MAKE
THINGS
HAPPEN

NEDBANK

NEDBANK GROUP LIMITED

TRANSFORMATION REPORT

for the year ended 31 December 2012

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

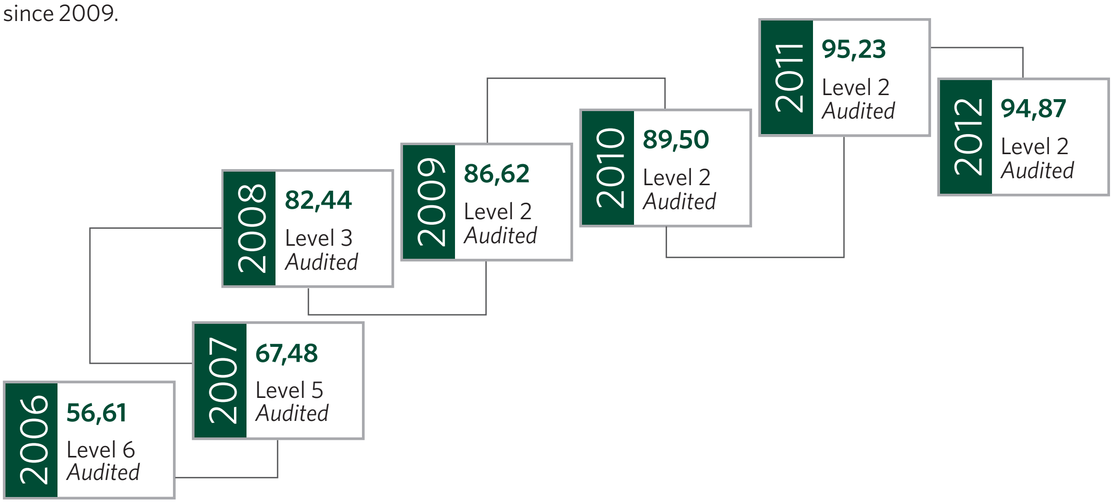
A Member of the OLDMUTUAL Group

2012 Highlights

Transformation is seen as a moral and strategic business imperative to ensure that Nedbank remains relevant in the societies in which we operate.

OUR B-BBEE SCORE PERFORMANCE

Great progress has been made since inception in 2006, with a Level 2 B-BBEE status having been maintained, since 2009.



2012 IN REVIEW

Ownership

- Nedbank achieved a better than expected result due to the Old Mutual B-BBEE assessment which sees an improved performance (2012: 46,71% vs 2011: 29,48%) as a result of a higher claimable flow-through (2012: 23,77% vs 2011: 15,26%) than expected.

Management control

- 53,3% of the board consists of black people and 27% represented by black women;
- 33,3% of our executive directors are black as well as black female.

Employment equity

The following table reflects our position as at 31 December 2012 vs 31 December 2011 applying ARfG.

	2012	2011
Senior management	29,1%	25,9%
Middle management	55,4%	53,6%
Junior management	80,9%	73,8%
People with disability	2,0%	1,5%

2012 IN REVIEW

Skills development

- 77% (R271m) of training spend was awarded to black people of which 60,5% (R164m) went to black women;
- 1 740 people participated in the Category B, C and D programmes of which 1 384 (79.5%) were black and 831 (60.0%) of which were black women.

Preferential procurement

- Black women owned supplier spend up 36,7% year-on-year compared to 2011;
- Black owned supplier spend up 44,3% year-on-year compared to 2011.

Enterprise development

- Enterprise development task team formed to leverage off possible/existing opportunities focusing on those areas that face the most challenges such as black women owned organisations;
- 5,62% or R336m spent on various initiatives.

Socioeconomic development

- 82% of the total cost of external bursaries awarded went to 198 black students of whom 116 (59%) were female;
- Supported 584 projects and initiatives benefiting more than 103 000 beneficiaries;
- Achieved 1,60% of SA NPAT against a target of 1,0%.

Access to financial services

- Nedbank has maintained seven of its eight FSC Site branches, the highest among the big four banks;
- R36m of black agriculture financing to 87 beneficiaries of whom 30 are new clients with the majority of funding having occurred in the Western and Eastern Cape regions;
- R1 136m of black SME loans granted to 2 989 beneficiaries of whom 1 122 were new clients;
- Our branch footprint grew by 3% (2012: 480 vs 2011: 465);
- Nedbank reaches a milestone of 3 000 ATMs across SA.

Empowerment financing

- Transformational Infrastructure: Red Cap (renewable energy) is an 80MW Onshore Wind project funded by Nedbank Capital with a project value of R1,758bn and R500m being funded by Nedbank Capital.
- Abengoa is a 100MW Concentrated Solar Power (CSP) project also partly funded by Nedbank Capital with a project value of R7,430bn with R1,25bn being funded by Nedbank Capital. The Abengoa project will require a number of temporary and permanent jobs for the project.
- It is anticipated that more than a 1 000 jobs will be created through the CSP projects in the Northern Cape.

2012
Top 10 Stories

Nedbank ranked third in the 2012 Financial Mail ABVA Top Empowerment Companies survey.

Nedbank once again featured in the Top 5 of the annual survey conducted by the Financial Mail for a third year running. The Top 2 spots were held by Sekunjalo Investments and Bonatla Property Holdings, both unlisted companies, thus making Nedbank the top ranked JSE listed generic organisation.

Nedbank's client focus resulted in the bank paying out R69bn in new loans and opening 76 new staffed outlets and 385 ATMs during the year.

A number of innovative banking solutions were launched during the year including Approve-it™, Nedbank 4 Me, My**Financial**Life™ and the Nedbank App Suite™.

Nedbank named Best Bank in SA by Euromoney International Finance Magazine for 2012

Euromoney International Finance Magazine, a leading global banking publication, has named Nedbank Group as the Best Bank in SA at the 2012 Euromoney Awards for Excellence Dinner in London.

BEE transaction financing (Nedbank Capital)

Nedbank Capital was approached to consider providing funding to a wholly black-owned investment company, Kwande Capital, that wished to acquire a controlling stake in Spring Light Gas (SLG). Kwande Capital's vision is to grow into a major player in the gas and energy sector through the acquisition and development of strategic assets in southern Africa.

It was a challenging transaction that required Nedbank Capital to put together a robust funding consortium to provide both senior and mezzanine funding for the deal.

Nedbank Capital's Acquisition and Leveraged Finance (ALF) team provided R250m of senior debt, whilst Private Equity (NCPE) provided R95m of mezzanine debt, with the remainder of the funding being provided by other members of the funding consortium.

There was a highly successful collaborative effort between ALF and NCPE that were the lead funders of the senior and mezzanine funding respectively.

Boost for wine industry transformation

The Cape Winemakers Guild Protégé Programme, a first for the wine industry, was launched in 2006 with the goal of bringing about transformation by cultivating, nurturing and empowering promising individuals to become winemakers of excellence.

Nedbank has invested more than R1.3m over the past six years to transform the wine industry and has almost trebled its annual contribution for 2012 to enable more aspirant black winemakers to join the Cape Winemakers Guild Protégé Programme.

Nedbank's R684 000 investment to the Cape Winemakers Guild Development Trust this year will boost the Guild's Protégé Programme which currently supports six young qualified winemakers completing their three-year internships under the mentorship of some of the country's finest winemakers.

'To create a flourishing wine industry, we need a corporate investment to make things happen. And through the support of the Nedbank Foundation we are able to implement our Protégé Programme by giving these winemakers the ability to one day plough back their knowledge and expertise and thereby help to create a sustainable wine industry,' said Louis Strydom, Chairperson of the Cape Winemakers Guild.

Source: http://www.fin24.com/Economy/Boost-for-wine-industry-transformation-20120918

Nedbank continues its commitment to the development of previously under-serviced areas, this time in partnership with Heriot Properties for a new 16 000m² shopping centre in Burgersfort, Limpopo

'Nedbank Corporate Property Finance has approved R135m funding for the development of Phases 1 and 2 of the Burgersfort Mall,' says Ken Reynolds, regional executive: Nedbank Corporate Property Finance, Gauteng.

'Burgersfort is well known for its mineral deposits and there are 23 mines in the larger area surrounding the town creating a massive economic injection into the region and Burgersfort specifically. People travel from as far as 50 to 60km away to do their shopping here and, although the town is relatively small, the catchment area is very big,' he says.

The new mall is on the same road as Twin City Burgersfort and in between the two centres is the main taxi rank. Large numbers of people visit this town on a daily basis and the central part of town where the centre is located, together with the Twin City centre, forms the hub of activity. It is believed that the new centre will not be in competition to the Twin City centre, but rather they will complement each other.

Phase 1, the development of Burgersfort Mall is on schedule and phase 1 has been 100% let with a very strong tenant profile with the anchor, nationals, national franchise and regional tenants taking up 92% of the total GLA. Larger tenants include Jet, Edgars Express, Mr Price, Joshua Doore, Beares and Pep. The first phase is a closed mall with Shoprite as the main anchor and other big tenants including Roots Butchery, Express Stores and Studio 88 – all not classified as national tenants but with scores of stores nationwide, predominantly in rural areas.

Phase 2, which is under construction and has been completed in November 2012, will comprise line shops with direct street facing and parking bays, with 80% of the tenants considered national or regional tenants. The two phases are complementary to each other and Phase 1 will open to the public this month.

The deal underscores Nedbank's commitment to black economic empowerment (BEE) through funding directly to BEE companies and financing projects in previously disadvantaged areas, thereby playing a role to aid and accelerate transformation in SA. This strategy has fuelled some exciting developments that establish shopping malls in previously disadvantaged areas where none previously existed. These retail centres also provide employment for community members.

Heriot Properties is a private property holding company with a diversified portfolio throughout SA which includes offices, warehouses and shopping centres. Managing director of Heriot Properties, Steven Herring, has a substantial track record in developing successful retail schemes and to date the company has developed 15 shopping centres.

