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NEDBANK

NEDBANK GROUP LIMITED  
SUPPLEMENTARY  
SUSTAINABLE DEVELOPMENT  
PERFORMANCE INFORMATION  
for the year ended 31 December 2012

To be read in conjunction with the 2012 Nedbank Group Integrated Report

# Sustainable Development Performance Review

'For Nedbank Group, sustainability is not simply something we do; it is a state we aspire to achieve. Not just because sustainability is the only morally acceptable path for any organisation today, but also because being a sustainable bank simply makes perfect business sense.'

Mike Brown  
Chief Executive: Nedbank Group

## BUILDING A SUSTAINABLE SOCIETY, BUILDING A SUSTAINABLE BANK

SA is going through a unique period in its history, wherein the relationships between government, business, labour and society are being remoulded and adapted to meet the unprecedented challenges of the 21st century.

It is our view that this changing business landscape presents both risks and opportunities to Nedbank as, according to our research, companies which have integrated sustainability into their strategies and operations have demonstrated greater resilience and agility when responding to external and internal drivers, as well as optimising their long-term profitability.

For Nedbank Group, we have been refining our ability to adapt and respond to the changing business environment in SA for some time. This has culminated in our current integrated sustainability approach that combines economic, social, environmental and cultural sustainability considerations as our way of contributing towards creating a better future for all people, and the planet on which we live.

As a responsible corporate citizen that recognises the risks our country faces, and the urgency with which we all need to address them, Nedbank Group has accepted and embraced its responsibility to do whatever it can to make a positive impact on the future – and make every effort to encourage and enable others within our sphere of influence to do the same. This is reflected in our long-term vision and our strategic response, namely Fair Share 2030, which provides a framework for delivery on our social purpose – thereby delivering better outcomes for society. For further information refer to the strategy section of the 2012 Nedbank Group Integrated Report.

Our approach is based on:

### Enable sustainability through our products and services

To encourage and support the sustainability efforts of our clients we offer a range of responsible banking and financial solutions. We are also committed to harnessing responsible lending and investment practices as a means of ensuring the long-term sustainability of both our own organisation and those of our clients.

### Lead through collaboration and partnership

As one of Southern Africa's largest banking groups, we know we have the opportunity and the responsibility to use our influence to encourage others to maximise their positive impact. We therefore work closely with selected partners and interested stakeholders to build a more sustainable business and society.

### Manage our own impact

In leading by example we accept responsibility for managing and limiting the direct impact that our operations have on the environment and society.

## SUSTAINABILITY GOVERNANCE STRUCTURES AND POLICY FRAMEWORK

We recognise that robust sustainability governance structures and policies are key to our effectiveness. In addition, by integrating sustainability policies and structures into the fabric of the business, we are able to identify and quickly act on relevant risks and opportunities as these arise.

As a sub-committee of the Nedbank Group board, the Group Transformation, Social and Ethics Committee (GTSEC) assumes ultimate responsibility for monitoring and refining all social, environmental, ethical and human-capital-related policies and ensuring that they are integrated into the Nedbank Group philosophy and practices. However, the Executive Committee member responsible for enterprise governance and compliance assumes overall accountability for such integration of sustainability into the business.



The Group Sustainability Committee (GSC) reports into GTSEC, and has executive and senior management representation across the organisation. This ensures:

- greater focus on realising the group vision to lead as a green and caring bank;
- the coordination of King III integrated sustainability initiatives across the business; and
- further integration in the groupwide implementation of sustainability.



The GSC is supported by a dedicated sustainability team as well as various cluster sustainability forums with representation from all group businesses. During 2012 these forums focused on:

- enhancing the effective coordination of environmental and social initiatives across the group;
- providing a recognised platform for information sharing and maximisation of synergies;
- streamlining and facilitating sustainability reporting, communication and marketing;
- helping to shape the group's strategy and business plans by ensuring the inclusion of sustainability considerations; and
- providing input into the development of sustainable products and services.

# Sustainable Development Performance Review (CONTINUED)

This table sets out potential risks and opportunities, the board and executive risk management committees in place to manage the risk, the policies, and forums supporting the committees and the principles guiding the risk management processes. In addition it further outlines relevant opportunities that arise from pursuing each key strategic focus area. The governance structures simultaneously serve to leverage identified opportunities.


## SUSTAINABILITY GOVERNANCE STRUCTURES AND POLICIES FRAMEWORK

Sustainability focus areas	Strategic focus and material matters	Relevant risks	Board and executive committee risk management committees	Policies and forums	Opportunities
 <p><b>ECONOMIC</b></p>	<p><b>Strategic focus</b> Client-centred; Managing for value; Managing risk as an enabler; Enhancing productivity and business execution; and Driving primary client acquisition and cross-sell.</p> <p><b>Material matters</b> Financial and economic conditions; Governance, compliance and ethics; Responsible business management and lending and investment practices; Effective risk management; and Integrity of information technology systems.</p>	<p>Compliance risk; Social and environmental risk; Investment risk; Strategic risk; New-business risk; and Credit risk.</p>	<p>Group Directors' Affairs Committee; Group Credit Committee; Business Risk Management Forum; Group Risk and Capital Management Committee (the focus of this committee includes physical risks for staff and clients); and Group Audit Committee.</p>	<p>Credit Policy; Compliance Policy; Investment Risk Policy; Strategic Risk Policy; and Reputational Risk Policy.</p> <p><b>Guiding principles</b> Code of Banking Practice; Sector Guidelines; King III; GRI<sup>1</sup>; and AA1000<sup>2</sup>.</p>	<p>Attracting clients and investments; Growing market share in the green economy; and Ensuring resilience of finances and profits.</p>
 <p><b>ENVIRONMENTAL</b></p>	<p><b>Strategic focus</b> Leading as a green and caring bank</p> <p><b>Material matters</b> Resource consumption; Carbon emissions; and Environmental and social impacts of lending, investments and products.</p>	<p>Reputational risk; Social and environmental risk; Strategic risk; and Investment risk.</p>	<p>Group Transformation, Social and Ethics Committee.</p>	<p>Environmental Policy supported by the Social and Environmental Management System.</p> <p><b>Guiding principles</b> UN Global Compact; Equator Principles; Sector Guidelines; Screening Tool; King III; GRI<sup>1</sup>; and AA1000<sup>2</sup>.</p>	<p>Contributing to a better environment for all; Attracting clients and investments; Creating a credible platform for lending products and services; and Influencing stakeholders to act sustainably.</p>

<sup>1</sup> Global Reporting Initiative

<sup>2</sup> AccountAbility Principles Standard

## SUSTAINABILITY GOVERNANCE STRUCTURES AND POLICIES FRAMEWORK

Sustainability focus areas	Strategic focus and material matters	Relevant risks	Board and executive committee risk management committees	Policies and forums	Opportunities
 <b>SOCIAL</b>	<b>Strategic focus</b> Leading as a green and caring bank	Reputational risk; Social and environmental risk;	Group Transformation, Social and Ethics Committee.	Corporate Responsibility Policy.	Contributing to a better quality of life for all; and  Attracting clients and investment.
	<b>Material matters</b> Socioeconomic development; Access to finance; Lending to enable healthcare, housing and education, enterprise development and community upliftment; Economic empowerment; and Preferential procurement.	Strategic risk; and Investment risk.		<b>Guiding principles</b> UN Global Compact; Equator Principles; Sector Guidelines; King III; Broad-Based Black Economic Empowerment Act, 53 of 2003; Codes of Good Practice; GRI <sup>1</sup> ; and AA1000 <sup>2</sup> .	
 <b>CULTURAL</b>	<b>Strategic focus</b> Building a unique and innovative culture; and Accelerating transformation.	Reputational risk; People risk; Transformation risk; and Strategic risk.	Transformation and Human Resources Committee; Group Transformation, Social and Ethics Committee; and Group Remuneration Committee.	Strategic Learning and Growth Policy; Remuneration, Rewards and Recognition Policy; People Transformation Policy; Code of Ethics; and Nedbank Employment Equity Forum.	Attracting and retaining the right staff to meet strategic imperatives; and  Attracting clients and investment.
	<b>Material matters</b> Building a resilient corporate culture; Embedding talent management; and Developing staff capacity.			<b>Guiding principles</b> UN Global Compact; King III; GRI <sup>1</sup> ; and AA1000 <sup>2</sup> .	

<sup>1</sup> Global Reporting Initiative

<sup>2</sup> AccountAbility Principles Standard

## SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT

During 2012 we continued to focus on consolidating and refining our social and environmental risk policies and management processes. In addition to making the content of these documents more accessible to all stakeholders – thereby encouraging positive environmental and social impacts – the consolidated policies offer greater protection of shareholder value and maximise opportunities to deliver improved returns on capital investments by ensuring and guiding responsible, fair and honest business practices. To this end, all policies are also regularly reviewed and updated where necessary.

### Social and Environmental Management System

Our social and environmental policies are linked to and supported by our Social and Environmental Management System (SEMS). These have also been integrated into the Group Credit Policy. SEMS is based on ISO 14001 and aligned with International Finance Corporation (IFC) best-practice, Equator Principles guidelines and is informed by the latest regulations. It details the policies, procedures, resources and workflow required to identify and assess the environmental or social impacts of lending activities that we undertake.

To give effect to this risk management commitment we developed a social and environmental risk evaluation tool as a screening mechanism for significant investments. The implementation of this evaluation tool across the group was initiated during the year under review.

Any potentially negative social or environmental impacts identified by the screening triggers a comprehensive internal impact assessment. This includes the assessment of:

- Social and environmental policy requirements;
- Relevant sector guidelines;
- Compliance control plans;
- Relevant national, provincial and local legislation;
- The review of information in the public domain;
- The review of project and credit documents;
- Discussions with relevant officials; and
- Site visits.

SEMS further provides that we work with clients to achieve compliance. By supporting clients with the relevant information on legislative requirements, we endeavour to facilitate and promote clients' adherence to and compliance with social and environmental legislation.

We also encourage and enable the sharing of information on more efficient resource utilisation, the integration of sustainability in business, collaboration between clients, and the identification of carbon opportunities that may not only offer additional income streams for our clients, but also serve to reduce the cost of finance and promote the viability and bankability of their projects.

In line with local and international best practice, SEMS incorporates specific sector policies developed in respect of high-impact sectors, including mining, oil and gas, agriculture, waste management, biodiversity and ecosystems.

## RESPONSIVENESS TO CHANGING REGULATION

We play an active role in facilitating and contributing to, the policy and regulatory developments by giving comments and suggestions to a variety of industry bodies or directly to the relevant government departments. Furthermore, we ensure that our internal management systems remain responsive to external legislative drivers. During 2012 we monitored and, where appropriate, put systems in place to implement new regulatory enhancements to the SEMS.

The importance of monitoring new legislation lies in the potential impact it has on our operations, the rating of clients' credit risk, the impact on clients' ability to conduct business and repay debt, ensuring that clients comply with legislation affecting their business and Nedbank's zero tolerance of non-compliance. In addition, it helps to position us strategically to be able to fund future business opportunities that may arise as a result of the requirements of a developing regulatory framework.

## RESPONSIBLE INVESTMENT FOR SUSTAINABLE SUCCESS

In 2012 Nedbank Group adopted the Old Mutual Group Responsible Investments standards. Nedgroup Investments now participates in the Old Mutual Group Responsible Investment Committee (RIC), which reports into the Group Responsible Business. Our aim is to integrate environmental, social and governance criteria into all our investment-making decisions, in line with the Old Mutual commitment to the United Nations Principles For Responsible Investment (UNPRI) and the Codes for Responsible Investment SA (CRISA). We are also actively encouraging our Best of Breed™ partners to adopt and comply with the CRISA.

## RESPONSIBLE LENDING FOR SUSTAINABLE SUCCESS

As one of the leading providers of project finance in SA, Nedbank Capital reviews all potential project finance transactions for environmental and social compliance with Equator Principles, IFC performance standards and legislation. The business has adopted a highly integrated and proactive approach to compliance. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project financing. We were the first African bank to adopt the Equator Principles in November 2005.

The risk categories of the Equator Principles are broadly defined as follows:

- Category A: High Risk - Projects with potentially significant adverse social and/or environmental impacts that are diverse, irreversible and/or unprecedented.

- Category B: Medium Risk - Projects with potentially limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- Category C: Low Risk - Projects with minimal or no social and/or environmental impacts.

A total of 15✓ transactions that comply with the Equator Principles (per risk category) had their first drawdowns in 2012.

This is a significant increase on previous years and the result of a number of interconnected factors, including the establishment of a focused Oil and Gas Team within Resource Finance, which has contributed to a number of new finance opportunities/projects. The completion of a number of project finance transactions, particularly within the renewable-energy sector (many of which had previously been delayed), also contributed to the increase.

### Total Equator Principles deals 2007 - 2012

	2012	2011	2010	2009	2008	2007
Total number of deals - first drawdown	15✓	2	1	5	4	13
Category A	6	1	-	1	1	5
Category B	9	1	1	3	3	4
Category C	-	-	-	1	-	4
Total value of deals (US\$m)	938	172	25	174	84	239

## CASE STUDY

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NEDBANK CAPITAL

# Sustainable Business Awards

Extending its leadership role in sustainability, Nedbank Capital introduced a new set of awards that will recognise companies' and individual leadership contributions towards sustainable business practices in Africa, with the first awards ceremony in May 2013. Called the Nedbank Capital Sustainable Business Awards,

the awards have been conceptualised off the back of the successful Nedbank Capital Green Mining Awards which ran from 2006 to 2011, and broaden the scope to embrace the progress that is being made in sustainable business practices in a variety of industries throughout Africa.

### SUSTAINABILITY AWARENESS AND POLICY ACKNOWLEDGEMENTS

In 2012, as part of the Nedbank Harvard Business School Case Study, we participated in a Sustainability Culture and Leadership Awareness (SCALA) survey. This survey aligns to the Barrett and Nedbank Staff Survey, but provides a more detailed assessment of the current state of leadership and corporate culture underpinning our four focus areas of sustainability. Overall, our ratings were very strong.

Feedback included:

- Our leaders were rated as very knowledgeable both about the industry and about sustainability and are believed to be incorporating sustainability criteria into their decisionmaking. However, sustainability communication and education throughout the bank could be improved.
- We have integrated sustainability into our systems. However, the link between sustainability and compensation and rewards could be strengthened.
- There is a need for more cross-cluster collaboration and conflict resolution.
- Managing change, both small and large scale, is a strength.
- There is a reluctance to challenge the status quo, which could impact on innovation.

The corporate culture strongly supportive of continued success of setting and meeting sustainability goals.

To ensure consistency of vision and understanding by all our staff, we require our employees to confirm that they fully understand our sustainability objectives and commitments. In addition, each employee is required to acknowledge annually that he or she has received, read and understood all relevant social and environmental policies.

At the end of 2012:

- 93% of employees had formally acknowledged the Nedbank Group Environmental Policy;
- 93% of employees had formally acknowledged the Nedbank Group Code of Conduct;
- 80% of employees had formally acknowledged the Nedbank Group Code of Ethics; and
- 91% of employees had formally acknowledged the Nedbank Group Fraud and Corrupt Activities Policy.

The results of the 2012 Carbon and Sustainability Awareness Survey showed that staff's understanding of and commitment to environmental sustainability in the group continues to improve. The responses to a number of new questions and statements were also very positive with on average 98% of our staff feeling that, as a bank, we are a responsible and proactive corporate citizen committed to enhancing sustainability awareness, addressing climate change and positively influencing environmental sustainability within our own operations and through our lending.

Details of other surveys conducted with staff are included in the cultural sustainability section.

### STAKEHOLDER ENGAGEMENT

In achieving and entrenching its integrated approach to sustainability, Nedbank Group takes a highly collaborative approach, ensuring maximum interaction with, and input by, all its stakeholders. Our primary stakeholders are outlined in our vision.

For Nedbank Group, stakeholder engagement involves far more than merely communicating to our various stakeholder groups. We regard all our stakeholders as partners with our organisation and make every effort to use the engagement we have with them to provide full disclosure, deepen our relationships, influence attitudes and behaviours – particularly around sustainability, and afford them opportunities to provide us with valuable input and feedback that will help us to grow and strengthen our business.

The Nedbank Group Executive Committee holds overall responsibility for the group's stakeholders, however, the various business units and divisions of the organisation are empowered to maintain inclusive, mutually beneficial relationships with their stakeholders and to be proactive in engaging with them in a transparent and ongoing manner.

The following tables provide an overview of Nedbank Group's stakeholder engagements for 2012, highlights the key matters for attention identified by the various stakeholder groups, and offers a brief explanation of Nedbank Group's response:



## STAFF

<b>Why we engage with our staff</b>	To ensure that we remain an employer of choice by providing a safe, positive and inspiring working environment. To understand and respond to the needs and concerns of our staffmembers. To provide staff with strategic direction and pertinent information regarding group activities.
<b>Why our staff engage with us</b>	To provide us with feedback and pertinent information that can help us improve their working environment and experience.
<b>Frequency of engagement</b>	Ongoing and daily engagement at all levels of the organisation. As required by staffmembers.
<b>Specific 2012 engagements</b>	In addition to the regular communication that takes place with direct managers and teams through a range of interactive channels, specific employee engagements included: <ul style="list-style-type: none"> <li><input type="checkbox"/> Group Exco communication sessions</li> <li><input type="checkbox"/> Surveys: Barrett Culture Survey and Nedbank Staff Survey</li> <li><input type="checkbox"/> Nedbank results presentations</li> <li><input type="checkbox"/> Chief Executive and cluster head roadshows at a national and SADC level</li> <li><input type="checkbox"/> Regular electronic and printed newsletters</li> <li><input type="checkbox"/> Cluster and group recognition functions culminating in an international trip for Top Achievers</li> </ul>

HOT TOPICS	RESULTING DEVELOPMENTS
Strength of personal relationships across the group to leverage growth opportunities	Transformation dialogues, diversity training and the LFDG programme have all aided in addressing this concern.
Growth and development, including mentoring for young employees	In addition to the Nedbank Graduate Programme and learnerships, the Coaching for Growth Programme was rolled out further and Nedbank academies were implemented. A total of 14 new internal coaches are being accredited through the International Coaching Federation (ICF) to assist with the further development of staff.
Gender advancement	We remain focused on gender equity and advancement of women in the workplace. Numerous initiatives, including sessions with our female senior managers and some high-potential middle managers were held so that we can better understand the challenges facing women wishing to advance into more senior roles.
Work/home life balance	We have seen an increase in the uptake in flexiwork practices, Wellness Days were implemented to raise awareness of the importance of a healthy lifestyle and work/life balance.
Focus on Innovation	A formal idea generation platform incorporating social media principles was introduced for staff. In 2012 almost 1 400 ideas relating to innovation were logged and are now part of a formal innovation pipeline.
Strategic communication	A staff website was launched for our Chief Executive, Mike Brown, in order to increase strategic communication with employees. Face-to-face sessions with the group executive were also held and roadshows in the regions.

## FROM OUR STAKEHOLDERS

'There are so many positives in terms of Nedbank being a great place to work. The ethics, respect and the deep green aspirations are publicly expressed and self-development is up to each individual - the opportunities are there for the taking!'

**Nedbank staffmember**




'I am a result of Nedbank's succession planning and I firmly believe we promote from within and have a sound staff development programme in place. It is a privilege for me to call myself a Nedbanker.'

**Nedbank staffmember**



'I love the values that Nedbank believes in as an organisation as this resonates with my own values and beliefs.'

**Nedbank staffmember**



'We are treated as individuals and don't feel threatened by changes taking place.'

**Nedbank staffmember**



'Nedbank takes care of its employees.'

**Nedbank staffmember**

## CLIENTS

<b>Why we engage with clients</b>	<p>To gain a better understanding of the financial services needs of our clients and their perceptions, behaviour, attitudes and mindsets.</p> <p>To provide appropriate advice and solutions to meet our clients' identified financial needs.</p> <p>To ensure that the high service level expectancies of all our clients are met.</p> <p>To ensure accuracy of personal information.</p>
<b>Why clients engage with us</b>	For access to financial products and services and for advice to achieve a desired outcome for themselves, their families, their businesses, and their communities.
<b>Frequency of engagement</b>	Dependent on client needs and identified sales, service or guidance opportunities.
<b>Client engagements in 2012</b>	Interactions through branch outlets, relationship managers and call centres, complaint lines, client seminars, surveys, social media, and marketing and advertising activities.


## HOT TOPICS      RESULTING DEVELOPMENTS

Holistic understanding of client's businesses	<p>We actively match the skills of our bankers to client needs.</p> <p>We ensure that our clients have access to specialists when needed.</p> <p>Significant investment is made in training of our people.</p> <p>This is executive oversight of client relationships.</p>
Multiple brands in the high-net-worth segment	The high-net-worth brands have been consolidated into a single distinctive international proposition: Nedbank Private Wealth.
Seamless wealth management solutions	Nedbank Private Wealth clients, both in SA and internationally, now have access to enhanced and integrated wealth management solutions.
Turn-around times on lending decisions	We have significantly streamlined our credit processes to make decisions faster while maintaining the integrity and diligence of the process.
Onboarding process and take up of new products	<p>We have simplified the client onboarding process including the prepopulation of forms, and where required we ensure regional coordination.</p> <p>We undertook biometrics, Paperless Signature pad and Verifone functionality has been deployed and rolled out to all branches in 2012.</p> <p>Contact centre rationalisation of more than 513 numbers for clients to access our contact centre services and have simplified the call routing process.</p>
Access to working capital requirements for small to medium enterprises	We launched a new client value proposition including preassessed credit facilities.
Banking Fees	We strive to provide great-value banking and have saved clients R163m through promoting the use of bundled products.

## FROM OUR STAKEHOLDERS

'Nedbank staffmembers have been attending to our request to move our business over to Nedbank. Our requests are handled timeously, with interest shown in our business and its needs. The solutions they are building will not only favour our business, but also the personal accounts of the directors and staff.'

**Business Banking client**




'We've been helped to overcome a business hurdle through a Nedbank solution and this has restored the trust between us and Nedbank Corporate.'

**Nedbank Corporate client**



'MFC is always prepared to negotiate and ensure that the interests of our clients are of upmost importance during the debt mediation process.'

**Nedbank Retail client**



'I look forward to experiencing the products and service promised by the new association as a client of Nedbank Private Wealth.'

**Nedbank Wealth client**

## SHAREHOLDERS AND INVESTMENT ANALYSTS

<b>Why we engage with shareholders and investment analysts</b>	To provide relevant, timeous information to current and future shareholders, who are the suppliers of capital to us. To keep shareholders and the investment relations community informed at all times, to ensure that our shares trade at a fair value. To ensure that our image, and the trust placed in us by shareholders, continues to improve, thereby minimising the potential for reputational risk.
<b>Why shareholders and investment analysts engage with us</b>	To gain in-depth understanding of group strategy (potential) and financial performance. To obtain material information timeously to ensure that the group is correctly valued. To consider and assess Nedbank Group as an investment (new investors).
<b>Frequency of engagement</b>	Formally, four times a year at the release of year-end, half-year, first- and third-quarter trading results. On an ad hoc basis as requested by the media, analysts and investors during non-closed periods. Four (or more) broker-hosted conferences every year. Nedbank-initiated investor days (once or twice a year).
<b>Specific engagements in 2012</b>	Retail Investor Day. Annual and interim results announcement and roadshow. RMB Morgan Stanley's Basel III Conference. Bank of America-Merrill Lynch BAML 13th Annual Sun City Conference. SBG Corporate and Investment Banking (CIB) Conference. UBS Transactional Banking Pricing War Conference. Deutsche Bank Global Emerging Markets (GEMs) Conference. UBS 15th Annual SA Financial Services Conference. Investec SA Chief Executive Officer (CEO) Conference. HSBC conference: Game changers. More than 375 individual meetings with shareholders and analysts.

Nedbank Group regularly engages with its holding company, Old Mutual Group, to ensure alignment of policies and methodologies, the effective capturing of synergies and leveraging of opportunities.

## HOT TOPICS

## RESULTING DEVELOPMENTS

Unsecured lending	Personal loan book growth slowed down in H2 2012. The portfolio impairment charge strengthened. Selective risk-based origination enabled our client's financial fitness.
Bank fees	We kept increases below inflation We provided bundled benefits for clients (R163m in 2012). We simplified pricing and communication.
Impact of deteriorating environment	We managed our expenses well, with growth at 8,5% (2011: 14%). Increased portfolio impairment charge and strengthened coverage. Capital ratios and liquidity positioning strengthened
Progress on Nedbank Retail	Refer to Supplementary Operational Overview information online. We gained a significant amount of new clients, achieved higher cross-sell ratios, continued investment in the footprint, introduced new innovative CVPs and products, and continued proactive risk management.
Potential for further return on equity	Improvements were experienced across all key performance indicators. A sustainable approach was maintained by continuing to invest for future growth and strengthening the balance sheet.

## FROM OUR STAKEHOLDERS

'Nedbank is delivering on its strategic focus areas - Retail repositioning, NIR growth and portfolio tilt.'




'A strong set of results.'



'Personal loans should be closely monitored.'

'FirstRand and you appear to be winning in SA banking.'

'We are trying to figure out which bank will be most successful going forward.'



'We are happy shareholders - we made a non-consensus call to buy and have been duly rewarded.'

## REGULATORS

Nedbank's primary regulator is the Registrar of Banks in the Banking Supervision Department of the South African Reserve Bank (SARB). Other regulators include the Financial Intelligence Centre (FIC), JSE Ltd (the JSE), the Financial Services Board (FSB) and relevant offshore and African subsidiary country regulators.

<b>Why we engage with the regulators</b>	To maintain open, honest and transparent relationships with regulators and ensure compliance with their legal and regulatory requirements, thereby retaining our various operating licences and minimising our operational risk.
<b>Why the regulators engage with us</b>	To ensure regulatory compliance and to promote the soundness of the domestic banking and financial system thereby contributing to its financial stability.
<b>Frequency of engagement</b>	Daily, weekly, quarterly and as required.
<b>Specific engagements in 2012</b>	These include various forums, from trilateral meetings with the board and management including one-on-one discussions with various executive officials at prudential meetings to onsite meetings.

HOT TOPICS	RESULTING DEVELOPMENTS
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Implementation and impact of Basel III Regulations relating to Banks in 2013	We achieved compliance for Basel III on 1 January 2013 and we are well placed to comply with the impact on increased capital and liquidity requirements.
Increased focus on consumer protection such as Twin Peaks regulation, Consumer Protection Act and Protection of Private Information Act.	We are well on track with our preparation for the new regulatory regime of Twin Peaks.
Solvency Assessment and Management (SAM) regime for the South African Insurance Sector	Nedgroup Insurance remains well capitalised and is on track to implement SAM.
Unsecured lending	We continued to work with the SARB and the National Treasury to give effect to a policy of responsible lending.
African strategy	We are adopting a risk-mitigated, capital-efficient, longer-term strategic approach.
Resolution and recovery planning	As part of our commitment to sustainable operations at every level, Nedbank operates a clearly defined enterprisewide risk management framework. This includes a comprehensive ICAAP that includes an ILAAP that facilitates the measure of capital and liquidity adequacy, based on our risk profile, financial, liquidity and capital positions. There is also a comprehensive stress and scenario testing framework.

