

MAKE
THINGS
HAPPEN



NEDBANK GROUP LIMITED

**SUPPLEMENTARY INFORMATION:
SUSTAINABLE
DEVELOPMENT REVIEW**

for the year ended 31 December 2013

To be read in conjunction with the 2013 Integrated Report

A Member of the  **OLDMUTUAL** Group

SUSTAINABLE DEVELOPMENT REVIEW

For Nedbank Group, sustainability has always been about far more than legislative compliance or public perception. It is the single word that represents our multifaceted approach to the responsibilities we have to our stakeholders.

Today these stakeholders are faced with numerous sustainability challenges relating to limited natural resources, the growing impact of climate change, ongoing global financial crises and high levels of personal indebtedness. For this reason we consider it one of our primary responsibilities to demonstrate our commitment to and effectiveness in responding appropriately to the sustainability challenges of the world in which we operate – particularly since these challenges are material to our sustainable success, both as a business and as a green and caring bank.

To this end we endeavour to integrate sustainability into every aspect of how we work and who we are. This ranges from doing our share to create and nurture the world we desire for current and future generations, to ensuring deep and trusting relationships with, and acceptable results for, our staff, clients, shareholders, regulators and the communities within which we operate.

In previous years we reported separately on the group’s activities as they relate to environmental, social and cultural matters. Increasingly, however, a far more integrated approach to sustainability is being adopted across the business through a three-pronged approach of:



For Nedbank Group, integrated sustainability means bringing together every aspect of who we are, what we do, and how we do it, to deliver lasting benefits for all our stakeholders. Our commitment to sustainability is realised through our passion for being a worldclass financial organisation and serves as an example of what can be achieved with sustainability at the core of a business.

– Mike Brown:
Chief Executive, Nedbank Group

For this reason we have chosen to structure our sustainability reporting to reflect this reality, which is simply that environmental, cultural, social and economic sustainability are inextricably linked.

A SUSTAINABLE BUSINESS STRATEGY - FAIR SHARE 2030

Nedbank’s vision is to be Africa’s most admired bank by all our stakeholders. We understand that our success in achieving this vision is greatly dependent on the success of the environment (people and planet) in which we operate. Therefore, we are deeply committed to ensuring greater and lasting wellbeing for all.

We need to help create the future we want by doing what we do best: being a successful bank. We are worldclass at managing risk, we facilitate trade, and we enable the deployment of capital into the economy. Through the proper use of these skills, we can shape the context in which we operate.

Fair Share 2030 comprises a flow of funds that will be lent or invested differently - in projects, products, businesses that contribute meaningfully to the achievement of a successful SA. It also includes a risk screen for better managing our lending exposure to carbon and water risk.

Fair Share 2030 is not designed to replace any aspect of our existing commitment to sustainability. Properly understood, it represents a step change in the way we approach our sustainability efforts and how they integrate into core business. It is a strategic response to our recognition of the need for all South Africans to work towards creating a better future for our country.

SUSTAINABILITY GOVERNANCE

To ensure that sustainability issues enjoy the prioritisation and focus they require we have entrusted the responsibility for integrating sustainability into every aspect of our business to our group’s senior governance bodies.

The Group Transformation, Social and Ethics Committee (GTSEC) is the subcommittee of the Nedbank Group board that takes primary responsibility for monitoring and refining all sustainability policies and ensuring that these are fully integrated across all Nedbank Group businesses and activities.

This top-down sustainability governance framework allows the business to respond quickly to sustainability risks and opportunities, while ensuring that management oversight of all such risks and opportunities is consistent and thorough.

The Group Sustainability Committee (GSC) reports to GTSEC and has executive and senior management representation across the organisation. This committee is chaired by the Chief Governance and Compliance Officer, Thabani Jali. The GSC, in turn, is supported by a dedicated

sustainability team as well as various cluster sustainability forums with representation from all group businesses.

A key focus of the GSC is to facilitate a greater understanding among our group’s bankers of the long-term sustainability implications - for both our bank and SA - of their decisions, actions and client interactions. The GSC also communicates extensively with all Nedbank staff. In recent years the sustainability evolution and maturity of our organisation have seen this communication transform from awareness to implementation. In line with this, individual and team sustainability key performance indicators (KPIs) have evolved from being purely reduction-focused to assessing performance in terms of the employee’s ability to leverage sustainability for organisational growth and improved risk management.

As evidenced by the progress outlined in the 2013 Nedbank Group Integrated Report, this balanced sustainability approach has proved effective in driving the delivery of the group’s strategy. This is because it affords the governance bodies the ability to assess and prioritise sustainability considerations in tandem with financial decisionmaking processes.

The following table outlines the ways in which our group’s sustainability governance structures align with, and give effect to, its material matters and ensure the full integration of sustainability components, both with one another and across all areas of the business. In so doing, these structures allow the organisation’s governance bodies and management committees to identify and respond effectively to sustainability risks and opportunities.


The table sets out potential risks, 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. It also outlines potential opportunities relating to sustainability focus areas and risks.

GRI 3.1: 4.9, 4.10, 4.11



BUILDING A SUSTAINABLE BANK



Sustainability governance structures and policy framework

Sustainability focus areas	Strategic growth drivers, focus and material matters	Relevant risks	Board and Executive Committee risk management committees	Policies and forums	Opportunities
ECONOMIC					
	<p>Strategic focus</p> <ul style="list-style-type: none"> Client-centred innovation Optimise to invest Strategic portfolio tilt Pan-African banking network Growing our transactional banking franchise <p>Material matters</p> <ul style="list-style-type: none"> Tough economic conditions Banking relevance amid consumerism and increased competition Increased demands on governance and risk management Growth opportunities but risk in rest of Africa Transformation of society within planetary boundaries 	<ul style="list-style-type: none"> Compliance risk Social and environmental risk Investment risk Strategic risk New-business risk Credit risk 	<ul style="list-style-type: none"> 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) Group Audit Committee Group Remuneration Committee 	<ul style="list-style-type: none"> Credit Policy Compliance Policy Investment Risk Policy Strategic Risk Policy Reputational Risk Policy <p>Guiding principles</p> <ul style="list-style-type: none"> Code of Banking Practice Sector Guidelines King III GRI¹ AA10002 	<ul style="list-style-type: none"> Attracting clients and investments Growing market share in the green economy Ensuring resilience of finances and profits
ENVIRONMENTAL					
	<p>Strategic focus</p> <ul style="list-style-type: none"> Client-centred innovation Strategic portfolio tilt Growing our transactional banking franchise <p>Material matters</p> <ul style="list-style-type: none"> Transformation of society within planetary boundaries 	<ul style="list-style-type: none"> Reputational risk Social and environmental risk Strategic risk Investment risk 	<ul style="list-style-type: none"> Group Transformation, Social and Ethics Committee 	<ul style="list-style-type: none"> Environmental Policy supported by the Social and Environmental Management System <p>Guiding principles</p> <ul style="list-style-type: none"> UN Global Compact Equator Principles Sector Guidelines SEMS Screening Tool² King III GRI¹ AA10002 	<ul style="list-style-type: none"> Contributing to a better environment for all Attracting clients and investments Creating a credible platform for lending products and services Influencing stakeholders to act sustainably

¹ Global Reporting Initiative.
² Social and Environmental Management System.

Sustainability focus areas	Strategic growth drivers, focus and material matters	Relevant risks	Board and Executive Committee risk management committees	Policies and forums	Opportunities
SOCIAL					
	<p>Strategic focus</p> <ul style="list-style-type: none"> Client-centred innovation Growing our transactional banking franchise <p>Material matters</p> <ul style="list-style-type: none"> Tough economic conditions Transformation of society within planetary boundaries Scarce skills 	<ul style="list-style-type: none"> Reputational risk Social and environmental risk Strategic risk Investment risk 	<ul style="list-style-type: none"> Group Transformation, Social and Ethics Committee Group Remuneration Committee 	<ul style="list-style-type: none"> Corporate Responsibility Policy Remuneration Policy <p>Guiding principles</p> <ul style="list-style-type: none"> UN Global Compact Equator Principles Sector Guidelines King III Broad-based Black Economic Empowerment Act (53 of 2003) FSC Codes of Good Practice GRI¹ AA10002 	<ul style="list-style-type: none"> Contributing to a better quality of life for all Attracting clients and investment
CULTURAL					
	<p>Strategic focus</p> <ul style="list-style-type: none"> Optimise to invest Growing our transactional banking franchise <p>Material matters</p> <ul style="list-style-type: none"> Tough economic conditions Increased demands on governance and risk management Transformation of society within planetary boundaries Scarce skills 	<ul style="list-style-type: none"> Reputational risk People risk Transformation risk Strategic risk 	<ul style="list-style-type: none"> Group Transformation, Social and Ethics Committee Transformation and Human Resources Committee Group Remuneration Committee 	<ul style="list-style-type: none"> Strategic Learning and Growth Policy Remuneration Policy People Transformation Policy Code of Ethics Nedbank Employment Equity Forum <p>Guiding principles</p> <ul style="list-style-type: none"> UN Global Compact King III GRI¹ AA10002 	<ul style="list-style-type: none"> Attracting and retaining the right staff to meet strategic imperatives Attracting clients and investment

SOCIAL AND ENVIRONMENTAL RISK MANAGEMENT

At Nedbank Group we prioritise social and environmental risk management as a central component of how we manage our own business and how we work with our clients. To this end responsible business management is a non-negotiable part of our sustainable development.

Like our overall sustainability philosophy, our approach to social and environmental risk management is highly integrated and recognises the interconnectedness of all significant social and environmental risks, whether directly or indirectly presented through our own activities or those of our clients.

Our risk management approach complies with relevant legislation, including the Code for Responsible Investment for South Africa (CRISA). We are signatories to the Equator Principles and the United Nations Global Compact, and through our parent company, Old Mutual, we adhere to the Principles for Responsible Investment (PRI). In addition, risk management is guided by a number of key principles, including:

- Recognising the importance of being sensitive to the environment in all business operations.
- Realising our responsibilities in relation to sensitive and protected areas, the national estate and world heritage sites where our facilities may be located.
- Recognising that, because we are a financial services institution, our most significant environmental risk may arise indirectly from the environmental impact of third parties, such as our clients, investments and business partners, and encouraging sound environmental management and compliance by these parties.
- Understanding and managing the environmental impacts of our lending and financing activities.
- Complying with all environmental legislation and regulations applicable to our operations, as well as incorporating best practice, where appropriate.
- Supporting the precautionary approach to environmental management, which strives to anticipate and prevent potential environmental degradation.
- Placing people and their needs at the forefront of environmental concerns, and striving to address their physical, psychological, developmental, cultural and social interests equitably.

Risk management through cooperation

In line with these guiding principles, and in recognition of the need for a collaborative and partnership-driven approach to environmental and social risk management, 2013 saw us making the content of our social and environmental risk policies and management processes accessible to all our stakeholders. We provided our lending clients, in particular, with environmental policy frameworks and the assistance of our environmental law specialists, with the aim of helping them to develop their own sustainability policies.

In doing so we not only manage our own risk better, but also actively enhance our clients' compliance and risk management processes, thereby protecting business value (theirs and ours) and maximising our client value proposition.

Social and environmental management system

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

Credit policies within our Business Banking, Wealth, Corporate and Capital clusters were enhanced to include a focused approach on high-impact industries to ensure that the related social and environment risks are mitigated.

Our social and environmental assessment tool also provides a screening mechanism to aid finance decisionmaking within high-risk sectors. This evaluation tool has proved invaluable in its ability to provide us and our clients with an independent review of risk and compliance, thereby enabling sustainable lending decisions and even helping clients refine their plans or projects to meet higher sustainability standards.

The risk assessment tool includes full evaluation of:


- Compliance with applicable national, provincial and local legislation.
- Environmental issues (air pollution, water pollution, solid and hazardous wastes, noise, site health and safety, chemical hazards and emergency management).
- Resources utilisation (water, construction material, other).
- Sensitive receptors (local human settlements, local ecologically sensitive areas, sites of cultural importance).
- Social issues (land acquisition, rehabilitation and resettlement, indigenous peoples, impact on local livelihood, public opinion and consultation).
- Labour relations (no child or forced labour, compliance with national labour laws).
- Project consultation and local Disclosure Equator Principles 5 and 6.


This focused approach ensures that we responsibly manage our social and environmental risk exposure across our organisation.

All of the assessment criteria are linked to the relevant Equator Principles and IFC Performance Standards. This is to ensure that transactions are socially and environmentally sound when tested against international benchmarks.

In 2013 SEMS underwent a number of improvements aimed at closing identified assessment loopholes and delivering more comprehensive and thorough results to aid in lending decisionmaking. These enhancements enabled us to add value to our clients by recommending adjustments or improvements to proposed projects that served to raise their levels of sustainability compliance.

The effective management of environmental and social risk serves not only to protect the environment and society, but also to mitigate credit risk and reputational risk for both

 GRI 3.1: HR1, EN26

 GRI FSSS: FS1, FS2, FS3

parties. Clients who are not compliant with environmental or human rights laws are likely to have their operations suspended by regulators, which in turn is a credit risk for Nedbank, as their ability to repay their debt comes into question. Operations that are non-compliant with social and environmental legislation will tarnish the reputation not only of the clients involved, but also of the financier as the indirect beneficiary.

Our more stringent assessment criteria in 2013 therefore informed a number of decisions to refuse funding applications based on perceived excessive social and environmental risk where the client was unwilling to align with the mitigating actions we proposed. However, almost all clients are willing to align with such mitigating actions and Nedbank regards that as a confirmation that our clients share our values.

RESPONSIBLE LENDING

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 the Equator Principles, IFC Performance Standards and legislation. The business has adopted an 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.

The application of the Equator Principles since 2005 has ensured greater consistency in our application of environmental and social risk management within our project finance business. Other benefits have arguably been improved client engagement on these issues as well as enhanced protection for project-impacted ecosystems and communities. With the adoption of Equator Principles III in the Corporate and Property Finance business areas, we anticipate reaping similar benefits.

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.

Equator Principles deal activity

	2013	2012	2011	2010	2009
Total number of deals - first drawdown	15✓	15	2	1	5
Category A	-	6	1	-	1
Category B	14	9	1	1	3
Category C	1	-	-	-	1
Total value of deals (US\$m)	965	938	172	25	174

In 2012 a large number of deals were in compliance with the Equator Principles. This momentum was maintained as 15✓ transactions that comply with the Equator Principles had their first drawdowns in 2013, thanks to the completion of a number of oil and gas and project finance transactions, particularly within the renewable-energy sector.

RESPONSIBLE INVESTMENT

Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole. It recognises that the generation of long-term sustainable returns is dependent on stable, well-functioning and well-governed social, environmental and economic systems. Responsible investment requires investors and companies to take a wider view, acknowledging the full spectrum of risks and opportunities facing them, in order to allocate capital in a manner that is aligned with the short- and long-term interests of their clients and beneficiaries' (unpri.org).

In 2012 Nedbank Group adopted the Old Mutual Group responsible investment standards to align with Old Mutual's commitment to the PRI and CRISA. The adoption of these standards aligns well with Nedbank's strategic positioning of being a green and caring bank and, more importantly, enables the bank to look at investment decisions through a new lens, thereby facilitating better risk management and the identification of new opportunities.

Nedbank contributes 4% of Old Mutual Group's total funds under management. During 2013 we addressed many of the compliance requirements of being a signatory to the PRI such as committing to the publication of our Responsible Investment Policy and Voting Guidelines on the Nedgroup Investments website. The focus was on upskilling staff to ensure a better understanding of the PRI and CRISA as well as on what needed to be adapted to integrate the PRI into the various assurance and investment businesses. This will continue in 2014. Old Mutual Group submitted its first report to the PRI governing body in February 2014 using 2013 data.



STAKEHOLDER ENGAGEMENT

Nedbank Group views its stakeholders as partners in its business. Our approach to stakeholder communication therefore extends beyond conversation to comprehensive engagement through which ideas can be shared, input can be provided, and mutual benefit can be unlocked.

Our stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by our organisation’s activities, products or services and performance. Stakeholders are prioritised according to the level of the influence they have on Nedbank, or vice versa. Our key stakeholders, as outlined in our vision, are our staff, clients, shareholders, regulators and communities. We also have a number of ‘silent’ stakeholders, such as future generations and the environment.

The Nedbank Group Executive Committee has overall responsibility for the group’s stakeholder engagement, but the process of engagement is largely decentralised, with the various clusters and business areas empowered to engage directly and transparently with their immediate stakeholders.

We recognise that this presents the organisation with a measure of risk, particularly in terms of managing and maintaining consistent messaging across all stakeholder

engagements. To mitigate such risk we have a comprehensive stakeholder engagement policy and framework in place. This aligns with the recommendations of King III and identifies key material stakeholders for each business area, while highlighting any potential areas of overlap that need to be monitored and managed.

It is our belief that the benefits of immediate engagement between business areas and their stakeholders far outweigh the risks of such engagement. Not only does direct engagement at a business level ensure that every area of Nedbank remains in touch with the needs, wants and expectations of all its stakeholders, but access to immediate feedback on these matters empowers us to be more responsive and accurate in managing risks and leveraging potential opportunities. We therefore encourage such decentralised Nedbank representation, but always within the parameters of our stakeholder engagement policy. This policy is available at nedbankgroup.co.za.

The tables that follow offer a high-level overview of Nedbank Group’s main stakeholder engagements for 2013. In addition to listing the engagement opportunities, this information attempts to provide a clear view of the key issues arising from these stakeholder conversations and the way in which our group addressed any concerns or capitalised on any identified opportunities.

 GRI 3.1: 1.2, 4.14, 4.15, 4.16, 4.17, SO1

 GRI FSSS: FSS

FEEDBACK FROM OUR STAFFMEMBERS



Nedbank has come a long way in terms of transformation and I believe there are still great things to come. It’s a wonderful environment to work in and there are lots of opportunities and programmes through which to improve yourself and your career.

I believe in Nedbank; they take care of their staff. They encourage staff to get involved in community projects and care about the environment, and they make you feel that you are part of something truly exceptional.



STAFF

STAFF	
Why we engage with our staff	<ul style="list-style-type: none"> ■ To ensure that we remain an employer of choice that provides 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 keep them informed about group activities.
Why our staff engage with us	<ul style="list-style-type: none"> ■ To provide us with feedback and input that can help us improve their working environment and experience.
Frequency of engagement	<ul style="list-style-type: none"> ■ Ongoing and daily engagement at all levels. ■ As required by staff.
Specific 2013 engagements	<p>In addition to the regular, direct communication between managers and teams, specific employee engagements in 2013 included:</p> <ul style="list-style-type: none"> ■ Group Executive Committee communication sessions. ■ The Barrett Culture Survey and the Nedbank Staff Survey. ■ Nedbank results presentations. ■ Chief Executive and cluster head roadshows at national and Southern African Development Community (SADC) level. ■ Regular electronic and printed newsletters. ■ Cluster and group recognition functions culminating in an international trip for top achievers.
Hot topics	Our response/Resulting developments
Development and growth opportunities	<ul style="list-style-type: none"> ■ We offer our employees and managers numerous development opportunities. In 2013, the Integrated Talent Framework was implemented. It includes talent conversations between managers and employees about performance, personal aspirations and holistic development.
Management capability	<ul style="list-style-type: none"> ■ Our Leading for Deep Green Programme and Leader/Manager Academy aim to better equip our managers and leaders. A total of 1 521 managers participated in the Leading for Deep Green Programme in 2013 and more than 100 managers went through the Nedbank Leader/Manager Academy.
Work/Home life balance	<ul style="list-style-type: none"> ■ Wellness Days were implemented to raise awareness of the importance of a healthy lifestyle. In 2014 a stress management programme will be piloted.
Performance management process	<ul style="list-style-type: none"> ■ Ongoing engagement with employees led to an understanding of how they experience the performance management process. Feedback has been consolidated with a focus on continuous improvement.
Employment equity progress	<ul style="list-style-type: none"> ■ We achieved five out of our nine employment equity targets. We are determined to understand the barriers and challenges involved so that we can address these proactively. ■ Countrywide transformation dialogues provided insights that were used to refine our employment equity plan and promoted a common understanding of diversity issues.

