

MAKE
THINGS
HAPPEN



NEDBANK
GROUP

NEDBANK GROUP LIMITED

SUPPLEMENTARY SUSTAINABILITY REVIEW

for the year ended 31 December 2014

A Member of the  **OLDMUTUAL** Group

NEDBANK GROUP SUPPLEMENTARY SUSTAINABILITY REVIEW

'For Nedbank Group to operate and succeed as a financial institution it is imperative that the decisions and actions we take are informed by a clear understanding of their impact – positive or negative – on each of our stakeholders. Understanding and embracing this interconnectivity is at the core of our sustainability-centred business strategy; and is key to our ability to create and deliver resilient value.'

Mike Brown
Chief Executive: Nedbank Group

READING THIS SUSTAINABILITY REVIEW

This is not a separate sustainability report, but offers detailed information that expands on the sustainability content of the 2014 Nedbank Group Integrated Report. As such, it should be read in conjunction with that report as well as the other supplementary reviews about issues such as risk management, governance, ethics and transformation. These reviews are all available for download in electronic format at nedbankgroup.co.za.

In our 2013 integrated report we, for the first time, moved away from reporting separately on our activities and impact relating to the environment, society and our operations. We chose instead to align our reporting more closely with our three-pronged sustainability management approach, comprising:



1 Enabling sustainability through our products and services

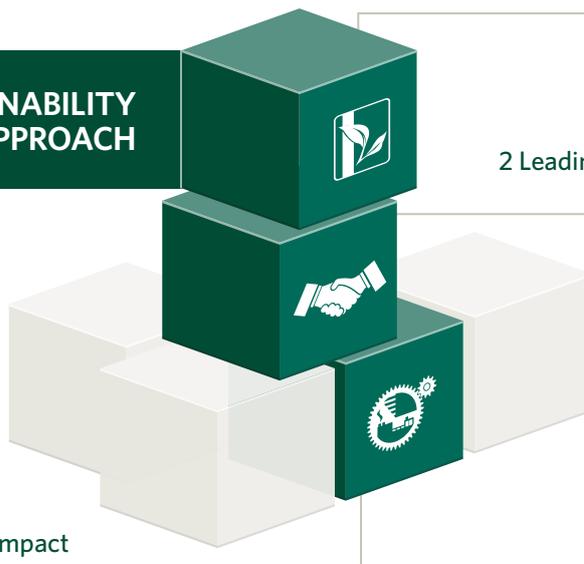


2 Leading through collaboration and partnership

NEDBANK'S SUSTAINABILITY MANAGEMENT APPROACH



3 Managing and optimising our own impact



This year's report builds on this more integrated reporting approach, and again reflects the extent to which a sustainability mindset is increasingly being entrenched across our group.

Given that, as a bank, our direct negative impact on the environment is minimal, our sustainability focus is primarily on the first two components mentioned above. So, while this report includes evidence of our commitment to 'keeping our own house in order', this is mainly undertaken to ensure that we can maximise sustainability opportunities within our core business, better manage and capitalise on risks, and fully leverage the benefits of our partnerships with all our stakeholders.



THE WHY ...

- The imperative for strong sustainability



THE HOW ...

- Sustainability governance
- Our commitment to responsible finance



THE WHAT ...

- Delivering in 2014
- Enabling sustainability through our products and services
- Leading through collaboration and partnership
- Managing and optimising our own impact
 - Our people
 - Our environmental footprint



THE WHO ...

- Stakeholder engagement
- GRI4 indicator table
- Contacts

An alphabetical list of sustainability-related topics is given below to enable direct access to specific sections throughout the integrated report and suite of supplementary reviews.

Topic list

- Affordable housing
- Carbon footprint
- Client service
- Climate change
- Community investment
- Consumer education
- Diversity and inclusion
- Employee wellbeing
- Empowerment financing
- Enterprise development
- Environmental and social risk management
- Financial crime
- Financial inclusion
- Governance
- Green buildings
- Human rights
- Innovation
- Investing in youth
- Learning and development
- Nedbank in Africa
- Occupational health and safety
- Performance and reward
- Procurement
- Regulatory change
- Renewable energy
- Responsible finance
- Secure banking
- Sponsorship
- Stakeholder engagement
- Talent management
- Transformation
- Value-added statement

THE WHY ...

THE IMPERATIVE FOR STRONG SUSTAINABILITY

The past two centuries have seen rapid population growth but even faster economic growth, with average per capita income increasing by a factor of more than 10. Higher living standards have also directly resulted in the improvement of life expectancy for billions of people. This progress has come at a significant environmental cost and there is mounting evidence that current patterns of human consumption are exceeding the planet's supply limits and are therefore unsustainable.

Furthermore, high levels of poverty and inequality remain in many regions, including sub-Saharan Africa. Millions of citizens lack access to formal employment opportunities, sufficient food, clean water and sanitation, safe and affordable transportation, suitable housing, modern healthcare, education and financial services.

As mankind gained a better understanding of the fact that human society and economic systems are wholly dependent on the natural world and do not exist without it, we have come to realise that we have to move from doing what is easy to what is required. Our approach to sustainability has to evolve with this principle at its core.

To be a sustainable business we need to operate within the confines of environmental limits while meeting social needs. This means the recognition and adoption of absolute rather than relative targets. While this implies that there are things we need to do less of, it presents an incredible opportunity to develop new solutions that can benefit the broader environment, our clients and the bank.

Nedbank's Long-term Goals and Fair Share 2030 as a first step towards strong sustainability

While this paradigm shift towards strong sustainability has been evolving within our group for some time, the establishment, in 2013, of our Long-term Goals for SA and our accompanying Fair Share 2030 strategy, represents our concerted and committed response to doing what needs to be done.

In essence the Long-term Goals encompass: affordable energy services while containing carbon emissions; sustainable clean water and sanitation; employment rates comparable to other prosperous nations; savings and investments that support national development objectives; and good, cost-effective health and educational outcomes. These goals address socioeconomic and environmental issues, and their interplay. Achieving them will also enable other desirable outcomes, including improved food security, greater resource efficiency and less divided communities.

As our strategic response, Fair Share 2030 harnesses the full suite of our business and investment capabilities to help meet the societal needs of SA going forward.

While Fair Share 2030 is not intended to replace any aspect of our existing commitment to sustainability or our vision as a business, it is a deliberate effort to enable sustainability through our products and services. In this way Fair Share 2030 is our blueprint for remaining a truly successful bank and an effective corporate citizen in every respect.

LONG-TERM GOALS

Atmospheric greenhouse gases are stabilised at a level that gives a more-than-50% probability of avoiding a 2°C temperature rise above the long-term preindustrial average.



Water resources are not being extracted beyond sustainable levels.



The **labour force** is employed at percentages comparable with those of other prosperous nations.



All citizens have affordable access to **clean water** and sanitation services.



All citizens have affordable access to **energy services** essential for development and prosperity.



Levels of **saving and investment** are sufficient to support national economic development objectives.



Good **health** outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.



Good **educational** outcomes are consistently being achieved for citizens at a cost that is comparable with that of other nations.



The Nedbank strategy is guided by our vision and values and the Long-term Goals that guide how we create value for all our stakeholders, as well as our material matters.



Fair Share 2030 Pg 8



Integrated Report: Material matters

THE HOW ...

SUSTAINABILITY GOVERNANCE

Our group's senior governance bodies have the responsibility of ensuring that sustainability enjoys the priority status that it should across all areas of our business.

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

In this way, we have established a robust, topdown sustainability governance structure, which not only ensures compliance with all necessary regulations, but also keeps the entire business aware of any sustainability risks and opportunities, making sure it responds quickly and effectively when required.

The Group Sustainability Committee (GSC), which is chaired by the Chief Governance and Compliance Officer, reports to the GTSEC. This committee includes executive and senior management level representatives from all areas of our organisation and is also supported by a dedicated sustainability team, as well as various cluster sustainability forums.

The GSC focuses particularly on ensuring and facilitating full understanding of the long-term sustainability implications of decisions and actions taken across our bank. To achieve this the GSC communicates extensively with Nedbank staffmembers, not only to raise and maintain sustainability awareness, but also to promote and guide a comprehensive culture of sustainability throughout the organisation.

By enabling our group's governance bodies to assess and prioritise sustainability considerations effectively, in tandem with financial decisionmaking processes, this proven sustainability governance structure continues to drive the delivery of our group's approach to sustainability. And in so doing, it serves to enable the realisation of our business and financial objectives, and our overall group vision.

The table on page 5 offers a high-level view of the main Nedbank Group sustainability governance structures and shows how these align with our material matters. These structures facilitate the full integration of sustainability components, both with one another and across all areas of the business, and enable quick and effective responses to any identified sustainability risks and opportunities.

OUR COMMITMENT TO RESPONSIBLE FINANCE

Managing social and environmental risk

Our most significant social and environmental impacts are indirect – the activities that we enable through our lending and investments. We therefore seek to partner with our clients to minimise the social and environmental risks of their activities.

Our risk management approach complies with all relevant legislation and best practice, including:

- the Code for Responsible Investing in South Africa (CRISA);
- the Equator Principles (signatory);
- the United Nations Global Compact (signatory); and
- the Principles for Responsible Investment (PRI) (through our parent company, Old Mutual plc).

Our Social and Environmental Management System (SEMS) is one of the key processes we use to improve sustainability in collaboration with our clients and other stakeholders. SEMS details the policies, procedures, resources and workflow required to identify and assess the environmental and social impacts of the lending activities that

we undertake. We are committed to share our experience, policies and management frameworks for social and environmental risks with our clients.

We also offer a proven SEMS assessment tool that provides us, and our clients, with an independent review of risk and compliance, thereby enabling sustainable lending decisions while helping clients refine their plans or projects to meet sustainability standards. The tool helps us and our clients to measure their alignment with accepted environmental and social standards and legislation, and addresses any challenges or shortcomings that might otherwise have hindered their business progress or placed our business at undue risk. During 2014 all credit risk reviews and new applications included the screening of high-risk clients and Equator Principle-relevant deals through the SEMS✓ (2014: more than 450 clients and/or deals). Application of this was externally assured in 2014 for the first time.

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

This assessment tool is supported by our environmental specialists and lawyers, who offer their skills in identifying the environmental and social risks, requirements and opportunities facing our clients' businesses or projects.

Applying Equator Principles

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 a highly integrated and proactive approach to compliance. Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project financing.

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 included improved client engagement on these issues, as well as enhanced protection for project-impacted ecosystems and communities. With the further adoption of the Equator Principles III in the Corporate and Property Finance business areas we expect the reaping of 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.

A number of Equator Principle deals were screened in 2014 as part of Nedbank Capital's SEMS. A total of 22 new Equator Principles-relevant deals were screened. During the period under review the number of Equator Principles deals that reached financial close were six and there were four✓ drawn-down deals. While this was less than in 2013, it is in line with industry experience.



Sustainability
governance
process
Pg 5



Governance
and ethics
review



Pillar 3 Risk
and Capital
Management
Disclosure
Report

SUSTAINABILITY GOVERNANCE PROCESS

WHAT ...

Enabling sustainability through our products and services



Leading through collaboration and partnership

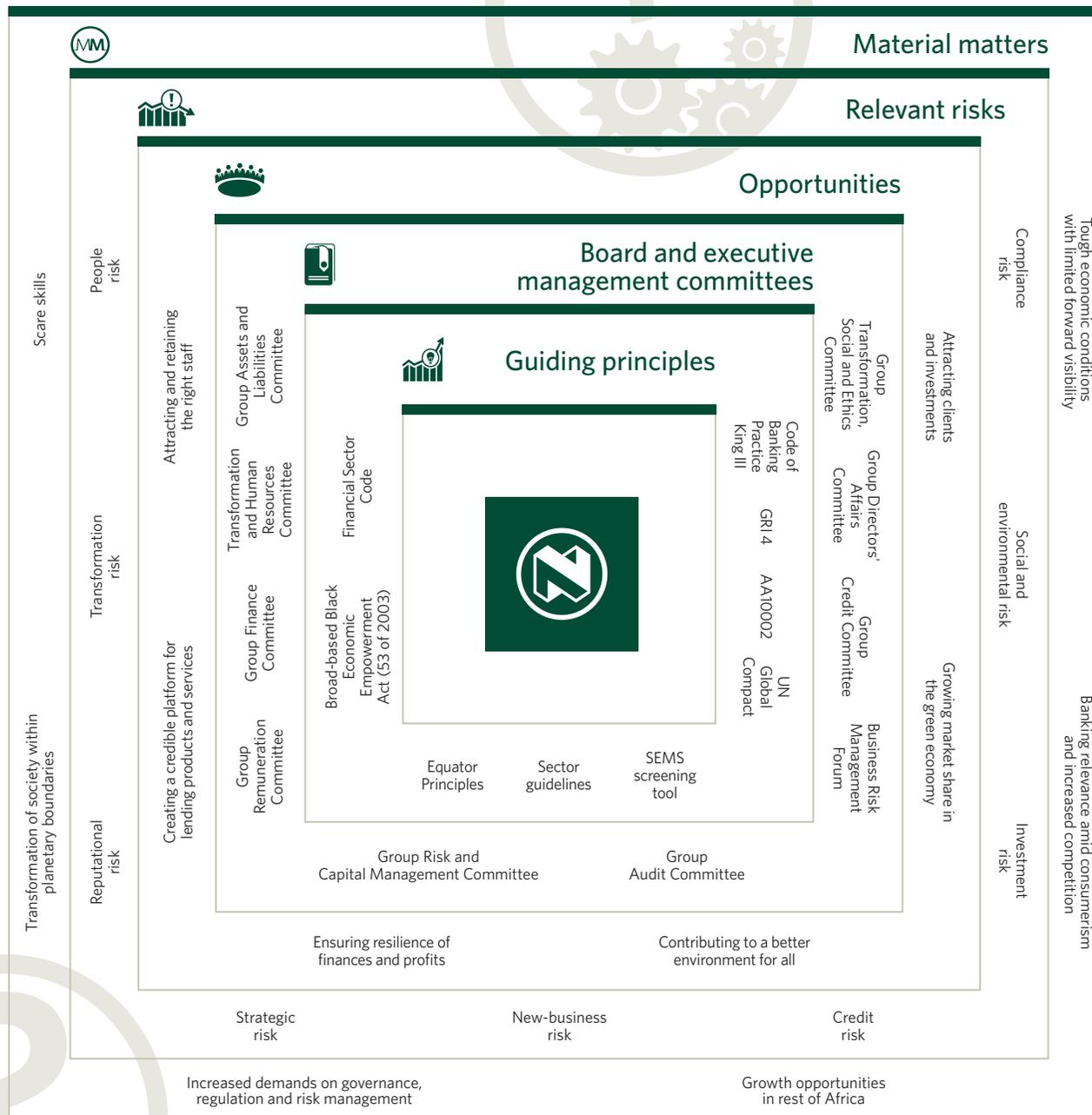


Managing and optimising our own impact



WHY ...

Value creation for stakeholders



WHO ... Staff, clients, shareholders, regulators, communities

SUSTAINABILITY REVIEW (continued)

2014 Equator Principle deals	2014	2013	2012	2011	2010
Total number of deals – first drawdown	4✓	15	15	2	1
Category A	1	-	6	1	-
Category B	2	14	9	1	1
Category C	1	1	-	-	-
Total value of deals (US\$m)	319	965	938	172	25

Implementing principles for responsible investment

Nedbank Wealth believes that effective research, analysis and evaluation of environment, social and governance (ESG) issues constitute an essential part of assessing the value and performance of an investment over time. As such, we are committed to the PRI and CRISA.

In 2014 our efforts were focused on integrating ESG factors into investment and ownership practices as well as meeting the following compliance requirements:

- Publishing the Responsible Investment Policy.
- Publishing proxy voting and conflict-of-interest policies.
- Including ESG considerations into mandates and service level agreements.
- Integrating ESG into investment decisions.
- Engaging with investors and key stakeholders.
- Developing and implementing reporting standards.

Nedgroup Investments applies ESG criteria to 90% of our total assets under management through our external fund managers. Nedgroup Investments' responsible investment guidelines, proxy voting policy and conflict-of-interest policies are published on our website and guide the fund managers on Nedbank's responsible investment approach. In addition, Nedgroup Investments has also developed and implemented an annual responsible investment survey for its fund managers to assess their adoption and continuous commitment to the principles of responsible investment. Due to the complexities associated with a multimanager model, manager vote records are disclosed only on client request. Formal tracking of manager votes has been identified as one of the focus areas for 2015/2016.

The active management team of Nedbank Private Wealth (NPW) is also committed to instituting responsible investment principles. They have published, on the NPW website, proxy voting guidelines as well as the proxy vote records of all stock covered and voted for by the active management team, which is 100% of its listed equity. NPW has identified the need to build on responsible investment skills and expertise, and to continue to work towards improving its overall research and investment processes to incorporate ESG factors.

Approach to lending in our retail bank

Every year more than three million South Africans apply for finance at Nedbank. Typically, between 38% and 42% of these applications are approved. In 2014 the lending granted by our retail bank amounted to just over R58bn, of which more than 77% was in the form of home loans and vehicle finance.

This has brought the number of current loan agreements between our bank and its clients to more than four million, with a total outstanding loan value of just over R210bn.

To avoid the market stress associated with the challenging unsecured-loans market in SA in 2012 and 2013 we opted to tighten our credit standards to mitigate any potential overindebtedness for our clients and protect the Nedbank Retail bottomline. As a result, the Nedbank Retail Personal Loans book saw a reduction to just more than R17bn at the end of 2014, compared to the R20bn of 2013. Over the same period, we saw a

decrease in the income statement impairments on this book from R2,67bn in 2013 to R1,88bn in 2014.

To manage the risk associated with our retail lending business, without compromising the ability of our qualifying clients to access the credit they need, our retail credit policies and scorecards allow for a fair, comprehensive and robust credit assessment in compliance with the standards set by both the South African Reserve Bank (SARB) and the National Credit Regulator (NCR).

According to the NCR, just less than half of SA's credit-active consumers has impaired credit records and this level has remained consistently high for the past three years. We therefore facilitate a fair and sustainable client rehabilitation strategy, the positive impact of which is evidenced by the fact that in the past five years, and against a backdrop of global financial turmoil, we have helped more than 22 000 of our clients experiencing financial challenges to keep their homes. This includes a total of 2 800 Nedbank clients who were assisted in avoiding home repossession in 2014.

Our success in the retail lending space is largely a result of our robust governance systems and commitment to ensuring portfolio quality. Our credit governance committees are chaired by experienced risk managers who are independent of the respective business units. Portfolio quality is closely monitored and managed prudently, lending standards are appropriately set and carefully adhered to, and collections action is timely and effective.

We also review our credit policies and processes twice a year, with any tactical changes made regularly depending on the prevailing credit conditions. Modelling standards are regularly improved, which delivers a steady increase in the availability of good data. Our Nedbank Retail business is currently in the process of developing an information technology (IT) infrastructure road map for core components of the credit life cycle, which will see investments made in valuable new decisionmaking and collections technology.

Nedbank Retail is an active participant in all industry discussions and interacts closely with regulators and other market participants to improve lending practices in the SA market. The 2014 financial year was a busy period for the SA regulators, with much of the industry focus being on new legislation and the accompanying regulations. Among the key changes contemplated in the National Credit Amendment Act regulations are the prescriptive rules governing affordability assessments to be conducted by credit providers. Some of the key proposed rules include the following:

- Expense floors to ensure that borrowers' cashflow is not unreasonably stressed with high loan repayment commitments.
- Income verification using recently sourced credit information.
- Enhanced disclosure using credit cost multiples.

We fully support these changes and are already conservative as far as the expense floors are concerned. We have also been conducting income verification as a standard practice for many years, so the new rules should not significantly impact on our business or processes going forward.



Operational
overview



THE WHAT ... DELIVERY IN 2014

2014 was a good year for Nedbank in terms of progressing the integration of sustainability into our business. We acknowledge that we still have a long way to go in balancing the short-, medium-, and long-term needs of our stakeholders, while creating value as this is not an easy task. Some highlights include:

FOR STAFF



8,9%[✓] LOW LEVELS OF STAFF ATTRITION

R491m INVESTED IN TRAINING

72% ENGAGEMENT SCORE

Level 2[✓] BBBEE STATUS MAINTAINED

FOR CLIENTS



1st SOUTH AFRICAN SERVICE AWARDS

99,9%[✓] SYSTEM UPTIME

7,1m TOTAL INDIVIDUAL CLIENTS

2,5m[✓] MAIN BANKED CLIENTS

FOR SHAREHOLDERS



23,2% TOTAL SHAREHOLDER RETURN

14,9% INCREASE IN DIVIDEND PER SHARE

17,2% RETURN ON EQUITY (EXCL GOODWILL)

R8,2bn EST. VALUE CREATED (THROUGH OUR SA BBBEE SCHEME)

FOR REGULATORS



RESPONSIBLE PRODUCT AND INFORMATION LABELLING, COMPLIANT WITH RELEVANT LEGISLATION

FATCA IMPLEMENTED (FOREIGN ACCOUNT TAX COMPLIANCE ACT)

SUSTAINABLE LENDING COMPLIANT WITH REGULATOR REQUIREMENTS

0,79% CREDIT LOSS RATIO

FOR COMMUNITY



R10,6bn PROCUREMENT SPEND

R4,1bn TAX PAID

R8,5bn INVESTED IN EMPOWERMENT FINANCING

R151m TOTAL CSI SPEND



Stakeholder engagement Pg 39-53



Integrated Report: Delivering value to our stakeholders

THE WHAT ...



1 Enabling sustainability through our products and services

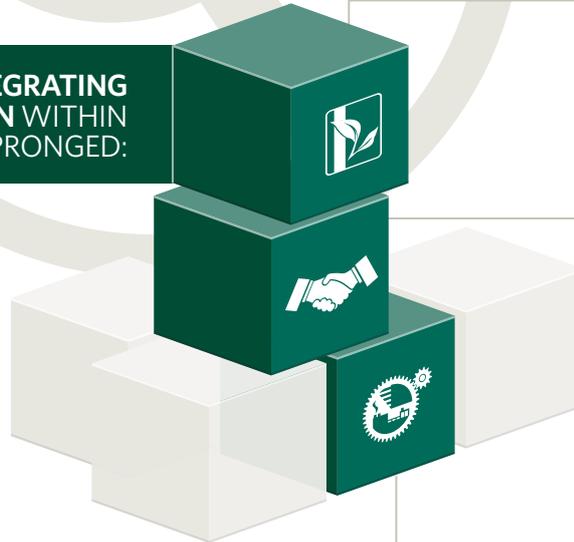


2 Leading through collaboration and partnership



3 Managing and optimising our own impact

OUR APPROACH TO MAKING INTEGRATING SUSTAINABILITY HAPPEN WITHIN OUR BUSINESS IS THREE-PRONGED:



1 ENABLING SUSTAINABILITY THROUGH OUR PRODUCTS AND SERVICES

We see responsible banking as offering products and services that enable our clients to achieve their desired outcomes and objectives, while respecting environmental limits and broader societal needs.

Nedbank has over the years expanded its range of products and services that reduces environmental footprint and/or grows the green economy. Over and above these products we set a lending target of R6bn per annum from 2015 for new products and offerings that intentionally focus on the socioeconomic and environmental outcomes addressed by our Long-term Goals. This is our Fair Share 2030 strategy.