## FROM OUR STAKEHOLDERS

Other than normal housekeeping issues, no major concerns were raised by the SARB Banking Supervision Department (BSD) during 2012.

No issues of significance were raised by regulators in the countries in which Nedbank foreign subsidiaries operate.



## COMMUNITIES INCLUDING SOCIAL AND ENVIRONMENTAL, NON-GOVERNMENTAL ORGANISATIONS

<b>Why we engage with communities</b>	<p>To create partnerships that best facilitate our integrated sustainability activities.</p> <p>To obtain input from communities and representative non-governmental organisations (NGOs) regarding key focus areas.</p> <p>To obtain input from environmental experts to ensure that our operations are environmentally responsible.</p> <p>To create awareness of our integrated sustainability commitment and initiatives.</p>
<b>Why communities engage with us</b>	<p>To secure funding and partner on common social and environmental issues.</p> <p>To collaborate in a way that furthers social and environmental agendas for the greater good.</p>
<b>Frequency of engagement</b>	Ongoing – as partnerships dictate or stakeholder needs require.
<b>Specific engagements in 2012</b>	
Nedbank Foundation	Education was the main focus for the year, with engagements primarily year focused on partnering with departments of education, schools and education NGOs.
WWF-SA	<p>The Green Trust contract was renegotiated.</p> <p>We celebrated the one-year anniversary of the WWF Water Balance Programme.</p> <p>Our partnership with the WWF on Sustainable Agriculture was confirmed.</p>
<b>Other entities that have supported Nedbank on its sustainability journey in 2012 include</b>	<p>Cambridge Programme for Sustainable Leadership – engagements included work on a long-term strategy and thought leadership programme.</p> <p>Sustainability Institute – engagements included unpacking the SANS 10 400 guidelines for homeowners, developers and architects and better understanding the carbon, water and energy risks of our lending book.</p>

## HOT TOPICS

## RESULTING DEVELOPMENTS

Support for the National Development Plan (NDP)	We are committed to proactively shaping a sustainable future for SA that benefits all of its citizens. Our Vision 2030 aligns with the NDP and sees a prosperous SA that has successfully addressed its critical socioeconomic challenges by 2030. Our strategic response, Fair Share 2030 will see us contribute towards this transition to prosperity and sustainability.
Funding of transformation imperatives	To be a truly sustainable business, we recognise that we should make a lasting and valuable contribution to the socioeconomic transformation of our country. We continue our efforts to accelerate transformation – both within our organisation and in the greater SA context.
Allocation of socioeconomic spend	In 2012 we allocated R116m (2011: R89m) in support of 584 socioeconomic development or social sustainability initiatives in all nine South African provinces. This was mainly in the areas of education (> 50%), welfare, community development and the environment.
Funding of coal-related projects	We play an intermediary role in this issue, which demands a delicate balance between meeting current energy needs and ensuring a sustainable future as it relates to energy security. A carbon-constrained future will demand that many industries radically transform, but the transition must be orderly and logical. We are committed to doing our part to help meet the energy demands of SA today, while moving the country towards a renewable-energy future.

HOT TOPICS	RESULTING DEVELOPMENTS
Funding of green innovations/ companies	Collaboration is one of the cornerstones of our sustainability approach and we proactively look for opportunities to work with, or fund, companies involved in green development or innovation. We do, however, have to balance our attraction for environmental partnerships with a realistic consideration of these companies' economic sustainability realities.
Driving awareness/encouraging behaviour change:	Given our extensive reach through stakeholders such as clients and suppliers we act as a catalyst for behaviour change and sensitisation in terms of social and environmental issues.
<input type="checkbox"/> Financial education and advice <input type="checkbox"/> Sustainability education <input type="checkbox"/> Paper usage/wastage	<p>Our reputation for holistic consumer education is well established. At a business level, advice and education are at the heart of our enterprise development approach, which includes a variety of business guidance programmes, incubators and business development initiatives, designed to transfer essential skills.</p> <p>Our Greening your Business Programme continues to be well supported by organisations of all sizes seeking to undertake or enhance their sustainability journeys.</p> <p>At a local community level, we conduct extensive consumer financial and banking education programmes. We continue to extend our Caring for Communities Programme, which helps impoverished communities understand the value of sustainable initiatives and implement such initiatives for the benefit of individuals and families.</p> <p>While paper is only 2% of our total footprint, we understand that it is a visible part of banking with us. We remain committed to reaching our target of a 10% reduction in paper usage despite an increase of 4,3% in 2012. As such we have:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> stepped up efforts to reduce the amount of paper used in our application and product process - more than 9 600 boxes of paper have been saved through this work alone;</li> <li><input type="checkbox"/> encouraged clients to switch to electronic statements; and</li> <li><input type="checkbox"/> worked on our client data to eradicate duplication. This process is ongoing.</li> </ul>
Graduate unemployment	We partnered with the South African Graduate Development Association (SAGDA), to fund the placement of unemployed graduates at government departments for internship programmes. This will empower the graduates and provide capacity to the public sector.

## FROM OUR STAKEHOLDERS

'I'm happy to see Nedbank T-shirts here, because they are doing a lot of positive stuff in education.'

**Enver Surty,**  
Deputy Minister of Education



'Nedbank is really involved in the communities, especially with the schools. There is a positive change we see from our learners - their results show improvement.'

**Educator**

'The relationship has been very positive and has grown in strength over the past year. There is still work to be put into this relationship to grow understanding and respect for what we can achieve together.'

**Deon Nel,**  
Head of Biodiversity, WWF-SA

## GOVERNMENT

<b>Why we engage with government</b>	<p>To build and strengthen relationships with government, both as a partner in the development of the country and as a current or potential client.</p> <p>To provide input into legislative development processes that will affect our activities and operations.</p> <p>To reaffirm our commitment to public sector business development through proactive interaction with government.</p> <p>Visibly participate in, and be a partner to, the transformation of SA and the financial sector.</p>
<b>Why government engages with us</b>	Nedbank Group is a key role player in driving the economic, social and environmental upliftment of the country.
<b>Frequency of engagement</b>	Monthly or as deemed necessary by either party.
<b>Specific engagements in 2012</b>	<p>The Nedbank/Nepad Business Forum.</p> <p>Political engagements such as the Centennial Celebrations in Mangaung.</p> <p>The ANC Policy Conference.</p> <p>53rd ANC Conference in Mangaung.</p> <p>Support for the Western Cape Government's 110% Green campaign.</p> <p>Support for the 'Business meets Cabinet' initiatives.</p> <p>Over 250 Nedbank Group executives and staffmembers, who interact with senior government officials, were trained in state protocol by the Department of International Relations and Cooperations in 2012. This training has ensured that we are equipped to interact and engage effectively with the public sector.</p>

## HOT TOPICS

## RESULTING DEVELOPMENTS

Participation by SA's corporates in the National Developmental Plan (NDP) 2030	Our Fair Share 2030 project demonstrates how we will actively contribute to the NDP.
The state of SA's education and the role the private sector can play in improving this	Our 'whole-school' approach is positively contributing to the country's education challenges.
Socioeconomic justice and labour unrests in the South African economy	<p>We focused on job creation and enterprise development during 2012 with numerous successes including:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> R5m invested in enterprise development to assist emerging black small and medium enterprises through training, business mentorship, incubators and flexible lending structures. This support benefited 2 503 entrepreneurs and enabled the creation of 612 jobs;</li> <li><input type="checkbox"/> Initiation of the Small Business Friday campaign and sponsorship of the Business Accelerator programme to increase awareness and drive consumer traffic to small businesses; and</li> <li><input type="checkbox"/> A focus on access to finance (including financial literacy) and empowerment financing - both of which are important levers to help address this issue.</li> </ul>
Other notable 2012 successes in terms of our relationship with national, provincial and local governments included the following	<ul style="list-style-type: none"> <li><input type="checkbox"/> Reappointment as banker to the Western Cape Government; and</li> <li><input type="checkbox"/> Our appointment by Ekurhuleni Metro to manage its sinking fund, which is intended to redeem its debt up to 2024.</li> </ul>

## FROM OUR STAKEHOLDERS

'We are impressed with the part Nedbank plays in the community, especially in the education sector. It is only through education that we can uproot poverty forever.'

**Ms Angie Motshekga,**  
Basic Education Minister



'As a socially conscious corporate, Nedbank has illustrated its commitment to the development of South Africans from all walks of life through its various initiatives such as the Nedbank Cup.'

**Mr Fikile Mbalula,**  
Minister of Sports and Recreation

## MEDIA

<b>Why we engage with the media</b>	To leverage the media as a channel to communicate with relevant stakeholders and broader public.  To proactively position Nedbank Group as a thought leader, the bank of choice for all South Africans, a responsible corporate citizen and the most transformed leader in the financial services sector.
<b>Why the media engages with us</b>	To educate and inform their audiences of developments in the financial services sector, adding the Nedbank Group voice to public debate.  To be informed about Nedbank Group's contribution to the South African economy and the banks products and services.
<b>Frequency of engagement</b>	Daily, in response to business-related media queries.  As required in response to our various business and sustainability initiatives.
<b>Specific engagements in 2012</b>	Quarterly Group Exco breakfasts to which media are invited.  Launches of various Nedbank products and services including Nedbank App Suite™, Small Business Fridays™, MyFinancialLife™, branch openings, SAA Voyager Card, etc.  Interviews with key business media on relevant reporting dates.  Daily telephone and email interaction regarding media enquiries.


## HOT TOPICS

## RESULTING DEVELOPMENTS

Chairman's Statement in the 2012 report	While this raised lots of media attention, in general media welcomed the discussion on leadership and its role in moving our country forward.
Banking fees	We strive to provide great value banking products and have saved clients R163m through promoting the use of bundled products.
Cycling sponsorship doping scandal	Our sponsorship of professional cycling team, Team 360Life, was suspended following the adverse analytical finding in one of the samples taken during a random out-of-competition test of one of the team riders. We have zero tolerance towards the use of any banned substances or performance enhancing drugs and do not condone or support such use in any sport.
Role of banks to support SA's social challenges:	We continue to work tirelessly to accelerate transformation both within our organisation and in the greater South African context. The social sustainability section of this report details our efforts and many successes in this regard, all of which have been communicated in detail to the media.
<input type="checkbox"/> Job creation <input type="checkbox"/> Skills development <input type="checkbox"/> Enterprise development	

## FROM OUR STAKEHOLDERS

'Good deals, innovation, winning public and media praise.'



**Member of media**



'Nedbank's retail strategy has paid off by delivering strong interest income.'

**Member of media**



## SUPPLIERS AND CONTRACTORS

<b>Why we engage with suppliers and contractors</b>	<p>To seek products or services required for conducting our business through formal or informal processes.</p> <p>To maintain an ideal and timeous supply of goods and services for our operations.</p> <p>To help suppliers ensure their own sustainability through education and development, the funding of requirements (through Business Banking), early-payment terms and other support.</p> <p>To encourage responsible practices across our supply chain (BEE, local procurement, supplier conduct and environmental considerations).</p> <p>To advise of any changes in legislation that may impact the relationship and the way the procurement process works.</p> <p>To conduct any investigations into impropriety, unethical behaviour or service/performance concerns.</p>
<b>Why suppliers and contractors engage with us</b>	<p>To provide a product or service we require.</p> <p>To negotiate pricing and contracts.</p> <p>To ensure reciprocity.</p> <p>To promote new products and service offerings.</p> <p>To respond to tenders.</p> <p>To communicate challenges experienced with delivery of services.</p> <p>To obtain input into their sustainability practices.</p>
<b>Frequency of engagement</b>	Ongoing, as required.
<b>Specific engagements in 2012</b>	<p>Ongoing interaction with suppliers and contractors for procurement purposes.</p> <p>Supplier education workshops, indabas, fairs (eg travel and stationery).</p> <p>Quarterly newsletter on sustainability matters.</p> <p>One-on-one negotiations and meetings.</p>

<b>HOT TOPICS</b>	<b>RESULTING DEVELOPMENTS</b>
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BEE fronting	Full investigations into possible incidents of fronting resulted in the removal of four suppliers.
Various environmental and social sustainability and governance issues relating to supplier inclusion	We enhanced our vendor onboarding system to include questions on environmental performance, local procurement and anti-corruption.
Pricing, payment terms and service delivery	<p>Protection of personal information processes and Code of Conduct changes were refined.</p> <p>An e-invoicing system has been introduced to streamline payments of vendors.</p> <p>Special payment terms of seven days are adhered to for small businesses.</p> <p>A full due diligence process is completed before suppliers are onboarded.</p>

## BUSINESS PARTNERS AND INDUSTRY BODIES

Business partners and industry bodies, including our black business partners (BBPs), the Wiphold and Brimstone Consortia, The Banking Association SA and the National Business Initiative.

<b>Why we engage with these stakeholders</b>	<p>To continue learning through interaction with the industry and cross-sectorial organisations.</p> <p>To leverage and build our strategic business partnerships for the maximum benefit of all our stakeholders.</p> <p>To use business associations as a forum to promote our viewpoints on key industry issues.</p>
<b>Why these stakeholders engage with us</b>	For the purposes of mutually beneficial learning and to influence and/or promote common agendas.
<b>Frequency of engagement</b>	As required or dictated by performance contracts and association or partnership membership agreements.
<b>Specific engagements in 2012</b>	<p>Quarterly meetings with our BBPs in terms of performance contracts.</p> <p>Monthly meetings with various industry bodies.</p>

## HOT TOPICS

## RESULTING DEVELOPMENTS

### BBPs

Closer partnerships between us and BBPs in corporate social investment (CSI) activities	Joint participation in CSI, such as the Lusikisiki Hippo Roller project and Habitat House Build, with Wiphold.
Greater involvement by BBPs in our applied academic programmes.	Both of our BBPs were included as panellists on the Nedbank applied academic programmes and participated in transformation dialogues.
Provision of access to our shareholder database and underlying investee companies	Imbizos have remained successful, with BBP acquisition targets exceeded at some sites.
More revenue generation opportunities through referrals and collaboration	Continued success in banking referrals, which convert to revenue and annuity income in some instances.

### Industry associations

Regular engagements with industry bodies, in relation to legislative and regulatory developments, sustainable finance, carbon development and energy efficiency.	
Social and Environmental Risk	We have contributed to the development of Sustainability and Social and Environmental Risk Training for Banks.
National Waste Management Strategy	<p>We are exploring ways of leveraging opportunities to help develop SMEs.</p> <p>Risks such as lender liability have been mitigated through the enhancement of group credit policies.</p>

## FROM OUR STAKEHOLDERS

'Our relationship with Nedbank has been a very open and transparent one, underpinned by trust and communication. We can, at any time, make a call to Nedbank and access the relevant people and teams we need to speak to. We have learnt many of the banking disciplines from Nedbank and have applied these practically to many of our other investments. Our interactions with the Capital and Risk and Audit Committees have been invaluable learning experiences for us.

The relationship has been mutually beneficial.'

**Mustaq Brey, CEO, Brimstone**



'We have the sense that the relationship is taken seriously and valued - not just by the CEO and Exco, but also by the relationship managers and various people we interact with in the business. We also believe that the value that we have added, and will continue to add, to Nedbank is substantial.'

**Gloria Serobe, CEO, Wiphold**

## UNIONS

<b>Why we engage with the unions</b>	To maintain a good working relationship with both SASBO and IBSA. To obtain approval, or consensus, on any decisions or projects that may result in changes in working conditions or in our operational requirements.
<b>Why the unions engage with us</b>	To represent the interests of union members who are Nedbank Group employees or members of the bargaining unit.
<b>Types of engagement</b>	Group Human Resources manages labour relations with the unions on an ongoing basis.  We consult on any changes in working conditions, restructuring of the business and performance management issues.  Consultations also take place on the resolution of alleged unfair labour practices to ensure the fair and equitable treatment of staff.
<b>Frequency of engagement</b>	Annual salary negotiations.  Formal monthly consultations.  Ongoing consultations or meetings as required by unions or as a result of business changes or projects.
<b>Specific 2012 engagements</b>	Annual salary negotiation.  Monthly consultation meetings.

## HOT TOPICS

Business restructuring exercises

## RESULTING DEVELOPMENTS

Consensus was reached with all unions on business changes and the impact of these on staff who are union members or members of the bargaining unit.

## FROM OUR STAKEHOLDERS

IBSA gives recognition to Nedbank management for not retrenching staff and taking every effort to retain and redeploy staff given the high unemployment figures in SA, and difficult economic conditions.



'Our congratulations go to Mike Brown and his team and all staffmembers for winning the Best Bank in SA 2012 Euromoney Award.'

### SUSTAINABILITY CREDENTIALS INDICES

- Dow Jones World Sustainability Index** - This index is the world's premier performance benchmark for companies in terms of corporate sustainability. Nedbank is included for the eighth year and is one of only 25 banks worldwide and five companies with primary listings in SA to be included on the index 2012: 82% (2011: 80%);
- The JSE Socially Responsible Index** - included since 2004;
- The Global 1 000 Sustainable Performance Leaders Index** - ranked 284th (third highest SA company);
- The South African Carbon Disclosure Project**; and
- The Nedbank Green Index.**

### NEDBANK IS REPRESENTED ON/A SIGNATORY TO:

- The UNEP FI African Task Force;
- The UNEP FI Banking Commission;
- The UNEP FI Social Issues Advisory Group;
- The UNEP Biodiversity and Ecosystem Workstream;
- The United Nations Global Compact Advisory Committee;
- The United Nations Global Compact - CEO Water Mandate;
- The National Business Initiative Advisory Committee on Climate Change;
- The National Energy Efficiency Accord and Leadership Network Pledge;
- The Banking Association SA: Sustainable Finance Committee;
- The Equator Principles;
- Association of Ethics Officers in Africa; and
- OECD Financial Sector Mapping Advisory Group.

# Environmental Sustainability

'While Nedbank Group enjoys a well-established reputation for caring for the environment, we remain acutely aware that, to be truly effective, sustainability must not only deliver environmental benefits – it must also impact positively on people, communities, the economy, and the future of the country as a whole.'



Mike Brown  
Chief Executive: Nedbank Group

## Well-established reputation for environmental awareness, investment and **action**

We have a well-established reputation for environmental awareness, investment and action. But while our green credentials offer evidence of our commitment to caring for the environment, we believe that effectiveness in environmental sustainability requires an approach that also delivers positive social and economic consequences for SA and its people.

To this end we strive at all times to take an innovative and collaborative approach to environmental sustainability, thereby ensuring that we not only have a positive impact on the environment, but also remain a competent enabler and facilitator of financial and investment opportunities within the green space.

### RESPONDING TO ENVIRONMENTAL RISKS AND OPPORTUNITIES

Currently there is an unprecedented number of risks that have the potential to impact on the future of the planet and its people:



Fuel and energy costs are steadily rising and becoming more volatile and unpredictable owing to supply and production uncertainties;



Material resources are becoming increasingly scarce, causing more damaging extraction practices;



Water scarcity is developing into one of the greatest threats to mankind, limiting growth potential and impacting on energy and food security;



The world's population has reached the 7bn mark, with another 2bn people expected to be added by 2050;



Food security is on the decline, with the effect on prices anticipated to be a 70% to 90% increase by 2030;






The stability and sustainability of ecosystems are declining; and  
Deforestation continues unabated.

While each of these risks, or megatrends as they are also known, is significant in and of itself, their potentially negative sustainability impacts are exacerbated by the fact that they are inextricably interconnected – forming a complex and unpredictable system in which a change in one can have an amplifying effect on the others.

The countries regarded as being most vulnerable and least prepared to deal with these risks are those with emerging and/or rural economies. This is of particular interest to us, as the majority of our business is generated in SA and we are actively expanding into the rest of Africa.

We recognise all these interconnected risks, and acknowledge our responsibility to help address them through our integrated sustainability commitment. We also understand that many risks can be transformed into opportunities, which is why our approach to mitigating the primary risks relevant to our organisation includes identifying the prospects they present for us and our stakeholders.

These risks, and the impacts and opportunities they present, are as follows:

KEY RISK	IMPACTS	RESPONSES AND OPPORTUNITIES
 <p><b>Energy security</b></p> <p>Over the next decade, SA will move from being the cheapest producer of electricity to the most expensive. The majority of these costs are being passed on to the public and businesses, ie our clients. The implications of this for SA's economic future, and in particular, its attractiveness to foreign investors, are significant. We are conscious of our role in addressing this challenge.</p>	<p>Economic challenges;</p> <p>Political uncertainty;</p> <p>Resource instability; and</p> <p>Price increases.</p>	<p>Our continued achievement with regard to energy efficiency within our operations tangibly contributes to addressing the country's energy challenges.</p> <p>Through 'learning by doing' we are able to offer guidance to our clients and other stakeholders as they strive for more energy efficient operations.</p> <p>We provide input into regulatory developments to ensure that legislation accommodates all stakeholder interests where possible.</p> <p>Our renewable-energy investments are the fastest growing of all sectors in the investment bank arena, evidence of our commitment to helping transform SA's energy mix.</p>
 <p><b>Water security</b></p> <p>Virtually every study performed on water security globally has noted the correlation between political/social instability and water scarcity. We feel that in SA corporate leadership is required to ensure our water security is protected to prevent a general impact on our economy.</p>	<p>Health risks;</p> <p>Reduced crop yields/food shortages;</p> <p>Economic stagnation and decline;</p> <p>Water restrictions; and</p> <p>Price increases.</p>	<p>We have adopted a comprehensive water stewardship programme aimed at helping to address the three critical issues of water scarcity, water quality and access to water. A significant element of this strategy includes the financing of sustainable water infrastructure development projects across SA.</p> <p>As an acknowledgment of the important role water security plays in securing economic growth we invested in the WWF Water Balance Programme. A year into the programme results include the clearing of 131 ha of invasive alien plants, the release of 271 000 kl of water back into the ecosystem and the creation of 12 366 workdays.</p> <p>Our Social and Environmental Management System (SEMS) includes high-level questions focused on identifying water security risks and raising awareness.</p> <p>Through the Green Affinity, we and our clients support a number of Green Trust-financed projects aimed at addressing issues of water availability, quality and access.</p>
 <p><b>Food security</b></p> <p>Food prices in SA have increased by 7% over our reporting period, and every African country in which we operate imports all or most of their staple foods. We therefore anticipate that food security in Africa will become a significant limiting factor in our growth initiatives.</p>	<p>Economic decline;</p> <p>Health risks;</p> <p>Food shortages;</p> <p>Price increases;</p> <p>Land use change; and</p> <p>Social unrest.</p>	<p>Given the importance of sustainable agriculture for SA's future, we have partnered with the WWF in its Sustainable Agriculture Programme to gain a better understanding of the challenges it faces and to develop workable, sustainable solutions.</p> <p>Nedbank Business Banking has a formal agriculture structure that offers financial solutions to agricultural clients. Supported by a team of agricultural specialists, we are able to offer customised solutions that not only cater for clients' specific financial requirements, but also help contribute towards longer-term sustainability. In 2012 a total of R35m of black agriculture financing was undertaken to 87 beneficiaries, of which 30 are new clients. While we would have liked to invest more in this sector, efforts were hampered by issues such as uncertainty around the regulatory environment and labour unrest.</p> <p>Through The Green Trust, we have supported a number of innovative initiatives to help transform the SA agricultural marketplace while educating and assisting new farmers in sustainable agricultural practices.</p>



### ENABLING ENVIRONMENTAL SUSTAINABILITY THROUGH PRODUCTS AND SERVICES

In an effort to stimulate green economy activity as well as to leverage the increasing number of environmentally aware investors, both locally and internationally, we are building a range of relevant products. The green products and services we offered in 2012 included:

#### Nedbank Green Savings Bond

The Nedbank Green Savings Bond is a fixed-term investment that offers flexible terms from 18 months up to five years, a competitive rate and guaranteed returns, while contributing to the green economy by assisting Nedbank to fund SA's renewable energy needs. The total Green Savings Bond balance at the end of 2012 was close to R1bn.

#### Nedbank Green Affinity

Our clients can support environmental causes through the Green Affinity simply by choosing to use Nedbank Green Affinity banking, investment or insurance products. We donate money to The WWF-Nedbank Green Trust on behalf of these clients at no cost to them. Nedbank Green Affinity donations to the WWF-Nedbank Green Trust increased by a 47% to more than R12,8m (2011: R8,7m).

#### Nedbank's BGreen Exchange-traded Fund (BGreen ETF)

Following the successful launch of the Nedbank Green Index we also launched Nedbank's BGreen ETF in December 2011. As it is based on the index, it provides a mechanism for environmentally conscious investors to access the Nedbank Green Index. The BGreen ETF had a market capitalisation of R119m at 4 December 2012.

Nedgroup Life also offers the Guaranteed Exchange-traded Fund Plan as part of its Secure Investments portfolio. As this is based on the BGreen ETF and offered through Nedbank Financial Planners, it is another way in which our clients can gain access to the exciting work we are doing in bringing environmentally driven investments to the market.

#### The Nedbank Green Index

The Nedbank Green Index provides an alternative equity benchmark for investors who understand the value of incorporating an environmental dimension into their investment decisions. It is consistent with the growing momentum in SA to incorporate environmental, social and governance (ESG) factors into this process. This is reflected in the latest amendments to the Pension Funds Act as well as the support of the Code for Responsible Investing by Institutional Investors in SA (CRISA) shown by local institutional investors.

#### eStatements

We continue to recommend to our clients that they convert to electronic statements (eStatements). This offering is available to clients with current accounts, cards, home loans, vehicle finance and personal loans. For every current-account client who chooses to convert to eStatements we donate 25 cents to the WWF Nedbank Green Trust. This money is earmarked for the support of projects on the trust's Climate Change Programme.

#### Solar Water Heater Programme

To enable clients to lead a more environmentally conscious lifestyle and to reduce demand on the overburdened electricity grid we have introduced a comprehensive solar water heater initiative, which includes the option for clients to replace burst geysers with solar geysers. The initiative was launched in 2011 and 255 Nedbank clients have used the facility to install affordable solar geysers in their homes or businesses. Nedbank is developing a similar proposition for staff to proactively replace geysers with alternative solutions.

#### Carbon financing

Carbon markets have been through a particularly turbulent time because of continued uncertainty surrounding the long-term international carbon commitments. Given our commitment to driving the green economy our Carbon Finance Unit will monitor developments in this area and respond appropriately.

#### Greenbacks 'green stream'

Our Greenbacks loyalty programme includes a 'green stream' that allows members to redeem loyalty points for goods that are environmentally friendly. To date 473 green products have been redeemed, with a rand value of over R180 000. The Nedbank Greenbacks Programme has grown by 15% year-on-year since inception in 2009 and will introduce small-business redemption offers in 2013 - a perfect platform on which to promote our Nedbank Greening your Business Programme, in partnership with BDFM.

## LEADING THROUGH COLLABORATION

As one of Southern Africa's largest banking groups, we know we have the opportunity and the responsibility to use our influence to encourage others to maximise their positive impact. We therefore work closely with selected partners and interested stakeholders to build a more sustainable business and society. Key partnerships include:

### World Wide Fund for Nature SA

Since we first partnered with the World Wide Fund for Nature SA (WWF-SA) in 1990 to establish The Green Trust, we have enjoyed a close working relationship with the organisation that has unlocked numerous mutual benefits and helped to enhance our contribution to environmental sustainability.

