

1 Why we need this policy

The statutory framework for the nomination and appointment of directors, and board continuity, of Nedbank Group Limited (the group) and Nedbank Limited (collectively referred to as Nedbank) includes relevant provisions of:

- the South African Companies Act, 71 of 2008 (the Companies Act);
- the South African Banks Act, 94 of 1990 (the Banks Act) including the requirements of Directive 4 of 2018 issued by the South African Reserve Bank (SARB) Prudential Authority in terms of section 6(6) (SARB Governance Directive 4/2018);
- the JSE Listings Requirements and the JSE Debt Listings Requirements;
- the King IV Report on Corporate Governance for South Africa, 2016 (King IV); and
- the memoranda of incorporation of Nedbank (the Nedbank MOIs).

This policy sets out the minimum principles to be applied in the selection, nomination and appointment of all directors to the boards of Nedbank and other matters pertaining to board continuity. The appointment of executive directors is additionally subject to Nedbank's executive succession planning processes.

This policy (which includes Nedbank's Board Continuity Programme) is established in line with the requirements of the Banks Act and King IV and is managed by the Nedbank Group Directors' Affairs Committee (DAC), which, in addition to its other responsibilities, fulfils the role of a nomination committee as guided by King IV.

2 Composition of the boards

In terms of the Nedbank MOIs, the Nedbank boards must consist of a minimum of five directors and a maximum of 25 directors.

The nomination of directors to the boards must consider the need to ensure that the board has a wide range of skills, knowledge, diversity, independence and expertise to discharge its governance role and responsibilities objectively and effectively and to ensure the effective functioning of the board committees that form part of the Nedbank Enterprisewide Risk Management Framework.

Appointments shall be made taking into account the necessity of achieving a balance between skills and expertise. The Nedbank boards need to have sufficient professional and industry knowledge, proportionate skills, and experience, particularly in the following areas:

- Retail banking;
- Investment banking;
- Other financial services;
- Large corporates;
- Accounting and auditing;
- Innovation and digital
- IT and cyberresilience;
- HR, marketing, business strategy and strategic planning;
- Mining, energy, resources and infrastructure
- Doing business in emerging economies;
- Macro-economic and public policy;
- Legal, corporate governance and stakeholder management;
- Sustainability and climate change resilience.

3 Nomination and appointment of directors

Succession planning for Nedbank boardmembers is the subject of active planning and discussion by the DAC, which meets at least four times a year. Succession planning is based not only on the planned retirement ages of existing boardmembers, but also on any changes to the skills needed on the board from time to time.

The nomination and appointment of directors must be formal and transparent.

The board should use its existing networks in identifying suitably qualified candidates and, where appropriate, brief search consultants so they can help the board in this regard.

DAC considers candidates and makes recommendations for the appointment of new directors to the Nedbank boards. The Nedbank boards will then resolve whether the appointment is approved.

DAC and board meetings at which the appointment of directors is discussed and/or confirmed must be minuted properly.

The appointment of directors to the Nedbank boards is subject to no objections being raised by the Prudential Authority of the South African Reserve Bank (SARB) to such appointment, and submission by the proposed appointee of form BA020 to the Prudential Authority for consideration at least 30 days before their appointment.

Any director appointed by the Nedbank boards must be put forward for election by shareholders at the first shareholders meeting following the appointment. All directors will thereafter be forward for re-election by shareholders on a staggered basis every three years.

4 Fit-and-proper considerations

The following are the minimum attributes that a candidate for board membership must have so that they can be considered fit and proper:

- A basic knowledge and understanding of the business of the bank, as well as the laws, customs and regulations that govern the activities of a bank.
- An ability to make sensible and commercial business decisions and recommendations based on appropriate review and analysis.
- Competence that is commensurate with the nature and scale of the business conducted by the bank.
- Basic knowledge and understanding of the risks to which the bank is exposed.
- Entrepreneurial talent for contributing to the creation of shareholder value.
- Integrity and high ethical standards.
- Financial literacy.
- The ability to give insightful counsel on a broad range of issues faced by the bank.
- Sound and objective judgement.
- Total commitment to furthering the interests and achieving the goals of the bank, as well as protecting the interests of all stakeholders. Enough time to dedicate to the affairs of the bank, including scheduled (and, when necessary, ad hoc) board meetings, board committee meetings, preparation for the aforementioned, and ongoing education and site visits. In this regard, directors are expected to attend all pre-scheduled board meetings, and all pre-scheduled meetings of board committees for which they are members, with a minimum attendance level of 75% of meetings other than in exceptional circumstances. For clarity, notwithstanding the aforementioned minimum attendance level of 75%, the emphasis is that directors attend all board and board committee meetings.