'Nedbank Corporate Property Finance is the market leader in the commercial property finance industry and we pride ourselves in providing tailor-made financial solutions that uplift and empower all stakeholders and members of the community. We have previously partnered with Heriot Properties on similar projects such as Palm Springs Mall in the Orange Farm district, south of Johannesburg, Park Central Shopping Centre in the Johannesburg CBD and the redevelopment of The Bridge Shopping Centre in the Johannesburg CBD,' concludes Reynolds.

Source: http://www.eprop.co.za/news/item/14314-nedbank-funds-rural-retail-development.html

Nedbank-backed programme Enke (Make your Mark) wins award

Enke: Make Your Mark, recently won the Civil Society Award at the Mail & Guardian and Southern African Trust Investing in the Future and Drivers of Change Awards.

Derived from the Tswana word for ink, enke empowers young leaders to Make Their Mark: on their peers, their community and their world by training them on social responsibility and leadership skills to reduce inequality in South Africa.

'We have been working with enke for the past two years and are pleased to see them being recognised for the good work they do with and for the young people in SA,' says Kone Gugushe, Divisional Executive for Corporate Social Responsibility. 'Close to 100 Eastern Cape and Limpopo learners on the Nedbank Fundisa Maths and Science programme have benefited from the programme and are already making marked changes within their communities.'

This programme has led to increased student engagement in schools and communities and contributed to greater social responsibility, self-confidence and an entrepreneurial mind-set.

'Business Accelerator' five week campaign went live on Talk Radio 702 and 567 CapeTalk from 22 October

Nedbank partnered with Talk Radio 702 and 567 Cape Talk with 'Business Accelerator'– a campaign that profiled 30 successful businesses, enabling them to accelerate their growth while giving them prime time media exposure.

The campaign's aim is to promote entrepreneurs as the driving force behind growth in SA, is in line with Nedbank Business Banking's continued focus of partnering with businesses that have been in existence for more than two years and are looking to stretch their growth potential.

This campaign is going to change the lives of 30 entrepreneurs and their businesses. Not only will they receive bespoke advice on their businesses, but the exposure and promotion they will receive will be invaluable to their future growth.

Say HELLO to Intelligent Depositor ATMs

The Intelligent Depositor ATM pilot has taken off on 1 October 2012 at eight branches! Thereafter, the first 80 branches will receive these devices and the next 70 branches are planned to have them installed in 2013. Up, up and away!

This new ATM functionality means increased client deposits and faster action. Think of it – shorter queues, less margin for error, less cash to balance – less stress! And for the customers – no deposit envelopes; flexibility of choice where they can make deposits (inside or outside the branch) to their credit card, current or savings accounts; when they're done during specified hours, subject to certain conditions, clients will experience a real-time credits showing funds available immediately in the case of savings and cheque accounts; and the convenience of 24/7 deposit access (based on terms and conditions).

My Future, My Career (R5,4m)

The aim and objective of the Nedbank Eyethu Community Trust is to benefit previously disadvantaged communities. In an endeavour to overcome skills shortage in SA, as well as the high rate of unemployment amongst school leavers and young people, the Trust together with Primestars Marketing, presented 'My Future, My Career' the very popular programme again.

Providing underprivileged secondary school learners from grades 9 to 12 with expert career guidance, the 'My Future, My Career' Project content is presented in professionally shot and edited films, featuring 14 industries and over 100 careers. These films are screened at strategically situated Ster-Kinekor Cinemas nationwide, allowing for maximum participation. This has now also been distributed to outlying schools.

OVERVIEW

1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

1994-1998

Growth, employment and redistribution economic stabilisation programme

1998-1999

- ☐ Skills Development Act
- ☐ Employment Equity Act
- ☐ National Empowerment Fund Act

1999-2001

Preferential Procurement Act

Promotion of Equality Act

2001-2003

Mining Charter

2003-2004

B-BBEE Act promulgated

2004-2005 First transformation vision and guiding principles accepted

Nedbank becomes a signatory to the Financial Sector Charter

Nedbank BEE Deal

Black Administration Act

2007

- ☐ dti codes of Good Practice promulgated
- ☐ Ten transformation truths established
- ☐ Established 2016 targets to achieve 2016 position for all elements under managements control

Production of HR transformation strategy

B-BBEE level 2 rating achieved for first time

2010

Promotion of Equality and Prevention of Unfair Discrimination Act

2011

Repeal of Black Administration Act

2012

Revision of dti codes of good practice

Financial Sector Code promulgated

Reporting against FS Code

Overview

OVERVIEW

Transformation has been an essential part of our strategy, and 'Leading Transformation' is flagged as one of our Deep Green Aspirations.

As a strategic focus area we are accelerating transformation in an effort to not just raise the bar to meet targets and achieve dti recognition in terms of the BEE Codes, but to entrench transformation within our organisational culture, enhance our commitment as a corporate citizen, and continue our drive to become a truly South African bank. Most importantly, the focus on internal transformation will assist us to reflect and service the culture and needs of our changing client base.

Our vision	Building Africa's most admired bank by our staff, clients, shareholders, regulators and communities			
Deep Green aspirations		Great place to work	Great place to bank	
	Most respected and aspirational brand	Great place to invest	Great at collaboration	**Leading transformation**
	Highly involved in the community and environment	Worldclass at managing risk	Community of leaders	Living our values
What makes us different and guides our long-term strategy?	Great at listening, understanding clients' needs and delivering			
Our brand expression	MAKE THINGS HAPPEN	NEDBANK		
Our eight strategic focus areas	Client-centred	Manage for value	Primary client and cross-sell	Risk as an enabler
	Productivity and execution	Unique and innovative culture	**Transformation**	Green and caring bank
Our scope of the game	A member of the Old Mutual Group	Banking and selected financial services	Bank for all	Southern Africa focus with selected African expansion
Our values	Integrity, respect, accountability, pushing beyond boundaries, people-centred			

NEDBANK'S 10 TRANSFORMATION TRUTHS

1	It is the right thing to do. Transformation is a business imperative.
2	Transformation affects every single area of our business.
3	It is the responsibility of every person to make it happen.
4	Trust and transparency is required. Everyone should be heard.
5	Transformation at Nedbank must be unifying, fair and transparent.
6	Transformation will have a short-term cost with long-term benefits.
7	Transformation targets will be embedded in our strategies and business plans through ongoing consultation.
8	We will pro-actively grow and develop our own talent pool.
9	We will focus strongly on the support and empowerment of black people, with particular emphasis on Africans, all women and all people with disabilities.
10	Transformation is non-negotiable.

When we look at where we are as a bank, we recognise that a great deal has been achieved; but we also acknowledge that there is still much work to be done – transformation is a journey and not a means to an end.

Table A reflects our audited December 2012 score per element against our audited performances during the last two years.

Comparative condensed B-BBEE scorecard scores

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Ownership	20+3	23,00	22,77	20,11
Management control	10+1	9,19	9,19	8,62
Employment equity	15+3	10,71	11,94	11,42
Skills development	15	12,59	11,83	9,60
Procurement	20	19,38	19,50	19,75
Enterprise development	15	15,00	15,00	15,00
Socioeconomic development	5	5,00	5,00	5,00
Total	100+7	94,87	95,23	89,50
B-BBEE level		2	2	2

Financial Sector Code

Nedbank played an active part in the negotiation of a dedicated Code for the sector which will go a considerable way to transform all aspects of the sector. The promulgation of the code is a major step for the sector.

Our position against the requirements of the sector code will commence as per the 2013 financial year.

Proposed new dti Codes

In the spirit of transformation in the South African economy, we participated in the public comment period and submitted our comments to the dti in response.

DETAILED REPORT

Nedbank's BEE deal which was concluded in August of 2005, was widely applauded as the best of breed and has been leading the market ever since.

OWNERSHIP

Nedbanks BEE deal embraces the spirit of black empowerment by being the first deal that introduced the broad-based approach by effectively involving a diverse group of new black stakeholders consisting of employees, clients, community interest groups, non-executive directors and strategic black business partners (BBPs).

In general, each component of the Nedbank deal grew since inception at a minimum of 116% in the economic value added to each of the participants. This is market-leading performance that cannot be mirrored by many deals within the financial or other sectors in the economy. However, the down side is that although it is class-leading and true to the spirit and requirements of the B-BBEE Act and the Codes of Good Practice, as well as being inclusive and adding tremendous economic value, the maturing of some of the components is costing the group as they are subject to the Continued Consequence (running out) clause of the Codes. The ownership scorecard presents this situation.

Ownership scorecard

Category		Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Voting rights	Exercisable voting rights in the hands of black people	3	3,00	3,00	3,00
	Exercisable voting rights in the hands of black women	2	2,00	1,97	0,65
Economic interest	Economic interest of black people	4	4,00	4,00	4,00
	Economic interest of black women	2	2,00	1,80	0,77
	Economic interest of black designated groups	1	1,00	1,00	1,00
Realisation points	Realisation of ownership	1	1,00	1,00	1,00
	Realisation of net value	7	7,00	7,00	7,00
Bonus points	Involvement of black new entrants	2	2,00	2,00	1,69
	Involvement of black participants	1	1,00	1,00	1,00
Total		20+3	23,00	22,77	20,11
B-BBEE level			1	1	1

The Codes provide for the exclusion of mandated investments that, in general, will include shareholding by government, state-owned enterprises, etc, over which Nedbank has no control and whose ownership is difficult to determine.

The Codes also provide for the flow-through of direct ownership from a holding company into a subsidiary company. As Old Mutual SA's BEE deal was done at OM Plc level, Nedbank can claim a flow-through of their direct ownership proportionate to its holding in Nedbank, which was taken as 50,9% as at December 2012, equaling to effective black shareholding of 34.61% for Nedbank.

MANAGEMENT CONTROL

The management and control element reflects the make-up of the Nedbank board as well as the transformation that takes place at group executive level. Nedbank has made major strides in becoming the leader in the Financial Mail Top Empowerment Companies survey in this element. At board level we now exceed the targets set for 2016. Similarly at executive level, although we are exceeding the 2016 target, the low representation in black female performance directly influences our overall score through the application of the Adjusted Recognition for Gender (ARfG) principle of the Codes (50% gender target of the overall target). Table 2 depicts our score in this element.