CLIENTS

CLIENTS	
Why we engage with our clients	<ul style="list-style-type: none"> ■ To gain a better understanding of our clients, their aspirations, businesses and financial services needs. ■ To provide our clients with appropriate advice, proactive financial solutions and value-adding services. ■ To ensure that we maintain the high service levels expected by our clients. ■ To inform product development and prioritisation. ■ To ensure accuracy of our clients' personal and/or business information.
Why clients engage with us	<ul style="list-style-type: none"> ■ To access the financial products and services they need. ■ To get advice and guidance on how to achieve desired outcomes for themselves, their families, their businesses and their communities. ■ To provide us with input that can be used to enhance our solutions and services.
Frequency of engagement	<ul style="list-style-type: none"> ■ Depends on client needs and identified sales, service or guidance opportunities.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Interactions through branch outlets, relationship managers, call centres and complaint lines. ■ Client seminars and surveys. ■ Social media and marketing and advertising activities. ■ Specific client engagements, including focus groups, one-on-one meetings, functions and events.
Hot topics	Our response/Resulting developments
Pricing	<ul style="list-style-type: none"> ■ We have moved towards more transparent and simplified pricing structures. ■ Credit life protection and pricing have become much debated topics in SA and are under increasing regulatory scrutiny. In 2013 we took a leadership position in proactively launching a differentiated credit life proposition that offers a sustainable insurance solution to the entry level market and provides top quartile and differentiated benefits at highly competitive rates. ■ We made a decision not to increase transactional prices in 2014 for the majority of our clients.
Greater accessibility to banking services and increased channel choice	<ul style="list-style-type: none"> ■ We invested R1,7bn in our distribution footprint, which resulted in 41% more branches and alternate outlets (a total of 763 excluding personal-loan kiosks) and 83% more ATMs. ■ The rollout of our Branch of the Future formats has been well received. ■ Video banking facilities in branches allow easy access to specialist advice. ■ Additional functionality was deployed for the Nedbank App Suite™. This included banking functionality for business and corporate clients. ■ Online channels were launched for business clients wishing to apply for products or provide feedback. ■ Our digital home loans Apply Online channel is the first on the market to offer approval within hours. The channel has already processed over 10 000 applications, granted loans worth R1,5bn and registered 1 548 properties.
Responsiveness – social media	<ul style="list-style-type: none"> ■ Our listening centre is now fully established and facilitates engagements with clients and staff through social media and digital channels.
The impact of spiralling energy costs on corporate building stock	<ul style="list-style-type: none"> ■ We funded a Green Star SA performance rating tool produced by the Green Building Council of South Africa. The tool helps existing building owners and/or portfolio managers to gain a better understanding of the environmental impact and related costs of their buildings, improving efficiencies and reducing costs.
Integrated cashflow management	<ul style="list-style-type: none"> ■ We implemented and improved our cash management system, which maximises interest income and minimises the cost of borrowed funds for clients.

Hot topics	Our response/Resulting developments
Financial literacy and overindebtedness	<ul style="list-style-type: none"> ■ We have increased the functionality of our free, holistic personal financial management tool, MyFinancialLife™, through the addition of a simplified, fun budgeting tool called MyMoneyMap™. ■ We proactively educate our clients about their pricing options and help them to switch to the lowest-cost options for their needs. ■ A unique no-funds-alert function notifies clients when there are insufficient funds in their account ahead of a pending debit order and delays the processing of the debit order.
Holistic understanding of clients' businesses	<ul style="list-style-type: none"> ■ Our business clients now have a single point of entry through our wholesale banking client solution. This has resulted in a better understanding of our clients and improved communication and client service levels. ■ We proactively match the skills of our bankers to identified client needs. ■ We ensure that our clients have access to specialists when these are needed.

FEEDBACK FROM OUR CLIENTS

Knowledgeable staff and high levels of expertise make business a pleasure.

- Nedbank Corporate client from Business Electronic Banking survey

Nedbank Private Wealth is the best bank that I have dealt with. You are very professional, fair and clear. I rate Nedbank Private Wealth as a model bank.

- Nedbank Wealth client

Nedbank **MyFinancial**Life, is the best financial tool to keep track of your spending behaviour

- Nedbank Retail Client

The successful conclusion of the multifaceted finance solution with Nedbank presents us with a significant opportunity to build on the solid foundation it has already laid in South Africa. The solution goes beyond merely meeting our financial requirements in terms of our ongoing operations, and allows us to manage liquidity risk effectively while affordably funding our working capital cycles - without compromising our future growth potential or development plans.

- Nedbank Capital client

I would like to take this opportunity to thank you for your valued service, commitment and dedication to our company over the past two years. When one starts up a new company, even though you have many years of experience in your industry, to partner with a bank that has the same core values as you and that always goes the extra mile to deliver on service is important. Without your efficiency in handling our queries, your think-out-the-box perspective and your complete dedication to our account, we would not be able to provide our clients with the level of service which they have become accustomed to.

- Nedbank Business Banking Client

INVESTMENT COMMUNITY

INVESTMENT COMMUNITY	
Why we engage with the investment community	<ul style="list-style-type: none"> ■ To provide current and future shareholders with relevant and timeous information. ■ To keep shareholders and the investment community informed at all times. ■ To ensure that our image, as well as the trust placed in us by shareholders, continues to improve, thereby minimising the potential for reputational risk.
Why the investment community engages with us	<ul style="list-style-type: none"> ■ To gain an indepth understanding of group strategy, prospects and financial performance. ■ To obtain material information timeously and ensure that the group is appropriately valued. ■ To consider and assess the investment potential of Nedbank Group (new investors). ■ To provide an appropriate credit rating for Nedbank.
Frequency of engagement	<ul style="list-style-type: none"> ■ On a formal basis, four times a year with the release of year-end, half year, first- and third-quarter trading results. ■ On an ad hoc basis as requested by the financial media, investment analysts, credit rating agencies and investors during non-closed periods. ■ Every year through four (or more) broker-hosted conferences and non-deal roadshows. ■ Once or twice a year on Nedbank-initiated investor days.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Nedbank Wealth and Nedbank Retail investor days. ■ Annual and interim results announcement and roadshows. ■ Bank of America Merrill Lynch 14th Annual Sun City Conference. ■ Bank of America Merrill Lynch Commercial Property Finance lunch. ■ Deutsche Bank Global Emerging Markets Conference. ■ Old Mutual plc Africa Showcase. ■ RMB Morgan Stanley Provisioning Revisited Conference. ■ RMB Morgan Stanley European Financials Conference. ■ More than 340 individual meetings with shareholders and analysts. <p>We also engage with our holding company, Old Mutual Group, to ensure alignment of financial reporting and communication, provide a holistic group view and leverage synergies.</p>

Hot topics	Our response/Resulting developments
Impact of a tougher-than-anticipated economic environment	<ul style="list-style-type: none"> ■ We strengthened our balance sheet (capital ratios, liquidity and provisioning). ■ Our focused collection processes generated solid post-writeoff recoveries. ■ We concentrated on selected advances growth to protect downside risk in line with our portfolio tilt strategy. ■ We are gaining new clients and improving cross-sell to grow NIR. ■ We are ensuring disciplined expense growth at 9% (2012: 8%), while continuing to invest for the future.
Health of the consumer and developments in the personal-loans industry	<ul style="list-style-type: none"> ■ We proactively slowed our advances book growth in certain higher-risk areas from H2 2012 and throughout 2013 through initiatives such as the tightening of affordability criteria. ■ We have kept our maximum loan size and tenor the same since 2009. ■ We released a new credit life product, priced competitively in the market, with increased benefits.
Reaching into the rest of Africa in a value-creating, risk-mitigating manner	<ul style="list-style-type: none"> ■ We have the rights to acquire a shareholding of up to 20% in Ecobank Transnational Incorporated. This alliance provides network coverage for Nedbank in Central and West Africa. ■ In addition to our existing presence in five Southern African Development Community (SADC) countries, the agreement to acquire an initial stake of 36,4% of Banco Unico in Mozambique – with the right to a majority shareholding over time – will strengthen our position in SADC and East Africa.
Progress in Nedbank Retail's positioning	<ul style="list-style-type: none"> ■ We gained 529 000 new clients, achieved higher cross-sell ratios, increased the number of our ATMs by 323 and our outlets by five, launched various innovative client value propositions and products, and continued proactive risk management while strengthening balance sheet provisioning (see the Supplementary Operational Review information for more details on Nedbank Retail).

FEEDBACK FROM THE INVESTMENT COMMUNITY



In an environment where pressure on the consumer is building, we prefer banks to focus on clients and deliver conservatively stated results – Nedbank ticked all the boxes.

– *Financial analyst*

Nedbank has a strong management team, I think one of the best in emerging market banks.

– *International investor*



COMMUNITIES

COMMUNITIES – INCLUDING SOCIAL AND ENVIRONMENTAL NON-GOVERNMENTAL ORGANISATIONS

Why we engage with communities	<ul style="list-style-type: none"> ■ To create partnerships that best facilitate our integrated sustainability activities. ■ To obtain input from communities and non-governmental organisations (NGOs) regarding key focus areas. ■ To obtain input from environmental experts. ■ To create awareness of our integrated sustainability commitment and initiatives.
Why communities engage with us	<ul style="list-style-type: none"> ■ To secure funding and partner on common social and environmental issues. ■ To collaborate in a way that furthers social and environmental agendas for the greater good.
Frequency of engagement	<ul style="list-style-type: none"> ■ Ongoing, as partnerships dictate or stakeholder needs require.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Nedbank Foundation. Education continued as the main priority for 2013, with engagements primarily focused on partnering with departments of education, schools and education NGOs. ■ WWF-SA. <p>The following are the highlights for 2013:</p> <ul style="list-style-type: none"> □ We engaged regularly with WWF Nedbank Green Trust on the funding of projects and general administration and promotion of the trust. □ The Water Balance Programme has been in effect for two years, with pleasing results. A site visit with the media and key Nedbank staff was a highlight. □ Our partnership with the WWF-SA on Sustainable Agriculture matured, with good successes logged for 2013. □ We undertook a relational proximity exercise with WWF-SA to gain a better understanding of the effectiveness of the relationship and where our focus needs to be for 2014. Results will be shared with the management of both organisations early in 2014. ■ Cambridge Programme for Sustainable Leadership. Engagements included work on a long-term strategy, a thought leadership programme and indepth seminars on social and environmental challenges facing business. ■ Sustainability Institute. The institute researched and compiled the <i>Nedbank Green Living Guide</i>, a publication produced to help our staffmembers and clients adopt a more sustainable lifestyle. This guide can be downloaded from nedbankgroup.co.za. ■ Endangered Wildlife Trust (EWT). In 2013 we joined the EWT-led National Biodiversity Business Network, which provides a national platform for stimulating strategic discussions about biodiversity and business and the development of a national agenda in this context.



In the 30 years that I've been involved in invasive alien clearing, I never thought that I would get on top of this problem, but since receiving this Water Balance assistance, I now do.

– Participating farmer, WWF Water Balance Programme



Hot topics	Our response/Resulting developments
Scarce skills	<ul style="list-style-type: none"> ■ We have implemented diverse training and development programmes to give our employees the skills necessary for them to meet client needs. ■ We further invested in graduate and bursary programmes as well as learnerships - all for the purpose of developing a talent pipeline for our own business as well as contributing to the overall SA skills pool.
Funding of energy-related projects	<ul style="list-style-type: none"> ■ Nedbank is proactively responding to the regulatory and policy developments with regard to the SA energy mix. These developments will include the Integrated Energy Plan and the Integrated Resource Plan. We are committed to providing funding to ensure a secure energy future for SA, with cognisance given to the need for reducing carbon-intensive energy generation.
Trust in the financial sector	<p>During 2013 we paid special attention to:</p> <ul style="list-style-type: none"> ■ Driving ethical behaviour through enhanced ethical awareness training for staff. ■ Ensuring correct financial advice for clients through well-qualified staff who comply with the Financial Advisory and Intermediary Services Act. ■ Protecting client information through stringent application of the Protection of Personal Information Act and worldclass online security.
Access to Corporate Social Investment (CSI) funding	<ul style="list-style-type: none"> ■ We acknowledge that the number of applications we receive far outweigh the available funds. The Nedbank Foundation follows a stringent funding process to ensure the prudent allocation of our CSI investment.
Funding of green innovations/companies	<ul style="list-style-type: none"> ■ Guided by our long-term goals and Fair Share 2030 response, we are committed to collaborating with businesses that innovate in the environmental and social spheres. The economic sustainability of these businesses is equally important and remains key to our investment and partnering decisions.

FEEDBACK FROM COMMUNITIES



I have been part of Enactus since 2010, which helped me to grow professionally and personally. It's the generous sponsorships from corporates such as Nedbank that have helped Enactus SA to get to where it is today.

- Zuko Xelelo, Nedbank Business Banking Academy agriculture trainee

The training project has been successful. The college is most grateful to Nedbank Foundation for supporting the local students who are less privileged to realise their dreams.

- Zakubo Zulu, Managing Director: Ichanga Further Education and Training College



REGULATORS

REGULATORS	
Why we engage with the regulators	<ul style="list-style-type: none"> ■ To maintain open, honest and transparent relationships with Regulators and ensure compliance with all legal and regulatory requirements. ■ To retain our various operating licences and minimise our operational risk.
Why the regulators engage with us	<ul style="list-style-type: none"> ■ To ensure regulatory compliance. ■ To promote the soundness and stability of the domestic banking and financial system, thereby contributing to its financial stability.
Frequency of engagement	<ul style="list-style-type: none"> ■ Daily, weekly, quarterly and as required.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Various forums. ■ Trilateral meetings with the board and management. ■ One-on-one discussions with various executive officials at prudential meetings. ■ Onsite meetings.

Hot topics	Our response/Resulting developments
Implementation and impact of Basel III regulations relating to banks	<ul style="list-style-type: none"> ■ We achieved compliance with Basel III on 1 January 2013. ■ We are well placed to comply with increased capital and liquidity requirements when these are required in future years. Net stable funding ratio compliance remains a challenge in SA.
Increased focus on consumer protection such as Twin Peaks regulation, the Consumer Protection Act and the Protection of Private Information Act	<ul style="list-style-type: none"> ■ We are well on track with our preparation for the new regulatory regime of Twin Peaks, the Consumer Protection Act and the Protection of Private Information Act.
Solvency Assessment and Management (SAM) regime for the SA insurance sector	<ul style="list-style-type: none"> ■ Nedgroup Insurance remains well capitalised and is on track to implement SAM.
Unsecured lending	<ul style="list-style-type: none"> ■ We continued to implement our policy of responsible lending and reduced our market share proactively.
African strategy	<ul style="list-style-type: none"> ■ We have adopted a risk-mitigated, capital-efficient, longer-term strategic approach that has started to demonstrate benefits.
Money-laundering, terrorist-financing and sanctions risk management	<ul style="list-style-type: none"> ■ We have invested significantly in IT and people resourcing to comply with the increased anti-money-laundering regulation and to combat terrorist financing activities, with more to be done.
Resolution and recovery planning	<ul style="list-style-type: none"> ■ We maintain resilient business continuity management processes.



Continuous engagement between the private and public sectors is crucial. We simply cannot talk enough to one another. Again, Dr Khoza has led the way in ensuring that these two crucial sectors of our country dialogue through the Chairman's Dinner event.

- Prof Sibusiso Vil-Nkomo, Member of Council of the School of Government



GOVERNMENT

GOVERNMENT	
Why we engage with government	<ul style="list-style-type: none"> ■ To build and strengthen relationships with government, both as a partner in the development of the country and as a current or potential Nedbank client. ■ To provide input into legislative development processes that will affect our activities and operations. ■ To reaffirm our commitment to public sector business development. ■ To participate visibly in and be a partner to the transformation of SA and the financial sector.
Why government engages with us	<ul style="list-style-type: none"> ■ Because Nedbank Group is a key roleplayer in the economic, social and environmental upliftment of the country.
Frequency of engagement	<ul style="list-style-type: none"> ■ Monthly, or as deemed necessary by either party.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ The Nedbank Chairman's Dinner. ■ The Nedbank/NEPAD Business Forums. ■ Political engagements such as the launch of the School of Government and the National Budget Vote. ■ Participation in various government efforts, such as the Diplomatic Fair, the Goodwill Project of the South African National Defence Force (SANDF) and the SANDF Educational Trust. ■ The launch of the Nedbank Mobile Clinic (Department of Health, Department of Education, North West Province). ■ Various engagements with National and Provincial Departments of Education, eg the Back to School campaign and My Future, My Career. ■ The launch of the Prestigious Internship Programme (Department of Public Works).
Hot topics	Our response/Resulting developments
Opportunities in West Africa	<ul style="list-style-type: none"> ■ We participated in an investment and trade mission to Ghana through the New Partnership for Africa's Development (NEPAD) Business Foundation.
Improving stakeholder relations	<ul style="list-style-type: none"> ■ The development of a stakeholder engagement policy has guided our engagement with the public sector and we are pleased with improvements made in 2013.
The role of business in the implementation of the National Developmental Plan (NDP) 2030	<ul style="list-style-type: none"> ■ Although not a direct response to the NDP, our Fair Share 2030 project does support many of its objectives.
Cashflow challenges in municipalities	<ul style="list-style-type: none"> ■ During 2013 we facilitated service delivery and the distribution of water and electricity through our funding of municipalities. Importantly, we were able to impact cashflow positively by extending lending terms. This eased the burden of municipalities because many of their consumers are under increased economic pressure.

FEEDBACK FROM GOVERNMENT ENTITIES

I am thankful to Nedbank and NEPAD for providing us with this platform from which to speak to the South African industry captains about the opportunities available in Ghana. The Nedbank-Nepad Business Forum is a brilliant innovative idea that facilitates better relations between the public and private sectors.

– Mrs Martha Pobe, Acting High Commissioner of the Republic of Ghana

MEDIA

MEDIA	
Why we engage with the media	<ul style="list-style-type: none"> ■ To communicate with relevant stakeholders and the broader public with a view to having a positive influence on behaviour that will lead to desired business results. ■ To position ourselves as a thought leader, the bank of choice for all in SA, a responsible corporate citizen and the most transformed participant in the financial services sector. ■ To protect and manage our reputation.
Why the media engages with us	<ul style="list-style-type: none"> ■ To educate and inform their audiences of developments in the financial services sector. ■ To be informed about our contribution to the SA economy and our products and services.
Frequency of engagement	<ul style="list-style-type: none"> ■ We take both a proactive and a reactive approach through: <ul style="list-style-type: none"> □ daily interactions in response to business-related media queries; □ ad hoc engagements in response to our various business and sustainability initiatives; and □ responses to media requests for commentary.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Quarterly Group Executive Committee breakfasts to which media houses were invited. ■ Launches of various products and services, including the Nedbank Innovation Lab, the Nedbank Ke Yona Team Search, the Nedbank App Suite™, Small Business Friday™ and branch openings. ■ Interviews with key business media on relevant reporting dates and Nedbank-sponsored events such as the Critical Thinking Forum and the International Sustainable Development Research Conference. ■ Daily telephone and email interaction around media enquiries.
Hot topics	Our response/Resulting developments
Passing of Madiba	<ul style="list-style-type: none"> ■ We joined the nation in mourning the passing of Madiba. ■ Our support of the Nelson Mandela Children’s Fund will continue through the Nedbank Children’s Affinity to honour his legacy.
Banking fees	<ul style="list-style-type: none"> ■ In 2013 we removed all non-cash Nedbank ATM transaction fees, ensuring another R75 million in savings for our clients.
Role of banks to support SA’s social challenges:	<ul style="list-style-type: none"> ■ We see addressing these issues as crucial to ensuring a thriving society. Our work in this area is detailed in the 2013 Nedbank Group Transformation Report and the 2013 Nedbank Group Integrated Report. ■ Job creation. ■ Skills development. ■ Enterprise development.

FEEDBACK FROM MEDIA



I like that you have systems in place that ensure that we have all bases covered. I particularly like that your emphasis on sustainability overlaps into current global discourse which means there is always something to talk about.

– Media representative: Morning Live SABC

I find Nedbank keen to help, although specific people are not always available within time constraints. That, however, is understandable.

– Media representative: Business Day



SUPPLIERS

SUPPLIERS	
Why we engage with suppliers	<ul style="list-style-type: none"> ■ To obtain products or services required for conducting our business. ■ To maintain an ideal and timeous supply of goods and services for our operations. ■ To help suppliers ensure their own sustainability through education and development, the funding of requirements (through Business Banking), early-payment terms and other support. ■ To encourage responsible practices across our supply chain [Broad-based black economic empowerment (BBBEE), local procurement, supplier conduct and environmental considerations]. ■ To include critical suppliers in crossfunctional teams so as to contribute expertise and advice before specifications are developed for products or services.
Why suppliers engage with us	<ul style="list-style-type: none"> ■ To provide products and services. ■ To negotiate pricing and contracts. ■ To promote new products and service offerings. ■ To respond to tenders. ■ To seek input and guidance on their sustainability journeys.
Frequency of engagement	<ul style="list-style-type: none"> ■ Ongoing, as required.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Ongoing interaction with suppliers and contractors for procurement purposes. ■ Supplier education workshops, indabas, fairs, etc. ■ Quarterly newsletter on sustainability matters. ■ One-on-one negotiations and meetings.

Hot topics	Our response/Resulting developments
Fraudulent BBBEE certificates	<ul style="list-style-type: none"> ■ We conducted investigations into suppliers that may have submitted fraudulent certificates. No non-compliance was noted.
Financial Sector Code (FSC)	<ul style="list-style-type: none"> ■ Nedbank will be reporting against the Financial Sector Code for 2013 as promulgated by the minister on 26 November 2012 and not against the dti Codes. Nedbank actively participated in the industry engagement process to finalise targets and agree on measurement criteria.
Environmental and social sustainability and governance issues relating to supplier inclusion	<ul style="list-style-type: none"> ■ We enhanced our vendor onboarding system to classify suppliers according to their impact (business and industry) on the environment. ■ We became the first signatory to the Prompt Payment Code (see page 36) to give valuable cashflow assistance to our suppliers.
Pricing, payment terms and service delivery	<ul style="list-style-type: none"> ■ We refined our protection of personal information processes and made various Code of Conduct enhancements. ■ An e-invoicing system has been introduced to streamline payments of vendors. ■ Special payment terms of seven days are adhered to for small businesses. ■ A full due diligence process now needs to be completed before suppliers are onboarded.

FEEDBACK FROM SUPPLIERS

“Nedbank happened to be the first big corporate to open doors for us. Ever since, the market has been very receptive to Monabo. Nedbank built trust for other prospective business and enhanced our image. Nedbank afforded us an opportunity to learn and understand the framework Monabo can follow to support sustainability in our business as well as the health protection of its employees and planet through the types of products and equipment we use.