Fair Share 2030

Fair Share 2030 represents Nedbank's strategy to get money working for the future we want. It provides an annual flow of funding - starting with a target of R6bn in 2015 - to be channelled through new products, services and projects that promise to deliver an intentional non-financial impact towards meeting the Long-term Goals.

The outcomes of this lending will be 'additional' to what would otherwise have happened in the absence of Fair Share 2030. The principle of additionality - understood in terms of quantity, quality and timing - has been well characterised in the realm of carbon finance. It is essential to ensure that we actively contribute to closing the gap to the future we want.

In 2014 Nedbank concluded a 'proof of concept' which generated important insights that served to inform our business planning process and will prove invaluable as we scale up through 2015 and beyond. Among other learnings, we understand better how products and services can be reconceived and new partnerships created to drive superior non-financial impacts while still generating an appropriate financial return. Some early evidence of Fair Share 2030 in action is presented in the adjacent case study.

In concert with the R6bn target for 2015 (to be reviewed in future years), Fair Share 2030 provides for a screening mechanism that will serve to reshape the carbon and water intensity of Nedbank's lending book over time. We are currently in the process of developing the appropriate tools and processes. With respect to carbon, our strategy will be guided by the United Nations Framework Convention on Climate Change (UNFCCC) objective of keeping the average global surface temperature rise below 2°C versus the preindustrial era, guided by the latest science and mindful of the developmental context of SA.

CASE STUDY FAIR SHARE 2030 IN PRACTICE

In November 2014 Nedbank structured a R500m loan facility to a healthcare provider, in partnership with the AFD (French Development Agency). This single financing transaction enables the execution of 91 projects that deliver intentional non-financial impacts: 52 individual energy efficiency hospital retrofit projects; 36 renewable-energy projects; and three newly built sites. Once complete, the combined effect will be a cumulative greenhouse gas (GHG) emission saving of 70 000 tonnes of CO₂ per annum and a reduction in annual energy consumption by roughly a third, which translates into a projected cost saving of R1bn over 10 years. This transaction serves to strengthen our client's position as a formidable competitor in the healthcare sector, where the key to success lies in minimising operational costs.



Integrated Report: Strategic focus areas

Products aimed at reducing our environmental footprint

Renewable-energy support and finance

As SA's green and caring bank, we are committed to partnering with government and other sustainability-minded organisations and individuals to drive the rapid development of SA's green economy.

Given the country's energy challenges, the development of a viable and efficient renewable-energy sector is a fundamental cornerstone of such a green economy. In recognition of this fact, we fully support government's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), which forms an integral part of its Integrated Resource Plan 2010.

The REIPPPP aims to drive a significant increase in the proportion of the country's energy needs that are met through independent, renewable-energy sources. Not only is this vital in terms of securing SA's energy supply, but the development of a vibrant renewable-energy industry also brings with it significant employment creation opportunities.

Since the inception of the REIPPPP our investment bank, Nedbank Capital, has been highly involved in the programme, supporting a large number of participants in the bidding process through innovative finance solutions.

In 2014 Nedbank Capital achieved commercial close for 12 of the round-three renewable-energy projects with a combined renewable-energy capacity of 1 107 MW. This brings the total amount of renewable-energy delivery enabled by Nedbank Capital since the inception of the REIPPPP to 2 198 MW, which translates into 54% of the total renewable-energy capacity awarded by the Department of Energy thus far.

FAIR SHARE
2030

OUR POSITION ON FOSSIL FUEL FUNDING

Nedbank acknowledges the critical role that fossil fuels play in providing energy services that are crucial for socioeconomic development. We also recognise that the burning of fossil fuels is one of the biggest contributors to GHG emissions, which in turn is a major driver of global climate change.

Our strategic approach to fossil fuel funding is therefore informed by our Long-term Goals for 2030. We are determined that our lending book should correspond with SA's carbon budget, as informed by science, to avoid a 2°C average surface temperature rise.

This budget sets a limit on the amount of fossil fuels that can be burned in SA for different purposes, such as electricity generation, transport and industrial processes. In the absence of an official national carbon budget, we rely on government policies and credible third-party analysis to infer a realistic carbon budget.

Going forward we will be adopting a Natural Resource Utilisation Screen that will guide the decarbonisation of our lending book in line with the trajectory of the country's carbon budget. All our financing deals will also still be subject to our SEMS and, for project finance, the Equator Principles. At the same time, to support vital continued growth in energy services, we will allocate increasing amounts of funding towards energy efficiency and zero carbon sources of energy.

The Department of Energy also announced two preferred bidders for the round 3,5 concentrated solar power projects. Nedbank Capital is mandated lead arranger for both of these transactions and will participate as the senior lender and hedging bank.

The Nedbank Green Savings Bond

This is SA's first and only green bond that is offered to retail clients. It is a fixed-term investment of 18 months to five years and is designed to deliver a competitive rate and guaranteed returns for capital security. It is unique in that it allows regular investors to contribute to environmental sustainability. That's because the funds invested are earmarked for the support of renewable-energy projects in SA. Since its inception, R7,8bn has been invested in the Nedbank Green Savings Bond, of which R4,2bn flowed in during 2014 (2013: R2,7bn).

Nedbank Green Index and BGreen Exchange-traded Fund

Nedgroup Beta Solutions, the company responsible for the management of Nedbank's exchange traded funds and related indices such as the Nedbank Green Index, has entered into an amalgamation agreement with Grindrod Index Tracker Managers (Gtrax). This follows a comprehensive review of our business and product lines during the 2014 planning process.

Carbon financing

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

LAKE TURKANA WIND PROJECT - KENYA

In keeping with Nedbank's African strategy, Nedbank Capital was involved in the historic Lake Turkana Wind Power Project based in Kenya. The project is the largest single private sector investment in Kenya. At up to 310 MW, it will be the biggest wind farm on the African continent and in the top 10 worldwide. Wind experts hail the quality of the wind as among the best in the world.

In addition to the 365 wind turbines, an electric grid collection system, a village and a high-voltage substation form part of the overall project. Road upgrades to over 200 km of Kenyan roads, as well as internal access roads on the project site, make up what is being paid for and financed by the project company.

Through Nedbank's involvement as a mandated co-lead arranger in the Lake Turkana Wind Project, we have successfully supported the production of low-cost electricity that will be provided to the Kenyan national grid. The electricity generated from the plant will be equivalent to nearly 20% of the currently installed generating capacity of Kenya and will be the cheapest form of electricity in the country. The project further reduces the need to depend on unreliable hydro and on expensive, unpredictably priced fossil-fuel-based power generation. The Lake Turkana Wind Project will save the Kenyan government in excess of €100m a year in fuel import bills.

Nedbank is proud to be part of this project and will continue to act as a key enabler to providing sustainable success and continuous support to our clients across the African continent.



Integrated
Report:
Five-year
track record

Nedbank Affinity accounts

The Nedbank Affinity Programme started in 1990 and is a unique cause marketing initiative that allows our clients who bank, invest or insure with us to support social and environmental causes at no cost to them. We make donations to these causes on their behalf by sacrificing some of our margin whenever they sign up for, or use, a Nedbank Affinity-linked product.

The programme includes four affinities, namely:

- The Nedbank Children's Affinity, which supports needy children in partnership with the Nelson Mandela Children's Fund.
- The Nedbank Green Affinity, which supports conservation, the environment and climate-change-related projects through the WWF Nedbank Green Trust.
- The Nedbank Sport Affinity, which supports sport development in SA through The Sports Trust.
- The Nedbank Arts Affinity, which supports SA's arts and cultural heritage through the Arts & Culture Trust.

In the 24 years since its inception the Nedbank Affinities Programme has contributed more than R260m in support of more than 1 000 projects ranging from arts and culture and sport development, to helping needy children and environmental conservation.

For the 2014 financial year, the Nedbank Affinity donations grew by 17% to R32,9m (2013: R28,1m) as the utilisation of affinity products grew well, with the greatest growth resulting from the recently linked Nedbank investment accounts and electronic statements.

Products aimed at socioeconomic transformation

Empowerment financing

Creating opportunities for black-owned businesses and aspiring black farmers to become productive, successful and sustainable participants in SA's economic development is a key aspect of Nedbank's transformation commitment. To this end our empowerment financing efforts comprise two main components, namely targeted investments and BEE transaction financing.

At the end of 2014 we have invested a total of R44,5bn of empowerment financing since 2009. Details of the various forms of investment and specific transactions can be found in the 2014 Nedbank Group Transformation Report, but, in brief, these included:

- **Targeted investments** – These afford us an opportunity to extend the effectiveness of our social sustainability efforts in ways that help to close any gaps that still exist in the country's economic development. In 2014 some of these opportunities included:
 - **Transformational infrastructure** – These are infrastructure projects that support economic development in underdeveloped areas and contribute towards equitable access to economic resources. The total amount we invested into transformation infrastructure projects in 2014 was R780m, with R4,3bn invested since 2009.
 - **Affordable housing** – We work closely with a number of affordable-housing developers and partners to make quality, affordable housing more readily available and accessible to many people. The total amount invested across the various affordable-housing initiatives in 2014 was R1,5bn, with R8,6bn invested since 2009 (40 000 houses).
 - **Agriculture finance and support** – Agriculture remains a key driver of SA's sustainable and food-secure future. We have a dedicated team of agricultural economists, business managers and divisional managers who provide support to clients and all SA agriculture stakeholders. This includes financial support, operational guidance, training and sustainable partnerships. The total amount invested across the various agriculture finance initiatives in 2014 was R33m, with R287m invested since 2009.
 - **Black SMME financing** – Our support of SMEs is aimed at enabling them to achieve their full potential. We follow a

holistic approach that uses locally based professional teams of finance experts and business advisers situated in regional offices across the country. Through this approach, SMEs have access to a dedicated skilled banker, supported by a team of specialists. The total value of our investment and support of black SMMEs in 2014 amounted to approximately R1,7bn, with R8,9bn invested since 2009.

- **BEE transaction financing** – As BEE evolves in SA, the number of empowerment transactions is reducing significantly every year, but we continue to look for opportunities. For example, Property Finance has funded, through debt and equity investment, some exciting developments that establish shopping malls in previously disadvantaged rural areas where none previously existed. Examples are the Zebediela Plaza in the rural village of Moletlane, the Burgersfort Mall in Limpopo and the Palm Springs Mall in the Orange Farm district.

Enterprise development

In our support of business development in SA, we strive to create a balance between the provision of funding and access to non-financial support in the form of training, capacity building, mentorship and specialist support. In 2014 we undertook many strategic enterprise development interventions, investing R113m in 2014 to impact 694 SMEs across SA directly. These included the following:

- **Branson Centre for Entrepreneurship** – The centre offers entrepreneurial development to startup and emerging businesses. In 2014 we provided grant funding to enable 120 entrepreneurs in and around Gauteng to participate in both the foundation and advanced training course. More than 200 jobs were created as a direct result of this partnership.
- **The Nedbank Enterprise Development Municipality Programme** – The SME Week training programme is offered in conjunction with various municipalities across the country. In 2014 the programme focused on supporting local administrations in Mpumalanga, the Northern Cape, the Free State, the Western Cape and Gauteng to develop 350 small businesses in their regions and then support these businesses through an intensive programme of business training and advice.
- **The Nedbank Business Development Programme** – In 2014 we implemented a business development programme for 60 businesses that were identified as needing support with business planning and expertise. Collectively these businesses support 379 jobs.
- **SimplyBiz seminars** – In 2014 we offered 10 (1 200 delegates) SimplyBiz seminars around the country and participated in seven SME expos, all with the primary objective of living out our commitment to developing small businesses into facilitators of our country's future.

Financial inclusion

We continue to grow our national presence and footprint, through traditional branch and ATM rollouts, as well as various innovative banking offerings targeted at meeting the needs of communities in underserved areas. These include our popular Branch in a Box, mobile branches, inretailer outlets, Personal Loans branches and kiosks, as well as banking solutions through electronic channels. Initiatives in 2014 included:

- **Increased banking footprint** – Over the past five years we have increased the number of our retail banking outlets (branches and alternative outlets, excluding personal loans kiosks) by 41% to 763. We have also increased our ATM footprint by 92% over the same period, making this convenient form of banking available through 3 570 ATMs located in accessible locations across the country. As at the end of 2014, 82% of the SA population had access to a Nedbank branch within 30 km, and 78% had access to an ATM within 15 km.
- **Growing access to entry-level banking** – Driven by a number of innovative product solutions such as our Savvy Banking offering and our Nedbank Ke Yona suite, we are realising our strategic objective of making banking a reality for all South Africans. In 2014, through these products and services, we brought the benefits of transacting, saving, borrowing and insuring to more than 955 000 individuals across SA.



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Nedbank Eyethu Share Scheme

- Nedbank Groups broad-based black economic empowerment (BBBEE) transaction, the Nedbank Eyethu Share Scheme, has matured. To date, the overall transaction has created and estimated R8,2bn of value based on prevailing market prices for all of Nedbank Group’s SA BEE stakeholders driven by the company’s strong financial performance over the past 10 years. Beneficiaries included BBPs, employees, non-executive directors, clients and community interest groups affiliated to Nedbank. The BBP element of the transaction involved The Women Investment Portfolio Holdings Limited (WIPHOLD) Consortium and the Brimstone-Mtha-we-Mpumelelo Consortium where a combined

R1.6bn in value was created. Launched in 2005, the Nedbank Eyethu Share Scheme is regarded as a benchmark for BBBEE deals. The transaction included over 500 000 direct and indirect beneficiaries and facilitated broad-based black ownership to the value of 11,5%, of Nedbank’s South African businesses at the time. The scheme was designed in conjunction with the other SA subsidiaries of Old Mutual plc. Old Mutual South Africa and Mutual & Federal also implemented BEE transactions, based on the same principles and with the same BBPs.

NEDBANK4ME - MY FUTURE MY BANK

Targeted at SA youth under the age of 18, this banking solution encourages and enables young people to save and to build their financial fitness from an early age. Nedbank4me 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 targeted at low - to mid-income schools. Through this initiative Nedbank reached approximately 72 000 learners at 240 schools around the country in 2014.



‘The programme has played a major role in equipping our learners with the necessary skills to run a successful entrepreneurs day.’

Mr Govender, Principal at Clayridge Primary, KwaZulu-Natal

EXPANDING THE REACH OF NEDBANK4ME

As part of the Nedbank4me solution an annual Entrepreneurship Day is held at schools across the country. In 2014 we used this programme to expand the financial soundness concepts behind access to Nedbank4me into the broader community in which the schools were located. To this end, in addition to raising awareness of Nedbank4me among learners in the schools, the Entrepreneurship Day also included community initiatives such as:

- Teach Children to Save™ (TCTS™) workshops;
- Consumer Financial Education (CFE) workshops;
- Retirement Readiness Workshops (RRW);
- Vegetable garden tunnel builds; and
- Sustainability training.

The intention with expanding the programme was encapsulated in the theme of ‘Paint the community green’, which includes creating value for not only the learners, but also the parents and teachers responsible for those children. This value was delivered in the form of financial education and contributing to a culture of financial fitness. Through these additional initiatives, Nedbank trainers reached over 400 children and 500 adults in schools and communities across SA.



‘Thank you, Nedbank. The learners have learned how they can become better entrepreneurs.’

Mrs Kgafela, Headmistress at Eureka Primary School, Limpopo



Transformation Report

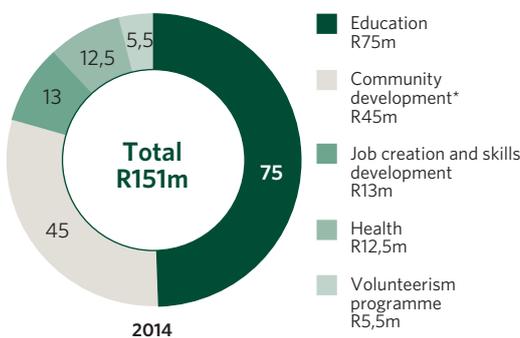
2 LEADING THROUGH COLLABORATION AND PARTNERSHIP

At Nedbank Group we recognise that partnership and collaboration are two of the cornerstones of a lasting positive sustainability impact. For this reason, we make every effort to develop deep working relationships with all our stakeholders and like-minded individuals or organisations, with the aim of compounding our sustainability effectiveness and delivering maximum positive results for the benefit of all.

While social sustainability is, first and foremost, a moral obligation, we know that it is also a business imperative. For our bank to thrive, we need to be contributing to a thriving community.

In 2014 our total corporate social investment (CSI) spend across the group amounted to R151m (2013: R117m), which can be broken down per CSI area as follows:

Total CSI spend Rm



*Child welfare and protection, arts and culture, environment and sustainability, and sports development.

Most of this investment was facilitated through:

- **The Nedbank Foundation** – A total of R39m was disbursed through our primary CSI arm, the Nedbank Foundation, which focuses on long-term contributions to education, skills development and job creation, health and community development. In 2014 we also funded 181 projects and causes through the two channels of the Nedbank Foundation trusts and the Eyethu Community Trust, which holds shares for the benefit of black people and charitable organisations working to benefit black South Africans in the educational sphere.
- **The Nedbank Private Wealth Foundation** – Founded in 1996, the Nedbank Private Wealth Foundation disburses an average of R8m a year, and focuses on high-school education and child welfare. The foundation donates to numerous well-known children’s homes such as Nazareth House in Cape Town and Wylie House in Durban.
- **The Nedbank External Bursary Fund** – This fund provides a number of external bursaries, to the value of R15m a year, which are administered by the National Student Financial Aid Scheme (NSFAS) through a public-private partnership. In 2014 125 students received Nedbank bursaries.
- **Nedbank business units** – Beyond these specific group CSI channels, CSI support is also delivered through the individual Nedbank business units, such as Nedbank Wealth and Nedbank Capital. In 2014 this financial support amounted to R32,3m.
- **Staff volunteerism** – This is intrinsic to our CSI approach and a large portion of our staff complement makes the time to offer their skills and talents towards improving the lives of others.
- **The Nedbank Affinities Programme** – Our clients are a core part of our CSI continuum through the highly successful Nedbank Affinities Programme. We donate to causes and organisations on their behalf at no cost to them whenever they use their Nedbank Affinity-linked products. In 2014 a total of R32,9m (2013: R28,1m) was distributed across the four Affinity programmes.

In terms of the Financial Sector Code, SA companies are required to invest a minimum of 0,6% of their net profit after tax (NPAT) in socioeconomic development (SED) initiatives. In 2014 we again exceeded this compliance requirement, investing R95m (2013: R89m) in SED projects across our various focus areas.

CASE STUDY THE CAPE WINEMAKERS GUILD PROTÉGÉ PROGRAMME

Launched in 2006, the Protégé Programme affords SA’s aspirant winemakers the unique opportunity to work alongside established winemakers who are members of the Cape Winemakers Guild (CWG). During this three-year programme the interns are nurtured and upskilled in the science and art of master winemaking, effectively contributing to the transformation of the SA wine industry in the process. To date, 13 protégés have participated in the programme, five of whom have graduated and are now working within the SA wine industry. Nedbank’s annual investment is R2,6m and we have been involved in the programme for eight years.

CASE STUDY FOCUSED TRAINING TO MAXIMISE EMPLOYABILITY

The Nedbank Foundation has an established five-year association with the Ray Mhlaba Skills Training Centre in Port Elizabeth, in the Eastern Cape. In 2014 we contributed R200 000 towards the training of 12 woodwork students at the centre. This brings our total investment in the centre since 2011 to R1m. So far 24 students have benefited from this support, of which 16 have gone on to obtain fulltime employment.



Nedbank Affinities Pg 13-15



Staff volunteerism Pg 30-31

Delivering socioeconomic benefits through education support

Approximately 50% of our CSI every year goes into various education initiatives. Education remains our primary social sustainability focus area, as it is the foundation of the knowledge-based economy that SA needs. We follow a two-pronged approach to this education support, supporting education throughout the different life stages of individuals and providing holistic support for beneficiary schools so as to enable them to enhance their effectiveness.

CASE STUDY BRIDGING THE SKILLS GAP

In 2014 the Nedbank Foundation invested R2,4m in support of the University of KwaZulu-Natal University Foundation Trust. The funds were put towards providing bursaries for 51 students to enable them to attend a bridging course in engineering. The ultimate objective of the project is to increase the number of qualified engineers in SA, particularly by assisting deserving candidates from previously disadvantaged backgrounds.

Consumer education for economic sustainability

We recognise that an ability to harness the full benefits of financial services requires more than just access to those services. As such, we place a priority on consumer education and community sustainability awareness as ways of enabling more South Africans to empower themselves to create the futures they desire and deserve.

The Nedbank Consumer Education Programme was launched in 2004, and in the past 10 years it has provided invaluable information and insights to hundreds of thousands of South Africans, helping them to make informed decisions that contribute to their financial wellbeing.

In 2014 we invested a further R10,9m (2013: R8,1m) into the programme, directly benefiting 120 000 consumers across all nine SA provinces.

Building sustainable communities

The Imbizo programme was launched in 2005 through a partnership between Nedbank, Mutual & Federal, Old Mutual and our black business partner, WIPHOLD. The primary aim of the initiative is to ignite rural economic activity and build sustainable communities by facilitating the start up of micro enterprises.

The number of Imbizo branches has been steadily growing since inception and, at the end of 2014, stood at six. This growth has been supported by annual average growth in clients of approximately 3 500 per year. Based on the success achieved thus far, the intention is to deliver the Imbizo concept to at least 100 communities across SA in the next three to five years.

An additional component of the Imbizo programme is the Zakheleni collective lending product. This financial selfhelp initiative offers loan facilities at competitive interest rates to community savings groups or clubs. To date the Zakheleni product has issued over 2 000 loans. More than 100 formal micro enterprises, and many more informal enterprises, have been formed as a result of this unique offering.

Partnering to create a better future for SA's youth

We embrace our role as a strategic partner with government and education bodies in helping to address the challenges of education and skills development in SA. To this end we collaborate with government, civil society and business to achieve a common outcome: building a strong and flourishing knowledge-based economy. Examples of our tertiary support and skills development programmes include:

- **The Nedbank Graduate Development Programme** – This was launched in 2010 to provide the graduates with a worldclass development experience addressing both personal leadership and functional specialised competency requirements. The programme selects high-calibre graduates and develops them for specialist or scarce-skill roles.

In 2014 we embarked on a graduate recruitment drive to attract graduates to our 2015 Graduate Development Programme. Recruitment initiatives spanned a number of engagements, including university career fairs, university presentations, a showcase dinner and a Banking Day Exhibition. These initiatives are important branding exercises to position Nedbank as an employer of choice.

The total number of graduate applications received in 2014 increased from 3 334 to 7 142, resulting in 3 858 shortlisted candidates, who were sent through for assessments before the final placement into the 2015 programme was confirmed. A total of 39 graduates were appointed for 2015.

The programme has included a total of 699 graduates over a five-year period. We retained 86,6% of these graduates in 2013 and 69,4% in 2014. This drop is a reflection of internal reorganisation.

- **Enactus SA** – Since 2009 the Nedbank Eyethu Community Trust has invested in this programme, 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 market effective community outreach projects that focus on market economics, entrepreneurship, financial literacy and more. In 2014 R600 000 was invested.

- **The Nedbank External Bursary Fund** – This socioeconomic development initiative provides financial assistance in the form of education grants to promising learners to study fulltime towards a first degree at SA public universities and universities of technology.