Management and control scorecard

Category		Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Board participation	Exercisable voting rights in the hands of black people using the ARfG	3	3,00	3,00	2,82
	Black executive directors using the ARfG	2	1,67	1,67	1,67
Top management	Black top management using the ARfG	5	3,52	3,52	3,13
Bonus points	Black independent non-executive board members	1	1,00	1,00	1,00
Total		10+1	9,19	9,19	8,62
B-BBEE level			2	2	2

EMPLOYMENT EQUITY

Nedbank focuses on implementing people transformation from both a qualitative and quantitative perspective. This is done through a focus on senior management, accelerated development as well as knowledge and skills transfer to ensure a robust and representative pipeline. Encouraging ongoing debates and discussions on relevant and transformational matters through our transformation dialogues during 2012.

The quarterly transformation dialogue sessions that were held, as part of our endeavours to encourage debate and thought-leadership in transformation went well and were very fruitful. During the first quarter of 2012, we held a follow-up session with National Planning Commissioner, Ms Vuyo Mahlati, to unpack the commission's Vision 2030 Report. The second dialogue session took place during Q2, with Nedbank board member, Mr Mpho Makwana, on the subject of 'African Leadership, a Gen-X Leader's Perspective'. In November, we hosted a dialogue session by vice-chancellor of Free State University, Prof Jonathan Jansen, who shared his experiences on the subject of deep transformation.

Our gender equity programme has also progressed well, as we have been able to participate in the Mail & Guardian Book of SA Women. As a result of the project, 15 Nedbank women were nominated to feature in the 2012 edition, which was published in August, in celebration of Women's Month. Furthermore, our plan to create visible role models for female employees in the bank, through networking sessions with current female board members was realised, when in February, we hosted a talk at our Nedbank Park offices, by Ms Gloria Serobe. In response to a request by the board sub-committee on transformation, we conducted 'café' conversations with senior women and high potential middle managers, in order to better understand if there are any barriers they are experiencing in advancing to more senior roles. Two such sessions were held and recommended action plans to address some of the key issues raised were developed.

Nedbank continued with the work that was started during the latter part of 2011 regarding our PWD initiatives. The leader's conversation guide, as well as the declaration DVDs were used internally in order to help managers to have meaningful conversations with their staff with disabilities. As a result, we continue to make positive gains regarding the number of people with declared disabilities. We also participated in the Hope School/Mandeville Aquatics Disability Swimming Centre, in an effort to create visibility of Nedbank as a disability friendly organisation. In the run up to the 2012 International Day for People with Disabilities, the awareness campaign has been re-launched, using new internal brand ambassadors to share their stories and how Nedbank has provided reasonable accommodation and supported them. The theme is the same as the one adopted towards the end of 2011, 'my disability has little to do with my ability' which led to an increase of 25.6% of declared people with disabilities in the Nedbank workforce to 3,43%.

In 2011 the Department of Labour conducted a DG Review process on Nedbank. The process was completed in 2012 with recognition from the ministry of Labour that Nedbank was one of the most progressive organisations in terms of recruiting people with disabilities and was one of the organisations that have shown significant progress in terms of achieving its Employment Equity Plan. Following further consultation and engagement with the department, we made appropriate updates to the 2011-2013 EE Plan in alignment with their latest framework/template.

Relationships with the Black Business Partners (BBPs) through their HR contracts have progressed well during this year. The BBPs have been instrumental in providing speakers for our transformation dialogues, panellists for action learning projects for our business education and leadership development programmes, as well as inviting us to participate in career days to inform high school learners about career choices in the bank.

Due to the challenge in meeting our senior management EE targets, it became necessary to put more focus on qualitative initiatives that would assist in tackling this challenge. To this end, the Nedbank Employment Equity Forum (NEEF) commissioned a workgroup to look into the situation and table recommendations on how best to approach this. The recommendations were taken through the relevant human resources and transformation governance structures for review and approval, prior to implementation. There is increased focus on meeting the 2012 EE targets, resulted in a smaller gap against targets. Some of the focus areas include identifying future retirees from 2012 to 2017, at senior management level. This will enable us to institute a formalised programme for the retirees, and commence the process of knowledge and skills transfer early. The work is being conducted in collaboration with the talent management team, who have also assisted with mapping these retirees to the recently approved scarce skills list. This will ensure robust succession plans are developed for future retirees and their replacements.

A new model to set senior management targets was developed and implemented. The model will be used to derive management targets going forward.

A people transformation strategy has been crafted, and approved by the Group EXCO sub-committee on transformation and human resources (TRAHRCO). The implementation of the strategy will be the main focus for the foreseeable future. Following the work that was conducted during the latter part of 2011 on transformation dialogue sessions with board, group EXCO and pre-selected senior managers, the people transformation vision for the bank was revisited and revitalised.

Employment equity scorecard

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Black people with disabilities using the ARfG	2	1,32	1,52	1,15
Black senior management using the ARfG	5	2,43	3,01	3,04
Black middle management using the ARfG	4	2,96	3,41	3,23
Black junior management using the ARfG	4	4,00	4,00	4,00
Bonus points – meeting or exceeding EAP	3	0,00	0,00	0,00
Total	15 + 3	10,71	11,94	11,42
B-BBEE level		4	3	3

Please note: *The overall score of this element is down compared to the same period in 2011 mainly as a result of the increased 2012-2016 compliance targets which came into effect as from 9 February 2012 as prescribed by the dti codes. Nedbank applied this retroactively from 1 January 2012 for consistency of reporting.*

ARfG: *Adjusted recognition for gender has been included by the dti codes to ensure proper representation of black women in positions of influence. This factor ensures that black women make up at least 50% of the overall target.*

SKILLS DEVELOPMENT

Good strides have been made during the period under review, especially with the intake of black people participating in learnerships or category B, C and D programmes. Nedbank is still in the process of aligning and integrating the skills development effort with the requirements of the talent management plan, scare skills analysis per functional area, as well as the succession plan of the organisation as part of our ongoing journey. This ensures that more internal talent becomes upwardly mobile within the organisation rather than having to seek opportunities elsewhere.

It remains our commitment to ensure that Nedbank complies with all legislation while driving high quality education and training in and for, the workplace.

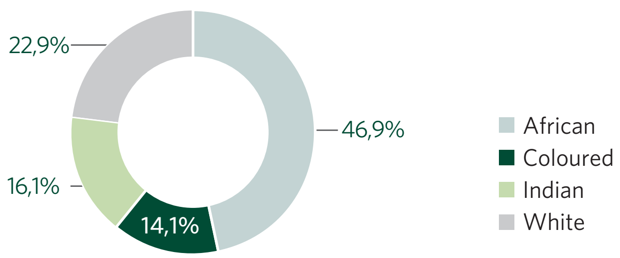
Skills development scorecard

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Skills expenditure on black employees using ARfG[1]	6	6,00	6,00	5,56
Skills expenditure on black employees with disabilities using ARfG.	3	0,59	0,53	0,42
Number of black employees participating in learnerships or category B, C and D programmes using ARfG[2]	6	6,00	5,30	3,62
Total	15	12,59	11,83	9,60
B-BBEE level		3	3	5

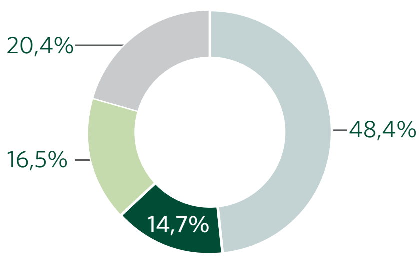
[1] *Measured as a % of leviable amount.*
[2] *Employees participating in learnerships or Category B, C and D programmes measured as a % of total employees.*

The following graphs illustrate the skills spend by race:

Training spend by race



Female training spend by race



PEOPLE DEVELOPMENT

Our philosophy

In Nedbank we develop people to:

- Get individuals to full performance in their current jobs;
- Prepare individuals for larger/more complex/ broader jobs in future;
- Support individuals to reach their full potential (continuous personal development).

This is facilitated through various training programmes using different combinations of learning methods to ensure effectiveness of training.

Business and Executive Education Programmes

Nedbank in partnership with a leading business school in SA, The Gordon Institute of Business Science (GIBS) offers South African Qualifications Authority (SAQA) accredited Business Education Programmes (BEP). The purpose of the programmes is to develop knowledge, skills and values (KSVs) to integrate different management disciplines at the managerial level and to have a holistic view on core competencies required at new manager level and building benchmark competencies to progress through various management levels within the banking sector. The programmes have been designed to align to Nedbank's strategic focus areas and management accountabilities across the Career Choices Model. There are three Business Education Programmes being the Junior Management Programme, the Middle Management Programme and the Senior Management Programme.

At a higher level, there are Executive Education Programmes offered by various institutions, both local and international. The objectives of these programmes are to provide senior managers and executives with a deep global perspective enabling the participants to become global leaders who are able to lead in a complex world and to lead collaboratively, understanding how to disseminate and execute strategy and understand the drivers and opportunities for innovation and gain insights to the leading thinking that is happening now, that will shape the future of business; and update their knowledge and skill on the functional aspects of management with an opportunity to engage with other leaders from different companies.

Learning programmes

We believe that great things begin with great people and we strive to attract and retain SA's top graduates to build the future leadership and specialist pipelines of our organisation that allow us to remain competitive in a sustainable organisation.

It is with this in mind that we embarked on a journey of establishing a graduate flagship programme. For the first time ever, we offered graduates the opportunity to choose their career from the very start.

So, whether an individual is interested in beginning a career journey in a specialist field such as accounting, risk, information technology, investment banking or quantitative analysis or would rather first explore other areas in banking to become a well-rounded manager, the graduate flagship programme meets their needs.

The journey kicks off with a super induction that provides graduates with an in-depth insight into the world of banking and how large organisations are structured to work together as a unit. Opportunities are then given to embark on a learning journey in a specialised field, or to participate in a rotational programme that allows for exposure within various areas of the bank during the first year. This enabled for valuable experience should a person wish to move into a managerial position in future.

We have a proud culture of continuous learning and development. The blended learning approaches offered will demand the application of practical learning in day-to-day work activities. Learning is focused on developing personal mastery, technical competence and business competence as well as social responsibility.