Nedbank Group Financial Crime and Forensic Services must conduct a fit-and-proper risk information review on proposed appointees to the Nedbank boards and for Group Executive Committee members, which will be repeated annually or at such frequency as the board may request. The review must include the following:

- The gathering of personal information.
- Sanctions screening, including counterterrorist and anti-money-laundering enquiries.
- The identification of changes in directorships or disqualifications of directors.
- Financial and credit enquiries through credit bureaus.
- An assessment of reputational risks.
- The vetting of online and social-media profiles.
- Fraud and dishonesty enquiries.

Appointees may not hold other directorships or similar positions that would impact the director exercising his/her fiduciary duties.

5 Diversity

Diversity is a driver of board effectiveness and therefore the race and gender makeup of Nedbank boards must be appropriately representative.

Targets for race and gender diversity must be set taking account of the Amended Financial Sector Code. In this regard, and in alignment with the Amended Financial Sector Code (FSC), the following are the targets for race and gender diversity on the Nedbank boards:

- Black boardmembers as a percentage of all boardmembers: 50%;
- Black women boardmembers as a percentage of all boardmembers: 25%;
- Black independent non-executive boardmembers as a percentage of all independent non-executive boardmembers: 40%;¹
- Black executive members of the board as a percentage of all executive members of the board: 50%
- Black women executive members of the board as a percentage of all executive members of the board: 25%.

Gender, age, culture and expertise (or experience) must also be considered in evaluating the diversity of the Nedbank boards. The board may consider other relevant diversity considerations.

6 Director independence and cooling off periods

The Chairperson of the Nedbank boards must be an independent non-executive director unless otherwise agreed by the Nedbank boards and the SARB.

Appointments to the boards must take into account the need for the boards to maintain a balance of executive and non-executive directors, with the majority being independent non-executive directors.

The Chairs of all board committees required in terms of the Companies Act (Group Audit Committee (GAC) and Group Transformation, Social and Ethics Committee) and the Banks Act (GAC, Group Risk and Capital Management Committee, DAC, and Group Remuneration Committee) must be independent non-executive directors. Should the Chair of one of the aforementioned board committees become non-independent for a period of time, either an existing independent committee member or the Lead Independent Director will Chair the committee until the conflict is resolved. The Chairs of all other board committees should preferably be independent.

¹ Not measured under the Amended FSC but retained by the Nedbank Group Board as a diversity target.

Independence must be assessed in terms of recommended practice 28 of King IV and the SARB Governance Directive 4/2018.

A director is deemed to be not independent if they:

- are a substantial shareholder of the bank or controlling company or an executive officer of or otherwise associated directly with a substantial shareholder of the bank or controlling company. A substantial shareholder of the bank or controlling company means any person with a shareholding of which the total nominal value together with the total nominal value of shares already held by such person and by the associate or associates of such person or the voting rights in respect of the issued shares of such bank or controlling company that are already held and exercisable by such person and by the associates or associates of such person, amount to more than 5% of the total nominal value or the total voting rights in respect of all the issued shares of the bank or controlling company.
- have within the last three years been a principal of a material professional adviser or a material consultant to the bank or controlling company or another member of the banking group, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship.
- are a significant provider of equity or other sources of capital, or a material provider of funding, to the bank or controlling company. A significant provider of equity or other sources of capital means any person directly or indirectly providing equity or other sources of capital to the bank or controlling company which in aggregate is equal to or exceeds 5% of the aggregate amount of total qualifying capital and reserve funds of Nedbank.
- are a material provider of funding - directly or indirectly providing funding to Nedbank which in aggregate is equal to or exceeds 5% of the aggregate amount of total liabilities of Nedbank.
- receive any form of remuneration other than directors' fees or directors' remuneration, ie. any form of remuneration contingent on the performance of Nedbank.
- are or have within the last three years been a significant or ongoing professional adviser to, or an internal auditor of, Nedbank such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that person is compromised by that relationship.
- are a member of the immediate family of an individual who falls within any of the aforementioned categories of persons.

- have been an executive director, the Chief Executive or an executive officer of Nedbank at any time during the preceding three years.
- have served as an independent non-executive director of Nedbank for a period of nine years. Should the boards resolve that the director should remain a member of the boards after nine years, the director will be considered to be non-executive but not independent.
- have been the designated external auditor directly or indirectly responsible for performing the statutory audit for Nedbank, or a key member of the audit team directly or indirectly responsible for performing the statutory audit of Nedbank, at any time during the preceding three financial years; or
- have been the curator of Nedbank at any time during the preceding three years.

