

Nedbank Limited and Nedbank Group Limited Board of Directors Charter



1 Purpose and relationship with memorandum of incorporation

This charter guides the directors of the Nedbank Limited and Nedbank Group Limited Board in the performance of their duties according to regulatory and legislative requirements, codes of conduct, and principles of good corporate governance.

The charter is subordinate to the memorandum of incorporation (Mol) and regulatory and legislative requirements.

2 Leadership

The board provides leadership and vision that must enhance shareholder value. It does so within a framework of prudent and effective controls that enables risk to be assessed and managed to ensure long-term sustainable development and growth.

2.1 Composition

The board has a unitary structure and should comprise:

- a balance of non-executive and executive directors;
- a majority of non-executive directors, of whom a majority must be independent non-executive directors;
- membership that reflects the demographics of South Africa; and
- at least two executive directors, including the Chief Executive and the Chief Financial Officer.

2.2 Chairperson

The Chairperson of the board must not be an employee of the group or a member of the Group Audit Committee or Group Risk and Capital Management Committee. The Chairperson must also not be the Chief Executive, and there must be a clearly accepted division of responsibilities between these two roles.

2.3 Lead Independent Director

The board must appoint the Lead Independent Director to compensate for the possibility that the Chairperson is not independent and therefore not free of any conflict of interest.

The primary function of the Lead Independent Director is to:

- chair the Group Directors' Affairs Committee;
- provide assistance, including giving advice at any board or committee meetings or at any other meeting of the group or in any consultation initiated by the Chairperson or any other director;
- chair meetings when the Chairperson is conflicted or unavailable; and
- act as an intermediary between the Chairperson and other members of the governing body, if necessary.

3 Membership

3.1 Who may be appointed to the board

Only persons who meet the requirements under the Companies Act, 71 of 2008, may be appointed as directors and subject to the necessary regulatory approvals.

3.2 Attributes of membership

Members of the board must:

- have a basic understanding and knowledge that are commensurate with the nature and scale of the activities of a bank and of the laws and customs governing such an institution;
- be able to perform their functions with diligence, care and a degree of competence that can reasonably be expected of persons with their knowledge and experience;
- provide effective challenge before approving initiatives proposed by the Chief Executive and the Group Executive Committee (Group Exco) to meet the group's medium and long-term strategic aims; and
- adhere to high ethical standards and corporate governance principles.

3.3 Size

The board must:

- have a structure and size that both ensure that the purpose, involvement, participation, harmony and sense of responsibility of the directors are not jeopardised and that enable the group to meet its strategic objectives; and
- at least every year consider whether its size, diversity, demographics and gender representation are appropriate, to ensure its effectiveness.

3.4 Other appointments and conflicts of interest

A director may accept other board appointments, but only if:

- they do not conflict with the group and/or adversely affect the director's duties;
- they are discussed and agreed in advance with the Chairperson and, where required, approved in advance by the Prudential Authority; and
- the Group Secretariat is notified of them and they in turn notify the Prudential Authority and the board.

3.5 Rotation of directors

Directors must rotate in line with legislation and/or the Mol.

3.6 Retirement

Executive directors must retire once they have reached the age of 60 unless the board has agreed otherwise.

Non-executive directors must retire at the first annual general meeting (AGM) that takes place after they have reached the age of 70, or after 9 years of being on the board as a non-executive director, unless the board has agreed otherwise.

At least one-third of directors must retire at the company's AGM or other general meeting, but they may be re-elected if they are eligible and recommended by the Group Directors' Affairs Committee and/or the board, considering past performance and contribution.

4 Role and responsibilities

The board has ultimate accountability and responsibility for the performance and affairs of the company and group. Therefore, the board is responsible for the following:

- Reviewing the values of the group to ensure that it adheres to high standards of ethics and corporate behaviour, and ensuring that a code of conduct that addresses conflicts of interests, particularly as it relates to directors, is in place for this purpose and establishes the tone and culture of the group.
- Reviewing the group strategy and continually monitoring management's performance and implementation of that strategy and satisfying itself that the group is achieving its goals.
- Ensuring that the necessary financial and capital resources are in place for the group to meet its strategic objectives.
- Reviewing the adequacy of the group's systems of governance, risk and compliance controls to ensure that it complies with its legal and regulatory obligations and any codes of good practice and regulatory codes of practice that apply.
- Reviewing and approving the group's annual integrated report.
- Ensuring that the group has appropriate systems, including frameworks and policies, for the identification, measurement, control and reporting of all key risk areas and key performance indicators of the business.
- Ensuring that risks that are of necessity taken in the conduct of business are managed prudently.
- Safeguarding the interests of the group's stakeholders, including its shareholders, employees, suppliers, clients and the environment, and ensuring that the group has a communication policy and communicates with its stakeholders openly and promptly.
- Protecting the group's financial position by reviewing the performance of the business of the group based on, among other things, quarterly reports, monthly management

accounts and analysis, the Chief Executive's reports, reports provided by the committees of the board and Group Exco, and any other reports it may require to meet its responsibilities.