Nedbank is a caring bank that aspires to become a Great Place to Work for all its employees. Through our Coaching For Growth programme, graduates have access to professional coaches who assist in enhancing their overall capacity. In addition, development assessments and debriefing sessions are designed to allow them the opportunity to reflect on their learning and performance in the workplace and allows them to remain motivated and sustain them on the programme.

The purpose of the Nedbank Graduate Development Programme is to provide each participant with fast tracked, experiential and applied learning opportunities to be fit for employment. A holistic learning model was adopted and graduates are exposed to various modules that are provided either in-house or by external training providers.

Category B, C and D programmes

During 2012 1 740 people took part in the category B, C and D programmes of which 80% were black and 60% of which were black female:

Education assistance

- **External bursaries** are funded by Nedbank and administered by the National Student Financial Aid Scheme (NSFAS) through a public-private partnership. External bursaries form part of Nedbank's talent pipeline to attract and develop graduates as part of Nedbank's three-year skills plan in priority areas. During 2012 we spent R14m in assisting 246 of students across all nine provinces were assisted of which 83% (203) were black and 59% (120) were black female.
- **Study grants** are offered to provide financial assistance to permanent staff to fund the full-time study of their children/dependants at university level.

PREFERENTIAL PROCUREMENT

Our procurement policy exists to ensure that sound procurement practices are employed to improve performance in every area of the group, where transformation is emphasised and results are monitored very closely through rigorous reporting and management information by structures that span across the group. This is achieved through rigorous adoption of best practice strategic sourcing and procurement principles, to enhance overall efficiency, whilst at the same time striving to exceed our transformation targets.

Procurement is separated into two distinct processes – those that are centrally-led and those that lend themselves to be decentralised. The underlying principle is that only purchases that can be made for business purposes from a registered vendor and within ethical guidelines will be allowed. Procurement decisions are based on the following primary criteria:

- B-BBEE (special emphasis and higher weighting on SME and black women owned suppliers);
- Price;
- Product or service (quality and fit for purpose);
- Availability;
- Local content versus foreign content (newly introduced); and
- Environmental pragmatism.

Despite excellent performance across all areas of the procurement scorecard, purchasing from black women owned (BWO) organisations remains a challenge. Despite our efforts, the lack of BWO suppliers in significant categories of our supply chain remains elusive. To address this situation the procurement department was restructured enabling resources to focus mainly on black women owned suppliers in order to achieve set goals.

Special emphasis is placed on the tendering process as well as on information programmes instituted to advocate the need to increase BWO suppliers. These efforts are slowly showing signs of success.

Preferential procurement scorecard

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
B-BBEE procurement spend from all suppliers	12	12,00	12,00	12,00
Spend from QSE[1] or EME[2]	3	3,00	3,00	3,00
Spend from suppliers that are 50% black owned	3	3,00	3,00	3,00
Spend from suppliers that are 30% black women owned	2	1,38	1,50	1,75
Total	20	19,38	19,50	19,75
B-BBEE level		2	2	2

[1] QSE: Qualifying small enterprises
[2] EME: Exempted micro enterprise

Nedbank only dropped by 0.12 points (2012: 19.38 vs. 2011: 19.50) despite higher dti compliance targets which came into effect as of 1 Jan 2012.

ENTERPRISE DEVELOPMENT (ED)

Our 2012 focus areas extend to providing access to finance and appropriate capacity building and support, to qualifying businesses; and to implement interventions that will develop and nurture emerging businesses in line with market opportunities. Our responses to requests for ED assistance were by introducing innovative incubators and programmes designed to address essential skills and funding shortages in line with specific needs. This extended to the implementation of a national entrepreneurial development programme in partnership with municipalities. Businesses also received financial management training and grant funding for training and infrastructure aimed at beneficiary businesses. These interventions are all part of a long-term phased-in approach to growth and development. Other examples of support entail: provision of seminars; provision of business tools which include free advisory, support and access to information through the 'SimplyBiz' website and the launch of unique initiatives relating to market access and supply chain development for SMEs. Initiatives that were successful during this year include:

ED Municipality Programme

Nedbank supports government in the drive to grow the economy through the creation of viable SMEs that can create sustainable jobs. To this end we have implemented various programmes in partnership with municipalities and government departments. Drawing from learnings and experience from these interventions, we designed a holistic programme for emerging businesses in rural communities encompassing capacity building and access to finance. It entails the provision of business skills training, mentorship and transfer of acumen to ensure that theory can be practically applied in the respective businesses. The aim of these interventions are to stimulate economic activity and facilitate an inclusive economic environment. The programme is currently being launched in eight municipal areas across the country.

Nedbank 702 Business Accelerator

Our 702 Business Accelerator is a radio programme that profiles 30 businesses that want to accelerate growth. Businesses are profiled on air and business owners share milestones, obstacles and challenges. A business development specialist provides practical guidance and tips around taking the business to the next stage, overcoming specific challenges or stumbling blocks. Apart from benefiting from the business expertise, the businesses receive extensive exposure and opportunity for market access through the profiling.

Financial Management Training for Imbizo Entrepreneurs

Imbizo is the collaboration between Old Mutual, Nedbank, Mutual and Federal and Wiphold to build sustainable communities and markets and to stimulate the local economy through commercial and CSI activity. Significant progress was made with providing self-help groups access to finance with a preference to loans for revenue-generating purposes. These loans were used to start up micro-enterprises or to expand existing ones whilst some have used the loans for food security gardens or home building/improvements. After extensive engagement and granting of loans via the Zakaleni product (uniquely created lending product), the lack of business acumen and skills was highlighted as a major risk to the enterprises; threatening viability and sustainability. 72 entrepreneurs from Centane, Acornhoek and Kliptown received training on basic business skills and mentoring.

Supporting cooperatives

We have provided financial and non-financial support to cooperatives in various sectors. Of particular significance is a dairy cooperative that we, as the banking partner of choice, assisted across many years with funding, training and on-going guidance from our agricultural experts. The cooperative is now on a significant growth curve, increasing operational capacity to significantly increase market supply. Another cooperative that we supported is a bakery cooperative consisting of women. This emanated as a strategic initiative to create sustainable jobs and facilitate income streams within communities.

Seminars

Nedbank hosted seminars for qualifying clients on specific areas of technical expertise and business management acumen for any small business owner for the past eight years. This is aimed at equipping the business owner with knowledge on how to run their businesses more efficiently. We continued to host seminars around SA in the various provinces as they have proven to be very successful.

Business tools: SimplyBiz

Our SimplyBiz.co.za portal is a resource offered free to small businesses. The site provides SMEs with practical advice and services aimed at maintaining business financial fitness and long-term sustainability. We constantly identify ways to support SMEs through interaction and engagement via the portal. The SimplyBiz website is structured specifically for the provision of relevant information, cost effective services and value offerings negotiated with selected partners based on the key drivers of business.

It's My Biz

'It's My Biz' is a reality TV show that gives the business owner real advice and practical tools to enable success. The show is highly informative and showcases 13 business owners that are confronting real challenges in their businesses. Printers, choreographers, software developers, retailers and engineers came under the spotlight as the It's My Biz experts uncover their strengths and weaknesses on the Biz Wheel. The purpose of the show is to provide a critical yet constructive analysis of the businesses' performance in the sectors of marketing, sales, admin and finance.

Enterprise development scorecard

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Average annual value of all enterprise development contributions as a percentage of net profit after tax	15	15,00	15,00	15,00
B-BBEE level		1	1	1

MAKE THINGS HAPPEN

CASE STUDY

Success stories
EPWP Vuk'Uphile
Learnership Programme

Nedbank has partnered with national government through the National Department of Public Works to roll out its expanded public works programme which focuses mainly in construction.

We have assisted contracting companies in Colesberg (uMsobomvu Municipality) to register their companies at our cost, to open current accounts and with funding for working capital.

As the nearest branch to Colesberg is 214km in Bloemfontein, we have installed a Nedbank ATM in the area on one of the retail outlets and also allow the contracting entities to transact by fax mandates with the bank facilitating most of their transactions. The other municipalities that have started the programme are eThekwini Municipality in KwaZulu-Natal and Ekurhuleni Municipality which have various contracting entities. Each learner contracting entity employs on average five to 10 employees.

SOCIOECONOMIC DEVELOPMENT

In terms of the B-BBEE Codes, for Nedbank to qualify for the full five points within the SED component of the scorecard, we have to spend at least 1% of the 2011 SA NPAT, which equates to R59,8m. The amounts that contribute to this total include spending by the Nedbank Foundation Trusts, Nedbank Affinities and the Nedbank External Bursary Fund, Consumer Education initiatives, as well as corporate social responsibility projects and initiatives undertaken by various business clusters throughout the group.

As at 31 December 2012, 1,60% of Nedbank Group SA 2011 NPAT, or R95m has been spent in support of 584 socioeconomic development or social sustainability initiatives in all nine provinces.

Socioeconomic development scorecard

Category	Possible points	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Average annual value of socioeconomic development as a percentage of net profit after tax	5	5,00	5,00	5,00
B-BBEE level		1	1	1

Our main focus areas support our aspirations of helping the communities in which we operate with sustainable and viable projects with focus on:

Education

Including school-based educational projects, early-childhood development, rural-school refurbishment, teacher training, tertiary education and other government-identified priorities.

Community development

With a particular focus on initiatives that support and care for communities in need and vulnerable groups, e.g. children, women, disabled, etc (including Nelson Mandela Children's Fund). Other activities include disaster relief, activities promoting access to basic services, etc.

Health

Provision of healthcare infrastructure, training of healthcare workers, and interventions for people with disabilities, diseases like HIV/Aids, cancer, diabetes, and TB, etc.

Economic development

Including training, skills development and enterprise support and development.

Environmental sustainability

Saving the environment, rehabilitation where there is damage, protection of natural ecosystems, protection of endangered species, etc (Green Trust Affinity).