In 2014 we allocated 144 external bursaries (2013: 161) with a total value of R13,7m (2013: R11m). Though the number of bursaries awarded in 2014 was lower than in 2013, the total value of the assistance increased to offer more comprehensive support to each individual bursary recipient. The bursaries are educational grants and recipients are not required to repay the money. In 2014 additional support was also introduced in the form of Top Achievement Awards for the best performing students, laptops for first-year bursary students, and a monthly stipend to fund out-of-pocket expenses.

- **BankSETA Learnerships** – Since 2004, we have partnered with the BankSETA to give opportunities to unemployed graduates and matriculants to gain work experience. A total of 1 862 learners have been taken through this learnership since inception. During 2014, we had 170 such learners in our bank (2013: 140 learners).

- **Partnership with National Education Collaboration Trust** – We are a part of the National Education Collaboration Trust (NECT), a partnership between business, civil society, government and labour that is guided by the Education Collaboration Framework (ECF) with a focus on the six key themes of:

- Professionalisation of the teaching service.
- Supporting courageous leadership.
- Improving government capacity to deliver.
- Improving the resourcing of education.
- Involving parents and communities in education, and
- Enhancing support for learners and promoting their wellbeing. In 2014, we contributed R3,2m to the trust.



Transformation
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Towards more sustainable thinking among learners and communities

Caring for Communities programme

The Nedbank Caring for Communities Programme was established in 2010 and has grown steadily over the past four years. Hundreds of Nedbank staffmembers are actively involved in educating learners, teachers and communities on all aspects of sustainable living.

Using interactive workshops, the initiative successfully demystifies sustainability for these communities and guides them on how to put sustainable behaviours and practices to work to improve their own lives. This technical knowledge is then put into action as Nedbank volunteers work alongside teachers, community members and learners to construct vegetable tunnels, solar cookers or rainwater harvesting tanks at the schools for the benefit of the surrounding communities.

In 2014 a total of 60 vegetable garden tunnels were built across the country with the help of 440 staff volunteers. There were also three Mandela Day projects and three Sustainability and Youth Entrepreneur Days.

Lean in Education

The Lean in Education Programme was inspired by the exposure of some Nedbank staff to the immense challenges faced by our education system, particularly at schools where educators, while passionate and committed, had very little formal training that related to the management and administration of schools.

This led to the establishment of a results-driven programme that focuses on the two elements of personal mastery and Lean principles. Nine Nedbank Lean practitioners volunteered their time to facilitate these Personal Mastery and Lean in Education workshops with teaching bodies in five schools in KwaZulu-Natal and 15 ecoschools in Dobsonville, Soweto. The schools have reported that increased levels of accountability, responsibility and leadership were displayed by the educators who attended the workshops, which in turn will have a positive effect on the school environment as a whole.

The Nedbank/WESSA Eco-School partnership

The Nedbank/WESSA Eco-School Programme involves the integration of environmental education and sustainable development into all levels and phases of the education and training system.

Since the inception of this programme in 2013, the growth among participating schools has been inspiring and the environmental improvements are clearly visible, as the schools have made their Eco-school projects a top priority.

In 2014 five new Dobsonville, Soweto, schools and three new Alberton schools joined the programme, bringing the total number of participating schools to 18. Some of the highlights included:

- Awareness of water importance – testing water with the MiniSASS tool taught learners about the importance of water quality and looking after our natural water resources.
- Ten vegetable garden tunnels were erected at nine different schools.
- The Eco-schools curriculum is increasingly being integrated into mainstream school learning programmes and curricula.

Our 2014 programme continued to showcase the impact of this partnership. In total, 10 127 learners, 284 teachers and 750 community members participated in the programme. In total 46 workshops were held by WESSA and 320 Nedbank staff volunteers assisted with the implementation of the projects. The greatest achievement, however, was the fact that we provided a sustainable and healthy food source for 7 700 learners and income-generating school and community feeding programmes.

Wildlands and Nedbank Greenpreneur programme

Nedbank and Wildlands have partnered to deliver a unique cross-sectoral (business, government and NGO) programme that will drive the transformation of the Acornhoek community in the eHlanzeni District Municipality in Mpumalanga.

The community is located adjacent to the greater Kruger conservation area and is part of the Kruger to Canyon Biosphere. It is one of SA's most severely impoverished rural communities with an unemployment rate of more than 80%.

The programme aims to achieve the following:

- Fulltime employment for 41 local community members.
- Parttime work for more than 250 community members.
- Planting and nurturing of 50 000 indigenous trees and 50 000 Moringa trees.
- Planting of 100 000 trees along the Blyde River.
- Collection and recycling of 500 000 kg of waste.
- Support for 20 local schools and community centres.

The aim is to uplift the community and develop a new culture of entrepreneurial thinking.

In 2014 Nedbank contributed R390 000 and helped to leverage funding received from other private and public sector entities to deliver a total investment of just less than R6m. This will enable the expansion of Wildlands' Trees for Life, Recycling for Life, Ubuntu Earth and Greening Your Future programmes across Acornhoek's communities in the coming years, with the objective of achieving the following:

- The establishment of a Greenpreneur network focused on growing trees and collecting recyclable waste to be bartered for livelihood goods.
- The introduction of the Greenpreneur programme into Acornhoek schools by equipping them with nurseries and recycling facilities, and by providing environmental education support.
- The restoration of the Blyde River area in partnership with the Moletele community.

Now that the programme has started to gain traction on the ground – Wildlands and its network of partners will work with Nedbank and their local Imbizo centre to overlay a financial literacy programme, and to introduce the Nedbank Ke Yona accounts to the Greenpreneurs.

'A huge appreciation to Nedbank for empowering the educators and myself with skills opportunities to better our personal lives as well as the work environment.'

Zanele Khumalo
Wildlife Environment Security of South Africa (WESSA)

'The workshop was informative and worthwhile. It provided a great opportunity for the attendees who share a common interests and they were happy to have an intensive discussion around their personal lives and work, especially in understanding the LEAN sense so that they won't waste the precious time of learners and the school.'

PJ Simelane School

Partnerships for effective sustainability education

- **Sustainability Week** - Sustainability Week was attended by more than 2 000 people in 2014, and aimed at advancing the green economy in SA with a host of conference speakers, exhibitions, and education and training sessions. The event had multiple stakeholders, including national, provincial and local government, government agencies, utilities, and the private sector and civil society. As one of the main Sustainability Week Conference sponsors, we contributed to thought leadership at the event through four key seminars, namely the Food Security Seminar, Energy Seminar, Water Seminar and Green Business Seminar.
- **Hayden Quinn SA Show** - We were a key sponsor of the successful 2014 Hayden Quinn SA Show. Hayden is a celebrity foodie from Australia and was a participant on MasterChef Australia. He is also a surfer, marine biologist and WWF ambassador. The show follows his travels across SA. Our sponsorship allowed us to provide education on sustainable living and showcase some of the work funded by the Nedbank Green Affinity and the WWF Nedbank Green Trust.
- **The Nedbank Green Living Guide** - Launched at the Green Building Council Conference in October 2013, this detailed sustainability guide was produced in collaboration with the Sustainability Institute and endorsed by the Green Building Council SA. It aims 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 at nedbankgroup.co.za. To date it has been downloaded almost 13 000 times and approximately 2 500 hard copies have been distributed.
- **Carbon Footprinting Guide** - Authored by Nedbank Group Sustainability Carbon Specialist Dr Marco Lotz, in partnership with Prof Alan Brent from the Sustainability Institute at Stellenbosch University, this is Africa's first carbon calculation guide. It focuses on demystifying carbon footprinting with the aim of assisting small, medium and large enterprises to calculate their greenhouse gas impact.

Since its launch in February 2014, the guide, which is available for free at nedbankgroup.co.za, has been downloaded more than 54 000 times. It has also been used as a textbook in related fields of study and was awarded the 2014 Sanea Energy Education Award.

- **Enabling Magaliesburg's journey to sustainability** - Like many other small towns, Magaliesburg currently finds itself in a position of declining economic growth, poverty, changing markets and increasing neglect. To change this picture and drive the town's sustainable development the Magaliesburg Precinct Plan was developed in 2012, followed by the Magaliesburg Development Initiative (MDI). Building on the existing tourism and agriculture resources, the vision is to transform Magaliesburg into a resilient and sustainable, high-quality destination that attracts visitors and looks after its environment, its people and its economy.

In 2013 we partnered with the Sustainable Tourism Partnership Programme to share the principles of sustainability at national workshops. Then, in January 2014, we were approached to become the finance partner on the MDI. This programme will serve as a tangible example of integrated sustainability in action, and we hope to create a best-practice model that can be replicated elsewhere, namely in Mogale City, and in turn across the country. To date we have invested R400 000 in various initiatives within the MDI, ranging from the installation of ATMs, the sponsorship of workshops and seminars, and various youth programmes.

Partnering with the World Wide Fund for Nature SA



Since 1990 we have partnered with The World Wide Fund for Nature SA (WWF-SA), initially to establish the WWF Nedbank Green Trust, but subsequently on a number of other sustainability programmes across a variety of environmental and social sectors. With food and water security as a priority, Nedbank has partnered with WWF-SA over the past three years, investing more than R17m in programmes to support sustainable agricultural production, balanced by sound water use and freshwater management practices.

Some of the important WWF-SA programmes that we support are:

The WWF Water Balance Programme

Nedbank has invested R9m in the WWF Water Balance Programme, which is aimed at clearing alien vegetation at key water catchment areas around the country. The clearing of invasive alien plants not only helps promote maximum water catchment, but also delivers tangible economic and social benefits through job creation, as it is a highly labour-intensive process.

Our investment over a five-year period, and, since inception in 2011, has resulted in 283 ha (2014: 90) of alien vegetation being cleared. This has released over 580 000 kℓ (2014: 187 000 kℓ) of water into the country's ecosystem, while also creating over 15 000 (2014: 7 258) workdays for members of communities in and around the targeted areas.

The initiative also aligns with Nedbank's support of the Hippo water roller initiative. These innovative 90 ℓ rolling devices help people in rural communities transport water from rivers or dams to their households. In 2014 we donated 300 hippo water rollers to communities in North West and Limpopo.

WWF-SA Sustainable Agriculture Programme

Agriculture is at a crossroads in terms of limited availability of water, land and energy inputs, and these resource constraints have significant implications for the future of the sector.

The Nedbank WWF Sustainable Agriculture Programme harnesses the skills, experience and influence of both WWF and our agriculture specialists to support farmers on the journey to better production.

This partnership aims to promote innovative solutions to the resource challenges facing agriculture, while at the same time minimising the impact of agricultural activity. This includes effectively maintaining healthy, functioning ecosystems on farmlands through the development and implementation of sustainable production practices and fostering good landowner stewardship models.

The programme focuses on five key commodity sectors that occur in high-value biodiversity areas in SA, namely the fruit, wine, dairy, beef (in particular grassland free-range beef) and sugar sectors. Nedbank has invested R8,3m in the programme over a three-year period.

WWF Earth Hour

We again participated in the WWF Earth Hour Campaign on 29 March 2014. Earth Hour is the world's biggest mass action initiative aimed at addressing climate change. For the 2014 campaign, our focus was primarily internal and aimed at maximising participation by our various sites and stakeholders across the country.

For the one hour of the initiative, we switched off lights in 36 Nedbank Group buildings around the country, 153 branches and 11 business banking sites. We also encouraged our staff and our top 100 suppliers to participate.



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The WWF Nedbank Green Trust

In 1990 Nedbank, in partnership with WWF-SA, established the WWF Nedbank Green Trust, a leading, independent and long-term funding entity for environmental conservation in southern Africa.

The WWF Nedbank Green Trust's vision is to 'ignite new ways for people and nature to thrive' and it strives to realise that vision by aligning its environmental and social sustainability commitments. Now celebrating 25 years of existence, the WWF Nedbank Green Trust has proven that a strong people focus is imperative to achieve environmental sustainability and the protection of the planet's natural heritage.

The objectives of the trust include maintaining and enhancing the integrity of SA's ecological assets, ensuring that the ecological systems and their services underpin social and economic wellbeing, and addressing the risk and opportunities posed by climate change.

Since inception, Nedbank, through the Nedbank Green Affinity Programme, has donated more than R175m in support of over 200 environmental projects throughout SA. When Nedbank clients use their Green Affinity accounts, money is donated to the WWF Nedbank Green Trust on their behalf, but at no cost to them.

In 2014 Nedbank Green Affinity donations to the WWF Nedbank Green Trust increased by 28% to more than R20,4m (2013: R14,8m). In the same period the Green Affinity reached the notable achievement of becoming the first Nedbank Affinity Programme to enjoy the support of 500 000 linked Nedbank clients.

Examples of the projects and initiatives funded by The Green Trust in 2014 include:

- **WWF Transport Low-carbon Frameworks Programme** - This programme primarily aims to encourage transport-intensive businesses in SA to work within the framework of a carbon budget. It is also helping to develop evidence-based decision tools and solution options for these businesses while, at the same time, promoting emission reductions within the country's freight and passenger transport sectors. The key lessons learnt from the project will inform the Department of Transport's low-carbon plans as well as the rollout of the government's National Climate Change Response White Paper, which requires economic sectors to set carbon emission reduction targets and plans.
- **Developing environmental leadership in SA's faith sector** - This initiative is a partnership between the WWF Nedbank Green Trust, the Southern African Faith Communities' Environment Institute, the Anglican Church of Southern Africa, and a Muslim community represented by the leadership of the Claremont Main Road Mosque. It aims to build leadership capacity and develop environmental training resources within the country's faith communities. To this end its main objectives are to build capacity in environmental justice, train leaders and young people in religious institutions to respond to critical environmental issues, and develop resources for environmental justice.
- **Adopt-a-river** - Based on the understanding that healthy communities need healthy rivers, the Adopt-a-river initiative is managed by the Duzi uMngeni Conservation Trust, in partnership with WESSA. The project works with schools and communities to make people aware of the value of rivers and wetlands in their lives, why waste has to be carefully managed and why alien, invasive plants have to be controlled and cleared. Thanks to the funding of the WWF Nedbank Green Trust, the number of participating schools grew from 16 in 2013 to 29 in 2014.

The Arts & Culture Trust

The year 2014 was very special for the Arts Affinity and the Arts & Culture Trust (ACT), as, like democratic SA, it celebrated its 20th year of existence. The partnership was set up as a unique and sustainable

way of supporting the arts in SA with the participation of business and the general public, and leveraging the expertise of a leading arts organisation. For the past 20 years, ACT has funded more than 800 projects in the development areas of job creation, creative skills, management skills, cultural diversity and cultural tourism marketing.

Since inception, ACT has disbursed more than R21m to more than 800 projects from across SA. In 2014 Nedbank Affinity donations to ACT totalled R1,3m (2013: R1,26m), bringing the total amount donated to the trust to nearly R15m over the past 20 years.

Examples of the projects and initiatives funded by ACT in 2014 include:

- **The ACT Professional Development Programme** - In 2014, as part of renewing the work of ACT, the ACT Professional Development Programme was amended to increase its industry footprint and better support the development of a reliable, sustainable and vibrant arts and culture sector in SA. The refined programme makes greater provision for support of activities that increase job opportunities and help develop the sustainability of SA arts and culture organisations, associations, cooperatives, networks, individual artists and practitioners with various grants. In 2014 a total of 34 projects were funded across the country.
- **Gugulethu Maboneng Township Arts Experience** - This is a vehicle aimed at enabling the Madadeni creative community to showcase their abundant arts and culture activities using people's homes to present a series of exhibitions by professional and aspiring visual artists, crafters, actors, musicians and filmmakers. The costs involved in marketing, transporting and the hiring of sound and audio-visual equipment are supported by ACT.

The Nelson Mandela Children's Fund

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

Since the launch of the Nedbank Children's Affinity, we have donated nearly R60m to the Nelson Mandela Children's Fund. In 2014 the Nedbank Children's Affinity donations to the fund were R8,5m (2013: R8,5m). As part of this contribution, we also gave R1m to the Nelson Mandela Children's Hospital, which is a Madiba legacy project started by the fund.

Examples of projects supported by the fund include:

- **South African Non-Governmental Organisation Coalition North West (SANGOCO-NW)** - This is an umbrella body of NGOs and CBOs in North West. Its role is to build capacity of its members, provide technical support, disseminate information, create a platform for dialogue and influence policy.
- **KwaBhaca Community Development Support Trust** - Based in Mount Frere in the Alfred Nzo District Municipality, Eastern Cape, the trust operates in terms of the Traditional Leadership Governance Framework, which provides for the recognition of traditional councils. Funding was provided to facilitate a process to develop a community-based framework that protects and promotes the rights of children.

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

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

The Sports Trust

The vision of The Sports Trust is to enhance education through sport. It realises this vision by creating opportunities for all South Africans to participate in sport through the provision of kits, equipment and facilities. The Sports Trust works closely with the Department of Sport and Recreation and the Department of Basic Education in order to identify the disadvantaged schools that require sport upliftment.

Our partnership with The Sports Trust spans 20 years. Over this period the Nedbank Sport Affinity Programme has contributed nearly R25m to The Sports Trust, which has gone towards sport development projects throughout SA. In 2014 Nedbank Sport Affinity donations amounted to R2,9m (2013: R3,5m).

Examples of the projects supported by The Sports Trust in 2014 include:

- **Nedbank Sports Trust Soccer Development Programme** – In less than five years our partnership with The Sports Trust has resulted in the investment of more than R7m towards soccer development at nearly 500 schools across SA.
- **Golf Development Programme** – In 2014 The Sports Trust, in partnership with Nedbank and Sun International, contributed R450 000 to golf development through the South African Golf Development Board and the South African Disabled Golf Association.
- **Nedbank Sports Trust Development Cycling Programme** – Now in its ninth year, more than R2,5m has been invested in this strong and sustainable project. In 2014 a total of 70 bicycles and 170 cycling kits were provided to promising young cyclists from 13 schools and a cycling development club in the Western Cape.
- **Nedbank Sports Trust Running Programme** – In partnership with The Sports Trust, we continue to support young runners in KwaZulu-Natal by providing running shoes and kits to ensure they can develop their talents. In 2014 the programme directly benefited 300 young runners aged between 15 and 22 years.

For more information on the Nedbank Sport Affinity and the Sports Trust, go to nedbankport.co.za and thesportstrust.co.za.

Adding value through a sustainable supply chain

Procurement is a vital contributor to Nedbank's overall business and sustainability strategies and the achievement of our vision. As such, our procurement philosophy sees our suppliers as far more than stakeholders that are dependent on our business. They are seen rather as important enablers of our own strategies and objectives, as well as one of the key communities in which we seek to be highly involved.

This understanding has allowed us to transform the way in which we engage with our suppliers, and ensured the realisation of significant mutual benefits for all parties, including our own business. Our procurement practices go way beyond merely complying with preferential-procurement legislation and targets, and our various procurement functions work closely with our suppliers to promote and enable shared growth, strong relationships and greater sustainability across our entire supply chain.

Responsibility for procurement

All procurement within our group falls under the control of the Group Procurement Committee (GPC), which is a subcommittee reporting to the Nedbank Finance Forum. The GPC is chaired by the Executive Head: Group Business Services and the composition, objectives, roles and responsibilities of the committee are detailed in a Group Procurement Committee Charter.

All procurement management information and changes in strategy and policy are presented and agreed at the GPC in line with its charter. All procurement-related policies are presented to the GPC for input and approval before seeking approval from the Finance Forum, Group Risk and Group Exco. All tenders with a contract value in excess of R10m are presented for approval to the GPC before being awarded.

The Nedbank supply chain at a glance

Total supplier base	9 169
Number of suppliers engaged or supported in 2014	6 022
Total procurement spend in 2014	R10,6bn
Primary supplier locations	Gauteng (87% of total) KwaZulu-Natal (5% of total) Western Cape (4% of total)
Local procurement spend in 2014	R8,55bn (80,35% of total spend)
Total BBBEE procurement value in 2014	R9,8bn

Procurement as an enterprise development imperative

Our relationship with our suppliers is seen as a unique opportunity to express our enterprise development commitment tangibly and practically through a highly values-driven approach built on trust, collaboration and innovation. In this way, we have effectively transformed our procurement spend from being merely a business cost centre into a highly effective vehicle for transformation investment.

When you consider that in 2014 alone our total procurement spend across the group amounted to R10,6bn (2013: R9,6bn), this investment in developing, enabling and transforming SA businesses is significant.

Our procurement spend cuts across a vast array of industries, but there are a number of key procurement areas that are essential to our ability to operate and in which we invest the highest percentage of procurement spend. These make up approximately 87% of our total procurement spend annually and are as follows:

Procurement category	2014 spend in Rbn	2013 spend in Rbn
Capital expenditure	1,8	1,0
Professional fees and insurance	1,6	1,9
Occupation and accommodation	1,3	1,2
Computer processing	1,8	1,5
Marketing and public relations	1,0	1,0

Leveraging sustainable procurement for workplace wellbeing

Another significant procurement priority is leveraging the opportunities it presents to help deliver on our aspiration to be a great place to work for our staff. This relates particularly to a focus on procuring sustainable building, maintenance, cleaning and catering products and services that optimise healthy work environments in all our buildings.

Towards a more sustainable supply chain in 2014

Our procurement philosophy is built on the recognition that fully sustainable procurement cuts across all areas of integrated sustainability and must also emphasise and enable the following:

- Socially and ethically responsible purchasing.
- Minimising environmental impact through the supply chain.
- Delivering economically sound solutions.
- Sound business practices.

By leveraging this understanding, and through the entrenchment of a groupwide culture of truly sustainable procurement, we delivered a number of notable achievements in 2014, not least of which were:

- **Supplier enablement** – Our suppliers answer questions around environmental behaviour and are scored against their potential environmental impact.

- **Standardised chairs** – Across our group 97% of the chairs used by employees are recyclable.
- **BPA-free ATM paper** – We have installed BPA-free paper in all our ATMs, delivering cost savings as well as health benefits for our clients.
- **Courier savings** – We have reduced the number of courier trips made to branches where volumes and risk allow for it. This has positively impacted on both our courier costs and the environment.
- **Enhanced onboarding** – We have included questions regarding local procurement, anti-corruption and the protection of personal information in our supplier onboarding process.
- **Risk management** – We undertake random sampling checks of BBBEE certificates provided by our suppliers to identify any instances of BBBEE fraud or fronting.

Leveraging enterprise resource planning to maximise efficiencies

In 2014 we commenced the rollout of an enterprise resource planning (ERP)-based procurement system aimed at addressing inefficiencies in our previous procurement processes. Once fully implemented, the system will deliver a number of benefits for our bank and its suppliers, particularly:

- better spend visibility and contract management;
- a more robust purchase-order-based procurement process;
- optimised supplier performance management and service recognition; and
- greater levels of compliance with accepted international procurement standards.

Preferential procurement

We see preferential procurement as a key means of enabling transformation. To this end our preferential-procurement policies are designed to maximise our contribution to broad-based empowerment. In terms of this policy purchases of goods and services can only be made from registered suppliers and within clear ethical guidelines, which include the following key considerations:

- Total cost of ownership.
- BBBEE – a higher weighting is placed on SME and black-owned (BO) and black-women-owned (BWO) businesses.
- Fit-for-purpose, top-quality products or services.
- Ease of access and availability.
- Preference given to suitable local suppliers over foreign-based suppliers.
- Environmental pragmatism.
- Effective risk management.

We continue to be faced with a significant lack of BO and BWO suppliers in various areas of our supply chain. To address this situation the procurement department was restructured in 2013 to free up more resources and focus primarily on finding and enlisting BO and BWO suppliers. This enhanced focus continued to deliver some benefits in 2014, as we added a number of BO and BWO suppliers to our procurement base. We have also earmarked certain of our required services specifically for BOs and BWOs, and we are confident that this will start delivering results over the next three years.