- Ensuring that the financial statements fairly represent the affairs of the group and contain proper disclosures in line with the law and approving the annual and half-yearly financial statements, reports to shareholders, public announcements and the annual budget.
- Establishing committees of the board and their constitution and terms of reference, having regard to all codes of conduct and other governance and regulatory requirements.
- Delegating the professional management of the company to the Chief Executive and the Group Exco.
- Reviewing the performance of the Group Exco members, the Chief Executive, the Lead Independent Director and the Chairperson.
- Monitoring the quality of reporting of the Chief Executive and Group Exco, including satisfying itself as to the integrity of information that it is provided in this regard.
- Reviewing remuneration policies and practices in general, including superannuation and incentive schemes for management; providing input into the appointment, succession planning and, where necessary, removal of directors; and, using advice from the Group Remuneration Committee, determining the appropriate levels of executive remuneration for the Chief Executive and Group Exco members.

5 Structure and functions

5.1 Access to information and management

The directors and board are entitled to have access, at reasonable times, to all company information, records, documents and property, but must keep all corporate information confidential and strictly observe company law, the Mol and this charter.

Non-executive directors have access to management and may meet separately with management, without the attendance of executive directors, provided that this is agreed collectively by the board, and this is usually facilitated by the Chairperson or Lead Independent Director.

Non-executive directors may also request additional documents from and/or additional meetings with management from any of the executive directors or the Group Company Secretary.

5.2 Declaration of compliance

In line with Regulations 39(17), 39(18) and 40(4) of the Regulations to the Banks Act, 94 of 1990, the directors must declare, within 120 days after the financial year-end, to the Prudential Authority that there is compliance with the matters referred to in paragraph 4 above.

5.3 Use of independent professional advice

If a non-executive director considers it necessary, they may, after having discussed this with the Chairperson, the Lead Independent Director or the Group Company Secretary, obtain external legal or other independent professional advice at the cost of the group and, with the approval of the Chairperson or chairperson of the relevant board committee, may have outsiders with relevant experience and expertise attend board or board committee meetings on matters within the scope of his/her duties.

Non-executive directors may request additional documents from management, and/or additional meetings with management.

5.4 Matters reserved for the board

Subject to compliance with all applicable regulations and the Mol, the following matters are reserved for the board and may not be delegated by it:

5.4.1 Financial matters

- Approval of material changes to the accounting policies or practices of the group.
- The declaration or recommendation of dividends by the group.

- The raising of incremental borrowing facilities (other than in the ordinary course of business) involving amounts more than R1 billion or other amounts determined by the board.
- The approval of annual financial statements and interim reports, valuation of unlisted investments, and forfeiture of unclaimed dividends and balances.
- The recommendation to shareholders of any increase or reduction in or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under any share incentive or black economic empowerment schemes).

5.4.2 Statutory and administrative matters

- Changes to the Mol to be recommended to shareholders.
- The establishment of committees of the board and their constitution and terms of reference.
- Appointment, removal or replacement of the external auditors of the Company.
- Frequency of meetings of the board.
- Convening of general meetings of shareholders and approval of the notices and proxy forms of shareholders' meetings, ensuring that each item of special business is accompanied by a full explanation of the effects of any proposed resolutions.
- Approval of recommended policies in respect of industrial relations.
- Prosecution, defence or settlement of legal or arbitration proceedings, where material, except in the ordinary course of business.
- Appointment of prescribed officers and responsible persons who may be required, in terms of any legislation of South Africa or elsewhere, in respect of the Company.
- Approval of the rules of and amendments to the defined-benefit pension and provident funds that have a material effect on the actuarial liabilities of those funds.
- Granting of general signing authorities and changes to them in line with the Mol.
- Establishing any overseas branch, or duplicate register of shareholders of the Company.
- Variation of the rights attached to shares if this power is vested in the directors.
- Approval and amendment of the group's code of ethics and other similar codes of corporate conduct and behaviour.
- Approval of any agreements with controlling shareholders.

5.4.3 Regulatory matters

- The approval of, and authority to issue, circulars to shareholders of terms and conditions in respect of the Company's rights issues, public offers, capital issues or issues of convertible securities, including shares or convertible securities issued for acquisitions.
- The approval and authority to issue prospectuses, listing particulars, rights offer or takeover or merger documents.
- Recommendation to shareholders that they approve any ordinary or special resolutions or follow a particular course of action proposed by the group.
- Any decision to list the Company's shares on any stock exchange or to terminate any such listing.