- Supplier: Monabo Hygiene Services

BUSINESS PARTNERS AND INDUSTRY BODIES

BUSINESS PARTNERS AND INDUSTRY BODIES	
Why we engage with these stakeholders	<ul style="list-style-type: none"> ■ To continue learning through interaction with the industry and cross-sectorial organisations. ■ To leverage and build our strategic business partnerships for the maximum benefit of all our stakeholders. ■ To use business associations as a forum through which we can promote our viewpoints on key industry issues.
Why these stakeholders engage with us	<ul style="list-style-type: none"> ■ For mutually beneficial learning and to influence and/or promote common agendas.
Frequency of engagement	<ul style="list-style-type: none"> ■ As required or dictated by performance contracts and association or partnership membership agreements.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Quarterly meetings with our Black Business Partners (BBPs) in terms of performance contracts. ■ Monthly meetings with various industry bodies.

Hot topics	Our response/Resulting developments
BBPs	
Closer partnerships	<ul style="list-style-type: none"> ■ There was enhanced collaboration on CSI initiatives, including the Nedbank Brimstone Winter Blanket Campaign and the Back to School Shoe Shine Campaign as well a blanket and Hippo water roller handover in Bochum.
Greater involvement	<ul style="list-style-type: none"> ■ Both of our BBPs were included as panellists and thought leaders on the Nedbank leadership development programmes.
Broadening financial inclusion and igniting enterprise development	<ul style="list-style-type: none"> ■ Strategic partnership on Imbizos continue to deliver positive results, with BBP acquisition targets exceeded at some sites and the pilot Business Acumen Programme producing more than 200 graduates.
Revenue generation	<ul style="list-style-type: none"> ■ We enjoy continued success with banking referrals, which convert to revenue and annuity income in some instances.
Equator Principles	
Limited application of social and environmental risk	<ul style="list-style-type: none"> ■ We have aligned our Social and Environmental Management System to address the new scope and reporting requirements of Equator Principles III.
United Nations Global Compact	
Poor protection of human rights	<ul style="list-style-type: none"> ■ Nedbank Group upholds the protection of human rights, enshrined in the SA Constitution and Bill of Rights. We have developed our own Human Rights Statement, which has been approved by our board and is publicly available. Our Human Rights in Business project will start in 2014 and will be particularly important as Nedbank expands into other parts of Africa.
Industry associations	
Role of the financial sector in transforming SA	<ul style="list-style-type: none"> ■ Minister Rob Davies issued the BBBEE Codes of Good Practice on 11 October 2013. The Financial Sector Code has 12 months to realign with the codes and Nedbank will play a key role in this process through the Banking Association South Africa's Financial Sector Code Facilitators workgroup.
Climate change mitigation and adaptation	<ul style="list-style-type: none"> ■ We participated in various National Business Initiative (NBI) programmes. Initiatives with a strong energy efficiency focus were developed in 2013, and they will continue in 2014.

FEEDBACK FROM BBPs

The past year has seen a further synthesis of the relationship between Nedbank and the Brimstone-Mtha consortium. Our long relationship continues to be grounded in trust and transparency and to grow at various levels. This is a great example of how BEE shareholders should engage with the established businesses they invest in, an example of the benefit when both parties are relevant to each other.

– Mustaq Brey, CEO of Brimstone – consortium leader

UNIONS

UNIONS	
Why we engage with the unions	<ul style="list-style-type: none"> ■ To maintain a sound working relationship. ■ To obtain approval for or consensus on any decisions or projects that may result in changes in working conditions or in our operational requirements.
Why the unions engage with us	<ul style="list-style-type: none"> ■ To represent their members through engagement and consultation with our management on matters of mutual interest. ■ To represent the interests of union members who are Nedbank Group employees or members of the bargaining unit.
Types of engagement	<ul style="list-style-type: none"> ■ Salary negotiations and monthly consultations on any changes impacting staff within the bargaining unit through a consultative forum and collective bargaining forum.
Frequency of engagement	<ul style="list-style-type: none"> ■ Annually for salary negotiations. ■ Formal monthly engagements on issues that relate to changes impacting staff within the bargaining unit. ■ Ongoing consultations or meetings required by unions or as a result of business changes or projects.
Specific engagements in 2013	<ul style="list-style-type: none"> ■ Annual salary negotiations. ■ Monthly consultations.

Hot topics	Our response/Resulting developments
Earning of commission	<ul style="list-style-type: none"> ■ The personal-loans landscape has changed dramatically over the past year. The South African Reserve Bank encouraged financial institutions to review their personal-loans lending criteria. As, in difficult economic times, the receipt of commission can drive the wrong behaviour, we decided to convert the employees' remuneration to a basic salary.
Working hours and related pay	<ul style="list-style-type: none"> ■ New banking hours required a review of working hours and related overtime for employees. This was successfully completed, with branches now open for longer to meet client needs.
Application of relocation policy	<ul style="list-style-type: none"> ■ In an effort to manage costs and environmental impact a number of our offices were consolidated, and some staff therefore had to change locations. The union raised the inconsistent application of the relocation policy and requested a policy revision. Nedbank is satisfied that the current policy is appropriate but it must be consistently applied.
Management of displaced/redundant employees	<ul style="list-style-type: none"> ■ In 2013 we had a significant amount of business restructuring, which resulted in the displacement of some employees. Our philosophy is to embark on retrenchments as a very last resort. This has led to prolonged consultations and a redeployment process.

FEEDBACK FROM UNIONS

IBSA is proud to be associated with Nedbank regarding its achievements to date in striving to become the most admired bank, and the cordial and constructive way in which the two parties are able to engage each other on matters of mutual interest that affect members in the workplace and their interaction with clients.

- Union representative: IBSA

1 ENABLING SUSTAINABILITY THROUGH OUR PRODUCTS AND SERVICES

In addition to offering our clients the means and opportunities to achieve their personal or business financial goals, Nedbank Group’s banking, lending and investment solutions and services are built on the foundation of responsible financial services.

From the incorporation of sustainability considerations into credit assessments to supporting clients through a balanced and carefully considered approach to their financial needs, we place a priority on ensuring that what we offer helps create a better future for all.

ENABLING SA’S GREEN FUTURE
Key to the sustainable future of SA is our country’s ability to develop and nurture a green economy. We embrace the responsibility and opportunity to help nurture such a green future through innovative product development and sustainability-focused investment.

Investing in SA’s green economy through REIPPPP
The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) forms an integral part of the SA government’s Integrated Resource Plan 2010 and seeks to achieve a significant increase in the proportion of the country’s energy needs being met through independent, renewable-energy sources. This vital transition to a broader energy supply is crucial to securing the energy supply needed to encourage economic growth.
Since the inception of REIPPPP our investment bank has been highly involved in this forward-thinking programme and it has delivered numerous innovative finance solutions to organisations bidding to become independent power suppliers to SA.
The details of Nedbank’s involvement in and support of REIPPPP can be found in the case study in the Nedbank Capital section of the online Operational Review. As a result of its extensive involvement Nedbank effectively funded and supported projects that will deliver 1,478MW or 38% of the total renewable-energy capacity allocated by REIPPPP since its inception – making us a key enabler of the country’s green future.

The Nedbank Green Savings Bond
This fixed-term investment offers flexible investment terms ranging from 18 months to five years, a competitive rate and guaranteed returns. More importantly, it allows regular investors to make a tangible contribution to environmental sustainability because invested funds are earmarked for the support of renewable-energy projects in SA. Since its inception R3,6bn has been invested in the Nedbank Green Savings Bond, of which R2,7bn flowed in during 2013.

The Nedbank Green Index

The Nedbank Green Index (NGI) is an innovative equity benchmark for investors who place a priority on incorporating environmental sustainability criteria into their investment decisions. In 2013 the NGI was significantly outperformed by the JSE/FTSE All-share Index (ALSI) - 7,8% (2012: 26,1%) compared with 21,4% for the broad market index. This is in stark contrast to previous work on the relative performance of the NGI, which suggested that the stock selection process, which is primarily based on climate change credentials, had played a significant role in the NGI's outperformance of the ALSI. For the most part, the companies within the NGI with the strongest environmental credentials have continued to provide positive contributions to the relative total return. However, a number of companies that had a particularly strong share price performance in 2013 were excluded from the NGI entirely, although in most cases this was not because of poor environmental credentials, but rather because of non-public disclosure. For further details on the NGI please refer to nedbankcapital.co.za.

Exchange-traded Fund (BGreen ETF)

We launched our Nedbank BGreen ETF in December 2011. At the end of 2013 the BGreen ETF had a market capitalisation of R131m (2012: R119m).

The Guaranteed Exchange-traded Fund Plan

Nedgroup Life offers this investment alternative as part of its Secure Investments portfolio. Based on the BGreen ETF, and provided through Nedbank Financial Planners, it offers our clients another way of participating in, and benefiting from, the work we are doing to deliver competitive, environmentally driven investments to all investors. In 2013 a total of R14,4m was invested through this platform.

Greenbacks

The Nedbank Greenbacks loyalty programme includes a 'green stream' that allows members to redeem loyalty points for goods that are environmentally friendly. In 2013, more than 750 of these 'green' products were redeemed by our environmentally aware clients, with a total value of R500 000.

Carbon financing

Carbon markets have been through a particularly turbulent time in recent years because of continued uncertainty surrounding long-term international carbon commitments. It is anticipated that greater clarity regarding international markets will emerge by the end of 2015. Domestically, the proposed carbon tax could bolster the local carbon market for selected offsets. Given our commitment to driving the green economy, our Carbon Finance Unit continues to monitor developments in this area.

Nedbank Green Affinity

We make it possible for our clients to support environmental causes by choosing to use Nedbank Green Affinity banking, investment or insurance products. As they do so, we donate money to the WWF Nedbank Green Trust on their behalf at no cost to them. In 2013 Nedbank Green Affinity donations to the WWF Nedbank Green Trust increased by 14% to nearly R14,8m (2012: R12,9m). As a direct result of concerted efforts to raise awareness of the Nedbank Green Affinity, we also added approximately 50 000 Nedbank clients to the programme.

Since its inception the Nedbank Green Affinity Programme has raised more than R150m in support of nearly 200 environmental projects across SA.

The WWF Nedbank Green Trust

In 1990 Nedbank Group created a partnership with WWF-SA through the WWF Nedbank Green Trust as an innovative and sustainable way to raise funds in support of environmental causes. The WWF Nedbank Green Trust's mission is to bring together environmental and social sustainability. Put another way, it seeks to enable people to live and work in harmony with nature, for the sustainable benefit of both. 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. For more information on the WWF Nedbank Green Trust go to nedbankgreen.co.za.

ENABLING SOCIAL SUSTAINABILITY AND DEVELOPMENT THROUGH INVESTMENT

We recognise that leadership in social sustainability requires more than just a commitment to supporting communities; it also demands a willingness to put our money where our mouth is and invest in people, projects and businesses.

Our continued good performance in this regard illustrates the success of our efforts to meet the requirements of the Financial Sector Code (FSC). Details of our investment in this area can be accessed in the 2013 Nedbank Group Transformation Report. It is important to note that we are now reporting against the targets and requirements of the Financial Sector Code rather than in terms of the Department of Trade and Industry's Codes of Good Practice (dti Codes).

Empowerment financing

Comprising the two elements of targeted investments and BBBEE transaction finance, empowerment financing is an integral part of our overall transformation commitment. It involves investment in the economic development of empowered corporates, emerging black farmers, municipalities and emerging black small and medium enterprises. At the end of 2013 we have invested a total of R36bn in empowerment financing since 2009. We are pleased with the progress we have made in lending in this area, but also recognise that there is still much to be done.

BBBEE transaction finance

BBBEE transaction financing is the extent to which we help promote the productive and sustainable participation of black companies and black people in each sector of the economy through various forms of credit extension. This includes all transactions for acquisition by black people, including women, of direct ownership in new or existing companies other than black SMEs. These transactions also include joint ventures with debt financing of or other forms of credit extension to and equity investments in BBBEE companies. A transaction of R1,8bn was our most notable deal in 2013.

Targeted investments

Targeted investment is an opportunity to extend the effectiveness of Nedbank's social sustainability efforts through debt financing of, credit extension to, or equity investment in SA projects that have the potential to help close any gaps that still exist in the country's economic development and facilitate job creation for future growth. Our targeted investment activities include:

- Transformational infrastructure financing.
- Black agriculture finance.
- Black small and medium enterprise (SME) financing.
- Affordable housing.

At the end of 2013 we had invested a total of R18bn in targeted investments since 2009.

Affordable housing

The affordable housing market remained relatively subdued in 2013, primarily because of lingering affordability issues as a result of high levels of indebtedness and impaired credit records among consumers.

Notwithstanding these difficult market conditions, Nedbank continued to demonstrate its commitment to this market by embarking on a number of initiatives in 2013.

During 2013 the Affordable Housing Development finance unit concluded a number of new funding opportunities, including a facility for International Housing Solutions, to bolster the affordable rental market and create quality accommodation for people in the lower-income range who cannot prove affordability to buy homes. Also during 2013 the unit disbursed more than R1bn towards new affordable housing developments across SA, with more than 12 000 new home opportunities created for 2013 and cumulatively over 25 000 homes during the past five years.

Enterprise development

Our approach to enterprise development (ED) is multifaceted and includes a mix of funding, transactional and support products and services that provide flexibility and adaptability across all industries. This allows us to design and tailor unique solutions, in line with the diverse needs of entrepreneurs and businesses, ultimately creating job opportunities and supporting socioeconomic development.

Regional teams with specialist and expert support, such as the national agriculture team, continue to drive the business imperative of transforming our client base and supporting emerging businesses, with a particular focus on supporting the vital small, medium and micro enterprises (SMME) sector.

Over the past two years more than 2 000 entrepreneurs have benefited from our enterprise development investments. In accordance with the FSC requirements we invested an additional R59,5m in non-recoverable initiatives in 2013.

Making a big difference to small business

During the period under review our ED development support of SMMEs included the following:

- **The ED municipality programme.** We support government in its drive to grow the economy through the creation of viable SMMEs that can create sustainable jobs. To this end we have implemented various programmes in partnership with municipalities and government departments. Drawing from our experience with these interventions, we designed a holistic programme for emerging businesses in rural communities encompassing capacity building and access to finance. It entails the provision of business skills training, mentorship and transfer of acumen to ensure that theory can be practically applied in the businesses. The aim of these interventions is to stimulate economic activity and facilitate an inclusive economic environment. The programme is currently being launched in eight municipal areas across the country.
- **Small-business seminars.** For the past eight years Nedbank has hosted seminars for its small-business clients on specific areas of technical expertise and business management acumen. The content is aimed at equipping the business owners with knowledge on how to run their businesses more efficiently. In 2013 we also ran workshops for 260 small businesses that have been running for at least two years to help them expand appropriately.
- **SimplyBiz.co.za.** This free online resource provides SMMEs with practical advice and services aimed at maintaining their financial fitness and sustainability. We continue to identify ways to support SMMEs through interaction and engagement via the portal, which is structured specifically for the provision of relevant information, cost-effective services and value offerings negotiated with selected partners based on the key drivers of business.

MAKING BUSINESS MORE MOBILE WITH POCKETPOS™

In February 2013 Nedbank cemented its position as a leading innovator in the business-banking space with the launch of PocketPOS™. This live EMV-certified mobile point-of-sale (POS) solution, a first in SA, enables our clients to process debit and credit card transactions anywhere and any time using a smartphone connected to a secure card reader.

For our clients the PocketPOS™ eliminates the risk of carrying cash, avoids cash deposit fees and, most importantly, increases payment success and thereby improves cashflow for small businesses and contractors.

By the end of 2013 more than 1 200 Nedbank PocketPOS™ units had been purchased by business clients across SA.

ENABLING ACCESS TO FINANCIAL SERVICES FOR ALL

Nedbank Group remains committed to enabling social transformation and economic upliftment through access to finance for all. We are convinced that true access to finance involves a combination of physical accessibility to transaction points and financial education for maximum empowerment.

Over the past four years we have opened 220 retail banking outlets (branches and alternative outlets, excluding Personal Loans kiosks) and increased our ATM footprint by 1 529 (or 83%) across the full spectrum of SA communities. This means that Nedbank's retail banking footprint has grown by 41% to 763 outlets across the country since 2009. The Branch of the Future design choice and network of formats have further enhanced the relevance and appeal of Nedbank to all in SA by improving the instore experience through increased self-service capabilities, client-friendly queuing systems and emphasis on client education. Altogether 28 outlets have been converted to the new formats, with the full rollout plan seeking to cover 77% of branches by 2016. Innovations in digital (notably mobile and telephone) banking, including the launch of the Nedbank App Suite™ in 2012, have


further increased access to Nedbank's banking services for all in SA regardless of physical location.

Recently, this access strategy has seen us intensify our focus on rural areas, with initiatives undertaken in such far-flung communities as Kuruman in the rural Northern Cape, Bela-Bela in Limpopo, Elliotdale in the Eastern Cape and Nquthu in KwaZulu-Natal, to mention just a few.

Where there's a lack of proper infrastructure, we partner with leading supermarket chain outlets such as Pick n Pay and Boxer Stores to offer inretailer facilities. A partnership with the Passenger Rail Agency of South Africa (PRASA) will also see Nedbank retail branches established in selected PRASA stations across SA.

Growing access to entry-level banking

As a direct result of our comprehensive mass market strategy, which was introduced in 2011, we have generated significant year-on-year growth in entry-level banking and now serve more than three million clients. A key solution that has contributed to our success in this market is Nedbank Ke Yona. Launched in 2011, this ELB offering is designed to attract new entrants into the formal banking market. Ke Yona allows these previously unbanked individuals to transact, save, borrow and acquire insurance easily and affordably.

 GRI FS13, FS14

IMBIZO: HELPING TO BUILD ECONOMICALLY VIABLE AND SUSTAINABLE COMMUNITIES

In 2005 the Imbizo programme was launched as a partnership between Nedbank, Mutual & Federal, Old Mutual and our black business partner, WIPHOLD. Imbizo seeks to ignite economic activity in primarily rural markets, with an emphasis on building sustainable communities through commercial and corporate social investment activity to improve people's livelihoods.

The model focuses on identifying interventions that can contribute to building economically viable communities. These interventions include facilitating the creation of micro enterprises, migrating these up the value creation chain (from micro enterprise to small business), and encouraging job creation through medium-to-large-scale commercial investments.

An additional component of the Imbizo programme is the Zakheleni collective lending product. If a self-help group or club of five to 12 members saves collectively for six months, it may apply for a loan of up to three times the amount it has saved, capped at R10 000 for the first loan, and repayable over 22 months. When the first loan has been repaid in full, the club can apply for a second loan. To date the Zakheleni product has registered more than 880 clubs and issued over 1 500 loans. More than 100 formal micro enterprises, and many more informal enterprises, have been formed as a result of this unique offering.

In 2013 we introduced the Imbizo Business Acumen Pilot Programme to provide small-business owners with valuable training in money management skills, establishing a market, separating personal and business accounts and understanding input costs to ensure the growth of their enterprises.

Since its inception 135 participants have registered for the programme and 112 owners of microbusinesses have graduated. A total of R556 000 in funding has also been extended to graduates of the programme to help them grow their businesses.

2 LEADING THROUGH COLLABORATION AND PARTNERSHIP

At Nedbank Group we acknowledge that the best way to maximise our positive sustainability impact is through partnerships with like-minded individuals, groups and organisations. We therefore proactively seek out such partnerships across all our stakeholder groups to contribute towards increased awareness and understanding of the sustainable development imperative.

COMMITTED TO SOCIAL SUSTAINABILITY THROUGH CARING

We believe wholeheartedly in caring for the communities in which we operate, and in expressing that care through action. A thriving bank needs a thriving community, and so we direct our socioeconomic development (SED) towards seven interlinked areas that also help to build our future client base. These areas are education (the knowledge economy), community and skills development (job creation), health (building healthy communities), community development (mobilising communities), the environment, sport and arts and culture development, and child welfare and protection.

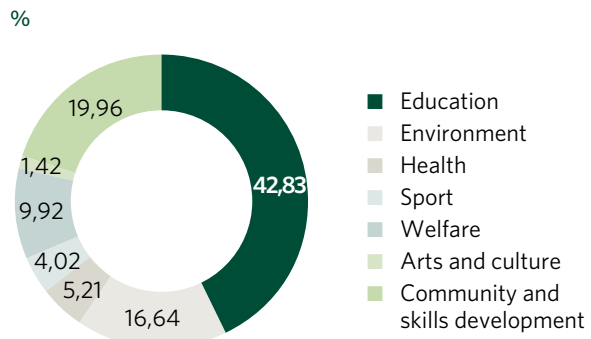
GRI 3.1: 4.9

In terms of the Financial Sector Code, relevant SA companies are required to spend at least 0,7% of their net profit after tax (NPAT) on SED initiatives. In 2013 we far exceeded this compliance requirement, placing R89m* (R111m including community trust and the Nedbank Private Wealth Foundation) (2012: R95m) in socioeconomic development projects across our various focus areas. Most of this investment was facilitated through:

- **The Nedbank Foundation.** In 2013 a total of R36m was disbursed by our primary corporate social investments (CSI) arm, the Nedbank Foundation, which focuses on long-term contributions to education, skills development and job creation, health and community development. The foundation supported 374 projects, reaching more than 8 000 beneficiaries.
- **The Nedbank External Bursary Fund.** We allocate a number of external bursaries, which amounted to a value of R11m in 2013. The bursaries are administered by the National Student Financial Aid Scheme (NSFAS) through a public-private partnership.
- **Staff volunteerism.** This is intrinsic to Nedbank, and many staffmembers take the time to apply their skills and talents to improving the lives of others. It also helps staff understand the communities we are trying to serve. See the staff volunteerism section on page 50 of this report for details.
- **Nedbank Affinity Programme.** Our clients have become part of our CSI continuum through our successful Nedbank Affinity Programme, through which we donate to causes and organisations on behalf of clients (and at no cost to them). In 2013 a total of R27,8m (2012: R20,9m) was distributed across the four affinities (Green, Children’s, Sport and Arts).