In recent years this partnership approach has again been strengthened through our support of two significant WWF-SA projects:

- In 2011 we committed to a R9m investment, over five years, in support of the WWF Water Balance Programme. The initiative is aimed at clearing alien vegetation at key water catchment areas around the country, thereby ensuring maximum water flow into these vital resource collection areas. A successful 2012 saw the clearing of 131 ha of invasive alien plants, the release of 271 000 kl of water back into the ecosystem and the creation of 12 366 workdays.
- In 2012 we built on our growing portfolio of food security commitments with an R8,3m investment into the WWF-SA Sustainable Agriculture Programme. The project takes a partnership approach to enabling and equipping the country's farmers to become more actively involved in sustainable agriculture practices and more aware of their role as custodians of some of SA's most essential natural resources. In addition, the partnership sees WWF-SA working with our agriculture team for a better understanding of the social and environmental risks and opportunities in this challenging sector.

### Renewable-energy Independent Power Producers Programme

In 2012 we continued our involvement in and commitment to the Department of Energy's Renewable-energy Independent Power Producer Programme (REIPPP). In 2011 Nedbank Capital provided the funding for 33% of the more than 1 200 mW of energy capacity represented by all the bids submitted in the first phase of the REIPPP.

In 2012 phase 2 of the programme was launched and Nedbank Capital was mandated to provide funding and technical input for 39% of the allocated megawatt capacity in this phase.

These projects are predominantly in the solar and wind power categories with one small hydropower project.

Our close involvement with so many participants in the bidding process places us in the privileged position of being able to contribute significantly to the development of SA's renewable-energy future and ensure that it unlocks many environmental, social and economic benefits for the country.

### United Nations Environment Programme Finance Initiative

We were the first SA bank to join the United Nations Environment Programme Finance Initiative (UNEP FI) in February 2004. The initiative is a unique global partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works with some 200 financial institutions that are signatories to the UNEP FI Statements, as well as a range of partner organisations, to develop and promote linkages between sustainability and financial performance.

In 2012 we continued as a member of the African Task Force and co-chair of the UNEP FI Water and Finance Workstream with a work programme focused on water risk identification, management, monitoring and reporting. We also remain involved in the Global UNEP FI Steering Committee and The Banking Association SA, and we are a member of the Biodiversity and Ecosystem Services Workstream.

Further details about UNEP FI and copies of its various publications can be found at [www.unepfi.org](http://www.unepfi.org).

### The Nedbank Green Affinity and the WWF Nedbank Green Trust

The WWF Nedbank Green Trust's mission is to bring together environmental and social sustainability so that people can live and work in harmony with nature. For more than 20 years in existence the WWF Nedbank Green Trust has proved that a strong people focus is imperative for achieving environmental sustainability and for protecting the planet's natural heritage.

The trust funds projects in climate change, freshwater conservation, marine conservation, the preservation of outstanding places, the conservation of species of special concern and conservation leadership.

Since The Green Trust's inception, Nedbank, through the Nedbank Green Affinity Programme, has donated more than R130m in support of nearly 190 environmental projects throughout SA.

In 2012 we implemented the Nedbank Green Affinity Revitalisation marketing and sales campaign aimed at raising awareness of the Nedbank Green Affinity Programme. As a direct result more than 150 000 Nedbank clients were added to the programme during the year, and Nedbank Green Affinity donations to the WWF Nedbank Green Trust.

For more information on the WWF Nedbank Green Trust go to [www.nedbankgreen.co.za](http://www.nedbankgreen.co.za).

### EXTERNAL ENGAGEMENTS AND ENVIRONMENTAL SUSTAINABILITY INITIATIVES

A significant part of our commitment to preserving the environment involves assisting and enabling other South Africans whether individuals or organisations to achieve, and contribute to, environmental sustainability in their home and work environments. As such we choose collaboration partnerships very carefully to ensure that whatever we undertake empowers stakeholders with the knowledge or the tools to make a conscious change to become more sustainable.

Initiatives in 2012 included offering the Nedbank/BDFM Greening Your Business course to small and medium businesses, the quarterly Nedbank Sustainability Outlook that provides cutting-edge thinking in terms of sustainability to our clients and investment analysts, and easy-to-understand SANS10400 energy usage guidelines for homeowners, developers and architects.

#### Initiatives in 2012 included:

##### 110% Green

This initiative of the Western Cape Government is aimed at mobilising citizens and businesses in the province to commit to environmental sustainability and take practical action to have a positive impact on the Western Cape's environmental and economic growth. As part of our support of the initiative we committed to giving small and medium businesses in the Western Cape free access to our online Greening Your Business training, hosting sustainability workshops and erecting vegetable tunnels at a minimum of 10 Western Cape schools.

##### South African National Standard Guidelines

A vital component of the emerging green economy is the compliance of residential and commercial buildings with the revised South African National Building Regulations (South African National Standard) relating to energy usage. As a leader in the financing and development of green buildings, we developed a series of guidelines to simplify and explain these complex regulations for the benefit of homeowners, architects and property developers.

##### Thought Leadership sessions

In 2012 we hosted quarterly Thought Leadership sessions, with presentations by various sustainability thought leaders. These sessions offered key staff and other stakeholders an opportunity to learn about the latest trends and thinking in sustainability, with topics covering everything from the green revolution and the role of cities in driving a low-carbon economy to the concept of breakthrough capitalism as a means of ensuring a more prosperous long-term outlook for all.

##### BANKSETA Sustainability Training

In 2012 we partnered with The Banking Association SA and BANKSETA to develop social and environmental risk and sustainability training for the financial sector. The object of this training is to provide material for banks on their sustainability policies, social and environmental risks and resource management.

##### The Nedbank Sustainability Outlook

Researched by the University of Cambridge Programme for Sustainability Leadership, this sustainability publication is distributed to more than 100 000 readers with the aim of encouraging debate around various sustainability issues.

##### The Financial Mail Green Business Guide

We sponsor this popular guide, which recognises organisations that have a measureable commitment to environmental conservation.

##### WWF Earth Hour

We again participated in the WWF Earth Hour campaign on 31 March 2012 between 20:30 and 21:30. Earth Hour is the world's biggest mass action initiative aimed at addressing climate change. In the spirit of green collaboration, in addition to our own efforts to switch off as many lights as possible in our buildings, we also dared the SA public to show their support for Earth Hour by opening or linking their banking to a Green Affinity account.





## Nedbank Green Wine Awards

For the second year in a row we partnered with *Getaway Magazine* to host the 2012 Nedbank Green Wine Awards. The main purpose of the awards is to recognise the quality of wines made from organically grown grapes and honour those wine producers that strive to put the sustainability of the planet first.

In 2012 we expanded the awards by introducing a WWF Biodiversity and Wine Initiative wine category to recognise the massive strides made in conserving our environment and natural resources, while producing greener and better wines. A total of 190 wines were judged by a distinguished panel of experts led by internationally renowned wine judge Fiona McDonald.

The winners for 2012 were:

- **Wines made from Organically Grown Grapes**
  - Best wine overall: Reyneke Reserve Red 2009;
  - Best red: Reyneke Reserve Red 2009;
  - Best white: Reyneke Chenin Blanc 2011;
  - Best value: Stellar Winery Live-a-Little Really Ravishing Red;
  - Bloggers' choice: Green Shebeen Cabernet Sauvignon 2010.
  
- **Best Biodiversity and Wine Initiative Wines**
  - Best wine overall: Paul Cluver Riesling Noble Late Harvest 2012;
  - Best red: Bouchard Finlayson Galpin Peak Pinot Noir 2011;
  - Best white: Gabriëlskloof Magdalena 2010;
  - Best value: Wedderwill 12°C 2010;
  - Bloggers' choice: Gabriëlskloof Magdalena 2010.
  
- **Best Conservation and Environmental Good Practice Awards**
  - Overall winner: Innovative Leader in Conservation and Environmental Good Practice Award: Spier;
  - Runners-up: La Motte, Cloof/Burgherspost and Waverley Hills (tied);
  - Best Contribution to Water Management: Waverley Hills;
  - Best Contribution to Energy Efficiency: Bartinney;
  - Best Contribution to Cape Winelands Eco-Tourism and Conservation: Cloof/Burgherspost;
  - Best Contribution to Environmental Initiatives and Awareness Programmes: Spier.

## CASE STUDY

### MENLYN MAINE: THIRD GREEN-STAR RATED BUILDING OCCUPIED BY NEDBANK

# Managing our impact

In July 2012, Nedbank officially opened its Menlyn Maine building, bringing to three the number of Nedbank occupied buildings that have received a 4-star Green Star rating from the Green Building Council of SA.

The building, which serves as Nedbank's regional headoffice in Pretoria, forms part of the Menlyn Maine development - SA's first ever 'green' precinct and one of only 16 areas worldwide to be listed in the Clinton Climate Initiative as a green city development.

Measuring 16 400 square metres, Nedbank Menlyn Maine allowed the group to consolidate the 16 premises it previously occupied across the city of Tshwane, thereby significantly lowering the carbon impact of its operations in this region.

In keeping with Nedbank's aspiration to be a 'green' leader in SA, the bank was integrally involved in the design of the building to ensure that its construction and operation would have as little impact on the environment as possible. Green principles were diligently applied throughout in an effort to not only create a great place to work, but one in which a culture of living harmoniously with the environment could be fostered.

As a result, the Nedbank Menlyn Maine building boasts a vast array of green design and construction features, ranging from intelligent, energy efficient lighting and automated air quality monitoring systems that deliver fresh air without the need for mechanical air-conditioning to low-flow taps, dual flush toilets and various innovative water collection, storage, and distribution systems.

To encourage greener living and working, there is also a dedicated recycling centre in the precinct, which is fed by sort-at-source recycling bins throughout the building. Designated parking bays for hybrid vehicles and full bicycle facilities encourage the use of low-carbon transport options by staff.

Even the construction of the building was planet friendly, with all materials used either being fully recyclable or made from recycled material. Wherever possible, these materials were also sourced from suppliers within a 400km radius of the building site to further minimise carbon emissions related to its construction.

### MANAGING OUR IMPACT

#### Carbon Neutrality

When we achieved carbon neutrality in 2010, not only were we the first financial services organisation in Africa to do so, but it also had the effect of propelling us into the next important phase of our environmental sustainability journey. The achievement also propelled us towards our vision of becoming a leader and driver of sustainability in SA and further afield.

In the years since we achieved carbon neutrality we have been able to leverage this position to enhance our client value proposition, contribute to the development of SA's green economy, and unlock numerous synergies and partnerships through close collaboration with like-minded organisations.

Importantly, our annual approach to carbon neutrality is to reduce first and then offset. Footprint reductions are achieved through internal behavioural changes and clearly defined reduction targets in terms of paper, water, electricity, waste, travel and carbon emissions.

We obtained the carbon credits required to offset our 2012 footprint from projects throughout Africa that

are delivering benefits for the continent's natural resources as well as its people and communities. These include:

- The Rukinga Project;
- The Kibale National Park (Uganda) Natural High Forest Rehabilitation Project;
- Reliance Compost;
- eThekwini Landfill Methane Project; and
- Hout Bay Recycling Centre.

It is important to note that there are very few projects with verifiable carbon credits and social upliftment benefits. This has limited the types of projects that we have been able to invest in, particularly within SA.

#### The Rukinga Project

The Rukinga Project in Kenya's Kasigau Corridor was the world's first Reducing Emissions from Deforestation and Forest Degradation (REDD) project to issue carbon credits. In 2012 we continued our association with and support of this project, which is helping to prevent the deforestation of this eco-sensitive region while delivering massive economic and social upliftment benefits to local communities.

#### Natural High Forest Rehabilitation Project

As one of the last remaining tropical forests in Uganda, Kibale National Park hosts the greatest variety and concentration of primates found anywhere in East Africa. It is also home to at least 350 tree species. Quantifying and valuing carbon emissions that are avoided as a result of the project enable revenue generation through the sale of voluntary carbon units (VCUs). Our support of this project facilitates the work of reforestation approximately 10 000 ha of the park, thereby restoring its biodiversity and increasing carbon stocks. The project also educates local communities, promotes appropriate land management and creates employment.

#### Reliance Compost (Pty) Ltd

This SA company has been operating a composting organic waste process for a number of years. Since it registered a carbon project for the business activities, income from sales of carbon credits has enhanced the financial performance of the company and allowed it to continue providing employment opportunities and contributing to education, environmental awareness and the other local community projects it supports.

#### eThekwini Landfill Methane Project

In 2012 we were pleased to be able to include emission offsets generated by renewable-energy power generation using gas harvested from a landfill. Not only does this support demonstrate our commitment to working with municipal and provincial governments and the national government in promoting renewable energy, but it is also an example of our ongoing financial commitment to SA projects aimed at combating climate change through the reduction of greenhouse gas (GHG) emissions.

#### The Hout Bay Recycling Co-op

This SA cooperative is responsible for managing waste collection, sorting waste and remunerating 'waste-pickers' active at its site in Hout Bay's Imizamo Yethu community. This project is under the mentorship of Thrive (formerly the 3Rs) and Trashback. The income generated goes towards improving the livelihood of employees, acquiring essential equipment, enhancing business efficiency and promoting project awareness.

## REDUCTION TARGETS

We recognise reduction targets as an effective and accurate way to measure and manage our carbon emissions as well as our impact on other vital resources. The clearly defined targets also ensure full transparency in our reporting on our reduction efforts and overall greenhouse gases (GHG).

RESOURCE	TARGET
Energy	12% reduction by the end of 2015 based on 2005 levels or 5 335 kWh per full-time employee (FTE). Currently at 5 801 kWh per FTE.
Water**	6% reduction by the end of 2016 based on 2011 levels or consumption of 15,01 kl per FTE. Currently at 16,52 kl per FTE.
Paper*	10% reduction by the end of 2016 based on 2010 levels. The 2012 paper consumption was 1 851 <sup>✓</sup> tonnes (2011: 1 775, 2010:1 917 tonnes).
Waste**	8% reduction by the end of 2016 based on 2011 levels, or waste to landfill of 20,91 kg per FTE. Currently at 21,01 kg per FTE.
Recycling**	6% increase in recycling by the end of 2016 based on 2011 levels or 33,58 kg per FTE. Currently at 31,48 per FTE.
Carbon emissions (includes business travel)	12% reduction by the end of 2015 based on 2007 levels or 7,67 tCO <sub>2</sub> e per FTE. Currently at 7,89 tCO <sub>2</sub> e (In 2011 the figure was 7,74 tCO <sub>2</sub> e per FTE.)

\* The paper target is an absolute rather than an intensity reduction target, as most of our paper usage is related to client communications and regulatory requirements rather than individual employee usage.

\*\* Water, waste and recycling based on campus FTE.

The reduction targets – particularly those aimed at carbon intensity management – are integral to the assessment of our performance during each financial period. Performance against these targets is monitored and documented on a monthly basis by a dedicated task team. This team also uses the results of its target performance measurement to raise awareness and promote ways of accelerating target achievement.

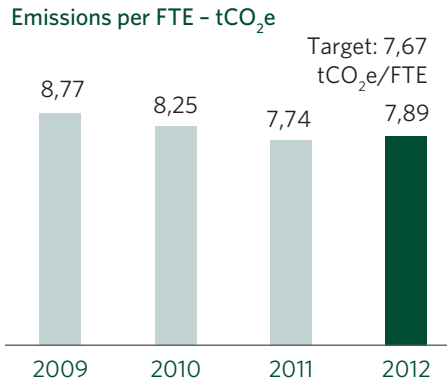
## DEVELOPMENTS AROUND TARGETS IN 2012

During the 2012 financial year we achieved the following in terms of our intensity reduction efforts:

REDUCTION ELEMENT	ACHIEVEMENT IN 2012
Carbon emissions	Emissions increased by 1,8% to 7,89 tCO <sub>2</sub> e per FTE. Emissions per m <sup>2</sup> of office space were reduced by 3,84% to 0,34 tCO <sub>2</sub> e/m <sup>2</sup> .
Electricity	Electricity usage was reduced by 0,67% per FTE and by 6,21% based on floor space.
Water	Water consumption on campus sites was reduced by 2,2% per FTE, if we compare 2011 campus site water usage with the same sites in 2012. However, in 2012 more campus sites were added and these campus sites are not fully occupied yet. The result of this is an increase in water usage per FTE.
Paper	Paper usage increased by 4,3% from 2011, but pressure placed on the sourcing of paper resulted in a 0,7% reduction in emissions associated with paper usage.
Waste and recycling	The waste sent to landfills decreased from 23 kg per FTE in 2011 to 21 kg per FTE in 2012. Recycling increased by 5,4% to 557 tonnes.
Business travel	Business travel increased from 9 846 tCO <sub>2</sub> e to 15 899 predominantly due to an increase in staff travel claims. This increase is attributed to growth in the business. Emissions from fleet vehicles, which are part of Scope 1 emissions, decreased.
Total environmental investment	We invested R80,2m (2011: R61,2m) in a vast range of environmental initiatives, the most significant of which were cost of carbon credits, energy efficiency initiatives, marketing cost associated with revitalising The Green Trust and investment in the WWF Agricultural Programme.

**CARBON EMISSIONS**

Our total GHG emissions increased by 3,83% for the year under review. The emission rate per FTE also increased by 1,8% from 7,74 tCO<sub>2</sub>e per FTE to 7,89 tCO<sub>2</sub>e per FTE, but decreased by 3,84% based on floor space to 0,34 tCO<sub>2</sub>e/m<sup>2</sup>. The increase per FTE was the result of the continued organic growth and our continuing efforts to expand the scope of our GHG reporting while simultaneously reducing our environmental impact. The positive impact of this approach can be seen in our reduction in electricity consumption per FTE by 0,67% to 5 801 kWh for 2012.



**Energy**

Approximately 73% of our carbon footprint is the result of electricity usage. We therefore make every effort to reduce our energy consumption through active intervention, staff education and focused investment. In 2012 we achieved an overall energy usage reduction of 0,67% per FTE and a year-on-year reduction of 1,5% at the campus sites owned by us. From this it can be deduced that buildings owned and managed by us are outperforming leased space from an energy intensity reduction point of view.

During 2012 we invested a total of R8,4m into specific initiatives aimed at reducing electricity usage. These included the continued use and rollout of occupancy sensors to regulate the use of lighting within office spaces, upgrading of light fittings to energy-saving units and regulated usage of decentralised air-conditioning systems.



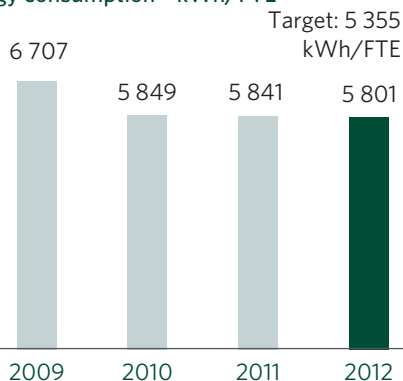
**Waste and Recycling**

In addition to our paper recycling activity, we continue to encourage and enable employees to dispose safely of compact fluorescent lamps, batteries and printer cartridges by placing accessible collection boxes at all campus sites. As a result of these initiatives, and the continued recycling drive across the group, general waste sent to landfills in 2012 amounted to 372<sup>✓</sup> tonnes or 21 kg per FTE, which is down from the 23 kg per FTE recorded in 2011.

Nedbank Group Property Services continues to drive cost savings through the effective use of recycling practices, the implementation of food waste disposal units and the use of vegetable gardens and worm farms at staff canteens and kitchens at a number of campus sites.

In 2012, 60% of all our waste was recycled (2012: 557 tonnes<sup>✓</sup>), which amounted to an increase of 5,4% at campus sites. An overall mass balance exercise will be undertaken in 2013 to investigate whether recycling can be expected to decrease in the future years as less material enters our buildings.

**Energy consumption - kWh/FTE**



**Paper**

Our groupwide paper consumption increased by 4,3% (or 6 000 boxes of paper) in 2012, but due to stringent procurement standards the total GHG emissions decreased by 0,7%. While the main contributor to the increase in paper was a growing client base, paper reduction initiatives helped to minimise this increase. Initiatives included the streamlining of paper-based client processes and switching to electronic documentation wherever possible. Approximately 9 600 boxes of paper were saved as a direct result of these types of interventions.



In 2012 we added more campus sites to our water consumption assessments, while various other buildings were consolidated into many of those campus sites. The result is that total water consumption on campus sites increased from 266 316kl in 2011 to 292 325kl<sup>✓</sup> in 2012. Non-campus water usage, however, decreased because of the consolidation of facilities.

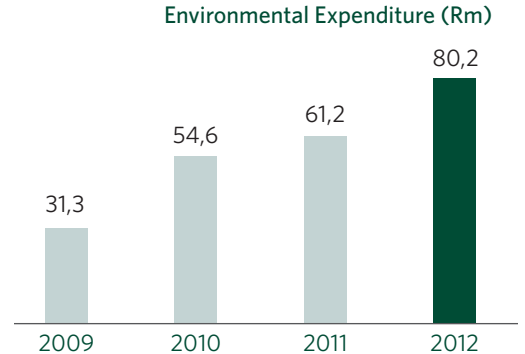
Our water usage per FTE increased from 15,97kl per FTE in 2011 to 16,52 kl per FTE in 2012 – as these campus sites are not fully occupied yet. However, if we compare 2011 campus water usage with the same sites in 2012, an absolute reduction of 2,2% was achieved.

This achievement was driven primarily through continued staff awareness of our water stewardship responsibilities, the installation of more water-saving devices such as hydrotaps and aerators, and the collection and use of rainwater and recycled water for non-potable water requirements.

For more information on our water activities with the WWF refer to page 22.



In the 2012 financial year we invested R80,2m (2011: R61,2m) in a vast range of environmental initiatives, the most significant of which were carbon credit offsets (2012: R16,5m; 2011: R15m), energy efficiency initiatives, marketing associated with revitalising The Green Trust and investment in the WWF Agricultural Programme.



We have a detailed Business Travel Policy that includes comprehensive green travel guidelines to limit business travel and promote the use of tele- and videoconferencing.

In 2012 overall business travel increased by 61% based on GHG emissions. It is important to note that the majority of this increase can be attributed to an increase in staff travel claims related to own-vehicle use. Particular focus is now being placed on ensuring that staff travel claims are captured accurately.



## CASE STUDY

# Good and clean

## NEDBANK INTRODUCES ECO WASH CAR CLEANING FACILITIES

With more than 28 000 employees across the country, many of whom use their personal vehicles to get to work, Nedbank Group's onsite carwash facilities are well supported. However, traditional car-cleaning processes are typically very water and chemical intensive. So as part of our greater focus on water stewardship and environmental sustainability, Nedbank Group introduced an innovative and water-wise carwash system at two of our buildings in 2012.

deliver a worldclass vehicle-cleaning process that is environmentally friendly and uses less than one litre of water per wash. The pilot proved an instant hit with over 980 vehicles cleaned at just one site in just 6 months and a huge amount of water saved.

The Eco Wash system combines innovative car washing and waxing technology with biodegradable cleaning products to

Based on the popularity and success of the Eco Wash pilot, a tender process is currently under way for the introduction of similar water-wise vehicle-washing systems at other Nedbank offices across the country.

## CARBON FOOTPRINT MEASUREMENT

In absolute terms our overall reported GHG emissions increased by 3,83% year-on-year from 2011 to 2012. Carbon emissions per FTE increased year-on-year by 1,8% to 7,89 tCO<sub>2</sub>e per annum, but emissions per m<sup>2</sup> of office space decreased by 3,84% to 0,34 tCO<sub>2</sub>e per annum.

The GHG increases can be attributed to our continued efforts to expand our overall GHG reporting scope and boundary, while simultaneously focusing efforts on reducing our environmental impact. As in 2011, there was a continued increase in reporting detail in 2012 for our SA and non-SA facilities and operations. In 2012 we also undertook a big drive to increase the accuracy of non-SA business-reported electricity as well as SA staff travel claims.

REPORTING PERIOD	FINANCIAL YEAR 2012
<b>Methodology</b>	The GHG Protocol – corporate accounting and reporting standard (revised edition). External experts were consulted where no clear guidance or guidance applicable to SA was available. <sup>1</sup>
<b>Inclusions</b>	Our activities, equipment and operations, as well as the actions of our employees associated directly with 853 (2011: 754) SA offices and branches and all non-SA equipment and operations as integrated into the greater Nedbank Group.
<b>Exclusions</b>	Data required to undertake emissions calculation is not currently available for the following: <ul style="list-style-type: none"> <li>– Scope 1 and 3, as they relate to non-SA offices and there is a lack of reliable data.</li> <li>– Emissions associated with the operation and service of automated teller machines (ATMs), self-service terminals (SSTs) and point-of-sale (POS) devices located away from a branch or office premises and other remote devices.</li> <li>– Any other premises or activities owned or operated by us not explicitly referenced in this report.</li> </ul>

FTE count and occupied office space included in the report	2012	2011	2010	2009	2007 baseline
Total occupied floor space of reported buildings (m <sup>2</sup> )	671 649 <sup>2</sup>	622 042	542 147	520 821	261 450
Employees included in FTE calculations	28 695	28 146	25 884	24 284	14 203
Total number of FTEs	28 695 <sup>4</sup>	28 146	25 884 <sup>3</sup>	24 284	25 518
Percentage of all employees covered by the report (%)	100	100 <sup>5</sup>	100	100	56

<sup>1</sup> In some cases the vendor-supplied emission factors will be used as supplied. An example of this is the Eskom grid emission factor, which is reported as 0,99 tCO<sub>2</sub>e per MWh in the Eskom 2012 annual report.

<sup>2</sup> The increase in m<sup>2</sup> is due to growth in facilities, investigations of domestic lease agreements and inclusion of foreign premises.

<sup>3</sup> Excluding international secondees.

<sup>4</sup> GHG emissions are monitored on a monthly basis and reported against monthly FTE numbers. The result is that the annual FTE number used for GHG emissions is a 12-month average. Campus site FTE numbers for 2012: 17 695 (2011: 16 678).

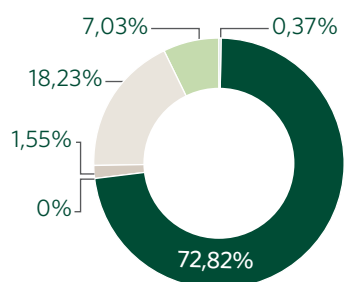
<sup>5</sup> In 2010 only estimated scope 2 emissions related to non-SA employees were accounted for and non-SA employees were not included in the total 2010 FTE number. Reporting improved in 2012 and now all staff are included (2011: 1 642 FTE non-SA and 2012: 1 633).