Local procurement

We continue to place a priority on growing the proportion of our local procurement. The enhancements we made to our Supplier Management System in 2013 provide us with detailed information on the origin of the products and services we acquire. As a result, in 2014 we increased our local procurement to R8,55bn (2013: R7,5bn), which is 80,35% of our total procurement spend for the year (2013: 78%).

‘Since our relationship with Nedbank, who happened to be the first big corporate to open doors for us, the market has been very receptive to Monabo. Nedbank built trust for other prospective business and enhanced our image. Since our engagement with Nedbank, we have increased our revenue from R1,5m in 2012 to R5,7m in 2013. Our job creation increased from 55 to 160 fixed-term-contract employees, including 10 permanent staff, and we are now a level 1 BBBEE contributor.’

*Monabo Hygiene Services
(BWO supplier to Nedbank)*

Prompt payment code

We were the first SA business to sign up for the Prompt Payment Code, implemented by the National Small Business Chamber (NSBC). Our alignment with this important code reinforces our commitment to partner with our suppliers to ensure their fair treatment and help them achieve their business growth and development objectives. In line with the code, we are committed to paying any supplier that qualifies as a micro enterprise within seven business days and all other small businesses within 30 days. This is conditional on the receipt of valid, compliant and accurate invoices from approved suppliers that have met our supplier onboarding requirements.

In 2014 we largely delivered on this commitment, as evidenced by the following table detailing our invoice payment periods:

Settlement time	Number of invoices settled	Amount in rand (m)	% of total invoices received for this supplier category
Within a week	91 490	1 894	80%
Within a month	18 610	381	16%
More than a month	4 837	89	4%

All invoices that took longer than a month to pay were investigated and it was found that these delays were either due to queries around compliance or invoice accuracy, or a result of delays in the onboarding process due to outstanding information from the suppliers.

Partnering with suppliers on their sustainable journeys

We continue to engage with our suppliers, with a particular focus on influencing and guiding them in terms of their incorporation of governance, environmental, social and economic sustainability considerations into their operations to drive their own sustainability journeys. These engagements are not a form of policing, but rather afford us an opportunity to deliver on our partnership-driven approach to sustainability effectiveness by sharing our experience



Transformation Report

and learnings with our suppliers and encouraging similar actions and behaviours within their businesses.

At an environmental sustainability level, we also require our suppliers to complete an environmental questionnaire about the extent to which they have integrated green considerations into their strategies and operations. At the end of 2014 a total of 2 809 suppliers had completed and returned this questionnaire, with an average environmental integration score of 23%. The assessments also showed that 45% of our top 500 suppliers have proactive recycling systems in place (2013: 41%). While these figures are low, they are a true reflection of the still slow integration of environmental sustainability priorities into many SA businesses. They therefore reinforce the value we will be able to add, over time, by sharing our experience and partnering with our suppliers on their sustainability journeys.

Recognising and awarding sustainability leadership

In line with our integrated approach to sustainability and our commitment to have a positive influence on the sustainability efforts of others, we support and sponsor a range of awards across various industries and economic sectors.



**NEDBANK CAPITAL
SUSTAINABLE
BUSINESS AWARDS**

Nedbank Capital Sustainable Business Awards

The lasting success and growth of any modern business is entirely dependent on its ability to balance economic profitability effectively with truly sustainable business practices. The 2014 Nedbank Capital Sustainable Business Awards recognised businesses that have embraced such sustainable practices and acknowledged the contributions made by SA businesses and individuals who govern their organisations under this approach.

Now in their third year, the Nedbank Capital Sustainable Business Awards were established to broaden the scope of the immensely successful Nedbank Capital Green Mining Awards that ran between 2006 and 2011. The awards have since grown into a key means of challenging African companies in all major industries to rethink the way they operate so as to ensure that they deliver sustainable value, in all its forms, to their stakeholders.

The businesses that took top honours in the 2014 Sustainable Business Awards were as follows:

- Sherritt International Corporation – Resources and non-Renewable Energy.
- GrowthPoint Properties Ltd – Infrastructure and Renewable Energy Category.
- MTN Group Ltd and Fenix International – Trade and Services.

More details are available at nedbankcapital.co.za.



Nedbank Green Wine Awards (Cape Winemakers Guild)

The SA wine industry has long led the way in embracing farming in a more sustainable and ecofriendly way. For the fourth year, we partnered with *Getaway Magazine* to hold the 2014 edition of the Nedbank Green Wine Awards, which once again honoured and rewarded those wine producers that have put the wellbeing of the environment, the planet and its people first.

As an indication of the groundswell of support that sustainable wine farming is enjoying in SA, the total number of entries in the competition rose from 133 in 2013 to 198 this financial year (2014).

The winners of the 2014 Green Wine awards were as follows:

- Reyneke Chenin Blanc 2013 – Best wine overall: Organically Grown Grapes Category.
- Hermanuspietersfontein Die Bartho 2012 – Best wine overall: Biodiversity and Wine Initiative Category
- La Motte – Overall winner: Best Farming Practices Category.

Full results are available at greenwineawards.com.

Nedbank Eston Green Farming Award

The small village of Eston, south-east of Pietermaritzburg, houses one of only 12 sugar mills in KwaZulu-Natal. The farming community is steeped in history and, thanks to Nedbank and WWF-SA, is now also a focal point for anyone interested in sustainable farming practices.

Initiated through a collaboration between Nedbank, WWF-SA, Illovo Planters Group, the Eston Green Farming Awards recognises sustainable farming principles among local agricultural businesses, and highlights the successful role that integration of social, environmental and economic principles play in ensuring sustainable farming for the future.

Farmers self-rate their farming operations through a survey, from which a panel of experts select three finalists who scored the highest against the criteria of management of alien plant invaders, soil conservation, wetlands and watercourse management, integrated pest and disease management, social compliance and good practice, and financial sustainability.

The initiative aligns with our support of the WWF-SA Sustainable Agriculture Programme and also affords us valuable insights into the challenges facing farmers and the agriculture sector as a whole, so that we can focus our efforts to help address these challenges.

The winner of the 2014 Sustainable Farm Award was Roy McGladdery of Treetops Farm in Eston, who has applied sustainable farming principles to transform an original 93 ha family farm successfully into a 658 ha integrated, mixed-use and ecofriendly commercial farming operation.

Recognised for our sustainability efforts

We are proud of our status as SA's green and caring bank, and are committed to entrenching this reputation further through ongoing sustainability efforts aimed at making a lasting difference. Over the years we have also received a number of awards that recognise our efforts in managing our business sustainably. The 2014 financial year was no exception and the awards we garnered over the past 12 months include:



2014 AFRICAN BANKER AWARDS –
SOCIALLY RESPONSIBLE BANK OF
THE YEAR AWARD



2014 AFRICAN BANKER AWARDS –
INNOVATION IN BANKING
AWARD



2014 ABSIP COMPANY
WITH MOST
DEVELOPMENTAL IMPACT



2014 EY AFRICA EXCELLENCE
IN INTEGRATED REPORTING – RANKED EXCELLENT

Sustainability credentials and indices

- Carbon neutral – Africa's first carbon-neutral financial organisation.
- Dow Jones World Sustainability Index membership – the world's premier performance benchmark for companies in terms of corporate sustainability. We were included for the ninth year.
- JSE SRI Index – inclusion since 2004.
- WWF Water Balance Programme – invested R9m in SA's water security.
- WWF-SA Green Trust partnership.
- WWF Sustainable Agriculture Programme – official sponsor – invested R8,3m.
- South African Carbon Disclosure Project Index 2014 – 99% Disclosure Score and an 'A minus' for performance.
- Nedbank occupies six Green Star-rated buildings.
- Natural Capital Leaders Index – Natural Capital Decoupling Leader.
- 2014 – highest score in the IRAS Sustainability Data Transparency Index in the Banking and Financial Services Sector.
- Inclusion in RobecoSAM's 2014 yearbook of the most sustainable companies in the world – one of only six SA companies.

We are represented on, or 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.
- National Business Initiative Advisory Committee on Climate Change.
- National Energy Efficiency Accord.
- Energy Efficiency Leadership Network Pledge.
- The Banking Association SA: Sustainable Finance Committee.
- Association of Ethics Officers in Africa.
- OECD Financial Sector Mapping Advisory Group.
- National Biodiversity Business Network.
- Network for Business Sustainability SA.

Sponsorships

Sponsorships are an opportunity to deliver on our Nedbank green and caring brand promise to individuals and communities, while also profiling and building our brand. All our sponsorships prioritise development as a means of lowering barriers to entry to the various sports and activities we support, while also broadening their appeal across diverse audiences. In 2014 our sponsorship portfolio comprised the following:

Golf

Our sponsorship of golfing events allows us to reach a comprehensive cross-section of our existing client base, as well as our widening target market. Our current golf sponsorship portfolio includes:

- **The Nedbank Golf Challenge.** Dubbed 'Africa's Major', this event attracts global attention and offers an outstanding opportunity to profile Nedbank and SA globally.
- **The Nedbank SA Disabled Golf Open.** This is the flagship event of the SA Disabled Golf Association.
- **The Nedbank Affinity Cup.** This Sunshine Tour event contributes to the growth of professional golf in SA. We donate an amount equal to the winner's prize money to the SA Golf Development Board to support its ongoing development activities.
- **The Sports Trust Golf Challenge.** A joint initiative with Sun International, this event is played on the Gary Player course on the day after the Nedbank Golf Challenge. Every year the event raises at least R1m in aid of sport development. To date over R20m has been raised.
- **The Nedbank South African Charity Golf Day.** This is the largest golf tournament of its kind in Europe, raising funds to help vulnerable people and communities in SA achieve sustainable breakthroughs in care, housing, medical, education, social and related activities. In 2014 six SA charities benefited from the event, which raised R1,5m.

Sport for people with disabilities

We have been associated with sport for the physically disabled since 1992 and a big component of this support is our sponsorship of the annual Nedbank National Championships for the Physically Disabled. The event offers a platform on which talented disabled athletes can achieve their sporting goals on the national and international stage. Since 1996 we have also been a co-sponsor of the SA Paralympic Team and we supported Team SA at the London 2012 Paralympic Games. We have recommitted as sponsors of this team for the Rio Paralympics taking place in 2016.

Running

The broad appeal of running as a sport means it offers us an excellent platform from which to engage with the full spectrum of South Africans, whether as participants or spectators. We have 12 Nedbank running clubs across all nine provinces and these continued to enjoy growing membership in 2014. Two of the clubs have a specific development focus, while the others help to build the profile of road running in general. We also co-sponsor the Comrades Marathon and, in 2014, 812 Nedbank running club members took part in this world-renowned event.

Soccer

Under our sponsorship, the prestigious Nedbank Cup continues to grow from strength to strength. This immensely popular knockout cup competition features 32 teams, 16 of which are from the SA Premier League, with another eight teams 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 2014 we again ran our immensely successful Ke Yona Team search initiative, which gives everyday South Africans the opportunity to be members of an amateur team that eventually competes against the Nedbank Cup champions. The 2014 Ke Yona Team garnered immense support from all corners of SA and lost by a narrow 2-0 margin to the 2014 Nedbank Cup champions, Orlando Pirates.

Cape Winemakers Guild

Our sponsorship of the Nedbank Cape Winemakers Guild (CWG) Development Trust allows us to be highly involved in supporting and promoting SA's important wine industry. The CWG is funded by donations and proceeds raised through silent and charity auctions at various Nedbank-CWG events throughout the year. The 2014 CWG auction raised a record amount of R11,9m (2013: R8,4m). In conjunction with Nedbank, the CWG also runs various social development initiatives, including a bursary programme for secondary and tertiary learners and a unique Protégé Programme that serves to train and mentor young, aspirant winemakers from previously disadvantaged backgrounds to help drive the transformation of the SA wine industry. Eight protégés participated in the programme in 2014.

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 eight years ago and has supported and invested in over 900 previously disadvantaged school cyclists from the Boland and the Cape Flats. Since inception, R2,75m has been contributed towards this project and, in 2014, altogether 154 cyclists took part in the 2014 Cape Argus Pick n Pay Cycle Challenge.

Other significant cycling sponsorships during the past year included:

- The 2014 Nedbank sani2c – sponsored and presented by our Private Wealth business.
- the Nedbank Tour de Tuli – an iconic 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. The 2014 Tour de Tuli raised R2,5m for the Children in the Wilderness Charity.

DStv Delicious Festival

The DStv Delicious International Food and Music Festival made its debut in 2013. In 2014 we again sponsored this popular event, which was held in the picturesque Johannesburg Botanical Gardens and attracted more than 20 000 visitors.

MANAGING AND OPTIMISING OUR OWN IMPACT

A central component of the achievement of our vision to be Africa's most admired bank is delivery on our own sustainability objectives and commitments. This extends across all aspects of sustainability leadership, from effectively limiting the potential negative environmental or social impacts of our operations to making every effort to maximise our positive impact.

- **Our people**
We know that the success of our staff is ultimately the success of our business and we work with determination to achieve both. A large part of this involves the proactive creation and maintenance of a positive and highly productive working environment that embraces and respects diversity and is effective in enabling the personal and professional goals of all our employees.
- **Our environmental footprint**
We remain committed to the carbon neutrality of our operations and the continued reduction of the use of natural resources. We are sharing these learnings with our stakeholders to assist them in doing the same.

Our people

We aspire to be an employer of choice, and are committed to investing in our people to ensure that they are empowered to perform optimally, able to further their own development, and equipped to contribute to the long-term sustainability of our bank.

Employee profile

In 2014 Nedbank Group had 30 499 permanent employees.

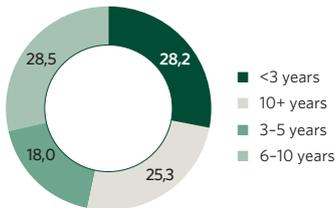
Employee gender profile (%)



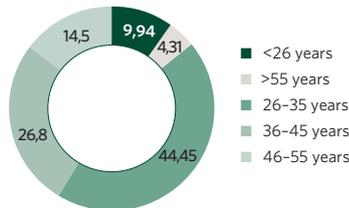
Attrition: Gender profile (%)



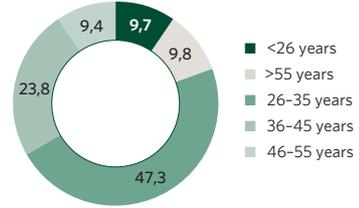
Employee tenure (%)



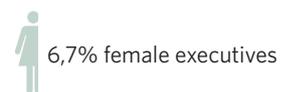
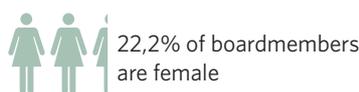
Employee age profile (%)



Attrition: Age profile (%)



Female management



Transformation Report

Nedbank Group Limited

	2014	2013	2012
Total number of employees opening balance	29 513	28 748	28 494
SA permanent employees at beginning of year	26 119	25 531	25 079
Add			
Recruitment	3 757	2 872	2 547
Reclassification of staff category (changed to permanent)	0	1	2
Take on	-	-	-
Less			
Terminations (actual YTD)	2 430	2 285	2 096
Resignations	1 863	1 711	1 554
Deaths	55	32	48
Dismissals	183	208	210
Retirements	239	232	187
Retrenchments	11	27	14
Emigration	35	31	42
Disability	41	41	41
Other	3	3	-
Reclassification of staff category (changed from permanent)	-	0	1
SA permanent employees at end of December	27 446	26 119	25 531
Permanent headcount change on previous year	1 327	588	452
Attrition rate	8,9%	8,7%	8,2%
Add other employee categories			
Contractors and financial planners	1 138	1 564	1 527
International employees (including Africa)	1 859	1 771	1 634
External entities	56	59	56
Total number of employees (excluding temporary staff)	30 499	29 513	28 748

International – countries

	Current international headcount
Africa	1 533
Kenya	6
Lesotho	244
Malawi	124
Namibia	684
Swaziland	231
Zimbabwe	244
Other	316
Guernsey	45
Isle of Man	22
Jersey	180
United Kingdom (London)	64
Mauritius	5
International headcount (excl international secondees)	1 849

Nedbank SA workforce profile per the Department of Labour occupational levels

(based on the Employment Equity ACT as at 31 December 2014)

Occupational levels	Male				Female				Foreign Nationals		Grand total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	6			11	1						18
Senior management	62	24	82	354	61	14	43	131	26	9	806
Professionally qualified	1 053	452	728	1 638	1 080	577	798	1 706	86	76	8 194
Skilled technical	2 732	918	775	556	5 640	2 009	1 438	1 610	27	67	15 772
Semiskilled	469	125	66	50	1 064	419	198	259	1	5	2 656
Total permanent	4 322	1 519	1 651	2 609	7 846	3 019	2 477	3 706	140	157	27 446
Temporary	315	77	73	251	526	129	87	163	20	23	1 664
Grand total	4 637	1 596	1 724	2 860	8 372	3 148	2 564	3 869	160	180	29 110

Note:

The figures exclude international secondees, non-payroll temporary employees, non-payroll contractors and employees from external entities. The numbers are the South African workforce profile only.

Attract and acquire talent

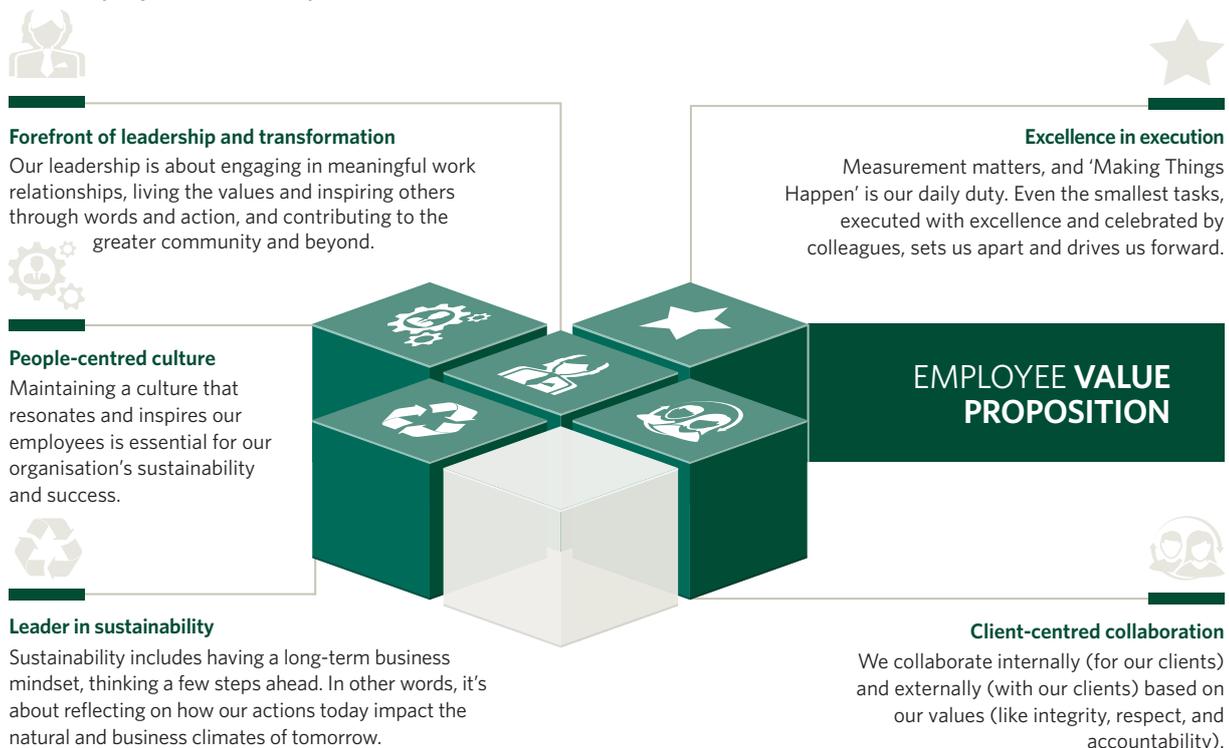
We have recently optimised our talent attraction and sourcing strategies by including social media as one of our recruitment platforms. This has given us the access to top candidates that are both passive and active in the job market, across different regions, skills levels and career disciplines. Social media also offers the benefits of lower cost, quicker turnaround times and higher accuracy when matching candidates to available jobs.

We developed our initial employee value proposition (EVP) approximately seven years ago and, in 2013, a decision was taken to evolve this EVP to align better with our changing business context. Our approach to the EVP is that it is both a promise (what we offer employees) and an agreement (what employees contribute).

A credible and distinct EVP offering will also be key to promoting our employer brand in attracting potential talent that is the best fit for Nedbank.

The EVP was formally launched to employees at the staff roadshow in August 2014, and is currently being socialised through internal communications platforms. It is made up of five dimensions, namely forefront of leadership and transformation, people-centred culture, excellence in execution, leader in sustainability, and client-centred collaboration.

Our Employee Value Proposition



Investing in our people

We comply with all training and skills development legislation, but go beyond this in our efforts to drive high-quality education as a means of transforming our bank, industry and country.

In 2014 we recorded an average of 51 hours (2013: 55) of training per employee, with an average of 57,8 hours for females (2013: 47). The 2014 figures are lower compared to those of 2013 due to the fact that more people completed informal training and online self-study courses. However, this 2014 performance is slightly higher than the industry average of 31 hours per employee, as stated in the 2012 State of the Industry Report.

Average training hours by occupational level 2014

	Occupational level	Female	Male
1	Top management	0	8,7
2	Senior management	61,8	47,1
3	Professionally qualified, experienced specialists and middle management	49,3	54,2
4	Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents	47,1	54,2
5	Semi-skilled and discretionary decisionmaking	34,1	35,1
6	Temporary employees	65,9	61,7
7	Not classified	146,4	139,9

People development philosophy and framework

This was developed in 2010 to guide us in terms of structuring our environment to improve our return on training investment and ensure that we address the skills and competency requirements both now and into the future. As a result, Nedbank was acknowledged as one of the leading benchmark organisations, and in 2013 we presented at the first HR standards conference as the benchmark case study for learning and development aligning to all the industry requirements. In 2014 we continued to collaborate with the South African Board of People Practices (SABPP) to develop a national Human Resources Academy, which will be launched in the near future. This has enabled Nedbank to provide an HR academy aligned to the nationally accepted HR standards that give our HR employees accreditation preference when the SABPP accreditation options are activated. This in turn confirms that these employees have met the acceptable national standard requirements for the roles in which they perform.

Nedbank's leadership philosophy

This was created in 2012 to guide the way we develop current and future leaders within the organisation. As a result, all staffmembers understand their leadership contribution, and we are creating and growing a community of effective leaders. Our leadership pipeline currently supplies at least 50% of our internal leadership appointments. During 2014 this programme was rolled out to approximately 786 people within the organisation, from executives to junior staff. We are seeing leaders who have a deeper understanding of the Nedbank leadership philosophy and are pledging to align their values and behaviours to the philosophy to get Nedbank at the forefront of leadership and transformation. Based on the success of this approach, we have been asked to share this philosophy with the Old Mutual Group and the School of Government.

The Nedbank Corporate University

This initiative is progressing well, with a number of active academies now in operation. These academies encourage attendees to achieve the highest possible levels of performance in their current roles, in turn delivering greater contributions to our group.