* Reporting against FSC measurement principles.

NEDBANK SOCIOECONOMIC DEVELOPMENT SPEND 2013



In the past five years Nedbank has spent over R400m on SED projects. Through our SED we are striving to accelerate transformation in an effort not just to raise the bar in terms of compliance with the FSC, but also to entrench transformation within our organisational culture, enhance our commitment as a corporate citizen, and continue our drive to become a bank for all.

While Nedbank’s SED approach has not directly influenced government policy, it is encouraging to see the increasing involvement of government officials in some of the flagship programmes we support, as evidenced by the following statements of government representatives concerning Nedbank’s education support:

DELIVERING SOCIOECONOMIC BENEFITS THROUGH EDUCATION SUPPORT

Approximately half of Nedbank's SED spend goes into education. We see this as a flagship CSI focus in terms of our commitment to helping create a sustainable SA through, among other things, the promotion of a knowledge-based economy.

We have defined a two-pillar model for such investment. The first pillar supports education throughout the different life stages of an individual, from early childhood development to tertiary education.

The second pillar focuses on providing holistic support for beneficiary schools, enabling them to be more effective. Research shows that effective schools are built on strong leadership, quality teaching, resourced learners, adequate infrastructure, community involvement and proper academic support – all of which we strive to offer through our SED initiatives, examples of which include:

- **The Nedbank Fundisa Maths and Science Programme.** In 2013 the programme assisted more than 200 learners. The results achieved in 2013 were hugely improved, demonstrating the tangible impact of this intervention. Students achieved 73% decent passes in Mathematics (2012: 56%) and 65% in Physical Science (2012: 51%). A decent pass is set at an achievement of 50% or more. Furthermore, the class of 2013 produced 14% distinctions in Mathematics and 10% in Physical Science.

- **The Nedbank Mobile Clinic.** Nedbank partnered with the Department of Health and Education in North West Province to provide essential free health services (optometry, dental and basic health) for primary-school learners from disadvantaged areas through the Nedbank Mobile Clinic. The clinic, which was made possible through a R3m CSI investment, has already provided 700 children with basic essential healthcare services. In 2014 it will offer similar services in another province.

- **Cycling to School Project.** A total of 400 learners in the Free State recently received bicycles as part of the Nedbank and Transport and Education Authority (TETA) Cycling to School project in partnership with the Department of Education. With an investment of R500 000 from Nedbank, the project enables learners to get to their schools on time and is potentially a viable way to address the massive numbers (estimated at nine million) of learners who have to walk to school every day across the country and reduce travelling time to and from school.

Thanks to the bicycle he received, Mthunzi Ntja Ntja, a grade 8 learner from Nkarabeng Secondary outside Harrismith, no longer has to wake up at 04:00 to walk the 26 km to a scholar transport point, so that he can get to school every day. With more sleep, he will be able to concentrate better on his studies.



The Department of Education is pleased to be part of yet another demonstration of Nedbank's commitment to uplifting the standard of education in the country. We certainly hope that other organisations will follow Nedbank's example and play a part in preparing South Africa's future leaders. I would like to thank Nedbank for their efforts and encourage them to continue with their commitment to a better education.

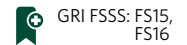
– Angie Motshekga, Minister of Basic Education speaking about Nedbank's Back to School programme





With this creative initiative, we will be able to help guide young people into their careers of choice. The National Youth Development Agency (NYDA) is proud to be part of an initiative that protects our future by nurturing the present.

- Steven Ngubeni, CEO of NYDA Nedbank's My Future, My Career programme



THE NEDBANK CONSUMER EDUCATION PROGRAMME

Launched in 2004, this programme continues to deliver excellent results, providing clients and potential clients with information and insights to ensure they make informed decisions for financial wellbeing. In 2013 we invested R8,1m in our consumer education programme, which benefited almost 54 000 consumers across all nine provinces. Some of the education initiatives included under the Consumer Education Programme are:

- **Teach Children to Save South Africa™ (TCTS SA™).** This initiative promotes volunteerism within the financial sector, while teaching our country's youth important financial concepts and habits.
- **Nedbank/Bona partnership.** Accessible and relevant financial education is provided through editorials in the *Bona* magazine, reinforced by monthly reader workshops.
- **Nedbank 'How-To' guide.** Low-income earners are introduced to essential banking basics so that they can become more comfortable and effective with their financial management.
- **Consumer learning programme material.** This learning programme initially consisted of three main modules, namely Banking Products and Services, Buying on Credit and Personal Budgeting. Recently the material was reviewed and a number of learning themes were added, including Insurance and Assurance.



I have been part of Enactus since 2010, which helped me to grow professionally and personally. It's the generous sponsorships from corporates such as Nedbank that have helped Enactus SA to get to where it is today.

- Zuko Xelelo, Nedbank Business Banking Academy agriculture trainee



PARTNERING TO CREATE A FUTURE FOR SA'S YOUTH

Investing in youth empowerment programmes that aim to create socially conscious leaders not only benefits the beneficiaries and their immediate communities, but also contributes to the socioeconomic growth and stability of the country and, in turn, Nedbank. Access to both funding and job opportunities is a challenge that Nedbank is addressing through a multitude of programmes such as:

- **The Nedbank Graduate Programme.** This programme is designed for the purpose of selecting high-calibre graduates and developing them for specialist or scarce-skill roles in the bank. It provides an opportunity for unique exposure to the business, encouraging rapid learning and growth.

A total of 3 334 graduate applications were received for the 2013 graduate intake, and 134 were accepted. We have received over 6 700 applications for the programme in 2014, from which 107 graduates have been accepted to commence the programme.

The intention behind the programme is to ensure that Nedbank can recruit, develop and retain the best graduate talent in the market - people who can add value to our business and the industry as a whole.

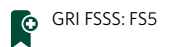
- **SAGDA Graduate Programmes.** The programmes of the South African Graduate Development Agency (SAGDA) align with Nedbank's focus of enabling young people to enter and compete in the job market. We have been a key supporter of SAGDA since its establishment 15 years ago and continue to offer both financial and operational support. We contributed R1m to SAGDA's prestigious internship programme in 2013, which saw young graduates enter the job market through placement with the Department of Public Works as part of its turnaround strategy unit.
- **Enactus SA.** Since 2009 Nedbank has invested in Enactus SA (previously SIFE SA), which helps university students gain a practical understanding of economics while developing a culture of ethical business conduct. Nedbank's annual investment helps train hundreds of students to develop effective community outreach projects that focus on market economics, entrepreneurship, financial literacy and more. Through our partnership with Enactus SA, Nedbank Group Human Resources has also been able to recruit high-quality students into the graduate programme.



The Nedbank bursary had a positive impact on my studies as I was motivated to complete my degree successfully and be able to work for Nedbank one day. I had to sign my bursary contract at the Nedbank Sandton headoffice and I was amazed by the Nedbank culture. It became my goal to be part of this dynamic culture.

The bursary opened doors for me to network with Nedbank employees. I was kept abreast of important events in connection with my degree and I participated in the CA Training Programme Winter Seminar during the final year of my degree. I met the CA Training Programme team and it was crystal clear to me where I wanted to build my career.

- Carli Swart, who was funded by the Nedbank external bursary programme until she graduated in 2012 and joined the Nedbank CA Training Programme in 2013



■ **Nedbank External Bursary Programme.** We continue to help fund students who do not have the financial means to study fulltime towards a first degree through SA public universities. In 2013 altogether 161 (2012: 249) bursaries were awarded. The total value of the support remains constant, even though increasing education costs and a more complete bursary offering per student have resulted in a reduced number of students being supported each year. The programme is a vital part of our talent pipeline development as it serves to equip and attract talent within our three-year skills plan.

The bursary is an educational grant and students are not required to repay it. Additional support through coaching was offered to students on the programme in 2013. This coaching support aims to assist these students in their transition from school to university and to prepare them for their transition from university to the workplace.

■ **Nedbank Learnership Programmes.** Learnerships are a vital means of contributing towards addressing the crisis of scarce skills in the SA financial services industry. All our learnership programmes are accredited by the South African Qualifications Authority (SAQA), which requires attendance of classes as part of the learning process.

In 2013 seven new learnerships were added to the Nedbank portfolio, bringing the total number offered to 16. These were attended by a total of 1307 learners, including unemployed graduates, matriculants and current Nedbank employees. The Nedbank-funded learnerships range from National Qualifications Framework (NQF) level 3 to NQF level 7.

■ **Nedbank 4me – My Future My Bank.** Targeted at SA youth, this banking solution encourages and enables young people to save and to build their financial fitness from an early age. Nedbank 4me is supported by four pillars – ‘4spending’, ‘4saving’, ‘4growing’ and ‘4good’ – and comprises a full transactional banking account with no monthly fees and a number of free initial transactions. Thereafter pay-as-you-use pricing applies. Free eNotes and self-service banking complete the offering.

This banking product is supported by an entrepreneurial and business skills programme reaching approximately 135 000 learners at 300 schools in 2013.

PARTNERSHIPS FOR EFFECTIVE SUSTAINABILITY EDUCATION

The Nedbank Green Living Guide

Launched at the Green Building Council Conference in October 2013, this detailed sustainability guide is produced in collaboration with the Sustainability Institute and endorsed by the Green Building Council South Africa. The aim of the publication is to encourage all South Africans to adopt a more sustainable lifestyle so that they can enjoy the economic, social and environmental benefits that such an approach can deliver. It is available free to Nedbank staff and clients, as well as to the general public. Since it was launched more than 2 000 copies have been distributed. It can be downloaded from nedbankgroup.co.za.

Greening Your Business

Established in 2010 in collaboration with *Business Day*, the Greening Your Business Programme continues to grow in popularity among SA businesses of all types and sizes. In 2013 this innovative digital sustainability course was again updated and expanded with the addition of five new modules covering green company policies, facilities and supply chain management, sustainable event management and green living. A 10-part series called *Green Living at Home* was also added. During the year under review more than 1 350 businesses registered for the course.

Nedbank Sustainability Outlook

The transition to a truly sustainable society is a massive challenge for mankind. Recognising that different and innovative thinking is required if we want to navigate this challenge successfully, we continue to deliver thought leadership on the subject through the *Nedbank Sustainability Outlook* publication and the Nedbank thought leadership sessions.

Nedbank Sustainability Outlook is researched on behalf of Nedbank Group by the University of Cambridge Programme for Sustainability Leadership and distributed to more than 100 000 readers with the aim of encouraging debate around various sustainability issues.

The quarterly Nedbank thought leadership sessions entail presentations by sustainability thought leaders to which key staff, clients and media representatives are invited. The sessions offer an opportunity to learn about the latest trends and thinking in sustainability and generally result in lively debate and discussion. In 2013 topics ranged from impact investment, climate change, electromobility and the issues and challenges around nuclear energy and shale gas.

Entrenching sustainable thinking in schools and communities

We understand the importance of ensuring that our country's future generations grow up with a full understanding of the value of sustainability as well as a knowledge of how to entrench it into the way they think and act. We are involved in a number of programmes aimed at instilling this sustainability mindset, thereby ensuring that we have a healthy world in which to operate in the future, including the following:

Caring for Communities

Our recognition of the value that we can add to the country as a whole, simply by passing on our sustainability experience and knowledge, led to the establishment of the Nedbank Caring for Communities Programme in 2010. This programme has grown steadily and now sees hundreds of Nedbank staffmembers actively involved in educating learners, teachers and communities on all aspects of sustainable living.

Through entertaining and interactive workshops, the Caring for the Community initiative demystifies sustainability for these communities and shows them, in practical terms, how they can put sustainable behaviours and practices to work to improve their own lives.

After each workshop this technical knowledge is converted into practical understanding as Nedbank volunteers help teaching staff, community members and learners to construct vegetable tunnels, solar cookers or rainwater harvesting tanks, depending on the primary needs identified in the community concerned.

Since inception the programme has involved 3 000 Nedbank staff volunteers and touched the lives of over 6 000 learners and 1 600 adults at over 180 schools. In 2013 altogether 650 Nedbank staffmembers volunteered to implement 56 projects (vegetable tunnels and rainwater harvesting tanks) at schools around the country. Forty sustainability workshops were held, and 2 100 learners were reached. Twelve branch openings were also accompanied by community upliftment projects with a focus on environmental sustainability.

Lean in Education

Complementing the extensive work we undertake in education across SA, Nedbank Lean practitioners volunteered their time to facilitate Personal Mastery and Lean in Education workshops with teaching bodies in 12 schools in 2013.

The Nedbank Lean Academy was born out of Nedbank's internal process of revolutionising performance and client service within its Home Loans Division in 2005. The programme was inspired by the exposure of some Nedbank staff to the immense challenges posed by our education system, particularly at schools where teaching staff, while passionate and committed, have had very little formal training.

This led to the establishment of an effective, results-driven programme that can now be applied in any business or community setting. Skilled practitioners are now bringing the Lean Academy approach to schools around SA to instil practices and approaches that equip them with the skills to help them overcome some of the challenges of our education system.

The workshops focus on the two elements of personal mastery and Lean principles.

NEDBANK DOBSONVILLE ECO-SCHOOL PARTNERSHIP

This community sustainability programme sees Nedbank supporting nine primary schools and one high school from the Dobsonville area that joined the WESSA Eco-School Programme in 2013.

The three-year commitment includes a detailed plan of action to support the existing Eco-School Environmental Management Framework and offers the

10 participating schools:

- sustainability workshops for grade 6 and 7 learners, transferring practical knowledge outlining environmental, economic, cultural and social sustainability;
- vegetable tunnels producing a healthy food source to complement government feeding schemes;
- Lean in Education workshops, where staff volunteers transfer business skills to the school environment for the benefit of the teaching body;
- market days to educate learners about financial concepts and drive entrepreneurship;
- recycling programmes to clean up the environment and generate income for schools; and
- financial education for parents and learners.

Details of the number of people impacted by or involved in the project to date are as follows:

Group	Number of participants
Nedbank volunteers	176
Learners	240
Educators	26
Community members	44
Total	486

Thanks to each intervention, the programme is driving social and environmental change in the wider community, leading to the desired outcome of laying the foundation for long-term sustainability in these schools.

The programme will continue in 2014 and five schools will be added to the Dobsonville node, with another five schools in the Alberton area.

Following the success of the pilot programme, Nedbank collaborated with the New Leaders Foundation – a not-for-profit company working exclusively in the education sector – to include a Lean module in the eight Leadership Series workshops held for all district officials in the Gauteng education system in July/August 2013.


The concept has been very well received by all stakeholders, especially Nedbank staff, who have embraced this opportunity to transfer their skills. In 2014 a total of 90 of these workshops (30 per term) will be rolled out in KwaZulu-Natal.

Entrenching sustainable thinking with our staff

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 2013:

- 96% (2012: 93%) of employees had formally acknowledged the Nedbank Group Environmental Policy;
- 94% (2012: 93%) of employees had formally acknowledged the Nedbank Group Code of Conduct;
- 95% (2012: 80%) of employees had formally acknowledged the Nedbank Group Code of Ethics; and
- 93% (2012: 91%) of employees had formally acknowledged the Nedbank Group Fraud and Corrupt Activities Policy.

 GRI FSSS: FS4



An excellent platform has been created for learners, volunteers, community members, educators and WESSA to work together, sharing ideas and supporting each other to improve schools environmental management

– Claire Warner, Education Manager, WESSA



WORLD WIDE FUND FOR NATURE SA

Nedbank Group first partnered with the World Wide Fund for Nature SA (WWF-SA) in 1990, and this led to the establishment of the WWF Nedbank Green Trust.

The partnership has been further strengthened through our involvement in and support of various WWF-SA programmes:

The WWF Water Balance Programme. Access to clean drinking water is not only a basic human right, but it is also essential for economic growth. For this reason we have invested R9m in the WWF Water Balance Programme, which is aimed at clearing alien vegetation at key water catchment areas around the country. Our investment is over a five-year period and, since inception in 2011, has seen 193 ha (2013: 63 ha) of alien vegetation cleared. This has not only ensured the release of over 400 000 kℓ (2013: 131 000 kℓ) of water into the country's ecosystem but, given the labour-intensive nature of the clearing work, has also created nearly 8 000 (2013: 3 368) workdays for members of communities in and around the targeted areas.

As part of the programme in 2013 Nedbank provided a local Wakkerstroom community in Mpumalanga with financial education and banking services. The team also handed over 50 Hippo water rollers (a 90 ℓ device that assists with the transportation of water to households where it is not available on tap), a vegetable tunnel and solar chargers. This type of participation is key to achieving the deliverables of the Water Balance Programme as it enhances our relationship with the community and demonstrates the mutual benefits of the programme.

WWF Earth Hour. In 2013 more than six million people in SA participated in Earth Hour. This year our focus was primarily internal as we sought to ensure that all our stakeholders participated in and supported the initiative. To this end we encouraged our staff and clients to switch off their lights during the hour, while also switching off our own lights in approximately 36 of our group's buildings around the country. We were encouraged to see a 48% increase in participation by our branch network in 2013, with 98 Nedbank branches taking part (2012: 50 branches). From 2012 a total increase in energy savings of 36% was achieved across all participating Nedbank buildings for the hour.

WWF Nedbank Green Trust Graduate Programme. The programme aims to support the development of a new cadre of young professionals who serve both the environment and the development agenda of SA. To achieve this the programme funds part of the WWF Postgraduate Placement Programme, which places young graduates with an honours or master's degree in environmental sciences on 18-month internships that allow them to develop core conservation and professional skills under the guidance of an appointed mentor.

WWF-SA Sustainable Agriculture Programme. This innovative programme seeks to promote and enable sustainable agriculture as a means of minimising the adverse impacts of farming on the environment. It also raises awareness of the need for good agricultural stewardship as a key part of addressing food security challenges in SA. In 2012 we committed R8,3m in support of this vital programme.

- In 2013 it achieved a number of significant successes across all the areas of agriculture it targets, including:
 - good advances in awareness and support among all stakeholders within the fruit and wine industries;
 - the provision of meaningful inputs into the establishment of a national framework to support sustainable agriculture;
 - the acquisition of funding in support of sustainable sugar farming initiatives; and
 - the completion of a draft code for better production of beef and dairy in partnership with Conservation South Africa.

The WWF Sustainable Agriculture Team is also working closely with the Nedbank Agriculture Team to integrate sustainable farming practices into our risk modelling and to facilitate sustainable-agriculture training for our valuers and client-facing staff. As we gain a better understanding of the economic impacts of sustainable farming, we anticipate that we will also develop products to support and encourage such sustainable behaviour.

NATIONAL BIODIVERSITY AND BUSINESS NETWORK

In 2013 we partnered with the Endangered Wildlife Trust (EWT), the Department of Environmental Affairs (DEA), Hatch, De Beers, Transnet and Pick n Pay to launch the National Biodiversity and Business Network (NBBN). In alignment with the government's Vision 2030, the primary objective of the NBBN is to build strategic partnerships that encourage engagement between various business sectors, industries and related stakeholders to assist with the integration of biodiversity considerations into business agendas and operations as mainstream issues.

Since its inception in May 2013 the NBBN has made good progress in terms of its agreed deliverables, with a number of national networking and strategic sessions planned for 2014.

NETWORK FOR BUSINESS SUSTAINABILITY: SOUTH AFRICA'S LEADERSHIP COUNCIL

The Network for Business Sustainability (NBS) is a powerful network of international academic experts and business leaders who produce executive tools and reports based on rigorous academic research. The NBS sparks new ideas about sustainable business practices.

Nedbank was invited to join the NBS's SA Leadership Council. Membership provides Nedbank with the opportunity to:

- provide input into NBS SA's research agenda, ensuring the generation of evidence-based knowledge on key sustainability issues;
- engage with the foremost sustainability academics and business leaders; and
- move closer to a shared agenda and vision for sustainability.

THE NEDBANK AFFINITIES

Through the Nedbank Affinity Programme we partner with our clients and staff to enable them to support causes close to their heart. This financial support takes place at no cost to them, as we sacrifice some of our profit margin to make the donations on their behalf when they open or use Nedbank Affinity-linked products.

Since its inception in 1990 the Nedbank Affinity Programme has contributed more than R230m to more than 1 000 projects in the areas of arts and culture, sport development, helping needy children and environmental conservation. Recipients of the funding include the Arts & Culture Trust, the Nelson Mandela Children's Fund, The Sports Trust and the WWF Nedbank Green Trust.

In 2013 Nedbank Affinity donations grew by 33% to R27,8m (2012: R20,9m), with most of the growth coming from the recently launched Investment-linked Affinity accounts and electronic statements.

The Nedbank Arts Affinity and the Arts & Culture Trust

The Arts & Culture Trust (ACT) was established to attract funding for the sustainable development and growth of the arts, culture and heritage in SA. ACT has thus far disbursed nearly R20m for arts and culture development projects in SA. Nedbank, through the Nedbank Arts Affinity Programme, funds the ACT Development Programme, the ACT Nedbank DALRO Scholarship Programme and a discretionary fund.