## NEDBANK GROUP GHG EMISSIONS INVENTORY - tCO<sub>2</sub>e (TONNES)

Scope	2012	2011	2010	2007 baseline
Scope 1: Direct emissions from:	847,56	776,51	1 667,82	694,85
Fuel used in equipment owned or controlled by us (eg generators)	203,96	205,67	150,11	419,72
Air-conditioning and refrigeration gas refills	587,06	466,88	1 419,99	140,18
Our fleet of vehicles	56,53	103,97	97,73	134,95
Scope 2: Indirect emissions from purchased electricity:	164 803,52	162 742,02	165 343,42	96 361,71
Purchased electricity - SA	154 022,54	154 393,35	155 929,55	96 361,71
Purchased electricity - non-SA	10 780,98	8 348,67	9 383,87	
Total scope 1 and 2 emissions	165 651,08	163 518,53	166 981,24	97 056,56
Scope 3: Indirect emissions from <sup>1</sup> :	60 658,73	54 438,59	46 167,43	31 483,31
Business travel in rental cars	504,36	519,75	822,07	498,59
Business travel on commercial airlines	7 606,11	6 712,54	4 055,65	7 790,61
Business travel in employee-owned cars	7 788,30	2 613,29	2 006,92	2 244,13
Employee commuting	41 248,00	41 054,70	35 123,84	17 665,83
Product distribution	-	0,09	2,71	-
Consumption of office paper	3 511,96	3 538,22	4 156,24	3 284,15
Total scope 1, 2 and 3 emissions (GHG protocol)	226 309,81	217 957,13	213 148,68	128 539,87
Non-Kyoto Protocol GHG emissions	-	-	279,41	1 406,38
Split of Nedbank Group carbon emissions tCO <sub>2</sub> e				
Scope 1 (%)	0,37	0,36	0,78	0,53
Scope 2 (%)	72,82	74,67	77,46	74,16
Scope 1 and 2 (%)	73,20	75,02	78,24	74,69
Scope 3 - Historic unsplit			21,63	24,23
Scope 3 - Nedbank operations (%)	8,58	6,14		
Scope 3 - Staff commuting (%)	18,23	18,84		
Non-Kyoto Protocol GHG emissions (%)	-		0,13	1,08

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

## Nedbank 2012 carbon footprint



- Scope 1: Emissions - 0,37%
- Scope 2: Electricity - 72,82%
- Scope 3: Product distribution - 0%
- Scope 3: Office paper - 1,55%
- Scope 3: Commuting - 18,23%
- Scope 3: Business travel - 7,03%

### Scope 1 emissions

Reported scope 1 emissions from refrigerants increased by 26% year-on-year. This was mainly due to maintenance requirements and the addition of new campus sites. We continue our efforts to ensure that as little refrigerant gas as possible is used and/or replaced. Emissions from all scope 1 activities remained below 0,5% of total emissions. It is also important to note that, for ease of interpretation, the refrigerants previously accounted for as Non-Kyoto Protocol GHG emissions were moved to scope 1 emissions.

Diesel used in generators decreased by 1% despite more campus sites and retail facilities being introduced.

### Scope 2 emissions

Approximately 73% of the total GHG emissions reported for 2012 are from purchases of third-party electricity generation. This is in line with what was reported in previous years.

We continue to target reduced energy consumption and are pleased to report a year-on-year reduction of 4,75%\* in the total energy consumed by our SA regional and headoffice sites. This is on an adjusted baseline that includes Phase II. These sites are owned by us, which implies that more advanced and costly technologies can be implemented than would be the case with leased properties, where as a tenant we have less leeway in terms of alterations.

\*This compares the 2011 campus sites with the same campus sites in 2012. It is acknowledged that in 2012 additional campus sites were added.

### Scope 3 emissions

Approximately 27% of the total 2012 GHG emissions arose from reported scope 3 activities, but more than 18% was from staff commuting. Going forward scope 3 staff commuting emissions will be highlighted separately, as these are not under our direct control. Approximately 7% of the scope 3 emissions originated from staff business travel with 1,6% from third-party manufacturing of office paper.

## NEDBANK GROUP 2012 CARBON FOOTPRINT

### Nedbank Group – SA performance targets

Nedbank Group – SA Key performance targets	Progress from 2011 (yoy) %	Progress from 2007 baseline %	2012	2011	2010
Total carbon emissions tCO <sub>2</sub> e (including non-SA)	3,83	74,16	226 309,81 <sup>✓</sup>	217 957,13	213 428,09
Emissions per FTE	1,84	(13,81)	7,89	7,74	8,25
Emissions per m <sup>2</sup>	(3,84)	(32,61)	0,34	0,35	0,39
Emissions per operating income (g/rand)	(8,21)	n/a	7,12	7,75	9,03
<b>Energy</b>					
Consumption in kWh	1,27	65,58	166 469 204 <sup>1</sup>	164 384 875	151 388 224
Consumption in kWh per FTE	(0,67)	(18,04)	5 801	5 841	5 849
<b>Paper</b>					
Tonnes used	4,28	73,80	1 850,96 <sup>✓</sup>	1 775,07	1 917,29
Usage per FTE (tonnes)	2,28	(13,99)	0,0645	0,0631	0,0741
<b>Business travel – commercial airlines (km)</b>					
Commercial airlines (km)	14,05	3,17	57 888 250 <sup>2</sup>	50 756 834	31 032 595
Air travel per FTE (km)	11,87	(48,94)	2017	1 803	1 199
<b>Business travel – rental cars (km)</b>					
Rental cars (km)	(0,59)	(10,77)	2 609 445	2 624 962	4 324 603
Rental cars per FTE (km)	(2,49)	(55,86)	91	93	167

<sup>1</sup> In 2012 more campus sites were incorporated and the result was an overall increase in energy consumption, although electricity use per m<sup>2</sup> decreased.

<sup>2</sup> Air travel increased in 2012 due to overall business growth. The 2012 levels, however, are still lower than the 2007 baseline.

## GREENING OUR SUPPLY CHAIN

In 2012 our various procurement functions across Nedbank Group continued to work closely with our suppliers to promote and enable greater environmental sustainability across our supply chain. The tendering and engagement sessions started in 2011 continued, with a particular focus on influencing suppliers to incorporate greater levels of environmental sustainability into their strategies and operations. At these sessions our representatives shared our sustainability journey, learnings and benefits to encourage similar actions and behaviours among suppliers.

During the year under review we also continued to build on the foundations that were laid in 2011 in terms of making sustainability considerations part of procurement decisions and processes. This requires that vendors demonstrate more than mere environmental sustainability awareness, but that they are able to show compliance with, or commitment to, the entrenchment of environmental considerations and practices in their business models.

In 2012 sustainability assessments of the top 300 Nedbank Group suppliers (representing approximately 85% of total group spend) showed that 15% have formal environmental policies in place and 31% are actively recycling. In 2013 we will be actively working with these suppliers to improve the commitment demonstrated by them to environmental sustainability. Further detail on specific work undertaken with specific suppliers is available in the supplementary information online.

The success in terms of sustainability partnering achieved with international information technology suppliers in past years was extended to local suppliers during 2011 and accelerated during 2012. We have concentrated on relationships with manufacturing and services vendors, and success has been achieved with vendors contracted for the construction and establishment of new branches and lobbies, as well as the upgrading of existing branches.

Each commodity specialist within the Group Procurement Division now has sustainability as an integral element of his or her performance scorecards, prompting careful consideration of environmental factors in all supplier engagements.



The 2012 procurement and supplier initiatives aimed at greening our supply chain included:



### Furniture and buildings

All new desks purchased in 2012 were manufactured using Forestry Stewardship Council-accredited wood. The majority of chairs and carpets acquired are made from recyclable materials. The newly introduced 'link chairs' are 98% recyclable, which is the highest recyclable product level achieved by any supplier to us thus far.

All tenants in Nedbank Group-owned buildings are required to agree and adhere to our environmental approach in terms of water, electricity and waste management.



### Hotels

We continue to partner with hotels used by our staff traveling for business in an effort to encourage sound environmental practices and policies, particularly water usage reduction initiatives. Another outcome of these partnerships has been a number of hotel sustainability initiatives such as the planting of organic gardens and greater use of local food suppliers.



### Car rental

In 2012 we introduced a third preferred car rental supplier. All three suppliers are encouraged to introduce more efficient vehicles into their fleets. During the year under review a pilot initiative to introduce group G vehicles proved very successful, delivering cost savings through fuel economy and enabling us to cut carbon emissions by more than 40% when compared to group B vehicle use.

Group G vehicles have now been included in the catalogue of vehicles that employees may hire for business travel and our staffmembers are encouraged to select these vehicles wherever possible.

### Air travel

We continue to engage with the airlines we use in an effort to help them reduce their, and our, carbon footprint. Airlines provide us with regular progress reports on fuel reductions achieved and other improved processes that might deliver carbon reductions. Our booking process deliberately includes information on the environmental impact of employee travel to encourage more sustainable travel decisions.



### Computer consumables

All our suppliers of computer consumables are ISO-accredited. The new management information system introduced in 2011 continues to provide improved data on toner and printer usage, enabling effective management and cost savings for us.

### Paper

We continue to monitor the usage of paper across the organisation. In 2012 a decision was taken to limit our usage of recycled paper owing to incidents of poor supply reliability and the still high environmental impact of the production process – particularly concerning the importing of pulp.

A decision to insource the shredding of confidential documents at our major campus sites has enabled us to partner with Nampak to recycle this paper into toilet rolls, which are now in use across the group.

We have also implemented a print management solution for a better understanding of our paper usage in the printing of brochures, posters and forms. The outcomes of this initiative will inform future printing decisions.



### Couriers

UTI Mounties and Skynet remain our preferred courier service suppliers thanks to their clear environmental and carbon reduction commitments. In 2012 we investigated the possible use of bicycle couriers for short deliveries in and around our headoffice building in Sandton. The findings of this investigation are still being discussed; however, there are a number of challenges that might prove limiting, not least of which are weather, security and safety considerations.

### Cleaning and hygiene services

We use biodegradable cleaning liquids and processes at all our main campus sites and branches. A pilot project at our Killarney branch saw the introduction of new green chemicals and cleaning equipment supplied by SA Fine Industrial Chemicals (SAFIC), which has a strong focus on the environment, has ISO accreditation and has signed a public commitment to responsible care. Based on the success of this pilot, the products and services will be rolled out to other Nedbank campus sites in 2013.



# Social Sustainability

Sustainable transformation, both of organisations and communities, is a fundamental South African business imperative.



Nedbank Group's approach to social sustainability and transformation is built on a foundation of trust.

We understand that social sustainability requires significant investments of time, money and effort, but given the moral imperative for transformation and the clear strategic and business opportunities it presents our business, these are investments that we are more than happy to make.

In addition to transforming our own business our social sustainability efforts include how we are transforming financial services through access to finance, targeted investments, Black Economic Empowerment transaction financing, enterprise development, and preferential procurement. Important socioeconomic development work is also undertaken through our Foundation and related trusts as well as our affinity programmes.

It is important to read this section of the report in conjunction with the 2012 Nedbank Group Transformation Report for a full understanding of the work undertaken in this area.

## ACCESS TO FINANCIAL SERVICES

By way of realising our goal of being a bank for all South Africans, we continue to invest in making banking services and accounts more accessible to all members of SA's population.

At the end of 2012, our national point of presence footprint stood at 1 071 (2011: 1 080), comprising 480 full-service branches, 190 in-retailer outlets, 88 personal loan branches and 313 personal loans kiosks, as well as various non-traditional banking outlets such as our branch-in-a-box innovation and mobile branches. We have also further invested in continuing building our innovative, alternate distribution outlets through our partnership with Pick n Pay and Boxer Stores for the past six years.

- **Mzansi** - We continue to support and promote this card-based, entry-level product with its savings and transactional capabilities and a simplified pricing structure. Our Mobile Sales Teams (MSTs) remained very active in 2012, visiting communities to educate residents on personal financial matters and help them open Mzansi accounts. As at the end of 2012, Nedbank had 245 899 active Mzansi accounts.
- **Ke Yona** - We continue to leverage off our sponsorship of the Nedbank Cup and, in 2012, launched our range of Ke Yona banking products that resonate with the lower-income market (typically those earning between R1 000 and

R5 000 per month). For the year to 31 December 2012, a total of 394 326 Ke Yona PAYU Accounts were opened. Further details of this innovative mass market banking solution can be found in the Nedbank Retail section of the Supplementary Operational Overview information online.

- **Nedbank 4me** - To encourage SA's youth to save and build financial fitness from an early age, we launched Nedbank 4me. Themed around the concept of 'My Future, My Bank', this youth-focused solution is designed to enable young people to transact while boosting their savings power via a preferential interest rate. The Nedbank 4me offering is built on the four key pillars: '4spending, 4saving, 4growing and 4good' and comprises a full transactional banking account with no monthly fees and free initial transactions. Thereafter reduced pay-as-you-use pricing, free eNotes and self-service banking are available.
- **Extended hours** - As a result of the success of our pilot branch hour extension in 2012, 54 Nedbank branches across the country are now also open on Sundays between 10:00 and 14:00. The longer trading hours have been very well received by Nedbank clients.

## 2012 IN REVIEW

Ownership	Management control	Employment equity															
<p>Nedbank achieved a better-than-expected result due to the Old Mutual B-BBEE assessment which sees an improved performance (2012: 46,71% vs 2011: 29,48%) as a result of a higher claimable flow-through (2012: 23,77% vs 2011: 15,26%) than expected.</p>	<p>53,3% of the board consists of black people and 27% represented by black women; and</p> <p>33,3% of our executive directors are black as well as black female.</p>	<p>The following table reflects our position as at 31 Dec 12 vs. 31 Dec 2011 applying Adjusted Recognition for Gender (ARfG).</p> <table border="1"> <thead> <tr> <th></th> <th>2012</th> <th>2011</th> </tr> </thead> <tbody> <tr> <td>Senior management</td> <td>29,1%</td> <td>25,9%</td> </tr> <tr> <td>Middle management</td> <td>55,4%</td> <td>53,6%</td> </tr> <tr> <td>Junior management</td> <td>80,9%</td> <td>73,8%</td> </tr> <tr> <td>People with disability</td> <td>2,0%</td> <td>1,5%</td> </tr> </tbody> </table>		2012	2011	Senior management	29,1%	25,9%	Middle management	55,4%	53,6%	Junior management	80,9%	73,8%	People with disability	2,0%	1,5%
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People with disability	2,0%	1,5%															
Skills development	Preferential procurement	Enterprise development															
<p>77,1% (R271m) of training spend was awarded to black people of which 60,5% (R164m) went to black women.</p> <p>1 740 people were part of the Category B, C and D programmes of which 1 384 (79,5%) were black and 831 (60,0%) were black women; and</p> <p>Achieved 12,59 on the dti scorecard for skills development.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Black-women-owned supplier spend up 36,7% year-on-year compared to 2011; and</li> <li><input type="checkbox"/> Black-owned supplier spend up 44,3%.</li> </ul>	<p>Enterprise Development task team formed to leverage opportunities. Focus on those areas that face the most challenges such as black women owned organisations.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> 5,62% or R336m spent on various initiatives</li> </ul>															
Socioeconomic development	Access to financial services	Empowerment financing															
<p>82% of the total cost of external bursaries awarded went to 198 black students of which 116 (59%) were female;</p> <p>Supported 584 projects and initiatives benefiting more than 103 719 beneficiaries; and</p> <p>Achieved 1,60% of NPAT spend against a target of 1,0%.</p>	<p>Nedbank has maintained seven of its eight FSC Site branches, the highest among the big four banks;</p> <p>R36m of black agriculture financing to 87 beneficiaries, of which 30 are new clients with the majority of funding having occurred in the Western and Eastern Cape regions; and</p> <p>R1 136m of Black SME loans granted to 2 989 beneficiaries of which 1 122 were new clients.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Transformational Infrastructure: Red Cap (renewable energy) is an 80 MW Onshore Wind project funded by Nedbank Capital with a project value of R1,758bn and R500m being funded by Nedbank Capital.</li> <li><input type="checkbox"/> Abengoa is a 100MW Concentrated Solar Power (CSP) project also partly funded by Nedbank Capital with a project value of R7,430bn with R1,25bn being funded by Nedbank Capital. The Abengoa project will require a number of temporary and permanent jobs for the project.</li> <li><input type="checkbox"/> It is anticipated that more than a 1 000 jobs will be created through the CSP projects in the Northern Cape.</li> </ul>															

## EMPOWERMENT FINANCING

Consisting of the two elements of targeted investments and BEE transaction finance, empowerment financing is a significant pillar supporting our transformation commitment.

### Verified investment by Nedbank Group in empowerment financing

Category <sup>1</sup> (Rm)	Dec 2012	Dec 2011	Dec 2010
Targeted investments	13 553	10 590	5 681
Transformational infrastructure	2 968	2 781	1 906
Affordable housing	5 395	3 729	2 033
Black agriculture loans <sup>2</sup>	186	164	70
Black SME financing	5 003	3 916	1 672
BEE transaction financing <sup>3</sup>	6 061	7 349	6 570

<sup>1</sup> 2011 and beyond measurements comply with recommended standards developed as part of the FS Code

<sup>2</sup> Agriculture as a sector had a tough 2012. While we would like to see an increase in the value of loans granted in the black agriculture sector, empowerment financing was further hampered by uncertainty around the regulatory environment, and issues such as labour unrest.

<sup>3</sup> The number of empowerment transaction opportunities continues to significantly reduce year-on-year.

### Targeted Investment

#### Affordable housing – mortgages

The environment for mortgage lending in the affordable housing market remained challenging in 2012. Although demand for credit was relatively strong, the continued restrictive lending policies in response to the ongoing global economic crisis led to relatively high decline rates.

The key objective for 2012 was to ensure that good quality and correctly priced loans are placed on the books to ensure a profitable and sustainable affordable housing book.

We have also engaged actively with government in an endeavour to finalise the construct and implementation of both the Finance Linked Individual Subsidy Programme (FLISP) and the Mortgage Default Insurance Company (MDIC). The discussions have been constructive and we are cautiously optimistic that both initiatives may be successfully launched in the near future.

#### Property development finance

In response to the growing need for focused, specialised funding of new affordable housing developments to increase access to housing for South Africans in the lower income segments, the Affordable Housing Division within Nedbank Property Finance continued to leveraged the momentum it achieved in the previous two years to provide further funding of more than R986m and disbursements of R793m during 2012 for new affordable housing developments in the major metros across SA.

The current economic constraint continues to dampen the home loan appetite that banks have for end users. It follows that many developers in the affordable housing space are conservative in securing land,

which is negatively impacting potential new business opportunities in this area.

#### Agriculture finance

Nedbank's specialist agricultural unit is situated within Business Banking and focuses on tailored solutions for the agricultural industry, including primary production (horticulture, livestock and field crops) as well as secondary agriculture (agribusinesses and agri processing).

Nedbank's agric offering includes the full range of banking solutions, including loans specifically designed to cater for the cyclic nature of cashflow in crop production, but also extends to value-adds, such as capacity building and mentorships.

In line with Business Banking's decentralised business model, Agric specialist teams are located in each of the regions and hence are able to gain a deep understanding of the local economy and agric operating environment. They are further supported by a group of Agric-economists and the local client service teams for ongoing service and fulfilment support.

Besides the relevant academic training, Agric specialists stay close to the latest agricultural related matters through memberships of institutes and organisations such as the Agribusiness Chamber (Agbiz), academic institutions, organised agriculture, commodity organisations and the agribusiness sector as a whole.

In 2012, Nedbank assisted 87 emerging black farmers and cooperatives by providing access to finance, supplemented with business skills training and specialist advisory services. This ensured relevant up-skilling, in line with growth and expansion of the agricultural business.

### Black SME financing

SMEs play a critical role in job creation, income generation, economic empowerment, and the economic growth of the country. At Nedbank, we are aware of the challenges that restrict the growth and development of SMEs and hence remain committed to creating an enabling environment that provides opportunities for businesses to become sustainable, job-creating enterprises.

SME clients have access to a skilled banker, who is supported by a team of specialists. Solutions are customised from a suite of products and services to meet the individual business need. This is further augmented by a comprehensive Enterprise Development proposition, which includes easier access to finance underpinned by training, mentorship, specialist advisory services and capacity building.

### BEE transaction financing

Nedbank Group selectively and strategically pursues BEE transaction funding opportunities by matching counterparty risk with structure and pricing. In 2012, we successfully completed a further eight BEE financing transactions worth a total of R906m. It is worth noting that the number of empowerment transaction opportunities continues to significantly reduce year-on-year.

## ENTERPRISE DEVELOPMENT

In 2012, enterprise development (ED) efforts were intensified in line with the strategic objective of ED being a key contributory factor to social and economic sustainability for SA. In addition to facilitating easier access to finance, Nedbank provided business capacity building and support through various interventions aimed at developing and nurturing emerging businesses in line with market opportunities.

### Business support

During the year under review, we responded to needs of SMEs for specialised support through the introduction of incubators and business development programmes designed to address essential skills and financial requirements. Specific examples of successful interventions and activities aimed at SME businesses in various stages of the business life cycle were:

- The ED Municipality Programme;
- The Nedbank 702 Business Accelerator;
- Financial Management Training for Imbizo Entrepreneurs;
- Supporting cooperatives;
- Small Business Seminars;
- SimplyBiz business tools;
- 'It's My Biz' television series; and
- Small Business Friday™ campaign.

- **The ED Municipality Programme** – Nedbank Group supports government in its drive to grow the economy through the creation of viable SMEs that can create sustainable jobs. We have implemented various programmes to achieve this in partnership with municipalities and government departments. Drawing from our learnings and experience from these interventions, we designed a holistic programme for emerging businesses in rural communities. The programme includes the provision of business skills training and mentorship to small businesses in order to stimulate economic activity and facilitate an inclusive economic environment. The programme is currently being launched in eight municipal areas across the country.
- **Nedbank 702 Business Accelerator** – This collaborative radio programme profiles 30 businesses with a desire to accelerate growth. A business development specialist provides practical guidance and tips for taking the business to the next stage and overcoming specific challenges or stumbling blocks. Apart from benefiting from the business expertise, the businesses receive extensive market exposure in the process.
- **Financial Management Training for Imbizo Entrepreneurs** – Imbizo is the collaboration between Old Mutual, Nedbank, Mutual & Federal and Wiphold to build sustainable communities and markets and to stimulate the local economy through commercial and CSI activity. In 2012, significant progress was made in providing entrepreneurs with access to finance with a preference to loans for revenue-generating purposes. These loans were used to start up microenterprises or to expand existing ones. The financial management training provided was in line with gaps identified together with the relevant business owner. Entrepreneurs received training and systems that could be implemented in their businesses around essential components such as record-keeping and cashflow management.
- **Supporting cooperatives** – Nedbank Group continues to provide financial and non-financial support to cooperatives in various sectors and communities. Of particular significance is a dairy cooperative that we have assisted for many years. This was achieved through a range of services and support such as funding, training and ongoing guidance from our agricultural experts. The cooperative is now on a significant growth curve, increasing operational capacity to meet growing demand.

## Social Sustainability (CONTINUED)

- **Small business seminars** - In 2012, we again hosted free seminars for entrepreneurs and small business owners aimed at equipping them to start and run their businesses more efficiently.
- **Business Tools: SimplyBiz** - The SimplyBiz.co.za portal is a free online resource offered by Nedbank to small businesses. The site provides SMEs with practical advice and services aimed at maintaining business financial fitness and long-term sustainability.
- **It's My Biz** - *The Its My Biz* reality TV show gives business owners real advice and practical tools to enable their success. The highly informative programmes showcased 13 business owners as they confronted real challenges in their businesses - providing critical yet constructive analyses of their performance in the sectors of marketing, sales, administration and finance. Viewers are offered insights into dealing with these challenges in their own companies.
- **Small Business Friday** - Nedbank launched Small Business Friday™ in association with the National Small Business Chamber (NSBC) in 2012. Themed Vote Small Business™, the Small Business Friday™ initiative seeks to drive awareness of the importance of the role of small business in the South African economy. Nedbank delivered an extensive above-the-line campaign, which continues to receive focus in social media. Small Business Friday™ will be expanded going into the second year, with a greater focus on enabling business to do more business. Small Business Friday™ was inspired by Small Business Saturday<sup>SM</sup>, a successful initiative started in the US by American Express® in 2010.

### Preferential procurement

Nedbank Group's procurement policy exists to ensure that sound procurement practices are employed to improve performance in every area of the group. This is achieved through rigorous application of best practice strategic sourcing and procurement principles, to enhance overall efficiency, while maximising the potential to exceed transformation targets.

The underlying principle is that only purchases from registered vendors who meet specific ethical guidelines will be allowed. Procurement decisions are therefore based on the following primary criteria:

- B-BBEE (special emphasis and higher weighting on SME and black women owned suppliers);
- price;
- product or service (quality and fit for purpose);
- availability;

- local content versus foreign content (newly introduced); and
- environmental pragmatism.

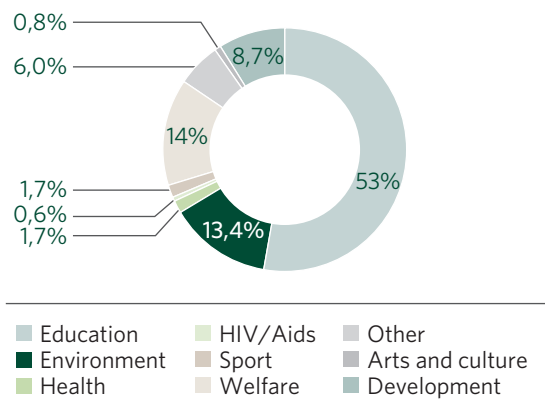
Despite excellent performance across all areas of the procurement scorecard in 2012, the lack of BWO suppliers in significant categories of our supply chain remains challenging. To address this situation, the procurement department was restructured enabling resources to focus mainly on black women owned suppliers in order to achieve set goals. Special emphasis is placed in the tendering process as well as on information programmes instituted to advocate the need to increase BWO suppliers. These efforts are slowly showing signs of success.

In line with our commitment to the Local Procurement Accord in 2012 we undertook an in-depth analysis of our supplier base to better understand the local content of our spend. A high level analysis in 2011 had estimated 77% local content and the results of the 2012 in-depth analysis revised this figure to 73%. We will continue to update our management information as the standards and verification processes become clearer.

## SOCIOECONOMIC DEVELOPMENT

In terms of the B-BBEE Codes, corporates are required to spend at least 1% of their SA operations net profit after tax (NPAT) on social development and upliftment in 2012. For Nedbank this equates to R59,8m for the year under review. However for the 2012 financial year, Nedbank Group spent 1,60% of its 2011 SA NPAT, or R95m (2011: R75m) in support of 584 socioeconomic development or social sustainability initiatives in all nine South African provinces. These funds are dispersed through the Nedbank Foundation Trusts, Nedbank Affinities, the Nedbank External Bursary Fund, Consumer Education initiatives, as well as corporate social responsibility projects and initiatives undertaken by various business clusters throughout the group.

Nedbank's national socioeconomic spend 2012



## Transforming communities through youth and education development

We have continued to focus on building SA's talent pipelines, particularly in terms of critical and scarce skills, while supporting our own leadership development plans. The Nedbank Graduate and Nedbank Bursary programmes are key to this objective.

In 2012, highlights of the two programmes included the delivery of three regional graduate assessment centres, which resulted in 125 (2011: 134) graduates being accepted to the graduate programme for 2013. 104 graduates were employed by Nedbank in 2012. In 2013 an additional 28 external bursars were accepted for funding in qualifications aligned to the Nedbank scarce and critical skills, bringing the total number of Nedbank bursars to 168 (2011:226). The drop in numbers year-on-year was a result of graduations and dropouts.

### Learnerships

We encourage lifelong learning for all and we offer employment opportunities to unemployed youths through our participation in BankSETA initiatives such as Letsema (matriculants) and Kuyasa (graduates). This ensures that the group contributes to the broader SA transformation agenda.