Feedback received from various corporates in SA points to a widespread belief that our academy approach is market-leading in SA and this is confirmed by the extensive consultation sought from advisers to the Minister of Public Services around the work they are doing on the School of Government. There are now eight such academies focused on leadership, human resources, risk, retail banking, business banking, property finance, compliance and marketing. More than 1 600 delegates attended these academies in 2014.

A culture of coaching

We developed our Coaching Framework in 2010 to enhance the coaching capability across the organisation. This is a cost-effective and preferred method for on-the-job learning and embedding knowledge and skills. This framework is being updated to include group coaching, team coaching and mentoring.

Coaching is becoming a way of life in Nedbank, used with most line managers being trained as informal coaches. A total of 91 career coaches are used across Nedbank and they provided 2 335 hours

of formal one-on-one coaching to employees in 2014. They also supported the Graduate Programme, the external bursar students and Group Technology and Retail with team coaching sessions. Feedback from employees who received one-on-one coaching or team coaching has been very positive, with personal improvements that lead to productivity and output in their roles and/or teams.

Change capability

As part of our strategic HR plan, we have undertaken a process to develop a strategic internal change capability across our organisation in order to support planned changes in the longer term. Previously, this lack of internal change capability has required the incorporation of costly third-party expertise.

We therefore recognised the imperative to embed our own change management skills at various levels and have initially targeted executive leadership, change leaders project managers, line managers and HR. A three-day Change Capability Workshop was designed and it was attended by 108 change leaders. The change leaders are currently involved in large scale projects and key shifts are expected in 2015, especially when the consolidation of Corporate and Capital, and Business Banking and Retail start to take effect.

Learnerships

We use learnerships as vehicles to address scarce skills in accordance with our Workplace Skills Plan. We have designed the programmes to allow participating employees to achieve South African Qualifications Authority (SAQA) accredited qualifications within a period of 12 to 18 months. Employees participating in these learnerships are also allocated coaches who are involved in the learning process.

In 2014 eight learnerships were added to our portfolio, bringing the total number offered to 24. These were attended by a total of 2 101 (2013: 1 167) current Nedbank employees. Some of these learnerships include the following:

- **Advanced Certificate in Banking** – NQF level 6 for our graduates in Corporate, Capital and Business Banking.
- **Eyethu Trust learnerships** – Level 4. The largest number of learners in the history of the trust in the Further Education and Training Certificate: Business Administration Services and Core Banking in Financial Services.

Entrenching sustainable thinking among our staff

Since our staffmembers are key to the successful realisation of our sustainability objectives, we require them to confirm that they fully understand, and buy into, those objectives and commitments. Each employee is also required to acknowledge that he or she has received, read and understands all relevant social and environmental policies each year. At the end of 2014:

- 97% (2013: 96%) of employees had formally acknowledged the Nedbank Group Environmental Policy;
- 97%✓ (2013: 94%) of employees had formally acknowledged the Nedbank Group Code of Conduct;
- 97%✓ (2013: 95%) of employees had formally acknowledged the Nedbank Group Code of Ethics; and
- 93%✓ (2013: 93%) of employees had formally acknowledged the Nedbank Group Fraud and Corrupt Activities Policy

Investment in training

In 2013 we stopped reporting on training expenditure in terms of the old Department of Trade and Industry scores and shifted to reporting in accordance with the Financial Sector Code. In line with this, our total investment in training can be broken down as follows:

Training expenditure

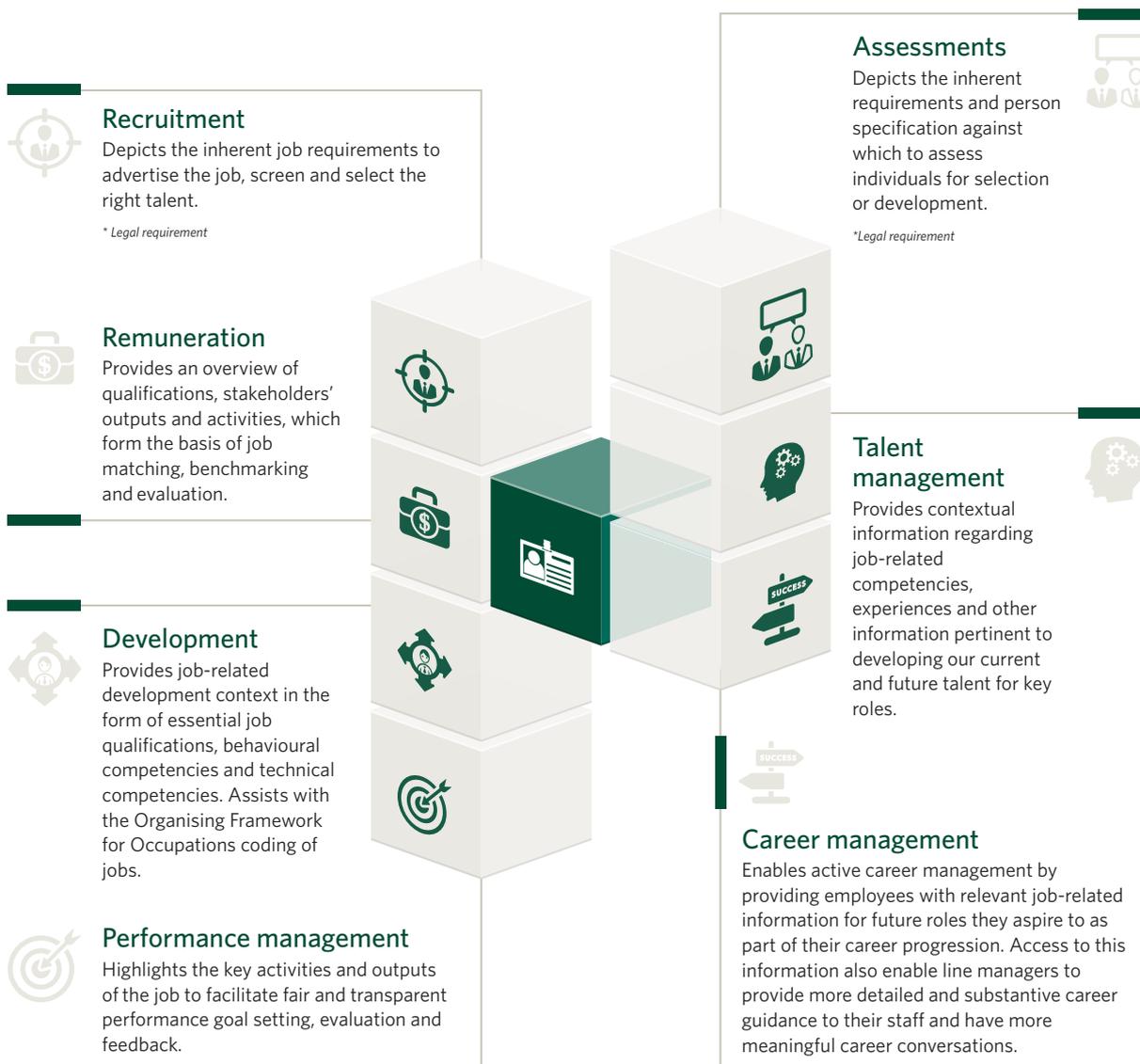
	2014	2013	2012	2011
Total basic payroll (Rbn)	11,2	10,1	8,8	7,5
Total training spend (Rm)	491	396	352	301
Training spend as % of basic payroll	4,35%	3,91%	3,98%	3,99%
Training spend for black staff as % of basic payroll	3,42%	3,02%	3,03%	3,02%
Training spend for black female staff as % of basic payroll (2013 and 2014 based on dti using ARfG)	2,11%	1,81%	1,86%	1,79%
Training spend for black staff with disabilities as % of basic payroll (2012 and 2011 based on dti using ARfG)	0,06%	0,06%	0,06%	0,05%
Training spend for black female staff with disabilities as % of basic payroll	0,03%	0,03%	0,03%	0,03%
Skills development achieved score	9,22	9,21	9,20	8,57
Skills development BBBEE level	Level 2 ✓	Level 2	Level 2	Level 2

ARfG=adjusted recognition for gender

Enabling effective career management

During 2014 we embarked on a project to reprofile all jobs across our organisation according to defined Job Family Frameworks. These included clear career streams that ensure alignment of all jobs to our strategic objectives, while fully articulating job responsibilities and requirements. As part of the project, we were able to structure, rationalise, standardise and simplify job families, career streams, job profiles and titles across the bank. This process resulted in the reduction of job profiles by 9 000 to approximately

1 000. These jobs are bankwide, and the profiling of jobs means that everyone doing a similar job at a similar level will be linked to the same job profile. This reprofiling will form the basis of career management and planning going forward, as, for the first time, jobs and career paths within Nedbank are defined according to job families that span across the bank rather than limiting the career paths of employees within certain business units or clusters. These revised job profiles will help to improve career mobility for Nedbank employees across clusters and will result in clear career paths made available per job family.



We believe that for employees to reach their full potential they need to know themselves, relate to their team, be empowered to deliver results and understand what is happening in the broader business, 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 2014 a total of 20 709 employees (2013: 21 238) had development plans captured on the system.

Rewarding for performance

Exceptional employee performance is vital to our success and growth. Performance management is a key instrument used to establish and reinforce employee outputs and behaviours, through which Nedbank's strategic business objectives and results can be achieved.

In recent years we have renewed our approach to performance management in support of our drive to be a high-performance organisation. This focus on constant improvement facilitates our business transformation and motivates our employees to focus on both business and personal objectives, deliver and sustain outstanding performance and consistently behave in accordance with our values.

We align our remuneration policy with all relevant local and international governance and regulatory requirements as well as international best practice, while ensuring that our people are rewarded and recognised competitively for their achievements over the long term.

Our remuneration policy supports our performance-driven culture by ensuring that individual rewards and incentives are broadly determined based on the performance of the group, cluster, business unit and individual. Our total remuneration is commercially competitive in the relevant markets within which we operate, assisting us to attract and retain talented employees.

The agreed performance management outcomes are a key input to decisions regarding short-term incentives and are secured through a performance scorecard linked to a performance contract. This focuses on translating strategic plans into individual, team and business unit actions as well as measuring how our organisation responds to the many variables that influence our organisational performance.

In 2014 a total of 98,4% of our employees (2013: 97%) participated in performance reviews and were confirmed as having a performance scorecard/performance contract/career development review as well as a final rating for the year on the Nedbank rating portal.

Recognising good performance

Employees who demonstrate consistent performance, and exhibit our behaviours and values, are recognised through the Nedbank Achiever Recognition process, which comprises formal and ongoing recognition.

During 2014 over 700 top performers were formally recognised as Nedbank Achievers. Of these, 176 were awarded the Nedbank Top Achiever accolade at a function hosted by the Chief Executive. These Top Achievers, together with their partners, were taken on a trip to Spain.

Creating a culture of health through our Employee Wellbeing Programme

In an organisation with a high performance culture such as ours, it is important to look after the health and wellbeing of our staffmembers. The Employee Wellbeing Programme (EWP) provides our staffmembers with professional support and resources in their professional and personal lives. The aim of our wellness strategy is to create a 'culture of health' that fosters a long-term commitment to healthy lifestyles and the reduction of health risks among all our employees. The programme is premised on the belief that healthy employees tend to be happier and more productive.

EWP support covers a range of issues, including emotional and personal difficulties, family and relationship concerns, alcohol or drug abuse, stress and change management, financial matters, legal concerns, HIV/Aids, violence, bereavement and loss. Onsite debriefing is also provided to employees who have been exposed to traumatic events such as bank robberies. Services are provided by Independent Counselling and Advisory Services (ICAS).

In 2014 the overall engagement rate for these services was 39,9% of all Nedbank staff (2013: 42%). Annualised individual usage of 20,5% was recorded for the core counselling and advisory services (2013: 20,3%). This remains higher than the financial sector average of 11,4% and demonstrates that ICAS has been widely accepted as a support and counselling service by a relatively high proportion of our staff.

The use of the online wellness programme, eCare, has remained stable. Employees downloaded 14 237 articles during the year under review, relating to a variety of health and emotional wellbeing topics, in particular relationship issues, depression, stress, child care and self-improvement.

As part of creating a Great Place to Work, the EWP also provided numerous opportunities for employees to grow and enhance their knowledge of health and wellness. During the year a stress management workshop was piloted. This proved very popular and will be offered to a wider audience in 2015.

Planning for retirement

Retirement is one of the biggest life changes employees go through. As such, we are committed to assisting our employees to make the right decisions in planning for a financially secure and meaningful future. For the past two years the programme has been running retirement planning workshops for all Nedbank employees. These workshops help employees to address their concerns around retirement and alleviate any anxiety or stress relating to retirement that may impact on the individual's current performance. A total of 24 workshops were held in 2014 and approximately 500 employees (2013: 400) attended.

Executive health

Any risk to a key Nedbank executive is a material consideration in terms of our business continuity and shareholder/stakeholder interests. SA mirrors the global health trend, which 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 logic for a well-structured executive health programme is self-evident.

Our EXEC care offering is a comprehensive wellbeing assessment for our top professionals and is aimed at ensuring that our key decisionmakers are aware of their health risks and have the tools at their disposal to mitigate this risk. This is important for both the individuals concerned and the sustainability and continuity of our organisation.

During the year a disappointing 276 executive staffmembers (2013: 384) made use of this facility. Better communications with executives in 2015 will be employed to improve usage.

Managing HIV/Aids and lifestyle diseases in the workplace

Our holistic and inclusive wellness strategy covers chronic lifestyle diseases, including HIV/Aids. In the past year we deliberately moved away from focusing exclusively on HIV education and testing and instead adopted a holistic lifestyle disease management approach. We believe this will go a long way towards destigmatising HIV.

By testing for a variety of lifestyle diseases, namely blood pressure, cholesterol, glucose, BMI and HIV, we stand to increase uptake by staff of these testing opportunities and broaden our audience over time.

In addition to providing individuals with much-needed health information, this education and health screening programme helps us better to understand the collective health risks of our employees and target our wellness programmes accordingly. In 2014

altogether 3 176 employees (2013: 3 703) underwent testing on selected wellness days. Of these 1 366 elected to incorporate HIV testing, compared to 1 616 in 2013.

Nedbank is committed proactively to addressing HIV/Aids in a positive, supportive and non-discriminatory manner. Staffmembers and their dependants who are registered on the programme qualify for an additional unlimited benefit per registered beneficiary. The programme also provides for chronic medication and blood tests required to treat the condition. Free antiretroviral drugs are provided as part of a managed-care programme.

Occupational health and safety

Compliance

The occupational health and safety of our employees, clients and contractors is a top priority and health and safety is ingrained in our corporate culture. All our SA businesses comply fully with the Occupational Health and Safety Act, No 85 of 1993 (including all regulations), as well as the Compensation for Occupational Injuries and Diseases Act, No 130 of 1993.

Our subsidiaries have to comply with all relevant occupational health and safety laws and regulations in the countries in which they are located, as well as with the Occupational Health and Safety (OHS) policy of Nedbank Group. Our OHS policy is updated annually. We have also incorporated procedures such as emergency procedures, reporting of incidents and contractor management.

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 every second 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.

Emergency preparedness

Emergency procedures are in place for all our headoffice sites 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 conduct two annual evacuation drills at all our headoffice sites, and one annual drill at all our retail outlets. The headoffice drills include local disaster management, fire departments, ER24 and the Metro Police. We have simulations in the drills to create awareness around real emergencies.

Compliance audits

Monthly internal occupational health and safety audits are undertaken and an independent external occupational health and safety auditing company conducts an annual audit based on the requirements of OHSAS 18001. There has been pleasing improvement year-on-year with the administrative side of occupational health and safety in our branches.

Ongoing training and awareness

Comprehensive occupational health and safety training is available on the Nedbank Group intranet site. Furthermore, it is compulsory for all our employees to read and acknowledge the OHS Policy of the group each year.

Extensive communication is undertaken to raise occupational health and safety awareness among all staff continually. This is achieved through campaigns, including a variety of elements from posters and leaflet handouts to electronic communications and internal television broadcasts. Our induction training also includes occupational health and safety information.

Medical facilities

All headoffice sites have fully equipped first-aid rooms containing advanced medical equipment. Occupational health and safety first-aid staffmembers are trained in the correct use of this equipment in the case of emergencies.

JOINING THE GLOBAL FIGHT AGAINST EBOLA

In 2014 we joined our holding company, Old Mutual, in pledging US\$1m towards the African Union's newly launched Ebola emergency response fund. The fund's overall long-term vision includes helping to rebuild affected economies and industries, as well as increasing Africa's capacity to combat viral diseases.

Its immediate priority, however, is to mobilise, train and coordinate healthcare teams in the three countries at the centre of the current crisis, namely Liberia, Sierra Leone and Guinea.

'Africa is our home and Nedbank's commitment to this continent runs deep. Our roots are here and so is our future. This is why we have chosen to join the global community to provide practical and meaningful humanitarian support.'

*Mike Brown
Chief Executive: Nedbank Group*

Pandemic planning

We have a comprehensive programme in place involving pandemic management planning. In 2014 we focused planning on possible scenarios involving the Ebola virus. Preventative measures include the provision of updated information for all staff who may need to travel to identified risk areas.

Incident reporting

In compliance with the Compensation for Occupational Injuries and Diseases Act, No 130 of 1993, our Health and Safety Department records, reports to the Compensation Commissioner and investigates (through the appointed accident investigators) all workplace injuries.

All our occupational health and safety appointees report monthly compliance matters, inspections, minutes of meetings, incidents and evacuation reports using a groupwide software programme called I-Comply. All information for monthly board reporting is then extracted from this system.

This allows all documentation pertaining to injuries on duty to be kept at a central portal within the Health and Safety Department. Our accident reporting and recording procedure covers all types of injury or incident, including minor first-aid situations, medical and related incidents, and injuries sustained by contractors and visitors (provided our first aiders and medics attend to these incidents).

The table below reflects incidents and injuries recorded in 2014:

Incident category	Number of incidents 2014	Number of incidents 2013
First aid minor ie paper cuts (FAC)	341	328
Medical (MTC) - ie diabetic complication	175 ¹	131
Workmen's Compensation Claims - Nedbank	53	42
Workmen's Compensation Claims - contractors	3	1
Public/Visitors injury - first aid (FAC)	8	4
Fatalities	0	2 ²

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

² The fatalities in 2013 were related to medical conditions and were not caused by work related injuries

Our lost-time-injury-frequency rate in 2014 was 0,17 (2013: 0,14).

In 2014 a total of 2,3% man-days (2013: 2,2%) were lost due to sick leave.

Engaging with our staff

Our commitment to creating a great place to work means that we need to have a great work climate where staff feel engaged and motivated to perform at their best.

The results of our employee surveys are analysed and used to inform our efforts to be Africa's most admired bank, first and foremost by our staff, as well as clients, shareholders, regulators and communities. These surveys include:

The Barrett Survey

The annual Barrett Survey is a robust measurement tool that checks the health of the organisation and identifies transformational opportunities. The indices contained within the survey provide insight into the current culture that is experienced, as well as the desired culture that employees believe is important for future organisational success.

The 2014 results showed an increase in entropy from 11% to 12%✓. This measurement is a good indication of the amount of friction and conflict that is experienced by employees and contributes to unproductive activities.

An entropy score of 12%✓ requires monitoring and, in 2015, we will be focusing on lowering our entropy score. Limiting values that have been identified include control, bureaucracy and caution. These values need to be addressed, as they will counter our ability to deliver innovative solutions to meet client demand.

Despite this entropy increase, our 2014 results showed that eight of our top 10 values have remained consistent from 2013 to 2014. This indicates an important level of consistency in the experiences of employees over time. In addition, the level of values alignment between the current and desired culture increased from five value matches to six✓. This shows that employees had more confidence in the direction of the business in 2014. The latest results also show that 'integrity' - a value that is core for people in their personal lives - is also consistently evident in the current culture at the bank.

Participants in the 2014 survey indicated that they would like to see a strengthening of the quality of their leaders. In addition, employees are looking for a better work-home life balance, honesty, employee satisfaction and fairness.

Nedbank Staff Survey

The results of the 2014 Nedbank Staff Survey (NSS) remained relatively stable, dropping slightly from 76,7% in 2013 to 76,4%✓. Positive shifts were found in Change and Transformation, Ethics, Organisational Culture and Values, Rewards, Recognition and Performance Management and Training and Development. This reveals wide agreement among our employees regarding the practices and policies

that govern Nedbank and the consistent strength of our organisational climate - a good foundation for growth of the organisation.

Net Promoter Score

The Net Promoter Score (NPS) measures advocacy levels of employees towards Nedbank as a great place to work and to bank. The 2014 NPS results show that we have 22,7% more promoters than detractors in terms of Nedbank being a great place to work. This is an improvement from the 2013 score of 19,5%. The results also showed 20,8% more promoters of Nedbank being a great place to bank than detractors. This is also an improvement from the previous year's score of 15,5%.

We have taken this information and distilled it into an employee engagement plan so that we can focus our effort on specific staff segments and related experiences and practices. This will ultimately increase promoter levels and diminish any passive responses to brand ambassadorship.

Hewitt Engagement Survey

The Hewitt Engagement Survey forms part of the NSS and assists us in understanding what proportion of our employees are saying positive things about working for Nedbank Group.

The 2014 Hewitt results indicate that engaged staff have a strong and loyal desire for the organisation to be successful. The overall Nedbank engagement score remained at 72%, showing that Nedbank remains in the high-performance range of employers (66%-100%). This puts us well above the 2014 Global Financial Services score of 57%. However, the Hewitt Global Best Employers engagement average shifted from 79% in 2013 to 89% in 2014, which means that we still fall below the global average and need to focus our efforts on improving engagement levels to ensure we fall within the Best Employer category in the future.

Creating a diverse and inclusive environment

Implementing our 2013/2015 Employment Equity Plan

The Employment Equity (EE) Amendment Act is legislation aimed at redressing the imbalances of the past South African society and seeks to ensure that designated groups (ie Black people, people with disabilities and women) are fairly represented in the workforce of organisations doing business in the country. As with any other legislation, Nedbank seeks to comply with the EE Amendment Act, and we monitor our progress regularly through consultative bodies such as the Nedbank Employment Equity Forum (NEEF). The legislation is used as a tool to create a more diverse workforce for the bank and we develop a three-year EE plan with numerical targets and goals by race and gender, as required by the Act.

By the end of 2014 we had met and exceeded our numerical targets at junior management level, with the exception of targets for white males and females. The targets for some of the designated groups, especially Africans at both senior and middle management level were not met, as employee turnover at middle and senior management level has traditionally been low, and remained low over the reporting period, while there has been no growth in headcount at the senior management level. At middle management level, although there has been a slight growth in headcount, we have been challenged in finding staff for specialised positions.

According to a report titled *Engaging the 21st century workforce* by Deloitte, diversity and inclusion were ranked third in the SA Human Capital Trends in 2014. The report further states that not enough organisations in SA have taken the steps necessary to create an environment that promotes inclusion.

To address this vital aspect of business sustainability we have operated since 2008, a comprehensive diversity programme called Botho Pele. During 2014 a total of 3 396 employees attended the workshops (5 027 in 2013), which have a particular focus on engaging employees and encouraging them to embrace diversity fully. In 2014 the initiative was aimed at specific business clusters rather than bankwide, hence the drop in the number of staff who attended the workshops.

Recognising the importance of balancing diversity and inclusion, we have also been researching the concept of creating an inclusive

environment in the organisation. This, we believe, will have a positive impact on our culture of collaboration and innovation. In November 2014 we began piloting the concept and will use the results of this pilot to craft transformation initiatives designed to create a culture of inclusion and allow all employees to feel that they are fully part of the organisation.