In addition to the above, whether a director is, or continues to be, independent must be considered by the director concerned and assessed by the Group DAC and/or the board on an ongoing basis. This is also facilitated by the Chairperson and Company Secretary through the following:

- The directors' annual completion of detailed conflict-of-interest questionnaires.
- The annual risk information review performed by Nedbank Group Financial Crime and Forensic Services.
- Updates given by directors at or between board meetings on their directorships and other interests.

In respect of the appointment of non-executive directors to the Nedbank boards, a twelve-month cooling off period is required for any persons who held the following positions in Nedbank, unless a shorter cooling-off period is granted by the Prudential Authority:

- Executive director
- Chief Executive
- Executive officer as defined in the Banks Act
- Executive manager/management
- Designated external auditor directly or indirectly responsible for the statutory audit
- A key member of the external audit team directly or indirectly responsible for the statutory audit
- Curator

During any relevant required cooling-off period the proposed appointee may not hold any position or be associated with Nedbank in a manner that would cause bias in decision-making when judged from the perspective of a reasonable and informed third party.

Other than in exceptional circumstances (in which case such circumstances will be agreed by the boards

and discussed with the Prudential Authority on a case-by-case basis), a 3-month cooling-off period is required for other types of appointment of persons to serve as directors or executive officers of Nedbank, such as the appointment of a person who currently or previously serves as an executive, the Chief Executive, the Chairperson or the curator of any other bank or controlling company in South Africa.

7 Appointment of any domestic prominent influential person

The stance of the bank is apolitical. The decision to appoint any director who holds political office or a prominent public function, or to allow any director to accept such an appointment while they serve on the Nedbank boards, must be made on a case-by-case basis on the merits of each appointment being considered, including any cooling-off period if appropriate.

Nedbank directors should not get involved in an executive and public office requiring the director to carry out a government function or influence public policy. This would include positions such as minister, member of parliament (national and provincial) and Member of the Executive Council (MEC). The political office that a boardmember may want to hold must never conflict with the duties of the Nedbank boards or affect their fiduciary duties.

8 Other directorships

A non-executive director may accept other board appointments, as long as the appointments do not impact on the director's ability to exercise the directors' fiduciary duties in respect of Nedbank Group, do not cause conflicts, and are agreed with the Chairperson before the director accepts them. A director must notify the Group Company Secretary of any additional board appointments. The Group Company Secretary will notify the Prudential Authority of the change to the director's interests.

To ensure that Nedbank directors can devote enough time to duly discharge their responsibilities as directors of Nedbank, boardmembers may hold the position of director on no more than five (including the Nedbank boards, which will be considered as one directorship for the purposes of this paragraph) listed and/or significant unlisted operating boards. The relevant director's circumstances and the nature, scale and complexity of the respective directorships must be considered. Directorships held in non-profit organisations, private investment companies or non-operating subsidiaries are excluded from this requirement.

9 Chairperson and Lead Independent Director

The primary role of the Chairperson is to provide leadership to the Nedbank boards, set the tone for its performance and undertake the management thereof. The Chairperson will engage with board members and build upon their strengths and address/develop any weaknesses.

The Lead Independent Director will lead in the absence of the Chairperson, serve as a sounding board for the Chair, act as an intermediary between the Chair and other members of the governing body if necessary, deal with shareholders' concerns where contact through the normal channels has failed to resolve concerns or where such contact is inappropriate, chair discussions and decision-making by the boards on matters where the Chairperson has a conflict of interest and lead the performance appraisal of the Chairperson.

10 Induction and Ongoing Training of Directors

New directors appointed to the boards shall be made familiar with the company's operations, senior management, business environment, markets and risks and be made aware of their fiduciary duties and responsibilities, and of the boards' and the Chairperson's expectations. The Group Company Secretary will ensure a relevant and formal induction or orientation programme is held as soon as possible after their appointment.

The Group Company Secretary will ensure directors receive essential board and company information on an ongoing basis.

The boards will require all directors to undergo relevant training. Both internal and external training providers will be utilised. The relevant Secretary of the boards and board committee will liaise with the Chairperson, members and responsible executive of the board/board committees to identify relevant topics.

Directors shall keep themselves abreast of changes and trends in the financial services environment. Directors must have sufficient working knowledge of the Nedbank Group and the financial services industry generally, and shall keep abreast of changes and trends in the economic, political, social and legal climate in general. Directors must ensure that they attend, on a regular basis, courses, conferences, seminars, addresses etc. to ensure that they keep abreast of changes and trends in the economic, political, social and legal climate, in particular regarding:

- the Banks Act and its Regulations;
- their other statutory and regulatory obligations, including the Companies Act and King IV;
- their ethical obligations; and
- items constituting good operational practice.