During 2012, a total of 108 unemployed Letsema and Kuyasa learners were hosted in various divisions across the Nedbank Group. Of the 105 learners on the programme in 2011, 70% were employed by the bank in 2012.

### Consumer education

The Nedbank Consumer Education learning material was first designed and developed in 2008 as part of an undertaking by the bank, in partnership with the Banking Association of SA. The aim of the learning material was to provide clients and potential clients with accurate and relevant information that would assist them in making informed decisions regarding their financial well-being and futures.

Positive feedback was received from these sessions and a further need was identified to develop similar

programmes that would address staffmembers with a higher income. The need for this material was based on observations made by both the bank and the participating organisations that higher income earners were more exposed to being indebted.

In 2011 the learning material was reviewed and updated. Offered at NQF Level 5, the material addresses identified consumer education issues understanding banking products and services, buying on credit, personal budgeting, insurance and assurance.

In 2012, more than 100 000 SA consumers received banking education training and awareness across all nine provinces. The cost to Nedbank Group of this training was R4,6m.

### Sustainability education

The Nedbank Caring for Communities programme has, for the past three years, been passing on Nedbank's sustainability expertise to young learners, their teachers and parents in some of SA's poorest communities.

The Caring for the Community half-day workshops are designed to demistify sustainability and show that, with a little know-how and assistance, anyone anywhere can save water, reduce electricity consumption and generate an ongoing healthy food supply for their school, workplace or community.

The workshops are supplemented with practical knowledge through a project build day in which learners, educators and community members, together with Nedbank volunteers, construct a vegetable tunnel, solar cooker, rainwater harvesting tank, or indigenous erosion control garden - depending on the needs identified in the community. These projects help the schools to address immediate social and environmental issues while providing a new community focus for recycling, renewable resources and healthy living.

In 2012, 45 Caring for Communities workshops were held, teaching 2 580 learners and 615 adults the value of sustainability for a better future. This was complemented by 62 community sustainability projects involving 1 075 volunteer Nedbank staff.



CASE STUDY

# Creating a better future for all through sustainability education

Education is the fuel that drives success and prosperity for all South Africans, and powers competitiveness in the global struggle for trade, foreign exchange and investment for the country. At Nedbank Group, we believe the future of our nation is inextricably linked to the future of the 14m learners currently in our education system.

It was this understanding that first gave rise to the Nedbank Caring for Communities Programme that, for the past three years, has been passing on Nedbank's sustainability expertise to young learners, their teachers and parents in some of SA's poorest communities.

The Caring for the Community workshops are designed to demystify sustainability and show that, with a little know-how and assistance, anyone anywhere can save water, reduce electricity consumption and generate an ongoing healthy food supply for their school, workplace or community.

The programme relies heavily on volunteerism for its success and has thus far involved 3 000 Nedbank staff volunteers who have touched the lives of over 5 000 learners and 1500 adults at more than 150 schools and communities across the country - all of whom have come to understand the four key pillars of economic, environmental, social and cultural sustainability.

The workshops are supplemented with practical knowledge through a project build day in which learners, educators and community members, together with Nedbank volunteers, construct a vegetable tunnel, solar cooker or rainwater harvesting tank - depending on the needs identified in the community. These projects help the schools to address immediate social and environmental issues while providing a new community focus.

Food grown in vegetable tunnels and gardens contributes to many of the schools' feeding schemes, ensuring that young learners get the nutrition their happiness, health and concentration so crucially require. After school, kids from very poor families can take home produce to put on the table. Sometimes extra produce is sold into the community, to generate funds for the school. At the same time, the school reduces electricity costs thanks to new solar cookers, or saves on water costs with the efficient rainwater harvesting tanks installed.

In 2012, 45 Caring for Communities workshops were held, teaching 2 580 learners and 615 adults the value of sustainability for a better future. This was complemented by 62 community sustainability projects involving 1 075 Nedbank volunteers.

Also in 2012, the effectiveness of the Caring for Communities programme was bolstered through a partnership with Symphonia for SA - an organisation dedicated to building a more sustainable and successful SA with a clear focus on improving standards of education.

Symphonia School at the Centre of Community project dovetails perfectly with Caring for Communities and is designed to radically transform education in SA by placing schools at the centre of each community. Through the programme, experienced business and community leaders partner with principals to involve the communities surrounding the schools, and get them engaged in overcoming the challenges facing their communities and their schools.



## THE NEDBANK FOUNDATION

The Nedbank Foundation (the Foundation) was established in 1992 and continues to play a central role in enabling Nedbank Group to fulfil its 'Deep Green' aspiration of 'being highly involved in the community and environment'. It does this by supporting community upliftment and development programmes that are empowering in the short-term and sustainable in the long-term with a particular focus on the four key focus areas of education (primary focus); community development; skills development and job creation; and health. Environmental impact is also given due consideration when projects are selected.

Staff volunteerism is a further channel through which our staff are encouraged to support our social sustainability objectives.

By focusing our CSI spend on these primary focus areas we avoid the risk of diluting our financial support and ensure that we remain an effective enabler of transformation, upliftment and development in South Africa.

Of Nedbank Group's total socioeconomic development spend of R116m in 2012, R55,9m was distributed through the Nedbank Foundation. R40,3m of this amount was disbursed by Nedbank Foundation Trusts and R12,9m by the Eyethu Community Trust. Eyethu holds shares for the benefit of individuals and charitable organisations working to benefit black South Africans in the education sphere.

Of growing importance in the corporate social investment arena is the ability to measure not only your input (or spend) but also your output (or impact of your investment). In acknowledgement of this we undertook an impact assessment of the current foundation activities. The assessment highlighted that our activities have both an immediate impact (relieves needs in the short-term) and a longer term impact that meaningfully improves the lives of the beneficiaries. More work in this regard will be undertaken in 2013.

### The Nedbank Foundation funding process

The Foundation's main aim is to be a catalyst for upliftment in communities, with a major emphasis on sustainability. We believe that it is essential to support projects that have a meaningful and long-lasting

impact, which is why all funding applications are carefully and thoroughly assessed before we commit to supporting them. The assessment, investment and monitoring process typically proceeds as follows:

- The organisation's proposal is received through a centralised inbox;
- The proposal is assessed against specific pre-determined criteria;
- A due-diligence investigation conducted, including interviews with representatives of the applying organisation;
- Nedbank Foundation representatives undertake visits to the project site(s) to confirm the information provided;
- Stringent financial control measures, service level agreements and governance structures are applied;
- Any co-funders are carefully reviewed to prevent conflicts of interest, reputational risk or duplication of funding;
- If the requested investment exceeds R50 000, the application has to be approved by the Foundation's trustees;
- After investment, regular reports are submitted by the organisation to the Nedbank Foundation, as part of the ongoing progress monitoring; and
- A retrospective analysis is conducted two to three years after initial investment, to assess impact.

### The Nedbank Foundation focus areas

#### Focus area: Education

Worldclass quality education clearly is a prerequisite to continued economic growth and poverty alleviation. As such our Foundation allocates more than half of its CSI spend to this area.

To ensure the maximum positive impact of our education support, we have defined a two-pillar intervention model. The first pillar focuses on individual learners and ranges from support during the developmental early childhood years to bursary schemes for tertiary studies. The second pillar focuses on providing holistic support for the educators and the schools with which we work, enabling them to offer learners more effective education.

## Social Sustainability (CONTINUED)

During 2012, our total investment in support of education amounted to R26,7m with the majority of support falling into the following main categories:

Subcategory	Investment in 2012	Institutions/ learners/ educators impacted	Description	Example
Schools infrastructure	R7m	40	<p>Building of classrooms, laboratories, sanitation facilities, media centres and libraries.</p> <p>Provision of resources such as furniture and equipment, including computers and books.</p> <p>Support for food security programmes, including feeding schemes and vegetable gardens.</p> <p>Course content development.</p>	<p>Maths and Science academic support is a key focus, as such the provision of mobile laboratories to the rural schools that we support is a vital component of our intervention strategy. Together with our partners, Trac SA and Sangari SA we make sure that we provide the schools that do not have the right infrastructure for effective Science teaching with the necessary laboratories.</p> <p>Overcrowding and inadequate classroom buildings remain a key challenge that rural schools deal with, and we have invested in helping various schools in Limpopo, Mpumalanga and Eastern Cape with renovations and other building infrastructure.</p> <p>We have distributed at least 30 mobile libraries to date in both primary and high schools.</p>
Learner academic support	R10,6m	50 000	<p>Funding extra tutorial programmes, particularly for Grades 10 to 12, in critical subjects such as Maths, Science, English and Accountancy. Leadership development of learners through various life skills programmes.</p>	<p>The Nedbank Fundisa Maths and Science Programme which was initiated in 2011 in partnership with Kutlwano Centre for Maths Science and Technology, provided academic support to 600 Grade 10 to 12 learners in Eastern Cape and Limpopo, with an investment to date of R10m having yielded very good results in the 2012 NSC exams. Of the 196 Grade 12 learners that were participating in this programme, 86% passed the NSC, with 11,7% getting distinctions in Maths and/or Physical Science and more than 50% qualifying for bachelor degree entrance.</p> <p>Nedbank continued with the Nedbank Matric Revision Programme which was initiated in 2010, and invested a further R4m in 2012. 30,8 % of participating schools achieved an above 70% pass rate, while 51,2% of the schools achieved a pass rate of 60% and above. In some regions such as the Eastern Cape, the results were still disappointing with the dire conditions facing the schools contributing to this.</p>

Subcategory	Investment in 2012	Institutions/ learners/ educators impacted	Description	Example
Learner financial aid	R3m	3 073	Extensive scholarship programmes. Educational resources, particularly the provision of uniforms and books to orphaned and vulnerable children, as well as learners from disadvantaged backgrounds in rural areas and informal settlements.	The Nedbank Back to School campaign that supports learners from underprivileged homes with school uniforms, shoes and stationery was rolled out across all nine provinces, reaching more than 1 800 beneficiaries.  Nedbank has also partnered with the Student Sponsorship Programme to afford talented South African primary school pupils from low-income families the opportunity to attend the best high schools in Gauteng and the Eastern Cape. In 2012 10 learners were supported by Nedbank in this way.
Principal and teacher training	R2,7m	25	Providing leadership training for principals, equipping them with skills to manage their institutions more effectively; training teachers to broaden their content knowledge and improve their teaching skills.	In 2012 we invested over R2,7m in various programmes, most notably the School Leadership Development programme run by the SEED Trust. Having achieved great success in the Western Cape in 2011, we expanded our support to the Eastern Cape and Limpopo, particularly the schools participating in the Nedbank Fundisa Programme, where 25 school principals and deputy principals are currently completing an eight-month programme to strengthen their educational leadership and improve their schools' results.
Early Childhood Development (ECD)	R3,4m	13 teachers and 125 learners	Holistic intervention, including the provision of infrastructure, educational resources such as toys, and teacher or practitioner training.	Early childhood development (ECD) training in southern KwaZulu-Natal received another major boost from the Nedbank Foundation in 2012, thanks to a second round of special training for 13 ECD practitioners. In addition R1,2m was invested to secure fully-equipped Edutainer classrooms (12m shipping containers) for Early Childhood Development Centres (ECDs). Our 2012 disbursement brings the total number of Nedbank-funded Edutainers to 15, in six provinces.
Tertiary institutions	<sup>1</sup> R14,7m	249	Provision of student bursaries through the Nedbank Bursary Fund supports universities and other further education and training facilities. Infrastructure and capacity building.	The Nedbank Bursary Fund was launched in 2008 with a R15m investment, and is aimed at addressing skills shortages in the banking and finance sector. It provides financial assistance to students undertaking undergraduate degrees in Business Science and Commerce - with a particular emphasis on subjects such as accounting sciences, statistics, economics, finance and financial management, actuarial science, information systems or informatics and computer science.

<sup>1</sup>Funded by Nedbank Group not Nedbank Foundation

## Social Sustainability (CONTINUED)

### Focus area: Community development

Wherever possible, the social and economic development initiatives we support are integrated sustainably to meet the living, financial and transformational needs of communities. A large number of Nedbank interventions address the immediate needs of the most vulnerable members of society – children, women, the elderly and the disabled.

Through our community development initiatives, we have provided funding to various welfare organisations, looking after orphaned and vulnerable children, including Johannesburg Child Welfare Organisation, Afrika Tikkun, The Lonely Road Foundation and Lebone Village.

The Hippo Water Roller project also continues and in 2012, a further 1 200 units were provided to various communities in KwaZulu-Natal, Mpumalanga, Eastern Cape and Limpopo.

The Nedbank Winter Campaign was rolled out to support orphaned and vulnerable children as well as the elderly, with more than 5 000 people benefiting.

Examples of community development initiatives undertaken or supported by Nedbank Group in 2012 include:

- **Johannesburg Child Welfare (JCW)** – the Foundation has supported JCW for the past 28 years. In 2012, we matched our R500 000 donation of the previous year.
- **The Nedbank Winter Campaign** – first launched in 2010, the campaign enables Nedbank staffmembers, clients and the public to donate blankets and clothes at Nedbank branches or to make donations into a Nedbank account. Blankets and clothing are then distributed to vulnerable communities hard-hit by a combination of inadequate shelter and cold weather. In 2012, Nedbank invested R500 000 towards the drive and encouraged staffmembers, clients and all South Africans to donate whatever they could. The blankets and clothing were distributed primarily among children's homes, old-age homes, hospices and centres for the disabled.
- As part of the Nedbank Water Stewardship Programme, we have distributed over 3 000 **Hippo Water Rollers** to rural communities in the Eastern Cape, Northern Cape, Mpumalanga and KwaZulu-Natal. These large reinforced drums have metal handles to allow them to easily be pulled or pushed over rough terrain. Nedbank staffmembers take part in handovers of the Hippo Rollers to communities. The total investment to date is over R4m.

- The total investment by Nedbank Group into community development initiatives amounted to R7m.

### Focus area: Skills development and job creation

Unemployment remains an enormous challenge for SA and by October 2012, it was estimated that 29,8% of the country's adult population did not have work. Nedbank Group provides support for two types of initiatives seeking to address these challenges:

- **Skills development programmes** – such as hospitality, winemaking, electrical engineering, plumbing, carpentry and furniture making.
- **Small-enterprise development programmes** – such as Holding Hands, the Intshanga Training Institution, the Furniture Technology Centre, Siyasiza Trust, the National Institute for the Deaf and the Readucate, among others.

Our skills development portfolio has enabled numerous beneficiaries to secure formal skills, enabling their active participation in the economy.

The Capewine Maker's Guild programme has grown from strength to strength and is helping to transform the wine industry. We have supported six protégés to date, two of whom have already qualified as winemakers.

We also supported the Imbizo Job Creation Fund, which is a fund that is aimed at supporting the rural communities around our Imbizo sites with skills development and funding.



### SEEING THE RESULTS

'This place has changed my life; before I was enrolled in the course I knocked on many doors unsuccessfully, but have now found a holiday job at a hotel in Port Elizabeth and can provide for my family.'

**Ray Mhlaba, Skills Training Centre  
Beneficiary, Andiswa Rhode**

Examples of skills development and job creation initiatives undertaken or supported by Nedbank Group in 2012 include:

- Nedbank's longstanding support of the Furniture Technology Centre began in 2008, through the training of unemployed youth from various townships including KwaMashu, Ntuzuma and

Umlazi. The training programme includes skills development for hearing-impaired learners from the Kwa-Thintwa School and the VN Naik School for the Deaf. Over the past four years, we have invested over R1m to help approximately 70 young people acquire furniture manufacturing skills, with an estimated 80% of them now running their own small businesses through Furntech's Incubation Centre.

- In June 2012 the lives of 27 students from KwaZulu-Natal changed for the better, when they graduated at the Inchanga Further Education and Training (FET) College, through a Nedbank Group funded skills development programme. Formerly known as the Ethembeni Educational and Training Trust, the FET College trains unemployed youth to acquire skills that enable them to be self-employed and gain access to the job market. Besides electrical engineering and plumbing, the college provides training in building and civil construction, masonry and carpentry, construction contracting, roadwork construction, welding and agriculture. In July 2012 an engineering course was rolled out for 15 more students - made possible by another R400 000 donation from Nedbank Group.
- Nedbank Group's R300 000 donation helped 10 youths in Port Elizabeth go from being unemployed and untrained to obtaining hospitality skills, making it possible for them to sustain a livelihood in the formal employment sector or as entrepreneurs. The youths graduated from the Ray Mhlaba Skills Training Centre on 30 August and many are now gaining experience at hotels, guesthouses and lodges.

The total investment by Nedbank Group into skills development and job creation initiatives amounted to R3,7m.

#### Focus area: Health

We remain firmly of the belief that the sustainable success of any community is inextricably linked to the health and wellbeing of its people. For this reason we continue to partner with organisations committed to driving long-term, sustainable health initiatives. Investment takes the form of both financial aid and sponsorship of infrastructure or vital equipment.

Examples of health and wellbeing initiatives supported by Nedbank Group in 2012 include:

- Doctors For Life International is a non-governmental and registered non-profit organisation (NPO) that runs Operation Life Child. Operation Life Child provides care to orphaned and vulnerable children by giving them food, education, clothing, medical care and

spiritual guidance. Many of these children have been orphaned by the HIV/Aids pandemic.

- HIV/Aids is a particular area of focus for Nedbank and we continued to support the Regency Foundation's countrywide HIV&ME programme in 2012. HIV&ME is an educational initiative focusing on the prevention and, importantly for Nedbank Group, the post-diagnosis management of HIV and Aids. We collaborated with Regency Foundation Network in both 2011 and 2012, to deliver HIV&Me in the North West and Limpopo - provinces with particularly high numbers of young people. The programme has reached over 2 000 learners and 65 teachers at 10 schools in these provinces.
- In 2006, SA received a dramatic wake-up call about the dangers of drug-resistant tuberculosis (DRTB) in places where HIV is present. It had become clear that the spread of HIV was fuelling the rise of a mutated form of TB that could be passed on directly to other people as easily as the common cold. Nedbank Group made a R500 000 donation to Doctors without Borders in 2012 - a 66% increase on our 2010 and 2011 donations. Doctors Without Borders puts the funds towards improving the care and treatment of people living with drug resistant TB in Khayelitsha, Cape Town, where an estimated 100 000 people are HIV infected.

The total investment by Nedbank Group into health initiatives amounted to R1,9m in 2012.



#### SEEING THE RESULTS

'It has been a rewarding experience for us to be able to administer this project in two of SA's disadvantaged provinces. It's always great to receive the necessary support from willing partners such as Nedbank, to deal with this global pandemic, which affects our country in a negative manner.'

**Jodi Ramsay, Programme Manager,**  
*Regency Foundation Network*

## STAFF VOLUNTEERISM

Nedbank Group's volunteerism programmes form an integral part of our CSI agenda and offer a tangible way for staffmembers to become personally involved in tackling the social, economic and environmental issues that pervade SA.

All employees are encouraged to actively contribute to social upliftment, rather than viewing CSI as purely a group-level responsibility. Nedbank's efforts at developing and growing workplace volunteerism are a logical extension of its vision-led, values-driven ethos, as well as its Deep Green aspiration of being highly involved in the community and environment.

We grant employees two full days of leave – over and above annual leave – for volunteer work. An average of 1 700 Nedbank Group employees take the corporate social responsibility leave every year, equating to a rand value of nearly R3m.

2012 saw a significant increase in the volunteerism activities across the bank, with more staffmembers participating in employee-generated volunteerism events and some organising their own activities. More than 1 000 employees volunteered their time and talents in 2012.

### In 2012, our volunteer programmes included:

Caring for our Communities	2012	2011
Investment (Rm)	1,0	1,2
Staffmembers involved	1 000	1 000
Schools assisted	50	50

Nedbank's grassroots education programme promotes the four pillars of sustainability through schools-based workshops and project build days. The project comes to the aid of schools attended by disadvantaged learners, and where the school struggles to provide a comprehensive feeding programme.

Thus far, the programme has involved 3 000 Nedbank staff volunteers and touched the lives of over 5 000 learners and 1 500 educators and adult community members at over 150 schools.

Nedbank staffmembers help the schools to build vegitunnels, rain harvesting tanks and solar cookers onsite, while educating their learners, teachers and community members on how to use them sustainably into the future. The Caring for our Communities programme dovetails with Nedbank's ancillary involvement with the Nedbank Eco-Schools Volunteer Programme – a partnership between Nedbank, WWF-SA and the Wildlife and Environmental Society of Southern Africa, through which all three organisations work together to tangibly make a lasting difference in disadvantaged communities.

We also encourage our clients to get involved in community programmes and to link their bank accounts to the Nedbank Affinity of their choice, based on the belief that social investment is everyone's responsibility.

Since 2002, Nedbank Group has spent a total of R30m in support of volunteer programmes, with R4,7m invested during the 2012 financial year (excluding staff payroll giving).



### SEEING THE RESULTS

'I'm grateful for our home because now I'm able to focus on the future of my children and also work towards extending the house as my family grows. We are now safe as a family, and I hope Nedbank can help other people who are in the same situation as I was.'

**Jethro Mashile, Orange Farm –**  
*beneficiary of Habitat for Humanity home building project*

Listed below, an overview of some of our volunteer programmes, and the benefits they delivered:



### SEEING THE RESULTS

'Many of our learners are orphans and have grown up with little in the way of resources to sustain them or opportunities to thrive. The new vegetable tunnel has helped provide them with healthy nutritious food, particularly needed when the school is not externally supplied with fresh vegetables or fruit. Many of them also show a lightness of spirit that I have seen all too rarely.'

**School principal**

<b>Nedbank Team Challenge</b>	2012	2011
Investment (R)	300 000	100 000
Staffmembers involved	300	168
Number of projects assisted	44	25

2012 was the eleventh consecutive year in which the Team Challenge was held. Once again, this increasingly popular initiative saw staffmembers selflessly giving of their time and talents in support of a variety of non-profit organisations of their own choice.

Through Team Challenge, staffmembers are given the opportunity and financial support to volunteer at charity organisations that are close to their hearts, making it a highly personal undertaking. The foundation makes R5 000 seed funding available to every team to help them get their projects off the ground. Teams can elect to undertake the full 10-month challenge or do one or more seven-day challenges.

<b>Local Heroes</b>	2012	2011
Investment (Rm)	1,3	1,7
Staffmembers involved	31	30
Clients involved	107	106
Number of projects assisted	138	136

Local Heroes has been running for more than a decade. It recognises and assists staffmembers (and, since 2007, Nedbank clients) who are already actively participating in charitable work, by directing a minimum donation of R10 000 from Nedbank into the project they run or support.

<b>Angel Tree</b>	2012	2011
Investment (R)	150 000	100 000
Staffmembers involved	100	50
Number of projects assisted	15	5

In 2012, staffmembers across the country again spread festive cheer to underprivileged children and the elderly members of local communities. This year, we invested over R150 000 into the Angel Tree initiative, all of which went to organisations that care for senior citizens, children and youth around the country. Staffmembers adopted charities of their choice, gave money and gifts to them, and volunteered at Nedbank Foundation events.

<b>Mandela Day/Month</b>	2012	2011
Investment (R)	100 000	66 000
Staffmembers involved	100	131
Number of projects assisted	30	5

In July 2012, Nedbank Group staffmembers volunteered at various organisations and coordinated charitable activities in support of this annual initiative, which is embraced by South Africans from all walks of life. Nedbankers came to the aid of orphans and vulnerable children, homes and care centres for the elderly, homes for visually impaired people, underprivileged schools, centres for people with special needs, animal rescue shelters and more.

Nedbank Group also handed over a R250 000 sick bay to Inkwenkwezi Primary School in Mvezo Village, Mthatha, Eastern Cape – the school where Nelson Mandela received his early education.

On Mandela Day, staffmembers put finishing touches to the colourful artwork decorating the outside of the sick bay. They also established a Caring for Communities vegetable garden, donated reading books and taught the learners how to save money, in line with the annual Teach Children To Save campaign.

<b>Deep Green Day</b>	2012
Food cans collected in 2012	20 000
Number of projects assisted	18

Deep Green Day is Nedbank Group's annual day of sharing and celebration. On this day, every year, we engage with our staffmembers, pay tribute to their hard work and caring attitude, and enlist their aid to do something truly innovative for charity. This year's Deep Green Day, on 21 September 2012, saw Gauteng staffmembers mount a world record attempt to build the largest ever pyramid can structure.

The completed structure had a total of 38 layers and weighed eight tons. Guinness World Records confirmed the achievement, stating that Nedbank Group had stacked up a world-record total of 19 019 cans of food. The cans later went out to 18 Gauteng charities. The can-collecting drive was also replicated at Nedbank campuses and branches countrywide.

<b>Payroll Giving</b>	2012	2011
Donations (Rm)	1,64	1,55
Staffmembers involved	5 417	5 139
Number of projects assisted	6	6

## Social Sustainability (CONTINUED)

The Payroll Giving initiative provides an easy way for staffmembers to regularly contribute money to established charities through the SA Children's Charity Trust. In 2012 the funds collected were allocated to the Childhood Cancer Foundation SA (CHOC), SA Red Cross Society, Cotlands, Reach For A Dream, Ithemba Trust and the QuadPara Association of SA (QASA).

### THE NEDBANK AFFINITY PROGRAMME

Our Affinity programmes continue to make a significant contribution to social, environmental, and economic sustainability in SA while at the same time helping to drive vital transformation across the country.

Over the years, our clients have made a significant contribution to these efforts through their participation in the highly successful Nedbank Affinity Programme. In 2012 a total of R20,9m (2011: R18,8m) was distributed across the four Affinity Programmes (Green, Children's, Sport and Arts) on behalf of, but at no cost to, caring Nedbank clients.

This brings the total amount contributed through the four Affinity Programmes since their inception in 1990 to over R200m.

### The Nedbank Arts Affinity and the Arts & Culture Trust

The Arts and Culture Trust (ACT) was established with the purpose of attracting funding for the sustainable development and growth of the arts, culture and heritage in SA. ACT has funded nearly 700 projects in the development areas of job creation, creative skills, management skills, cultural diversity and cultural tourism marketing, disbursing more than R18m for arts and culture development projects in SA since its inception.

Nedbank, through the Nedbank Arts Affinity Programme funds the ACT Development Programme, the ACT Nedbank DALRO Scholarship Programme and a Discretionary Fund.



#### SEEING THE RESULTS

Since inception the Nedbank Arts Affinity has donated nearly R15m to ACT. In 2012 Nedbank Affinity donations to the Arts and Culture Trust decreased by 3% to R806 813 (2011: R837 250).

Examples of the projects and initiatives funded by ACT in 2012 are:

- **The ACT Development Programme** - designed to enhance the continued development of arts and culture in SA, the programme provides support for artistic excellence in creative production and development of new South African work, as well as professional development and training for the youth.
- **Arts Incubator Programme** - helps assists young artists and organisations in townships/rural areas. The Nedbank Affinity through ACT supported the development of organisational and management structures and strategies of community arts groups, NGOs and Cultural Entrepreneurs in the North West. The aim of the intervention was to increase the capacity and sustainability of beneficiaries.
- **National Arts Festival (NAF): Arts and Exhibition Internship** - the programme enables fine arts or visual arts university students to obtain onsite arts management experience during the build-up to the National Arts Festival.
- **Bjatladi Music and Arts Programme** - contributes to the development and training of emerging musicians and ensemble groups (marimbas, brass instruments, percussion and traditional instruments).
- **South African National Schools Festivals** - festival delegates are given the opportunity to discover and develop various skills under the supervision of professional arts practitioners. Apart from giving learners the opportunity to acquire new skills, these workshops form part of a greater arts education programme.