Advancing women and people with disabilities

The advancement of disadvantaged groups such as women and people with disabilities (PWD) remained a key focus in 2014. In recent years we have maintained a female representation of over 62%, while our PWD representation has increased steadily, reaching 3,8% at the end of 2014. This is higher than the 1,6% average among SA government entities and ahead of the private sector average of 2%. We continue to create awareness through declaration campaigns, sensitisation workshops for line managers and HR managers and other communication channels.

Internal governance structures such as the Women's Forum and the PWD Forum play an important role in ensuring that issues affecting women and PWD in the bank remain firmly on the agenda of the bank.

16 Days of Activism

In support of the 16 Days of Activism for no violence against women and children campaign, Employee Wellbeing hosted interactive workshops on how to 'Take your power back'. These workshops provided skills delegates with the skills and techniques to avoid, and deal with, violence and potential abusive situations.

Employee relations management

Nedbank's approach to employee relations ensures that we recognise our employees' rights to fair and equitable employment practices and to freedom of association. The South African Society of Banking Officials (SASBO) and the Insurance and Banking Staff Association (IBSA) are the recognised collective bargaining agents at Nedbank, with a combined representation of 54,8% (2013: 44,4%) of employees in the bargaining unit. The bargaining unit comprises 18 308 employees. As with previous years, Nedbank did not experience any industrial action.

Disciplinary and grievance process - In 2014 there had been an increase in the number of incidents of misconduct reported from 7 971 during 2013 to 18 437. This could be attributed to the current socioeconomic climate in SA and the uncertainty it has created around economic growth and job security. This assumption is based on the number of misconduct cases relating to negligence and failure to abide by known procedures. In total, 6 513 incidents of breach of procedure and negligence were reported for 2014. This is an increase from 2013, in which 2 032 incidents were reported.

A harmonious and productive workplace is a workplace where employees are confident in engaging with their employers without fear of reprisal. We encourage our employees to raise any issue that might affect the working relationship, without fear of victimisation or harassment. A total of 284 grievances were lodged by employees during 2014, of which 82 were related to victimisation (2013: 101). These were all effectively managed through our internal employee relations processes.

CCMA referrals - As a result of our proactive management and fair processes, the number of referrals increased marginally to 98 in 2014. Cases that needed to be settled through the Commission for Conciliation, Mediation and Arbitration (CCMA) declined from 44 in 2013 to 35 in 2014, which is attributed to increasingly effective management by our Employee Relations division.

Collective bargaining - We continue to maintain mutually beneficial relationships with recognised unions, SASBO and IBSA. Constructive dialogue and consultations with these unions has ensured a stable and productive workplace. A total of 40 caucus meetings were held during 2014. These monthly caucus meetings between Nedbank Group Employee Relations, our business partners and the unions have assisted in mitigating the potentially negative employee relations effects of the slowing economy and the general labour

uncertainty. Our approach to collective bargaining kept retrenchments at a minimum, with eight employees (2013: 11) being retrenched due to operational requirements during 2014.

We also engage annually with our trade unions on salary negotiations. In 2014 these salary negotiations took three days to complete, with the parties reaching agreement on an 8,2% increase, which is in line with sustaining our vision of a stable and healthy workplace and Nedbank being a great place to work.

Regulators and changes in labour legislation - Our proactive steps during 2013 placed us in a position to manage the changes signed into law during 2014 effectively. Training interventions were conducted to sensitise management and HR regarding the changes.

Furthermore, in response to these changes in labour legislation, we embarked on a labour broking tender to establish a preferred list of labour brokers who meet legislative and internal requirements. The end result of the tender process was the reduction of the number of labour brokers we use from 52 to 15. A total of 477 temporary employees from labour brokers, earning below threshold, were also converted to permanent status during the year. A contractor employee data review was also conducted to assess the impact of the Labour Relations Act and the Basic Conditions of Employment Act.

Employees in our Africa subsidiaries

Nedbank currently has five subsidiary banks in Namibia, Swaziland, Lesotho, Malawi and Zimbabwe (MBCA Merchant Bank of Central Africa). We also have representative offices in Kenya and Angola.

Historically, although Nedbank has been present in these countries for many years, we have not significantly considered the contributions of these subsidiaries in our overall group growth and sustainability assessments.

During 2014, however, we increased consideration of our subsidiaries in terms of their contribution to our overall growth. We have aligned our boards in these subsidiaries with a uniform governance structure and hired 60% of our top management teams in the past 18 months, filling all critical roles. We now have the management team in place to shape and execute our strategic intention. This strategic intent is anchored in opportunities we see in our markets.

Despite some political and economic challenges, our subsidiary operations continue to present growth opportunities. We currently have over 1 500 staff throughout the sub-Saharan region, including a small complement of staff based in Johannesburg who support and enable our strategies in our subsidiaries.

The renewed focus, energy and investment in the African subsidiaries are paying off. We have seen our staff satisfaction rates increase by 4,2% overall, which is a statistically significant shift.

Confirming the higher levels of inclusion by these subsidiaries, 2014 saw an increasing number of participants from these businesses in the NSS. The dimensions of Strategic Direction, Leadership, Relationships and Trust, Engagement, Change and Transformation and Policies and Procedures all recorded statistically significant improvements. All other dimensions showed a positive shift as well.

The Barrett Survey results from the subsidiaries showed that our organisation is seen to have a strong and healthy culture, with seven values matches between the current culture and the desired culture.

Our staff investing in communities

At Nedbank we believe that social responsibility is everyone's responsibility. We therefore do everything we can to enable our employees and clients to be highly involved in giving back to communities by, among other things:

- providing our employees with two corporate social responsibility leave days per year to enable them to make things happen in the community, without it impacting on their paid annual leave allowance;
- promoting activities and causes for which our employees can volunteer their time and talents;

- offering financial support to organisations where our employees and clients volunteer in their own time; and
- affording our clients opportunities to support causes close to their hearts, by means of volunteerism or financial donations through our Nedbank Affinities and Local Hero Programmes.

Our efforts at facilitating and growing volunteerism are logical extensions of our vision-led, values-driven ethos, as well as our Deep Green aspiration of being highly involved in the community.

Volunteerism is used as a channel to support our CSI agenda, which focuses primarily on education, health, community development, job creation, skills development, sport development, arts and culture, children's welfare and the environment.

Over the past 12 years Nedbank has invested more than R30m in our individual and team volunteerism programmes (2014: R5,5m), with approximately 28% of our workforce participating in programmes each year. This is far above the national average of 3,5%.

Our volunteerism programmes include the following:

Local Hero Programme – Established in 2001, the Nedbank Local Hero Programme encourages and honours individuals who participate in volunteer work. Staffmembers who do volunteer work can apply to receive a R15 000 donation towards their cause. In 2014 we invested R935 000 through this programme, with the help of 40 participating staffmembers.

'Active citizenship is about being involved in your community, having your say and taking part in decisions that affect you. This often means taking the opportunity to be actively involved in tackling the things that need to change around you. Some of this involvement requires a willingness to work on behalf of others without the expectation of pay or tangible gain.'

*Kone Gugushe
Divisional Executive for CSI at Nedbank*

Team Challenge – Team Challenge allows staffmembers to form teams and give of their time and talents in support of causes that they feel passionate about. Nedbank provides seed funding for every team to help initiate and implement their projects. In 2014 we invested R500 000 through Team Challenge, which saw 256 staffmembers assisting 45 community and environment projects across the country.

Saturday School – Started in 2011, the Saturday School project provides maths lessons for Zenzeleni Primary School learners in Alexandra. The team of Nedbank volunteers transports the learners to and from our 135 Rivonia Road offices in Sandton, and tutors the learners in small groups in order to achieve maximum results. In 2014 we invested R200 000 through the initiative, which involved 22 staffmembers and benefited 51 learners.

Payroll Giving – Payroll Giving offers employees an effective and regulated means of contributing to several established charities. An agreed amount is deducted from monthly salaries and sent directly to The Giving Organisation, which distributes the funds to the Childhood Cancer Foundation SA (CHOC), the SA Red Cross Society, Cotlands, Reach For A Dream, the Ithemba Trust and the QuadPara Association of SA. The Nedbank Foundation then matches all the funds donated by staffmembers up to R1,5m. Since its inception in 2006, Payroll Giving has raised an impressive R14,5m for these deserving charities. In 2014 a total of 6 108 staffmembers contributed R1,49m, which was matched by a further donation of R1,5m from the Nedbank Foundation.

Santa Shoe Box – In 2014, for the third consecutive year, our staff across the business participated in the Santa Shoe Box project, giving their time to gather and package gift boxes for underprivileged children across SA and Namibia. The Santa Shoe Box project is an initiative of the non-profit Kidz2Kidz Trust and coordinates the donation, collection and distribution of personalised gifts for over 100 000 children at Christmas time. Nedbank volunteers packaged and donated 3170 gift boxes at a total value of approximately R634 000.

NEDBANK DREAM RIDERS RAISE MILLIONS FOR CHARITY

Nedbank Dream Riders is a team of passionate and dedicated cyclists who raise funds for children between the ages of three and 18 through participation in the 94.7 Cycle Challenge and in partnership with the Reach For A Dream Foundation.

Since its establishment in 2007, Dream Riders has raised over R4m, making it one of the Nedbank Foundation's biggest fundraising initiatives. All the money raised goes directly to fulfilling dreams for children fighting life-threatening illnesses.

One such dream belonged to Karabo, a talented young girl suffering from severe aplastic anaemia, who wanted to be a fashion designer. Karabo was given the opportunity to meet Gert Johan Coetzee, an internationally renowned designer, and tour his design studio. Gert also designed a special outfit for Karabo and she modelled for her very own mini fashion shoot.

Our Environmental footprint

Nedbank's strategic approach to climate change

It is generally accepted that southern Africa will be severely affected by climate change as the risks and prevalence of extreme weather events and prolonged droughts become more prevalent. Given that the majority of our business is based in this region, this is a risk that we view as material.

Nedbank's strategic approach to climate change is informed by our Long-term Goals for 2030, describing a preferred and prosperous future for SA, in which human needs are met within environmental limits as described by science. The Long-term Goals provide a framework within which we have developed a comprehensive response to climate change:

- **Our business response** - This forms an integral part of the Fair Share 2030 strategy and requires us to redirect a portion of our lending flows to accelerate decarbonisation of the economy explicitly at a rate that is commensurate with the national carbon budget, ie SA's equitable share of the global commitment to avoid a 2°C average surface temperature rise. Essentially, the Fair Share 2030 strategy incorporates both mitigation and adaptation. It comprises (i) a carbon screen that will serve to decarbonise our lending book in line with the carbon budget trajectory and (ii) an annual flow of lending towards the provision of modern energy services, clean water and sanitation, etc.
- **Our operational commitment** - This commitment calls for minimising and then offsetting the residual carbon footprint of our operations. Our carbon emissions per fulltime employee (FTE) have reduced by 13% since 2009 and Nedbank has been carbon neutral since 2009. We have been a consistent top performer for disclosure in the Carbon Disclosure Project (CDP) and have been included in the Dow Jones World Sustainability Index since 2004. We are currently developing

plans for the further reduction and ultimately elimination of Scope 1 and Scope 2 GHG emissions from Nedbank facilities, eg through direct installation and/or procurement of renewable energy for Nedbank's use.

- **Our corporate social investment (CSI) programmes** - Over time these will also be oriented towards meeting the objectives of the Long-term Goals. We will specifically focus our CSI and philanthropic investments on interventions where we have limited agency or the ability to make an impact through our core business.
- **Our advocacy (around climate change)** - We will be advocating for climate change mitigation responses that are informed by the requirements of science, and adaptation responses that ensure future prosperity for SA within our national carbon budget.

Reduction targets

Our clearly set-out reduction targets are key to our effectiveness in limiting and reducing our impact on the environment, as well as our usage of scarce and diminishing natural resources. These reduction targets specify our ideal carbon emissions and resource usage, and are filtered through our organisation to drive behaviours at a group, cluster, business unit, team and individual level.

The achievement of the specified reduction targets is also an integral part of our ongoing performance reviews, which helps to ensure that our staffmembers clearly understand the role and responsibility they have in enabling us to meet our overall targets.

Our targets for paper, waste and water were met well before the timeline we anticipated. As such, we will be reviewing our target-setting process. We will also further interrogate the reasons for the large reductions, as in some cases these are one-off events that may mean the reductions can't be maintained. While this process is underway, the current targets will remain in place.

Resource	Target
Energy	A 12% reduction by the end of 2015 based on 2005 levels or 5 335 kWh per fulltime employee (FTE). The 2014 value was 5 215 kWh per FTE, meaning the end-of-2015 target was reached early (2013: 5 649 kWh per FTE). A new target was set of a 10% reduction by the end of 2020 based on 2014 levels or 4 694 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 2014 water use, at 14,78 kℓ per FTE, decreased substantially from the 2013 value of 16,64 kℓ per FTE.
Paper ¹	A 15% reduction by the end of 2020 based on 2013 levels or 1 443 tonnes by the end of 2020. The 2014 paper consumption was 1 294✓ tonnes (2013: 1 603 tonnes). Paper usage was reduced by 19,3% year on year.
Waste ²	A 10% reduction based on 2013 levels or 17,73 kg per FTE by the end of 2020. The 2014 result was 16,25 kg per FTE (2013: 19,70 kg per FTE).
Recycling ²	A 6% increase in recycling based on 2011 levels by the end of 2016 or 33,58 kg per FTE. Overall recycling increased by 1,59% to 574✓ tonnes (2013: 565 tonnes). The FTE rate decreased due to more employees at our campus sites (2014: 28,79 kg per FTE; 2013: 31,38 kg per FTE).
Carbon emissions (including business travel)	A 7% reduction based on end-of-2013 levels by the end of 2020 or 7,08 tCO ₂ e per FTE. In 2014 the emissions were 7,08 tCO ₂ e per FTE (2013: 7,61 tCO ₂ e per FTE).

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. The campus FTE was calculated as 19 948.

Achievements against reduction targets in 2014

In 2014 we achieved the following in terms of our intensity reduction targets:

Resource	Achievement
Carbon emissions	Carbon emissions decreased to 7,08 tCO ₂ e per FTE and 0,30 tCO ₂ e/m ² in 2014.
Electricity	Electricity usage decreased by 7,68% per FTE and by 10,35% based on floor space. This was mostly due to more accurate electricity usage information from non-SA and campus site electricity reductions.
Water ²	Water consumption on campus sites decreased by 11,17% per FTE from 2013 to 2014.
Paper ¹	Total usage decreased by 19,3% from 2013. There was also a 20,4% reduction in emissions associated with paper usage.
Waste and recycling ²	The waste sent to landfill decreased from the 2013 value of 355 tonnes to 324✓ tonnes in 2014. Recycling increased by 1,59% to 574✓ tonnes (2013: 565 tonnes).
Business travel	Business travel decreased from 14 514 tCO ₂ e in 2013 to 13 360 tCO ₂ e in 2014. This was mainly due to active cost containment.

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. The campus FTE was calculated as 19 948.

Carbon reduction and management

The total GHG emissions across our entire group decreased by 3,72% from 2013 to 2014. Accordingly, the emission rate per FTE also decreased by 7,06% year on year, and was calculated as 7,08 tCO₂e per FTE (2013: 7,61 tCO₂e per FTE). Based on floor space, the GHG intensity rate decreased by 9,75% to 0,30 tCO₂e/m² (2013: 0,33 tCO₂e/m²).

This overall emissions decrease can be attributed primarily to various initiatives and actions that led to a decrease in electricity used on campus sites, as well the availability of more accurate information regarding the use of non-SA facilities.

The GHG emission reduction associated with the use of paper needs to be investigated to determine whether this reduced level can be maintained in the long term. More information regarding the various reductions is provided in the following sections.

Energy

Approximately 73% of the total Nedbank Group carbon footprint is a direct result of our use of electricity from the national grid. The reduction of electricity consumption therefore remains a key target for capital investment and staff awareness.

In 2014 we continued to reduce our total electricity usage across our campus sites, despite the total area of these campus sites increasing year-on-year. This achievement is particularly significant given the ongoing challenge of having to reduce energy usage across our group without expecting our staff and clients to compromise on comfort levels. This challenge is further exacerbated by the energy restrictions that SA currently faces.

An energy audit of all our major campus sites was completed in 2014. This provided a clear picture of further energy-saving opportunities, particularly in terms of further behavioural change by employees. During this audit we investigated the viability of introducing additional natural energy production mechanisms, including photovoltaic cells and wind turbines. In addition, a thorough assessment of our building management and monitoring systems provided us with good insights into accurately assessing our energy consumption in order to identify further opportunities for reduction initiatives. Many of the energy-saving initiatives will be introduced or expanded in 2015.

In contrast to our 2013 results, non-campus electricity consumption also declined for sites we do not own, which typically restricts our energy optimisation options.

Overall electricity consumption was also reduced through our ongoing facilities consolidation project, which includes comprehensive investigation and implementation of operational energy usage savings. The result is that the overall energy (electricity) consumption was a pleasing 5 215 kWh per FTE (2013: 5 649 kWh per FTE) for the period under review.

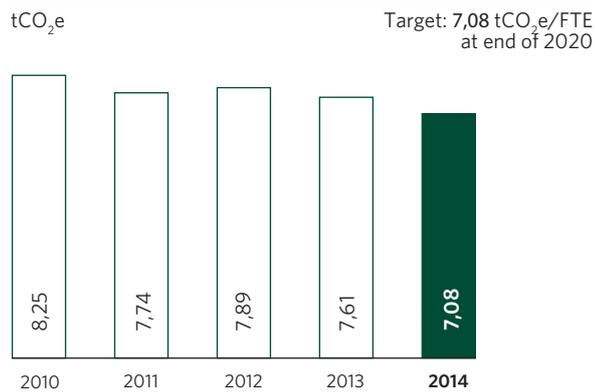
The major focus for future energy reduction initiatives remains on implementing the lessons from our campus sites to drive similar reductions across our non-campus sites. Focused capital investment also remains a vital component of energy reduction effectiveness, and in 2014 we invested R5,5m in energy-specific initiatives (2013: R8,2m), most of which concentrated on increasing the efficiency of air conditioning units and the installation of energy-efficient light fittings.

Waste and recycling

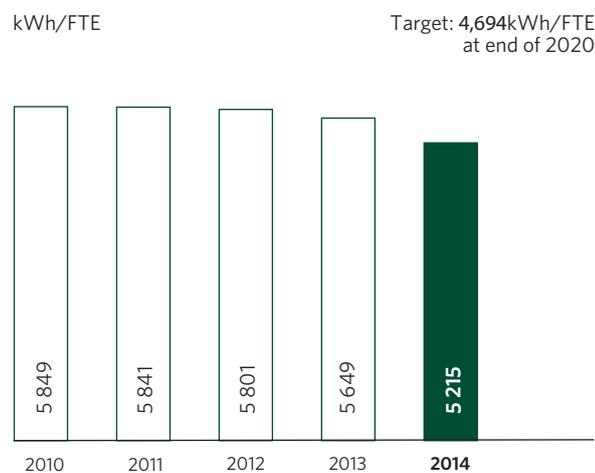
The early success in attaining our reduction targets for waste can be largely attributed to an increase in our staff complement accompanied by greater levels of awareness and education. Another contributor is the proven effectiveness of our onsite recycling 'banks', which encourage and enable appropriate sorting of waste at source.

The total amount of waste sent to landfill in 2014 was 324 tonnes (2013: 355 tonnes), or 16,25 kg per FTE (2013: 19,70 kg per FTE). This implies that the 2020 target was achieved ahead of schedule. As explained above, we will be reviewing our target-setting process as well as further interrogating the reasons for the large reductions to ascertain whether the achievement is sustainable into the future.

EMISSIONS PER FTE



ENERGY CONSUMPTION



As in previous years, the safe disposal of compact fluorescent lights (CFLs), batteries and printer cartridges continued, and was expanded in 2014. 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. A module about recycling has also been introduced to our induction training for all staff who may need to deal with the disposal of these materials as part of their jobs. In 2014 64% of our total waste was recycled.

A mass balance was undertaken in 2013 to quantify exactly what resources entered Nedbank. One outcome of the work done to date has been the limitation on recycling targets as the group's overall resource use is driven down. For example, paper recycling cannot continue to increase if paper use does not also increase in line with business expansion. We look forward to the day when our group reaches a steady state in terms of usage and reduction, at which point all resources that can be recycled will be recycled. This exercise will help to inform the new work that we do on our targets.

Paper

Paper consumption across the group decreased by 19,3% year-on-year, with a total of 1 294 tonnes of paper used in 2014 compared to 1 603 tonnes in 2013.

Nedbank Retail is the main paper consumer in the group and this business area undertakes numerous paper-saving initiatives, which are carefully tracked. We recognise, however, that some of the paper reductions recorded in the past year could be attributed to the lengthy shutdown of the SA postal service, as well as a change in our procurement system, both of which may have artificially inhibited paper usage for a period of time. This means that there are questions over whether this paper reduction can be maintained going forward.

Water

In 2014 total water consumption across all campus sites decreased by 1,61% to 294 873 kℓ (2013: 299 694 kℓ).

Water leaks remain one of the main challenges in terms of reducing our water consumption. We continue to invest significant resources in the monitoring and maintenance of our water infrastructure. Water leaks typically demand immediate action when they occur and cannot necessarily be fully prevented by proactive means. Often the only way of identifying a water leak is through meter readings, which means that substantial volumes can be lost before a leak is noticed. The measurement of water usage will be expanded in 2015 to assist in tracking leaks and to expand our water usage trend analysis.

Our staff also play a vital role in our ongoing water reduction efforts. We advocate behavioural changes through constant awareness creation and proactive savings campaigns. Our 'Flush light' initiative was one such campaign, which was run after we discovered that many staffmembers were unaware of the benefits of using a dual-flush toilet. In addition to, and in support of, the 'quality' element of our water stewardship strategy, we partnered with Unilever SA to distribute 30 000 Skip liquid detergent bottles to all staffmembers. By simply switching from a powdered soap to a phosphate-free liquid detergent, staff have played a part in promoting water quality.

Business travel

Our comprehensive Business Travel Policy includes green-travel guidelines aimed at empowering staffmembers to follow the most sustainable practices when travelling. We also actively promote the use of tele – and videoconferencing wherever possible, as alternatives to travelling by road or air to attend meetings.

In 2014 overall GHG emissions due to business travel decreased by 7,9% from 2013 levels. This reduction can be attributed to a decrease in flights (14,3%) and rental car use (11,9%), while the data indicates a slight increase in staff travel claims (0,1%).

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. That said, it is anticipated that business travel could increase, in gross terms, as our group expands its footprint across Africa and beyond in the coming years.

Environmental expenditure

In 2014 our overall investment in environmental sustainability initiatives totalled R59,7m (2013: R58,5m). The biggest contributor to this total investment amount was the purchase of carbon credit offsets that amounted to approximately R14,6m in 2014 (2013: R16,1m). The carbon credit cost decreased because of suppressed market demand and a lower carbon footprint in 2014. Other initiatives include solar billboards, the Sustainable Business Awards, recycling banks, water meters and the installation of energy-efficient LED lighting within existing buildings. There was also an energy and metering audit conducted at campus sites. In addition, Property Finance continued the sponsorship of the Green Building Council of South Africa's Building Performance Tool and the development of incentives for more efficient affordable-housing developments.