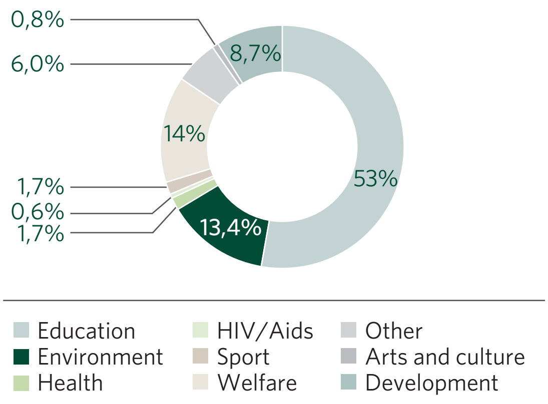
Sport development

Provision of sports facilities and equipment in areas of need, identification and support of talented individuals, including women and the disabled (Sports Trust Affinity).

Arts and culture

Development of the arts, culture and heritage, advancement of artists, construction of facilities and the creation and development of sound infrastructure support (Arts and Culture Trust Affinity).

Nedbank's national socioeconomic spend 2012



Nedbank affinities

The Arts and Culture Trust

The Arts and Culture Trust is a unique alignment of agencies involved in the development of culture and the fostering of creativity in SA through support of arts, culture and heritage projects.

Green Trust

The Green Trust focuses on community-based conservation, recognising that little will be achieved unless all SA's citizens are involved in the conservation of our natural heritage. In conjunction with WWF-SA's Conservation Division and advisers from respected conservation organisations in SA, projects are selected according to strict criteria. Examples of projects funded by The Green Trust range from environmental education to tree planting and food gardening in poorer urban environments. Major projects supported include:

Nedbank invests R8,3m into WWF-SA Sustainable Agriculture Programme

Nedbank announced an R8,3m investment into the WWF-SA Sustainable Agriculture Programme, which has been launched to promote and support sustainable agricultural production practices in SA.

The partnership between Nedbank Agribusiness and the WWF Sustainable Agriculture Programme comprises the development of a joint programme of work focused on areas of mutual strategic interest and alignment, aimed at using our joint leverage, skills and influence to support the development of a sustainable agricultural sector in SA.

The broad partnership includes the core sponsorship of the WWF Sustainable Agriculture Programme, securing WWF brand association and thought leadership recognition within this sector.

Key production sectors of joint interest with strong alignment to Nedbank Agribusiness investment and future growth areas include:

- Sugarcane
- Wine and fruit
- Livestock (dairy and beef industry)

These key sectors have been selected as the WWF priority sectors requiring focused engagement, as the majority of the key production areas of these sectors occur with the priority conservation and freshwater regions for SA, namely:

- Fynbos Region (listed as one of the of world's 34 biodiversity hotspots) – wine, fruit and dairy sectors;
- Grasslands (Mpumalanga, Free State and KZN) – beef and sugarcane (irrigated) industry;
- Mapata-Pondoland Albany hotspot (KZN/Eastern Cape) – sugarcane, dairy and beef.

These regions are not only important for the unique biodiversity found in the regions, with unrivalled levels of diversity and abundance of species and endemism (ie species only occurring here and nowhere else on earth). In addition to the unique biodiversity value, these regions are also home to SA's key water production areas. The grasslands are home to the headwaters of all Gauteng and KZN's river systems, often referred to as the water factories of SA's key industrial and urban areas. Similarly, the mountain catchments of the Western and Southern Cape region also produce the majority of the water requirements for this region.

Nelson Mandela Children's Trust

The vision of the NMCF is to change the way the society treats its children and youth. The five key strategic programme areas supported by the NMCF are the wellbeing of a child, leadership and excellence, education and development, disability and 'goelama' (wellbeing).

The Sports Trust

Established in 1995 as a joint venture all with a shared goal of providing opportunities for all South Africans to play sport. The Sports Trust has provided sporting equipment and upgrades to sporting facilities in outlying or previously disadvantaged areas. Projects covered include:

- Charlie Rhangani Primary School in Giyani (Limpopo) is the latest recipient of a state-of-the-art sport court thanks to Nedbank and The Sports Trust. The multipurpose sport court facility will be used by 10 other surrounding schools and the community's local clubs.
- Sports programmes in Giyani include soccer, netball, basketball and volleyball.

The outdoor multipurpose sport court has a 20-year lifespan, 15-year warranty is made up of interlocking tiles that provide lateral forgiveness and minimal impact on the joints of the players. It has also been audited and verified as 'Zero Waste' and environmentally friendly, which is in line with the Sports Trust's 'green' policy of helping to protect the environment.

Alexandra's MC Weiler school ended 2012 on a high thanks to the sport field handed over by Nedbank and The Sports Trust.

The MC Weiler School, beneficiaries of the Nedbank Cup Goals4Goals campaign, took ownership of the facility on Friday, 2 November. Through the 'Goals4Goals' campaign, every goal scored during the Nedbank Cup was rewarded with a donation of R2 000. A total of R200 000 was raised and the funds were used to grow the game of soccer in Alexandra.

Through the introduction of the Goals4Goals campaign, our investment in soccer development resulting from the Nedbank Cup rose to just under R1m for the 2012 season.

Through the Nedbank Cup we are aiming to develop South African soccer by providing developmental opportunities for schools in local communities. The format of the Nedbank Cup, the premier cup competition in the country, lends itself to regional participation as a result of the fact that matches are often played away from major metropoles.

Consumer education

Nedbank Consumer Education learning

The Nedbank Consumer Education learning material was first designed and developed in 2008 as a result of an undertaking made by the bank with the Banking Association of SA. The aim of the learning material was to provide clients and potential clients accurate and relevant information that would assist them in making informed decisions regarding their financial wellbeing.

The learning programme developed in 2008 consisted of three main modules, namely Banking Products and Services, Buying on Credit and Personal Budgeting. These modules were designed at NQF Level 1 and 2 to address persons earning between R1 500 and R7 500 per month.

Positive feedback was received from these sessions and a further need was identified to develop similar programmes that would address staffmembers with a higher income. The need for this material was based on observations made by both the bank and the participating organisations that higher income earners were more exposed to being indebted.

In 2011 the existing material was reviewed and updated. This material was developed at the NQF Level 5 and the following learning themes were addressed in the material:

- Banking Products and Services, Buying on Credit;
- Personal Budgeting, Insurance and Assurance.

During 2012, R4,6m was spent on Consumer Education reaching over 100 000 attendees.

Consumer Financial Education demand has increased from internal and external stakeholders, as a result it has been recognised as relevant, effective and a necessary tool to transform consumers' behaviour, attitudes and an enabler to make informed personal financial decisions.

Nedbank External Bursary programme

Nedbank in partnership with the National Student Financial Aid Scheme administer external bursaries across SA. External bursaries form part of Nedbank's talent pipeline to attract and develop graduates as part of Nedbank's three-year skills plan. Bursaries granted include funding towards students in Fort Hare, Nelson Mandela Metropolitan, University of Limpopo, University of Venda, Walter Sisulu University, North West University to mention only a few.

Nedbank Foundation

The Nedbank Foundation, our primary corporate social investment arm, invested R30m into needy communities and worthy projects across SA during 2012.

The funds were channelled into the group's core focus areas:

- Education;
- Health;
- Community development; and
- Skills development.

The philosophy of the Nedbank Foundation is to support projects which have a meaningful and long-lasting impact hence a careful assessment of all potential projects is undertaken before committing to them.

Refining our approach to education interventions

- Education is a key focus area for us, as we believe that it is the bedrock of society, bringing economic wealth, personal prosperity and political stability.
- We defined a two pillar model of education intervention, which we believe will ensure that we achieve the most impact in this area.
  - The first pillar is the support of education throughout all life stages of an individual, starting from early childhood development right through to tertiary education level. The interventions that we have address the entire spectrum, ensuring that we are able to provide the right level of support to those who need it.
  - The second pillar is about providing a holistic support to those beneficiary schools that we work with, enabling them to be effective schools.

Nedbank's staff volunteerism programmes

When it comes to volunteerism, we offer a tangible way for our staff to make things happen in their community and environment through programmes such as:

Local Hero – encourages and supports volunteers through funding and recognition. A minimum of R10 000 is donated towards organisations in which volunteers are involved. This programme is for both staff and retail clients.

Team Challenge – enables our colleagues to form teams that volunteer their time and skills in support of various organisations. We provide seed funding to every team to help initiate and implement their projects.

Payroll Giving – is an effective and regulated means for staff to contribute to several established charities through the SA Children's Charity Trust. Monthly donations are then made to CHOC (Childhood Cancer Foundation SA), South African Red Cross Society, Cotlands, Reach For A Dream, Ithemba Trust and the QuadPara Association of SA (QASA).

Caring for Communities – promoting the four pillars of sustainability – cultural vitality, economic health, environmental responsibility and social equity – through workshops and project build days. Some of the projects include vegetable tunnels, rainwater-harvesting tanks and etc.

Group House Build – Nedbank, Mutual and Federal and Old Mutual with our black business partners – Wiphold and Brimstone – run a house build campaign for communities in partnership with Habitat for Humanity.

Mandela Day

National activities take place in support of Mandela Day on 18 July each year enabling our employees to volunteer at various organisations in support of this day.

Some of the activities include work at organisations that support orphans and vulnerable children, homes and care centres for the elderly, homes for visually impaired people, underprivileged schools, and centres for people with special needs and animal rescue shelters.

We take volunteerism so seriously that we even grant our staff two full days of leave – over and above annual leave – for volunteer work.

Key campaigns and projects for 2012 included:

Back to School Campaign (R2m)

- Launched in Limpopo on 23 January 2012, with provincial MEC of Education and local chiefs.
- Partnership with Nedbank Retail – supporting Nedbank Shoe Shiner Nicolas Mampana who has collected R123 000 which was donated for shoes for learners nationwide.
- Media partnership with Radio 2000, who have done five on–site broadcasts for the handovers.
- Minimum of 200 beneficiaries per province in both primary and secondary schools. Total beneficiaries, 1 800.
- Black business partner, Brimstone, partnered with us for the Limpopo Launch and bought the stationery.

Nedbank Winter Campaign (R550k)

As SA's green and caring bank we aim to keep vulnerable members of our society warm during winter. This was done through the Nedbank Winter Campaign, a blanket collection and distribution project.