For more information on the Arts and Culture Trust go to [www.nedbankarts.co.za](http://www.nedbankarts.co.za) and [www.act.org.za](http://www.act.org.za).

### The Nedbank Children's Affinity and the Nelson Mandela Children's Fund

The Nedbank Children's Affinity was launched in 2005 in partnership with the Nelson Mandela Children's Fund (NMCF). The vision of the NMCF, which was founded by former president Nelson Mandela in 1995, is to 'change the way society treats its children and youth'. The Fund's mission is to give voice and dignity to the African child by building a rights-based movement.

The fund was established to look after orphaned and vulnerable children. Its target beneficiaries are children and youth from birth to 22 years of age who come from impoverished backgrounds. To maximise the positive impact on the resources, the Fund works closely with fellow development organisations,



government, the private sector and other interested parties. The NMCF is based on the belief that it is possible to have a world where children live with dignity, are safe and nurtured, and their voices heard – and that the transformation needed to create such a world requires every part of society to play its role.



### SEEING THE RESULTS

Since the launch of the Nedbank Children's Affinity, we have donated nearly R40m to the Nelson Mandela Children's Fund. In 2012 Nedbank Children's Affinity donations to the Fund amounted to R5,7m (2011: R6,5m).

Examples of NMCF-supported projects in 2012 are:

- **Sustainable Livelihoods Programme** - The Sinamandla Self-Help Groups programme maximises the collective savings power of community members. Each group member saves R2,00 every week and this money is pooled so that groups can decide how to apply the funds for member benefit. Members are able to apply to borrow money from their groups rather than placing themselves and their families at risk by approaching loan sharks. All group activities take place under the watchful eye of a community facilitator who provides ongoing financial guidance. The result of the programme is a reduction in poverty and a change in mindset.
- **Etafeni Day Care Centre** - The project, established in 2001, demonstrates the power of community-driven initiatives, and how small projects can have a large impact. It was started by a group of mothers in Nyanga who were concerned about children who were unable to attend early childhood development (ECD) centres because of their impoverished backgrounds. Etafeni has since transformed from caring only for the children to fulfilling the role of a community development agency. It is pioneering a holistic approach that aims to meet the emotional and physical needs of Aids-affected children, their caregivers and the local community members who are the children's safety net.

For more information on the Nelson Mandela Children's Fund go to [www.nedbankchildren.co.za](http://www.nedbankchildren.co.za) and [www.nelsonmandelachildrensfund.com](http://www.nelsonmandelachildrensfund.com).

## The Nedbank Sport Affinity and The Sports Trust

The vision of The Sports Trust is to build healthy communities through sport. To this end, it provides sporting equipment, upgrades sporting facilities in outlying or previously disadvantaged communities, and works to advance sport in SA by identifying young sporting talent and nurturing it through coaching and training programmes.



### SEEING THE RESULTS

The Sports Trust has disbursed over R89m on over 300 major sport projects throughout SA. Since inception the Nedbank Sport Affinity has donated nearly R15m to The Sports Trust. In 2012 Nedbank Sport Affinity donations amounted to R1,6m (2011: R2,7m).

Examples of the projects supported by The Sports Trust in 2012 are:

- **Nedbank Sports Trust Soccer Development Programme** - As part of our sponsorship of the Nedbank Cup, we offer two soccer development programmes, namely the Nedbank Soccer Kit Programme and the Nedbank Cup Goals for Goals Programme. The Nedbank Soccer Kit Programme, in partnership with The Sports Trust has been donating soccer kits to schools around SA. In 2012 kits were donated to 75 schools, in conjunction with a training programme for the aspirant soccer stars. The Nedbank Cup Goals for Goals programme contributes R2 000 for every goal scored during the Nedbank Cup. A total of 93 goals were scored during the lead up to the final and, as a result, MC Weiler Primary School in Alexandra received the donation of R200 000.
- **Golf Development Programme** - The Sports Trust, in partnership with Nedbank and Sun International, made another significant contribution to golf development through a R500 000 contribution to the South African Golf Development Board (SAGDB). The funds are being used to buy golf kits for SAGDB golf juniors, coaching toolkits for the learners in their Long-term Athlete Development Programme and equipment for the juniors in their Elite Squads around the country. The funds are raised from The Sports Trust Golf Challenge, the annual golf day hosted at Sun City on the Monday after the Nedbank Golf Challenge.

For more information on The Sports Trust go to [www.nedbanksport.co.za](http://www.nedbanksport.co.za) or [www.thesportstrust.co.za](http://www.thesportstrust.co.za)

### SPONSORSHIPS

At Nedbank Group we view sponsorships as an opportunity to realise our brand promise to Make Things Happen in the lives of individuals and communities across the country while, at the same time, raising our brand profile. Sponsorships also create a business platform through targeted initiatives.

A strong development focus forms a cornerstone of Nedbank Group's sponsorship properties. Current sponsorships include golf, soccer, sport for the disabled, running, the Businesswomen's Association and the Cape Winemakers Guild.

### Golf

Golf has grown significantly in popularity and now enjoys a broad following across the full spectrum of SA society. The sport offers sponsorship opportunities at every level – from professional competitions to golf development and golf for people with disabilities. By sponsoring golfing events Nedbank Group reaches a large section of its existing client base, as well as its ever-widening target market. Nedbank Group's current golf sponsorship portfolio includes:

- The Nedbank Golf Challenge, dubbed 'Africa's Major', attracts global attention and is an excellent way of profiling the Nedbank brand on the global stage.
- The Nedbank South African Disabled Golf Open. The flagship event on the South African Disabled Golf Association calendar, this event provides an opportunity for golfers to compete irrespective of their disability.
- The Nedbank Affinity Cup. A sanctioned Sunshine Tour event that contributes to the growth of professional golf in SA. Nedbank Group donates an amount equal to the winner's prize money to the SA Golf development board.
- The Sports Trust Golf Challenge. A joint initiative with Sun international that is played on the Gary Player course the day after the Nedbank Golf Challenge. The event raises R1m in aid of sport development annually. To date over R11m has been raised.

### Sport for the disabled

Nedbank Group has been associated with sport for the disabled since 1992. We sponsor the annual Nedbank National Championships for Physically Disabled, which offer a tremendous platform for athletes with aspirations of reaching higher goals on a national or international stage. Since 1996 Nedbank Group has been a co-sponsor of the SA Paralympic Team and supported Team SA at the London 2012 Paralympic Games where the team won 29 medals.

### Running

As one of SA's most accessible and popular sports, running affords Nedbank Group an excellent platform from which to engage effectively with participants and spectators across the country. We operate 12 running clubs across all nine provinces. These Nedbank Running Clubs continued to enjoy a steady increase in membership, growing from 2 800 in 2011 to 3 100 in 2012. One of the clubs is specifically identified as having a development focus, while the others help to build the profile of road running in general.

In addition to the running clubs, Nedbank Group's running sponsorship portfolio includes co-sponsorship of the Comrades Marathon. 726 members of Nedbank Running Clubs participated in the 87th Comrades Marathon, with eight of the 20 available gold medals scooped by members of our clubs. Three members of the Nedbank Running Club, René Kalmer, Irvette van Blerk and Coolboy Ngamole represented South African at the London 2012 Olympic Games in the marathon event.

During 2012 we recommitted ourselves to our running sponsorships for a further four years.

### Soccer

For the past five years Nedbank Group has sponsored the SA Premier Soccer League's official knockout cup competition, the Nedbank Cup. The competition features 32 teams, 16 of which are from the Premier League, and eight each from the National First Division and the SA Football Association. The Nedbank Cup is the only cup competition that addresses football development through the inclusion of both professional and amateur teams. During 2012 Nedbank signed a five year extension of the Nedbank Cup contract.

### The Businesswomen's Association

Nedbank Group has sponsored and supported the Business Women's Association (BWA) for the past 11 years. The annual BWA SA Women in Leadership Census, in partnership with Nedbank Group, has grown in stature over the past seven years and now plays a pivotal role in gender transformation within corporate SA. By highlighting the progress that has been made and the disparities that still exist, the census delivers a constant reminder to corporate SA of the need to transform.

### Cape Winemakers Guild

Nedbank Group's sponsorship of the Cape Winemakers Guild (CWG) enables the group to be highly involved in the country's wine industry. The 2012 CWG auction raised a record amount of R5,7m.

The Nedbank Cape Winemakers Guild Development Trust is wholly funded by donations and proceeds raised through silent and charity auctions at various Nedbank/CWG events throughout the year. R764 150 was raised at various events in 2012. This, with the

donation from the Nedbank Foundation brings the funds raised for the Development Trust/Protégé Programme in 2012 to R1 439 150. The trust also provides finance for infrastructural projects at local schools, school tuition fees and bursaries for potential Protégé Programme students.

## Cycling

Nedbank currently has a significant involvement in cycling in SA, which includes a variety of developmental cycling initiatives as well as participation in a wide range of events.

In 2012, Nedbank Group terminated its support of its sponsored professional cycling team, Team 360Life, following an adverse analytical finding in one of the samples taken during a random test of team rider David George. The move was in line with our zero tolerance policy towards the use of any banned substances or performance enhancing drugs. We continue to support the South African Institute for Drug-Free Sport, Cycling SA and Union Cyclist International in promoting clean conduct in the cycling fraternity.

Despite this unfortunate situation, we remain involved in cycling at various levels and, in particular, as a major contributor to developmental cycling in disadvantaged communities.

## Nedbank Brand Ambassadors

While our policy is to never sponsor individuals, since 2007 we have supported a number of 'brand ambassadors', who represent the Nedbank brand and promote the association of the group with various sports or sponsorship properties. In 2012 the two Nedbank Group brand ambassadors were Emily Gray (sport for people with disabilities) and Ren Kalmer (running), both of whom are exceptional sporting talents. In addition to appearing at roadshows, functions and prize givings, our ambassadors were featured in certain Nedbank Group advertising campaigns.

# Cultural Sustainability

True cultural sustainability can only be achieved when employees are encouraged and enabled to achieve their goals through the alignment of their personal and career growth objectives and values.



In 2012 we continued on our journey towards building Africa's most admired bank by all its stakeholders. A key emphasis for the achievement of this vision is the cultural sustainability of the organisation which requires a particular focus on the two specific areas of transformation and culture - both of which are integral to achieving our aspiration of being a great place to work.

The year 2012 also saw us placing a particular focus on creating an inclusive environment where employees have the freedom to contribute to a corporate culture that they desire - a culture where all are encouraged to achieve their goals with shared values and a shared vision for the future. Given our understanding of the importance of transformation and sustainability in cultivating this culture, further emphasis was placed on embedding a values-driven, innovative and client-centric environment.

## STRATEGIC CULTURAL SUSTAINABILITY FOCUS AREAS FOR 2012

<b>Implementing transformation as a qualitative and quantitative process</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Develop a transformation strategy centred on a culture of inclusion.</li> <li><input type="checkbox"/> Achieve and sustain senior management targets.</li> <li><input type="checkbox"/> Transfer knowledge and skills.</li> <li><input type="checkbox"/> Accelerated development plans.</li> </ul>
<b>Enabling a client-centred culture</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Define our client-centred philosophy to enable client-centredness through integration of this philosophy into the HR value chain.</li> </ul>
<b>Develop a groupwide change capability to enable organisational resilience</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Design a change management framework to embed a common language and approach to change.</li> <li><input type="checkbox"/> Scope and priorities key groupwide change management priorities to ensure that we deliver cohesively in terms of these priorities.</li> </ul>
<b>Integrated talent framework</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Achieve a fully integrated talent framework.</li> <li><input type="checkbox"/> Revitalise the employee value proposition in line with the client value proposition.</li> </ul>
<b>Learning academies to support performance</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Build core capabilities in prioritising job roles through job-family related academies.</li> </ul>
<b>Reward and performance</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Reposition the Nedbank Reward Strategy to create a differentiated employee proposition.</li> </ul>

## REVIEW OF THE YEAR

Nedbank Group remained committed to achieving the cultural sustainability objectives set out for 2012, despite the challenges in the local and global financial environment.

Our integrated approach to transformation continued, with the ultimate aim of building a truly representative bank. Numerous diversity programmes and education programmes, combined with the close monitoring of our employee/workforce profile, were core contributors to achieving many of the defined Human Resources (HR) targets and objectives.

We continued to monitor our culture and organisational climate using the quantitative and qualitative feedback obtained. This feedback was used to measure, assess and substantiate the cultural sustainability achievements and develop action plans with relevant interventions.

The year 2012 saw increased focus on enhancing leadership capabilities and management effectiveness through the Leading for Deep Green Programme as well as the launch of the Leader/Manager Academy. Additional Academies, in addition to the HR and Risk Academies, were launched in 2012 with the aim of ensuring both functional and technical on-the-job training and heightened employee effectiveness.

In addition we developed the Integrated Talent Framework which provides line managers with an end-to-end view of talent management. These and other interventions are aimed at developing Nedbank Group's existing talent, the group sharpened its focus on attracting the best new talent. A key aspect of this focus area was on refining the scarce-skills categories relevant to the operations of the organisation.

## ACCOLADES IN 2012

- We maintained third position in the *Financial Mail* Top Empowerment Companies survey, and were once again the most transformed bank according to this survey.
- We were named as one of the most progressive organisations in terms of recruiting people with disabilities by the Ministry of Labour in the 2012 Commission for Employment Equity (CEE) report. In this same report, Nedbank also received a mention as an organisation that has shown significant progress in achieving the goals and objectives of its Employment Equity Plan.

## CHALLENGES TO DELIVERY IN 2012

- Meeting the target on training spend for people with disabilities (PWD), this was not achieved due to fewer employees with disabilities attending training than planned.
- The achievement of senior management employment equity (EE) targets.

## HIGHLIGHTS OF 2012

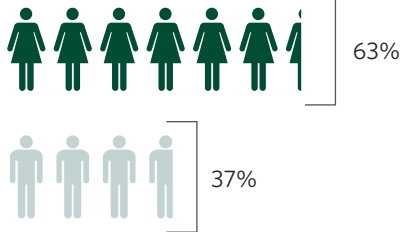
- Successful transformation dialogue sessions were conducted to understand and learn how we can strengthen our transformation activities and journey.
- The Nedbank Staff Survey (NSS) was revitalised to measure innovation and client-centredness. The inclusion of the Net Promoter Score (NPS) allows us to ascertain the degree to which employees would promote Nedbank Group as an employer and bank.
- The NSS improved significantly to 76,2% (2011: 74,4%), with 22 181 employees participating.
- Altogether 201 leadership development assessments were conducted, of which 58 were for the Leader/Manager Academy.
- Over 500 line managers completed the Coaching for Growth programme, with 14 new internal coaches being accredited through the International Coaching Federation (ICF).
- Developed an integrated talent framework for Nedbank.
- Over 8 500 employees attended diversity training.
- In line with our commitment to contributing to a greater SA, the Uhuru Transformation programme was successfully introduced to Shell. This programme will be facilitated by a black-female-owned company. The Uhuru Journey is a transformational, action learning programme which was developed by Nedbank.
- The Nedbank Eyethu Trust sponsored the Certificate in Core Banking in Financial Services Advice Learnership – NQF Level 4. A total of 12 learners without a matric qualification participated in this 12-month programme and all of them graduated.
- The upskilling of HR managers through the HR Academy has been seen as innovative and leading the market by the South African Board of Personnel Practitioners.
- The Employee Wellbeing Programme was expanded to include all our staff in the rest of Africa.

## Cultural Sustainability (CONTINUED)

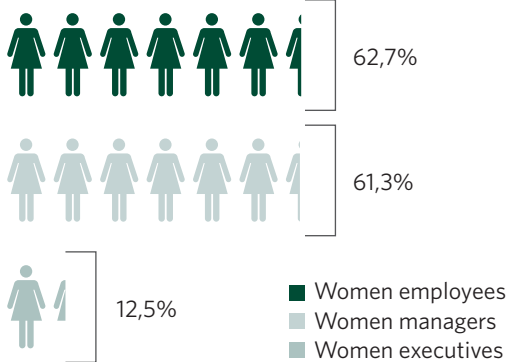
### EMPLOYEE PROFILE

Nedbank Group SA employees	2012	2011	2010
Total number of employees opening balance	28 494	27 525	27 037
SA permanent employees at the beginning of the year	25 079	24 044	22 416
<b>Add:</b>			
Recruitment	2 547	2 930	2 844
Reclassification of staff category (commission-based staff changes to permanent)	2		
Takeon	0	—	1 030
<b>Less:</b>			
Terminations	2 096	1 895	2 246
Resignations	1 554	1 453	1 733
Deaths	48	34	32
Dismissals	210	210	230
Retirements	187	139	188
Retrenchments	14	7	17
Emigration	42	27	46
Disability	41	25	0
Reclassification of staff category (permanent staff changed to commission-based)	1	—	—
SA permanent employees at the end of December 2011	25 531	25 079	24 044
<b>Add other employee categories:</b>			
Contractors and financial planners	1 527	1 763	1 777
International employees (including Africa)	1 634	1 608	1 658
External entities	56	44	46
<b>Total number of employees (excluding temporary staff)</b>	<b>28 748</b>	<b>28 494</b>	<b>27 525</b>

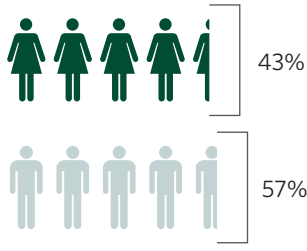
### Employee gender profile



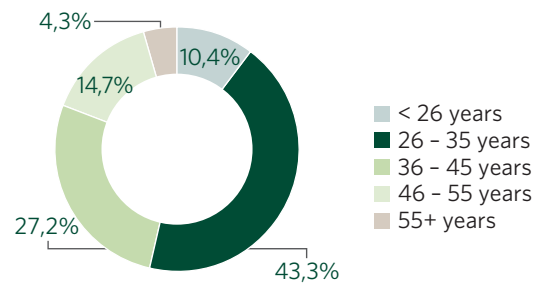
### Women in management



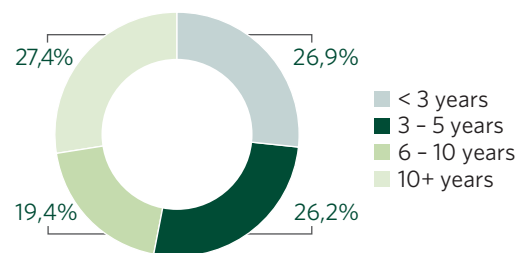
### Attrition - gender profile\*



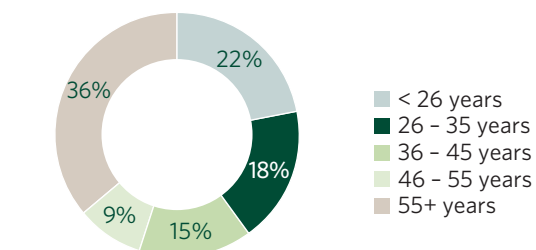
### Employee age profile



### Employee tenure



### Attrition - age profile\*



\* Attrition rates: 2012: 8,2% (2011: 7,6%)

### Nedbank SA workforce profile per the Department of Labour occupational levels based on the EE Act at 31 December 2012

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	6	-	-	11	1	-	-	1	-	-	19
Senior management	72	26	66	373	53	11	37	126	26	9	799
Professionally qualified	918	421	691	1662	955	556	733	1787	96	88	7 907
Skilled technical	2 151	851	724	611	4 289	1893	1384	1804	27	85	13 819
Semiskilled	525	149	82	57	1145	458	244	345	-	10	3 015
Unskilled	-	-	-	-	-	-	-	-	-	-	-
<b>Total permanent</b>	<b>3 672</b>	<b>1 447</b>	<b>1 563</b>	<b>2 714</b>	<b>6 443</b>	<b>2 918</b>	<b>2 398</b>	<b>4 063</b>	<b>149</b>	<b>192</b>	<b>25 559</b>
Temporary employees	385	109	91	301	678	160	105	213	28	20	2 089
<b>Grand total</b>	<b>4 057</b>	<b>1 556</b>	<b>1 654</b>	<b>3 015</b>	<b>7 121</b>	<b>3 078</b>	<b>2 503</b>	<b>4 276</b>	<b>177</b>	<b>212</b>	<b>27 648</b>

Note: This workforce profile excludes all non-payroll contractors, non-payroll temporary employees, international secondees and employees from external entities, but includes 28 commission-based staff, in accordance with the reporting requirements of the EE Act.

## Cultural Sustainability (CONTINUED)

### Total number of South African staff with disabilities based on the EE Act at 31 December 2012

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	3	2	2	18	-	-	-	8	1	1	35
Professionally qualified	12	7	20	94	13	12	23	93	1	2	277
Skilled technical	50	21	33	42	102	47	38	124	1	2	460
Semiskilled	27	4	4	13	24	18	19	40	-	-	149
Unskilled	-	-	-	-	-	-	-	-	-	-	-
Total permanent	92	34	59	167	139	77	80	265	3	5	921
Temporary employees	6	1	2	11	1	1	1	3	1	-	27
<b>Grand total</b>	<b>98</b>	<b>35</b>	<b>61</b>	<b>178</b>	<b>140</b>	<b>78</b>	<b>81</b>	<b>268</b>	<b>4</b>	<b>5</b>	<b>948</b>

### DRIVING TRANSFORMATION IN SA

We view transformation as a process of change, through which a culture of inclusion can be achieved. We therefore embrace transformation as a moral and a business imperative. Transformation shapes our business principles and is reflected in all our business policies, practices and procedures. We remain committed to leading in transformation both within the group and in support of the country.

### Transformation strategy

The Nedbank Group Transformation Strategy (2012 - 2013) seeks to deliver on various transformation initiatives, with a special focus on senior management, and seeks to create a culture of inclusion as the desired end-state.

This culture of inclusion aims to create an environment in which talented people from various backgrounds and mindsets are able to work together efficiently and perform at their highest potential to achieve organisational goals. In such an environment different voices are respected and heard; diverse view points and perspectives and approaches are valued and all are encouraged to make a meaningful contribution.

During 2011 and 2012 the Department of Labour conducted a Director General Review on Nedbank Group. The results led the Ministry of Labour to conclude that we are one of the most progressive organisations when it comes to recruiting people with disabilities and is one of the SA organisations that has shown significant progress in achieving the goals and objectives of its EE Plan.

We continue to work towards achieving these goals and objectives by December 2013. The implementation of the Transformation Strategy and EE Plan is monitored through various management committees and governance structures.

These EE governance structures continue to function in a coordinated manner to ensure that EE issues are properly escalated for decisionmaking across the group. The Board Transformation, Social and Ethics Committee has the overall responsibility for the direction and management of the group, and actively monitors EE action plans.

A subcommittee of the Group Executive Committee (Group Exco) on transformation and human resources (Transformation and Human Resources Committee) ensures full integration of all transformation processes within the group and advises on strategies for transformation. Each cluster has an EE forum that is made up of employer and employee representatives. Each cluster in turn is represented on the Nedbank Employment Equity Forum, a consultative body constituted in accordance with the EE Act, which measures EE performance and provides input and direction where required. Capacity-building workshops are conducted on a quarterly basis to develop employees who sit on these forums and ad hoc training sessions also take place at the request of various business areas. During 2012, a total of 13 such sessions were conducted and 236 employees were trained.

### Enabling transformation through employee development

Of the 507 employees who participated in our business education programmes during 2012, 71% (2011: 68%) were black and 17% (2011: 16%) were black females. Of the 116 (2011: 58) employees who participated in the executive education programmes, 65% (2011: 48%) were black and 17% (2011: 10%) were black females. This ongoing development of employees from previously disadvantaged groups contributes towards our transformation bench



strength and talent pipeline. In 2012 more than 1 310 (2011: 1 101) employees benefited from our internal bursaries, with 1 020 or 78% of these employees being black (2011: 79%).

For a more detailed breakdown of training initiatives in 2012 see the 'Developing our Employees' section of this cultural sustainability report on page 53.

### Embracing diversity

Our aim is to have an inclusive culture where all our employees feel welcome, with particular focus placed on developing, and creating opportunities for, women and people with disabilities.

### People with disabilities (PWD)

In 2012 we continued our commitment to being a great place to work for employees with disabilities. Interventions and plans in support of this commitment included the Nedbank PWD Communications Plan, which was launched in the first quarter of the year and is closely aligned with the national and international calendar of events for PWD.

The percentage of Nedbank Group employees (total workforce) with disabilities in SA has increased from 2,76% in 2011 to 3,43% at the end of 2012. Significant progress has been seen in this area since 2006 (0,21%).



#### CASE STUDY

# My disability has little to do with my ability

In the run-up to the International Day of People with Disabilities 2012, we increased our efforts to create awareness of the requirements and value of employees with disabilities as well as the role they play in creating a truly inclusive environment and a great place to work for all.

To bring the communications alive for employees, it was decided that employees with different types of disabilities who had declared their disability status across the country would become ambassadors for the 2012 PWD awareness campaign, which continued the 2011 theme of 'My disability has little to do with my ability'. The campaign itself included:

- An internal TV broadcast featuring compelling stories of Nedbank Group employees with disabilities.
- Promotional buttons and articles on internal communications channels.

By using our own employees with disabilities in the campaign, the message was made more credible and helped to address some of the fears that employees may have harboured about declaring their disabilities.

On the International Day of People with Disabilities, all meetings taking place across Nedbank Group started with a 15-minute discussion around disabilities. These discussions were aimed at helping employees to understand the importance of PWDs at Nedbank, and increasing the understanding of the tools we have in place to help support PWDs in the workplace.

## Cultural Sustainability (CONTINUED)

### Supporting women in the workplace

Our people transformation strategy places great emphasis on the advancement of women. This strategy aims to continue using current platforms, such as the Nedbank Women's Forum, to ensure that Nedbank is a great place to work for all female employees. We also leverage our sponsorship of the Business Women's Association of SA (BWASA) to strengthen our gender equity position.

While attaining female representation at executive and senior management level remains a challenge, research indicates that this is by no means unique to Nedbank Group and that it is indicative of global trends.

The latest SA Women in Leadership census shows that female representation at top management levels of JSE-listed and state-owned companies was only 21,4% in 2011. At 10,5% representation, we are still trailing behind this figure. However, we remain among the top performing companies when it comes to female representation at board level. The census showed that only five of the largest (by market capitalisation) companies on the JSE have 25% or more director positions held by women, and one of them is Nedbank Group.

Against this challenging backdrop, we continue to focus on the advancement of women in the group, and, to this end, a number of celebrations, functions and events were held during the year under review, including:

- The hosting of one of our female boardmembers, Ms Gloria Serobe who shared her insights on the challenges of work/life balance for working women.
- A campaign celebrating and profiling 15 female staffmembers in the 2012 *Mail & Guardian Book of SA Women*.
- Various events to mark Women's Month, with guest speakers addressing staff across the business.
- Sessions with Nedbank Group female senior managers and some high-potential middle managers so that we can better understand the challenges facing women wishing to advance into more senior roles. Networking sessions were held to allow for the building of strategic relationships in the workplace.