The DAC shall ensure that all directors are made aware of any significant changes in the economic, political, social and legal climate and consider relevant in-house training to assist all directors to keep abreast of any significant changes and trends in these areas.

11 Evaluation of Directors' Performance

An evaluation of the effectiveness and performance of the boards, board committees and directors is required to be performed annually. One or more of

the following methods should be used as part of this process, facilitated by the Group Company Secretary:

- board evaluation (alternating each year between a self-evaluation or an evaluation performed by an independent body)
- peer review every 2nd year as part of the independent evaluation
- a review of the performance of the Chairperson, which shall be led by the Lead Independent Director
- a review by the Group Executive Committee of the performance of the boards.

Individual directors shall be evaluated by the Chairperson (referencing the completed peer evaluations), who shall discuss the responses with each director if need be.

The performance appraisal of the Chief Executive will be done by the Chairperson of Nedbank.

The boards shall, each year, critically evaluate its composition, performance, processes and procedures to ensure that they are designed to assist the boards in effectively fulfilling their oversight role.

12 Succession and Termination of a Director's Service

The DAC shall assist the boards and play an integral part in succession planning for the Chief Executive and the Group Executive Committee and shall also be responsible for determining whether the services of any director should be terminated. The DAC shall review and monitor the appropriateness of the succession plans for Group Executive Committee and executive directors, and together with the boards may appoint a subcommittee to oversee the succession plan and process for the Chief Executive if deemed appropriate.

Succession planning for non-executive directors shall be the subject of active planning and discussion by the DAC and reported thereon to the boards.

In terms of succession planning for the Chairperson, the Lead Independent Director will assume the role of Chairperson should the current Chairperson become incapacitated, and he will facilitate the appointment process of the new Chairperson.

All directors are subject to retirement by rotation and re-election by the shareholders at least once every three years in accordance with the Memorandum of Incorporation. At least one third of the boards should retire by rotation at the company's AGM. Rotation of board members should be structured so as to retain valuable skills, to have continuity of knowledge and experience, and to introduce persons with new ideas and expertise.

A CV of each director standing for election or re-election at the Annual General Meeting will

accompany the notice of the Annual General Meeting contained in the Annual Report.

Any non-executive director in office for a period longer than nine years is required to retire at the conclusion of the first annual general meeting held after the nine-year term has been reached, unless the boards resolve otherwise.

The retirement age for an executive director is 60 years and 70 years for a non-executive director, unless the boards determine otherwise.

Non-executive directors shall retire at the conclusion of the first annual general meeting held after the retirement age has been reached. Executive directors shall retire from the boards at the same time as they retire as an employee.

Only executive directors shall be engaged on service/employment contracts, whilst the terms of appointment of non-executive directors will be set out in a contract of services by the Chairperson.

Termination of service/employment contracts or letters of engagement shall result in resignation from the boards unless the boards determine otherwise.

13 Conflicts of Interest

In the event of any conflict of interest involving the Nedbank Chairperson, the Lead Independent Director will assume the role of Chairperson with regard to the handling of that matter or for the period of time that such conflict of interest exists.

An annual attestation process will be conducted to ensure any material changes to the director's answers submitted to the Prudential Authority (form BA020) and JSE (Schedule 13) are advised to those regulators as required.

Through the annual conflicts of interest process coordinated by the Group Company Secretary, every independent director has to, at the first meeting of the boards in which he/she participates as a director and thereafter at the first meeting of the boards in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the board-specified criteria of independence. The content of the aforementioned declaration made by the director will be duly assessed and appropriately verified by the Group Company Secretary and Chairperson of Nedbank.

Details of the management of conflicts of interest in respect of directors are given in the Policy on Conflicts of Interest for Directors and Executive Management.

14 Appointment of Members of the Nedbank Group Executive Committee

The appointment of members of the Group Executive Committee will be approved by the Chairperson and the Chief Executive.

Monitoring of Group Executive Committee succession planning shall be the responsibility of the DAC, and all board members must be invited to participate in the annual succession planning review process.

The Group Remuneration Committee will approve the proposed remuneration of any new appointments to the Group Executive Committee.

The remuneration of the Chief Executive is considered and recommended by the Chairperson to the Group Remuneration Committee and subsequently approved by the boards.

15 Amendments to this policy

Changes to or any deviations from this policy, together with the reasons for them, must be announced on SENS immediately, in line with section 7.8 of the JSE Debt Listings Requirements.