5.4.4 Human resources matters

- Appointments to, and removals from, the board, including the appointment of the Chairperson, Lead Independent Director, Chief Executive, executive directors and non-executive directors and the approval of nominations for alternate directors (if any).
- The formulation of terms of reference for changes in the composition of the board.
- Any changes to directors' fees as recommended by an independent committee of directors.
- The approval of any share incentive scheme, the rules applicable to any such scheme and any material amendment to such rules as recommended by the

Group Remuneration Committee for submission to shareholders, if applicable.

- The formulation of recommended policies in relation to equal-opportunity employment, the environment, health and safety, and any such other policies relevant to the group's primary stakeholders.
- Consideration and review every year of the succession planning for Group Exco members.

5.4.5 Strategic issues

- Approval of the strategy, risk appetite, business plans and annual budgets and any subsequent material changes in strategic direction or material deviations in business plans.
- Consideration or approval of any material departure from strategic objectives and policies, including significant realignments of business in which the group operates or is invested.
- Consideration or approval of any major transactions outside the ordinary course of the group's business.
- Evaluation of all key assumptions and business indicators on which the group's strategic objectives and policies are based.
- Consideration and review of all important policies regulating the group's relations with its primary stakeholders and significant issues arising from these relationships.
- The acquisition of a foreign strategic interest, regardless of size or value, in a licensed financial-services-related company operating in a country in which the group is not present. (Note: The board may delegate this authority to a committee of the board mandated for that purpose.)

6 Board committees and risk management

6.1 Establishment of board committees

The board must establish and set the terms of reference, including the tenure, of the following committees, all which report to the Group Board:

- Group Audit Committee (GAC).
- Group Risk and Capital Management Committee (GRCMC).
- Group Credit Committee (GCC).
- Large-exposures Approval Committee (LEAC).
- Group Information Technology Committee (GITCo).
- Group Remuneration Committee (Group Remco).
- Group Transformation, Social and Ethics Committee (GTSEC).
- Group Sustainability and Climate Resilience Committee (GCRC).
- Group Directors' Affairs Committee (DAC).
- Any other committee that is necessary for the proper and effective management of the group.

Every member of the board is entitled to attend any committee meeting as an observer.

6.2 Delegation to and authority of board committees

Certain matters are reserved for the board (see section 5.4 above). In discharging its responsibilities, the board and any committees it has appointed must consider all applicable regulatory requirements and the King IV Report on Corporate Governance for South Africa (King IV).

The board delegates certain responsibilities for overseeing the management of the group to certain committees that are vested with all the powers and duties of the main board and must conduct their proceedings in line with the provisions of this charter and must:

- act independently of management;
- receive such reports as it believes are necessary and appropriate to ensure that it can fully and properly acquit themselves of their roles and responsibilities;
- have a relationship with, and may communicate into, GAC; and
- have the right of direct access to all regulators and to such officers or group subsidiaries as they deem necessary.

Committees are authorised to:

- investigate all activity within their terms of reference;
- seek any information or data that they reasonably require from any employee and all employees are directed to cooperate with their requests; and
- establish subcommittees on an ad hoc basis to review in detail, investigate or otherwise address any issue, and then report back to itself.

Chairpersons of committees must:

- have direct and unfettered access to the Chairperson;
- account and report to the board on their respective committees' activities; and
- make recommendations as appropriate on any matters that arises.

7 Secretarial

7.1 Group Company Secretary

The board must approve the appointment, removal or replacement of the Group Company Secretary and provide them with the necessary authority and status to enable them to properly fulfil their duties as proposed.

7.2 Secretary of meetings

The Group Company Secretary appointed by the board or committee must:

- ensure that the content of the agenda of meetings are in line with this charter, best practice and regulatory requirements;
- keep appropriate records, minutes and a record of decisions made, which must be signed by the chairperson of that meeting; and
- circulate minutes to all members.

8 Meetings

8.1 Proceedings

Except under exceptional circumstances, at least 3 business days' notice must be given of a meeting of the board or a committee. The notice must, where possible, include the agenda and any supporting papers. Meetings and proceedings of the board and its committees are governed by the Mol and, in the absence of any relevant provision in the Mol, the provisions of this charter will apply.

Discussions will be open and constructive. The Chairperson or chairperson of the committee must seek consensus but may, where considered necessary, call for a vote. Discussions and records must remain confidential, unless a specific directive to the contrary is received from the board.

The board or committee has sole authority over its agenda. However, any director may request the addition of an item to the agenda. The agenda must be controlled through the Chairperson or chairperson of the committee.

At the start of each board meeting, at the request of the Chairperson, all boardmembers must declare any actual and/or potential conflict of interest with matters to be considered at that meeting. Members' declarations must be minuted.