Looking forward

Our future success in continuing to drive down our carbon, energy, waste and water figures will require ever-increasing capital expenditure and a more concerted effort to encourage and enable behavioural change among our stakeholders. To this end we will continue to engage with all stakeholders, including our staff, through formal reportback sessions to management and regular communication campaigns aimed at delivering education and awareness.

Leveraging carbon neutrality to deliver maximum benefit

Our achievement of carbon neutrality in 2010 not only evidenced our commitment to being an African sustainability leader, but also impressed on us the responsibility we have to leverage our position as Africa's first carbon-neutral bank.

In the years since then we have made it a strategic priority to harness our carbon-neutral position to contribute to the development of SA's green economy, unlock and leverage synergies, partnerships and collaborations with like-minded organisations, and enhance our client value proposition.

We have also continued to extend the scope and positive impact of our carbon-neutral position through our established approach of reducing our own impact as much as possible by means of internal initiatives and behavioural change, before offsetting any remaining emissions through carbon credits.

In line with our understanding of the need for strong social and environmental sustainability interconnectedness, we continue to acquire these carbon credits from projects that benefit the natural heritage and social structure of Africa.

As in the past, we focused mainly on supporting domestic carbon-offsetting projects that had verifiable carbon credits with the appropriate social upliftment benefits. That said, there are still limited eligible SA-based carbon-offsetting projects in which we can invest. This local market weakness has been exacerbated by regulatory uncertainty regarding possible future offsetting requirements of high-level polluters.

Against this backdrop, in 2014, the carbon credits we required were obtained primarily from the following projects:

- **The Rukinga Project** – Located in Kenya's Kasigau Corridor, the Rukinga Project was the world's first Reducing Emissions from Deforestation and Forest Degradation (REDD) project to issue carbon credits. In 2014 we continued our support of this project, which is helping to prevent the deforestation of this ecosystem region, while delivering massive economic and social upliftment benefits to local communities.
- **The Kibale Natural High Forest Rehabilitation Project** – Kibale National Park is one of the last remaining tropical forests in Uganda. It plays host to the largest variety and greatest concentration of primates found anywhere in East Africa. It is also home to at least 350 tree species. Our support of this project facilitates the work of reforestation approximately 10 000 ha of the park, thereby restoring its biodiversity and increasing carbon stocks. The project also educates local communities, promotes appropriate land management and creates employment.
- **Reliance Compost (Pty) Ltd** – This SA company operates a composting organic waste process. Through the issuance of carbon credits, the financial sustainability of this important business has been bolstered, allowing it not only to deliver environmental benefits, but also to provide ongoing employment opportunities. It also contributes to education and environmental awareness within the communities it supports.
- **The Lifestraw Water Filtration Project** – Thanks to our support, the project was able to distribute one million point-of-use water filters in rural Kenya during the 2013 financial year. The carbon offsets from this project were retired for the 2014 carbon footprint.
- **The Hout Bay Recycling Co-Op** – This small, community-based enterprise operates within the impoverished community of Imizamo Yethu in Hout Bay, Cape Town. Members of the community collect and sell waste to the project, and this is then recycled and sold for further processing. GHG emissions are avoided through a reduction in waste sent to landfill and the use of recycled materials as inputs in manufacturing processes.

Carbon footprint measurement

In absolute terms our overall reported GHG emissions decreased by 3,72% from 2013 to 2014. The carbon emissions per FTE also decreased year on year by 7,06% to 7,08 tCO₂e per annum and emissions per square metre of office space decreased by 9,75% to 0,30 tCO₂e per annum. These are remarkable achievements

considering that we continued to expand our business footprint at the same time. All indicators point to the fact that we are succeeding in our mission to do more while polluting less. In 2014 we continued with the reporting drive to ensure that all GHG sources are included.

Reporting period	1 January 2014 – 31 December 2014
Methodology	<i>The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard</i> (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 767 SA offices and branches (2013: 828), and all non-SA equipment and operations integrated into the greater Nedbank Group. Some facility consolidation took place in 2014 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 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	2014	2013 new baseline	2012	2007 previous baseline
Total occupied floor space of reported buildings (m ²)	717 236 ²	672 367	671 649	261 450
Employees included in FTE calculations	30 121 ³	29 077	28 695	14 203
Total number of FTEs	30 121	29 077	28 695	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. An example of this is the Eskom grid emission factor, which is reported as 0,99 tCO₂e/MWh in the Eskom 2012 annual report. In 2013 the stated Eskom emissions factor was 1,00 tCO₂e/MWh, but other publications indicate the SA grid emission factor as somewhat lower. For consistency between 2012, 2013 and 2014, 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.

Nedbank group GHG emissions inventory – tCO₂e (tonnes)

Scope	2014	2013 new baseline	2012	2007 previous baseline
Scope 1				
Direct emissions from:				
Fuel used in equipment owned or controlled by us (eg generators)	379,88	800,31	847,56	694,85
Air conditioning and refrigeration gas refills ³	100,62	272,94	587,06	140,18
Our fleet of vehicles	236,08	278,55	56,53	134,95
Scope 2				
Indirect emissions from purchased electricity:				
Purchased electricity – SA	147 473,57	150 538,64	154 022,54	96 361,71
Purchased electricity – non-SA	8 034,25	12 070,86	10 780,98	
Total Scope 1 and 2 emissions	155 887,70	163 409,81	165 651,08	97 056,56
Scope 3				
Indirect emissions from ¹ :				
Business travel in rental cars	373,91	424,38	504,36	498,59
Business travel on commercial airlines	6 627,02	7 733,08	7 606,11	7 790,61
Business travel in employee-owned cars	6 359,47	6 356,23	7 788,30	2 244,13
Employee commuting	41 459,61	40 406,56	41 248,00	17 665,83
Consumption of office paper	2 425,62	3 048,76	3 511,96	3 284,15
Total				
Scope 1, 2 and 3 emissions (GHG Protocol)	213 133,33 [✓]	221 378,81	226 309,81	128 539,87
Split of Nedbank Group carbon emissions (tCO ₂ e)				
Scope 1 (%)	0,18	0,36	0,37	0,53
Scope 2 (%)	72,96	73,45	72,82	74,16
Scope 1 and 2 (%)	73,10	73,81	73,20	74,69
Scope 3 – Historic unsplit ²				24,23
Scope 3 – Nedbank operations (%)	7,41	7,93	8,58	
Scope 3 – Staff commuting (%)	19,45	18,25	18,23	

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

² Historic non-GHG emissions were omitted for simplicity, which resulted in a shortfall of ±1% for 2007 only.

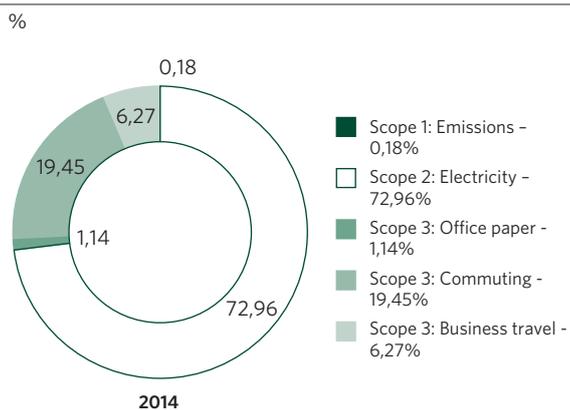
³ Scope 1 emissions. Scope 1 emissions from refrigerants decreased by another 63% year on year after it decreased 54% between 2012 and 2013. This is due mainly to a good maintenance regime that was followed historically. That said, some future refrigerant refills will be necessary, which could result in an increased use.

Emissions due to Nedbank fleet vehicles, including the use of Nedbank fleet fuel cards, decreased by 15%. This was due mainly to the decrease in actual usage of these fleet vehicles.

Diesel used in generators decreased by 83% as the electricity supply to the campus sites was largely stable in 2014. It is expected that this figure will increase in 2015 due to the constraints in electricity supply that SA faces.

The overall reduction in Scope 1 emissions was 53%, with each component showing significant decreases. As in 2013, emissions from all Scope 1 activities in 2014 remained below 0,5% of total emissions.

NEDBANK GROUP 2014 CARBON FOOTPRINT



Scope 2 emissions

Our energy use, in the form of electricity, continued to be the predominant source of emissions in 2014, constituting approximately 73% of our overall carbon footprint.

We continue to target reduced energy consumption through a variety of initiatives. From 2013 to 2014 the electricity usage decreased by 4,4%, while we increased our total floor space and total FTE count. 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 1,5% year on year from 2013.

Scope 3 emissions

Approximately 27% of the total 2014 GHG emissions arose from reported Scope 3 activities, while more than 72% of the Scope 3 emissions were from staff commuting. As stated in the 2013 report, Scope 3 staff commuting emissions must be highlighted separately, as these are not under our direct control.

Emissions from rental vehicles decreased year on year by approximately 12%, and emissions from commercial airlines decreased by 14%. Emissions from third-party manufacturing of office paper showed a massive year on year decrease of approximately 20%. As discussed above, some of the paper savings could be attributed to the postal service constraints and the migration of the paper procurement system, meaning that it may be difficult to maintain these reductions going forward.

Nedbank Group - Key performance targets

Nedbank Group - key performance targets	Progress from 2013 new baseline and YOY %	Progress from previous 2007 baseline %	2014	2013	2012
Total carbon emissions tCO ₂ e (including non-SA)	(3)	65	213 133,33	221 378,81	226 309,81
Emissions per FTE	(6)	(22)	7,08	7,61	7,89
Emissions per m ²	(9)	(40)	0,30	0,33	0,34
Emissions per operating income (g/rand)	NA	NA	6,32	7,12	
Energy					
Consumption in kWh			157 078 611	166 468 203	166 469 204
Consumption in kWh per FTE	(7)	(20)	5 215	5 649	5 801
Paper					
Tonnes used	(19)	22	1 294,00	1 602,75	1 850,96
Usage per FTE (tonnes)	(22)	(43)	0,0427	0,0551	0,0645

CASE STUDY

BUILDING A GREENER ECONOMY

Nedbank Group is committed to its position as an environmental pioneer within the SA business environment. Given that the built environment is a key contributor to the country's high overall carbon footprint, we recognised the vital role that environmentally friendly buildings have to play in the sustainable achievement of the green economy that is so important for the future of SA and its people.

We are committed to applying our established sustainability expertise to the development of a green-built environment. The results of this commitment have been evidenced in recent years by our position as the leading funder and occupier of green buildings across the country. In fact, by the end of the 2014 financial year, Nedbank Group had funded the development of nine green buildings and now occupies six green buildings.

The compelling case for green buildings

Our position as a leading force in the development of green buildings came about as a result of our recognition of the significant environmental, health and economic advantages that can be unlocked by a green-building approach.

For instance, while there is a lingering misperception that green buildings cost more, Nedbank's experience in the green-building space has largely disproved this myth. While initial new-building costs are slightly above those of traditional building processes, effective project management and controls can keep this premium to no more than about 3% to 5%.

Given the substantial operating-cost savings generated by these green buildings, this premium will typically be recouped within three to four years, after which occupying a green building becomes a source of significant cost saving, and positive environmental contribution, as can be seen by the following data gathered from a number of our green buildings over the past year:

	Energy consumption*	Water consumption*
Nedbank Lakeview	40% better than the SANS 204 benchmark	54% better than the average consumption by non-green buildings of similar size.
Nedbank Menlyn	11% better than the SANS 204 benchmark	40% better than the average consumption by non-green buildings of similar size.
Nedbank Ridgeside	20% better than the SANS 204 benchmark	40% better than the average consumption by non-green buildings of similar size.
Headoffice Phase II at 135 Rivonia Road	This building continues to deliver energy consumption in line with the SANS 204 benchmark and water consumption equivalent to new buildings of a similar size.	

*As measured using the Green Building Council of SA's energy and water benchmarking tool.

Beyond the money

Apart from the proven cost savings, the many other benefits have become clearly evident to Nedbank, as its portfolio of green buildings has grown in recent years.

These benefits extend to all our stakeholder groups, most significantly the following:

- **Staff** - through a more comfortable work environment that promotes productivity and aligns with their personal sustainability values.
- **Shareholders** - through lower costs, improved long-term profitability and a more robust share price.
- **The environment** - through a lower carbon footprint, waste management, and effective conservation of vital resources.

Looking forward

Given the diversity of benefits already unlocked by our green-building commitment thus far, our intention is to continue building on the solid foundations we have established.

Our ultimate goal is to achieve Green Star accreditation for all our campus sites larger than 5 000 m². From a management perspective, we will continue working towards continually improving efficiencies through a dedicated metering and monitoring programme.

In partnership with our staff and other stakeholders, we will also continue to work towards achieving our agreed electricity, water and waste-to-landfill reduction targets.

Growing SA's green-building base

Given the time and space constraints around the construction of new buildings across many of SA's urban centres, the application of green principles to the refurbishment and operation of existing buildings is vital to ensure the growing positive contribution of the country's built environment to its green economy.

As part of our commitment to growing this overall green contribution, Nedbank sponsored the development of the Green Building Council of SA's Existing Building Performance Tool.

The tool provides a green-building rating standard for the country's vast existing building stock, using measurable green performance indicators, including water, energy and waste management, lease agreements, management contracts and procurement policies that define performance requirements, and building attributes that inform performance.

In addition to funding the development of the tool, 11 of the 50 buildings included in a comprehensive pilot project were from the Nedbank Group property portfolio. The pilot was aimed at assessing the accuracy and effectiveness of the tool. We have learned much from our participation in the pilot that will help us with future efficiency initiatives.

THE WHO ...



STAKEHOLDER ENGAGEMENT

Our stakeholders are partners in our business and the success we achieve is directly related to the depth of relationship and engagement we have with all our stakeholder groups.

For us, stakeholder engagement is therefore about far more than merely communicating with people connected with our bank; it is an ongoing process of listening, informing, sharing ideas and receiving input - all for the purpose of unlocking mutual benefit and shared individual, business or industry growth.

We consider our stakeholders to be any individuals, groups or organisations that impact on, or are impacted by, our business decisions, activities, products or services and performance. Based on this understanding of stakeholders as key business partners, effective stakeholder engagement is also at the heart of our reputation management strategy. This requires extensive internal and external collaboration to ensure consistency, brand alignment and a vision-led, values-driven approach that delivers mutual benefits. Regular independent measures and benchmarks are employed across our stakeholder groups to measure brand and reputation health through the Reputation Institute of SA.

While every stakeholder is vitally important to us, we prioritise our stakeholder groups according to the level of the influence they have on our bank, or the impact we potentially have on them. Our priority stakeholders are our staff, clients, shareholders, regulators and communities (including the environment). Given the importance we place on these priority stakeholders, they are even listed as part of our overall long-term vision.

The Nedbank Group Executive Committee (Group Exco) assumes ultimate responsibility for the success of our group's stakeholder engagement efforts. However, the actual process of engaging with stakeholders forms part of the operations of our various clusters and business areas. This devolved stakeholder engagement framework is governed by a clear and comprehensive group stakeholder engagement policy, which includes our corporate identity and communication guidelines and aligns with the recommendations of King III. To ensure that Group Exco is kept fully apprised of the status of key stakeholder relationships and material issue each business area reports on its stakeholder engagements through the Executive Operational Committee (OPCOM) on a regular basis.

By empowering our various business areas to engage directly with their particular stakeholders we ensure that we remain fully in touch with their needs, expectations and perceptions and enable the businesses to react quickly to any issues or opportunities that require immediate attention.

The following tables provide an overview of Nedbank Group's main stakeholder engagements for 2014 and outline the key issues, risks, opportunities and actions associated with these engagements.



Integrated Report: Delivering value to our stakeholders

Stakeholder engagements in 2014



Our staffmembers

Why we engage with our staff

- 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

- To provide us with feedback and input that can help us improve their working environment experience as well as the performance of our business.

Frequency of engagement

- Ongoing and daily engagement at all levels.
- As required by staff.

Specific engagements in 2014

In addition to the regular, direct communication between managers, teams and individuals, specific employee engagements in 2014 included the following:

- Group Exco communication sessions.
- The Barrett Survey and the Nedbank Staff Survey.
- Nedbank results presentations.
- Chief Executive and cluster head roadshows at national and South African Development Community (SADC) level.
- Regular electronic and printed newsletters.
- Cluster and group recognition functions culminating in an international trip for top achievers.
- The annual Employment Equity Summit.
- Biannual one-on-one performance appraisal discussions with individual staffmembers, including talent conversations.

Hot topics	Resulting developments
Effective performance management	In 2014 we refined our focus with regard to developing and entrenching our performance leadership culture, values, and EVP, which remain drivers of our competitive advantage.
Employment equity progress	We achieved five out of nine of our EE targets. We continue to seek feedback from staff to get a better understanding of the barriers and challenges involved in attaining all these targets and address these proactively. The Nedbank Employment Equity Summit, hosted in 2014, served as a platform for staffmembers to discuss people transformation issues affecting them and to identify the ways in which they believe EE can help Nedbank to realise its 'Winning in 2020' vision.
Managing organisational change	To optimally manage the rapid rate of change in our industry and country we sought to evolve our strategic change capability to support planned changes while developing long-term change management agility. A three-day Change Capability Workshop was designed and implemented with the purpose of instilling a core level of consistency in the way change projects are approached across Nedbank.
Organisational restructuring	The restructuring of Nedbank Retail and Business Banking, as well as Corporate and Capital, has impacted on staff at a change management level, however, we do not anticipate large numbers of retrenchments. Internal redeployment remains the first course of action.

Quotes from our staffmembers

'Nedbank is a caring bank and great for personal development and career growth.'

Nedbank staffmember

'Nedbank is an equal-opportunity bank, regardless of race, gender or religion.'

Nedbank staffmember



Our clients

Why we engage with our clients

- To understand them, their aspirations, businesses and financial service needs better.
- To provide appropriate advice, proactive financial solutions and value-adding services.
- To ensure that we maintain the high service levels they expect and deserve.
- To inform product development and prioritisation.
- To ensure accuracy of client personal and/or business information.

Why our clients engage with us

- To receive sound financial advice and financial education.
- To access worldclass innovative solutions and services.
- To grow and protect client investments and wealth.
- To obtain convenient access to banking, less complexity and improved flexibility (channel of choice).
- To enjoy protection of their assets through secure IT systems and infrastructure.
- To get value banking that is competitive and transparent in pricing.

Frequency of engagement

- Ongoing.
- Dependent on client needs and identified sales, service or guidance opportunities.

Specific engagements in 2014

- 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
Seamless wholesale banking	Nedbank Capital and Corporate will be integrated into a single client-facing, wholesale business cluster. This newly formed cluster will offer the full spectrum of wholesale products under one brand and one leadership team.
Simple and superior client experience	To meet this need we have embarked upon a client-centred re-engineering of our self-service and onboarding capabilities to make the process simpler and easier while improving the turnaround times to clients. We have also bolstered our debt structuring and advisory capability in order to tailor innovative lending solutions for our clients. We launched the NedbankInsurance.co.za website that combines all our insurance offerings into one website with enhanced features. The site gives our clients a one-stop insurance offering through this digital platform.
Grow and protect client investments and wealth	This is an important focus area for Nedbank across our product and investment range. Our Best of Breed™ funds are a good example of how we are doing this successfully as they deliver continued stellar performance for our clients.
Provide financial education and advice	The Nedbank Consumer Education Programme provides invaluable financial information to South Africans, helping them to make informed decisions that contribute to their financial wellbeing. In 2014 we invested a further R10,9m (2013: R8,1m) into the programme, directly benefiting 120 000 consumers across all nine provinces. Other specific initiatives include entrepreneurial days at 150 schools, sponsorship of TV programmes and movies, the 702 Business Accelerator programme, various financial fitness workshops and seminars attended by over 1 400 seniors, 1 600 entry-level banking clients, 10 000 learners at school, 3 800 university students and 500 small-business owners.
Online security	Following the successful implementation of Approve-it™, we launched a world-first in online protection, namely our Plug and Transact Token™ that provides superior security for businesses that transact with us online.
Pricing	Our choice to maintain bank fees at 2013 levels for all clients, as well as reducing and simplifying certain fee items for business clients, has ensured we remain competitive and transparent in our pricing approach. Bundled offerings at fixed monthly fees are available for individual client segments and are currently under development for small-business clients. Nedbank is positioned as one of the most affordable in the industry.

Quotes from our clients

'I have had the same relationship and fund manager for many years with Nedbank Private Wealth. This stability is extremely important'.

Client

'Thank you. The attention to detail displayed by the Nedgroup Investments service team was very professional. Every aspect was very clear. It was a pleasure to deal with professionals who know and understand their service offering. A 10 rating from me.'

Client

'It makes us feel so secure and a little less stressed to know our bank is there and behind farmers all the way! Thank you for all that you do to help farmers keep the wheels turning and thank you, Nedbank, for all the support!'

Client



'Love My**Financial**Life™. It's a great tool. Please consider an Android version.'

Client



'Nedbank have stepped up their game, which should keep FNB on their toes.'

Client



'Card collection done within 10 mins tops! Including queuing! Happy SAVVY customer! Thank you, Nedbank Menlyn.'

Client



The investment community

Why we engage with the investment community

- To provide current and future shareholders with relevant and timeous information, ensuring Nedbank shares are appropriately valued.
- To keep shareholders and the investment community informed at all times.
- To ensure that our image continues to improve, thereby minimising the potential for reputational risk.
- To enhance and deepen the trust placed in us and our brand.

Why the investment community engages with us

- To receive relevant timeous information on our prospects and financial and non-financial performance so that they can value and assign appropriate credit ratings.
- To understand our financial performance.
- To gain insight into our strategy and management.

Frequency of engagement

- On a formal basis, four times a year to coincide with the release of year-end, half-year, first- and third-quarter trading results.
- On an ad hoc basis and as requested by the financial media, investment analysts, credit rating agencies and investors during non-closed periods.
- Every year through multiple broker-hosted conferences and non-deal roadshows.
- Once or twice a year through Nedbank-initiated investor days.

Specific engagements in 2014

- Annual and interim results announcements and roadshows.
- Bank of America Merrill Lynch 15th Annual Sun City Conference.
- Bank of America Merrill Lynch Emerging Markets Leaders Asia Corporate Day.
- Deutsche Bank Global Emerging Markets Conference.
- Investec CEO Conference.
- Macquarie First South Nedbank MFC lunch.
- Nedbank Group Governance roadshow.
- Renaissance Capital Business Banking Investor Day.
- RMB Morgan Stanley CIB Conference.
- RMB Morgan Stanley European Financials Conference.
- UBS 17th Annual Financial Services Conference.
- More than 340 individual meetings with shareholders and analysts.
- Collaboration with Ecobank Transnational Incorporated (ETI) to produce the joint announcement of our investment.
- Investor perception survey through our sponsoring broker Bank of America Merrill Lynch.
- Nedgroup Investments' Annual Treasurers Conference

We also regularly engage with Old Mutual plc to align our financial reporting and communications, ensuring that we have a holistic group message and that collaboration opportunities are maximised.