Some examples of the projects and initiatives funded by ACT in 2013 are:

- **ACT/Nedbank/DALRO Scholarship Programme.** Funded by the Nedbank Arts Affinity and the Dramatic, Artistic and Literary Rights Organisation (DALRO), the Scholarships Programme received a substantial boost when Nedbank and DALRO increased the funding by R100 000 and the number of scholarship recipients to three for a total value of R315 000.
- **The ACT Development Programme.** Designed to enhance the continued development of art and culture in SA, this programme provides support for artistic excellence in creative production and development of new SA work, as well as professional development and training for the youth.
- **Newcastle Schools Drama Festival.** Operation Vala engages the community and reaches out to surrounding areas through drama, music, dance and poetry performances. Its flagship project, the Newcastle Schools Drama Festival, attracts the participation of more than 30 schools that perform at the festival.
- **Youth Development: Children's Theatre.** The Kwaguqa Arts Initiative is based in the Nkangala region of Mpumalanga and invests in community development initiatives that have arts development at their core. The funds from the Nedbank Arts Affinity and ACT were spent on the production 'Children of the Sands', which was performed at the Witbank Civic Theatre.
- **Inner City High Schools Drama Festival.** In 2005 the Hillbrow Theatre established the Inner City High Schools Drama Festival to provide a platform for new and original theatre works created by school learners. This event helps promote drama in the Johannesburg inner-city high schools and contributes toward the building of positive attitudes within the inner-city community.

Since inception the Nedbank Arts Affinity has donated nearly R15m to ACT. In 2013 Nedbank Affinity donations to the Arts & Culture Trust grew by 56% to almost R1,3m (2012: R810 683).

For more information on the Arts & Culture Trust go to nedbankarts.co.za and act.org.za.

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

The Nedbank Children's Affinity was launched in mid-2005 in partnership with the Nelson Mandela Children's Fund, the vision of which 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.

Examples of the Nelson Mandela Children's Fund projects supported by the Nedbank Children's Affinity are:

- **Thohoyandou Victim Empowerment Programme (TVEP).** This programme has increased the scope of its Zero Tolerance Village Alliance (ZTVA). Various stakeholders, including the chief, women and men, take part in ensuring that the village is safe through continual monitoring by means of different forums. To ensure that the rights of survivors of sexual and gender-based violence (SGBV) are enforced the TVEP has developed an implementation and advocacy manual, which will be tested by local partners. Furthermore, the organisation is attending to those who have been abused and working with approximately 30 young people who have witnessed gender-based violence.
- **The Bokamoso Science and Technology Education Centre (BOSTEC).** The centre provides after-school support to improve the academic performance of rural children. The programme has increased opportunities for rural youth in Limpopo to follow careers that require mathematics and science. Altogether 640 learners in grades 10 to 12 have benefited.
- **The Goedgedacht Trust.** Alcohol abuse affects children more than anyone else in the farming communities. Children are often left vulnerable, neglected and abused. In providing a solution to this challenge, the Goedgedacht Trust established a safe-house project, which is a community-based child protection initiative responding to issues of child neglect and abuse.

Since the launch of the Nedbank Children's Affinity we have donated nearly R50m to the Nelson Mandela Children's Fund. In 2013 Nedbank Children's Affinity donations to the fund grew by 50% to R8,4m (2012: R5,7m). Since the inception of the fund more than R470m has been dispersed to projects across SA.

For more information on the Nelson Mandela Children's Fund go to nedbankchildren.co.za and nelsonmandelachildrensfund.com.

The Nedbank Sport Affinity and the Sports Trust

The vision of The Sports Trust is to enhance education through sport. The trust was established in September 1995 as a joint venture between the private and public sectors (government and sporting federations), with a shared goal of providing all South Africans with opportunities to play sport at all levels, across all sporting codes.

Since inception The Sports Trust has invested more than R100m in over 260 major sport projects throughout SA, with a strong emphasis on establishing and upgrading sporting facilities and providing equipment. In 2013 Nedbank Sport Affinity donations grew by 121% to R3,5m (2012: R1,6m).

Examples of the projects supported by The Sports Trust in 2013 are:

- **Nedbank – Sports Trust Soccer Development Programme.** The Nedbank Soccer Kit Programme, in partnership with The Sports Trust, has been donating soccer kits to schools around SA. For the 2013 programme kits were donated to more than 150 schools. For the second year in a row we also ran the very successful Nedbank Cup Goals for Goal Campaign, where a contribution of R8 000 (2012: R2 000) was made by Nedbank for every goal scored during the Nedbank Cup. A total of 97 (2012: 93) goals were scored, and R776 000 was raised.
- **Golf Development Programme.** In 2013 The Sports Trust, in partnership with Nedbank and Sun International, made another significant contribution to golf development by contributing to the South African Golf Development Board (SAGDB) and the South African Disabled Golf Association (SADGA). SADGA received R250 000 for equipment and 20 putting surfaces for various schools where the First Swing Programme operates.
- **Nedbank Sports Trust Development Cycling Programme.** The Nedbank Sports Trust Development Cycling Programme has supported and invested in over 700 previously disadvantaged school cyclists from the Boland and the Cape Flats. Over R2m has been invested in this strong and sustainable project, now in its eighth year. In 2013 altogether 13 schools participated in the programme and 165 cyclists took part in the 2013 Cape Argus Pick n Pay Cycle Challenge.
- **Nedbank Sports Trust Running Programme.** Nedbank, in association with The Sports Trust, enabled over 210 learners to run the Comrades curtain raiser – the AIMS Youth Race – by sponsoring kits and shoes.

For more information on The Sports Trust go to nedbanksport.co.za or thesportstrust.co.za.

ENSURING A SUSTAINABLE SUPPLY CHAIN

Procurement offers a unique opportunity to express and extend our commitment to enterprise development and put into practice a values-driven business philosophy, particularly in terms of our transformation imperative. Our procurement practices therefore go beyond compliance with preferential procurement legislation and guidelines, and our various procurement functions work closely with our suppliers to promote and enable greater sustainability across our supply chain.

As a direct result of this philosophy we are able to transform our procurement spend into an effective form of transformation investment. In 2013 our total procurement spend amounted to just over R8,5bn. Our preferential procurement investment amounted to just over R9,4bn as we managed to achieve 109% on the all supplier spend category (2012: R8,9bn).

We also intensified our focus on the environmental and ethical performance and governance of new and existing suppliers through the introduction of enhanced declarations on our procurement systems. This information gives Nedbank a better understanding of our suppliers and insight into the level of values alignment.

The tendering and engagement sessions initiated in 2011 continued, with a particular focus on influencing our suppliers to incorporate environmental, social and governance considerations into their operations to a greater degree. At these sessions our representatives share Nedbank Group's experience and learnings in these areas and encourage similar actions and behaviours among suppliers.

Preferential procurement

Our procurement policies prioritise transformation and we closely monitor the impact this approach has in terms of enabling us to deliver truly broad-based empowerment.

Our preferential procurement policy ensures rigorous, groupwide adoption of best-practice strategic sourcing and procurement principles to enhance overall efficiency, while enabling us to exceed our transformation targets.

Procurement within our business takes place at a centrally driven level and a decentralised level. The same transformation principles underpin both these levels to ensure that purchases can be made only from Nedbank-registered vendors, within clear ethical guidelines. The criteria governing our preferential procurement policies include:

- Broad-based black economic empowerment (BBBEE) – a higher weighting is placed on SME and black-women-owned (BWO) businesses.
- Fit-for-purpose and the quality of product or service.
- Ease of access and availability.
- Preference given to suitable local suppliers over foreign-based suppliers.
- Environmental pragmatism.
- Risk management.

Despite excellent performance across all areas of our 2013 procurement scorecard, purchasing from BWO organisations remains a challenge. A continued lack of BWO suppliers in significant categories of our supply chain is making it difficult to overcome this challenge. To address this situation the procurement department was restructured in 2013 to free up more resources and focus primarily on finding and enlisting BWO suppliers. This focus has already begun to reap rewards, with a number of top-quality BWO suppliers added to our procurement base, among them a staffing solutions and a hygiene services company.

Local procurement

We continue to monitor our progress in terms of the Local Procurement Accord with our first-tier suppliers. Our Vendor Management System has also been enhanced to provide detailed information on the origin of products and services supplied. We are pleased to have achieved a local content procurement level of almost 78%, which translates into approximately R7,5bn of local procurement.

Prompt Payment Code

Nedbank Group was the first signatory to the Prompt Payment Code, which was implemented in 2013. The initiative, driven by the National Small Business Chamber (NSBC), seeks to address the cashflow challenges of small business in their dealings with large public and private sector organisations. We have committed to paying micro enterprises within seven days and all other small businesses within 30 days of the receipt of valid, compliant and accurate invoices from approved suppliers that have met our supplier onboarding requirements fully. Just over 3 200 SME suppliers were used during 2013, with total payments of R2,3bn made to them.


Greening our supply chain through proactive partnerships

During the year under review we built more robust sustainability considerations into our overall procurement decisionmaking processes. We now require that approved vendors not only demonstrate environmental awareness, but also be actively committed to entrenching environmental considerations and practices into all areas of their businesses.

In 2013 sustainability assessments of the top 300 Nedbank Group suppliers (representing approximately 85% of total group spend) showed that 23% (2012: 15%) now have formal environmental policies in place, while 41% (2012: 31%) are actively recycling.

In 2014 we will be working with these suppliers to further their commitment to environmental sustainability. This will be done through an annual review of environmental practices undertaken at the same time as black economic empowerment (BBBEE) certificate renewals. In 2013 we developed a new system to manage this review process in conjunction with Incite Sustainability. The system allocates a score based on the materiality of the environmental consideration to the supplier's industry and rewards progress. There is also an option to ask Nedbank for assistance with any particular sustainability issues.

 GRI 3.1: EC6

 GRI FSSS: FS11

Specific procurement and supplier initiatives aimed at greening our supply chain during the year under review included:

- **Furniture and buildings.** All new desks purchased in 2013 were manufactured from Forestry Stewardship Council-accredited wood. The majority of chairs and carpets acquired are made from recyclable materials. Old furniture is donated to CSI projects or, if it cannot be reused, recycled or disposed of responsibly.
- **Hotels.** We continue to partner with hotels used by staffmembers who need to travel for business. This is part of our efforts to encourage sound environmental practices and policies and, particularly, water usage reduction initiatives. A number of other hotel sustainability initiatives have resulted from these partnerships, including the planting of organic gardens and greater use of local food suppliers by some hotels.
- **Car rental.** The introduction of a third car rental supplier has proved very successful. Although only 3% of our total car rental requirements were fulfilled by the new supplier at a lower cost of roughly 10%, we were able to drive down costs with the incumbent suppliers by almost 14% through the identification of sustainable cost reduction initiatives. We continue to work with the car rental companies to have more efficient vehicles – including hybrid vehicles – at our disposal. In 2013 we began utilising improved management information to identify those employees who use excessive fuel per kilometre and/or have been issued with traffic fines for speeding. This data has been used to inform vehicle usage strategies, including the possibility of driving courses to encourage less aggressive driving and greater fuel efficiency.
- **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 may deliver carbon reductions. Our booking process includes consideration of information we receive regarding the environmental impact of employee travel.
- **Computer consumables.** All our suppliers of computer consumables are accredited by the International Organization for Standardization (ISO). The enhanced management information system introduced in 2011 continues to provide improved data on toner and printer usage, enabling effective management and cost savings. We are currently investigating the viability of installing a print management solution on all our printers to optimise paper and ink usage and allow for active monitoring of consumables orders.
- **Paper.** We carefully monitor the use of paper across our organisation. A decision to insource the shredding of confidential documents at our major campus sites resulted in a partnership with Nampak to recycle this paper into toilet rolls, which are now in use across the group. The decision to outsource print management has yielded significant cost and paper wastage savings and better tracking of paper usage. More details of our achievements against our paper reduction targets in 2013 are available on page 55 of this report.
- **Couriers.** UTI Mounties and Skynet remain our preferred courier service suppliers thanks to their clear environmental and carbon reduction commitments. Investigations into the use of bicycle couriers revealed a number of reliability and security risks, which resulted in a decision not to follow this route.
- **Cleaning and hygiene services.** We continue to use biodegradable cleaning liquids, ergonomically designed equipment and more efficient processes at all our main campus sites and branches. Furthermore, we have introduced strategic sourcing into the procurement process and involve cleaning and hygiene suppliers early in determining specifications for our buildings so that we are able to identify opportunities for reducing costs.

RECOGNISING SUSTAINABILITY LEADERSHIP

Awarding leading sustainability efforts in various industries presents our group with an excellent opportunity to partner with other organisations in furthering the principles of sustainability.

In addition to recognising best practices, awards serve to encourage others to adopt sustainable principles and practices, while highlighting the importance of sustainability as a business imperative, irrespective of the industry in which such businesses operate.

In line with our integrated approach to sustainability, we support or sponsor a range of awards across various industries and economic sectors. These include the Nedbank Capital Sustainable Business Awards, the Green Wine Awards and, most recently, the Eston Show Sustainable Farming Awards, which promote and recognise sustainable farming practices among SA's sugarcane growers and producers.

Nedbank Capital Sustainable Business Awards

In 2013 Nedbank Capital hosted its first annual Nedbank Capital Sustainable Business Awards ceremony to recognise the contributions made by SA businesses and individuals to promoting sustainable practices as key requirements of business longevity, continued social and economic relevance, and long-term success.

The awards are not aimed at recognising isolated projects, but seek to encourage SA and, ultimately, African businesses to embrace sustainable business philosophies to the full.

The businesses that took top honours in the first award were:

- Woolworths (Pty) Ltd – Trade and Services Category.
- GrowthPoint Properties Ltd – Infrastructure and Renewable Energy Category.
- Mondi – Resources and Non-renewable Energy Category.

The Sustainability Leadership Award was presented to Marius Swanepoel, CEO of Imperial Logistics, who was recognised for his commitment to and significant achievements in driving effective emissions reductions both within his own organisation and across its entire supplier and value chains.

Green Wine Awards

In October 2013 the growing commitment to sustainability by SA's wine farmers and producers was recognised and celebrated at the annual Nedbank Green Wine Awards at Moyo restaurant in the 100-year-old Kirstenbosch Botanical Gardens in Cape Town.

Since 2009 the Nedbank Green Wine Awards have acknowledged those wine producers making headway in sustainable farming and environmental preservation, while elevating quality to produce better and greener wines.

The awards received 133 entries. All entry products were put through a blind judging process while also being scrutinised in terms of the sustainability of the farming and winemaking practices that resulted in their production. The winners of the 2013 Green Wine awards were:

Organically Grown Grapes Category

Best wine overall - Laibach Woolworths Merlot 2012

Biodiversity and Wine Initiative Category

Best wine overall - Paul Cluver Gewürztraminer 2012

Best Farming Practices Category

Overall winner - Delheim

Nedbank Eston Green Farming Award

The result of a collaboration between Nedbank and the Eston Agriculture Show, this award was implemented in 2013 with a view to recognising and rewarding sugarcane farmers in the region who demonstrate best agricultural sustainability practices. The award is given to the producer that shows innovation and leadership in conservation, combined with environmental good practices in terms of embracing sustainability in the categories of:

- Management of alien plant invaders.
- Soil conservation.
- Mapping of wetlands and watercourses.
- Pest and disease control.
- Social compliance and good practice.

Receiving recognition for our sustainability efforts

In 2013 we received a number of awards that recognised our efforts in managing our business sustainably. While we do not undertake this work to win awards, we do appreciate receiving them as external confirmation that we are moving in the right direction.

Awards received in the 2013 year included:

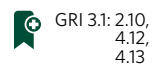
- South African Banker of the Year Award: *The Banker* magazine.
- Corporate Social Investment Leadership Award: *Sunday Times* Top 100 Companies.
- Socially Responsible Bank Award: African Banker Awards.
- 2013 Transformation Champion of the Year: Black Business Quarterly (BBQ) Awards.
- Skills@Work Award in the Large Company Category: BANKSETA.
- Eighth place in the 2013 EY Africa Excellence in Integrated Reporting survey.
- Second in the Finance Sector Category and joint third overall: 2013 Nkonki Integrated Reporting Awards.
- Overall winner: 46th Annual Chartered Secretaries Southern Africa and JSE Ltd Integrated Reporting Awards.
- Best Android App award in the Consumer Category: MTN App of the Year Awards 2013 for the Nedbank App Suite™.

Sustainability credentials and indices:

- We were Africa's first carbon-neutral financial organisation.
- Membership of Dow Jones World Sustainability Index. We are the world's premier performance benchmark for companies in terms of corporate sustainability. Included for the eighth year (2013: 84%) (2012: 82%).
- We have been on the JSE SRI Index since 2004.
- WWF Water Balance Programme. We invested R9m in SA's water security.
- We are in a partnership with the WWF-SA Green Trust.
- WWF Sustainable Agriculture Programme. We invested R8,3m as official sponsor.
- South African Carbon Disclosure Project Index 2013. We attained a disclosure score of 100%.
- We occupy three Green Star-rated buildings.
- We are a Natural Capital Decoupling Leader on the Natural Capital Leaders Index.

Nedbank is represented on or is a signatory to the following:

- Equator Principles.
- Principles for Responsible Investment (through Old Mutual plc).
- UNEP FI African Task Force.
- UNEP FI National Capital Declaration.
- UNEP FI Social Working Group.
- United Nations Global Compact Advisory Committee.
- United Nations Global Compact CEO Water Mandate.



SPONSORSHIPS

Sponsorships provide a valuable opportunity for us to realise our Nedbank brand promise to Make Things Happen in the lives of individuals and communities across the country. They also present us with an outstanding platform on which to raise the profile and reputation of our brand.

In line with our integrated sustainability commitment, we retain a strong development focus across all our sponsorships, which in 2013 included golf, sport for the disabled, soccer, cycling, running and the Cape Winemakers Guild. The development focus is on broadening the appeal of sport, lowering barriers to entry and/or enabling new participants from disadvantaged backgrounds.

Golf

By sponsoring golfing events we are able to reach a large section of our existing client base, as well as our ever-widening target market. Our current golf sponsorship portfolio includes:

- **The Nedbank Golf Challenge.** Dubbed 'Africa's Major', this event attracts global attention and is an excellent way of profiling the Nedbank brand and SA on the global stage.
- **The Nedbank SA Disabled Golf Open.** This flagship event on the SA Disabled Golf Association calendar provides an opportunity for golfers to compete irrespective of handicap or disability.
- **The Nedbank Affinity Cup.** This Sunshine Tour event 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, this golf challenge is played on the Gary Player course the day after the Nedbank Golf Challenge. The event raises R1m in aid of sports development annually. To date over R19m has been raised.

Sport for people with disabilities

We have been associated with sport for the physically disabled since 1992. We sponsor the annual Nedbank National Championships for the Physically Disabled, which offers a platform from which talented disabled athletes can aspire to achieve their sporting goals on the national or international stage. Since 1996 we have also been a cosponsor of the SA Paralympic Team and we supported Team SA at the London 2012 Paralympic Games, where the team won 29 medals.

Running

Running affords us an excellent platform from which to engage effectively with the full and diverse spectrum of participants and spectators across the country. We operate 12 Nedbank running clubs across all nine provinces. These

running clubs continued to enjoy a steady increase in membership, having grown from 3 100 in 2012 to 3 200 by the end of 2013. Two of the clubs have a specific development focus, while the others help to build the profile of road running in general.

In addition to the running clubs, our running sponsorship portfolio includes cosponsorship of the Comrades Marathon. Altogether 789 members of the Nedbank running clubs participated in the 2013 Comrades Marathon and seven of the 20 available gold medals were won by these club members.

Soccer

For the past six years we have sponsored the Nedbank Cup. This immensely popular knockout cup competition features 32 teams, 16 of which are from the Premier League, with 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. In 2013 we introduced the Ke Yona Team search initiative, which gave everyday South Africans the opportunity to become part of an amateur team that competed against the 2013 Nedbank Cup champions, Kaizer Chiefs.

Cape Winemakers Guild

The Nedbank Cape Winemakers Guild (CWG) Development Trust is wholly funded by donations and proceeds raised through silent and charity auctions at various Nedbank/CWG events throughout the year. Our sponsorship of the CWG allows us to be highly involved in the country's important wine industry. The 2013 CWG auction raised a record amount of R8,4m, up 46% on 2012. In conjunction with Nedbank, the CWG runs various upliftment programmes, such as a bursary programme for secondary and tertiary education and the Protégé Programme, a mentorship programme for young, aspirant winemakers.

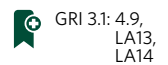
Cycling

We are very involved in cycling in SA, not only through our sponsorship of a range of high-profile events, but also through our support of a variety of developmental cycling initiatives. The Nedbank Sports Trust Development Cycling Programme started seven years ago and has supported and invested in over 700 previously disadvantaged school cyclists from the Boland and the Cape Flats. Over this period almost R2m was contributed towards this project. Over 165 participants in the Nedbank Sports Trust Development Cycling Programme took on the 2013 Cape Argus Pick n Pay Cycle Challenge.

The most significant cycling sponsorships during the year were the 2013 Nedbank sani2c, presented by our Private Wealth business, and the iconic Nedbank Tour De Tuli, a mountain biking event that traverses approximately 290 km of single track, with two nights in Botswana, two nights in Zimbabwe and one night in Mapungubwe National Park in SA.

3 MANAGING AND OPTIMISING OUR OWN IMPACT

At Nedbank Group we believe that the only way to lead is from the front, which is why we are committed to getting and keeping our own house in order. Therefore, by effectively limiting our negative impacts, while maximising the positive, we not only do our share to create a sustainable future, but also position ourselves to influence others to do the same.



