - the overall financial liability related to all elements of remuneration for the group's remuneration in totality is managed appropriately; and
  - all relevant decisions are consistent with an assessment of the group's financial condition and future prospects.

### 5.5 Remuneration of employees in risk and compliance functions

- j) Ensure that the remuneration of employees in the risk, compliance, internal audit and finance functions is determined suitably independently of all relevant business areas and is adequate for attracting qualified and experienced persons.

### 5.6 Remuneration for potential future revenue

- k) Review and evaluate practices by which remuneration is paid for potential future revenues in respect of which the timing and likelihood of realisation remain uncertain.

### 5.7 Recommendations

- l) Review the material terms and conditions of service of all employees of the group (where appropriate) to ensure that they are fair and competitive.
- m) Recommend to the board for approval all elements of remuneration on an individual basis for the Chief Executive, executive directors, prescribed officers and other members of the Group Executive Committee (Group Exco).

- n) Make recommendations to the board on the remuneration of the Chairperson of the board for referral to shareholders at the annual general meeting (AGM).
- o) Evaluate proposals and make recommendations for non-executive directors' fees submitted by an independent committee, for onward submission to the board for discussion and referral to shareholders at the AGM.

#### 5.8 Approvals

- p) Approve:
  - the corporate performance targets related to the vesting of long-term incentive allocations and matched shares;
  - overall remuneration increases for all employees;
  - the annual pools to be made available for short-term and long-term incentives;
  - proposed short-term incentive awards to individuals above a defined limit; and
  - on an individual basis, all share-based long-term incentive allocations above a defined limit.

#### 5.9 Group Risk and Capital Management Committee

- q) Work closely with the Group Risk and Capital Management Committee in the evaluation of:
  - the incentives created by the remuneration system; and
  - whether the group's remuneration practices have stayed within the risk appetite of the group.
- r) Review any issues raised by the Group Risk and Capital Management Committee that are related to remuneration, using independent external advice where necessary, including on matters related to general best market practice and future trends as well as on ad hoc matters.

#### 5.10 Reporting

- s) Prepare an annual remuneration report for the board for inclusion in the company's annual report.
- t) Report back to the board after each meeting, and more frequently, if required.

### 6 Education and training

The committee must provide its members with annual continuing education opportunities and customised training focusing on reward management, reward governance and reward oversight.

### 7 Recommendations and other functions

The committee may make recommendations with regard to any matters mentioned above and other matters that it deems necessary or appropriate for the effective management of risks and, in particular, perform such other functions as may be prescribed by the regulator from time to time in the regulations relating to banks and Insurers.