Each boardmember is responsible for being satisfied that, objectively, they have been furnished with all the relevant information and facts before making a decision.

8.2 Attendance

Directors and committee members must:

- use their best endeavours to attend scheduled meetings in person or via teleconference;
- prepare thoroughly for all matters to be considered at meetings;
- participate fully, frankly and constructively in discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the meetings; and
- advise the chairperson of the meeting at an earlier date and confirm in writing with the committee secretary if they are unable to attend meetings.

In addition to the appointed members, other directors, executive management or any other persons may be required to attend meetings.

8.3 Frequency

Meetings must be held at such venue and at such time as the board or committee deems appropriate. The board must meet at least 6 times a year, and other committees quarterly, or as required. The Chairperson, Lead Independent Director or chairperson of a committee may convene a meeting at any time at their discretion.

8.4 Quorum

The quorum for Nedbank Limited and Nedbank Group Limited Board meetings is a majority of directors.

9 Relationship with shareholders

The board must evaluate economic, political, social and legal issues regularly, as well as any other relevant external matters that may influence or affect the development of the business or interests of shareholders in order to familiarise itself with the issues of concern to shareholders. Having conducted such an evaluation, the board must develop a strategy and suitable policies on how to manage its relations with each of the stakeholder groups.

The board must encourage shareholders to attend AGMs and other meetings of shareholders. All directors must be encouraged to attend the Nedbank Group AGMs and other meetings of shareholders, but the following must always be present:

- Chief Executive
- Chairperson
- Lead Independent Director
- Chief Operating Officer
- Chief Risk Officer
- Chief Compliance Officer
- Chief Financial Officer
- Chairs of board committees
- Any director at the specific request of the Chairperson

10 Corporate governance

The board must ensure that an adequate and effective system of corporate governance is established, maintained and reviewed and that there is substantial compliance with King IV and Regulation 39 of the Banks Act. The corporate governance system must:

- be consistent with the nature, complexity and risk inherent in the group's on-balance-sheet and off-balance-sheet activities and respond to changes in the group's environment and conditions; and
- be assessed, reviewed and documented at least once a year and the findings reported to the board.

11 Remuneration

The Remuneration Committee must review the remuneration of the directors and a detailed report including the group's remuneration policy must be published in the annual report. The group must approve non-executive directors' fees in a general meeting. Directors' remuneration and fees are deemed to accrue from day to day.

11.1 Non-executive directors

Non-executive directors are entitled to receive a basic fee as ordinary remuneration and additional remuneration for services rendered as the Chairperson or member of a committee or for any special service as a director.

11.2 Chairperson and Lead Independent Director

The Chairperson and Lead Independent Director must be paid a level of fees appropriate to their office, which the Remuneration Committee must review every year.

11.3 Executive directors

Executive directors must not receive any fees other than in line with the Company's Mol and their service or employment contracts.

12 Professional or business services provided by directors

Professional or business services:

- must generally not be provided by directors on an ongoing basis;
- could be, for the purpose of a particular assignment, sourced from a director when they are in that director's specific field of expertise; and
- must be competitive and clearly recorded, and all legal requirements regarding disclosure must be complied with.

13 Shareholding by directors

Directors must observe all regulatory, policy and procedural requirements for the buying or selling of shares. Non-executive directors must limit their shareholding to a level that would not impair their independence. The Remuneration Committee must regularly review incentive schemes to ensure their continued contribution to shareholder value.

Shareholders must approve in advance all long-term share-based and other incentive schemes or any substantive changes to existing schemes.

The Chairperson and non-executive directors must not receive incentive awards geared to the share price or corporate performance.

14 Board evaluations

Every year the board must critically evaluate its composition, performance, processes and procedures to ensure that they are designed to assist the board in effectively fulfilling its role.

Guidance in terms of King IV must be adopted as a minimum.

The Chairperson must evaluate each director and discuss responses with each director.

The position of the Chairperson must be discussed with the Lead Independent Director via a review with the non-executive directors.

The Chief Executive's position must be discussed with the Chairperson and the non-executive directors.

In terms of King IV the board must consider the independence of non-executive directors every year and in doing so be guided by King IV and any other applicable codes of good practice.

15 Induction of new directors and training for serving boardmembers

Directors must:

- receive essential board and group information;
- keep themselves abreast of changes and trends in the business and the group's environment and markets, and in the economic, political, social and legal climate in general; and
- ensure that they regularly attend courses, conferences and seminars to ensure that they keep abreast of changes and trends in the economic, political, social and legal climate, in particular regarding:
 - their statutory and regulatory obligations;
 - their ethical obligations; and
 - items constituting good operational practice.

Newly appointed directors must attend an induction programme aimed at achieving an understanding of the group and its business, environment, markets and risks.