We pride ourselves on having a stable employment environment at Nedbank, but are conscious of the unstable labour environment in SA and the impact unhappy employees can have on the productivity and sustainability levels of any organisation. For this reason we prioritise ongoing efforts to build and nurture strong and positive relationships with all our employees. By understanding their daily working experiences and challenges, engaging with them, and ensuring a positive and empowering Nedbank culture, we strive continuously to build our organisation into an employer of choice in SA, and a truly great place to work.

The consistent and steadily improving results of our annual staff surveys reveal that our efforts in this regard are being rewarded and that we are moving our bank toward the realisation of this aspiration.

TRANSFORMING OURSELVES, TRANSFORMING OUR INDUSTRY

Diversity has long been an essential part of our group's people strategy. We want to remain at the forefront of transformation and sustainability, not just to meet targets and achieve BBBEE compliance but, even more importantly, to entrench diversity and transformation within our organisational culture. In so doing, we know that we will enhance our commitment to being a good corporate citizen, to meeting our clients' needs even better, and to maintaining our momentum on our way to becoming a bank for all.

Our organisational transformation vision is to be a Pan-African bank with an inclusive culture, relevant in the societies in which we operate and admired as a business that significantly advances the development of historically disadvantaged people across all our stakeholder groups.

To achieve this we have developed a transformation strategy that focuses on activities that will drive our transformation efforts to ensure that our workforce profile is representative of the societies in which we operate and underpinned by all the essential factors that contribute to an inclusive environment. This also includes ensuring that differentiation in respect of pay and access to benefits is defensible and not based on arbitrary or unfair considerations.

As can be seen from our diverse employee profile, we continue to move ever closer to being a business that is fully representative of SA society. International staff represent 6% of our total staff complement. It should be noted, however, that data provided with regard to employment equity and the FSC relates only to SA employees.

While Nedbank is committed to attracting new employees, specifically the youth and top talent, we are also committed to retaining our talent. Although we know that by attracting new employees we create opportunity for fresh ideas and mindsets, we are also cognisant of retaining our talented employees and their institutional memory.

Nedbank makes a deliberate effort to align our staff complement with client and community demographics when selecting employees for our international offices and local branch network. Through this effort we believe our staff demographics are meeting the needs of our clients.

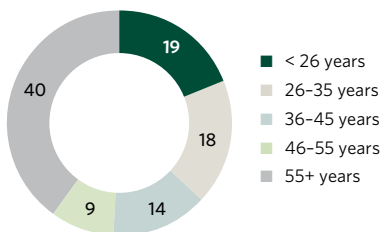
As Nedbank furthers its growth into the rest of Africa, we are continually striving to align all people processes with the Nedbank Group policies, while ensuring adherence to the specific countries' local legislation and market best practice. The subsidiaries are also impacted by the active trade unions and industry bodies, which require local practices to prevail. The focus in 2014 will be on auditing the alignment of all people-related policies and processes.

EMPLOYEE PROFILE

ATTRITION: GENDER PROFILE*



ATTRITION: AGE PROFILE (%)

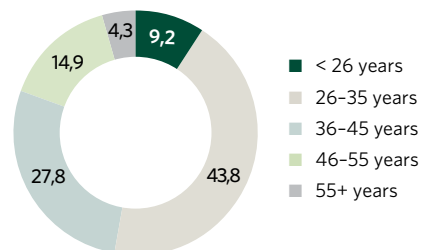


* Total attrition rates: 2013: 8,7% (2012: 8,2%)

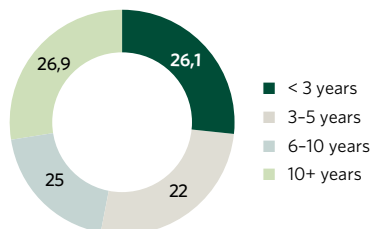
EMPLOYEE GENDER PROFILE



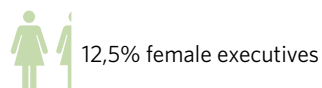
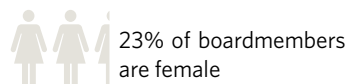
EMPLOYEE AGE PROFILE %



EMPLOYEE TENURE (%)



FEMALE MANAGEMENT



EMPLOYEE PROFILE

Nedbank Group Ltd

	2013	2012	2011
Total number of employees opening balance	28 748	28 494	27 525
SA permanent employees at the beginning of the year	25 531	25 079	24 044
Add:			
Recruitment	2 872	2 547	2 930
Reclassification of staff category (changed to permanent) ¹	1	2	
Takeon	-	-	-
Less:			
Termination	2 285	2 096	1 895
Resignations	1 711	1 554	1 454
Deaths	32	48	34
Dismissals	208	210	211
Retirements	232	187	138
Retrenchments (including voluntary retrenchments)	27	14	8
Emigration	31	42	27
Disability	41	41	23
Other	3		
Reclassification of staff category (changed from permanent) ¹	-	1	-
SA permanent employees at the end of December	26 119	25 531	25 079
Attrition rate	8,7% [✓]	8,2%	7,6%
Add: Other employee categories			
Contractors and financial planners	1 564	1 527	1 763
International employees (including Africa)	1 771	1 634	1 608
External entities	59	56	44
Total number of employees (excluding temporary staff)	29 513	28 748	28 494

¹ This is an administrative correction and does not indicate a formal hire or termination.

International - countries

	Current international headcount
Rest of Africa	1 453
Kenya	4
Lesotho	243
Malawi	116
Namibia	622
Swaziland	232
Zimbabwe	236
Other	306
Guernsey	46
Isle of Man	22
Jersey	174
Mauritius	5
United Kingdom (London)	59
International headcount (excluding international secondees)	1 759

Nedbank SA workforce profile according to Department of Labour occupational levels based on the EE Act at 31 December 2013

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	25	74	354	60	13	43	124	25	9	799
Professionally qualified	985	432	733	1 648	987	570	775	1 749	88	81	8 048
Skilled technical	2 355	865	706	579	4 849	1 931	1 369	1 686	27	78	14 445
Semiskilled	494	134	73	52	1 117	431	212	307	1	6	2 827
Total permanent	3 912	1 456	1 586	2 644	7 014	2 945	2 399	3 867	141	174	26 138
Temporary employees	425	83	109	286	734	184	132	195	21	20	2 189
Grand total	4 337	1 539	1 695	2 930	7 748	3 129	2 531	4 062	162	194	28 327

Note: This workforce profile excludes all non-payroll contractors, non-payroll temporary employees, international secondees and employees from external entities and includes 19 commission-based staff who have a basic salary on the payroll in accordance with reporting requirements of the EE Act.

Total number of staff with disabilities according to Department of Labour occupational levels based on the EE Act at 31 December 2013

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	3	2	4	17	-	-	-	8	1	1	36
Professionally qualified	14	8	24	96	22	21	28	108	2	1	324
Skilled technical	59	22	37	43	110	60	44	141	1	2	519
Semiskilled	25	4	2	12	28	21	14	41	-	-	147
Total permanent	101	36	67	168	160	102	86	298	4	4	1 026
Temporary employees	6	-	1	8	5	2	3	4	1	-	30
Grand total	107	36	68	176	165	104	89	302	5	4	1 056

A progressive and empowering employment equity plan

During 2013 we adopted a slightly different and more inclusive approach to developing our groupwide employment equity (EE) plan. This rigorous process included the use of available internal data as well as consultation with employees in a number of the major centres. It was aimed at better understanding the barriers and challenges that have hindered the success of previous plans and targets. This allowed us to gather vital input in terms of what staffmembers believe will contribute to or limit the development of a more inclusive corporate culture and environment.

Some of the barriers and challenges identified as part of this process included:

- Inadequate communication and understanding of the employment equity plans.
- A perceived lack for support for EE by senior managers.
- A perception of inequity in terms of remuneration.
- A lack of widespread opportunities for promotion.
- Failure to retain and/or promote skilled EE candidates.
- Inadequate numbers of EE employees/candidates with the required specialist skills.

Using this information, the EE plan has been refined and remodelled to ensure it reflects and enables a truly inclusive environment and demonstrates the value placed on input by all Nedbank employees.

Effective transformation governance structures

We continue to place significant importance on having governance structures that ensure that the bank's transformation efforts comply with relevant legislation.

The Nedbank Group Transformation Forum meets on a monthly basis to discuss transformation matters, including employment equity, arising within the bank. Each cluster executive's scorecard is used to measure and track achievement of transformation targets.

The Nedbank Employment Equity Forum (NEEF) includes representation from all chairpersons of the group's various cluster employment equity forums. The forum meets monthly and has been constituted in terms of the EE Act to provide a platform for consultation on EE matters. In the past few years NEEF has identified key focus areas, over and above the statutory requirements for consultation, to ensure that it influences the transformation agenda of the organisation beyond compliance.

Achieving management transformation targets

Senior management targets have been particularly challenging since 2009 and remained so in 2013. The statistics show that achievement against targets for African and coloured groups is still below our EE plans, and we will continue to focus on addressing and overcoming these challenges.

We are in the process of designing an accelerated development approach with a specific focus on addressing our transformation challenges at senior management level, which will include knowledge transfer, mentoring and coaching, and sponsorship.

Gender advancement

Nedbank Group is committed to the advancement of women in our bank and industry. With over 60% of our employees being female, we pay particular attention to this focus area. In the year under review 60% of all promotions were female, with 84,7% of those being black female appointments. While only 12,5% of Nedbank executives are women, 61,5% of overall management positions are held by female employees, and we have three women on our board.

The Nedbank Women's Forum, which has existed since 2002, is one of the key channels through which the advancement of women is promoted and enabled. In 2013 the forum was reconstituted and incorporated into the bank's other key transformation and governance structures. This will ensure that the initiatives undertaken by the forum in future will be appropriately focused on advancing women in line with our overall transformation strategy.

Approximately 95% (2012: 91%) of our female employees returned to work after maternity leave. In an effort to address the needs of working mothers and fathers we offer childcare facilities at three of our headoffice buildings.

Advancement of people with disabilities

We continue to focus on advancing people with disabilities (PWD) within our bank. To ensure that this is achieved in the most appropriate and accommodative manner employees are asked to declare any disabilities.

The number of PWD declarations increased from 3,43% of all staff in 2012 to 3,73% in 2013. This was the result of ongoing PWD awareness campaigns and workshops, and the enhancement of the declaration portal. Nedbank's percentage of people with disabilities is above the average SA corporate rate of 2%.

Embracing diversity

Nedbank continued its commitment to embracing diversity in 2013 through the further rollout of the Botho Pele diversity programme. In 2013 altogether 5 027 employees attended the workshops, which brings the total number of employees impacted since 2008 to 20 226.

At the forefront of leadership transformation

The Leading for Deep Green Programme provides managers with an opportunity to understand how they lead and how their leadership behaviours impact their teams.

The programme gained further momentum in 2013 and by the end of the year had achieved its target, set in 2010, of positively impacting 3 489 leaders and employees in the organisation. Of these, 1 521 were reached in 2013.

In 2013 we also piloted our Nedbank Leader/Manager Academy, in which training was offered to more than 100 employees. This initiative aims to get leaders and managers to think differently about their jobs, with the overarching intent of enabling them, and those they lead, to perform better in their current roles, while preparing them for future roles. The direct impact of the academy takes a long time to be realised, so measuring the return on each specific initiative is difficult.

ENABLING A COLLABORATIVE, INNOVATIVE AND CLIENT-CENTRED CULTURE

At Nedbank Group we prioritise the creation of a unique organisational culture and work environment as we believe this serves as a key competitive differentiator. Maintaining a culture that resonates with employees and inspires them is essential for our organisation's sustainability.

To this end a particular focus in 2013 was on building a collaborative and innovative culture that would, in turn, make us even more client-centred. Through the cultural measurements, we strive to understand how our employees experience the culture of the organisation and how closely this aligns with what they desire. As we consider our employees to be central to our success, we also take into consideration the suggestions for improvement that they provide through these survey platforms. The following measurements are viewed in a holistic manner so that we can plan effectively:

- **Values assessment – Barrett Survey.** In 2013 we saw a slight shift in the entropy results (from 10% to 11%).[✓] When seen in conjunction with the five current desired culture matches, it still indicates a healthy culture with good alignment between the current and desired employee values.
- **Organisational climate – Nedbank Staff Survey (NSS).** The survey score improved from 75,5% in 2012 to 76,7%[✓] in 2013. This improvement is underpinned by the improvement of 12 of the 14 dimension scores year-on-year. Dimensions that showed statistically significant positive shifts included Change and Transformation, Ethics, Organisational Culture and Values, Rewards, Recognition and Performance Management, and Training and Development.
- **Staff Net Promoter Score.** As part of our commitment to ensuring that we are Africa's most admired bank – first and foremost by our staff – a Net Promoter Score was introduced into the NSS in 2012. The 2013 results show significant improvement, indicating that we have 15,5% more promoters than detractors in terms of Nedbank's being a great place to bank. There were also 19,5% more promoters of Nedbank's being a great place to work.
- **Hewitt Engagement Survey.** The annual Hewitt Engagement Score measures how intellectually and emotionally involved Nedbank employees are in their work. The year 2013 saw the Nedbank Engagement Score positively increasing by 1% to 72%. This score again puts us in the high-performance range and well above the average global financial services score of 59%. To build on this we have developed an engagement strategy, which will actively contribute to all employees' experiences and further increase their engagement levels. This will be implemented in 2014.

 GRI 3.1: LA15

WHY DO WE MEASURE CULTURE AND CLIMATE?

In 2004 Nedbank engaged in Strategy, Values and Brand workshops with the senior leadership of the organisation so that we could collectively determine the strategic direction, aspirations and core values that would lead the organisation successfully into the future as part of our 'journey back to the top'. This initiative produced the building blocks of our commitment to being a vision-led and values-driven organisation and investing in the collective wisdom of our people. During this process we established that being client-centred would be the value proposition that sets us apart from our competitors and that it would ultimately be our key competitive advantage. During these workshops, Nedbank also chose five guiding values, referred to as our 'espoused values,' that would contribute towards a shared identity in a decentralised operating model. Four of the five espoused values, ie 'integrity', 'respect', 'accountability' and 'pushing beyond boundaries', were aligned with those of the Old Mutual Group and represented critical operational values that would need to be shared across the clusters for effective group delivery. But the fifth value, being 'people-centred,' was chosen as a core value to represent the uniqueness of our value proposition to both employees and clients. Ultimately, for the group to be truly successful, these values would need to be lived by the people and the leaders of the organisation.

As part of our cultural measurement indicators we have also monitored the emergence of these espoused values within our Barrett Values Survey. This gives us an indication of how aligned our employees feel with the guiding values of the organisation, to what extent they are being lived within the day-to-day operations of the organisation and to what extent employees believe they are important for its future success. If we consider the Nedbank culture since 2005, 'accountability' has consistently appeared as one of the Top 10 culture values. Over time, and specifically in 2012 and 2013, we see being 'people-centred' emerge among our top values. In 2010 'integrity' began to emerge among the Top 20 values that were chosen across the group and by 2013 four of the five espoused values featured on our Top 20 values list. 'Integrity,' which increased in importance as a desired culture request to guide future business success, began to increase in ranking on the Top 20, appearing as our 12th highest ranked value in 2013. The upward shift of our espoused values indicates that employees are recognising these values in action within the organisation and that they are guiding decisionmaking and our day-to-day operations.

The fact that being 'people-centred' emerged as a core value on the Top 10 list indicates that this unique value proposition of Nedbank is embedded in our systems, structures and policies and that it supports our commitment to being client-centred. Therefore, focusing on cultural sustainability within Nedbank is about leveraging organisational health for organisational effectiveness and competitive advantage.



GRI 3: LA 10

DEVELOPING, EMPOWERING AND EQUIPPING OUR PEOPLE

We endeavour to create a culture of collaboration and innovation, where employees are given the opportunity to grow and thrive, so that they can work towards attaining their goals, prepare themselves for future roles and opportunities, and be instrumental in the organisation's achievement of its objectives.

Enabling employees to plan for the futures they want

We believe that for employees to reach their full potential they need to know themselves, relate to the team, deliver results and understand what is happening in the Nedbank, SA and global contexts.

For us, continuous learning is the responsibility of both the employee and the organisation. We encourage all employees to plan their development thoroughly to

ensure that they achieve the growth they need to realise their aspirations and benefit the organisation. Development discussions are held twice a year as part of the formal annual review process. Employees are able to plan and track their development on an online system. In 2013 a total of 21 238 (2012: 23 361) employees had development plans captured on the system.

Outcomes-driven training and development

Training and development are integral to this philosophy. In 2013 we recorded an average of 55 hours (2012: 44 hours) of training per employee, with an average of 56 hours for females. This aligns with our gender advancement focus.

We offer various programmes and initiatives to our employees, including:

- Business education programmes (BEPs). These programmes are based on the building of competencies for various management levels.

INTEGRATED APPROACH TO PEOPLE DEVELOPMENT DELIVERS SUSTAINABLE RESULTS

Key to the achievement of Nedbank Group's aspiration to be a great place to work is our commitment to the continuous personal development of all our employees. We recognise that Nedbankers don't just do a job; they also have unique career aspirations. By providing them with the support they need, we can enable them to achieve these aspirations, and also maximise the contribution they make to the success and sustainability of our organisation.

For us, people development extends far beyond mere legislative or scorecard compliance. Our approach to developing our people is multipronged and it is encapsulated in our Talent Management Plan, our People Development Philosophy and Framework, our succession planning and our efforts to address critical-skills shortages in our bank and in the industry.

This ensures that more internal talent becomes upwardly mobile within the organisation rather than having to seek opportunities elsewhere.

In addition to ensuring that the talent we have at Nedbank remains upwardly mobile within our organisation, this multifaceted approach empowers our staffmembers to perform optimally, for their benefit and that of Nedbank Group as a whole.

Education, training and skills development are obviously integral to this approach - in the 2013 financial year we recorded an average of 55 hours of training per employee (2012: 44 hours).

While our training comprises a vast array of offerings and interventions, all these are closely aligned with our People Development Framework and designed to accomplish three key outcomes:

- To enable individuals to attain full performance in their current jobs.
- To prepare our employees for more complex jobs in future.
- To support each individual's effort to reach his or her full personal and career potential.

Against the backdrop of these objectives, we strive to provide every single Nedbank Group employee with an individual, personalised and integrated development journey. This is achieved through our People Development Framework, which governs purposeful and intentional development to ensure that employees and the organisation both benefit.

The Nedbank Academies, our Leadership Development Programme, Learnerships and the Graduate Development Programme, as well as groupwide coaching and mentoring, are all important pillars that support the proven success of our people development philosophy and approach, which was recognised as an SA benchmark of excellence at the SA Board for People Practices HR Standards Conference in 2013.

In 2013 the BANKSETA awarded Nedbank the Skills@Work Award in the Large Company Category. These awards present an opportunity for the BANKSETA to acknowledge businesses for their continuous commitment and contribution to skills development.

This award recognises Nedbank's continuous commitment to the development of its people, with specific acknowledgement for:

- Leading transformation in the banking sector.
- Learnerships.
- The Nedbank Graduate Programme.
- The Learning academies.
- Coaching.
- Support of people with disabilities.
- Contribution to socioeconomic objectives.

- Executive education programmes (EDPs). These programmes provide senior managers and executives with a global perspective.
- Internal Bursary Scheme. Through our commitment to continuous learning for our employees we offer them bursaries so that they can gain a formal qualification while working.
- Coaching. Nedbank has internal and external coaches, who are available to employees and managers. In addition, managers also have the opportunity to attend coaching capability training.
- Nedbank academies. The focus is on building relevant and contextual employee capabilities through formal and informal learning solutions.
- Learnerships and internships. These programmes provide participants with an opportunity to focus on building specific skills, particularly pertaining to scarce skills in the organisation and market.

Nedbank academies make skills happen

At Nedbank Group we believe that the success of learning should be measured not only by the skills and competencies developed by the individual, but also by the impact these newly acquired skills and competencies will have on the performance of the organisation.

This desire to transform corporate learning from mere training to measurable skills and capabilities development was what originally prompted the establishment of Nedbank's first academy in 2010 and continues to drive its development and expansion.

The various academies within Nedbank now form a vital part of our overall people development strategy and include additional foundational programmes that facilitate entry-level qualification for the academy programmes. So far, a total of 868 employees have successfully completed their training through the Nedbank academies.

The Nedbank academies have evolved to include and integrate learning into the end-to-end HR practices of

job profiling, recruitment, occupational assessments, performance management and change management. There are now six such academies:

- **The Leader Manager Academy.** Leaders and managers who are vision-led and values-driven are developed at all levels of the organisation to become fully performing in their roles and to be leaders in the communities in which they live.
- **The Human Resources Academy.** The focus of this academy is on closing the behavioural and technical competence gaps of all employees in the HR job family.
- **The Risk Academy.** This academy provides learning and development opportunities to build risk expertise while enabling and upskilling the risk community.
- **The International Academy of Retail Banking.** This is a global educational and professional body for the retail banking sector worldwide. Designed by senior retail bankers and retail banking academics from across the globe, the curriculum sets out to share industry best practices in face-to-face classroom seminars directed by a faculty of over 70 leading industry practitioners
- **The Business Banking Academy.** This accelerated learning programme targets two scarce-skills roles within the business banking environment, namely that of business manager and that of credit manager. The academy's aspiration is to become a sustainable and effective feeder of talent into scarce and critical roles within Nedbank.
- **The Property Finance Academy.** The focus is on upskilling staff to be employed in a far wider range of roles, thereby creating a skilled pipeline of talent. The academy partners with Wits Enterprise, and on successful completion of the programme delegates receive a Wits Certificate in Property Finance Practice (NQF Level 6).