The drive demonstrates us as a caring bank, which is committed to developing communities. Our approach is that support is not about charity or financial hand-outs, but a tangible investment in society, stemming from a deeply rooted desire to build a better future.

Now in its third year, we have invested more than R1m into this campaign over the past two years, which resulted in the distribution of over 9 000 blankets to thousands of people who needed them. This year, the bank donated R550 000, which bought 4 500 blankets.

My Future, My Career (R5,4m)

In our commitment to help overcome skills shortage in SA, as well as the high rate of unemployment amongst school leavers and young people, we, together with Primestars Marketing, presented 'My Future, My Career' the very popular programme again.

Providing underprivileged secondary school learners from grades 9 to 12 with expert career guidance, the 'My Future, My Career' Project content is presented in professionally shot and edited films, featuring 14 industries and over 100 careers. These films are screened at strategically situated Ster-Kinekor Cinemas nationwide, allowing for maximum participation. This has now also been distributed to outlying schools.

Nedbank Fundisa Maths and Science programme

Now in its second year, the Nedbank Fundisa Maths and Science programme provides maths and science support for both learners and teachers in the provinces of Limpopo and the Eastern Cape. The teacher-focused element of the programme also includes a one-year Unisa programme. Classroom-based support includes intensive planning and reflection sessions, which enable teachers to carry out their responsibilities more transparently and effectively.

In 2012, the Nedbank Fundisa Maths and Science programme reached approximately 600 grade 10 to 12 learners across 30 schools in Limpopo and Eastern Cape through an investment of over R4,5m.

Leratong Hospital (SA Medical Foundation)

Leratong Hospital, in Chamdor, Gauteng, is a 900 bed regional hospital that serves a catchment area of 1,5m people. SAME Foundation has renovated and re-equipped Leratong Hospital with top of the range Welch Allan technology, it is the only hospital in SA (state or private) to be equipped with the new technology and the first hospital in the world to have as much of it.

We have contributed to the renovations at Leratong Hospital in both 2011 and 2012, with a total amount of R848 000.

Nedbank boosts skills among KwaZulu-Natal youth

Further demonstrating our commitment to skills development, we have invested in excess of R600 000 towards training programmes, which seek to boost employability among the youth of KwaZulu-Natal.

Over the past four years, we have invested over R1m to help young people acquire skills at the Furniture Technology Centre. This has resulted in approximately 70 learners obtaining furniture manufacturing skills with a projected 80% of them now running their own small businesses through Furntech's Incubation Centre.

We have enhanced our investment in skills development programmes in KwaZulu-Natal, as well as the rest of the country. Recently, 27 students from the Inchanga area of KwaZulu-Natal successfully graduated at the Inchanga Further Education and Training (FET) College through a Nedbank funded programme.

'As a caring organisation, we are passionate about education because it's critical in diversifying the skills set of young people in the country. We invest in excess of 50% of our annual corporate social responsibility budget towards education-related activities. Furthermore, we're equally passionate about socioeconomic development as we believe that an educated youth has the potential to contribute positively in changing the lives of many,' said Mrs Gugushe.

ACCESS TO FINANCIAL SERVICES

Although not part of the requirements of the dti scorecard, this section reflects our commitment to deliver beyond mere compliance as well as our commitment on the entrenchment of the principals and requirements on the now defunct Financial Sector Charter. We retained the process of setting and delivering on internal targets to ensure that we continue and expand the transformation of our business services and our client base.

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

As of the end of December 2012, the existing National branch footprint of 480 (190 Nedbank-in-Retailer Outlets, 88 Personal Loan Branches and 313 Personal Loans Kiosks) compares favourably with that of the competition if one takes relative overall market share into account.

This does not take proper cognisance of Nedbank's locations relative to the competition but it does suggest that in absolute terms there is no shortage of footprint as we have a total of 1 071 national Nedbank branded staffed points-of-presence (PoP).

Included in the numbers is our aggressive approach to grow our footprint in the non-traditional branch space with new innovations including Branch in the Box, Mobile branches, In-Retailer Outlets (NiR), Personal Loan Branches and Personal Loan Kiosks. These innovations bring a much more cost effective option for adding footprint and are fast proving their popularity in new markets.

Access to financial services

Category	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified
Access to financial services – Products (Mzansi)[1]	245 899	290 950	315 024
Origination: affordable housing (Rm)[1]	5 527	3 253	1 772
Black agriculture loans (Rm)[1]	186	164	70
Black SME financing (Rm)[1]	15 003	3 916	2 099
Consumer education[2] (%)	0 23	0 56	0 27

[1] Cumulative since 1 January 2009
[2] Measured against annual target of 0.2% net profit after tax of retail NPAT.

Mzansi – Active account analysis

Nedbank initially adopted the industry standard Mzansi Exemption 17 product in favour of introducing our own similar product. The Mzansi product was launched which is a card-based, entry-level product with savings and transactional capabilities and a simplified pricing structure. Simultaneously we have also implemented Mobile Sales Teams (MSTs), to educate residents in the rural settlements in finances and open Mzansi accounts, thus taking Nedbank to the people. This has been a key driver in helping our Mzansi account acquisition.

For 2012, we continued to leverage off the group's sponsorship of the Nedbank Cup, by promoting products that resonate with this market.

4me – My Future, My Bank

To encourage the youth to save and build financial fitness from an early age, we launched the Nedbank 4me – 'My Future, My Bank' which enables the youth to transact and save with the benefit of earning a preferential interest.

The Nedbank 4me offering is based on four key pillars; '4spending, 4saving, 4growing, 4good' and comprises a full transactional banking account with no monthly fees and free initial transactions. Thereafter reduced pay-as-you-use pricing, free eNotes and self-service banking are available.

Nedbank banks tomorrow's business leaders through entrepreneurial 4me Market Day programme.

As a bank, we realise that there is no better time than the present to teach children how to be savvy with their money. This is why we have launched the 4me Market Day programme which is an innovative yet educational and, most importantly, fun initiative designed to instil the four principles of sound money management, namely 4spending, 4saving, 4growing and 4good.

We are the first bank to undertake a comprehensive Market Day programme with a wide spread of registered schools across the country to teach learners the principles of growing a small business. These

Market Days come hot on the heels of the largely successful launch of our new youth offering Nedbank 4me – 'My Future, My Bank'. Nedbank 4me is partnering with thousands of grade 6 and grade 7 learners in Gauteng and the Western Cape, with a further view to expand the programme across all nine provinces to reach as many schools as possible.

Reach

Since 2005, through the Imbizo initiative, we continued to grow our footprint across SA in areas where we were previously not represented, including communities such as Ngqeleni, Centane, Acornhoek, Idutywa, Thohoyandou, Mount Frere and Kuruman.

We have also further invested in continuing building our innovative, alternate distribution outlets through our partnership with Pick n Pay and Boxer Stores for the past six years. These alternative outlets now stands at 190, adding to the existing network of 480 branches and 313 Nedbank Personal Loan Kiosks, which include our presence in Cash Build and Build-It as well as our Mobile Sales teams in communities across the country. We continue to grow our client base of over 3m entry level banking clients including the youth.

Branches open on Sundays

A pilot started in November 2010 proved that there was merit in extending business hours to Sunday which resulted in us now trading from 10:00 to 14:00 on a Sunday across a selection of 54 branches.

FSC sites

In an effort to increase access to first-order retail financial services to a greater segment of the population, Nedbank in collaboration with other financial institutions, identified 32 rural FSC sites in desperate need of representation within 10km of 80% of the LSM 1-5 population. Nedbank reached its agreed target at the end of 2008 and still continues its support in these areas.

Site name	Province	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified	Dec 2009 verified	Dec 2008 verified
Total		7	8	8	8	8
Shiluvana	Limpopo	1	1	1	1	1
Monsterlus	Mpumalanga	1	1	1	1	1
Dimbaza[1]	Eastern Cape	–	1	1	1	1
Jerusalem Trust	Mpumalanga	1	1	1	1	1
Modimolle	Mpumalanga	1	1	1	1	1
Ga Mogatlane	Limpopo	1	1	1	1	1
Ngqeleni	Eastern Cape	1	1	1	1	1
Highflats	KwaZulu-Natal	1	1	1	1	1

[1] *The Dimbaza branch closed on 8 September 2012 due to the significant drop off in volumes. This was a business decision based on the fact that there would be minimal impact on our clients due to the proximity of the five staffed points of presence in King William's Town*

Branches and ATM footprint

Category	Dec 2012 verified	Dec 2011 verified	Dec 2010 verified	Dec 2009 verified	Dec 2008 verified
Branches	480	465	452	438	445
ATMs	2 640	2 279	2 283	1 847	1 746
Branches by province					
Eastern Cape	37	38	36	36	38
Free State	16	12	12	11	11
Gauteng	163	160	161	151	154
KwaZulu-Natal	84	86	83	87	88
Limpopo	31	28	25	24	24
Mpumalanga	24	20	20	19	19
Northern Cape	15	5	4	4	12
North West	6	14	11	12	4
Western Cape	104	102	100	94	95
ATMs by province					
Eastern Cape	259	222	204	164	151
Free State	92	75	70	66	64
Gauteng	882	774	830	662	637
KwaZulu-Natal	489	437	404	325	320
Limpopo	150	131	126	107	101
Mpumalanga	121	100	113	79	72
Northern Cape	85	69	68	69	63
North West	27	25	21	17	17
Western Cape	535	462	447	358	321

EMPOWERMENT FINANCING

Consisting of two elements, targeted investments and BEE transaction finance, this is the second pillar of our additional focus areas as part of total transformation of our business.

Empowerment financing

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

[1] 2011 and beyond measurements comply to recommended standards developed as part of the FS Code.

TARGETED INVESTMENT

Affordable housing

Mortgages

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

This prudent policy has resulted in only good risk, well priced loans being written although with the result that market share has suffered.

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

Registration volumes have been at acceptable levels and we have seen an increase in market share as reported by the Banking Association.