To identify the barriers that women are facing. Great emphasis has been placed on the feedback received from women who attended the sessions. The recommended action plans have been developed and will be implemented from 2013.

During 2013 particular focus will be on:

- Increasing the representation of women at senior management level, with the aim of raising this figure from the current 28,3% to 29,5% by 2015.
- Identifying role models and sponsors.

- Accelerated development.
- Communicating our vision for the advancement of women.
- Alignment of the Nedbank Women's Forum and its activities with the transformation strategy.
- Creating an enabling environment in which to encourage work/life balance.
- Celebrating women and their roles and value in the organisation.

### Transformation dialogues

During the year under review, various transformation Dialogue sessions were conducted. These transformation dialogues were a series of talks by invited guest speakers with panels addressing important and current transformation topics. These included sessions by:

- Dr Vuyo Mahlati (National Planning Commissioner) on the Commission's Vision 2030 Report.
- Mr Mpho Makwana (Nedbank Group board member) on the impact of generational differences on leadership.
- Prof Jonathan Jansen (Vice-Chancellor at the University of the Free State) on deep transformation.

These transformation dialogue sessions will continue in 2013, with the aim of encouraging employees to hold open and honest debates on broader transformation matters that affect the way we implement our transformation initiatives.

### Employee relations

As part of our commitment to promoting and fostering good employee relations, we recognise the right of our employees to representation, freedom of association and collective bargaining. We also consult with our employees and their recognised unions on any restructuring activities that may be required. The minimum notice period for bargaining and non-bargaining units, as specified in agreements, is three months for any significant operational changes.

Altogether 133 disciplinary incidents and disputes were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) in 2012. This was slightly higher than the 124 in 2011, but the increase cannot be ascribed to any single factor.

The number of dismissals due to disciplinary incidents also increased to 209 for 2012 (2011: 171), with most related to instances of dishonesty and gross negligence. Our approach to dismissals remains firmly rooted in a fair disciplinary process.

During the year under review formal and informal management training and various focus group discussions were offered on the industrial relations aspect of managing discipline, grievances and performance. A total of 1044 managers and supervisors attended these sessions.

## Employee relations: Disciplinary Incidents and Disputes

	2012	2011	2010
Total number of employee relations incidents logged	9 815	8 258	8 426
Incidents resolved through counselling	4 439	3 779	3 554
Incidents resolved by means of verbal warnings	2 004	2 236	1 575
Incidents resolved by means of written warnings	2 710	1 859	2 717
Cases referred to the CCMA*	133	124	142
Of the cases referred to the CCMA:			
Settled	42	54	67
Withdrawn	22	19	15
Dismissed in favour of Nedbank	10	30	31
Unfavourable decisions against Nedbank	4	2	3
Still in progress	42	21	37

\* These cases include cases still in progress from previous years as well as cases referred in 2012.

## Collective bargaining

We embrace the principles of collective bargaining as we believe this helps to create healthy employer-employee relationships. On 31 December 2012 a total of 67,46% permanent Nedbank Group employees comprised the collective bargaining unit, although only 50,7% were actual paying members of the two recognised trade unions. We utilise this process to agree fairly and equitably on the terms and conditions of employment for all bargaining-unit employees.

We also consult with employees and their recognised unions on any restructuring that may be required. During 2012 all such restructuring initiatives were successfully concluded without any forced retrenchments. While there were retrenchments these were voluntary and in most cases with early retirement where the individuals chose this option rather than alternative placements or re-location.

Actions taken to support the right to exercise freedom of association and collective bargaining are entrenched in our human resources policies.

## CREATING A UNIQUE AND INNOVATIVE CULTURE

A significant component of our vision of becoming the most admired bank in Africa by all stakeholders is a focus on effective two-way staff engagement. The annual Barrett Survey and NSS have become integral tools in terms of understanding the organisational culture and the overall corporate climate and working environment. By analysing the results of these surveys, we not only ensure that we constantly measure our cultural sustainability progress, but we are also able to implement practical, staff-driven initiatives supporting our cultural sustainability journey.

### The 2012 Barrett Survey

The results of this survey showed that Nedbank Group is a step closer to being a great place to work by achieving an entropy score of 10%✓ (2011: 11%). An entropy score of 10% or less is internationally recognised as a minimum requirement for a truly healthy organisational culture.

Barrett - Entropy score and culture match



The number of aligned values illustrates the degree to which employees believe the organisation is on the right track. In 2012 there were five matches. While this was a decline on the six achieved in 2011 it remains within the four-to-six range that indicates that staff have a strong level of confidence in the current direction of the organisation.

Overall, our current culture reflects values that promote a strong focus on meeting client needs and building a positive image. The values chosen by Nedbank employees show that we have people working together and taking ownership of their actions to meet business targets and that there is appreciation shown by the organisation for their efforts. The values also support our commitment to being a green and caring bank, as reflected in our value of making a positive impact on the communities in which we operate. The responses of 2012 survey participants revealed that Nedbank staffmembers would like to see an even greater focus placed on the building and strengthening of connections with one another across the group. It is understood that by deepening these relationships, we build a stronger sense of community and unity in the organisation.

## Cultural Sustainability (CONTINUED)

The overall feedback from the 2012 Barrett Survey once again provided us with valuable insights into key cultural sustainability focus areas. These include:

- Greater emphasis on integrating innovation as a current culture value.
- Continued effort to open channels of communication and engagement across the group with the commitment and role modelling of executive and senior leaders.

### The Nedbank Staff Survey

In 2012, we embarked on an exercise to ensure that the NSS remains relevant. As a result of this exercise the NSS questionnaire was reduced and revitalised, which led to the inclusion of two new dimensions namely Engagement and Employment Equity.

This year also saw more Nedbank Group employees participating in the NSS than in the prior year, and the results showed a significant improvement from 74,4% in 2011 to 76,2% in 2012. This improvement was underpinned by statistically significant improvements in eight of the twelve dimensions, with the highest scoring dimensions being Strategic Direction and Rewards, Recognition and Performance Management.

Three new statements were added to the Ethics dimension of the NSS in order to obtain a deeper view on Ethics in the organisation. Questions were included from the Ethics Indicator (which is a separate review) as these questions were reflected as high risk questions in the previous Ethics Indicator. On this basis the Ethics score declined, however if we were to exclude the three new ethics questions, the 2012 Ethics score increased relative to that in 2011.

As part of the 2012 NSS, the Hewitt Engagement Survey was once again included, and for the first time, the Net Promoter Score (NPS) was included. The Hewitt Engagement Survey seeks to understand the engagement of Nedbank Group employees based on three dimensions of:

- **Say** - looks at how consistently you speak positively about the organisation to coworkers, potential employees and clients;
- **Stay** - looks at whether you have an intense desire to be a part of this organisation; and
- **Strive** - looks at the extent to which employees exert extra effort and engage in behaviours that contribute to business success.

The Hewitt Engagement score of 71% for 2012 saw Nedbank Group returning to the high performance range and revealed that employees are highly engaged and actively contribute to the achievement of our organisation's goals. This score places us above the Global Financial Services average.

The Net Promoter Score (NPS) was also included in the 2012 survey for comparability between staff ratings and client perceptions. The NPS allows us to assess employee advocacy levels of the group as a great place to work and bank, thereby having a comparable measure that is benchmarked against client surveys conducted in client-facing clusters. The premise of the NPS is that employees can be divided into three categories:

- **Promoters** - loyal enthusiasts who actively promote the brand.
- **Passives** - those who may be satisfied but unenthusiastic and have lower levels of loyalty to the brand.
- **Detractors** - those who are unhappy employees who can damage the brand by impeding growth through negative word of mouth.

Scores on this measure pointed to Nedbank Group's having a higher percentage of employees who are promoters of the organisation rather than detractors. This suggests that we enjoy the services of many loyal employees who actively endorse our brand.

The positive shift in the results of both surveys is testimony that actions implemented following feedback from previous surveys are contributing to lasting, positive change in the Nedbank Group culture.

### Enabling effective leadership

The Leading for Deep Green (LFDG) Programme provides managers with an opportunity to understand even better how they lead and relate to their team members. In 2012, this programme gained further momentum and it has now been extended to the end of 2015. During 2012, a total of 1 312 (2011: 656) employees were exposed to the programme and this number will continue to grow in 2013 in line with our aim of reaching at least 2 150 employees.

## MANAGING AND NURTURING TALENT FOR TOP PERFORMANCE

Our employees remain our most significant source of a sustainable, competitive advantage. To ensure that our employees perform at their peak, realise their personal goals and contribute towards the achievement of our Deep Green aspirations, we have implemented a number of talent management tools and initiatives.

An integrated talent framework was developed that provides line managers with an end-to-end view of the talent management process. Aligned to this, a series of tools have been developed to guide managers in managing their talent effectively.



## CASE STUDY

# Leading for Deep Green helps **SUCCESS** at Nedbank

The true success of the LFDG programme is the potential it offers managers to understand the true meaning of leadership, recognise how they lead and relate to their team members, and use these insights to build effective personal and team leadership capabilities that will take them, and the organisation forward in the future.

Almost without exception, attendees of the programme express their appreciation for the opportunity it affords them to connect with their peers and colleagues on a deeper and more human level. This personal connectivity allows for greater levels of support and empathy within business units, divisions, clusters and teams. LFDG is also widely acknowledged as an excellent facilitator of greater collaboration and communication across the organisation.

Middle managers who attend the programme praise it for the tools and insights it provides to help them achieve more in their roles, despite the

increased performance demands and pressures they face, often without additional resources.

LFDG is also effective in prompting and enabling courageous team conversations, driven by those who attend the programme, and in breaking down blockages that would otherwise have limited success.

The managers who complete the LFDG programme have a clear understanding of what good leadership is and where their leadership styles and habits need adjustment if they are to become great leaders in their own right.

### Group talent forum

We are continuously looking for innovative ways in which to enhance the talent management process, and one of the enhancements we undertook in 2012 was the introduction of the Nedbank Group Talent Forum. This forum allowed Group executive committee members to identify emerging talent and share their thoughts regarding prospective candidates for group executive roles as well as the overall executive level talent pool within the organisation.

### Employer branding and employer value proposition

The Nedbank employer brand, through the EVP, has a responsibility to link Nedbank's aspiration of being a great place to work and bank by highlighting the relationship between people strategies and corporate brand strategies. The EVP remains a guiding principle by which we deliver on our promise to employees to offer a great place to work. The EVP project started in 2011 and gained momentum in 2012 with the

## Cultural Sustainability (CONTINUED)

completion of a conceptual framework that emphasises key integration points for the EVP and group's client value proposition (CVP). Employees' views on the Nedbank Group EVP were obtained at three workshops held in Johannesburg, Durban and Cape Town. The feedback from these conversations will form the basis for the revitalisation of the EVP.

### Talent acquisition

The primary focus for 2012 was to improve existing systems and processes to ensure that the talent acquisition process runs more smoothly and that we have the right partners on board to source the best people for our organisation. Our initiatives this year were focused on the alignment to the scarce-skills list to make sourcing for these skills easier and to build a future pipeline for these skills sets through the graduate and bursary programmes.

In 2012 a total of 164 698 (2011: 173 359) job applications were received, this included 121 358 internal applications and 43 340 external job applications.

2012 saw an increase in attrition, to 8,2% (2011: 7,6%) which could be attributed to the restabilisation of the job market and economy.

### Scarce skills

In 2011, Nedbank embarked on a journey to clearly define our scarce skills. In order to do this a Scarce Skills Scoring Tool was designed, which helped us to verify the extent and degree of scarcity of a skill. In 2012, we finalised our scarce-skills list, which now comprises 61 scarce-skills in 15 segments. Each of these skills have different ratings, which helps us to target our talent interventions to bridge the gaps in the supply of these skills both in the short and longer term.

### Flexible work practices

Global surveys point to the fact that industries such as finance, insurance, consulting services, and the professional, scientific and technical field, offer good opportunities for flexible work arrangements. In line with this global trend, we offer qualifying employees the opportunity to manage their work time and methods in ways that maximise their productivity. In the past year, we have observed a significant increase in the number of employees taking advantage of the opportunity to work flexibly. In 2012 we saw a significant increase, from 895 to 3 152 employees formally working flexibly. Most notable is the substantial increase in flexitime workers which increased to 2 894 from 658 in 2011.

## REWARD AND RECOGNITION

To deliver on our aspiration of being a great place to work we recognise the need for a highly integrated performance, reward and recognition framework. The findings of the NSS showed that our efforts in this regard are delivering results, with an improvement in employees' perceptions of performance, reward and recognition from 66% in 2011 to 76,6% in 2012.

### Reward

We take a 'total reward' approach to incentivising our employees to deliver optimum performance. This could take the form of a cash bonus (short-term incentive or STI) or share-based (long-term incentive or LTI) remuneration. These rewards are supplemented by a range of market-aligned employee benefits that form part of employees' cost-to-company remuneration packages and help them to achieve their financial planning goals.

In addition, a range of banking and lifestyle products is made available (the latter through the Nedbank Mall), giving employees access to a range of very competitively priced goods and services.

We conducted a comprehensive pay differential analysis in 2011 to determine whether there was any racial or gender bias in the determination of pay levels. This process allowed us to set in place the appropriate remedies for any discrepancies observed. These discrepancies have now mostly been resolved. Our lowest pay scales exceed the national minimum wage. More information on this and on our overall approach to remuneration is contained in our Remuneration Report.

### Performance management

Our performance planning process ensures an alignment of the strategic business intent with the development of personal performance objectives. This is achieved through extensive use of a scorecard approach to performance planning, enabling everyone in the organisation to contribute directly to the overall success of the organisation. It also ensures that we achieve an appropriate focus on the key business priorities that have been agreed with stakeholders.

An ongoing process of engagement on performance between employees and their line managers is encouraged. This ensures continuous improvement and enables responsiveness to changing business conditions. The process includes a bi-annual performance review where performance is formally rated by both the employee and the line manager. Altogether, 96% of our employees (2011: 92,1%) participated in the final performance review process in 2012 and confirmed their ratings on the Nedbank self-service HR portal.

In addition to providing formalised input for development and career development purposes, the outcome of the final performance review is a primary input into the annual reward review process.

### Recognition

Recognition is an important element of the way we do things. Our recognition process covers a range of positive feedback mechanisms - from an informal but deliberate 'thank you', to a formal recognition programme that culminates in an international Top Achiever recognition trip hosted by the Chief Executive and other members of the Group Executive Committee.

In 2012 a total of 530 employees were formally recognised as Nedbank Achievers, with the top 159 of these visiting Abu Dhabi and Dubai with their partners as part of the Top Achiever programme.

Importantly, our approach to recognition transcends single or occasional performance events and focuses instead on consistently demonstrated behaviours that align with the organisation's values and make a tangible contribution to the achievement of our objectives.

## DEVELOPING OUR EMPLOYEES

We understand that, rather than merely doing a job, our employees have unique career aspirations and place a priority on continuous personal development. Providing them with the support they need to reach their full potential is key to our ability to create a great place to work. Empowering employees to perform optimally also enables higher engagement levels and increases the ability of staffmembers to push beyond their boundaries, both for their own benefit and that of the organisation.

Training and development are integral to this philosophy, and thus in 2012, we recorded an average of 44 (2011: 43) hours of training per employee, with an average of 47,2 hours for females.

The training and development programmes and initiatives available to Nedbank Group employees include:

- Business education programmes (BEPs).
- Executive education programmes (EDPs).
- Internal bursary programme.
- Coaching.
- Nedbank academies.
- Learnerships.
- Internship.

These are outlined in greater detail in the supplementary information online version of this report.

- BEPs are based on a holistic view of building competencies for various management levels. Most of these programmes are accredited and allow Nedbank Group leaders and managers to learn business principles and engage in topical conversations, case studies and action learning projects.
- EDPs are offered by various local and international institutions. The objective of these programmes is to provide senior managers and executives with a global perspective, enabling the participants to become global leaders who are able to lead in a complex and changing world.
- Internal bursary programme. We are committed to supporting the continuous learning of our employees. Internal bursaries offer an opportunity for employees to gain a formal qualification while working. In 2012, we spent R15,2m (2011: R11,6m) on internal bursaries for various qualifications ranging from undergraduate to postgraduate degrees.
- Coaching within Nedbank Group continues to gain momentum, with capability training being

rolled out across the organisation. In 2012, more than 500 line managers were upskilled to improve the application of learning undertaken by employees. A total of 22 internal coaches were accredited to assist managers with career transition and leadership behaviour development.

- Nedbank academies continue to deliver results in terms of enabling employees to achieve their full performance potential. This learning approach includes multi-dimensional solutions that vary across a range of formal and informal learning solutions such as structured programmes, modularised offerings, business simulations, community of practices, learning portals, action learning practices, coaching, mentoring, e-learning and many more. In 2012, the implementation of Nedbank academies gained significant momentum with the HR, Risk and, Leader/Manager Academy pilots and the scoping of the sales and service and IT academies.

### Nine new learnerships were implemented in 2012.

- CA programme (NQF level 7)
- Information Technology Banking Learnership Programme (NQF level 6)
- Certificate in Bank Credit Learnership (NQF level 5)
- Core Banking and Financial Services Learnership (NQF level 5)
- National Certificate in Credit and Risk Assessment Learnership (NQF level 5)
- National Certificate in Banking Services Advice Learnership (FAIS) (NQF level 5)
- System Support (NQF level 5)
- National Certificate in Banking - Foreign Exchange (NQF level 4)
- Further Education and Training Certificate - Debt Recovery (NQF level 4)

### Other programmes (Category B programme)

- Beyond Coaching
- International Academy of Retail Banking
- International Academy of Retail Banking - Graduates
- Postgraduate Diploma in Financial Planning (NQF level 8)
- Higher Certificate in Short-term Insurance (NQF level 5)
- Property Finance Academy (NQF level 5)
- Risk Talent Academy - Risk Officer (NQF level 6)
- Certificate in Business Management (NQF level 5)

### Internship (Category C programme)

- Software development internship

## Cultural Sustainability (CONTINUED)

### Development assessments

One of the main objectives of development assessments is to facilitate focused personal and professional development and self-insight. This enables the creation of meaningful and focused personal development plans and instils an ethos of continuous improvement, where individuals take responsibility for their own personal development with the support of their line manager. During 2012 the Nedbank Assessment Unit conducted 201 development assessments and 58 assessments for the Leader/Manager Academy.

#### Training conducted for South African employees according to Department of Labour EE occupational levels

Occupational levels	Male				Female				Foreign national	
	A	C	I	W	A	C	I	W	F	M
Top management	16			30	24					
Senior management	110	113	108	64	115	42	60	93	54	35
Professionally qualified	66	53	65	50	69	58	60	51	41	33
Skilled technical and academically qualified workers	52	68	49	42	51	41	60	36	28	34
Semi-skilled and discretionary decisionmaking	44	44	23	47	38	50	21	32	22	
Non-permanent staff	99	64	94	21	95	70	119	22	27	27
Exclusions	61	28	35	21	39	59	53	47	17	275
<b>Total average hours</b>	<b>60</b>	<b>60</b>	<b>58</b>	<b>47</b>	<b>54</b>	<b>47</b>	<b>58</b>	<b>43</b>	<b>34</b>	<b>47</b>

## SKILLS DEVELOPMENT

#### Attendance of B, C and D development programmes

Year	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
2012	349	480	91	172	113	179	165	191	1740
2011	310	400	76	111	94	116	128	122	1357
2010	209	254	55	54	68	76	93	92	901

#### Attendance of executive education programmes

Year	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
2012	19	14	5	6	11	7	25	15	102
2011	6	6	4	1	7	4	26	4	58
2010	6	6	4	3	8	9	19	8	63

### Development plans

A total of 23 361 (2011: 21 690) of Nedbank employees have personal development plans in place.



Year	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
2012	3 543	6 326	1 272	2 680	1 285	2 132	2 452	3 671	23 361
2011	3 172	5 641	1 181	2 551	1 191	1 948	2 336	3 670	21 690
2010	2 945	4 984	1 081	2 325	1 212	1 897	2 348	3 662	20 454

#### Training expenditure in terms of department of trade and industry (dti) codes

	2012	2011	2010
Total basic payroll <sup>1</sup> (Rm)	8 854	7 555	6 823
Total training spend (Rm)	352	301	244
Training spend as % of basic payroll %	3,98	3,99	3,58
Training spend for black staff using adjusted recognition for gender (Rm)	269	228	190
Training spend for black people with disabilities (PWDs) using adjusted recognition for gender (Rm)	5	4	3
Training spend on black staff as % of basic payroll %	3,03	3,02	2,78
Training spend on black PWD as % of basic payroll <sup>2</sup> %	0,06	0,05	0,04

<sup>1</sup> The total basic payroll amount shown on the training numbers refers to the total leviable amount and this is the amount on which SARS levies the skills development tax of 1%.

<sup>2</sup> Training spend on employees with disabilities was not met due to fewer employees with disabilities attending training than expected.

## PROMOTING EMPLOYEE WELLNESS

### Employee Wellbeing Programme

In 2012 we continued to offer our employees a comprehensive Employee Wellbeing Programme (EWP), facilitated through Independent Counselling and Advisory Services (ICAS). The EWP provides assistance and support on a wide range of issues such as emotional and personal difficulties, family and relationship concerns, alcohol or drug abuse, the management of stress and change, financial matters, legal concerns, HIV/Aids, violence, bereavement and loss. Onsite debriefing is also provided for employees that have been exposed to traumatic events such as bank robberies.

The EWP is integral to our overall employee wellness strategy, which aims to create a culture of physical and emotional health that, in turn, fosters personal commitment to healthy lifestyles and the reduction of health risks by employees themselves.

During 2012 the EWP was rolled out to all Nedbank staff in the rest of Africa. Currently the overall engagement rate, which includes uptake of all services provided, amounted to 37,8%, which has increased from 35,9% in 2011. These high utilisation rates indicate that there is a good level of awareness among employees of the services on offer. Services are provided by ICAS.

As part of our efforts of creating a great place to work Employee Wellbeing provided numerous opportunities for employees to grow and enhance their knowledge of health and wellness.

In 2012 Planning for Retirement workshops were included as part of the programme. These are open to employees aged 55 years and older and are aimed at addressing common concerns around retirement and easing any anxiety felt by employees as they approach retirement age. A total of 88 employees attended the workshops, which were launched in the last quarter of 2012.

### Onsite child care facilities/crèches

More than 91% of our female employees return to work after maternity leave. As part of being a great place to work, we provide childcare facilities at three of our headoffice building sites in Gauteng. By addressing the needs of working mothers and fathers, we aim to retain our staff, boost productivity and reduce absenteeism. Together these facilities accommodate 238 children.

### Executive health

The health of Nedbank Group executives is a material consideration in terms of business continuity and stakeholder interests. Our executive health programme is designed to mitigate this risk by assessing and monitoring the health of our executives and

## Cultural Sustainability (CONTINUED)

promoting good lifestyle and nutrition choices, regular physical activity and effective stress management.

The cornerstone of our executive programme is a comprehensive wellbeing assessment with professionals who are experienced in executive wellness. During the year under review 189 Nedbank executives made use of this facility.

### Managing HIV/Aids and lifestyle diseases

We remain proactively committed to addressing HIV/Aids in a positive, supportive and non-discriminatory manner. We offer treatment to HIV-positive staffmembers through the Nedgroup Medical Aid Scheme. Employees and their dependants who are registered on the programme qualify for an additional unlimited benefit per registered beneficiary, which provides for blood tests and the chronic medication required to monitor and treat the condition. Anti-retroviral drugs are provided as part of a managed-care programme. Personal details are kept anonymous and not shared with anyone in the group.

To assist with the management of chronic lifestyle diseases we have developed a holistic and inclusive

wellness strategy covering lifestyle diseases and HIV/Aids. We are moving away from an exclusive focus on HIV education and testing towards managing lifestyle diseases more holistically. This should go a long way towards normalising and destigmatising HIV. To prevent and manage these diseases effectively, education and health screening are vital. It is believed that testing for the five lifestyle diseases will increase testing take up as it will appeal to a larger audience than single disease testing (eg HIV). All health screening is undertaken in partnership with the Nedgroup Medical Aid Scheme. The collection of tests includes blood pressure, cholesterol, glucose, body mass index and HIV. This more comprehensive education and health screening programme will also help us understand the collective health risks of employees and target future health initiatives accordingly, while providing individuals with information so that they can manage their health.

To date 2 076 employees have undergone comprehensive health testing during wellness days around the country. Of these, 1 337 elected to incorporate HIV testing. Onsite testing and education will be rolled out to more employees during 2013.

## LOOKING FORWARD

### Objectives and plans for 2013

Strategic focus area	Objective/Plan
<b>Driving transformation to create a diverse workforce in an inclusive environment</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> EE target setting model enhancements.</li> <li><input type="checkbox"/> Pro-active engagement and consultation with key stakeholders.</li> <li><input type="checkbox"/> Monitoring and evaluation.</li> <li><input type="checkbox"/> Promoting and embedding an inclusive environment.</li> </ul>
<b>Continued efforts to enable a unique, innovative and client-centred culture</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Enabling a client-centred and innovative culture through the development of a long-term employee engagement strategy with the aim of activating Nedbank brand ambassadors to enhance the client experience.</li> <li><input type="checkbox"/> Continue to build personal and team leadership effectiveness (LFDG).</li> <li><input type="checkbox"/> Continue building internal change capability.</li> </ul>
<b>Acquisition and optimisation of talent</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Establish frameworks per job family showing all career streams and jobs available in the bank.</li> <li><input type="checkbox"/> Identify initiatives to build a pipeline for priority scarce skills.</li> <li><input type="checkbox"/> Revitalise the EVP in order to align with the CVP.</li> </ul>
<b>Repositioning reward to create differentiation</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Review and enhance the Nedbank reward, performance and benefits strategies to support a differentiated employee proposition.</li> </ul>
<b>Creating a learning organisation to support employee development and the achievement of business objectives</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Creating a learning organisation.</li> <li><input type="checkbox"/> Positioning and implementing academies within Nedbank Group, per job family.</li> <li><input type="checkbox"/> Becoming a leader in dti skills development.</li> </ul>

## KEY RISKS AND MITIGATION STRATEGIES FOR 2013

Strategic focus area	Risk associated with objective	Mitigating action(s)
<b>Driving transformation in order to create a diverse workforce in an inclusive environment</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The potential of continued non-achievement of senior management targets may result in delays in reaching the transformational goals of having a senior management level that is reflective of the demographics of the society that the bank operates in.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Proactive utilisation of opportunities that arise at this level and delivery on transformation initiatives.</li> <li><input type="checkbox"/> Continuous monitoring through various governance structures.</li> </ul>
<b>Enabling a unique, innovative and client-centred culture</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Potential inability to attract new clients and potential loss of existing clients to competitors who may be perceived to be more client-centric.</li> <li><input type="checkbox"/> Potential loss of competitive advantage resulting in an inability to attract new talent if Nedbank is perceived not to be innovative, unique and client-centred.</li> <li><input type="checkbox"/> Becoming irrelevant in the industry.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Development of a worldclass service programme.</li> <li><input type="checkbox"/> Focus on innovation</li> <li><input type="checkbox"/> LFDG Personal and Team Effectiveness workshops.</li> </ul>
<b>Acquisition and optimisation of talent</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> High level of dependency on people, processes and futures systems to land the talent management strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The relevant frameworks for the strategic focus areas have been developed. Research has been done and continues to be conducted to improve on the process associated with the strategic objective.</li> <li><input type="checkbox"/> The roles and responsibilities are to be agreed on, clearly communicated and managed.</li> </ul>
<b>Repositioning reward to create differentiation</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Perception of uncompetitive reward practices and employee benefits may result in the loss of talent and the inability to attract new talent.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Ensuring the overall competitiveness and fitness-for-purpose of the remuneration and benefits offering relative to the markets in which we compete, while remaining appropriately commercial and agile to respond to changes in market conditions.</li> </ul>
<b>Creating a learning organisation to support employee development and achievement of business objectives</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> The potential inability to provide a holistic and relevant learning offering for the group to develop people with the required skills and capabilities to deliver on the business objectives.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Creating a shared vision and commitment to create a learning organisation across the group; and</li> <li><input type="checkbox"/> Development of an integrated learning strategy with clear roles, responsibilities and measures.</li> </ul>

## Cultural Sustainability (CONTINUED)

### OCCUPATIONAL HEALTH AND SAFETY

At Nedbank Group we place the highest priority on ensuring the health and safety of our employees. To entrench a culture of health and safety, our South African entities comply fully with the Occupational Health and Safety Act, 85 of 1993, including various regulations and the Compensation for Occupational Injuries and Diseases Act, 130 of 1993.