Investment in training

In 2013 we invested R396m (2012: R352m) in training.

TRAINING EXPENDITURE

	2013	2012	2011
Total basic payroll (Rm)	10 134	8 854	7 555
Total training spend (Rm)	396	352	301
Training spend as % of basic payroll	3,91	3,98	3,99
Training spend for black staff as % of basic payroll	3,02	3,03 ¹	3,02 ¹
Training spend for black female staff as % of basic payroll	1,81	1,86	1,79
Training spend for black staff with disabilities as % of basic payroll	0,06	0,06 ¹	0,05 ¹
Training spend for black female staff with disabilities as % of basic payroll	0,03	0,03	0,03

¹ Training spend reflected is based on the dti Codes and uses adjusted recognition for gender. We stopped reporting in terms of dti and shifted to reporting in line with FSC.

EFFECTIVE TALENT MANAGEMENT

In 2013 we implemented our Integrated Talent Framework, which provides line managers with a view of how to enable effective talent management by demonstrating how the different HR practices interlink. The framework includes a series of toolkits and templates that equip line managers to implement the talent practices.

A key component of the framework is the conversation that forms part of the annual talent review process. These include discussions between managers and their employees on career aspirations, retention drivers and the development objectives of individuals. The information gathered from these discussions is used for the business talent forums, where executives discuss their particular cluster's talent. The outcomes of the business talent forums are used as the basis of the cluster's submission to the group talent forum.

Acquiring and optimising talent

We believe that having the right people in the right jobs is of the utmost importance to the realisation of our vision to be Africa's most admired bank. In 2013, in order to ensure that we attracted the right people, we added the use of social media as a recruitment channel to our traditional talent acquisition sourcing methods by increasing our presence on LinkedIn and Facebook.

Occupational assessments form an integral part of selecting the right talent by ensuring that we employ those with the right skills and attitudes to match and complement our corporate culture. They are used to predict the likely future performance and potential that the individual may display in the workplace. These assessments improve the efficiency of the recruitment process by allowing us to make more informed recruitment decisions based on objective information. Not only does this benefit the organisation, but it also enables us to evaluate an individual's potential to grow rather than just the skills he or she demonstrates.

These assessments also provide significant benefits for employee development. They enable employees to have a clear understanding of their performance in relation to the job requirements and can be a great boost to employee motivation. They also provide managers with a means of pinpointing the development areas that will provide the greatest impact on performance.

REWARDING FOR PERFORMANCE

Performance planning at Nedbank Group ensures the alignment of our strategic business intent and the development and achievement of personal performance objectives. This is achieved through a scorecard approach cascaded down from overall group and cluster performance indicators, which ensures that each employee is able to contribute to the organisation's success.

The performance management process encourages ongoing engagement between employees and their line managers on progress toward achieving their objectives.

This drives continuous improvement and responsiveness to the changing business conditions that characterise financial services.

In 2013 a total of 97% (2012: 96%) of employees participated in the final performance review process, confirming their ratings on our self-service HR portal. In addition to providing formalised input for development purposes, the outcome of the final performance review is a primary input into the annual remuneration review process. This is in support of our reward-for-performance objectives.

Our approach to reward is based on a total reward philosophy. In addition to our core reward programmes, which are set out in detail in the 2013 Remuneration Report, we offer a number of banking and lifestyle products that provide access to a range of very competitively priced goods and services.

Through our recognition programme we ensure that those who demonstrate behaviours consistent with our values and those who make an exceptional difference to our stakeholders are recognised on an ongoing basis. Such recognition actively supports our 'great place to work' objective, covering the spectrum from a simple 'thank you' to a colleague for a job well done to formal recognition driven primarily through a peer nomination process.

The pinnacle of this recognition approach is the Nedbank Top Achiever Programme, which rewards those who have made a material contribution to our group's success. In 2013 over 520 employees were formally recognised as Nedbank Achievers. Of these, 162 were named Nedbank Top Achievers and rewarded with an eastern Mediterranean cruise.

SUSTAINABILITY THROUGH EMPLOYEE WELLBEING

Given the rigours of working in the fast-paced financial services environment, employee wellbeing is important. Our wellness strategy therefore aims to help employees foster a long-term commitment to a healthy lifestyle and the proactive limitation of health risks. This strategy is complemented by a range of employee benefits, including medical aid and retirement funding.

The Nedbank Employee Wellbeing Programme

Our Employee Wellbeing Programme ensures that we are able to help employees respond adequately to the challenges they may encounter in their lives, which helps us build a more effective, more productive workforce.

The Employee Wellbeing Programme provides assistance and support with issues such as emotional and personal difficulties, family and relationship concerns, alcohol or drug abuse, stress and change management, financial matters, legal concerns, HIV/Aids, violence and bereavement. Onsite debriefing is also provided for staffmembers who have been exposed to traumatic events, such as bank robberies. All such services are provided by Independent Counselling and Advisory Services (ICAS).

 GRI 3.1: LA12

The overall Employee Wellbeing Programme engagement rate in 2013 was 42%, while individualised usage of the core counselling and advisory services was 20,3% (2012: 19,6%). This is higher than the average uptake of such services for the financial services sector in SA, and we believe it is a result of our ongoing efforts to raise awareness of the service and encourage our employees to make full use of it. The most common themes for 2013 were relationship, stress and organisational issues.

This year also saw an increase in onsite group interventions requested by managers or HR. These sessions were used to assist employees struggling to cope with incidents experienced at work. The counsellors assisted employees with trauma education, coping skills, emotional support and grief counselling to help them deal with loss, crime and diagnoses of life-threatening illnesses.

The online wellness programme, eCare, saw a continued increase in usage in 2013. Over 74 840 articles were downloaded with regard to various health and emotional wellbeing topics. The majority of articles downloaded dealt with relationship issues, depression, stress, childcare and self-improvement.

We continue to provide numerous opportunities for employees to equip and educate themselves to ensure their own wellbeing. Examples included free mammograms offered to employees at two sites in Johannesburg as well as talks on breast cancer awareness for employees in Cape Town and Johannesburg.

Managing lifestyle diseases in the workplace

Nedbank is committed to addressing lifestyle diseases proactively and in a positive, supportive and non-discriminatory manner. To this end we have developed a holistic and inclusive wellness strategy that includes ongoing education and health screening.

We regularly offer our employees the opportunity to be tested for lifestyle diseases such as cardiovascular disease, diabetes and HIV/Aids, while our ongoing education and health screening programme helps them to gain a better understanding of their personal health risk. It also gives Nedbank's management a good understanding of the health risks faced by employees, allowing for appropriate intervention planning. In 2013 a total of 3 703 employees underwent voluntary testing for various lifestyle diseases as part of Nedbank Wellness Days (2012: 1 211).

Executive health

Global health research demonstrates that lifestyle choices such as physical inactivity, smoking, poor nutrition and neglect of chronic life stress play a prominent role in the development of chronic diseases, especially cardiovascular disease. Given these considerations, the need for organisations to offer well-structured executive health programmes is self-evident. During the year 384 executive staffmembers made use of this facility.

Planning for retirement

In 2012 we launched our Planning for Retirement workshops. Aimed at employees who are 55 and older,

the workshops tackle the psychosocial as well as financial aspects of preparing for and taking retirement. The feedback from the approximately 400 employees who attended was overwhelmingly positive, so the programme will be opened to employees of all ages in 2014, as we believe planning for retirement should start as early as possible.

ENSURING HARMONIOUS EMPLOYEE RELATIONSHIPS

Despite the unstable labour environment in SA, the country's banking industry experienced a relatively stable year. Our proactive and constructive engagement with employees and their recognised representatives, SASBO and IBSA, continues to deliver the benefits of collective bargaining as an effective tool in addressing employer-employee relations for all parties.

Employee relations management continues to play a key role in promoting and enabling our vision of being a great place to work and Africa's most admired bank.

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. Combined representation by the recognised unions, IBSA and SASBO, accounts for 44,4% of employees in the bargaining unit. The bargaining unit comprises 18 091 employees and the non-bargaining unit makes up the balance.

We engage in annual salary negotiations with all recognised trade unions representing our employees. In 2013 these salary negotiations took place over three days and an overall salary increase of 8% (distributed in accordance with an agreed matrix) was agreed for unionised employees.

Monthly consultation meetings with the unions ensure that sound employee relations practices are consistently applied. As a result of constructive consultations between all stakeholders, retrenchments were kept to a minimum in 2013, with only 11 forced retrenchments because of operational requirements. The minimum notice period for bargaining and non-bargaining units, as specified in agreements, is three months for any significant operational changes. Where necessary, we also consult regarding occupational health and safety matters.

The Nedbank Grievance Policy and Procedure give our employees an accessible channel through which to raise any issues or dissatisfaction without fear of victimisation or discrimination. A total of 249 grievances were effectively managed in 2013. These ranged from disputes concerning victimisation and discrimination to specific complaints against managers.

Consistent adherence to fair employee relations processes has ensured that referrals to the Commission for Conciliation, Mediation and Arbitration (CCMA) were kept to a minimum, with 106 matters referred to the CCMA for the year, compared with 133 in 2012. A total of 58 cases were settled (compared with 42 in 2012). Only one of the referred cases resulted in a decision against Nedbank (2012: 4).

ENABLING STAFF VOLUNTEERISM

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

- **Team Challenge.** This is a 10-month staff volunteerism initiative in which staffmembers form teams and support various non-profit organisations. We had 30 teams participate in the 2013 programme, which benefited more than 45 community projects.
- **International Mandela Day.** This is one of the favourite volunteer platforms among our employees, as evidenced by the participation of more than 1 000 employees in over 25 community upliftment projects in 2013.
- **Caring for Communities.** This community education programme promotes sustainability through workshops and project build days for grade 6 and 7 learners and adult community members. Our employees are involved in presenting sustainability information as well as helping community members to build vegetable tunnels, rain harvesting tanks and solar cookers.
- **Nedbank Payroll Giving.** The programme offers an easy way for staffmembers to contribute to worthy causes through agreed monthly salary deductions. The deductions are disbursed directly to SA Children's Charity Trust (SACCT), which distributes the funds among the Childhood Cancer Foundation South Africa (CHOC), Cotlands, the Red Cross, Reach for a Dream, Ithemba Charities and the QuadPara Association of SA. In 2013 the 5 627 employees who signed up for the programme contributed R1,68m to SACCT (2012: R1,64m by 5 417 employees). Since its inception in 2006

Nedbank employees have collectively contributed over R10m in support of orphaned and vulnerable children.

- **Local Hero Programme.** The purpose of this programme is to enable employees and clients to secure funding for community projects they support. To date we have contributed over R10m to community projects across the country through the Local Hero staff and client programmes.

OCCUPATIONAL HEALTH AND SAFETY

We place a priority on ensuring the occupational health and safety of our employees, clients and contractors, and make every effort to embed health and safety into our corporate culture. All our SA entities comply fully with the Occupational Health and Safety Act, 85 of 1993, including its regulations, as well as the Compensation for Occupational Injuries and Diseases Act, 130 of 1993.

Our group subsidiaries are required to comply with relevant local occupational health and safety laws in their countries, as well as with the Occupational Health and Safety Policy of the group.

All our stakeholders, staff, contractors, partners and clients are required to adhere to and comply with the Nedbank Group Occupational Health and Safety Policy and related procedures.

Occupational health and safety committees

All our group sites have occupational health and safety committees in place. Committees from headoffice sites meet monthly and branch committees meet twice a month to review health and safety matters and implement corrective measures.

An occupational health and safety 16.2 forum monitors and maintains compliance with relevant legislation, programmes and policies. It also provides guidance for all committees. The table below provides a breakdown of the 3 987 occupational health and safety appointees across the group in 2013:

Chief Executive (16.1)	Chief Risk Officer (Group 16.2)	16.2 appointees	16.2 assistant to 16.2 appointees	Section 8	Safety representative/ incident investigator	Evacuator	First aider/ medic	Fire marshal
1	1	50	16	710	728	857	841	783

Five Africa 16.2 appointees are included; however, we do not have specific statistics for their appointed wardens.

Incident recording and reporting

In compliance with the Compensation for Occupational Injuries and Diseases Act, 130 of 1993, our Health and Safety Department records, reports to the Compensation Commissioner, and investigates (via the appointed Accident Investigators) all workplace injuries.

Documentation pertaining to injuries on duty is kept at a central portal within the Health and Safety Department. Our accident reporting and recording procedure further includes the recording of minor first-aid incidents, medical and related incidents and injuries sustained by contractors and visitors if our first aiders and medics attend to these incidents.

The table below reflects incidents and injuries recorded in 2013:

Category	2013	2012
First aid (minor incidents)	325	450
Medical	136 ¹	111
Workmen's Compensation claims – Nedbank employees	40	44
Workmen's Compensation claims – Contractors	1	7
Fatalities	2 ²	1
Near-miss incidents	7	-
Days lost	404	346

¹ Medical incidents were related to medical conditions and were not caused by work-related injuries.

² The fatalities were related to medical conditions and were not caused by work-related injuries.

In 2013 a total of 2,2% (2012: 1,9%) man-days were lost because of sick leave.

Occupational health and safety education and training

Comprehensive occupational health and safety training is available on the Nedbank Group intranet site. It is compulsory for all our employees to read and acknowledge the Occupational Health and Safety Policy of the group annually.

Appointees in terms of sections 16.2 and 8 of the Occupational Health and Safety Act have completed their legal training in accordance with their role requirements. First aiders and fire marshalls have to attend formal offsite training, which includes practical examinations prior to their certification. Training is reviewed annually.

Occupational health and safety awareness events such as wellbeing days, corporate firefighting challenges, 16.2 forums and recognition functions are held throughout the year and regular updates are communicated to all employees. In addition, to increase health and safety awareness in 2013, posters were placed in all sites and z-fold handouts were distributed to all headoffice and branch staff. Our induction training also includes occupational health and safety information. In the year under review all section 16.2 and section 8 appointees underwent training to be able to use the electronic system for compliance-based capturing.

Risk control: compliance and emergency procedures

Emergency procedures are in place for all our headoffice and retail outlets. All headoffice sites are also equipped with evacuation chairs, essential medical equipment, first-aid rooms and portable public address systems for emergency use. All occupational health and safety appointees are fully trained in the relevant emergency procedures. We hold two annual evacuation drills per year at all headoffice buildings and one drill in every retail outlet. It is compulsory for all staff, contractors and visitors to participate in these drills and disciplinary measures are taken for non-compliance with this requirement.

Monthly occupational health and safety checklists are completed electronically at all sites and compliance is monitored by our Health and Safety Department. Appointed accident investigators thoroughly assess and

record all injuries on duty sustained by our employees or contractors.

In 2013 there were fire-related incidents at a few Nedbank sites, but these were quickly dealt with by appointed firefighters whose actions prevented the fires from spreading and limited serious damage.

COMMITTED TO LEVERAGING OUR CARBON NEUTRALITY

Carbon neutrality

Nedbank Group achieved carbon-neutral status in 2010 and was the first financial services organisation in Africa to do so. The carbon-neutral status propelled us into the next important phase of our environmental sustainability journey. The achievement also added momentum to our realisation of becoming a leader and driver of sustainability in SA.

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 collaborations with like-minded organisations.

Our approach to carbon neutrality is to reduce our own impact as much as possible first and then to offset the remainder of the footprint. Footprint reductions are achieved through a variety of initiatives from internal behavioural change to working towards clear reduction targets in terms of paper, water, electricity, waste, travel and carbon emissions.

We obtained the carbon credits required to offset our 2013 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 (Kenya).
- The Kibale National Park Natural High Forest Rehabilitation Project (Uganda).
- Reliance Compost (SA).
- The eThekwini Landfill Methane Project (SA).
- The Beatrix Methane Destruction and Utilisation Project (SA).
- Lifestraw Water Filtration Project (SA).



From 2012 to the end of 2013 there were some positive signs in the growth of the amount of domestic SA carbon offsetting projects that had verifiable carbon credits with the appropriate social upliftment benefits. This said, there is still a limit on the available and eligible SA carbon offsetting projects we can invest in.

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 2013 we continued our association with and our support of this project, which is helping to prevent the deforestation of this ecosensitive region while delivering massive economic and social upliftment benefits to local communities.

The Kibale 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 reforesting 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.

The eThekweni Landfill Methane Project

In 2013 we were pleased to continue to include emission offsets from the eThekweni Landfill site that were generated through renewable-energy power by means of 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 Beatrix Methane Destruction and Utilisation Project

This project, based at the Beatrix mine in SA, flares methane gas originating from within the mine. Nedbank has a long history of supporting responsible mining in SA and this project results in the destruction and utilisation of methane, which is both highly explosive and a safety hazard to the miners working in the area.

The Lifestraw Water Filtration Project

In 2013 we supported the distribution of 1 million point-of-use water filters in rural Kenya that help people access safe drinking water. The project is evidence of carbon's ability to fund life-saving technologies in addition to the emission reduction benefits that are inherent in carbon projects.



A TARGETED APPROACH TO REDUCING OUR OWN ENVIRONMENTAL IMPACT

Reduction targets remain a key component of Nedbank Group's overall commitment to limiting and constantly reducing its impact on the environment and its usage of diminishing natural resources. These reduction targets not only set the bar in terms of our groupwide carbon emissions and resource use, but are also cascaded through our organisation to provide individuals and teams with clearly defined annual objectives.

In many cases, the achievement of these reduction targets forms an integral part of performance reviews, thereby ensuring that Nedbank staffmembers clearly understand the role and responsibility they have in meeting our group reduction targets.

Resource	Target
Energy	A 12% reduction by the end of 2015 based on 2005 levels or 5 335 kWh per fulltime employee (FTE); we are currently at 5 649 kWh per FTE.
Water ²	A 6% reduction by the end of 2016 based on 2011 levels or consumption of 15,01 kℓ per FTE. The 2013 water use, at 16,64 kℓ per FTE, increased slightly from the 2012 value of 16,52 kℓ per FTE.
Paper ¹	A 10% reduction by the end of 2016 based on 2010 levels. The 2013 paper consumption was 1 603 tonnes (2012: 1 850 tonnes, 2010: 1 917 tonnes). This implies that paper was reduced by 16,4% from 2010 and the target was exceeded. A new target was set at the end of 2013 as the end-of-2016 target was met early. The new target is a 15% reduction based on end-of-2013 levels. This implies a target of 1 443 tonnes by the end of 2020.
Waste ²	An 8% reduction by the end of 2016 based on 2011 levels, or waste sent to landfill of 20,91 kg per FTE. The 2013 result was 19,70 kg per FTE (it was 21,01 kg per FTE in 2012). A new target was set at the end of 2013 as the end-of-2016 target was met early. The new target is a 10% reduction based on end-of-2013 levels. This implies a target of 17,73 kg per FTE by the end of 2020.
Recycling ²	A 6% increase in recycling by the end of 2016 based on 2011 levels or 33,58 kg per FTE; we are currently at 31,38 kg per FTE (it was 31,48 kg per FTE in 2012).
Carbon emissions (including business travel)	A 12% reduction by the end of 2015 based on 2007 levels or 7,67 tCO ₂ e per FTE. In 2013 the emissions were 7,61 tCO ₂ e per FTE (it was 7,89 tCO ₂ e per FTE in 2012). A new target was set at the end of 2013 as the end-of-2015 target was met early. The new target is a 7% reduction based on end-of-2013 levels. This implies a target of 7,08 tCO ₂ e per FTE by the end of 2020.

¹ The paper target is an absolute rather than an intensity reduction target, as most of our paper usage is related to client communication and regulatory requirements rather than individual employee usage.

² Water, waste and recycling are based on campus FTEs.

Target achievements in 2013

In 2013 we achieved the following in terms of our intensity reduction targets:

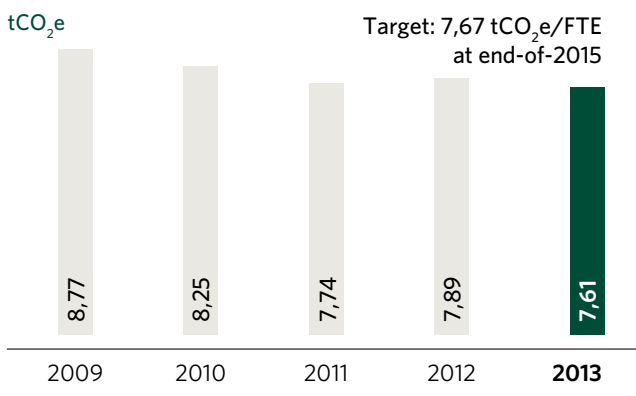
Resource	Achievement
Carbon emissions	7,61 tCO ₂ e per FTE and 0,33 tCO ₂ e/m ² .
Electricity	Electricity use was decreased by 2,63% per FTE and by 1,44% based on floor space, mostly because of campus site electricity reductions.
Water	Water consumption on campus sites increased by 0,73% per FTE from 2012 to 2013.
Paper	Total usage decreased by 13,4% from 2012 and the end-of-2016 target was reached. There was also a 13,2% reduction in emissions associated with paper usage.
Waste and recycling	The waste sent to landfill decreased from the 2012 value of 21,01 kg per FTE to 19,70 kg per FTE. This means that the target for the end of 2016, based on 2011 values, was met by the end of 2013. Recycling also increased by 1,44% to 565 tonnes.
Business travel	Business travel decreased from 15 899 tCO ₂ e in 2012 to 14 514 tCO ₂ e in 2013. This was mainly due to active cost containment.