There has also been active engagement with government in an endeavour to finalise the construct and implementation of both the Finance Linked Individual Subsidy Programme (FLISP) and the Mortgage Default Insurance Company (MDIC). The discussions have been constructive and there is cautious optimism that both initiatives could be successfully launched and well accepted by the market.

Property Development finance

We acknowledge the growing need for focused, specialised funding of new affordable housing developments to increase access to housing for the broad segment of South Africans who are in the lower income segments. In this regard the Affordable Housing Division within the Property Finance Division has leveraged on the momentum achieved in this business during 2011/12 to provide further funding of more than R986m and disbursements of R793m during 2012 for new affordable housing developments in the major metros across SA.

Part of this funding approach was to also provide new housing stock that provides affordable accommodation for income earners below R12 000 per month who are unable to afford entry level affordable housing. Taking this into regard we have introduced a responsive funding approach to our affordable housing developer clients, which enabled them to produce rental stock that cater for those in this lower income sector (gap market).

Our aim in 2012 was to continue funding new financially feasible developments which were well located and provide much needed affordable housing for people in the lower income ranges. This approach is a critical factor in meeting the increased urbanisation trends to the major metros across SA. The new loans put to book during 2012 effectively realised this planning and in doing this we have a good base to build on our good relationships with high quality developers on a national basis and continue to be at the forefront of affordable housing development funding in SA.

The current economic constraints continue to restrain the end user's ability to secure suitable home loan finance, which underlines the need to provide quality housing stock in the lower ranges of the affordable housing sector. We are therefore actively engaging with new pipeline projects that will yield new affordable housing stock on a sustainable basis.

Agriculture finance

Our Agriculture team extends to agricultural economists, business managers and divisional managers that provide support to clients in line with the demographics of the local regions. Assistance extends to access to funding and non-financial support. Included in the focus areas are participation in seminars and conferences that provide a platform for information sharing, up-skilling and networking. The team's focus on the emerging agriculture segment has led to many successful transactions that have directly empowered emerging farmers. Together with established white farmers, we, as the banking partner of choice, have provided ongoing funding, training and mentorship support to ensure sustainability.

Our AgriBusiness devises and delivers tailored solutions for the agricultural industry. Our empowered regional teams include agricultural specialists. They provide guidance and support on all agriculture-related requests, and ensure continuity, accessibility, and quicker decision making.

Partnerships with leading academic institutions keep us abreast of the latest research developments and emerging trends in the industry.

Our agriculture focus targets the three sub-sectors of agriculture, namely horticulture, livestock and field crops; incorporating the entire value chain (primary and secondary agriculture). Clients have access to a focused range of products and access to specialist agriculture economists in regional offices throughout the country. Solutions extend to access to finance and capacity building or mentorship. Various emerging black farmers and cooperatives benefited from access to finance, supplemented with additional business skills training and specialist advisory services. This ensured that relevant up-skilling was provided in line with growth and expansion of the farm.

Localisation

Although the central Agriculture Unit coordinates and manages agri-related activities, the actual executive decisions are all made on a regional level.

We currently have 68 regional offices which ensure that the client's business benefits from a dedicated regional team with plenty of local knowledge. Each team operates with the full support of the Agricultural Unit, which lends a deeper understanding of the dynamics of the local agri-market.

A local Agri-Business Manager heads up a team that interfaces between the client and our extensive network of financial and agricultural specialists.

Regional teams are all fully empowered to make decisions without having to revert to Head Office. This ensures continuity and accessibility, while maintaining quick turn-around times on requests. It also enables us to provide a fast and efficient resolution to all financial queries and concerns.

Specialisation

Our agri-specialists are seasoned professionals with a thorough understanding of our clients' business and their requirements. They are well aware of where the agri-client is positioned within the agri-sector and how their needs can best be met. They also fully appreciate the variable and cyclical nature of agri–businesses and how this impacts on the client.

Based on this keen insight, cultivated through years of experience, we have tailored cost-effective finance packages that cater specifically for the agri-sector.

We approach black economic empowerment (BEE) transactions with flexible solutions. These are underpinned by our support for enterprise development as a means of ensuring sustainable growth of black-owned agri-related businesses.

Our specialist industry knowledge is aligned to the needs of both the primary and secondary production of three main market sectors (as well as its value chain).

These are:

- agronomy
- horticulture
- livestock production

Customisation

At Nedbank we specialise in putting together flexible, relevant and cost-effective finance packages. We offer total solutions that take into account the clients agri-business' present position and future goals.

Nedbank Business Banking is a leading provider of tailor-made agricultural financial solutions offering:

- Superior electronic banking capabilities
- A straightforward professional approach to service; and
- A highly competitive, individually structured pricing plan (based on the client's individual risk profile and the track record of their business).

Our agriculture financial solutions include:

- Lending solutions
- Investment solutions
- Transactional banking solutions
- Value-added solutions

Our 2012 Initiatives within the agricultural sector included:

- Involvement with the WWF Sustainable Agriculture Programme as main sponsor.
- The Greater Paarl area partnership with Wellington Preparatory School on an educational level whereby the bank had an interactive educational session with the grade 1 to 7 learners totalling 150 teaching them the basics about saving. We are also erecting a sustainable 'garden tunnel' at the school to further the recycling initiatives whereby fresh produce will be cultivated in the tunnel and then sold at a market day at the school.
- Involvement with the wine industry includes:
  - Sponsorship of Vinpro Information day, attended by 500 delegates.
  - Sponsorship of SAWIT conference.
  - Sponsorship of Cape Winemakers Guilde.
  - Sponsorship of the Nedbank Green Wine Awards.
- Sponsorship of the Western Cape Farmer and New Farmers of the year award function.
- Involvement with education and training programmes in partnership with CENCE.
- Involvement with youth programmes through the sponsorship of youth shows in partnership with Agri Expo.

Black SME financing

SMEs play a critical role in job creation, income generation, economic empowerment, and the economic growth of the country. We are acutely aware of the challenges that restrict the growth and development of SMEs. As a bank we are committed to creating an enabling environment that provides opportunity for businesses to become sustainable, job-creating enterprises in the country.

Our support to SMEs extends to locally-based teams situated in more than 70 regional offices across the country. SMEs have access to a dedicated skilled banker, who is supported by a team of specialists. Solutions are customised from a suite of products and service to meet the individual business need. This is further augmented with a comprehensive Enterprise Development proposition. The proposition offers enterprises and entrepreneurs easier access to finance underpinned by training, mentorship, specialist advisory services and capacity building.

Various initiatives supporting black SME conducted include:

It's My Biz

Another way we are making things happen for small business was to include the participation of staff to notify their communities they live in to watch the third season of It's My Biz reality TV show which creates awareness and gives exposure to relevant topics such as:

- ☐ Business owners who are confronting real challenges.
- ☐ Experts that uncover the strengths and weaknesses of each business.
- ☐ Discovering practical tools and getting sound business advice.

Vuka Mentorship Programme

Designed to assist entrepreneurs across the country develop small or medium business enterprises, Nedbank Business Banking launched the Vuka Mentorship Programme in Port Shepstone in March 2012. The programme is run in conjunction with the Ugu District Municipality and Neosho 119.

The programme is designed to help previously disadvantaged entrepreneurs and BEE businesses with a turnover of R1m or less. The programme will be implemented in eight municipal areas of Polokwane, Kroonstad, Secunda, Rustenburg, Richards Bay, Port Shepstone, King William's Town and Umtata in 2012/2013.

Municipality programme

The Nedbank Municipality Programme, encompassing the Vuka Mentorship Programme, supports budding entrepreneurs by offering structured business training and mentoring in partnership with the local municipality. The programme extends to various municipalities across the country. It is designed to help previously disadvantaged entrepreneurs and BEE businesses overcome the skills gap, essential for business success.

SME incubators

We support and have arrangements with various SME incubator programmes that focus on empowering businesses to become sustainable, job-creating enterprises.

Nedbank Business Banking partnered a corporate in an Entrepreneurial Training and Development Initiative in 2010. The programme focuses on creating sustainable enterprises by providing relevant entrepreneurial knowledge, skills and mentorship. Nedbank provided grant funding as well as financial management training.

Vote small business

In association with the National Small Business Chamber (NSBC), we officially launched the Nedbank Small Business Friday on 7 September 2012. The response had been extremely positive from all around the country. On the day an event took place at Nedbank 135 Rivonia Road, encompassing round table discussions, It's My Biz reality show and most importantly Nedbank hosted up to 50 small businesses to exhibit and promote their goods and services. Exhibitors ranged from fashion and accessory suppliers, gifts, home décor, personal care, party planning, photography, fitness and health, travel and tourism and many more.

Media and other stakeholders

To amplify the voice of small business, media, thought leaders and entrepreneurs such as Thebe Ikalafeng, Chichi Maponya, Sizwe Dhlomo, Sonia Booth, Tracey Webster, Sylvester Falata, Gert Coetzee and Mpho Sono, together with representatives from the Richard Branson Centre of Entrepreneurship participated in round table discussions at the event and shared their experiences first hand, challenges and insights into the science and pains experienced in growing successful small businesses. On the day Alan Shannon, Head: Strategy, Marketing, Communications and CVP, appeared on SABC 3 morning show – Expresso, advocating the movement and was interviewed live on SAFM-Afternoon Talk show with Ashraf Garda.

Regional involvement

In support of all the other initiatives to drive business to small business SBS Regional Managers have received packs, which contained an informative letter on the movement, a tent card (when displayed gives consumers information), a window decal to display on shopfronts and vehicles, and button badges, to take to small businesses in their respective areas. This must be used as an opportunity to engage with small business in the area to spread the word on Small Business Friday and bring value to them.

Managers can use this opportunity to further engage with community leaders and influential business people in their communities and let them know that Nedbank is actively voting for small business and we encourage everyone in our country to do the same.

Staff involvement

Staff is encouraged to engage with small businesses in their areas on Small Business Friday and beyond, to show how we are making a difference in growing our economy and creating jobs. For Nedbank, Small Business Friday is another demonstration of how Nedbank is partnering with SMMEs for growth for a greater SA.