Hot topics	Resulting developments
Impact of a challenging economic environment	<ul style="list-style-type: none"> ■ Our balance sheet remains strong (capital ratios, liquidity and provisioning). ■ We have an approximate 60:40 split in favour of wholesale banking assets and this position us favourably in the weak retail consumer environment. ■ Our 'optimise and invest' strategy resulted in disciplined expense growth of 9,4% in 2014 despite continued investment in our franchise to make banking more convenient for our clients and to sustain future growth. ■ Our portfolio tilt strategy, which focuses on selected deposits and advance growth, continues to provide downside risk protection while promoting growth in attractive areas, particularly transactional banking and deposits. ■ Impairments reduced by 19% as a result of early actions taken with regard to home loans and personal loans. ■ We supported our clients by keeping transactional banking fees at 2013 level or below in both our retail and business banking offerings.
Expansion into the rest of Africa in a value-creating risk-mitigated manner	<ul style="list-style-type: none"> ■ We invested over R6bn to become an approximate 20% shareholder in ETI and 36,6% in Banco Único (with pathway to control in 2016). ■ The investment in ETI follows a six-year strategic alliance we've had since 2008. Ecobank is well diversified across 36 countries and we view our investment over a long-term horizon, beneficial to Ecobank, Nedbank and our clients.
Impact of increased regulation	<ul style="list-style-type: none"> ■ We remain in compliance with Basel III phase-in of minimum capital requirements, transitional liquidity coverage ratio requirements and the final net stable funding ratio requirements. ■ We took early action on Creditlife to reduce our fees and increased benefits to clients. As a result, we are one of the best priced insurers in the market. ■ Changes to interchange pricing come into effect in 2015 and will negatively impact NIR - we are looking at mitigating actions to reduce the impact. ■ We, along with our peer banks, acknowledge our shortcomings in our anti-money-laundering administration after having been fined R25m in 2014 and remedial action is high on the agenda.
Personal loans developments and the impact of Abil placed under curatorship	<ul style="list-style-type: none"> ■ Nedbank took early action in the personal loans market and in 2014 was still the only bank to have reduced its advances book in this market segment. This follows the group's decision to hold maximum individual loans sizes and tenors set in 2009, tighten credit criteria through 2012 and implement more conservative provisioning policies. ■ As a result Nedbank Personal Loan's ROE increased to 17,9% from 11,2% in 2013, while headline earnings increased 44% to R624m ■ Swift and decisive action were taken by the South African Reserve Bank to place Abil under curatorship. The collaboration between SARB, the major clearing banks in SA and the Public Investment Corporation to support and underwrite the 'good bank' is evidence of our collective vision to retain the status of the SA banking industry as one of the most sound in the world.
Leadership changes	<ul style="list-style-type: none"> ■ We announced various executive appointments during the year. All the appointments were internal and evidence of our well thought out succession planning processes and the depth of our talent pipelines.

Quotes from the investment community

'Overall the story is about stable earnings, dividend growth and very good risk consciousness, which I like. However, earnings momentum could be slowing.'

Rate financial analyst

'Ecobank is emerging as a potential differentiator for Nedbank. Looks like they have dealt with their governance issues.'

Investor (from investor perception survey)

'You have built a lot of credibility in proactively reducing the personal-loans book.'

Shareholder (during H1 2014 results roadshow)

'Congratulations on double-digit growth in a tough macro, you have been excellent in giving guidance on outlook.'

Shareholder (post H1 2014 results)

'We see management at Nedbank as a strength and the depth as a positive.'

Shareholder (during governance roadshow)





Regulators

Why we engage with the regulators

- To maintain open, honest and transparent relationships 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

- 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

Daily, weekly, quarterly and as required.

Specific engagements in 2014

- Various industry and regulatory forums.
- Meetings between regulators and our board and management.
- One-on-one discussions with various executive officials at prudential meetings.
- Onsite meetings.

Hot topics	Resulting developments
Foreign Account Tax Compliance Act (FATCA) – US legislation	We successfully implemented FATCA on 1 July 2014 and have positioned ourselves to comply with the requirements of this act.
Increased focus on consumer protection, such as the Twin Peaks regulation and the Protection of Personal Information Act	We are well on track with our preparation for the new regulatory regime of Twin Peaks and the Protection of Personal Information Act. During 2014 we had an onsite meeting with SARB to discuss market conduct risk and also attended meetings with the International Monetary Fund (IMF) and National Treasury regarding prudential and market regulation.
Solvency assessment and management (SAM) regime for the SA insurance sector	Nedgroup Insurance remains well capitalised and is on track to implement SAM.
Money-laundering, terrorist financing and sanctions risk management	We have invested significantly in our IT infrastructure, processes, procedures and resources to comply with the anti-money-laundering and sanction requirements following a regulatory review and subsequent fine of R25m during 2014. We are confident that this will allow us to remain worldclass at risk management.
Trading book and counterparty risk	We contributed to industry responses on the Fundamental Review of the Trading Book proposals and other Bank for International Settlement papers.
National Credit Regulator – R699 scheme	We invested time and resources in assisting and managing our clients linked to the scheme as well as mitigating any potential reputational risk associated with its demise. We continue to interact on definitions of affordability.
Resolution and recovery planning	We maintained resilient business continuity management processes.
Unsecured lending	We continued to implement our policy of responsible lending and proactively reduced our market share of unsecured lending during 2014.
Net Stable Funding Ratio	We continue to interact as an industry on the structural challenges facing SA banks.

Our relationships with regulators remain ongoing, proactive and transparent. Over the last year the demands from regulators to comply fully with all legislative and regulatory requirements have increased.

We view the professional relationship between Nedbank and our regulators as mutually beneficial.



Communities (including social and environmental non-governmental organisations)

Why we engage with communities

- To better understand them, their aspirations, businesses and financial service needs.
- To provide appropriate advice, proactive financial solutions and value-adding services.
- To create partnerships that serve to facilitate our integrated sustainability activities.
- To obtain input from environmental experts, communities and non-governmental organisations (NGOs) regarding key focus areas.
- To create awareness of our integrated sustainability commitment and initiatives.

Why communities engage with us

- 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 secure funding and partner on common social and environmental issues.
- To collaborate in a way that furthers social, environmental and other common agendas for the greater good.

Frequency of engagement

Ongoing, as partnerships dictate or stakeholder needs require.

Specific engagements in 2014

The Nedbank Consumer Education Programme provides invaluable financial information to South Africans, helping them to make informed decisions that contribute to their financial wellbeing. In 2014 we invested a further R10,9m (2013: R8,1m) into the programme, directly benefiting 120 000 consumers across all nine SA provinces. Other specific educational initiatives include entrepreneurial days at 150 schools, sponsorship of TV programmes and movies, the 702 Business Accelerator programme, various financial fitness workshops and seminars attended by over 1 400 seniors, 1 600 entry-level banking clients, 10 000 learners at school, 3 800 university students and 500 small-business owners.

- **Nedbank Foundation** - Education continued as the main priority for 2014, with engagements primarily focused on partnering with departments of education, schools and education NGOs.
- Public dialogues on SAfm on various topics, particularly the impact of volunteerism and active citizenship, encouraging people to be engaged actively in finding solutions to the social issues that we face as a country.
- **WWF-SA** - Number of highlights for the year included:
 - A maturing relationship resulting in increased benefits for both parties.
 - Regular, direct engagement with The Green Trust on the funding of projects and general administration and promotion of the trust (see page 16 for more details).
 - The Water Balance Programme continued to deliver tangible results (see page 15 for more details).
 - Our Sustainable Agriculture Programme partnership logged good progress and success (see page 15 for more details).
- **Cambridge Institute for Sustainability Leadership** - Engagements included an indepth seminar on business sustainability.
- **Sustainability Institute** - Our collaboration enabled the publication of the *Carbon Footprinting Guide*, Africa's first carbon calculation guide, which was downloaded approximately 54 000 times in 2014. The institute also researched and compiled the *Nedbank Green Living Guide*.
- **Endangered Wildlife Trust (EWT)** - Engagements focused on mainstreaming biodiversity considerations into business.
- **UNEP FI** - We have focused engagements with UNEP FI members on the implementation of long-term strategic thinking to support resilient business growth, while delivering positive social and environmental impact.
- **Network for Business Sustainability (NBS)** - In 2014 the SA NBS Leadership Council focused on the creation of value for society, commissioning research on the role of corporates in unlocking this value and the resultant benefits for broader society. As a member of NBS Nedbank has participated in and benefited from the research undertaken.

Hot topics	Resulting developments
Energy security in SA	We remain committed to investing in the green economy, as guided by our Long-term Goals (see page 3). At the same time we are also co-responsible for the provision of energy services into the economy today and during the transition from fossil fuel reliance. Given current electricity shortages that are negatively impacting the socioeconomic conditions of the country, and the accompanying need to grow sustainable electricity supply while decarbonising the economy, we are sometimes unable to meet the immediate demands of some of our stakeholders.
Combating the Ebola outbreak	Old Mutual and Nedbank jointly donated US\$1m towards the African Union's newly launched Ebola emergency response fund.
Need to strengthen the social fabric of our country	We promote a culture of active citizenship. In 2014 more than 11 000 staffmembers and clients participated in our volunteerism programmes. This was especially relevant this year, as the country celebrated 20 years of democracy.
Scarce skills	We have implemented diverse training and development programmes to increase the employability of our staffmembers and give them the skills necessary 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 African talent, leadership and skills pool.

Hot topics	Resulting developments
Trust in the financial sector	We built on our efforts in this area. Pleasingly, our ethics and client surveys are two indicators that illustrate trust in the financial sector is gradually being rebuilt. During 2014 we paid special attention to driving ethical behaviour of staff, appropriate financial advice for clients, excellent client service and stringently protecting client information.
Access to corporate social investment (CSI) funding	Despite a 29,3% increase in our commitment to CSI initiatives to R151,3m in 2014 (2013: R117m), we are not able to support all the applications we receive. The Nedbank Foundation follows a stringent funding process to ensure the prudent allocation of our CSI funding.
Funding of sustainability-related innovations/companies	Our Fair Share 2030 strategy commits to a R6bn lending target in 2015. This will enable the support of more businesses and innovations that have deliberate non-financial or sustainability impacts. However, the economic sustainability of these is still key to our investment and partnership decisions.

Quotes from communities

'Thanks to Nedbank I was given a wonderful opportunity to train in the hospitality industry at the Ray Mhlaba Skills Training Centre, as I could not afford to study after school.'

Nokulunga Tatayi

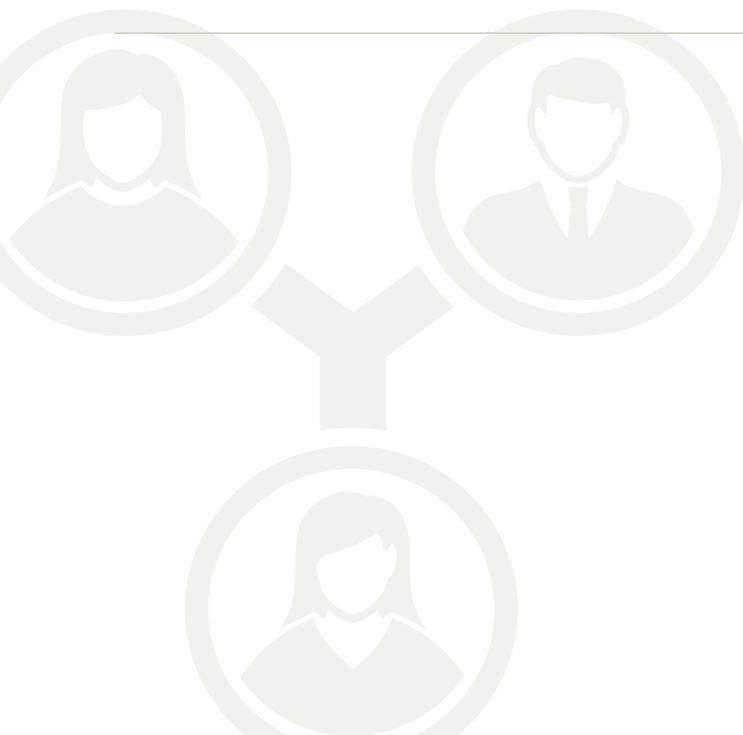
Beneficiary of the training programme, who is now permanently employed at the Paxton Hotel in Port Elizabeth

'Our experience shows that individuals are making things happen; however, the problems are so difficult that you cannot deal with them individually.'

*Stephen Elliot-Wetmore
WWF-SA*

'Sustainability is both a learning journey and a change management process. The work of the NBS provides a useful thinking space to help seed both of these processes.'

*Jon Duncan
NBS member and Old Mutual Investments Group SA representative*





Government

Why we engage with government

- To build and strengthen relationships with government, both as a partner in the development of the country and as a key client.
- To provide input into legislative development processes that will affect the economy and 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.
- To partner in increasing economic growth and reducing inequality and unemployment.

Why government engages with us

Nedbank Group is a key roleplayer in the economic, social and environmental transformation of the country.

Frequency of engagement

Monthly, or as deemed necessary by either party.

Specific engagements in 2014

- The Nedbank Chairman's Dinner.
- The Nedbank/New Partnership for Africa's Development (NEPAD) Business Forums.
- Political engagements such as the launch of the Department of Human Settlements Youth Summit and the National Budget Vote, and National Treasury regarding the financing of state-owned enterprises.
- 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.
- Various engagements with national and provincial departments of education, eg the Back to School campaign and My Career, My Future.

Hot topics	Resulting developments
The growth of social entrepreneurship in SA	Core to our social sustainability commitment is offering support to social entrepreneurs, directly or in the course of our day-to-day business.
Opportunities in the rest of Africa	We participated in an investment and trade mission to Ethiopia and Zambia through the NEPAD Business Foundation.
Improving stakeholder relations	The development of a stakeholder engagement policy has guided our engagement with the public sector and we are pleased with improvements made in 2014.
The role of business in the implementation of the National Development Plan (NDP) 2030	Although not a direct response to the NDP, our Fair Share 2030 vision and strategy supports many of its objectives.

Quotes from government

'Nedbank has proven its continued support of the efforts to restore dignity to South Africans through the provision of decent human settlements. We are happy to partner with corporates that see the big picture, such as Nedbank.'

Lindiwe Sisulu
Minister of Human Settlements



Media

Why we engage with the media

- To leverage the reach and influence of media channels to share our business and citizenship story with stakeholders.
- 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 protect and manage our reputation.

Why the media engages with us

- To educate and inform their audiences on developments in the financial services sector and Nedbank Group specifically.
- To be informed about our contribution to the SA economy and our products and services.
- To empower their audiences with appropriate information to make informed financial decisions.

Frequency of engagement

We take both a proactive and a reactive approach to media relations by means of:

- daily interactions in response to business-related media enquiries;
- regular interactions to share information and respond to media requests for commentary about our business;
- ad hoc engagements in response to our various business and sustainability initiatives; and
- proactive, scheduled engagements to build vibrant, mutually beneficial media relationships.

Specific engagements in 2014

- Quarterly Group Executive Committee breakfasts with media house executives.
- The announcement of the Banco Único and Ecobank share acquisitions.
- Fair Share 2030 media engagements.
- The announcement of the Nedbank Corporate and Capital integration.
- Product launches and sponsorships. These included: the Nedbank Small Business Index™; Ke Yona Team search; Green Wine Awards; Nedbank Golf Challenge; and Winter Warmer Campaign.
- A media programme to communicate financial results.
- An annual media and spokespeople networking event.

Hot topics	Resulting developments
African Bank Limited bailout	While SARB and banking industry response was credited as best practice, trust and confidence in the SA banking sector was impacted. As a result we have increased our focus on consumer indebtedness and responsible lending practices.
Moody's downgrade	We worked to highlight that the ratings action referenced Moody's assessment of the sovereign and industry as a whole and was not specific to Nedbank. On a standalone basis we maintain a strong capital and liquidity position.
Collapse of R699 Satinsky car finance scheme	Approximately 14 000 Nedbank clients, with an exposure of R1,6bn at 30 June 2014, had acquired vehicles through the Satinsky Group since 2007. However, these clients were rated using normal credit scoring models without taking into account any marketing agreements that they may separately have had. This meant that impairment levels remained adequate.



Suppliers

Why we engage with suppliers

- 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 encourage responsible practices across our supply chain BBBEE, local procurement, supplier conduct and environmental considerations.
- To include critical suppliers in cross-functional teams so as to contribute expertise and advice before specifications are developed for products or services.
- To encourage responsible practices across our supply chain BBBEE, local procurement, supplier conduct and environmental considerations.

Why suppliers engage with us

- 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

Ongoing, and as required.

Specific engagements in 2014

- Ongoing interaction with suppliers and contractors for procurement purposes.
- Supplier education workshops, indabas, fairs, etc.
- A quarterly newsletter on sustainability matters.
- One-on-one negotiations and meetings.
- Changes to procurement and payment system.
- Changes to the dti BBBEE Codes of Good Practice.
- Changes to trading arrangements in terms of our procurement systems, Ariba and SAP.

Hot topics	Resulting developments
Corruption	We continued to conduct investigations into possible criminal supplier practices such as the submission of fraudulent certificates. No material issues or instances of non-compliance were discovered during 2014.
Financial Sector Code	Nedbank will be reporting against the Financial Sector Code for 2014. In 2014 we actively participated in the industry realignment process through The Banking Association South Africa to finalise targets and agree on measurement criteria.
Pricing, payment terms and service delivery	We refined our protection of personal information processes and made various Code of Conduct enhancements. Our procurement policy is currently being reviewed against global best practice and will be implemented in February 2015. An e-invoicing system has been introduced to streamline payments of vendors. In line with the Prompt Payment Code, special payment terms of seven days are adhered to for small businesses. A full due-diligence process is now in place for the onboarding of new suppliers.

Quotes from our suppliers

'It is indeed an honour for us to have a business association with such a big brand (Nedbank). Other big entities closed doors in our faces, but you did not, even though you did not even know of our existence.'

*Bongiwe Monakedi
Director: Monabo Hygiene Services*

'Over the years you have continued to work with us and have always given us the opportunity to upgrade the way we do business with new ideas and solutions that have come into the market.'

*D Bhagarette
Director: Data Surveillance Security Systems*



Business partners and industry bodies

Why we engage with business and industry bodies

- 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

- To deliver mutually beneficial learning.
- To influence and/or promote common agendas.

Frequency of engagement

As required or dictated by performance contracts and association or partnership membership agreements.

Specific engagements in 2014

- Quarterly meetings with our black business partners (BBPs), WIPHOLD and Brimstone, in terms of their performance contracts.
- Monthly meetings with various industry bodies as well as attendance at relevant annual general meetings (AGMs).
- Interactions with the National Business Initiative (NBI). Engagements in 2014 included the Energy Efficiency Leadership Network (EELN), being part of the Advisory Committee on Environment and Society (ACES), participating in the CDP and the Greenhouse Gas Accounting Programme.
- Interactions with Business Unity South Africa (BUSA) and The Banking Association South Africa (BASA), especially regarding the development of a new policy.
- Research interactions with various research institutions; ie the Sustainability Institute at the University of Stellenbosch, the University of Pretoria and UNISA. More input was also received from the South African National Energy Association (SANEA) and the South African Energy Efficiency Convention (SAEEC). The input provided by these and various other institutions is greatly appreciated.

Hot topics	Resulting developments
BBPs	
Although our BEE deal came to an end in January 2015, our partnerships will continue. The focus in 2014 was to ensure that the interactions between these business partners and Nedbank were spread as widely as possible to enhance the effectiveness of relationships going forward.	
Reach of CSI activities	We partnered with our BBPs to enable access to new communities and better leverage CSI funding. Examples of projects included: <ul style="list-style-type: none"> ■ Nedbank/Brimstone Winter Campaign and House Build. ■ Back-to-school campaigns. ■ Various enterprise development projects.
Pace of financial inclusion and enterprise development in disadvantaged communities	We provide access to finance to rural communities through our Imbizo sites. In 2014 the transition from pure grant funding to loan funding gained momentum and many more bank accounts were opened. Maize crop financing also increased and more than R1,8m was disbursed through the Acornhoek Project alone, for enterprise development projects.
Equator Principles	
Challenges related to the wider application of social and environmental risk (Equator Principles III)	Indepth training was held with impacted staff and clients, revision of environmental policies and Nedbank's SEMS were also undertaken.
United Nations Global Compact	
Protection of human rights	In support of our publicly disclosed human rights statement, we focused even more on the integration of human rights into business practices and the consolidation of our approach to human rights across the Old Mutual Group.
Role of the financial sector in transforming SA	On 11 October 2013, Trade and Industry Minister Rob Davies issued the Revised Codes of Good Practice under <i>Government Gazette</i> 36928. While this resulted in a number of changes to the way in which SA organisations are assessed in terms of their transformation progress, we continue to assess our own progress against a variety of measures. These include the realigned industry code, our own Employment Equity Plan (a requirement of the SA Department of Labour), a comprehensive Workplace Skills Plan and various other internal transformation policies.

Quotes from our partners

'The partnership between Nedbank and WIPHOLD was pioneering in so many ways. When the deal was announced, it was the first transaction to include women as primary beneficiaries, signalling major progress towards increased involvement of women in the economy. The relationship has matured and has been rich with challenge, debate and shared values.

Gloria Serobe
CEO: WIPHOLD

'The experience with Nedbank has been very positive. Partnering with excellent management, and working with the many great people in Nedbank has been rewarding for Brimstone and its consortium partner Mtha-we-Mpumelelo. Brimstone's aim is to be profitable, empowering and to have a positive social impact, and we believe that the BBBEE deal with Nedbank has delivered for us in this regard, achieving a significantly superior return for our shareholders for the initial capital we invested in 2005.'

Mustaq Enus-Brey:
CEO Brimstone (Consortium lead)





Unions

Why we engage with the unions

- To promote fair and equitable employee relations practices, good governance and 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

- To represent their members on matters of mutual interest.
- To represent the interest of union members who are Nedbank Group employees and members of the bargaining unit.
- To consult on salary negotiations and engage in consultations on any changes impacting staff within the bargaining unit through a consultative forum and collective bargaining forum.

Frequency of engagement

- Annually for salary negotiations.
- Formal monthly engagements on issues that relate to changes impacting on staff within the bargaining unit.
- Ongoing consultations or meetings required by unions or as a result of business changes or projects.

Specific engagements in 2014

- Annual salary negotiations.
- Monthly consultations.

Hot topics	Resulting developments
Market and labour volatility	Mass job losses marked 2014, with retrenchments announced across the SA economy. To strengthen our own resilience in the face of continued economic challenges, and protect jobs in the long term, we revisited our organisational design and embarked on two key restructuring exercises, namely: <ul style="list-style-type: none"> ■ The consolidation of Retail and Business Banking into a single business unit. Phase 1 was successfully completed with no retrenchments. Phase 2 is expected to commence early in 2015. ■ During November 2014 the decision was also taken also to consolidate our Corporate and Capital business units into a single wholesale banking business unit. This restructuring will commence early in 2015.
Labour law amendments	We have embraced the introduction of the labour law amendments and the Employment Equity Amendment Act. We are confident that we will meet all the new requirements.
National minimum wage	The debate on a national minimum wage began during 2014 and is set to dominate discussions in the labour sector in 2015. We support the spirit of this debate and our negotiated minimum wage remains well above the industry norm.
Organisational restructuring	The restructuring of Nedbank Retail and Business Banking, as well as Corporate and Capital, has impacted on staff at a change management level, however, we do not anticipate large numbers of retrenchments. Internal redeployment remains the first course of action.

Quotes from unions

'The Finance Union enjoys a professional relationship with Nedbank and has done so for many years.'

*Union representative
Sasbo*

OUR CONTACT DETAILS

Brigitte Burnett

Head Sustainability Nedbank Group
Enterprise Governance and Compliance
011 294 3692
brigittebu@nedbank.co.za

Kerri Savin

Stakeholder Engagement Manager
Enterprise Governance and Compliance
011 295 5672
kerris@nedbank.co.za