CARBON REDUCTION

The total GHG emissions across the entire Nedbank Group decreased by 2,18% from 2012 to 2013. Accordingly, the emission rate per fulltime employee (FTE) also decreased by 3,46% year-on-year and was calculated as 7,61 tCO₂e per FTE (2012: 7,89 tCO₂e per FTE). Based on floor space the GHG intensity rate decreased by 2,28% to 0,33 tCO₂e/m² (2012: 0,34 tCO₂e/m²).

The overall Nedbank Group emissions decrease can be attributed to various initiatives and actions. These initiatives and actions led to a decrease in electricity used on campus sites although the expanding Nedbank footprint in Africa decreased the overall electricity savings. Staff travel claims also decreased, as did GHG emissions associated with the use of paper. More will be said about the various reductions in the following sections.

EMISSIONS PER FTE



Energy

Approximately 74% of Nedbank Group’s total carbon footprint originates from the use of national-grid-connected electricity. For this reason, the reduction of electricity consumption remains a key target for capital investment and staff awareness.

By the end of 2013 Nedbank had achieved its end-of-2015 energy consumption target of 5 335 kWh per FTE across all Nedbank campus sites. The achievement of this target is particularly significant given the ongoing challenge of having to reduce energy usage across the group without expecting Nedbank staff and clients to compromise on comfort levels.

An energy audit of all Nedbank campus sites is planned for 2014. It should present us with a clear picture of further energy-saving opportunities, particularly in terms of further behavioural change by employees.

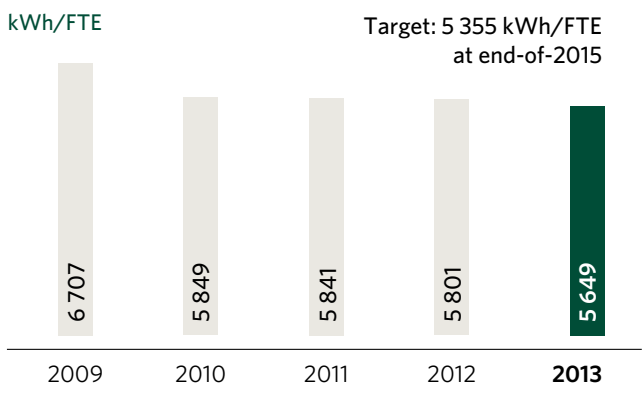
During this audit we will also investigate the viability of introducing additional natural energy production mechanisms, including photovoltaic cells and wind turbines. Finally, a thorough assessment of our building management and monitoring systems should provide us with further means by which to assess our energy consumption accurately and uncover additional opportunities for reduction initiatives.

Unfortunately most non-campus sites are not owned by Nedbank so there are fewer energy optimisation options at these facilities. The result is that the overall energy (electricity) consumption was 5 649 kWh per FTE.

The major focus for future energy reduction initiatives will be on implementing the learnings from campus sites on as many non-campus sites as possible.

Focused capital investment also remains a vital component of energy reduction effectiveness, and in 2013 Nedbank invested R8,2m in energy-specific initiatives (2012: R8,4m), which included the replacement of air-conditioning units where applicable with energy-efficient units, the installation of energy-efficient light fittings, the regulating of water heater usage, the inclusion of timers and the procuring of gas geysers.

ENERGY CONSUMPTION



Waste and recycling

The target of a 6% increase in recycling by the end of 2016 (based on 2011 levels) was met in 2013. This translates into 31,38 kg of recycling per FTE or a total mass of 565 tonnes (2012: 557 tonnes). The early success in attaining this target was a direct result of ongoing staff awareness and education campaigns and the proven effectiveness of the Nedbank recycling ‘banks’, which encourage and enable appropriate sorting of waste at source.

The total amount of waste sent to landfill in 2013 was 355 tonnes or 19,70 kg per FTE (2012: 21,01 kg per FTE). This means that the target of an 8% reduction in waste sent to landfill or 20,91 kg per FTE by the end of 2016 based on 2011 levels was also reached much earlier than expected.

A new target was set for waste sent to landfill. It was based on levels for the end of 2013 as the end-of-2016 target was met early. The new target is a 10% reduction from 2013 levels. This implies a target of 17,73 kg per FTE by the end of 2020.

The safe disposal of compact fluorescent lights (CFLs), batteries and printer cartridges continued. Despite having achieved our 2016 target, we are determined not to lose momentum. While a culture of recycling has been embedded throughout our organisation, we continue to focus on staff awareness and education, with regular tours of our recently rebranded Eco-Centre demonstrating to staff the many benefits of effective recycling. In future, information on recycling will also be included as part of the Nedbank induction process for new employees.

A mass balance was undertaken in 2013 to quantify exactly what resources entered Nedbank. This mass balance will be refined and used to set reduction targets. One outcome of the work done, which will be investigated in future, is the limitation on recycling targets as the group’s overall resource use is driven down. For

Banking on a more sustainable future

In line with our understanding of and our commitment to fully integrated sustainability, 2013 saw us taking significant strides forward in our quest to transform our retail banking offering into a truly green and caring solution.

Africa's first 100%-renewable-energy-powered bank branch

In October we unveiled Africa's first ever banking branch that fully offsets its energy usage through renewable-energy sources. Our Lansdowne Corner branch in Cape Town was fitted with an innovative hybrid, grid-tied, renewable-energy installation that allows it to harness solar and wind energy to meet all its energy requirements.

The hybrid grid-tied system is capable of supplying the branch's full annual electricity demand of 70 000 kWh – the equivalent of electricity demand for approximately six middle-income SA households. The renewable-energy solution will also contribute to lowering SA's total CO₂-eqt emissions by approximately 71 tonnes per year.

Monitoring our impact with our Retail Branch Fit-out Analysis Tool

In 2013 we partnered with WSP Group Africa to develop a hybrid sustainability assessment framework that makes it possible to measure the sustainability of one Nedbank branch against that of another in order to track improvements delivered through sustainability interventions.

Named the Nedbank Retail Branch Fit-out Analysis Tool, the framework enables us to assess and manage all our buildings accurately in terms of construction, energy and water consumption, emissions, materials used in the fit-out, and subjective qualitative input on indoor environmental quality and comfort.

In 2013 eight branches were audited by means of the tool, and we improved from 11% (Northgate) to 52% (Fox Street), which falls in the Best Practice Category, and to 62% (Lansdowne), which falls in the SA Excellence Category. We will apply the tool to all new branches going forward, with a phased approach in the case of existing branches.

Transforming our client experience with the Branch of the Future

The launch of our flagship Branch of the Future at Fox Street in Johannesburg's central business district in October 2013 represented the pinnacle of our commitment to truly innovative, client-centred banking that delivers distinctive experiences and a choice of banking channels.

The branch offers state-of-the-art technology designed to deliver a unique client experience. Equipped with a variety of experience-focused areas, ranging from a self-service zone to a kidzone, an eduzone for client presentations and workshops, the Branch of the Future is designed 100% with client needs in mind.

Visitors to the branch have access to Wi-Fi internet stations and iPads as well as a unique video banking facility – the first of its kind in South Africa – that allows for a face-to-face engagement with a client service agent.

Through these and many other environmental and client innovations over the past year, we have not only again demonstrated our commitment to sustainability leadership in SA, but also provided tangible evidence of the significant long-term mutual benefits that can be unlocked by organisations that are willing to invest innovative thinking, passion and resources to turn their strategic sustainability objectives into a reality.

example, paper recycling cannot continue to increase if paper use does not also increase. We look forward to the day when Nedbank reaches a steady state and all resources that can be recycled are recycled.

Paper

Paper consumption across the group decreased by 13,4% year-on-year, with a total of 1 603 tonnes of paper used in 2013 compared with 1 850 tonnes in 2012.

Nedbank Retail is the predominant paper consumer in the group. Within Nedbank Retail paper-saving initiatives were identified and tracked. The paper-saving portfolio included a total of 19 planned initiatives for 2013 spanning five business units: Transactional Banking, MFC, Personal Loans, Business Banking and Home Loans. The greater part of the paper savings was delivered through initiatives such

as electronic statements, online and digital applications and paperless meetings with a few smaller projects making up the remainder.

The portfolio delivered a total paper saving of 16,6m pages, which equates to a total rand saving of R13,7m. By the end of 2013 the portfolio of paper-saving projects achieved 89% of the ambitious targets that were set. This was an excellent achievement as 10 of the 19 projects were implemented in 2013. With emphasis being placed on project implementation going forward, 2014 will see an increased focus on delivery of paper saving initiatives.

A new target was set at the end of 2013 as the end-of-2016 target was met early. The new target was set at a 15% reduction based on end-of-2013 levels. This implies a target of 1 443 tonnes by the end of 2020.

Water

In 2013 total water consumption across all campus sites increased by 2,5% to 299 694 kℓ (2012: 292 325 kℓ). While overall volume showed an increase, this was primarily due to the year-on-year organic growth of the organisation and some unexpected water leaks.

It is useful to put the water use increase into perspective by investigating the normalised increase. Water use increased from 16,52 kℓ per FTE in 2012 to 16,64 kℓ per FTE in 2013. This is an increase of 0,73%.

Water leaks remain one of the main challenges in terms of reducing our water consumption. While we invest significant resources in the monitoring and maintenance of our water infrastructure, the very nature of water leaks means they typically demand reaction at the time they occur, rather than proactive prevention. Often the only way of identifying a water leak is by means of meter readings.

Nedbank keeps on advocating behavioural changes by our staffmembers. One such campaign run with staff was the 'Flush light' campaign, which was run after we discovered that many staffmembers were unaware of the benefits of using a dual-flush toilet, with some even pushing both buttons at all times to be 'safe'. The campaign urged staff to use the light-flush option on our dual-flush toilets to help Nedbank save water. Staff were also urged to help through the use of email communications and stickers in the bathrooms to drive awareness. In addition and in support of the 'quality' element of our water strategy, we partnered with Unilever SA and distributed 30 000 Skip liquid detergent bottles to all staffmembers. By simply switching from a powder soap to a phosphate-free liquid detergent, staff were able to play their part in promoting water quality.

We have also undertaken numerous education and awareness initiatives that, while not measured for the purpose of this report, were aimed at empowering our employees to improve their water consumption at home.

Eco Wash

The Eco Wash car wash systems introduced to many Nedbank campus sites in 2012 continued to grow in popularity in 2013 among 6 200 staffmembers at our 135 Rivonia and Menlyn Maine campus sites. We have introduced a waterless system at the Sunninghill, Meadowdale and Killarney campus sites, which impacts approximately 2 000 Nedbankers. The strategy is to implement a waterless car wash system in all Nedbank campus facilities. These sustainable, water-wise, onsite car wash facilities form part of our greater focus on water stewardship and allow Nedbank employees to contribute to our water conservation goals simply by having their personal vehicles washed in an eco-friendly way. The Eco Wash facilities consume less than one litre of water per wash and use only biodegradable cleaning products.

In 2013 a total of 14 786 vehicles were cleaned by means of the Eco Wash system.

A regular car wash uses approximately 270 ℓ of water, so the indicative water savings through the introduction of this facility were 3 992 kℓ in 2013.

Business travel

Nedbank's comprehensive Business Travel Policy includes green travel guidelines aimed at empowering staffmembers to follow the most sustainable practices when travelling. Nedbank Group also actively promotes the use of tele- and videoconferencing, wherever possible, as alternatives to travelling by road or air in order to attend meetings.

In 2013 overall GHG emissions due to business travel decreased by 8,7% from the 2012 levels. This reduction can be attributed to a decrease in staff travel claims (down by 18,7%) and rental car use, while the data indicates a slight (1,7%) increase in flights.

It is encouraging to see the decrease in GHG pollution associated with travel due to the application of the Travel Policy and the green travel guidelines. This said, it is anticipated that business travel will increase, in gross terms, as Nedbank expands its footprint throughout various geographical areas.

Environmental expenditure

In 2013 our overall investment in environmental sustainability initiatives totalled R58,5m (2012: R80,2m). The biggest contributor to this total investment amount was the purchase of carbon credit offsets that amounted to approximately R16,1m in 2013 (2012: R16,5m). The carbon credit cost decreased because of suppressed market demand and a lower carbon footprint in 2013.

Other significant investments included ongoing internal energy-efficiency initiatives. The reduction in spend year-on-year relates to marketing costs for the Green Affinity. This was a key marketing campaign in 2012 that included TV advertising and that was in a maintenance phase for 2013.

Looking forward

While we continue to achieve the majority of our targets, it is becoming increasingly difficult to do so, particularly on an overall group volume basis. One of the reasons for this is Nedbank's ever-increasing footprint in the form of branches and ATMs in SA and abroad.

In many respects our intensive focus on resource usage reduction over the past number of years has meant that we have now 'picked most of the low-hanging fruit'. Many of the historical initiatives were implemented at facilities that Nedbank owned or managed and implementation was easier than in leased spaces.

Going forward, our success in continuing to drive down our carbon, energy, waste and water figures will require ever-increasing capital expenditure and an ever more concerted effort to encourage and enable behavioural change among our stakeholders. One of the sets of stakeholders that will require increased focus in future will be landlords of leased space. In strengthening these relationships we aim to expand and apply the historic learnings from campus sites to spaces leased but not owned by Nedbank.

To this end we continue to engage proactively with all stakeholders, including Nedbank staff, through formal report-back sessions to management and regular communication campaigns, which are aimed at educating employees on the actions they can take to contribute towards not only Nedbank's achievement of its targets, but also the greater sustainability commitment of the group through greener living at home.

CARBON FOOTPRINT MEASUREMENT

In absolute terms our overall reported GHG emissions decreased by 2,18% year-on-year from 2012 to 2013. Furthermore, the carbon emissions per FTE also decreased year-on-year by 3,46% to 7,61 tCO₂e per annum and emissions per m² of office space decreased by 2,28 to 0,33 tCO₂e per annum.

These are remarkable achievements considering that Nedbank is still expanding its business footprint. We are indeed doing more while polluting less. In 2013 we continued with the reporting drive to ensure that all GHG sources are included.

Reporting period financial year 2013	
Methodology	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 ¹ .
Inclusions	Our activities, equipment and operations, as well as the actions of Nedbank employees associated directly with 828 (2012: 853). SA offices and branches and all non-SA equipment and operations integrated into the greater Nedbank Group. Some facility consolidation in 2013 when smaller offices were merged.
Exclusions	Data required for emissions calculation is not currently available for the following: <ul style="list-style-type: none"> ■ Scope 1 and 3, as they relate to non-SA offices and there is a lack of reliable data. ■ 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. ■ Any other premises or activities owned or operated by us but not explicitly referenced in this report.



FTE count and occupied office space included in the report	2013	2012	2011	2007 baseline
Total occupied floor space of reported buildings (m ²)	672 367 ²	671 649	622 042	261 450
Employees included in FTE calculations	29 077 ³	28 695	28 146	14 203
Total number of FTEs	29 077	28 695	28 146	14 203
Percentage of all employees covered by the report	100	100	100	56

¹ In some cases the vendor-supplied emission factors or a variation on the stated value will be used as supplied. An example of this is the Eskom grid emission factor, which is reported as 0,99 tCO₂e per MWh in the Eskom 2012 annual report. In 2013 the Eskom stated emissions factor was 1,00 tCO₂e/MWh, but other publications indicate the SA grid emission factor as somewhat lower. For consistency between 2012 and 2013 a factor of 0,99 tCO₂e/MWh will be used.

² The increase in m² is due to organic growth in facilities, although the consolidation of certain facilities into bigger campus sites led to a decrease in the total number of buildings occupied.

³ 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 for SA, while the spot value for the end of December is used for non-SA FTE.

NEDBANK GROUP GHG EMISSIONS INVENTORY - tCO₂e (TONNES)

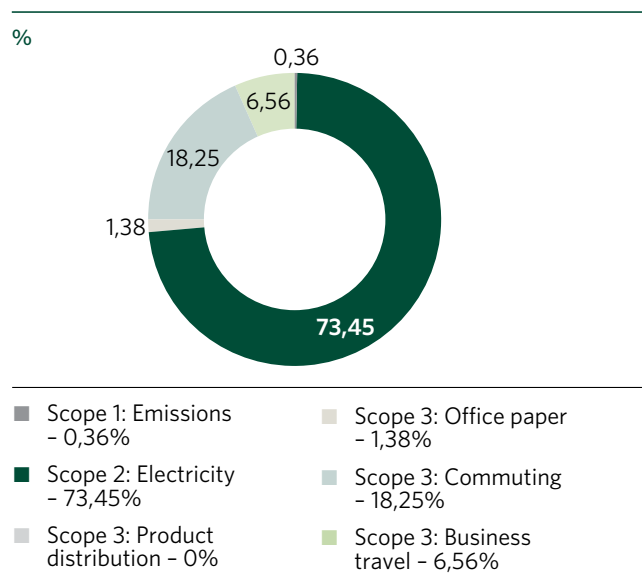
Scope	2013	2012	2011	2007 baseline
Scope 1: Direct emissions from:	800,31	847,56	776,51	694,85
Fuel used in equipment owned or controlled by us (eg generators)	248,82	203,96	205,67	419,72
Air-conditioning and refrigeration gas refills	272,94	587,06	466,88	140,18
Our fleet of vehicles	278,55	56,53	103,97	134,95
Scope 2: Indirect emissions from purchased electricity:	162 609,50	164 803,52	162 742,02	96 361,71
Purchased electricity - SA total Scope 1 and 2 emissions	150 538,64	154 022,54	154 393,35	96 361,71
Purchased electricity - non-SA	12 070,86	10 780,98	8 348,67	-
Total Scope 1 and 2 emissions	163 409,81	165 651,08	163 518,53	97 056,56
Scope 3: Indirect emissions from ¹ :	57 969,01	60 658,73	54 438,59	31 483,31
Business travel in rental cars	424,38	504,36	519,75	498,59
Business travel on commercial airlines	7 733,08	7 606,11	6 712,54	7 790,61
Business travel in employee-owned cars	6 356,23	7 788,30	2 613,29	2 244,13
Employee commuting	40 406,56	41 248,00	41 054,70	17 665,83
Product distribution	-	-	0,09	-
Consumption of office paper	3 048,76	3 511,96	3 538,22	3 284,15
Total Scope 1, 2 and 3 emissions (GHG protocol)	221 378,81	226 309,81	217 957,13	128 539,87
Non-Kyoto Protocol GHG emissions	-	-	-	1 406,38
Split of Nedbank Group carbon emissions (tCO ₂ e)				
Scope 1 (%)	0,36	0,37	0,36	0,53
Scope 2 (%)	73,45	72,82	74,67	74,16
Scope 1 and 2 (%)	73,81	73,20	75,02	74,69
Scope 3 - Historic unsplit				24,23
Scope 3 - Nedbank operations (%)	7,93	8,58	6,14	-
Scope 3 - Staff commuting (%)	18,25	18,23	18,84	-
Non-Kyoto Protocol GHG emissions (%)	-	-	-	1,08

¹ Total Nedbank Group FTEs were used although only limited non-SA Scope 3 emissions were included. This was due to limited data availability.

Scope 1 emissions

Scope 1 emissions from refrigerants decreased by 54% year-on-year. This was a good turnaround from the 26% increased reported on in 2012. We continue our efforts to ensure that as little refrigerant gas as possible is used and/or replaced. Nedbank fleet vehicles, including the use of Nedbank fleet fuel cards, increased almost fourfold. This was mainly due to increased reporting and the decrease of the actual fleet vehicles while the use of NedFleet cards increased. Diesel used in generators increased by 22% as more campus sites were added and maintenance and testing were done on existing diesel generators. The overall reduction in Scope 1 emissions was 6% as the refrigerant decrease overshadowed the other increases. As in 2012, emissions from all Scope 1 activities in 2013 remained below 0,5% of total emissions.

NEDBANK GROUP 2013 CARBON FOOTPRINT



Scope 2 emissions

As in 2012, approximately 73% of the total GHG emissions reported for 2013 were from purchases of third-party electricity generation. We continue to target reduced energy consumption through a variety of initiatives. From 2012 to 2013 the electricity usage decreased by 1,3% while Nedbank increased its total floor space and total FTE count. As in the past, the real reduction and efficiency increases were achieved predominantly at campus sites that are owned by Nedbank. To illustrate this: the electricity consumption at campus sites decreased by 15,53% year-on-year from 2012.

Scope 3 emissions

Approximately 26% of the total 2013 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 1,38% from third-party manufacturing of office paper.

Nedbank Group - SA performance targets

Nedbank Group - SA Key performance targets	Progress from 2013 (Yoy) %	Progress from 2007 baseline %	2013	2012	2011
Total carbon emissions tCO ₂ e (including non-SA)	(2,18)	70,16	221 378,81	226 309,81	217 957,13
Emissions per FTE	(3,46)	(16,79)	7,61	7,89	7,74
Emissions per m ²	(2,28)	(34,15)	0,33	0,34	0,35
Emissions per operating income (g/rand)	(11,15)	N/a	6,32	7,12	7,75
Energy					
Consumption in kWh	(1,33)	63,38	163 410	166 469 204	164 384 875
Consumption in kWh per FTE	(2,63)	(20,19)	5 649	5 801	5 841
Paper					
Tonnes used	(13,41)	50,49	1 602,75	1 850,96	1 775,07
Usage per FTE (tonnes)	(14,55)	(26,51)	0,0551	0,0645	0,0631

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