Digital small business card

In an effort to further assist small businesses, we made available a business card design tool on Simplybiz where business owners can log onto and design their own business card, for free. We then collate all the digital cards and create a business directory of small businesses. This will provide small businesses with a platform to network with each other and also utilise the directory to support and source goods and services. It further provides an opportunity for consumers and large businesses to find a small business to support in their area.

Small Business Friday is a movement that encourages all of SA to support small businesses every Friday and beyond.

BEE transaction financing

Nedbank Capital

We selectively and strategically pursued BEE transaction funding opportunities by matching counterparty risk with structure and pricing. We successfully completed four BEE financing transactions in 2012.

It is noticeable that the number of empowerment transactions has reduced significantly year-on-year. We continue to carefully monitor all BEE financing deals currently on our books.

MAKE THINGS HAPPEN

CASE STUDY

Kwande Capital – R250m loan

We were approached to consider providing funding to a wholly black-owned investment company, Kwande Capital, that wished to acquire a controlling stake in Spring Light Gas (SLG).

Kwande Capital's vision is to grow into a major player in the gas and energy sector through the acquisition and development of strategic assets in southern Africa. It was a challenging transaction that required us to put together a robust funding consortium to provide both senior and mezzanine funding for the deal.

This transaction is a key milestone in the development of Kwande Capital into a major player in the gas and energy sectors. SLG has a dominant market in the KZN area, and facilitates the supply of gas to many of the region's major industrial companies. The deal also facilitated the inclusion of SLG's all black management as shareholders in the business, which will allow them to benefit substantially from the economic value that they are instrumental in creating in SLG.

Nedbank Capital's Acquisition and Leveraged Finance team provided R250m of senior debt, whilst Private Equity provided R95m of mezzanine debt, with the remainder of the funding being provided by other members of the funding consortium.

There was a highly successful collaborative effort between ALF and NCPE that were the lead funders of the senior and mezzanine funding respectively.

As Nedbank Capital, we succeeded in being the major funder of the transaction and helped source a strong funding consortium to close any funding shortfall, which helped forge a great relationship with the client and confirmed our ability to deliver despite severe time constraints.

MAKE THINGS HAPPEN

CASE STUDY

Afrisam – R760m in Gauteng province

Founded in 1934, Afrisam is a leading black-controlled building construction materials group in southern Africa with operations in SA, Botswana, Lesotho, Swaziland and Tanzania.

Afrisam has an annual turnover of approximately R7bn and employs more than 2 000 employees with an EBITDA margin of 31% for FY 2010. Afrisam is SA's largest producer of aggregate, the second largest producer of cement and ready-mixed concrete, as well as the only fully vertically integrated supplier of cement, mineral components, aggregates and ready-mix concrete in Gauteng.

In 2007, a BEE transaction took place which saw the company raise significant offshore debt via a Euro-denominated Senior Secured Notes ('SSNs') programme of Euro1,029bn This transaction also saw Aveng Ltd sell its entire stake in the business, and Holcim (the group's Swiss shareholder) dilute its shareholding substantially, with the PIC and other BEE investors entering. The company has struggled significantly in recent years, under a total debt burden of around R18bn (before working capital facilities), being approximately R11bn SSNs (plus related currency hedges) and R6,8bn subordinated PIC loans which are structurally subordinated to the SSNs.

The SSNs matured in February 2012, resulting in the shareholders of the company restructuring both the equity (preference shares and PIC loans) and the debt (SSNs and general banking facilities and CAPEX facility) of the Afrisam group. As a result of the restructure, the PIC, together with Pembani Group, became shareholders of reference for the restructured Afrisam group.

Nedbank Capital together with UBS joined forces to pitch for the mandated lead arranger and advisor role to the company for the restructure through various presentations to the company's management, PIC, and BEE shareholders. Unfortunately, the mandate was awarded to RMB and Houlihan Lokey. However, we remained the transactional bankers to the company. Nedbank, Standard Bank, RMB and PIC (through the Government Employee Pension Fund) provided a senior bridge loan of R5,2bn as part of phase 1 of the restructure.

This restructure gave the company a life line as the company could have been liquidated by the noteholders had it failed to service the SSNs since these had fallen due for repayment. As a result, thousands of jobs were saved and the company's BEE credentials were strengthened. The next phase will be under way soon to replace the bridge funding with term funding. We will play a critical role in providing a large portion of the required funding including working capital facilities and hedge facilities.

DEFINITION OF TERMS

Adjusted Recognition for Gender (ARfG):

Has been included by the dti codes to ensure proper representation of black women in positions of influence. This factor ensures that black women make up at least 50% of the overall set targets for black people. Calculation of ARfG:

$A = \frac{B}{2} + C$

A is the Adjusted Recognition for Gender;
B is the percentage of employees in the measurement category that are black people;
C is the percentage of employees in the measurement category that are black women.;
C is limited to a maximum of 50% of the target.

Affordable housing

As per agreed work stream, affordable housing qualifies as home loans to households with monthly income levels between R1 500 and R15 498 as at the effective date.

B-BBEE

Means Broad-based Black Economic Empowerment

B-BBEE status

B-BBEE recognition level	Qualification on generic scorecard	B-BBEE recognition level
Level One Contributor	100 points	135% (R1,35 for every rand spent)
Level Two Contributor	≥ 85 but < 100 points on the GS	125% (R1,25 for every rand spent)
Level Three Contributor	≥ 75 but < 85 points on the GS	110% (R1,10 for every rand spent)
Level Four Contributor	≥ 65 but < 75 points on the GS	100% (R1,00 for every ran d spent)
Level Five Contributor	≥ 55 but < 65 points on the GS	80% (R0,80 for every rand spent)
Level Six Contributor	≥ 45 but < 55 points on the GS	60% (R0,60 for every rand spent)
Level Seven Contributor	≥ 40 but < 45 points on the GS	50% (R0,50 for very rand spent)
Level Eight Contributor	≥ 30 but < 40 points on the GS	10% (R0,10 for every rand spent)
Non-compliant	< 30 points	0% (R0,00 for every rand spent)

BEE transaction financing

Means encompassing all transactions for the acquisition, by black people, of direct ownership in an existing or new entity, other than an SME, in any sector of the economy; and joint ventures with, debt financing of, other form of credit extension to, or equity investments in BEE companies, other than SMEs. Facilities that represent financing risk, but do not involve a flow of funds to BEE entities, such as guarantees, are not counted towards BEE transaction financing credits.

Black people

Has the meaning defined in the Act qualifies as including only natural persons who are citizens of the Republic of SA by birth or descent; or are citizens of the Republic of SA by naturalisation:

- Occurring before the commencement date of the constitution of the Republic of SA Act of 1993; or
- Occurring after the commencement date of the Constitution of the Republic of SA Act of 1993, but who without the apartheid policy would have qualified for naturalisation before then.

Detailed Report (CONTINUED)

Consumer education	The process of gaining knowledge and skills to manage personal resources and to participate in decisions that affect individual wellbeing and the public good. The outcome of the consumer education process is the development of consumers' skills, attitudes, knowledge and understanding of the financial sector and its products and services so that they are able to use consumer information effectively. Consumer education empowers consumers with knowledge and skills to enable them to make informed decisions about their finances and lifestyles. Borrower education may be included.
EAP	Means economically active population as determined by Stats SA. The operative EAP for the purposes of any calculation under the Codes will be the most recently 87,5% published EAP.
Enterprise development contributions	Means monetary or non-monetary contributions carried out for the following beneficiaries, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries: a) Category A enterprise development contributions involves ED contributions to exempted micro enterprises or qualifying small enterprises which are 50% black owned or black women owned. b) Category B enterprise development contributions involve ED contributions to any other entity that is 50% black owned or black women owned, or 25% black owned or black women owned with a BEE status of between Level One and Level Six.
Exempted micro enterprise (EME)	Means an entity in with an annual turnover of less than R5m.
Leviable amount	Bears the meaning as defined in the Skills Development Levies Act of 1999 as determined using the Fourth Schedule to the Income Tax Act.
50% black owned	Means an entity in which: ☐ Black people hold more than 50% of the exercisable voting rights as determined under Code Series 100; ☐ Black people hold more than 50% of the economic interest as determined under code series 100; ☐ Has earned all the points for net value under statement 100.
40% sub-minimum under employment equity	As prescribed by 3.1.1 of Code Series 300 of the dti codes, no measured entity shall receive any points under the Employment Equity scorecard unless they have achieved a sub-minimum of 40% of the targets set out in respect of both the five-year periods.
30% black women owned	Means an entity in which: ☐ Black women hold more than 30% of the exercisable voting rights as determined under Code Series 100; ☐ Black women hold more than 30% of the economic interest as determined under Code Series 100; ☐ Has earned all the points for net value under statement 100.
Participant	Means a natural person holding rights of ownership in a measured entity.
QSE	Means qualifying small entity that qualifies for measurement under the qualifying small entity scorecard with a turnover of between R5m and R35m.
Supplier	Means any supplier or service provider to a measured entity if any portion of the supply or service provision falls within the definition of total measured procurement spend.
Targeted investments	Means debt financing of, other form of credit extension to, or equity investment in, South African projects in areas where gaps or backlogs in economic development and job creation have not been adequately addressed by financial entities.

Top manager	Means employees of a measured entity who hold rights of ownership, serve on the board, undertakes the day-to-day management, has overall responsibility for the overall financial management and are actively involved in developing and implementing the overall strategy of the measured entity.
Transformational infrastructure	Means infrastructure projects as those that support economic development in underdeveloped areas and contribute towards equitable access to economic resources. Such infrastructure projects could be in the following sectors: ☐ Transport; ☐ Telecommunications; ☐ Water, waste water and solid waste; ☐ Energy; ☐ Social infrastructure such as health, education, and correctional services facilities; and ☐ Municipal infrastructure and services. The Charter does not recognise productive assets such as factories and plant or commercial infrastructure as transformational infrastructure.
Value-adding enterprise	Means an entity registered as a vendor under the Value Added Tax of 1991, whose net profit before tax summed with its total labour costs exceeds 25% of the value of its total revenue.
Weighting	Means the weightings applied to various elements in the generic scorecard as prescribed by the dti codes.

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