Our group subsidiaries in other countries are required to comply with their local occupational health and safety laws or Nedbank Group's occupational health and safety policies - whichever are more stringent.

All our stakeholders, including staff, contractors, partners and clients, are required to agree to, and comply with, the Nedbank Group occupational health and safety policies and procedures. In 2012 Nedbank

Group compliance with the Occupational Health and Safety Act was maintained at Gold level (2012: 97,39%; 2011: 98%).

### Occupational health and safety committees

All Nedbank Group sites have established occupational health and safety committees that meet monthly and branches that meet bi-monthly. The purpose of these meetings is to review health and safety matters and to implement corrective measures. An occupational health and safety 16.2 forum monitors and maintains compliance with relevant legislation, programmes and policies.

In 2012, we had a total of 3 237 (2011: 3 306) occupational health and safety appointees across all areas of our group.

Chief Executive	Chief Risk Officer	Appointee headoffice and area offices	Deputy assistant to 16.2 appointee	Section 8	Safety representative/ Accident investigator	Evacuator	First-aid officer/ medic	Fire marshals
1	1	41	11	846	859	674	1 159	1 154

### Incident recording and injuries on duty

In accordance with the Compensation for Occupational Injuries and Diseases Act 130 of 1993, it is Nedbank Group's policy to record and document all workplace injuries, including minor first-aid incidents, medical incidents and injuries on duty. Appointed accident investigators thoroughly assess and record all injuries on duty sustained by group employees and contractors. The table below reflects incidents and injuries recorded in 2012.

Category	2012	2011
First-aid (minor incident such as panado or a plaster requested)	450	511
Medical	111	56
Workmen's Compensation claims - Nedbank employees	44	19
Workmen's Compensation claims - contractors	7	2
Fatalities	1	-
Days lost	346	357

The disability injury frequency rate (DIFR) for 2012 was 2,22% (2011: 2,17%). The DIFR rate is below the industry standard of 3%, demonstrating that our Occupational Health and Safety Programme is performing well.

In 2012 a total of 1,9% man days were lost due to sick leave, a marginal decrease on the 2% lost in 2011.

## Occupational health and safety education and training

Comprehensive occupational health and safety training is available on the Nedbank Group intranet site and it is compulsory for all employees to complete this training. We also conduct an extensive occupational health and safety awareness programme throughout the year, which includes a wellbeing day, fire fighting challenge, regular 16.2 forums and recognition events. In 2012, a health and safety awareness DVD was also produced to educate staff about emergency risks and procedures.

## Risk control: compliance and emergency procedures

The group has emergency procedures in place for all headoffices buildings and retail outlets. Headoffices

sites are also equipped with evacuation chairs, medical equipment and a portable public address system to assist with emergencies. All occupational health and safety appointees are fully trained in emergency procedures. Two annual evacuations drills are held in all headoffice sites and one in every retail outlet, and all staff, contractors and visitors are compelled to participate.

## Trade unions

Whenever necessary, we consult with trade unions on occupational health and safety matters.

# ASSURANCE STATEMENT

Independent Assurance Report on Selected Sustainability Information to the Directors of Nedbank Group Limited

We have undertaken an assurance engagement on selected sustainability information, as presented in the 2012 Nedbank Group Integrated Report (the Report) of Nedbank Group Limited (Nedbank) for the year ended 31 December 2012.

## SUBJECT MATTER AND RELATED ASSURANCE

The subject matter of our engagement and related assurance we are required to provide is as follows:

1. Limited assurance on Nedbank's assertions relating to their alignment with the AA1000APS (2008) principles (inclusivity, materiality and responsiveness) as described on page 6 of the 2012 Nedbank Group Integrated Report.
2. Limited assurance on the key performance indicators, identified by a ✓ on the relevant pages of the 2012 Nedbank Group Integrated Report, as described in the table below.
3. Limited assurance on Nedbank's self declaration of the Global Reporting Initiative (GRI) G3.1 A+ application level online.

Key performance indicators	Description	Page*
Net promoter score (NPS)	NPS score variance	22
Net primary client gain	Number of net primary client gain/loss for retail, corporate and business banking	21
Ombudsman for banking services cases	Number of cases opened and closed and percentage cases linked to ATM disputes	22
Systems availability	Blended uptime score for infrastructure and applications, IT capability quartile positioning	22
Equator Principle deals	Number of projects financed	29, 60
Carbon Footprint	Total tonnes of CO <sub>2</sub> equivalents	64
Water	Total kl consumed on Campus sites	64
Paper	Total tonnes consumed for Nedbank Group	64
Waste sent to Landfill	Total tonnes sent to landfill from Campus sites	64
Waste Recycled	Total tonnes recycled from Campus sites	64
Entropy	Entropy score and number of value matches	3, 4, 5, 18, 71
Employee surveys	Nedbank Staff Survey (NSS)	18, 71
Employee turnover	Staff attrition rate	70, 72
BEE scorecard	Scores from B-BBEE and FSC verified scorecard	4, 30
FAIS pass rate	Pass Rate of transitional FAIS affected staff	22
Value Added Statement	Value allocated from Income earned	33

\*Page numbers refer to the 2012 Nedbank Group Integrated Report.

## DIRECTORS' RESPONSIBILITIES

The Directors of Nedbank are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholders and stakeholder reporting requirements, material issues, for commitments with respect to sustainability performance, establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, and for such internal control as the directors determine is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for the selection and application of the criteria detailed below:

- The AA1000APS (2008) regarding Nedbank's alignment with the AA1000APS (2008) for the three principles of inclusivity, materiality and responsiveness (the AA1000APS (2008) principles);
- The GRI G3.1 Guidelines applied to the selected key performance indicators; and
- The GRI G3.1 Guidelines for Nedbank's self-declaration of the A+ application level.

## INDEPENDENCE AND EXPERTISE

We have complied with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was carried out by a multi-disciplinary team with extensive experience in sustainability reporting.

## OUR RESPONSIBILITY

Our responsibility is to express limited assurance conclusions on the selected sustainability information based on our work performed. We have conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000), Assurance engagements other than the Audits or Reviews of Historical Financial Information. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected sustainability information is free from material misstatement.

Our procedures selected and the extent of our procedures depend on our judgment including the risks of material misstatement of the selected sustainability

information in the Report, whether due to fraud or error. In making our risk assessments, we considered internal control relevant to Nedbank's preparation of the Report. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## SUMMARY OF WORK PERFORMED

Our work included the following evidence-gathering procedures:

- Interviewing management and senior executives at corporate level to evaluate the application of the GRI G3.1 guidelines and AA1000APS (2008) principles and to obtain an understanding of the control environment related to Integrated Reporting.
- Testing the processes and systems at group level which generate, collate, aggregate, monitor and report selected sustainability information and inspecting related documentation, more specifically:
  - Interviews and discussions with relevant management, key personnel and/or stakeholders of Nedbank to confirm definitions and boundaries for selected performance information, and to gather information on the data collection and report preparation processes.
  - Evaluation of internal data management controls based on system walkthroughs.
  - Inspection of selected internally and externally generated documents and records and comprehensive data analyses.
  - Re-calculation of the key performance indicators.
- Evaluating whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Nedbank and is not materially inconsistent with information contained in the Integrated Report.

### KPMG Services (Pty) Limited

Per Neil Morris  
Chartered Accountant (SA)  
Registered Auditor  
Director

### KPMG Crescent

85 Empire Road, Parktown, Johannesburg, 2193

### KPMG Policy board

**Chief Executive** RM Kgosana  
**Executive Directors** T Fubu, A Hari, D van Heerden, E Magondo, JS McIntosh, CAT Smit  
**Other directors** DC Duffield, AM Mokgabudi, LP Fourie, N Fubu, TH Hoole, A Jaffer, M Letsitsi, A Masemola, Y Suleman (Chairman of the Board), A Thunström

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

7 March 2013

## CONCLUSIONS

- 1 *On the AA1000APS (2008) principles of Inclusiveness, Materiality and Responsiveness on which we are required to express limited assurance.* Based on our work performed, nothing has come to our attention that causes us to believe that Nedbank's assertions relating to their alignment with the AA1000APS (2008) principles of inclusivity, materiality and responsiveness, described on page 6, is not properly prepared.
- 2 *On the selected key performance indicators on which we are required to express limited assurance.* Based on our work performed, nothing has come to our attention that causes us to believe that the selected key performance indicators set out in the table above for the year ended 31 December 2012 are not fairly stated, in all material respects, in accordance with the GRI G3.1 Guidelines.
- 3 *On Nedbank's self-declaration on the GRI G3.1 A+ Application level on which we are required to express limited assurance.* Based on our work performed, nothing has come to our attention that causes us to believe that Nedbank's self-declaration of an A+ application level is not fairly stated in all material respects, in accordance with the GRI G3.1 Guidelines.

## LIMITATION OF LIABILITY

Our work has been undertaken to enable us to express the conclusions contained in this report solely to the addressee in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Directors of Nedbank, for our work, for this report, or for the conclusions we have reached.

### Deloitte & Touche

Per Nina le Riche  
Chartered Accountant (SA)  
Registered Auditor  
Partner

Building 8, Deloitte Place  
The Woodlands, Woodlands Drive, Woodmead, Sandton, 2128

**National Executive** LL Bam (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Risk Advisory), NB Kader (Tax), TP Pillay (Consulting), K Black (Clients and Industries), JK Mazzocco (Talent and Transformation), CR Beukman (Finance), M Jordan (Strategy), S Gwala (Special Projects), TJ Brown (Chairman of the Board), MJ Comber (Deputy Chairman of the Board)

A full list of partners and directors is available on request.

# Global Reporting Initiative FSSS<sup>1</sup>

GRI <sup>2</sup> FSSS <sup>1</sup>	Topic	Description
FS1	Description of policies with specific environmental and social components applied to business lines	<p><b>Sustainability development performance review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Sustainability governance structures and policy framework.</li> </ul> <p><b>Social and Environmental Risk Management:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Responsible lending for sustainable success.</li> <li><input type="checkbox"/> Responsible investment for sustainable success.</li> </ul> <p><b>Risk and balance sheet management review</b></p> <p><b>Governance and ethics review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Code of Ethics.</li> <li><input type="checkbox"/> Code of Conduct.</li> <li><input type="checkbox"/> Human rights.</li> </ul>
FS2	Description of procedures for assessing and screening environmental and social risks in business lines	<p><b>Sustainability development performance review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Social and environmental risk management.</li> </ul> <p><b>Responsible lending for sustainable success.</b></p> <p><b>Responsible investment for sustainable success.</b></p> <p><b>Risk and balance sheet management review.</b></p> <p><b>Governance and ethics review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Human rights.</li> </ul>
FS3	Description of processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	<p><b>Sustainability development performance review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Social and environmental risk management.</li> </ul>
FS4	Description of processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	<p><b>Sustainability development performance review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Sustainability awareness and policy acknowledgements.</li> </ul> <p><b>Environmental sustainability:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Carbon emissions.</li> </ul> <p><b>Risk and balance sheet management review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Money-laundering, terrorist-financing and sanctions risk management, and fraud risk management.</li> </ul> <p><b>Governance and ethics review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Ethics training and awareness.</li> </ul>

<sup>1</sup> Financial Services Sector Supplement.

<sup>2</sup> Global Reporting Initiative.



GRI <sup>2</sup> FSSS <sup>1</sup>	Topic	Description
FS5	Interactions with clients/investors/business partners regarding environmental and social risk and opportunities	<b>Stakeholder overview</b> <b>Sustainability development performance review:</b> <input type="checkbox"/> Stakeholder engagement. <b>Environmental sustainability:</b> <input type="checkbox"/> Carbon neutrality. <input type="checkbox"/> Leading through collaboration. <b>Social sustainability:</b> <input type="checkbox"/> Consumer education. <input type="checkbox"/> Sustainability education.
FS6	Percentage of the portfolio for business lines by specific region, size and sector	<b>Group profile</b> <b>Company structure</b> <b>Operational footprint</b> <b>Business profile</b> <b>Nedbank Group Ltd nine-year review – statistics and ratios</b>
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business	<b>Environmental sustainability:</b> <input type="checkbox"/> Enabling environmental sustainability through products and services. <b>Social sustainability:</b> <input type="checkbox"/> Targeted investment. <input type="checkbox"/> Enterprise Development <input type="checkbox"/> Nedbank Affinities <b>2012 Transformation Report</b>
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	<b>Environmental sustainability:</b> <input type="checkbox"/> Enabling environmental sustainability through products and services. <input type="checkbox"/> The Nedbank Green Affinity
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	<b>Assurance statement in the 2012 Nedbank Group Integrated Report</b>
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and social issues	<b>Company structure</b> <b>Operational footprint</b>
FS11	Percentage of assets subject to positive and negative environmental and social screening	<b>Sustainability development performance review:</b> <input type="checkbox"/> Enabling environmental sustainability through products and services. <b>Environmental sustainability:</b> <input type="checkbox"/> Carbon neutrality. <input type="checkbox"/> Greening our supply chain. <b>Social sustainability:</b> <input type="checkbox"/> Preferential procurement.
FS12	Voting policies applied to environmental and social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting	No organisations over which Nedbank holds the right to vote shares or advises on voting.
FS13	Access points in the low-populated or economically disadvantaged areas by type	<b>Stakeholder overview: Clients:</b> <input type="checkbox"/> Responsible product/information labelling. <b>Business profile: Nedbank Retail</b> <b>Social sustainability:</b> <input type="checkbox"/> Access to financial services. <b>2012 Transformation Report</b>

GRI <sup>2</sup> FSSS <sup>1</sup>	Topic	Description
FS14	Initiatives to improve access to financial services for disadvantaged people	<p><b>Stakeholder overview: Clients:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Responsible product/information labelling.</li> </ul> <p><b>Environment sustainability:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Enabling environmental sustainability through products and services.</li> </ul> <p><b>Leading through collaboration:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Carbon neutrality.</li> </ul> <p><b>Social sustainability:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Access to financial services.</li> <li><input type="checkbox"/> Targeted investment.</li> <li><input type="checkbox"/> Enterprise Development.</li> </ul> <p><b>2012 Transformation Report</b></p>
FS15	Policies for the fair design and the sale of financial products and services	<p><b>Stakeholder overview: Clients:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Responsible product/information labelling.</li> </ul> <p><b>Risk and balance sheet management review:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Information and technology risk.</li> <li><input type="checkbox"/> People risk.</li> <li><input type="checkbox"/> Financial crime.</li> <li><input type="checkbox"/> Money-laundering, terrorist-financing and sanctions risk management.</li> <li><input type="checkbox"/> Compliance risk management.</li> </ul> <p><b>Governance and ethics review</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Code of Ethics.</li> <li><input type="checkbox"/> Code of Conduct.</li> <li><input type="checkbox"/> Human rights.</li> </ul>
FS16	Initiatives to enhance financial literacy by type of beneficiary	<p><b>Social sustainability:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Consumer education.</li> </ul> <p><b>2012 Transformation Report</b></p>

# Global Reporting Initiative



## GRI<sup>1</sup> INDEX

Our response to GRI 3.1 is aligned with application level A+. This is with reference to the information disclosed in the printed Integrated Report as well as the supplementary information available online at [www.nedbankgroup.co.za](http://www.nedbankgroup.co.za).

No	Profile disclosure	Description	UNGC <sup>2</sup> Principles
<b>1</b>	<b>Strategy and analysis</b>		
1.1	Statement from the most senior decision maker of the organisation.	Chairman's Report Chief Executive's Report	
1.2	Description of key impacts, risks and opportunities.	Introduction: Material matters Group strategy Investment case Stakeholder overview Economic review Sustainability governance structures and policies framework Social and environmental risk management Risk and balance sheet management review	1 – 10      1 – 10  7 – 9
<b>2</b>	<b>Organisational profile</b>		
2.1	Name of the organisation.	Nedbank Group Ltd	
2.2	Primary brands, products and/or services.	Group profile Business profile Operational reviews Environmental sustainability Social sustainability	7 – 9
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	Operational footprint	7 – 9
2.4	Location of organisation's headquarters.	Company structure Group profile	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Group profile Company structure Operational footprint	7 – 9
2.6	Nature of ownership and legal form.	Group profile Company structure	
2.7	Markets served (including geographic breakdown, sectors served and types of client/beneficiary).	Company structure Operational footprint Business profile	

<sup>1</sup> Global Reporting Initiative.

<sup>2</sup> United Nations Global Compact.

No	Profile disclosure	Description	UNGC Principles
2.8	Scale of the reporting organisation.	Operational footprint Financial Report Nedbank Group Ltd nine-year review Cultural sustainability: Employee profile	3 - 6
2.9	Significant changes during the reporting period regarding size, structure or ownership.	No significant changes during the reporting period.	
2.10	Awards received in the reporting period.	Recognition received	
<b>3</b>	<b>Report parameters</b>		
3.1	Reporting period (eg fiscal/calendar year) for information provided.	Introduction	
3.2	Date of most recent previous report (if any).	Introduction	
3.3	Reporting cycle (annual, biennial, etc).	Introduction	
3.4	Contact point for questions regarding the report or its contents.	Contacts	
3.5	Process for defining report content.	Introduction	
3.6	Boundary of the report (eg countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Introduction	
3.7	State any specific limitations on the scope or boundary of the report.	N/a	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Introduction Company structure Financial notes 53 and 54	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Introduction Basis of preparation available at <a href="http://www.nedbankgroup.co.za">www.nedbankgroup.co.za</a>	
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement.	A reclassification was made to the Group's Statement of Financial Position, as well as reclassifications and a restatement in the notes to the financial statements, none of which were material.	
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	None	
3.12	Table identifying the location of the standard disclosures in the report.	GRI FSSS Full GRI G3.1	
3.13	Policy and current practice with regard to seeking external assurance for the report.	Introduction Assurance statement	1 - 10
<b>4</b>	<b>Governance, commitments and engagement</b>		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Board of directors Sustainability governance structures and policy framework Governance and ethics review	1, 2, 7 - 10 1, 2, 7 - 10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Governance and ethics review	1, 2, 7 - 10
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Board of directors Governance and ethics review	1, 2, 7 - 10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Stakeholder overview: Staff Stakeholder engagement: Staff Notice of annual general meeting Form of proxy	3 - 6 3 - 6

No	Profile disclosure	Description	UNGC Principles
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Cultural sustainability: Reward Remuneration Report	1, 2, 3 - 6 3 - 6
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Governance and ethics review	3 - 6
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics, including any consideration of gender and other indicators of diversity.	Sustainable development performance review Governance and ethics review	1, 2, 7 - 10
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation.	Sustainable development performance review Governance and ethics review	3 - 6 1, 2
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Sustainable development performance review Environmental sustainability Social sustainability Cultural sustainability Governance and ethics review	7 - 9 7 - 9 1, 2 3 - 6 1 - 10
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Sustainable development performance review Governance and ethics review	1, 2, 7 - 10
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Sustainable development performance review: Social and environmental risk management Governance and ethics review: Ethics and corporate accountability	7 - 9 1 - 10
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Sustainable development performance review	7 - 9
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation has positions in governance bodies. Participates in projects or committees. Provides substantive funding beyond routine membership dues or views membership as strategic.	Sustainability credentials and indices	
4.14	List of stakeholder groups engaged by the organisation.	Sustainable development performance review: Stakeholder engagement	1 - 10
4.15	Basis for identification and selection of stakeholders with whom to engage.	Sustainable development performance review: Stakeholder engagement	1 - 10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Sustainable development performance review: Stakeholder engagement	1 - 10
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Sustainable development performance review: Stakeholder engagement	

## Environmental – Management approach

No	Profile disclosure	Description	UNGC Principles
EN1	Materials used by weight or volume.	Nedbank Group Ltd nine-year review Environmental sustainability: Carbon footprint measurement	7 – 9
EN2	Percentage of materials used that are recycled input materials.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	7 – 9
EN3	Direct energy consumption by primary energy source.	Nedbank Group Ltd nine-year review Environmental sustainability: Carbon footprint measurement	7 – 9
EN4	Indirect energy consumption by primary source.	Nedbank Group Ltd nine-year review Environmental sustainability: Carbon footprint measurement	
EN8	Total water withdrawal by source.	Nedbank's participation in the WWF Water Balance Programme addresses water consumption regardless of source	7 – 9
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	No land owned, leased or managed or adjacent to a protected area/area of high biodiversity value	7 – 9
EN12	Description of significant impacts of activities, products, and services on performance biodiversity in protected areas and areas of high biodiversity value outside protected areas.	No land owned, leased or managed or adjacent to a protected area/area of high biodiversity value	7 – 9
EN16	Total direct and indirect greenhouse gas emissions by mass.	Environmental sustainability: Carbon footprint measurement	7 – 9
EN17	Other relevant indirect greenhouse gas emissions by mass.	Environmental sustainability: Carbon footprint measurement	7 – 9
EN19	Emissions of ozone-depleting substances by mass.	Environmental sustainability: Carbon footprint measurement	7 – 9
EN20	NOx, SOx, and other significant air emissions by type and mass.	Not a material emission. If emitted and a Greenhouse Gas, then is included in the carbon footprint.	7 – 9
EN21	Total water discharge by quality and destination.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	
EN22	Total mass of waste by type and disposal method.	Environmental sustainability	7 – 9
EN23	Total number and volume of significant spills.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	7 – 9
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Sustainable development performance review: Social and environmental risk management Environmental sustainability: Managing our impact	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant fines were received during the period	7 – 9

Human rights – Management approach			
No	Profile disclosure	Description	UNGC Principles
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	Sustainable development performance review: Social and environmental risk management Governance and Ethics review: Human rights	1, 2, 7 – 9
HR2	Percentage of significant suppliers and contractors and other business partners that have undergone screening on human rights and actions taken.	Governance and Ethics review: Human rights	1, 2
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	2012 Transformation Report Governance and Ethics review: Human rights	1, 2
HR4	Total number of incidents of discrimination and corrective actions taken.	2012 Transformation Report Governance and Ethics review: Human rights	1, 2
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	No significant risk identified for the reporting period	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	No significant risk identified for the reporting period	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	No significant risk identified for the reporting period	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Governance and Ethics review: Human rights	1, 2
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Governance and Ethics review: Human rights	

Labour practices and decent work – Management approach			
No	Profile disclosure	Description	UNGC Principles
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Cultural sustainability: Employee profile	3 – 6
LA2	Total number and rate of new employee hires, employee turnover by age group, gender and region.	Cultural sustainability: Employee profile	3 – 6
LA4	Percentage of employees covered by collective bargaining agreements.	Cultural sustainability: Collective bargaining	3 – 6
LA5	Minimum notice periods regarding significant operational changes, including whether it is specified in collective agreements.	Cultural sustainability: Employee relations	3 – 6
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Cultural sustainability: Occupational health and safety	3 – 6
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender.	Cultural sustainability: Occupational health and safety	3 – 6
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist members, their families or community members regarding serious diseases.	Cultural sustainability: Promoting employee wellness	3 – 6
LA10	Average hours of training per year per employee by gender and employee category.	Cultural sustainability: Developing employees	3 – 6
LA12	Percentage of employees receiving regular performance and career development reviews.	Cultural sustainability: Performance management	3 – 6
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	Cultural sustainability: Driving transformation	3 – 6
LA14	Ratio of basic salary of men to women by employee category by significant locations of operation.	Cultural sustainability: Reward	6

LA15 Return to work and retention rates after parental leave, by gender.

Cultural sustainability: Employee wellbeing

6

Society – Management approach			
No	Profile disclosure	Description	UNGC Principles
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	Social sustainability: The Nedbank Foundation	3 – 6
SO2	Percentage and total number of business units analysed for risks related to corruption.	Risk and balance sheet management review: Operational risk	10
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Risk and balance sheet management review: Operational risk	10
SO4	Actions taken in response to incidents of corruption.	Risk and balance sheet management review: Operational risk	10
SO5	Public policy positions and participation in public policy development and lobbying.	Sustainable development performance review: Responsiveness to changing regulation Risk and balance sheet management review: Operational risk	1 – 10
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Nedbank's policy does not allow for contributions to individual political parties.	
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	None for the reporting period	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No material fines received in the reporting period	
SO9	Operations with significant potential or actual negative impacts on local communities.	No significant or potential negative impacts for the reporting period	7 – 9
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	7 – 9

Product responsibility – Management approach			
No	Profile disclosure	Description	UNGC Principles
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Based on our materiality review process, this indicator has been deemed 'not material' and therefore we do not attempt to report on it	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Stakeholder overview: Client data protection and privacy Responsible product/labelling Risk and balance sheet management review: Operational risk	1,2
PR5	Practices related to client satisfaction, including results of surveys measuring client satisfaction.	Stakeholder overview: Client	
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	Stakeholder overview: Client data protection and privacy Responsible product/labelling Risk and balance sheet management review: Operational risk	1,2
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No significant fines received for non-compliance in this regard in the reporting period	1,2



Economic - Management approach			
No	Profile disclosure	Description	UNGC Principles
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	2012 highlights Performance highlights Value-added statement Sustainable development performance review Financial Report Nedbank Group Ltd nine-year review Risk and balance sheet management review	1 - 10
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Investment case Economic review Business profile Operational reviews Environmental sustainability Risk and balance sheet management review	7 - 9
EC3	Coverage of the organisation's defined-benefit plan obligations.	Remuneration Report	1 - 6
EC4	Significant financial assistance received from government.	No financial assistance received from government.	
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	Sustainable development performance review: Suppliers Social sustainability: Preferential procurement	1 - 10 1,2
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Cultural sustainability: Employee profile 2012 Transformation Report	1,2,3 - 6
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or <i>pro bono</i> engagement.	Social sustainability: Empowerment financing 2012 Transformation Report	



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